

# Housing Market Index

*A Block-Level Analysis of  
the Housing Market  
in North Minneapolis*

NOVEMBER  
2013

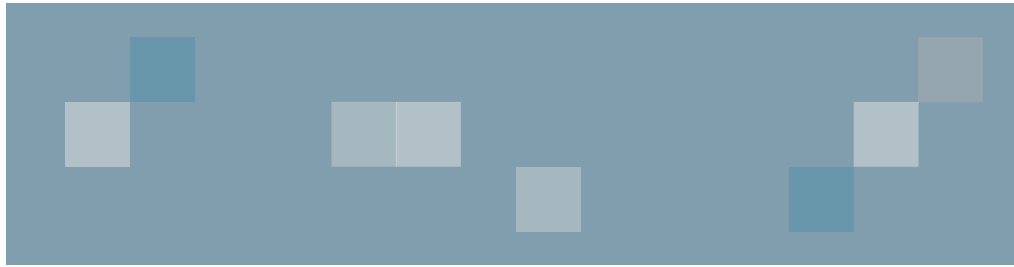


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Thank you to the individuals who provided feedback and technical support in drafting this report and in forming and refining the methodology used in the housing market index. A special debt of gratitude goes to Jeff Matson at the Center for Urban and Regional Affairs for his help in establishing an interactive, public website for releasing the housing market index scores for individual blocks.

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# INTRODUCTION

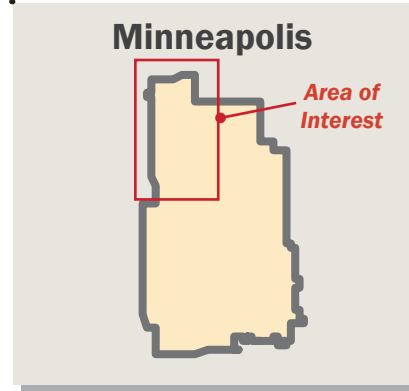
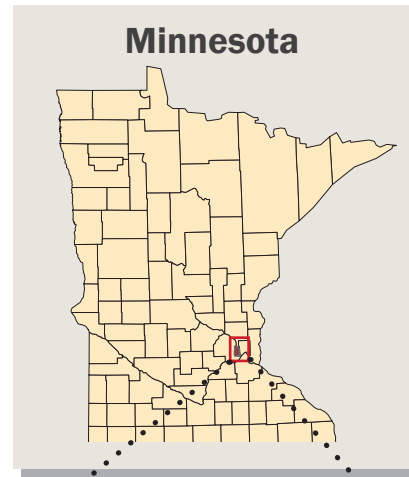
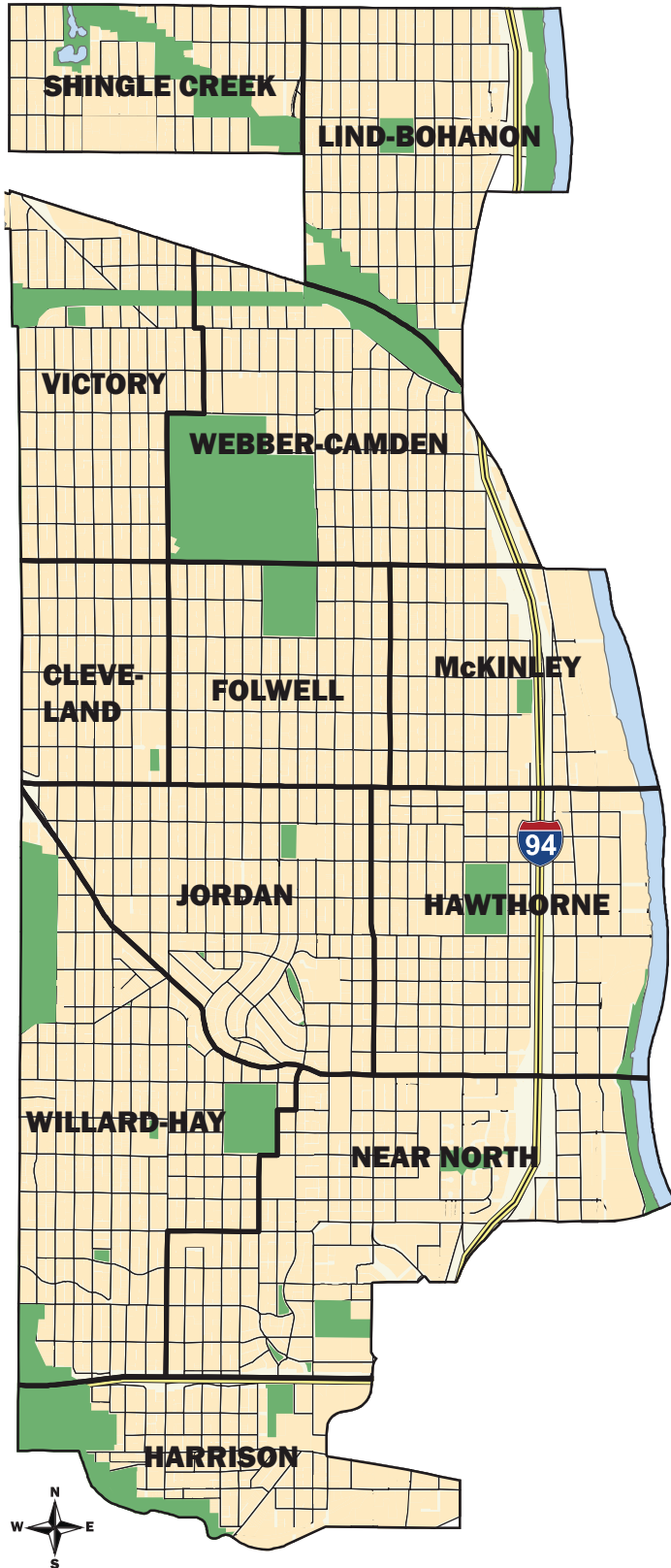
This report contains an analysis of the housing market in Minneapolis, Minnesota—specifically the area referred to as North Minneapolis, the northwestern portion of the city. Called the Housing Market Index (HMI), it evaluates how each residential block in the area’s 12 neighborhoods compares to the average of all residential blocks in North Minneapolis. In addition to serving as an analytical tool for monitoring conditions of the area’s housing market, the HMI may also serve as a guide for developing policy recommendations and investment strategies for long-term housing stabilization. And unlike many other housing market analyses, the HMI provides a “zoomed-in,” block-level picture of the housing market by using locally produced parcel-level data.

Based on the *2011 North Minneapolis Housing Market Index*, this updated HMI examines the housing market through a combination of four variables: value retention, owner occupancy, physical condition, and long-term vacancy. *Value retention* calculates the change in estimated market value of the homes on a given block from December 31, 2006, through December 31, 2012. *Owner occupancy* looks at the percentage of homes on a block that are currently occupied by owners. *Physical condition* assesses the current structural integrity/quality of the homes on a given block. And *long-term vacancy* determines the percentage of homes on a given block that are vacant for eight months or longer.

This report is organized into four sections: a brief description of North Minneapolis’s housing stock and recent property investment history; a summary of the findings for the 12 North Minneapolis neighborhoods, including maps of each neighborhood; a description of the methodology used to construct the index; and an appendix containing maps of North Minneapolis that display each of the four HMI variables. ■

The 2011 North Minneapolis Housing Market Index was developed by the Folwell Center for Urban Initiatives, the University of Minnesota’s Center for Urban and Regional Affairs, and the Carl and Eloise Pohlada Family Foundation.

# North Minneapolis



North Minneapolis has 12 neighborhoods, ranging in character from established areas that are predominantly occupied by owner-occupants to more vulnerable neighborhoods with a preponderance of investor/absentee landlords.

North Minneapolis has approximately 17,500 individual residential buildings—more than 80 percent of which are single-family detached houses that were constructed before 1950.



## CONTEXT

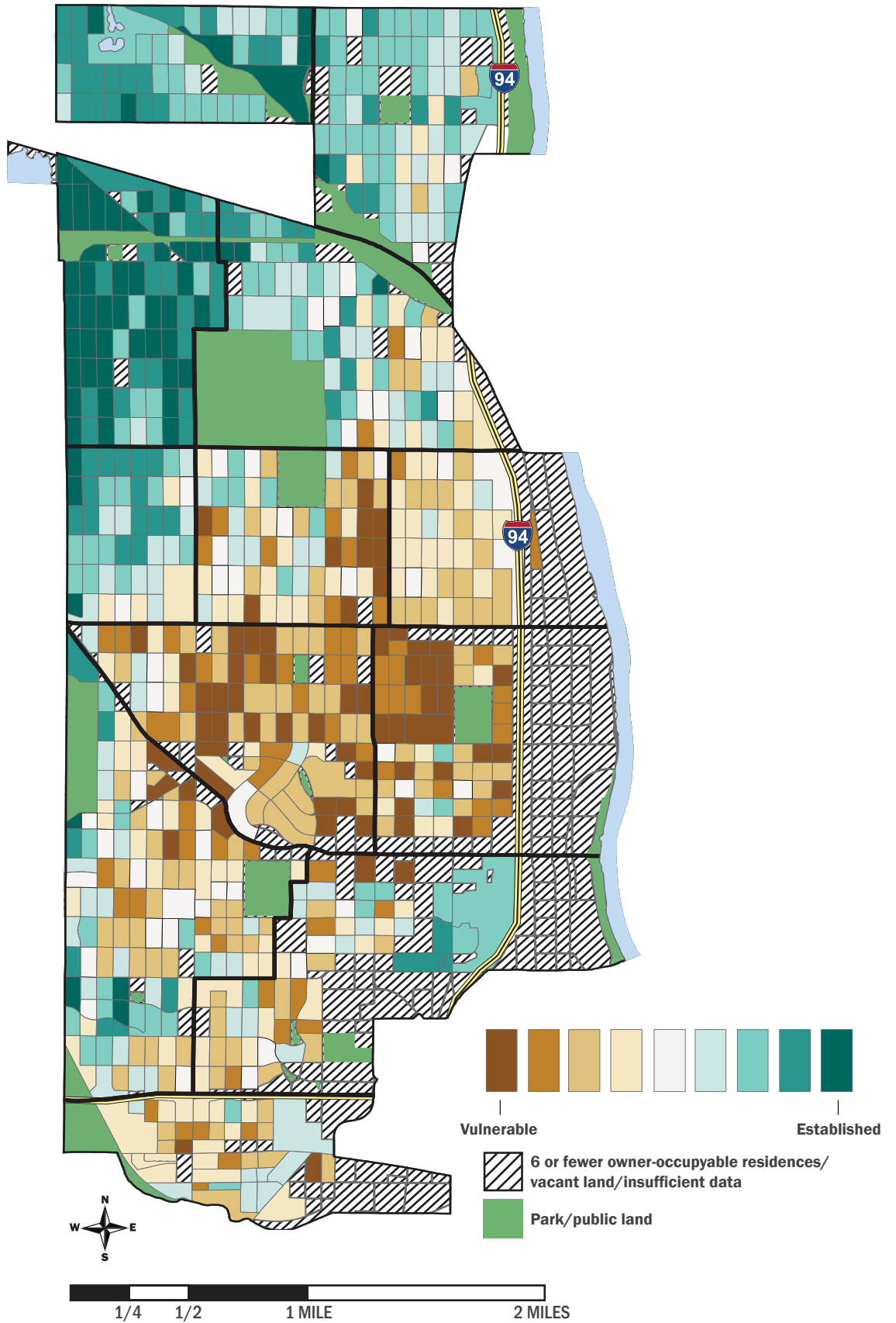
North Minneapolis has approximately 58,000 residents and 17,500 individual residential buildings. Although the area contains nearly 250 apartment buildings (which include, in aggregate, more than 2,000 units), the housing stock is dominated by stand-alone homes. In fact, more than 80 percent of the residential dwellings are single-family detached houses that were constructed before 1950.

Over the past 50 years, the area has experienced alternating waves of disinvestment and investment, from “white flight” and absentee landlordism to new construction and value appreciation. More recently, during the early 2000s, the area’s property values rose to historic highs. This enabled existing homeowners to tap into their equity to invest in and improve their homes while creating the financing conditions for a surge in property acquisitions from both future owner-occupants and investors. Unfortunately, the economic crash that roiled the entire country hit North Minneapolis particularly hard, as it became “ground zero” for housing foreclosures in the city. From 2008 through 2010, residents of Minneapolis’s north side experienced more than 3,000 foreclosures, more than any other section within the city’s boundaries.

North Minneapolis is organized into 12 neighborhoods. Although the single-family home is the common housing type in each area, the neighborhoods range in character from established areas that are predominantly occupied by owner-occupants to more vulnerable neighborhoods with a preponderance of investor/absentee landlords. (For a more complete history of North Minneapolis and the need for a development tool such as the HMI, see pages 2–5 of the original *2011 North Minneapolis Housing Market Index* report, available at [www.cura.umn.edu](http://www.cura.umn.edu).) ■

**The dominant housing type in North Minneapolis is the single-family detached home.**

## Housing Market Index for North Minneapolis







# NEIGHBORHOOD FINDINGS

As seen on the map on the facing page, the housing market in North Minneapolis varies from neighborhood to neighborhood and even from block to block. In general, the housing market in the northwest area of North Minneapolis is more established while the southeast area's is more vulnerable; however, many of the neighborhoods register a diverse "micro" housing market, with blocks falling on the entire HMI spectrum. View the HMI results for each neighborhood on the following pages. ■

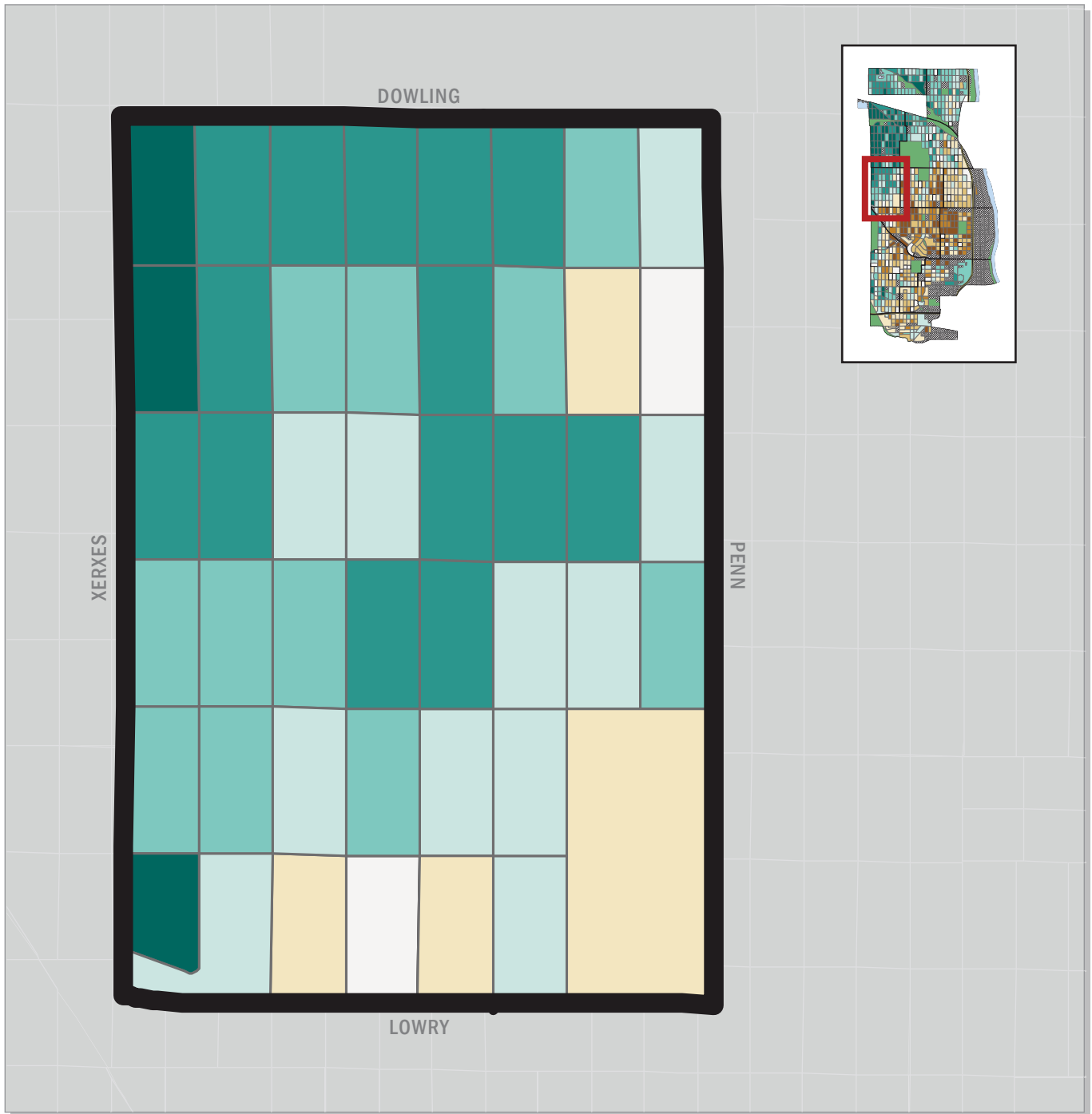
| Neighborhood             | Number of Blocks | Value Retention between Dec 31, 2006, and Dec 31, 2012 | Owner Occupancy as of Dec 31, 2012 | Physical Condition as of Feb 2013 | Long-Term Vacancy as of Dec 31, 2012 |
|--------------------------|------------------|--|------------------------------------|-----------------------------------|--------------------------------------|
| Cleveland                | 45               | -31.4%   | 76.2%                              | 4.3029                            | 2.8%                                 |
| Folwell                  | 65               | -39.1%   | 58.9%                              | 4.5419                            | 7.7%                                 |
| Harrison                 | 40               | -42.0%   | 57.7%                              | 4.6642                            | 2.5%                                 |
| Hawthorne                | 61               | -47.1%   | 47.5%                              | 4.7919                            | 5.0%                                 |
| Jordan                   | 84               | -43.2%   | 47.7%                              | 4.7602                            | 7.8%                                 |
| Lind-Bohanon             | 65               | -35.3%   | 72.6%                              | 4.0787                            | 4.8%                                 |
| McKinley                 | 39               | -37.7%   | 52.3%                              | 4.6689                            | 4.4%                                 |
| Near North               | 57               | -42.2%   | 57.9%                              | 4.3620                            | 3.0%                                 |
| Shingle Creek            | 46               | -33.2%   | 79.4%                              | 4.0885                            | 1.5%                                 |
| Victory                  | 74               | -26.2%   | 84.4%                              | 4.0051                            | 1.8%                                 |
| Webber-Camden            | 71               | -32.3%   | 64.6%                              | 4.3362                            | 3.9%                                 |
| Willard-Hay              | 125              | -37.8%   | 61.1%                              | 4.5005                            | 4.1%                                 |
| <b>North Minneapolis</b> | <b>772</b>       | <b>-37.3%</b>  | <b>63.0%</b>                       | <b>4.4279</b>                     | <b>4.3%</b>                          |

**Established** blocks are those areas where the summed individual variable scores are higher than the average block in North Minneapolis. For example, an established block will have lost less value than the average block in North Minneapolis, will have a higher percentage of owner occupants than the average block in North Minneapolis, will have residences that are in better physical condition than the average block in North Minneapolis, and/or will have fewer long-term vacancies than the average block in North Minneapolis.

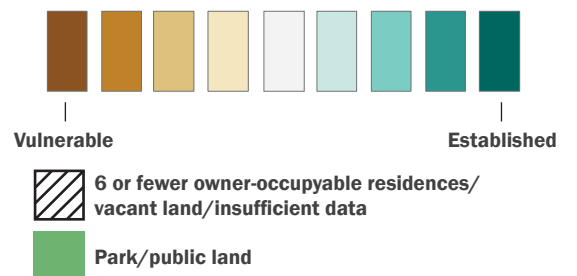
**Vulnerable** blocks are those areas where the summed individual variable scores are lower than the average block in North Minneapolis. An established block will have lost more value than the average block in North Minneapolis, will have a lower percentage of owner occupants than the average block in North Minneapolis, etc.

Lower condition scores correspond to homes in better condition; the scale ranges from 1 to 7, with scores of 1 indicating homes in "excellent" condition.

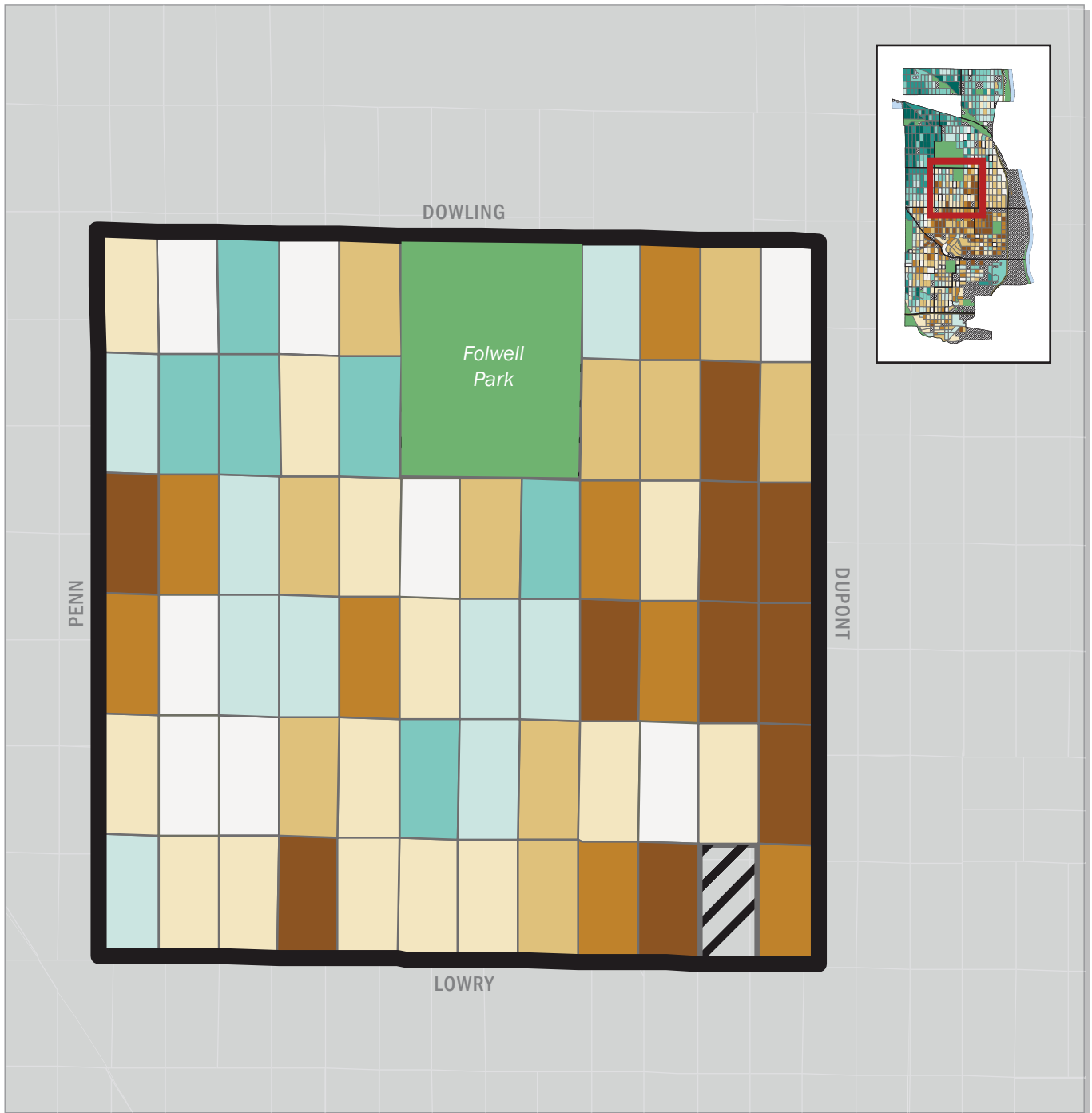
# CLEVELAND



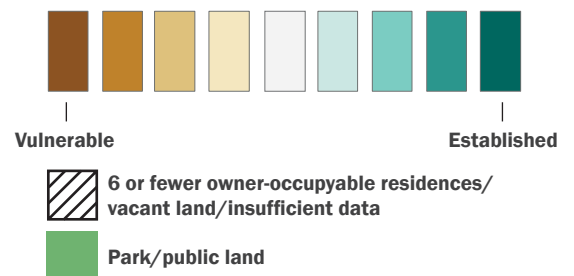
| Area                          | Value Retention | Owner Occupancy | Condition<br>(on a scale of 1-7;<br>1 = excellent) | Long-Term Vacancy |
|-------------------------------|-----------------|-----------------|--|-------------------|
| <b>CLEVELAND NEIGHBORHOOD</b> | -31.4%          | 76.2%           | 4.3029   | 2.8%              |
| North Minneapolis             | -37.3%          | 63.0%           | 4.4279   | 4.3%              |



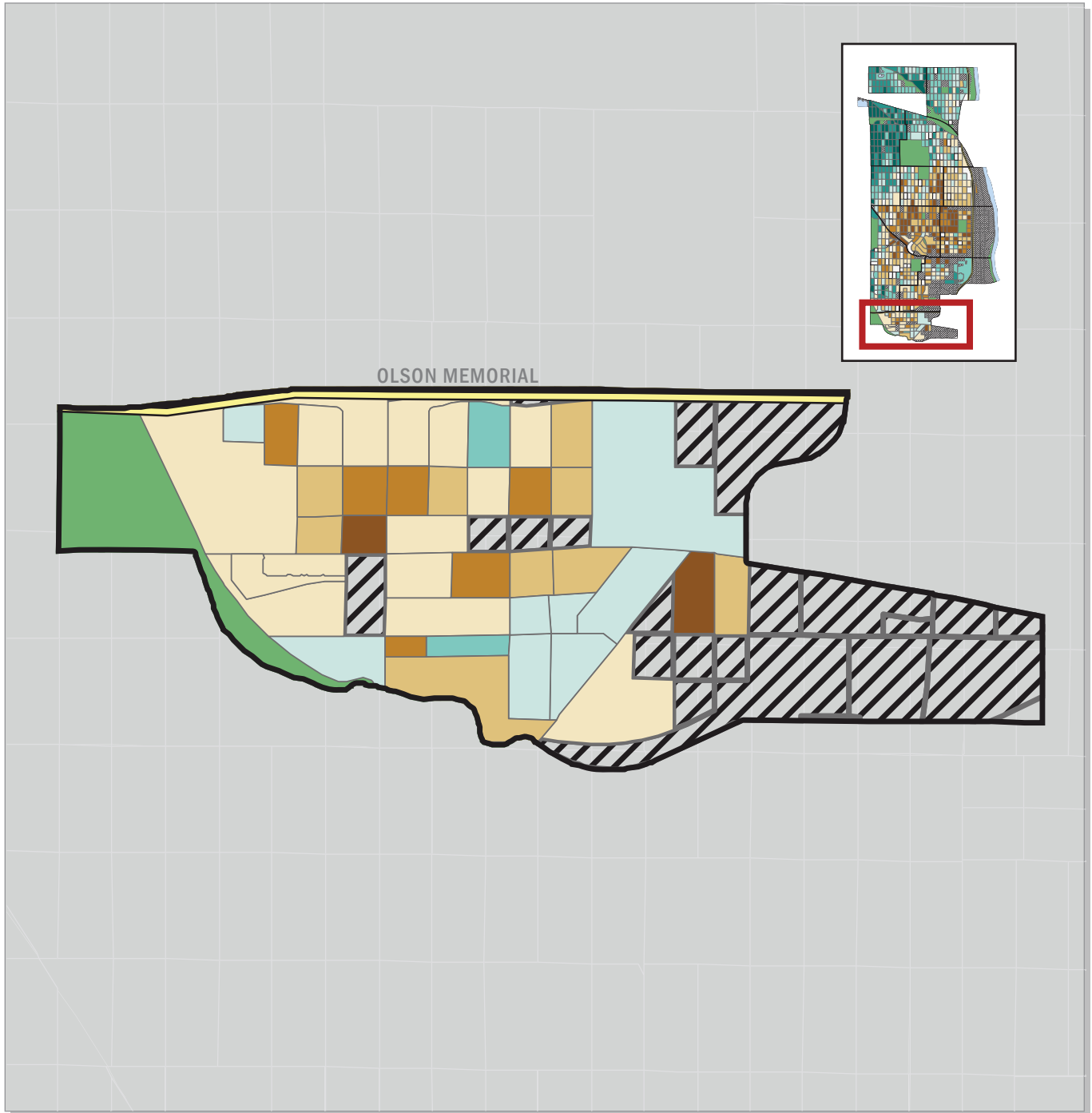
# FOLWELL



| Area                        | Value Retention | Owner Occupancy | Condition (on a scale of 1-7; 1 = excellent) | Long-Term Vacancy |
|-----------------------------|-----------------|-----------------|--|-------------------|
| <b>FOLWELL NEIGHBORHOOD</b> | <b>-39.1%</b>   | <b>58.9%</b>    | <b>4.5419</b>                                | <b>7.7%</b>       |
| North Minneapolis           | -37.3%          | 63.0%           | 4.4279                                       | 4.3%              |



# HARRISON



| Area                         | Value Retention | Owner Occupancy | Condition<br>(on a scale of 1-7;<br>1 = excellent) | Long-Term Vacancy |
|------------------------------|-----------------|-----------------|--|-------------------|
| <b>HARRISON NEIGHBORHOOD</b> | <b>-42.0%</b>   | <b>57.7%</b>    | <b>4.6642</b>                                      | <b>2.5%</b>       |
| North Minneapolis            | -37.3%          | 63.0%           | 4.4279   | 4.3%              |

