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# **Report on Low-Income Housing Tax Credit Households Age 55 and Over**

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## Context for the Analysis

This analysis includes data on households in Low-Income Housing Tax Credit (LIHTC) properties placed into service or, for properties receiving multiple years of credits, receiving their most recent credits between 2014 and 2023. Properties placed into service prior or receiving final credits prior to 2014 are not included. The analysis is based on data collected and maintained by Minnesota Housing and local LIHTC suballocators for program compliance purposes. The suballocator information was obtained from contractors who conduct compliance monitoring and maintain the data for Minneapolis, Saint Paul, Washington County and Dakota County.

The tables report data by calendar year based on the date of the renter certification and recertification. Age information is based on the date of birth of the head of household. In cases where there are more than one certification/recertification date in the same year, the data from the most recent date is included in the analysis to avoid duplication in households within a year.

Because demographic information, such as age and race, is not required, the head of household's date of birth is not always provided, and there is missing data. For analysis at the property level, such as determining which properties had a majority of households age 55 and older, the analysis only includes properties where 50% or more of the renters provided their date of birth. For analysis of all LIHTC properties (not just those where a majority of the renters are age 55+), all renters with date of birth information were included in the analysis.

New construction and rehabilitation designation was based on the most recent classification, therefore, projects that received LIHTCs prior to 2014 as new construction and received additional credits after 2014 for rehabilitation are classified as rehabilitation.

Data for properties that received LIHTCs prior to 2014 is less complete. For example, once a LIHTC property that also receives federal project-based rental assistance reaches its initial LIHTC compliance period after 15 years, Minnesota Housing stops monitoring the property for compliance reasons because the property is also being monitored by the federal government. For efficiency and resources-savings reasons, Minnesota Housing relies on the federal monitoring and stops collecting renter data. If needed, Minnesota Housing can pull data and provide an analysis of the properties that received credits prior to 2014, but it will be less complete. Also, it will be challenging to get the suballocator data for these older properties.

## Analysis of LIHTC Households with Renters Age 55 and Older

Tables in this section provide data for properties that received LIHTCs from Minnesota Housing, Minneapolis, Saint Paul and Washington County; due to data limitations Dakota County data are excluded and presented in the appendix.

The key findings are:

- Since 2014, about 20% of properties receiving LIHTCs for new construction or rehabilitation are predominantly occupied by renters who are age 55 or older.
- Across all LIHTC units (with tenant age data reported) receiving tax credits between 2014 and 2023, about 41% are occupied by renters who are age 55 or older.
- Since 2019, about 30% of LIHTC renters who are age 55 or older are cost burdened by their rent and utility payments by spending more than 30% of their income on it. For comparison, about 79% of all lower-income (less than \$50,000) households in Minnesota are cost burdened.
- Since 2020, about a quarter of the households in LIHTC properties where a majority of the renters are age 55 or older have had their rent increased to the maximum amount.

Table 1 shows the number of LIHTC properties in each year that had a majority of renters age 55 and older. The count accumulates across years. For example, the table starts with properties placed in services in 2014, and these properties are also counted in the subsequent years (2015, 2016, etc.). The 2015 column shows the properties placed in service in either 2014 or 2015.

Since 2014, about 20% of properties receiving LIHTCs for new construction or rehabilitation are predominantly occupied by renters who are age 55+.

**Table 1: Number of properties receiving LIHTCs from 2014-2023 with a majority of renters age 55 and older**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Properties receiving LIHTCs with a majority of renters age 55+ <sup>1</sup>	5	15	19	25	33	42	48	57	64	67
<i>new construction</i>	1	5	6	9	15	20	25	27	32	32
<i>rehab</i>	4	10	13	16	18	22	23	30	32	38
Total LIHTC properties with age data	46	74	107	137	159	197	236	275	316	338
<i>new construction</i>	15	25	44	64	82	108	138	163	191	206
<i>rehab</i>	31	49	63	73	77	89	98	112	125	132
% of LIHTC properties where a majority of renter are age 55+	11%	20%	18%	18%	21%	21%	20%	21%	20%	20%

<sup>1</sup> Properties and households are included in the analysis only if they have age data.

Table 2 includes all LIHTC households with age data whether or not they are in majority 55+ properties.

**Table 2: Number of households age 55 and older living in properties that received LIHTC financing from 2014-2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Households age 55+	870	2,206	2,916	4,243	5,290	6,700	8,016	9,403	10,614	11,510
Total LIHTC households with age data	2,683	5,664	7,665	10,897	12,684	16,082	19,457	22,722	25,874	28,155
% households age 55+ in LIHTC properties	32%	39%	38%	39%	42%	42%	41%	41%	41%	41%

Across all LIHTC units (with tenant age data reported) receiving tax credits between 2014 and 2023, about 41% are occupied by renters who are age 55 or older.

Just like Table 2, Table 3 includes all LIHTC households with age data whether or not they are in majority 55+ properties. For purposes of the analysis, rent was considered the tenant’s contribution to rent and utility payments. The analysis excludes households that were exempt from reporting income. Some renters are only required to report their income at initial certification. These renters are included in the analysis in the year that they initially reported their income but are excluded from the analysis in later years because their income data is not up to date.

**Table 3: Households age 55 and older households who are cost burdened and living in LIHTC properties that received financing from 2014-2023.**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Cost burdened households who are age 55+ <sup>2</sup>	89	579	447	500	675	858	1,026	1,158	1,473	1,447
All LIHTC households with age data	494	1,279	1,401	2,316	2,869	2,822	3,523	3,868	4,906	4,645
% of age 55+ households who are cost burdened	18%	45%	32%	22%	24%	30%	29%	30%	30%	31%

<sup>2</sup> Excludes households who were exempt from reporting income in that year.

In the most recent years, about 30% of older LIHTC renters are cost burdened by their rent and utility payments by spending more than 30% of their income on it. For comparison, about 79% of all lower-income (less than \$50,000) households in Minnesota are cost burdened\*

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\* Minnesota Housing analysis of data from the U.S. Census Bureau’s American Community Survey (one-year sample, 2023).

Table 4 includes households in majority 55+ properties. Households receiving rental assistance are excluded from the analysis because their share of the overall rent is capped by their income. If the overall rent on their unit increases but their income does not increase, their rent payment will stay the same, and the entire rent increase will be covered by their rent subsidy. Therefore, maximum allowable rents and rent increases are generally not relevant to their housing costs.

**Table 4: Number of households affected by rents being increased to the maximum amount allowed under program guidelines in LIHTC properties in which a majority of renters are age 55 and older <sup>1, 3</sup>**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of households in age 55+ properties affected by rents being increased to the maximum amount allowed <sup>1, 3</sup>	N/A	230	275	362	452	359	618	684	642	712
Total households in age 55+ LIHTC properties with age data	74	494	654	855	1,319	1,995	2,199	2,573	2,764	3,521
% units households affected by rents being increased to the maximum	N/A	47%	42%	42%	34%	18%	28%	27%	23%	20%

<sup>1</sup> Properties and households are included in the analysis only if they have age data.

<sup>3</sup> Excludes renters receiving rental assistance.

In the most years, about a quarter of the households in LIHTC properties where a majority of the renters are age 55 or older have had their rent increased to the maximum amount.

## Funding for LIHTC Properties

Of the 54 properties with LIHTC from Minnesota Housing and a majority of the units being occupied by households age 55 and older, Minnesota housing has complete data on funding sources for 46 of them. The following table shows the average public funding going to these properties on a per unit basis. The public funding includes federal, state and local funding for: (1) amortizing loans, (2) zero-interest, deferred loans, (3) Low-Income Housing Tax Credits and historical tax credits, (4) tax increment financing, (5) sales tax rebates, and (6) others.

**Table 5: Public resources in LIHTC properties in which a majority of units are occupied by households age 55 and older**

	Average Total Development Cost per Unit	Average Public Funding per Unit
New Construction	\$280,007	\$167,513
Rehabilitation	\$192,423	\$91,119
Total	\$238,304	\$131,138

All costs and funding are adjusted for inflation to 2024 dollars.

## Economic Indexes Changes

Table 6 compares changes in:

- The area median income, which sets the maximum amount the LIHTC rents can be increased,
- The cost of living for social security beneficiaries, which sets payment increases for Social Security, and
- General consumer inflation as measured by the Consumer Price Index.

**Table 6: Percentage Change in Economic Measures 2014-2023**

	% change 2014-15	% change 2015-16	% change 2016-17	% change 2017-18	% change 2018-19	% change 2019-20	% change 2020-21	% change 2021-22	% change 2022-23
Area Median Income <sup>1</sup>	4.3%	-0.4%	4.3%	4.7%	5.2%	3.6%	1.4%	11.7%	7.4%
Cost of Living <sup>2</sup>	0.0%	0.3%	2.0%	2.8%	1.6%	1.3%	5.9%	8.7%	3.2%
Consumer Price Index <sup>3</sup>	0.1%	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	4.1%

<sup>1</sup>AMI Source: Housing and Urban Development, Office of Policy Development and Research: <https://www.huduser.gov/portal/datasets/il.html>

<sup>2</sup>COLA Source: Social Security Administration: <https://www.ssa.gov/oact/cola/colaseries.html>

<sup>3</sup>CPI Source: Federal Reserve:

<https://www.minneapolisfed.org/about-us/monetary-policy/inflation-calculator/consumer-price-index-1913->

Overall, changes in the Social Security cost of living have been aligned with and similar to general consumer inflation, but they fell short of the increases in the area median income in seven of the ten years shown in the table. As shown in Table 4, for most units in LIHTC properties that predominantly have renters who are age 55 or older, the property owners/managers are not increasing the rents to maximum allowed amount.

The increase in the area median income was particularly large (11.7%) from 2021 to 2022, and the increase in Social Security benefits (8.7%) was also high, but not quite as high.



## Legislation

Sec. 50.

### REPORT ON SECTION 42 SENIOR RENTAL HOUSING.

(a) The commissioner of the Minnesota Housing Finance Agency must gather data and produce a report on senior renters residing in properties financed by tax credits under Section 42 of the Internal Revenue Code, and Section 42 properties. To the extent practicable, the commissioner must gather data from the past ten years and report on the:

- (1) estimated number of Section 42 properties in which a majority of units are occupied by senior households;
- (2) estimated number of senior households living in Section 42 properties and the estimated number of senior households living in Section 42 properties that are cost-burdened;
- (3) amount of public resources allocated or awarded to construct Section 42 properties in which a majority of units are occupied by senior households;
- (4) annual percentage changes in area median income, Social Security cost-of-living adjustments, and inflation; and
- (5) number of times rents were increased to the maximum allowable under HUD guidelines in Section 42 properties in which a majority of units occupied by senior households.

(b) By January 15, 2025, the commissioner must report on the data gathered to the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance. The commissioner must use existing financial resources to review and complete this report.

## Appendix

Because the Dakota County dataset was missing date of birth information from 2014-2018, 2019-2023 data for the county is presented separately below so that the previous tables provide a consistent picture over the full ten years. Table numbers correspond with the numbers from the previous tables. Table 3 data results are missing in the table below because all of Dakota Counties properties' tenants were exempt from reporting income after the initial certification.

**Table 7: Dakota County Analysis**

	2019	2020	2021	2022	2023
Table 1: Properties receiving LIHTCs with a majority of renters age 55+ <sup>1</sup>	2	3	3	4	4
new construction	2	3	3	4	4
rehab	0	0	0	0	0
Total LIHTC properties with age data	9	9	11	14	14
new construction	7	7	9	12	12
rehab	2	2	2	2	2
% of LIHTC properties where a majority of renter are age 55+	22%	33%	27%	29%	29%
Table 2: Households age 55+	382	540	570	604	676
Total LIHTC households with age data	655	789	897	989	1,227
% households age 55+ in LIHTC properties	58%	68%	64%	61%	55%
Table 4: Number of households in age 55+ properties affected by rents being increased to the maximum amount allowed <sup>1, 3</sup>	101	90	96	148	132
Total households in age 55+ LIHTC properties with age data	302	620	417	452	477
% units households affected by rents being increased to the maximum	33%	15%	23%	33%	28%

<sup>1</sup> Properties and households are included in the analysis only if they have age data.

<sup>3</sup> Excludes renters receiving rental assistance.