

Housing Affordability and the Regional Development Framework

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MHP's Mission



To promote affordable homes for all Minnesotans and to assist Minnesota communities to create and preserve housing for low and moderate income people.

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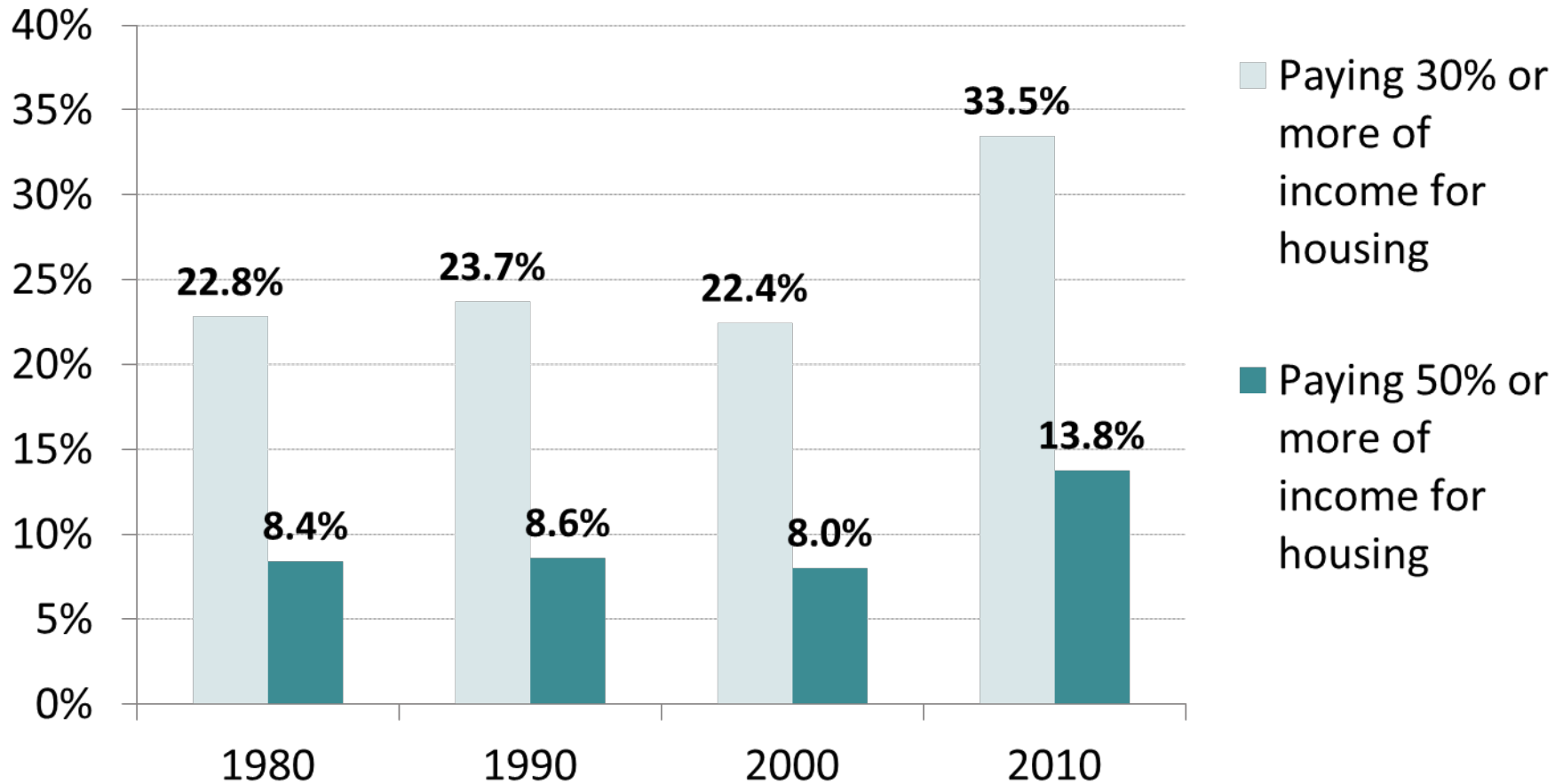
Themes



- In addition to supporting the alignment of housing with overall metropolitan development objectives, housing goals should reflect the greatest need for affordability.
- Inadequate funding for housing presents a critical barrier to achieving metropolitan housing goals and should be a Council priority.

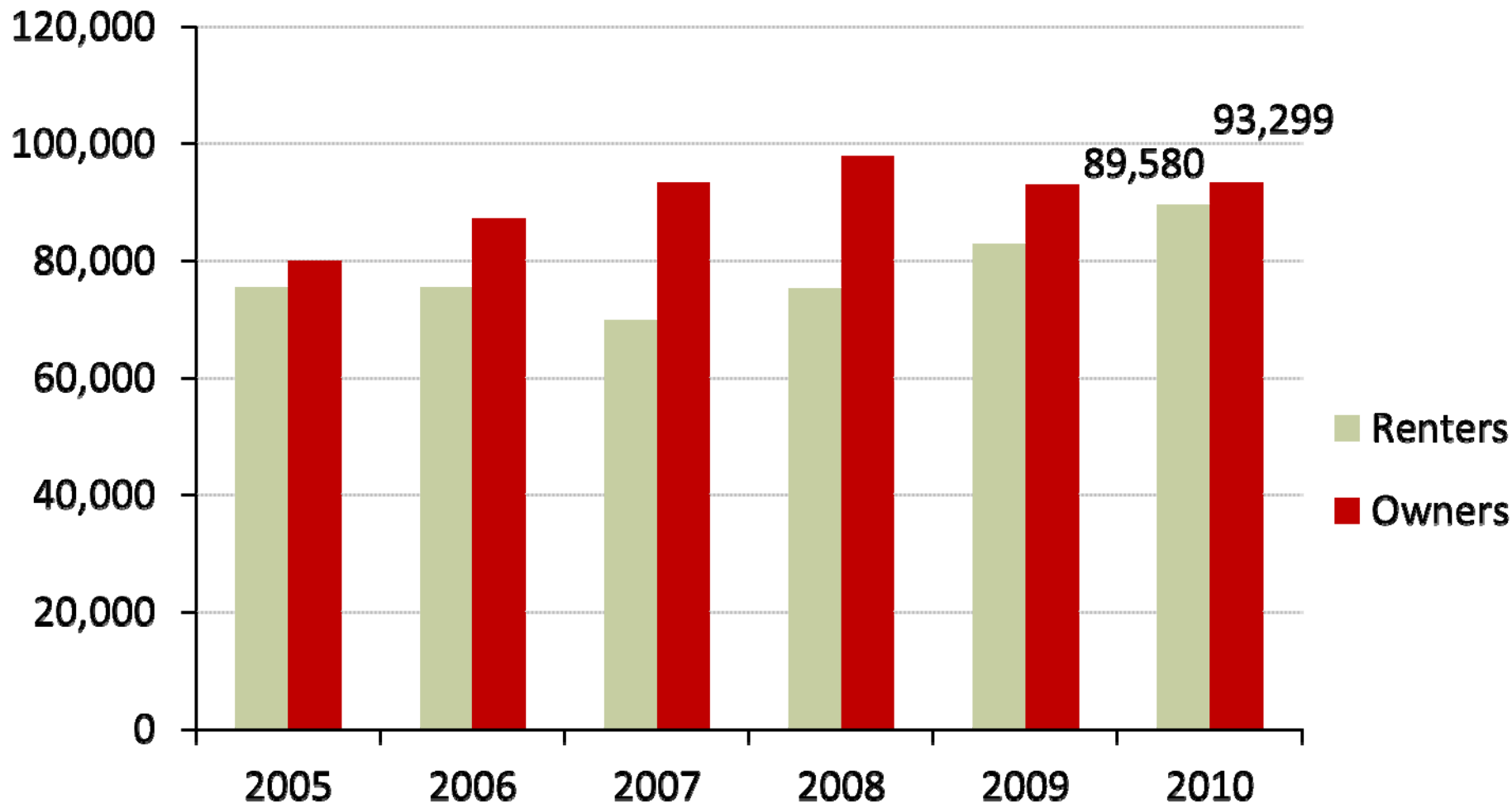


Proportion of Households Burdened by Housing Costs, Minnesota



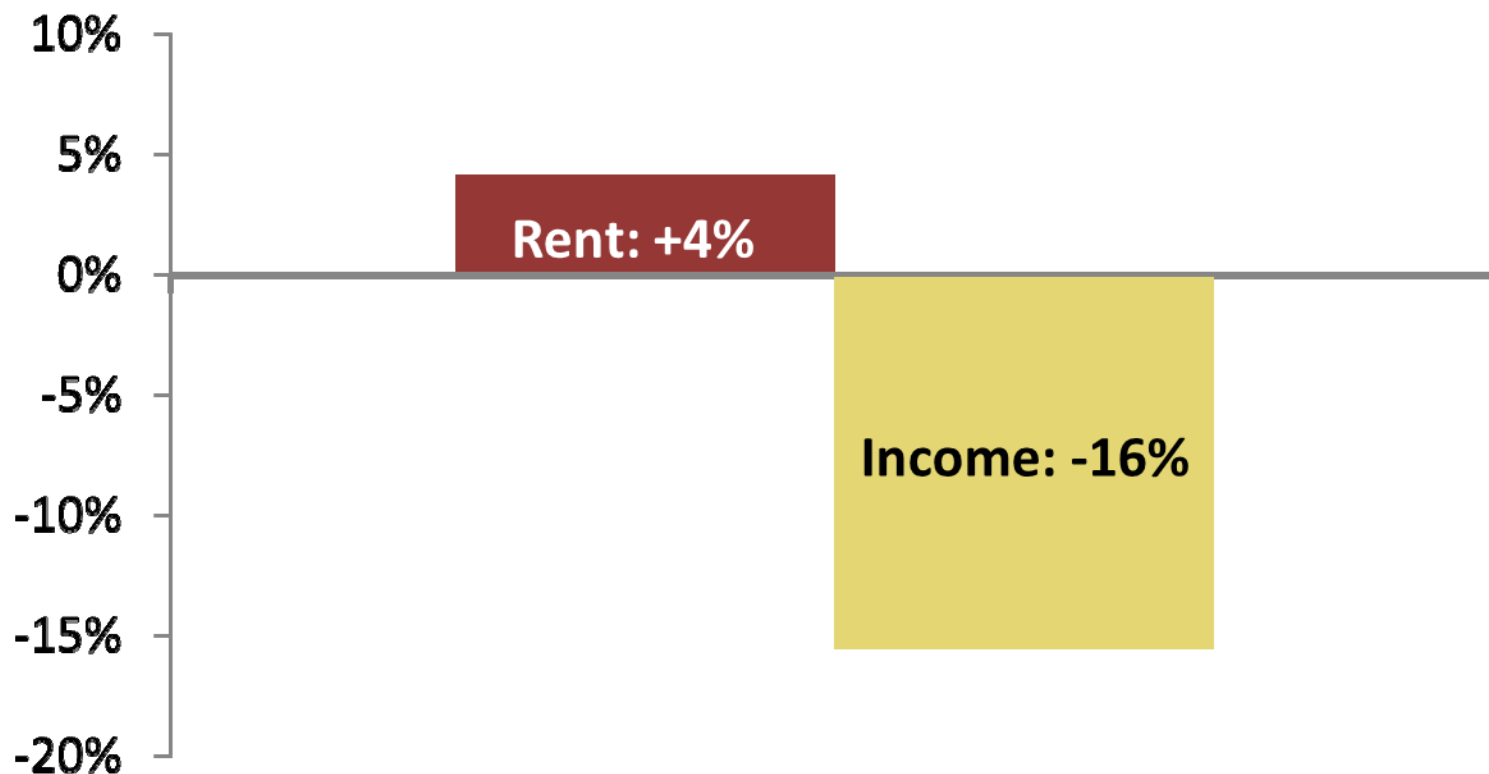
Sources: 1980 & 1990: National Historical Geographic Information System (NHGIS); 2000 Decennial Census; 2010 American Community Survey.

Number of Households Paying at Least Half of Income for Housing, Twin Cities Metro



Source: American Community Survey 1-year estimates

Percent Change in Median Rent and Renter Income, 2000-2010, Twin Cities Metro Area (2010 dollars)

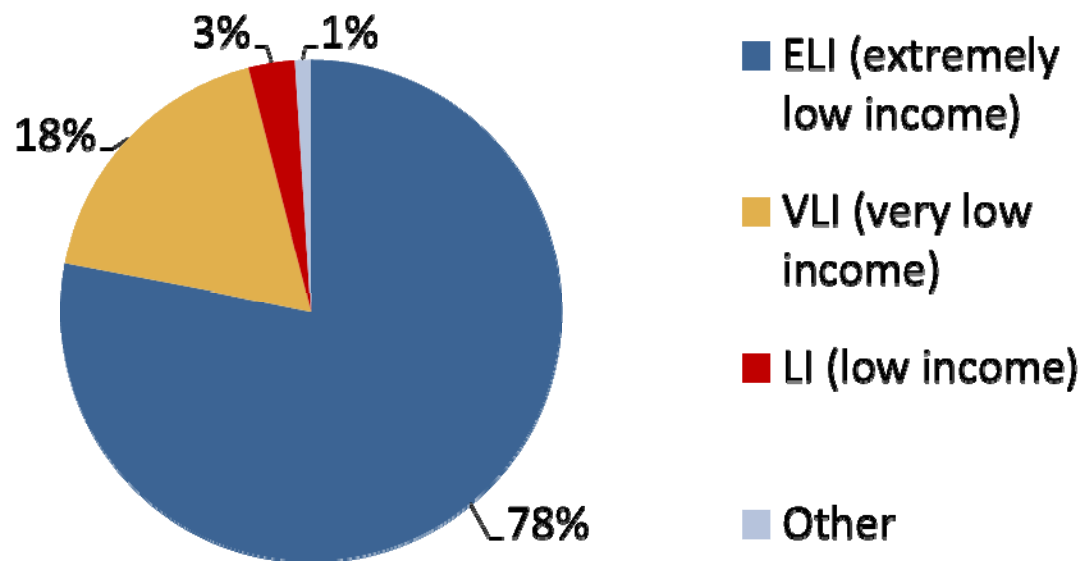


From 2000 to 2010, inflation-adjusted rental costs rose from \$812 to \$845, but annual renter incomes fell from \$37,100 to \$31,400.

Data sources: 2000 Decennial Census; 2010 American Community Survey.

Share of Severely Cost Burdened Households, Minneapolis-St. Paul Metro

(Spending over 50% of income for housing)



ELI = Income at 30% of median, \$24,800 for a household of 4

VLI = Income 50% of median, \$41,400 for a household of 4

LI = Income 80% of median, \$66,200 for a household of 4

***Most of the severely cost-burdened are
extremely low income households.***

Housing Affordability for Extremely Low Income Population

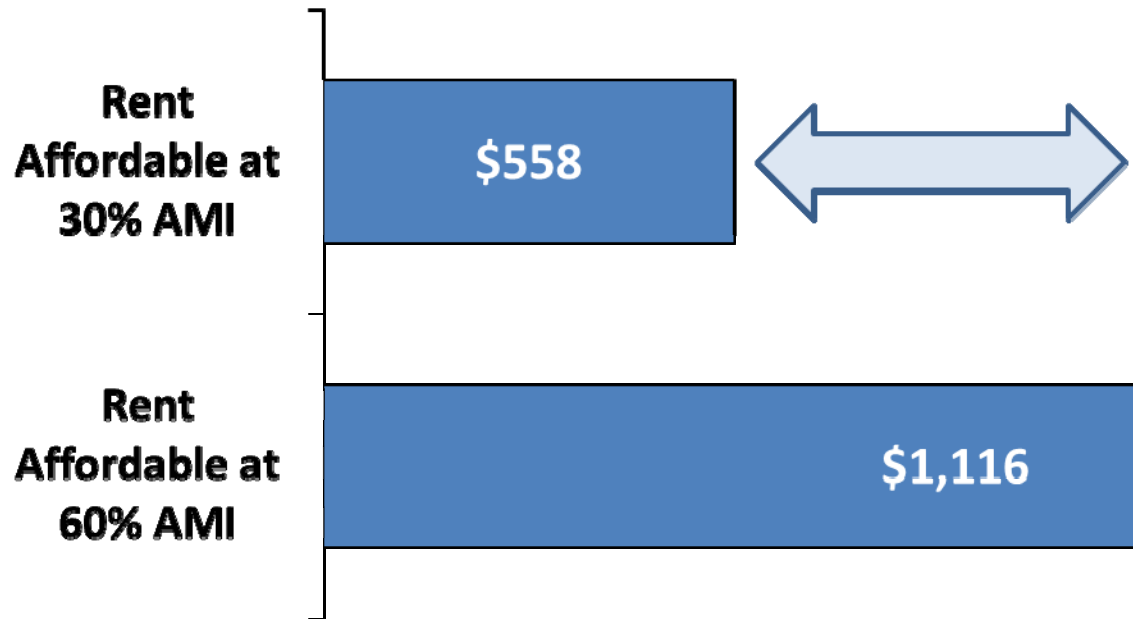


- 62% of the approximately 100,000 ELI renters in the Twin Cities were severely cost burdened in 2009.
- ELI population with rent burdens estimated to increase by about 2,000 households annually.*
- Over two-thirds of cost burdened ELI households expected to be households headed by seniors.*

* Extrapolation to entire Twin Cities area from data in East Metro Housing Needs, Wilder Research, July 2008.



Affordability and Goal Setting: What an Affordable 2-BR Apartment Costs



- Council's current goals count units affordable at 60% of Area Median Income (AMI).
- Housing meeting this affordability standard remains far beyond the means of the population most in need of housing assistance.

Resources

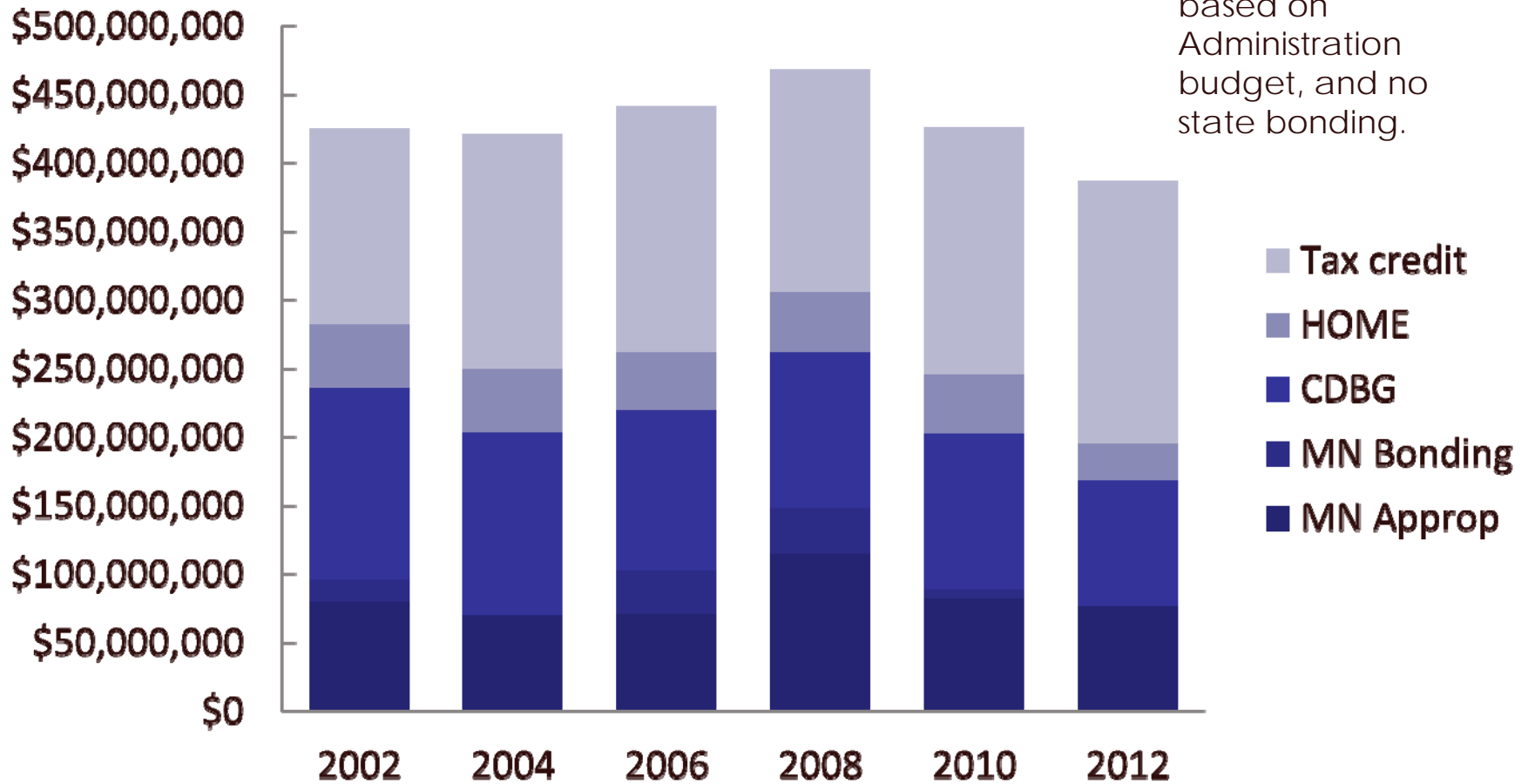


- Minnesota Housing “Low Cost Threshold” new units, Twin Cities:
 - \$215,000 for families
 - \$185,000 for singles
- \$400 million needed annually to build 2,000 units to meet incremental ELI need at \$200,000 per unit (average of family and single low cost estimate).



Minnesota State and Federal Resources for Housing Development

Biennium funding amounts, MHP calculation, 2013 based on Administration budget, and no state bonding.



Account for Change in the Existing Affordable Inventory

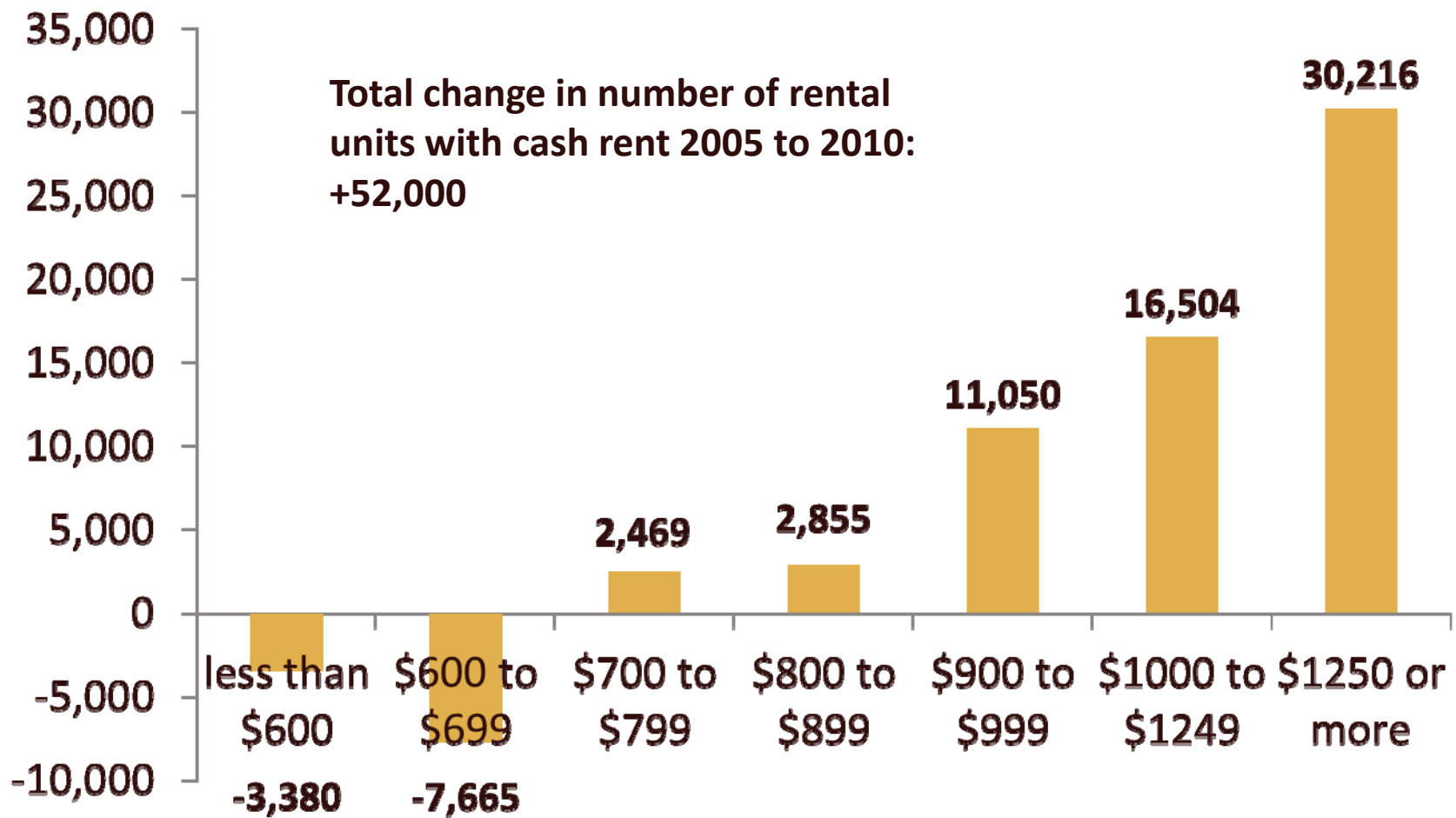


- Statewide and over the next 5 years, Minnesota Housing says that 10,000 units of federally assisted housing are at risk for conversion to market rate.
- From 2006 to 2011, the number of units in the Twin Cities renting at \$650 or less fell from 20,100 to 10,600 (a 53% drop).

Marquette Advisors data (buildings with 10+ units)

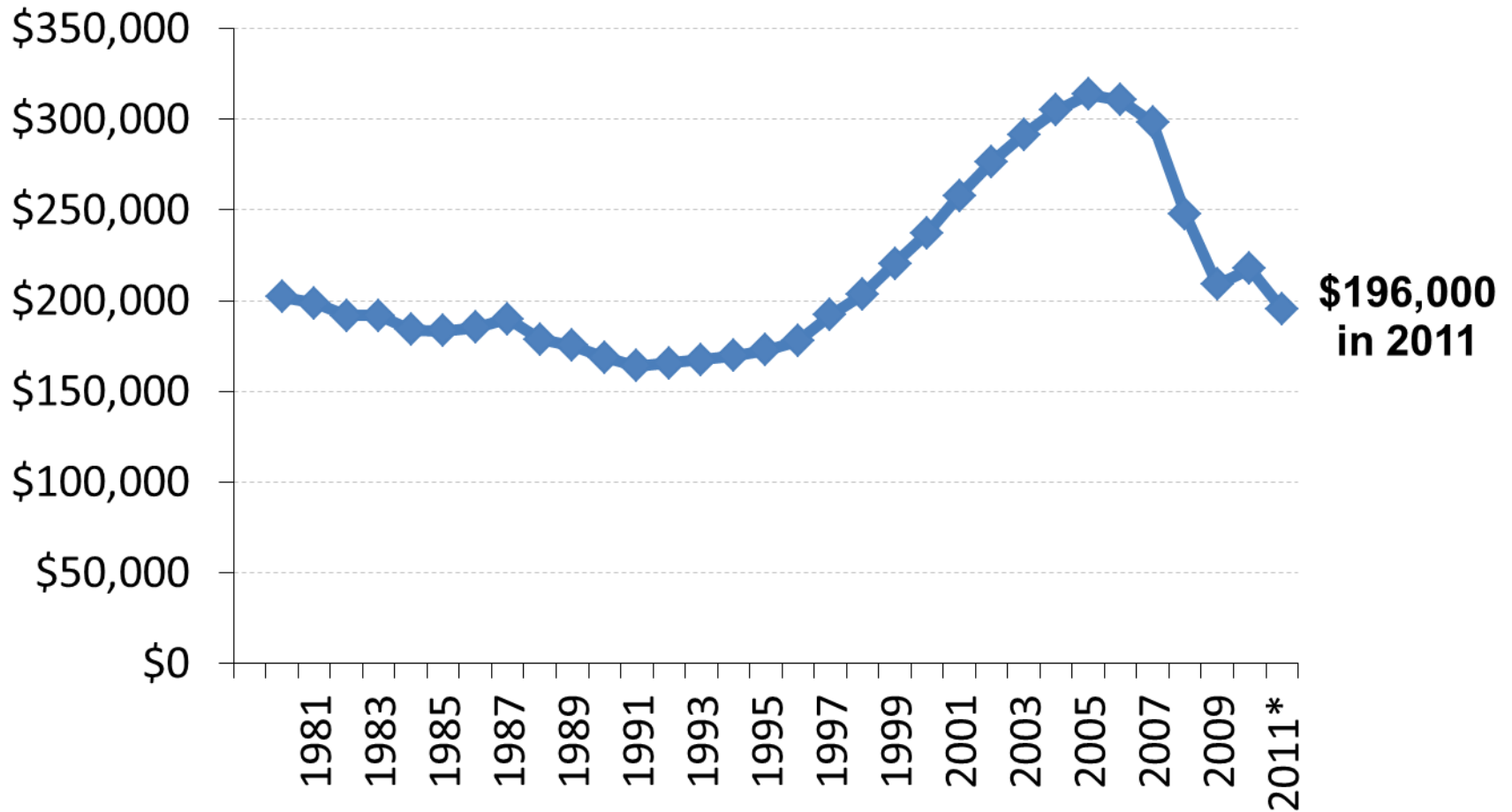


Change in Number of Rental Units by Cost, 2005-2010, Twin Cities Metro



Tabulation of American Community Survey 1-year Estimates, 2005 and 2010

Average Home Sales Price, Twin Cities Metro (In 2011 dollars)



Source: Minneapolis Area Association of Realtors.

* Denotes average through November 2011.

Recommendations

- Create housing goals for assisting extremely low income households.
- Identify and advocate for resources that can help communities meet the need for housing affordability.
- Create a framework that can accommodate significant changes in population, housing prices, and/or the supply of existing affordable housing.

