



OUR FUTURE STARTS AT HOME

Senate Housing and Homeless Committee
January 12, 2023

Anne Mavity
Executive Director
Minnesota Housing Partnership



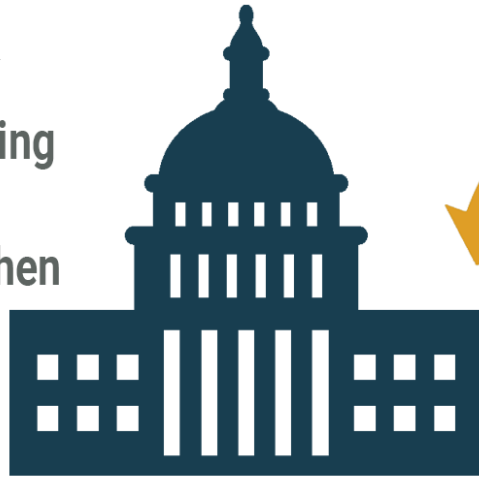
MHP MISSION: to expand housing and community development opportunity for those most impacted by economic and racial disparities by leading collaborative work to promote systems change and grow equitable development capacity.



MHP Areas of Focus

Research / Policy / Community Development

Advancing **POLICY** solutions and funding for affordable housing to strengthen communities



Producing data-driven **RESEARCH** that makes the case for equitable housing investment



WORKING DIRECTLY WITH COMMUNITIES to achieve local housing and community development goals



Housing is Healthy
FAMILIES

Housing is Diverse and
Inclusive **COMMUNITIES**

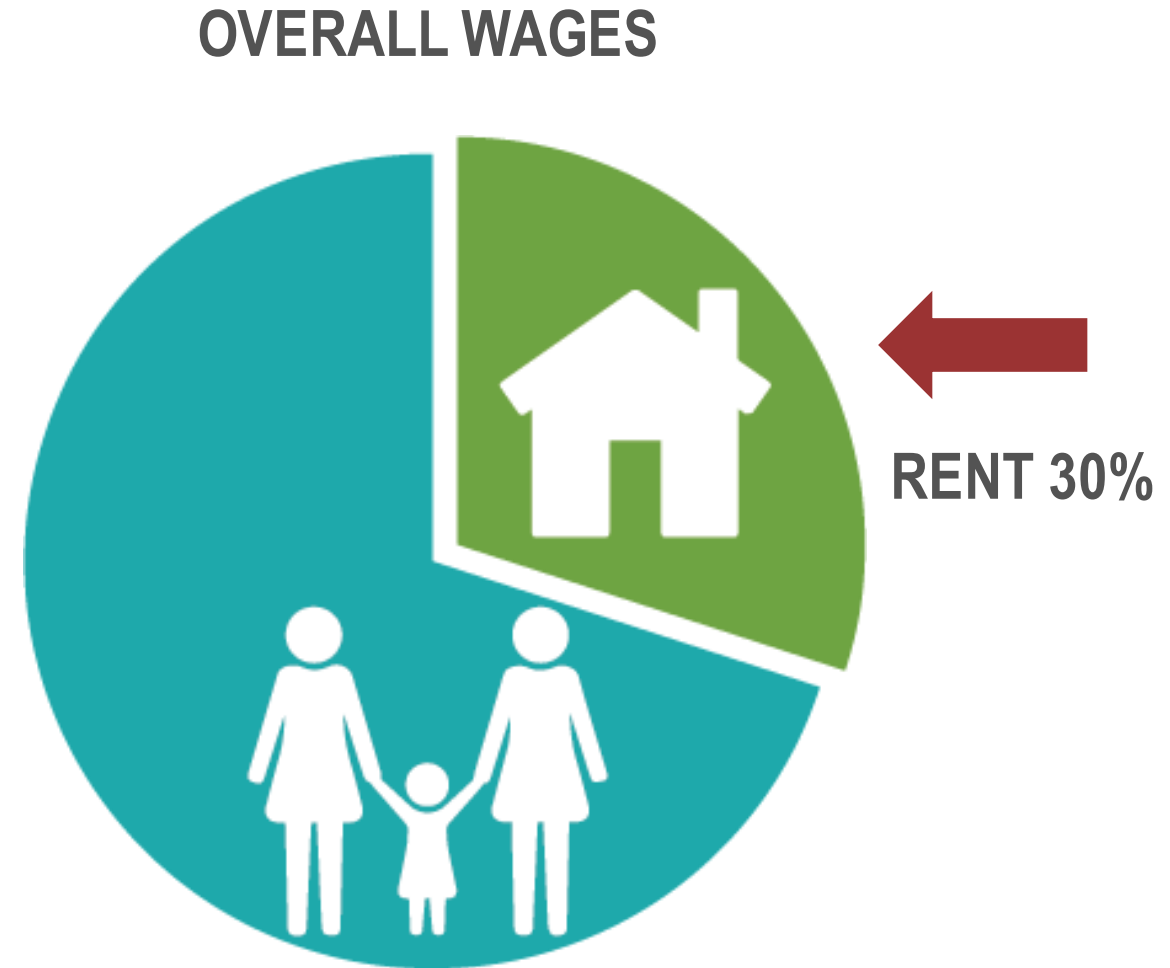
Housing is **JOBS**
and Economic
Competitiveness

Housing is **CHILDREN**
Thriving in School

What is “affordable”?

Any household that spends **more than 30% of their income on their home** will likely have to sacrifice on daily needs, like food and medicine.

Established originally at 20% by the National Housing Act of 1937 for public housing; increased to 30% in 1981



Common Housing Terms



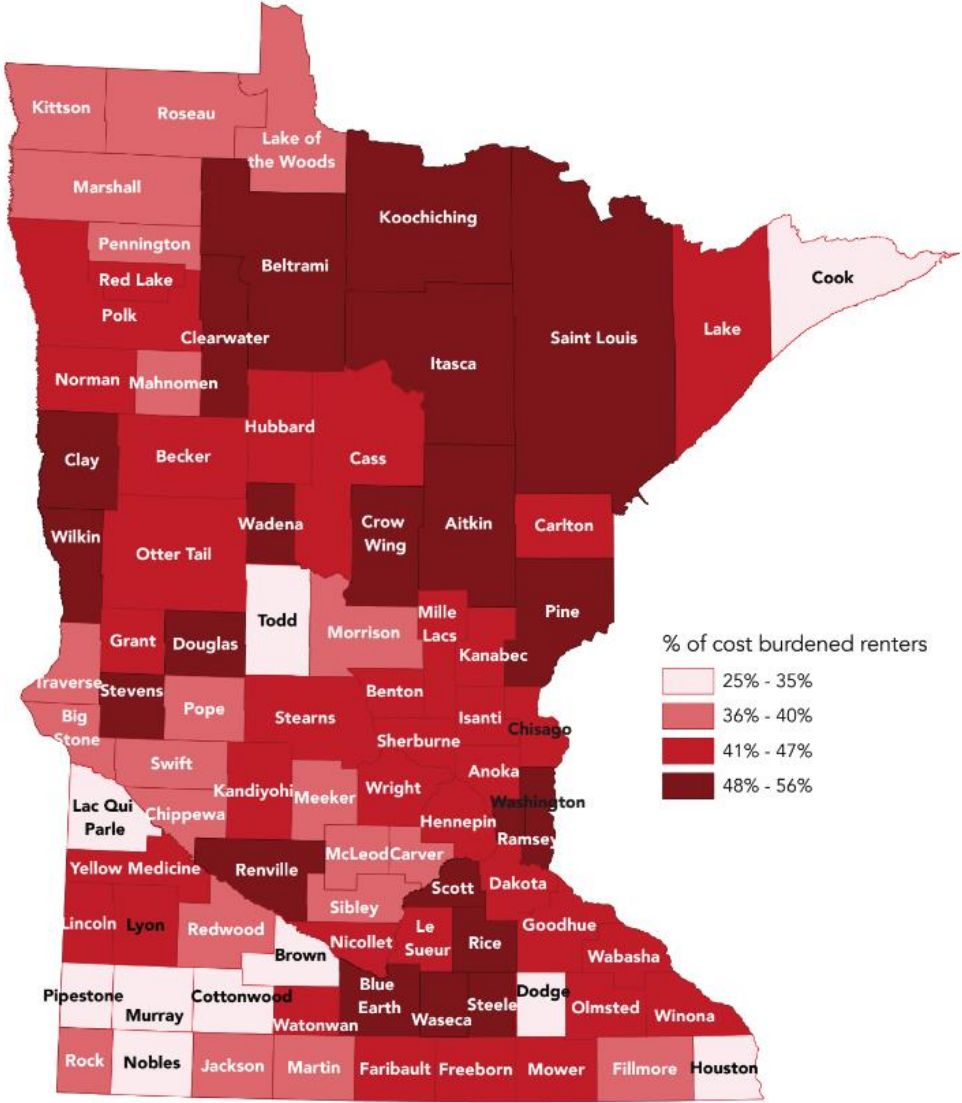
- **Median Income (AMI):**
The household income for the median—or middle—household in a region.
- **Extremely Low-Income Households (ELI):**
Households at or below Federal Poverty Level or at or below 30 percent of area median income. (low income = 60%AMI)

Common Housing Terms



- **Cost burden:** Households that pay **30%** or more of their income on their home, likely sacrificing other needs such as food, medical care, etc.
- **Severe cost burden:** Households that pay **50%** or more of their income on their home.

Housing Cost Burden impacts every corner of Minnesota



Cost Burden in Minnesota

More than **554,000 households (25%)** pay more than they can afford for housing



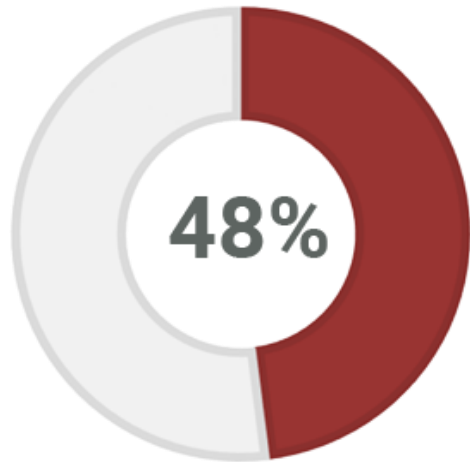
25%

of Minnesota households pay more than they can afford for housing

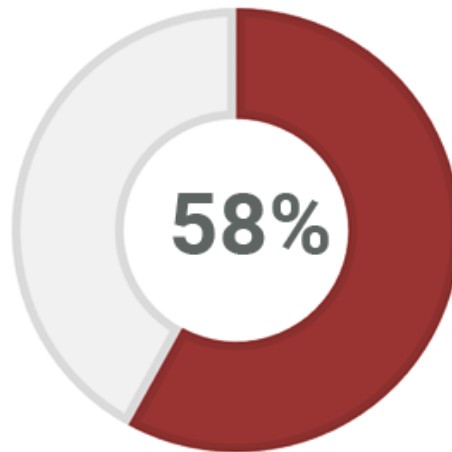
We are Paying More than We Can Afford

Minnesota Renters Experiencing Cost Burden

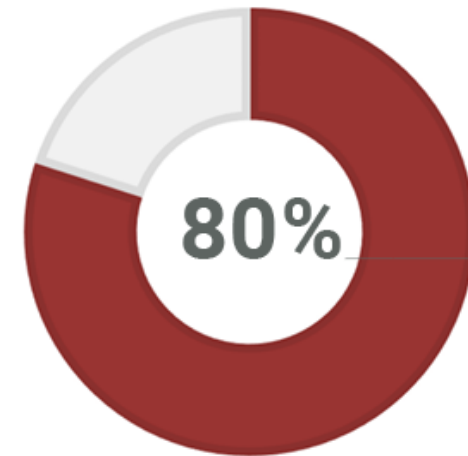
White Renters



Black Renters

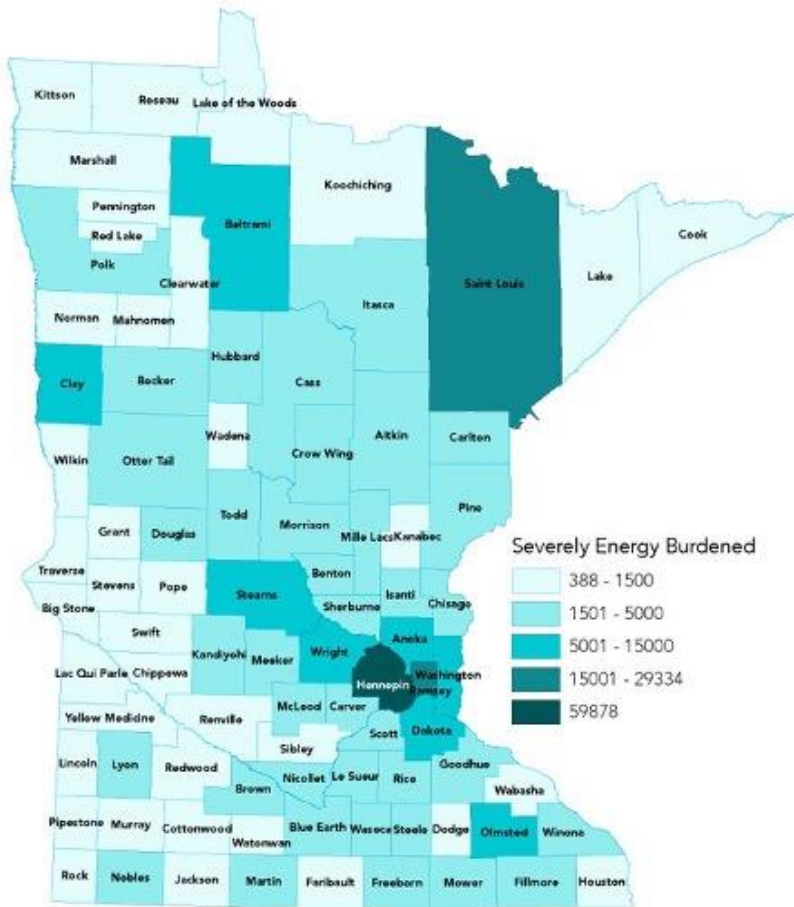


Renters Earning <\$35,000



Rising Energy Prices Restrict Spending

Households Experiencing Severe Energy Burden



Severe Energy Cost Burden



Average Minnesota Cost Burden



Amount People with Extremely Low Incomes Spend on Energy



Housing Insecurity Leads to Houselessness

On a single night in Minnesota, January 2022, **7,917 people** had no place to call home.

That means about **20,000 people are unhoused in MN** every year. Nearly half of those were children.

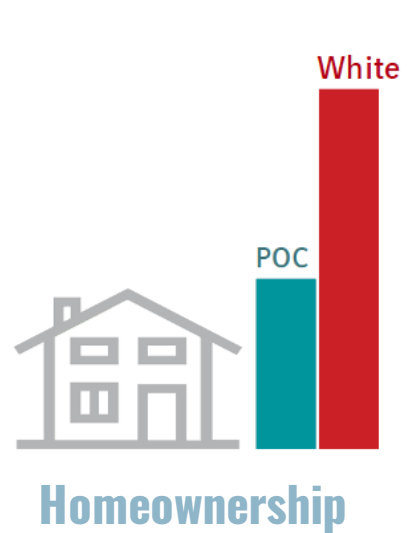


Shelters save lives....

Housing ends homelessness



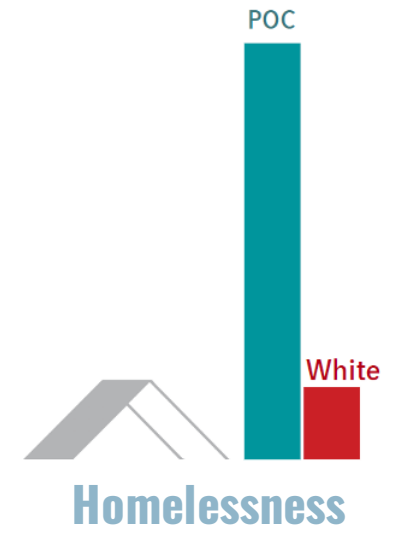
Racial disparities in housing, among the worst in the nation, caused by discrimination and past and present structural racism



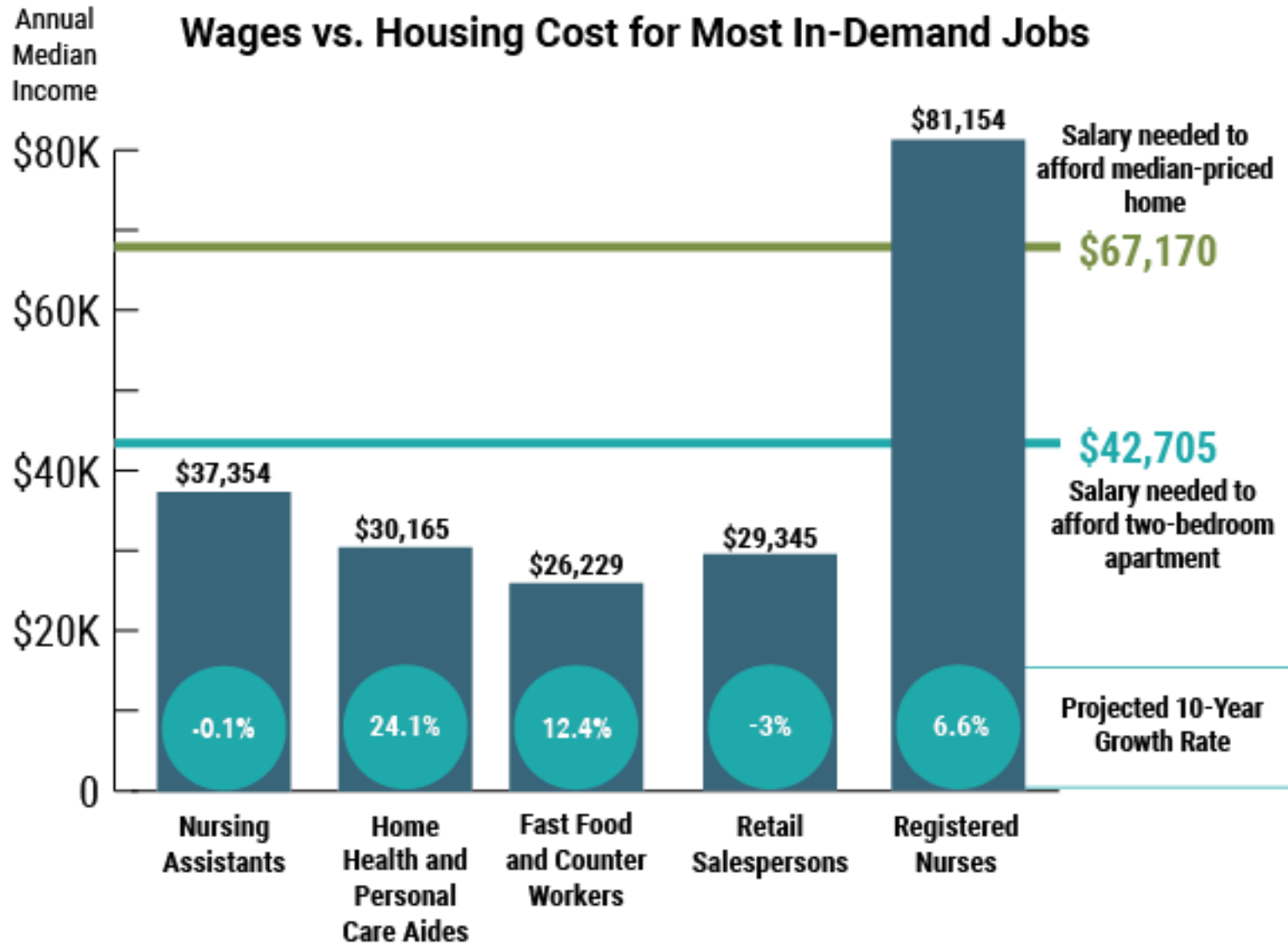
People of color households are **half as likely** to own a home as **white households**



People of color households are **2.5X as likely** to be severely cost burdened as **white households**



People of color households are **6.2X as likely** to be homeless as **white households**

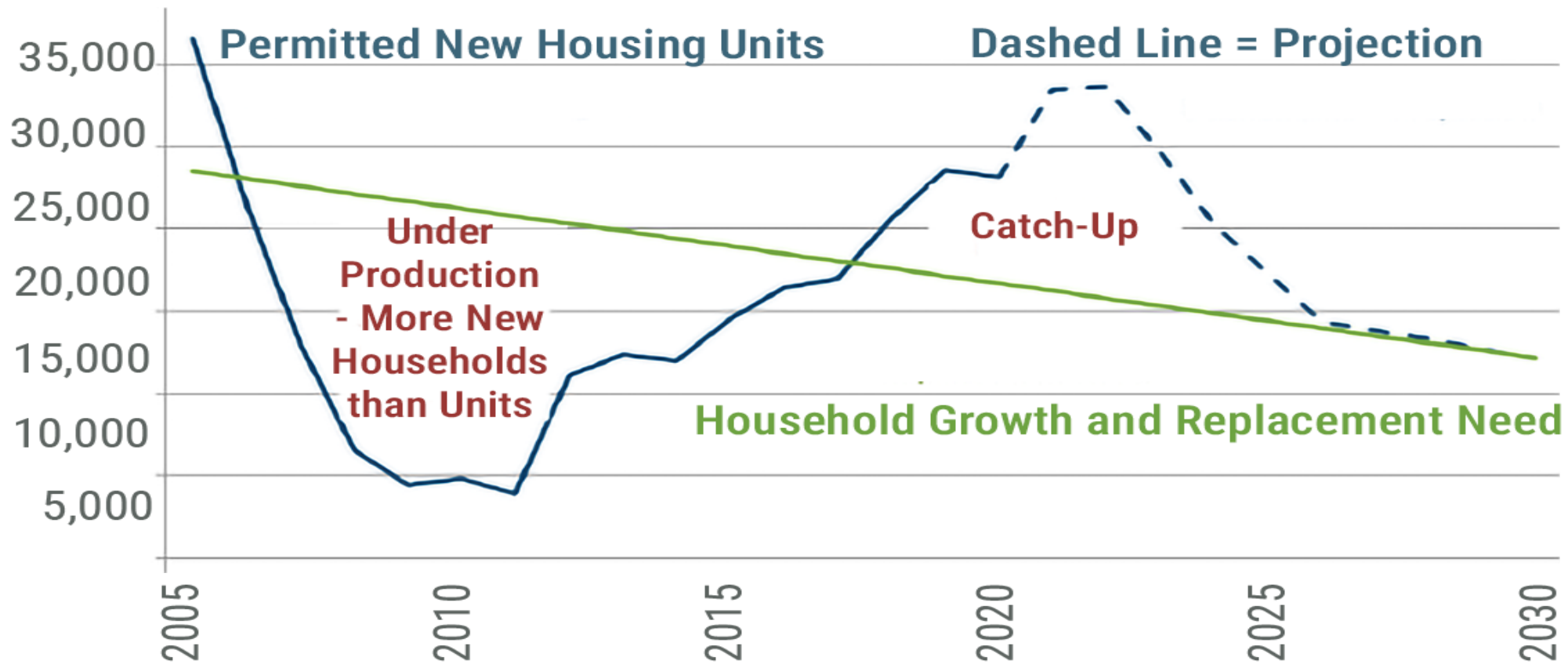


Data from MN DEED, 2022

There are Not Enough Homes

The State has Fallen Behind on Creating New Homes

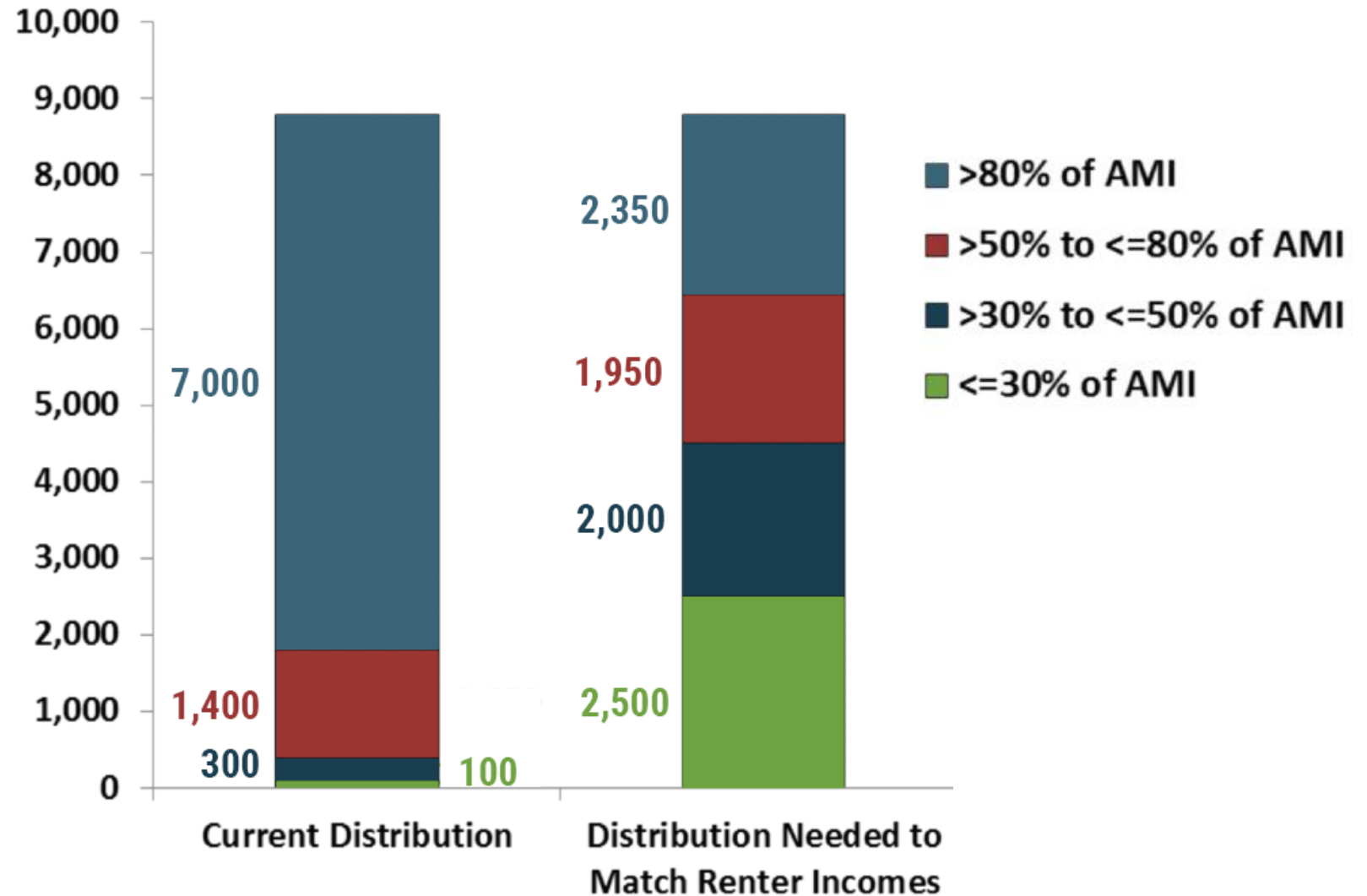
Owner Occupied
& Rental Units



Home Production Mismatch in Minnesota

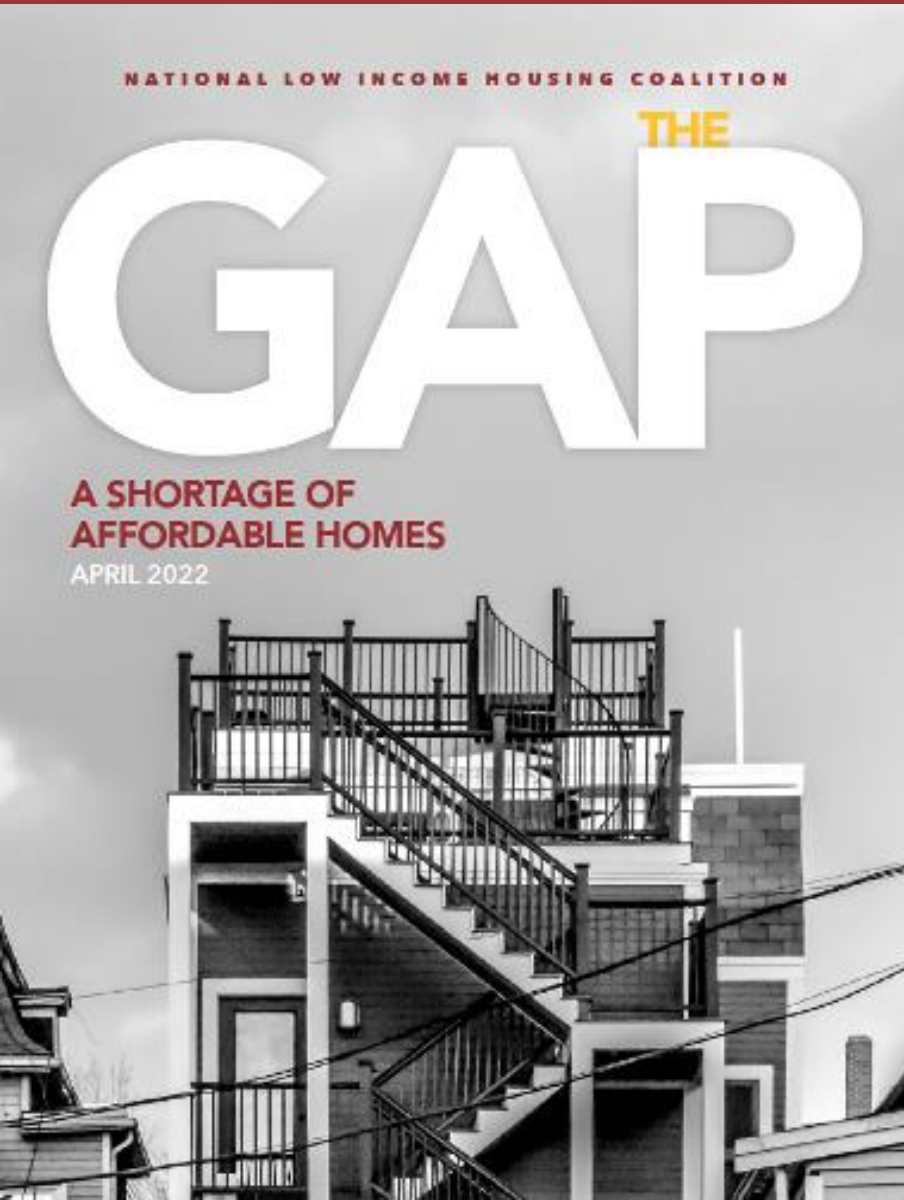
There is a severe mismatch between market supply and market demand.

Production of new units is skewed toward higher incomes.



Source: MN Housing 2018

Minnesota's Rental Housing Shortage



Minnesota is home to **169,291 extremely low-income** renter households but only has **69,630 rental units** available and affordable to these households.

This makes a **99,661 deficit** of affordable and available homes

Housing Costs are Increasing



GROSS RENT
INCREASE
+14%



MEDIAN RENTER
INCOME DECREASE
1%



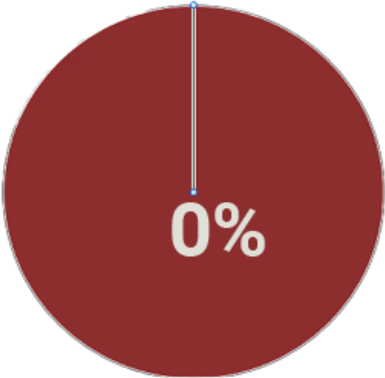
Source: State of the State's Housing 2021

10 year trend

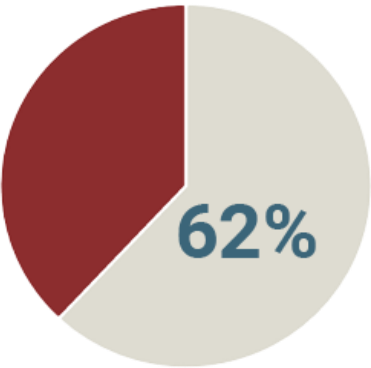
We Need More Affordable Homes

Especially for Families with Lower Incomes

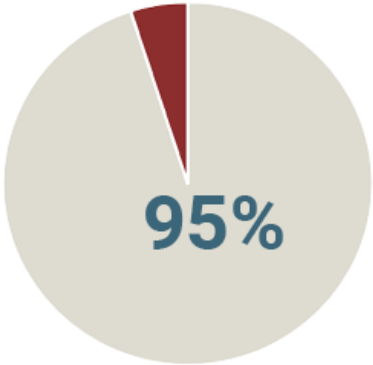
% Rental Vacancies Affordable by Income



30% AMI



60% AMI



100% AMI



Source: *City of Minneapolis, June 2022

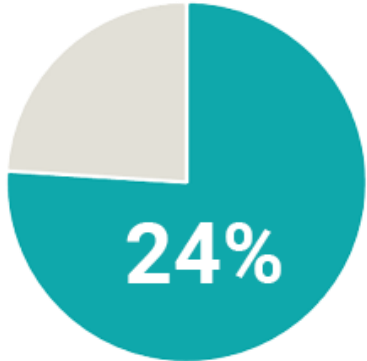
Housing Insecurity is Inequitably Felt

Households Behind on Rent

White Renters



Black Renters

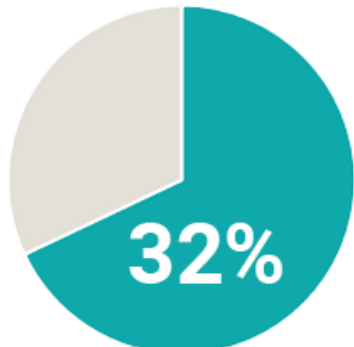


United States

White Renters



Black Renters



Minnesota

There is a Rental Assistance Shortage

3 out of 4 households that are eligible for rental assistance DON'T receive it

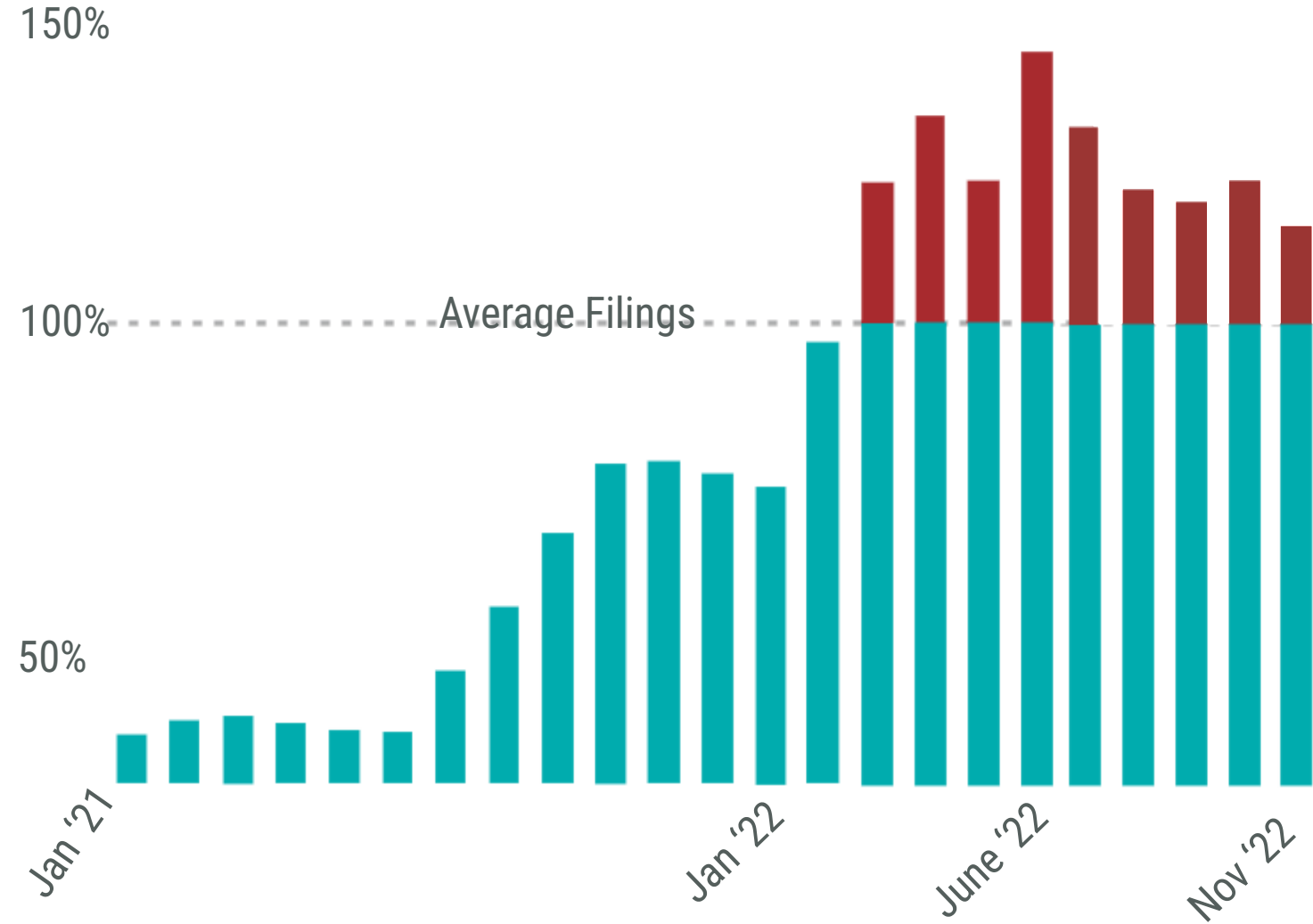


With government programs critically underfunded, there isn't enough assistance to meet the need.

Meanwhile ALL eligible homeowners receive a subsidy through the mortgage interest deduction

Evictions are on the Rise

Monthly Eviction Filings, January 2021 - November 2022

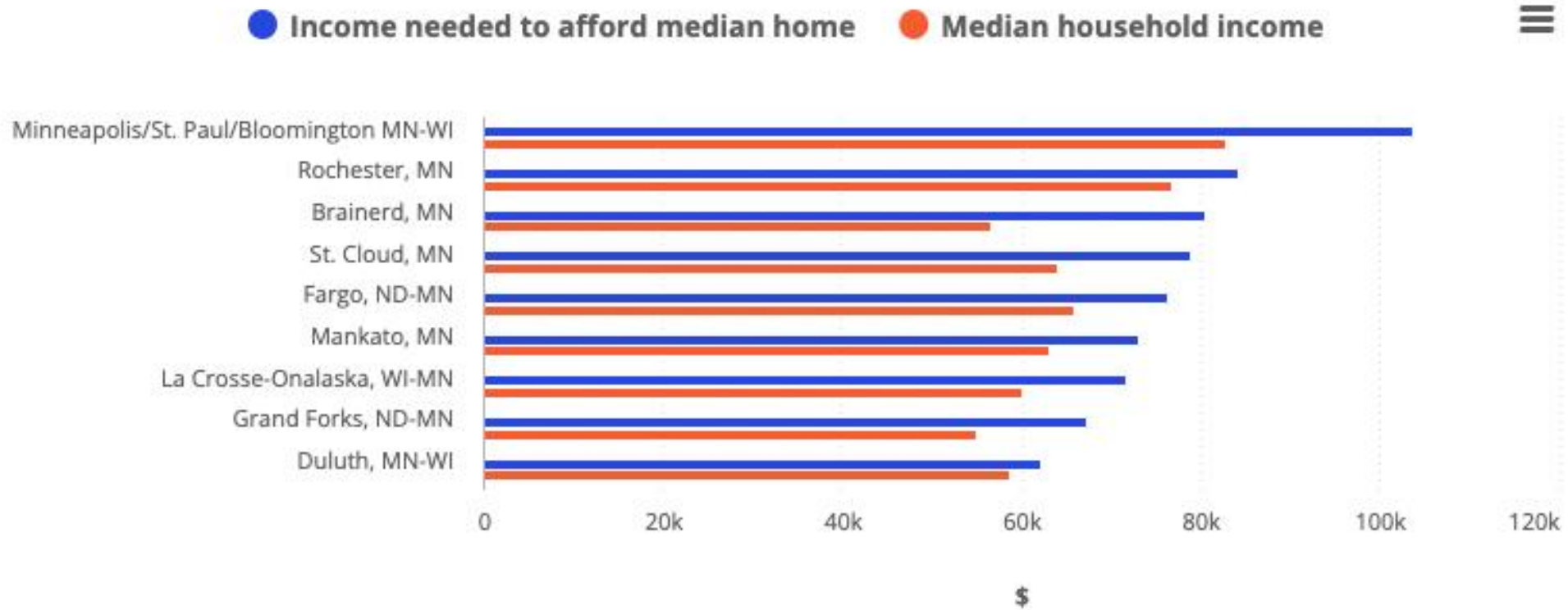


When households are behind on rent, they may face eviction or otherwise be forced to leave their residence, with lasting consequences to finding safe and affordable homes. Most evictions happen because a renter cannot or does not pay rent.

Source:
Eviction Lab

Annual income needed to afford median-priced home

Annual income needed to afford the median-priced home by metro area in Minnesota



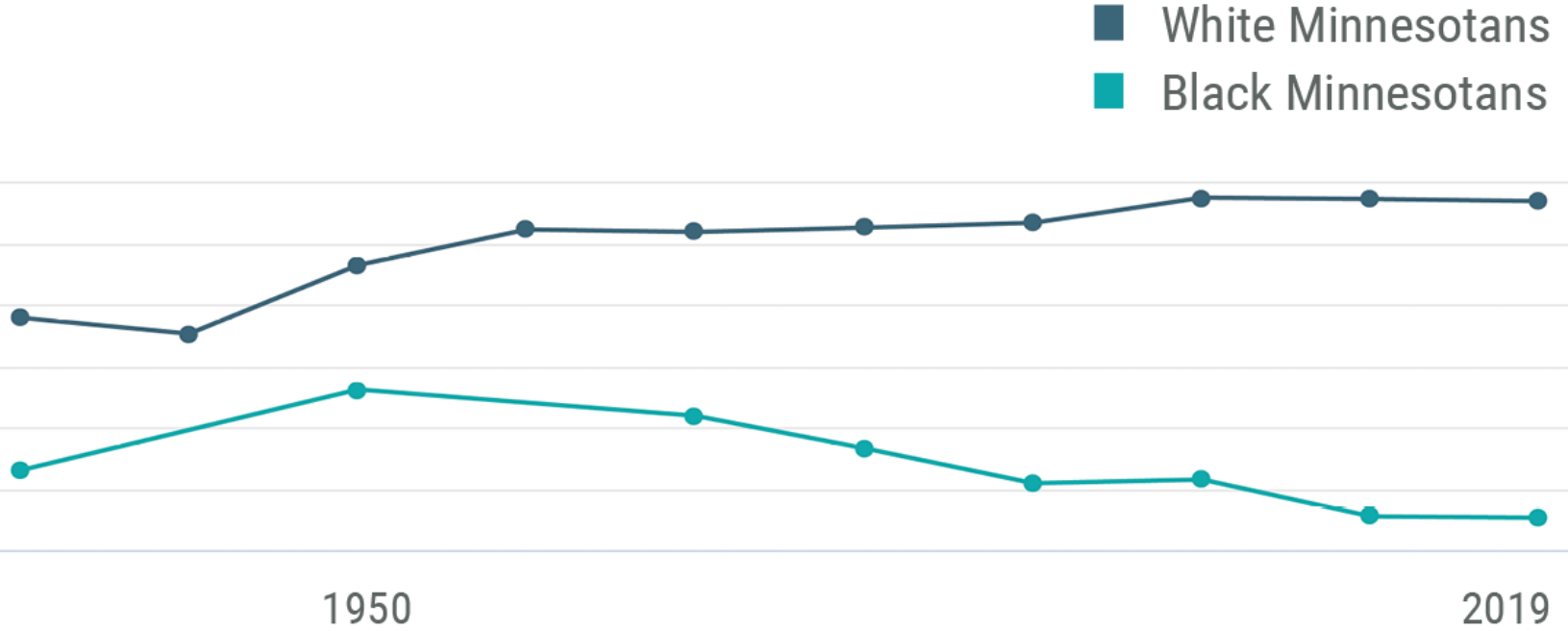
Source: Harvard Joint Center for Housing Studies, Census Bureau 5-year estimates (2020)

Minnesota Needs More Homeownership

- **27,000** households occupying the most affordable rental units that are income qualified for home ownership.
- **61,000 households of color** are income qualified for homeownership but continue to rent at all affordability levels.
- On average the state has only been **producing 100 to 150 new affordable homeownership units** throughout the state with current investments.

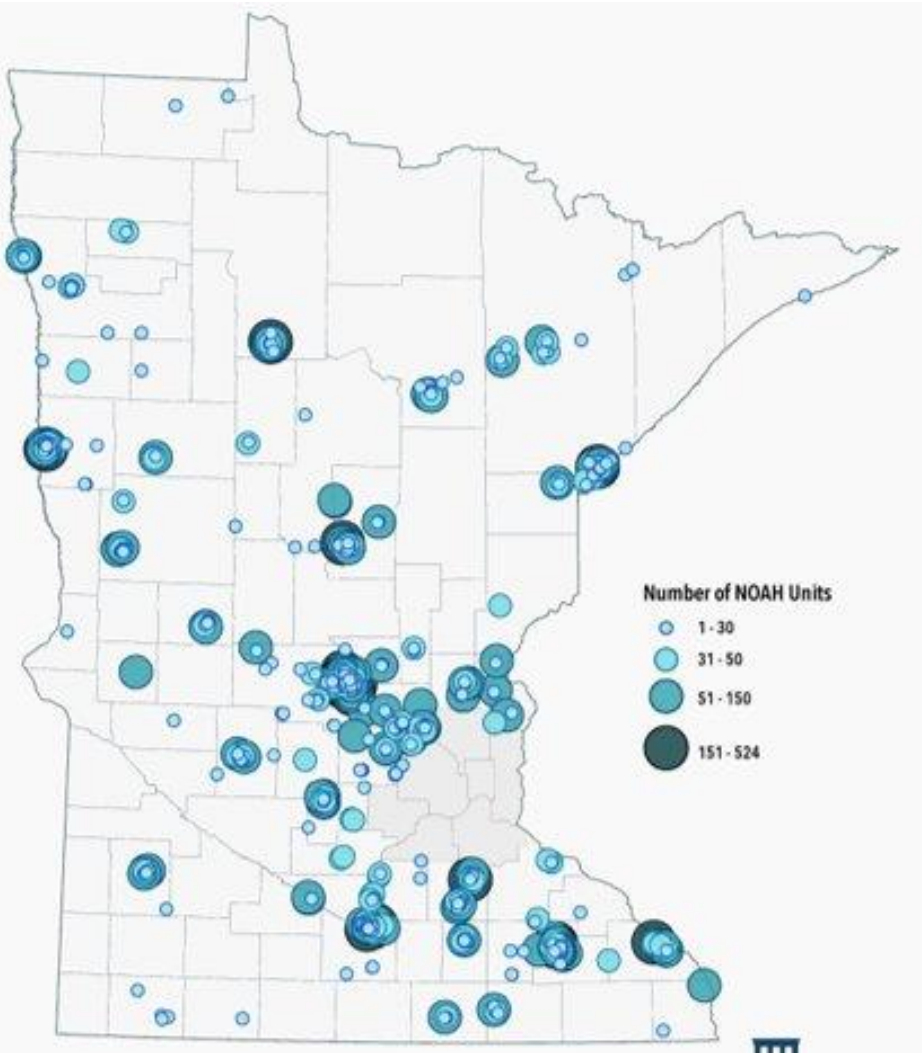
Home Ownership Disparities Persist

Home Ownership Levels Have Fallen for Black Residents



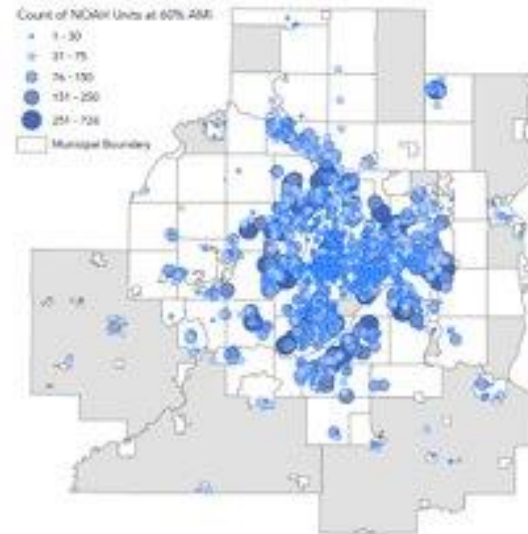
NOAH impacts communities across MN

(Naturally Occurring Affordable Housing – private sector)



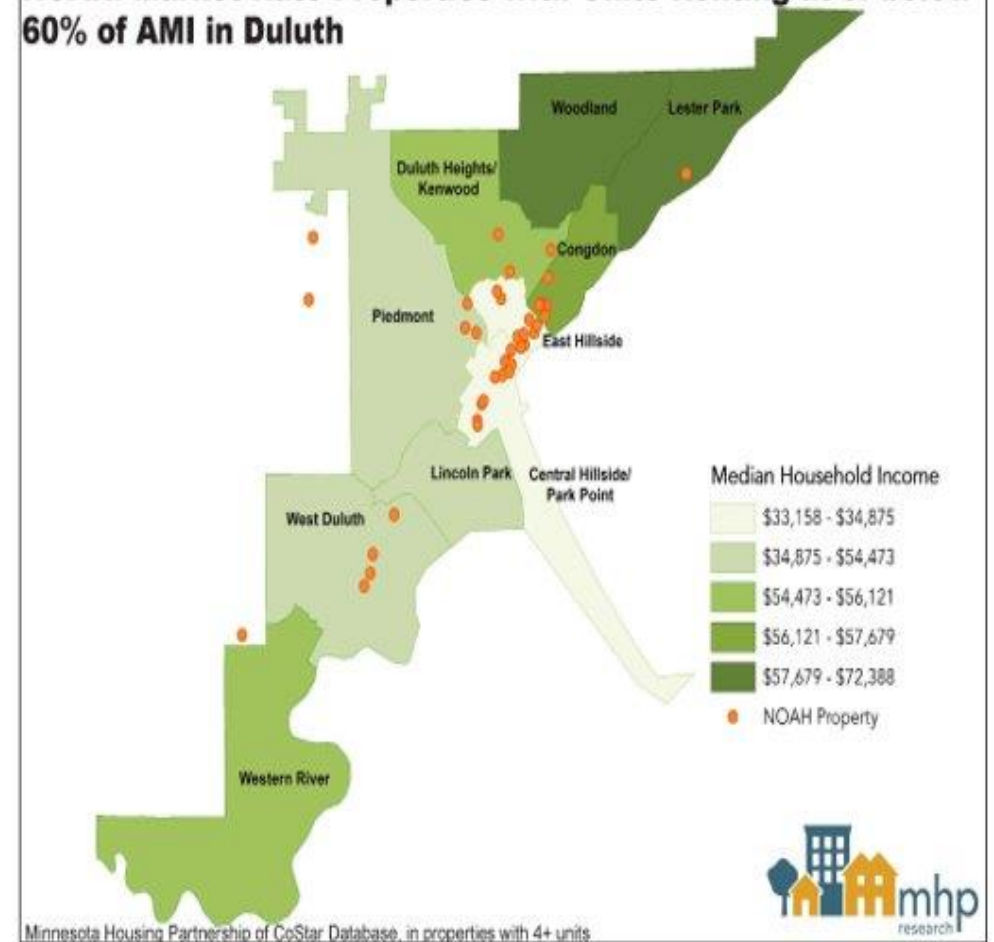
Twin Cities Metro

NOAH in the 7-County Metro, 2021:
Market Rate Units with Rents Affordable at or under 60% AMI



Duluth

NOAH: Market Rate Properties with Units Renting at or below 60% of AMI in Duluth

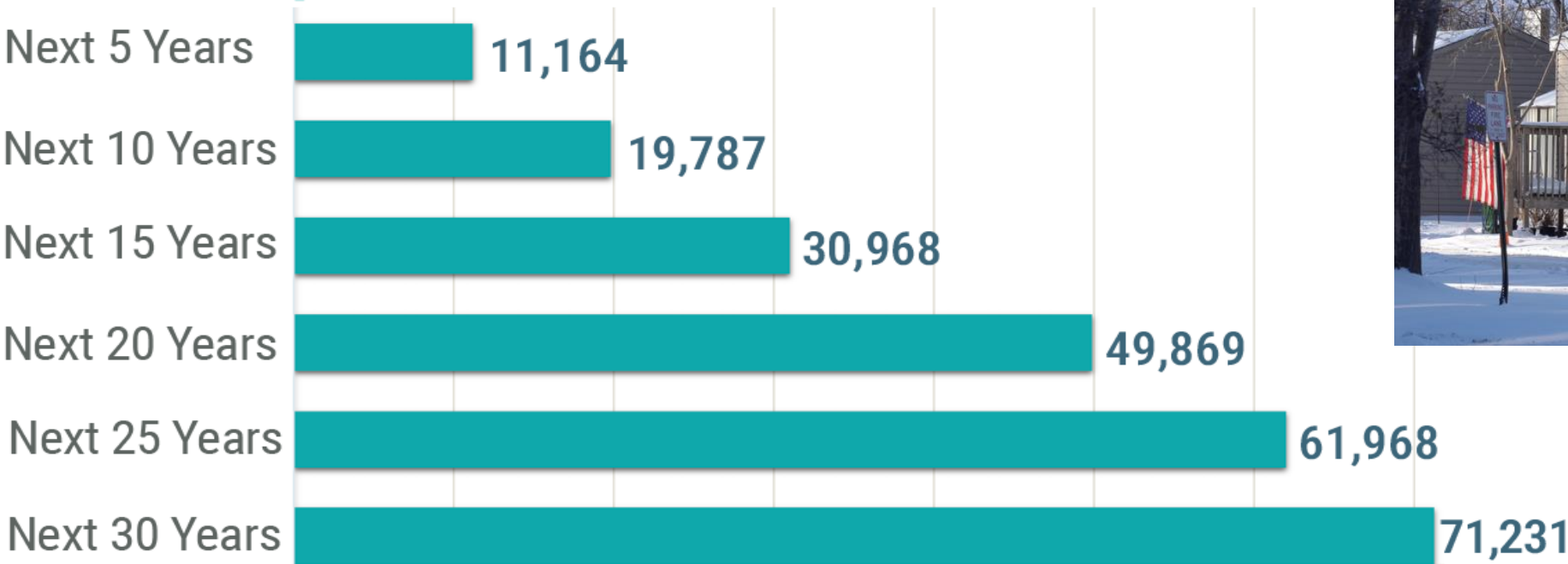


Minnesota Housing Partnership of CoStar Database, in properties with 4+ units



We Need to Preserve the Housing We Have

Publicly Financed Rental Homes at Risk of Loss



The above graph includes homes with income restriction due to financing through HUD, USDA and Low-Income Housing Tax Credit (LIHTC).

Solutions Within Reach

Affordable Housing Continuum Minnesota



Income	\$20,000 and below	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999
Housing Continuum	Low market rental Naturally Occurring Affordable Housing Workforce Housing			
	Public Housing Section 8 Vouchers	Homeownership Assistance		
	Unsheltered Shelters Supportive Housing	Community Land Trusts Resident Ownership		Cooperative Ownership
		High Market Rental Homeownership		
Population	249,437 total households People Experiencing Homelessness People with Disabilities People with Service Needs People Exiting Incarceration	253,352 total households Working Poor People with Episodic Housing Crises and Service Needs	258,205 total households Working Poor People with Episodic Housing Crises and Service Needs	383,640 total households Working Poor People with Episodic Housing Crises and Service Needs
Cost Burden				
Strategies	<ul style="list-style-type: none"> Harm Reduction / Housing First Permanent Supportive Housing Transitional Housing / Rapid Rehousing 	<ul style="list-style-type: none"> Harm Reduction / Housing First Reduce Cost Burdens Production, eg. Low-Income Housing Tax Credit Inclusionary Housing Tenant Protections Preservation 		
Partners	Service Providers	Landlords		
		Nonprofit Developers and Community Land		
		For-Profit Developers	For-Profit Developers	
Funders	Capital Funders: Cities, counties, MN Housing Finance Agency (MN Housing), U.S. Dept of Housing & Urban Development (HUD), Metropolitan Council, low-income housing tax credits, equity investors, Federal Home Loan Bank SERVICE Funders: Counties, Dept of Human Services (DHS), foundations Rental Assistance and Operating Funders: Public Housing Authorities, DHS, counties, MN Housing			Capital Funders: Private banking systems, equity investors, MN Housing (homeownership)



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