Planning, Research & Evaluation

Regional Distribution of Minnesota Housing Assistance

9/16/2014

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 years average of assistance for Federal Fiscal Year (FFY) 2009 through FFY 2013. The programs evaluated include:

- Single Family Mortgages,
- Home Improvement, including Fix Up Fund (FUF) and Community Fix Up Fund (CFUF),
- Single Family Rehabilitation Loan Program,
- Single Family Impact Fund (formerly Community Revitalization Fund),
- Multifamily Amortizing First Lien Loans - Low and Moderate Income Rental (LMIR),
- Housing Tax Credits,
- Multifamily Deferred Loans, including Economic Development and Housing challenge (EDHC), Preservation Affordable Rental Investment Fund (PARIF), Rental Rehabilitation Loans & HOME Rental Rehabilitation, Housing Trust Fund (HTF), Publicly Owned Housing Program (POHP), and Rental Rehabilitation Deferred Loans,
- Housing Trust Fund and Bridges Rental Assistance.

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 evaluated.

The programs listed above and the Section 8 portfolio together account for 98% of Minnesota Housing assistance in terms of dollars invested in FY 2013. For households or units assisted, these programs account for approximately 80% of the households assisted by Minnesota Housing in FY 2013. Two major programs with respect to the number of assisted households - Homeownership, Education, Counseling and Training (HECAT) and Family Homeless Prevention and Assistance fund (FHPAP) - do not have sufficient geographic detail to evaluate.

The study evaluates the distribution of program activities across 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). Each region's share of program activity closely mirrors its share of the state's households and jobs. When narrowing the analysis to evaluate the distribution of individual program activity, there are differences by type of program, e.g. single family programs have more activity in rural Minnesota than most multifamily programs; however these patterns are consistent with higher homeownership rates in rural Minnesota.

The remainder of this report reviews the results. A detailed table providing results by program and region are in Appendix A. Appendix B provides the methodology for defining a job center.

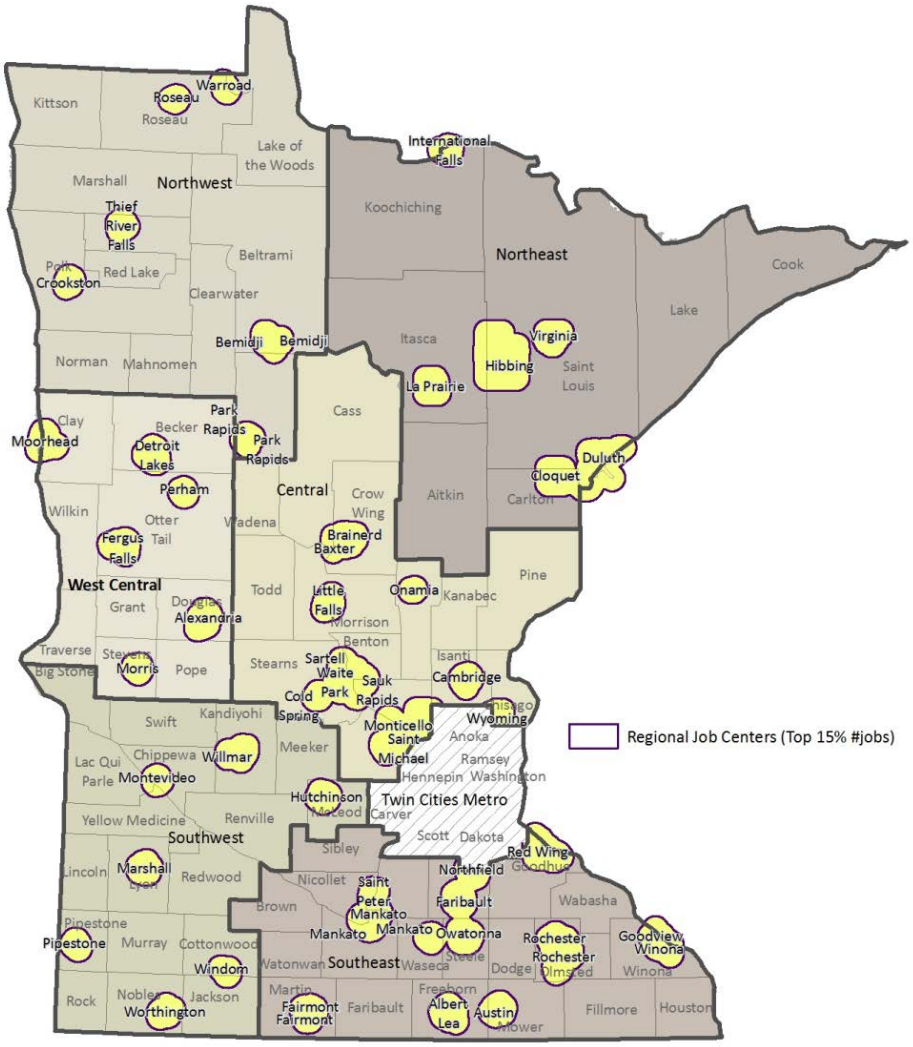
Findings: Regional Distribution of Minnesota Housing Program Activities

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) the share of individual program activity in rural Minnesota, and 4) the distribution of the Section 8 portfolio regionally.

Map 1 shows the regional job centers, and Appendix B explains how the job centers were identified.

1) The share of program activity in Greater Minnesota is generally at or above the share of jobs and households for the Northeast, Northwest, Southwest, and West Central regions. In the Central and Southeast regions, the share of program activity is below the share of jobs and households.
2) The share of program activity in rural areas (outside of job centers in Greater Minnesota) is consistent with its share of jobs but less than its share of households
3) The share of program activity in rural Minnesota varies by program type.
4) The distribution of the Section 8 portfolio is consistent with each region's share of households.

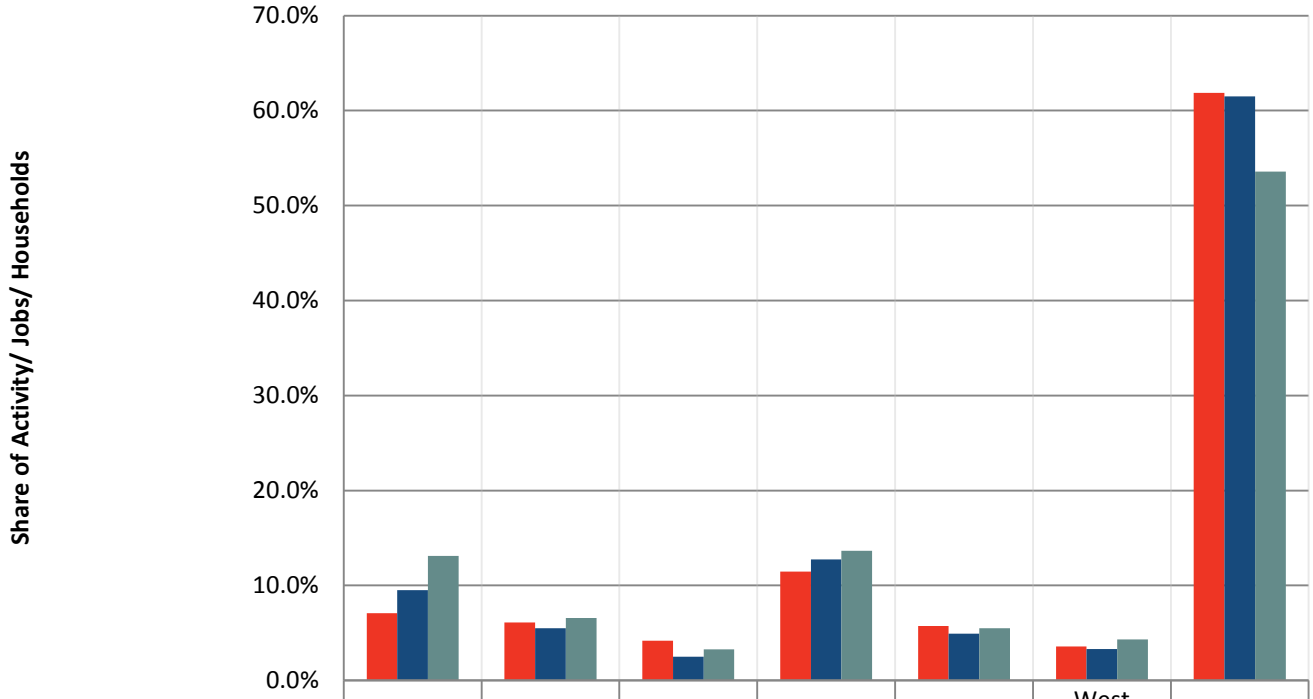
Map 1: Regional Job Centers



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[1]. 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% of the Minnesota Housing assisted households, 7% of all households, and 5% of the jobs. The Twin Cities Metropolitan Region, on the other hand, has a more pronounced difference. While the Twin Cities share of assisted households (62%) is similar to its share of all jobs (61%), the share of assisted households is more than the share of households (54%). In Greater Minnesota, the share of assisted households in both the Central and Southeast regions is less than both the share of households and jobs.

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	7%	6%	4%	11%	6%	4%	62%
Share of Jobs	10%	5%	3%	13%	5%	3%	61%
Share of Households	13%	7%	3%	14%	5%	4%	54%

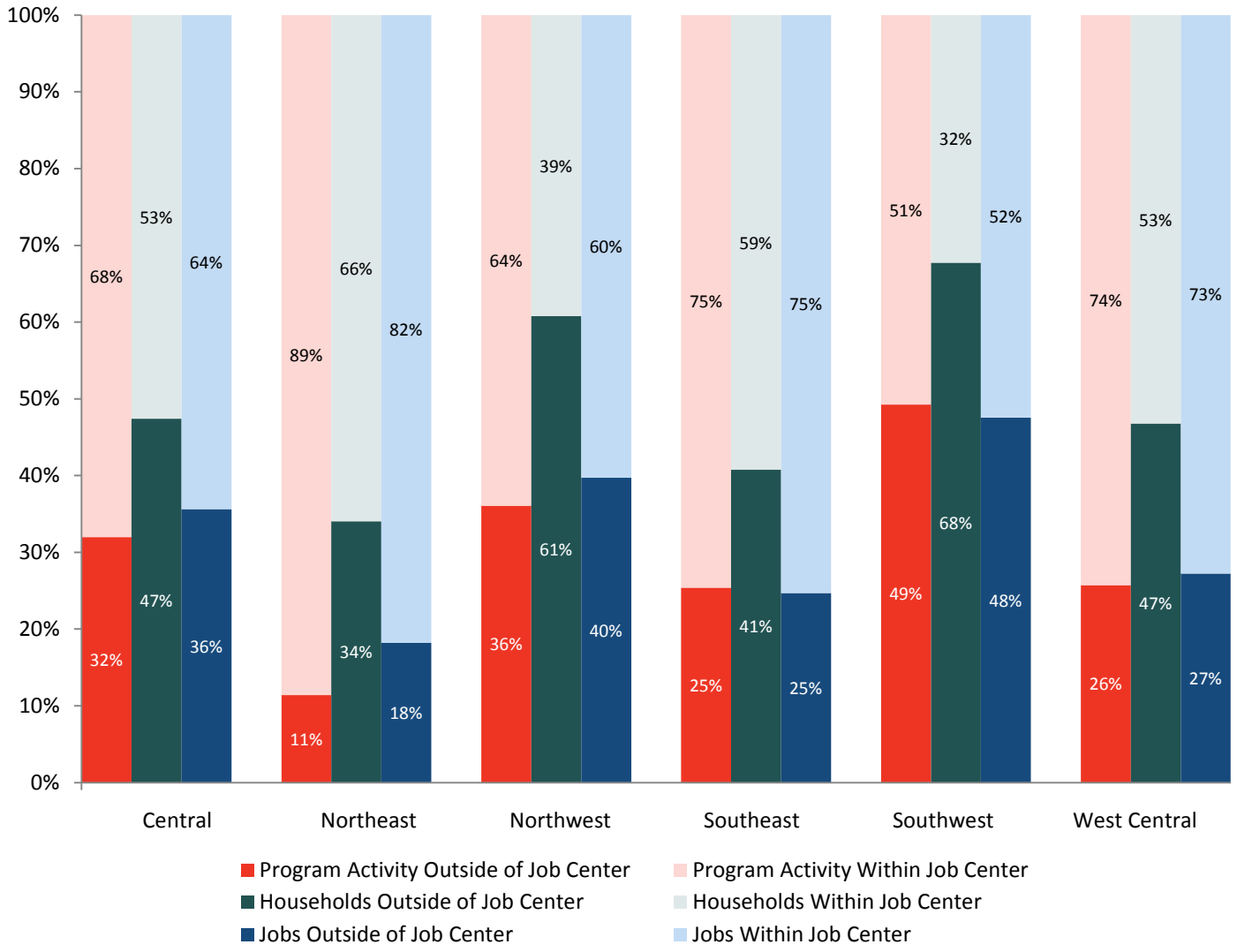
[1] The number of jobs is based on data from the unemployment insurance program. Jobs that do not pay into the program, such as the self employed, are excluded from the count.

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

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. The next two sections test that perception.

Within each Greater Minnesota region, the share of program activity occurring in rural areas (outside of regional job centers and reflected by the dark red shading in Figure 2) ranges from a high of 49% in the Southwest to a low of 11% in the Northeast region. 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, and higher than the share of jobs in only the Southeast and Southwest regions. The share of program activity more closely mirrors the share of jobs.

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

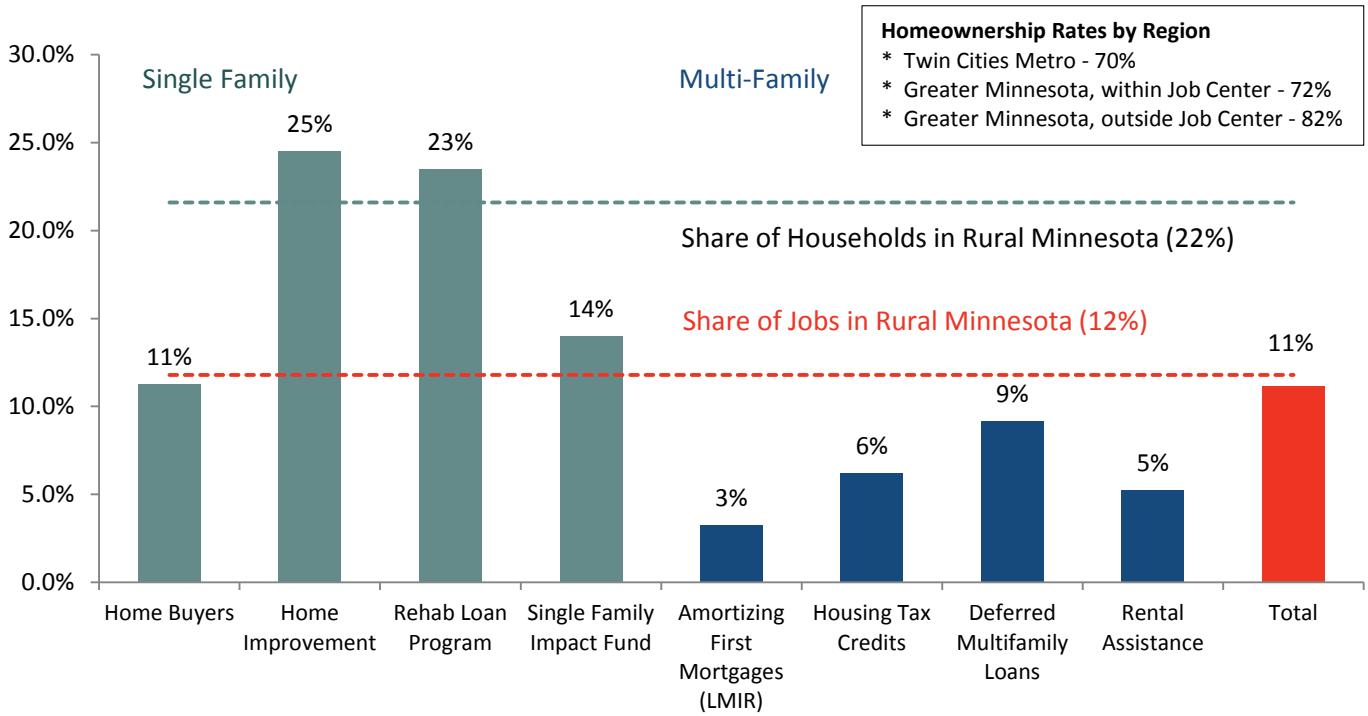


3) Examining the distribution of activity for individual programs in rural Minnesota.

This section also tests the perception that resources may be disproportionately allocated to regional centers in Greater Minnesota, at the expense of rural areas.

For the state, 22% of households and 12% of jobs[2] are in rural Minnesota (see dashed lines in Figure 3). The share of statewide program activity in rural Minnesota ranges from 3% of units financed with multifamily first mortgages through the LMIR program to 25% for single family home improvement, with rural areas accounting for 11% of the activity for all programs in combination. See Figure 3 below. Overall, rural Minnesota's share of program activity is similar to the share of jobs and below its share of households.

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 homebuyers 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 higher 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).

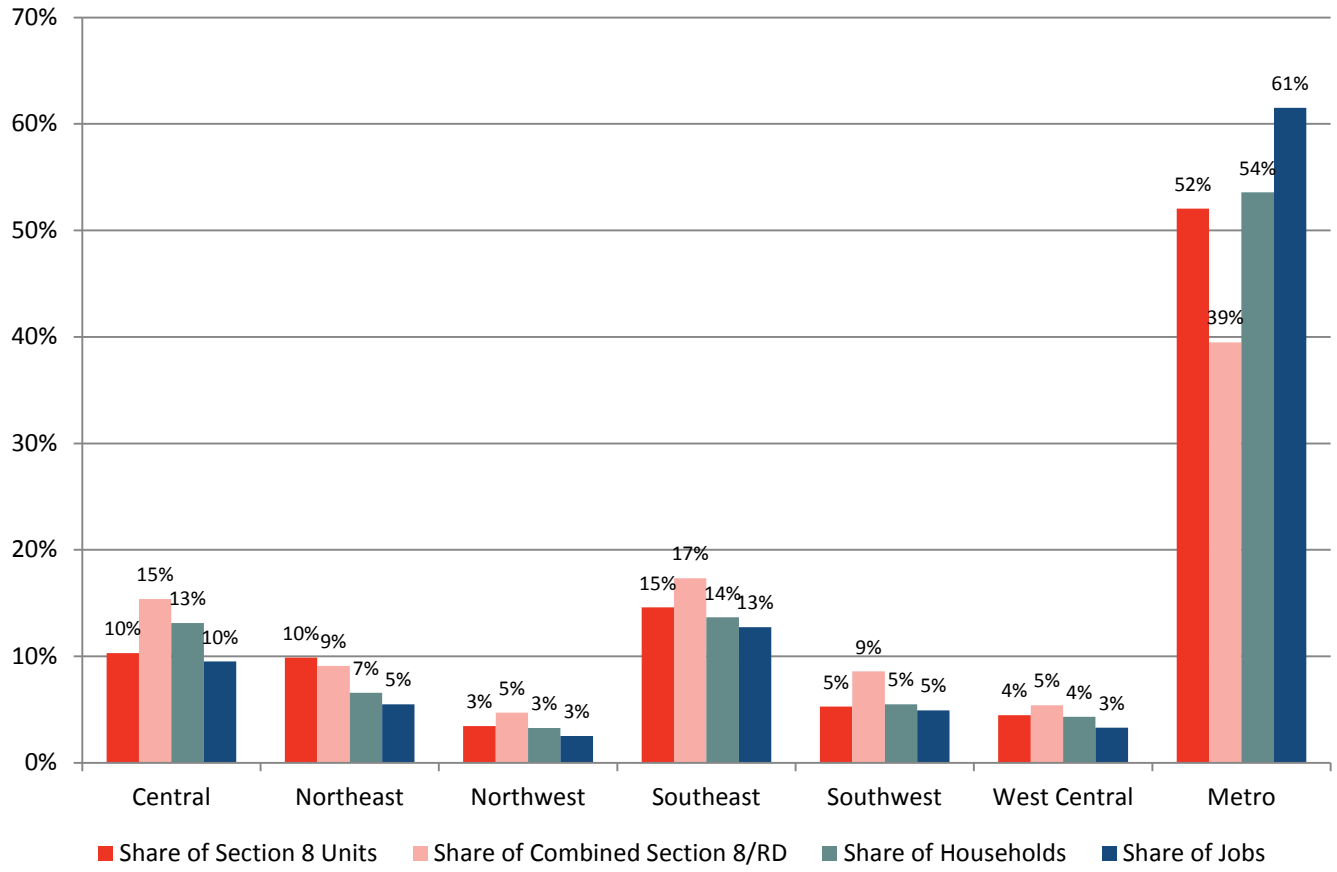
[2] Note that the jobs data excludes the self-employed, including farmers. According to the USDA Census of Agriculture, Minnesota had 65,530 farms that were classified as family or individual for tax purposes in 2012. Assuming an average of two family jobs per farm, self-employed farmers accounted for 4.7% of the workforce in 2012. 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 also excluded from the count. In the end, rural area's share of jobs may be a couple percentage points higher than 12% if all jobs were included.

4) Review of Section 8 portfolio distribution.

For all units currently in Minnesota Housing's Section 8 portfolios (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 green bar in Figure 4). For 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 pink 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 39%. 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

Region / Job Center Region (1)	Total of Selected Programs (2)		Single Family	Single Family Mortgages		Home Improvement		Rehab Loan Program		Single Family Impact Fund		Multifamily	First Mortgages (LMIR)		Housing Tax Credit (including TCAP and Exchange)		Deferred Loans		Housing Trust Fund Rental Assistance & Bridges	
	Units/ HH (3)	Share		Loans	Share	Loans	Share	Loans	Share	Units	Share		Units	Share	Units	Share	Units	Share	Households	Share
Central	**744**	**7.1%**		**196**	**9.4%**	**71**	**5.8%**	**53**	**8.1%**	**8**	**2.2%**		**31**	**4.8%**	**112**	**11.6%**	**169**	**6.5%**	**139**	**5.5%**
Outside of Job Center	238	32.0%		56	28.6%	34	47.9%	25	47.2%	4	50.0%		7	22.6%	23	20.5%	49	29.0%	48	34.5%
Within Job Center	506	68.0%		139	70.9%	37	52.1%	27	50.9%	4	50.0%		24	77.4%	89	79.5%	120	71.0%	91	65.5%
Northeast	**640**	**6.1%**		**64**	**3.1%**	**59**	**4.8%**	**51**	**7.8%**	**59**	**16.5%**		**19**	**2.9%**	**66**	**6.8%**	**170**	**6.5%**	**166**	**6.6%**
Outside of Job Center	73	11.4%		5	7.8%	17	28.8%	19	37.3%	5	8.5%		0	0.0%	2	3.0%	7	4.1%	18	10.8%
Within Job Center	567	88.6%		59	92.2%	42	71.2%	33	64.7%	54	91.5%		19	100.0%	64	97.0%	163	95.9%	148	89.2%
Northwest	**438**	**4.2%**		**49**	**2.3%**	**62**	**5.1%**	**16**	**2.4%**	**26**	**7.3%**		**13**	**2.0%**	**42**	**4.4%**	**36**	**1.4%**	**207**	**8.3%**
Outside of Job Center	158	36.1%		15	30.6%	31	50.0%	10	62.5%	17	65.4%		0	0.0%	23	2.4%	24	66.7%	37	17.9%
Within Job Center	280	63.9%		34	69.4%	31	50.0%	7	43.8%	8	30.8%		13	100.0%	19	2.0%	11	30.6%	170	82.1%
Southeast	**1,205**	**11.5%**		**175**	**8.3%**	**218**	**17.9%**	**145**	**22.1%**	**35**	**9.8%**		**96**	**14.7%**	**143**	**14.8%**	**245**	**9.4%**	**217**	**8.7%**
Outside of Job Center	306	25.4%		60	34.3%	96	44.0%	50	34.5%	7	20.0%		4	4.2%	4	0.4%	78	31.8%	11	5.1%
Within Job Center	899	74.6%		115	65.7%	122	56.0%	95	65.5%	28	80.0%		93	96.9%	139	14.4%	167	68.2%	206	94.9%
Southwest	**603**	**5.7%**		**150**	**7.2%**	**148**	**12.1%**	**52**	**7.9%**	**19**	**5.3%**		**40**	**6.1%**	**58**	**6.0%**	**133**	**5.1%**	**28**	**1.1%**
Outside of Job Center	297	49.3%		75	50.0%	98	66.2%	35	67.3%	7	36.8%		10	25.0%	8	0.8%	65	48.9%	9	32.1%
Within Job Center	306	50.7%		75	50.0%	50	33.8%	16	30.8%	13	68.4%		30	75.0%	50	5.2%	68	51.1%	19	67.9%
West Central	**377**	**3.6%**		**85**	**4.1%**	**45**	**3.7%**	**26**	**4.0%**	**14**	**3.9%**		**19**	**2.9%**	**24**	**2.5%**	**62**	**2.4%**	**123**	**4.9%**
Outside of Job Center	97	25.7%		25	29.4%	23	51.1%	15	57.7%	10	71.4%		0	0.0%	0	0.0%	16	25.8%	8	6.5%
Within Job Center	280	74.3%		59	69.4%	21	46.7%	11	42.3%	4	28.6%		19	100.0%	24	2.5%	46	74.2%	115	93.5%
Metro	**6,496**	**61.8%**		**1,377**	**65.7%**	**616**	**50.5%**	**313**	**47.7%**	**197**	**55.0%**		**434**	**66.6%**	**520**	**53.9%**	**1,801**	**68.8%**	**1,628**	**64.9%**
Total Non Metro	**4,007**	**38.2%**		**719**	**34.3%**	**603**	**49.5%**	**343**	**52.3%**	**161**	**45.0%**		**218**	**33.4%**	**445**	**46.1%**	**815**	**31.2%**	**880**	**35.1%**
Outside Job Center (share of Non Metro)	1,169	29.2%		236	32.8%	299	49.6%	154	44.9%	50	31.1%		21	9.6%	60	13.5%	239	29.3%	131	14.9%
Within Job Center (share of Non Metro)	2,838	70.8%		481	66.9%	303	50.2%	189	55.1%	111	68.9%		198	90.8%	385	86.5%	575	70.6%	749	85.1%
Outside of Job Center (share statewide)	1,169	11.1%		236	11.3%	299	24.5%	154	23.5%	50	14.0%		21	3.2%	60	6.2%	239	9.1%	131	5.2%
Total	**10,503**			**2,096**		**1,219**		**656**		**358**			**652**		**965**		**2,616**		**2,508**	

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 2009-2013.
3) Total program activity averages are reduced by un-duplicating multifamily assistance provided through first mortgages (LMIR), Housing Tax Credits, and Deferred Loans (including PARIF, ARF, POHP, HOME Rental Rehab, EDHC).
4) Housing Tax Credits represent Minnesota Housing allocations and do not include sub-allocators.

Region / 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%**	**-6.2%**	**-2.6%**		**3,092**	**10.3%**	**3184**	**29.7%**	**6,276**	**15.4%**	**2.3%**
Outside of Job Center		86,345	35.6%	129,869	47.4%	-16.5%	-4.7%		1,423	46.0%	1828	57.4%	3251	51.8%	4.4%
Within Job Center		156,091	64.4%	143,975	52.6%	16.5%	4.7%		1,669	54.0%	1356	42.6%	3025	48.2%	-4.4%
Northeast		**140,065**	**5.5%**	**137,532**	**6.6%**	**-0.6%**	**0.5%**		**2,971**	**9.9%**	**734**	**6.8%**	**3,705**	**9.1%**	**2.5%**
Outside of Job Center		25,511	18.2%	46,849	34.1%	-24.3%	-8.4%		558	18.8%	381	51.9%	939	25.3%	-8.7%
Within Job Center		114,554	81.8%	90,683	65.9%	24.3%	8.4%		2,413	81.2%	353	48.1%	2766	74.7%	8.7%
Northwest		**64,090**	**2.5%**	**68,207**	**3.3%**	**1.1%**	**1.8%**		**1,037**	**3.5%**	**885**	**8.2%**	**1,922**	**4.7%**	**1.4%**
Outside of Job Center		25,448	39.7%	41,468	60.8%	-27.2%	-6.1%		521	50.2%	414	46.8%	935	48.6%	-12.2%
Within Job Center		38,642	60.3%	26,739	39.2%	27.2%	6.1%		516	49.8%	471	53.2%	987	51.4%	12.2%
Southeast		**324,593**	**12.7%**	**284,982**	**13.7%**	**-2.4%**	**-1.4%**		**4,383**	**14.6%**	**2688**	**25.0%**	**7,071**	**17.3%**	**3.7%**
Outside of Job Center		80,201	24.7%	116,177	40.8%	-16.4%	-0.4%		1,369	31.2%	1610	59.9%	2979	42.1%	1.4%
Within Job Center		244,392	75.3%	168,805	59.2%	16.4%	0.4%		3,014	68.8%	1078	40.1%	4092	57.9%	-1.4%
Southwest		**125,345**	**4.9%**	**114,630**	**5.5%**	**-0.1%**	**0.5%**		**1,587**	**5.3%**	**1912**	**17.8%**	**3,499**	**8.6%**	**3.1%**
Outside of Job Center		59,633	47.6%	77,666	67.8%	-19.3%	0.9%		853	53.7%	1078	56.4%	1931	55.2%	-12.6%
Within Job Center		65,712	52.4%	36,964	32.2%	19.3%	-0.9%		734	46.3%	834	43.6%	1568	44.8%	12.6%
West Central		**84,132**	**3.3%**	**89,933**	**4.3%**	**-0.7%**	**0.3%**		**1,339**	**4.5%**	**860**	**8.0%**	**2,199**	**5.4%**	**1.1%**
Outside of Job Center		22,924	27.2%	42,070	46.8%	-23.8%	-4.3%		318	23.7%	586	68.1%	904	41.1%	-5.7%
Within Job Center		61,208	72.8%	47,863	53.2%	23.8%	4.3%		1,021	76.3%	274	31.9%	1295	58.9%	5.7%
Metro		**1,566,314**	**61.5%**	**1,117,817**	**53.6%**	**9.0%**	**1.0%**		**15,630**	**52.0%**	**470**	**4.4%**	**16,100**	**39.5%**	**-14.1%**
Total Non Metro		**980,661**	**38.5%**	**969,128**	**46.4%**	**-9.0%**	**-1.0%**		**14,409**	**48.0%**	**10,263**	**95.6%**	**24,672**	**60.5%**	**14.1%**
Outside Job Center (share of Non Metro)		300,062	30.6%	454,099	46.9%	-19.2%	-2.9%		5,042	35.0%	5,897	57.5%	10,939	44.3%	-2.5%
Within Job Center (share of Non Metro)		680,599	69.4%	515,029	53.1%	19.2%	2.9%		9,367	65.0%	4,366	42.5%	13,733	55.7%	2.5%
Outside of Job Center (share statewide)		300,062	11.8%	454,099	21.8%	-11.4%	-1.4%		5,042	16.8%	5,897	54.9%	10,939	26.8%	5.1%
Total		**2,546,975**		**2,086,945**					**30,039**		**10,733**		**40,772**		

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 2014.

Appendix B: 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:

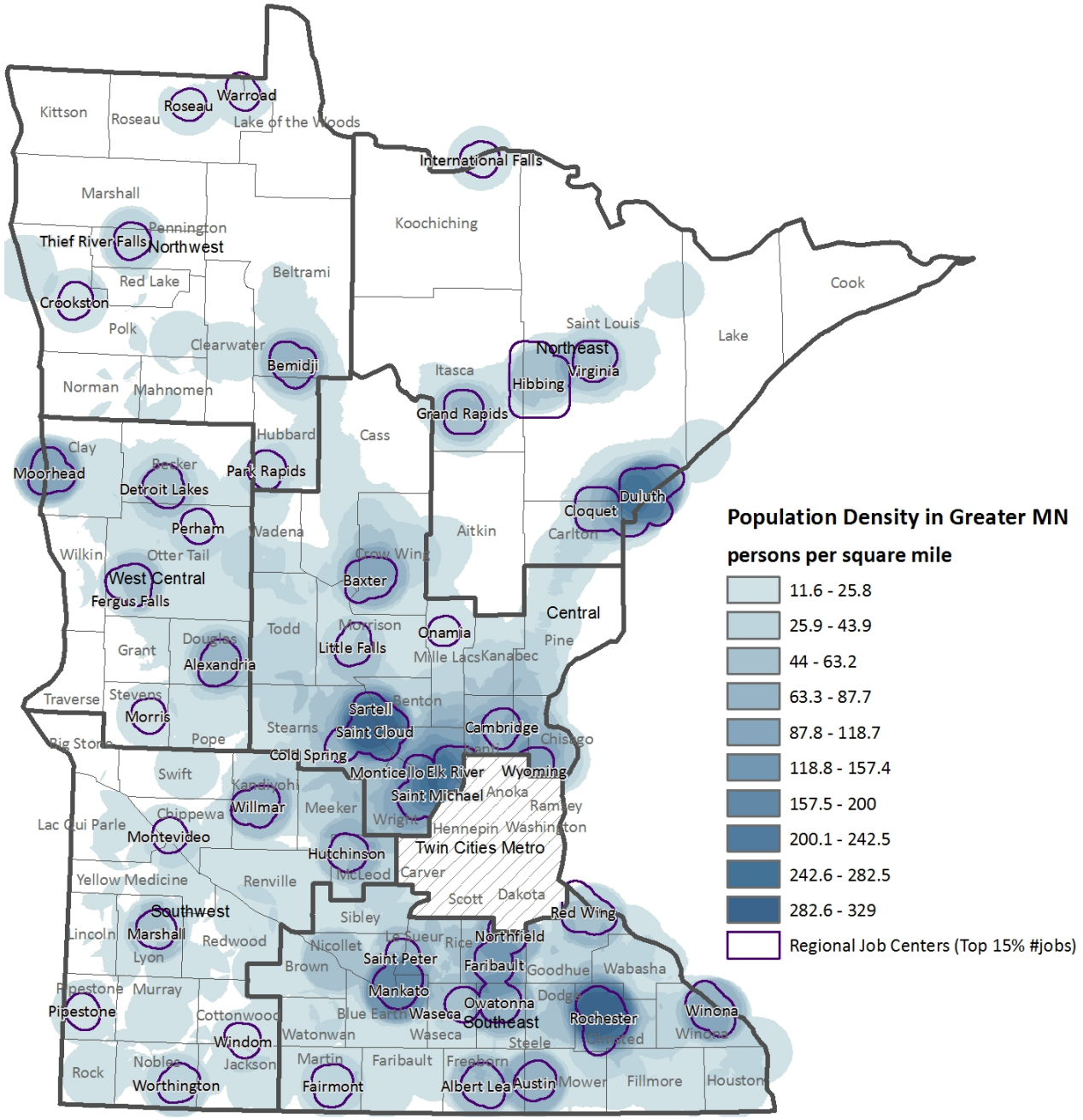
- Using 2010 employment data retrieved through the Census Bureau's Local Employment Dynamics program, count all jobs within a census tract.
- For the 631 tracts outside of the Twin Cities seven county metro area, select those tracts above the 85th percentile (or the top 15% in number of jobs[3]).
- Systematically select cities if their geographical 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[4].
- 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 2 displays the defined job center areas over a map of population densities in Minnesota. The purple lines outline the job centers and the shades of blue show population density. This map shows that the density of households (darker blue areas) is geographically similar to the regional job centers defined for this report.

[3] 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.

[4] A check confirms that cities with populations 20,000 and greater are included in the job centers.

Map 2 - Regional Job Centers with Population Density in Greater Minnesota



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