



Education and Housing Equity Project Records.

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The Affordability Gap

Rental Housing

- Approximately 38,000 households in the Twin Cities metro area with incomes under \$30,400 (50% of the metro median income) spend at least 50% of their income on housing or live in substandard units. (Source: U.S. Department of Housing and Urban Development.)
- Rents for 2-bdrm apartments range from \$645 in the northern suburbs to \$786 in the western suburbs. These rents are clearly not affordable to many low-wage workers. (Source: Apartment Search.)

Metro-Wide Rental Rates		
Unit Type	Average Rent	Vacancy Rate
1 Bedroom	\$591.47	1.6%
2 Bedroom	\$739.31	1.6%
3 Bedroom	\$984.98	2.6%

Yearly Income and Maximum Monthly Housing Payment of Various Occupations (based on 30% of income)		
Position	Median Yearly Income	Max. Monthly Housing Payment
Child Care Provider	\$14,560	\$364
Medical Assistant	\$21,403	\$535
School Bus Driver	\$18,408	\$460
Teacher Aide	\$15,928	\$398
Bank Teller	\$17,098	\$427

Home Ownership

- At the end of 1998, the median home sales prices was at \$130,200— up 9.7% from the end of 1997. Typical annual increases are between 3 and 5%. Inflation for the same period was 2.1%.
- At the end of 1998, there were 36% fewer homes on the market than there was at the same time in 1997. (Source: Regional Multiple Listing Service)

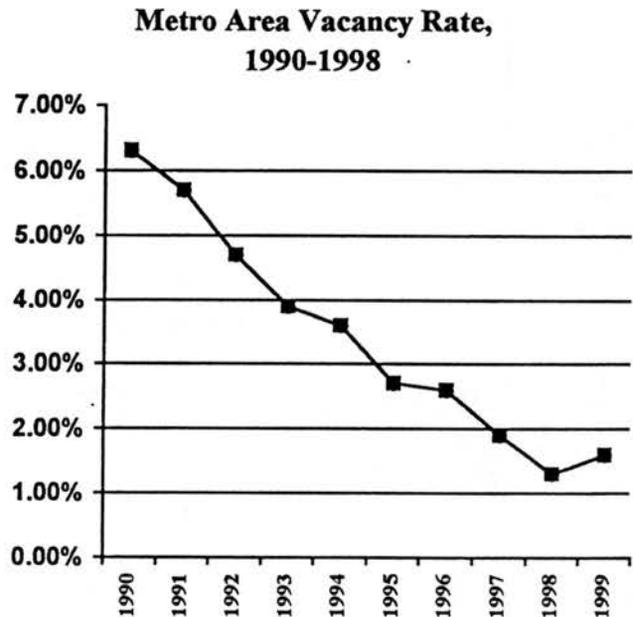
Changes in Median Home Sales Price in the Metro Region, 1993-1998			
Municipality	1998 Median	1997-98 Change	1993-98 Change
Apple Valley	\$158,000	10.49%	36.50%
Blaine	\$120,000	6.19%	33.15%
Brooklyn Center	\$96,900	8.49%	25.84%
Brooklyn Park	\$119,900	4.35%	31.18%
Eagan	\$160,000	3.56%	26.09%
Eastern Dakota Co.	\$150,000	7.22%	28.28%
Fridley	\$111,900	13.14%	28.50%
Inver Grove Heights	\$152,000	17.83%	37.08%
Woodbury	\$184,900	5.66%	26.45%

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The State of Affordable Housing in the Twin Cities

Decreasing Supply

- Over the past 8 years, the Twin Cities area vacancy rate has declined steadily, from over 6% in 1990, to a mere 1.6% in 1999.
- In order to achieve 5% vacancy, which economist and industry analysts consider to be “healthy” for a growing region, 11,000 units would have to be built at a cost of over 1 billion dollars. (Source: Apartment Search; Griffin Companies)



Increasing Costs

- Average rents in the Twin Cities increased 3.9% in 1997, an additional 5% in 1998 and continue to rise at a rate of 5.9% in 1999. Average wages, however, only increased 3% in last two years.
- In the manufacturing industry, wages increased only 2.1%, and in retail the increase was only 0.9%. (Source: Griffin Companies and the Jobs Now Coalition.)

**Average Annual Increase in Rents, Twin
Cities Metro Area
1991 - 1998**

