

Housing Availability Assessment Report, July 2019

By Kim Lieberman, JustUs Health Housing Systems Advocate

Affordable Housing Needs of People Living with HIV

Affordable housing remains one of the greatest unmet needs for people living with HIV (PLWH). Homelessness and unstable or marginal housing strongly predict poor health outcomes among PLWH and complicate their medical management of HIV. It has been shown that people who have permanent affordable housing have higher rates of viral suppression than those who are temporarily or unstably housed (Aidala, et al., 2016).

A recent analysis of Minnesota CAREWare data for 2018 shows that of 4,383 Ryan White clients (with housing status data), 661 (15%) were unstably or temporarily housed. 602 of those either unstably or temporarily housed were in the Minneapolis-St. Paul transitional grant area (410 in Hennepin County, 118 in Ramsey County), and 54 in Greater Minnesota.

Of the 661, 523 had incomes less than 100% of the federal poverty guidelines (\$12,490 for a one-person household), including 262 who reported zero income.

It should be noted that the CAREWare data does not include people living with HIV with incomes above 400% of poverty. Nor does it include people that do not receive Ryan White services, or people who are HIV+ but do not yet know their status. A current estimate of unmet need for permanent affordable housing is 1,000 Minnesotans living with HIV.

2018 Geographic Breakdowns

Population	# RW Clients	Stable†	Temporary†	Unstable†	Missing
Minneapolis-St. Paul TGA‡	3,743	3,087 (84%)	392 (11%)	210 (6%)	54
Core Metro Counties *	3,679	3,033 (83%)	387 (11%)	207 (6%)	52
<i>Hennepin County</i>	<i>2,359</i>	<i>1,916 (82%)</i>	<i>269 (12%)</i>	<i>141 (6%)</i>	<i>33</i>
<i>Ramsey County</i>	<i>780</i>	<i>649 (85%)</i>	<i>75 (10%)</i>	<i>43 (6%)</i>	<i>13</i>
<i>Other Five Counties</i>	<i>540</i>	<i>468 (88%)</i>	<i>43 (8%)</i>	<i>23 (4%)</i>	<i>6</i>
Outer Six Counties †	64	54 (87%)	5 (8%)	3 (5%)	2
Greater Minnesota	674	610 (92%)	34 (5%)	20 (3%)	10
All Ryan White Clients	4,472	3,722 (85%)	429 (10%)	232 (5%)	89

† Denominators for percentages, only include those with a known housing status.

‡ The Minneapolis-St. Paul Transitional Grant Area is a thirteen county metro area for which Hennepin County receives a direct Ryan White grant to serve. It includes eleven counties in Minnesota and two counties in western Wisconsin listed below.

* Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington

† Chisago, Isanti, Pierce (WI), Sherburne, St Croix (WI), Wright

Clients without an updated county were excluded from the breakdowns but are included in the All Ryan White Clients.



Low Vacancy Rates and Increasing Rents

The lack of sufficient affordable housing makes it difficult for low-income individuals and families to find a place to rent or maintain housing stability. The vacancy rate has been below 3% since 2011 (5% is considered a healthy rate). Low vacancy rates combined with increasing rents and a decreasing number of affordable units have made finding adequate housing extremely difficult.

Key findings from Minnesota Housing Partnership's *State of the State's Housing 2019* show that:

- More than 1 in 4 — or 572,133 — households in Minnesota pay more than they can afford for housing, making it likely that they cut back on necessities like food, education and medicine simply to pay their rent or mortgage. That number grew by nearly 26,000 households from 2015 to 2017.
- Racial disparities persist. Forty percent of households of color experience cost burden compared to 23 percent of white households.
- The gap between housing costs and incomes is growing. From 2000 to 2017, median rent has risen 13 percent, while median renter income has fallen 5 percent.
- High housing costs continue to threaten the health of Minnesota seniors. Fifty-seven percent of all senior renters and more than a quarter of all senior homeowners pay more than they can afford for housing.

Median rents in Minneapolis (as of May 2019) were \$1,145 for a one-bedroom, and \$1,598 for a two-bedroom unit. In St. Paul, median rents were \$999 for a one-bedroom, and \$1,300 for a two-bedroom unit (HousingLink *Minneapolis and St. Paul Rental Housing Briefs*).

One trend that is impacting the lack of available housing is the loss of “naturally occurring affordable housing” (NOAH). NOAH is cheaper, older market rate units, often in disrepair. As these properties are sold and upgraded, the rents are increased, and low-income renters are displaced.

In addition, few affordable housing units are being developed. Housing production has not kept up with demand for decades. The loss of NOAH housing outpaces new development of affordable housing, thus exacerbating the shortage.

Even much of the affordable housing being developed is out of reach of those with the lowest incomes. Of the 1,336 units of affordable housing constructed in the Twin Cities in 2017, only 164 units were affordable to households earning 30 percent or less of area median income (MHP SOS p10). Low Income Housing Tax Credits (LIHTC or Section 42) are the main funding source used for the development of affordable housing, but for most units, extremely low-income households would also need to have a Section 8 Voucher or other rental assistance to be able to live in this “affordable housing”.

Statewide Housing Crisis

(Source: Minnesota Housing Partnership – *Out of Reach Minnesota 2019*
https://www.mhponline.org/images/OOR/OOR_2019_Final.pdf)

- A full-time minimum wage earner can't afford even a one-bedroom apartment in any of Minnesota's 87 counties.

- From 2018 to 2019, the amount a renter household needs to earn to afford a modest apartment (the state "housing wage") increased by 3 percent (adjusted for inflation) — a more significant rate of change compared to the 1 percent increase from 2017 to 2018.
- The growing gap between wages and rent has a disproportionate impact on communities of color. While only 24 percent of white households are renters, 60 percent of households of color are renters. Statewide, the median wages earned by Black and Native American workers are barely half that of white and Asian workers.

Subsidies Do Not Meet Need

Federally subsidized housing (Public Housing, Project-based Section 8, Section 8 Housing Choice Vouchers, & HOPWA) where the household pays approximately 30% of their income toward housing is basically at 0% vacancy, with long waiting lists (the state average wait for a subsidized unit is 22 months). One indication of how great the need is for rental assistance was clear from the recent opening of the state's three largest Section 8 Voucher waiting lists (Metro HRA, Minneapolis PHA and St. Paul PHA). In one week, they received a combined total of over 45,000 applications. Only 1 in 7 applicants will get placed on a list. Even for those selected, it may be 2 to 5 years before a voucher becomes available. In addition, due to many landlords refusing to accept rental subsidies, even those who get a voucher may not be able to find a place that will take it.

HIV-specific housing providers also have waiting lists. While it is not known what the unduplicated count is, both JustUs Health and Clare Housing maintain waitlists of approximately 300 each.

Gaps in the Homeless Response System

Federal and state homeless funding through the HUD Continuum of Care (CoC) regions is primarily targeted to people experiencing long-term homelessness of one year or more, meeting the HUD "Chronic Homeless" or MN "High Priority Homeless/Long-Term Homeless" definitions. Many low-income HIV-positive people do not meet these definitions to qualify for or be prioritized for assistance through the CoC Coordinated Entry Systems. Those that are doubled-up or homeless for less than a year often fall through the cracks of the homeless system, yet still need housing assistance.

Regional Differences – Highlights

(Source: Minnesota Housing Partnership - *State of the State's Housing 2019*

http://www.mhponline.org/images/stories/images/research/SOTS-2019/2019FullSOTSPrint_Final.pdf)

Twin Cities Region:

- With nearly one-third of all households living in rental units, the Twin Cities region has the highest percentage of renter households of any region in the state, growing from 29 percent of all households in 2000 to 32 percent in 2017.
- More than 60 percent of the state's rental households reside in the Twin Cities. Hennepin and Ramsey Counties contain the largest percentage of renter households, at 38 percent and 41 percent, respectively.
- The Twin Cities region has the highest overall gross rent in the state.
- The Twin Cities region contains 60 percent of the state's population of extremely low-income

renters (ELI), or renter households that earn less than 30 percent of area median income (AMI). There are nearly 3 times more ELI renter households (109,300) than units that are affordable and occupied by ELI renter households (36,905 units).

- Ramsey County contains the highest percentage of cost-burdened and severely cost-burdened renters in the region, with 48 percent of renters spending more than 30 percent of their income on housing, and a quarter of renters spending more than half of their income on housing.
- Overall, from 2000 to 2017, the percent of cost burdened renters in the region increased from 36 percent to 46 percent.

Southern Region:

- This is the second most populous region in the state. As the regional economic hub, the Rochester metropolitan area is home to nearly 30 percent of the region's households.
- The Southern region has the second largest population of renter households in the state. Over 25% of households are renters (74,410). For renters in rural counties, wage depreciation has made it increasingly difficult to afford the rising cost of housing.
- A notable housing trend in the Southern region is the lack of affordable housing in rural counties (defined as any county outside of the Rochester, Mankato or La Crosse metropolitan areas).
- The convergence of low renter incomes and growing housing costs forces nearly half of all renter households to pay more than they can afford for their home.

Northland Region:

- The Northland region contains 35,490 renter households, accounting for 25 percent of total households. More than 40 percent of the region's renters reside in the City of Duluth.
- In 2017, the Northland region had the highest percentage of cost-burdened renters in the state, affecting 46 percent of renter households. More than 1 in 5 renter households pay more than half their monthly income on rent.
- There are more than double the number of ELI renter households (11,150) than units that are affordable and occupied by ELI renter households (4,774 units).

Central Region:

- The Central region has the largest percentage of homeowners in the state, as well as the highest rate of owner cost burden in the state (while 79 percent of white households are homeowners, only 46 percent of people of color and Indigenous households own their home).
- 78 percent of households are homeowners and 22 percent are renters.
- The Central region has also seen some of sharpest declines in median owner income, and significant increases in housing costs in recent years.
- The East Central portion of the region has the second highest cost of living in the state, just behind the Twin Cities.
- The Central region contains approximately 17,725 renter households that earn less than 30 percent of area median income. However, the region contains just 13,947 units that are affordable to households at that income and just 7,057 units that are affordable and available.

West Central Region:

- The West Central region is home to 23,210 renter households, the second smallest renter population in the state (after the Northwest region). Of these households, more than half (54 percent) live in either Clay County or Otter Tail County, both of which are located either in

or just outside of the Fargo-Moorhead MSA.

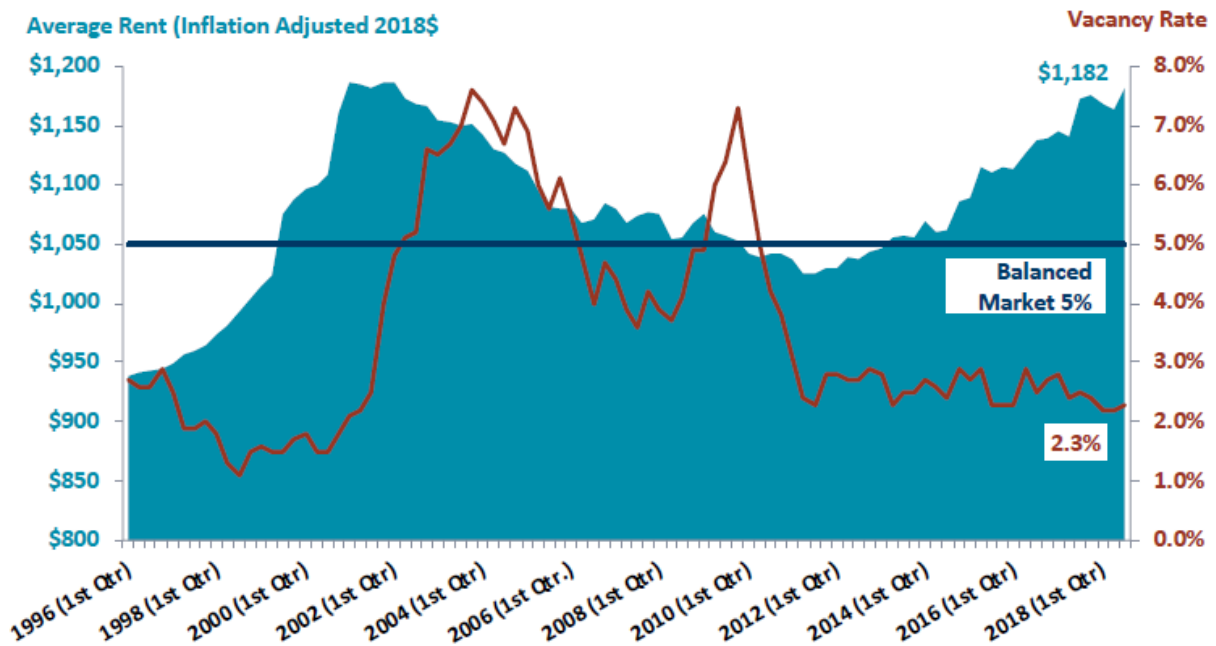
- The region contains the highest percentage of severely cost-burdened renters, with 24 percent of renter households paying more than half of their monthly income on housing.
- West Central is home to the highest proportion of extremely low-income renters of any region in the state, with 7,405 — or 34 percent of all renter households — earning 30 percent of area median income or less.

Addendum

- 1) Twin Cities metro area historical trend of market rents/growth in rents and vacancy rates
- 2) Twin Cities market rate apartment new construction by unit type and rents
- 3) Gap between fair market rents and average renter wages
- 4) Map with count of various types of affordable housing and subsidies available by region in 2017
- 5) Map of severe renter cost burden (paying over 50% of income for housing) by county.

- The following chart shows the Twin Cities historical trend of multifamily average market rents and the growth in rents, and the vacancy rates since 1996 in the (Minnesota Housing).

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



Source: Minnesota Housing analysis of data from Marquette Advisors' Apartment Trends

Remote Desktop

- Breakout of market rate new construction rental apartments by unit types and rents for Twin Cities in 2016. (Twin Cities Multifamily Market Trends Spring 2016, Marquette Advisors). These do not include subsidized units.

New Apartments – unit mix & rent profile

Downtown Minneapolis Apartments -- "New" Product (Built 2010 to date)				
Unit Type	% of Unit Mix	Avg. Size	Avg. Rent	Avg. Rent PSF
Studio	18.3%	536	\$1,297	\$2.42
1BR	47.2%	733	\$1,531	\$2.09
1BR+Den	6.0%	902	\$1,785	\$1.98
2BR	26.4%	1,103	\$2,157	\$1.96
2BR+Den/3BR	2.2%	1,450	\$3,496	\$2.41
Total	100.0%	820	\$1,712	\$2.09

Twin Cities Metro Area (urban & suburban) -- All "New" Product (Built 2010 to date)				
Unit Type	% of Unit Mix	Avg. Size	Avg. Rent	Avg. Rent PSF
Studio	14.4%	540	\$1,166	\$2.16
1BR	42.8%	761	\$1,380	\$1.81
1BR+Den	7.2%	904	\$1,600	\$1.77
2BR	30.3%	1,131	\$1,854	\$1.64
2BR+Den/3BR	5.4%	1,304	\$2,321	\$1.78
Total	100.0%	880	\$1,559	\$1.77

Twin Cities Apartments (excluding new construction) -- Built Pre-2010				
Unit Type	% of Unit Mix	Avg. Size	Avg. Rent	Avg. Rent PSF
Studio	4.8%	468	\$730	\$1.56
1BR	44.0%	730	\$868	\$1.19
1BR+Den	1.8%	984	\$1,176	\$1.20
2BR	43.0%	1,023	\$1,072	\$1.05
2BR+Den/3BR	6.4%	1,335	\$1,437	\$1.08
Total	100.0%	886	\$991	\$1.12

Unit Mix (new construction)

- 70% Studios & 1BRs
- vs. 50% pre-2010
- fewer 2BR & 3BR units
- Fits single Millennial renter profile
- Empty nesters want larger 2BR & 3BR --- just starting to deliver more of these

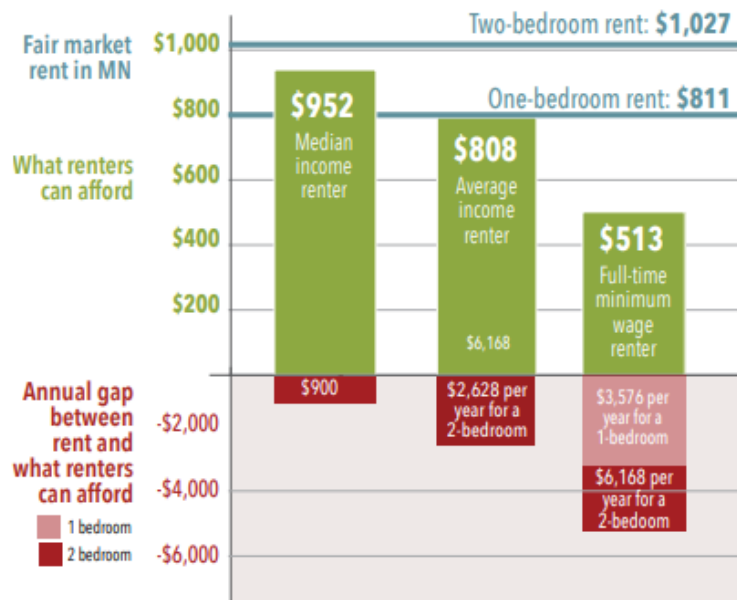
Rent Premium

- Note \$600 gap between new product & apartments built pre-2010!
- Value-add potential!

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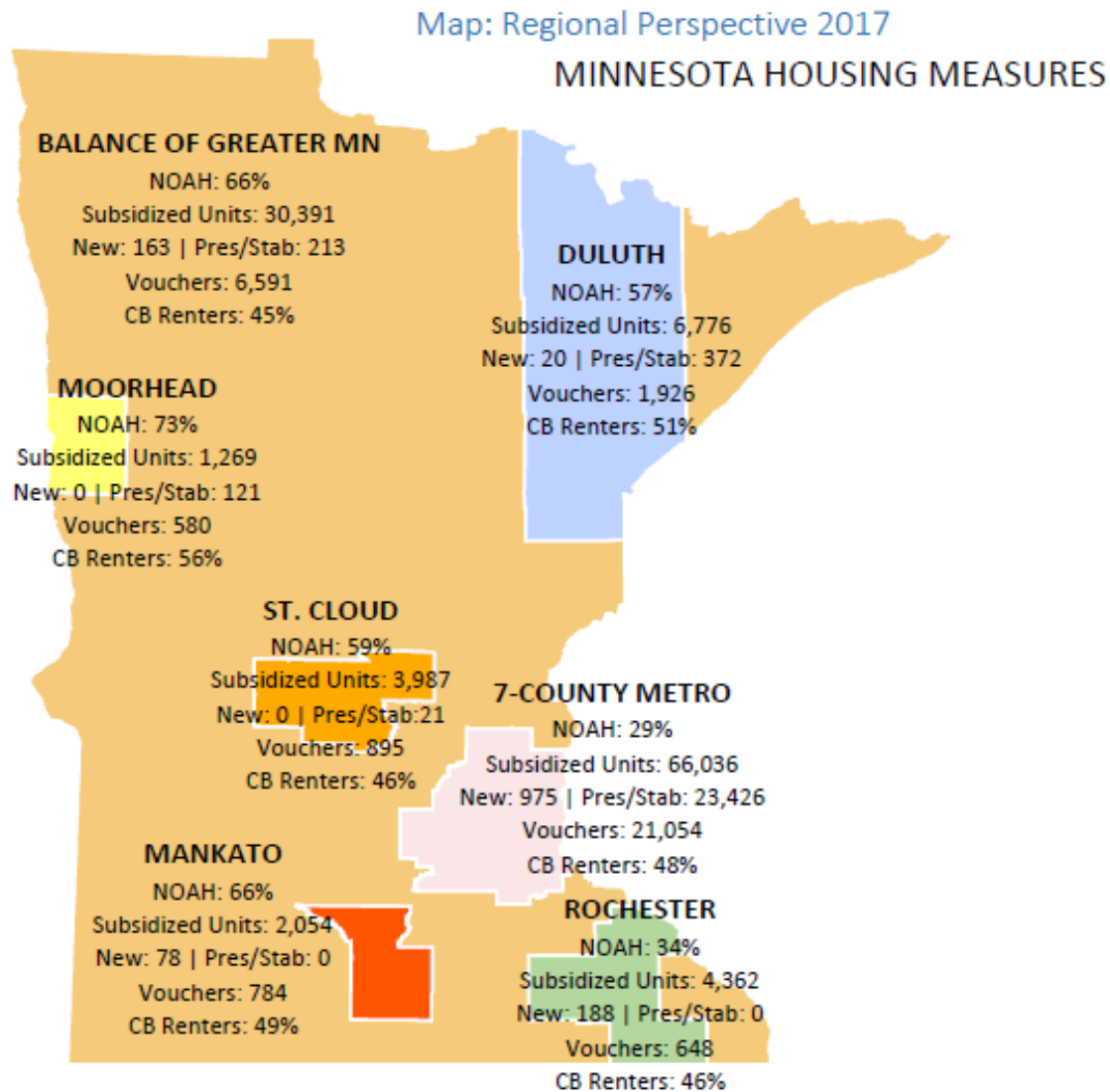
- Gap between fair market rents and average renter wages (MHP Out of Reach Minnesota 2019).



Renter households don't earn enough to pay the rent – and make ends meet.

The average wage (\$15.53) for a renter in Minnesota isn't enough to afford a modest two-bedroom apartment in any Minnesota county. It's enough to afford a one-bedroom apartment in only 24 Minnesota counties (less than one quarter of all counties). Statewide, the average Minnesota renter would have to pay \$2,628 more than they can afford each year for a modest two-bedroom apartment.

- This map gives the count of various types of affordable housing and subsidies available by region in 2017 (MN Housing Measures 2012-2017, HousingLink/McKnight Foundation).



KEY: NOAH listings: Percentage “Naturally-Occurring Affordable Housing” listings, or listings affordable to 60 percent area median income (AMI) in 2017.

Subsidized Units: Total rental units as of 2017 with a permanent subsidy or in-force rent restriction at or below 80% AMI.

New Units: Newly constructed subsidized units in the year 2017.

Preservation /Stabilization Units: Units with financing in the year 2017 not specifically indicated as “new.”

Vouchers: Housing Choice Vouchers (Section 8 vouchers) in use in 2017.

Note: Greater MN metros are defined by their US Census CBSA (core-based statistical area), an agglomeration of counties economically tied to an urban center.

Cost-Burdened (CB) Renters: Percentage of renters paying greater than 30 percent of their income in gross housing costs (2012-2016 ACS).

Fixed-Rail Transit: A network consisting of half-mile radii from light rail and bus rapid transit stations.

High-Frequency Bus Corridors: A network of bus routes promising service every 15 minutes (or better).

* Hennepin County and Ramsey County statistics include Minneapolis and St Paul, respectively.

† HUD no longer provides voucher data reliably at the Census Tract level, and we are thus unable to continue our analysis of vouchers in transit corridors.

- Map of severe renter cost burden (paying over 50% of income for housing) by county (MHP State of the State's Housing 2019).

Severe Renter Cost Burden: Percentage of renter households paying half or more of income for housing in 2017

