# Affordable Housing: Facts and Trends

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#### **Areas of Focus**

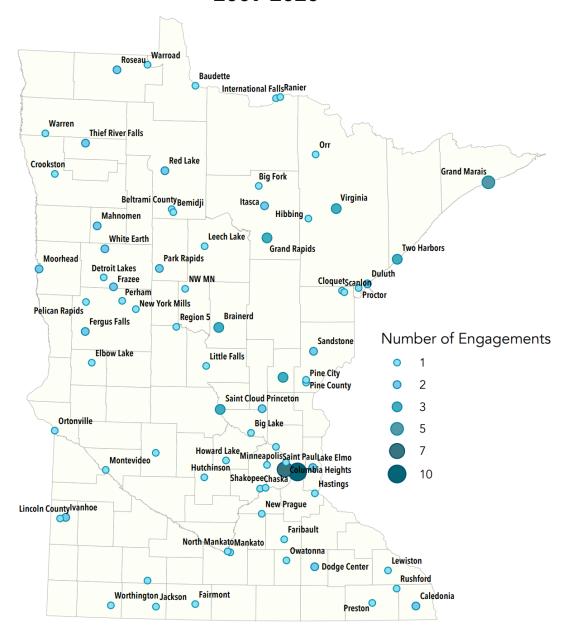
#### Research | Policy | Community Development



# 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

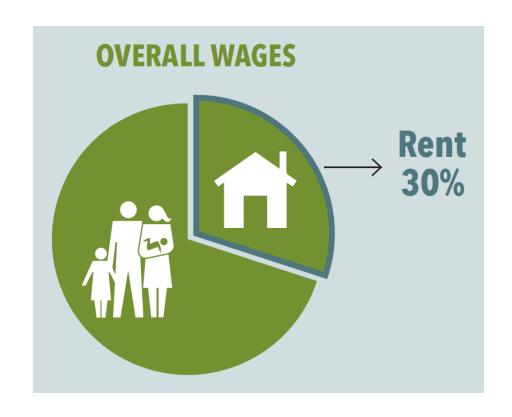
- Area Median Income (AMI): The household income for the median, or middle, household in a region.
- Extremely low income households (ELI): Households at or below federal poverty level or at or below 30% of AMI
- Low income: Households at or below 60% AMI
- Naturally Occurring Affordable Housing (NOAH):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



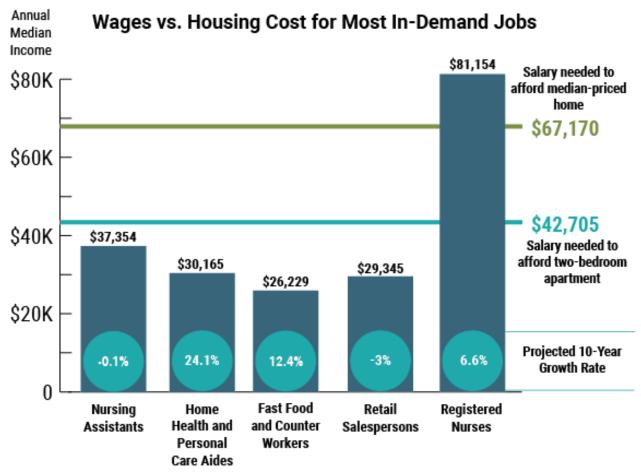


## When families pay too much for housing, they have less to spend on other necessities...

Average Monthly Expenditures of Low-Income Households (Dollars) Transportation Healthcare Food Healthcare Food Transportation **Families with Children** Age 65 and Over Not Burdened Severely Burdened



### Minnesota: Top Jobs vs Housing Cost





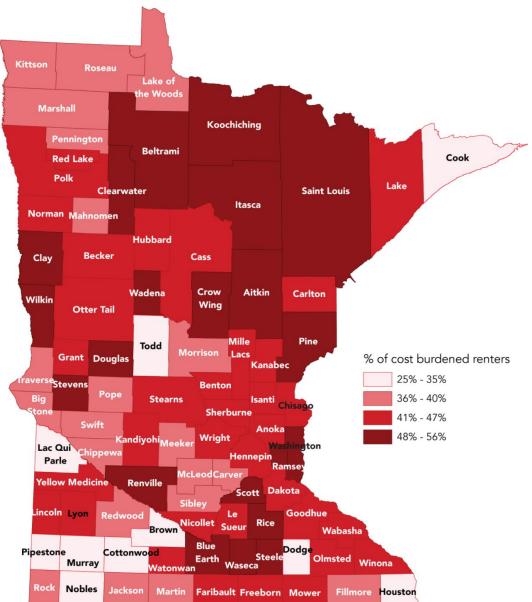
#### Minnesota Cost Burdened Households

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





### Renter Cost Burden



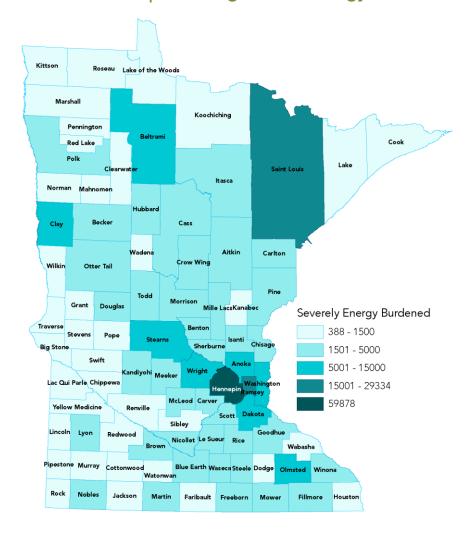


#### Energy Cost Burden for Minnesotans

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







Severe Cost Burdened Renters: 130,332

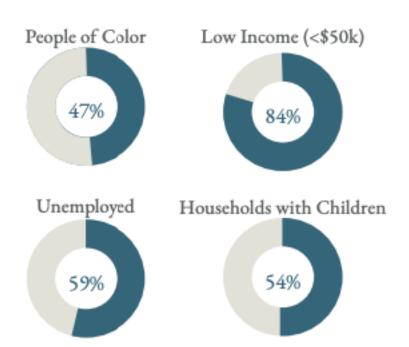






#### Rent Debt Data

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



\$139,500,000

Estimated total rent debt

65,000

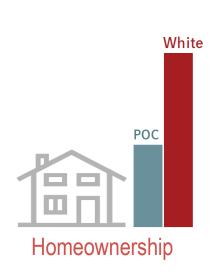
Households behind on rent

58,000

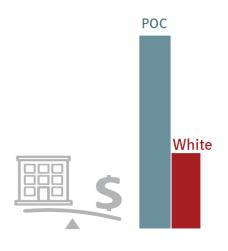
Children in behind households



## Past and present structural racism requires targeted remedies

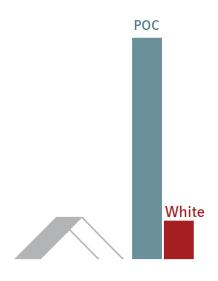


People of color households are **half as likely** to own a home as white households



Severe cost burden

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



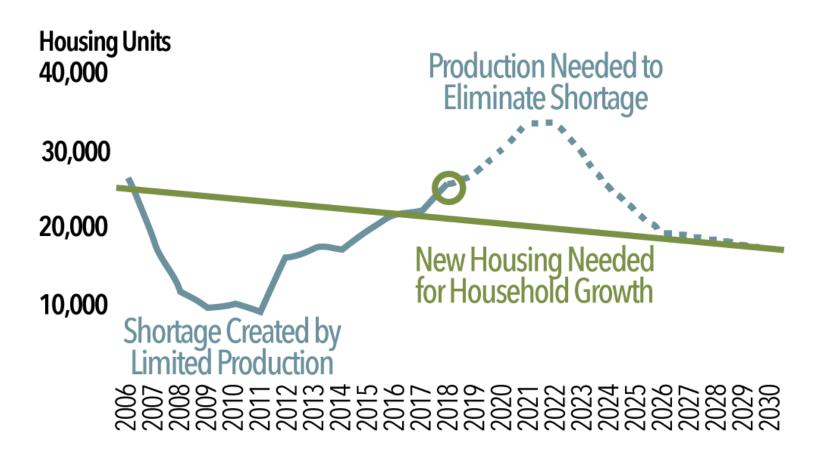
Homelessness

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



#### **Future Supply Needs**

Minnesota is falling behind...

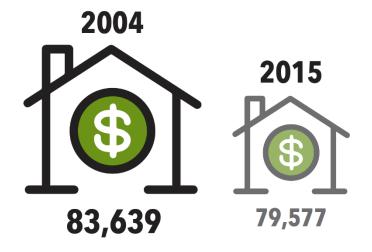


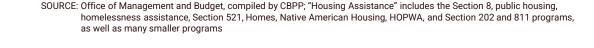
#### Federal Investments Declining

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







#### Rental Assistance

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

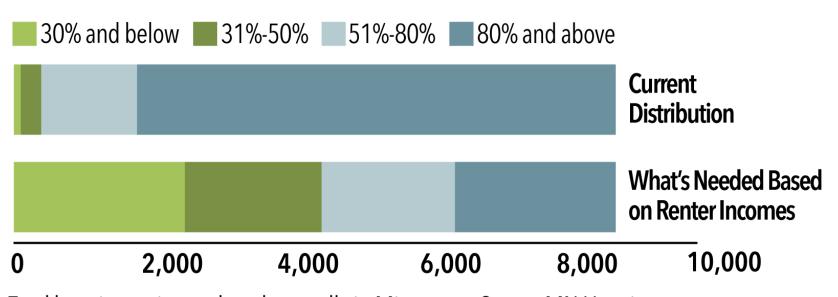


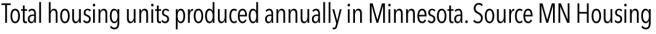
Meanwhile, ALL homeowners receive a subsidy through the mortgage interest deduction



#### **Housing Production in Minnesota**

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

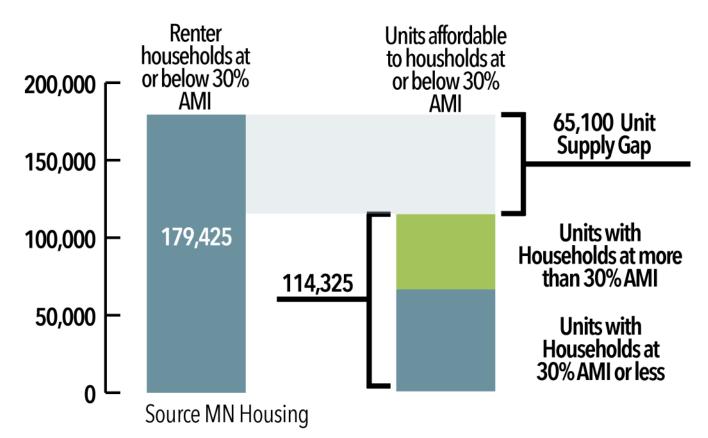






#### **Housing Supply Gap**

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

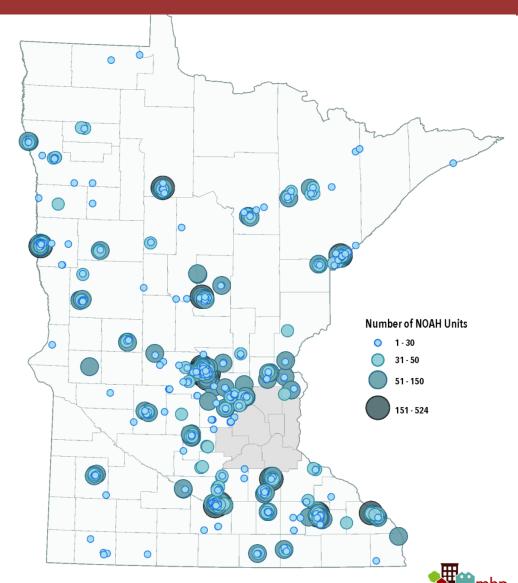




#### Minnesota's naturally occurring affordable homes

- 4+unit buildings tracked in MHP's Market Watch series
- Units rent <60% AMI</li>
- 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





#### Affordable Housing Continuum Minnesota



Low Market Rental | Naturally Occurring Affordable Housing | Workforce housing

**Episodic Housing** 

Crises and Service

Needs

**Housing Type** 

eltered Shelters Supportive Housing
Public Housing | Section 8 Vouchers

Homeownership Assistance

Homeownership Assis

Community Land Trusts, Resident Ownership, Cooperative Ownership

Working Poor |

People with

**Episodic Housing** 

Crises and Service

Needs

Income

#### \$20,000 and below

\$20,000 to \$34,999

\$35,000 to 49,999

\$50,000 to \$74,999

High Market Rental and Homeownership

**Population** 

249,437 total households

19% of all BIPOC households are in this income level.

**10%** of white households are in this income level.

People Experiencing Homelessness | People with Disabilities | People with Service Needs | People Exiting

Incarceration

253,352 total households

16% of all BIPOC households are in this income level.

**28%** of white households are in this income level.

Working Poor | 258,205 total households

15% of all BIPOC households are in this income level.

**8%** of white households are in this income level.

383,640 total households

17% of all BIPOC households are in this income level.

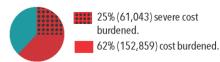
18% of white households are in this income level.

People Who Are Accessing Market Housing but Are Limited by Locational Choice

Housing Cost Burden

Cost burden occurs when households pay >30% of income on housing. Severe cost burden occurs when households pay >50% of income on housing.

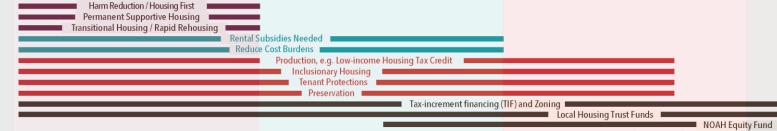








Strategies



created by:

improving home & community

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**Partners** 

Service Providers Landlords / Owners
Nonprofit Developers and Community Land Trusts

For-Profit Affordable Housing Developers

Community Land Trusts, Resident Ownership, Cooperative Ownership

■ For-Profit Developers

Funders

Capital Funders: Cities, counties, MN Housing Finance Agency (MN Housing), U.S. Dept of Housing & Urban Development (HUD), Metropolitan Council, low-income housing tax credits, equity investors, Federal Home Loan Bank | SERVICE Funders: Counties, Dept of Human Services (DHS), foundations | Rental Assistance and Operating Funders: Public Housing Authorities, DHS, counties, MN Housing

Capital Funders: Private banking systems, equity investors, MN Housing (homeownership)

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