2014 Slides for Advocates

February 2014

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More than 600,000 Minnesota households pay over 30% of income for housing.

Households Spending at least Half of Income on Housing, Minnesota

Proportion of Households Paying 30% or More of Income for Housing, Minnesota, 2012

Lower income households are far more likely to live in unaffordable housing.

Housing Affordability by Occupation, Minnesota, 2012

Source: MHP tabulation of Occupational Employment Statistics (OES), Minnesota DEED; American Community Survey, MN Revenue Department Sales Ratio Study, Federal Housing Finance Board Monthly Interest Rate Survey (MIRS).
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Falling Homeownership Rate; More Renters in Minnesota

Racial Disparities in the Homeownership Rate, Minnesota, 1960-2012

- **White, Non-Hispanic:** 78% in 2010, 73% in 2000
- **All:** 40% in 2010, 32% in 2000
- **Non-white:**
Rental Vacancy Rates, Twin Cities Metro
Very Low in Recent Years

5% Vacancy Rate = “Balanced”

Data Source: Marquette Advisors
From 2000 to 2012, inflation-adjusted rental costs rose from $739 to $813, but annual renter incomes fell from $35,400 to $31,300.

Data sources: MHP tabulation of 2000 Decennial Census; 2012 American Community Survey.
Weekly Hours a Renter Must Work to Afford a 2-Bedroom Apartment at the Minimum Wage

2BR rental at Fair Market Rent is unaffordable at minimum wage in all Minnesota Counties

Weekly Work Hours
- 62 - 67
- 68 - 82
- 96

Minnesota Statewide: 86

Data: Out of Reach 2012, National Low Income Housing Coalition with Minnesota Housing Partnership and Minnesota Coalition for the Homeless. Map created by Minnesota Housing Partnership.
Units Issued New Building Permits, 1960-2013
Minnesota

Source: MHP tabulation of US Census Bureau data
Units Issued New Building Permits, 2008-2013
Minnesota

Source: MHP tabulation of US Census Bureau data
New construction

• Of the 11,000 apartments approved for construction by the cities of Minneapolis and St. Paul combined in 2011-13, 88% were market-rate.
Indicates apartments priced low enough so that extremely low income households would spend no more than 30% of their income on the unit.

Based on survey of market-rate apartments with 10+ units for the third quarter of each year.

Data: Marquette Advisors by MHP data request.
Average Market Rents: High and Rising in the Twin Cities Metro

Data Source: Marquette Advisors
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Homeless Minnesotans Identified on a Single Night

- Increase of >30% from 2006 to 2012
- About half are under age 21
- Wilder estimate: 14,000 total homeless in 2012

Average Number of Homeless Families per Month, 3rd Quarter, Hennepin Co. Contracted Shelters

Source: Hennepin County. Unduplicated monthly count of families seeking shelter through county-contracted shelters.
Homeless Kids

Children & youth identified by public school systems
- Rosemount-
Apple Valley-
Eagan
- Duluth
- St. Paul
- Minneapolis

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Months:
- Jul 08
- Jul 09
- Jul 10
- Jul 11
- Jul 12
- Jun 09
- Jun 10
- Jun 11
- Jun 12
- Jun 13
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Foreclosures in Minnesota:
Over 160,000 Total Since 2005

Source: HousingLink data. MHP projection for 2013 includes actual for Q1-Q3 plus Q4 estimate based on Q1-3 trend.
60+ Days Mortgage Delinquency Rate, Minnesota: Still About Double Normal Rates

Source: MHP tabulation of Mortgage Bankers' Association National Delinquency Survey data.
Underwater

• 10% of Minnesota mortgage holders still “underwater”; they owe more on their home than it is worth (CoreLogic, Q3 2013)
• About 75,000 households underwater
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Preservation Need

• Subsidized rental housing at risk
• Aging properties
• Income from rents often does not cover property maintenance
• Safety-net housing
Preservation Need

- Minnesota is at risk of losing 30 percent of its 31,000 federally-subsidized Section 8 units in the next few years.
- There is at least a $300-$400 million in backlog in needed repairs for public housing.
Supportive Housing

• Helps homeless people maintain housing
• Targeted investment works: Number of homeless veterans fell 13% from 2009-2012 in Minnesota (Wilder Research)
• Returns $1.44 to taxpayers for every public dollar invested. (Wilder Research)
Return on Investment

• State investments leverage funding from private, foundation, federal, and local sources.
• $1 of state funding for preserving Section 8 or public housing leverages $4 in future federal funding.
• Bonding for housing creates decentralized jobs in local communities.
Residential Building Construction Employment, Minnesota

Source: Current Employment Statistics (CES), Minnesota DEED
Why Now?

• Current low interest and mortgage rates enable housing bonding dollars to stretch further than when interest rates are higher.

• About 6,000 housing units totalling $1.1 billion are in the pipeline. (Pipeline survey, MCCD, MHFA, MHP, others)
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Homes for All
Believe Connect Create

A TEAM EFFORT!
H4A Communications: Tagline

Homes for All supports $100 million in bonds for affordable housing.

Home is the foundation.

- Home is the foundation for stable families, strong communities, and a competitive state.

- Linkages across sectors: When homes are affordable, schools educate kids better; health care keeps people healthier; economic development is stronger, parents can take better care of families, etc…. 
H4A Communications: Learn More

Communications Overview

- Key messages
- Using real life examples
- Key facts
- How to use data

2014 Legislative Session
#Homes4AllMN
#bond4housing
#mnleg
Legislative District profiles

District 12A & Minnesota Housing Profile

30% of Income & Housing

The high cost of housing hurts the families who cannot afford it and threatens Minnesota’s long-term viability. Families that must spend 30% or more of their income just on housing are forced to make many tough choices with their remaining dollars: food vs. medicine, clothes vs. savings, etc. This bind is a reality for 1 in 3 Minnesota households today, and 3 in 5 households with an annual income below $50,000.1

Housing Affordability by Occupation, Minneapolis, 2012

For communities to be strong and stable, housing must be affordable. Workers often face serious challenges finding a home that fits their budget, as the chart above shows. Often, where homes are affordable, working people must travel long distances to get to work. When this happens, transportation costs can offset savings on housing.

The Rental Market

Finding affordable housing is hard for many renters in Minnesota. Vacancy rates have been extremely low for several years, and rents have been rising.

Renters in District 12A:

- Median renter household annual income: $xxx
- Median monthly rent: $xxx
- Percent spending 30% or more of income on rent:
  - All renters: 30%
  - Renters earning below $50,000 per year: 40%

In the Twin Cities area, rents are the highest in the state, leaving most low-income renters unable to find decent, safe housing they can afford. Of the new apartments approved by the cities of Minneapolis and St. Paul since 2011, 30% are for the higher-end market, rather than for lower-income renters.3

Since 2000, the median rent in Minnesota rose 8%, while the median renter’s income fell by 14%.4

Percent Change in Median Rent and Renter Income, 2000-2012, Minneapolis (2001 dollars)

Rent: -8%
Income: -14%

Since 2000 to 2012, inflation-adjusted rents rose from $735 to $813, but median incomes for renter households fell from $31,800 to $31,500.
CommonBond Communities is working to create new housing for veterans through the rehabilitation of existing historic buildings. With an estimated completion date of Fall 2014, units and services will be offered to veterans experiencing homelessness and their families.

For cards, contact Leigh (MHP) or Kenza (MN Coalition for the Homeless)
www.mhponline.org/homes-for-all
These MHP Slides and Others

View, download, and use freely for advocacy and education.
MHP Blogs: www.mhponline.org/mhp-blogs

Capitol Connect for housing politics

MHP Connect for trends and ideas in Minnesota’s housing world
County Profiles  2x4 Report

Homes for All in Mahnomen County

A slow economic recovery and fallout from the foreclosure crisis have made housing difficult for many to afford. Though homes are less expensive in some areas, many owners cannot sell due to excessive debt. Renters often lack the savings or credit needed to buy. Regardless, renting is the best choice for many. High rental demand and rising rents make renters a focus for the 2013 County Profiles.

RENTAL OPTIONS LIMITED

Despite more renters after offers of foreclosures, the supply of places to rent is limited, and often in poor condition. 2007-2011 saw the lowest level of apartment construction statewide in any 5-year period in at least 30 years. In Mahnomen County, for every 100 extremely low income renters there are now 46 units that are affordable and available.

Thriving places need safe housing that people can afford. Yet some people, especially renters, are being left behind in Mahnomen County. Renters make up 28% of the county’s households.

INCOMES DO NOT COVER COSTS

In most Minnesota counties, renter incomes have fallen. According to the most recent data available, in Mahnomen County, real rental incomes have fallen by 29% while rents have risen by 14% since 2000.

A safe, modest 2-bedroom apartment costs $680 per month in Mahnomen County. A family could affordably spend $443 per month on rent at the median renter household income of $17,717. By definition, half of the county’s renters earn less than this median, and would need less expensive housing. A minimum wage earner would have to work 73 hours per week to afford the $680 rent for a 2-bedroom apartment.

The cost of housing now consumes more than half of income for 1 in 7 Minnesota households. In 2000, only 1 in 13 households experienced this level of cost burden.

MHP’s “2 x 4” Report
Quarterly Housing Indicators

TWIN CITIES RENTS & VACANCY RATES

Average rents and overall vacancy rates in the Twin Cities held steady this quarter at $651 and 2.7% respectively. Vacancy rates for lower-priced apartments declined to 2.6%. Vacancy rates below the “balanced level” of 5% upwards pressure on rents. The rate of non理性 renters delinquent in paying rent measured 18%.

Minnesota Mortgage Delinquencies & Pre-foreclosure Notices

In the owner’s market, the number of pre-foreclosure notices still held steady, while the percent of mortgages that were delinquent or in foreclosure dropped slightly again this quarter to a 4.1%. There was a 7% decline in the number of foreclosures from last quarter to 4,651.

Minnesota Foreclosures

Twin Cities Foreclosures

Rest of Greater MN

St. Paul

St. Cloud

Duluth

Rochester

Minneapolis

Average Rent

Source: Minnesota Department of Housing

Tenants in Non-Luxury Units with Rent Past Due

Based on survey of 5,000 non-luxury units.
For resources, visit

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