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# **COUNCIL** for the **ECONOMIC STATUS** of **WOMEN**

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## **FINAL REPORT**

## **TASK FORCE ON HOUSING**

The Council on the Economic Status of Women was established by the Legislature in 1976 to study and make recommendations on all matters related to the economic status of women in Minnesota.

In July 1978, the Council appointed a special Task Force on Housing to study and make recommendations on the cost and availability of housing for single-parent families.

The Council approved the final report of the Task Force on Housing on February 9, 1979.

Representative Linda Berglin, Chair  
Nina Rothchild, Executive Director



COUNCIL ON THE ECONOMIC STATUS OF WOMEN

TASK FORCE ON HOUSING

FINAL REPORT

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February 1979

## INTRODUCTION

The high cost of housing is now a major problem for millions of American families. Minnesota has not escaped this trend, and throughout the state single-parent families, particularly female-headed families, experience difficulty in obtaining decent, safe, and affordable housing. This is especially true in the many instances in which the mother is low income or is a welfare recipient. The rising cost of housing has effectively priced such persons out of the private housing market. (1)\*

Substantial government subsidies, both state and federal, provide public support for housing in a number of ways: through tax deductions for homeowners, through subsidies and incentives for builders and developers, and through direct subsidies to buyers and renters. The distribution of this public support for housing tends to be regressive -- in 1977, 16% of all housing subsidies went to the top 1.4% of the income distribution, those with incomes above \$50,000 per year, while 18% of all housing subsidies went to the 29% of households with incomes below \$5,000 per year. The 1979 federal budget estimates direct subsidized housing outlays at \$4 billion, and homeowner tax deductions at almost \$12 billion. (2)

The purpose of this report is to examine ways in which public policies and programs can better provide for the needs of single-parent families -- families who for the most part have low incomes and for whom the presence of children becomes an obstacle to obtaining appropriate shelter. Although much of the public support for housing is carried out through federal action, the scope of this report will be limited to what can be accomplished on a state level.

In 1977, there were about 1,333,000 households in Minnesota. Of these, two-thirds were husband-wife families, one-quarter consisted of persons living alone or with non-relatives only, and the nearly one-tenth remaining were families headed by a single adult. About nine out of 10 single-parent families are headed by women, for a total of approximately 56,000 female single-parent families with children under 18. (3)

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\*References and additional data can be found on page 17.

Incomes for most female-headed families are low: the median yearly income for female-headed families in 1977 was \$8,050, compared to a median yearly income of \$15,560 for husband-wife families. Over 35,000 women in Minnesota qualify for Aid to Families with Dependent Children (AFDC), and the basic grant to these families for a parent with two children is \$3,960 per year. Additional assistance including food stamps, Medicaid, and school lunches brings this income to a level of \$6,540 per year. Almost two-thirds of the single-parent families in Minnesota live on less than \$10,000 per year. (4)

Because of economic strictures, female-headed families disproportionately rely on rental units for their housing needs. Of the 1,404,000 housing units in Minnesota, only 337,000 or one-quarter, are rental units. Vacancy rates of rental units have been declining in recent years, and are especially low for multi-bedroom units. (5,6)

In numbers the female-headed family in need of housing is relatively small, but the problem for them is acute and immediate. Their incomes are too low for unsubsidized homeownership, and they suffer discrimination in gaining access to rental units of appropriate size, price, and location. As the "least desirable" of potential tenants, landlords give other types of families preference when the rental market is tight. Certain stereotypes -- children cause damage, noise, and drive other tenants out; women are less reliable in their payments; unmarried women will have boyfriends and parties; welfare recipients are shiftless and lazy -- lead landlords to deny housing to women with children.

Despite the myth that being poor is a lifelong condition, individual female-headed families for the most part need short-term assistance. The majority of divorces in Minnesota take place before the wife is age 30, and the average single parent remarries within five to six years after the divorce. On the other hand, an increased number of divorces results in a continuing supply of women with children who will need housing. Women of the "baby boom" generation, now in their early 20's, are just approaching the age range at which divorce is most frequent. There were over 14,000 divorces in Minnesota in 1976; and assuming the divorce rate remains constant, over 150,000 families in Minnesota will experience the economic dislocations of divorce in the next ten years. (7,8)

Despite the growing number of persons in need, the funds for housing subsidies are likely to decline in future years. Efforts to reduce federal expenditures and to balance the budget will result in fewer units of subsidized housing in the future. Attempts to cut taxes on the state level will also result in less money available for housing programs.

When all these factors are taken together -- more divorces, the increase in single-parent families, the low economic status of women, spiraling housing costs, cuts in subsidy programs, discrimination against children, and a tight rental market -- the housing needs of single-parent households are immediate and pressing. What follows are some recommendations for state action to help meet these needs.

## MHFA - HOME OWNERSHIP

Purpose

To redirect Minnesota Housing Finance Agency subsidies of home ownership to persons with lower incomes and single-parent families.

Background

Since 1973, the Minnesota Housing Finance Agency has provided almost \$300 million in mortgage financing for the purchase of homes by moderate income families. The 1978 Affordable Home Program helps families with adjusted gross incomes of under \$16,000 to become owners of new and existing housing by providing mortgage financing at 6-3/4% interest. The more recent Homeownership Assistance Fund provides housing assistance in the form of partial down payment and reduced monthly principal and interest payments to MHFA borrowers with demonstrated need who are purchasing their first home. The monthly assistance is restricted to borrowers with adjusted incomes of up to \$13,000. (9)

Funds for these subsidies come from the sale of tax-exempt bonds and from direct legislative appropriations. As of September 1978, the Agency had sold \$310 million in bonds and received \$12.5 million in appropriations for mortgage loan subsidies. The total number of mortgages financed was 6,185. In addition, the Indian Housing Program has received a direct appropriation of \$9 million for mortgage and rehabilitation loans.

Beneficiaries of the homeownership program have been primarily married couples and single persons with no dependents. Of the 1,254 homeownership mortgages in effect in April 1978, only 30 -- or 3% -- were to single persons with one or more dependents. The average incomes of recipients were \$13,673 for single-headed households and \$14,497 for married couples. The average income of MHFA borrowers is expected to drop once data are available on participants in the new HAF program.

Given the high cost of homeownership, even the current MHFA assistance programs are not adequate to make homeownership affordable to low income persons. Even so, it does appear that MHFA programs could be more carefully targeted towards lower income persons and single-parent families. While many female-headed families can ordinarily ill afford either the cost or responsibilities of homeownership, such options should be made available to those female-headed families who can afford to repay an MHFA loan as well as to persons of more comfortable means. Publicly financed housing should be reserved as much as possible for those with greatest needs.

Recommendations

1. The Minnesota Housing Finance Agency should include within homeownership programs the following provisions:
  - A. Ten percent of homeownership subsidies should be reserved for single-parent families. The Agency should monitor its progress in meeting this goal.
  - B. MHFA homeownership programs should be more carefully targeted to first-time home buyers. Provisions should be made to ensure consideration of the special circumstances of divorced heads of households. One method which should be considered in the inclusion of asset limitations in program eligibility guidelines.

## MHFA - APARTMENT DEVELOPMENT

Purpose

To stimulate the production of four-bedroom rental housing units and to increase the availability of apartments for low and moderate income families.

Background

Since 1975, the Minnesota Housing Finance Agency has approved over \$330 million in subsidies for apartment development. These subsidies have provided 11,756 housing units, of which 6,092 are housing for the elderly and 5,664 are for family housing. (10)

Under the MHFA Apartment Development Program, mortgage loans are made for the construction and substantial rehabilitation of multi-family housing for persons and families who meet the Agency's income eligibility limits. MHFA provides both interim and permanent mortgage financing with funds raised through the sale of tax-exempt revenue bonds and notes. In most cases, the housing is privately designed, constructed, and managed. Through the use of tax-exempt funds, developers can obtain financing at rates lower than those charged by conventional lending sources.

Units in developments financed by the Agency are designated as eligible for federal rent subsidies under the Section 8 "Housing Assistance Payments" Program. Under this program, eligible tenants pay no more than 25% of their adjusted income for rent. Many of these tenants, particularly families with children, are in need of units with three or four bedrooms, but few such units are available. Four bedroom units, for example, represent less than 0.4% of all multi-bedroom units in operation, under construction, or in process, according to MHFA data.

Developers are reluctant to build the larger units because they generally involve more cost than the developers can recapture in rent. It is proposed, therefore, that the MHFA grant developers a direct subsidy to help cover the costs of the larger units. The amount of the grant is up to \$5,000 to allow the MHFA to give only a portion of the maximum if the entire amount is not needed to make the project economically viable.

Recommendations

1. The Legislature should appropriate \$200,000 to the Minnesota Housing Finance Agency for the next biennium to provide grants to developers of low and moderate income housing for including four-bedroom units in their developments. Grants to developers should not exceed \$5,000 for each four-bedroom unit in the apartment project and the subsidy can be used to cover additional construction costs and additional management costs.
2. The Governor and the Regional Development Commissions should work to assure that present levels of Section 8 subsidies are maintained.
3. The Legislature should approve the request of the Minnesota Housing Finance Agency for additional bonding authority for the Apartment Development Program.

## MOBILE HOMES

### Purpose

To encourage the use of mobile homes as a home ownership alternative for low income persons and single-parent families.

### Background

Mobile homes currently meet the needs of many low income persons. Almost half of mobile home buyers in 1974 had family incomes under \$9,000 as compared to 12.4% of persons utilizing the Minnesota Housing Finance Agency's mortgage program which excludes mobile homes. Findings of the Minnesota Household Survey by the Office of the State Demographer show that "... families with incomes below \$10,000 find mobile homes one of the few affordable options of home ownership." This opportunity has given many families a sense of stability and control which they could not otherwise have obtained. (11, 12)

This form of home ownership is cost-effective for a number of reasons. The purchase price and initial costs are substantially lower than for comparable conventional homes. Current prices for new single-wide units are as low as \$10,500 and for double-wide units as low as \$17,500. Although direct comparisons are hard to make, the average selling price for a standard home is now over \$50,000. Because initial purchase prices for mobile homes are lower than for conventional homes, total monthly expenses (including loan payments) are approximately 14%-25% lower for mobile homes than for conventional homes, according to MHFA estimates. (13)

Many of the previously common objections to mobile homes as a housing alternative have been overcome by recent developments. One indication of increasing acceptance is new eligibility guidelines developed by the Federal Housing Administration (FHA) and the Veterans Administration (VA), both of which now assist in loan financing. Objections to safety standards have been reconsidered since new regulations, the National Mobile Home Construction and Safety Standards, became effective on June 15, 1976. Some ongoing problems remain with the enforcement of these standards, and with standards which may not be adequate for Minnesota's climate, but these are not insurmountable problems.

General feelings about the aesthetics of mobile homes are changing as new models are built and new materials are used. Many negative feelings are related to the segregation of such homes in parks, which is caused by restrictive zoning laws. In previous years, mobile homes depreciated in value rather quickly. Recent evidence shows that there is now some appreciation in value, although not as great as that of more conventional homes.

### Recommendations

1. Regional planning agencies should include mobile homes in their criteria for judging community provision of low-income housing.
2. The Minnesota Housing Finance Agency should develop pilot programs for (a) financing mobile homes and sites; (b) demonstrating the feasibility of placing mobile homes in urban settings on scattered or clustered sites.
3. Municipal officials should amend local zoning and housing codes to treat VA and FHA-approved mobile home units the same as conventional homes.



## COOPERATIVES AND CONDOMINIUMS

### Purpose

To encourage the development of cooperatives and condominiums as home ownership alternatives for low income families, particularly single-parent families.

### Background

Both cooperative and condominium ownership are relatively new alternatives in Minnesota. Each method has a unique advantage, and both share a number of benefits not found in either apartment rental or purchase of a traditional single-family detached dwelling. (14)

In cooperative ownership, the buyer becomes a stockholder in a non-profit corporation. She enjoys the right to occupy a dwelling unit and shares the responsibilities of ownership with other stockholders. Cooperative housing is financed by a single loan to the corporation rather than several loans to individual owners. Therefore, this method has the advantage of eliminating the need for refinancing each time a resident moves. The outgoing co-op member takes only a portion of the equity accrued by the corporation, thereby keeping the downpayment affordable for the incoming member. This limiting of equity build-up for individuals provides maximum benefits for low income members who are joining the co-op, but only limited benefits (if at all) to low income members who are leaving the co-op. Equity accumulation for co-op members is considerably less than for owners of conventional single family dwellings or condominiums.

In condominium ownership, the buyer generally obtains a fee-simple ownership of the dwelling unit and shared ownership in additional property and facilities. This method has the advantage of allowing each owner more control over the individual dwelling unit and her personal finances than in a rental situation. When a resident moves, the unit is sold in the same way as a detached home.

Low income single-parent families in particular could receive many additional advantages from either method. Unlike rental, both alternatives provide an opportunity to build up equity, though equity accumulation may be negligible in low income co-ops and particularly in federally subsidized co-ops. In both co-ops and condos, residents have more freedom to use and improve the unit than in rental housing. Parents and children gain a sense of stability and control when they are able to make their own decisions about occupancy and improvements. Depending on the age and quality of the structure, some cooperative and condominium units have the advantage of being less expensive, more energy efficient, and easier to maintain than a typical single family detached dwelling.

Because of the inability of low income people to afford conventional financing at current interest rates and sales prices, it is difficult for the private sector to help low income people purchase condominium or cooperative units. Therefore, public subsidy programs should include these options in addition to subsidies for rental housing. (15)

## ANTI-DISCRIMINATION LEGISLATION

### Purpose

To make adequate housing more accessible to families with children.

### Background

Many single-parent families live in rental housing, sometimes by choice, but most often out of economic necessity. The escalating cost of home ownership, in particular, forces these families into rental housing.

Some seek shelter in subsidized rental housing. This option is extremely limited because there is often no vacancy and a long waiting list, especially for multiple-bedroom units.

These same factors contribute to the difficulties experienced by single parents in obtaining market rate rental housing. There is a shortage of rental units as demonstrated by the present low vacancy rate, particularly for multiple bedroom units.

This situation has become extremely serious as a result of the refusal of many landlords to rent to families, especially single-parent families, with children. The single parent in search of adequate housing at an affordable price must compete with other potential tenants who are considered more desirable -- and may be forced to live in other housing which is inadequate, unsafe, or geographically distant from the parent's employment and/or community resources such as child care. Moreover, many families who have been fortunate enough in the past to have located adequate rental housing now face eviction in favor of tenants considered more desirable.

The discrimination against children in rental housing cuts across all economic levels. Acutely affected are low income single-parent families, which are predominantly female-headed. The health, welfare, and safety of those families, and their ability to maintain and preserve the family unit, are threatened when they cannot secure adequate, affordable housing.

There has been some attention focused on public policy favoring equality in housing for families with children. At present there are six states which prohibit, in some form, discrimination in rental policies and procedures against families with children. The statutes usually contain a basic prohibition of discrimination against families with children, either by refusal to rent or by insertion of termination clauses in leases. Some prohibit advertisements containing restrictions against children or the charging of higher rent because of the presence of children. A few provide for limited exclusion, usually for units occupied by elderly or infirm persons. Enforcement procedures and penalties vary.

### Recommendation

Legislation should be developed to prohibit discrimination against families with children in rental housing. As part of that undertaking, the Council on the Economic Status of Women should study the effect of laws in other states, including exemptions, enforcement, and penalties, and consider the possible impact of such legislation on the availability of housing for families in Minnesota.

## WELFARE RULES

### Purpose

To make adequate housing more accessible to single-parent families who receive welfare benefits.

### Background

Single parents who are also welfare recipients face two special problems in obtaining adequate housing. Most recipients live in rental housing, largely because of the high and rising cost of home ownership. Many landlords require security deposits and credit checks from prospective tenants.

Security deposits may be as much as a full month's rent paid in advance in addition to the first month's rent. The average basic grant for a parent with two children under the Aid to Families with Dependent Children (AFDC) program is \$3,960 per year. Although supplemental benefits such as medical assistance are provided, this is clearly only enough money for basic survival needs.

The welfare recipient may therefore be unable to obtain adequate housing, when there is simply no money for a security deposit. In some cases, recipients may default on the last month's rent when moving, in order to save the money for the security deposit at the new location.

Requirements for credit checks may be more strict for welfare recipients, and it may be more likely that negative assumptions will be made about their ability and willingness to pay regular rent. In any case, it can be difficult for recipients to prove that they do have a regular income.

Although welfare benefits may be low, supplemental programs such as medical assistance, food stamps, and school lunches increase the potential for financial stability. Recipients may have a difficult time in explaining, let alone documenting, the complexities of the basic grant system and the value of the supplemental benefits.

### Recommendations

1. Legislation should be enacted establishing security deposits as a special need item in the welfare budget and money should be appropriated for this purpose.
2. The Department of Public Welfare should allow security deposit reimbursements to be retained by the recipient if this is allowable under rules.
3. The Department of Public Welfare should change administrative procedures to allow recipients to request a letter of income verification from the welfare agency.

## LOCAL INCENTIVES AND DISINCENTIVES

### Purpose

To increase the supply of low and moderate income housing units by removing obstacles and disincentives to development in state law and local ordinances.

### Background

By all accounts, the need for low and moderate income housing far exceeds the supply in Minnesota. Waiting lists for public housing and restricted amounts of Section 8 subsidies demonstrate the publicly assisted housing is not available to all who need it. Despite this obvious need, there are often obstacles and disincentives to the development of additional low-income housing units.

A deterrent to the development of low and moderate income housing can be local zoning, density, and land use requirements. While the purpose of zoning ordinances is to promote and enforce land use policy that protects the health and safety of community residents, the possibilities for abuse could occur.

Another major obstacle to the provision of low and moderate income housing is the state law which stipulates that subsidized and public housing must be taxed at significantly lower levels than other kinds of housing. The purpose of the law is to increase the chances for economic viability in these projects; and unintended impact, however, is that local governments are more reluctant to accept low and moderate income housing projects because they fear that service costs may outweigh tax collections.

The zoning recommendation below is based upon legislation enacted in Massachusetts used to guarantee that local zoning ordinances are used to protect the health and safety of a local community and not to exclude some segments of the population from living in one area. The reimbursement recommendation neutralizes the tax burden faced by communities that accept low and moderate income housing.

### Recommendations

1. Legislation should be developed to create a mechanism whereby developers of low and moderate income housing projects are able to appeal local zoning decisions detrimental to the development of the project. The same mechanism should also be used by local communities to appeal refusals of developers to include provisions for low or moderate income housing in their projects.
2. Legislation should be initiated to reimburse local taxing authorities for property tax revenues forgone as a result of state law stipulating lower assessment ratios for subsidized and public housing.
3. Legislation should be developed to more closely define the test for health, safety, and welfare as it applies to zoning ordinances so that unreasonable requirements as to density, area, etc. cannot be imposed simply for the purpose of zoning out lower cost housing in a community. Such legislation is not meant to minimize environmental and land use considerations.
4. The State Planning Agency should conduct research as to the ability of communities to require that developers receiving any state or federal financing for their projects accept a certain percentage of low and moderate income housing.

## FARMERS HOME ADMINISTRATION

### Purpose

To encourage the Farmers Home Administration to use their housing funds to assist low income single-parent families.

### Background

The Farmers Home Administration (FmHA) is a rural credit agency of the U.S. Department of Agriculture. The purpose of FmHA is to provide funds for rural development including the financing of new housing and existing housing in rural areas. The FmHA does this by providing funds for home improvement loans, repair loans and grants, homeownership loans, and rental housing project loans.

In 1978, the agency assisted 2,093 families in Minnesota with loans and grants for housing totaling \$59.6 million, and financed 57 rental projects for \$20.2 million. FmHA single-family grants and loans are made available to low and moderate income individuals and families, and the FmHA-financed rental housing units are designed to meet the needs of low income individuals and to all persons age 62 and older. Currently there is a three-year waiting period for rental units. (16)

The FmHA clearly recognizes the special needs of the elderly, but groups all other low income individuals and families together without making provisions for the special needs of single-parent families. FmHA programs are designed for those who live in rural areas, and it is here that income levels are lowest for female-headed families. Median income in 1977 outside the metropolitan area for female headed families was \$6,680 per year, compared to \$9,120 in the Twin Cities area. (17)

The federal Farmers Home Administration has recently issued a directive to state FmHA offices to set their priorities for the most needy persons in the most economically distressed areas. Clearly, the 74.1% of female-headed families whose incomes are below \$10,000 a year fall into the category of most needy persons.

### Recommendation

The Minnesota state office of the Farmers Home Administration should include as a priority for their programs the needs of low income single-parent families.



## STATE PLANNING AGENCY

Purpose

To study the special housing needs of single-parent families and how well public subsidy housing programs are meeting those needs.

Background

Over the years many studies have been done and much has been written about the housing needs of low income persons. In addition, it has been recognized that distinctive groups within the "low income" designation have special needs - in particular, the elderly and the handicapped. Accordingly, housing programs reflect the special needs of these groups. High rise apartment developments designed for older persons are constructed to be as physically comfortable and convenient as possible, and rents are kept low to accomodate the fixed incomes of the occupants. Barrier-free access is being encouraged for the handicapped group.

The "family" category, however, remains undifferentiated, with no information gathered about the special needs of a significant low income group: single-parent families. Statewide, about two-thirds of single-parent families have incomes under \$10,000. Only 15% of two-parent families have incomes that low. (18)

A recent publication from the Metropolitan Council, "Subsidized Housing Handbook," gives a detailed description of housing resources in the metro area for low and moderate income families, the elderly, and the handicapped. This study shows that of the 32,643 subsidized units in the seven-county area, less than one-quarter are for low income families. However, all family units are grouped together and no information is given about either low or moderate income single-parent families. (19)

Housing programs cannot address the economic and social needs of this group until more and better information is available.

Recommendations

1. The State Planning Agency should conduct a study of the housing needs of single-parent families in an effort to determine how well these needs are currently being met and what must be done to improve housing conditions to meet these needs.
2. The Legislature should appropriate funds to the State Planning Agency to conduct a study of the housing needs of single-parent families.

## HOUSING SUBSIDY ALLOCATIONS

### Purpose

To provide housing in geographical areas which meet the special needs of low income single parent families in relation to the availability of goods, services, and employment.

### Background

The Metropolitan Council has for many years allocated state and federal funds to develop subsidized housing for low income persons, in accordance with the principles that "everyone deserves a decent and affordable place to live, and that all communities in the Region share the responsibility for providing this housing." A major Council housing goal has been to encourage provision of more subsidized housing in suburban communities, where prior to 1971 it was virtually nonexistent.

Currently, more than 35 percent of subsidized housing is located in the suburbs rather than the center cities, and the Council's present allocation plan calls for 70 percent of new subsidized units to be located in suburban and rural areas. While the emphasis on dispersing subsidized housing throughout the Metropolitan area has the desirable social effect of reducing the segregation of poor people and minorities in inadequate center-city housing, testimony before the Council on the Economic Status of Women in public hearings has indicated that a lack of subsidies for central city locations is often a problem for single parent families. (20)

A center city area provides convenient access to a number of resources. The woman who lives alone with several small children is likely to be low income, and may not own a car. In the center city, she can walk to the grocery store and the neighborhood day care center. The city bus line makes it possible for her to get to and from her job, and provides access to a wide variety of social and health services for herself and her children. (21)

At the present time, single parent families are disproportionately represented in the Twin Cities area. Although the general population in Minnesota is fairly evenly split between the Metropolitan area and the balance of the state, more than two out of three (68%) of single parents are residents of the Twin Cities area. Location of subsidized housing is therefore a more significant problem in the metro area because almost two-thirds of these single parent families have annual incomes of less than \$10,000 per year. Allocations as to the specific community in which subsidies are available should take into account the special living needs of this low income group.

### Recommendation

The Metropolitan Council and other regional planning agencies should re-evaluate present allocation policies for subsidized housing to take into account the special needs of low income single-parent families, particularly with respect to geographical appropriateness of such housing in relation to the availability of goods, services, and employment.

## SUMMARY OF RECOMMENDATIONS

MINNESOTA STATE LEGISLATURE

- The Legislature should support increased bonding authority for the Minnesota Housing Finance Agency Homeownership Program and additional appropriations for the Homeownership Assistance Fund. The level of appropriations should be increased relative to the bonding authority to enable the Agency to target a higher proportion of its funds to lower income borrowers, consistent with the Agency's commitment to guarantee benefits to those most in need.
- The Legislature should appropriate \$200,000 to the Minnesota Housing Finance Agency for the next biennium to provide grants to developers of low and moderate income housing for including four-bedroom units in their developments. Grants to developers should not exceed \$5,000 for each four-bedroom unit in the apartment project and the subsidy can be used to cover additional construction costs and additional management costs.
- The Legislature should approve the request of the Minnesota Housing Finance Agency for additional bonding authority for the Apartment Development Program.
- Legislation should be developed to prohibit discrimination against families with children in rental housing. As part of that undertaking, the Council on the Economic Status of Women should study the effect of laws in other states, including exemptions, enforcement, and penalties, and consider the possible impact of such legislation on the availability of housing for families in Minnesota.
- Legislation should be enacted establishing security deposits as a special need item in the welfare budget and money should be appropriated for this purpose.
- Legislation should be developed to create a mechanism whereby developers of low and moderate income housing projects are able to appeal local zoning decisions detrimental to the development of the project. The same mechanism should also be used by local communities to appeal refusals of developers to include provisions for low or moderate income housing in their projects.
- Legislation should be initiated to reimburse local taxing authorities for property tax revenues forgone as a result of state law stipulating lower assessment ratios of subsidized and public housing.
- Legislation should be developed to more closely define the test for health, safety, and welfare as it applies to zoning ordinances so that unreasonable requirements as to density, area, etc. cannot be imposed simply for the purpose of zoning out lower cost housing in a community. Such legislation is not meant to minimize environmental and land use considerations.
- The Legislature should appropriate funds to the State Planning Agency to conduct a study of the housing needs of single-parent families.

## SUMMARY OF RECOMMENDATIONS (CON'T)

MINNESOTA STATE AGENCIES

- The MINNESOTA HOUSING FINANCE AGENCY should include within homeownership programs the following provisions:
  - A. Ten percent of homeownership subsidies should be reserved for single-parent families. The Agency should monitor its progress in meeting this goal.
  - B. MHFA homeownership programs should be more carefully targeted to first-time home buyers. Provisions should be made to ensure consideration of the special circumstances of divorced heads of households. One method which should be considered is the inclusion of asset limitations in program eligibility guidelines.
  - C. Income eligibility adjustments should be changed to widen the spread in proportion to family size.
  - D. Eligibility guidelines should be developed to guarantee the benefits of homeownership programs to those most in need. In establishing measures of need, the Agency should consider income, marital status, presence of children, and previous homeownership.
- The MINNESOTA HOUSING FINANCE AGENCY should develop pilot programs for: (a) financing mobile homes and sites; and (b) demonstrating the feasibility of placing mobile homes in urban settings on scattered or clustered sites.
- The MINNESOTA HOUSING FINANCE AGENCY should earmark funds from their Apartment Development Program for the development of cooperative and condominium housing.
- The MINNESOTA HOUSING FINANCE AGENCY should earmark funds from their Homeownership Program for the purchase of cooperative and condominium housing.
- The DEPARTMENT OF PUBLIC WELFARE should allow security deposit reimbursements to be retained by welfare recipients if this is allowable under rules.
- The DEPARTMENT OF PUBLIC WELFARE should change administrative procedures to allow recipients to request a letter of income verification from the welfare agency.
- The STATE PLANNING AGENCY should conduct research as to the ability of communities to require that developers receiving any state or federal financing for their projects accept a certain percentage of low and moderate income housing.
- The STATE PLANNING AGENCY should conduct a study of the housing needs of single-parent families in an effort to determine how well these needs are currently being met and what must be done to improve housing conditions to meet these needs.
- The GOVERNOR should work to assure that present levels of Section 8 subsidies are maintained.

## SUMMARY OF RECOMMENDATIONS (CON'T)

LOCAL AND REGIONAL AUTHORITIES

- REGIONAL DEVELOPMENT COMMISSIONS should work to assure that present levels of Section 8 subsidies are maintained.
- REGIONAL PLANNING AGENCIES should include mobile homes in their criteria for judging community provision of low income housing.
- MUNICIPAL OFFICIALS should amend local zoning and housing codes to treat VA- and FHA-approved mobile home units the same as conventional homes.
- LOCAL AND REGIONAL HOUSING AUTHORITIES should develop public information and technical assistance programs to encourage the development of cooperatives and condominiums for low and moderate income persons.
- The METROPOLITAN COUNCIL and other REGIONAL PLANNING AGENCIES should re-evaluate present allocation policies for subsidized housing to take into account the special needs of low income single-parent families, particularly with respect to geographical appropriateness of such housing in relation to the availability of goods, services, and employment.

OTHER

- The Minnesota state office of the FARMERS HOME ADMINISTRATION should include as a priority for their programs the needs of low income single-parent families.



APPENDIX

## 1. National Association of Home Builders.

Trends in income and housing costs

	<u>1963-1972</u>	<u>1972-1976</u>
	(% increase)	
Median family income .....	6.6%	7.0%
Median price of new single-family home .....	4.9%	12.5%
Median price of existing single-family home .....	5.3%	9.3%
Mortgage payments for median priced new house ....	6.7%	15.9%
Operating expenses for median priced house .....	7.2%	11.8%
Rents .....	2.6%	5.0%

The Association also notes that "typical monthly housing costs to the buyer of a median priced new house" rose from \$190 per month in 1967 to \$259 per month in 1972, to \$499 per month in 1977.

## 2. Ad Hoc Low Income Housing Coalition, testimony presented to U.S. House of Representatives Committee on Ways and Means, March 15, 1978.

Approximate distribution of housing expenditures  
by income class, fiscal 1977

(Based on Department of Housing and Urban Development  
budgets and estimates)

<u>Income class</u>	<u>% of estimated to- tal expenditures</u>	<u>% of taxpayers in income class</u>
\$ 0- - \$ 5,000	18.1%	28.9%
\$ 5,000- \$10,000	5.4%	22.9%
\$10,000- \$20,000	18.8%	31.7%
\$20,000- \$50,000	42.0%	15.1%
over \$50,000	15.6%	1.4%

Housing-related tax expenditures for individuals, fiscal 1979  
(based on Special Analyses, U.S. Budget, Fiscal 1979)

<u>Tax expenditure</u>	<u>Amount</u> (in millions)
Deduction for mortgage interest .....	\$ 5,530
Deduction for real estate taxes .....	5,180
Deferral of capital gain on home sales .....	980
Depreciation of rental housing in excess of straight line .....	290
Expensing of construction interest & taxes ...	90
5-year amortization of housing rehabilitation.	5
Capital gains on homes of persons over 65 ....	70
Total .....	\$12,145

3. Office of the State Demographer, Minnesota State Planning Agency,  
Minnesota Household Characteristics 1977.

Minnesota households by family status, 1977

	Number (in thousands)	Percent distribution
Husband-wife families	903	67.7%
Female-headed families	88	6.6%
Male-headed families	23	1.7%
All families	1,014	76.1%
Primary individuals-female	202	15.2%
Primary individuals-male	117	8.8%
All primary individuals	319	23.9%
All households	1,333	100 %

Selected characteristics by family type, Minnesota 1977

	<u>Husband-wife families</u>	<u>Husband-wife families with children under 18</u>	<u>Female-headed families</u>	<u>Single-parent* families with children under 18</u>
Number	903,000	496,000	88,000	62,000
Metropolitan area	44.6%	46.8%	60.0%	68.1%
Balance of state	55.4%	53.2%	40.0%	31.9%
Housing owner	86.4%	87.8%	62.1%	53.4%
Housing renter	13.6%	12.2%	37.9%	46.6%
Income under \$10,000	24.2%	14.7%	64.0%	64.4%
Income \$10,000 and over	75.8%	85.3%	36.0%	35.5%
Median yearly income	\$15,560	\$17,220	\$8,050	\$8,230

\*89.9% of single-parent families are female-headed.

4. Citizens League Report, A Better Way to Help the Poor, July 1977.

Average net income per month, family of three (single-parent)

AFDC .....	\$ 330
Medicaid .....	133
Food stamps ....	42
School lunch ...	40
Rent subsidy ...	112
	<u>\$ 657</u>

5. Office of the State Demographer, Minnesota State Planning Agency, Housing in Minnesota 1977.
6. Metropolitan Council, Data-Log, "Social and Demographic Report Number 30," July-September 1978.
7. Minnesota Department of Health.

Divorces in Minnesota by wife's age, 1974

<u>Age</u>	<u>Distribution</u>
19 & under	3.4 %
20 - 29	50.6 %
30 - 39	26.2 %
40 & over	19.7 %
Total	100.0 %

8. According to Minnesota Population Projections: 1970 - 2000, from the Office of the State Demographer, the population will grow by 16% in this period. Assuming the same rate of divorce, this will result in approximately 15,000 divorces per year.
9. Minnesota Housing Finance Agency, "Program Summary: Affordable Home Mortgage Program," June 1978.

<u>Affordable Home Programs</u>	<u>Total Dollars</u>	<u>Estimated # of Loans</u>
1973-74 bond sale - GNMA	\$ 30,000,000	1,261
1974-75 mortgage purchase (bonds)	47,855,000	1,928
1976 appropriations	4,444,000	159
1977 bond sale	72,558,000	2,267
1978 bond sale - Series I	64,315,000	1,837
1978 bond sale - Series II	72,100,000	2,060
Projected HAF Loans 1978-79	7,500,000	1,923
Total	\$299,672,000	11,435

Affordable Home Program - Client Characteristics  
(1974 through 1977 programs)

Average annual gross income - \$13,664.53  
 Average adjusted income - \$12,465.30  
 Percent of previous renters - 75.11%  
 Married - 80.54%    Single - 19.46%  
 Average number of dependents - 1  
 Percent by ethnic group: White - 96.14%    Minority 3.86%  
 Average mortgage - \$28,099.46

Homeownership Mortgages - 1977

<u>Marital Status</u>	<u>Number of Dependents</u>	<u>Number of Loans</u>	<u>Percent of Loans</u>
S	0	234	20.9%
M	0	303	27.0
S	1	18	1.6
M	1	308	27.5
S	2	12	1.1
M	2	244	21.8

10. Minnesota Housing Finance Agency, "Apartment Development Progress Report," September, 1978.

<u>Program</u>	<u>Unit Distribution - New Construction</u>		
	<u>Elderly</u>	<u>Sec.8 Family</u>	<u>Market Family</u>
1975 Sec 8	1,066	492	520
1976 Sec 8	2,977	1,405	533
1977 Sec 8	1,646	964	221
1977 Metro Council	0	85	0
1978 Sec 8	351	442	273
Total	6,040	3,388	1,547

Apartment Development Program - Client Characteristics  
Income Range

<u>Income</u>	<u>Percent of Households Subsidized Units</u>	<u>Percent of Households Market rate units</u>
\$1,000-2,999	16.5%	0.7%
3,000-4,999	31.7	1.7
5,000-6,999	23.0	4.0
7,000-8,999	20.1	7.7
9,000-10,999	7.4	9.3
11,000-12,999	1.2	14.2
13,000-14,999		18.6
15,000-16,999		15.0
17,000 & over		29.0
Total	100.0%	100.0%

11. Minnesota Housing Finance Agency, Final Report: Mobile Homes and Manufactured Homes, March 1978.

Income Distribution of Home Buyers, 1974

<u>Income</u>	<u>MHFA Mortgage Program</u>	<u>U.S. Mobile Home Buyers</u>
Less than \$ 6,000	0.6%	18.7%
\$ 6,000 - \$ 8,999	11.8%	27.1%
\$ 9,000 - \$10,999	31.7%	18.7%
\$11,000 - \$12,999	47.2%	14.6%
\$13,000 - \$14,999	8.7%	8.4%
\$15,000 or more	—	12.5%
Total	100.0%	100.0%
Median	\$11,250	\$9,500

12. Office of the State Demographer, Minnesota State Planning Agency, Housing in Minnesota 1977.

13. Minnesota Housing Finance Agency, Final Report: Mobile Homes and Manufactured Homes, March 1978.

Comparison of typical initial and monthly housing expenses, 1977

<u>Purchase terms</u>	<u>Conventional Home</u>	<u>Mobile Home</u>
Sales price	\$35,000	\$12,500
Downpayment	10%	10%
Interest rate	9.0%	12.5%
Term	30 years	12 years
<u>Initial expenses</u>		
Downpayment	\$3,500	\$1,250
Closing expenses	\$ 500	—
Total	\$4,000	\$1,250
<u>Monthly expenses</u>		
Loan payment	\$255	\$150
Property taxes	\$ 70	\$ 15*
Property insurance	\$ 15	\$ 15
Maintenance	\$ 25	\$ 20
Utilities	\$ 60	\$ 65
Park rent	—	\$ 65
Total	\$425	\$330

\*Property taxes on mobile home only; taxes on land paid indirectly through park rent.



14. Office of the State Demographer, Minnesota State Planning Agency, Housing in Minnesota 1977.

Selected characteristics by tenure (statewide), 1977

	<u>Owner-occupied</u>	<u>Renter-occupied</u>
Total households	996,000	337,000
Percent distribution	100.0 %	100.0 %
Male-headed	84.3 %	58.1 %
Female-headed	15.7 %	41.9 %
<u>Age of head</u>		
Under 25	3.0 %	23.9 %
25 - 34	19.2 %	32.9 %
35 - 44	17.9 %	8.7 %
45 - 64	36.6 %	16.9 %
65 and over	23.4 %	17.6 %
<u>Size of household</u>		
1 person	13.1 %	41.8 %
2 - 5 persons	77.9 %	55.4 %
6 or more persons	8.9 %	2.8 %
<u>Household type</u>		
Families	85.6 %	47.9 %
Husband-wife	78.4 %	36.4 %
Female-headed	5.5 %	9.9 %
Primary individuals	14.4 %	52.1 %
Male	4.7 %	21.0 %
Female	9.7 %	31.1 %
<u>Income</u>		
Less than \$ 5,000	14.0 %	29.6 %
\$ 5,000 - \$ 9,999	17.3 %	27.5 %
\$10,000 - \$14,999	20.2 %	24.0 %
\$15,000 - \$19,999	18.5 %	18.9 %
\$20,000 and over	30.1 %	
Median income	\$14,600	\$8,700

Note: Items may not add to totals because of rounding.

15. Legal Services Advocacy Project, September 1978: Arizona, Delaware, Illinois, Massachusetts, Michigan, New York.
16. Farmers Home Administration, St. Paul Office.
17. Office of the State Demographer, Minnesota State Planning Agency, Minnesota Household Characteristics 1977.

18. Office of the State Demographer, Minnesota State Planning Agency, Minnesota Household Characteristics 1977.
19. Metropolitan Council, Subsidized Housing Handbook: A Guide to Housing Relocation Resources in the Twin Cities Metropolitan Area, March 1978.
20. Office of the State Demographer, Minnesota State Planning Agency, Minnesota Household Characteristics 1977.
21. Metropolitan Council, "Perspectives" magazine, September 1978:

Metropolitan Housing Statistics

Housing takes nearly half the annual income of the lowest income group.

In 1977, about 73,000 families in the area lived in quarters that were overcrowded or without complete plumbing.

Subsidized units are 5.3% of the area's total housing stock, totaling 37,555 subsidized units.

From 1971 to 1976, suburbs with subsidized housing increased from 13 to 83.

1977-87 Metropolitan Council goal for new subsidized units is 10,000 a year; 99,850 in 10 years; with 70% of new units in suburbs and rural areas.

Metropolitan need for subsidized units is 60% for families, 40% for elderly.

## MEMBERS OF THE TASK FORCE ON HOUSING

The following persons attended one or more meetings of the Task Force:

Peggy Alnes, Rothschild Financial Corporation  
 Representative Linda Berglin, Council on the Economic Status of Women,  
 Chair of the Task Force and Chair of the Rental Subcommittee  
 Celeste Birkeland, Powderhorn Residents Group  
 Nancy Bratrud, Department of Housing and Urban Development  
 Phil Cohen, Metropolitan Council  
 Carol Constant, St. Paul Board of Realtors  
 Theresia Crisler, Council on the Economic Status of Women  
 Karen Dekro, Minneapolis Housing and Redevelopment Authority  
 Virginia Erhard, Council on the Economic Status of Women  
 Monica Erler, Women's Advocates  
 Evelyn Franklin, University of Minnesota  
 Nancy Freeman, Women in Housing  
 Metric Giles, St. Paul Tenants Union  
 Marcia Janssen, Minnesota Public Interest Research Foundation  
 Diane Vener Johnson, Minnesota Department of Human Rights  
 Susan Johnson, St. Paul Homebuilders  
 Lisa Kugler, Minnesota Tenants Union  
 Riva Lee, Minnesota Housing Finance Agency  
 Senator Bill Luther, Council on the Economic Status of Women  
 Mary Mueller, Common Space, Inc.  
 Lynnae Nye, Mortgage Bankers Association  
 Mary O'Hara, Council for the Handicapped  
 George Rehm, Legal Assistance of Ramsey County  
 Nancy Reeves, Metropolitan Council  
 Kathy Robson, United Handicapped Federation  
 Kennon Rothchild, Mortgage Bankers Association  
 Ron Smith, St. Paul Urban League  
 Senator Allan Spear, Council on the Economic Status of Women,  
 Chair of the Homeownership Subcommittee  
 Jane Stevenson, State Planning Agency  
 Mary Stuber, Minnesota Housing Finance Agency  
 Nan Swift, St. Paul Tenants Union  
 Lois Velasco, Minnesota Multi-Housing Association  
 Bonnie Wallace, Augsburg College

### STAFF:

Denise Anderson, Senate Research  
 Steve Hinze, House Research  
 Cheryl Hoium, Council on the Economic Status of Women  
 Nina Rothchild, Council on the Economic Status of Women

### MEETING DATES

August 2, August 16, August 30, September 13, September 27, October 11,  
 October 25, November 8, November 15, December 6, December 20 -- all 1978.

January 19, 1979