

# FAQ 2007 MINNESOTA BASELINE HOUSING MEASURES

Over the past 25 years, The McKnight Foundation has invested \$200 million and collaborated with some of the country's most productive housing partners to help provide housing for more than 36,000 families. Our primary vision is to increase family stability and link families to greater opportunities throughout our region. Because housing is a public issue, we intend to hold ourselves publicly accountable to produce results. In collaboration with many longtime partners, we have developed a comprehensive evaluation framework to measure our outcomes and indicators of progress over time.

## General Questions

### Q. How was the evaluation framework developed?

A. The McKnight Foundation worked with key partners and housing data sources for over six months to assemble the most meaningful data points to track trends around our housing goals and objectives. We shared and refined the baselines in consultation with the Family Housing Fund, the Greater Minnesota Housing Fund, Minnesota Housing, the Met Council, the Humphrey Institute and Twin Cities Compass among others.

### Q. Towards what goals is McKnight evaluating progress?

**Goal 1: Public Will** – Increase public acceptance of and support for high-quality affordable housing as a fundamental characteristic of healthy communities.

**Goal 2: Innovation and Design** – To promote innovation and quality affordable housing design good for people, families, communities and the environment with access to good schools, employment, transportation and community amenities.

**Goal 3: Increased Production and Preservation** – Accelerate the pace of production, preservation and permanency.

### Q. How does this project differ from other housing evaluation projects or reports?

A. We are very aware of other existing and valuable housing-related data including Twin Cities Compass and the Family Housing Fund's *Housing Counts*. This project is tied specifically to the McKnight Foundation's evaluation framework and associated aspirational housing goals. The Foundation has a distinct purpose: to influence the affordable housing field through these supply-focused data points. Whereas Twin Cities Compass provides broad measures across fields (i.e. education, housing, environment), our work focuses on deepening housing-related understanding.

The housing-related data points within Twin Cities Compass are more focused on demand (i.e. number of cost-burdened households, number of homeless households), while McKnight's tend to be supply-side and future-oriented.

### Q. How were the specific data points chosen?

A. Data points were selected through an iterative process that involved key partners and housing data providers. Considerations influencing the final selection included reliability to track the data over time and cost-effectiveness.

**Q. What does the McKnight Foundation plan to do with this information?**

A. Through our evaluation framework, The McKnight Foundation plans to introduce a systematic approach to collecting and reporting on learnings from our investments in the affordable housing field. The Evaluation Framework is the structure we will use to receive proposals and progress reports about the accomplishments and findings that result from our housing-related investments. We will use the framework to track affordable housing trends, while building mechanisms to share the information widely and in ways that engage broader support for the affordable housing field.

**Q. Why did the McKnight Foundation choose 2007 for its baseline data point?**

A. In May 2007, the Foundation’s Board of Directors made a renewed commitment to the affordable housing field after an 18-month review of the Foundation’s Housing Program. Within that commitment was an interest to hold the Foundation accountable both to the Board and the community for our investments. The evaluation framework was born out of that.

**Q. Why is the data on the Minnesota Baseline Housing Measure’s report for varying time periods?**

A. The data reflects the best available data at the time the report was produced. Consistent methodology will be applied to track trends over time.

**Q. How does the current economic and foreclosure crisis impact this work?**

A. This dashboard and subsequent trend reports act as a context to the housing field within which we can discuss potential solutions.

## **Affordable Housing Opportunities**

**Q. What is considered affordable?**

A. Rental units affordable to households earning 60% Area Median Income or below. Homeownership units are considered affordable to households earning 80% Area Median Income or below. Greater Minnesota affordable unit standards are based on Statewide Median Income, rather than Area Median Income.

**Q. When are new units counted?**

A. New units are counted when the financing closes on the development. It does not mean that the unit is necessarily ready for occupancy.

**Q. What data sources did you use to track subsidized affordable rental opportunities?**

A. Our primary data sources were from Minnesota Housing, the Family Housing Fund and Greater Minnesota Housing Fund.

**Q. What about data on locally-funded housing developments?**

A. In the interest of a reliable, repeatable cost-effective methodology, we chose not to track housing developments funded solely through local dollars. Information about local/municipal investments in affordable housing is decentralized to collect.

**Q. What is the difference between a new and preserved subsidized affordable unit?**

A. A new unit is any new construction or rehabilitated unit that has public investment for the first time. A preserved unit is a previously subsidized affordable rental unit that was provided new public investment to maintain its affordability.

**Q. Why are market rate affordable units not included in your counts?**

A. The focus of this measure is to track units that have a sustained commitment to affordable housing over time. Market rate affordable units do not have an affordability commitment over time and therefore are not included.

**Q. Why are affordable units that have lost their affordability commitments not included in your counts?**

A. We aspire to track this information in future reports as we identify a reliable and cost effective methodology for doing so.

**Q. What is a “new” tenant-based voucher?**

A. New tenant-based vouchers are equal to the change in vouchers allocated from the previous year.

**Q. Which vouchers are included in your tenant-based voucher counts?**

A. Vouchers counted include Section 8 vouchers and all vouchers allocated by Minnesota Housing. For a list of the names of each voucher program counted, please see the Affordable Housing Opportunities fact sheet within the report.

**Q. What does “perpetually” affordable home ownership unit mean?**

A. Perpetually affordable home ownership unit is defined as a unit where affordability stays with the property independent of ownership (i.e. land trust and Habitat for Humanity properties).

**Q. What is counted in “Downpayment/Affordability Assistance”?**

A. Downpayment/affordability assistance tracks the number of households that received grants and/or deferred loans from Minnesota Housing, the Family Housing Fund, and/or Greater Minnesota Housing Fund to make a home purchase affordable.

**Q. Where can I find more information about the total number of subsidized affordable units in the Twin Cities?**

A. You can find them online at [www.housinglink.org/Inventory.htm](http://www.housinglink.org/Inventory.htm).

**Q. How many total subsidized affordable housing units are in Minnesota?**

A. Currently, this number is unknown. We are working with HousingLink to collect this information for future reports.

## **Gap Financing**

**Q. How is gap financing defined?**

A. Gap financing is all funding needed beyond the first mortgage and tax credits to make a project viable. We are only reporting the gap financing used to develop the units counted as new subsidized affordable rental units elsewhere within the report.

## **Dollars Allocated to Housing**

**Q. Why are local dollars not included under the section “Dollars Allocated to Housing”?**

A. In the interest of a reliable, repeatable, cost-effective methodology we chose not to track affordable housing investments made at a local level. Information about local/municipal investments in affordable housing is decentralized and difficult to collect and quantify (i.e. fee reductions for affordable housing developments).

**Q. Does it really take nearly \$600 million dollars of public funding to develop the projects counted under the “Affordable Housing Opportunities” category?**

A. No. The public funding dollars section includes operating and program investments in addition to investments in affordable housing development.

**Q. Which funding programs are included in the federal and state dollar amounts?**

A. Funding programs are limited to US Housing and Urban Development (HUD) and Minnesota Housing programs. For a list of the specific programs counted, please see the Dollars Allocated to Housing fact sheet within the report.

**Q. Are federal housing tax credits counted only in the year allocated or for each year that they are issued?**

A. Federal housing tax credits are only counted in their issuing year.

**Q. How are the foundation grants to housing calculated?**

A. We used the best data available, which is from the Minnesota Council on Foundations. This data has known limitations including: it includes all housing-related grants (i.e. housing programs and housing development); is voluntarily self-reported and therefore incomplete; and individual grants under \$1,000 are not tracked. For more information, go to [www.mcf.org](http://www.mcf.org).

## Foreclosures

**Q. How are foreclosures averted tracked?**

A. Foreclosures averted are outcomes of Minnesota Home Ownership Center’s foreclosure prevention counseling program. It only includes documented foreclosure aversions and is not intended to be a complete count of all foreclosures that may have been averted by all means within Minnesota.

**Q. Where can I find more information about the number and rate of foreclosure in Minnesota?**

A. For more information about the number foreclosures in Minnesota, visit HousingLink’s website at [www.housinglink.org/Foreclosure.htm](http://www.housinglink.org/Foreclosure.htm).

## Emerging Market Homeownership

**Q. Who is considered an emerging market household?**

A. Emerging market households are Minnesota minority households as reported by the US Census in its American Community Survey.

**Q. What is the home ownership rate?**

A. The home ownership rate represents the total number of homeowner households per every 10 households. It is included in an effort to account for fluctuations in the state’s minority population over time.

**Q. Where can I learn more about the emerging market home ownership initiative?**

A. More information about the Emerging Market Homeownership Initiative can be found online at [www.emhmn.org](http://www.emhmn.org).

## Ending Long-term Homelessness

Q. Are ending long-term homelessness (ELTH) units and tenant-based vouchers separate housing opportunities?

A. Not necessarily. An ELTH tenant-based voucher could possibly be used in an ELTH unit which would only serve one household, but would be counted as two opportunities within the report.

### **Q. Where can I learn more about the Ending Long-Term Homelessness initiative?**

A. More information about Minnesota Housing's Heading Home 2010 Plan can be found at: [www.mnhousing.gov/initiatives/housing-assistance/homelessness/index.aspx](http://www.mnhousing.gov/initiatives/housing-assistance/homelessness/index.aspx).

## Green Housing

### **Q. What makes a unit “green”?**

A. “Green” units include new subsidized rental projects with financing committed by Minnesota Housing after February 2007 or Minnesota Green Communities Initiative projects. February 2007 is significant because at that time Minnesota Housing's Board of Directors approved a mandatory green housing standard for all new construction multi-family development funding applications. (Some exceptions apply).

### **Q. Why are only green rental units tracked?**

A. As of 2007, there was no green standard established or tracking mechanism by Minnesota Housing for affordable single-family or homeownership units. In 2008 Minnesota Housing will introduce a green standard and mechanism for tracking compliance in single family homes, which will make affordable homeownership opportunities easier to track.

### **Q. How many of Minnesota's affordable rental units are green?**

A. Although this would be the ideal data point to track, it is difficult to track. Prior to Minnesota Housing's green standards, many incremental steps were being made toward green housing, but not being centrally tracked. Therefore, a complete data set is nearly impossible to obtain and any attempt to quantify the total number of green affordable housing units will likely under-represent the historical efforts.