

Understanding Affordable Housing



January 14, 2021

Anne Mavity, Executive Director

Libby Murphy, Deputy Director Policy

MHP is an equal opportunity provider.

Minnesota Housing Partnership (MHP)

Minnesota Housing Partnership (MHP)
strengthens development capacity and
promotes systems change to expand
opportunity, especially for those with the
greatest need.

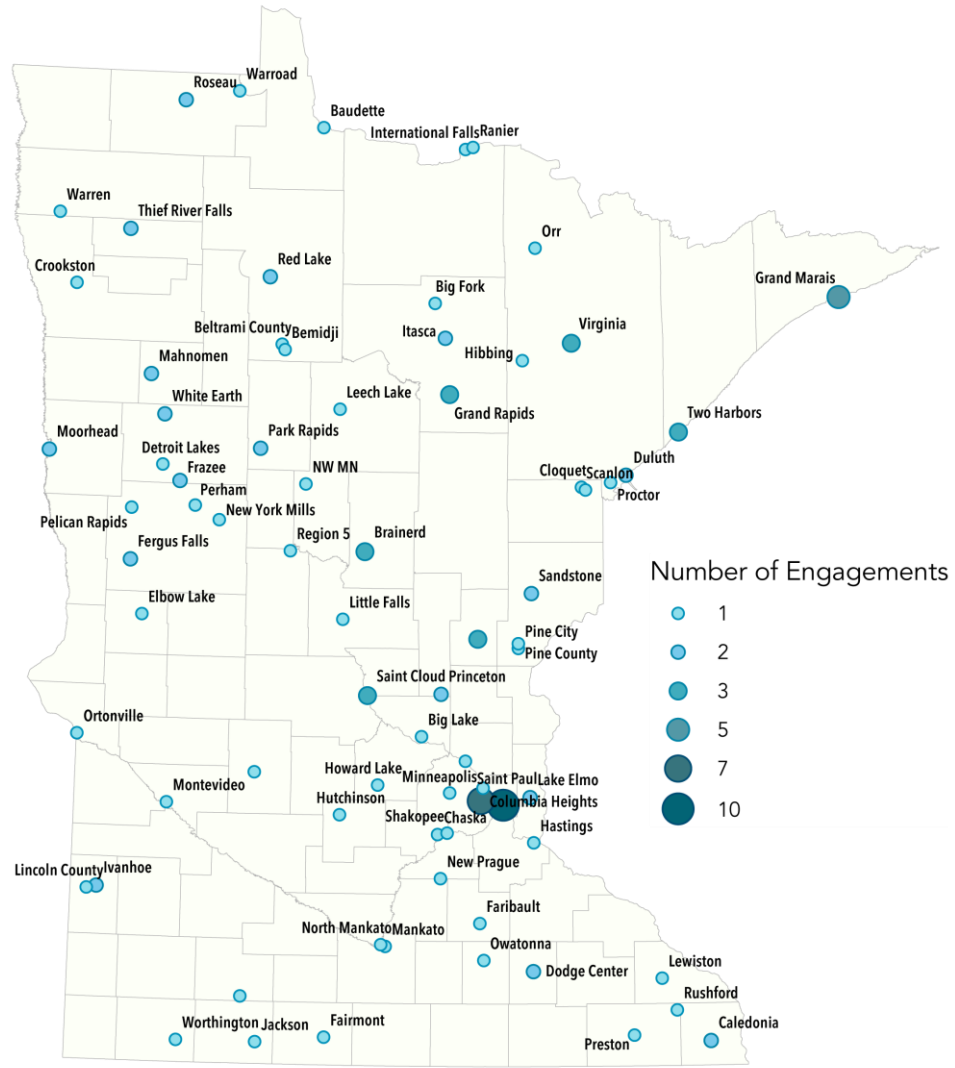
We support, lead, and collaborate with a
diversity of partners to stimulate innovation
and drive positive impact in affordable
housing and community development in
Minnesota and beyond.



Rooted in Minnesota

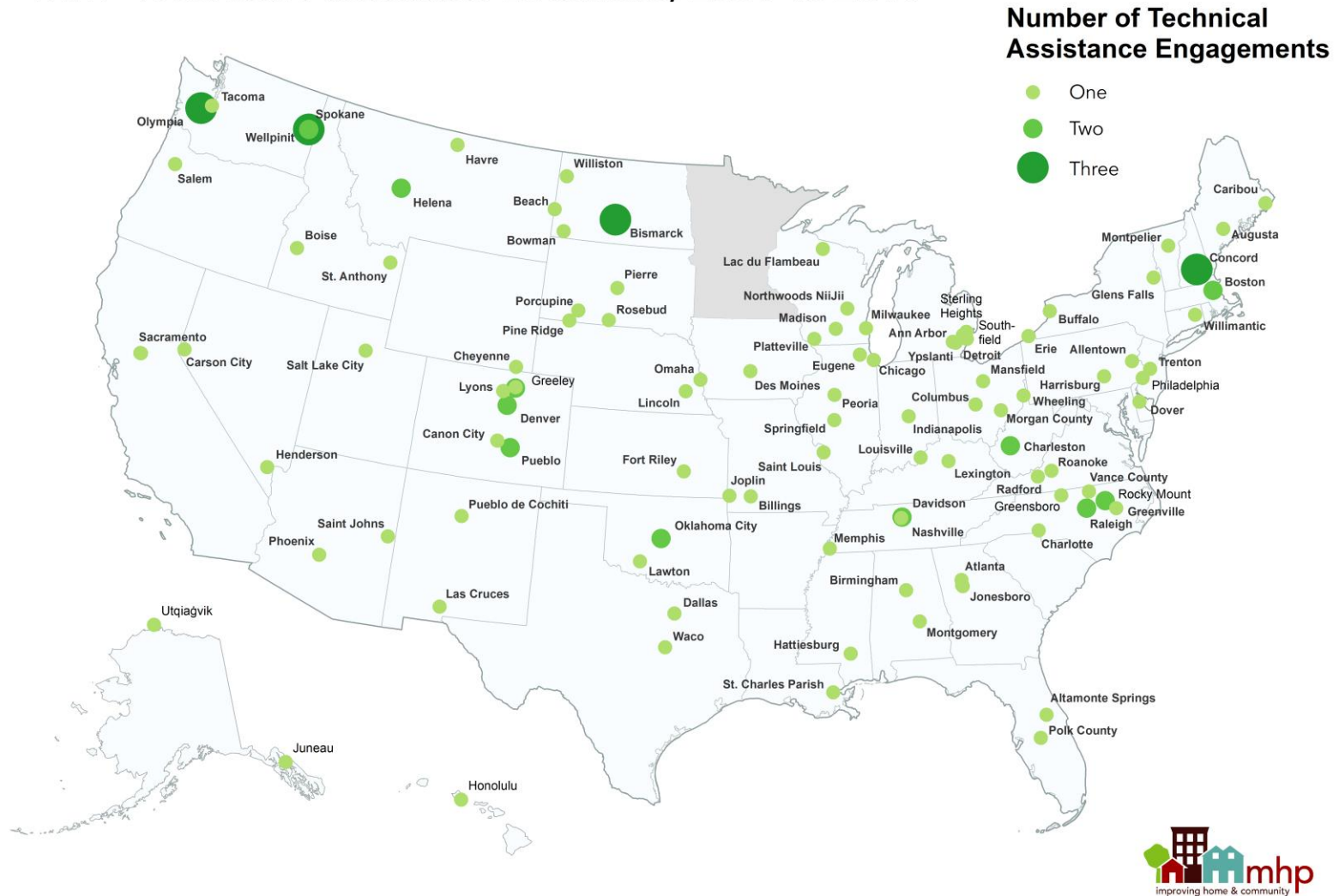


MHP Technical Assistance Locations in MN 2009-2019



Working Nationwide

MHP Technical Assistance Locations, 2009 to 2019



Areas of Focus

Research | Policy | Community Development



Solution oriented technical assistance: Local Housing Trust Fund

Local Housing Trust Fund Manual for Minnesota

What is a Local Housing Trust Fund?

Local Housing Trust Funds (LHTF) are funds established by a local government by dedicating local public revenue for housing. They are a consistent, flexible resource for housing within a local jurisdiction. Trust funds help communities leverage public and private resources and jumpstart projects that draw investment and jobs. LHTFs enable communities to prioritize developments that maximize benefit to the local community.

What is the Local Housing Trust Fund Manual for Minnesota?

The Local Housing Trust Fund Manual for Minnesota was developed by the Minnesota Housing Partnership. Its purpose is to provide an in-depth discussion of the various decisions to be made by local Minnesota communities in establishing an LHTF including revenue, programming, and policies. With 80 pages of references, case studies, and explainers, the manual is an in-depth guide to help local communities get LHTFs established.

Benefits of Local Housing Trust Funds



Encourage local contributions



Establish dedicated sources of revenue



Leverage private dollars



Provide flexibility to meet local needs



Why housing matters

Children learn
Workers earn
Seniors thrive
Communities prosper



To make our communities strong,
we need Homes for All.

At all stages in life – but especially for seniors – stable housing is vital to health and wellness.



Workers are productive and businesses thrive when employees have access to affordable housing options



Students attend and achieve in school when they have a safe, reliable place to go at night to do homework and rest up for another day in the classroom



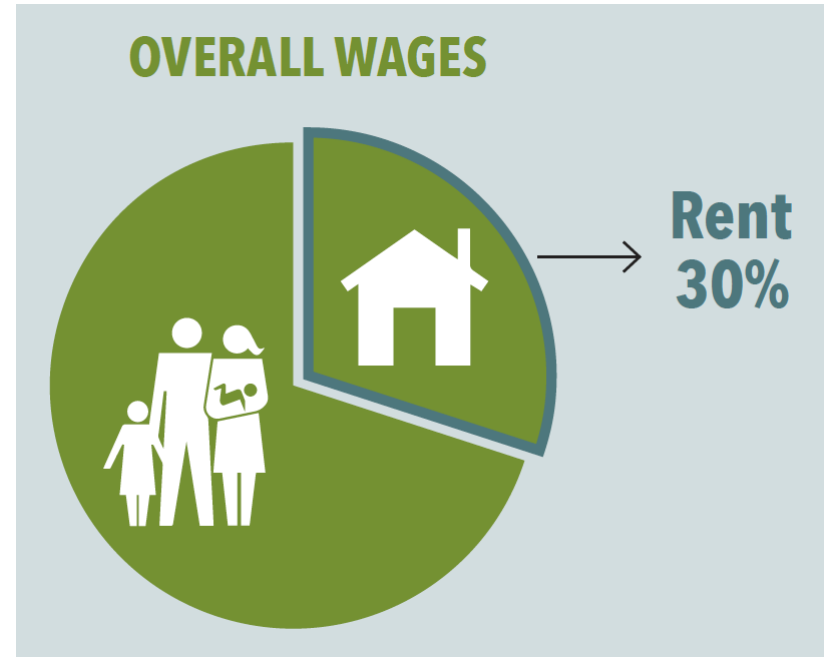
WHERE WE LIVE IMPACTS EVERY ASPECT OF OUR LIVES

the jobs we can access,
the education our children receive
and the wellbeing of our growing senior population.

What is “affordable”

Any household that **spends more than 30 percent of their income on housing** will likely have to sacrifice on daily needs, like food and medicine.

Established originally at 20% by the National Housing Act of 1937 for public housing; increased to 30% in 1981



Common housing terms

- **Cost burden:** Households that pay 30 percent or more of their income on housing, likely sacrificing other needs such as food, medical care, etc.
- **Severe cost burden:** Households that pay 50 percent or more of their income on housing.

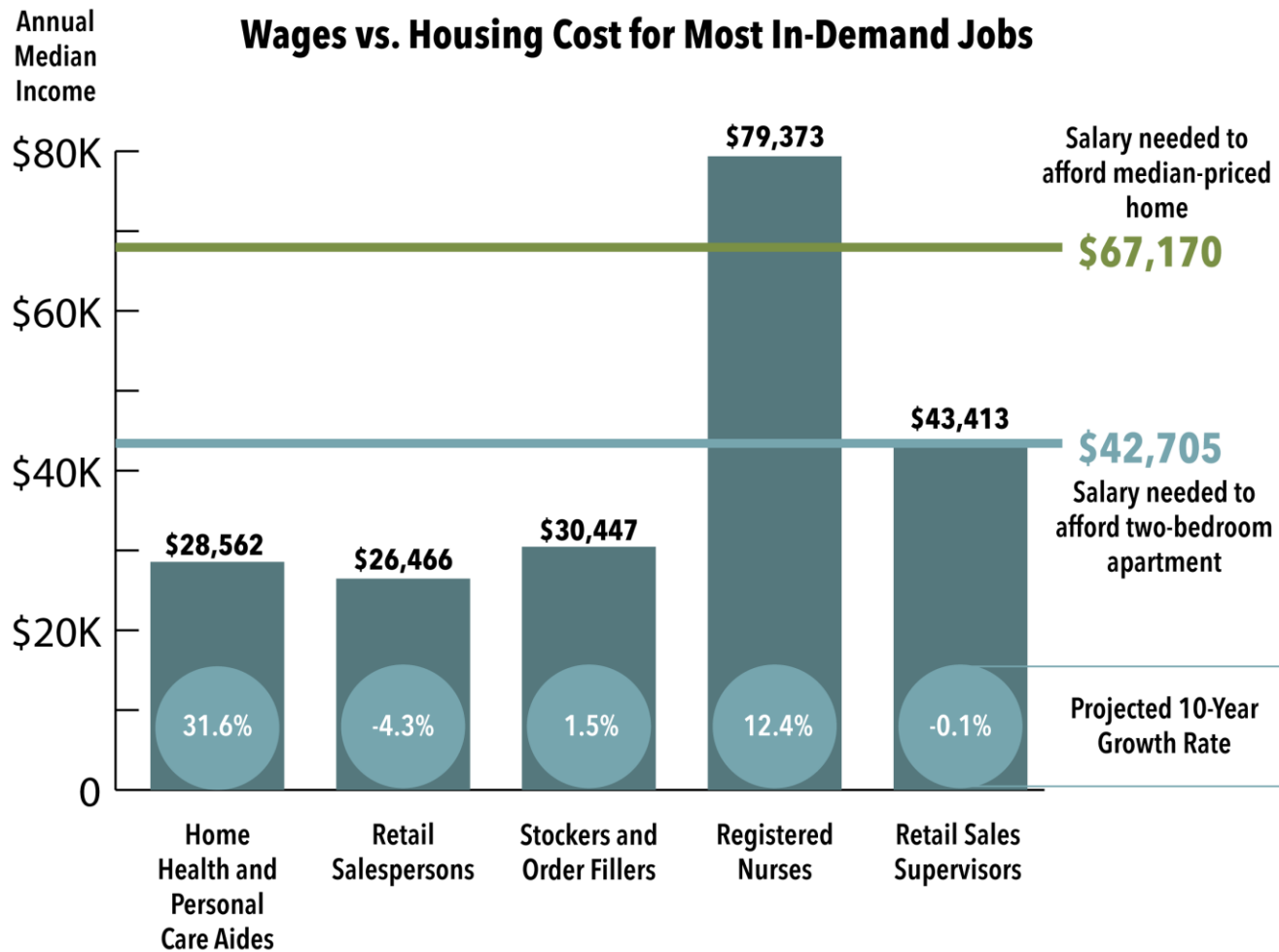


Common housing terms

- **Extremely Low Income Households (ELI):** Households at or below Federal Poverty Level or at or below 30 percent of area median income. (**Low Income** = 60%AMI)
- **Area Median Income (AMI):** The household income for the median — or middle — household in a region.



Wages Aren't Keeping Pace with Housing Costs



Overall cost burden

More than 572,000 households (27%) pay more than they can afford for housing

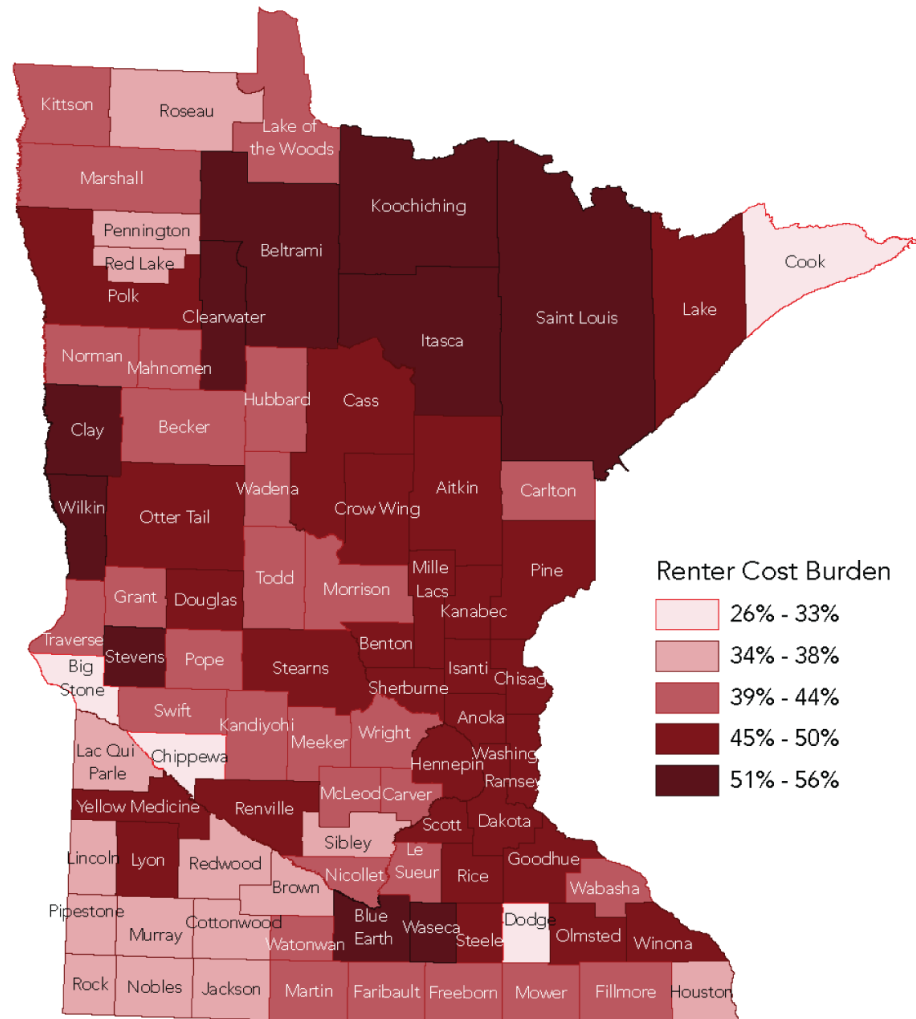


27%

of Minnesota households pay more than they can afford for housing



Renter Cost Burden

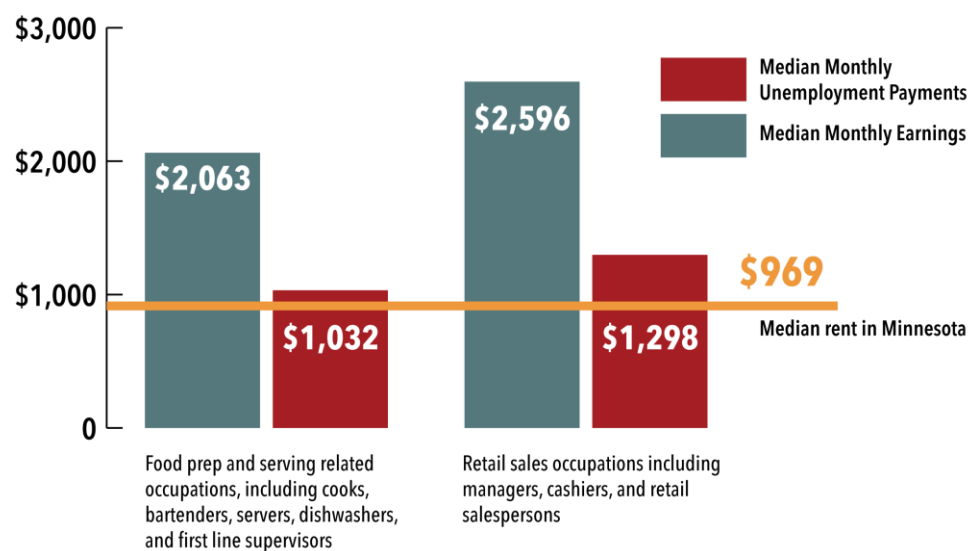
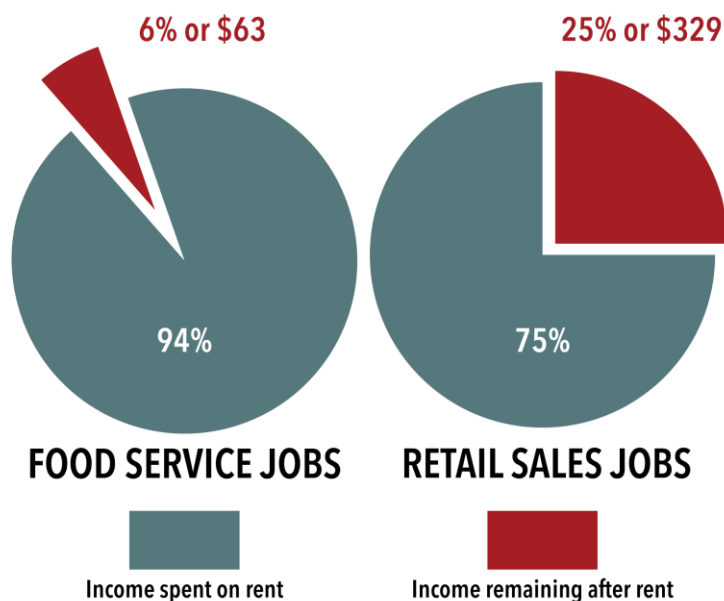


Cost Burden Impacts BIPOC Families

BIPOC households are more likely to pay more than 30 percent of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care.



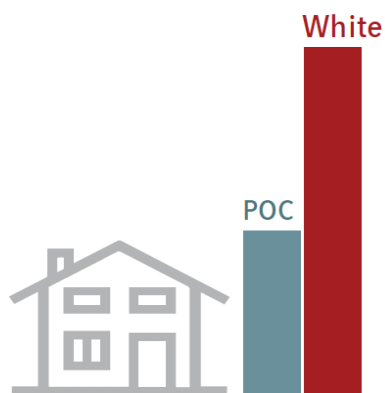
COVID Exacerbates These Trends



Low-wage workers already experiencing significantly higher rates of cost burden paid more than $\frac{3}{4}$ of their income on housing when Federal UI supplements expired

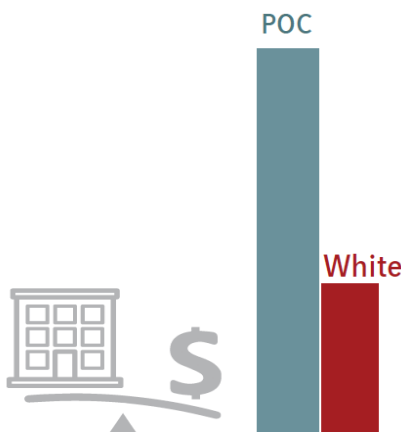


System strains exacerbate racial disparities in housing, among the worst in the nation, caused by discrimination and past and present structural racism



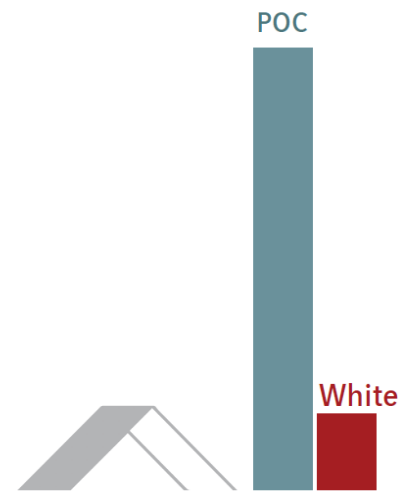
Homeownership

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



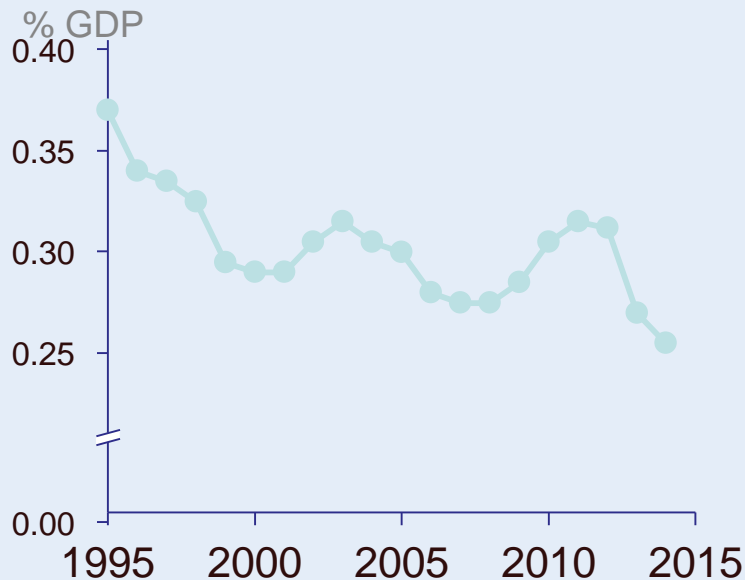
Homelessness

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



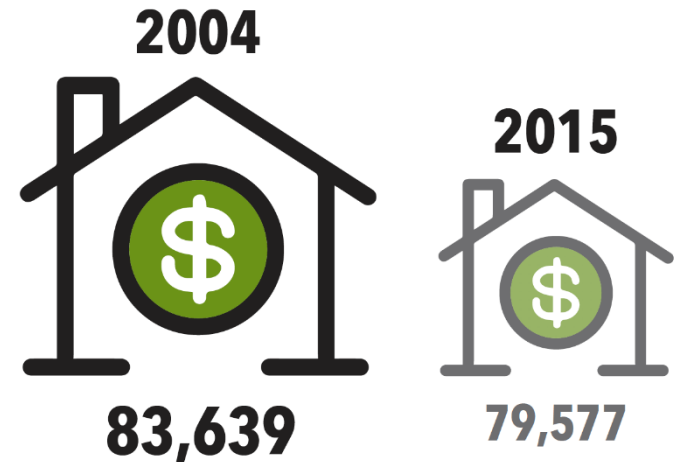
Federal investment in income-targeted housing programs continues to decline, putting greater pressure on states and cities

Discretionary spending for housing assistance



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

4 out of 5 households that are eligible for rental assistance **DON'T** get it

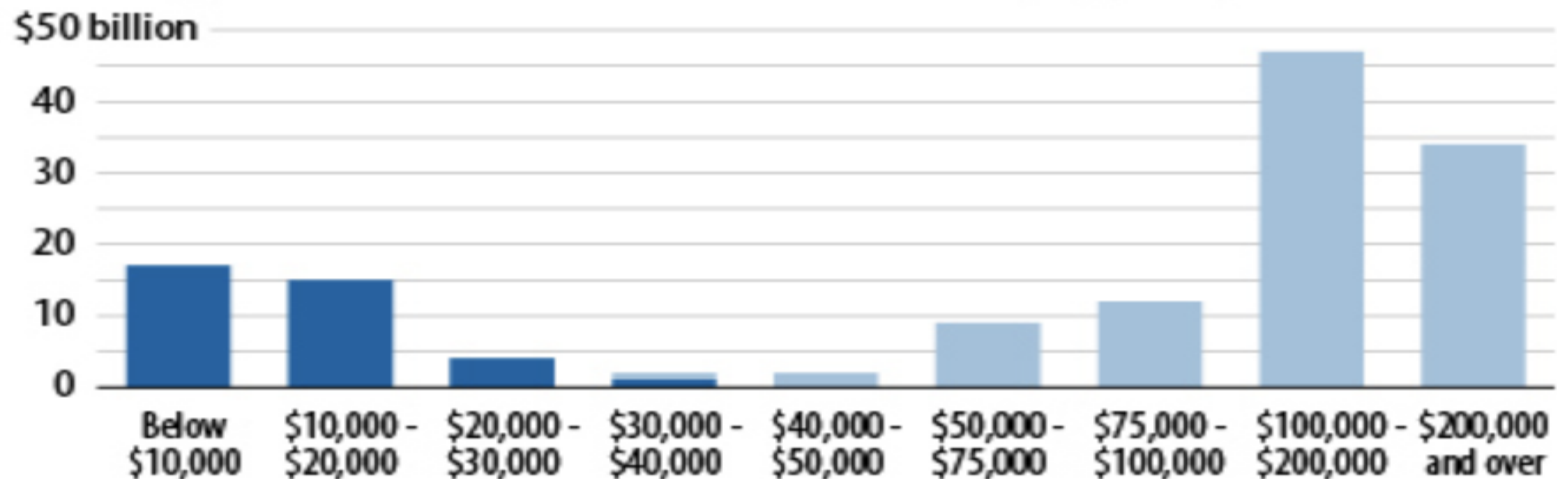


Meanwhile, ALL homeowners receive a subsidy through the mortgage interest deduction



More Than Half of All Federal Housing Dollars Benefit Households with Incomes Above \$100,000

Federal expenditures for rental and homeowner assistance programs by income for 2010



Source: Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2011 – 2015*, Table 3, and CBPP analysis of HUD program data, Census data on households in each income group, and the Office of Management and Budget public budget database.

Notes: Tax expenditures include the mortgage interest and property tax deductions; income figures are for tax filing units. Rental subsidies include total outlays for the Housing Choice Voucher, Section 8 Project-Based, Public Housing, Housing for the Elderly (Section 202), and Housing for People with Disabilities (Section 811) programs; income figures are for households. Data on the income of beneficiaries of various federal housing expenditures are available only for these programs, which represent somewhat more than half of homeownership and rental spending.

Center on Budget and Policy Priorities | cbpp.org



Likelihood of Eviction or Foreclosure

40%

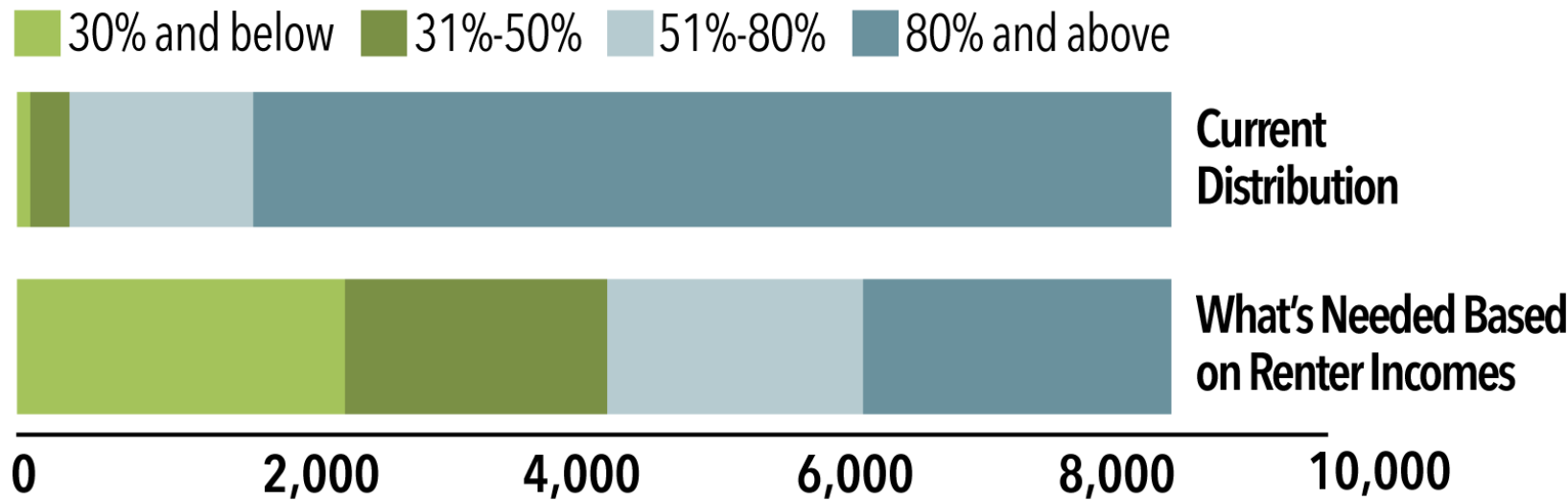
- Percentage of adults living in households not current on rent or mortgage where eviction or foreclosure in the next two months is either very likely or somewhat likely

Source: HUD Pulse Survey Week 21



Housing Production in Minnesota

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

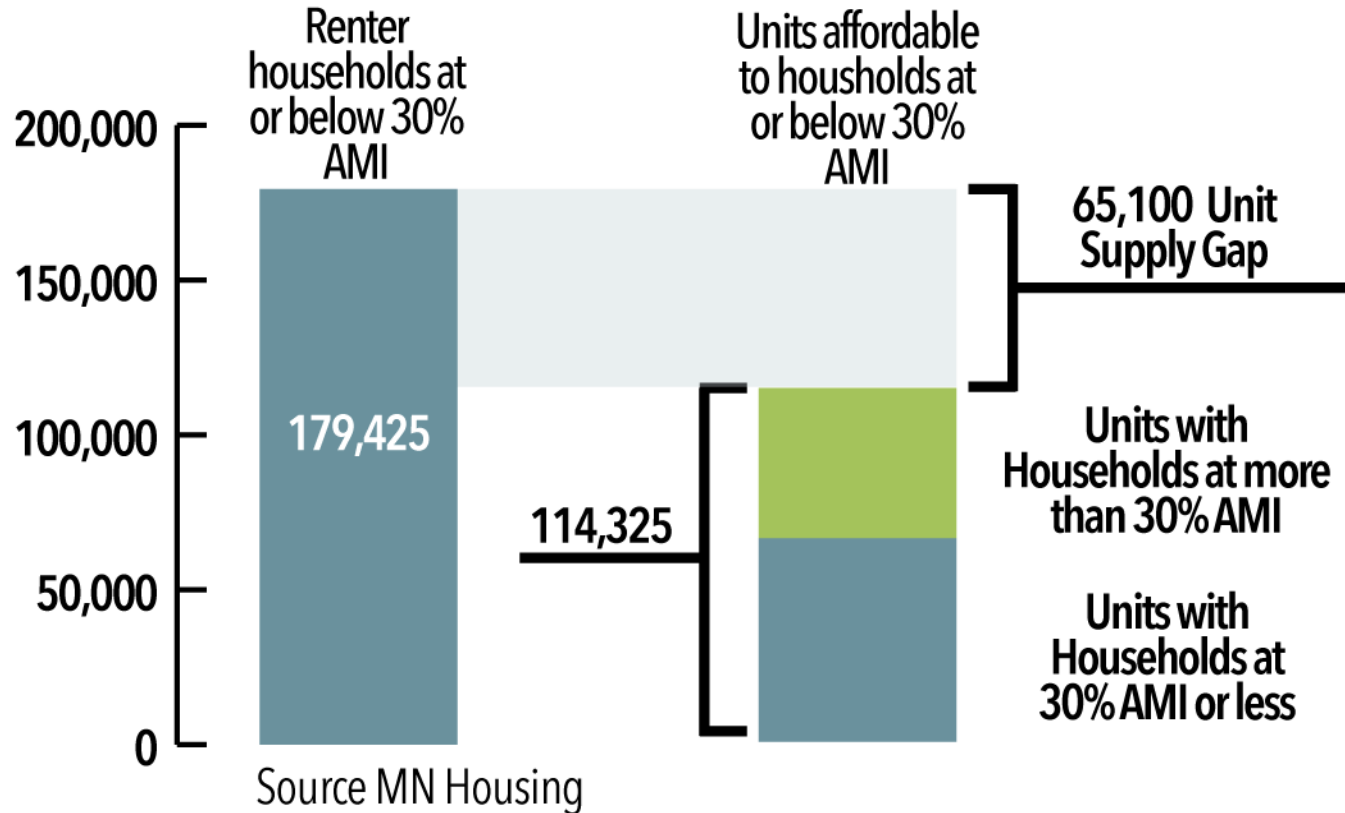


Total housing units produced annually in Minnesota. Source MN Housing



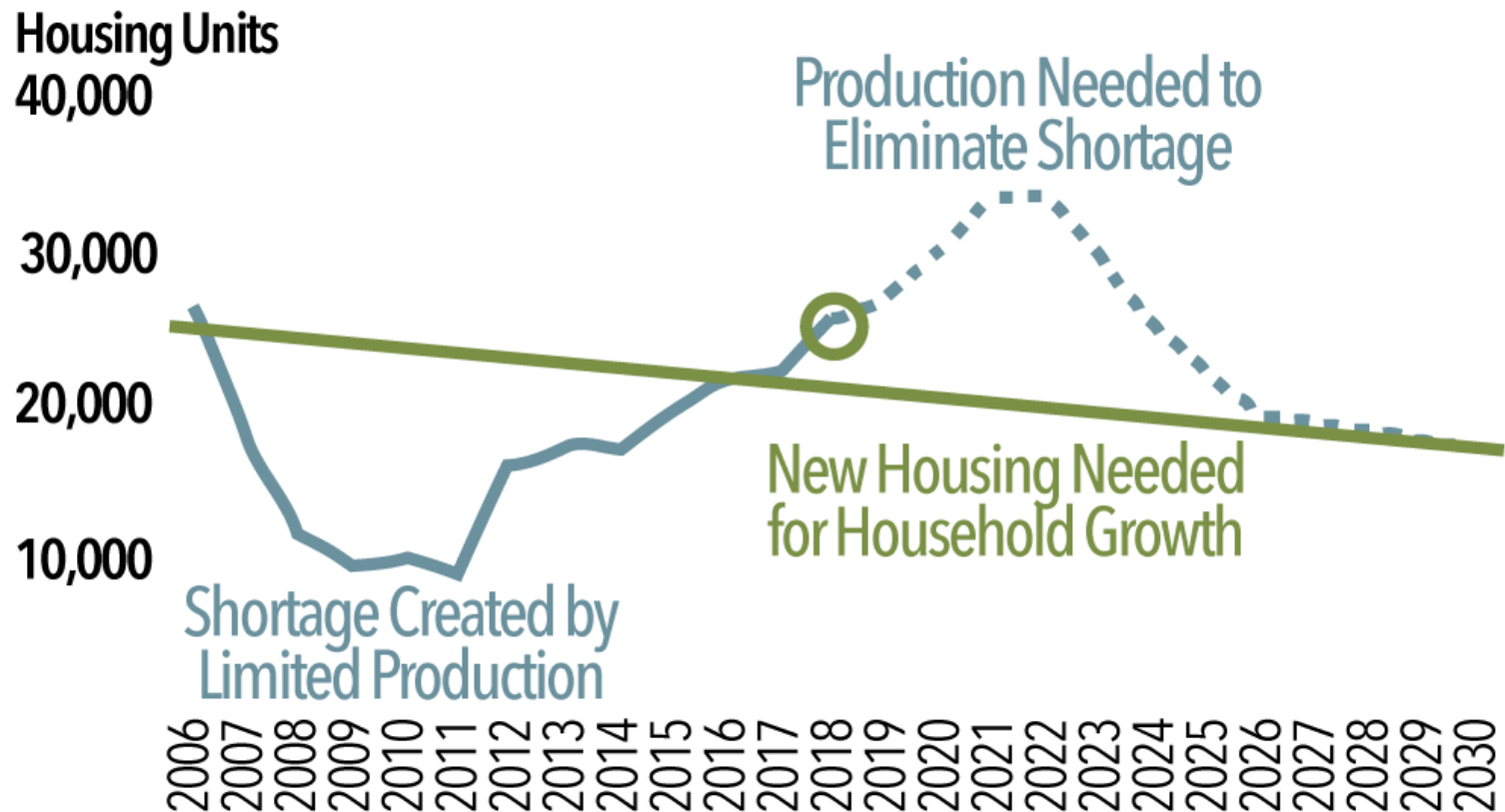
Housing Supply Gap

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



Future Supply Needs

Minnesota is falling behind...

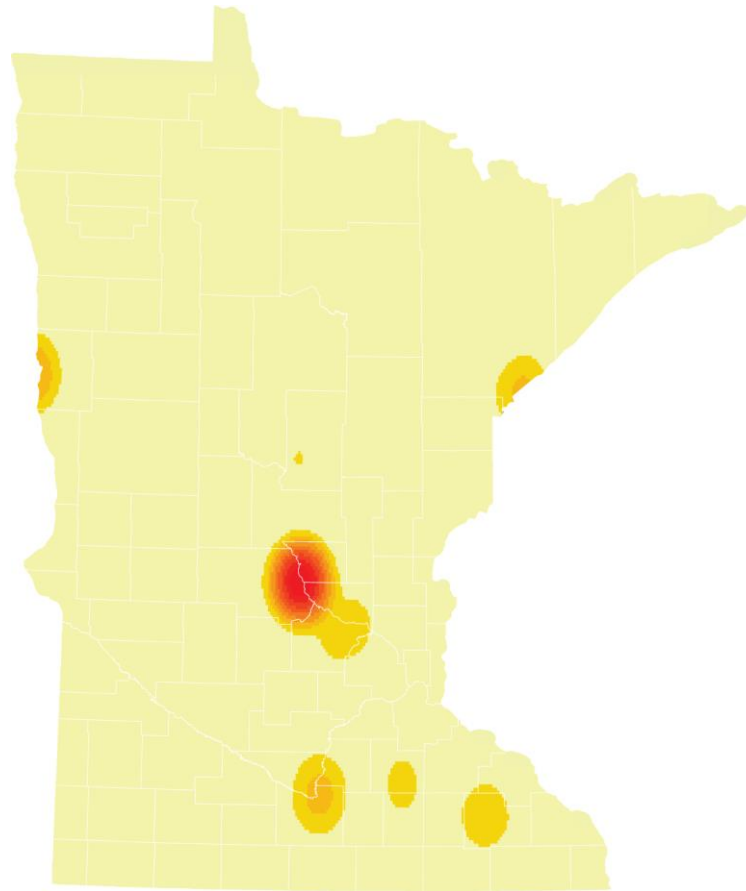


NOAH

- "*Naturally Occurring Affordable Housing*"
- MHP's **Market Watch** reports
- **Costs less** to preserve affordable housing than to produce new
- **Leverages** private marketplace
- Preservation **reduces displacement** of families



NOAH Heat Map



NOAH Properties
concentrations
excluding the Twin
Cities

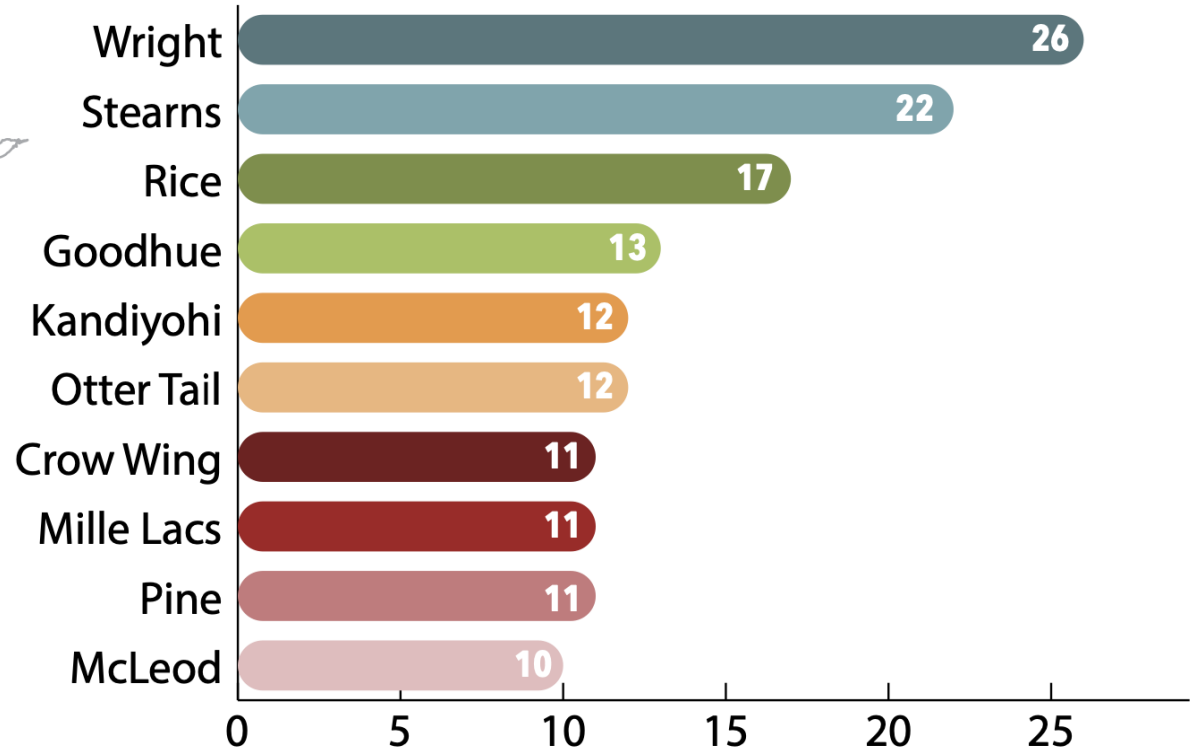
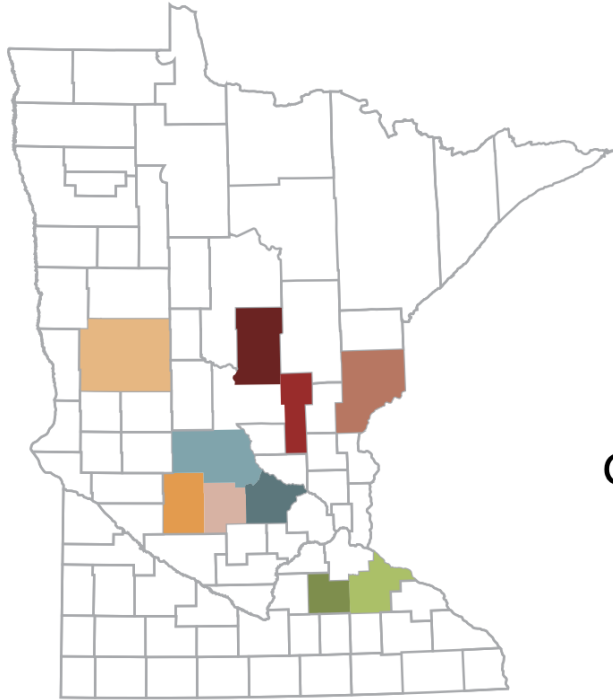


Housing in Rural Minnesota

- Housing is at risk in rural Minnesota. USDA's Section 515 has helped produce thousands of units of housing, which now need to be preserved.



Top Counties by 515 properties



There are approximately 450 properties in Minnesota under Section 515. They are found in 82 of Minnesota's 87 counties. **Only Lake, La qui Parle, Pipestone, Ramsey, and Washington have none.**



PRODUCTION Solutions

- Local Housing Trust Funds
- Challenge Fund
- Bonding
- State affordable housing tax credit



PRESERVATION Solutions

- 4d program improvement
- NOAH Acquisition Fund
- Opportunity to Purchase



HOUSING STABILITY AND IMPROVING ACCESS

- Source of Income
- Eviction expungement
- State rental assistance program
 - *Bring it Home campaign*



IMMEDIATE COVID TIMELY SOLUTIONS:

- *Emergency* housing assistance
 - Federal \$375 million rental assistance
 - Need homeowner assistance as well
- Eviction moratorium
- Purchase/acquisition opportunities



Connect with MHP!

Website: mhponline.org

Twitter: [@followMHP](https://twitter.com/followMHP)

Facebook: facebook.com/mnhousingpartnership

