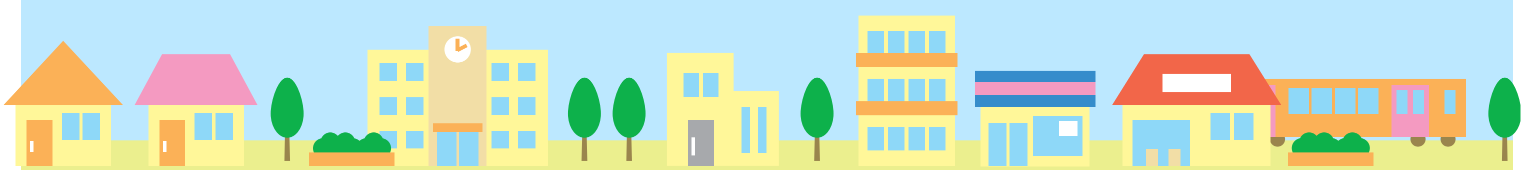
Minneapolis Rental Housing Brief

August 2022



HousingLink

Rents

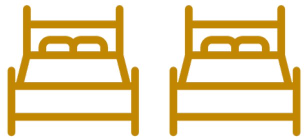
Median Rents[1]

ONE BEDROOM

August 2022 $1,050
August 2021 $1,095

-4% Decrease YOY

TWO BEDROOM



August 2022 $1,375
August 2021 $1,425

-4% Decrease YOY

THREE BEDROOM

August 2022 $1,700
August 2021 $1,700

0% No Change YOY

Income Required to Rent a Home in August 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
$2,625	$3,438	$4,250

Vacancy Distribution by Building Type[2]

APARTMENT

August 2022 76%
August 2021 76%

SINGLE FAMILY HOME

August 2022 9%
August 2021 6%

OTHER
(Condo, Duplex, Townhome)

August 2022 15%
August 2021 18%

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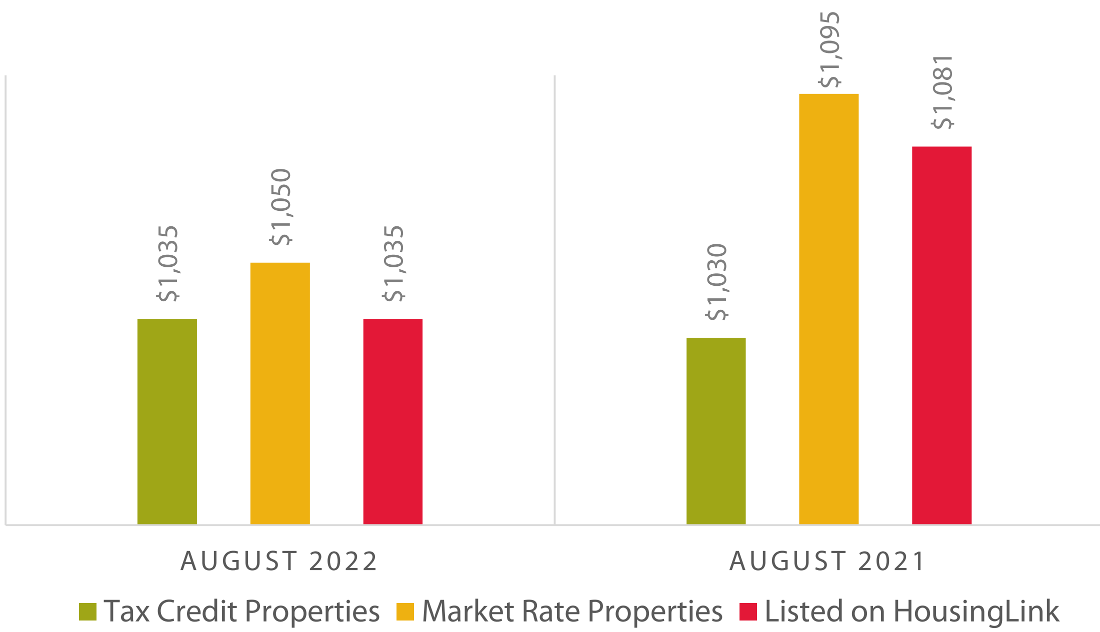
[1] To learn more about HousingLink rent data, watch this video.
[2] Different than "vacancy rate," we are saying that OF the vacancy rate (around 3%), xx% of the vacancies are apartments, xx% are single family homes, and xx% are of another building type.
Source: HousingLink's *Rental Revue* data.

HousingLink

HousingLink.org

Rental Housing Affordability

Median One Bedroom Rents[1]



Number of NOAH Rental Vacancies[2]

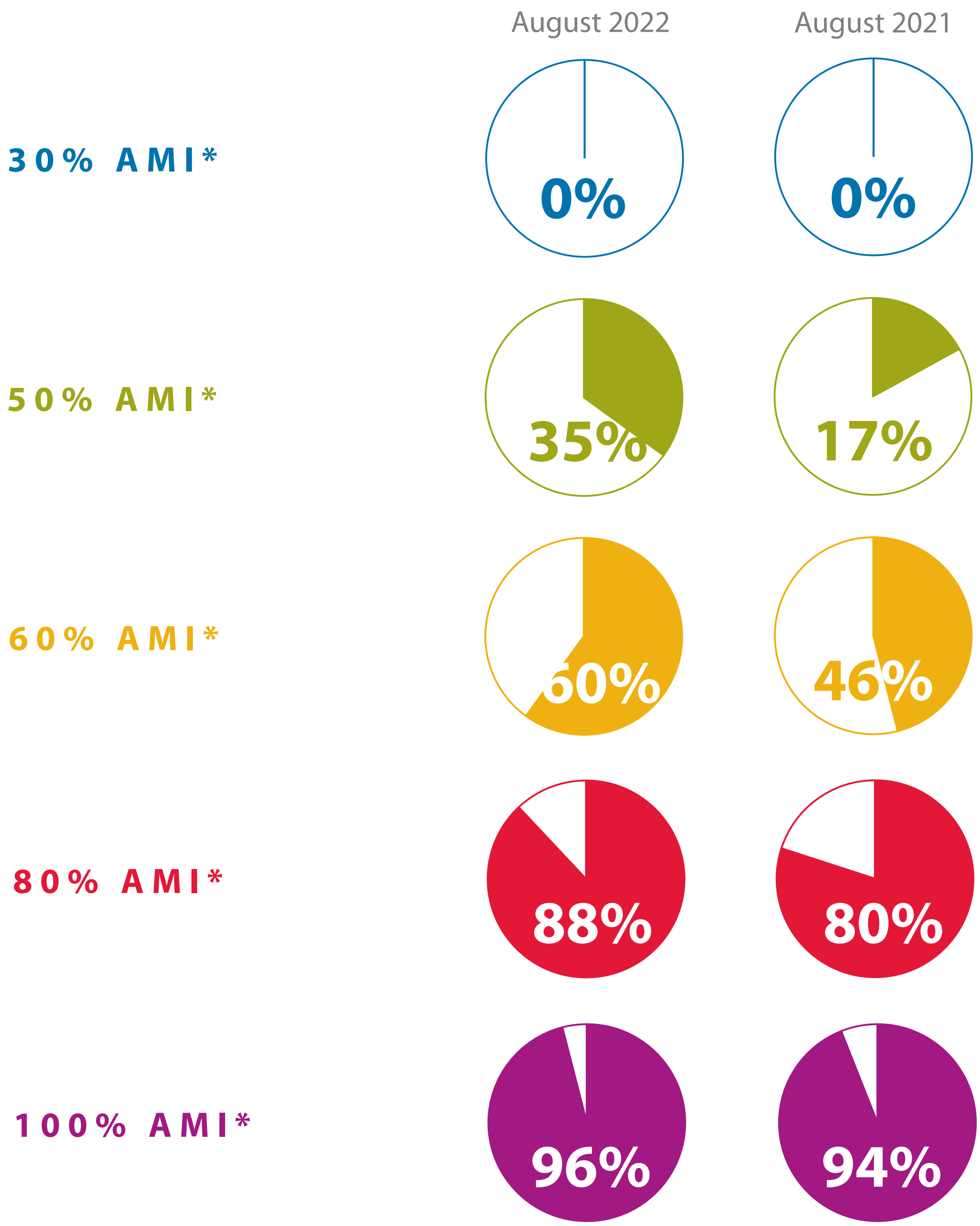
	ONE BEDROOM	TWO BEDROOM	THREE BEDROOM
August 2022	559	336	113
August 2021	667	327	69

[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 year 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 year 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.

HousingLink

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.

23

August 2022 Waiting List Openings[2]

↑ up from 14 last year.

62

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

↓ down from 93 last year.

[1] Source: Minneapolis Public Housing Authority. Q2 data unavailable as of our August report.

[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 – Q2 2022[1]

103,747
Licensed units

+2.7% since 2021

470
"Tier 3" rental units

-70.3% since 2021

23,828
Units in 1 and 2 Unit Licenses

-2.5% since 2021

1,770

Units of Short-Term Rental Stock
(↑ 10.0% from 2021)

airbnb 1,206
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: insideairbnb.com.

Apartment Sales & Development

Apartment Development as of the end of Q2 2022[1]

PROJECTS PROPOSED

w/Known Affordable Units	33
w/no Known Affordable Units	56

PROJECTS PERMITTED & UNDER CONSTRUCTION

w/Known Affordable Units	19
w/no Known Affordable Units	53

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 Q3 2021– Q2 2022[2]

$263,837

Per unit

67% up from previous 12 months

[1] Source: This analysis is based on development monitoring by the Metropolitan Council, and consists of selected proposed, permitted, and under construction place-level residential and nonresidential projects, as opposed to individual units. Data on residential and nonresidential projects are obtained on an on-going basis from daily, weekly, monthly and quarterly publications such as *Finance & Commerce*, *Mpls./St. Paul Business Journal*, *Pioneer Press*, *Star Tribune*, *Twin Cities Business Magazine*, and *Minneapolis Trends* reports, as well as a multitude of other sources such as school district updates, developer websites and television news reports, among others. 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.

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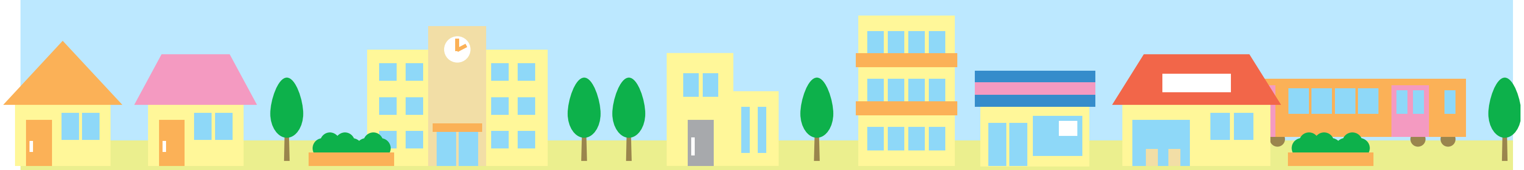
Visit HousingLink.org for additional research, plus affordable rental housing openings and information.



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