



Homeownership Minnesota

Presenters:

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Homeownership Minnesota

- **Homeownership Minnesota** elevates the role of affordable homeownership as a critical component of solving the statewide affordable housing shortage and as a necessary step toward closing wealth disparities and addressing racial inequities.
- Affordable ownership is a critical component of a healthy affordable housing continuum. Investing in ownership housing will positively impact the full continuum.
- We are practitioners – we build ownership opportunities, we prepare homebuyers, we conduct home repairs, foreclosure prevention counseling, and other preservation efforts.
- Policy and advocacy focus: increasing public resources and attention to the preparation of homeowners and the production and preservation of affordable ownership housing.

HOM Membership

- Statewide Representation
- Nearly every county in MN
- Diverse affordable ownership production models: Land Trust, Co-ops, Manufactured Housing, single family ownership
- Experts in homebuyer education, home production, mortgage lending, and foreclosure prevention programming

HOM membership: (*Denotes CDFIs)

Twin Cities: City of Lakes Community Land Trust, Dayton's Bluff Neighborhood Housing Services, Greater Metropolitan Housing Corporation, Home CO (Aurora-St Anthony Neighborhood Development Corporation, Build Wealth MN*, Model Cities), Neighborhood Development Alliance*, NeighborWorks Home Partners*, PRG, Inc., Project for Pride in Living, Inc. (PPL), Twin Cities Habitat for Humanity*, Urban Homeworks, Inc.

Greater MN: Habitat for Humanity of Minnesota* (24 affiliates), MN CAP (24 CAP agencies & 11 Tribal Nations), Minnesota Community Land Trust Coalition (4 Land Trusts), Minnesota Homeownership Center, Northcountry Cooperative Foundation, One Roof Community Housing*

Statewide Impact

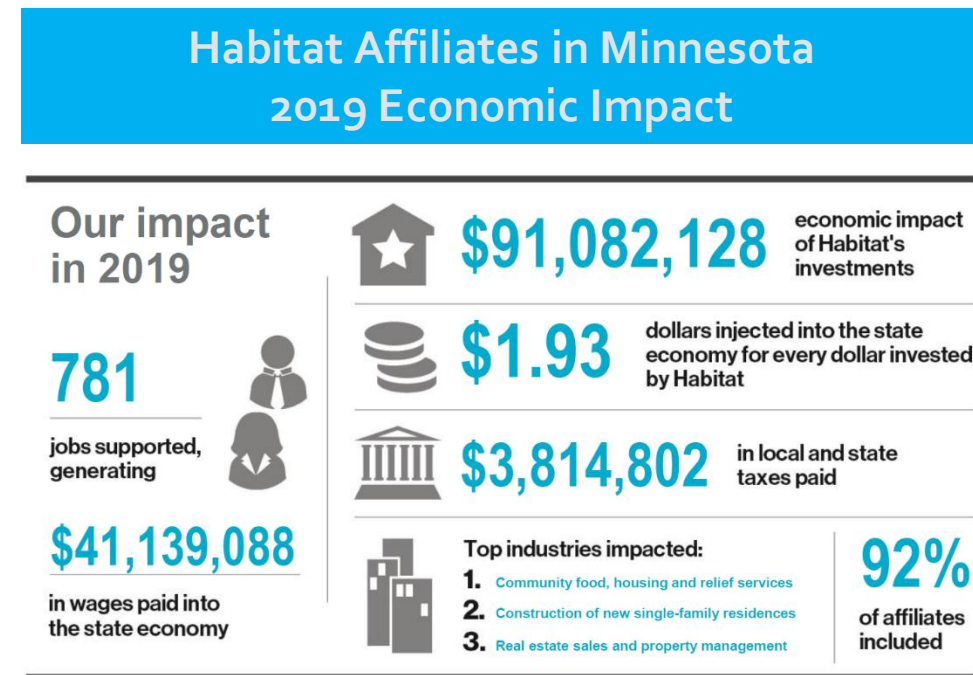
In 2020, through our collective work:

- Through our lending programs and new development, more than 500 homeowners purchased an affordable home.
- MN Homeownership Center Network supported just over 19,000 households last year statewide.
 - 89% were first time buyer. 20% first generation buyers. 63% HHs of color.
- Majority of households served by our programs are households of color and low and moderate income.
- HOM members serve households of color at a rate of 7 times higher than private market.



Statewide Economic Impact

- Investing in affordable ownership has positive impacts on economic recovery.
 - Habitat's impact in 2019
 - NeighborWorks Home Partners invested more than \$51M into the community in 2020
- Affordable ownership is the key to building community and household wealth
- The median net worth of a homeowner (\$231,400) is 44 times greater than the median net worth of a renter (\$5,200)



Homeownership is Affordable Housing

For renters who make less than 50k a year...

75% are cost burdened meaning they spend at least



42% are severely cost burdened meaning they spend at least

30% of their income on housing

50% of their income on housing



In **2/3** of U.S. counties it is cheaper to own than rent a home



Rentals are also vulnerable to large market increases making them less affordable over time. Between 2010 and 2020 rents increased an average of

3.19%

The typical homeowner spends about

\$167 per month

on maintenance and improvements. Homeowners still pay less than renters per month



For owners who make less than 50k a year...

On average they spend **10%** less on housing than the average renter



Buying a home is a real estate investment. As a home appreciates in value the owner is building wealth

Average wage rates increase nearly twice as fast as inflation making mortgage payments more affordable

Even if a home didn't appreciate in value, a home acts as a savings account

This is why **owners have 40x the wealth** of renters

Owning a home is more affordable than renting and allows a family to build long-term wealth



Data published by:



Graphic created by:



Homeownership Impacts

Education

- 90% of Habitat homeowners said they feel better about their children's future.
- 64% feel their children's study habitat improved.
- In 92% of Habitat homes, at least one adult started, completed, or plans to start higher education or training programs after moving in.

Community & Family

- 84% of homeowners reported that they feel "very connected" "somewhat connected" to their community.
- 2/3 said they get along better with their family.
- 70% said they spend more time with their families.

Our Solutions – Invest in Homeownership

To address the lack of entry level homes, close the racial wealth gap, and create equitable economic recovery statewide, our state needs to:

- Increase from a production average of 100 units annually to 500 units annually
- Create new and different financing tools that reach BIPOC and LMI households
- Expand access to down payment assistance
- Invest in the network's capacity and infrastructure

How:

- Build up and effectively design the Workforce & Affordable Homeownership Fund
- Invest ARP resources, strategically, in affordable ownership

Workforce & Affordable Homeownership Program: Deeper, Sustained Investment



\$15M per year

- **Gap Funds**
- **200 Units Annually**
- **Stable, solid planning for administrators**

Workforce & Affordable Homeownership Program: Reforms for Increased Efficiency

- Simpler Application System
 - Reservation system per activity
- Simpler disbursement
- Simpler compliance
 - Standards
 - Reporting
- Working Group
 - HOM Members
 - Commission Members
 - MHFA Staff
 - Office of Grants Management



\$120M for Homeownership



American Rescue Plan Act Investment

- **Proposal:** Invest one-time American Rescue Plan Act resources to escalate efforts to close the racial gap in homeownership, statewide.
- **Results:** Produce and preserve more than 800 units and support affordable ownership for more than 17,000 households.
- **Structure:** Allocate \$120M to Minnesota's affordable housing Community Development Financial Institutions and Intermediaries.
- **Uses:** Development & Ownership Loan Programs, Homebuyer Preparation and Affordable Ownership Preservation Programs, Capacity Building Efforts.
- **Goals:** Innovation and demonstration programs, increasing capacity of the network, create substantially more ownership opportunities

Wrapping Up

- For many, homeownership is out of reach:
 - MN Housing research identified **27,000 households** occupying the most affordable rental units that are income qualified for home ownership.
 - **61,000 households of color** are income qualified for homeownership but continue to rent at all affordability levels.
 - **Greater Minnesota** presents challenges in developing affordable rental units that single-family development solves.
- We must deepen the state's investment in the affordable ownership – the preparation of homebuyers, the production of new units, and the preservation and stabilization of current homeowners.

Questions



Contact Information

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