



# OUR FUTURE STARTS AT HOME

Housing Finance and Policy Committee

January 10, 2023

Anne Mavity

Executive Director

Minnesota Housing Partnership



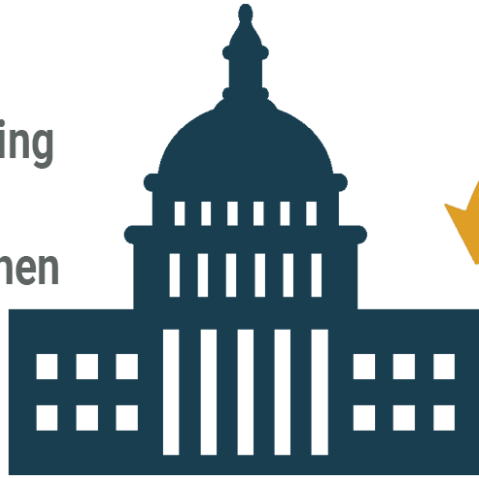
MHP MISSION: to expand housing and community development opportunity for those most impacted by economic and racial disparities by leading collaborative work to promote systems change and grow equitable development capacity.



# MHP Areas of Focus

Research / Policy / Community Development

Advancing **POLICY** solutions and funding for affordable housing to strengthen communities



Producing data-driven **RESEARCH** that makes the case for equitable housing investment



**WORKING DIRECTLY WITH COMMUNITIES** to achieve local housing and community development goals



Housing is Healthy  
**FAMILIES**

Housing is Diverse and  
Inclusive **COMMUNITIES**

Housing is **JOBS**  
and Economic  
Competitiveness

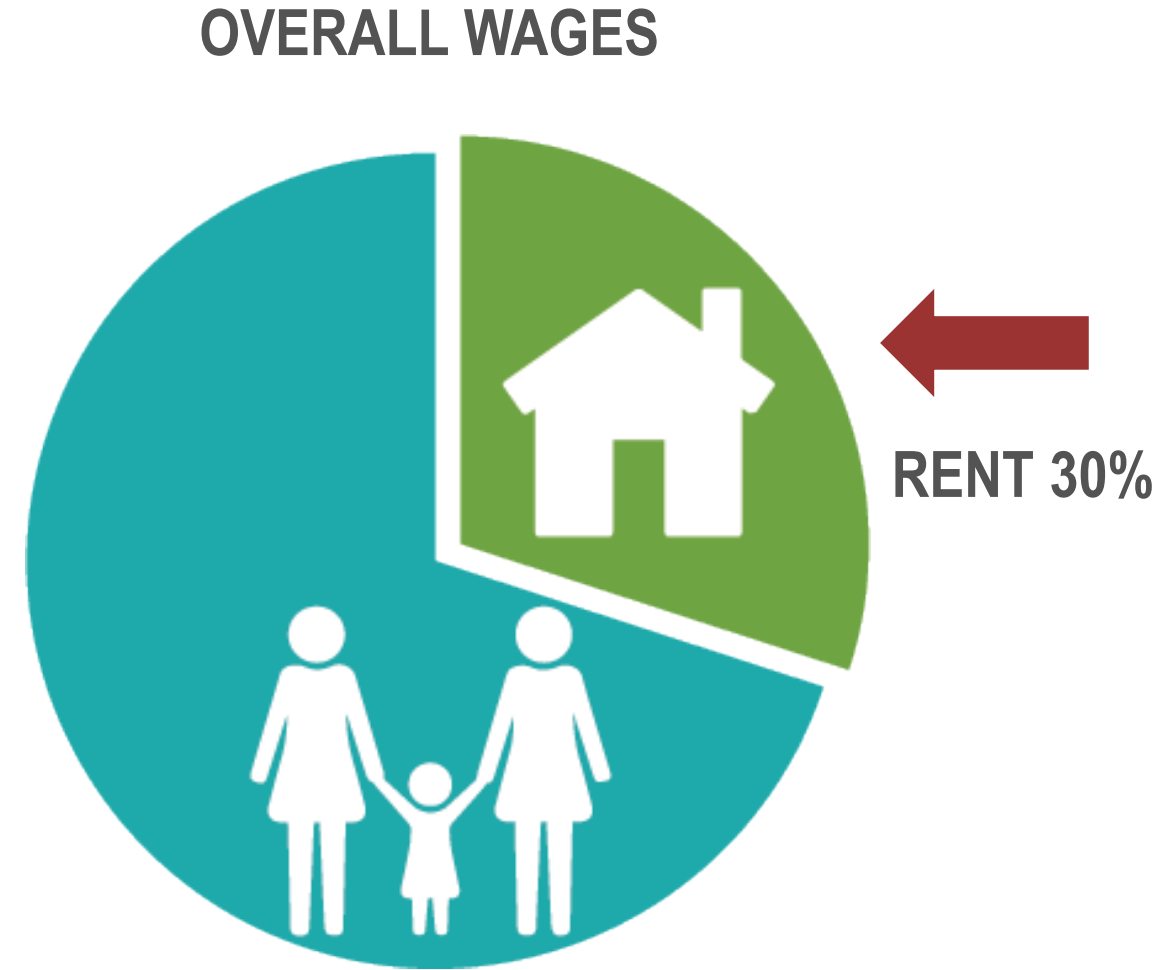
Housing is **CHILDREN**  
Thriving in School



# What is “affordable”?

Any household that spends **more than 30% of their income on their home** 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



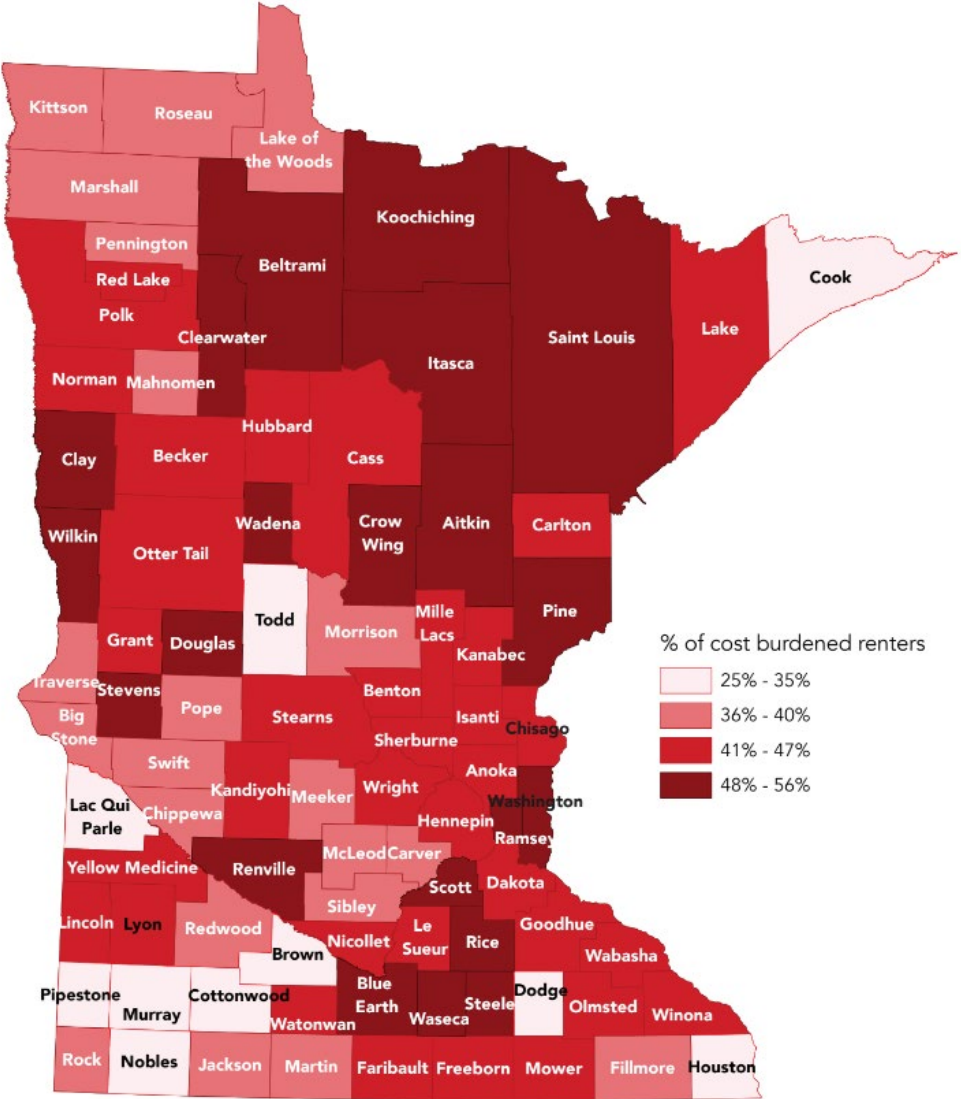
- **Median Income (AMI):**  
The household income for the median—or middle—household in a region.
- **Extremely Low-Income Households (ELI):**  
Households at or below Federal Poverty Level or at or below 30 percent of area median income. (low income = 60%AMI)

# Common Housing Terms



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

# Housing Cost Burden impacts every corner of Minnesota





# Cost Burden in Minnesota

More than **554,000 households (25%)** pay more than they can afford for housing



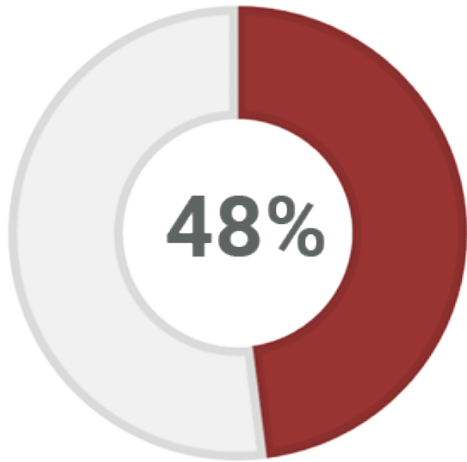
**25%**

of Minnesota households pay more than they can afford for housing

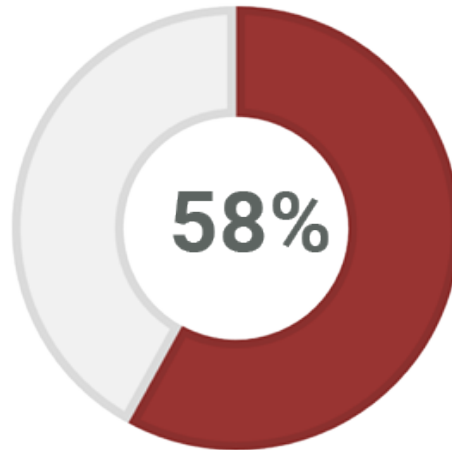
# We are Paying More than We Can Afford

## Minnesota Renters Experiencing Cost Burden

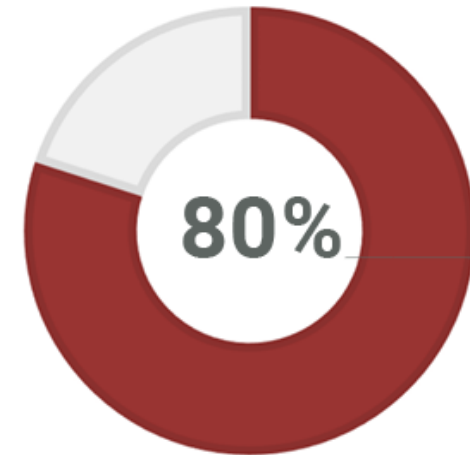
White Renters



Black Renters

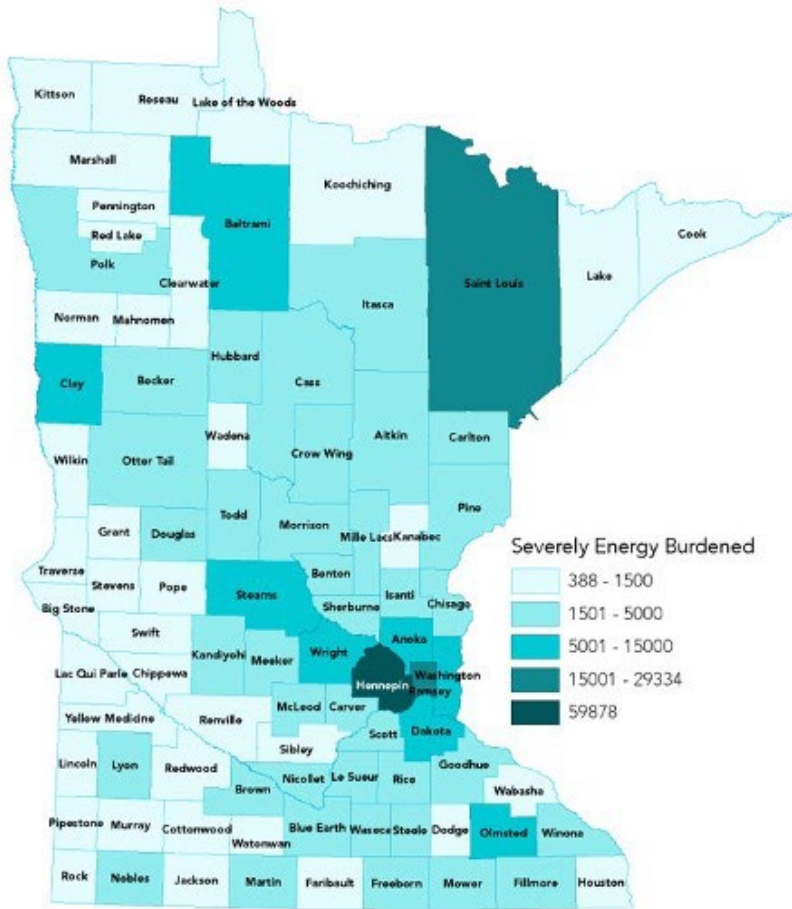


Renters Earning <\$35,000



# Rising Energy Prices Restrict Spending

Households Experiencing Severe Energy Burden



## Severe Energy Cost Burden



Average Minnesota Cost Burden



Amount People with Extremely Low Incomes Spend on Energy



# Housing Insecurity Leads to Homelessness

On a single night in Minnesota, January 2022, **7,917 people** had no place to call home.

That means about **20,000 people are unhoused in MN** every year. Nearly half of those were children.



Shelters save lives....

## Housing ends homelessness



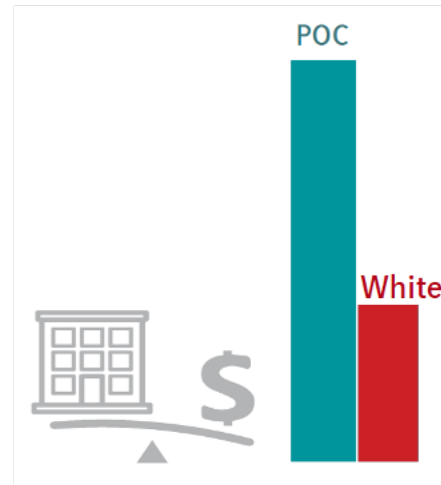


# Racial disparities in housing, among the worst in the nation, caused by discrimination and past and present structural racism



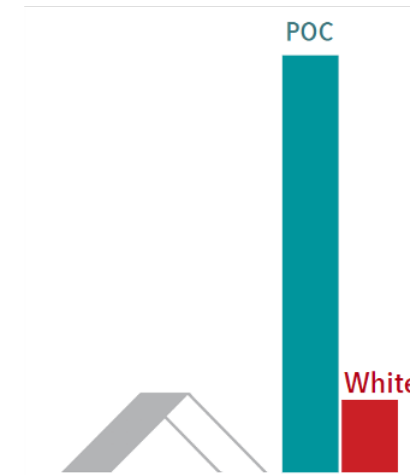
Homeownership

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**

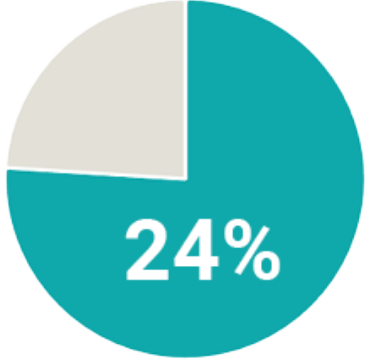
# Housing Insecurity is Inequitably Felt

## Households Behind on Rent

White Renters



Black Renters

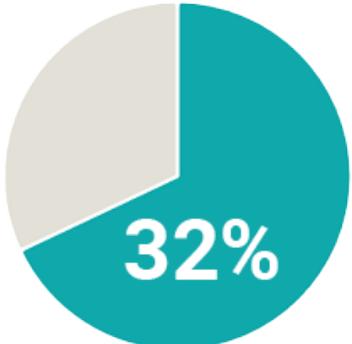


**United States**

White Renters



Black Renters

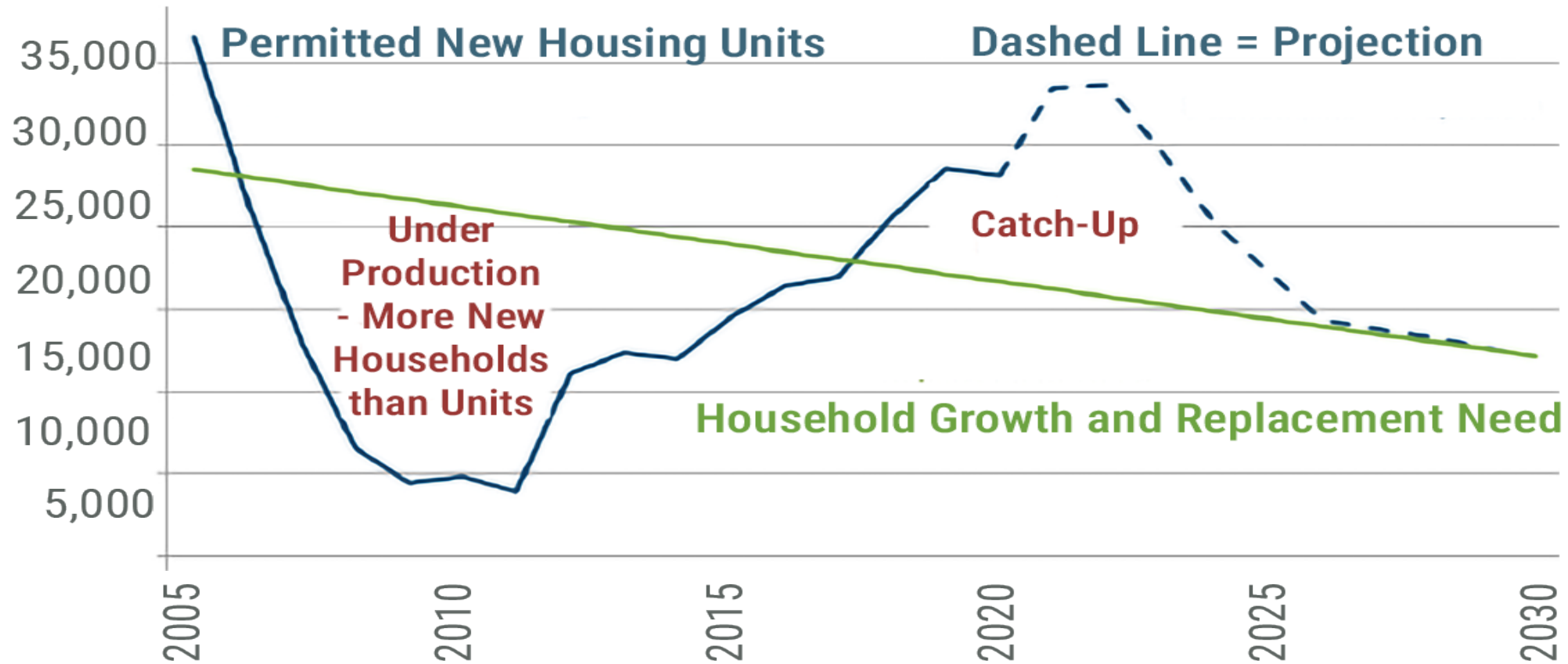


**Minnesota**

# There are Not Enough Homes

## The State has Fallen Behind on Creating New Homes

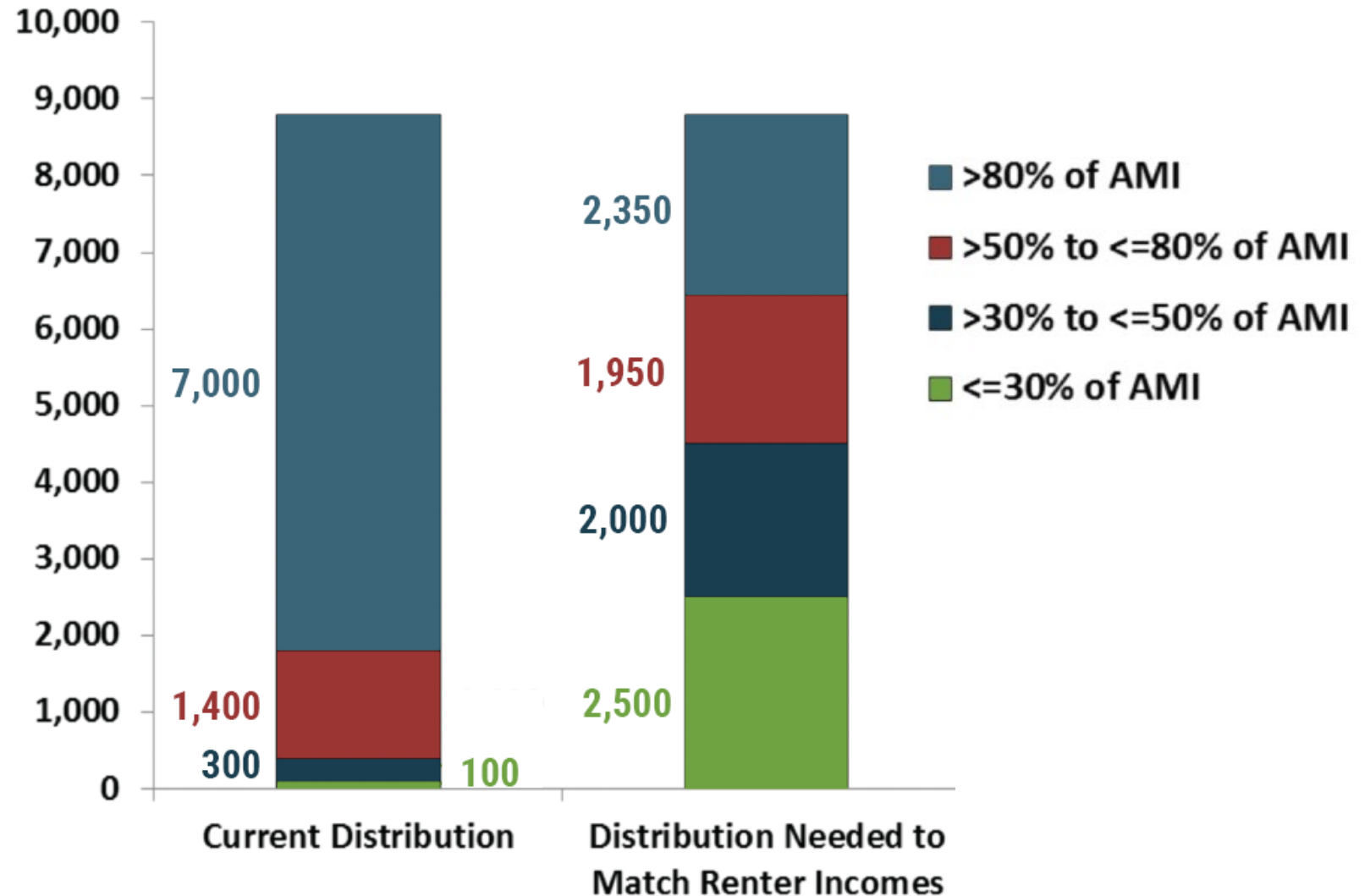
Owner Occupied  
& Rental Units



# Home Production Mismatch in Minnesota

There is a severe mismatch between market supply and market demand.

Production of new units is skewed toward higher incomes.



Source: MN Housing 2018

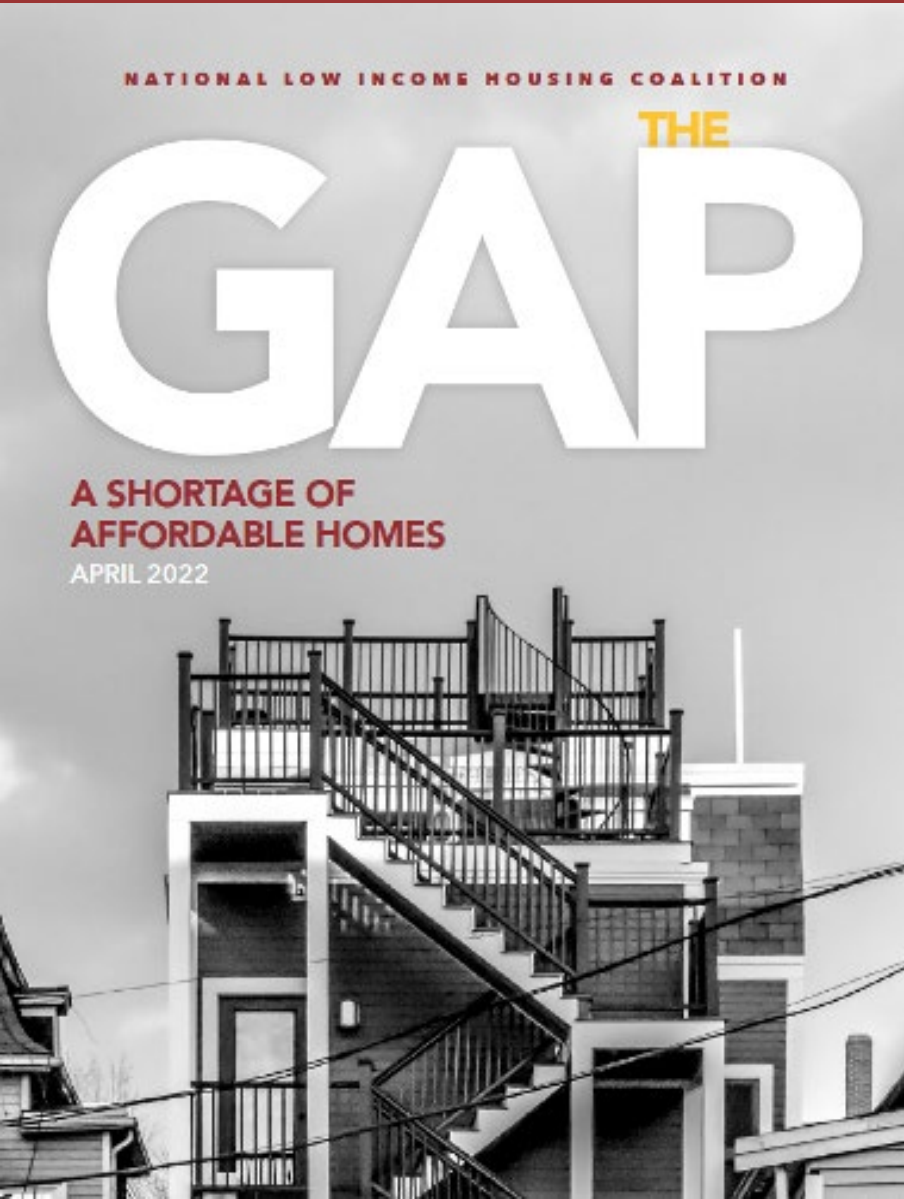
# Minnesota Needs More Homeownership

17,000 need access to  
homebuyer education and  
down payment assistance

5,000 first time homeowners  
need assistance to enter into  
homeownership



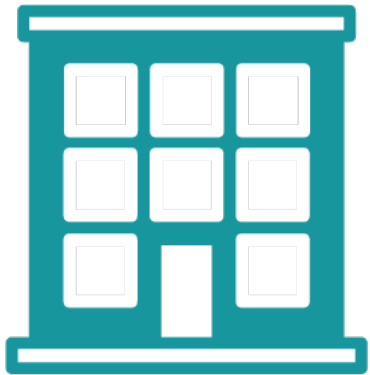
# Minnesota's Rental Housing Shortage



Minnesota is home to **169,291 extremely low-income** renter households but only has **69,630 rental units** available and affordable to these households.

This makes a **99,661 deficit** of affordable and available homes

# Housing Costs are Increasing



GROSS RENT INCREASE  
**+14%**



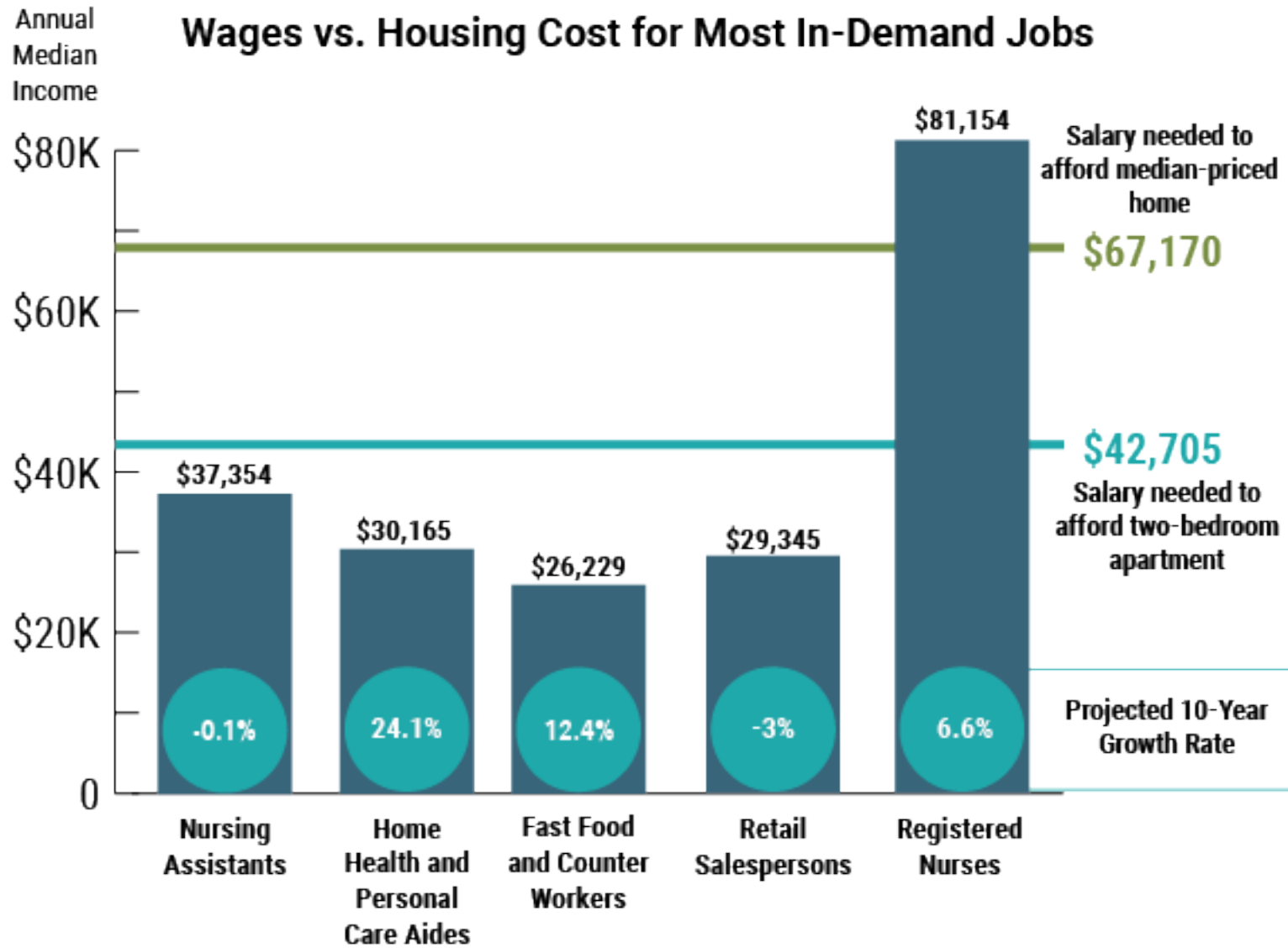
MEDIAN RENTER INCOME DECREASE  
**1%**



Source: State of the State's Housing 2021

10 year trend

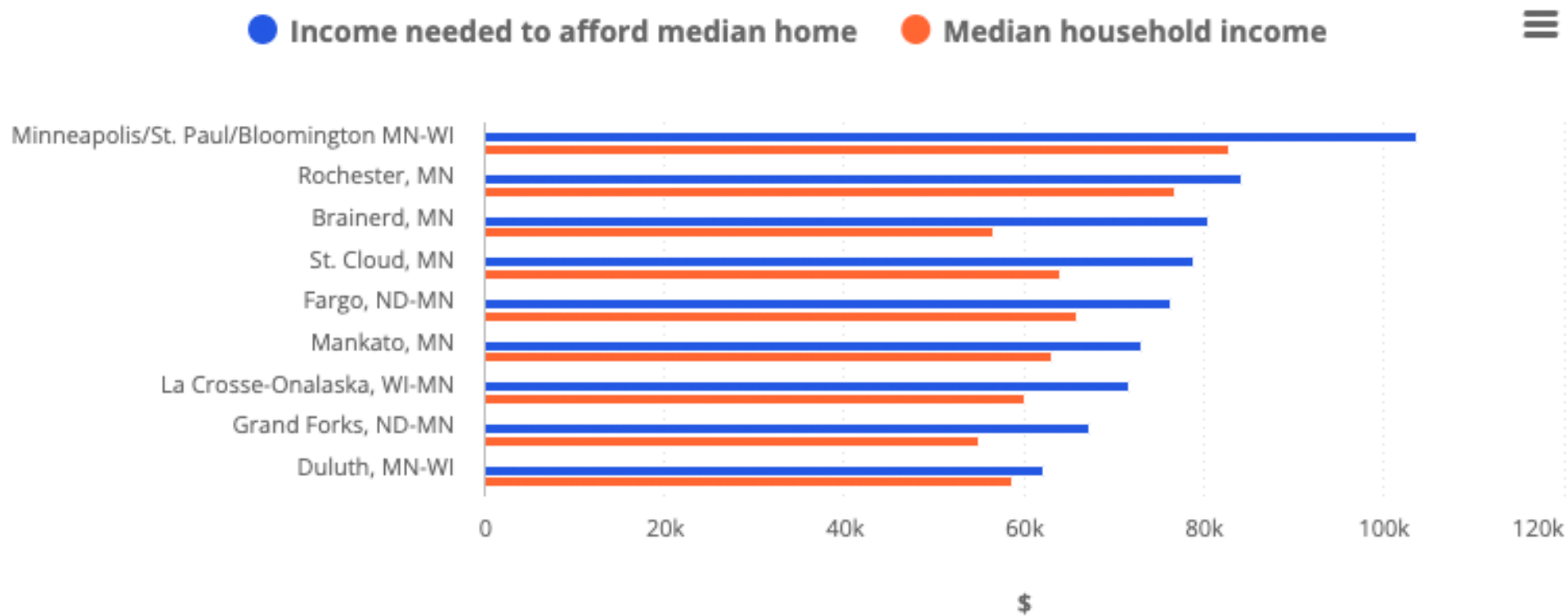
## Wages vs. Housing Cost for Most In-Demand Jobs



Data from MN DEED, 2022

# Annual income needed to afford median-priced home

## Annual income needed to afford the median-priced home by metro area in Minnesota

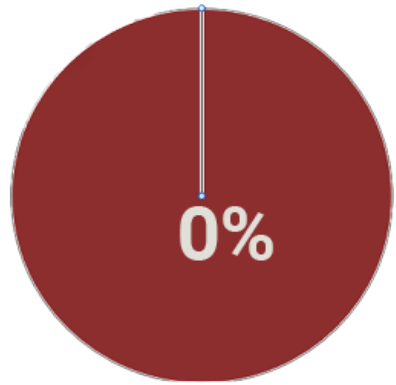


Source: Harvard Joint Center for Housing Studies, Census Bureau 5-year estimates (2020)

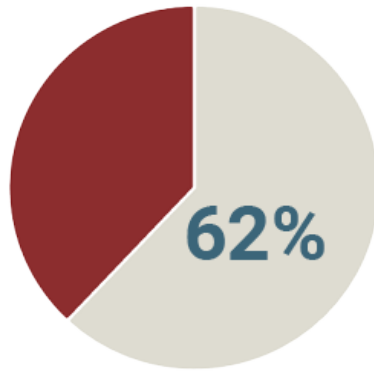
# We Need More Affordable Homes

Especially for Families with Lower Incomes

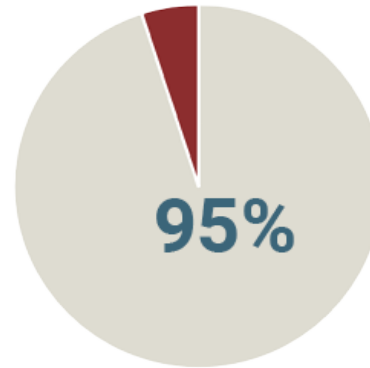
## % Rental Vacancies Affordable by Income



30% AMI



60% AMI



100% AMI



Source: \*City of Minneapolis, June 2022



# There is a Rental Assistance Shortage

3 out of 4 households that are eligible for rental assistance DON'T receive it

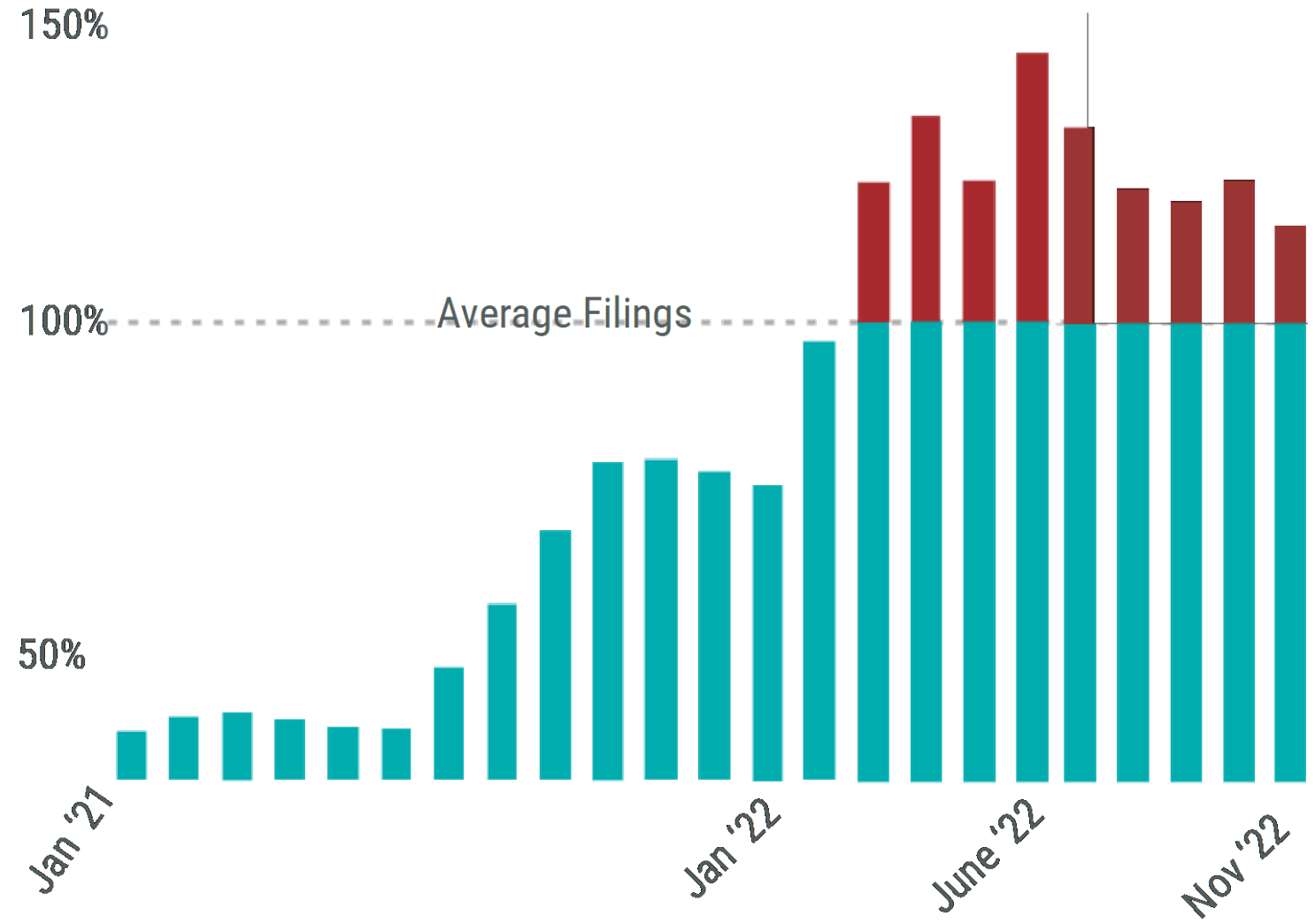


With government programs critically underfunded, there isn't enough assistance to meet the need.

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

# Evictions are on the Rise

## Monthly Eviction Filings, January 2021 - November 2022

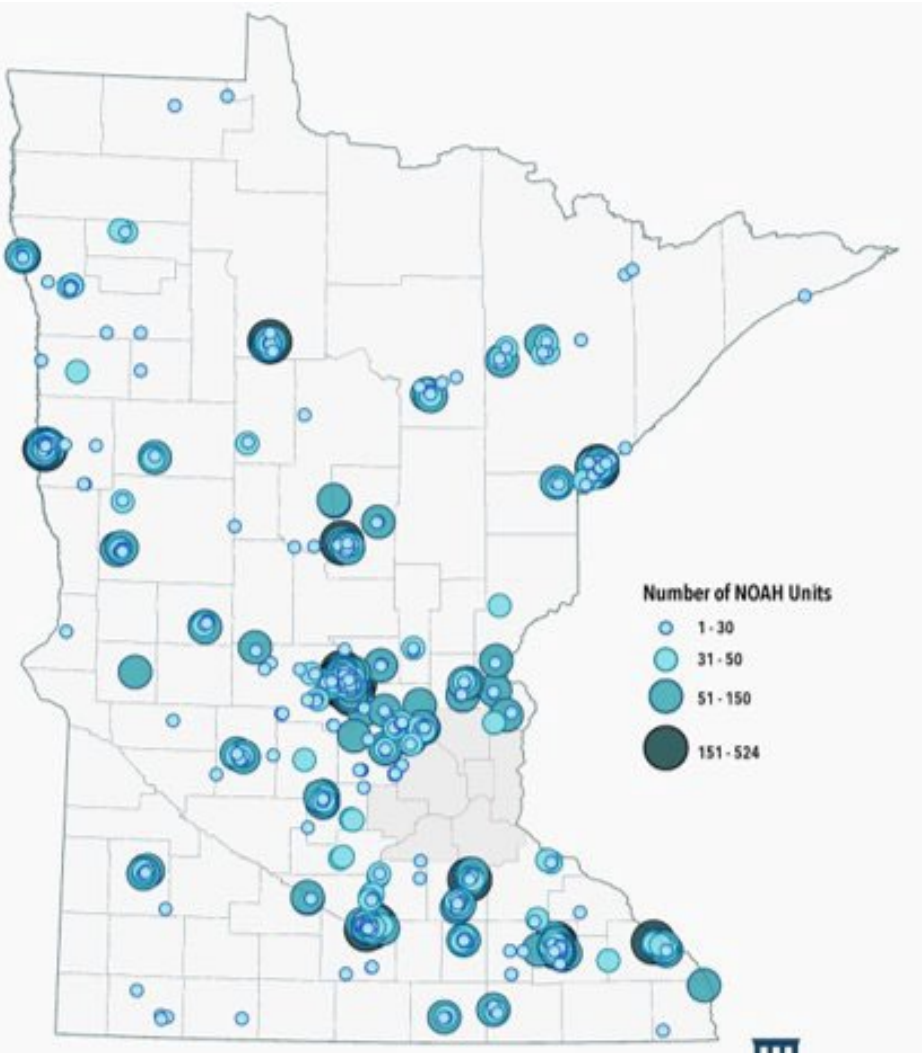


When households are behind on rent, they may face eviction or otherwise be forced to leave their residence, with lasting consequences to finding safe and affordable homes. Most evictions happen because a renter cannot or does not pay rent.

Source:  
Eviction Lab

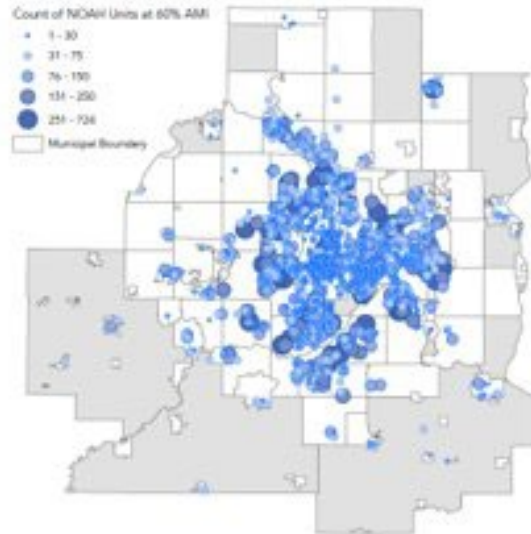
# NOAH impacts communities across MN

*(Naturally Occurring Affordable Housing – private sector)*



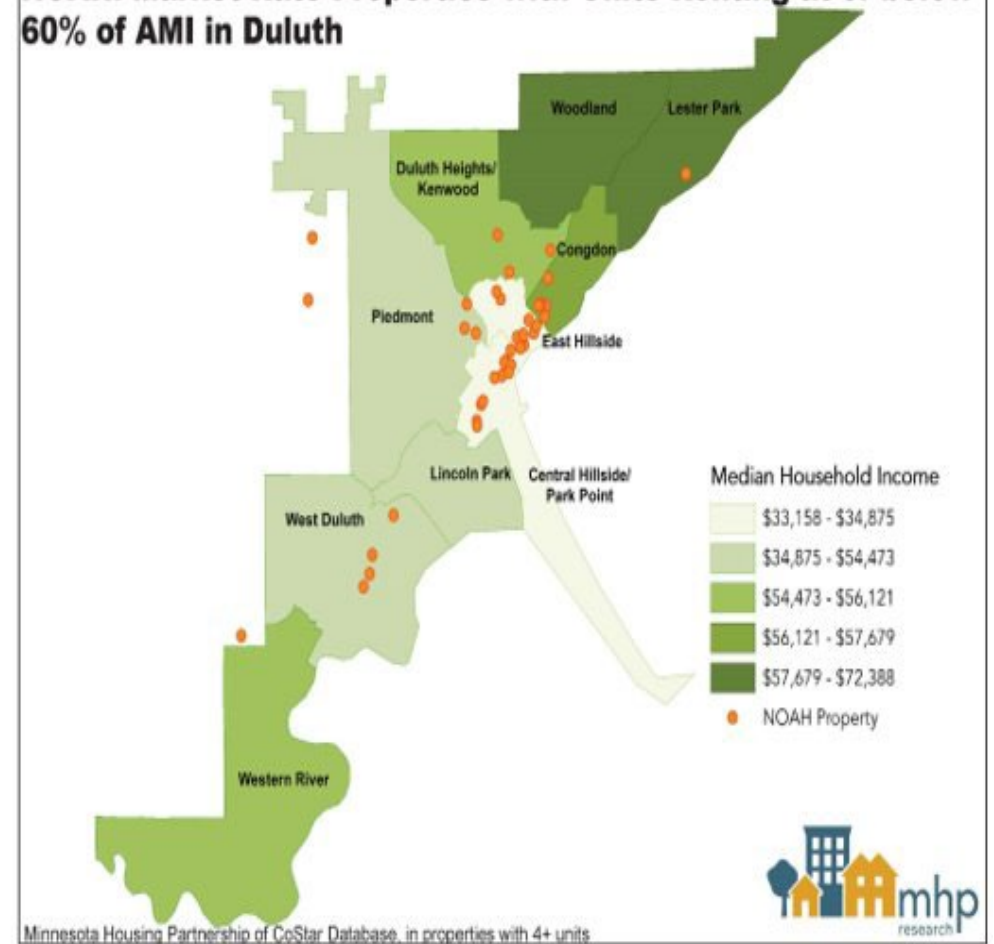
## Twin Cities Metro

NOAH in the 7-County Metro, 2021:  
Market Rate Units with Rents Affordable at or under 60% AMI



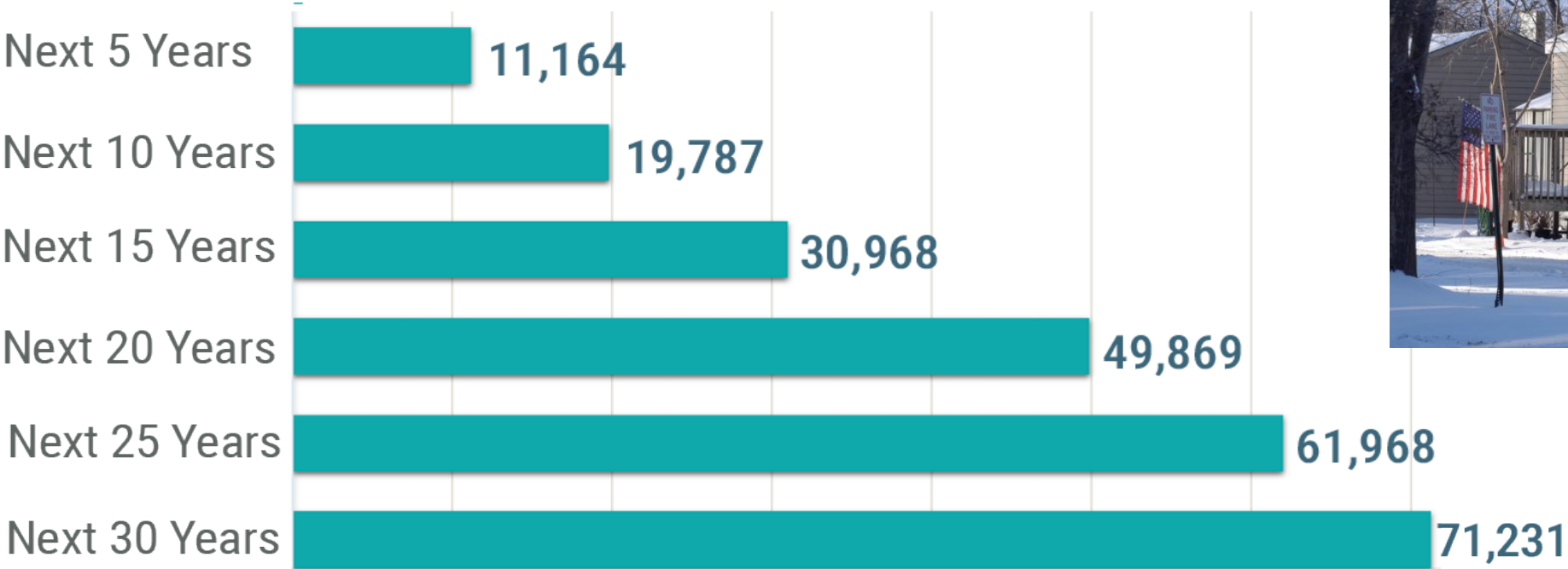
## Duluth

NOAH: Market Rate Properties with Units Renting at or below 60% of AMI in Duluth



# We Need to Preserve the Housing We Have

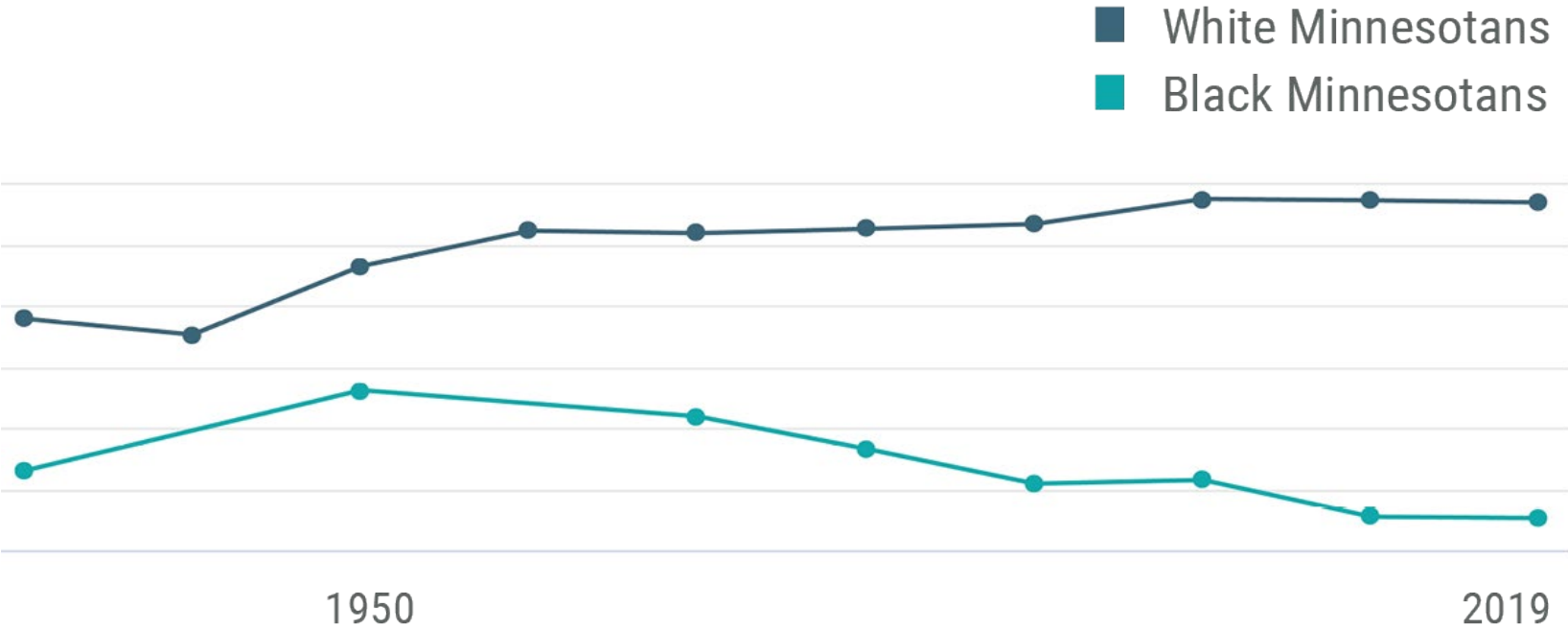
## Publicly Financed Rental Homes at Risk of Loss



The above graph includes homes with income restriction due to financing through HUD, USDA and Low-Income Housing Tax Credit (LIHTC).

# Home Ownership Disparities Persist

## Home Ownership Levels Have Fallen for Black Residents





# Solutions are Within Reach - \$2 Billion in 2023

Invest in Minnesota.  
Invest in families.  
**Invest in housing.**

**\$2 BILLION  
IN 2023**

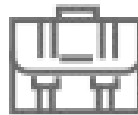
*Housing on the ballot  
in 2024!*

**\$1 BILLION**  
Creates and  
Saves Homes



**8,000 FAMILIES**  
will now have a place  
to call home

**10,000 FAMILIES**  
will be able to remain  
in their home



**22,000 JOBS**  
for Minnesotans

**\$1 BILLION**  
Creates Access and  
Opportunity to Housing

**RENTAL ASSISTANCE**



**137,000 FAMILIES**  
will have access to  
homes they can afford



**350K MINNESOTANS**  
will have housing AND can afford  
necessities like food, clothing,  
transportation, and medical care

**HOMEOWNERSHIP ASSISTANCE**



**17,000 FAMILIES**  
can access homebuyer  
education and down payment  
assistance



**5,000 1ST GENERATION  
HOMEOWNERS**  
will own their own homes

# \$2 Billion in 2023

## Investing in housing will...

### **Reduce disparities and expand choice**

Provide stability, housing choice for low-income renters, and homeownership and wealth-building opportunities for generations to come.





A bold move for housing is essential *now* ..... *and*



**A Constitutional Amendment** is necessary to meet our future housing investment needs.

# Housing on the Ballot in 2024



To ensure that the State is making the investments needed to truly address our current housing crisis.

A constitutional amendment for housing on the ballot in 2024 will create:

- A **Homeownership** Opportunity Fund
- A **Rental** Opportunity Fund (including rental assistance)
- A **Household and Community Stability** Fund

# Connect with MHP

[mhponline.org](http://mhponline.org)

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