

# Affordable Housing: Facts and Trends

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11/19/21

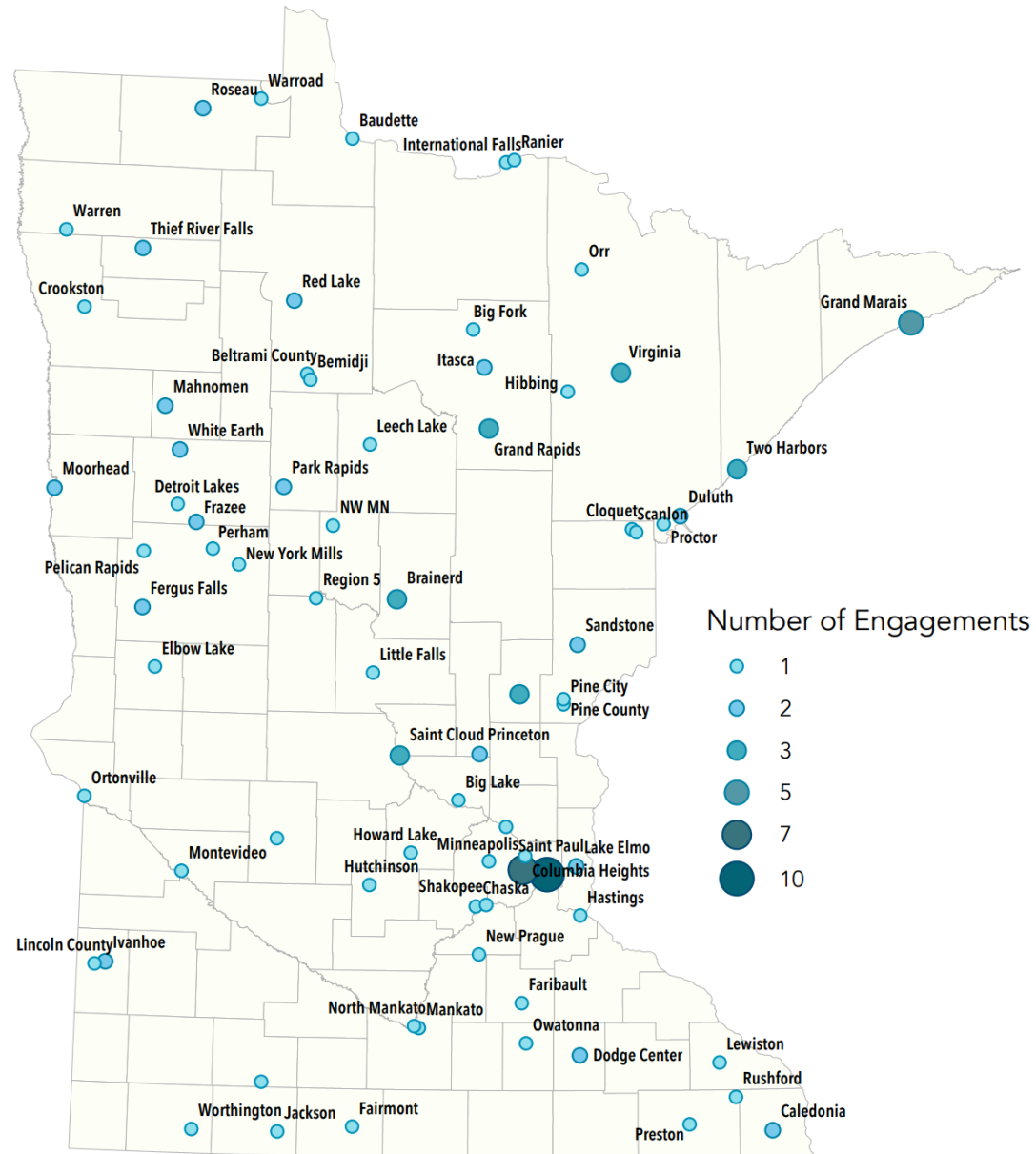
# Areas of Focus

Research | Policy | Community Development



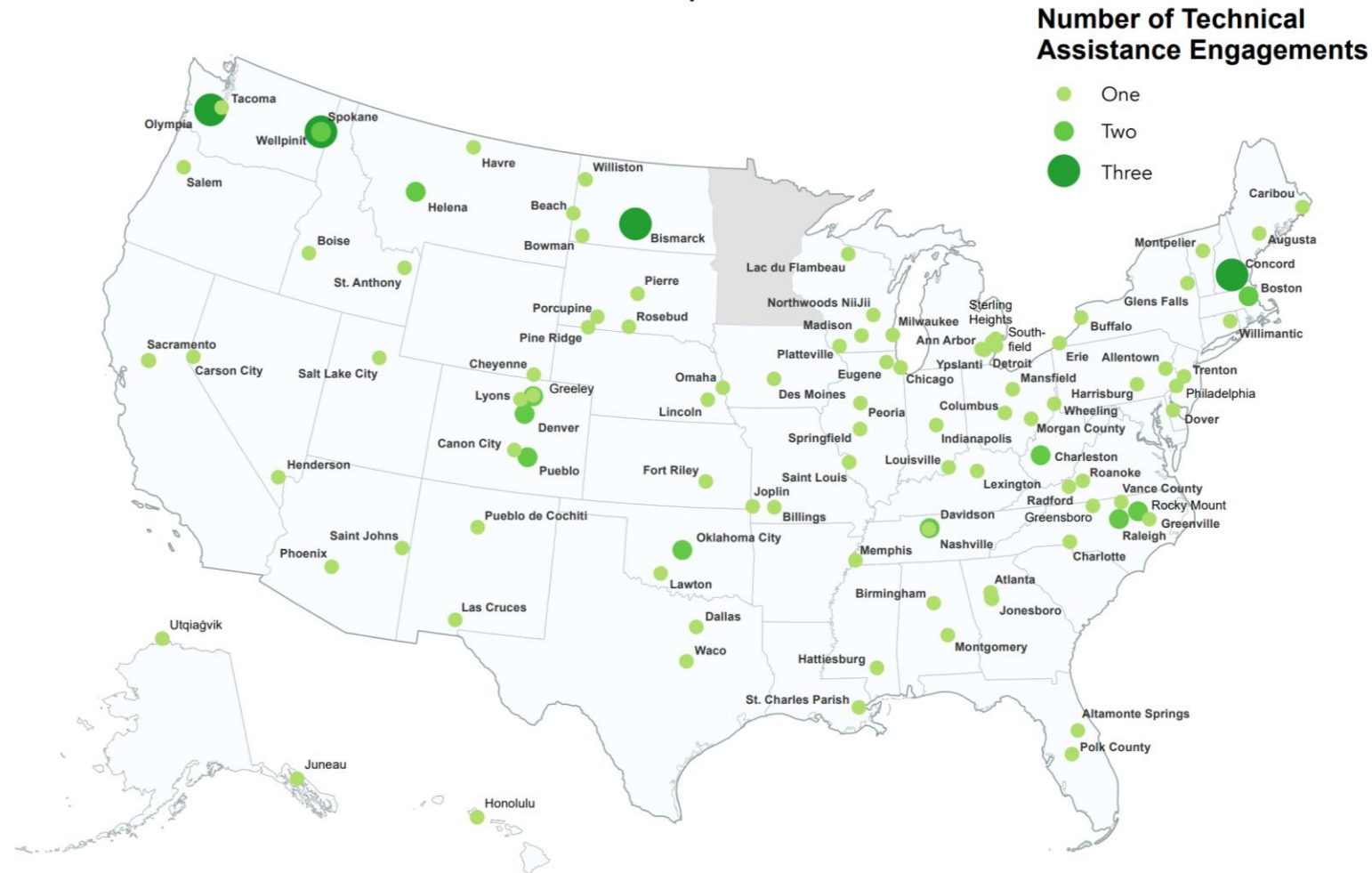
# Rooted in Minnesota

## MHP Technical Assistance Locations in MN 2009-2020



# Working Nationwide

MHP Technical Assistance Locations, 2009 to 2020



# Why housing matters

Children learn  
Workers earn  
Seniors thrive  
**Communities prosper**



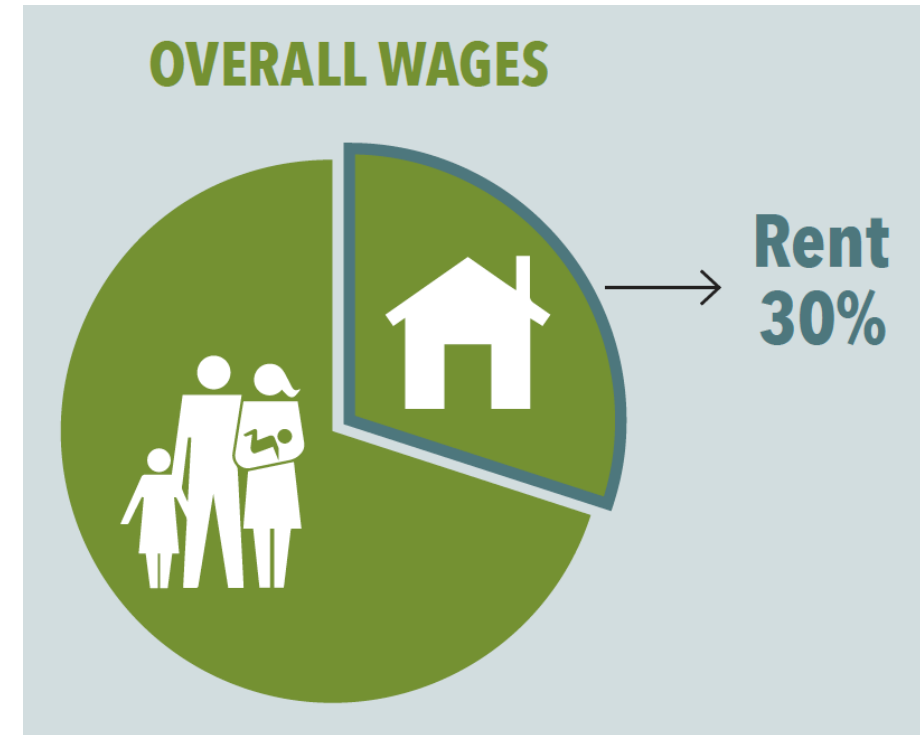
# Common Housing Terms

- **Area Median Income (AMI):** The household income for the median, or middle, household in a region.
- **Extremely low income households (ELI):** Households at or below federal poverty level or at or below 30% of AMI
- **Low income:** Households at or below 60% AMI
- **Naturally Occurring Affordable Housing (NOAH):** Unsubsidized properties with rents that are affordable to households with income at 60% AMI.

# What is affordable? What is cost burden?

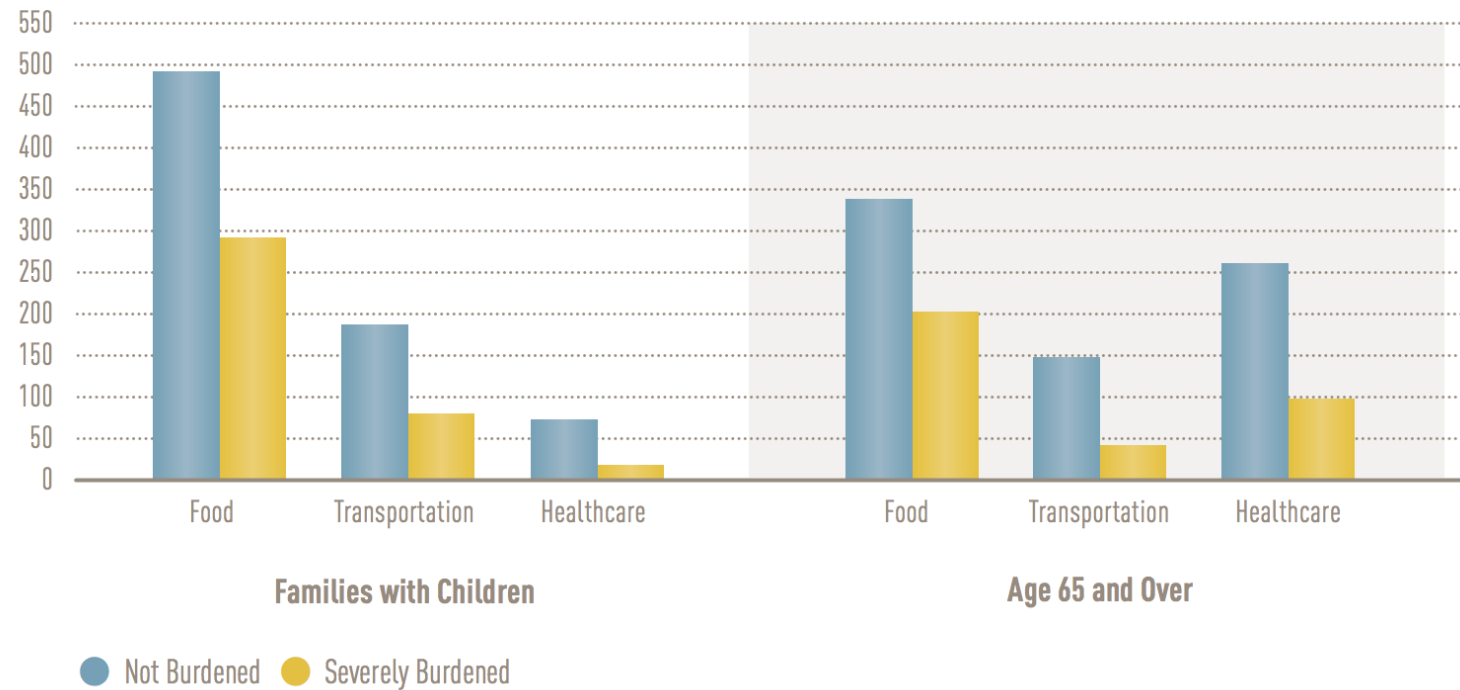
Housing costs (rent or mortgage and utilities) are considered affordable if they are **less than 30% of income**.

- **Cost burden:** households that pay 30% or more of income on housing
- **Severe cost burden:** households that pay 50% or more of income on housing.



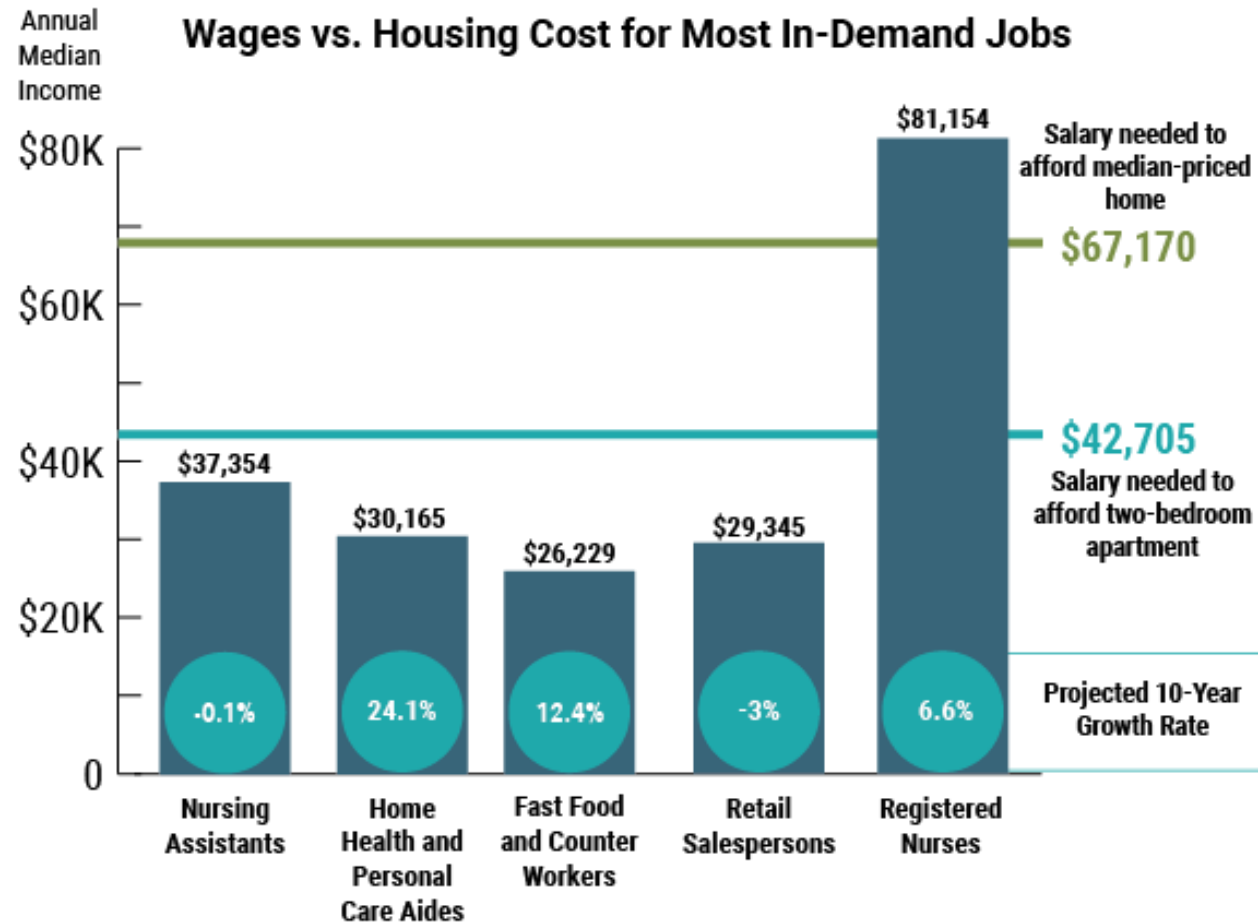
# When families **pay too much for housing**, they have less to spend on other necessities...

Average Monthly Expenditures of Low-Income Households (Dollars)





# Minnesota: Top Jobs vs Housing Cost



SOURCE: MN DEED January 2022 (jobs data); MHP 2021 State of the State's Housing (for housing data).

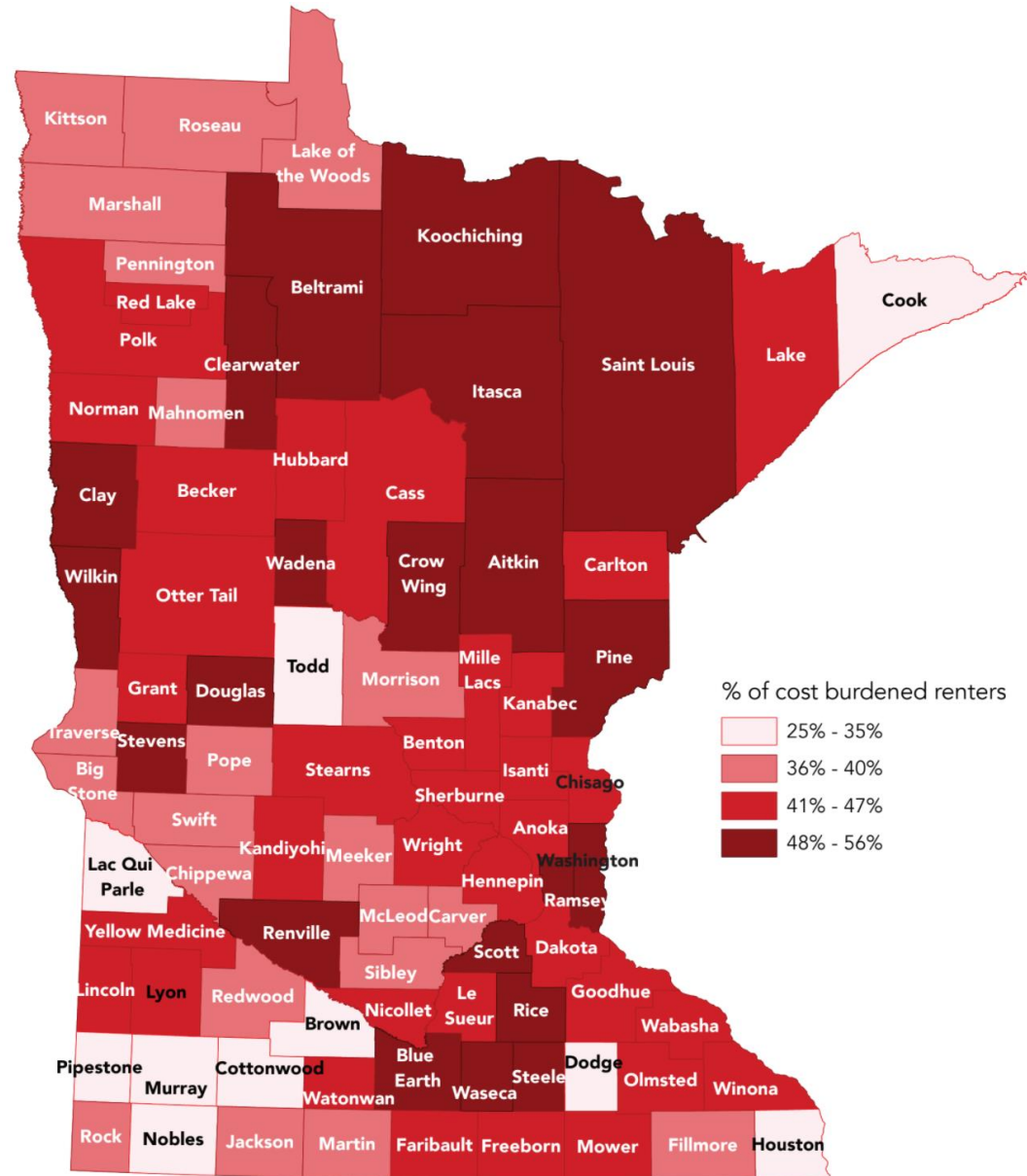
# Minnesota Cost Burdened Households

More than **554,272**  
households (25%) -  
**homeowners and renters**  
- pay more than they can  
afford for housing



**25%**  
of Minnesota  
households  
pay more than  
they can afford  
for housing

# Renter Cost Burden



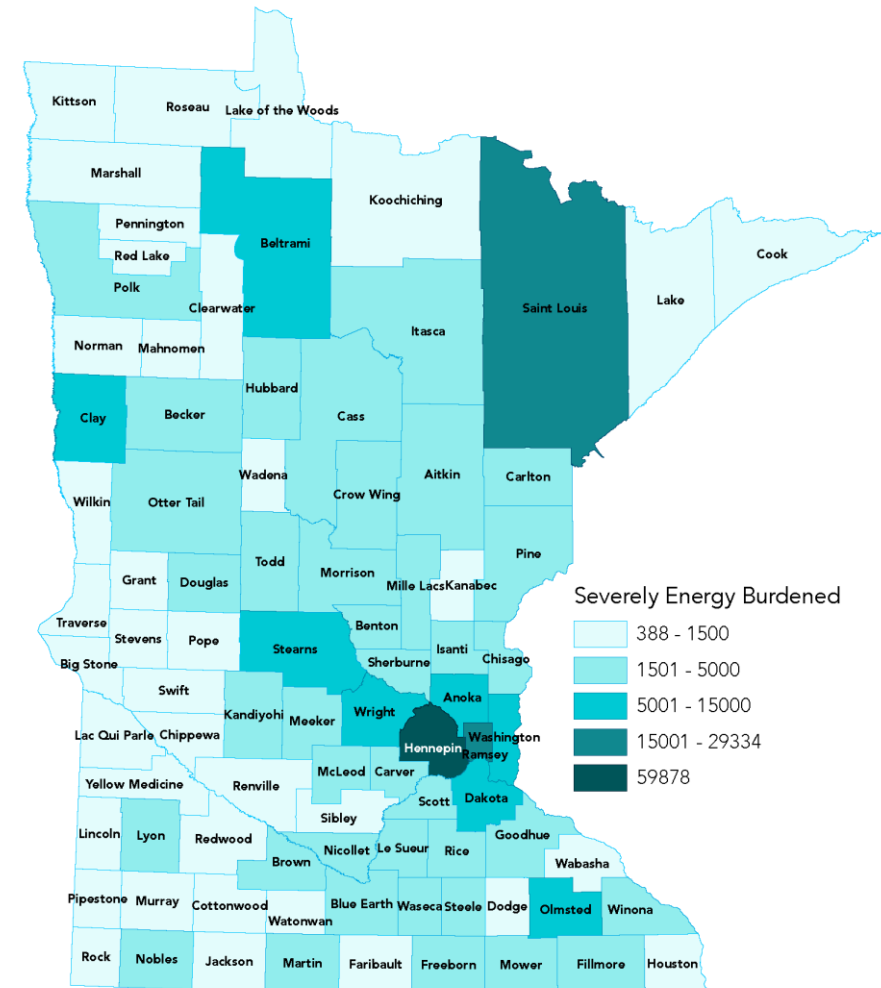
# Energy Cost Burden for Minnesotans

**Energy burden** for Minnesota's ELI households is **13% of income**, while average for Minnesotans is 2%

- Paying >6% on energy bills is high
- Paying >10% is considered **severe energy cost burden**



Households Experiencing Severe Energy Burden



# Renter Cost Burden Disaggregated by Race and Income

Cost Burdened Renters: 268,764



white renter  
households

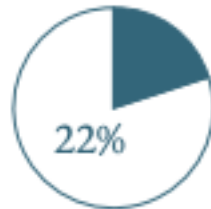


Black renter  
households

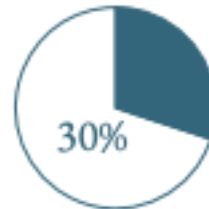


renters < \$35,000  
income

Severe Cost Burdened Renters: 130,332



white renter  
households

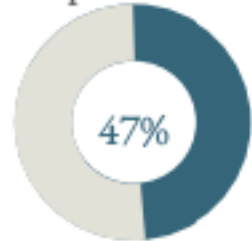


Black renter  
households

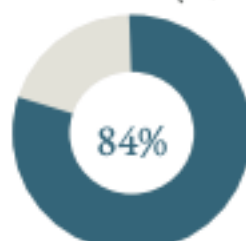
# Rent Debt Data

Minnesotans' Estimated Total Rent Debt: \$144,600,000

People of Color



Low Income (<\$50k)



\$139,500,000

Estimated total rent debt

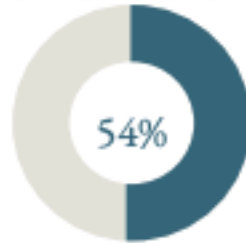
65,000

Households behind on rent

Unemployed



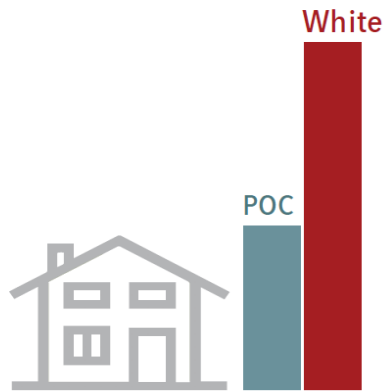
Households with Children



58,000

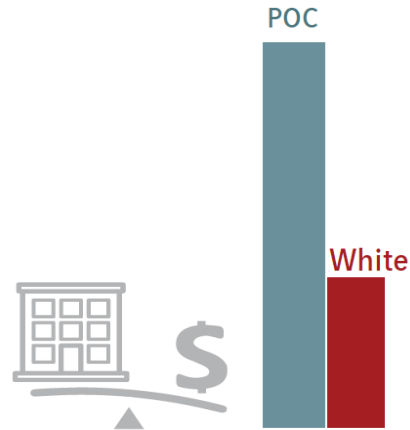
Children in behind households

# Past and present structural racism requires targeted remedies



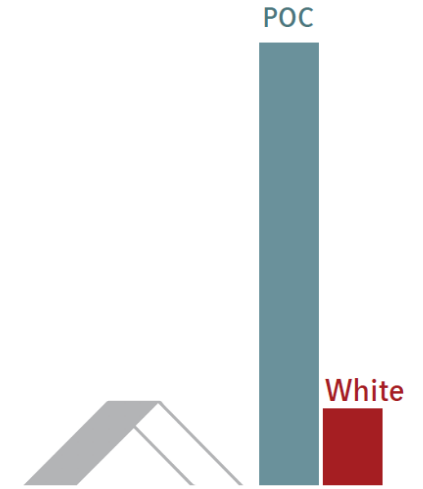
Homeownership

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



Severe cost burden

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

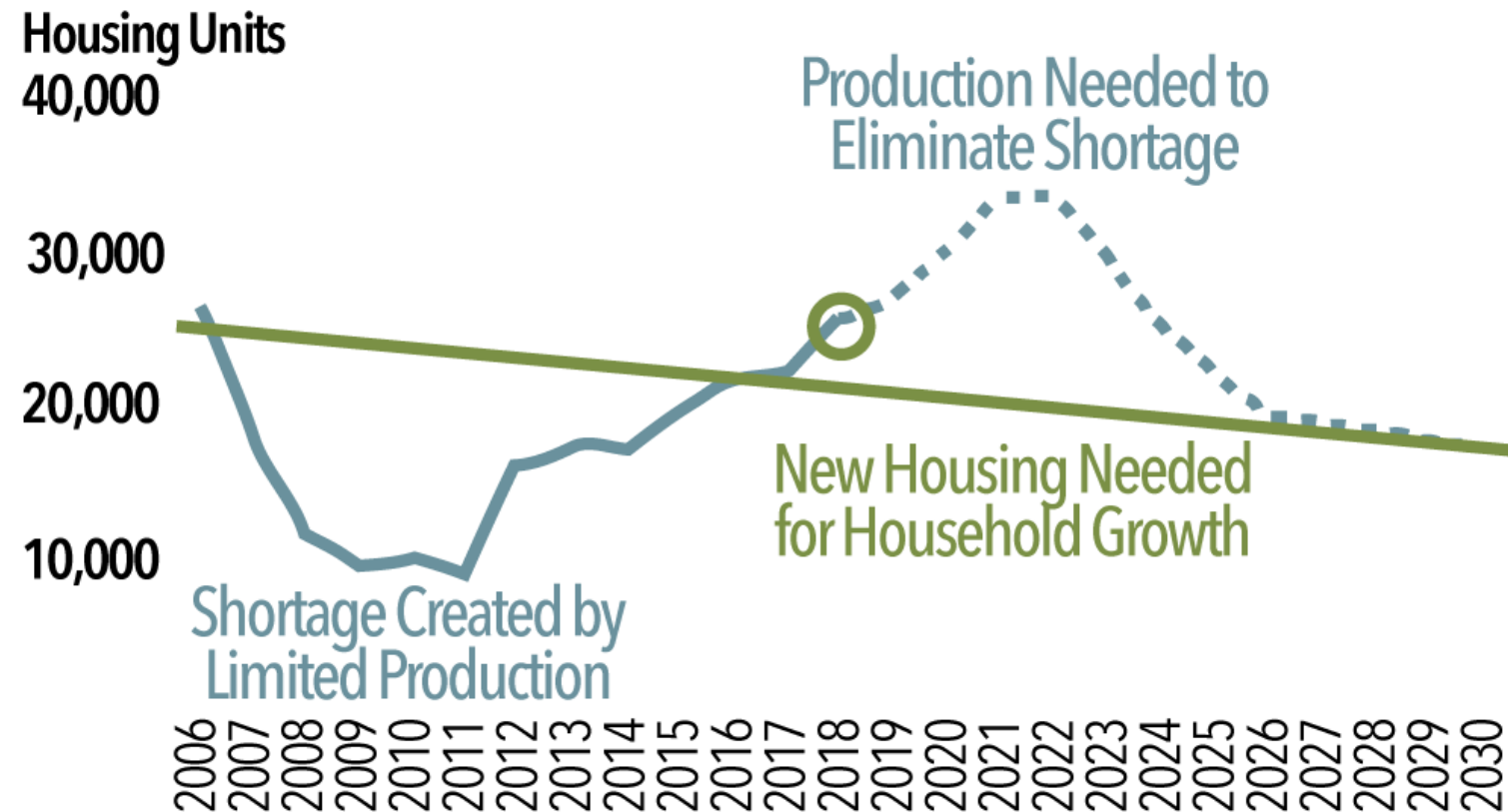


Homelessness

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

# Future Supply Needs

Minnesota is falling behind...



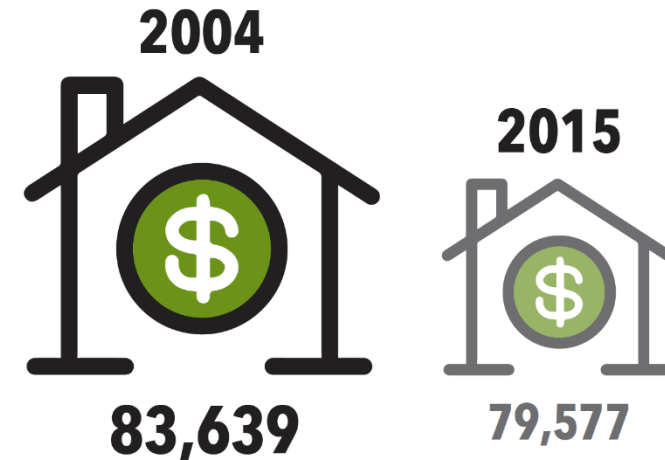


# Federal Investments Declining

Federal investment in income-targeted housing programs continues to decline, putting greater pressure on states and cities.

## MN Families receiving federal rental assistance

Households per year



SOURCE: Office of Management and Budget, compiled by CBPP; "Housing Assistance" includes the Section 8, public housing, homelessness assistance, Section 521, Homes, Native American Housing, HOPWA, and Section 202 and 811 programs, as well as many smaller programs

# Rental Assistance

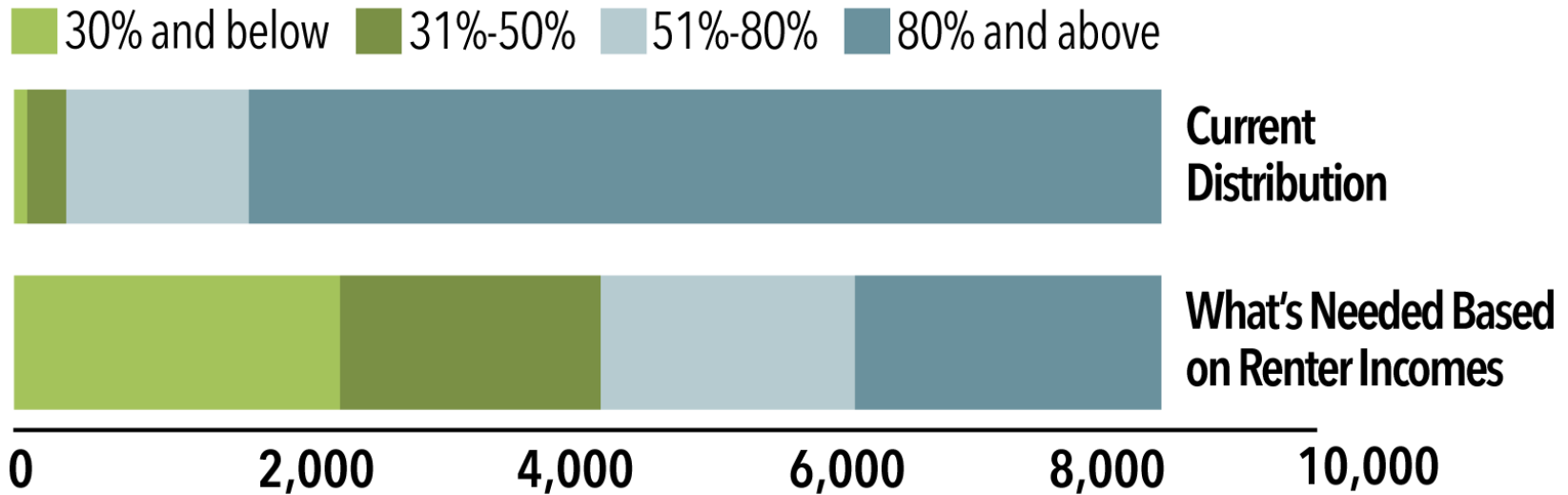
**3 in 4 renter households that are eligible for rental assistance  
DO NOT receive it**



***Meanwhile, ALL homeowners receive a subsidy  
through the mortgage interest deduction***

# Housing Production in Minnesota

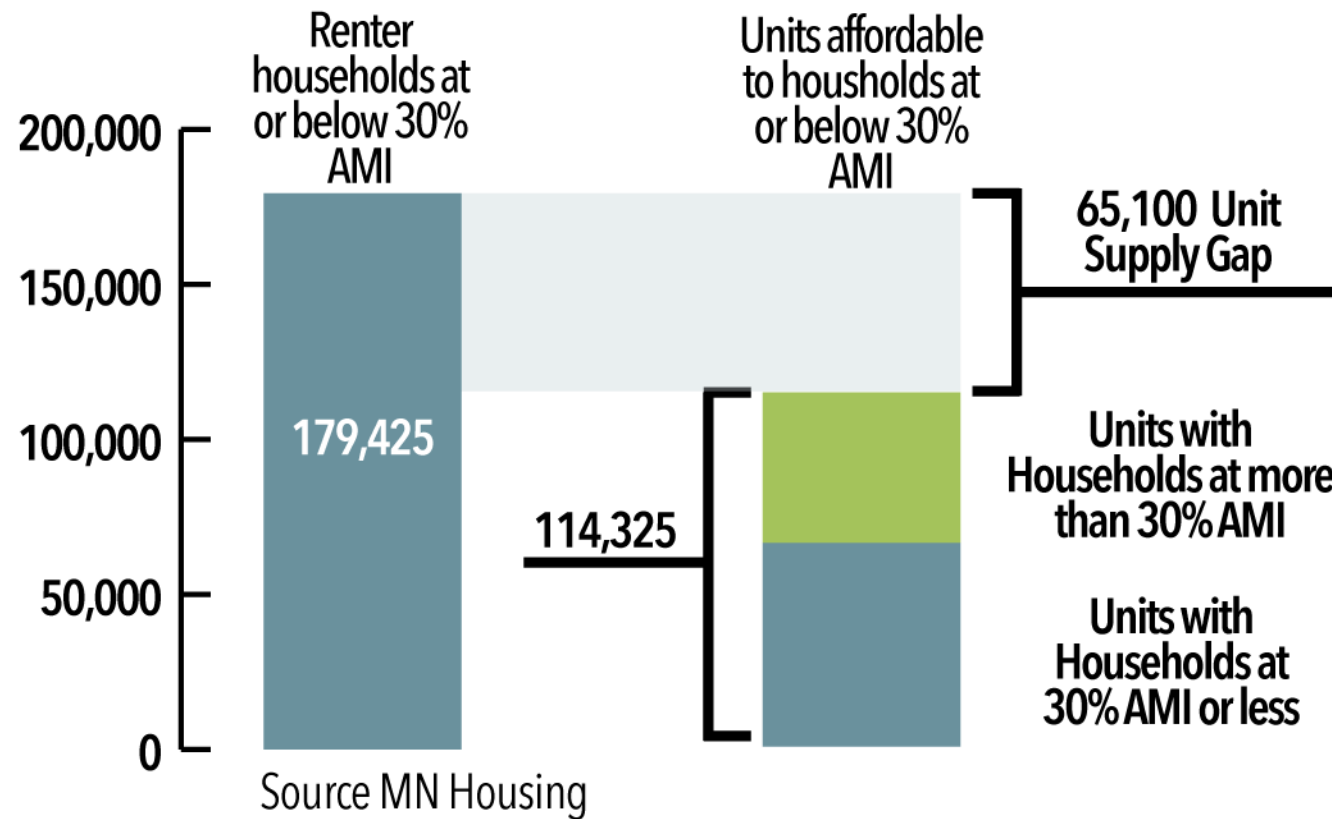
There is a severe mismatch between market supply and market demand. Production of new units is skewed toward higher incomes.



Total housing units produced annually in Minnesota. Source MN Housing

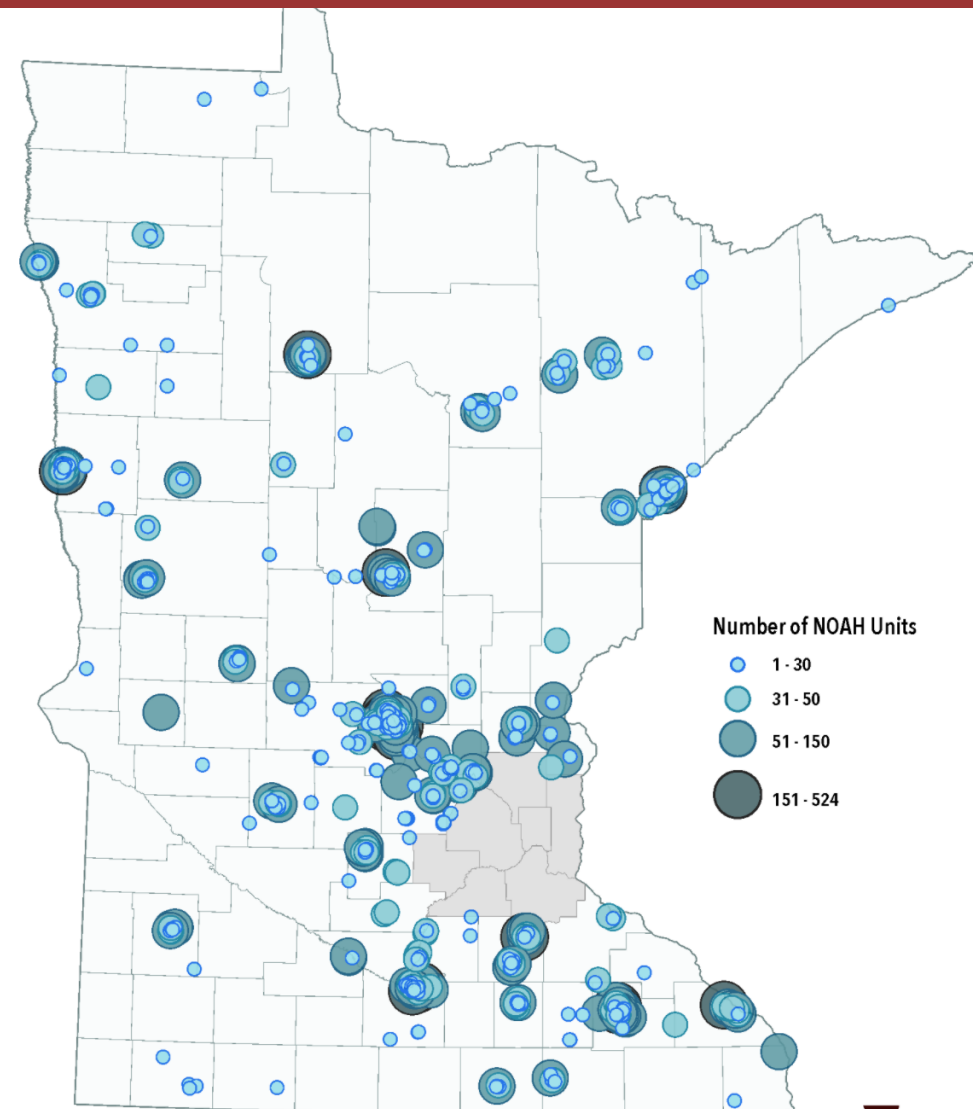
# Housing Supply Gap

The mismatch is greatest for households below 30% median income. Targeting resources to these households requires new tools and increased investment.



# Minnesota's naturally occurring affordable homes

- 4+unit buildings tracked in MHP's *Market Watch* series
- Units rent <60% AMI
- Aging properties that need investment
- At risk for sale/increased rents
- Heat map with statistically significant clustering: **Moorhead, Brainerd, Duluth, St Cloud, Mankato, Rochester, Faribault/Owatonna**





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