Minneapolis Trends

A Quarterly Overview of Socioeconomic and Housing Trends in Minneapolis

Third Quarter 2003

Highlights for the third quarter of 2003

- Unemployment increased in the City and the Metro Area, but the number of people employed in the City also increased.
  page 5
- Prices in the first half of the year in the Minneapolis-St. Paul region increased in comparison with the first half of last year. Housing prices remained lower in comparison with the Mid-West or the US.
  page 6
- Interest rates increased.
  page 7
- Permitting activity for new residential construction in the City increased, and construction cost rose.
  page 9
- Residential remodels for projects of $50,000 or more continue to take place in the southern portion of the City .
  page 13
- Average rent in the City rental market is stable and the vacancy rate decreased.
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- Sale values continued to increase and residential sales are recovering.
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Minneapolis Trends

third quarter 2003

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ECONOMIC INDICATORS

Population: Data are based on the 2000 Census of Population and Housing. Figures shown are for the City of Minneapolis and the Metropolitan Area. Except when otherwise specified, the Metropolitan Area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties. This information will not be updated in future reports.

Income per capita: Income per capita is the cumulative income measured in dollars produced during a period of time in a given geographical area divided by the total population of this area. The most current source of information is the 2000 Census of Population and Housing. Figures for 1989 were adjusted to 1999 dollars using the Consumer Price Index (CPI) of the Bureau of Labor Statistics (USBLS). Table two compares Minneapolis, the Metro Area and the US. This information will not be updated in future reports.

Labor Force, Employment and Unemployment: Labor force, employment and unemployment information, developed by the Minneapolis Planning Department, is based on monthly figures from the Minnesota Department of Employment and Economic Development. Labor Force is the average number of non-farm workers employed or looking for a job at a given time. Table three presents quarterly and year-to-date information for the City and the Metropolitan Area.

Consumer Price Index: This index, developed by the USBLS, is based on consumer surveys of all urban households for items such as food and beverages, housing, apparel, medical care, recreation, education and others. Bi-annual and annual information is available. Table four presents a comparison of urban consumers in the Midwest, the US and the Minneapolis-St.Paul Metropolitan Area as defined by the US Office of Management and Budget (OMB). This information will be updated every six months.

Interest Rates: Fannie Mae tracks LIBOR (London Inter-bank offered rate) and the 30-year required net yield monthly. Information by quarter in Tables five and six show interest rates in the last month of the quarter.

POPULATION

In 2000 Minneapolis had about 14,000 or 3.9 percent more people than in 1990. In the seven-county Metropolitan Area population increased by more than 353,000, nearly the total population of the City of Minneapolis.

TABLE 1: **POPULATION**

AREA	2000	1990	GROWTH
Minneapolis	382,618	368,383	3.9%
7-county Metropolitan Area	2,642,056	2,288,721	15.4%

Source: Census of Population and Housing 7-County Metro Area comprises Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties.

INCOME PER CAPITA

Between 1989 and 1999 income per capita grew in real terms in Minneapolis and the Metropolitan Area. In 2000 growth was almost 3 percent points more in the City than the US, but 2.5 percent points lower in comparison to the Metro Area.

TABLE 2: **INCOME PER CAPITA**

AREA	1999	(adjusted) 1989	GROWTH
Minneapolis	$22,685	$19,850	14.3%
7-county Metropolitan Area	$26,776	$22,919	16.8%
US	$21,587	$19,374	11.4%

Source: Census of Population and Housing. 1989 income adjusted to 1999 values.

EMPLOYMENT

In comparison with the second quarter the labor force, employment and unemployment increased in both the City and the Metro Area. A larger number of people were working or expecting to find a job soon.

In comparison with the same period last year the City expanded its labor force and the number of people employed and unemployed. In the Metro Area, the total labor force and the employed labor force, diminished by 0.8 and 1 percent respectively. Unemployment rose from 4.1 to 4.3 percent.

TABLE 3: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**

	CITY	METRO AREA	CITY	METRO AREA
	2Q-02		**2002YTD**	
Labor Force	217,427	1,651,208	214,896	1,637,590
Employment	206,909	1,581,262	204,723	1,567,895
Unemployment Rate	4.8%	4.2%	4.7%	4.3%
	3Q-02		**YTD**	
Labor Force	219,468	1,669,556	216,420	1,648,246
Employment	208,309	1,600,434	205,918	1,578,741
Unemployment Rate	5.1%	4.1%	4.9%	4.2%
	4Q-02		**YTD**	
Labor Force	216,138	1,648,854	216,349	1,648,398
Employment	207,502	1,588,105	206,314	1,581,082
Unemployment Rate	4.0%	3.7%	4.6%	4.1%
	1Q-03		**2003 YTD**	
Labor Force	216,490	1,622,972	216,490	1,622,972
Employment	206,666	1,555,910	206,666	1,555,910
Unemployment Rate	4.5%	4.1%	4.5%	4.1%
	2Q-03		**YTD**	
Labor Force	220, 237	1,643,732	218,364	1,633,352
Employment	209,358	1,576,175	208,012	1,566,042
Unemployment Rate	4.9%	4.1%	4.7%	4.1%
	3Q-03		**YTD**	
Labor Force	222,340	1,655,158	219,689	1,640,621
Employment	210,398	1,584,008	208,807	1,572,031
Unemployment Rate	5.4%	4.3%	5.0%	4.2%

Source: Planning Department with data from Minnesota Department of Economic Security, Labor Market Information.

PRICES

In the first half of 2003 prices for all consumer goods and services in the Minneapolis-St. Paul Metropolitan Area increased by 1.7 points in comparison with the second half of 2002. Prices increased by 2.4 points in comparison with the same period last year.

Housing prices increased by 2.4 points in comparison with the second half of last year, and by 3.3 points in comparison to the first half of 2002. However, the housing price index remained lower in the Minneapolis-St. Paul region than either the Mid-West or the US.

TABLE 4: **CONSUMER PRICE INDEX (CPI) 2002**

For all consumers, not seasonally adjusted; base period: 1982-84=100

	AREA	MINNEAPOLIS	MID-WEST	US
2002				
First Half	All Items	179.3	173.8	178.9
	Housing	167.4	170.7	179.2
Second Half	All Items	180.0	175.9	180.9
	Housing	168.3	173.0	181.4
Annual	All Items	179.6	174.9	179.9
	Housing	167.8	171.8	180.3
2003				
First Half	All Items	181.7	177.8	183.3
	Housing	170.7	175.2	184.0

Source: Bureau of Labor Statistics

INTEREST RATES

Interest rates, which influence the demand for housing as well as other investments, increased at the end of the third quarter.

The LIBOR Rate picked up in August, but declined in September. LIBOR is used as a base index for setting rates of some adjustable rate financial instruments, including adjustable rate mortgages. In comparison with the third quarter of 2002, this rate is still low.

TABLE 5: **LIBOR RATE 2002 & 2003**
end of quarter

QUARTER	RATE
2Q-02	2.251
3Q-02	1.813
4Q-02	1.447
1Q-03	1.340
2Q-03	1.201
3Q-03	1.286

Fannie Mae publishes rates the last business day of each month. Quarterly rates are rates for the last month of the quarter.

LIBOR RATE,
October 2002 to September 2003

The 30-year required net yield is frequently used as a basis for converting an adjustable rate mortgage to a fixed rate mortgage. During the third quarter of 2003 the 30-year required net yield rate jumped 1.26 percentage points from 4.87 at the end of the second quarter to 6.13 at the end of the third. The rate increased .22 percentage points in comparison to the third quarter last year (6.13 in September 2003 and 5.91 in September 2002).

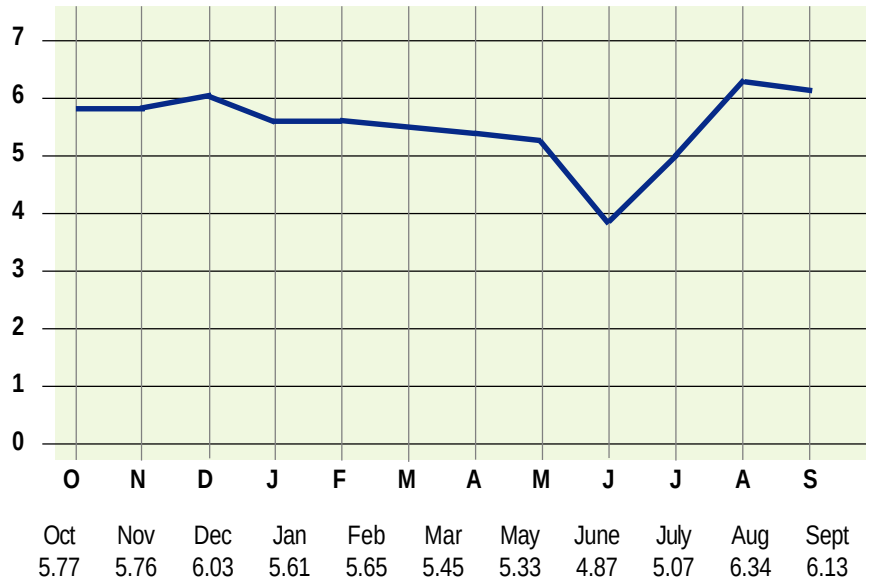
TABLE 6:
30-YEAR REQUIRED NET YIELD
end of quarter

QUARTER	RATE
2Q-02	6.66
3Q-02	5.91
4Q-02	6.03
1Q-03	5.45
2Q-03	4.87
3Q-03	6.13

Quarterly rates show monthly rates at the end of each quarter.

Source: Fannie Mae.

INTEREST RATES, Historical 30 year required net yield
October 2002 to September 2003



RESIDENTIAL GROWTH

Building permits for new residential construction: Permits represent projects for residential construction submitted for approval to the City. Typically there is a time lag between the proposed project and the actual construction.

Tables seven and eight are based on monthly figures provided by the City of Minneapolis and Metropolitan Area counties to the Bureau of the Census. The map on new building construction is based on permit information by address provided by the City's Inspections Division. Numbers from the Census Bureau and City Inspections may differ slightly for the same period. Census Bureau numbers do not include additions, remodels or demolitions.

Single family buildings include only one unit in the structure.

Multi-Family buildings include two or more units in the structure.

Value of residential construction is based on the amount of dollars that developers report as cost of their projects.

Construction value per unit refers to the total construction value divided by the number of units permitted during the period considered.

Building permits for residential remodeling: Map two is based on data from the City of Minneapolis Inspections Division. Information includes all projects for residential remodeling submitted for approval to the City with a value of $50,000 or more.

Building permits for demolitions or wrecking: These data were obtained from the City of Minneapolis Inspections Division, and include all residential buildings that were demolished either partially or totally. The categories within multi-family buildings and units include condominiums.

Inflation-Adjusted figures: Values reported in tables in this report are expressed in current dollars (not adjusted for inflation). For analysis purposes, however, text is based on these table values converted to constant (inflation-adjusted) dollars based on the U.S. of Labor Statistics Consumer Price Index (CPI) for all urban consumers, all goods, Minneapolis-St. Paul-WI Metropolitan Area as defined by OMB.

NEW RESIDENTIAL CONSTRUCTION

After a weak second quarter, 456 permits were issued for new construction in Minneapolis during the third quarter. This 238-unit increase reflects growth in both the single and multi family markets. This also reflects an increase from the third quarter of 2002, when the City permitted 310 units of new construction.

The City increased its share of permits in the Metropolitan Area from 4.1 percent in the second quarter to 7.7 percent in the third quarter. This also reflects an increase from last year, when the City's share of permits was 6.4 percent.

New construction in the Metro Area increased by almost 11 percent from the second quarter. In comparison to last year, construction is up almost 19 percent.

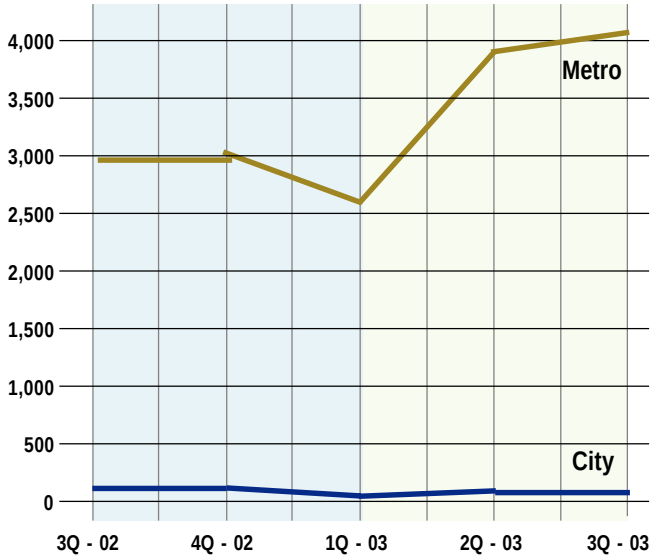
Both single-family and multi-family construction increased. Activity in the third quarter was higher than in the same period last year.

TABLE 7: **NEW RESIDENTIAL CONSTRUCTION**

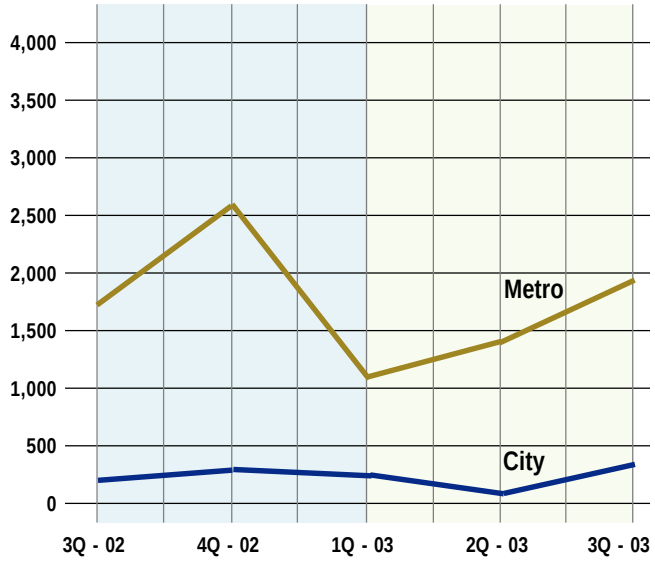
	SF UNITS	MF UNITS	TOTAL	SF UNITS	MF UNITS	TOTAL
	1Q-02			**2002 YTD**		
City	40	616	656	40	616	656
Metro Area	2,414	1,725	3,483	2,414	1,725	3,483
City Share	1.6%	26.3%	18.8%	1.6%	26.3%	18.8%
	2Q-02			**YTD**		
City	65	232	297	105	848	953
Metro Area	3,311	1,433	4,447	5,725	3,158	8,883
City Share	1.9%	13.9%	6.7%	1.8%	21.2%	10.7%
	3Q-02			**YTD**		
City	68	242	310	173	1,090	1,263
Metro Area	3,034	1,780	4,814	8,759	4,938	13,697
City Share	2.2%	12.0%	6.4%	1.9%	18.1%	9.2%
	4Q-02			**YTD**		
City	74	277	351	247	1,367	1,614
Metro Area	3,049	2,618	5,667	11,808	7,556	19,364
City Share	2.4%	9.6%	6.2%	2.0%	15.3%	8.3%
	1Q-03			**2003 YTD**		
City	33	248	281	33	248	281
Metro Area	2,621	1,073	3,694	2,621	1,073	3,694
City Share	1.3%	23.1%	7.6%	1.3%	23.1%	7.6%
	2Q-03			**YTD**		
City	112	106	218	145	354	499
Metro Area	3,937	1,428	5,365	6,558	2,501	9,059
City Share	2.8%	7.4%	4.1%	2.2%	14.2%	5.5%
	3Q-03			**YTD**		
City	121	335	456	266	689	955
Metro Area	4,034	1,904	5,938	10,592	4,405	14,997
City Share	3.0%	17.6%	7.7%	2.5%	15.6%	6.4%

Source: US Bureau of the Census

PERMITS FOR NEW CONSTRUCTION: SINGLE FAMILY UNITS



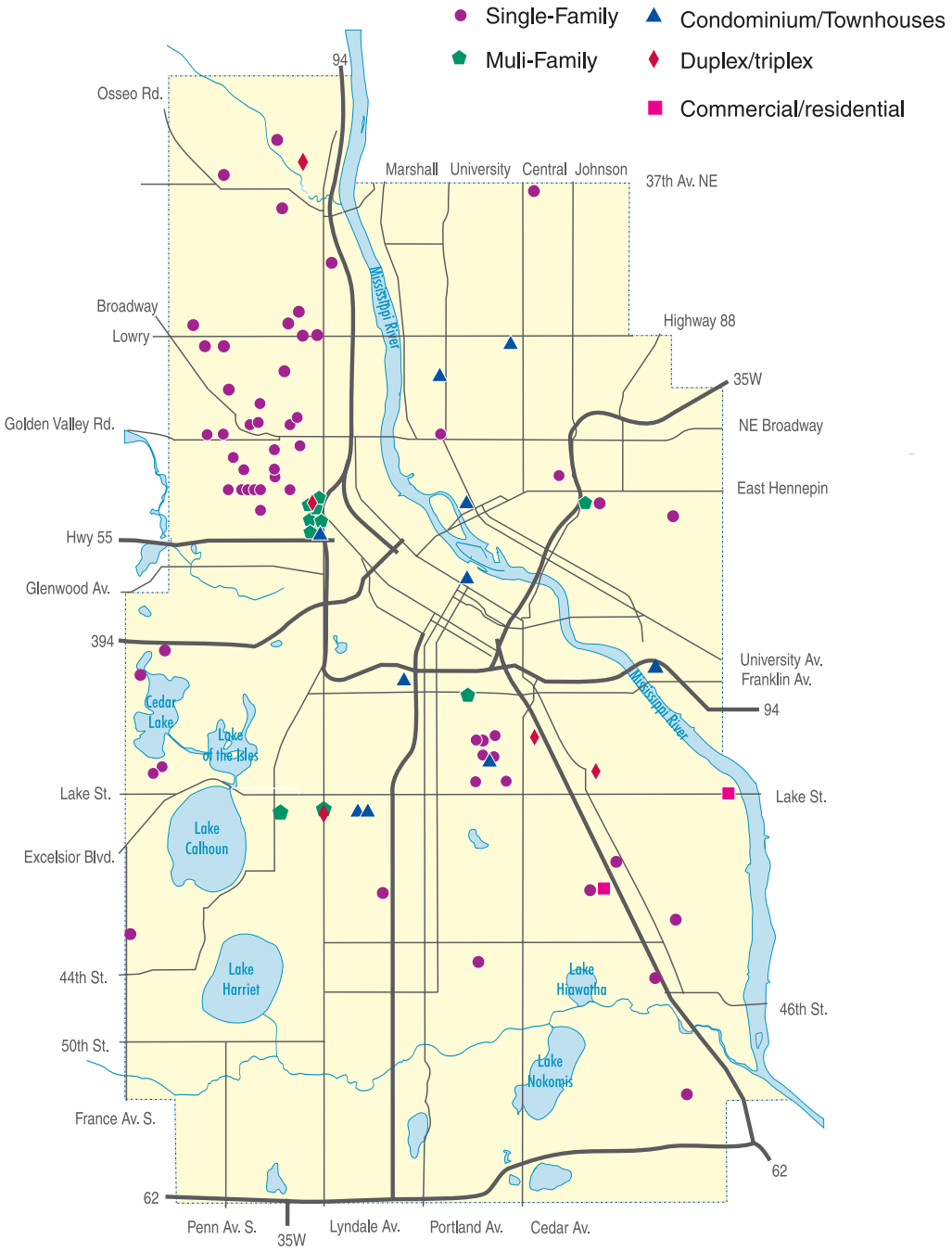
PERMITS FOR NEW CONSTRUCTION: MULTI-FAMILY



NEW RESIDENTIAL CONSTRUCTION

During the third quarter, construction of new single-family units in the City occurred primarily in the Near North community. Fifteen apartment buildings were permitted near Interstate 94W and 7th St N, for a total of 105 units. Two major multi-family condominiums were permitted: one in downtown (62 units) and another on Park Ave in the East Bank (38 units).

MAP 1: **MINNEAPOLIS PERMITS FOR NEW RESIDENTIAL CONSTRUCTION**
third quarter 2003



VALUE OF RESIDENTIAL CONSTRUCTION

In the third quarter, total new residential construction cost in the City was about 28 percent higher than in the third quarter of 2002 (adjusted for inflation).

In the seven-county Metropolitan Area, construction cost was about 31 percent higher than in the same period last year (adjusted for inflation). The City's share of the total Metro construction was 4.3 percent.

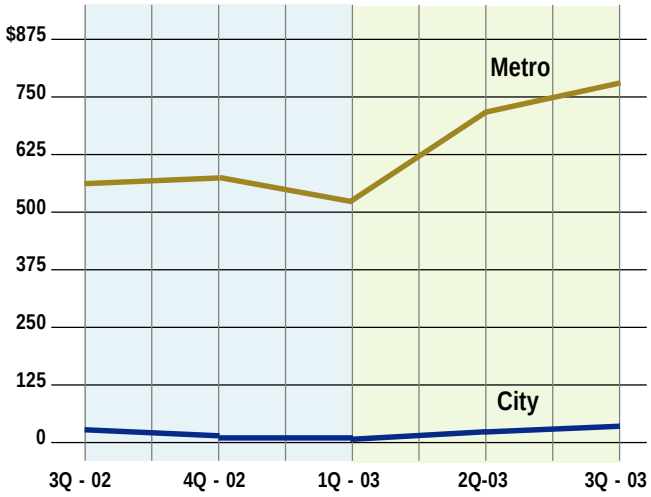
In the third quarter, single-family construction cost in Minneapolis rose more than 94 percent in comparison with the same period last year (when adjusted for inflation). Multi-family construction cost declined by 2.4 percent. In the Metro Area both single-family and multi-family construction cost increased by 38.5 and 6.8 percent respectively.

TABLE 8: **VALUE OF NEW RESIDENTIAL CONSTRUCTION in dollars**

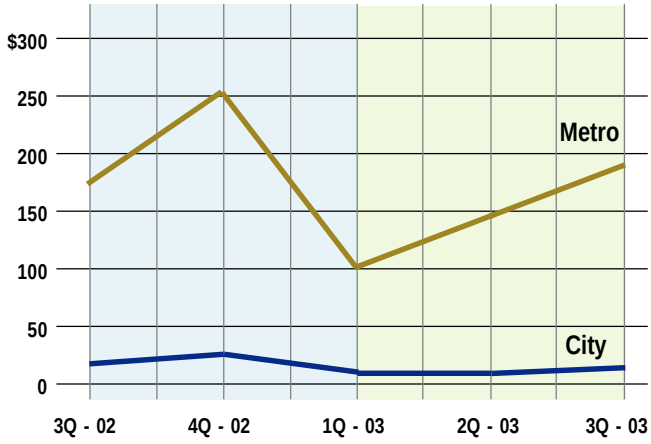
	SF UNITS	MF UNITS	SF UNITS	MF UNITS
	3Q-02		**YTD**	
City	10,469,155	21,839,227	23,469,788	117,865,535
Metro Area	559,013,612	174,839,323	1,622,567,203	489,989,262
City Share	1.9%	12.5%	1.4%	24.1%
	4Q-02		**YTD**	
City	9,880,681	33,253,274	33,350,469	151,118,809
Metro Area	571,778,530	251,624,209	2,194,345,733	741,613,471
City Share	1.7%	13.2%	1.5%	20.4%
	1Q-03		**2003 YTD**	
City	5,178,427	16,222,344	5,178,427	16,222,344
Metro Area	518,254,676	101,240,227	518,254,676	101,240,227
City Share	1.0%	16.0%	1.0%	16.0%
	2Q-03		**YTD**	
City	17,741,135	16,563,178	22,919,562	32,785,522
Metro Area	731,326,660	142,990,747	1,249,581,336	244,230,974
City Share	2.4%	11.6%	1.8%	13.4%
	3Q-03		**YTD**	
City	$ 20,645,386	$21,319,760	$ 43,564,948	$ 54,105,282
Metro Area	785,047,181	189,370,664	2,034,628,517	433,601,638
City Share	2.6%	11.3%	2.1%	12.5%

Source: US Bureau of the Census

SINGLE FAMILY CONSTRUCTION VALUES
in millions of dollars



MULTI- FAMILY CONSTRUCTION VALUES
in millions of dollars



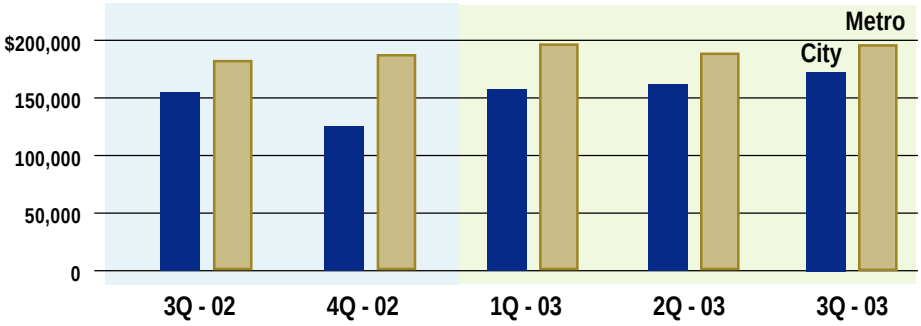
RESIDENTIAL CONSTRUCTION COST

In the third quarter,inflation-adjusted construction cost per single-family unit in the City increased by 9.3 percent in comparison to last year.

In the Metro area, construction cost was 4.1 percent higher than the same period last year.

Multi-family cost per unit declined by 34.5 percent in the City and 0.2 percent in the Metro Area.

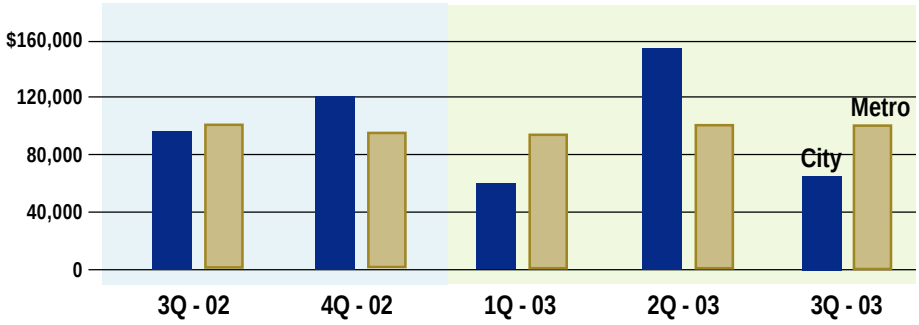
SINGLE FAMILY CONSTRUCTION COST per unit



	3Q - 02	4Q - 02	1Q - 03	2Q - 03	3Q - 03
CITY	$ 153,958	$ 133,523	$156,922	$158,403	$ 170,623
METRO	184,250	187,530	197,732	185,757	194,608

Source: Planning Department with data from the Bureau of the Census

MULTI-FAMILY CONSTRUCTION COST per unit



	3Q - 02	4Q - 02	1Q - 03	2Q - 03	3Q - 03
CITY	$ 90,245	$ 120,048	$ 59,319	$ 156,256	$ 63,641
METRO	98,224	96,113	94,352	100,134	99,459

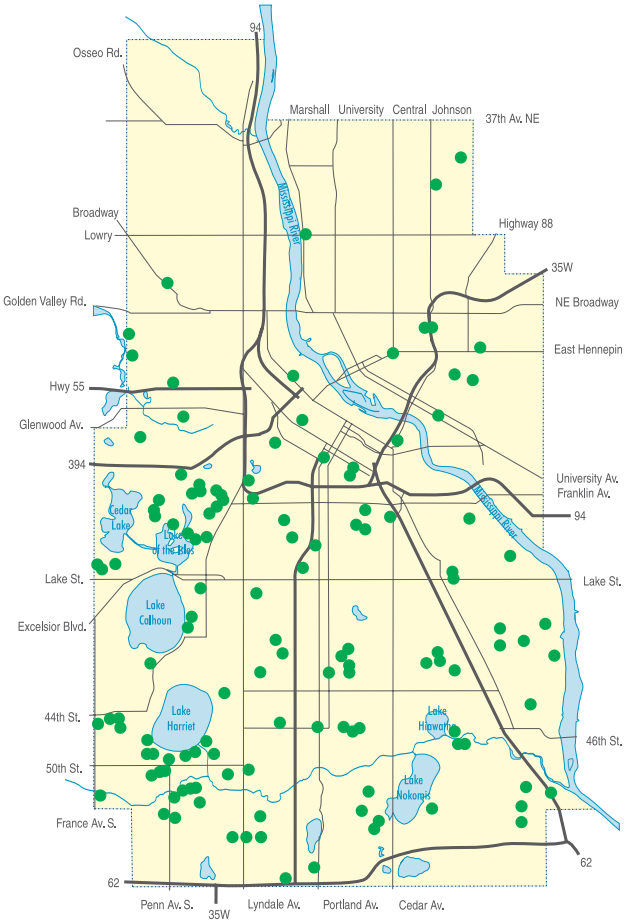
Source: Planning Department with data from the Bureau of the Census

RESIDENTIAL REMODELS

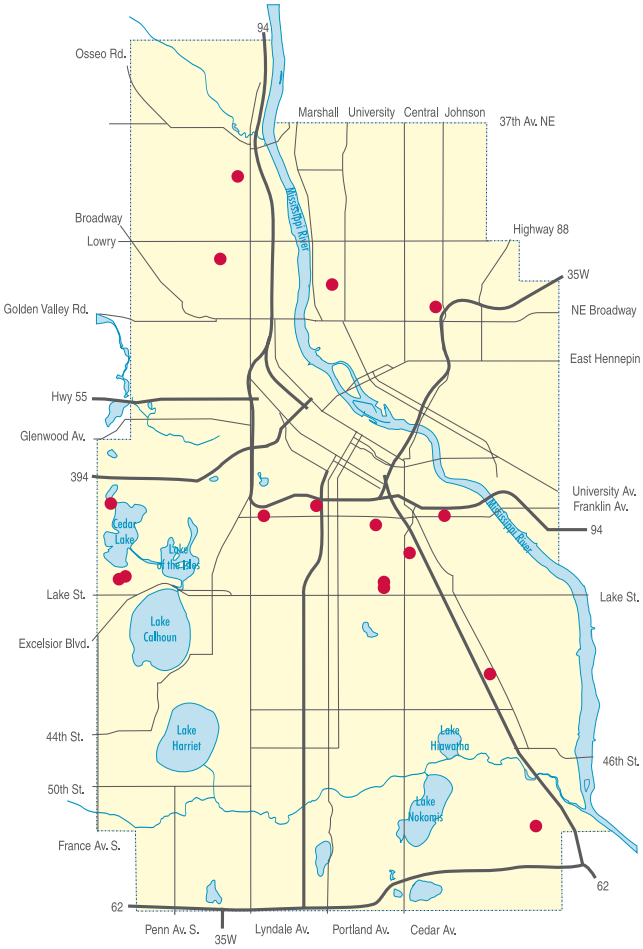
One hundred and thirty two permits were issued for remodels with a value of $50,000 and above. Most projects were in the southern section of the City, south of Interstates 394 and 94.

Three projects total more than one million dollars. These include converting a building at 3rd St N into a 57 unit multi-family building, a site rehabilitation at 18th Ave. (west of Highway 55), and the addition of an 8 unit condominium to an existing building at Pleasant Ave. (south of Interstate 94).

MAP 2: **RESIDENTIAL REMODEL PROJECTS $50,000 + third quarter 2003**



MAP 3: **PERMITS FOR RESIDENTIAL BUILDING DEMOLITIONS third quarter 2003**



REDSIDENTIAL DEMOLITIONS

Residential demolitions totaled 28 units in the third quarter. Fifty-two demolitions took place the same time last year. Most demolitions were single-family units scattered throughout the city, with a small concentration in Phillips and Ventura Village.

TABLE 9: **MINNEAPOLIS BUILDING PERMITS FOR RESIDENTIAL DEMOLITION**

NUMBER OF UNITS	2002 3Q-02	4Q-02	YTD 2002	2003 1Q-03	2Q-03	3Q-03	YTD 3Q-03
Single Family	22	17	71	12	15	14	27
Condo/Townhouse	0	0	0	0	0	0	0
Multi-Familly	14	5	38	2	2	14	18
Duplex/Triplex	16	0	28	0	6	0	6
TOTAL	**52**	**22**	**137**	**14**	**23**	**28**	**65**

Source: Minneapolis Inspections Department

THE HOUSING STOCK

Single and multi-family: Table ten was derived from the Minneapolis Assessor's Office based on property tax records from the Hennepin County Property Tax Department. The City Assessor's Office certifies the records for the City every year. As a result table ten will be updated yearly because accurate data is not available quarterly.

Structure refers to a building that may have one or more units. The number of units and structures for single-family is the same.

Condominium refers to a legal category of property ownership and usually designates units in high-rise buildings or other multi-family structures that have common areas and individual properties.

Townhouses are attached single-family units that usually adopt a condominium type of home ownership.

Vacancy Rate: Vacancy rate is the percent of unoccupied housing units in the total. Overall vacancy rates for the City and Metro Area are available in the 2000 and 1990 Census of Population and Housing. This information will not be updated in future reports. The Bureau of the Census Housing Vacancy Survey presents annual rental and homeowner vacancy rates for the Twin Cities Metropolitan Area. This Metro Area according to OMB definition includes Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington and Wright counties in Minnesota and Pierce and St Croix counties in Wisconsin. This information will be updated yearly.

Vacancy rates for the multi-family rental market are calculated quarterly by GVA Marquette Advisors based on a quarterly survey of properties in the Twin Cities Metropolitan Area. The survey also tracks the average rent paid for apartment units.

Average sale values: These values are based on reported home prices to the Hennepin County Property Tax Department. The figures are unverified and may not reflect the actual sale value.

Inflation-Adjusted figures: See page 8.

HOUSING STOCK

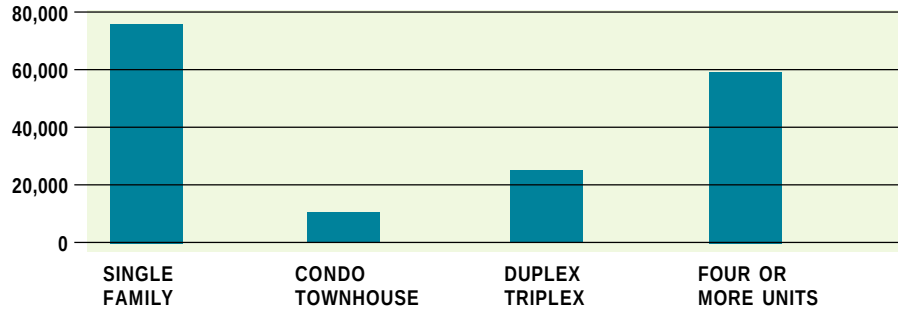
In 2002 Minneapolis had 169,117 housing units. Of these almost 45 percent were single-family and nearly 35 percent were multi-family with four or more units in the structure.

TABLE 10: **HOUSING STOCK – Minneapolis 2002**

HOUSING TYPE	SINGLE-FAMILY	CONDOMINIUM TOWNHOUSE	DUPLEX/ TRIPLEX	FOUR UNITS OR MORE	TOTAL
Structures	75,402	10,145	12,119	3,449	**101,115**
Units	75,402	10,145	25,198	58,372	**169,117**
% of all Structures	74.6%	10.0%	12.0%	3.3%	**99.9%**
% of all Units	44.6%	6.0%	14.9%	25.7%	**91.1%**

Source: Minneapolis Assessor's Office

NUMBER OF HOUSING UNITS BY TYPE – Minneapolis 2002



Source: Minneapolis Assessor's Office

VACANCY RATE

In Minneapolis, the overall vacancy rate, including all types of housing units, dropped from 6.9 percent in 1990 to 3.7 percent in 2000. Vacancy rate decreased in the Metro Area from 5.1 percent to 2.5 percent.

TABLE 11: **OVERALL VACANCY RATE**

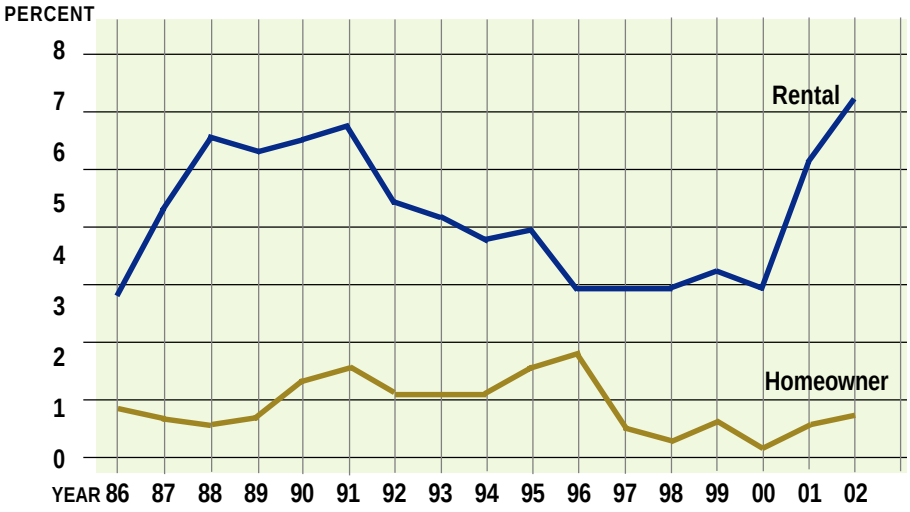
	2000	1990
Minneapolis	3.7%	6.9%
Metro Area	2.5%	5.1%

Source: Census of Population and Housing

In the Twin Cities Metropolitan Area, annual vacancy rates in the rental market reached the highest point in 1991. Vacancy rates in the homeowner market were highest in 1996.

In 2000 vacancy rates were at their lowest level, but began climbing during the following years. By 2002, the rental market vacancy rate reached 6.2 percent, a reflection of vacancy rates at the end of the eighties.

ANNUAL VACANCY RATES
Minneapolis-St. Paul-Wisconsin Metro Region



Source: Census Bureau, Housing Vacancy Survey, Annual Statistics

VACANCY RATE

The average vacancy rate in the multi-family rental market in Minneapolis was 5.8 percent. Average rent was $816, the same as in the previous quarter. The average vacancy rate decreased in comparison with the second quarter, but it is still high in comparison with the third quarter of 2002.

The vacancy rate in Minneapolis during the current period was lower than the vacancy rate in the Twin Cities Metro Area.

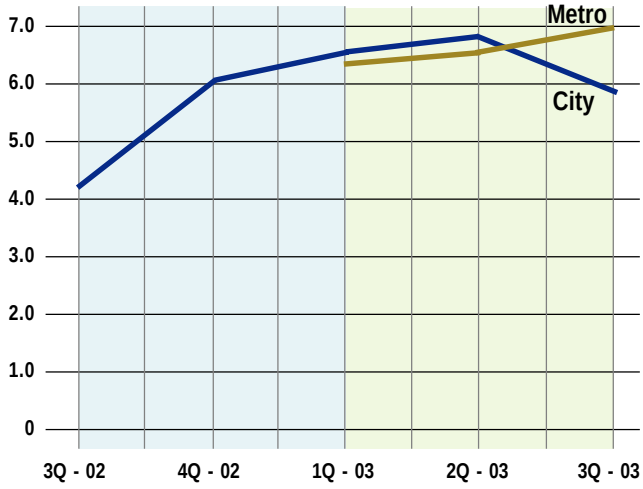
The average apartment rent in the City increased from last year, but it is still low when compared to the Metro Area.

TABLE 12: **MINNEAPOLIS MULTI-FAMILY VACANCY RATE & AVERAGE RENT by quarters and Year-to-Date**

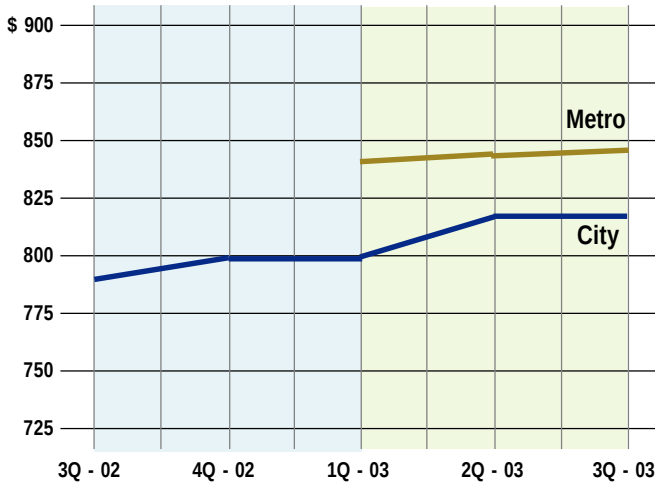
QUARTER	2002 1Q-02	2Q-02	3Q-02	4Q-02	2003 1Q-03	2Q-03	3Q-03	YTD 1Q-03	2Q-03	3Q-03
Units surveyed	18,185	17,605	18,017	18,051	17,831	17,285	17,831	17,831	17,558	17,518
Vacant Units	831	849	762	1098	1,124	1,126	1,007	1,124	1,125	1,086
Average rent	$ 801	$ 790	$ 789	$ 799	$ 799	$ 816	$ 816	$ 799	$ 808	$ 811
Vacancy Rate	4.6%	4.8%	4.2%	6.1%	6.3%	6.5%	5.8%	6.3%	6.4%	6.2%

Source: Marquette report for 2002 based on property survey

MINNEAPOLIS VACANCY RATE 2002 –03
percent by quarters



MINNEAPOLIS APARTMENT AVERAGE RENT
in dollars by quarters



RESIDENTIAL SALES

During the third quarter, the average sale price for a single-family house in Minneapolis was about $225,000. This reflects a 6.7 percent increase in comparison with third quarter of 2002, when the average home value was $210,800 (adjusted for inflation).

While housing units in general gained in value, triplex and doubled bungalows appreciated faster than any other category.

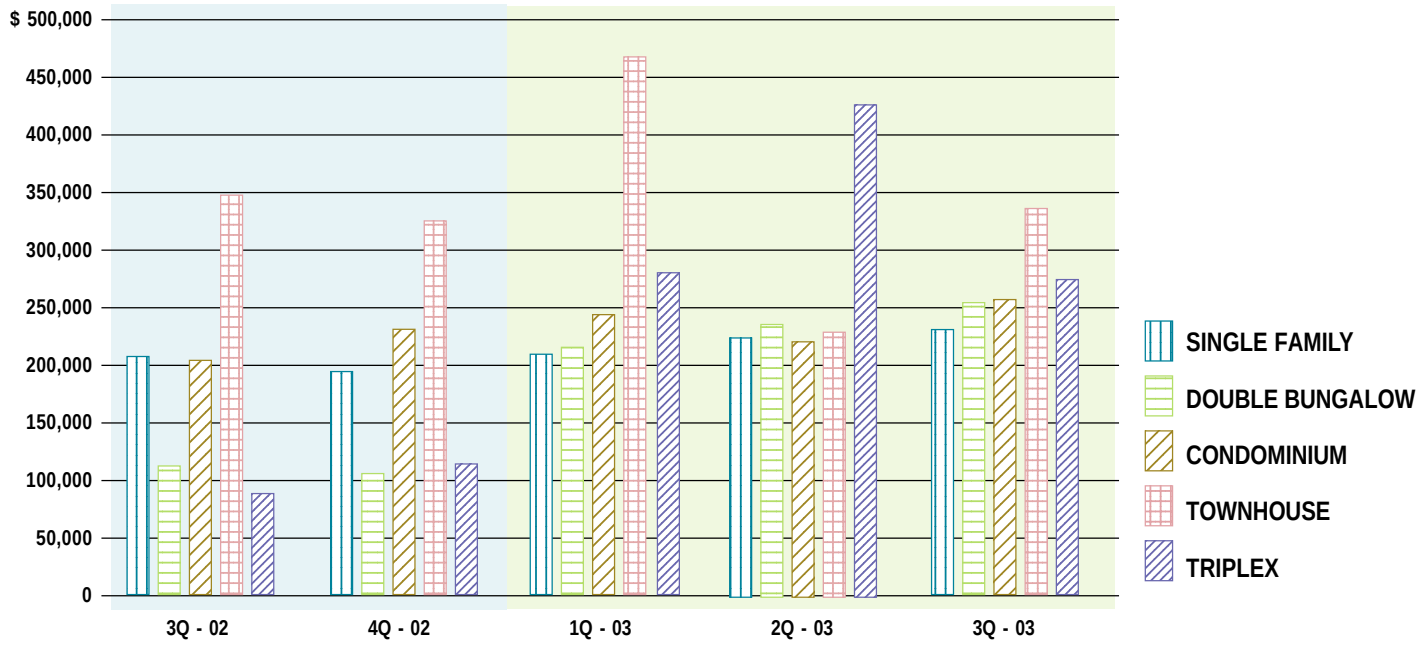
Total sales decreased by more than 30 percent in the third quarter in comparison to last year.

TABLE 13: **MINNEAPOLIS RESIDENTIAL UNITS SOLD & AVERAGE SALE VALUES**

	3Q-2002		4Q-2002		1Q-2003		2Q-2003		3Q-2003	
	# UNITS	AVG. SALE	# UNITS	AVG. SALE	# UNITS	AVG. SALE	# UNITS	AVG. SALE	# UNITS	AVG. SALE
Single-Family	1,471	$ 207,848	1,139	$ 196,373	967	$ 207,195	1,052	$ 221,371	1,180	$ 224,971
Double Bungalow	416	114,262	328	102,063	163	219,636	113	243,638	146	253,916
Condominium	197	203,020	129	233,895	168	245,320	175	220,856	155	254,578
Townhouse	25	323,135	21	323,135	14	469,099	12	223,404	14	335,034
Triplex	48	80,175	33	116,176	10	269,710	5	434,900	8	272,467
TOTAL	**2,157**		**1,650**		**1,322**		**1,357**		**1,504**	
		YTD		**YTD**		**YTD**		**YTD**		**YTD**
Single-Family	3,891	$ 196,132	5,030	$ 196,187	967	$ 207,195	2,019	$ 214,581	3,199	$ 218,414
Double Bungalow	1,192	105,498	1,520	104,756	163	219,636	276	299,463	422	237,923
Condominium	499	196,871	628	204,477	168	245,320	343	232,839	498	239,605
Townhouse	57	334,787	78	331,650	14	469,099	26	355,701	41	348,140
Triplex	150	79,281	183	85,934	10	269,710	15	324,773	23	306,580

Source: City of Minneapolis Assessor's Office

MINNEAPOLIS HOUSING AVERAGE SALE VALUE
3Q-2002 to 3Q-2003



Source: City of Minneapolis Assessor's Office

AFFORDABLE HOUSING

CPED Funding: The City of Minneapolis assists housing mainly through the Minneapolis Community Planning and Economic Development Department (CPED), former MCDA, which in turn uses a large portion of federal funding to subsidize production. CPED contracts and partners with private developers and non-for profit organizations to increase production of affordable housing.

Tables 14 and 15 show the number of units to be built in closed projects. "Closed projects" are those in which the project funding and conveyance has occurred and is finalized. There is usually only two days between the project closing and the construction start. The numbers include new construction and rehabilitation.

An Affordable unit is a housing unit affordable to households at or less than 50 percent of area median income as adjusted for family size. A unit at above 50 to 150 percent of area median income is called here "moderate to market" unit. This could be a slightly below market level price.

HUD Funding: The US Department of Housing and Urban Development provides funding for housing intended to help low income families, elderly, disabled or handicapped individuals whose annual gross income does not exceed 50 percent of HUD's median income guidelines. Low-income families may also receive direct rental assistance through section 8 vouchers.

Table 17 does not include homes receiving vouchers. The table includes a few properties receiving financial aid under Section 236 of the 1994 Housing Act.

Publicly Owned Housing: These are units owned by the Minneapolis Housing Authority. The Authority manages properties, provides rental assistance and services to residents, builds new units and preserves the existing stock.

CPED ASSISTED HOUSING

Four multi-family housing projects financed by CPED closed in the third quarter. CPED financed 348 units, about 50 percent less than the same time last year. More than 80 percent of the units financed by CPED were affordable. Only 17 percents of the units financed in the third quarter last year were affordable.

TABLE 14: **MULTI-FAMILY HOUSING UNITS IN PROJECTS FINANCED BY CPED new construction and rehabilitation**

QUARTER	2002 3Q-02	4Q-02	2003 1Q-03	2Q-03	3Q-03	YTD 2003
Number of projects	6	10	6	5	4	15
Affordable Units*	116	249	125	762	286	1,173
Moderate to market**	47	176	0	11	25	36
Market Units	526	163	91	35	37	163
TOTAL	689	588	216	216	348	1,372

* at 50% of income level or below

** at more than 50% of income level

Source: Minneapolis Community Planning and Economic Development Department (CPED)

During the third quarter of 2003 CPED sold 3 lots or properties to developers for rehabilitation into affordable single-housing units. This number was lower than the number of affordable dwellings financed during the second quarter.

TABLE 15: **SINGLE-FAMILY HOUSING UNITS IN PROJECTS FINANCED BY CPED new construction and rehabilitation**

Year	2002	2003 1Q-03	2Q-03	3Q-03	YTD 2003
Affordable Units*	16	2	6	3	11
Moderate to market	60	0	9	2	11
Other**	4	10	17	53	80
TOTAL	80	12	32	58	102

* at 50% of income level or below

** At 115 % of income level or units for which information on income level is not available. The GMHC Century Homes Program requires its buyers to be below 115% of median income.

Source: Minneapolis Community Planning and Economic Development Department (CPED)

PUBLIC HOUSING

More of 80 percent of public housing units in Minneapolis are in high rise buildings. In 2002 MPH replaced 11 units. The total number of units did not change between 2001 and 2002.

TABLE 16: **HOUSING UNITS & PERCENT SHARE OF TYPES OF HOUSING OWNED BY THE MINNEAPOLIS HOUSING AUTHORITY year 2002**

TYPE OF HOUSING	NUMBER	PERCENT
Multi-Family	4,856	84.1%
Single-Family	731	12.7%
Row Houses	184	3.2%
Total	5,771	

Source: Minneapolis Public Housing (MPH)

HUD ASSISTED HOUSING

In addition to CPED and MPH, the US Department of Housing and Urban Development subsidizes housing in the City through Section 8 of the Housing Assistance Payment Program and Section 236 of the 1964 Housing Act. In the third quarter the number of assisted units in these programs did not change.

TABLE 18: **SECTION 8 & SECTION 236 HOUSING**

	2003* 1Q-03	2Q-03	3Q-03**	YTD 2003 (avg) 1Q-03	2Q-03	3Q-03
Number of Units	4,610	4,638	4,638	4,610	4,624	4,629
Possible Market Units	1,490	1,559	1,559	1,490	1,525	1,535
Total	6,100	6,197	6,197	6,100	6,149	6,165

* *Total stock at the end of quarter*

** *as of Oct 31,03*

Source: HUD

Minneapolis
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