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## Introduction

This report is submitted to the Minnesota Legislature by Minnesota Housing as provided by Laws 2000, chapter 488, article 8, section 2.

## Background

Following the Minnesota Legislature's authorization of the program and with an initial appropriation of \$30 million, Minnesota Housing created the Minnesota Families Affordable Rental Investment Fund (MARIF). Minnesota Housing began accepting funding proposals from housing sponsors in late 2000, and the last MARIF loan closed in June 2007. Under MARIF, Minnesota Housing made deferred loans to housing sponsors for the construction, acquisition, or rehabilitation of permanent rental or permanent supportive housing that includes units affordable to tenants with MFIP-level incomes.

In 2001, Minnesota Housing received additional appropriations for MARIF from the Minnesota Legislature. Over the life of the program, appropriations totaled \$54 million.

## Affordable Housing Development

Using MARIF appropriations and other resources, Minnesota Housing has funded 54 developments with a total of 2,093 new or substantially rehabilitated affordable rental units. Of these, 443 units or 21% are affordable to tenants with MFIP-level incomes (see Table 1).

Twenty-five percent of the MARIF-assisted units are located in Greater Minnesota communities and 75% are located in the seven-county Twin Cities metropolitan area. Within the Twin Cities area, MARIF-assisted units are located primarily in the inner cities (65% of the units in the metro area are located within the cities of Minneapolis and Saint Paul).

**Table 1**  
**Distribution of MARIF Assistance**

Property location	Number of Developments	Percentage of Total Developments	MARIF Loan Amount	Total Units	MARIF-Assisted Units	Percentage of Total MARIF Units
Metro	34	63%	\$43,833,996	1,541	332	75%
<i>Inner cities</i>	24		\$27,229,496	935	215	
<i>Suburbs</i>	10		\$16,604,500	606	117	
Greater MN	20	37%	\$11,682,205	552	111	25%
Total closed	54	100%	\$55,516,201	2,093	443	100%

Eighty-two percent of the MARIF-funded units were new construction/adaptive reuse at the time of funding and 18% were rehabilitation. A total of 33% of the units were supportive housing.

Nearly 60% of the developments with MARIF loans also received funds through another Minnesota Housing deferred loan or first mortgage program. The Economic Development and Housing/ Challenge

Fund and the Low and Moderate Income Rental Program with flexible financing were the two programs most frequently used in conjunction with MARIF. Owners of 43% of the developments also received federal housing tax credits allocated by Minnesota Housing in addition to project financing.

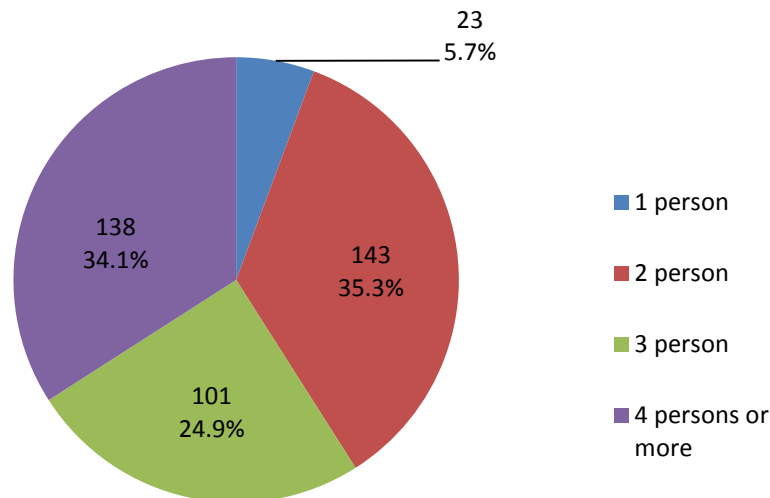
## Basic Characteristics of Tenants

*Most tenants are small single-parent families.*

Historically, demographic information reported to Minnesota Housing by property owners shows that most tenants are families with minor children. An estimated 88% of households assisted during 2014 were families with one or more minor children; 70% of these households were single-parent families (one adult living with one or more minor children).

A distribution of households by household size is shown in Figure 1, with a median size of three people per household. Of those assisted in 2014, 41.0% were one or two person households, 24.9% were three person households and 34.1% were four persons or more.

**Figure 1**  
**MARIF Households**  
**by Household Size, 2014**

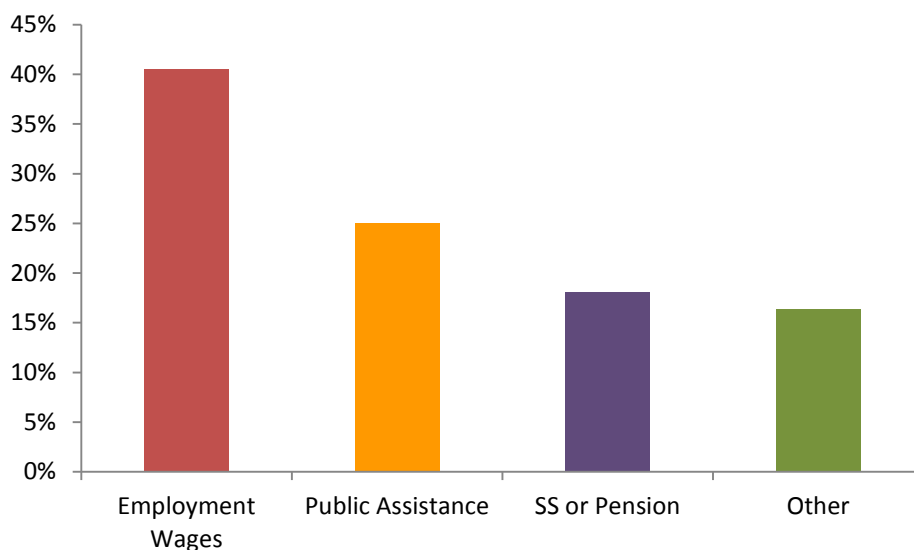


*The median income of tenants in MARIF units is extremely low.*

The median 2014 income of households assisted in 2014 was \$11,820—\$8,244 for 2014 move-ins and \$13,013 for move-ins prior to 2014. The median of 2014 move-ins was slightly lower than move-ins last year (\$8,988 for 2013 move-ins).

Among MARIF households assisted during 2014, the greatest proportion (40.6%) reported salary/wages as the **primary** source of household income, which is an increase from 36.4% of households in 2013. In 2014, 18.0% of households reported Social Security as the primary sources of income, compared with 20.7% in 2013. Note that Social Security payments may be made either to an older or a disabled household member.

**Figure 2**  
**MARIF Household Income Sources**



Data from the Minnesota Department of Human Services (DHS) indicate that 51% of MARIF households assisted during 2014 received one or more months of public assistance through the Minnesota Family Investment Program (MFIP); however, only 25.1% of households reported public assistance as the **primary** source of income, down from 30.2% in 2013.

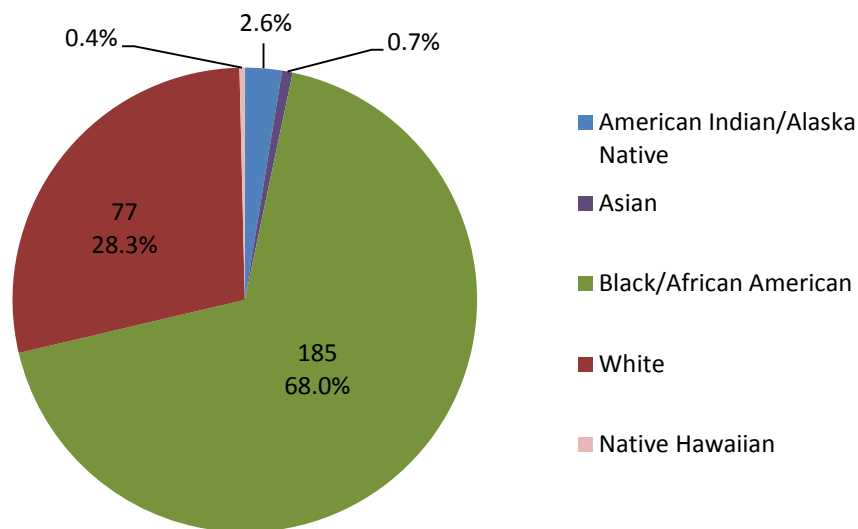
DHS data indicate that of the MARIF households reporting in 2014, (i.e., MFIP recipients), nearly 42% worked for six months or more during the year.

*Nearly three-fourths of MARIF tenants are households of color.*

Historically, households of color have occupied at least 50% of the MARIF units available. Of householders assisted in 2014, 71% were of a race other than White. (Numbers of households are not shown in Figure 3 if 10 or fewer households were assisted.)

Data reported by property owners also show that 6.6% of MARIF households assisted in 2014 were of Hispanic or Latino ethnicity.

**Figure 3  
MARIF Households  
by Race, 2014**



*MARIF-assisted tenants move less frequently than low-income renters in general.*

Moves are not necessarily an indicator of household distress; however, studies show that low-income families move more frequently than does the general population and are more likely to make involuntary moves, e.g., caused by eviction or housing affordability problems. Involuntary or unplanned moves can adversely affect families, especially children. Research indicates that children in frequent mover families lag in academic performance compared with their peers, and evidence also suggests a connection between frequent moves and behavior problems in the children of frequent movers.<sup>1</sup> According to the most recent estimates reported by the Census Bureau, 38% of low-income renter

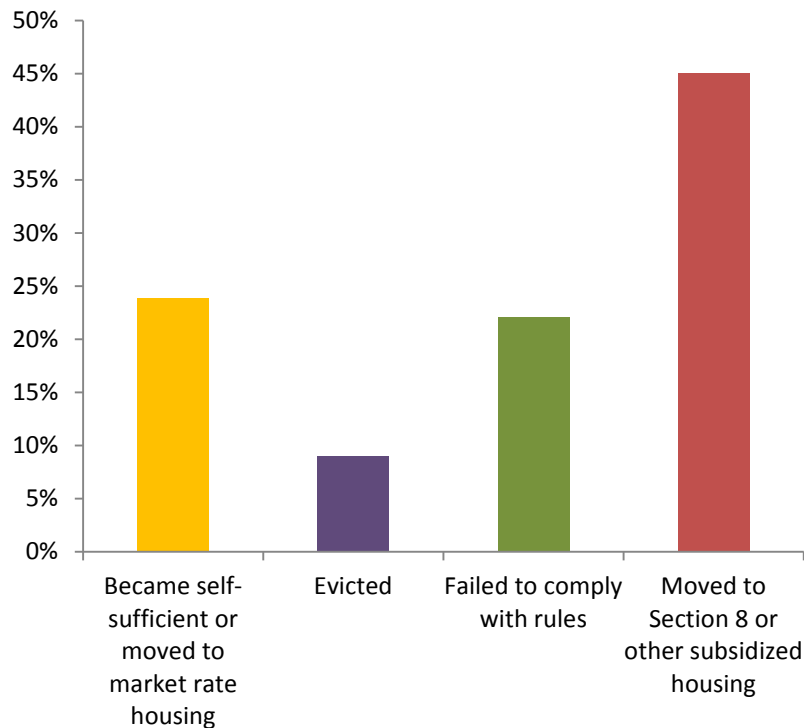
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<sup>1</sup> Rebecca Cohen and Keith Wardrip, *Should I Stay or Should I Go?* (Center for Housing Policy, February 2011).

households in the U. S. (households below poverty) had moved to their current housing within the last year and an estimated 16%-20% had lived in the same unit for more than five years.<sup>2</sup> Among current tenants of MARIF-assisted housing, 29% had occupied a MARIF unit for one year or less and 27% had occupied a MARIF unit for more than five years.

Information on reasons for MARIF tenant move-outs is incomplete (53% of move-out records identify a reason for the tenant move). As shown in Figure 4, the most common reason for a household move is that the household obtained Section 8 or some other permanent subsidized housing—45.0% of all movers between 2003 and 2014 for which information is available. Nearly one-quarter (23.9%) moved from MARIF housing to market rate housing or became self-sufficient.

**Figure 4**  
**Reasons for Tenant Moves from MARIF-Assisted Housing**



<sup>2</sup> U.S. Department of Commerce, Bureau of the Census, *American Housing Survey, 2013*.

## Conclusion

MARIF-assisted units provide affordable housing to renters with incomes that qualify them for MFIP assistance. Current information shows that in MARIF-assisted housing:

- Tenants primarily are small families with minor children, primarily single-parent families.
- Household incomes are extremely low.
- Nearly three-fourths are households of color.
- More households reported earnings as their primary income sources than in the previous year.
- The most common reasons tenants move out of MARIF-assisted housing are to move into permanent subsidized housing or to move into market rate housing.

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A copy of the report will be available at: [www.mnhousing.gov/](http://www.mnhousing.gov/)

## Appendix A: Description of Data

Demographic and income data are summarized from reports submitted to Minnesota Housing by property owners during the process of monitoring units for compliance with program rules. Selected characteristics are based on MARIF households reported as of December 31, 2014 (405 households that occupied a MARIF unit for one or more months during the year).

The Minnesota Department of Human Services (DHS) provided data on Minnesota Family Investment Program (MFIP) participation; data on employment and earnings from the Minnesota Department of Employment and Economic Development are not available for this study.