

Regional Distribution of Minnesota Housing Assistance

(October 24, 2011)

Research and Evaluation Unit



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 annual averages of assistance between Federal Fiscal Year (FFY) 2006 and FFY 2010. The programs evaluated include¹:

- 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 Rehab Loan Program,
- Community Revitalization Fund (CRV),
- Amortizing First Lien Loans - Low and Moderate Income Rental (LMIR),
- Housing Tax Credits,
- Preservation Affordable Rental Investment Fund (PARIF),
- Rental Rehab Loans & HOME Rental Rehab,
- Housing Trust Fund (HTF) Deferred,
- 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 2010. For households or units assisted, these programs account for nearly 60% of the households assisted by Minnesota Housing in FY 2010. 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 97% of assisted households and units in 2010.

The study evaluates programs by distributing activities across Regional Housing Advisory Group (RHAG) regions as well as within each RHAG region by proximity to job centers (with areas outside of job centers in Greater Minnesota referred to as rural Minnesota). Greater Minnesota RHAG regions generally have a larger share of program activity than their share of jobs and households, with exception of Central Minnesota. In addition, rural Minnesota's share of program activity is greater than its share of jobs and slightly 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 rehab programs have more activity in rural Minnesota than most multi-family 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.

¹ The Economic Development and Housing Challenge program was not evaluated individually. This smaller but higher profile program is accounted for in other program activity.

The remainder of this report defines the job centers and briefly reviews the results. A detailed table providing results by program and RHAG 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:

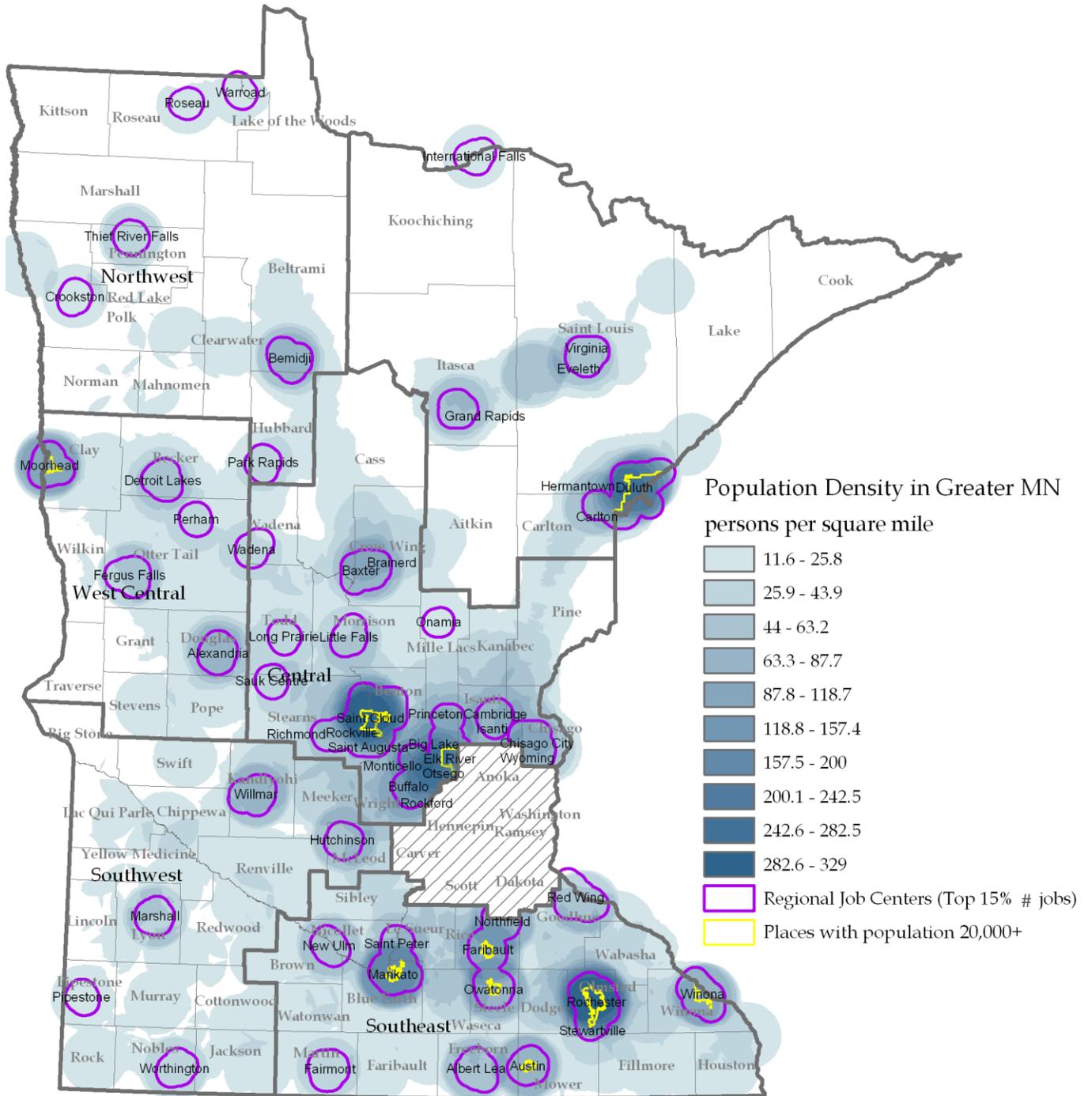
- Using 2009 employment data retrieved through the Census Bureau’s Local Employment Dynamics program, count all jobs within a census tract.
- For the 610 tracts outside of the Twin Cities seven county Metro, select those tracts above the 85th percentile (or the top 15% in number of jobs²).
- Systematically 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 check³.
- 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.

² We also looked at the 80th percentile and 90th and found the 85th to better represent large cities – populations over 20,000 – and other regional centers.

³ We also checked to ensure that cities with populations 20,000 and greater are included in the job centers.

Map 1 - Regional Job Centers



Source: Internal analysis by Minnesota Housing Research. Created 8/25/2011

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 job centers, 3) individual program activity within rural Minnesota, and 4) the distribution of the Section 8 portfolio regionally.

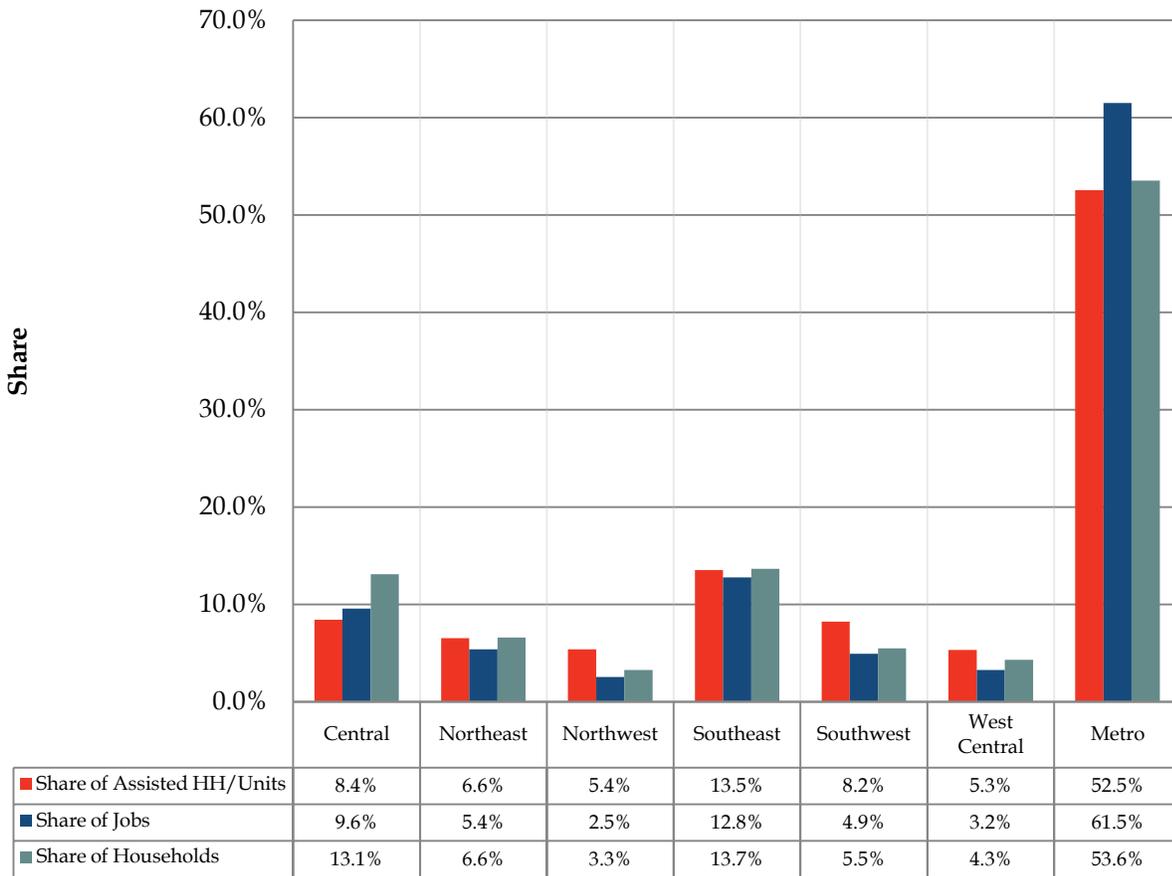
The key findings are:

- 1) The share of program activity in Greater Minnesota RHAG regions is generally greater than 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 RHAG 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 slightly less than its share of households.
- 4) The distribution of the Section 8 portfolio is consistent with each RHAG regions' share of households.

1) Exploring program activity in RHAG 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 jobs⁴. 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 6.6% of the Minnesota Housing assisted households, 5.4% of all households, and 6.6% of the jobs. The Twin Cities Metropolitan Region has the only large discrepancy. While its share of assisted households (52.5%) 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%).

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



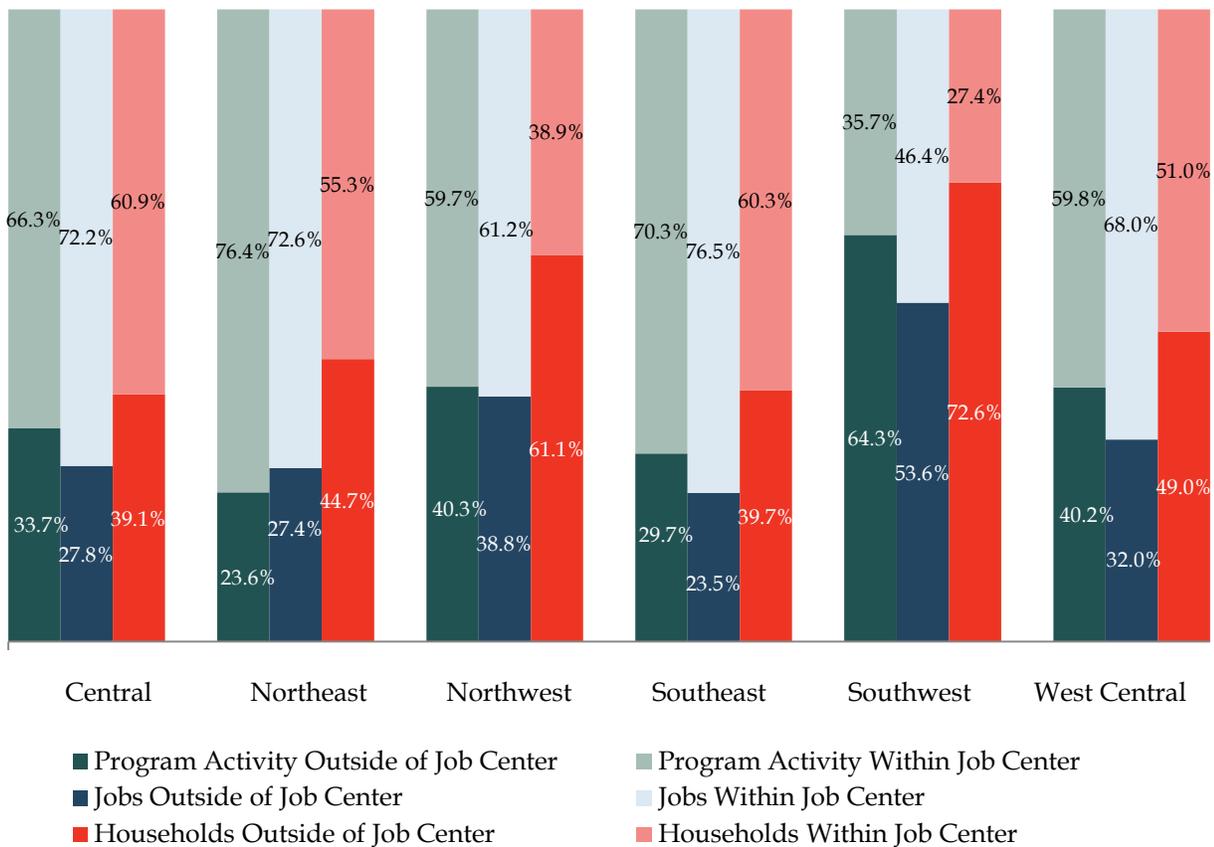
⁴ The number of jobs is based on data from the unemployment insurance program. Jobs that do not pay into the program, such as the self employed, are excluded from the count.

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

Within each Greater Minnesota RHAG 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 64.3% in the Southwest to 23.6% in the Northeast region.

Figure 2 displays the share of program activity by Greater Minnesota RHAG 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 RHAG region, the share of households outside of a job center is greater than the share of program activity, and the share of jobs outside of job centers is less than the share of program activity (with the exception of the Northeast region, where the share of program activity is less than both the share of jobs and households). For most RHAG regions in Greater Minnesota, program activity is occurring more often where the job concentrations are.

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



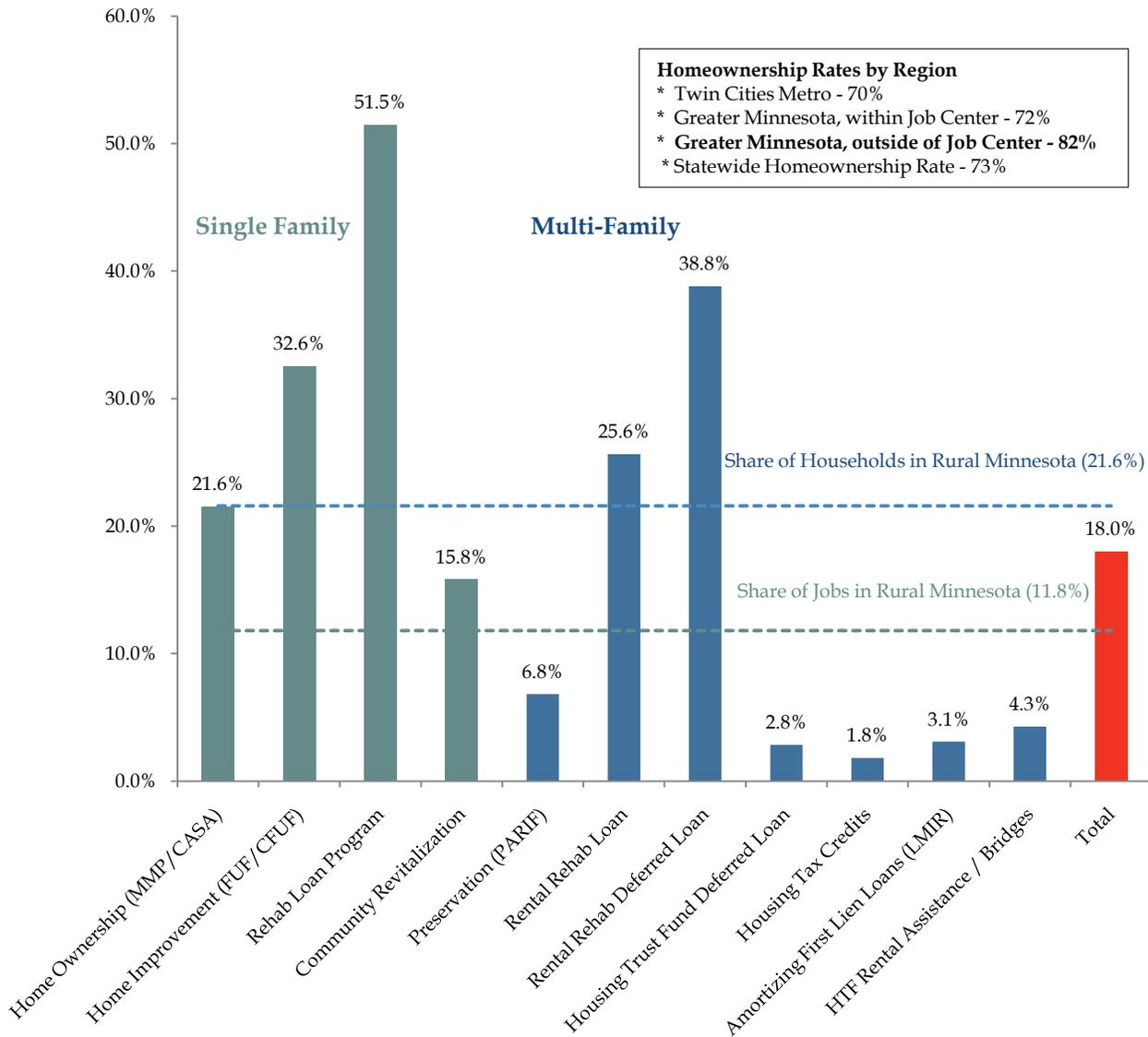
3) Examining the distribution of activity for individual programs in rural Minnesota.

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, 21.6% 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 1.8% of Housing Tax Credit units to 51.5% of single family rehab loans, with a combined share of 18.0%. 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 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)



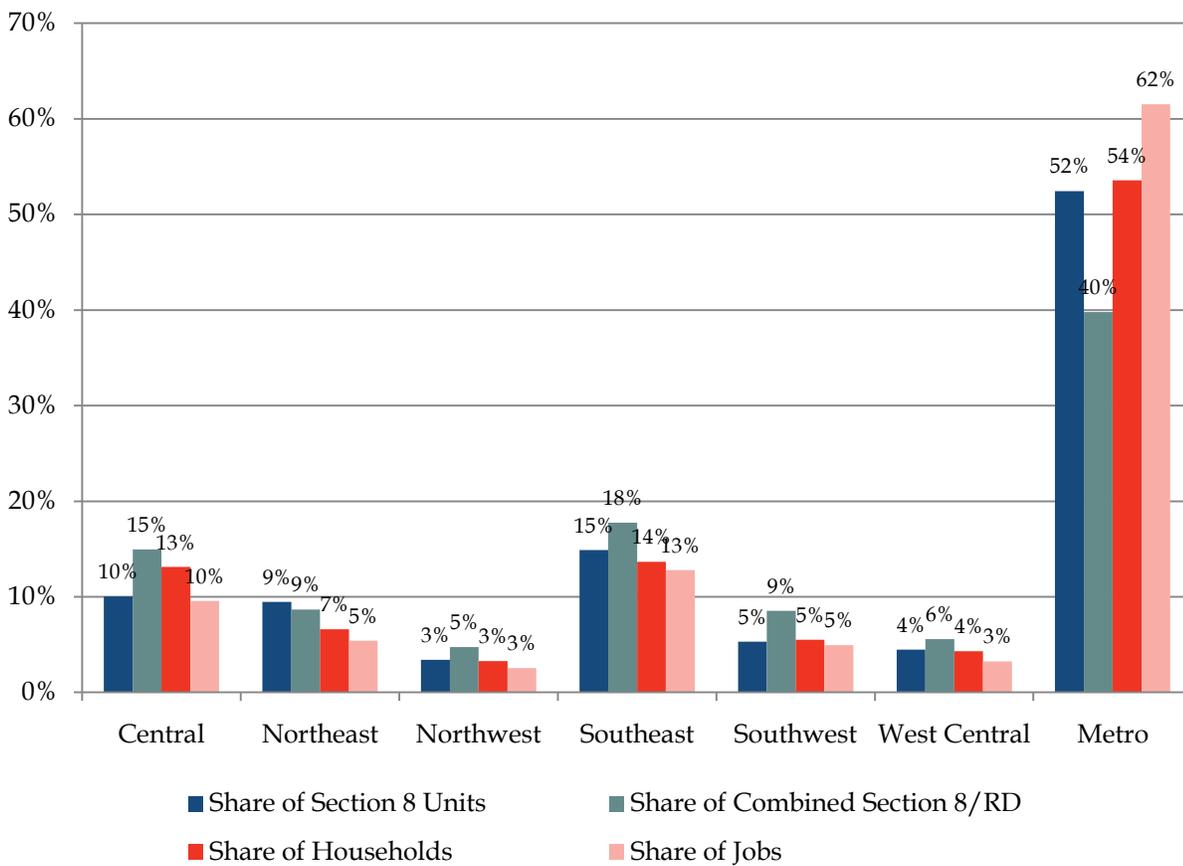
While the share of single-family program activity for homeowners in rural Minnesota (green bars) is generally at least as large as its share of households (greater than 21.6%), the homeownership rate is greater in rural areas as well. The homeownership rate for communities in rural Minnesota is 82% compared 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, 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 RHAG 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 teal 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 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	877	8.4%	291	11.7%	125	6.3%	35	12.3%	16	4.4%
Outside of Job Center	296	33.7%	77	26.3%	61	48.4%	21	60.6%	7	44.3%
Within Job Center	581	66.3%	215	73.7%	65	51.6%	14	39.4%	9	55.7%
Northeast	681	6.6%	133	5.3%	94	4.7%	50	17.7%	78	21.6%
Outside of Job Center	161	23.6%	33	24.4%	42	44.5%	33	64.9%	9	12.0%
Within Job Center	520	76.4%	101	75.6%	52	55.5%	18	35.1%	69	88.0%
Northwest	561	5.4%	99	4.0%	137	6.8%	21	7.4%	28	7.8%
Outside of Job Center	226	40.3%	39	38.8%	80	58.4%	14	64.8%	14	48.9%
Within Job Center	335	59.7%	61	61.2%	57	41.6%	7	35.2%	14	51.1%
Southeast	1,406	13.5%	411	16.5%	332	16.6%	56	19.6%	30	8.2%
Outside of Job Center	418	29.7%	151	36.8%	147	44.2%	25	44.2%	7	23.0%
Within Job Center	988	70.3%	260	63.2%	186	55.8%	31	55.8%	23	77.0%
Southwest	855	8.2%	266	10.7%	327	16.3%	42	14.8%	25	6.8%
Outside of Job Center	550	64.3%	154	58.0%	244	74.7%	32	76.2%	16	63.4%
Within Job Center	305	35.7%	112	42.0%	83	25.3%	10	23.8%	9	36.6%
West Central	554	5.3%	183	7.3%	144	7.2%	34	11.8%	11	2.9%
Outside of Job Center	223	40.2%	85	46.6%	79	54.9%	22	66.1%	5	45.3%
Within Job Center	331	59.8%	98	53.4%	65	45.1%	11	33.9%	6	54.7%
Metro	5,463	52.5%	1112	44.6%	843	42.1%	47	16.5%	175	48.4%
Total Non Metro	4,933	47.5%	1,383	55.4%	1,159	57.9%	237	83.5%	187	51.6%
Outside Job Center (share of Non Metro)	1,873	38.0%	538	38.9%	652	56.3%	146	61.6%	57	30.7%
Within Job Center (share of Non Metro)	3,060	62.0%	845	61.1%	507	43.7%	91	38.4%	130	69.3%
Outside of Job Center (share statewide)	1,873	18.0%	538	21.6%	652	32.6%	146	51.4%	57	15.8%
Total	10,396		2494		2002		284		363	

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 2006-2010.
- 3) Total program activity averages are reduced by un-duplicating assistance provided by HTF, LMIR, and HTC. There may be other duplication not accounted for.

RHAG / Job Center Region (1)	Preservation Affordable Rental Investment Fund (PARIF)		Rental Rehab Loans		HOME Rental Rehab		Housing Trust Fund (deferred)		Housing Tax Credits		Housing Trust Fund Rental Assistance & Bridges		Low and Moderate Income Rental (LMIR)	
	Units	Share	Units	Share	Units	Share	Number	Share	Units	Share	House holds	Share	Units	Share
Central	82	6.0%	38	19.0%	120	22.4%	34	9.6%	59	9.2%	105	5.3%	52	7.1%
Outside of Job Center	13	15.9%	34	89.4%	58	48.2%	0	0.0%	0	0.0%	26	24.6%	0	0.0%
Within Job Center	69	84.1%	4	10.6%	62	51.8%	34	100.0%	59	100.0%	79	75.4%	52	100.0%
Northeast	82	6.0%	4	2.0%	17	3.2%	36	10.1%	18	2.7%	143	7.3%	45	6.1%
Outside of Job Center	20	24.3%	0	0.0%	0	0.0%	6	16.9%	0	0.0%	18	12.9%	0	0.0%
Within Job Center	62	75.7%	4	100.0%	17	100.0%	30	83.1%	18	100.0%	125	87.1%	45	100.0%
Northwest	83	6.1%	17	8.6%	76	14.3%	6	1.6%	13	2.0%	152	7.7%	24	3.2%
Outside of Job Center	0	0.0%	13	77.6%	41	53.4%	0	0.0%	8	62.8%	18	12.0%	0	0.0%
Within Job Center	83	100.0%	4	22.4%	36	46.6%	6	100.0%	5	37.2%	134	88.0%	24	100.0%
Southeast	99	7.3%	22	11.1%	168	31.4%	24	6.9%	64	10.0%	186	9.5%	47	6.3%
Outside of Job Center	28	28.2%	0	1.8%	39	23.1%	0	0.0%	0	0.0%	11	5.9%	11	23.3%
Within Job Center	71	71.8%	22	98.2%	129	76.9%	24	100.0%	64	100.0%	175	94.1%	36	76.7%
Southwest	52	3.8%	4	2.1%	95	17.7%	6	1.6%	9	1.4%	20	1.0%	42	5.7%
Outside of Job Center	32	61.3%	3	76.2%	53	55.9%	0	0.0%	0	0.0%	4	20.0%	12	28.6%
Within Job Center	20	38.7%	1	23.8%	42	44.1%	6	100.0%	9	100.0%	16	80.0%	30	71.4%
West Central	48	3.6%	10	5.3%	30	5.7%	4	1.1%	3	0.5%	90	4.6%	42	5.7%
Outside of Job Center	0	0.0%	0	1.9%	17	56.6%	4	100.0%	3	100.0%	7	7.3%	0	0.0%
Within Job Center	48	100.0%	10	98.1%	13	43.4%	0	0.0%	0	0.0%	83	92.7%	42	100.0%
Metro	916	67.2%	102	51.8%	28	5.3%	242	69.0%	472	74.1%	1268	64.6%	487	65.9%
Total Non Metro	447	32.8%	95	48.2%	506	94.7%	109	31.0%	165	25.9%	695	35.4%	252	34.1%
Outside Job Center (share of Non Metro)	93	20.8%	51	53.2%	207	41.0%	10	9.2%	12	7.0%	84	12.1%	23	9.1%
Within Job Center (share of Non Metro)	354	79.2%	45	46.8%	299	59.0%	99	90.8%	154	93.0%	611	87.9%	229	90.9%
Outside of Job Center (share statewide)	93	6.8%	51	25.6%	207	38.8%	10	2.8%	12	1.8%		4.3%	23	3.1%
Total	1363		197		534		351		637		1963		739	

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.

Regional Distribution of Minnesota Housing Assistance

RHAG / Job Center Region (1)	2009 Jobs (4)		2010 Households		Difference (percentage points) Between Total Share of Activity and...		Section 8 Portfolio (PBCA and TCA)(5)		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	243,225	9.6%	273,844	13.1%	-4.7%	-1.1%	3060	10.0%	3145	28.5%	6205	15.0%
Outside of Job Center	67,596	27.8%	107,081	39.1%	-5.4%	5.9%	1052	34.4%	1542	49.0%	2594	41.8%	2.7%
Within Job Center	175,629	72.2%	166,763	60.9%	5.4%	-5.9%	2008	65.6%	1603	51.0%	3611	58.2%	-2.7%
Northeast	137,308	5.4%	137,586	6.6%	0.0%	1.1%	2879	9.4%	717	6.5%	3596	8.7%	2.1%
Outside of Job Center	37,640	27.4%	61,497	44.7%	-21.1%	-3.8%	1013	35.2%	368	51.3%	1381	38.4%	-6.3%
Within Job Center	99,668	72.6%	76,089	55.3%	21.1%	3.8%	1866	64.8%	349	48.7%	2215	61.6%	6.3%
Northwest	64,630	2.5%	68,244	3.3%	2.1%	2.8%	1037	3.4%	935	8.5%	1972	4.8%	1.5%
Outside of Job Center	25,062	38.8%	41,707	61.1%	-20.8%	1.5%	527	50.8%	452	48.3%	979	49.6%	-11.5%
Within Job Center	39,568	61.2%	26,537	38.9%	20.8%	-1.5%	510	49.2%	483	51.7%	993	50.4%	11.5%
Southeast	324,848	12.8%	284,982	13.7%	-0.1%	0.7%	4533	14.9%	2833	25.7%	7366	17.8%	4.1%
Outside of Job Center	76,358	23.5%	113,182	39.7%	-10.0%	6.2%	1379	30.4%	1707	60.3%	3086	41.9%	2.2%
Within Job Center	248,490	76.5%	171,800	60.3%	10.0%	-6.2%	3154	69.6%	1126	39.7%	4280	58.1%	-2.2%
Southwest	125,060	4.9%	114,630	5.5%	2.7%	3.3%	1619	5.3%	1921	17.4%	3540	8.5%	3.0%
Outside of Job Center	66,995	53.6%	83,223	72.6%	-8.3%	10.8%	1059	65.4%	1179	61.4%	2238	63.2%	-9.4%
Within Job Center	58,065	46.4%	31,407	27.4%	8.3%	-10.8%	560	34.6%	742	38.6%	1302	36.8%	9.4%
West Central	82,570	3.2%	90,124	4.3%	1.0%	2.1%	1365	4.5%	942	8.5%	2307	5.6%	1.2%
Outside of Job Center	26,404	32.0%	44,182	49.0%	-8.8%	8.2%	428	31.4%	592	62.8%	1020	44.2%	-4.8%
Within Job Center	56,166	68.0%	45,942	51.0%	8.8%	-8.2%	937	68.6%	350	37.2%	1287	55.8%	4.8%
Metro	1,563,373	61.5%	1,117,817	53.6%	-1.0%	-9.0%	15979	52.4%	529	4.8%	16,508	39.8%	-13.8%
Total Non Metro	977,641	38.5%	969,410	46.4%	1.0%	9.0%	14,493	47.6%	10,493	95.2%	24,986	60.2%	13.8%
Outside Job Center (share of Non Metro)	300,055	30.7%	450,872	46.5%	-8.5%	7.3%	5,458	37.7%	5,840	55.7%	11,298	45.2%	-1.3%
Within Job Center (share of Non Metro)	677,586	69.3%	518,538	53.5%	8.5%	-7.3%	9,035	62.3%	4,653	44.3%	13,688	54.8%	1.3%
Outside of Job Center (share statewide)	300,055	11.8%	450,872	21.6%	-3.6%	6.2%	5,458	17.9%	5,840	53.0%	11,298	27.2%	5.6%
Total	2,541,014		2,087,227				30,472		11,022		41,494		

- 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) Population, household, and housing unit totals from US Decennial Census 2010; jobs totals from US Census Local Employment Dynamics program, 2009.
- 5) Section 8 and RD properties represent units on the ground, spring 2011.