



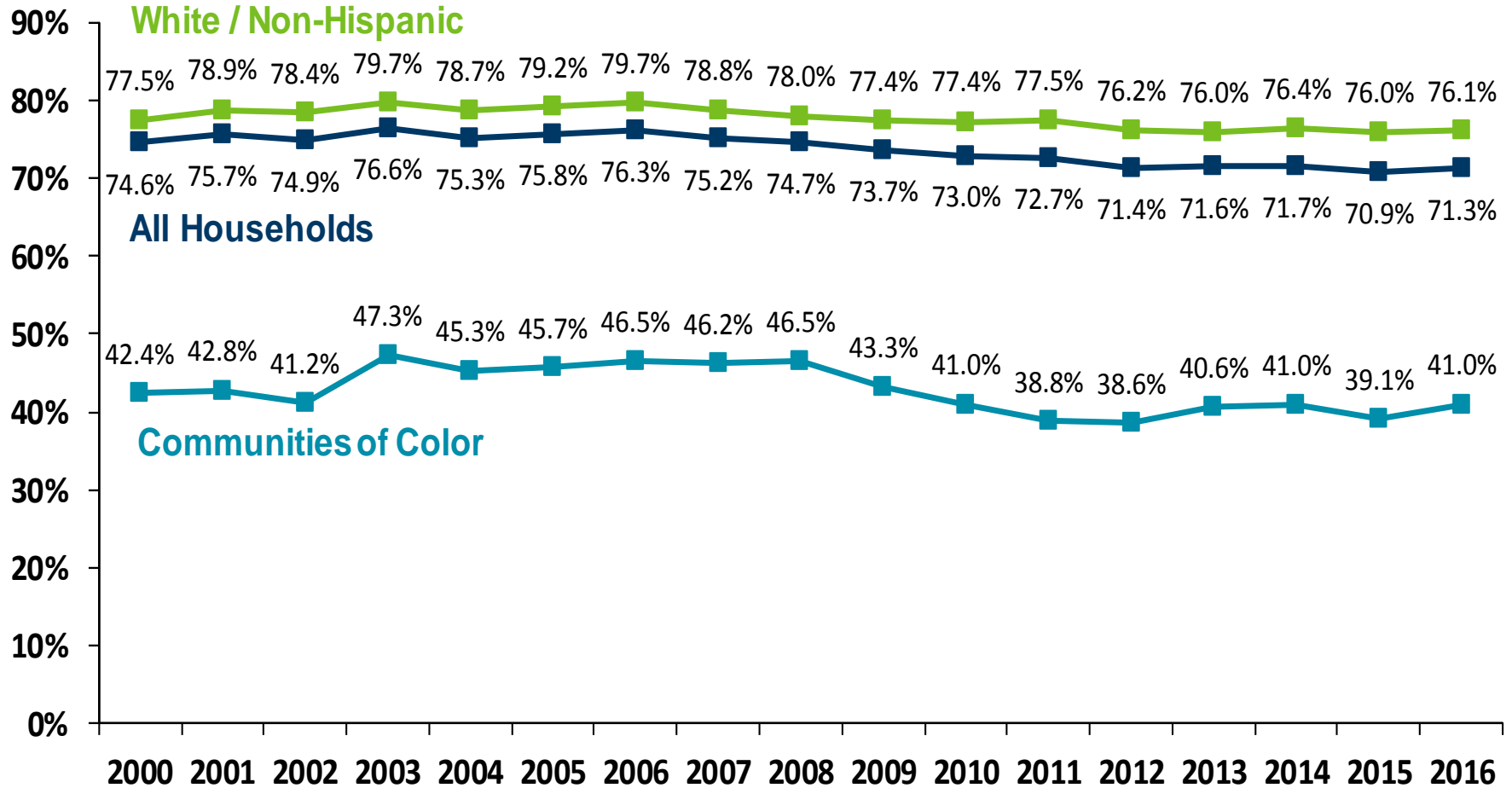
Reducing Minnesota's Homeownership Disparity

May 4, 2017

Context for Work

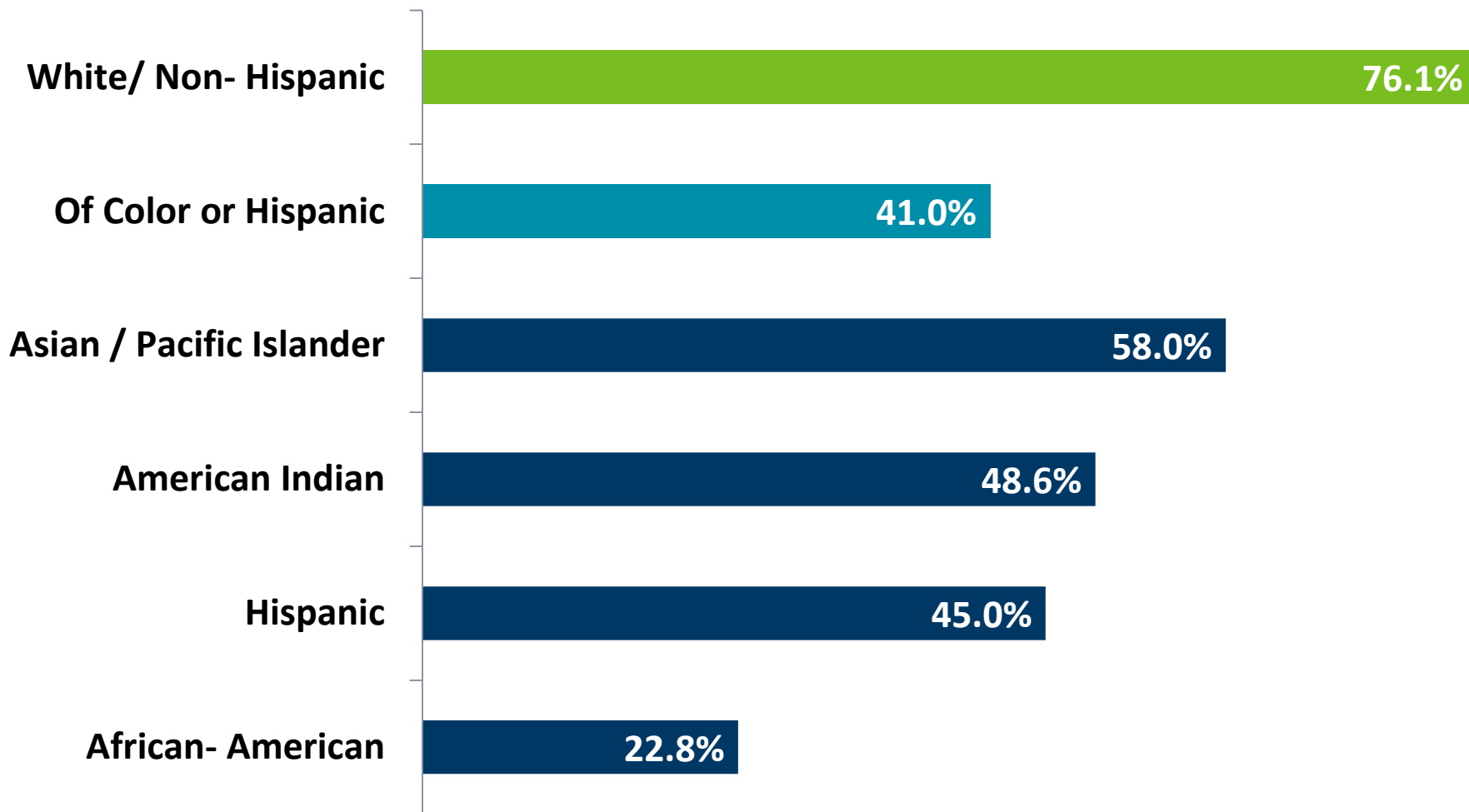
MN: Homeownership Rates by Race and Ethnicity

– One of the Largest Disparities in the Country



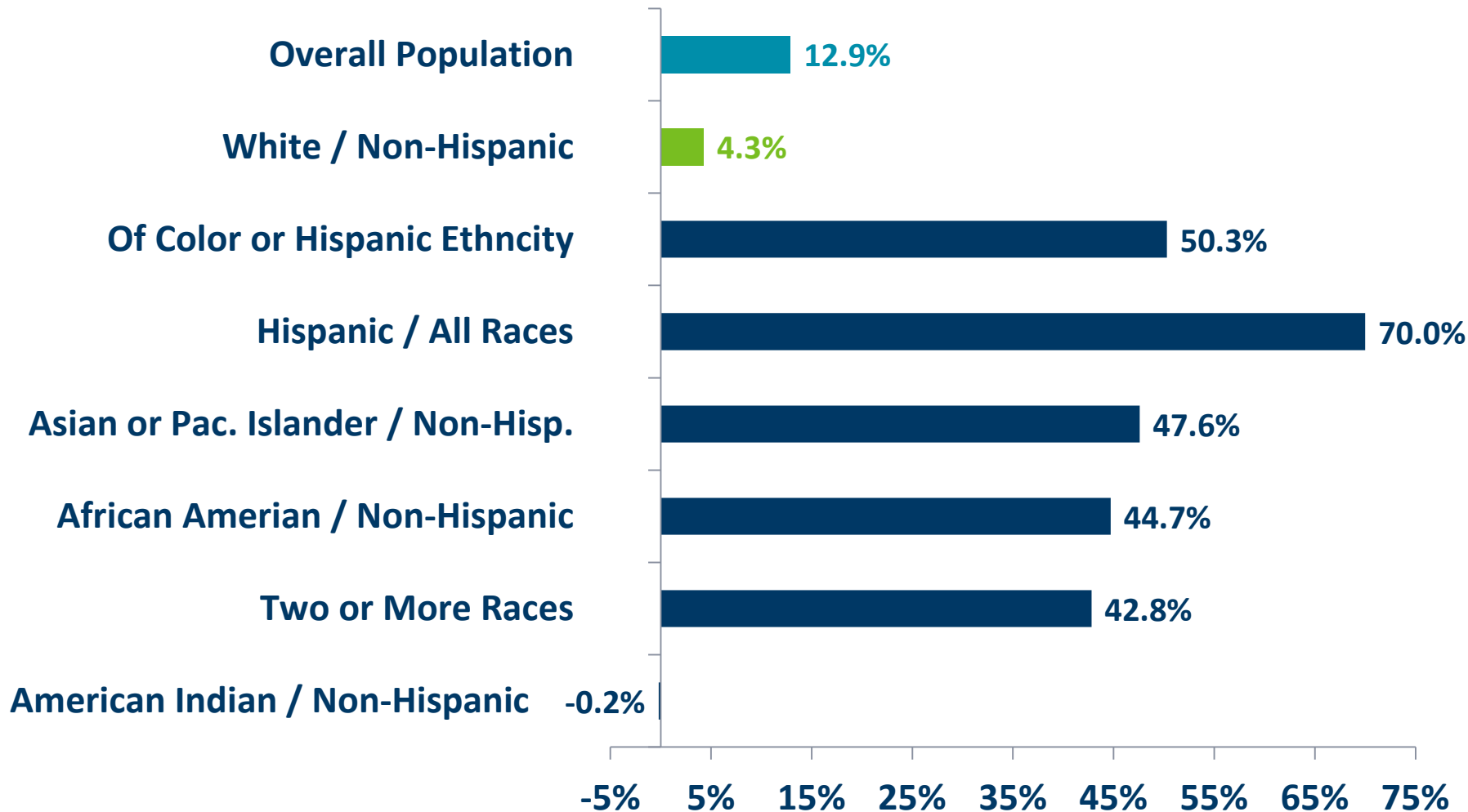
Source: Census Bureau, 2000 Census and American Community Survey (2001-2015)

MN: Homeownership Rates by Race – Disparity for African Americans is a Key Concern



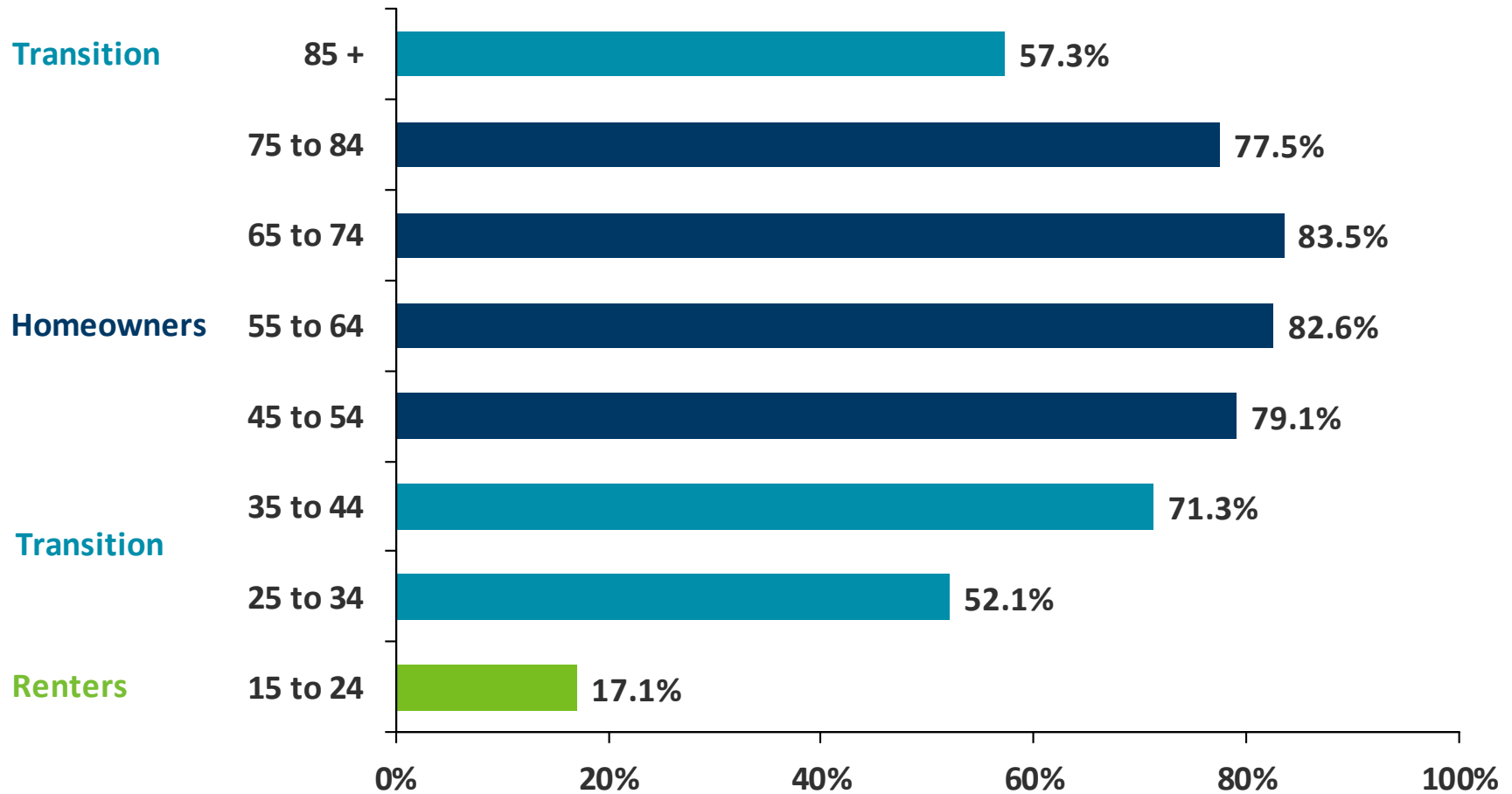
Source: Census Bureau, 2016 American Community Survey

Minnesota Population Growth 2015-2035 – Becoming Much More Diverse



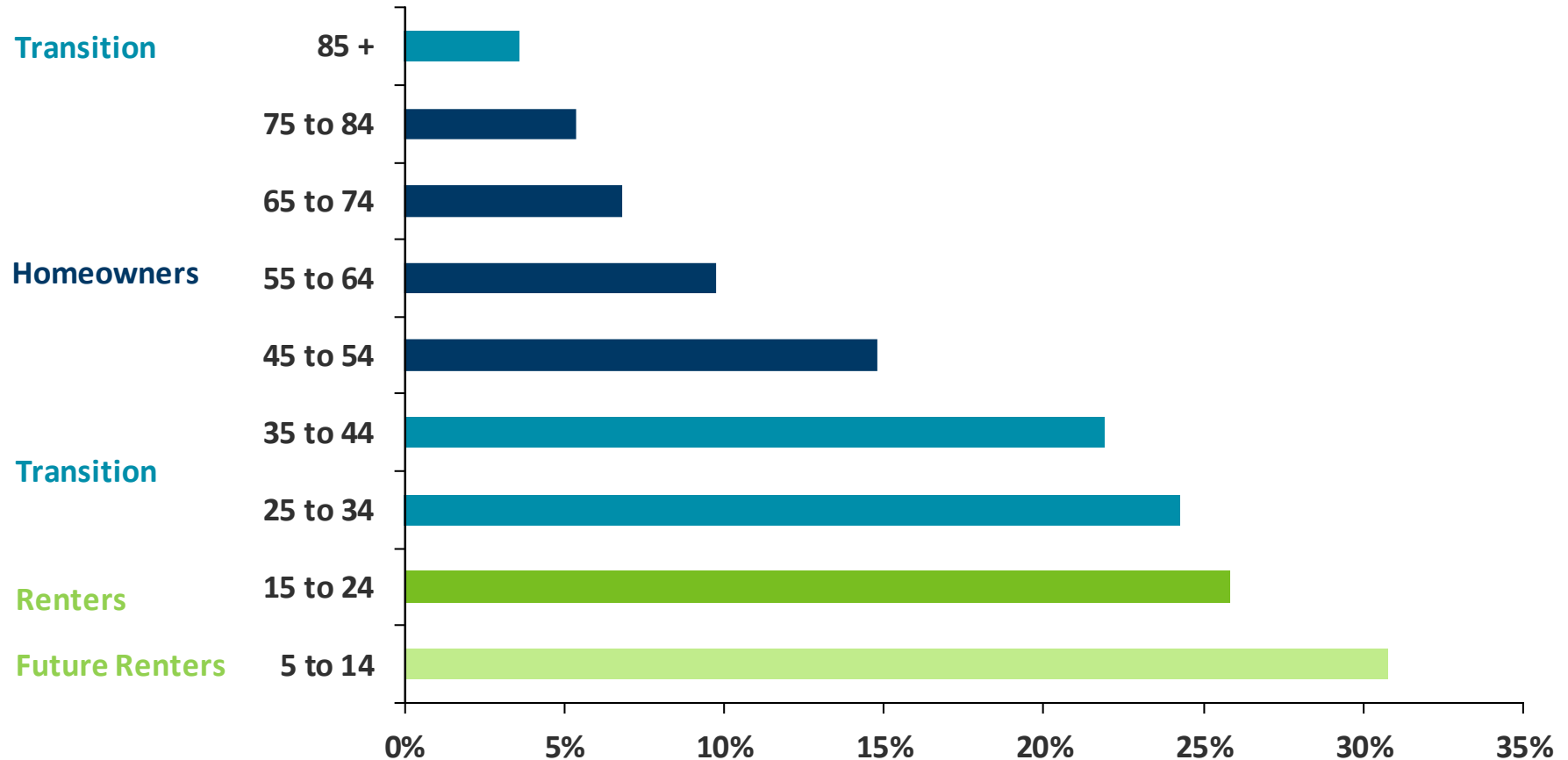
Source: Minnesota State Demographic Center, *Minnesota Population Projections by Race and Hispanic Origin, 2005 to 2035* (January 2009).

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



Source: Census Bureau, American Community Survey, 2016

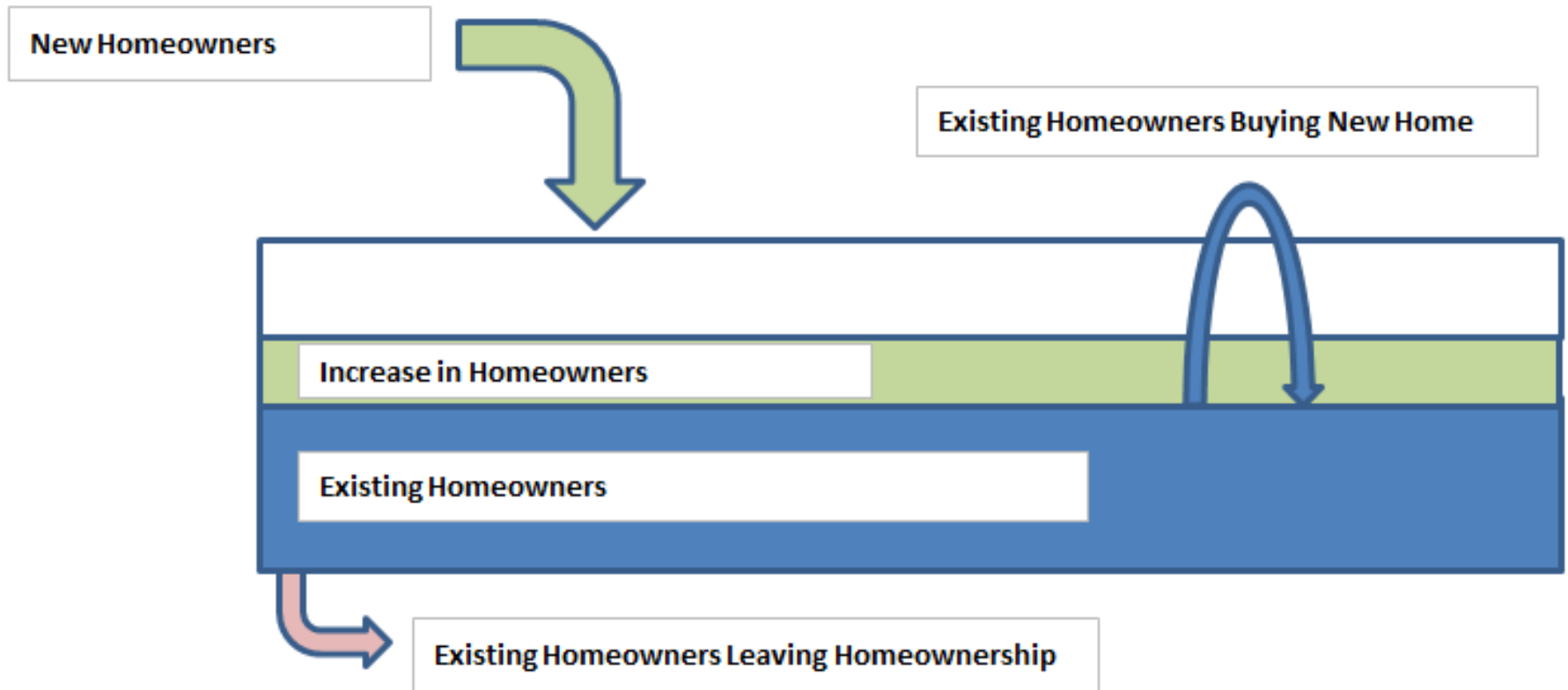
Minnesotans of Color: Share of Population by Age (2016) – Large Share of Potential Homebuyers



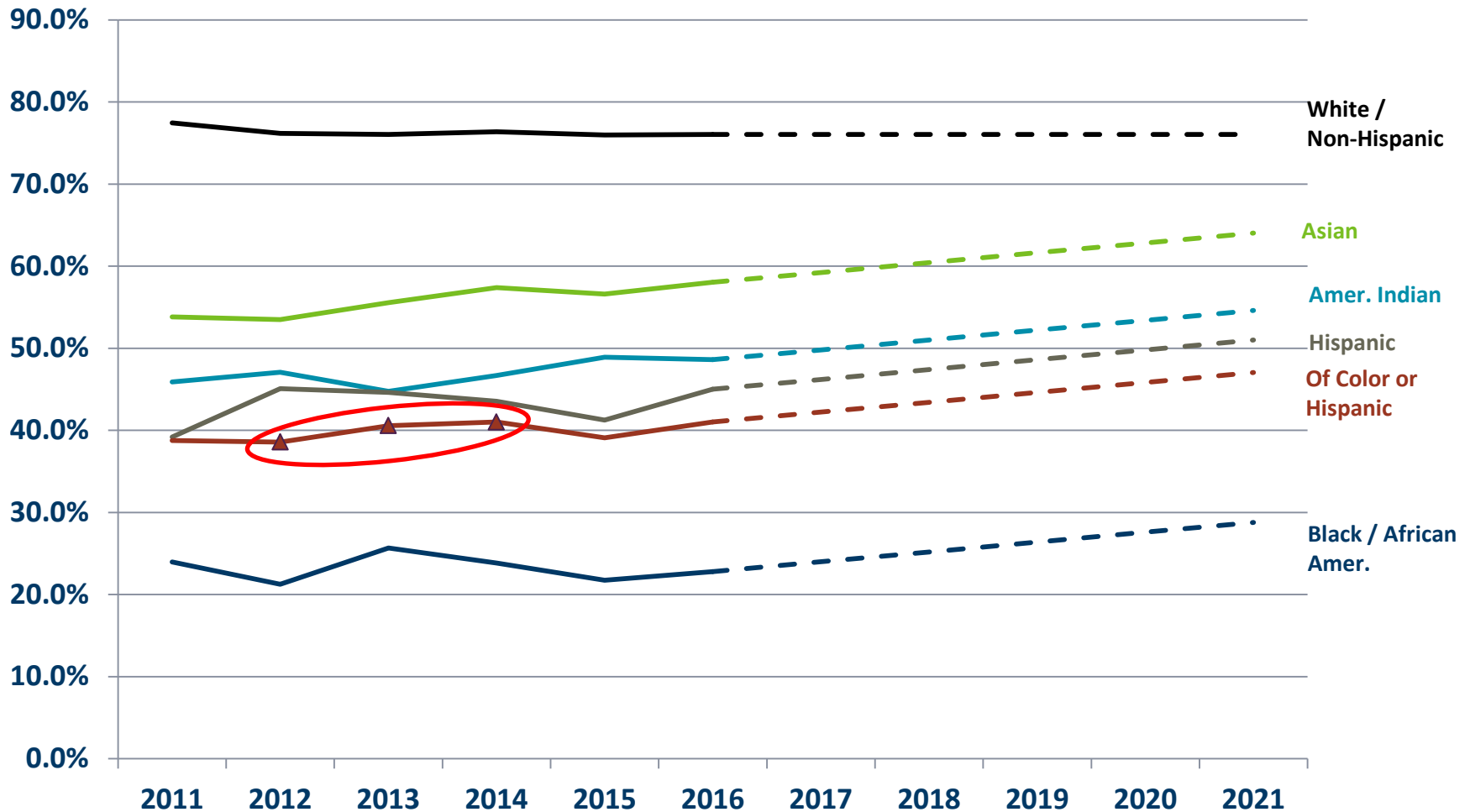
Source: Minnesota Housing Analysis of Census Bureau, *American Community Survey*, 2016

Sustained Improvement

Bath Tub Analogy: Understanding What Determines the Homeownership Rate



MN: Homeownership Rates by Race and Ethnicity – Moving Toward Sustained Improvement



Source: Minnesota Housing analysis

Sustained Improvement: Change of Previous Five Years to Next Five

Race/Ethnicity	Average Annual Increase in Number of Homeowners		Average Annual Percentage Increase in Homeowners	
	Previous 5 Years	Next Five Years	Previous 5 Years	Next Five Years
African-American/Black	266	2,016	1%	7%
American Indian	97	262	1%	3%
Asian	1,844	2,046	5%	5%
Hispanic	1,400	2,193	5%	6%

Whom Are We Trying to Reach?

Income Ready Renters Between Ages 25 and 44

- Minnesota has 188,000 renter households between the ages of 25 and 44 who may be income ready to buy a home
 - Greater than \$30,000 in Greater Minnesota
 - Greater than \$35,000 in Twin Cities Metro
- 64,000 (34%) are households of color, which includes
 - Head of household
 - Spouse or unmarried partner

Income Ready Renters Between Ages 25 and 44: Race and Ethnicity of 64,000 Households of Color

	7-County Metro	Greater MN	Statewide
African American / Black	38%	24%	35%
American Indian	2%	12%	4%
Asian	29%	18%	27%
Hispanic or Latino	21%	32%	23%
Other Race	2%	4%	2%
Two or More Races	8%	10%	9%
Total	100%	100%	100%

Income Ready Renters Between Ages 25 and 44: Income of 64,000 Households of Color

	7-County Metro	Greater MN	Statewide
Median Income	\$61,842	\$51,644	\$60,758

Income Ready Renters Between Ages 25 and 44: 64,000 Households of Color by Type

	7-County Metro	Greater MN	Statewide
Single	18%	15%	17%
Married No Children	11%	7%	10%
Single-Parent with Children	21%	29%	22%
Couple with Children	35%	35%	35%
Other Family	2%	3%	2%
Non-Family	13%	11%	13%
Total	100%	100%	100%

Source: Minnesota Housing Analysis of Census Bureau, *American Community Survey*, 2016 (IPUMS microdata, 5-year sample)

Income Ready Renters Between Ages 25 and 44: Education Level of 64,000 Households of Color

	7-County Metro	Greater MN	Statewide
Less than high school	9%	21%	11%
High school	16%	17%	16%
Some college, no degree	22%	29%	24%
Associates degree	9%	11%	10%
Bachelors degree	27%	13%	25%
Masters degree	14%	5%	12%
Doctoral degree	2%	3%	2%
Total	100%	100%	100%

Source: Minnesota Housing Analysis of Census Bureau, *American Community Survey*, 2016 (IPUMS microdata, 5-year sample)

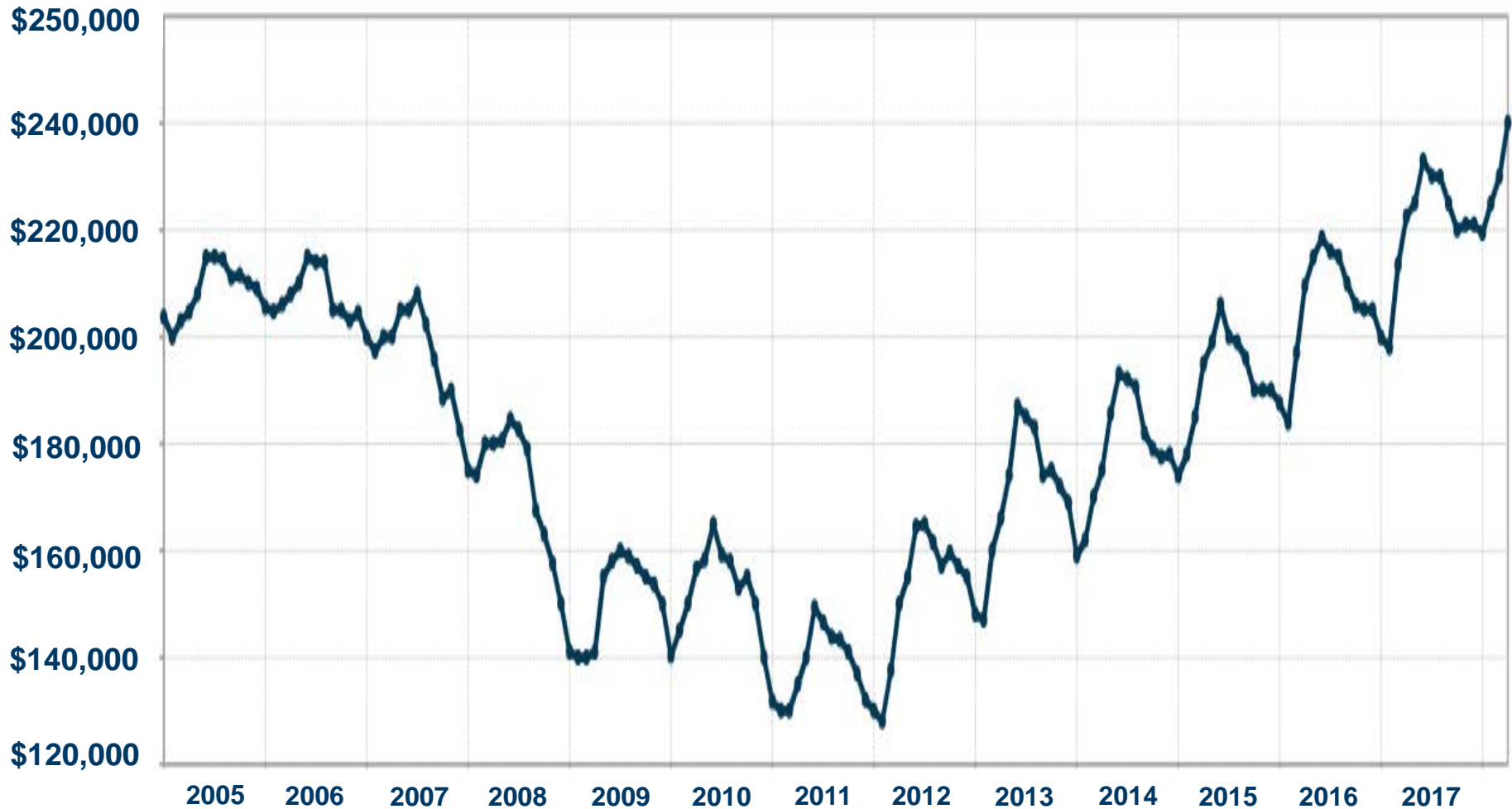
Income Ready Renters Between Ages 25 and 44: Age of 64,000 Households of Color

	7-County Metro	Greater MN	Statewide
25 and 34 years	57%	68%	59%
35 and 44 years	43%	32%	41%
Total	100%	100%	100%

	7-County Metro	Greater MN	Statewide
Median Age	33	32	33

Challenges Going Forward

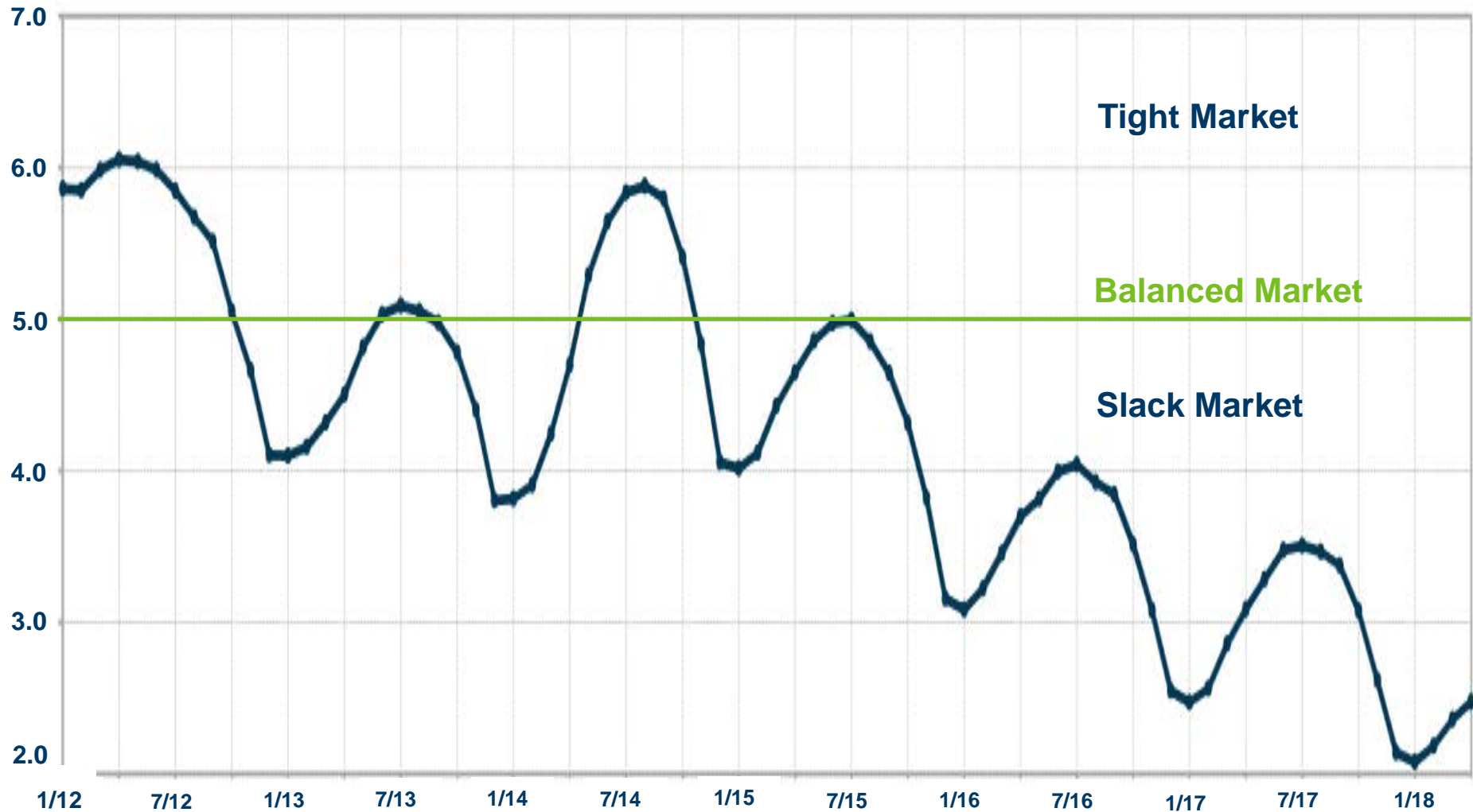
Minnesota Home Sale Prices – Increasing Since 2011



Note: Not adjusted for inflation

Source: Minnesota REALTORS®, *Local Market Update for April 2018*.

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

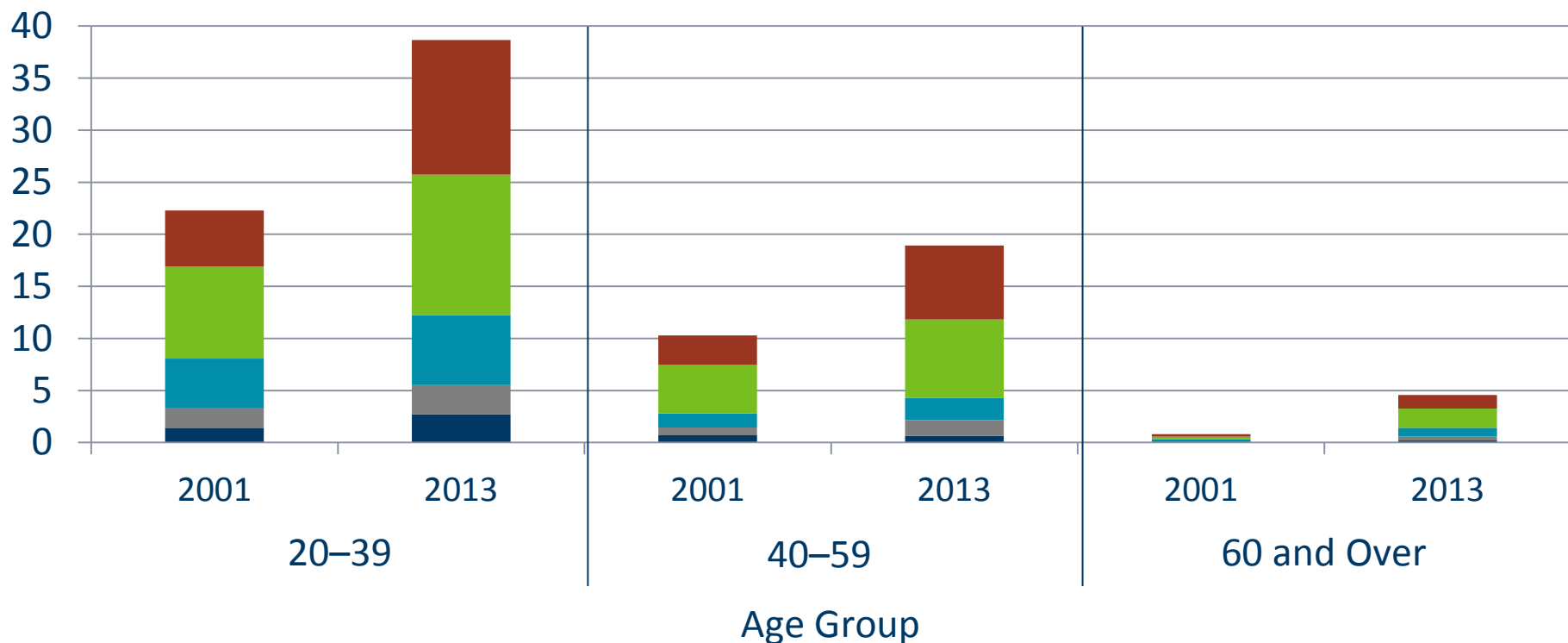


Source: Minnesota REALTORS®, *Local Market Update for April 2018.*

TC Metro (16 County): Months Supply of Homes for Sale Under \$250,000 – Very Tight Market

Year	Inventory - Number of Homes (June)	Months Supply (June)
2013	9,378	3.2
2014	9,413	3.5
2015	8,004	2.9
2016	6,105	2.1
2017	4,314	1.6

U.S.: Share of Households with Student Debt – A Growing Burden



Note: Households not yet in repayment have a deferral due to schooling, military service, emergency hardship, or other reasons.

Source: Harvard University's Joint Center for Housing Studies analysis of Board of Governors, Surveys of Consumer Finances

Promising Program

Homeownership Capacity: Background

- Two to three years of intensive financial coaching, focusing on households of color – provided by 15 community-based organizations
- Over 2,000 clients since pilot was launched in August 2014
 - 19% have completed the program so far
 - 22% have dropped out before program completion
- At program entry:
 - 87% of color
 - 67% with income \leq \$40,000
 - 74% with credit score $<$ 640

Homeownership Capacity: Successful Outcomes for Completers

- Median credit score increased from 583 to 658
- \$3,700 improvement in financial position
 - Increase in savings
 - Reduction in debt collections
- Share with a reported outcome (1 year after completion):
 - 53% purchased a home
 - 25% continued to look for home
 - 22% decided not to purchase

For More Information

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