

ahead of
the

CURVE

data drivers for housing in Minnesota

AGENDA



7:50	Welcome Chip Halbach, Sarah Berke, MHP	@chiphalbach @seberke
7:55	State policy update Jeremy Schroeder, MHP	@jeremyschroeder
8:05	Panel Mary Tingerthal , Commissioner, Minnesota Housing Laura Kalambokidis , Minnesota State Economist John Patterson , Director of Planning, Research, and Evaluation, Minnesota Housing	@mnhousing @MMBCommunicates
8:50	Closing comments Paul Sween (Chair, MHP Board), Dominionium	@followmhp
9:00	Adjourn	



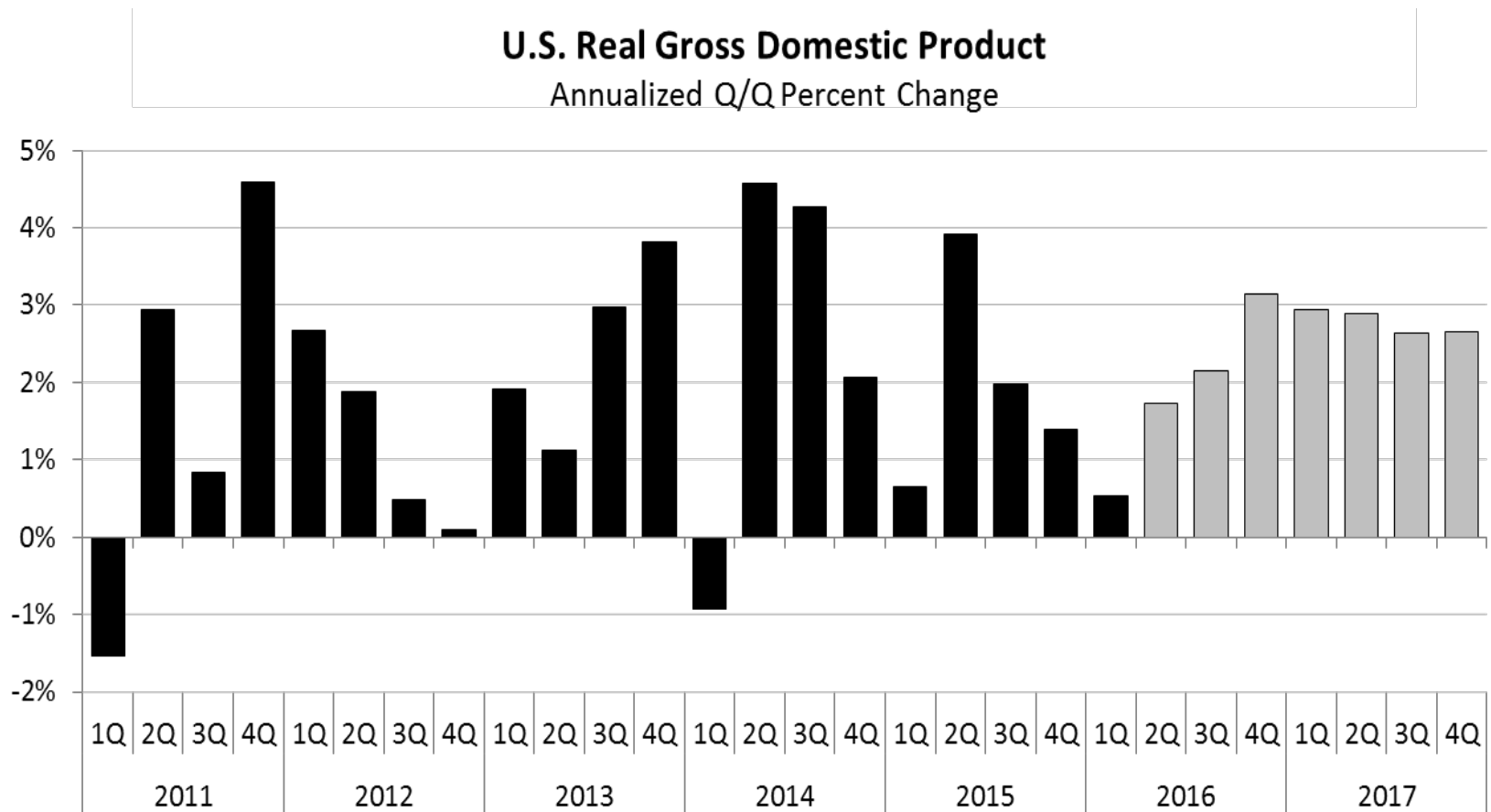
Laura Kalambokidis
Minnesota Housing Finance
June 7, 2016
St. Paul, MN

Minnesota's Economic Outlook

MINNESOTA MANAGEMENT & BUDGET
MMB.STATE.MN.US



U.S. expansion is expected to persist



Minnesota is weathering the global slowdown reasonably well

Major Trading Partner Exchange Rate

Trade-Weighted U.S. Dollar Index: June 2014 = 100



Source: U.S. Federal Reserve

Brent Crude Oil Prices

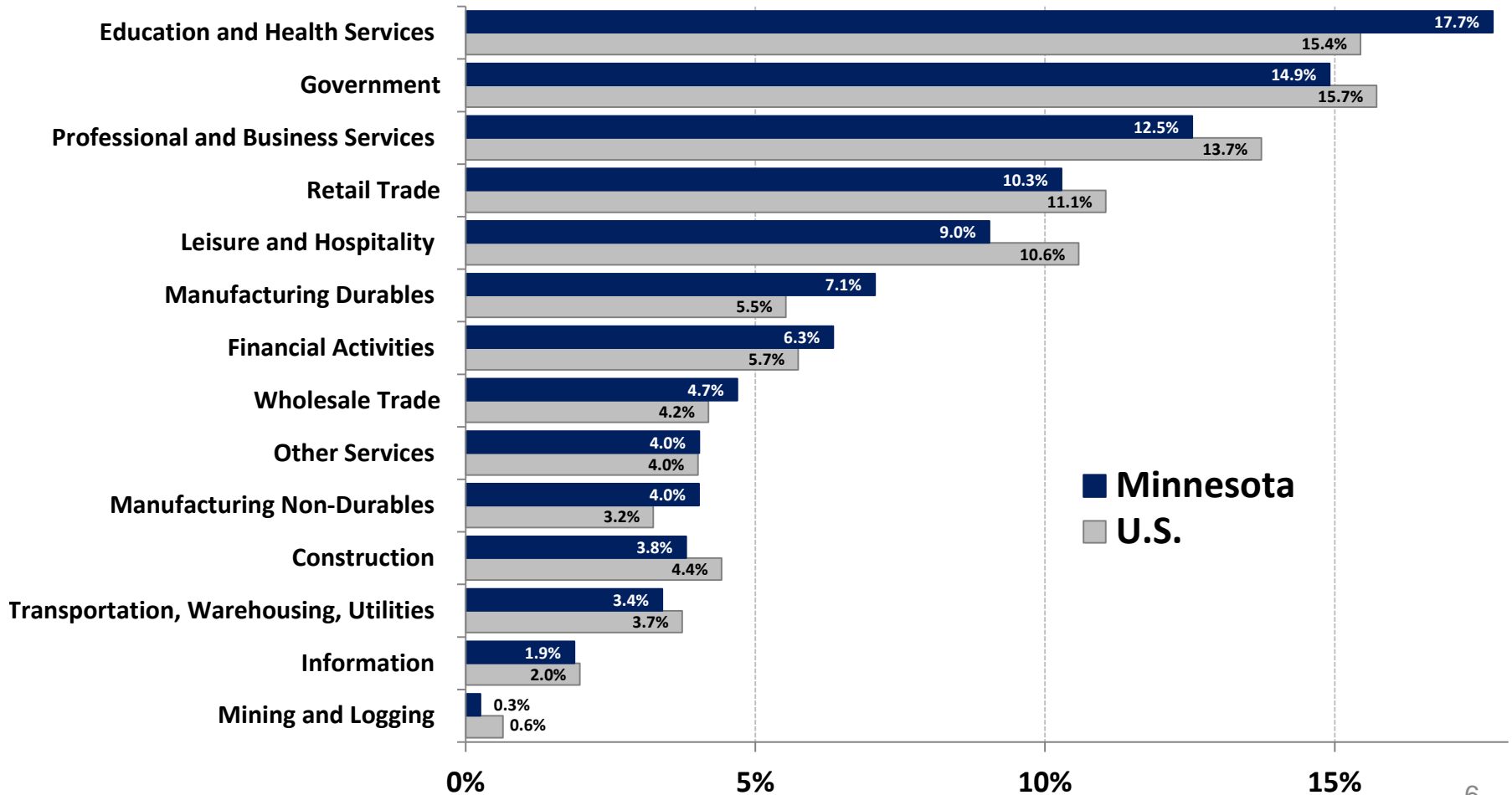
Monthly, Dollars per Barrel



Source: U.S. Energy Information Administration

Minnesota's industry profile mirrors U.S.

Percent of Total Non-Farm Employment by Sector (2014)

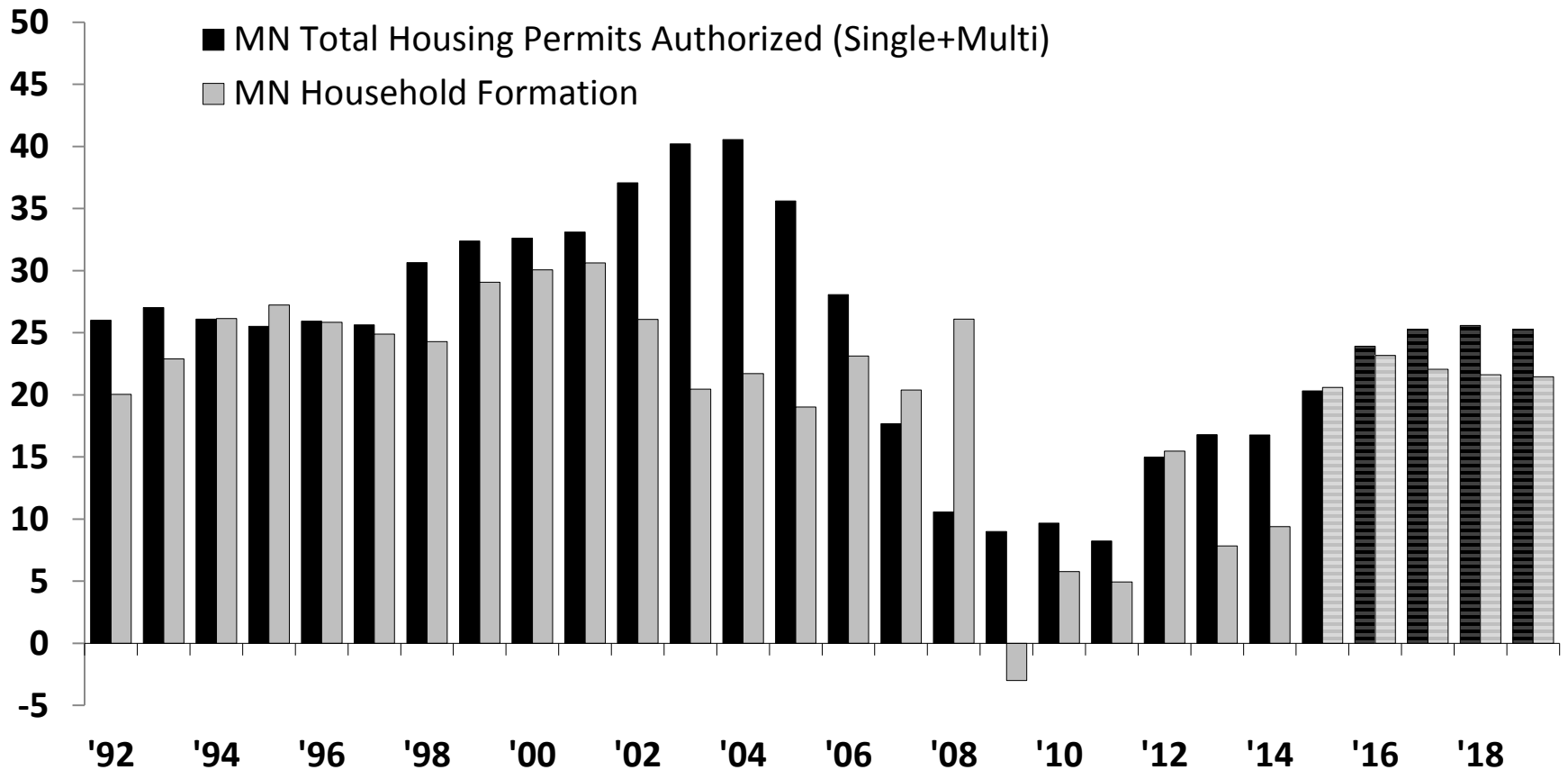


Source: MN Department of Employment and Economic Development (DEED)

Recession ended with slow household formation

Minnesota Household Formation and Total Housing Permits

History and MMB February 2016 Forecast, Thousands of Units/Permits

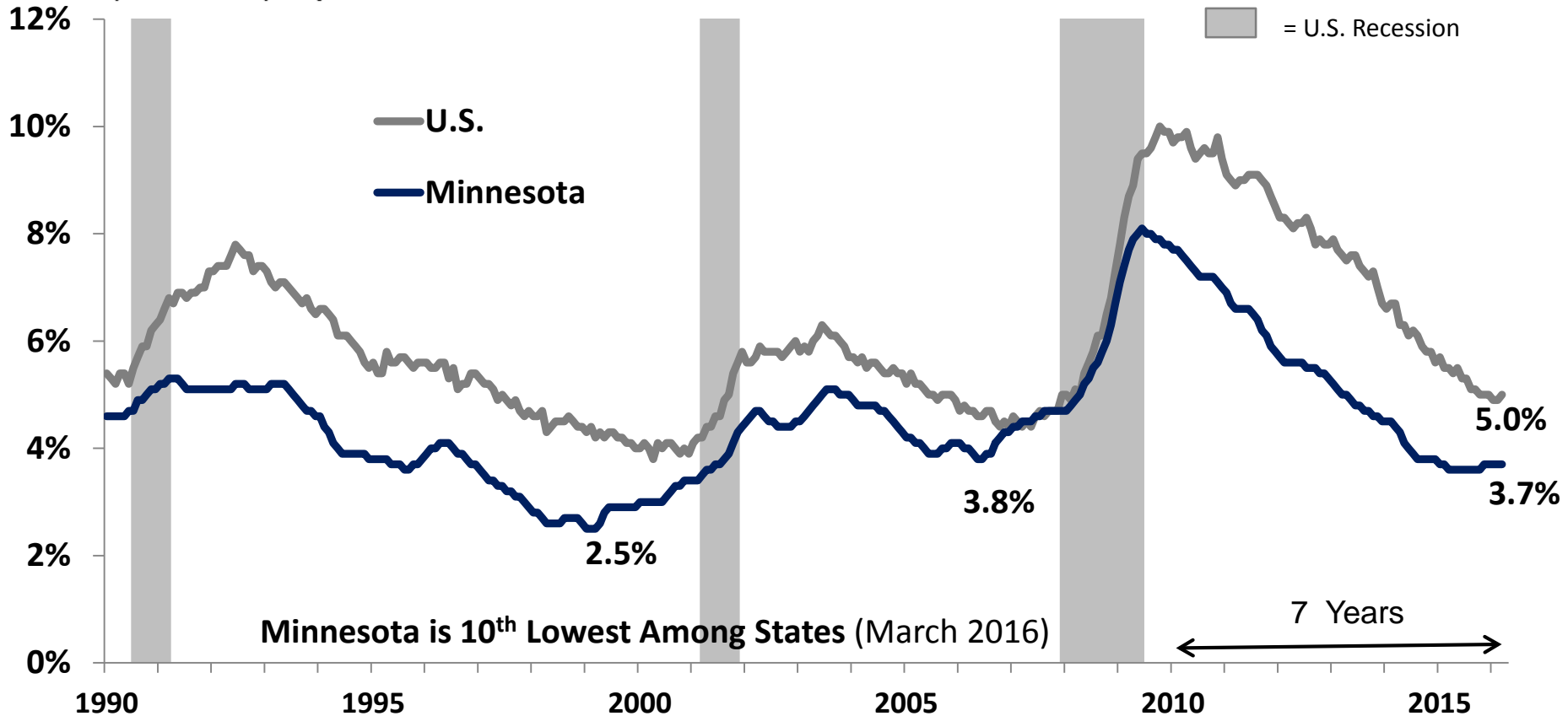


Source: U.S. Census Bureau; Minnesota Management and Budget (MMB)

Minnesota's unemployment rate remains well below the U.S.

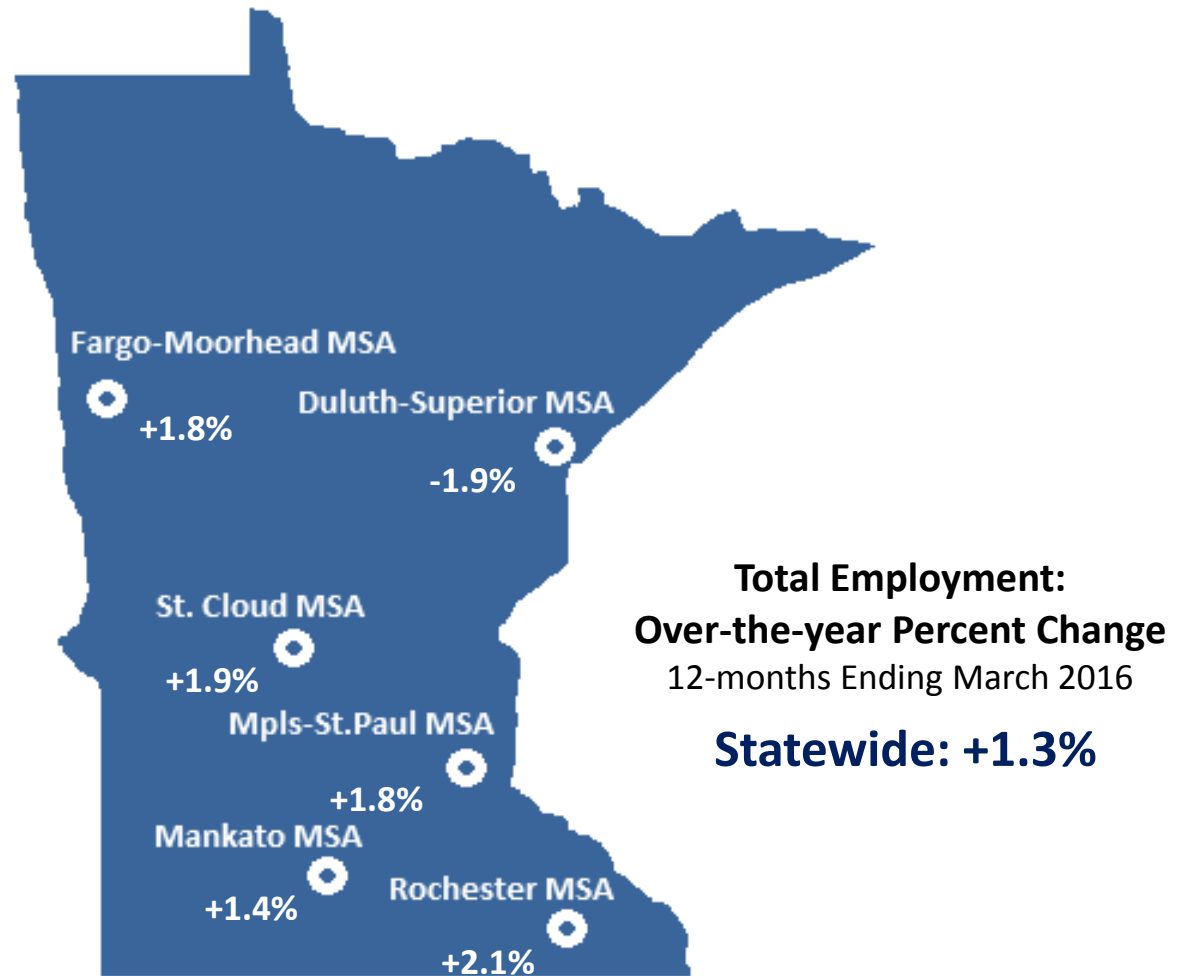
Unemployment Rate

Monthly, Seasonally Adjusted



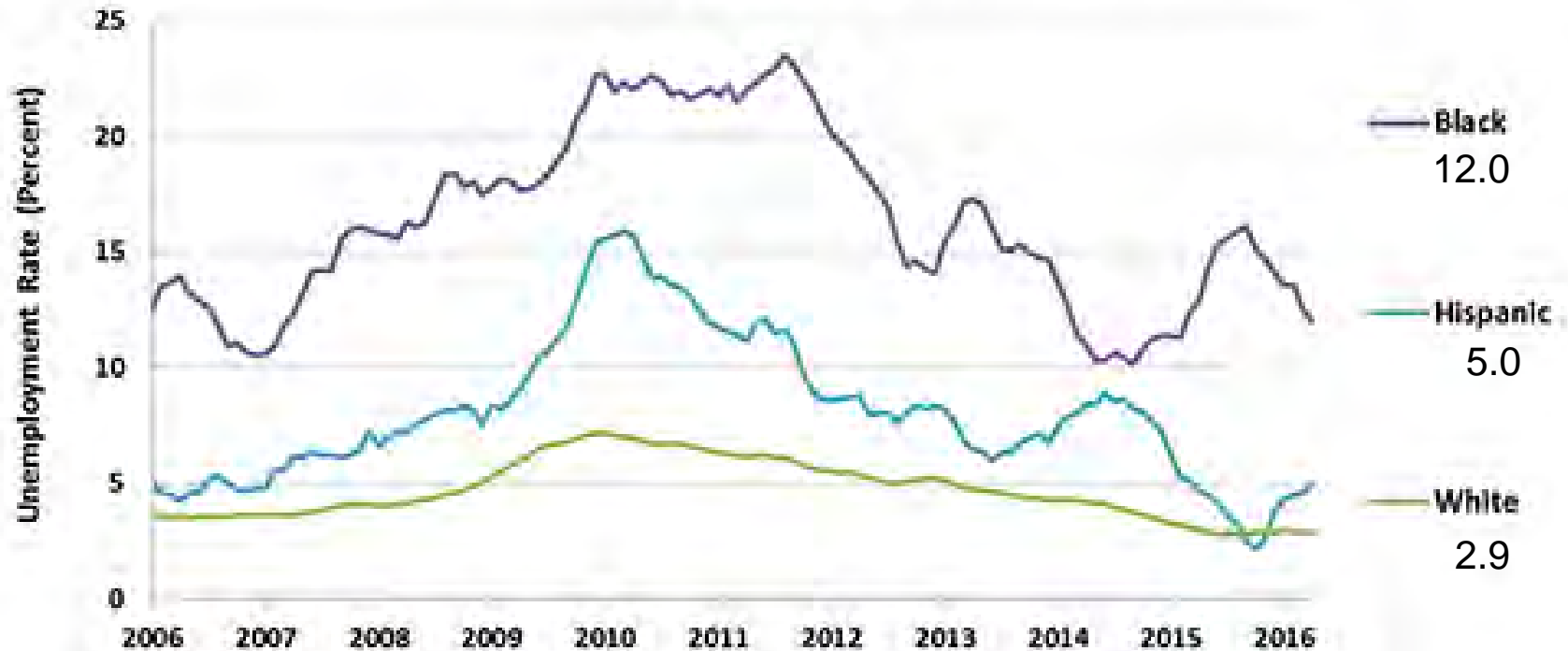
Source: MN Department of Employment and Economic Development (DEED)

Employment growing in nearly all regional centers



Some groups still face high unemployment

Minnesota Unemployment by Selected Race or Ethnicity



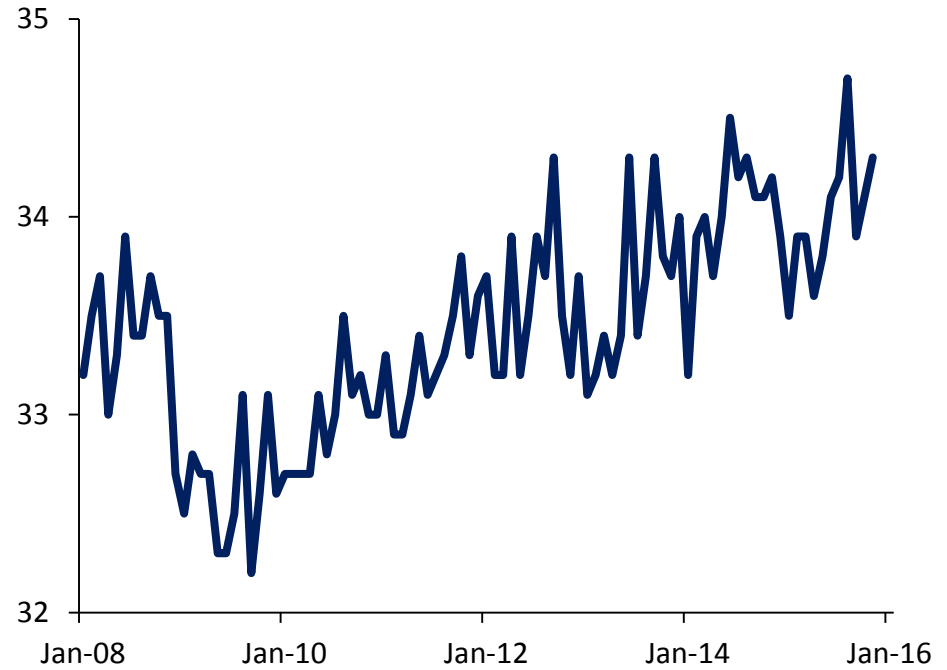
Source: Minnesota DEED, Labor Market Information, Current Population Survey

Minnesota's leading labor market indicators remain strong

Initial Claims for Unemployment Insurance
Thousands, Seasonally Adjusted

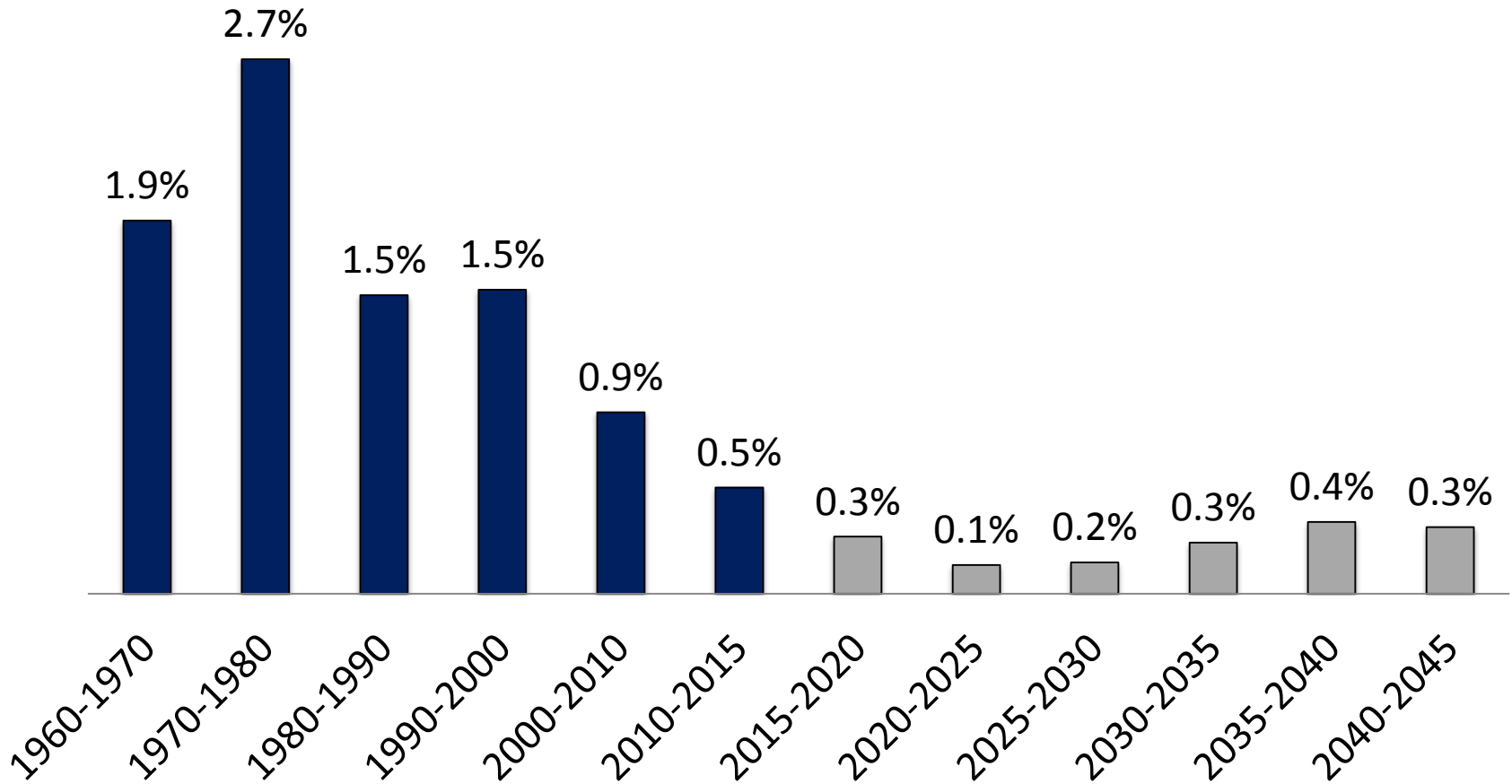


Private Workweek
Average Hours Worked

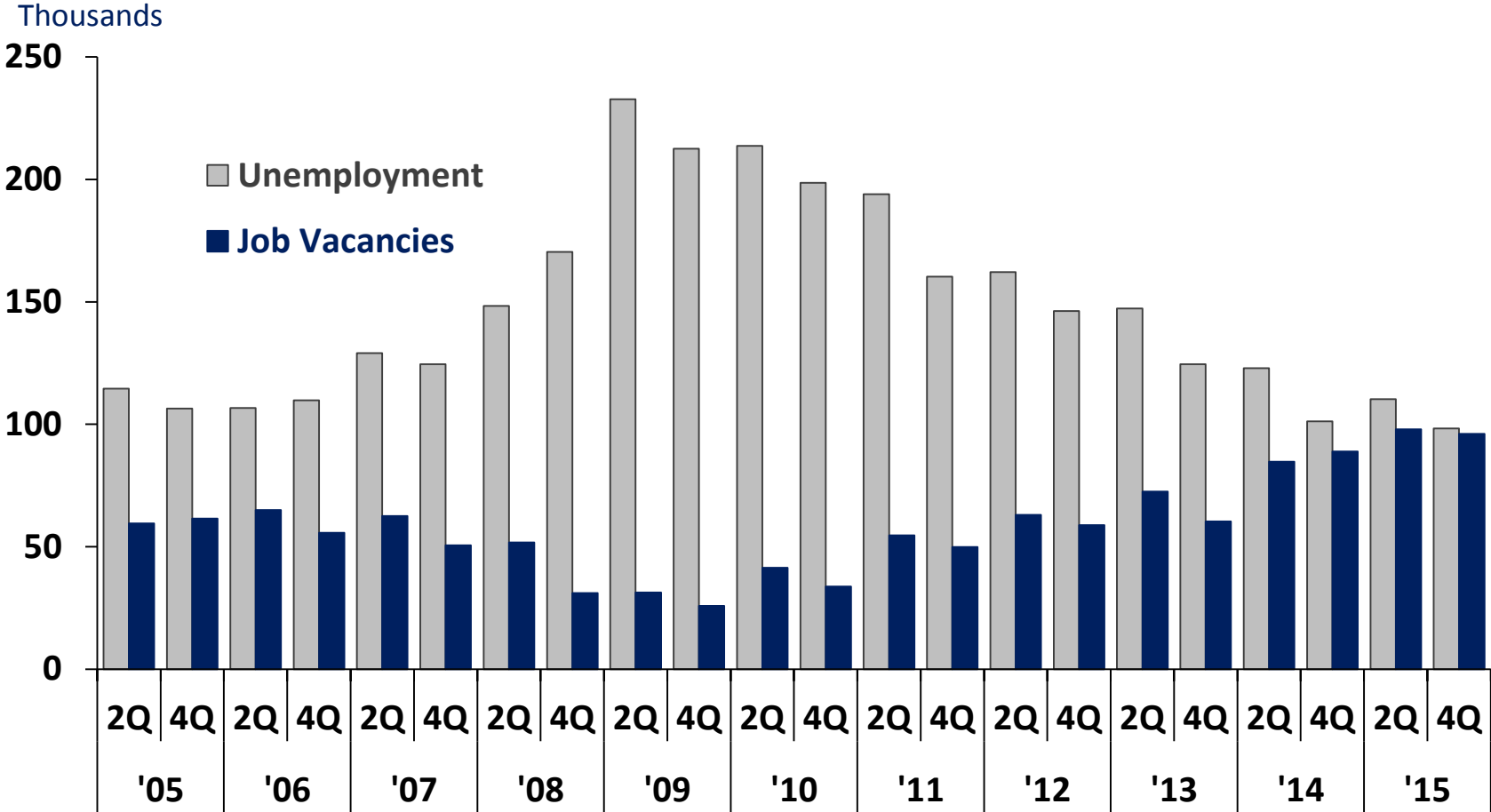


Minnesota's labor force growth is slowing

Average Annual Change



Low unemployment, high demand for labor



Source: Minnesota Department of Employment and Economic Development (DEED)

Slowing labor force growth affects Minnesota's economic future

- **Productivity** matters
 - Worker health
 - Education
 - Research, innovation
 - Infrastructure
- Leave no **worker** behind
- Leave no **entrepreneur** behind

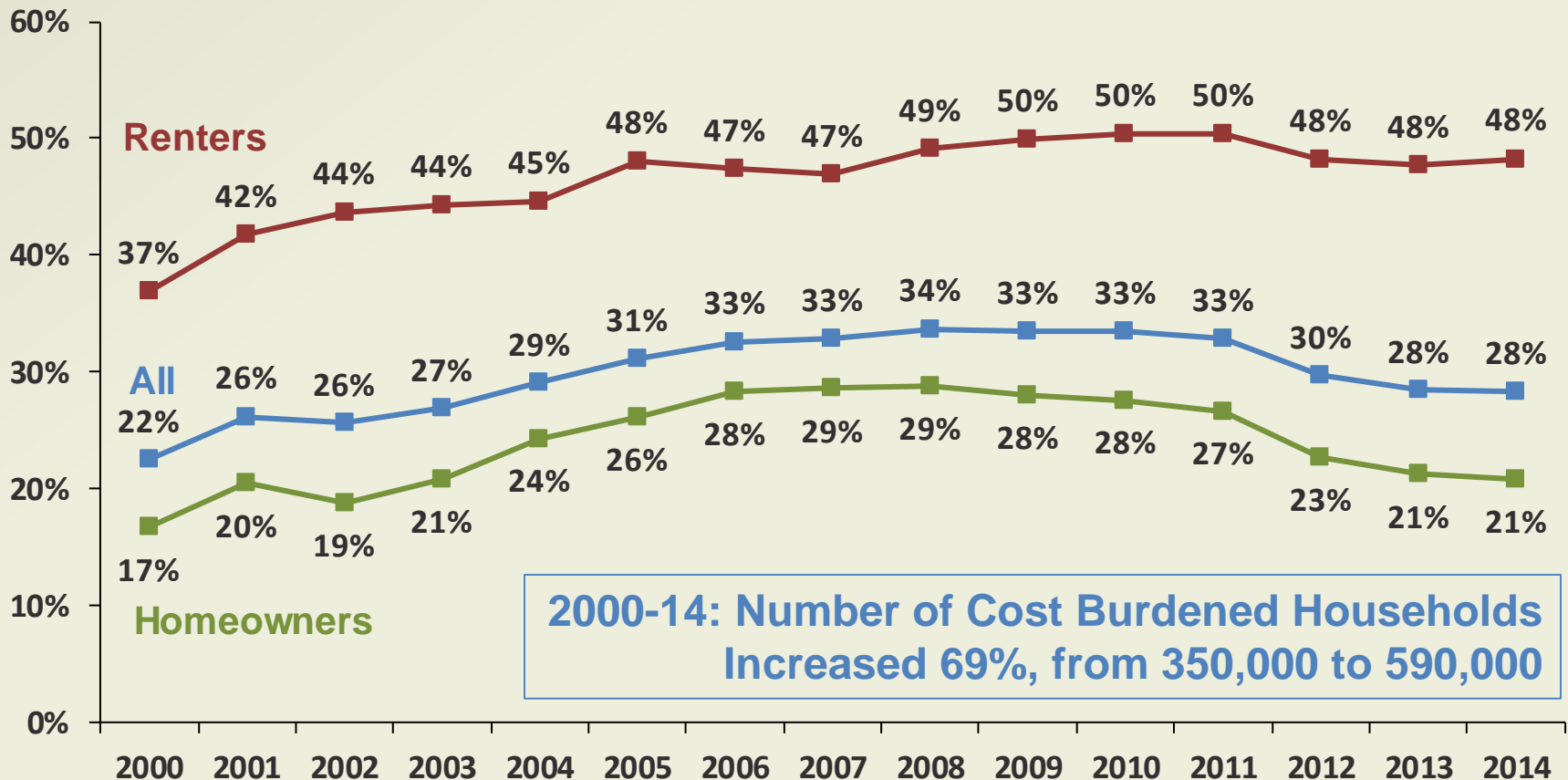


Key Trends for Affordable Housing

June 7, 2016

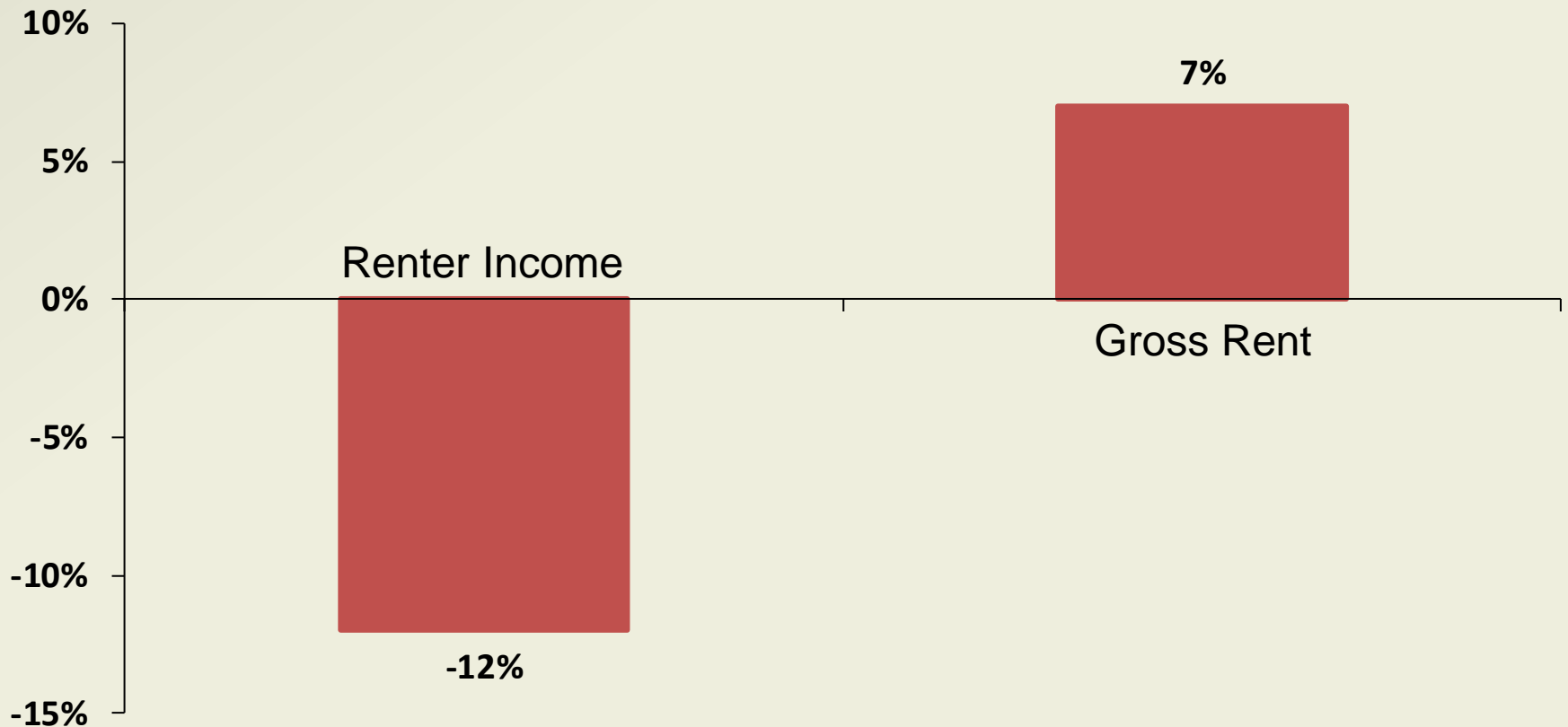
Minnesota needs more affordable housing

MN: Increasing Percentage of Households Spending 30% or More of Income on Housing



Source: Census Bureau, 2000 Decennial Census and American Community Survey (2001-2014)

Change in Median Renter Income and Rent Payments, 2000-14 (inflation adjusted)

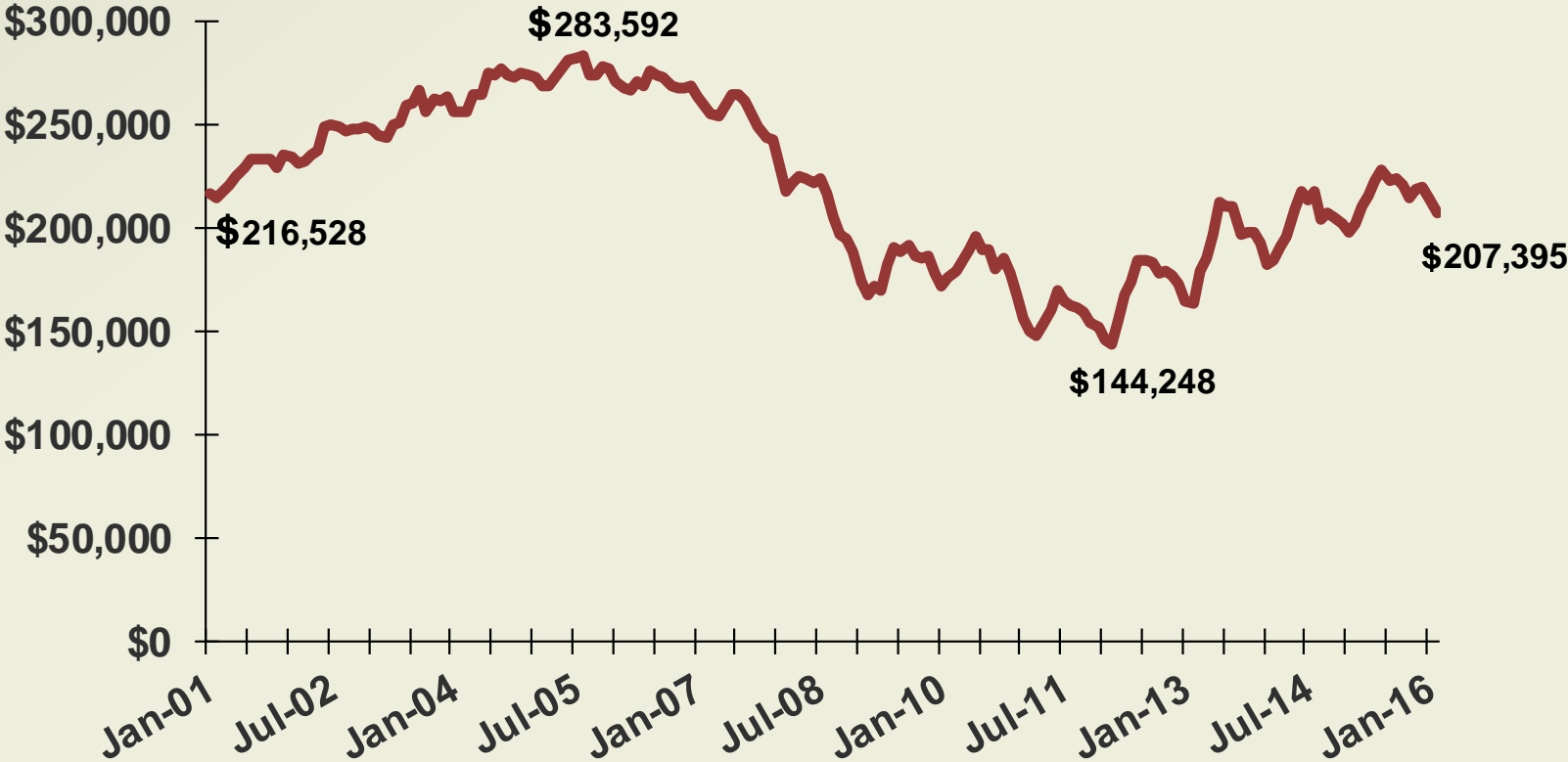


Source: Census Bureau, 2000 Decennial Census and 2014 American Community Survey

**Housing costs will likely
continue to increase**

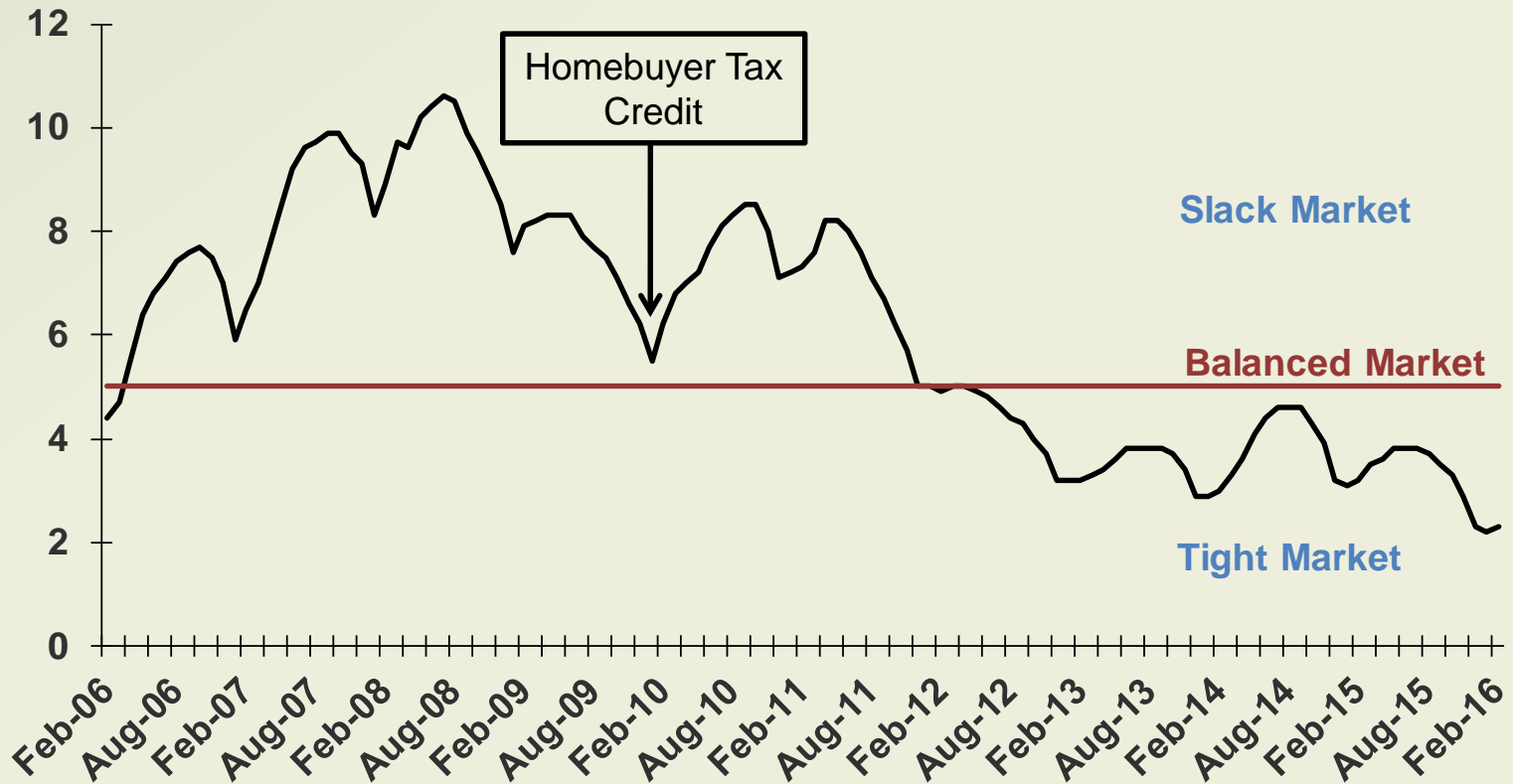
TC Metro: Median Home Sale Price

(Inflation Adj. – Feb. 2016\$)



Source: Minnesota Housing analysis of data from the Minneapolis Area Association of REALTORS®, *Monthly Market Indicators*.

TC Metro: Months Supply of Homes for Sale – Tight Market

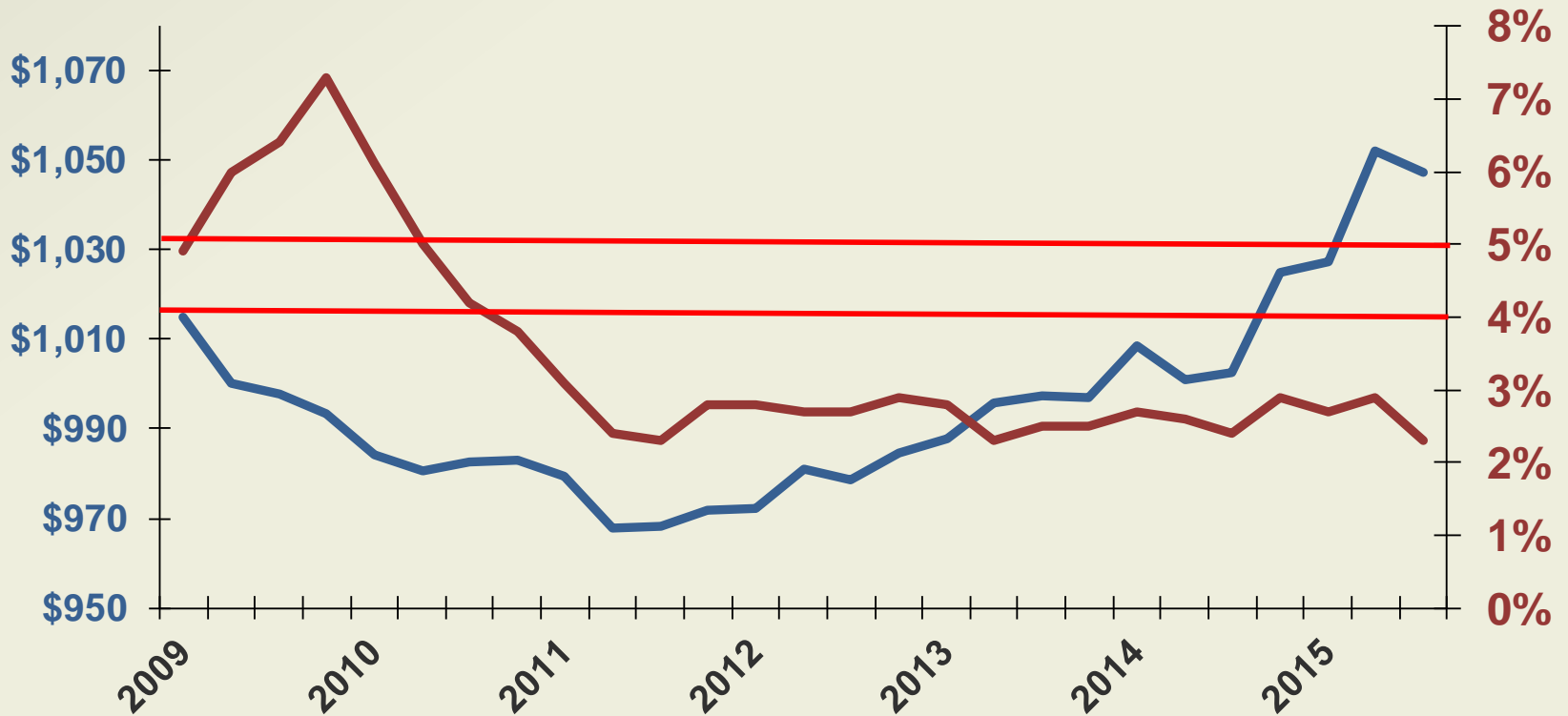


Source: Minnesota Housing analysis of data from the Minneapolis Area Association of REALTORS®, *Monthly Market Indicators*.

TC Metro: Rents Rising with Low Vacancy Rate

Average Rent (Adjusted for Inflation - 2015 \$)

Vacancy Rate

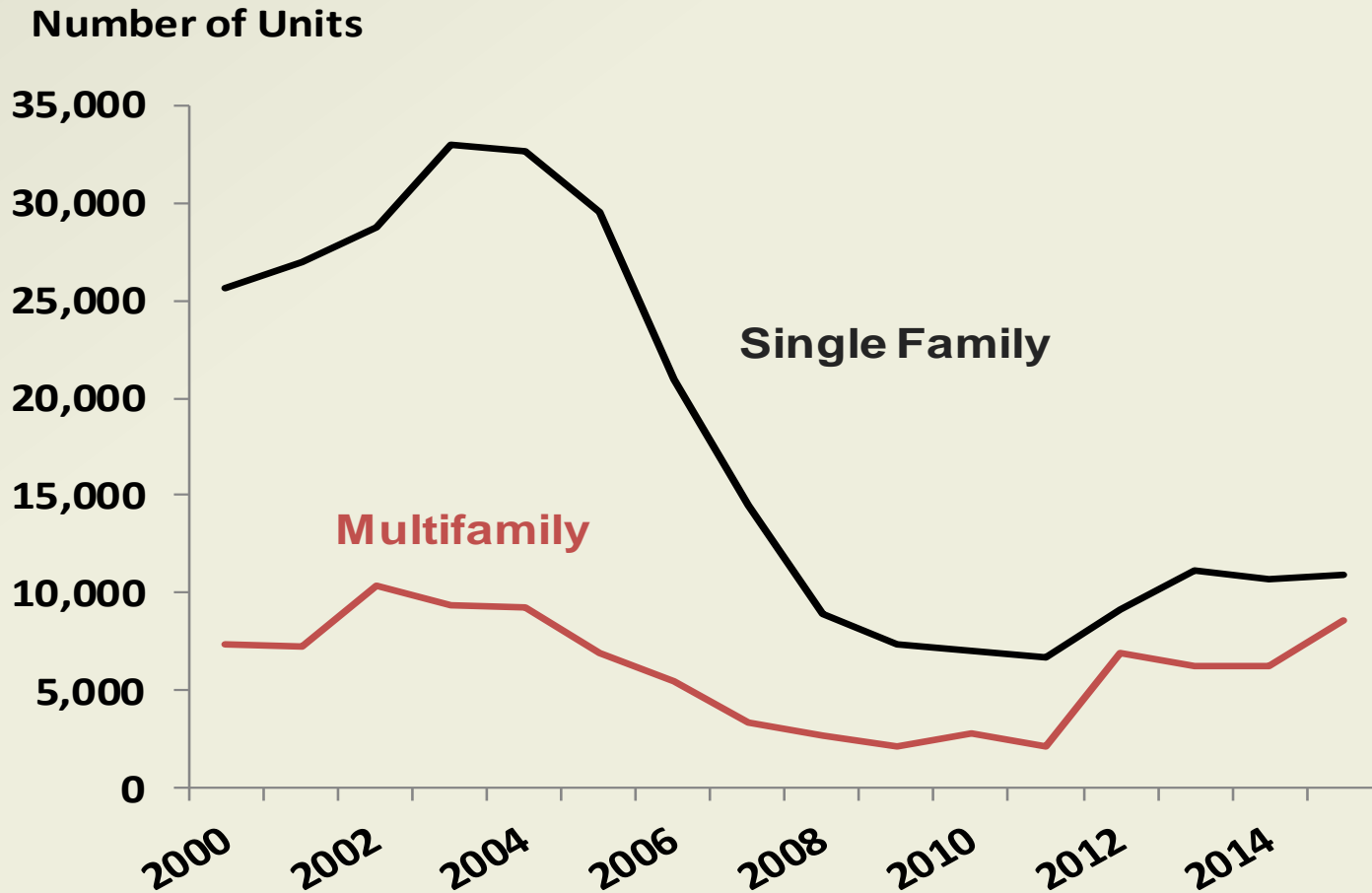


Source: Minnesota Housing analysis of data from Marquette Advisors.

Housing Supply and Demand:

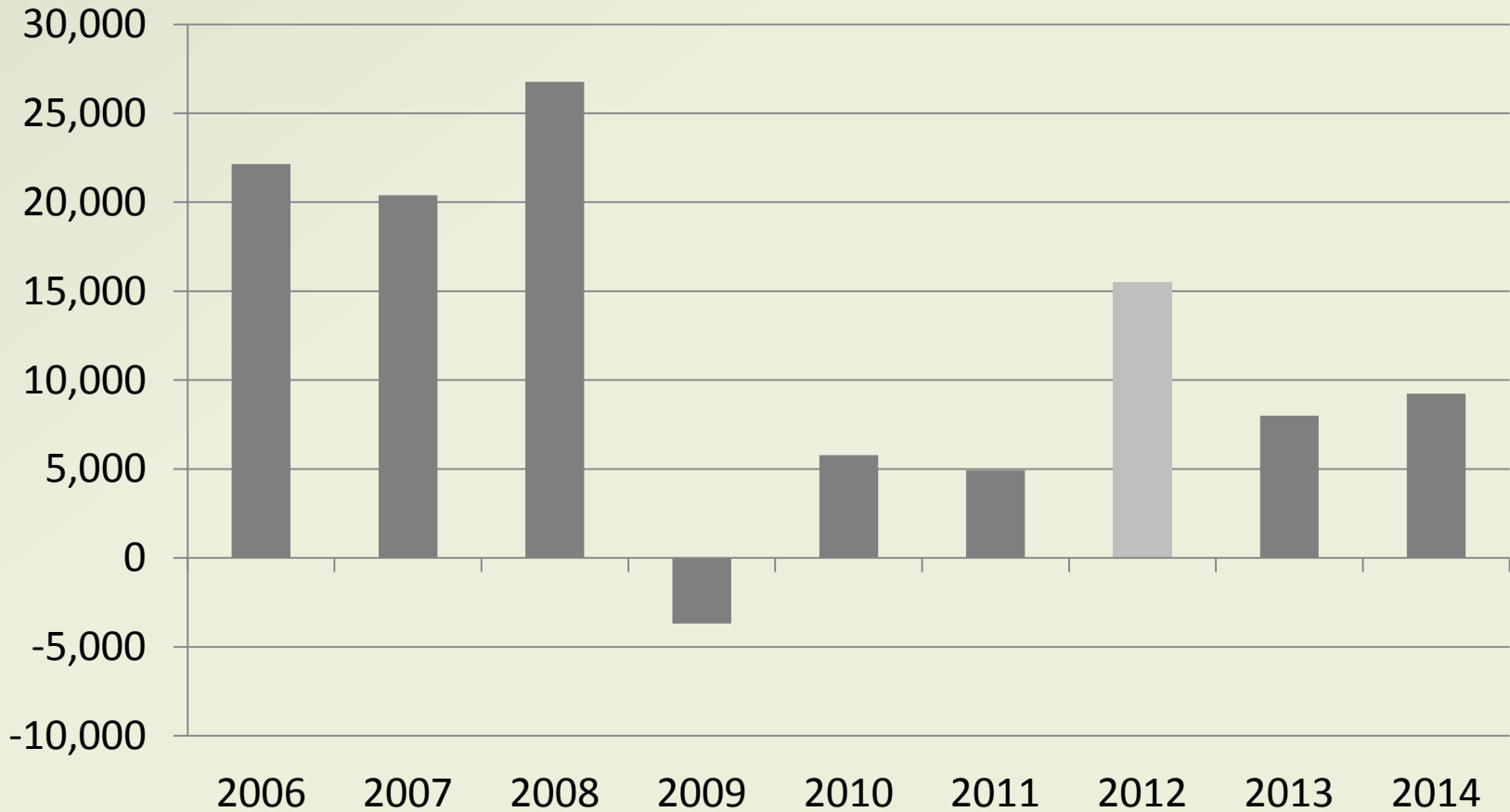
- **Construction Picking Up**
- **Household Formation Picking Up**

Supply: MN Building Permits – Construction Slowly Picking Up after Recession



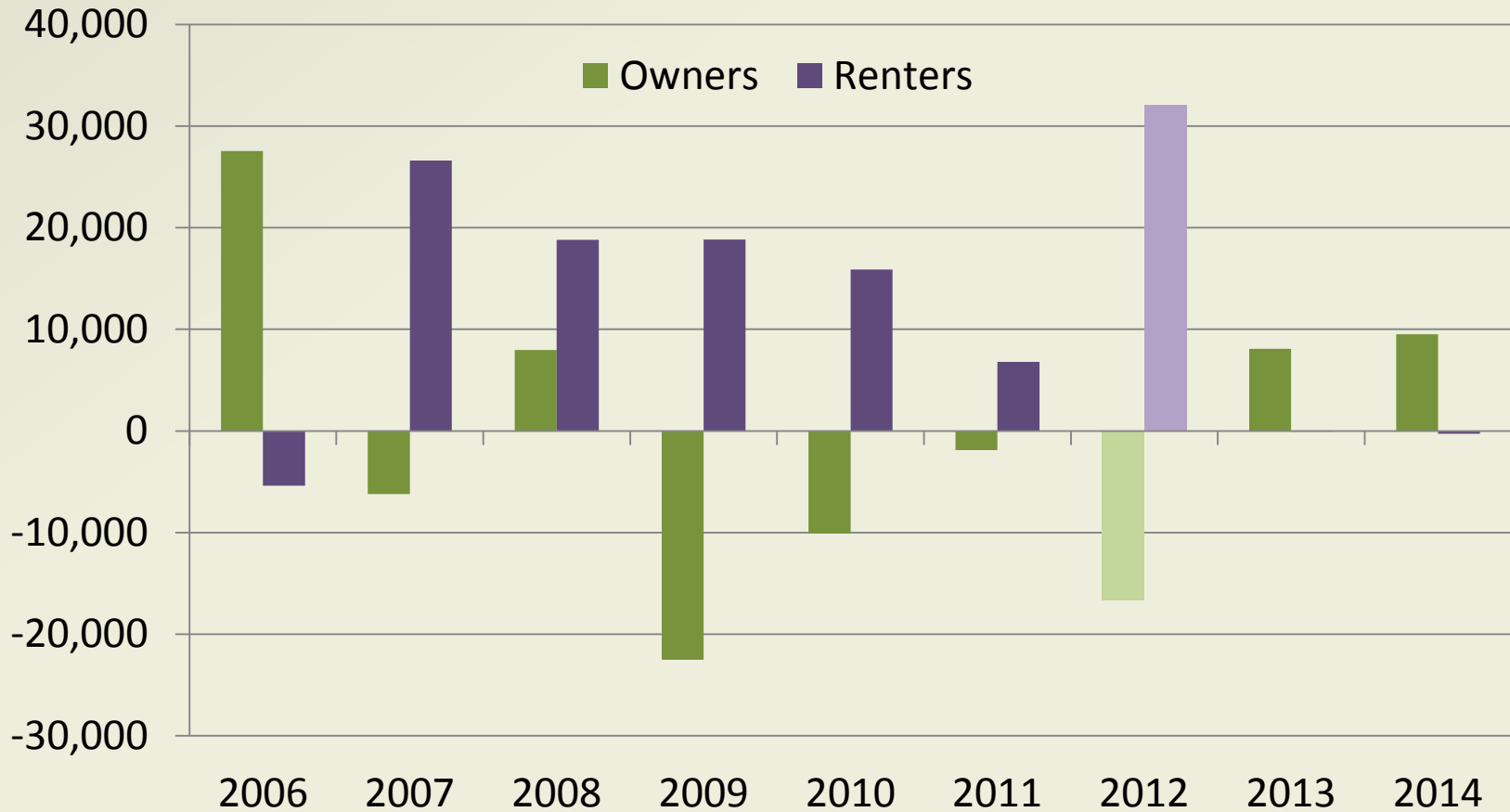
Source: HUD, State of the Cities Data System.

Demand: MN Household Formation – Slowly Picking Up after Recession



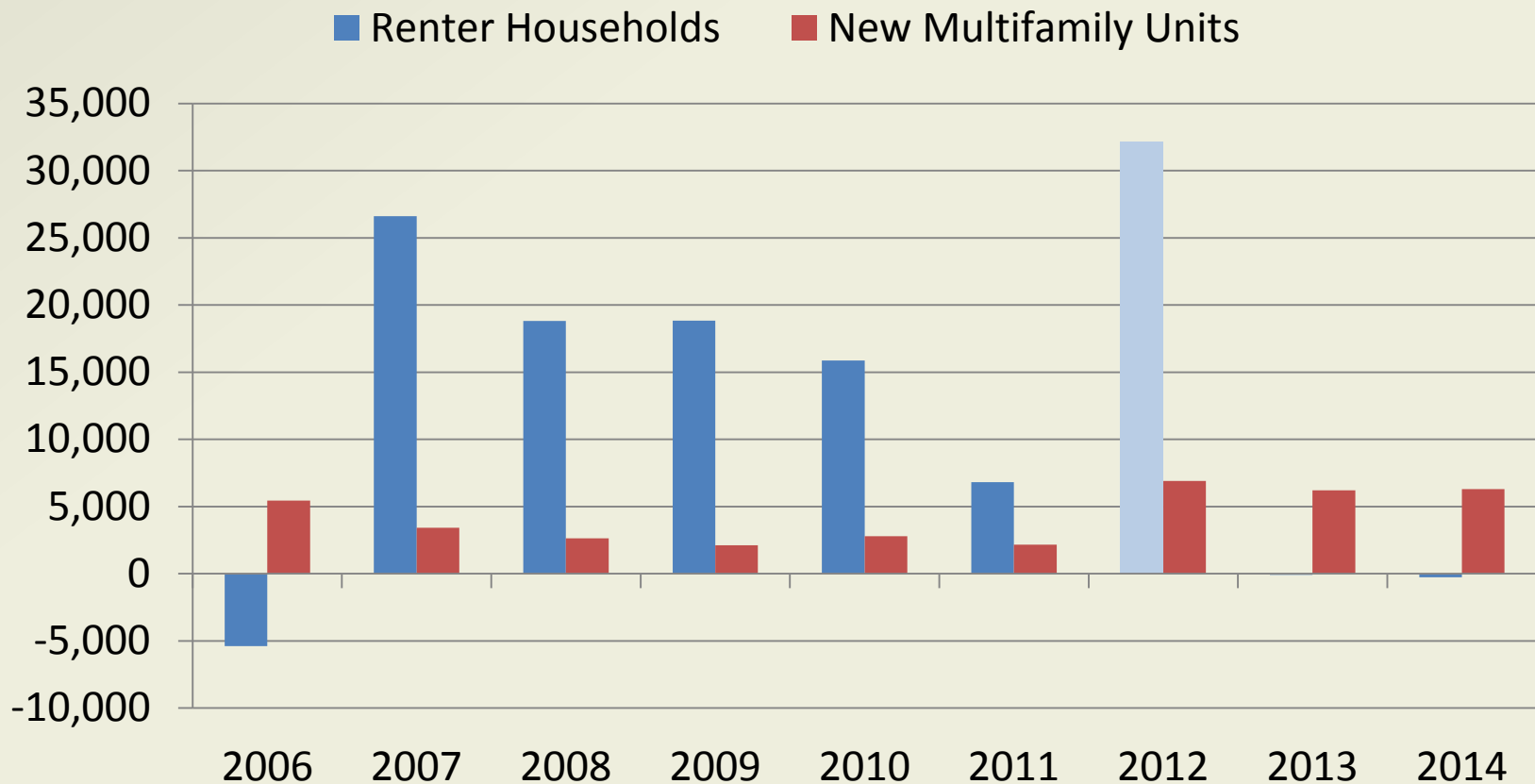
Source: Minnesota Housing Analysis of Data from the Census Bureau's American Community Survey.

Household Formation – Shifting Demand



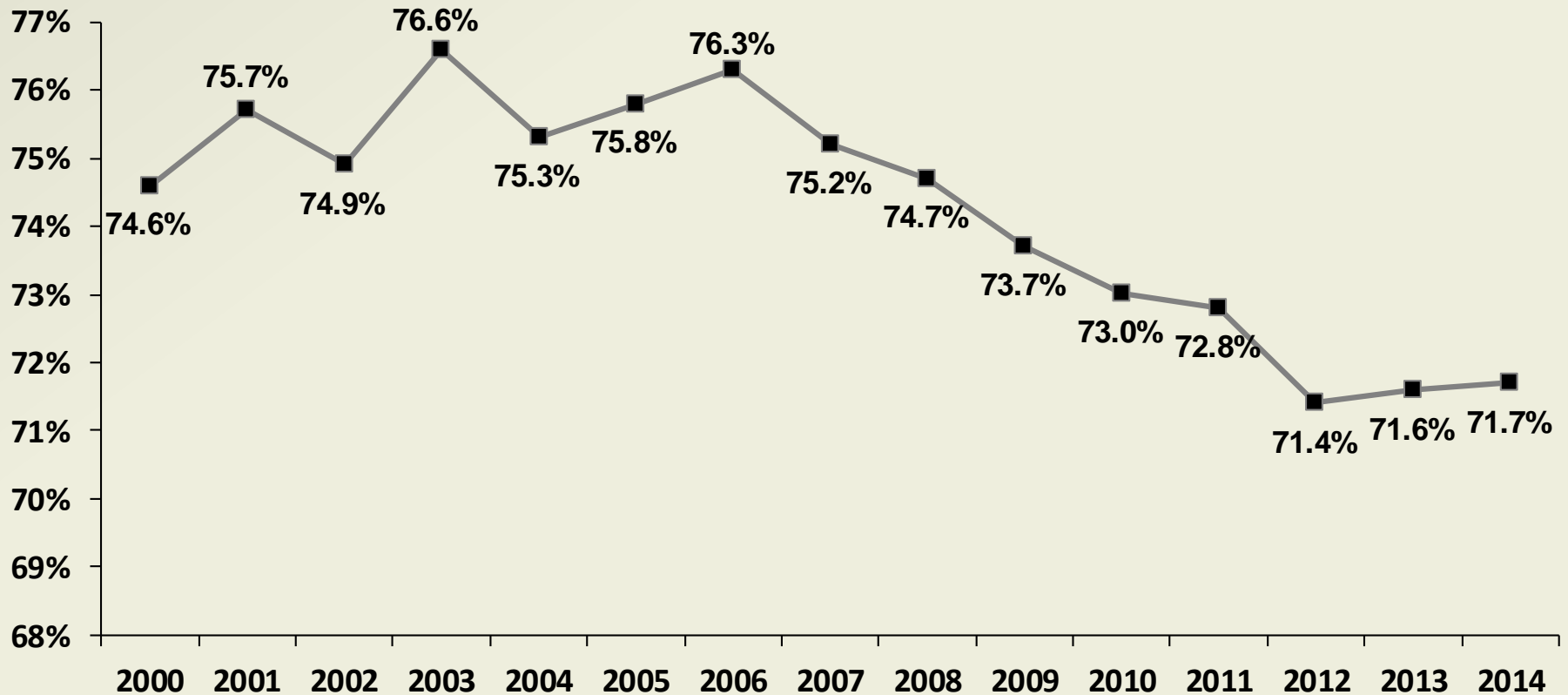
Source: Minnesota Housing Analysis of Data from the Census Bureau's American Community Survey.

More Renters but Little Production during Recession



Source: Minnesota Housing Analysis of Data from the Census Bureau's American Community Survey and HUD's State of the Cities Data System

Homeownership Rate – Declined but Now Leveling Off



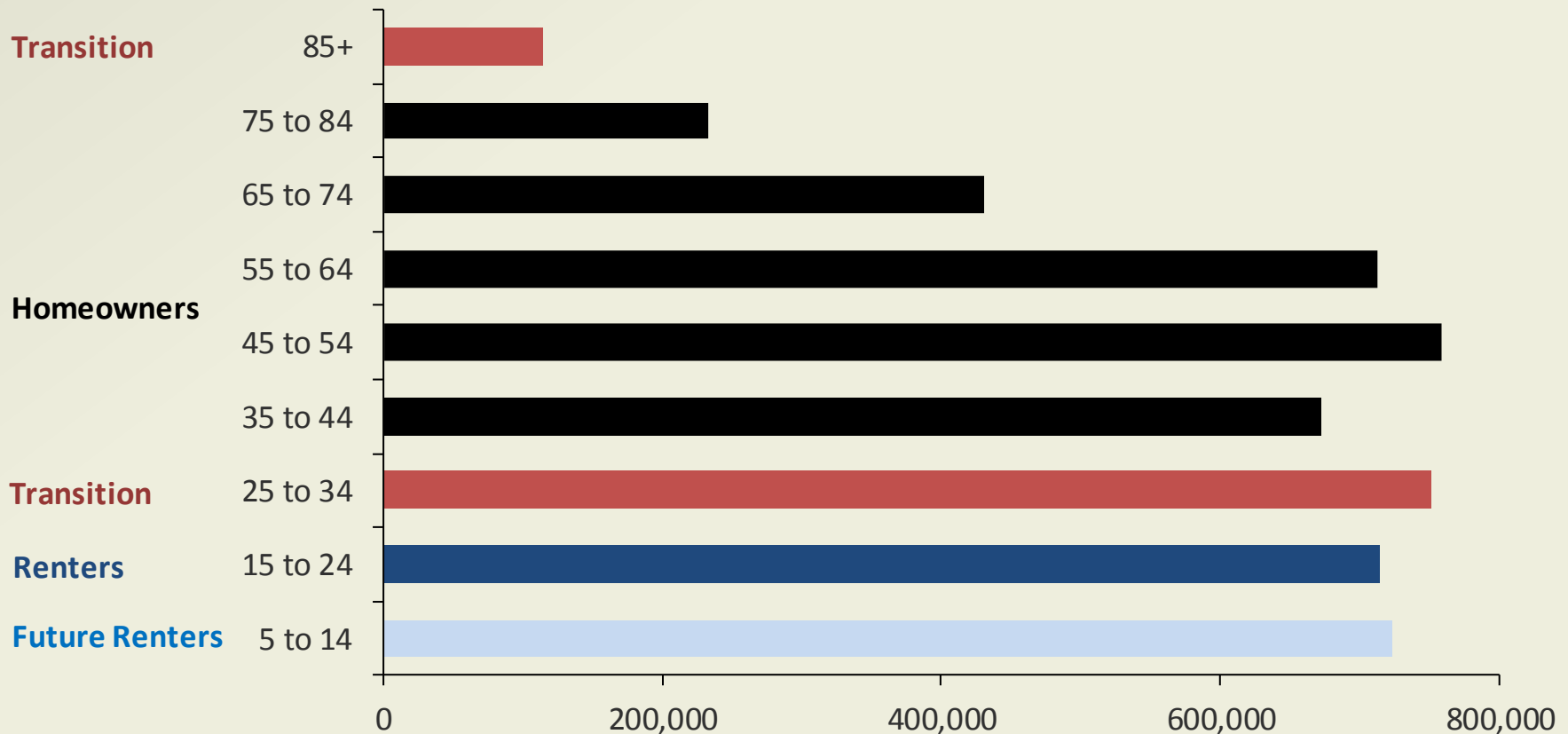
Source: Census Bureau, 2000 Census and American Community Survey (2001-2012)

TC Metro: Owning More Affordable than in 2006

- **June, 2006:**
 - Median sale price \$236,850
 - Market interest rate 6.68%
 - Monthly housing payments (PITI) \$2,006
 - Average monthly rent \$860
- **June 2011:**
 - Median sale price \$162,217
 - Market interest rate 4.51%
 - Monthly housing payments (PITI) \$1,160
 - Average monthly rent \$921
- **June 2015:**
 - Median sale price \$229,900
 - Market Interest rate 3.98%
 - Monthly housing payments (PITI) \$1,575
 - Average monthly rent \$1,052

Source: Minnesota Housing based on data from the Minnesota Association of REALTORS®, Federal Reserve Bank, Minnesota Taxpayers Association, and U.S. Census Bureau. Figures are not adjusted for inflations

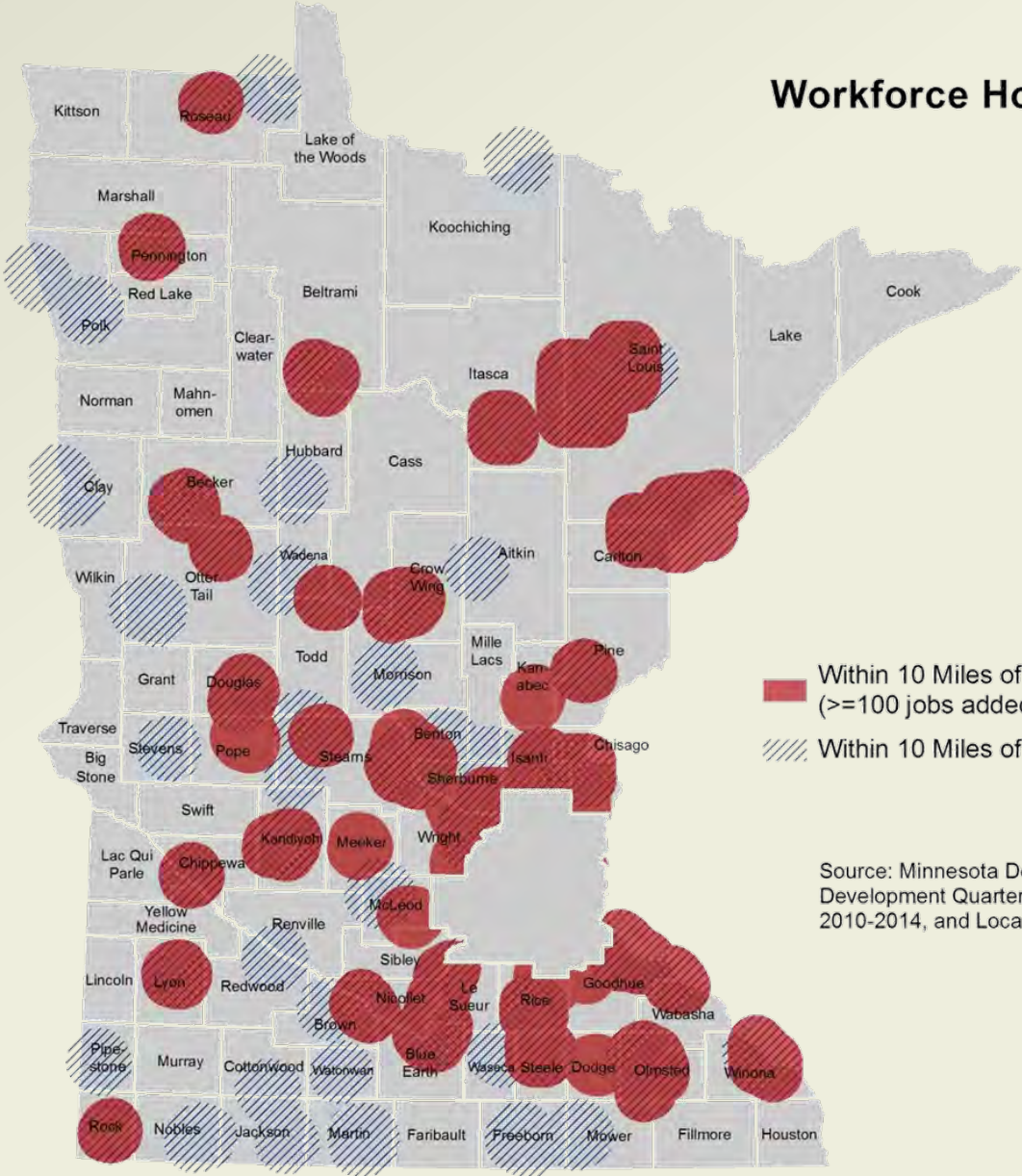
MN: Population by Age, 2014 – A Large Group in Transition Ages



Source: Census Bureau, American Community Survey, 2014

**More affordable housing is
needed in areas with a growing
workforce**

Workforce Housing Communities

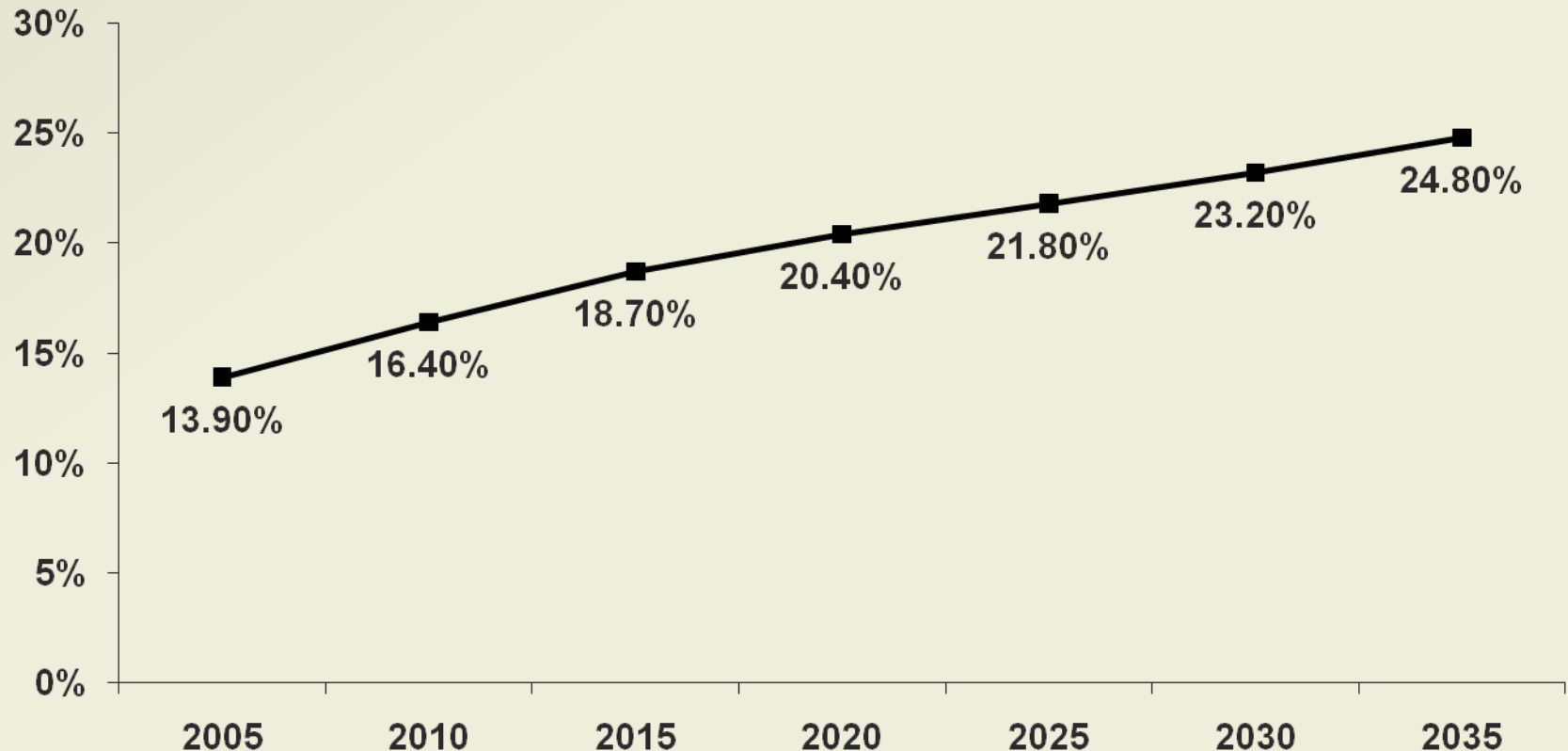


- Within 10 Miles of a City with Job Growth 2010-2014 (>=100 jobs added)
- Within 10 Miles of a Long Commute Community

Source: Minnesota Department of Employment and Economic Development Quarterly Census of Employment and Wages 2010-2014, and Local Employment Dynamics 2013.

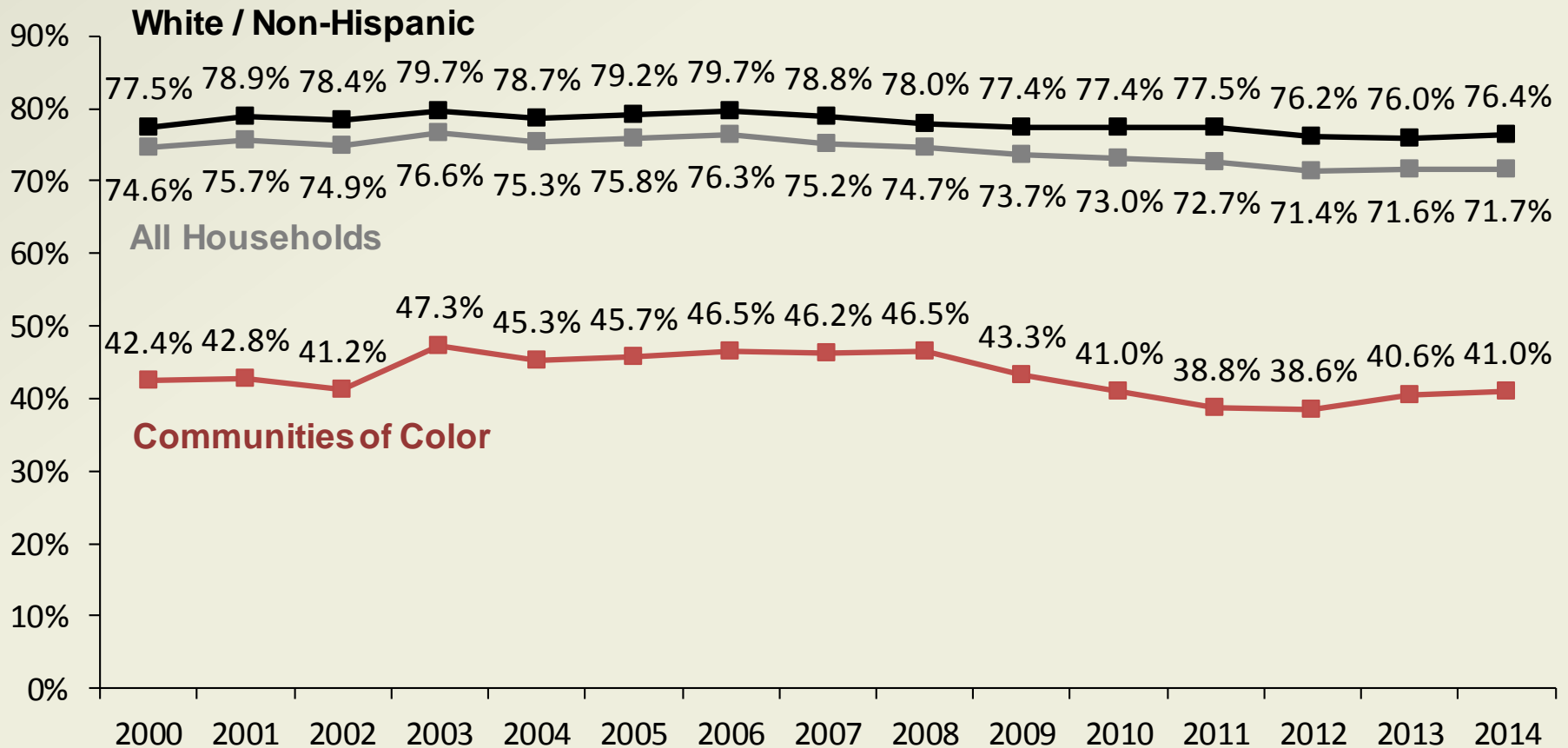
Minnesota is becoming more diverse, but disparities in homeownership are significant

MN: % of Population from Communities of Color – Increasing Diversity



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

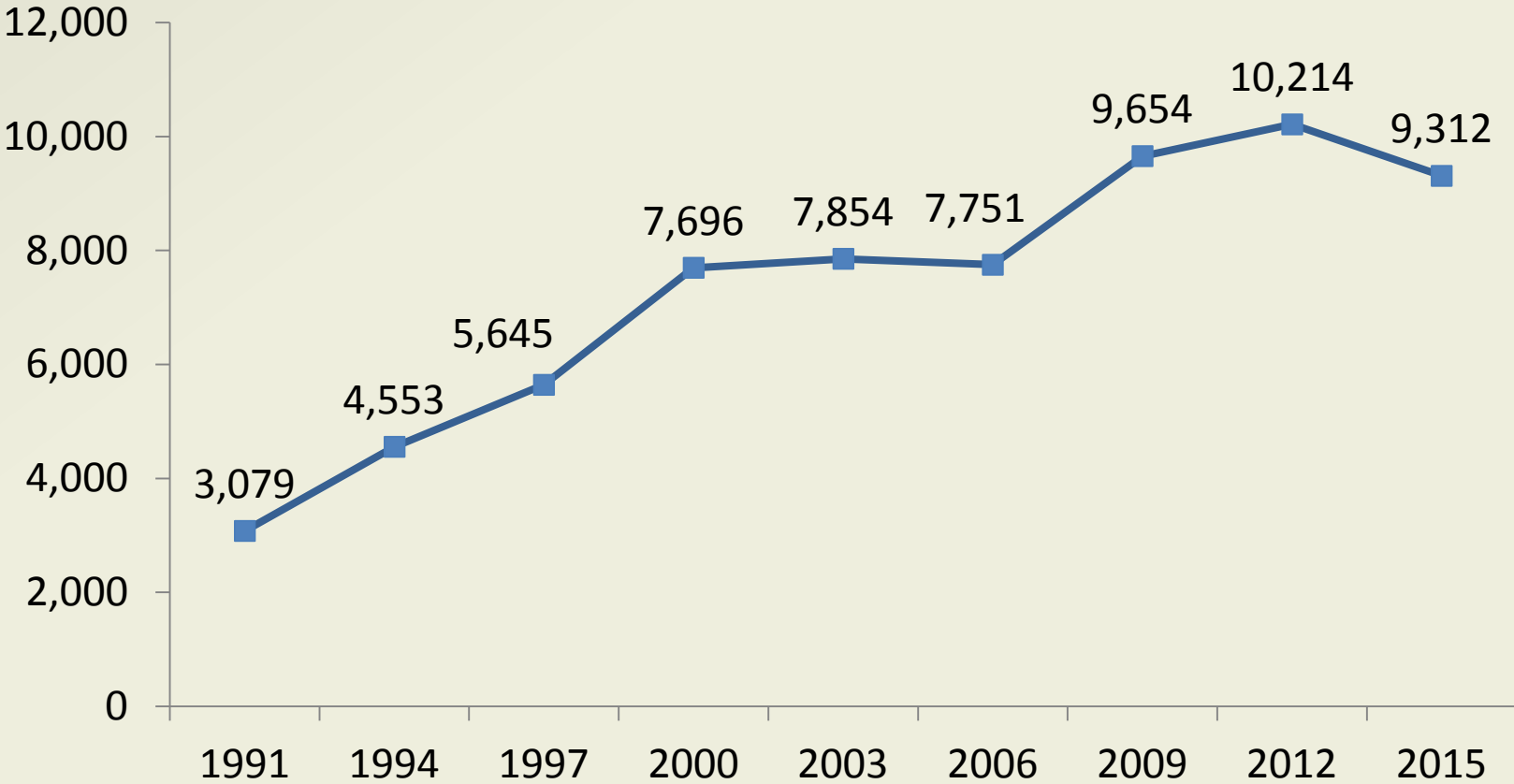
MN: Homeownership Rates by Race and Ethnicity – Persistent Disparity



Source: Census Bureau, 2000 Census and American Community Survey (2001-2014)

**For the first time, the number
of people experiencing
homelessness had a significant
decline in 2015**

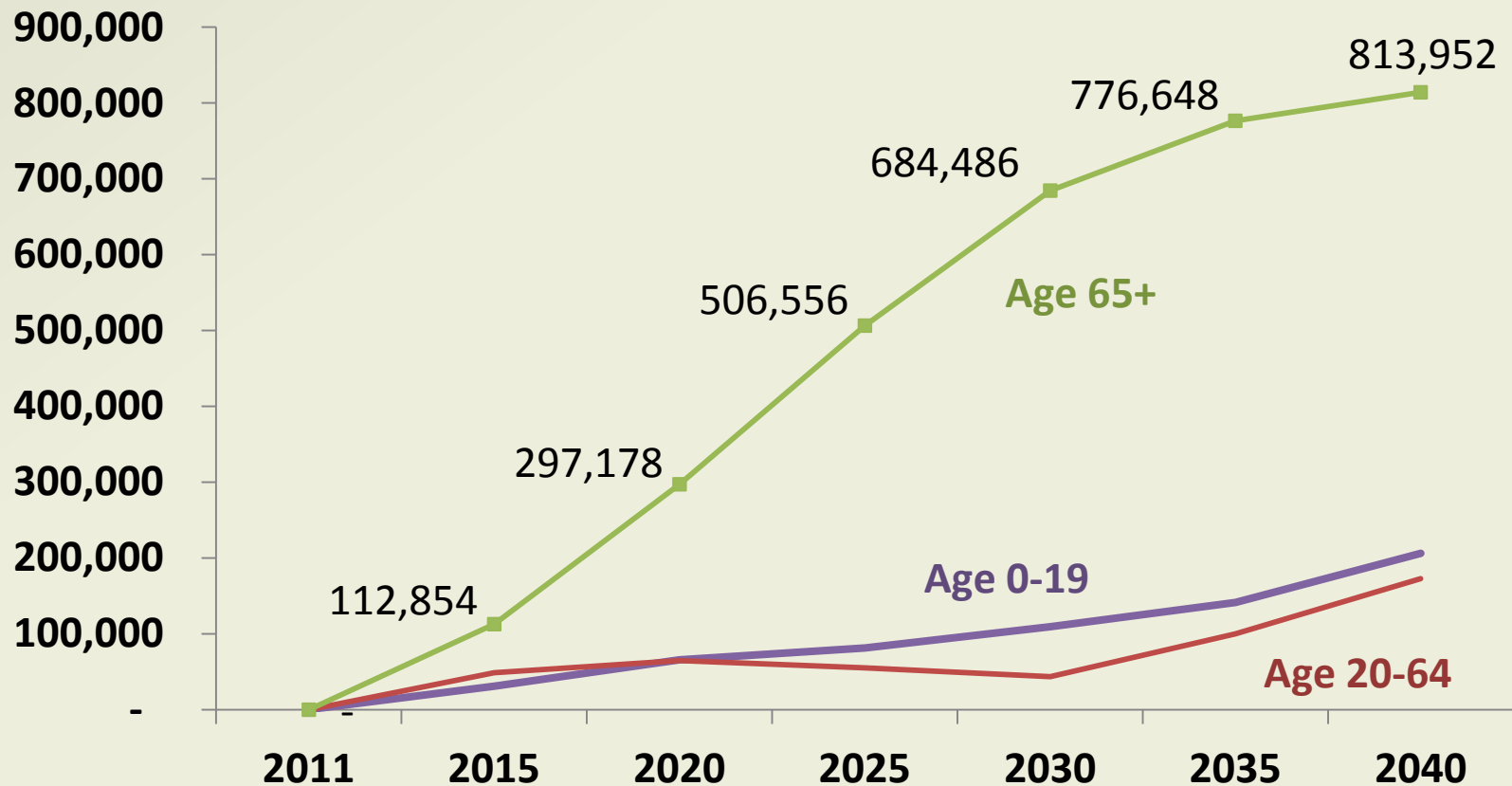
MN: Number Experiencing Homelessness – First Significant Decline



Source: Wilder Research, *Statewide Homeless Study Results*.

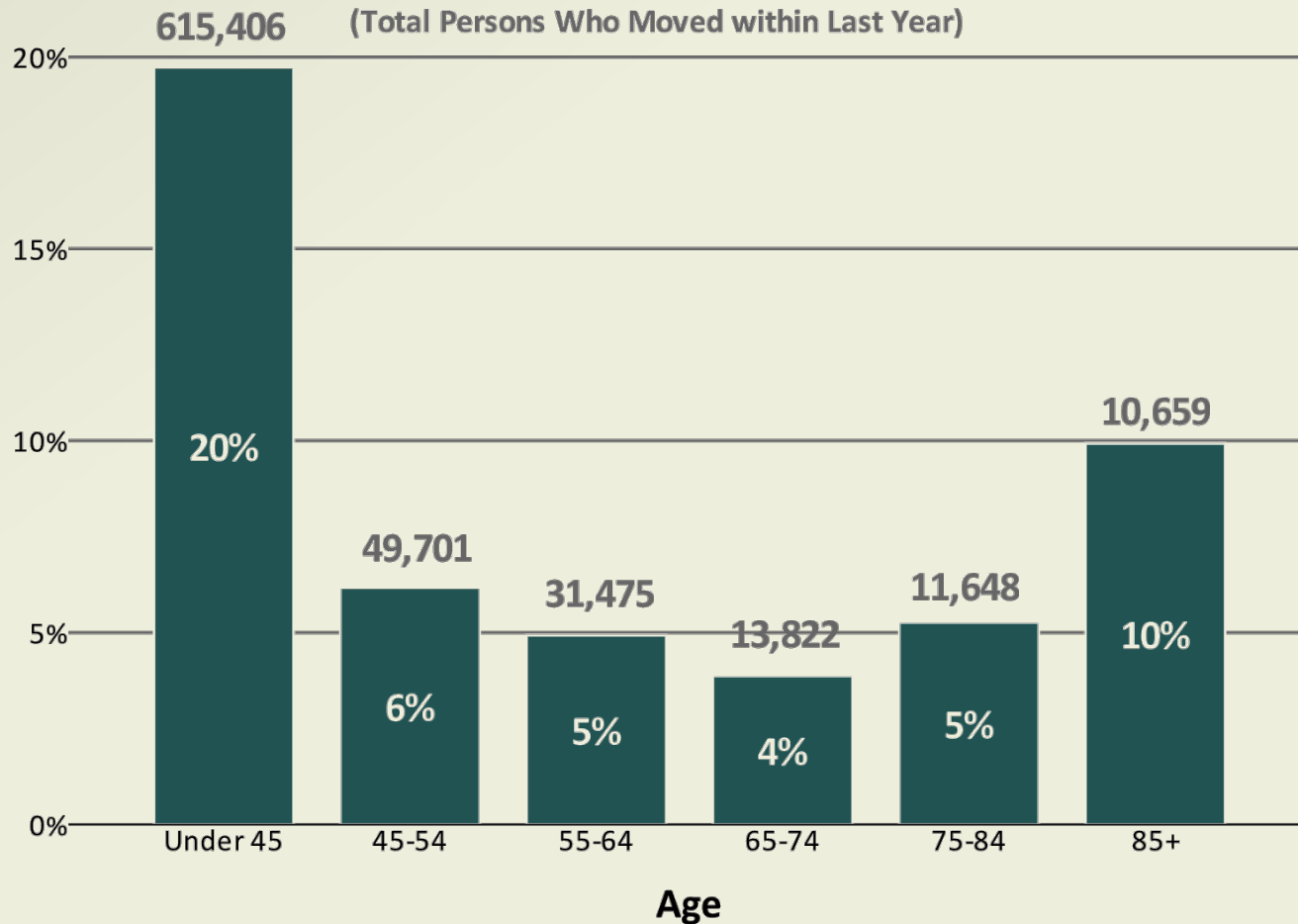
The aging baby boom generation will create new housing needs and challenges

MN: Change in Population from 2011 Levels by Age – Significantly More Seniors in Future



Source: 2011 data is from the Census Bureau's American Community Survey, 2011). 2015-2040 data is from the Minnesota Demographer's Office.

MN: % of Population Moving in the Last Year, by Age – 65-74 Least Likely to Move



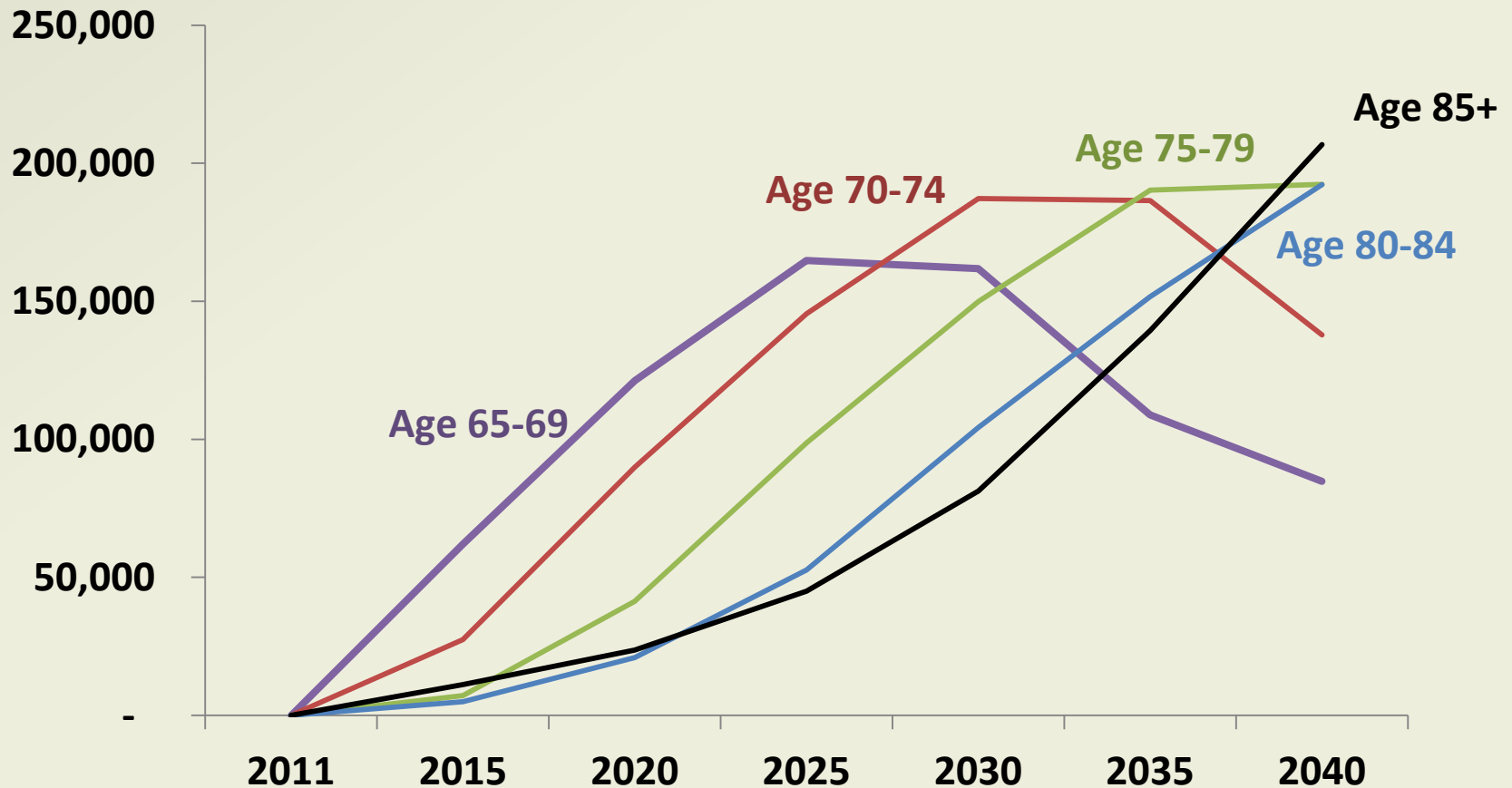
Source: US Census American Community Survey, PUMS, 2010.

MN: Homeownership Rates for Lower-Income Seniors – Majority are Homeowners

With Income \leq 50% of HUD Statewide Median (adj. for household size)	With Income \leq 30% of HUD Statewide Median (adj. for household size)
64%	53%

Source: Census Bureau, American Community Survey, 2012, Public Use Microdata Sample (PUMS). Median income data from HUD.

MN: Change in Population from 2011 Levels by Age – Seniors Only



Source: 2011 data is from the Census Bureau's American Community Survey, 2011. 2015-2040 data is from the Minnesota Demographer's Office.

MN: Share of Households who are Seniors – Seniors are Currently Relatively well Served

	Share Age 62+
All Low-Income Renter Households in Minnesota	20%
Tenants in Rental Units with Support from Minnesota Housing, Project-Based Section 8, USDA Rural Development, Public Housing	28%

Source: Tenant data on subsidized units are from Minnesota Housing, U.S. Department of Housing and Urban Development, and U.S. Department of Agriculture; data on all lower-income renter households are from U.S. Census Bureau, *American Community Survey, 2012*.

For More Information

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