

Apartment vacancies, homelessness rising in Minneapolis, St. Paul



From Minnesota Housing Partnership's quarterly "2 x 4" report.

BY BRANDI STILLINGS, TC DAILY PLANET

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Homelessness is climbing, jobs are scarce and as a result apartment vacancies are at a five-year high in Minnesota. According to a report from the nonprofit Minnesota Housing Partnership, metro area vacancy rates for rental housing rose to a five-year high of 7.3 percent in the fourth quarter of 2009, with little change in vacanc rates over the past five quarters.

"These numbers in our latest report signify people struggling to make ends meet," said Leigh Rosenberg, research and outreach manager for Minnesota Housing Partnership, a St. Paul nonprofit.

In a study done by Wilder Research in 2009, initial results showed that 9,452 homeless adults, youth and children are in transitional housing, shelters or on the streets - which is a staggering 22 percent increase from 2006. Some 40 percent of people interviewed said job loss or a reduction in hours is the reason they had become homeless.

"We're hopeful that some early signs of stability and economic improvement continue," Rosenberg said, "But these are just very hard times for families across the states."

According to Rick Bernardo of MHP, it is fairly typical to spend one-third of your income on housing costs. However, most are spending nearly half of their income since the fall of the economy.

"Paying 40 to 50 percent on housing (rent) is a recipe for poverty," he said, "Which is cutting back on survival."

Necessities such as food, clothing and making sure children are getting the education they deserve are taking a back burner to making rent payments.

Mindy Edmo, a renter and a 35-year-old mother of two has been forced into a two-bedroom apartment in South Minneapolis from a fairly spacious house in Burnsville. "We needed out of an unmanageable living situation quickly so we rented an apartment because of a sudden short sale on our home that did terrible things to our credit."

Mindy and her husband have found that apartment living is just as expensive as their previous home. "We live paycheck by paycheck."

Renters are finding other ways to save money instead being tied down to a lease or being behind on their rent payments. MHP stated that one in five renters were behind on rent in the fourth quarter.

People are also starting to double up, which is coming to be known as the "shack up effect."

"The drop in vacancy rate is largely due to people doubling up with friends/family in apartments in this time of high unemployment and poor economy", explains Rosenberg, "This is commonly seen during a recession."

Investors are beginning to purchase homes for rental properties to gain money for their mortgages rather than selling. "Many of the very 'affordable' homes for sale that have been foreclosed or are short sales are not

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So what are the solutions to the triple-threat problem of apartment vacancies and increasing homelessness?

Increasing construction of housing and apartment complexes could be the answer.

"Investing in housing on a state and federal level could be a jump start to solving some of these housing and unemployment issues," said Rosenberg, "Rehabbing and building apartments and homes that are affordable to Minnesotans itself creates jobs and also can generate much needed revenue for the state."

Some people hope the prediction of the economy recovering in 2012 from state economist, Tom Stinson signals better times ahead.

"We consider ourselves very lucky to have a place to live and to be employed at this point," Edmo said, "We're just waiting for things to turn around again so that my two daughters can have their own rooms!"

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Submitted by Dennis Otto Stillings (not verified) on Thu, 2010-04-15 22:15.

Nice article. Solution: Move to North Dakota.

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[Sustainable affordable housing](#)

Submitted by Anonymous (not verified) on Fri, 2010-04-16 07:22.

The solution to homelessness and higher vacancies isn't just to build subsidized housing.

The discussion needs to address sustainability. Subsidized housing tends to be poorly designed and poorly built with no thought for the building's energy efficiency or its effects on the environment. Building sustainably brings down energy costs which increases a tenant/owner's ability to stay in their apartment/house, decreases health risks, creates a more livable home and minimizes construction's devastating effects on the environment.

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[Vacancy Rate](#)

Submitted by blickness (not verified) on Fri, 2010-04-16 09:56.

According to a friend of mine who has been in the rental property management business for nearly 20 years, another reason the vacancy rate is so high is because property owners are very reluctant to rent to people who have undergone foreclosure and or bankruptcy. She said that once she is able to convince these property owners to change their guidelines she can fill the building up much more quickly.

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[Wages have to catch up to](#)

Submitted by Anonymous (not verified) on Sun, 2010-04-18 10:28.

Wages have to catch up to housing, or housing/rental prices need to come down. I have rented for over 15 years and rent has NEVER been less than 50% of our income.

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