

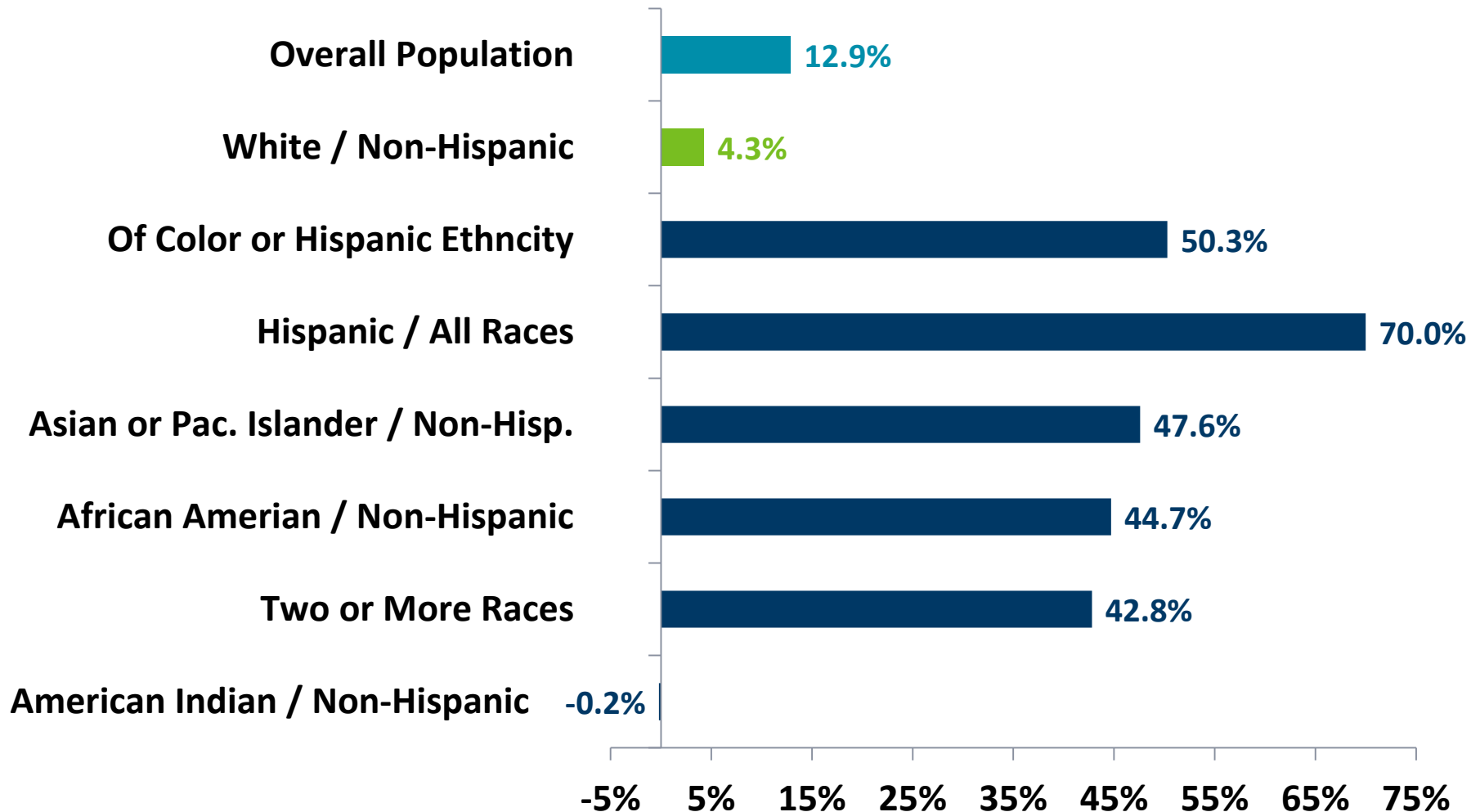


Supporting Homebuyers and Homeowners

August 13, 2019

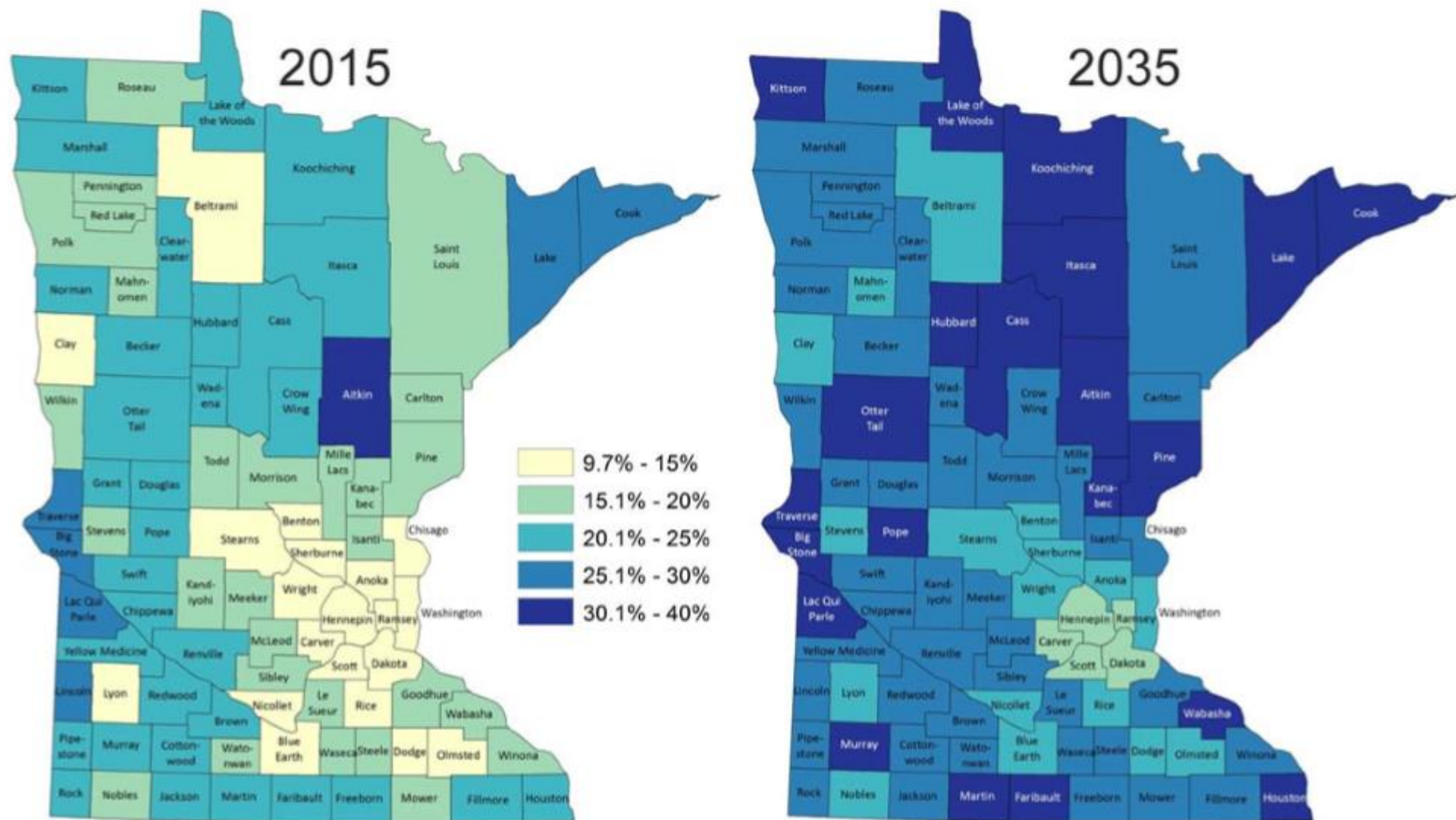
Demographics and the Market

Minnesota Population Growth 2015-2035 – Becoming Much More Diverse



Source: Minnesota State Demographic Center, *Minnesota Population Projections by Race and Hispanic Origin, 2005 to 2035* (January 2009).

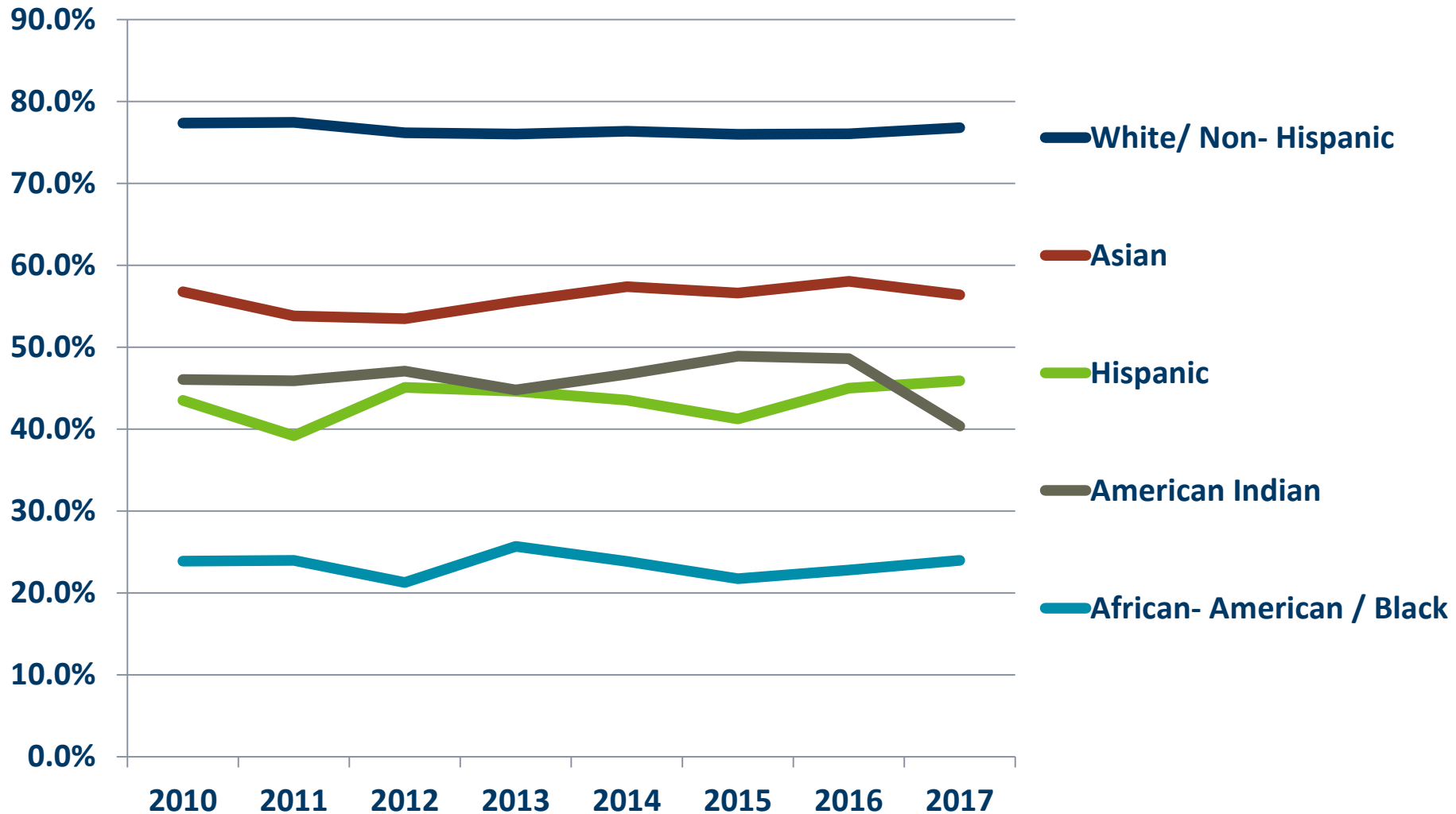
Proportion of the Population Aged 65 and Older



Source: Minnesota Demographer's Office 2015-2050 Population Projections. March 2017 Release.

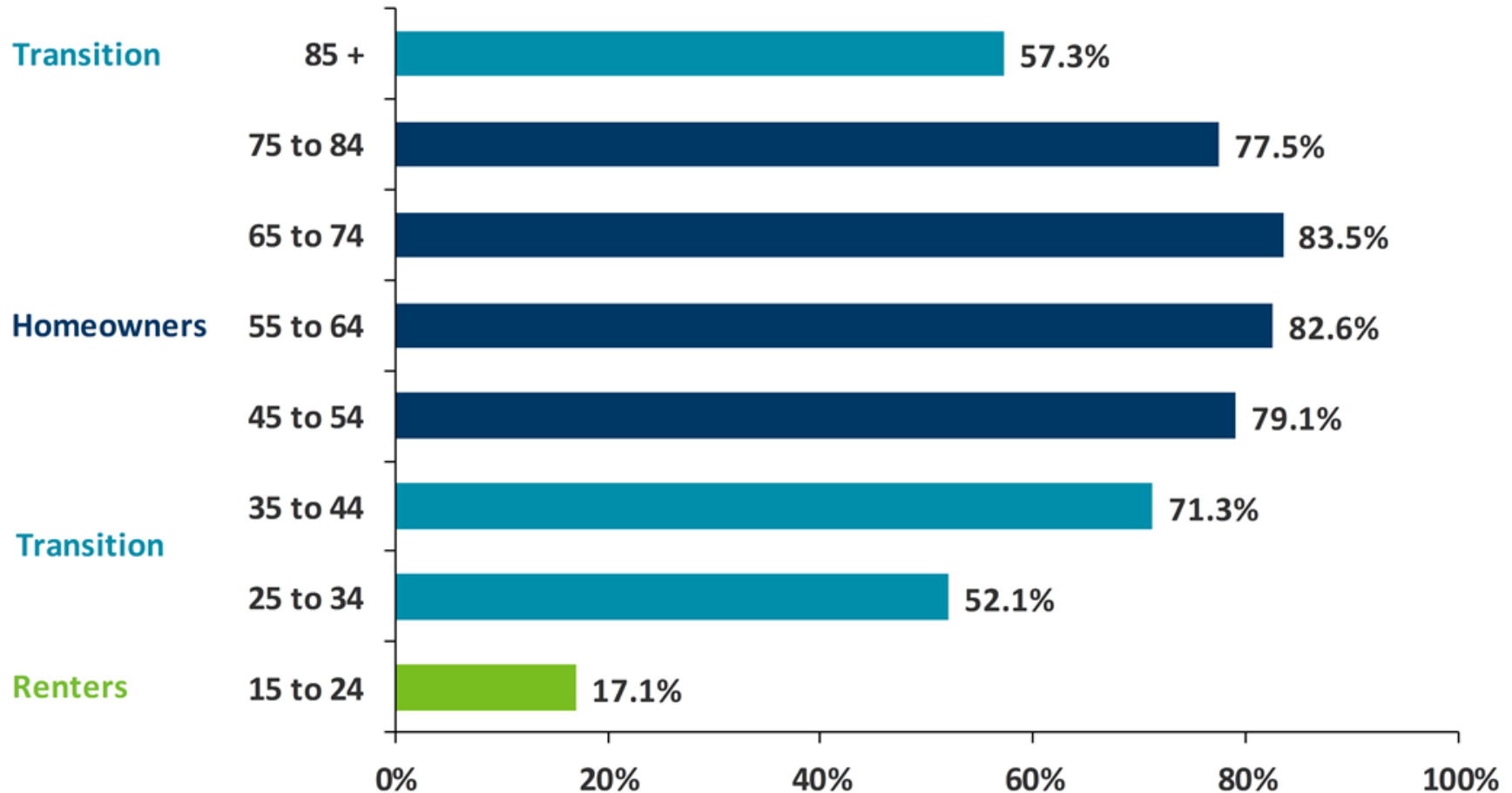
MN: Homeownership Rates by Race and Ethnicity

– Largest Disparity for African-Americans/Blacks



Source: Census Bureau, 2000 Census and American Community Survey (2001-2017)

MN: Homeownership Rates by Age (2016) – Many 25-34 Year Olds Transition into Ownership



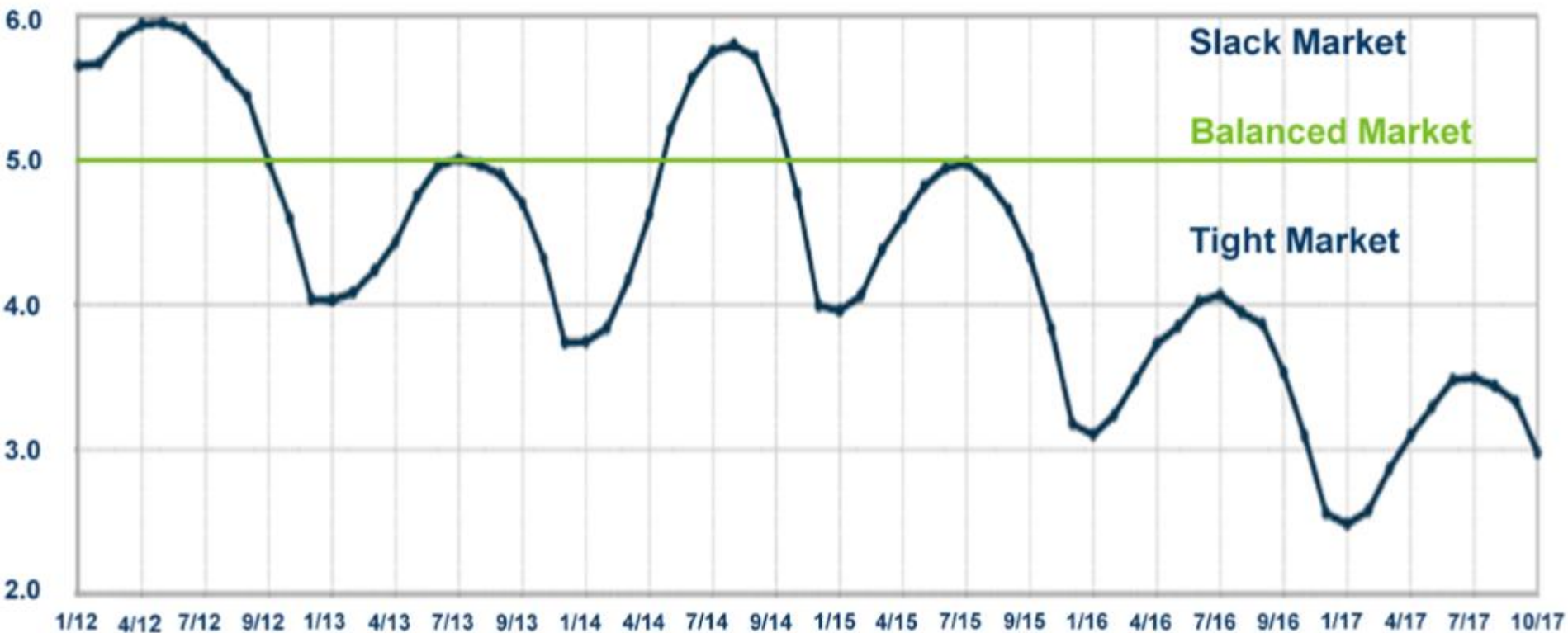
Source: Census Bureau, American Community Survey, 2016

Housing Snapshot (2017)

- Minnesota has 2.438 million homes
- Homeownership rate is 71.6% (2017)
- Over 80% of the state's housing was built pre-2000
- Over 25% of households are cost-burdened, paying more than 30% of their income for housing

MN: Months Supply of Homes for Sale – Well Below 5 Months in Recent Years

Historical Months Supply of Inventory by Month



Source: Minnesota REALTORS®, Local Market Update for October 2017.

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.*

Home Financing Activity

Homeownership Financing, FFY2018

- Total Home Mortgage Loans: \$800.8 million
 - 1st time homebuyers: 4,622
 - Increased 92% since 2014
 - 5% of share of state's mortgage lending
- Median homebuyer income: \$55,210
 - Families with children: 44.7%
 - Households of color: 33.5%

Homeownership Financing, FFY2018

- Downpayment/Closing Cost Assistance
 - Deferred Payment Loans
 - \$23.8 million
 - 3,021 households (Median Household Income: \$49,635)
 - Up to \$10,000, 0% interest, but loans are repaid if house is sold or refinanced
 - Monthly Payment Loans
 - \$13.9 million
 - 1,454 households (Median Household Income: \$74,040)
 - Up to \$15,000 as an amortizing loan

Home Improvement, FFY2018

- Home Improvement Loan Program: \$11.9 million
 - Fully-amortizing loans to low- and moderate-income households for energy efficiency and livability improvements
 - Households served: 617 (Average Household Income: \$70,200)
 - Average assistance per household: \$19,267
- Rehabilitation Loan Program: \$5.3 million
 - Zero-interest deferred loans to extremely low-income households for safety, energy efficiency and livability improvements
 - Households served: 236 (Average Household Income: \$14,658)
 - Average assistance per household: \$22,664

Other Homeownership Programs, FFY2016-FFY2018

Economic Development and Housing Challenge Program

Community Homeownership Impact Fund: loans to nonprofits, local governments and developers to acquire, rehabilitate, demolish, or construct owner-occupied housing

- 767 loans totalling over \$16.6 million

Housing Infrastructure Bonds

Community land trust land acquisition for single-family homeownership opportunities

- 59 households assisted totalling over \$1.3 million



1st Time Homebuyers - The People We are Trying to Reach

Income Ready Renter Households Between Ages 25 and 44

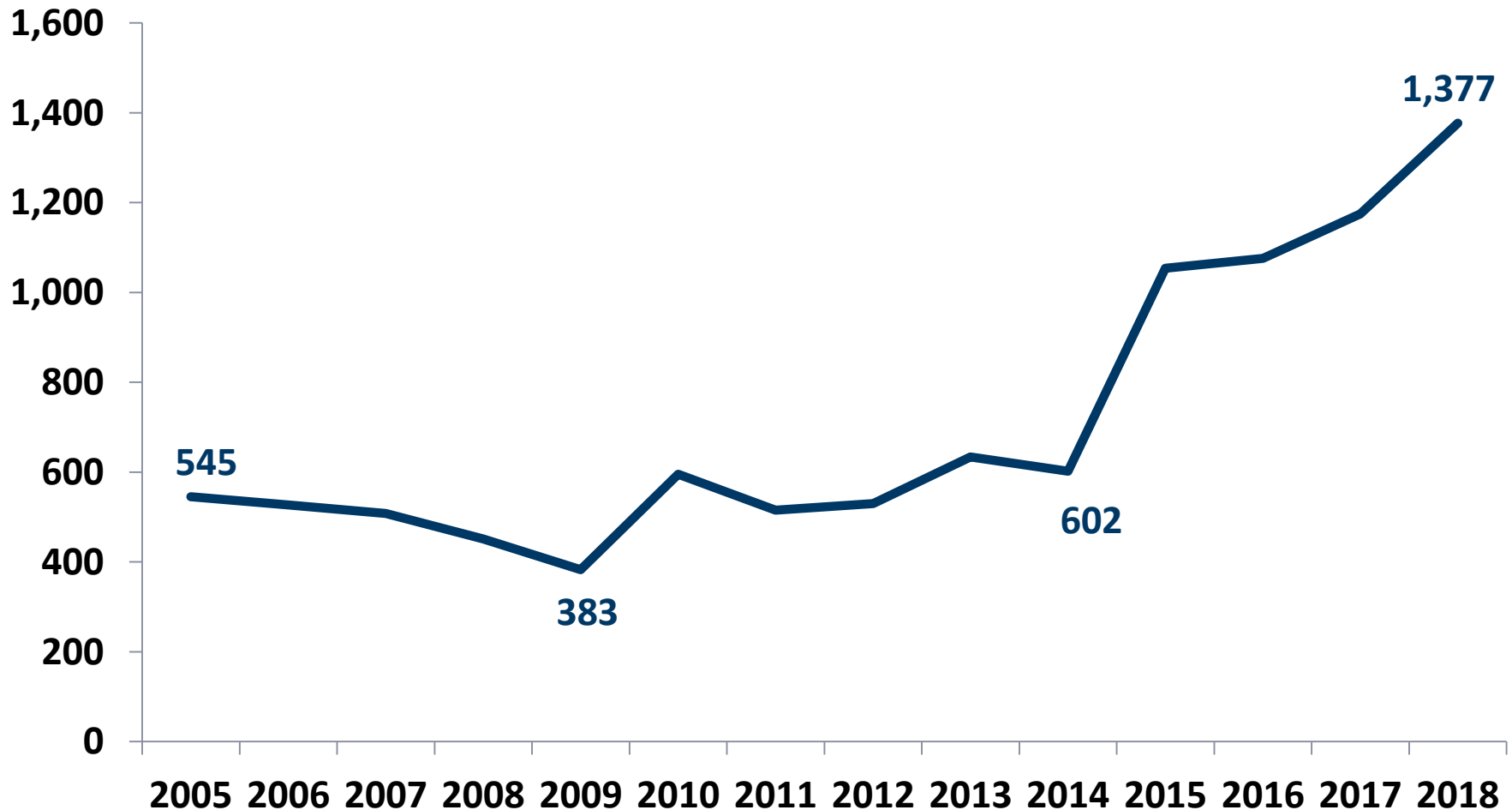
Minnesota has 173,000 renter households between the ages of 25 and 44 who are potentially income-ready to buy a home

- **Greater than \$35,000 in Greater Minnesota**
- **Greater than \$40,000 in Twin Cities Metro**

Income Ready Renters - Ages 25 and 44: 173,000 Households by Race & Ethnicity

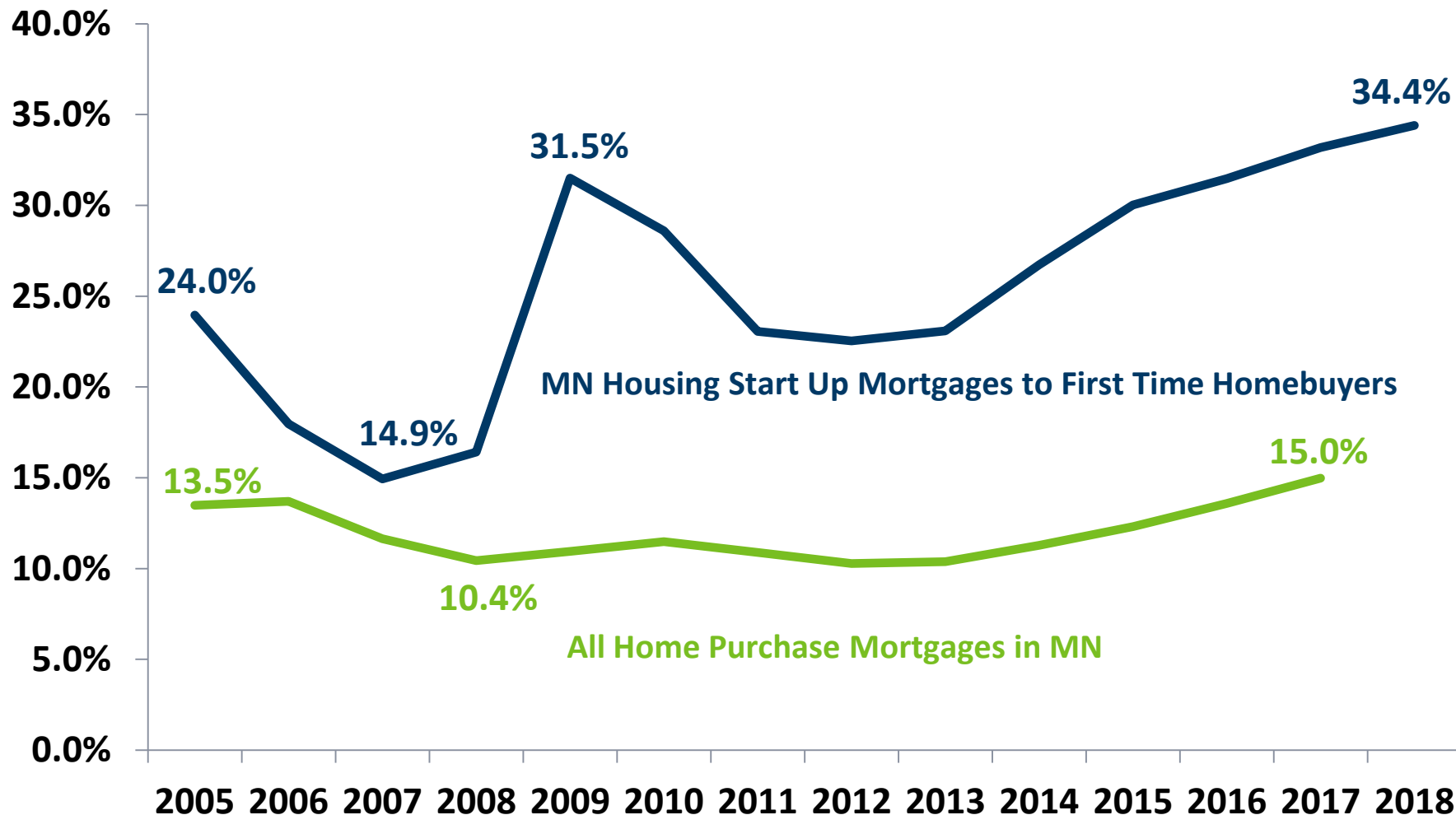
	7-County Metro	Greater MN	Statewide
White Non-Hispanic	63%	79%	68%
African American / Black	14%	6%	11%
American Indian	1%	2%	1%
Asian	11%	4%	9%
Hispanic or Latino	8%	7%	7%
Other Race	1%	0%	1%
Two or More Races	3%	2%	3%
Total	100%	100%	100%

Number of Start Up Loans to First-Time Homebuyers of Color – Dramatic Increase Recently



Source: Minnesota Housing

Share of Loans to Households of Color



Preparing for Homeownership

Barriers to Homeownership

- Lack of wealth
- Other types of debt including student loans
- Low credit score or no credit
- Lack of supply
- Knowledge of the homebuying process

Homebuyer Education and Counseling: 2018 Work Funded by Minnesota Housing

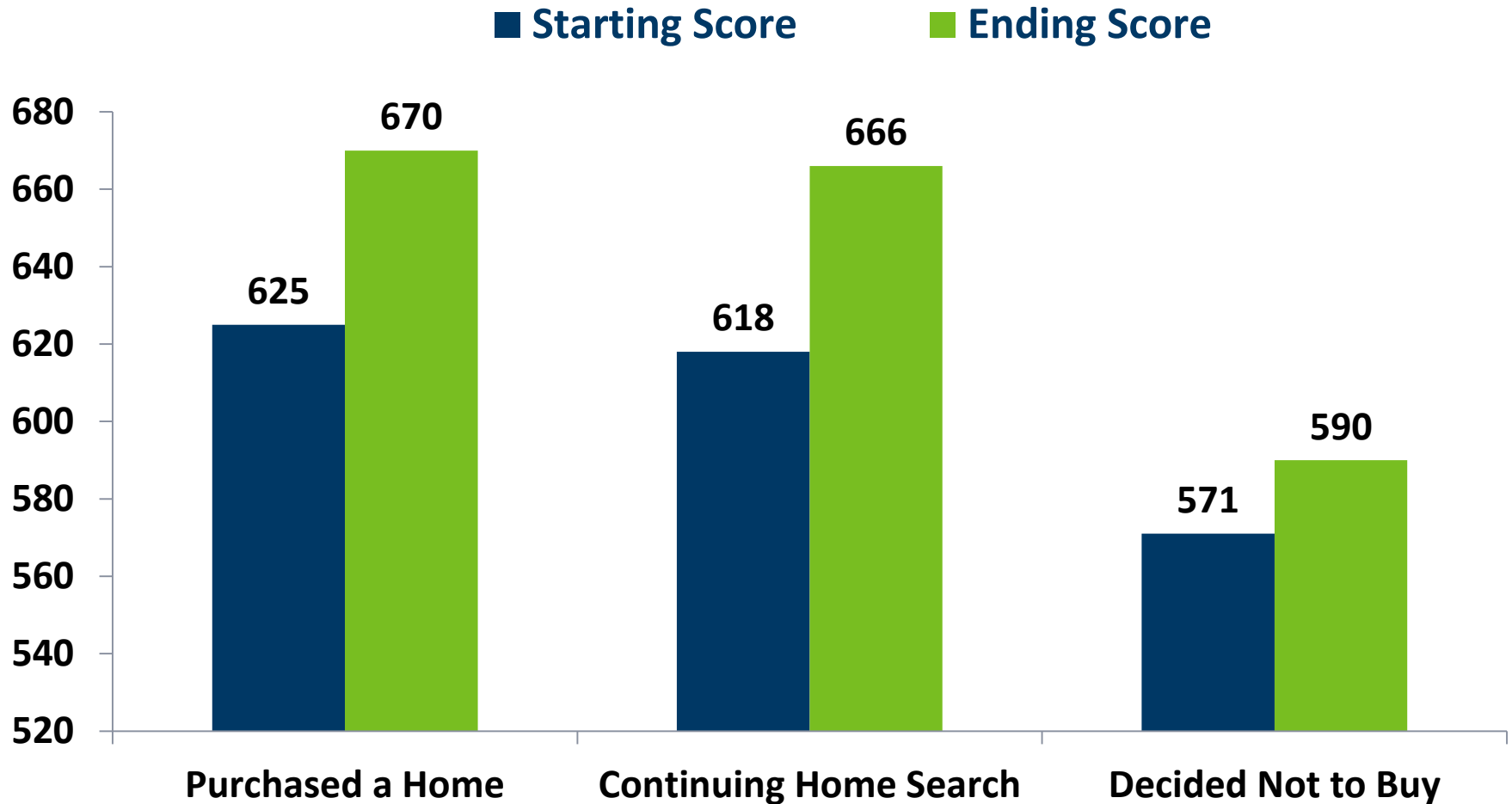
	Households Assisted	Share Households of Color
Homebuyer/owner Education, Counseling & Training (Traditional)	20,046	53%
Homeownership Capacity Program (Intensive Financial Coaching)	997	85%

Homeownership Capacity: Outcomes for People who Completed the Program

	Outcomes for People Who Completed the Program by Outcome
Purchased a Home	59%
Continuing Home Search	19%
Decided Not to Buy	22%

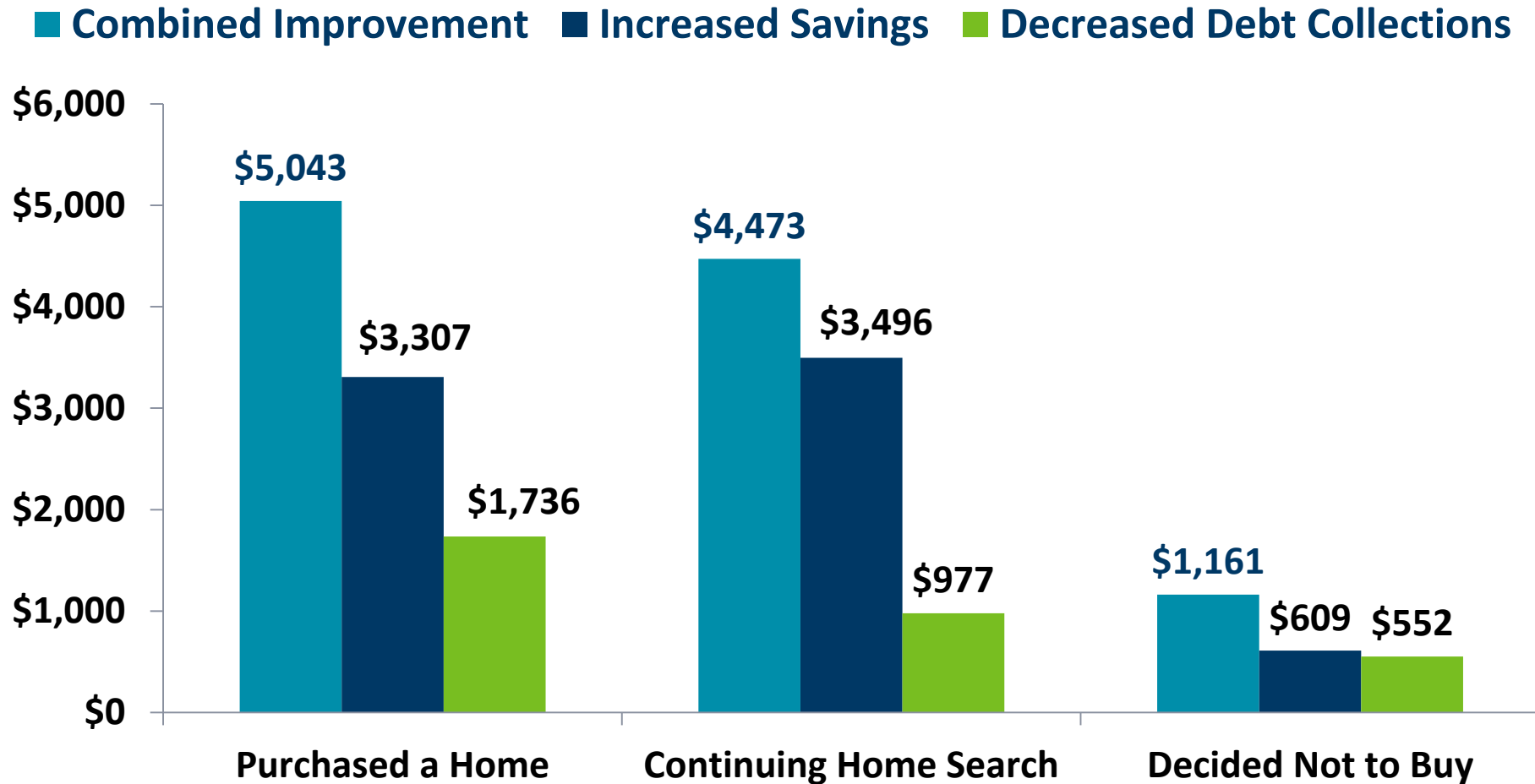
Source: Minnesota Housing, Homeownership Capacity Evaluation (2018), which covered August 1, 2014 to December 31, 2017.

Homeownership Capacity: Increases in Median Credits Scores for Program Completers



Source: Minnesota Housing, Homeownership Capacity Evaluation (2018), which covered August 1, 2014 to December 31, 2017.

Homeownership Capacity: Improvements in Average Wealth Level



Source: Minnesota Housing, Homeownership Capacity Evaluation (2018), which covered August 1, 2014 to December 31, 2017.

Conclusion

- Homeownership needs are significant
 - Downpayment and Closing Costs
 - Home Rehabilitation
- The market is producing challenges across the state
 - Increased cost
 - Limited Supply
- As a state, we need to support and strengthen homeownership
 - Invest more
 - Reduce the cost of housing
 - Innovate and promote alternative models of homeownership