

# Minnesota Families Affordable Rental Investment Fund

*December 2014*



## Contents

Introduction .....	1
Background .....	1
Affordable Housing Development .....	1
Basic Characteristics of Tenants .....	2
Data Description .....	6
Conclusion.....	6

## **Introduction**

This report is submitted to the Minnesota Legislature by Minnesota Housing as provided by Laws 2000, chapter 488, article 8, section 2.

Minnesota Housing and the Department of Human Services are in the process of updating a data sharing agreement that enables them to analyze patterns of earnings and public assistance (MFIP) participation for tenants of MARIF-assisted housing. The agencies have not yet finalized an update of the requisite agreement; therefore, a minimal amount of data was available in 2014. (Updates are based on data reported to Minnesota Housing by property owners with MARIF assistance and do not include earnings or public assistance participation.)

## **Background**

Following the Minnesota Legislature's authorization of the program and with an initial appropriation of \$30 million, Minnesota Housing created the Minnesota Families Affordable Rental Investment Fund (MARIF). Minnesota Housing began accepting funding proposals from housing sponsors in late 2000, and the last MARIF loan closed in June 2007. Under MARIF, Minnesota Housing made deferred loans to housing sponsors for the construction, acquisition, or rehabilitation of permanent rental or permanent supportive housing that includes units affordable to tenants with MFIP-level incomes.

In 2001, Minnesota Housing received additional appropriations for MARIF from the Minnesota Legislature. Over the life of the program, appropriations totaled \$54 million.

## **Affordable Housing Development**

Using MARIF appropriations and other resources, Minnesota Housing has funded 54 developments with a total of 2,093 new or substantially rehabilitated affordable rental units. Of these, 443 units or 21% are affordable to tenants with MFIP-level incomes (see Table 1).

Twenty-five percent of the MARIF-assisted units are located in Greater Minnesota communities and 75% are located in the seven-county Twin Cities metropolitan area. Within the Twin Cities area, MARIF-assisted units are located primarily in the inner cities (65% of the units in the metro area are located within the cities of Minneapolis and Saint Paul).

**Table 1**  
**Distribution of MARIF Assistance**

<b>Property location</b>	<b>Number of Developments</b>	<b>Percentage of Total Developments</b>	<b>MARIF Loan Amount</b>	<b>Total Units</b>	<b>MARIF-Assisted Units</b>	<b>Percentage of Total MARIF Units</b>
Metro	34	63%	\$43,833,996	1,541	332	75%
<i>Inner cities</i>	24		\$27,229,496	935	215	
<i>Suburbs</i>	10		\$16,604,500	606	117	
Greater MN	20	37%	\$11,682,205	552	111	25%
Total closed	54	100%	\$55,516,201	2,093	443	100%

Eighty-two percent of the MARIF-funded units were new construction/adaptive reuse at the time of funding and 18% were rehabilitation. A total of 33% of the units were supportive housing.

Nearly 60% of the developments with MARIF loans also received funds through another Minnesota Housing deferred loan or first mortgage program. The Economic Development and Housing/ Challenge Fund and the Low and Moderate Income Rental Program with flexible financing were the two programs most frequently used in conjunction with MARIF. Owners of 43% of the developments also received federal housing tax credits allocated by Minnesota Housing in addition to project financing.

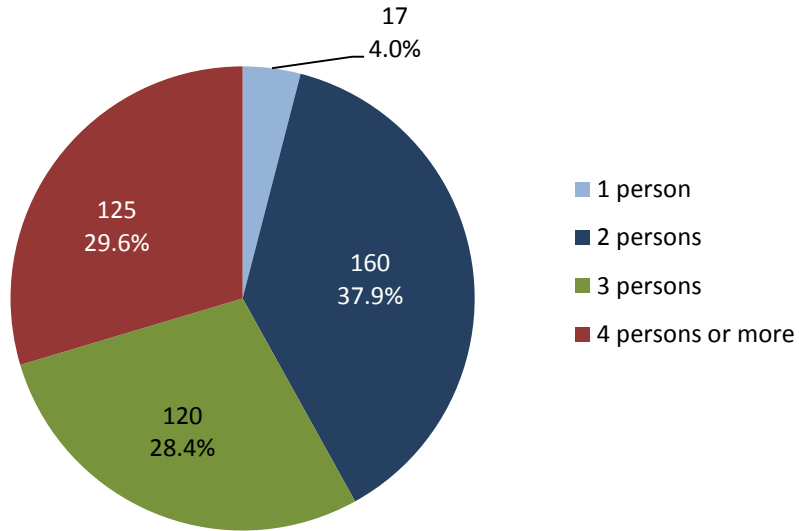
## **Basic Characteristics of Tenants**

*Most tenants are small single-parent families.*

Historically, demographic information reported to Minnesota Housing by property owners shows that most tenants are families with minor children. As of the end of 2013, an estimated 90% of households were families with one or more minor children; 74% of all households assisted were single-parent families (one adult living with one or more minor children).

A distribution of households by household size is shown in Figure 1, with a median size of three people. Of those reporting for 2013, 41.9% were one or two person households, 28.4% were three person households and 29.6% were four persons or more. Data show that MARIF household size has remained relatively stable for years.

**Figure 1  
MARIF Households  
by Household Size, 2013**



*The median income of tenants moving into MARIF units in 2013 was lower than income of tenants who moved in during previous years.*

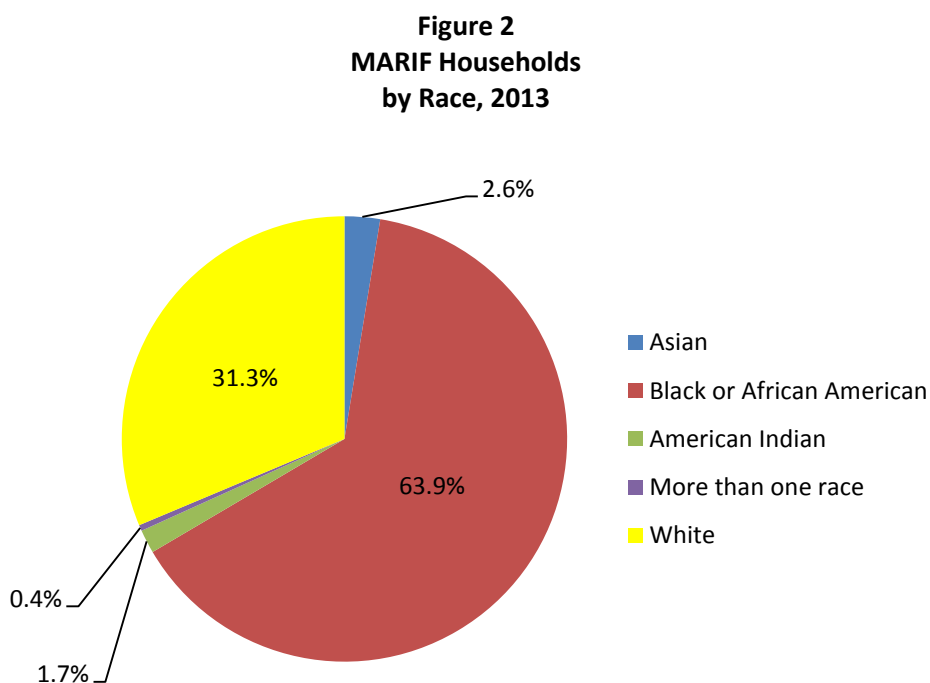
The median 2013 income of households reported was \$11,997—\$8,988 for 2013 move-ins and \$12,510 for move-ins prior to 2013. The median of 2013 move-ins was slightly lower than move-ins last year (\$9,203 for 2012 move-ins).

Based on available information (as of the end of 2013 and reported to Minnesota Housing in 2014), the greatest proportion of households reported salary/wages as the primary source of household income (36.4%), followed by 30.2% reporting public assistance and 20.7% reporting Social Security as the primary sources of income. Household income could include Social Security paid either to an older or a disabled household member.

*More than two-thirds of MARIF tenants are households of color.*

Historically, households of color have occupied at least 50% of the MARIF units. The most recent information available (a sample of household reporting as of the end of 2013) shows that nearly 70% of all householders reported being of a race other than White.

These data reported by property owners also show that 3.3% of MARIF households were of Hispanic or Latino ethnicity.



*MARIF-assisted tenants move less frequently than low-income renters in general.*

Moves are not necessarily an indicator of household distress; however, studies show that low-income families move more frequently than does the general population and are more likely to make involuntary moves, e.g., caused by eviction or housing affordability problems. Involuntary or unplanned moves can adversely affect families, especially children. Research indicates that children in frequent mover families lag in academic performance compared with their peers, and evidence suggests a connection between frequent moves and behavior problems in the children of frequent movers.<sup>1</sup>

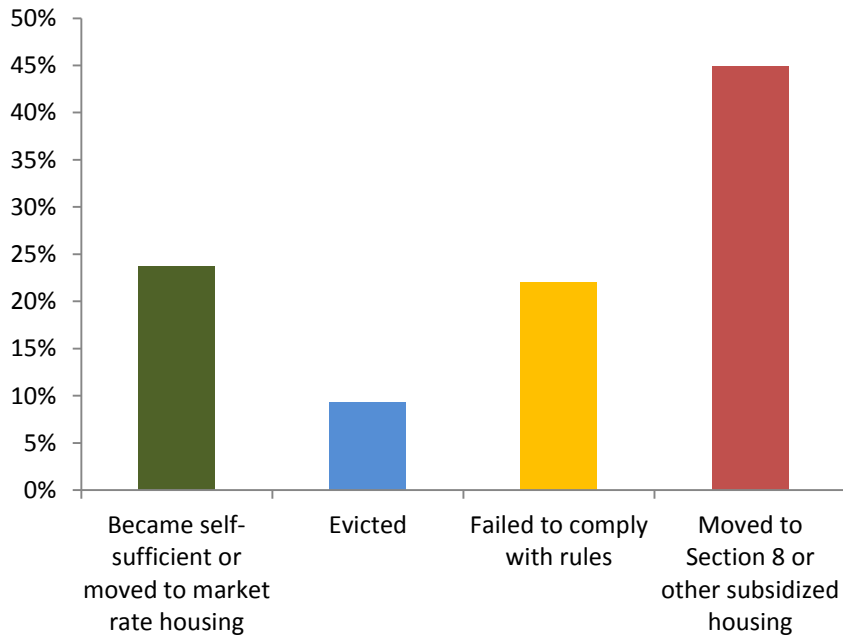
---

<sup>1</sup> Rebecca Cohen and Keith Wardrip, *Should I Stay or Should I Go?* (Center for Housing Policy, February 2011).

According to the most recent estimates reported by the Census Bureau, 38% of low-income renter households in the U. S. (households below poverty) had moved to their current housing within the last year and an estimated 16% had lived in the same unit for more than five years.<sup>2</sup> Among current tenants of MARIF-assisted housing, 22.5% had occupied their MARIF units for one year or less and nearly 27% had occupied their units for more than five years.

Information on reasons for MARIF tenant move-outs is limited (only 41% of records identify a reason for tenant move). As shown in Figure 3, the most common reason for a household move is that the household obtained Section 8 or some other permanent subsidized housing—44.9% of all movers between 2003 and 2013 for which information is available. Nearly one-quarter (23.7%) reported moving from MARIF housing to market rate housing or became self-sufficient.

**Figure 3**  
**Reasons for Tenant Moves from MARIF-Assisted Housing**



<sup>2</sup> U.S. Department of Commerce, Bureau of the Census, *American Housing Survey, 2013*.

## Data Description

Demographic data are summarized from reports submitted to Minnesota Housing by property owners during the process of monitoring units for compliance with program rules. Selected characteristics such as race and presence of minor children are based on a sample of MARIF households reporting as of December 31, 2013 (242 households or 55% of MARIF units). Data on household size, median income, and move-in/move-out information are based on 422 households reporting (95% of MARIF units). The previous report was updated with data provided to Minnesota Housing compliance monitoring staff by property owners.

In the past, the Minnesota Department of Human Services (DHS) matched records of households that have occupied MARIF-assisted housing with other data. Data from DHS included Minnesota Family Investment Program (MFIP) participation and earnings data reported to DHS by the Minnesota Department of Employment and Economic Development for unemployment insurance purposes. The agreement under which agencies shared these data expired and has not yet been updated therefore we are unable to present any new MFIP participation or employment earnings data.

## Conclusion

Current information shows that in MARIF-assisted housing:

- Tenants continue to be primarily small low-income families with minor children.
- More than two-thirds of the households are single-parent families and most of these are headed by a single adult female.
- An estimated 70% of householders are of a race other than White.
- Of the households for whom information is available at move-out (from 2003 through 2013), 47.0% moved to Section 8 or other permanent subsidized housing and 21.7% moved into market rate housing or became self-sufficient.

A variety of factors affect family stability and economic success. Beyond that, the recession limited the financial success of many MARIF-assisted households. Based on this analysis, however, it appears that MARIF-assisted housing provides its tenants with a stable, affordable environment in which to work toward improving their financial condition.

Comments or questions concerning this report should be directed to:

Minnesota Housing  
400 Sibley Street, Suite 300  
Saint Paul, MN 55101  
(651) 296-6708  
(800) 657-3769  
TTY (651) 297-2361  
E-mail: [mn.housing@state.mn.us](mailto:mn.housing@state.mn.us)

A copy of the report will be available at: [www.mnhousing.gov/](http://www.mnhousing.gov/)