

Minneapolis Rental Housing Brief

November 2022



Housing**Link** 

Rents

Median Rents¹

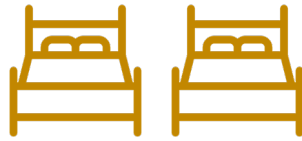
ONE BEDROOM



November 2022 \$1,060
November 2021 \$1,071



TWO BEDROOM



November 2022 \$1,400
November 2021 \$1,383



THREE BEDROOM



November 2022 \$1,650
November 2021 \$1,635



Income Required to Rent a Home in November 2022



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

ONE BEDROOM

\$2,650

TWO BEDROOM

\$3,500

THREE BEDROOM

\$4,125

Vacancy Distribution by Building Type²



APARTMENT

November 2022 75%
November 2021 75%



SINGLE FAMILY HOME

November 2022 10%
November 2021 8%



OTHER
(Condo, Duplex, Townhome)

November 2022 15%
November 2021 17%

¹ To learn more about HousingLink rent data, [watch this video](#).

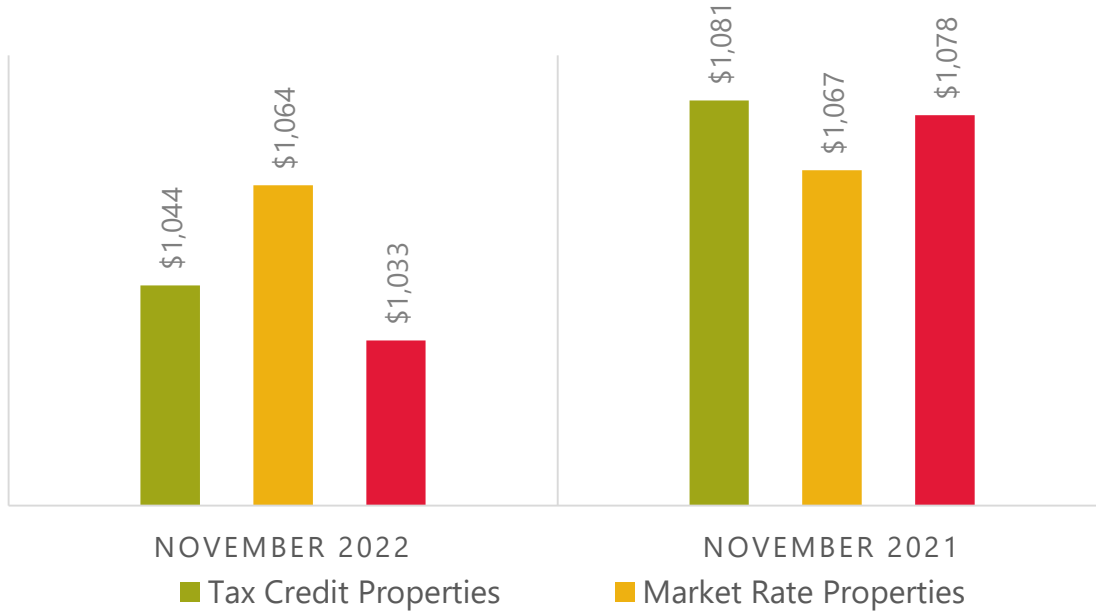
² Different than "vacancy rate," we are saying that OF the vacancy rate (around 5%), xx% of the vacancies are apartments, xx% are single family homes, and xx% are of another building type.

Source: HousingLink's *Rental Revue* data.

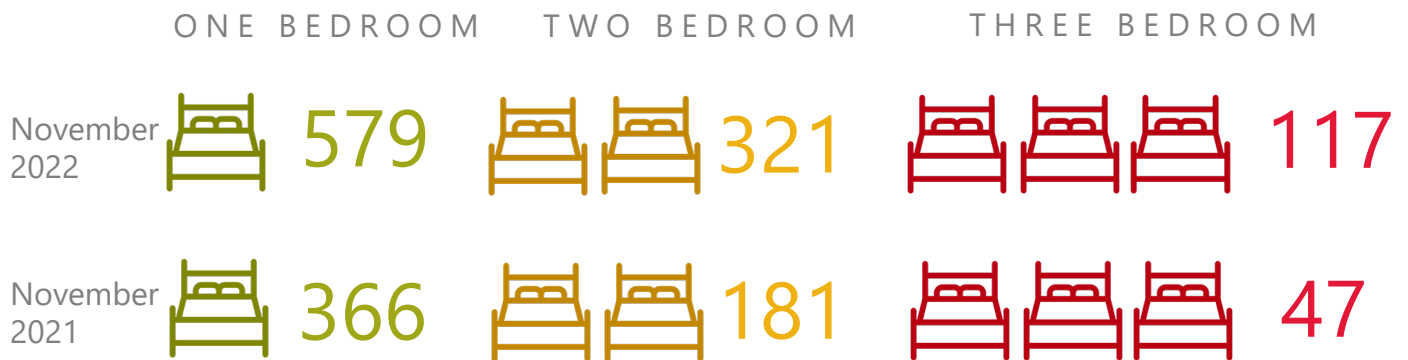


Rental Housing Affordability

Median One Bedroom Rents¹



Number of NOAH Rental Vacancies²



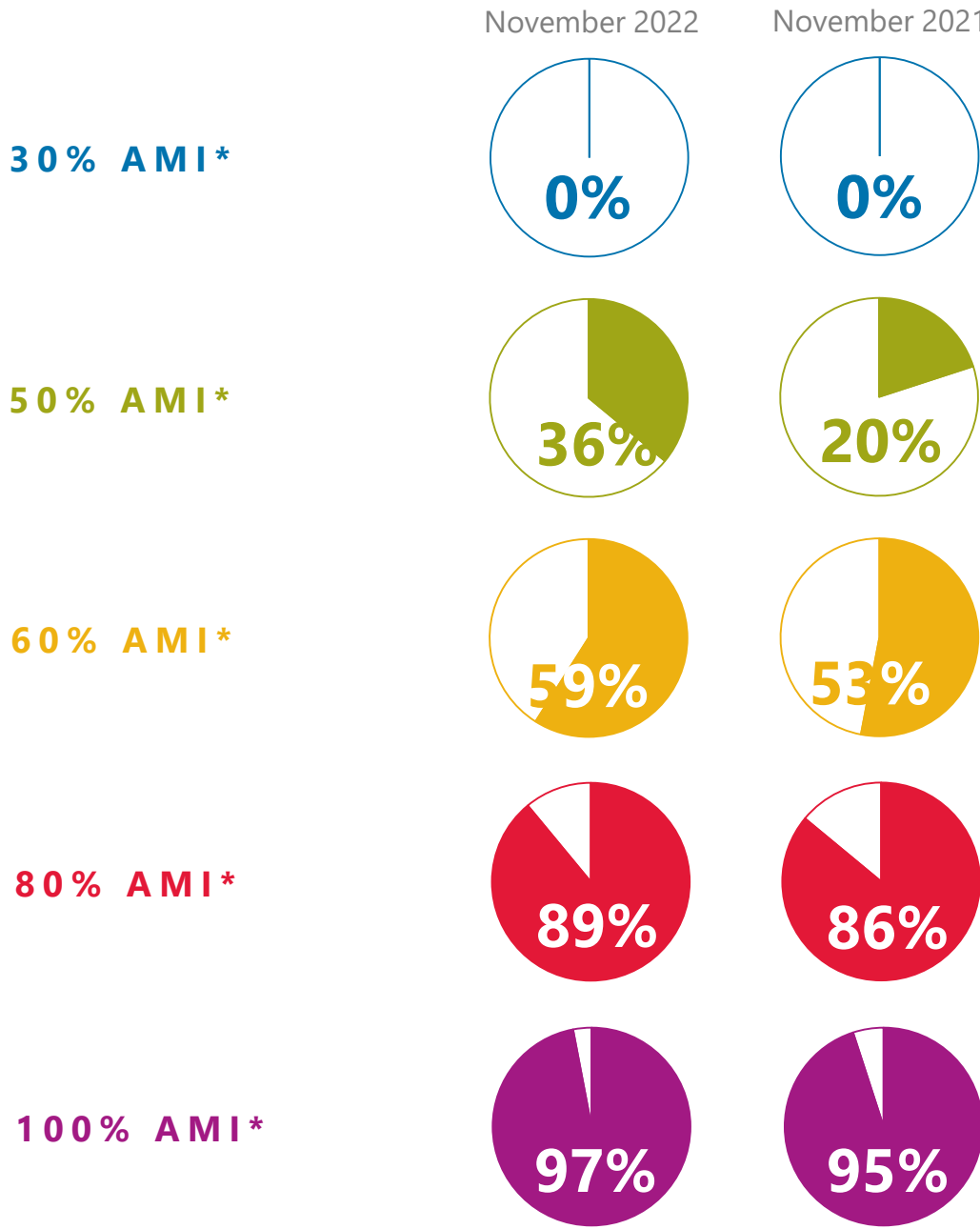
¹ Source: HousingLink's *Rental Revue* data.

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 Level¹



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.



Subsidized Housing in Minneapolis

MINNEAPOLIS

1

Housing Choice Vouchers forfeited in Q3 2022¹

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.

17

November 2022 Waiting List Openings²

↑ up from 13 last year.

70

November housing openings with one or more accessible features³

↑ up from 39 last year.

¹ Source: Minneapolis Public Housing Authority. Q2 data unavailable as of our November 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 – Q3 2022¹



105,352

Licensed units



+3.2% since 2021



460

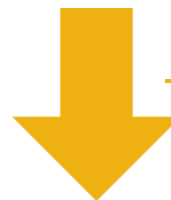
"Tier 3" rental units



-71.0% since 2021

23,923

Units in 1 and 2 Unit Licenses



-2.5% since 2021



1,690

Units of Short-Term Rental Stock
(↑ 2.3% from 2021)



airbnb 1,296
entire home rentals listed²

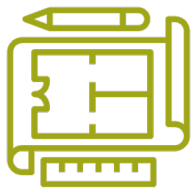
¹ Source: Analysis of City of Minneapolis Regulatory Services rental license data. Note: The City of Minneapolis uses a tiered rating system as part of their rental process. Tier 3 rentals are those which require excessive city services, are poorly maintained or managed, and may be at a higher risk for 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

Multifamily (5+) Units Permitted for New Construction¹

Q4 2021 through Q3 2022

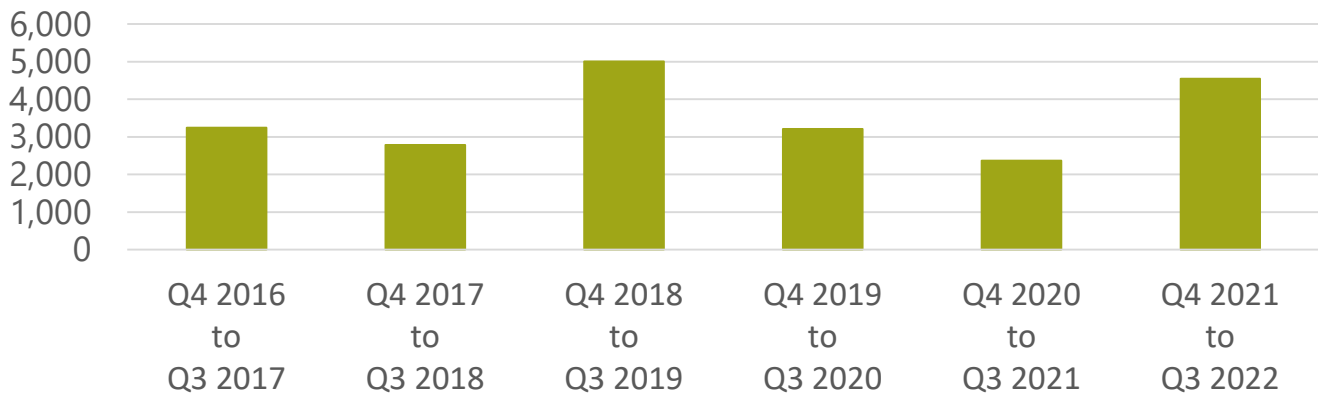


4,547
Units



+92% year over year

5-year view



Average Price-Per-Unit Apartment Sales²

Four quarters ending Q3 2022



\$268,608
Per unit



44% up from
previous 12 months

¹ Source: HUD's [SOCDS Building Permits Database](#), which contains data on permits for residential construction collected in the Census Bureau's *Building Permits Survey*. While some multifamily construction may contain units built for sale (e.g. condominiums), [recent analysis](#) by the Urban Institute recently indicated those units only account for 5.4% of all permitted multifamily units, nationwide (*The Housing Market Needs More Condos. Why Are So Few Being Built?*; Neal, Goodman; January 2022).

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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