



Homeownership Minnesota

Presenters:

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Homeownership Minnesota

- **Homeownership Minnesota** elevates the role of affordable homeownership as a critical component of solving the statewide affordable housing shortage and as a necessary step toward closing wealth disparities and addressing racial inequities.
- Affordable ownership is a critical component of a healthy affordable housing continuum. Investing in ownership housing will positively impact the full continuum.
- We are practitioners – we build ownership opportunities, we prepare homebuyers, we conduct home repairs, foreclosure prevention counseling, and other preservation efforts.
- Policy and advocacy focus: increasing public resources and attention to the preparation of homeowners and the production and preservation of affordable ownership housing.

HOM Membership

- Statewide Representation
- Nearly every county in MN
- Diverse affordable ownership production models: Land Trust, Co-ops, Manufactured Housing, single family ownership
- Experts in homebuyer education, home production, mortgage lending, and foreclosure prevention programming

HOM membership: (*Denotes CDFIs)

Twin Cities: City of Lakes Community Land Trust, Dayton's Bluff Neighborhood Housing Services, Greater Metropolitan Housing Corporation, Home CO (Aurora-St Anthony Neighborhood Development Corporation, Build Wealth MN*, Model Cities), Neighborhood Development Alliance*, NeighborWorks Home Partners*, PRG, Inc., Project for Pride in Living, Inc. (PPL), Twin Cities Habitat for Humanity*, Urban Homeworks, Inc.

Greater MN: Habitat for Humanity of Minnesota* (24 affiliates), MN CAP (24 CAP agencies & 11 Tribal Nations), Minnesota Community Land Trust Coalition (4 Land Trusts), Minnesota Homeownership Center, Northcountry Cooperative Foundation, One Roof Community Housing*

Statewide Need

Racial gap in homeownership: Currently 5th worst in nation.

- A net gain of 5,000 homeowners of color would get us to 11th worst (or 40th best position).
- A net gain of 20,000 Homeowners of Color gets us to 30th best position
- A net gain of 50,000 homeowners of color gets us to 18th best position

Median Home Price in Minnesota is \$307,644

- Depending on the market \$100k-\$200k in affordability gap needed to bridge the difference between cost of home and mortgage obtained.

Assuming reasonable lot acquisition costs, it is costing most developers \$350k-\$500k to build a new SF home. Depending on the location, those homes once completed appraise for \$200k-\$400k.

Given current construction costs, to make homes affordable to households earning less than 80% AMI we need to infuse \$150k-\$275k per home and closer to \$175k-\$325k to make affordable to households below 60% AMI.

Homeownership is Affordable Housing

For renters who make less than 50k a year...

75% are cost burdened

meaning they spend at least

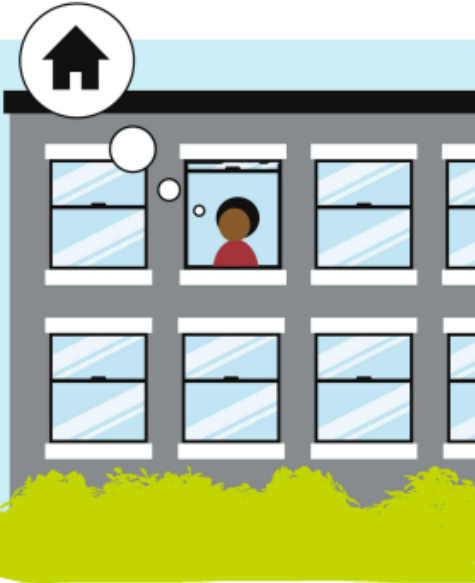
30% of their income on housing



42% are severely cost burdened

meaning they spend at least

50% of their income on housing



In **2/3** of U.S. counties it is cheaper to own than rent a home



Rentals are also vulnerable to large market increases making them less affordable over time. Between 2010 and 2020 rents increased an average of

3.19%

The typical homeowner spends about

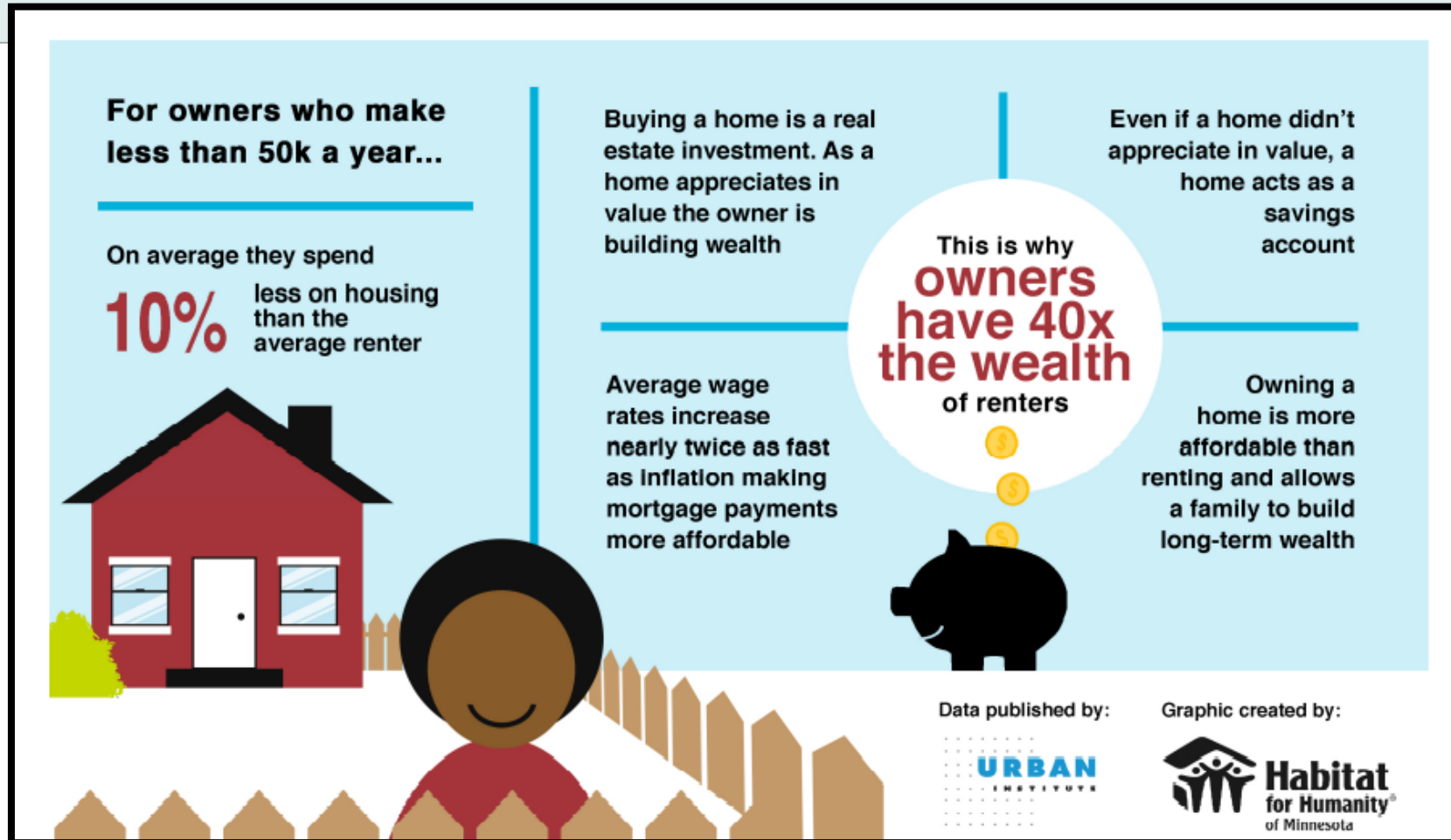
\$167 per month

on maintenance and improvements.

Homeowners still pay less than renters per month



Homeownership is Affordable Housing



Homeownership Impacts

Education & Finance Stability

- 90% of Habitat homeowners said they feel better about their children's future.
- 64% feel their children's study habitat improved.
- In 92% of Habitat homes, at least one adult started, completed, or plans to start higher education or training programs after moving in.
- 65% of CLCLT homeowners report having confidence in handling financial crisis if one occurred

Community & Family

- 84% of homeowners reported that they feel "very connected" "somewhat connected" to their community.
- 2/3 said they get along better with their family.
- 70% said they spend more time with their families.
- 87% of current CLCLT homeowners report they have a better quality of life since becoming CLCLT homeowners

Our Solutions – Invest in Homeownership

To address the lack of entry level homes, close the racial wealth gap, and create equitable economic recovery statewide, our state needs to:

- Increase from a production average of 100 units annually to 500 units annually
- Create new and different financing tools that reach BIPOC and LMI households
- Expand access to down payment assistance
- Invest in the network's capacity and infrastructure

How:

- Build up and effectively design the Workforce & Affordable Homeownership Fund
- Invest in affordable housing Community Development Financial Institutions
- Invest in Down Payment Assistance & Homebuyer Preparation programs

Wrapping Up

- For many, homeownership is out of reach:
 - MN Housing research identified **27,000 households** occupying the most affordable rental units that are income qualified for home ownership.
 - **61,000 households of color** are income qualified for homeownership but continue to rent at all affordability levels.
 - **Greater Minnesota** presents challenges in developing affordable rental units that single-family development solves.
- We must deepen the state's investment in the affordable ownership – the preparation of homebuyers, the production of new units, and the preservation and stabilization of current homeowners.

Questions



Contact Information

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