Regional Distribution of Minnesota Housing Assistance

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Planning, Research, and Evaluation

Minnesota Housing Finance Agency

Overview

This study evaluates the geographic distribution of major Minnesota Housing programs at a regional level, focusing on the households or units assisted. To evaluate activity patterns, the analysis examines 5 year averages of assistance between Federal Fiscal Year (FFY) 2007 and FFY 2011. The programs evaluated include:

- Single Family Mortgages, including Community Activity Set Aside (CASA) and Minnesota Mortgage Program (MMP),
- Home Improvement, including Fix Up Fund (FUF) and Community Fix Up Fund (CFUF),
- Single Family Rehabilitation Loan Program,
- Community Revitalization Fund (CRV),
- Amortizing First Lien Loans - Low and Moderate Income Rental (LMIR),
- Housing Tax Credits,
- Economic Development and Housing Challenge (EDHC),
- Preservation Affordable Rental Investment Fund (PARIF),
- Rental Rehab Loans & HOME Rental Rehab,
- Housing Trust Fund (HTF) Deferred Loan,
- Housing Trust Fund Rental Assistance and Bridges.

In addition to the programs listed above, the analysis evaluates Minnesota Housing's Section 8 portfolio – Performance Based Contract Administration (PBCA) and Traditional Contract Administration (TCA) – as a snapshot of federally-assisted units "on the ground". For comparison, data on USDA Rural Development properties are also analyzed.

The programs listed above and the Section 8 portfolio together account for over 90% of Minnesota Housing assistance in terms of dollars invested in FY 2011. For households or units assisted, these programs account for nearly 60% of the households assisted by Minnesota Housing in FY 2011. Two major programs with respect to the number of assisted households - Homeownership, Counseling and Training (HECAT) and Family Homeless Prevention and Assistance fund (FHPAP) - do not have sufficient geographic detail to evaluate. If these two programs are excluded, the evaluated programs account for 95% of assisted households and units in 2011.

The study evaluates program activities distributed across housing regions as well as within each region by proximity to job centers (with areas outside of job centers in Greater Minnesota referred to as rural Minnesota). Greater Minnesota regions generally have a similar share of program activity than their share of jobs and households. In addition, rural Minnesota's share of program activity is greater than its share of jobs and less than its share of households. When narrowing the analysis to evaluate the distribution of individual program activity, there are differences by type of program, e.g. single family programs and rehabilitation programs have more activity in rural Minnesota than most multifamily programs; however these patterns are consistent with higher homeownership rates in rural Minnesota. Overall, Greater Minnesota's share of program activity is similar to its share of jobs and households when evaluated on a regional and rural basis.

The remainder of this report defines the job centers and briefly reviews the results. A detailed table providing results by program and region is in Appendix A.

Regional Job Centers

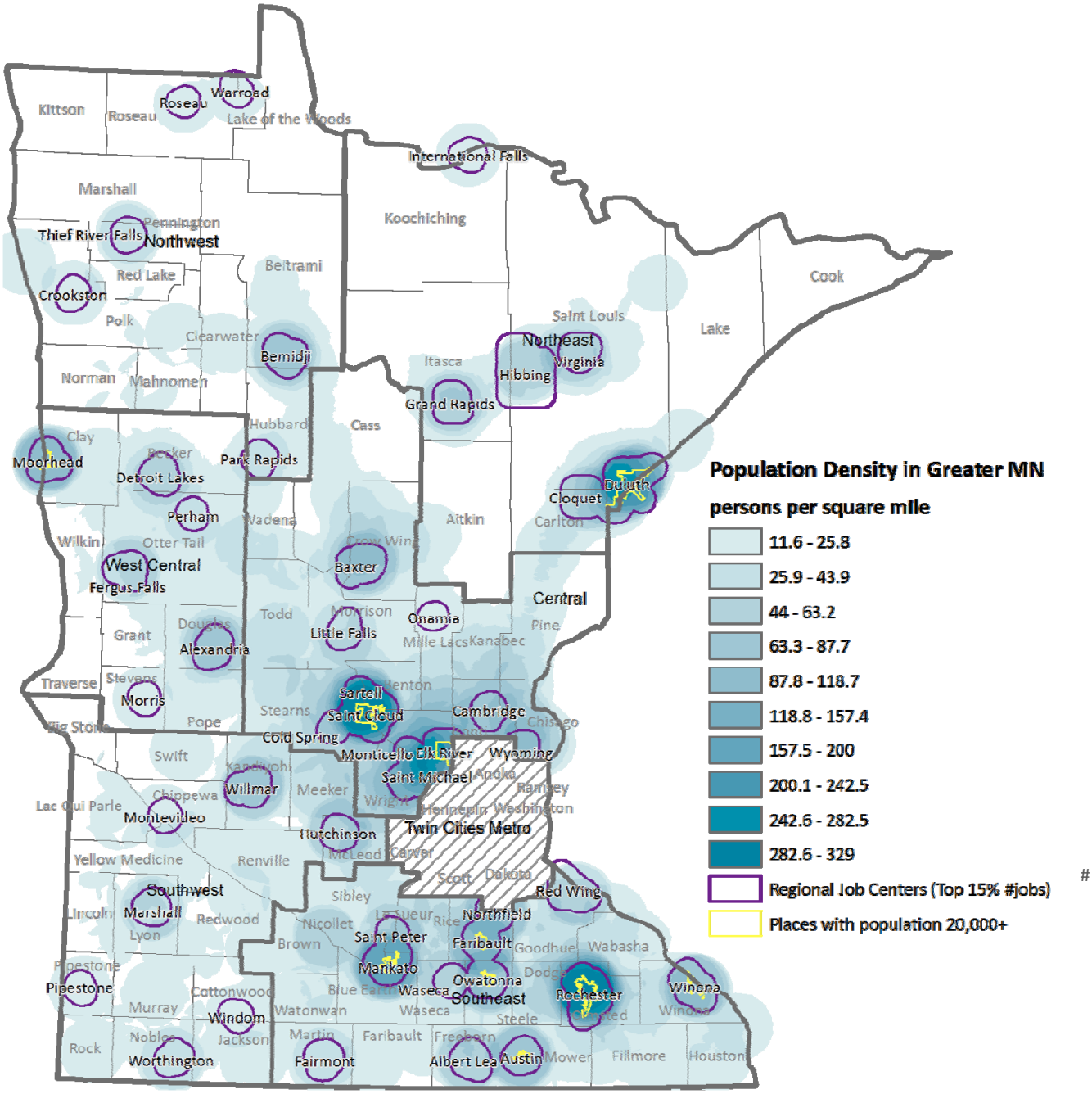
Defining a "regional job center" is not clear cut because established criteria do not exist. The report's basic methodology for choosing job centers is:

- Using 2010 employment data retrieved through the Census Bureau's Local Employment Dynamics program, count all jobs within a census tract.
- For the 631 tracts outside of the Twin Cities seven county Metro, select those tracts above the 85th percentile (or the top 15% in number of jobs[1]).
- Systematically select cities if their center falls within these census tracts, and visually check irregular shaped cities or census tracts that might not be selected with this method. For example, Moorhead is selected manually using this visual check[2].
- To account for commute sheds surrounding these cities, extend each city boundary by 5 miles. This buffer is consistent with commuting patterns in most cities. In some cases, the five mile buffer around cities in close proximity to each other overlapped. These overlapping job centers became one job center. Examples of this include Duluth/Hermantown, Baxter/Brainerd, and northern collar communities of the Twin Cities Metro.
- Evaluate job centers with regard to population density. Using block level data on population from the Decennial 2010 Census, conduct a density analysis and compare with the job centers.

Map 1 displays the defined job center areas over the population densities. The purple lines outline the job centers and the shades of blue show population density. Cities in Greater Minnesota with populations of 20,000 and higher are highlighted in yellow. This map shows that the density of households (darker blue areas) is geographically similar to the regional job centers defined for this report.

[1] The 80th percentile and 90th were also investigated, the 85th percentile was found to better represent large cities – populations over 20,000 – and other regional centers.
[2] A check confirms that cities with populations 20,000 and greater are included in the job centers.

Map 1 - Regional Job Centers



Source: Minnesota Housing analysis of data from the 2010 Decennial US Census and Local Employment Dynamics program (jobs data).

Findings: Regional Distribution of Minnesota Housing Program Activities

The following sections explore four ways of evaluating the distribution of program activity by region: 1) program activity in each region compared with its share of jobs and households, 2) program activity in rural areas compared with activity in Greater Minnesota job centers, 3) individual program activity within rural Minnesota, and 4) the distribution of the Section 8 portfolio regionally.

This report is an update to analysis completed in 2011 which analyzed the 5 year averages of Federal Fiscal Years 2006 through 2010. Overall, the key findings between the two years are very similar.

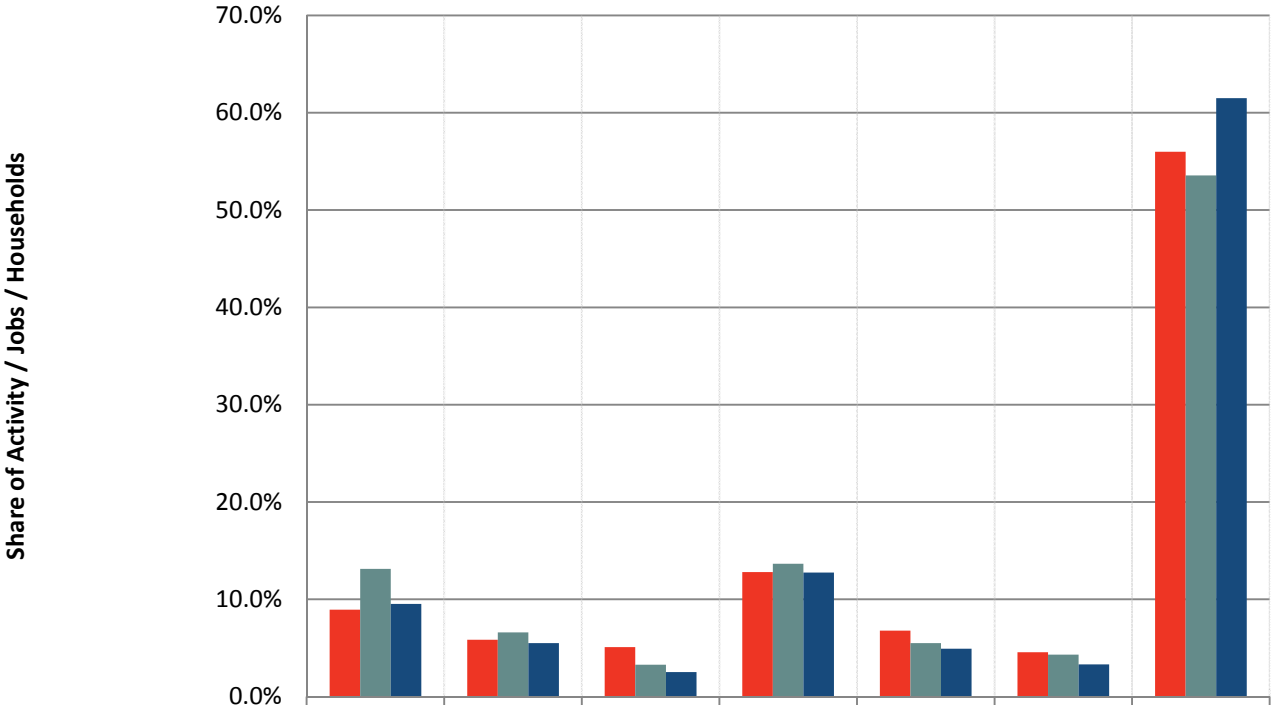
The key findings are:

1) The share of program activity in Greater Minnesota regions is generally at or above the share of jobs and households, with the Central region being the exception.
2) The share of program activity in rural areas (outside of job centers in Greater Minnesota) follows patterns that are similar to the distribution of jobs and households in each region.
3) The share of program activity in rural Minnesota varies by program type; in aggregate, rural Minnesota's share of program activity is greater than its share of jobs but less than its share of households.
4) The distribution of the Section 8 portfolio is consistent with each regions' share of households.

1) Exploring program activity in housing regions relative to jobs and households.

Minnesota allocates housing resources evenly throughout the state. Each region's share of households assisted by Minnesota Housing is usually very similar to its share of all households and jobs[3]. Figure 1 shows shares of assisted households (red bars), all households (green bars), and all jobs (blue bars) in each region. For example, the Northeast Region has 5.8% of the Minnesota Housing assisted households, 6.6% of all households, and 5.5% of the jobs. The Twin Cities Metropolitan Region, on the other hand, has a more pronounced discrepancy. While the Twin Cities share of assisted households (56.0%) is similar to its share of all households (53.6%), the share of assisted households is substantially less than the share of jobs (61.5%). In Greater Minnesota, only Central has this large of a discrepancy, where the share of assisted households (8.9%) is similar to the share of jobs (9.5%) but substantially less than the share of households (13.1%).

Figure 1 – Comparing Each Region's Share of Assisted Households with Its Share of All Households and Jobs in the State



	Central	Northeast	Northwest	Southeast	Southwest	West Central	Metro
Share of Assisted HH/Units	8.9%	5.8%	5.1%	12.8%	6.8%	4.6%	56.0%
Share of Households	13.1%	6.6%	3.3%	13.7%	5.5%	4.3%	53.6%
Share of Jobs	9.5%	5.5%	2.5%	12.7%	4.9%	3.3%	61.5%

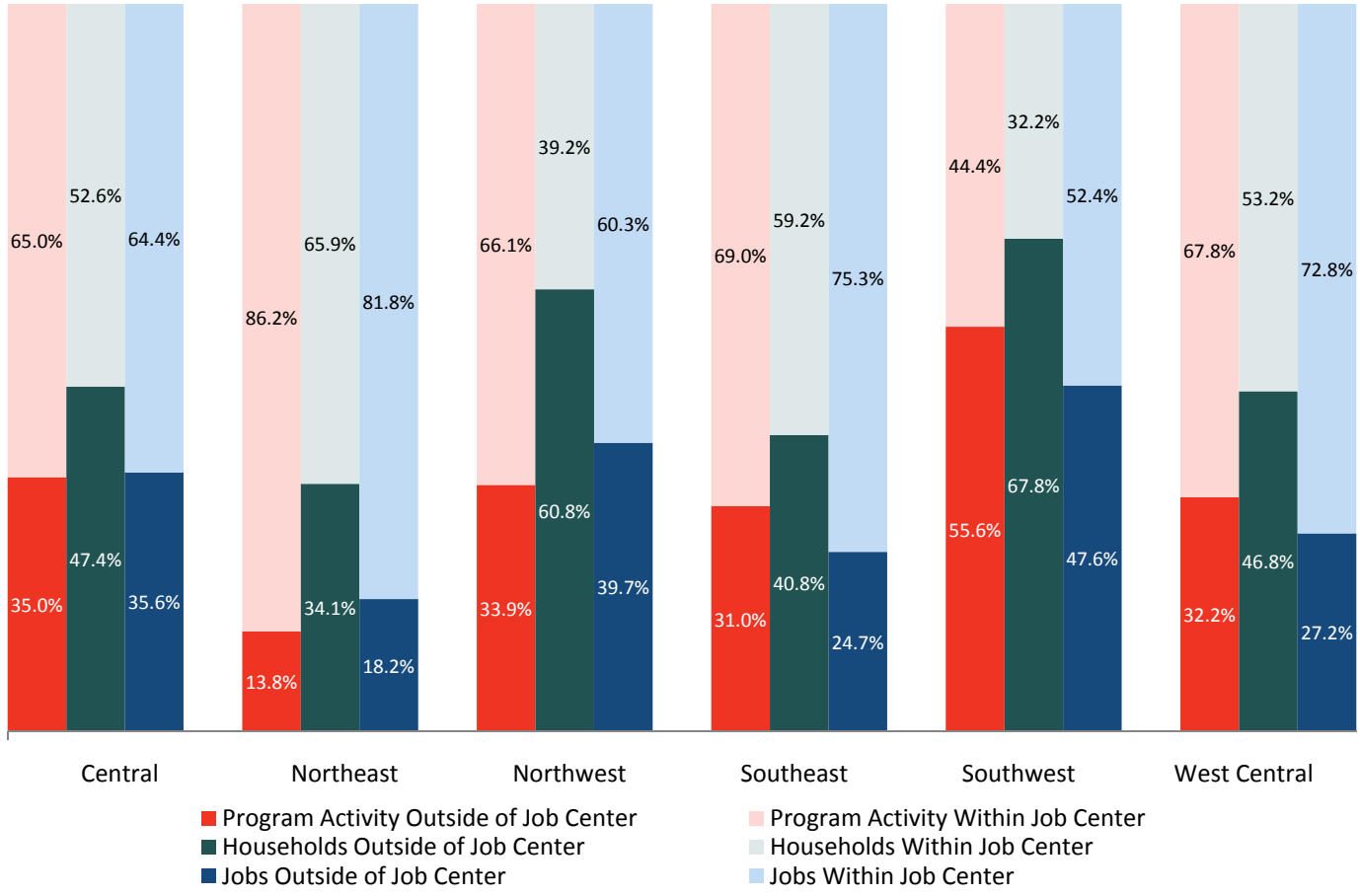
[3] The number of jobs is based on data from the unemployment insurance program. Jobs that do not pay into the program, such as the self employed, are excluded from the count.

2) Comparing each region's share of program activity within and outside of job centers.

Within each Greater Minnesota region, the share of program activity occurring in rural areas (outside of regional job centers and reflected by the dark green shading in Figure 2) ranges from 67.8% in the Southwest to 13.8% in the Northeast region.

Figure 2 displays the share of program activity by Greater Minnesota region occurring outside and within regional job centers. In addition, the figure displays the share of jobs and households outside and within the regional jobs centers. Within each Greater Minnesota region, the share of program activity outside of a job center is less than the share of households. For three of six Greater Minnesota regions, the share of program activity is greater than the share of jobs (Southeast, Southwest, and West Central), while in the Central, Northeast and Northwest regions, the share of program activity is less than the share of jobs. For all regions in Greater Minnesota, program activity is more related to share of jobs than households.

Figure 2 - Share of Activity Within and Outside of Job Centers in Greater Minnesota



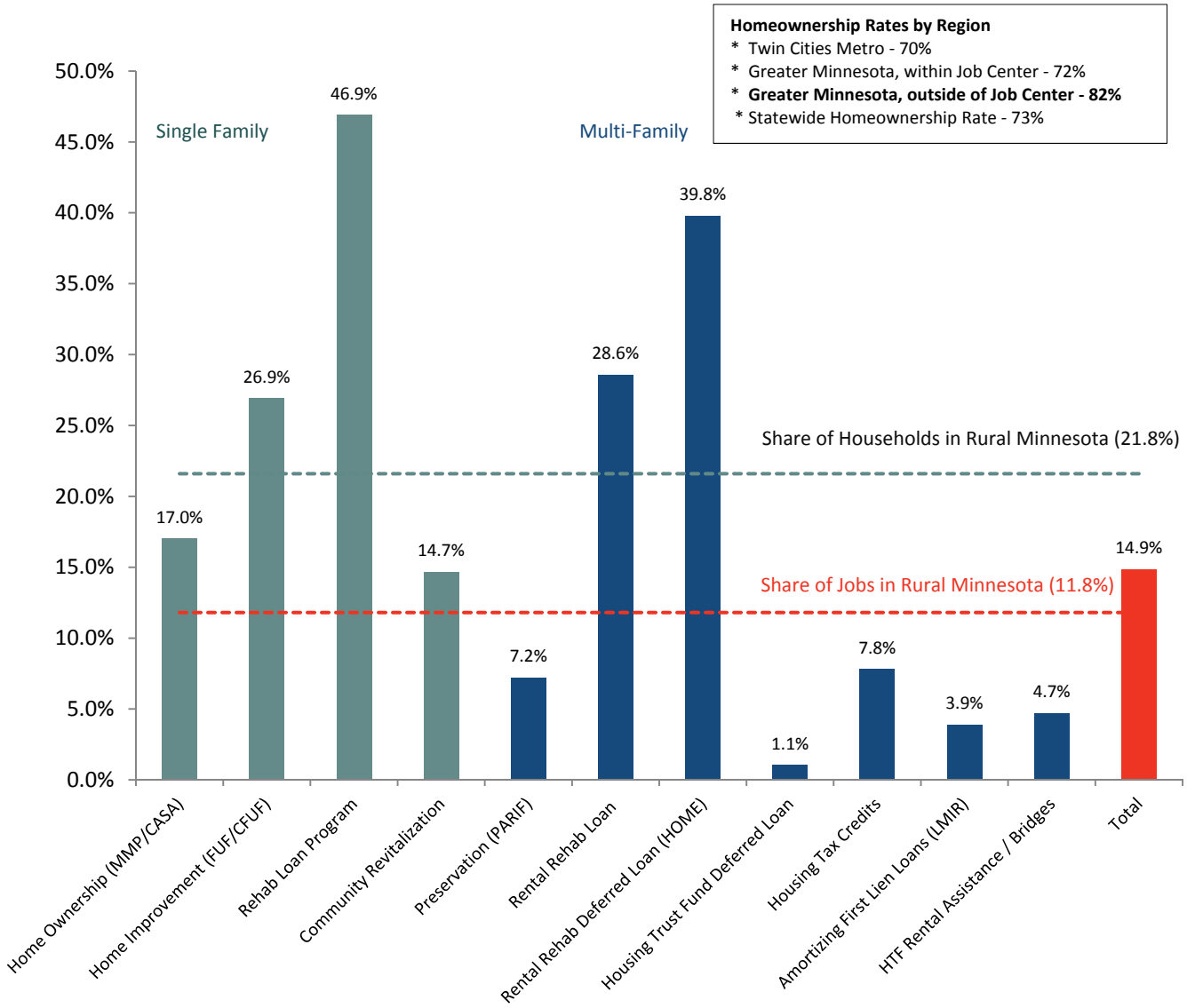
3) Examining the distribution of activity for individual programs in rural Minnesota.

While Minnesota Housing may distribute resources relatively evenly across regions, there is some concern that resources are disproportionately allocated to regional centers in Greater Minnesota, at the expense of rural areas. This section tests that perception.

For the state, 21.8% of households and 11.8% of jobs are in rural Minnesota (see dashed lines in Figure 3). The share of statewide program activity in rural Minnesota ranges from 1.1% of units for the Housing Trust Fund deferred loan program to 46.9% of single family rehabilitation loans, with rural areas accounting for 14.9% of the activity for all programs in combination. Figure 3, on the next page, displays the share of program activity occurring in rural Minnesota. Overall, rural Minnesota's share of program activity is between its share of households and jobs.

Note that the jobs data excludes the self employed, including farmers. According to the USDA Census of Agriculture, Minnesota had 72,577 farms that were classified as "Individual/Family Sole Proprietorships" or "Family Held Corporations" in 2007. Assuming two family jobs per farm, self-employed farmers accounted for 5.2% of the workforce in 2007. Not all these self-employed farmers live in the rural areas identified in Figure 3; some live in the Twin Cities Metro area and within the five-mile commuter shed around regional job centers. Furthermore, other self-employed workers (which would likely be concentrated in the metro area and job centers) are excluded from the count. In the end, rural area's share of jobs may be a couple percentage points higher than 11.8% if all jobs were included.

Figure 3 – Share of Assisted Households Statewide in Rural Minnesota (Outside of Job Centers in Greater Minnesota)



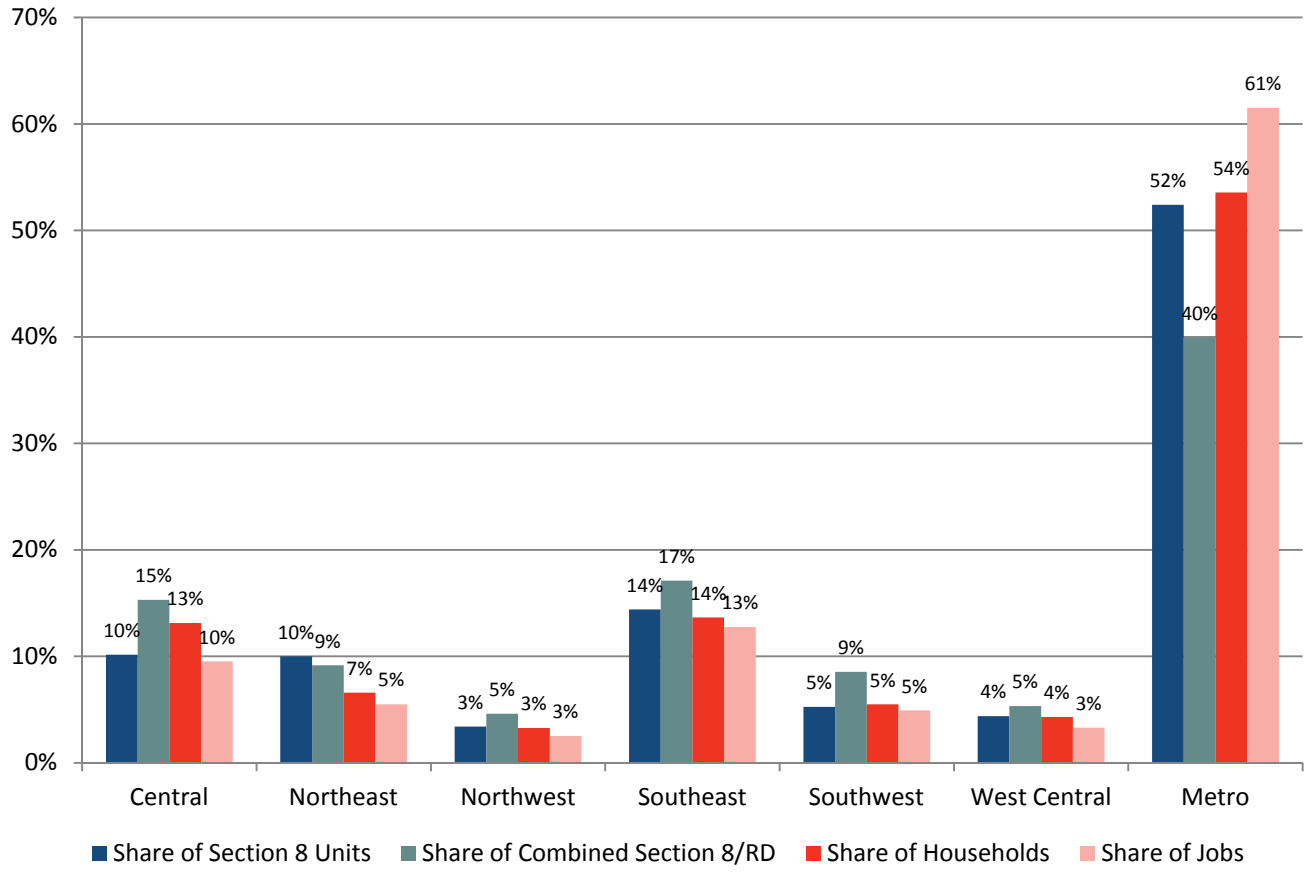
While the share of single-family program activity for homeowners in rural Minnesota (green bars) is generally higher than the share of multifamily program activity in Minnesota (blue bars), the homeownership rate is greater in rural areas as well. The homeownership rate for communities in rural Minnesota is 82% compared with a statewide average of 73%. Thus, a concentration of homeowner activity in these areas is expected. There is also a concentration of rehabilitation and home improvement activity within these areas (see bars for Home Improvement and Rehab Loan Programs).

4) Review of Section 8 portfolio distribution.

For all units currently in Minnesota Housing's Section 8 portfolio (TCA and PBCA), 52% are within the Twin Cities Metro region (see dark blue bar in Figure 4 below). However, the share is fairly consistent with the share of households in the region (see red bar in Figure 4). For housing regions in Greater Minnesota, the share of Section 8 units is similarly consistent with share of households. Two regions depart from this consistency, with the Central region having a smaller share of Section 8 units than households while the Northeast region has a greater share of Section 8 units than households.

To assess the combined units of the Section 8 portfolio and USDA Rural Development's portfolio, the green bar in Figure 4 displays the combined share by region. By adding USDA Rural Development's properties, the share of federally subsidized units in the Twin Cities Metro region drops significantly to 40%. In addition, each Greater Minnesota region has a greater share of federally subsidized units than its share of households or jobs.

Figure 4 - Section 8 and USDA Rural Development Share by Region



Appendix A: Regional Analysis of Selected Minnesota Housing Programs

RHAG / Job Center Region (1)	Total of Selected Programs (2)		Single Family	Single Family Mortgages (CASA/MMP)		Home Improvement (FUF/CFUF)		Rehab Loan Program		Community Revitalization Fund (CRV)	
	Units/ HH (3)	Share		Loans	Share	Loans	Share	Loans	Share	Units	Share
Central	**856**	**8.9%**		**259**	**11.2%**	**88**	**5.7%**	**31**	**12.6%**	**11**	**3.2%**
Outside of Job Center	299	35.0%		83	32.2%	45	51.7%	21	67.9%	5	49.1%
Within Job Center	557	65.0%		176	67.8%	42	48.3%	10	32.1%	6	50.9%
Northeast	**560**	**5.8%**		**103**	**4.5%**	**79**	**5.1%**	**47**	**18.9%**	**75**	**21.4%**
Outside of Job Center	77	13.8%		10	9.7%	20	25.2%	19	40.2%	7	9.7%
Within Job Center	483	86.2%		93	90.3%	59	74.8%	28	59.8%	67	90.3%
Northwest	**488**	**5.1%**		**71**	**3.1%**	**77**	**5.0%**	**18**	**7.1%**	**22**	**6.3%**
Outside of Job Center	165	33.9%		27	38.1%	41	53.2%	11	63.3%	11	48.2%
Within Job Center	323	66.1%		44	61.9%	36	46.8%	7	36.7%	11	51.8%
Southeast	**1,227**	**12.8%**		**299**	**12.9%**	**287**	**18.6%**	**47**	**19.0%**	**33**	**9.4%**
Outside of Job Center	380	31.0%		118	39.6%	131	45.7%	20	41.7%	8	23.3%
Within Job Center	847	69.0%		181	60.4%	156	54.3%	27	58.3%	25	76.7%
Southwest	**650**	**6.8%**		**193**	**8.3%**	**209**	**13.6%**	**38**	**15.5%**	**27**	**7.8%**
Outside of Job Center	362	55.6%		101	52.3%	138	66.2%	28	72.4%	15	56.6%
Within Job Center	288	44.4%		92	47.7%	71	33.8%	11	27.6%	12	43.4%
West Central	**437**	**4.6%**		**142**	**6.1%**	**76**	**4.9%**	**27**	**10.7%**	**9**	**2.7%**
Outside of Job Center	141	32.2%		54	37.9%	40	52.1%	18	66.2%	5	51.1%
Within Job Center	296	67.8%		88	62.1%	36	47.9%	9	33.8%	5	48.9%
Metro	**5,366**	**56.0%**		**1,241**	**53.8%**	**726**	**47.1%**	**40**	**16.1%**	**171**	**49.2%**
Total Non Metro	**4,218**	**44.0%**		**1,067**	**46.2%**	**816**	**52.9%**	**208**	**83.9%**	**177**	**50.8%**
Outside Job Center (share of Non Metro)	1,424	33.8%		393	36.9%	415	50.9%	116	55.9%	51	28.8%
Within Job Center (share of Non Metro)	2,794	66.2%		673	63.1%	401	49.1%	92	44.1%	126	71.2%
Outside of Job Center (share statewide)	1,424	14.9%		393	17.0%	415	26.9%	116	46.9%	51	14.7%
Total	**9,584**			**2308**		**1542**		**248**		**348**	

Table continued on next page.

1) Job center is a city that contains a census tract that is in the top 15% in number of jobs. It also includes a 5 mile buffer around the city for a commute shed.
2) Program activity represents 5 year averages for FFY 2007-2011.
3) Total program activity averages are reduced by un-duplicating assistance provided by HTF, LMIR, RRL, EDHC, PARIF and HTC.

RHAG / Job Center Region (1)	Multifamily	Preservation Affordable Rental Investment Fund (PARIF)		Challenge (EDHC)		Rental Rehab Loans		HOME Rental Rehab		Housing Trust Fund (deferred)		Housing Tax Credits (4)		Housing Trust Fund Rental Assistance & Bridges		Low and Moderate Income Rental (LMIR)	
		Units	Share	Units	Share	Units	Share	Units	Share	Number	Share	Units	Share	Households	Share	Units	Share
Central		**74**	**5.9%**	**12**	**1.7%**	**38**	**21.8%**	**135**	**28.0%**	**28**	**8.1%**	**121**	**18.1%**	**98**	**5.9%**	**51**	**6.7%**
Outside of Job Center		13	17.6%	0	0.0%	34	89.4%	54	40.1%	0	0.0%	29	23.6%	31	31.2%	7	14.1%
Within Job Center		61	82.4%	12	100.0%	4	10.6%	81	59.9%	28	100.0%	93	76.4%	68	68.8%	44	85.9%
Northeast		**37**	**2.9%**	**34**	**4.7%**	**2**	**0.9%**	**0**	**0.0%**	**39**	**11.4%**	**48**	**7.2%**	**128**	**7.7%**	**7**	**0.9%**
Outside of Job Center		0	0.0%	10	29.1%	0	0.0%	0	0.0%	4	9.2%	0	0.0%	10	8.1%	0	0.0%
Within Job Center		37	100.0%	24	70.9%	2	100.0%	0	0.0%	35	90.8%	48	100.0%	118	91.9%	7	100.0%
Northwest		**77**	**6.1%**	**0**	**0.0%**	**15**	**8.9%**	**62**	**12.9%**	**6**	**1.6%**	**22**	**3.3%**	**142**	**8.5%**	**23**	**3.0%**
Outside of Job Center		0	0.0%	0	0.0%	12	80.5%	33	53.7%	0	0.0%	16	72.7%	18	12.9%	0	0.0%
Within Job Center		77	100.0%	0	0.0%	3	19.5%	29	46.3%	6	100.0%	6	27.3%	123	87.1%	23	100.0%
Southeast		**99**	**7.9%**	**29**	**3.9%**	**18**	**10.3%**	**156**	**32.4%**	**31**	**8.9%**	**133**	**19.8%**	**154**	**9.3%**	**51**	**6.6%**
Outside of Job Center		36	36.2%	0	0.0%	0	2.2%	49	31.3%	0	0.0%	4	2.7%	9	5.8%	13	25.7%
Within Job Center		63	63.8%	29	100.0%	17	97.8%	107	68.7%	31	100.0%	129	97.3%	145	94.2%	38	74.3%
Southwest		**62**	**4.9%**	**0**	**0.0%**	**3**	**1.7%**	**70**	**14.5%**	**6**	**1.6%**	**12**	**1.7%**	**18**	**1.1%**	**50**	**6.6%**
Outside of Job Center		42	67.3%	0	0.0%	3	100.0%	41	58.0%	0	0.0%	0	0.0%	4	20.0%	10	19.0%
Within Job Center		20	32.7%	0	0.0%	0	0.0%	29	42.0%	6	100.0%	12	100.0%	14	80.0%	41	81.0%
West Central		**52**	**4.1%**	**0**	**0.0%**	**2**	**1.4%**	**36**	**7.6%**	**0**	**0.0%**	**4**	**0.6%**	**84**	**5.0%**	**51**	**6.6%**
Outside of Job Center		0	0.0%	0	0.0%	0	0.0%	15	40.7%	0	0.0%	4	100.0%	6	7.4%	0	0.0%
Within Job Center		52	100.0%	0	0.0%	2	100.0%	22	59.3%	0	0.0%	0	0.0%	78	92.6%	51	100.0%
Metro		**855**	**68.1%**	**663**	**89.8%**	**95**	**55.0%**	**22**	**4.6%**	**234**	**68.3%**	**330**	**49.3%**	**1,037**	**62.4%**	**532**	**69.6%**
Total Non Metro		**401**	**31.9%**	**75**	**10.2%**	**78**	**45.0%**	**459**	**95.4%**	**108**	**31.7%**	**339**	**50.7%**	**624**	**37.6%**	**233**	**30.4%**
Outside Job Center (share of Non Metro)		91	22.6%	10	13.3%	49	63.5%	192	41.7%	4	3.3%	52	15.4%	78	12.5%	30	12.8%
Within Job Center (share of Non Metro)		310	77.4%	65	86.7%	28	36.5%	268	58.3%	105	96.7%	287	84.6%	546	87.5%	203	87.2%
Outside of Job Center (share statewide)		91	7.2%	10	1.4%	49	28.6%	192	39.8%	4	1.1%	52	7.8%	78	4.7%	30	3.9%
Total		**1256**		**738**		**173**		**481**		**342**		**669**		**1661**		**765**	

Table continued on next page.

1) Job center is a city that contains a census tract that is in the top 15% in number of jobs. It also includes a 5 mile buffer around the city for a commute shed.
4) Housing Tax Credits represent Minnesota Housing allocations and do not include sub-allocators.

RHAG / Job Center Region (1)	Jobs-Households	2010 Jobs (5)		2010 Households		Difference (percentage points) Between Total Share of Activity and…		Section 8 - RD	Section 8 Portfolio (PBCA and TCA)(6)		USDA Rural Development Portfolio		Combined Section 8 and RD		Difference in Share Sec8/RD to
		Jobs	Share	Households	Share	Share of Households	Share of Jobs		Assisted Units	Share	Assisted Units	Share	Assisted Units	Share	Share of Households
Central		**242,436**	**9.5%**	**273,844**	**13.1%**	**-4.2%**	**-0.6%**		**3,092**	**10.2%**	**3,217**	**29.8%**	**6,309**	**15.3%**	**2.2%**
Outside of Job Center		86,345	35.6%	129,869	47.4%	-12.5%	-0.7%		1423	46.0%	1869	58.1%	3292	52.2%	4.8%
Within Job Center		156,091	64.4%	143,975	52.6%	12.5%	0.7%		1669	54.0%	1348	41.9%	3017	47.8%	-4.8%
Northeast		**140,065**	**5.5%**	**137,532**	**6.6%**	**-0.7%**	**0.3%**		**3,045**	**10.0%**	**733**	**6.8%**	**3,778**	**9.2%**	**2.6%**
Outside of Job Center		25,511	18.2%	46,849	34.1%	-20.3%	-4.4%		632	20.8%	381	52.0%	1013	26.8%	-7.3%
Within Job Center		114,554	81.8%	90,683	65.9%	20.3%	4.4%		2413	79.2%	352	48.0%	2765	73.2%	7.3%
Northwest		**64,090**	**2.5%**	**68,207**	**3.3%**	**1.8%**	**2.6%**		**1,037**	**3.4%**	**865**	**8.0%**	**1,902**	**4.6%**	**1.3%**
Outside of Job Center		25,448	39.7%	41,468	60.8%	-26.9%	-5.8%		521	50.2%	394	45.5%	915	48.1%	-12.7%
Within Job Center		38,642	60.3%	26,739	39.2%	26.9%	5.8%		516	49.8%	471	54.5%	987	51.9%	12.7%
Southeast		**324,593**	**12.7%**	**284,982**	**13.7%**	**-0.9%**	**0.1%**		**4,383**	**14.4%**	**2,672**	**24.8%**	**7,055**	**17.1%**	**3.5%**
Outside of Job Center		80,201	24.7%	116,177	40.8%	-9.8%	6.3%		1369	31.2%	1560	58.4%	2929	41.5%	0.8%
Within Job Center		244,392	75.3%	168,805	59.2%	9.8%	-6.3%		3014	68.8%	1112	41.6%	4126	58.5%	-0.8%
Southwest		**125,345**	**4.9%**	**114,630**	**5.5%**	**1.3%**	**1.9%**		**1,599**	**5.3%**	**1,924**	**17.8%**	**3,523**	**8.5%**	**3.1%**
Outside of Job Center		59,633	47.6%	77,666	67.8%	-12.1%	8.1%		865	54.1%	1082	56.2%	1947	55.3%	-12.5%
Within Job Center		65,712	52.4%	36,964	32.2%	12.1%	-8.1%		734	45.9%	842	43.8%	1576	44.7%	12.5%
West Central		**84,132**	**3.3%**	**89,933**	**4.3%**	**0.2%**	**1.3%**		**1,335**	**4.4%**	**862**	**8.0%**	**2,197**	**5.3%**	**1.0%**
Outside of Job Center		22,924	27.2%	42,070	46.8%	-14.6%	5.0%		318	23.8%	545	63.2%	863	39.3%	-7.5%
Within Job Center		61,208	72.8%	47,863	53.2%	14.6%	-5.0%		1017	76.2%	317	36.8%	1334	60.7%	7.5%
Metro		**1,566,314**	**61.5%**	**1,117,817**	**53.6%**	**2.4%**	**-5.5%**		**15954**	**52.4%**	**517**	**4.8%**	**16,471**	**39.9%**	**-13.6%**
Total Non Metro		**980,661**	**38.5%**	**969,128**	**46.4%**	**-2.4%**	**5.5%**		**14,491**	**47.6%**	**10,273**	**95.2%**	**24,764**	**60.1%**	**13.6%**
Outside Job Center (share of Non Metro)		300,062	30.6%	454,099	46.9%	-13.1%	3.2%		5,128	35.4%	5,831	56.8%	10,959	44.3%	-2.6%
Within Job Center (share of Non Metro)		680,599	69.4%	515,029	53.1%	13.1%	-3.2%		9,363	64.6%	4,442	43.2%	13,805	55.7%	2.6%
Outside of Job Center (share statewide)		300,062	11.8%	454,099	21.8%	-6.9%	3.1%		5,128	16.8%	5,831	54.0%	10,959	26.6%	4.8%
Total		**2,546,975**		**2,086,945**					**30,445**		**10,790**		**41,235**		

1) Job center is a city that contains a census tract that is in the top 15% in number of jobs. It also includes a 5 mile buffer around the city for a commute shed.

5) Population, household, and housing unit totals from US Decennial Census 2010; jobs totals from US Census Local Employment Dynamics program, 2010.

6) Section 8 and RD properties represent units on the ground, spring 2012.