



The Most
Livable City
in America



Housing Trust Fund Strategy

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Housing Trust Fund Strategy

- Context – Housing Trends in St. Paul
- Housing Strategy
 - Produce, Preserve, and Protect
 - Rationale
 - Proposed Tools
- 2019 Timeline and Priorities



Market Trends – New Housing Production



ALL HOUSING TYPES

New Housing Units by Year Permit Issued in Saint Paul

2010 to April 2019



Source & Note: Affordable numbers from PED Multifamily and Inspiring Communities data, with affordability defined as at or below 80% Area Median Income (AMI), though almost all affordable units affordable below 80% AMI. For the sake of this analysis, any project sold through the Inspiring Communities program assumed to meet affordability requirements; in strong majority of cases they do, but in certain cases they do not, and this subsequent more granular analysis to follow at a future date. Overall new units from AMANDA Permit Database, with deduplication based on PIN/XY coordinates and key data fields. All data as of April 26th, 2018. This product derived from preliminary work harmonizing these disparate datasets in consistent time measure, in preparation for long-term move to enterprise data management systems. Data adequate to show large trends but subject to minor future refinement.

*Single family affordability data is not readily available for these years, so any project sold by the HRA in these years, including those built on in future years, will not generally be reflected in affordability totals. These comprise a distinct minority of affordable units in an average year. As we consolidate data for our enterprise data system, these gaps in available data will continue to be filled.

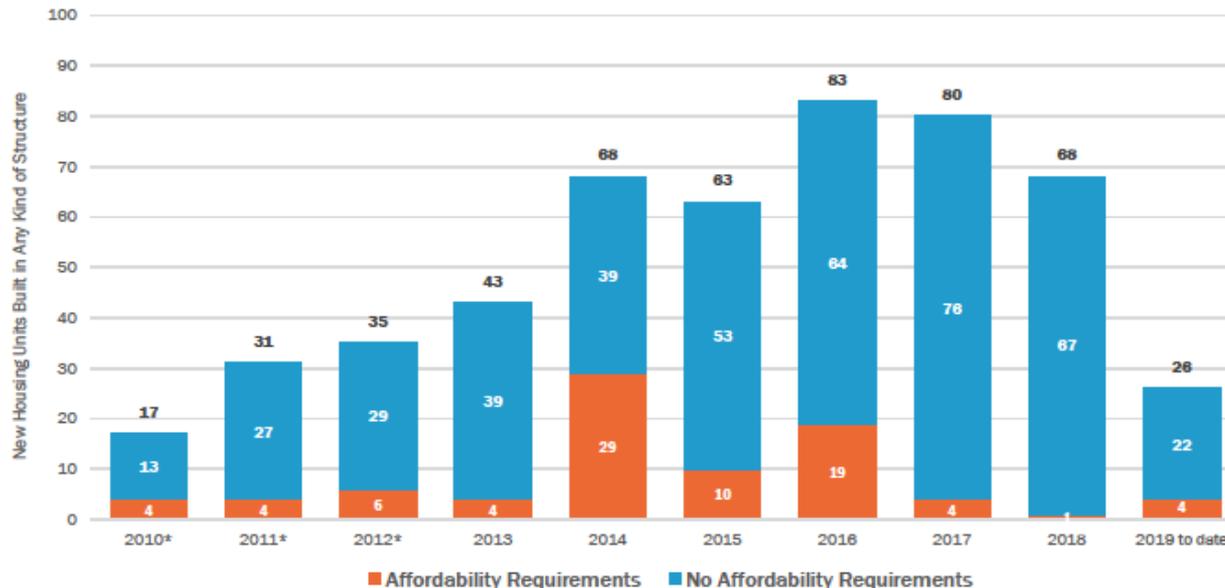
Market Trends Cont. – Single Family Production



SINGLE FAMILY

New Housing Units by Year Permit Issued in Saint Paul

2010 to April 2019



Sources & Notes: Affordable numbers from PED Inspiring Communities data, with affordability defined as at or below 80% Area Median Income (AMI), though almost all affordable units affordable below 60% AMI. For the sake of this analysis, any project sold through the Inspiring Communities program assumed to meet affordability requirements; in strong majority of cases they do, but in certain cases they do not, and the subsequent more granular analysis to follow at a future date. Overall new units from AMANDA Permit Database, with deduplication based on PIN/XY coordinates and key data fields. All data as of April 28th, 2019. This product derived from preliminary work harmonizing these disparate datasets in consistent time measure, in preparation for long-term move to enterprise data management systems. Data adequate to show large trends but subject to minor future refinement.

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Market Trends Cont. – Multifamily Production



MULTIFAMILY

New Housing Units by Year Permit Issued in Saint Paul

2010 to April 2019



Source & Note: Affordable numbers from PED Multifamily data, with affordability defined as at or below 80% Area Median Income (AMI), though almost all affordable units affordable below 80% AMI. Overall new units from AMANDA Permit Database, with deduplication based on PIN/XY coordinates and key data fields. All data as of April 28th, 2019. This product derived from preliminary work harmonizing these disparate datasets in consistent time measure, in preparation for long-term move to enterprise data management systems. Data adequate to show large trends but subject to minor future refinement.

Market Trends Cont.

Gentrification
(CURA, 2000-
2015)

One-third of
census tracts
vulnerable

Across six planning
districts

Six census
tracts
gentrified

Thomas-Dale/Frogtown,
Hamline-Midway,
Highland, and Westside

Rent and home value
increases outpaced
citywide changes

Rental Market Trends

Majority Renter City

- Number of renters up 12%
- More dramatic for POC

Rents More Out of Reach

- Median rents up 15%
- Incomes stagnant
- 50% of renters cost-burdened

Rental Market Trends

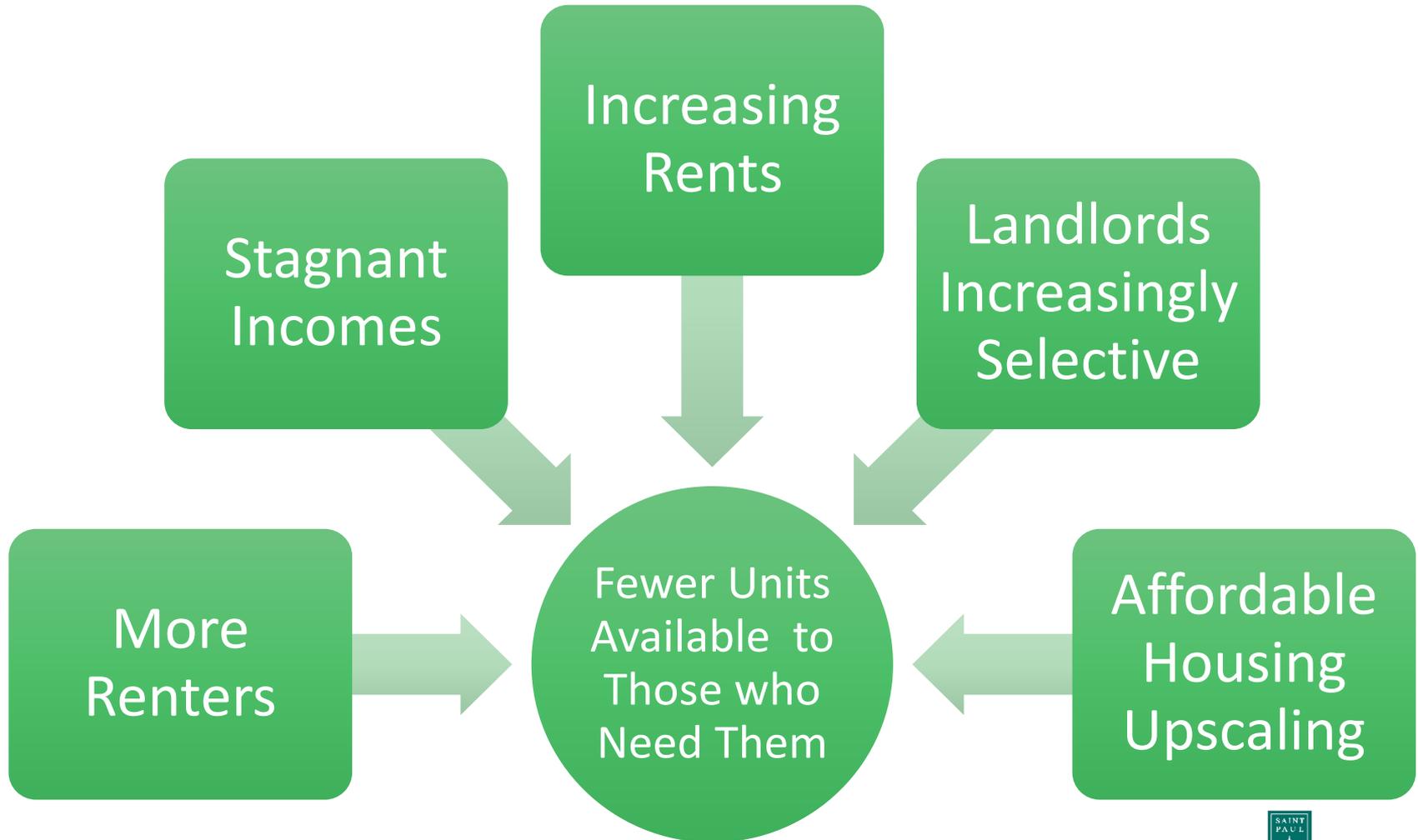
Landlords Increasingly Selective

- Vouchers harder to use
- Barrier for people with lower incomes, no/low credit, or formerly incarcerated

Affordable Housing Upscaling

- NOAH: Small Class C majority of 2017 property sales
- Subsidized Properties: Expiring restrictions & increasing market rent opportunities

Rental Market Trends



Homeownership Market Trends

Homeownership Gap

- Minnesota Gap: 36.2%
- Twin Cities Gap: 37%
- Twin Cities White/Black Gap: 50%

Homeownership Correlates with Wealth

- Average homeowner net worth: \$195,400
- Average renter net worth: \$5,400
- Owning Home Estimated to ↑ net wealth: \$9,000-\$10,000/year



Housing Strategy



People Focused:

- * Production
- * Preservation
- * Protection



Housing Strategy

Objective 1:

Meet the needs of those with the lowest incomes by **increasing** supply

Objective 2:

Invest in low and moderate income residents by **investing** in the supply

Objective 3:

Explore innovative approaches to meeting housing needs

Objective 4:

Build wealth for residents and communities

Objective 5:

Promote fair access for all of us

Objective 1 – Increase Supply

Rationale

- The lowest income residents in St. Paul are the most cost burdened and have fewest existing options

Approach

- Deepen affordability of new units being financed by the City

Tools

- Financing to deepen impact of housing investment in new multifamily units
- Publish funding priorities that incentivize creation of deeply affordable multifamily units



Objective 2 – Invest in Existing Supply

Rationale

- Maintain housing serving lower income families to ensure we don't lose ground on supply, and to prevent displacement

Approach

- Finance physical needs of property and incentivize owners to continue serving lower income residents

Tools

- NOAH Inventory and Program
- Rental Rehab Loan Program
- 4(d) Program
- At Risk Subsidized Housing



Objective 3 – Explore Innovative Approaches

Rationale

- Pilot options to produce affordable opportunities more efficiently to pass on more benefit to residents we serve

Approach

- Finance innovative design and construction models that reduce cost, and consider pilot programs to test impact of direct subsidy programs

Tools

- Pilot Financing for promising design and construction technologies to support implementation/evaluation
- Direct subsidy pilot



Objective 4 – Build Wealth

Rationale

- Target housing investments to increase resources available to low income residents and communities to build long-term financial stability

Approach

- Support development of dedicated affordable ownership units, new and existing homeowners, and affordable housing models that promote wealth building

Tools

- Community Land Trust Ownership Units
- Support existing Inspiring Communities efforts
- Down payment Assistance Program
- Financing to Support Existing Homeowners
- Support models to integrate affordable housing models with wealth building models



Objective 5 – Promote Fair Access for All

Rationale

- Ensuring fair access and preventing displacement are important to increase stability and provide equitable outcomes

Approach

- Expand tenant protections, provide landlord training, and maximize coordination among City departments to ensure integrated approach.

Tools

- Pass tenant protections agenda establishing tenant bill of rights, addressing disparate impact of criminal background and credit checks, eviction protections, and requiring advance notice of property sales
- Landlord training
- Coordination among City departments to ensure systems work to promote fair housing, prevent displacement, and effectiveness in preventing and ending homelessness.



Timeline – Work to Date

- HTF Strategy Engagement and Development
- 4(d) Program Development and Implementation
 - Submitted for certification to the State:
 - 68 applications for 419 units
 - 47% restricted at 50% AMI
- Rent Supplement Pilot Concept Development
- NOAH Inventory Analysis (ongoing)
- Downpayment Assistance Program Development (ongoing)

Timeline – Q2

- CLT Financing Guidelines Presentation
- Down-payment Assistance Program Presentation



Timeline – Q3

- Rent Supplement Pilot Presentation & Launch
- Tenant Protections Recommendations
- NOAH Program Presentation



Timeline – Q4

- Tenant Protections Recommendations
- Single Family Development RFP Guidelines Presentation
- Innovative Design Recommendations



Questions?

Appendix

Slide 4:

- Rent & Home Value increases in gentrifying tracts outpaced citywide changes:
 - 21% increase in rent in one Frogtown/Thomas Dale tract compared to 1.5% citywide increase; home value increases were between 15% and 34% compared to 13.3% citywide increase
 - CURA's definition of gentrification for these tracts: median incomes declined, poverty increased, while housing costs and socioeconomic status of residents rose
 - CURA's Gentrification Report can be found here: <https://gentrification.dl.umn.edu/sites/g/files/pua4816/f/media/diversity-of-gentrification-012519.pdf>

Slide 5: During the 2000 to 2016 time period, the number of renters increased in St. Paul by 12%. 83% of African-American Households are renters compared to 41% of White Households. Median rents increased by 15%, while incomes remained stagnant across that same time period, leaving 50% of renters cost burdened. Source: <https://www.mhponline.org/publications/rental-market-watch/issue-2-saint-paul>

Slide 6:

- Market conditions for eviction increases: Redfin analyzed eviction records across 19 states and found that the 15 metros with the biggest increases in median rent-to-income ratio had the biggest increases in evictions. [Redfin Eviction Study](#)
- Ramsey County Eviction rate: <https://www.minnpost.com/economic-vitality-in-greater-minnesota/2018/06/greater-minnesota-s-eviction-problem/> <https://www.nytimes.com/2014/08/29/us/evictions-soar-in-hot-market-renters-suffer.html>
- Formerly incarcerated individuals are 10 times more likely to be homeless than general public. Source: <https://www.prisonpolicy.org/reports/housing.ht>
- In 2017, 92% of all property sales in St. Paul were Class C buildings: <https://mhponline.org/publications/rental-market-watch/issue-2-saint-paul>

Slide 8:

- National Trends: Owning a home found to increase net wealth by \$9,000-\$10,000 each year home is owned (Source: <http://www.jchs.harvard.edu/sites/default/files/hbtl-06.pdf>) The average homeowner has a net worth of \$195,400, 36 times that of the average renter's net worth of \$5,400 (Source: <https://www.nytimes.com/2017/05/09/magazine/how-homeownership-became-the-engine-of-american-inequality.html>; <https://www.federalreserve.gov/pubs/bulletin/2014/pdf/scf14.pdf>)
- Homeownership Gap --State and Regional Trends. Note, unless state otherwise, homeownership gap is the difference in ownership rates between white households and households of color. <https://www.mncompass.org/housing/homeownership-gap#7-5176-g>
 - Minnesota Gap: 36.2% : <https://www.mncompass.org/housing/homeownership-gap#7-5176-g>
 - Twin Cities Gap: 37% : <https://www.mncompass.org/housing/homeownership-gap#7-5176-g>
 - 2016 Twin Cities White/Black Gap: 50% : <https://www.urban.org/urban-wire/mapping-black-homeownership-gap>
 - 2015 St. Paul White/Black Gap: 43%: <https://www.stpaul.gov/departments/planning-economic-development/racial-equity-metrics>