A Discussion with The Regional Council of Mayors

May 14, 2018
The Governor’s Charge to the Task Force

• Review Existing Strategies and Identify Gaps
• Consider New Practices that can Serve Minnesotans Better
• Develop Innovative Solutions
• Align Recommendations with Community Experiences, Needs and Priorities

• Recommend Policy Proposals and Actions for:
  • Executive and Legislative Branches of State Government
  • Local Government
  • The Private Sector
Task Force Structure

Housing Task Force

- Rental Work Group
- Homeownership Work Group
- Housing Stability & Opportunity Work Group
MN: Median Renter Incomes and Rents – Widening Gap, but Recently Narrowed a Bit

NOTE: Adjusted for inflation – 2016 $

Source: Census Bureau, 2000 Decennial Census and American Community Survey (2001-2016)
MN: % of Households with Income Less than $50K that Spend 30% or More of Income on Housing

- 49% Homeowners
- 67% Renters
- 57% All

450,000 Lower-Income Households are Cost Burdened

Source: Census Bureau, American Community Survey (2016)
### MN: Supply and Demand for Rental Housing – Greatest Need for Incomes <=30% of AMI

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Number of Households in Income Range</th>
<th>Supply of Affordable Units in Income Range</th>
<th>Supply Gap (-) Surplus (+)</th>
<th>Allocation Gap: Number of Affordable Units Occupied by Higher Income HH Gap (-)</th>
<th>Total Gap (+) or Surplus (-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;=30% of AMI</td>
<td>176,300</td>
<td>110,465</td>
<td>-65,835</td>
<td>-47,005</td>
<td>-112,840</td>
</tr>
<tr>
<td>&gt;30% to &lt;=50% of AMI</td>
<td>119,940</td>
<td>225,085</td>
<td>+105,145</td>
<td>-99,610</td>
<td>+5,535</td>
</tr>
<tr>
<td>&gt;50% to &lt;=80% of AMI</td>
<td>116,905</td>
<td>202,700</td>
<td>+85,795</td>
<td>-85,095</td>
<td>+700</td>
</tr>
<tr>
<td>&gt;80% of AMI</td>
<td>176,995</td>
<td>51,890</td>
<td>-125,105</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
<td>590,140</td>
<td>590,140</td>
<td>0</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source: Minnesota Housing analysis of HUD’s 2010-14 CHAS (Comprehensive Housing Affordability Strategy) data.
Share of New Housing Choice Vouchers Holders Who Found Housing with the Voucher, Metro HRA

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>88%</td>
</tr>
<tr>
<td>2010</td>
<td>82%</td>
</tr>
<tr>
<td>2012</td>
<td>67%</td>
</tr>
<tr>
<td>2013</td>
<td>60%</td>
</tr>
<tr>
<td>2014</td>
<td>45%</td>
</tr>
<tr>
<td>2015</td>
<td>65%</td>
</tr>
<tr>
<td>2016</td>
<td>61%</td>
</tr>
</tbody>
</table>

Source: Metro Housing and Redevelopment Authority, April 7, 2017
Share of Recent Rental Movers in U.S. Who Were Evicted or Face the Threat of Eviction

NOTE: Applies to renters who moved in the previous two years.

Twin Cities Metro: Rents Rising with Vacancy Rate Below 5%

Average Rent (Adjusted for Inflation - 2017$)

Vacancy Rate

Source: Minnesota Housing analysis of data from Marquette Advisors.
MN: More Renting and Less Owning in Recent Years, Particularly 2007-2011

Source: Census Bureau, 2000 Census and American Community Survey (2001-2015)
MN: Population by Age (2016) – A Large Group in the Primary Transition Age (25-34)

Source: Census Bureau, American Community Survey, 2016
U.S. Homeownership Expectations – Vast Majority (Including Young) Own or Expect to Own

Source: Harvard University’s Joint Center for Housing Studies analysis of the Demand Institute, 2015 Consumer Housing Survey data
## Twin Cities Metro
### Owning More Affordable than in 2006

**June, 2006:**
- Median sale price: $236,850
- Market interest rate: 6.68%
- Monthly housing payments (PITI): $2,006
- Average monthly rent: $860

**June 2011:**
- Median sale price: $162,217
- Market interest rate: 4.51%
- Monthly housing payments (PITI): $1,160
- Average monthly rent: $921

**June 2017:**
- Median sale price: $257,250
- Market interest rate: 3.90%
- Monthly housing payments (PITI): $1,751
- Average monthly rent: $1,111

Source: Minnesota Housing based on data from the Minnesota Association of REALTORS®, Freddie Mac, Minnesota Taxpayers Association, and U.S. Census Bureau. Figures are not adjusted for inflations.
<table>
<thead>
<tr>
<th>Year</th>
<th>Inventory - Number of Homes (June)</th>
<th>Months Supply (June)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>9,378</td>
<td>3.2</td>
</tr>
<tr>
<td>2014</td>
<td>9,413</td>
<td>3.5</td>
</tr>
<tr>
<td>2015</td>
<td>8,004</td>
<td>2.9</td>
</tr>
<tr>
<td>2016</td>
<td>6,105</td>
<td>2.1</td>
</tr>
<tr>
<td>2017</td>
<td>4,314</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Source: Minneapolis Area Association of REALTORS®
Minnesota Home Sale Prices – Increasing Since 2011

Historical Median Sales Price by Month

Note: Not adjusted for inflation
Source: Minnesota REALTORS®, Local Market Update for October 2017.
Discussion Questions
Work Group and Task Force Schedule

Work Groups
- Jan 23, 25
- Feb 12, 14, 20
- Week of Mar 12
- Week of Apr 9
- Week of May 7
- Week of Jun 4

- Discuss Scope and potential topics for work group
- Discuss Round 1 topics
- Topic presentations
- Consider potential recommendations
- Discuss Round 1 topics
- Topic presentations
- Consider potential recommendations
- Discuss Round 2 topics
- Topic presentations
- Consider potential recommendations
- Discuss Round 2 topics
- Topic presentations
- Consider potential recommendations
- Identify Recommendations and set priorities for submission to Task Force

TF Mtg. 1: January 11
TF Mtg. 2: February 21
TF Mtg. 3: April 20
TF Mtg. 4: May 29
TF Mtg. 5: June 25
For more information follow the work of the Governor’s Housing Task Force at Mnhousingtaskforce.gov