

LOCAL

Landlord snapping up Lauderdale's single-family homes

A local business owner says he's investing in the community. Other residents aren't so sure.

By Shannon Prather (<https://www.startribune.com/shannon-prather/6370507/>) Star Tribune |

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Longtime resident Joe Taylor likes the city of Lauderdale so much that he has spent the past six years becoming one of its biggest landlords.

During that time, Taylor has snapped up two duplexes and 25 single-family homes, which he has since converted to rental properties in this hamlet bordering Minneapolis and St. Paul.

Taylor's spending spree has raised some alarms among the city's 2,600 residents and city officials. In an already tight housing market, they fear the loss of so many homeownership opportunities for young families by Taylor and other potential investors will forever alter the character of their city.

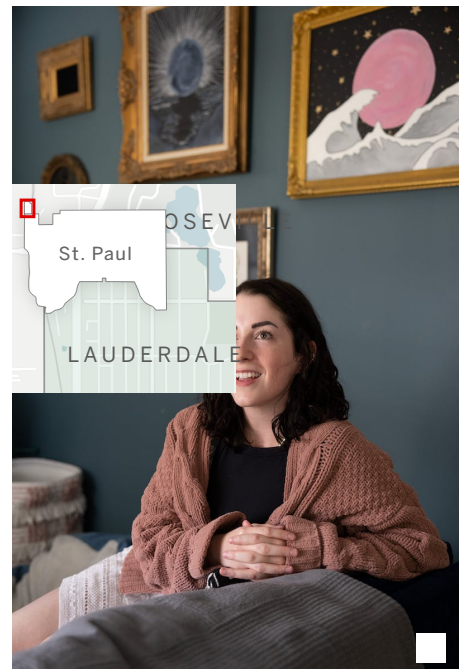
"Lauderdale is a great place to live. Our housing is some of the most affordable in the metro," said City Administrator Heather Butkowski. "Now, all of this naturally occurring affordable housing is being scooped up and rented at often unaffordable rents."

Taylor defends his purchases, saying he's investing in his own community, which, counting the 500 apartments in town, is already more than half renters.

"I've looked to acquire properties that needed repair and attention. That increases everyone's value," he said. "It's helping to change the face of the community."

A national trend

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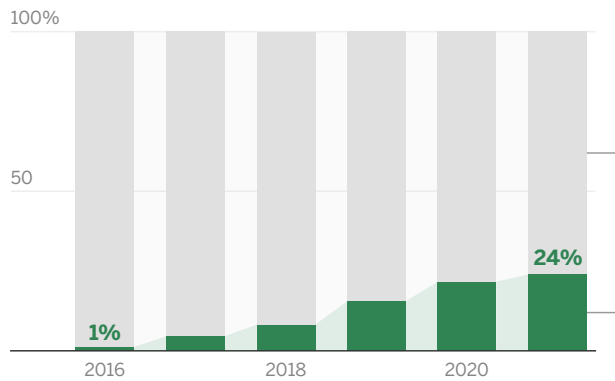
The dynamics in Lauderdale are playing out across the country, according to a 2022 [report \(https://www.jchs.harvard.edu/state-nations-housing-2022\)](https://www.jchs.harvard.edu/state-nations-housing-2022) from the Joint Center for Housing Studies at Harvard University.

Investors bought 28% of single-family homes sold in the first quarter of 2022, up from 19% a year earlier and 16% averaged in 2017-2019, according to the report.

Rental homes in Lauderdale

Local business owner Joe Taylor has purchased about two dozen single-family houses in

SHARE OF SINGLE-FAMILY HOME RENTAL PROPERTIES IN LAUDERDALE



Does not include apartment complexes with more than seven units. Data may not include very recently acquired
C.J. Sinner, Star Tribune • Source: City of Lauderdale

In the [Twin Cities \(https://www.startribune.com/national-investors-are-snapping-up-twin-cities-area-houses-to-rent/600123709/\)](https://www.startribune.com/national-investors-are-snapping-up-twin-cities-area-houses-to-rent/600123709/), neighborhoods from Minneapolis to suburbs such as Fridley and Hopkins are seeing dramatic increases in corporate ownership, according to a [database \(https://www.minneapolisfed.org/article/2021/new-property-data-tool-reveals-patterns-of-investor-ownership-in-the-twin-cities-area\)](https://www.minneapolisfed.org/article/2021/new-property-data-tool-reveals-patterns-of-investor-ownership-in-the-twin-cities-area) developed by the Federal Reserve Bank of Minneapolis.

Business consultant Zak Knudson and his partner live near several of Taylor's rental homes. He said it's disheartening for owners who've invested time and energy into their homes to see some rental properties lacking general upkeep churn through tenants who never get established in the neighborhood.

"That's the problem with rental properties. It's a cash cow. There's not a lot of incentive to improve the property," said Craig Zbacnik, a retired contractor who moved to Lauderdale in 1984 and raised his family there. "Rather, it's, 'How can I increase my profit margins with as little investment as possible?' It's frustrating."

Longtime Lauderdale resident Rev. Dave Greenlund said Taylor's buying spree has left him with a sour taste in his mouth. Greenlund, the pastor at Peace Lutheran Church in St. Paul, said he recently lost out by \$2,000 on a property that a different buyer snapped up and turned into a rental. Greenlund had hoped to downsize in town.

Now, Greenlund worries investors will continue to buy up affordable homes, finding it's safer and more lucrative to park their wealth in quiet, tree-lined Twin Cities neighborhoods instead of tempestuous Wall Street.

"The problem is, Taylor says this is such a great neighborhood. But what is a neighborhood? It's the relationships and the people," Greenlund said. "I think he does like the neighborhood. He doesn't see anything wrong with what he is doing."

Lauderdale Mayor Mary Gaasch said she's heard the concerns and is in talks with community partners about investing some of the county's new housing and redevelopment levy dollars into helping prospective first-time homebuyers make successful offers in Lauderdale.

"We are deeply committed to keeping our naturally occurring affordable housing," she said.

Alexia Lythos, 24, right, played chess with her stepsister Megan Hall, 25, in their rental home in Lauderdale on June 30. Lythos, a Marine vet,

Community investment

Taylor, who works full time managing his rental property business, is open about what he does.

Taylor bought a house in Lauderdale around 2000 and made the community his home. After the 2007 housing crash, he began investing heavily in single-family rentals, buying and fixing up homes on St. Paul's East Side and in South St. Paul and Minneapolis.

About five years ago, Taylor said, he sold those properties and moved aggressively into the Lauderdale housing market. As a licensed real estate agent, he said, he has a keen understanding of the local market and inspects properties himself. There's no question he has an advantage over first-time homebuyers, he said.

"I haven't lost out too much. My offers are generous," he said, noting that he is often bidding against other investors.

Despite the criticism, Taylor said he feels he has a good relationship with city leaders and neighbors and wants to maintain that. He doesn't foresee a wave of new acquisitions.

"I don't want residents to be uncomfortable with me," he said. "I am not looking to buy up the whole town."

Taylor said the community benefits from his local, hands-on management. He said he lives within two minutes of all his properties, responds to tenant concerns immediately and often does repairs himself.

"He has totally exceeded my expectations of what a landlord would be," said renter Shauna Hendrie, 22, who relocated from New York to attend the University of Minnesota College of Veterinary Medicine. "I love being in such a nice neighborhood. I feel at home. It makes me want to stay here."

Alexia Lythos and her sister rent a small, tidy one-story home from Taylor. A 24-year-old University of Minnesota student and U.S. Marine Corps veteran, Lythos said the house had been vacant and used for storage before Taylor refurbished it into a two-bed, two-bath rental complete with new appliances and a dark teal accent wall that the sisters have transformed into a gallery of their original artwork. They pay \$1,600 a month in rent.

Lythos said neighbors stop her to compliment the renovations and even ask to take a peek inside.

"It's a very safe and quiet suburban neighborhood," she said. "I like it that way."

Garron Houston originally rented a duplex from Taylor in St. Paul, and now rents one of Taylor's homes in Lauderdale for \$1,500 a month. Houston, 60, lives two doors down from Taylor's own home and is able to walk to his job as a cashier at a local gas station. He calls his rented home a "blessing."

"You can't find a better guy around. He's been great," Houston said of Taylor.

Houston said he understands neighbors' concerns about things changing — he, too, was once a homeowner.

"If I was able to own, I would buy in a heartbeat," he said.

Shannon Prather covers Ramsey County for the Star Tribune. Previously, she covered philanthropy and nonprofits. Prather has two decades of experience reporting for newspapers in Minnesota, California, Idaho, Wisconsin and North Dakota. She has covered a variety of topics including the legal system, law enforcement, education, municipal government and slice-of-life community news.

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