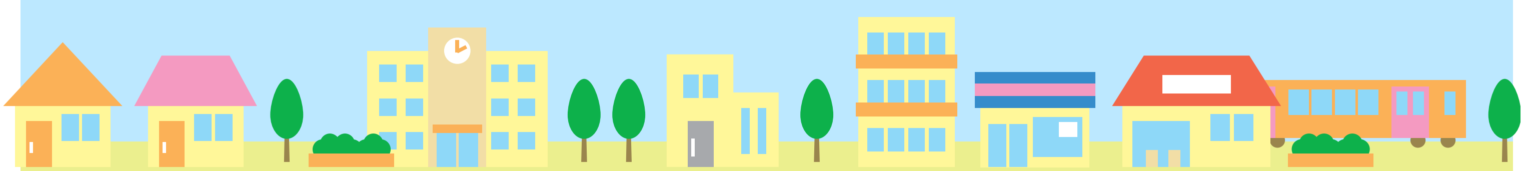
Minneapolis Rental Housing Brief

May 2022



HousingLink

Rents

Median Rents[1]

ONE BEDROOM

May 2022 $1,025
May 2021 $1,025

0%
No Change YOY

TWO BEDROOM

May 2022 $1,399
May 2021 $1,430

-2%
Decrease YOY

THREE BEDROOM

May 2022 $1,635
May 2021 $1,713

-5%
Decrease YOY

Income Required to Rent a Home in May 2022

Figures are based on the common landlord screening requirement that an applicant must earn 2.5 times the rent in income.

ONE BEDROOM	TWO BEDROOM	THREE BEDROOM
$2,563	$3,498	$4,088

Vacancy Distribution by Building Type[2]

APARTMENT

May 2022 78%
May 2021 81%

SINGLE FAMILY HOME

May 2022 5%
May 2021 4%

OTHER
(Condo, Duplex, Townhome)

May 2022 16%
May 2021 14%

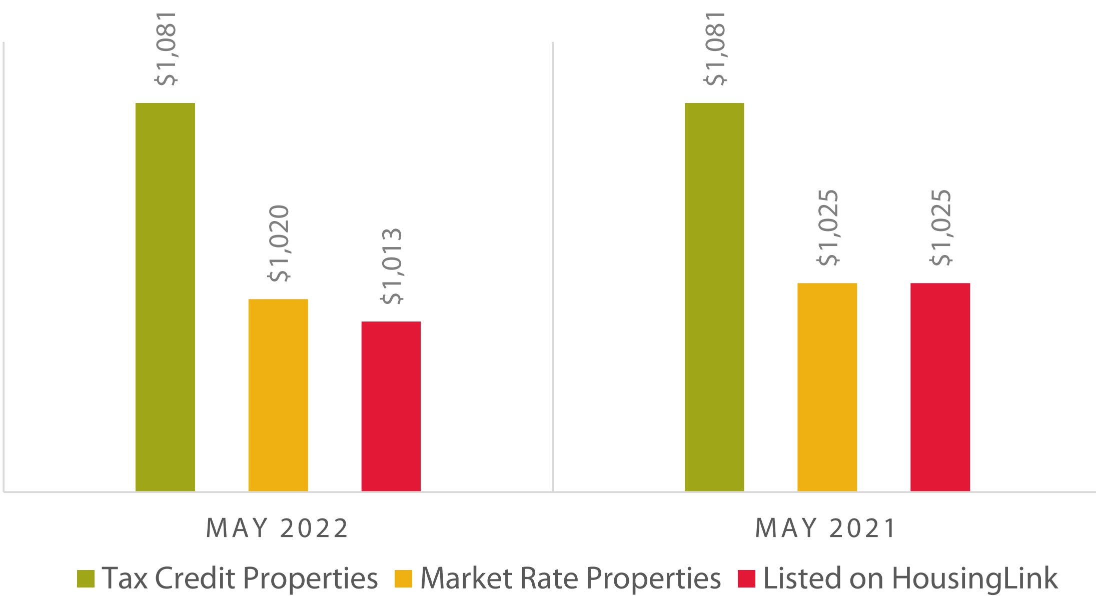
[1] To learn more about HousingLink rent data, watch this video.
[2] Different than "vacancy rate," we are saying that OF the vacancy rate (around 3%), xx% of the vacancies are apartments, xx% are single family homes, and xx% are of another building type.

Source: HousingLink's *Rental Revue* data.

MINNEAPOLIS

Rental Housing Affordability

Median One Bedroom Rents[1]



Number of NOAH Rental Vacancies[2]

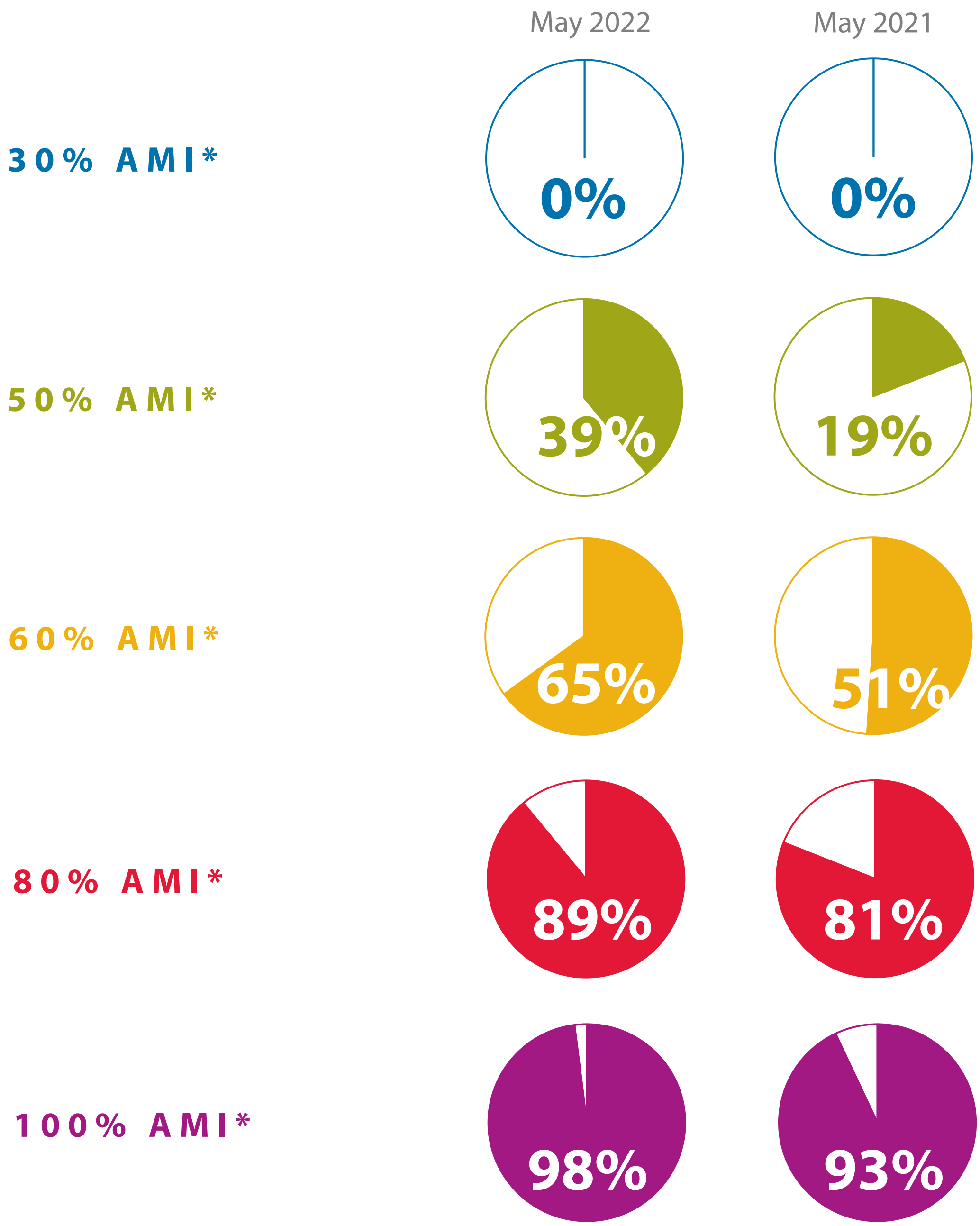
	ONE BEDROOM	TWO BEDROOM	THREE BEDROOM
May 2022	686	347	88
May 2021	904	341	55

[1] Source: HousingLink's *Rental Revue data.*

[2] Ibid. For purposes of this report, we define "NOAH" private market housing that is affordable to 60% of Area Median Income, including likely utility costs, depending on number of bedrooms and building type. HousingLink follows widely-accepted basic practices for analyzing housing affordability, which involve comparing rents to area median incomes provided every May by HUD. Their adjustments, tied closely to inflation, resulted in much higher income estimates this year and, thus, much higher thresholds for affordability. It is important to remember that an overall standard of "affordability" is a broad brush and individual families looking for housing can only evaluate the notion of "affordable" relative to their own circumstances. To learn more about how HousingLink calculates affordability by area median income, watch this video. To learn more about NOAH rental supply, watch this video.

Rental Housing Affordability

% of Minneapolis Rental Vacancies Affordable by Income Level[1]



[1] AMI (Area Median Income) is $82,200 for an individual and $117,300 for a family of four in the Twin Cities Metro (HUD, 2022). HousingLink follows widely-accepted basic practices for analyzing housing affordability, which involve comparing rents to area median incomes provided every May by HUD. Their adjustments, tied closely to inflation, resulted in much higher income estimates this year and, thus, much higher thresholds for affordability. It is important to remember that an overall standard of "affordability" is a broad brush and individual families looking for housing can only evaluate the notion of "affordable" relative to their own circumstances. To learn more about how HousingLink calculates affordability by area median income, watch this video. To learn more about NOAH rental supply, watch this video.

Source: HousingLink's *Rental Revue* data.

Subsidized Housing in Minneapolis

34

Housing Choice Vouchers forfeited in Q1 2022[1]

This figure refers to vouchers families were unable to place in service. Traditionally, this has usually resulted from rent exceeding the Public Housing Authority's ability to adequately subsidize the voucher holder's portion of, or a landlord's unwillingness to participate in, the Section 8 Housing Choice Voucher program.

Another scenario resulting in forfeiture can involve Public Housing residents who ultimately make a choice to stay in their current unit. This is not uncommon, as the individuals may find that living with a voucher is more costly than living in a public housing unit.

And some simply do not search for a unit because they have existing housing they are not ready or willing to leave, or have circumstances otherwise preventing a housing search.

13

May 2022 Waiting List Openings[2]

↑up from 12 last year.

60

May housing openings with one or more accessible features[2]

↓ down from 150 last year.

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[1] Source: Minneapolis Public Housing Authority.

[2] Source: Waiting list openings advertised on HousingLink include Public Housing, Project Based Section 8, Tax Credit, and more.

[3] Source: Advertised vacancies on HousingLink.org featuring one or more accessible features.

Rental Housing Stock

Licensed Rental Units – Q1 2022[1]

103,144
Licensed units

+2.9% since 2021

477
"Tier 3" rental units

-70% since 2021[2]

23,832
Units in 1 and 2 Unit Licenses

-3.3% since 2021

1,671

Units of Short-Term Rental Stock
(↑ 14.5% from 2021)

airbnb **1,185**
entire home rentals listed[2]

[1] Source: Analysis of City of Minneapolis Regulatory Services rental license data. Note: The City of Minneapolis uses a tiered rating system as part of their rental process. Tier 3 rentals are those which require excessive city services, are poorly maintained or managed, and may be at a higher risk for fire damage. Tier 3 rentals are additionally on the most frequent inspection cycle (one-year). In 2020 Regulatory Services updated the Tiering system to better reflect the known property conditions of rental units and to prioritize inspections.

[2] Source: As of May 2021 we are obtaining this data from Insider AirBnB, an independent aggregator of AirBnB data at insideairbnb.com.

Apartment Sales & Development

Apartment Development as of the end of Q1 2022[1]

PROJECTS PROPOSED

w/Known Affordable Units	42
w/no Known Affordable Units	109

PROJECTS PERMITTED & UNDER CONSTRUCTION

w/Known Affordable Units	14
w/no Known Affordable Units	36

Presence of affordable units is not always known when information is gathered for this metric and thus it is most accurate to simply refer to projects "w/Known Affordable Units" and projects "w/no Known Affordable Units."

Average Price-Per-Unit Apartment Sales Q2 2021– Q1 2022[2]

$220,972
Per unit

53% up from previous 12 months

[1] Source: The analysis consists of selected proposed, permitted, and under construction place-level residential and nonresidential projects, as opposed to individual units. Complete attribute data for all entries may not be available and for purposes of this report, projects in a withdrawn, on hold, or complete status are not reported. **IMPORTANT NOTE:** This analysis is typically based on development monitoring by the Metropolitan Council; however, that data source was not available for Q1 2022 and *Finance & Commerce* instead provided data from their *Apartment Development Tracker* database. As a result of differing data sources, comparisons of these unit counts to last-year same period should not be deemed reliable.

[2] Source: This analysis is based on research conducted since 2011 exclusively on projects vetted or written about by *Finance & Commerce* publication for its Twin Cities *Apartment Sales Tracker*, available at finance-commerce.com.

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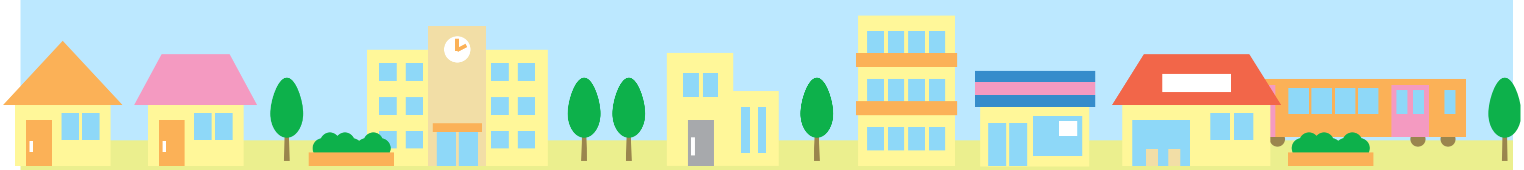
Visit HousingLink.org for additional research, plus affordable rental housing openings and information.



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