Minnesota Housing
Finance Agency

Developments Selected to Receive 9% Low-Income Housing Tax Credits in the Twin Cities Metro Area from Minnesota Housing

Minnesota Housing has conducted an assessment of its 9% tax credit selections from 2009 through the first round of 2014 credits. These are the credits that fall under the competitive process outlined in Minnesota Housing's Qualified Allocation Plan (QAP). Because the analysis focuses on the role Minnesota Housing's QAP plays in providing access to opportunity and facilitating integration, it excludes credits allocated by sub-allocators and 4% credits with tax exempt bonds. Those credits are allocated by others or through a noncompetitive process with a minimal threshold. As the following analysis shows:

- Minnesota Housing is spreading 9% tax credits and units throughout the region – giving tax-credit tenants options to access different types of opportunities.

- The selections are supporting integration (de-concentrating poverty) – giving lower-income households the opportunity to access communities with lower levels of poverty.

The attached maps (Maps 1 – 5) show the location of projects that Minnesota Housing selected for competitive 9% credits in relation to the following geographic areas:

1. Opportunity areas identified in the Metropolitan Council's draft Fair Housing Equity Assessment (FHEA). The following grid specifies the general characteristics of each area:

Area	Access to Jobs and Services	School Performance	Exposure to Pollutants	Crime Rate
Green	High	Below Average	Higher	Higher
Yellow	Moderate	Average	Moderate	Moderate
Blue	Low	Above Average	Lower	Lower
Access to jobs and services, school performance, exposure to pollutants, and crime rate are defined in the Metropolitan Council's draft Fair Housing Equity Assessment along with how they are evaluated.				

2. Levels of concentrated poverty (percentage of people in a census tract with incomes below 185% of poverty):
   - 0% to 20.0%
   - 20.1% to 40.0%
   - Greater than 40.0%

3. Levels of racial concentration (percentage of people in a census tract who are of color or Hispanic ethnicity):
   - 0% to 15.0%
   - 15.1% to 50.0%
   - Greater than 50.0%

4. Racially Concentrated Areas of Poverty (RCAP), as defined in the FHEA. Census tracts with:
    o More than 50% of the population being of color or Hispanic ethnicity; AND
    o More than 40% of the population having an income below 185% of poverty

5. Levels of elementary school segregation (using a classification developed by Tom Luce and Myron Orfield[1]):
    o Segregated, non-white
    o Integrated
    o Predominantly white

The following table (which corresponds with Map 1) shows the share of selected developments and units in each of the FHEA opportunity areas, along with the share of all households, lower-income households, and people in poverty in each area. The FHEA opportunity areas were developed under the direction of the Metropolitan Council with input from a wide range of researchers and stakeholders, including the Institute for Metropolitan Opportunity, which played a key role in the cluster analysis of community characteristics that defined the areas.

Table 1: Distribution of Minnesota Housing's 9% Tax Credits in the Metro Area by FHEA Cluster

FHEA Cluster	All Households		Lower Income Households		Population in Poverty		Housing Tax Credit Developments/Units (MHFA 9% selections)									
							Develop-ments		HTC Units		Rehab Units		New Construction Units		Rehab/New Construction Combined Units	
	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share
Green	173,720	15.5%	97,905	24.1%	86,532	39.7%	8	29.6%	529	34.2%	315	48.5%	158	18.8%	56	100.0%
Yellow	319,710	28.6%	137,840	33.9%	71,946	33.0%	7	25.9%	403	26.1%	179	27.6%	224	26.6%	-	0.0%
Blue	559,242	50.0%	154,708	38.1%	53,133	24.3%	11	40.7%	566	36.6%	155	23.9%	411	48.8%	-	0.0%
Rural	64,766	5.8%	16,117	4.0%	6,628	3.0%	1	3.7%	49	3.2%	-	0.0%	49	5.8%	-	0.0%
Total	**1,117,438**	**100%**	**406,570**	**100%**	**218,239**	**100%**	**27**	**100%**	**1,547**	**100%**	**649**	**100%**	**842**	**100%**	**56**	**100%**

Table Notes:
- Poverty and lower income households are based on 2007-2011 sample data from the American Community Survey (ACS).
- "Lower income" is defined here as household income less than $50,000, regardless of household size. In contrast, the Census Bureau's "poverty" threshold varies by household size. For 2011, it was $14,657 for a two-person household, $17,916 for a three-person household, and $23,021 for a four-person household.
- Although the 2008-2012 ACS data are now available, this analysis continues to use the 2007-2011 data because it is consistent with the data used to create the draft FHEA.
- LIHTC developments in this table include only Minnesota Housing 9% selections. It excludes 4% credits with tax-exempt bonds and sub-allocator credits.
- Selections are from 2009 through Round 1 of 2014. Some of the selected developments may have returned their credits.
- Of the 27 developments, 5 were allocated credits twice during the 6 year time period.

Map 1 and Table 1 show, Minnesota Housing is spreading tax credits and units throughout the region, giving tax-credit tenants options to access different types of opportunities. Of particular note:

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[1] Myron Orfield and Tom Luce Jr., *Region: Planning the Future of the Twin Cities* (University of Minnesota Press, Minneapolis, 2010) pp. 293-294.

- The green areas largely capture the urban core. These areas have 39.7% of the region's population living poverty and 34.2% of the selected units. The blue areas largely capture the outer-ring suburbs. These areas have 24.3% of the region's population living in poverty and 36.6% of the selected units. The blue area's share of Minnesota Housing's selected LIHTC units is greater than the area's share of the population living in poverty.

- With respect to concentrating or de-concentrated poverty, new construction is of particular interest. These new units have the potential to move lower-income households into or out of higher poverty areas. In contrast, rehabilitation serves the existing population and plays a critical role in ensuring that low-income households have a decent and safe place to live. As Table 1 shows, only 18.8% of the selected new-construction units are in the green areas, while 48.8% of selected new-construction units are in the blue areas. Minnesota Housing's selections are supporting integration (de-concentrating poverty) by increasing the access that lower-income households have to the blue areas, which have a smaller share of the region's population living in poverty.

- With respect to accessing quality schools, unit type is important. Efficiencies/SROs and 1-bedroom units are designed to serve singles and couples without children, while units with 2 or more bedrooms are designed to serve families with children. Thus, an analysis of access to quality schools should focus on units with 2 or more bedrooms. As Table 1a shows, the units that Minnesota Housing has selected for 9% credits in the blue areas (above average schools) are predominantly new construction with 2 or more bedrooms (63%). These units are increasing the opportunity for lower-income children to attend higher performing schools. In contrast, only 7% of the units in the green areas (below average schools) are new construction with 2 or more units. In addition, 8% are 2+ bedroom units in developments that had a combination of new construction and rehabilitation. Rehabilitation of 0-1 bedroom units accounts for most of the tax credit selections in the green areas (48%). These units serve singles and couples without children already living in the community.

Table 1a: Share of Unit Types (Number of Bedrooms) by Development Type and FHEA Cluster

FHEA Cluster	Total Tax Credit Units	Tax Credit Units with Known Bedroom Size*	Share of Units by Development Type and Bedroom Size						
			Rehabilitation		New Construction		Combined New Construction and Rehab		
			0-1 BR	2+ BR	0-1 BR	2+ BR	0-1 BR	2+ BR	Total
Green	529	522	**48%**	11%	23%	**7%**	2%	8%	100%
Yellow	403	403	26%	18%	15%	41%	0%	0%	100%
Blue	566	518	7%	23%	7%	**63%**	0%	0%	100%
Rural	49	50	0%	0%	0%	100%	0%	0%	100%
Total	1,547	1,493	26%	17%	14%	39%	1%	3%	100%

Conclusion: Consistent with the community classification established in the draft FHEA, Minnesota Housing has conducted a rigorous analysis of the allocation of its 9% credits over the past 6 years. The facts bear out that Minnesota Housing's allocation of 9% tax credits under the Agency's Qualified Allocation Plan provides tenants an array of opportunities.

Supplemental Tables

The following tables provide a similar break out of tax credit developments and units as Table 1 but use geographies based on the share of people below 185% of poverty, share of people of color, racially concentrated areas of poverty (RCAP), and elementary school segregation. Tables 2-5 respectively correspond to Maps 2-5.

Table 2: Distribution of Minnesota Housing's 9% Tax Credits in the Metro Area by Share of Population below 185% of Poverty

Census Tracts by Share of People below 185% of Poverty	All Households		Lower Income Households		Population in Poverty		Housing Tax Credit Developments/Units (MHFA 9% selections)									
							Develop-ments		HTC Units		Rehab Units		New Construction units		Rehab/New Construction Combined Units	
	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share
0.9-20%	636,055	56.9%	158,686	39.0%	45,790	21.0%	13	48.1%	701	45.3%	195	30.0%	506	60.1%	0	0.0%
20.1-40%	342,667	30.7%	158,877	39.1%	68,398	31.3%	7	25.9%	407	26.3%	187	28.8%	220	26.1%	0	0.0%
40.1-100%	138,716	12.4%	89,007	21.9%	104,048	47.7%	7	25.9%	439	28.4%	267	41.1%	116	13.8%	56	100%
Total	*1,117,438*	*100%*	*406,570*	*100%*	*218,236*	*100%*	*27*	*100%*	*1,547*	*100%*	*649*	*100%*	*842*	*100%*	*56*	*100%*

Table 3: Distribution of Minnesota Housing's 9% Tax Credits in the Metro Area by Share of People of Color

Census Tracts by Share of People of Color	All Households		Lower Income Households		Population in Poverty		Housing Tax Credit Developments/Units (MHFA 9% selections)									
							Develop-ments		HTC Units		Rehab Units		New Construction units		Rehab/New Construction Combined Units	
	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share
1.3-15%	449,834	40.3%	120,954	29.7%	36,124	16.6%	8	29.6%	412	26.6%	155	23.9%	257	30.5%	0	0.0%
15.1-50%	548,205	49.1%	212,268	52.2%	91,779	42.1%	13	48.1%	731	47.3%	227	35.0%	504	59.9%	0	0.0%
50.1-95%	119,399	10.7%	73,348	18.0%	90,332	41.4%	6	22.2%	404	26.1%	267	41.1%	81	9.6%	56	100%
	1,117,438	*100%*	*406,570*	*100%*	*218,236*	*100%*	*27*	*100%*	*1,547*	*100%*	*649*	*100%*	*842*	*100%*	*56*	*100%*

Table 4: Distribution of Minnesota Housing's 9% Tax Credits in the Metro Area by Racially Concentrated Areas of Poverty (RCAP)

Racially Con-centrated Area of Poverty	All Households		Lower Income Households		Population in Poverty		Housing Tax Credit Developments/Units (MHFA 9% selections)									
							Develop-ments		HTC Units		Rehab Units		New Construction units		Rehab/New Construction Combined Units	
	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share
In RCAP	93,276	8.3%	61,037	15.0%	81,490	37.3%	6	22.2%	404	26.1%	267	41.1%	81	9.6%	56	100%
Outside of RCAP	1,024,162	91.7%	345,533	85.0%	136,746	62.7%	21	77.8%	1,143	73.9%	382	58.9%	761	90.4%	0	0.0%
	1,117,438	*100%*	*406,570*	*100%*	*218,236*	*100%*	*27*	*100%*	*1,547*	*100%*	*649*	*100%*	*842*	*100%*	*56*	*100%*

Notes:
• Poverty and lower income households are based on 2007-2011 sample data from the American Community Survey (ACS).
• "Lower income" is defined here as household income less than $50,000, regardless of household size. The Census Bureau's "poverty" threshold varies by household size. For 2011, it was $14,657 for a two-person household, $17,916 for a three-person household, and $23,021 for a four-person household.
• Even though 2008-2012 ACS data are now available, this analysis continues to use the 2007-2011 data because it is consistent with the data used to create the draft FHEA.
• LIHTC developments in this table include only Minnesota Housing 9% selections. It excludes 4% credits with tax-exempt bonds and sub-allocator credits.
• Selections are from 2009 through Round 1 of 2014. Some of the selected developments may have returned their credits.
• Of the 27 developments, 5 were allocated credits twice during the 6 year time period.

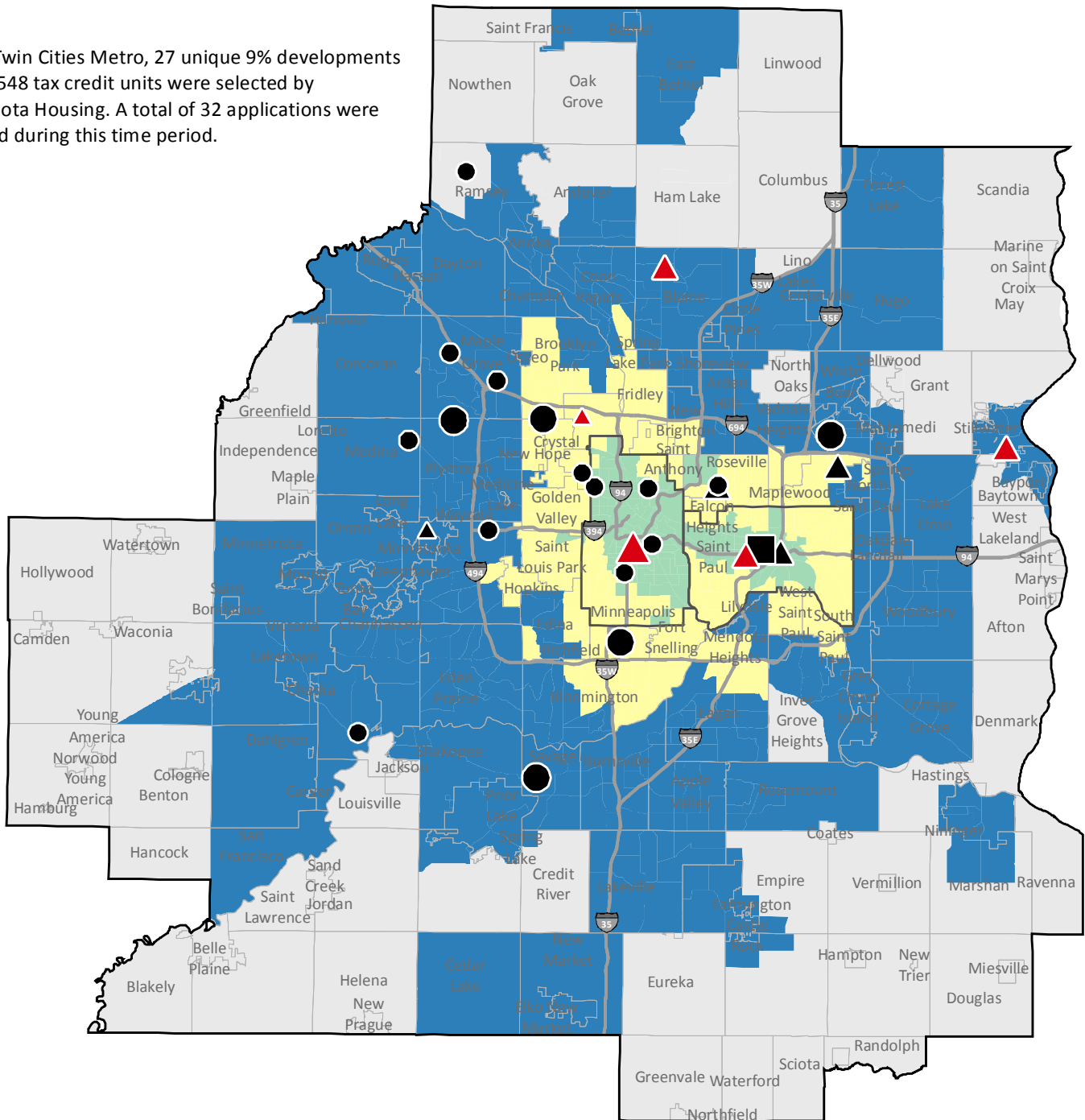**Table 5: Distribution of Minnesota Housing's 9% Tax Credits in the Metro Area by School Type**

School Enrollment Type	All Households		Lower Income Households		Population in Poverty		Housing Tax Credit Developments/Units (MHFA 9% selections)									
							Develop-ments		HTC Units		Rehab Units		New Construction units		Rehab/New Construction Combined Units	
	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share	#	Share
Segregated, Non-White							10	37.0%	619	40.0%	337	51.9%	226	26.8%	56	100%
Integrated, Race and Ethnicity							14	51.9%	799	51.6%	232	35.7%	567	67.3%	0	0.0%
Pre-dominantly White							3	11.1%	129	8.3%	80	12.3%	49	5.8%	0	0.0%
							27	100%	1,547	100%	649	100%	842	100%	56	100%

Table 5 does not have general data on households and poverty. These data come from the American Community Survey and are aggregated at the census tract level by the Census Bureau. The school geographies are based on elementary school boundaries, which are not aligned with and cross over census tract boundaries.

Map 1

In the Twin Cities Metro, 27 unique 9% developments with 1,548 tax credit units were selected by Minnesota Housing. A total of 32 applications were selected during this time period.
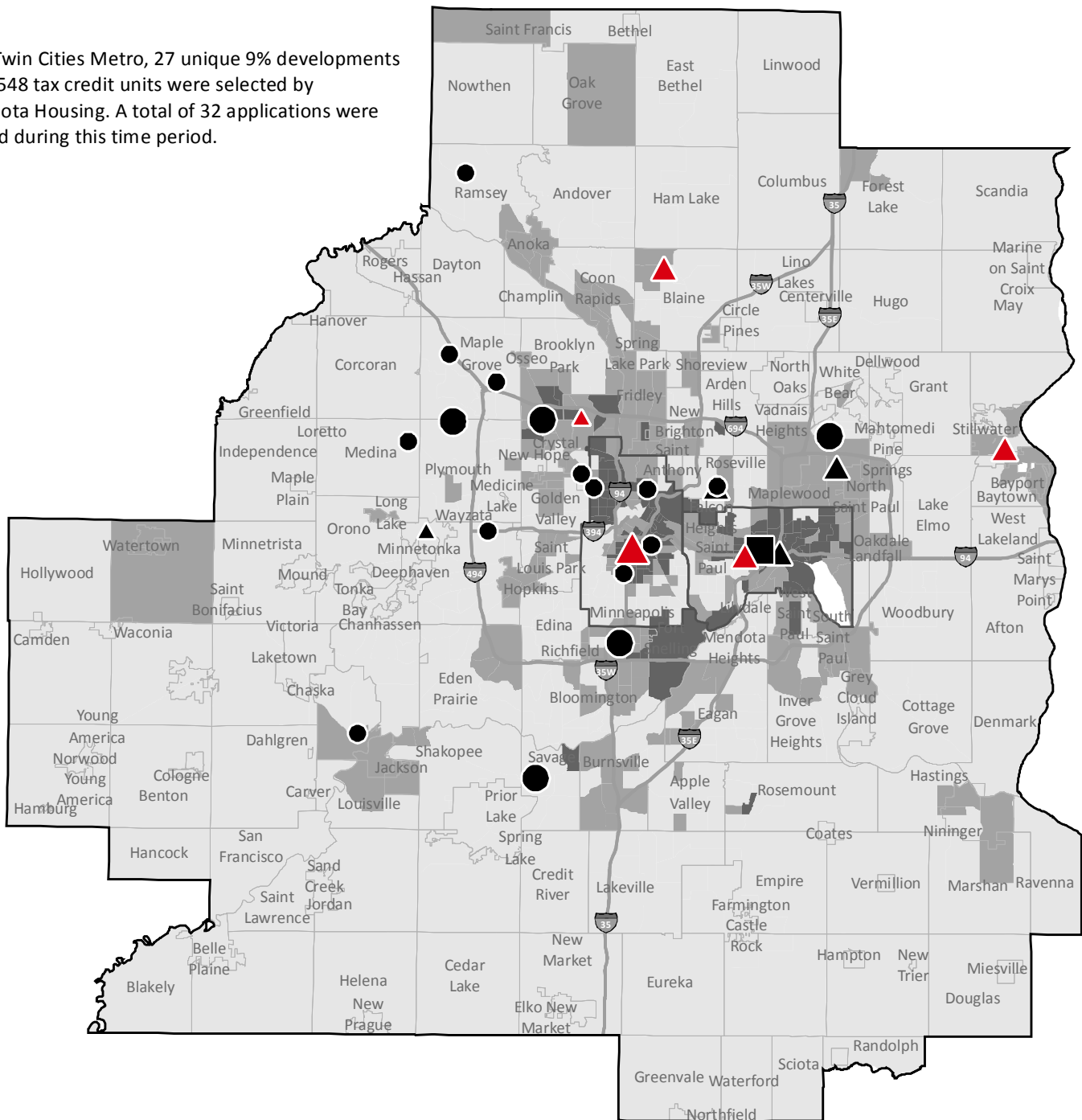

Rehabilitation

▲ 20 - 51 (units)

▲ 52 - 100

▲ 101 - 190

🔺 Red color denotes project received selection points for federally subdized units.

New Construction

● 20 - 51 (units)

● 52 - 100

● 101 - 190

New Construction & Rehab

■ 20 - 51 (units)

■ 52 - 100

■ 101 - 190

Fair Housing & Equity Assessment

Opportunity Clusters

🟩 Green

🟨 Yellow

🟦 Blue

⬜ Rural or Unsewered

0   4   8 Miles

Minnesota Housing Finance Agency

Minnesota Housing 9% Tax Credit Selections 2009 Round 1 - 2014 Round 1

Map 2

In the Twin Cities Metro, 27 unique 9% developments with 1,548 tax credit units were selected by Minnesota Housing. A total of 32 applications were selected during this time period.

Rehabilitation

▲ 20 - 51 (units)

▲ 52 - 100

▲ 101 - 190

New Construction

● 20 - 51 (units)

● 52 - 100

● 101 - 190

New Construction & Rehab

■ 20 - 51 (units)

■ 52 - 100

■ 101 - 190

Share of People Below 185% of Poverty

(2007-2011 American Community Survey)

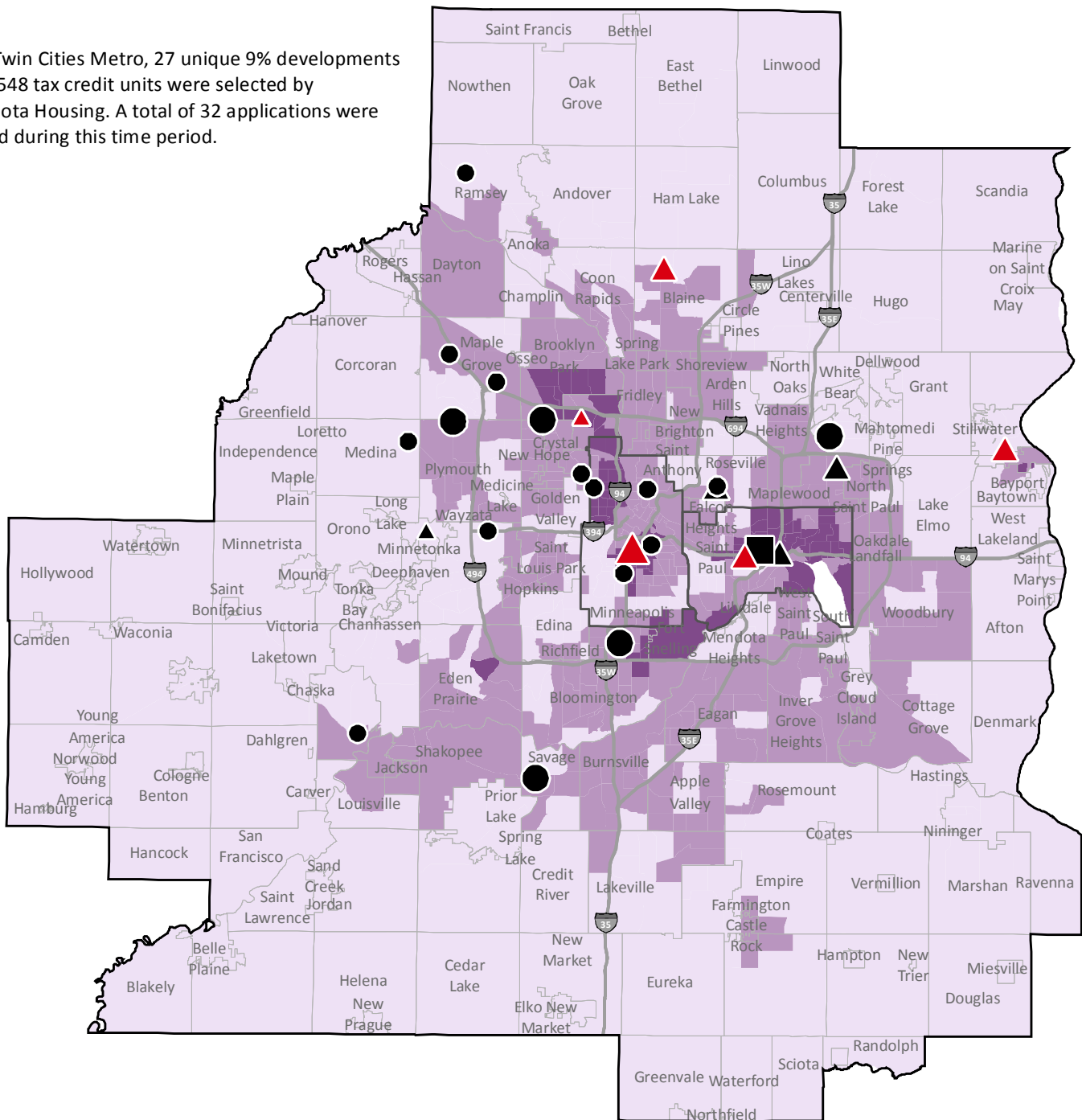0.9% - 20%

20.1% - 40%

40.1% - 100%

▲ Red color denotes project received selection points for federally subdized units.

DRAFT | HTC Consolidated Database as of 12-19-2013. Could include projects with tax credits allocated but returned at a later date.

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Minnesota Housing 9% Tax Credit Selections 2009 Round 1 - 2014 Round 1

Map 3

In the Twin Cities Metro, 27 unique 9% developments with 1,548 tax credit units were selected by Minnesota Housing. A total of 32 applications were selected during this time period.

Rehabilitation

▲ 20 - 51 (units)

▲ 52 - 100

▲ 101 - 190

△ Red color denotes project received selection points for federally subdized units.

New Construction

● 20 - 51 (units)

● 52 - 100

● 101 - 190

New Construction & Rehab

■ 20 - 51 (units)

■ 52 - 100

■ 101 - 190

Share of People of Color

(2007-2011 American Community Survey)

1.3% - 15%

15.1% - 50%

50.1% - 94.6%

0   4   8 Miles

Minnesota Housing Finance Agency

DRAFT | HTC Consolidated Database as of 12-19-2013. Could include projects with tax credits allocated but returned at a later date.

Minnesota Housing 9% Tax Credit Selections 2009 Round 1 - 2014 Round 1

Map 4

In the Twin Cities Metro, 27 unique 9% developments with 1,548 tax credit units were selected by Minnesota Housing. A total of 32 applications were selected during this time period.
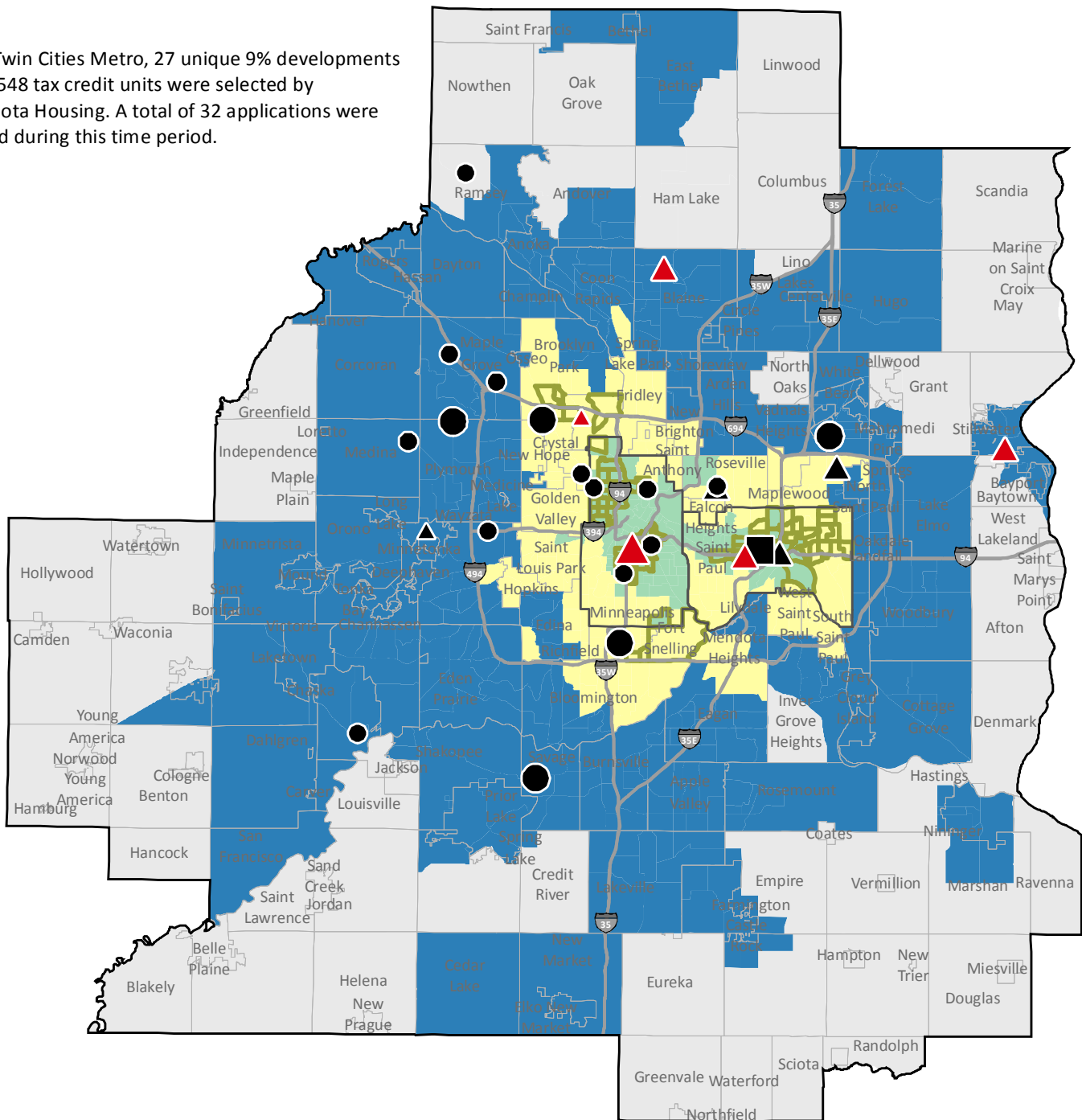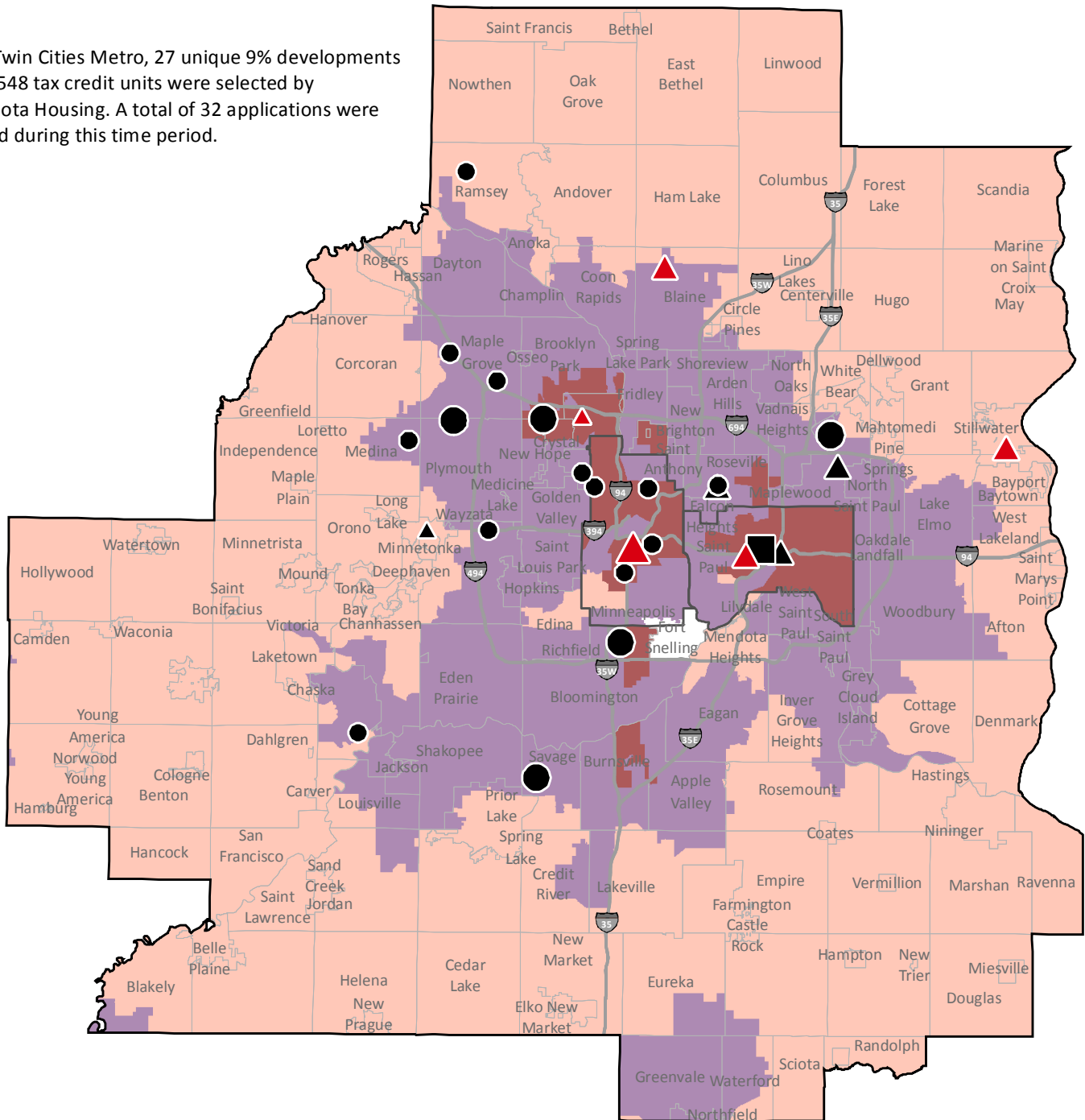
Rehabilitation	New Construction	New Construction & Rehab	Fair Housing & Equity Assessment	Racially Concentrated Areas of Poverty
▲ 20 - 51 (units)	● 20 - 51 (units)	■ 20 - 51 (units)	**Opportunity Clusters**	
▲ 52 - 100	● 52 - 100	■ 52 - 100	🟩 Green	
▲ 101 - 190	● 101 - 190	■ 101 - 190	🟨 Yellow	
			🟦 Blue	
▲ Red color denotes project received selection points for federally subdized units.			⬜ Rural or Unsewered	

0   4   8 Miles

DRAFT | HTC Consolidated Database as of 12-19-2013. Could include projects with tax credits allocated but returned at a later date.

Minnesota Housing Finance Agency

Map 5

In the Twin Cities Metro, 27 unique 9% developments with 1,548 tax credit units were selected by Minnesota Housing. A total of 32 applications were selected during this time period.

Rehabilitation

▲ 20 - 51 (units)

▲ 52 - 100

▲ 101 - 190

New Construction

● 20 - 51 (units)

● 52 - 100

● 101 - 190

New Construction & Rehab

■ 20 - 51 (units)

■ 52 - 100

■ 101 - 190

🔺 Red color denotes project received selection points for federally subdized units.

Race and Ethnicity of Elementary Schools (2012-2013 School Year)

Integrated, Race and Ethnicity

Predominantly White

Segregated, Non-White

0   4   8 Miles

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DRAFT | HTC Consolidated Database as of 12-19-2013. Could include projects with tax credits allocated but returned at a later date.