AFFORDABLE HOUSING IN 2025

An annual analysis of housing production trends and gaps in the Twin Cities Region

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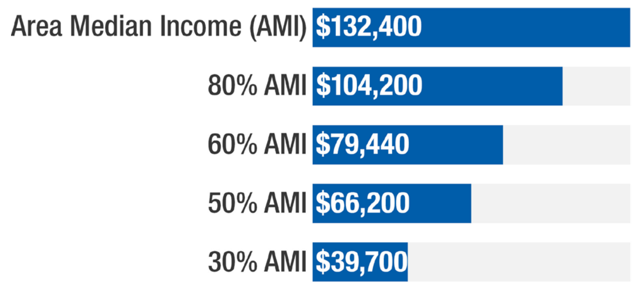
What is "affordable housing"?

Producing a variety of housing options all residents can afford is vital to the Twin Cities region's success and thriving economy. Housing is considered "affordable" if a household spends no more than 30% of their income before tax on housing costs, and households are considered cost-burdened when they pay more than 30% of their income on housing. To determine thresholds of affordability, the U.S. Department of Housing and Urban Development calculates annual Area Median Income (AMI) levels for the region. Based on these household income thresholds, the Metropolitan Council defines affordable housing as units affordable to households with incomes at or below 60% AMI. In 2025, 60% of AMI was $79,440 (Figure 1).

FIGURE 1 | AREA MEDIAN INCOME (AMI) LEVELS FOR THE TWIN CITIES METRO IN 2025



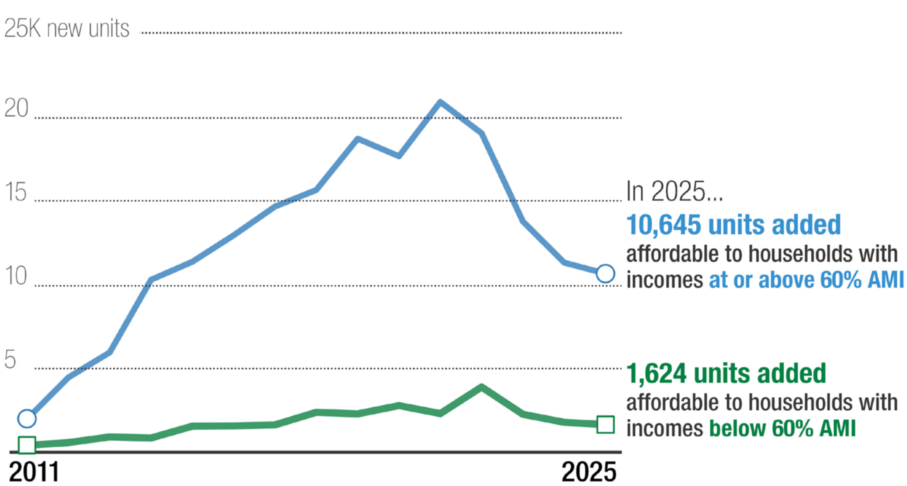
Source: U.S. Department of Housing and Urban Development (HUD), 2025. The household incomes above are based on a family of four. Area Median Income is calculated annually for the 15-county Minneapolis-Saint Paul-Bloomington, MN-WI Metropolitan Statistical Area (MSA).

Regional Housing Production Overall

The region's housing production overall has declined in recent years (Figure 2). Nearly 12,300 new housing units were added regionwide in 2025, which is just over half of peak production in 2022 (about 23,200 units). Housing affordable at or below 60% AMI continues to be a small share of the total production of housing in the region, however. In 2025, only one in every eight new units was affordable.

In 2023, the Met Council forecasted that the region would add approximately 124,000 households between 2021 and 2030 (or 12,425 households annually). Despite lower production between 2023 and 2025, the region still added nearly 87,500 housing units between 2021 and 2025, enough to keep pace with regional housing supply needs overall. In contrast, just over 43,500 new units of affordable housing are needed between 2021 and 2030 to keep pace with demand; recent production levels are less than half of what's needed to meet that target (see Figure 5).

FIGURE 2 | AFFORDABILITY OF NEW HOUSING UNITS IN THE TWIN CITIES REGION, 2011-2025

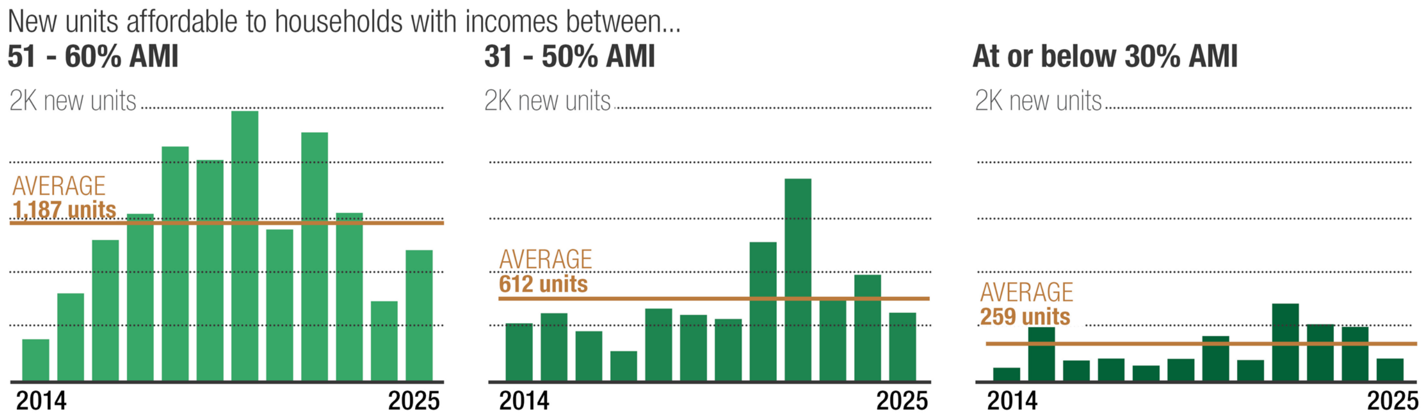


Source: Metropolitan Council's Building Permit Survey, 2011-2025. These data include all new units added to the region's housing stock, but not losses through demolition or other reductions to the housing stock and should not be interpreted as net production.

Affordable Housing Production Trends

Figure 3 presents production trends by Area Median Income (AMI) level and shows two key trends for the region's new affordable housing units. First, far more units affordable to households with incomes at 51-60% are built compared with units at deeper levels of affordability. Second, new 51-60% AMI units fell sharply in 2024 and 2025 compared with earlier years. Both trends increase pressure on households with the lowest incomes: they have fewer housing options they can afford and may encounter greater competition for the units within reach.

FIGURE 3 | NEW AFFORDABLE HOUSING UNITS BY AMI LEVEL IN THE TWIN CITIES REGION, 2014-2025



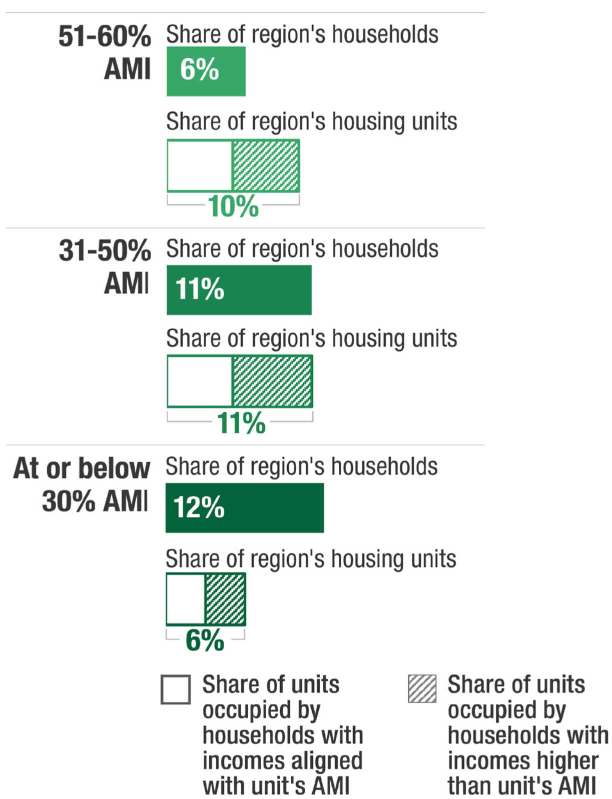
Source: Metropolitan Council's Building Permit Survey, 2014-2025.

Existing Deficit of Deeply Affordable Units

Beyond recent declines in new affordable housing production, data also show few existing housing units are affordable to households with incomes at or below 30% AMI (Figure 4). In fact, the share of households with incomes at or below 30% AMI (12%) is double the share of housing units affordable at that income level (6%). Half of the region's deeply affordable units are occupied by households with incomes at higher AMI levels, a mismatch that narrows housing options even further. This pattern is less pronounced for households with incomes at 31-50% AMI and reverses entirely for the 51-60% AMI income bracket.

These dynamics within the existing housing market heighten impacts of the recent production trends described above, particularly for households with the lowest incomes who need deeply affordable units. Over the 2020-24 period, 69% of renters with incomes at or below 30% AMI spent over 50% of their income on housing costs (known as severe cost burden). Chronic or severe cost burden and housing instability across so many of the region's households could undermine the region's housing market and future economic growth. Households that struggle to pay for housing can't afford to save money for emergencies or basic needs,

FIGURE 4 | HOUSEHOLDS AND HOUSING UNITS BY AMI LEVEL IN THE TWIN CITIES REGION, 2025



Source: U.S. Census Bureau, 2020-2024 American Community Survey five-year Public Use Microdata Sample.

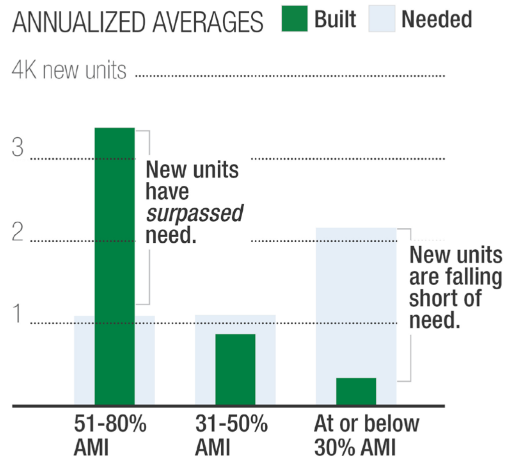
pay for childcare, invest in educational opportunities, or start a business. Housing is foundational to safety, health, and economic mobility. Reducing cost-burden for households at the lowest incomes is a net-positive for regional stability and growth.

Housing Need and Gap in Deeply Affordable Units

As mentioned on page one, the Metropolitan Council calculates the number of new affordable units needed in future decades based on forecasted household growth. We then compare production trends against these targets to understand where the region is on track or falling short in terms of affordable housing production (Figure 5).

To meet the need for deeply affordable housing between 2021 and 2030 requires about 2,200 new units annually. The recent production average (2021-2025) stands at 340 units, a gap of just over 1,800 units per year. Units at 51-80% AMI are well ahead of their target, and units at 31-50% AMI are broadly aligned (for now). Every decade production falls short of need, gaps become harder to close.

FIGURE 5 | AFFORDABLE HOUSING PRODUCTION COMPARED WITH REGIONAL NEED, 2021-2025



Source: Metropolitan Council's Building Permit Survey, 2021-2025; Allocation of Affordable Housing Need, 2021-2030.

Who lives in affordable housing?

Every city in the region has households earning incomes at or below 30% of Area Median Income (AMI). Households with one working adult making the state minimum wage of $11.13 an hour ($23,150 annually) or the Minneapolis minimum wage of $15.97 an hour ($33,218 annually) require housing affordable at or below 30% AMI ($37,250). In 2025, workers across employment sectors had incomes below AMI, indicating that many of the region's full-time workers need affordable housing options at deeper levels of affordability (Figure 6).

Households with incomes at or below 30% AMI are more likely to:

- Be a single parent
- Have at least one household member with a disability
- Have at least one household member who is an older adult (age 65 and older)

These households are also more likely to have higher healthcare expenses and other costs to support daily living, compounding the challenges of meeting basic needs on wages that have not kept up with inflation.

While the most expensive to produce, deeply affordable housing is essential infrastructure for a resilient region. The existing deficit and growing gap between needs and production highlight why regional strategies to support deeply affordable units remain a key housing policy focus of the Metropolitan Council.

FIGURE 6 | AREA MEDIAN INCOME (AMI) AND SELECT OCCUPATIONS

AMI level (family of four)	Median Annual Wage (Job located in Twin Cities Region)
81 - 100% AMI	• Construction Manager ($130,300) • Dental Hygienist ($117,800) • Civil Engineer ($107,700)
61 - 80% AMI	• Loan Officers ($104,000) • Insurance Sales Agents ($94,900) • Electricians ($86,100)
51 - 60% AMI	• Child, family, and school social workers ($71,800)
31 - 50% AMI	• USPS Mail Carriers ($63,600) • Nursing Assistants ($49,328) • Firefighters ($43,500)
At or below 30% AMI	• Maids and Housekeepers ($39,700) • Childcare workers ($37,200) • Fast Food workers ($34,000)

Source: Minnesota Department of Employment and Economic Development, Occupational Employment and Wage Statistics (OEWS) Data Tool; annual wages rounded to nearest $100.