Minneapolis Rental Housing Brief

May 2024
Rents

Median Rents

<table>
<thead>
<tr>
<th>Type</th>
<th>May 2024</th>
<th>May 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>$1,120</td>
<td>$1,050</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>$1,600</td>
<td>$1,483</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>$1,900</td>
<td>$1,700</td>
</tr>
</tbody>
</table>

+7% Increase YOY

Income Required to Rent a Home in May 2024

<table>
<thead>
<tr>
<th>Type</th>
<th>Income Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom</td>
<td>$2,800</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>$4,000</td>
</tr>
<tr>
<td>Three Bedroom</td>
<td>$4,750</td>
</tr>
</tbody>
</table>

+8% Increase YOY

Vacancy Distribution by Building Type

<table>
<thead>
<tr>
<th>Type</th>
<th>May 2024</th>
<th>May 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>80%</td>
<td>78%</td>
</tr>
<tr>
<td>Single Family Home</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>Other (Condo, Duplex, Townhome)</td>
<td>15%</td>
<td>13%</td>
</tr>
</tbody>
</table>

+12% Increase YOY

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

![Bar chart showing median one-bedroom rent comparison between May 2023 and May 2024 for Tax Credit and Market Rate Properties.]

Number of NOAH Rental Vacancies²

<table>
<thead>
<tr>
<th></th>
<th>ONE BEDROOM</th>
<th>TWO BEDROOM</th>
<th>THREE BEDROOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2023</td>
<td>838</td>
<td>422</td>
<td>130</td>
</tr>
<tr>
<td>May 2024</td>
<td>607</td>
<td>323</td>
<td>54</td>
</tr>
</tbody>
</table>

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. 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 NOAH rental supply, watch this video.
Rental Housing Affordability

% of Minneapolis Rental Vacancies Affordable by Income Level

<table>
<thead>
<tr>
<th>Income Level</th>
<th>May 2024</th>
<th>May 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>30% AMI*</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>50% AMI*</td>
<td>34%</td>
<td>43%</td>
</tr>
<tr>
<td>60% AMI*</td>
<td>60%</td>
<td>67%</td>
</tr>
<tr>
<td>80% AMI*</td>
<td>88%</td>
<td>91%</td>
</tr>
<tr>
<td>100% AMI*</td>
<td>95%</td>
<td>98%</td>
</tr>
</tbody>
</table>

1 AMI (Area Median Income) is $87,000 for an individual and $124,200 for a family of four in the Twin Cities Metro (HUD, 2024). HousingLink follows widely-accepted basic practices for analyzing housing affordability, which involve comparing rents to area median incomes provided every year by HUD. 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.

Source: HousingLink’s Rental Revue data.
Housing Choice Vouchers forfeited in Q1 2024

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 property manager’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.

Finally, 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.

May 2024 Waiting List Openings

↑ up from 14 last year.

May housing openings with one or more accessible features

↓ down from 105 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 2024

110,101 Licensed units
+4% from previous year

3,343 “Tier 3” rental units
+99% from previous year

23,450 Units in 1 and 2 Unit Licenses
-2% from previous year

1,659 Units of Short-Term Rental Stock
(+5% from previous year)

1,659 entire home rentals listed

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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.

2 Tier 3 rentals are typically on the most frequent inspection cycle (one-year); however, seemingly elevated levels of Tier 3 rentals in recent quarters are largely due to comparisons versus pandemic-era quarters, where there was more limited capacity for inspection.

3 Source: insideairbnb.com.
Multifamily (5+) Units Permitted for New Construction

Q2 2023 to Q1 2024

397 Units

-86% year over year

5-year view

Source: HUD’s SOCDS Building Permits Database, which contains data on permits for privately-owned residential construction collected in the Census Bureau’s Building Permits Survey. This data does not include any publicly-owned buildings or commercial conversion. For more information on what is included see here. Additionally, 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; 2022).

Multifamily Apartment Sales

Q2 2023 to Q1 2024

22 Transactions

2,100 Units

Source: This analysis, focusing primarily on larger multifamily apartment projects, 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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