Housing Continuum in Olmsted County: Current Challenges and Possible Solutions for Improvement

United Way Research Group
Kristin Block, Sharon Hutchinson, Jennifer Rubin, Megan Seger
May 2021

United Way
Way
United Way of Olmsted County

TABLE OF CONTENTS

INTRODUCTION

Housing is a basic need for all people. Having a stable housing situation can help families and individuals to build stability in other areas of their lives. It can relieve financial stress, improve mental health, support community connectedness, and increase access to other services. Housing stability strategies include affordable housing, supportive housing, emergency shelters, eviction prevention, rapid re-housing, subsidized housing, and transitional housing.

Affordable housing is hard to come by in Olmsted County. As the population continues to increase, available housing options are not affordable for all residents. Housing supports operate on a continuum of service, from emergency shelter to affordable housing. When there are appropriate supports along the housing continuum to move individuals and families into stable, permanent housing, homelessness in Olmsted County may become a temporary experience.

METHODS

In early 2021, the United Way of Olmsted County put out a call to the community for volunteers to join a Special Projects Team to research the housing continuum in Olmsted County. The core objectives driving the research included:

- understanding the housing ecosystem in Olmsted County
- identifying areas that influence housing stability
- finding gaps in housing supports along the housing continuum
- determining types of programs that have the greatest impact in moving people towards housing stability
- looking toward local and state policy advocacy opportunities to help people maintain housing stability.

The team started by reviewing existing resources that were directed at state-level and local-level (Olmsted County and Southeast Minnesota) housing. The volunteers developed summaries highlighting key information and uncovered areas of concern within the housing continuum. Developing a common language became a key component in understanding the housing ecosystem, and the team responded by developing a glossary of existing terms (see page 31).

It soon became apparent that local-level providers and community leaders might be able to better speak to the data being analyzed. The Special Projects team reached out to local providers and community leaders to ask about areas of the continuum, including challenges and solutions that appear to be working. This information was themed and has been included throughout the document as expert feedback.

MINNESOTA HOUSING CONDITIONS

The housing situation in Minnesota poses many challenges for people, including rising costs, diminishing availability, and disparities in access based on race and ethnicity. Note the fluctuation in the number of people experiencing homelessness over the past 10 years based on the HUD point-in-time homelessness count in Figure 1 (Prosperity's Front Door, 2020).

In addition to a rising trend in the number of individuals experiencing homelessness, Smith (2020) describes an unfortunate trend: emergency shelters are consistently full and/or unsafe for women and LGBTQ+ individuals. In some areas, this lack of options for housing has resulted in available jobs being unfilled. There is also little incentive for developers to focus on affordable housing units, due to larger profit margins on high-end developments and due to Low Income Housing Tax Credit (LIHTC) for low-income developments (Smith, 2020).

Figure 1. HUD Point-in-Time Homelessness Count. Additional data: Jan 2020 - 7,940 people (5,360 households); Jan 2021:

In Minnesota, an average of 14,000 people experience homelessness on any given night while 40,000 have experienced homelessness within the course of a year. For those experiencing long-term homelessness, 61% have a mental illness and 26% have chemical dependency (Morales, 2014). One fifth of homeless adults have spent time in jail or prison within the last two years, and 40% of individuals experiencing long-term homelessness have a history of prior incarceration. Participants from this study frequently identified substance abuse, incarceration history, and mental illness as a few of the barriers to securing housing (Morales, 2014). Key findings from the *Shelter Interview Project* show that to address the statewide homelessness trends, three obstacles need to be addressed to increase housing access: criminal backgrounds, credit scores, and the "poverty equation" (a concept that describes the precarious nature of housing in Minnesota).

Other challenges that affect these marginalized populations include lack of federal funding for public housing since the 1990s. With 22-month waiting periods for Section 8 Housing Choice Vouchers in Minnesota or explicit exclusion of non-white households from the wealth-creating housing market (Smith, 2020). These wealth gaps continue as the average renters' net worth is well below the average homeowners' net worth. Many new Americans and immigrants face additional barriers for housing, such as no credit history, language barriers, and lack of culturally appropriate financing options, as well as the overlooking of needs of those who are disabled and/or Americans with Disabilities Act (ADA) requirements not followed (Smith, 2020).
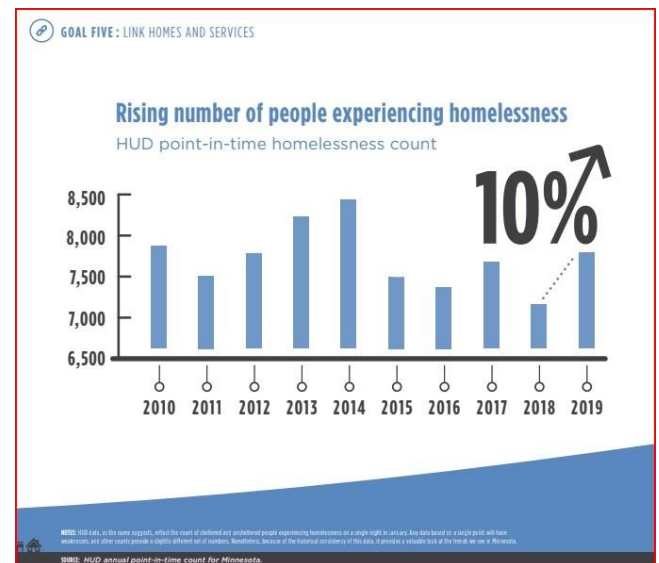
Disparities were found in homeownership through the Minnesota Housing Partnership's *State of the State's Housing* (2021b). Specifically, 77% of white households are homeowners in contrast to 60% of Asian, 50% of Hispanic, 49% of Native American, and only 25% of Black households are homeowners. Although, overall, 27% of Minnesota residents are cost-burdened by housing, clear racial disparities exist; 23% of white households and 40% of households of color are cost-burdened (Norton, 2019b). Cost-burden disparities exist for renters as well. For example, 44% of white renters are cost-burdened compared to 58% of Black renters (Minnesota Housing Partnership, 2021a). More specifically, as noted in Figure 2 below, the necessary hourly wage to afford a 2-bedroom apartment ranges from about $13 to $22 around the state (Norton, 2019a). Other problems in Minnesota relate to the loss of

Figure 2. Housing Wage to Afford a 2-bedroom Apartment

214,000 affordable homes since 2013 and additional challenges from the COVID-19 pandemic (Molseed, 2021). As Judy Johnson, Project Director for Prosperity's Front Door, noted, "There's a wave of evictions waiting" (Molseed, 2021).

OLMSTED COUNTY DEMOGRAPHICS & EMPLOYMENT

Maxfield Research and Consulting, LLC conducted a Comprehensive Housing Needs Analysis for Olmsted County, Minnesota, to project the housing demands from 2020-2030 and provide recommendations of county needs, in order to satisfy the demands for both current and future residents (Maxfield, 2020). Over the past decade, Olmsted County's population growth has increased by 23,638 people while only 8,083 new homes have been added. Olmsted County's population is only expected to continue growing over the next decade.

An estimate of over 18,000 new housing units must be developed for the projected needs of 2030, including 29% of the market share needed by senior residents. The baby boomer generation is impacting the county's population composition, with those ages 65 to 74 having the highest growth rate of 22% in the next five years. This will shift the housing market both in rental and sale types, where we will see a 10% increase in the older Millennial generation households seeking alternative housing.

The City of Rochester contributed to the majority of Olmsted County's population growth, with an increase of 81% from 2010 to 2020. It is estimated that the county will also continue to see growth within the next decade. Maxfield Research projects that from 2020 to 2030, the city will have approximately grown by 27,400 persons and 11,597 households (Figure 3). As for employment trends, Olmsted County is predicted to have solid job growth for the next decade with a 5% increase in available jobs (12,721 jobs). The largest employment sector in Olmsted County, providing 52,068 jobs (52% of the total) as of 2019, is the Education and Health

MAXFIELD RESEARCH AND CONSULTING, LLC 31
DEMOGRPHIC ANALYSIS
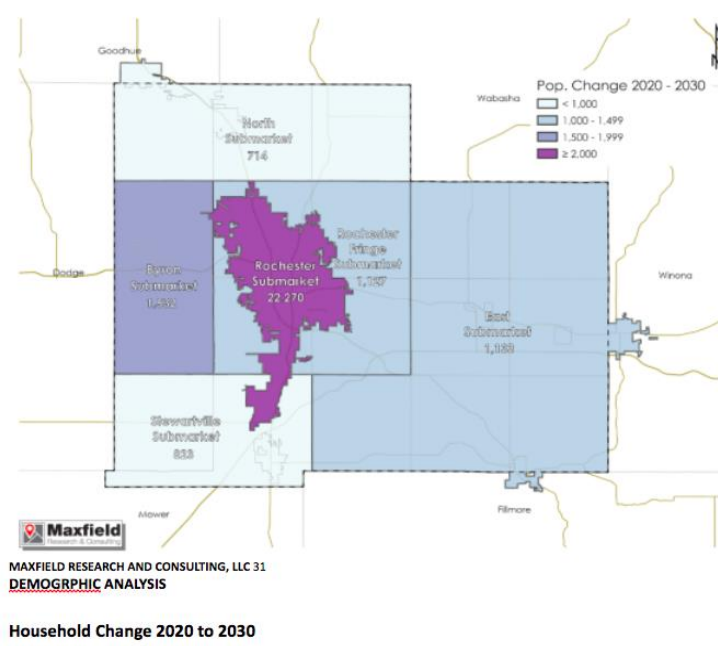
Household Change 2020 to 2030

Figure 3. Demographic Analysis of Household Change 2020 to 2030 (Maxfield. 2020)
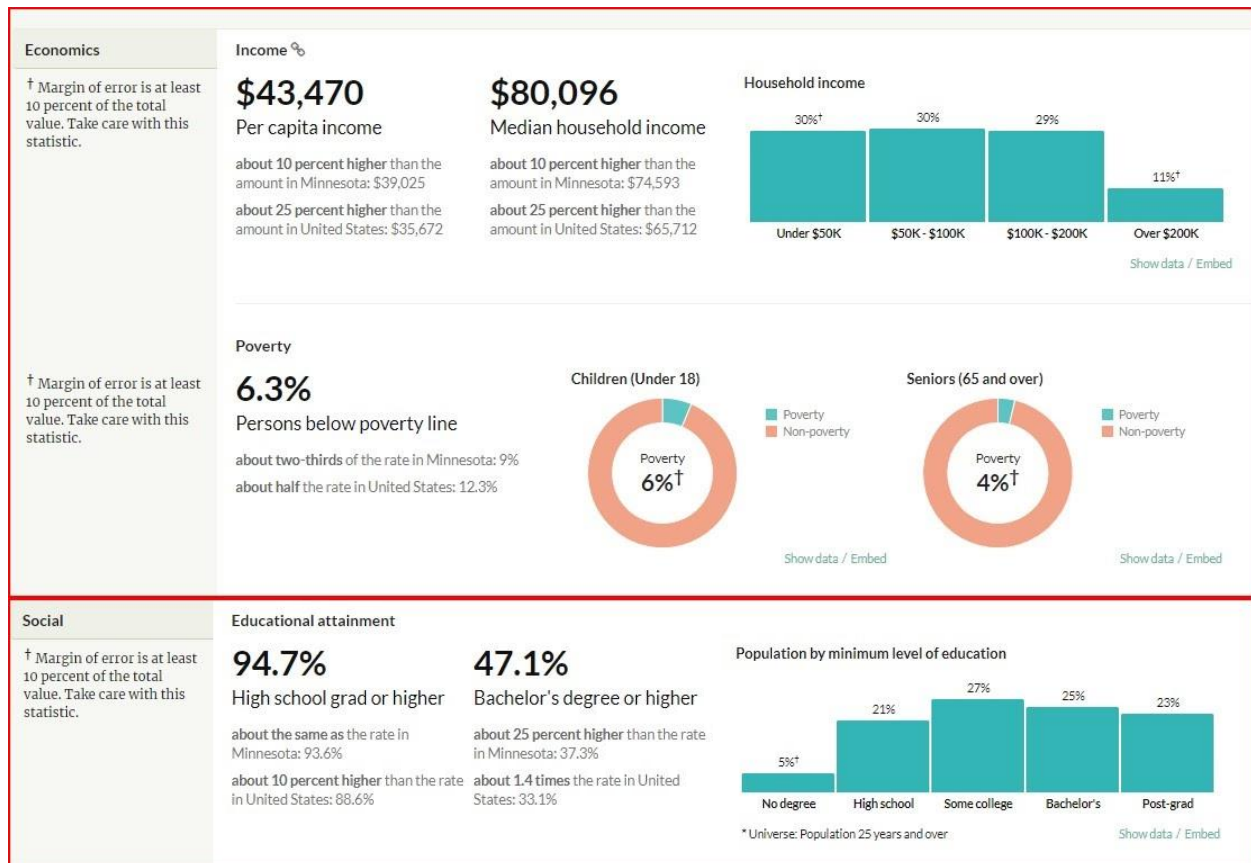

Figure 4. Olmsted County demographic data (U.S. Census Bureau, 2019)

Service industries. Transportation, Trade, and Utilities sectors employ 13,459 workers (13% of the total jobs), which previously was the largest sector in Olmsted County. Employed persons throughout Olmsted County total about 97,065. Rochester is leading with 30,640 positive inflow jobs, compared to the rural Olmsted County submarkets with 15,200 jobs. Historically, Olmsted County has had a low unemployment rate since 2013, lower than the State of Minnesota and the nation's unemployment rate. Though the pandemic has significantly increased the unemployment rate as of March 2020, it has been steadily declining as of September 2020 from 9.8% to 4.5%.

Despite diversity in the demographics in the region, additional demographic data for Olmsted County shows that the poverty level (6.3%) is lower than the Minnesota and national averages, and the education attainment is higher than the Minnesota and national averages (Figure 4; U.S. Census Bureau, 2019). This is likely in part due to extraordinarily large health care, hospitality, and technology sectors, among others.

OLMSTED COUNTY HOUSING CONDITIONS

Challenges in Minnesota are like our local experience in Olmsted County. One example specific to Olmsted County in the following infographic suggests the ineffectiveness of earned wages for several in-demand fields to keep pace with the available "affordable housing" options in 2017, such as a 2-bedroom apartment or mortgage for a median value home (Minnesota Housing Partnership, 2017). This is projected to continue with minimal expected wage increases. 2021 showed a similar trend for the region with in-demand jobs failing to reach the income level needed for a 2-bedroom apartment as well (Figure 5; Minnesota Housing Partnership, 2021a). These challenges continue today, as you can see from the wages versus housing costs comparisons in Figure 5 (Minnesota Housing Partnership, 2021a).

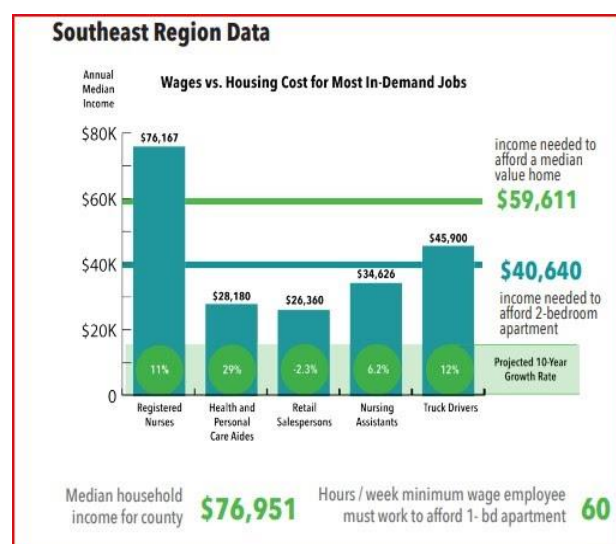Figure 5a. Minnesota Housing Partnership (2017)

Figure 5b. Minnesota Housing Partnership (2021a)

2021 County Profile

Olmsted

62,108 Households | SOUTHERN REGION

Access to safe, affordable homes builds a strong foundation for families and communities. But too many Minnesotans lack good housing options.

Mirroring the state trend, the price of rent continues to rise and incomes are not keeping up, making it increasingly challenging for renters to make ends meet.

The income for families is not rising at the same pace as home values, making it more difficult for families to purchase and own a home.

RENTER HOUSEHOLDS
16,930 | 27% of all households

Median rent, 2000:	$823
Median rent, 2019:	$968

rent up **18%**

Renter income, 2000:	$40,978
Renter income, 2019:	$39,607

income down **-3%**

OWNER HOUSEHOLDS
45,178 | 73% of all households

Home value, 2000:	$169,756
Home value, 2019:	$214,600

value up **26%**

Owner income, 2000:	$88,735
Owner income, 2019:	$93,566

income up **5%**

HOUSING STOCK: While a significant portion of the rental and owner-occupied housing is aging (built before 1970), new construction is not keeping up with demand. Of particular concern is the gap between the number of available units for extremely low income households – and the number of people who need them.

% of homes built before 1970	30%
Single-family units permitted in 2019	402
% of rental units built before 1970	30%
Multi-family units permitted in 2019	497
Number of extremely low income households	4,255
Units affordable to extremely low income households	1,400
Gap between ELI households and units in Olmsted county	2,855

Disparities: Disparities are stark for BIPOC residents of all 87 counties. Homeownership disparities are above 65% in every county in Minnesota with most over 90%. Cost-burden is higher for BIPOC renters (52%) than white renters (44%) in Greater MN.

Greater MN	Renter Cost Burden	Severe Renter Cost Burden
White	44%	22%
Black	59%	36%
Indigenous	48%	24%
Hispanic	51%	29%

Homeownership in Olmsted County
BIPOC Homeowners 4,060
9%
91%
White Homeowners 41,118

13,879 households in Olmsted County pay more than 30 percent of their income toward housing costs, putting them at risk of being unable to afford basic needs like food and medicine. 6,050 are severely cost-burdened and pay more than 50 percent of their income on housing.

COST BURDEN Percentage of households paying more than 30% of their income toward housing.

Renters / Owners: Less than $20,000: 84% / 85%; $20,000-$34,999: 69% / 50%; $35,000-$49,999: 45% / 31%; More than $50,000: 10% / 6%

Number of households paying more than 30% of their income toward housing

	RENTERS	OWNERS
Under $20,000	3,207	1,811
$20,000-34,999	2,142	1,443
$35,000-49,999	1,149	1,343
Over $50,000	671	2,113
Seniors	1,734	2,188
All cost-burdened households	7,169	6,710

SEVERE COST BURDEN Number and percent of households paying more than 50% of their income toward housing.

Severe Renter Cost Burden **3,854** households or **24%** of all renter households | Severe Owner Cost Burden **2,196** households or **5%** of all owner households

WAGES: Housing remains a challenge even for Minnesotans who are fully employed. The median earnings for most of the top in-demand and high-growth jobs in the Southeast region do not cover housing costs at an affordable level. Those working at the median wage – and especially those earning the minimum wage – cannot afford a two-bedroom apartment or the mortgage for a median price home.

Southeast Region Data

Wages vs. Housing Cost for Most In-Demand Jobs

Annual Median Income — Registered Nurses: $76,167 (11%); Health and Personal Care Aides: $28,180 (29%); Retail Salespersons: $26,360 (-2.2%); Nursing Assistants: $34,626 (6.2%); Truck Drivers: $45,900 (12%)

income needed to afford a median value home **$59,611**

income needed to afford 2-bedroom apartment **$40,640**

Projected 10 Year Growth Rate

Median household income for county **$76,951** | Hours / week minimum wage employee must work to afford 1- bd apartment **60**

HOMELESSNESS: In the Southern region, too many families, seniors and children are still suffering the devastating consequences of having no place to call home.

# of homeless on a given night in 2018	589
Change in homeless since 2000	3%
Number of homeless children	240
Number of homeless seniors	41

mhp — improving home & community

SOURCES – Renter households: Rent and income adjusted for inflation. U.S. Census Bureau, American Community Survey 2019, 5 year estimates | Owner households: Home value and income adjusted for inflation. U.S. Census Bureau, American Community Survey 2019, 5 year estimates | Cost burden: U.S. Census Bureau, American Community Survey 2019, 5 year estimates | ELI Units and Renters: MHP Analysis of HUD's CHAS Portal Data using the NLIHC methodology | Wages: Minnesota Department of Employment and Economic Development (MN DEED), Occupations in Demand, November 2020; Employment Outlook, MN DEED | Housing Stock: U.S. Census Bureau, American Community Survey 2019, 5 year estimates, Building Permits Survey, 2019 | Homelessness: Wilder Research Center, 2018 Minnesota Homeless Study
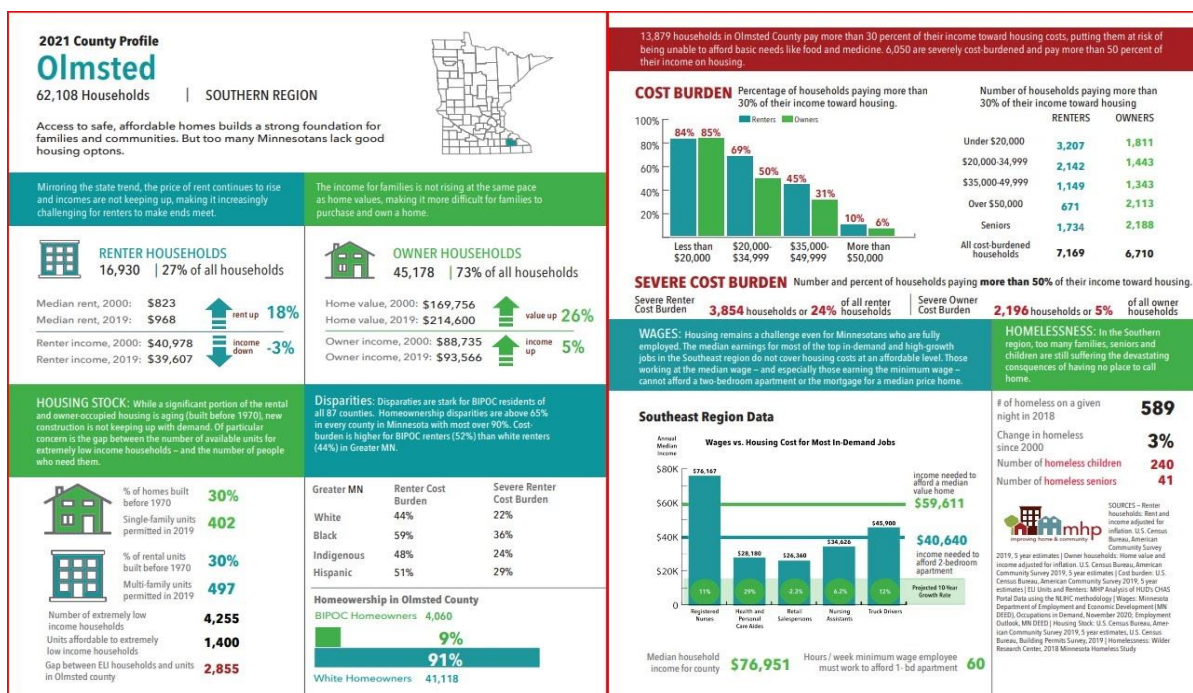
Figure 5c. Minnesota Housing Partnership (2021a)

The Regional Homelessness Needs Assessment (2018) for River Valleys Continuum of Care compared some of the personal barriers and systemic barriers in 2016 and 2018 (Figure 6). The primary personal and systemic barriers in both 2016 and 2018 that inhibited people from attaining or keeping housing were financially related, namely lack of sufficient household income and lack of affordable housing options, respectively. The secondary barrier in both years for both personal and systemic barriers was related to poor credit ratings and/or inaccessible options as a result of poor credit.

One situation that compounds these challenges for people is the lack of available affordable homes, which is already low and/or declining (Prosperity's Front Door, 2020). Another compounding factor is that most new homes being built are out of range of an

Trends: Personal barriers to getting or keeping housing in 2016 and 2018

Low household income; Bad credit; Minimum wage job isn't enough; Lost job or had other expensive emergency; Medical issues; Bad rental history/ issues with landlord; No household income; Legal issues; Criminal record; Domestic violence; Mental health; Large family; Racial or ethnic discrimination; Loss of partner through death or divorce; No rental history

Trends: System barriers to getting or keeping housing in 2016 and 2018

No housing is affordable to me; Landlords won't work with people with bad credit; No Section 8 or other subsidized housing available; Landlords won't work with people with criminal records; No transportation to get to work; No housing was available to rent; The housing "system" is too complicated; No jobs in my community; Landlords discriminate based on race/ethnicity; Landlords won't rent to youth; Loss of housing in my community; No housing for seniors

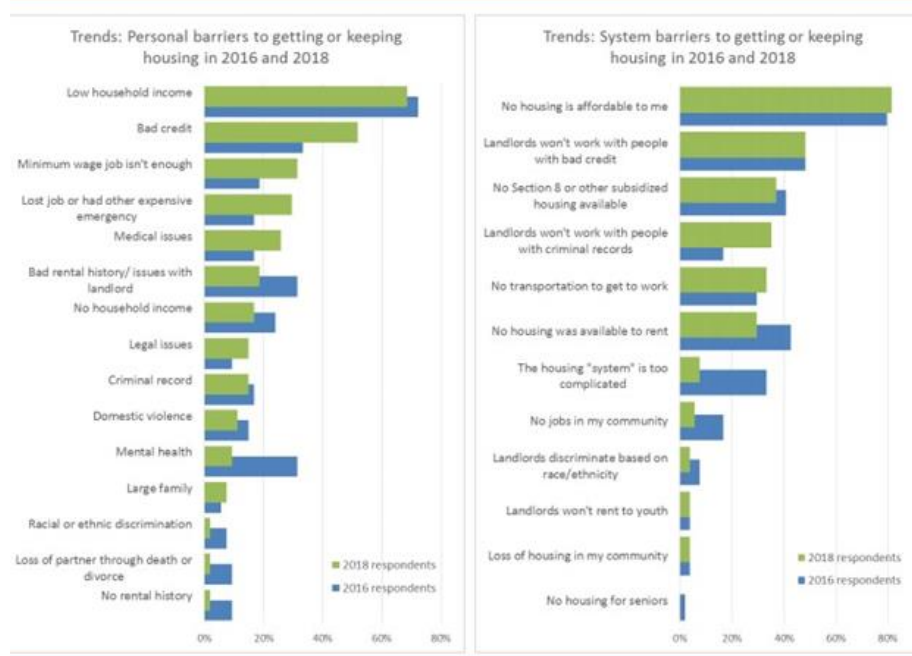2018 respondents / 2016 respondents

Figure 6. Personal and Systemic Barriers to Housing Stability: 2016 and 2018

affordable home, thus there is a shortage of available options. The River Valleys' 2018 Point in Time Count determined that about 48%, or 250 people, experiencing
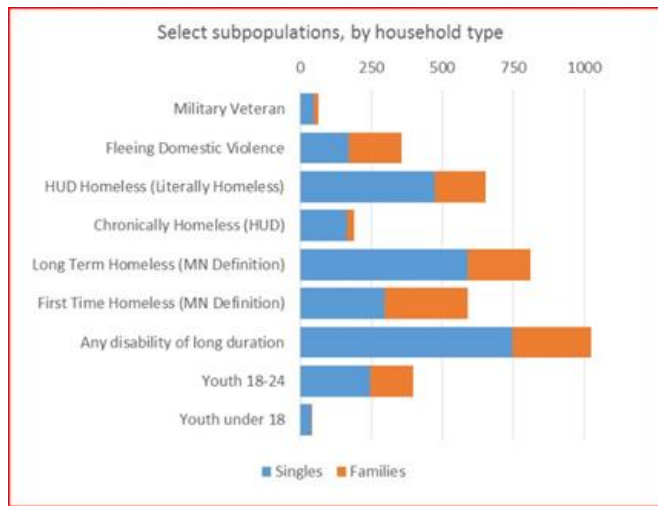

Figure 7. Point-in-Time County subpopulation household type frequency for 2018

homelessness were in transitional housing and sought permanent housing; 38% were in emergency/escape shelters/motels; and 13% were unsheltered/transient/outside (Figure 7; Regional Homelessness Needs Assessment, 2018). Of approximately 500 people counted, 40% were people of color, who comprise less than 10% of the population, and 52% had a disability of some sort. In addition, about 20% were youth ages 18-25 and 18% were escaping domestic violence.

Olmsted County is home to 15,640 renter households. To be able to afford a 2-bedroom apartment in this county, renters need to make a minimum of $18.44 an hour or $38,360 a year (Figure 8; Norton, 2019a). This means an individual needs to work 1.9 full-time jobs at minimum wage to live in common rental housing. This system is not sustainable nor able to provide housing stability of all people.

Figure 8. Olmsted County housing wages by zip code
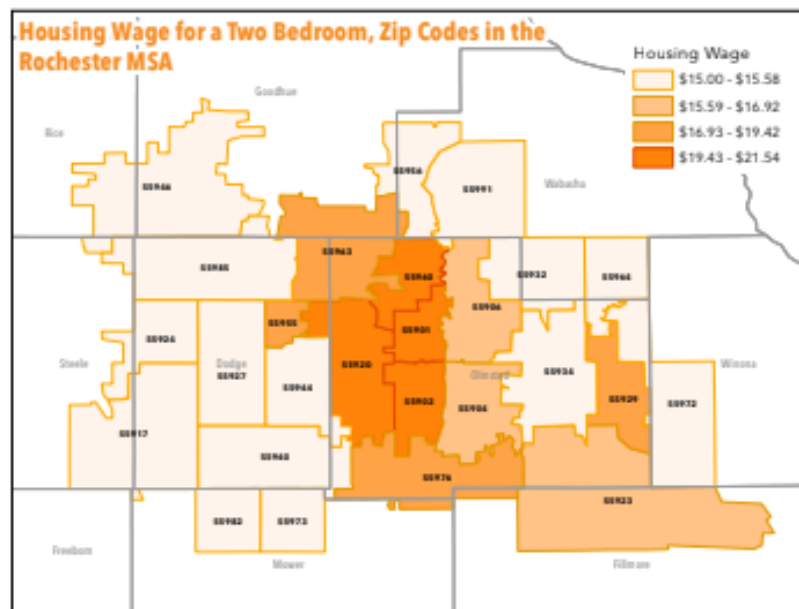
HOUSING CONTINUUM

The term "housing continuum" refers to the wide variety of housing needs along a spectrum of cost, affordability, and need (Figure 9). This continuum includes emergency shelter for people experiencing homelessness, transitional and supportive housing, low-income rental, market rate rental, and homeownership opportunities (Smith, 2020). If one portion of the housing continuum is experiencing challenges, it can disrupt the entire housing continuum.

Families and individuals cost-burdened by housing contribute more than 30% of their income to keep a roof over their heads. With the lack of affordable housing in Olmsted county, it does not take much to turn a precarious housing situation to an emergency sheltering situation. Chronic health conditions, lack of employment, domestic abuse and violence, racism, and other systemic inequities are reasons that families might find themselves in emergency housing situations (MICH, 2017). Once families or individuals find themselves in emergency shelter, it can be very challenging, and sometimes impossible, to move back into affordable housing. Other movements within the housing continuum can also be challenging, due to income constraints or eviction, among others (Figure 10).

	Emergency Shelter	Transitional Housing	Supportive Housing	Subsidized Affordable Housing (Supporting those in affordable housing)	Natural Affordable Housing
Definitions	Short-term, temporary lodging provided for families or individuals experiencing homelessness; typically less than 6 months	Temporary housing that includes support services to help people transition from homelessness to a more permanent housing situation; usually less than 24 months	Affordable housing that includes other wraparound services that support those being housed; as long as needed	Subsidized housing is used across the continuum; subsidies can pay the difference between what renters can afford and market rate rent, they can keep people in their homes through emergency assistance, subsidize the construction cost of affordable housing, and can supplement homebuyers purchasing power.	Affordable housing is generally defined as housing on which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities.
Challenges	• Lack of shelters • Sheltering individuals, not families • Applying for transitional housing and rapid rehousing programs • Coordinated Entry challenges	• Qualifying for transitional and rapid re-housing programs • Homeless ages 18-24 • Program availability • Being on wait lists	• Availability - not moving into affordable housing	* Challenges with the coordinated entry system. *Olmsted County HRA's waitlist has been closed for almost 7 years. *LIHTC has a restricted affordability period of 30 years and apartments are starting to age out.	• Unaffordable rent • Lower wage jobs • Homeownership and housing market • Racial disparities within homeownership • Older adults staying in homes
Possible solutions	• More shelter or day center capacity • Investing in the coordinated entry system • Change transitional housing and rapid rehousing application qualifications • Invest in emergency shelter programs with wraparound services	• More transitional housing for individuals • More transitional housing for ages 18-24 • Change transitional housing and rapid re-housing application qualifications • Encouraging participants to move along the continuum	• Case management		• Encourage new development • Tax incentive programs • Coordinate existing programs • Preserve existing affordable housing • Increase access to rental assistance • Reduce barriers to renting • Reduce barriers to homeownership • Increase potential income • Encouraging older adults to move • Advocate for systems change

Table 1. Housing Continuum: Definitions, Challenges, and Possible Solutions

EMERGENCY SHELTER

Emergency shelter is short-term, temporary lodging provided for families or individuals experiencing homelessness, for typically less than 6 months. Olmsted County has several organizations that offer emergency shelter to individuals and/or families experiencing a housing crisis or chronic homelessness. Every situation is unique, as Todd explains, "The chronically homeless are typically individuals who have suffered repeated homelessness due to low income, substance abuse or mental health issues. Then there are the emergency homeless – individuals or families who have lost their home in a disaster such as a fire or eviction. Another version of the emergency homeless are people – often women with children – escaping a domestic violence situation" (Todd, 2020).

Local providers have noticed the burden that housing costs have on community members and the increasing number needing emergency shelter. The River Valleys Coordinated Entry System (further will be referred to as Coordinated Entry) was put into place to create equal access to housing for those experiencing a housing crisis. Randi Callahan, Family Advocacy Manager at Three Rivers Community Action, Inc. explained that households experiencing homelessness can contact any access point within our region and will be placed in a priority pool. All those added to Coordinated Entry undergo an assessment to better understand their individual needs. "Almost all state and federal funding for homelessness are required to use this Coordinated Entry system to request referrals for rapid rehousing, transitional housing and permanent supportive housing. It is a way to ensure those with the highest identified needs are served first" (R. Callahan, personal communication, April 28, 2021).

LOCAL SKYWAYS & SURVEY

Recently, emergency shelter has become a popular conversation topic in the community. In early 2019, Rochester residents noticed an increase in the number of homeless individuals spending time in the skyways of downtown. Later that year, Rochester City Council approved an ordinance that would "close the city's skyways from midnight to 5:30 a.m." (Cutts, 2019). Olmsted County engaged the Corporation for Supportive Housing (CSH) to conduct an analysis and make recommendations for ways to support unsheltered homelessness individuals more effectively.

While conducting this research, CSH used a Three Day Registry push to interview individuals experiencing unsheltered homelessness. They spoke with 105 people and found 30 of these individuals were not in the Coordinated Entry System and 75 had fallen off the coordinated entry priority list (CSH, 2020). A higher number than expected was found; "'We assumed we would have between 50 and 60 folks,' said Trent Fluegel, Olmsted County's Housing Resource Coordinator" (Petersen, 2019). CSH researchers found that the assessors for the Coordinated Entry System are often overwhelmed, understaffed, and backlogged, which can lead to inaccurate assessments of disability status, long-term homelessness, and chronic homelessness. Without proper assessment, it can be challenging to get people the resources they need to attain

housing stability. "We have 123 individuals [experiencing homelessness in Olmsted County], and the solutions to their problems are 123 different things," shared Trent Fluegel (Petersen, 2019).

RIVER VALLEYS CONTINUUM OF CARE (COC)

Olmsted County is located in the River Valleys Continuum of Care (CoC). The CoC program was created from the McKinney-Vento Homeless Assistance Act and is the body that coordinates regional homeless and homeless prevention services. The Coordinated Entry (CE) system was born out of the need to meet HUD compliance after the HEARTH Act amended the McKinney-Vento Homeless Assistance Act (HUD, n.d.). Coordinated Entry was created to assess and connect persons experiencing homeless or housing crises with programs equitably. In 2017, our regional CoC adopted CE and combined regional programs and providers into one database where people experiencing a housing crisis have multiple entry points to receive service. Instead of first-come first-served, each individual is prioritized and matched to local resources based on their needs. River Valleys CoC Coordinator Jennifer Prins likens CE to a medical triage situation like an Emergency Room (ER). Everyone knows when they go to the ER just because they arrived first doesn't necessarily mean they will be treated first (e.g., a cut wouldn't be treated before a heart attack). Instead, needs are assessed and the extreme or immediate crises are served first. "The CE system doesn't change the amount of beds or resources there are in the system; it tells us who we are able to serve and who we are not able to serve" (J. Prins, personal communication, May 5, 2021).

EXISTING SHELTERS

Olmsted County has four on-site emergency shelters and three voucher program options for those experiencing homelessness that collectively offer 75 year-round beds, 30 seasonal beds, and 11 beds for overflow. Each shelter has different intake criteria for those seeking refuge and serves a specific population (e.g., families, singles, youth). With limited capacity throughout the year, some people have taken to other means of sheltering such as couch surfing. "For all the talk of warming shelters, homeless networks, and cities marshaling resources to save people on the streets, the reality is that most homeless people couch surf" (Todd, 2020). A more detailed analysis of southeast Minnesota and Minnesota as a whole for people experiencing homelessness is shown in Table 2 (Maxfield, 2020).

> ### *Local Example of Emergency Shelter - Dorothy Day House*
>
> One local emergency shelter option is the Dorothy Day House. "There are 23 available beds in six dormitory-style rooms, with the number of beds ranging from three to eight per room. Guests need to show identification, need to be sober – they are tested – and must abide by house rules. Most of the year, guests can stay 14 nights in a row, then must find other accommodations for two months before coming back for another 14 nights. However, from November through March, beds are filled nightly on a first-come, first-serve basis" (Todd, 2020).

TABLE SN-8 NUMBER OF HOMELESS PEOPLE SOUTHEAST MN AND MINNESOTA OCTOBER 2018				
	Total number of people in temporary housing programs, informal housing or unsheltered		Total number of adults* age 18+ in temporary housing programs, informal housing or unsheltered	
Housing Situation	**SOUTHEAST MN**	**MINNESOTA**	**SOUTHEAST MN**	**MINNESOTA**
Emergency shelter	143	3,741	77	2,543
Battered women's shelter	83	673	39	322
Transitional housing	180	2,569	91	1,448
Rapid Rehousing	2	508	2	204
Detox	N/A	48	N/A	N/A
Total in shelters	*408*	*7,539*	*209*	*4,517*
Total not in shelters	*181*	*2,694*	*140*	*2,211*
TOTAL	**589**	**10,233**	**349**	**6,728**

* Homeless people age 18 and older, excluding children with parents and unaccompanied youth
Note: People experiencing homelessness in detox are considered homeless according to the federal definition of homelessness, however only a total count is available for them due to limited access to detox data.

Table 2. Number of Homeless People in SE Minnesota and Minnesota, Oct. 2018 (Maxfield, 2020)

EMERGENCY SHELTER - LOCAL CHALLENGES

1. Lack of Shelters
   Olmsted County only has four shelters (with around 100 beds total) to serve a population of 155,000 people. With limited capacity and strict criteria to qualify for emergency shelter, there is no guarantee that all families and individuals needing emergency shelter will have access to a bed when they need it. This lack of sheltering means that families and individuals might find themselves in a position where they are living in a vehicle, sheltering outside, or doubling up with another family.

2. Sheltering Individuals, Not Families
   Of the four emergency shelters in Olmsted County, only two specifically cater to families. Other sheltering options will often allow families to utilize services; however, that does not mean their emergency shelter programs are family friendly. Limited sheltering options for families is a concern that our local experts have identified as a local challenge.

3. Applying for Transitional and Rapid Re-housing Programs
   Local experts have indicated that the community has funding for transitional and rapid re-housing programs; however, applicants need to meet certain criteria to apply for this funding. Oftentimes homelessness is a requirement to access other funding streams and programs. As Kara Hoel-Kleese, a local provider at Women's Shelter, Inc. shared, "When people are unable to find emergency shelter, they may double up with family and friends. At this point, it is more difficult to serve them with

services they would otherwise be eligible for" (K. Hoel-Kleese, personal communication, April 23, 2021).

By not being eligible for programs such as rapid re-housing or transitional housing, the number of those experiencing homelessness can increase and burden emergency sheltering programs. This can also slow down the number of people moving from homelessness into transitional or rapid re-housing programs, putting further strain on the already tight system.

4. Coordinated Entry Challenges
   Providers noted they see the same names on the Coordinated Entry list frequently or for an extended period. Additionally, the CSH study uncovered issues with people's names falling off the list (CSH, 2020). Some of the barriers brought up were clients needing guidance through the process, trouble reaching clients when it is their turn, issues with self-disclosure, and clients feeling uncomfortable sharing about their situations. When information is inaccurate, it can change the way these clients are prioritized in the system (V. Vincent, personal communication, April 30, 2021; C. Norgard, personal communication, April 23, 2021; R. Callahan, personal communication, April 28, 2021).

EMERGENCY SHELTER - POSSIBLE SOLUTIONS

1. More Shelter or Day Center Capacity
   Without access to emergency shelter services, families and individuals may struggle to enter the Coordinated Entry System and find a path to move back into stable housing. Increasing the number of sheltering options could also better support families experiencing homelessness.

   Increasing the capacity for day centers could be another way to provide services to those experiencing homelessness. Making sure that day centers can assess clients for the Coordinated Entry System and provide necessary supports would make other parts of the housing continuum more accessible.

2. Investing in the Coordinated Entry System
   Investing in the Coordinated Entry system supports families and individuals to move along the continuum. Corporation for Supportive Housing's Olmsted County report cited a lack of staff capacity to accurately conduct assessments and suggested to "explore the creation and funding of positions focused on housing navigation and list management" as an action item (CSH, 2020, page 22). Coordinated Entry (CE) is relatively new, only existing in our region since 2017 and will require continued buy-in by participating providers for CE to be effective. As local housing expert Jennifer Prins noted, "As a group we have the responsibility to help those who need help and to coordinate and communicate with other groups... to get this to work" (personal communication, May 5, 2021).

3. Change Transitional Housing and Rapid Re-housing Application Qualifications
    Families and individuals applying for transitional housing and rapid re-housing need to meet certain qualifications. Being homeless is just one of the qualifications for people to be prioritized in the Coordinated Entry System. Families that have a lack of sheltering options might not find emergency shelter and instead stay temporarily with family or friends. In these instances, it becomes more challenging to meet the homelessness qualification and access services they would otherwise be eligible for.

    If transitional housing and rapid re-housing applications were more accessible and had fewer qualifications, more families could move out of homelessness or doubled up situations and into these programs. Being more inclusive with what qualifies as homeless would prioritize more families and individuals experiencing a housing crisis for programming. The challenge of increasing accessibility means more people will be prioritized and movement would be limited by availability of programming on the next step of the housing continuum.

4. Invest in Emergency Shelter Programs with Wraparound Services
    There are not enough emergency shelter programs in Olmsted County to meet the needs of families and individuals experiencing homelessness. Investing in quality emergency shelters could help people qualify for other services and move up the housing continuum. High-quality sheltering programs have low barrier access, provide wraparound services like mental health care or economic assistance, and ensure that those experiencing housing crises do not exit programs into homelessness (MICH, 2017).

TRANSITIONAL HOUSING

Transitional housing is temporary housing that includes support services to help people transition from homelessness to a more permanent housing situation; usually less than 24 months (MN Housing, 2018). For this report, rapid re-housing will also be included in transitional housing. Rapid re-housing is an intervention designed to help individuals and families to quickly exit homelessness and return to permanent housing typically within 3-24 months. The resources and services provided are typically tailored to the unique needs of the household (MN Housing, 2018).

Of the households needing rapid re-housing or transitional housing in 2018, about two thirds were single adults ages 25+ or single youth households and about one third were households with children, according to the Regional Homelessness Needs Assessment for River Valleys Continuum of Care (Hall, Hengy-Gretz, & Prins, 2018).

> ### *Local Example of Transitional Housing – Women's Shelter and Support Center*
>
> Women's Shelter and Support Center began out of a grassroots movement materializing as a 5 bedroom house known as the Marilyn Brodie House. Within the first 2 decades of operation WSSC expanded physical capacity to shelter victims of violence, and added transitional housing to its supportive services. Transitional Housing provided through WSSC supports about 20 households. Advocates work with participants to create safety plans and financial support so there is not a need to become homeless.

TRANSITIONAL HOUSING - LOCAL CHALLENGES

1. Qualifying for Transitional and Rapid Re-housing Programs
   As mentioned in the emergency shelter challenges, families and individuals applying for transitional housing and rapid re-housing need to meet certain qualifications. Being homeless is just one of the qualifications for people to be prioritized in the Coordinated Entry System. Doubling up with another family or couch surfing may not be enough to receive a "homelessness" status on their application. By not applying for housing through the proper channels, families and individuals risk not being prioritized nor accessing the transitional housing supports they need.

2. Young Adults Experiencing Homelessness (Ages 18-24)
   The most recent Community Health Needs Assessment found that 33% of adults experience financial stress (OCPH, 2019a). Certain demographic groups had higher prevalence of financial stress, including people ages 18-24 that indicated 68% are experiencing financial stress (OCPH, 2019b). Local housing providers shared that there is a need for housing services for those individuals ages 18-24. The CoC identified the need for rapid re-housing programs specifically for this particular demographic group (J. Prins, personal communication, May 5, 2021).

This group faces a lot of barriers related to credit, rental and eviction records, and criminal history (V. Vincent, personal communication, April 30, 2021; J. Prins, personal communication, May 5, 2021). These 18-24 year-olds may be experiencing a housing crisis alone or with young children. Many move from place to place or stay with a friend/family member while they wait for availability of transitional housing (J. Prins, personal communication, May 5, 2021). This can make it difficult to communicate with these individuals when housing becomes available. It can also be a challenge to include them in homelessness counts throughout the county when they are staying with family or friends.

3. Availability of Transitional Housing
   There is funding in the community for transitional housing supports, however current programs have long wait lists. Many clients that come into transitional programs never move into affordable housing, causing a lack of availability (V. Vincent, personal communication, April 30, 2021). When spots open for new clients, they are filled quickly by those experiencing homelessness or a housing crisis.

   Families have an easier time getting a spot in transitional housing compared to singles experiencing a housing crisis (V. Vincent, personal communication, April 30, 2021). This is often because the availability does occur, one bedroom housing options are filled quickly. Programs that target families have transitional housing with multiple bedroom units are less likely to give these spaces to a single individual, leaving fewer opportunities for individuals.

4. Coordinated Entry Wait List
   Entering the Coordinated Entry System does not guarantee that families or individuals will receive access to programming immediately. Cases are prioritized by need and communicated with accordingly. Some households can remain on the prioritized list for an extended period of time. Local providers have noted that by the time available spots have opened up, many households have changed their contact information making it challenging to get a hold of potential clients (R. Callahan, personal communication, April 28, 2021).

TRANSITIONAL HOUSING - POSSIBLE SOLUTIONS

1. More Transitional Housing for Individuals
   Although single males make up about two-thirds of the households experiencing homelessness (J. Prins, personal communication, May 5, 2021), there are not enough resources available to meet all the needs. The Corporation for Supportive Housing Three-Day Registry found that, of those counted, 77% of the individuals were male and 94% were single adults (CSH, 2020, p. 16). Despite these findings, some programs prioritize families that need transitional housing over individuals seeking the same resources or do not have availability for individuals seeking a 1-

bedroom housing option. Consequently, the majority demographic that makes up our homeless population experiences challenges in accessing transitional housing options.

2. More Transitional Housing for Young Adults (Ages 18-24)
Young adults from 18-24 are an underserved population in housing programs. There is a high need for low barrier housing to meet the needs of this population. As indicated above, many of these individuals struggle with debt or housing records that keep them from accessing affordable rental options. Providing transitional housing for this group to develop positive housing references and provide protection while they build a stable financial base could set up young adults for long-term success.

3. Change Transitional Housing and Rapid Re-housing Application Qualifications
Applications for transitional housing and rapid re-housing need to be accessible for all people facing homelessness. This includes families and individuals who might be staying doubled up with another family or friends. Some applications have strict policies on what qualifies as "homelessness," who should be prioritized, or even require referrals come through the Coordinated Entry System. Barriers must be removed so families and individuals in need can properly apply for programs to support them.

4. Encouraging Participants to Move Along Continuum
The most consistent barrier we see in transitional housing is the lack of availability due to families and individuals unable to move into affordable housing. Finding a way for those experiencing a housing crisis to move into affordable housing will help all areas of the housing continuum work together.

SUPPORTIVE HOUSING

Supportive housing is affordable housing that includes other wraparound services that support those being housed, as long as needed (MN Housing, 2018). Although very similar to transitional housing, supportive housing differs in the sense that it provides housing supports for a longer period of time and successful programs offer intensive services to support participants. These services address ongoing barriers that families or individuals might be facing to maintaining housing such as, mental illness, disability, chronic health, addiction, etc.

> ### *Local Example of Supportive Housing - Jeremiah Program*
>
> "Jeremiah Program offers one of the nation's most successful strategies for transforming families from poverty to prosperity two generations at a time. We believe that no mother should have to make the untenable choice between investing in herself and her children…. Jeremiah's proven, holistic approach begins with establishing a supportive community for single mothers to pursue a career-track, college education. Through a combination of quality early childhood education, a safe and affordable place to live, and empowerment and life skills training, families find stability and a path out of poverty."
> https://jeremiahprogram.org/rochester/

SUPPORTIVE HOUSING - LOCAL CHALLENGES

1. Availability - Not Moving into Affordable Housing
   Supportive housing programs face similar challenges to transitional housing programs. People that are being supported through supportive housing programs often stay in these programs indefinitely, causing a lack of availability for any new participants who might qualify for these programs (V. Vincent, personal communication, April 30, 2021). Olmsted County does not have affordable housing for current supportive housing participants to move into.

SUPPORTIVE HOUSING - POSSIBLE SOLUTIONS

1. Case Management
   There is a need for organizations willing to support tenants that have existing rental histories, previous evictions, a record of incarceration, or other backgrounds that might make a housing application difficult. Programs that offer case management for clients are preferred by landlords because it removes some of the risk taking in renters with previous records (V. Vincent, personal communication, April 30, 2021). Case management can be beneficial for many reasons including budgeting, landlord/tenant relationship building, assistance with applications, referrals to workforce, or other programs (R. Callahan, personal communication, April 28, 2021).

AFFORDABLE HOUSING

Affordable housing is housing in which an occupant is paying no more than 30 percent of gross income for housing costs, including utilities (HUD, 2011). Affordable housing includes those renting or owning an apartment, duplex, townhouse, or home, as well as subsidized or Naturally Occurring Affordable Housing (NOAH). Since the end of construction of public housing in the 1990s, the government has shifted the burden of affordable housing to the private market by offering rental assistance (HCV) and subsidizing the cost of building affordable housing through Low Income Housing Tax Credits (LIHTC).

OLDER ADULTS STAYING IN HOMES

The *Comprehensive housing needs analysis for Olmsted County, Minnesota* found in 2010 that baby boomers made up over a quarter of the population in Olmsted County (Maxfield, 2020). In addition, individuals 65 years and older will account for 47% of the projected population growth over the next five years (Maxfield, 2020). Unfortunately, senior housing production is severely low, as is the minimal 3.5% vacancy rate; a viable vacancy rate would be 5-7% (Maxfield, 2020). Consequently, a lack of senior housing results in more seniors staying in their homes, thus driving up the cost of homes due to a tighter market of homes available (Smith, 2020). In the city of Rochester, the senior population is expected to increase by 82-93% over the next 15 years (Norton, 2019b). Unfortunately, about 56% of seniors are cost-burdened, particularly those who rent, with more than half of seniors spending more than they can afford on housing costs (Norton, 2019b).

Minnesota Housing works with moderate- and low-income seniors to provide housing assistance programs. Older adults in Minnesota receive the majority of the housing assistance compared to other population groups. From rehabilitation/improvement loans for homeowners, to affordable rental housing for tenants, Minnesota Housing continues to work with older adults. In Minnesota, 35.8% of lower-income households made on average of $50,000 a year for those 62 or older. Seniors living in Section 8 rentals in Minnesota make up 45% of assisted households, or 13,400 households annually, while seniors living in non-Section 8 rental housing make up 15% of assisted households, or 6,200 households annually. Rehabilitation loans to homeowners for seniors make up 34% of Minnesota Housing borrowers. For home improvement loans to homeowners Minnesota Housing has been helping older adults (MHFA Housing Assistance for Older Adults, 2018).

DESTINATION MEDICAL CENTER & OUTSIDE INVESTMENTS

With the Destination Medical Center (DMC) economic development initiative, Rochester has become an attractive investment opportunity for investors interested in landownership around downtown (Rao, 2014). The Maxfield analysis can partly attribute rising home prices with the DMC real estate investors willingness to spend more (Maxfield, 2020). Investors are buying up older, affordable homes to tear down or remodel, increasing their value and pricing out entry-level buyers and low-income renters (C. Mwatela, personal communication, May 7, 2021).
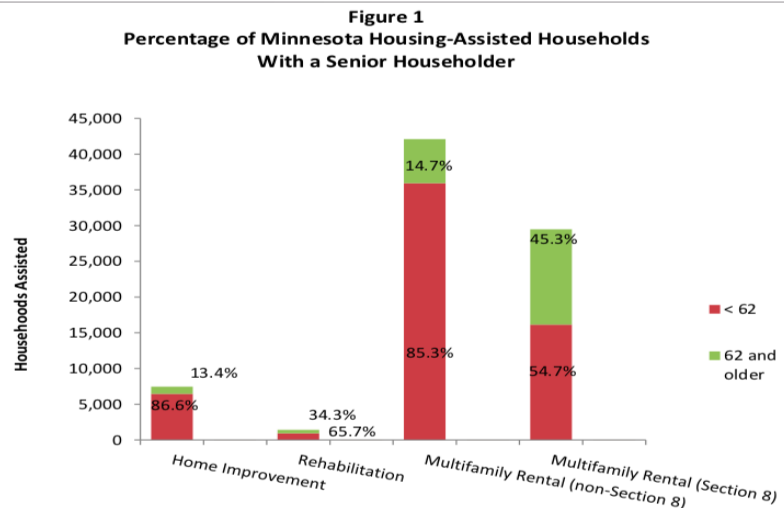
Figure 10. Percentage of MN Housing-Assisted Households with a Senior Householder

AFFORDABLE HOUSING - LOCAL CHALLENGES

1. Unaffordable Rent
   In 2020, only 38% of existing renters could afford market rate rent without being cost burdened, and that number is down from 2013 (Maxfield, 2020). As housing costs increase, the median renter income has decreased by 3% between 2000 and 2019 in Olmsted County (MPH, 2021). Subsidized housing is not able to meet housing needs. Currently, the public housing and housing choice voucher waitlist with Olmsted County HRA are closed and the subsidized vacancy rate is at 1.2% with existing subsidized housing lacking unit options that are not support-service based (Maxfield, 2020, page 2). Income eligibility must be "below the low, very low, and/or extremely low-income limits established by HUD" (C. Kuehn, personal communication, April 29, 2021). The waitlist opened briefly in 2019 and accepted "500 applications for HCV and 300 for public housing" and the HRA hopes to be able to open the waitlist every 2 years (C. Kuehn, personal communication, April 29, 2021).

   Low Income Housing Tax Credit (LIHTC) rentals have had a 30-year rent restriction period and properties are starting to age out of the program. Per HUD's LIHTC dataset Rochester has 106 low-income housing units placed in service before 1996. These units could be converted to market rate sometime in the next 5 years. LIHTC funds are highly competitive and must line up with Minnesota Housing's Qualified

Allocation Plan, a state plan which in a given year may not prioritize Rochester or Olmsted County's housing needs. New affordable housing construction often faces NIMBY-ism or opposition from neighbors as in the recent case of a 66-unit complex planned for Northeast Rochester (Petersen, 2021c).

Minnesota's Housing Scorecard also noted that continuous increases in rental costs have led to some new government policies and public-private partnerships that are used to reduce eviction and displacement rates, some of which are with school districts and/or local government programs (Prosperity's Front Door, 2020). Despite the benefits of these programs and partnerships, there is a long waiting list, such that only about one sixth of the qualified applicants even make it onto the long waiting list. These challenges stress the need to expand resources and improve access for people, such that potential burdens do not result in the loss or instability of the home from costs such as medical or auto or from reductions in wages. Persistent cost-burdening has been problematic for over half of those who rent; specifically, 58% of renters were cost-burdened in 2013 and rising to 62% of renters in 2020 (Maxfield, 2020).

2. Lower Wage Jobs
   Olmsted County has been experiencing growth and anticipates more people and jobs coming to the area in the next decade and beyond. With jobs being added to the health sector, lower wage jobs in health services, hospitality, and retail will increase to keep the local economy running smoothly (City of Rochester, 2018). Although job opportunities are increasing in the area, many of those jobs are low-income positions making less than $30,000 a year (Norton, 2019b). To afford a two-bedroom apartment in this region, individuals need to make at least $35,000 a year. Even though new jobs are

Figure 11. Olmsted County Wages versus Housing Costs (Norton 2019)

popping up in the area, housing is not affordable for those working lower-wage positions.

Rochester is also home to many high earners which drives up the HUD determined median family income to $99,700 (HUD, 2021). The federal government uses area median income (AMI) to determine what is considered affordable housing and to set program income and limits, putting low wage workers, households with disabilities,

and seniors at a disadvantage (C. Mwatela, personal communication, May 7,2021). Despite having a high AMI, the people working the most in-demand jobs cannot afford to live here (Figure 12).
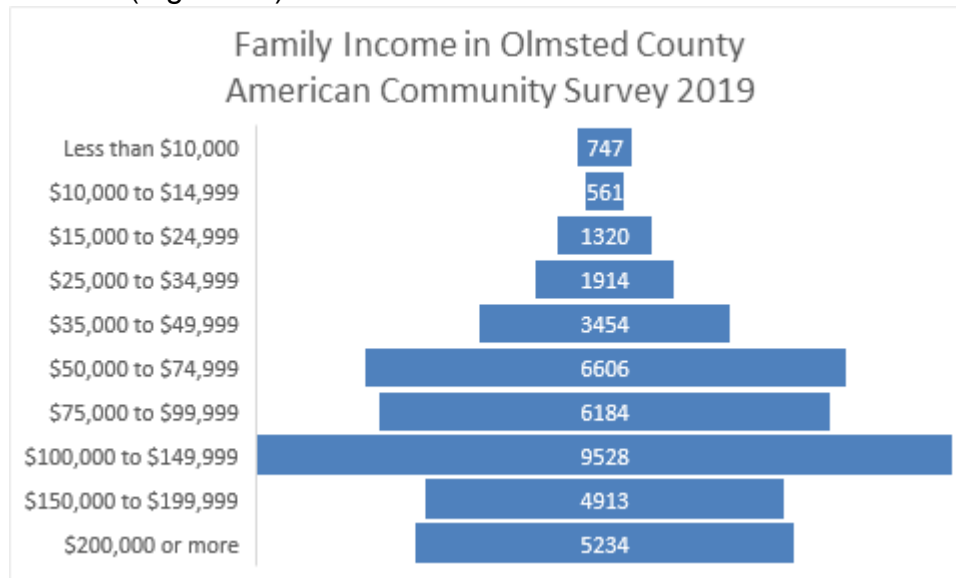

Figure 12. Area Median Income for Olmsted County (data from U.S. Census Bureau, 2019)

3. Homeownership and Housing Market

The median sale price in Rochester has increased 32.7% since 2016 and the past year has found realtors dealing with a "multiple-offer frenzy not seen in 15 years" (SEMR, 2021, p. 2). At the end of 2020, Rochester had 142 homes for sale, just over half the number at the end of the previous year (SEMR, 2021 & SEMR, 2020). Part of the increasing property values can be attributed to the limited land available for new construction (City of Rochester, 2018) and the inability for builders to price point new construction homes under $300,000 (Maxfield, 2020).

Entry-level buyers are bearing the brunt of this competition with days on the market being lowest for homes priced between $100,000 and $200,000 (SEMR, 2021) and the extremely low housing inventory is driving competition for buyers purchasing under $300,000 (Maxfield, 2020, p. 12). In Rochester where the median sale price in 2020 was $259,900 (SEMR, 2021), 19% of households cannot afford a house over $131,246 (Maxfield, 2020). Additionally, neighborhoods with the most affordable single-family homes have homes older than 50 years and could potentially have costly rehabilitation needs (City of Rochester, 2018 and Smith, 2020).

4. Racial Disparities within Homeownership

There are clear disparities in homeownership rates between Black (24% ownership) and White households (77% ownership) in Minnesota. This disparity is the result of historical racist practices "redlining, racial covenants on deeds, predatory lending practices targeted to the Black community during the Great Recession, and mass purchase of foreclosed homes by owner/investors" (Palmer, 2020) Racial covenants

were widespread nationally and very prevalent in Minnesota. Covenants were real estate tools used to make it more difficult or even impossible for people of color to own property.

Locally, Olmsted County is starting to see the symptoms of these historical disparities. Racial groups that previously have not had access to homeownership miss out on opportunities to develop generational wealth (C. Mwatela, personal communication, May 7, 2021). This includes financial assets as well as the educational wealth of understanding homeownership, being familiar with the application process, and sharing this information between community members.

5. Older Adults Staying in Homes
   As mentioned above, older adults are making up a significant part of the population as the baby boomer generation ages and there are not enough senior housing options available (Maxfield, 2020). Older adults are staying in their home in part due to no senior housing availability (Smith, 2020) and financial losses from the Great Recession (Jahns, 2021). This affects market mobility and "can have ripple effects across the community" (Jahns, 2021). As older adults stay in their homes, they are keeping homes that could be potentially affordable for "low- and middle-income buyers off the market" (Smith, 2020, p. 12).

AFFORDABLE HOUSING - POSSIBLE SOLUTIONS

1. Encourage New Development
   The City of Rochester's engagement session from the 2018 Comprehensive Plan found a strong desire for "greater housing diversity" and "more housing downtown" (City of Rochester, 2018, p. 24). Rochester needs many types of housing to meet the needs of a variety of family types including smaller households like empty nesters and lower income families. Since 2018, Rochester has enacted inclusionary zoning changes in downtown neighborhoods to encourage development and meet the "demand for new housing...in walkable, transit supportive locations" (City of Rochester, 2018, p. 124). Innovating to reduce the cost of housing production and increasing available funding could help expand development of affordable housing (MHFA, 2019).

2. Tax Incentive Programs
   One way to tackle the issue of a lack of affordable housing was implemented in Minneapolis with a voluntary 4d tax incentive program in 2018, which began with 209 units and expanded to 1,190 units in 2020 (Minneapolis City of Lakes, 2020). The program requirements include a 10-year commitment to maintaining at least 20% of units as affordable (i.e., 60% of Area Median Income (AMI)) with low rent increases, as well as up to 40% tax incentive among other incentives, such as efficiency improvements and administrative supports to property owners for participation in this program. Another approach used in Bloomington adopted new

affordability standards with a new ordinance that apartment buildings make up 9% of units affordable to low- and moderate-income households or else contribute to an affordable housing trust fund (Prosperity's Front Door, 2020).

3. Coordinate Existing Programs
   The Housing Needs Analysis recommends creating a "one-stop-shop" resource that brings public and private sectors together to help navigate housing challenges (Maxfield, 2020, p. 342). Finding housing for households below 30% AMI or experiencing homelessness can require other services that address health, mental health, addiction, etc. In these instances, county may be the only entity capable of a broad enough approach (J. Emmi, personal communication, June 15, 2021). Aligning existing programs to create this one-stop-shop might be a way to make sure people experiencing a housing crisis are directed to the proper programs (e.g. rental assistance, subsidized housing, transitional housing).

4. Preserve Existing Affordable Housing
   Preserving the existing home capacity is more cost effective than building new. Another potential solution is to increase preservation resources and target homes most at risk of being lost (MHFA, 2019). Programs like the 4d tax incentive can help preserve existing affordable housing with physical improvements and affordability restrictions. Our current tight rental market results in landlords screening potential renters with methods that have "a disproportionate impact on people experiencing homelessness" (MICH, 2017, p. 16). Minnesota Housing cites working with property owners to increase their willingness to rent to people at risk of experiencing a housing crisis and reduce restrictive tenant screening as an action item in their 2018-2020 *Action Plan to Prevent and End Homelessness* (MICH, 2017).

5. Increase Access to Financial Assistance
   Effective April 1, 2021, HUD income limits for a family of four in the Rochester area are $79,750 for low, $49,850 for very low and $29,900 for extremely low (HUD, 2021). Per HUD's picture of subsidized households, 84% of subsidized housing recipients in Olmsted County have income below the extremely low limit (HUD, 2020). In the 2019 American Consumer Survey, it was estimated 14,602 families in Olmsted County make less than $74,999 and 2,628 families make less than $24,999 (U.S. Census Bureau, 2019).

   Income eligibility does not equal program eligibility but demonstrates the potential for many more families to qualify for assistance than the available 600 vouchers and 110 units of public housing in Olmsted County. The providers we spoke to see this need as they cited families leaving Rochester and Olmsted County for more affordable options affecting transportation, sense of community, access to school, employment, and resources (R. Callahan, personal communication, April 28, 2021).

The COVID-19 pandemic did spur new housing programs in the area; however, providers are concerned that when the eviction moratorium ends access to rental assistance will be a necessity for many populations (J. Prins, personal communication, May 5, 2021). Programs that can help with back-rent, first month's rental deposit, and utility assistance could be a support that keeps families and individuals in existing affordable housing and away from a housing crisis.

6. Reduce Barriers to Renting
   Access to affordable rentals can be more challenging for those that have had housing issues in the past. Barriers to entry are greater for individuals who have been previously incarcerated, have a record, have been evicted, have bad credit or debt, or even a poor previous relationship with a landlord (C. Norgard, personal communication, April 23, 2021; V. Vincent, personal communication, April 30, 2021). With many people in the area seeking affordable rental options, landlords have options on who they will accept into their buildings. This leaves individuals who have been historically marginalized less likely to access housing. This is particularly true for households living in poverty since only certain landlords will accept housing vouchers (C. Kuehn, personal communication, April 29, 2021).

   Programs that work with landlords to make housing accessible and support renters can help remove some of these barriers for families and individuals. Organizations that are willing to help financially with application fees and double deposits can also support those struggling to access rental housing. Focusing on areas and people with the most need is necessary to increase those supports and help reduce the most prominent barriers, particularly households of color, large families, people with disabilities, low-income, and seniors (Table 3; MHFA, 2019).

PEOPLE		PLACES
• Lowest Income (e.g. <= 30% of area median income (AMI)) • People of Color • Indigenous Individuals • LGBTQ • People Experiencing Homelessness • People with Disabilities • Immigrants • Large Families • Seniors • Children	People Facing Barriers and/or Limited Choices such as: • Poor Credit • Limited Savings • Criminal History • Evictions • Transitioning Out of Foster Care, Prison, Other Systems	• Disinvested Communities in the Metro Area and Greater Minnesota • Tribal Nations/Indigenous Communities • Manufactured Home Communities • Communities with Job Growth and a Limited Housing Supply

Table 3. Focus on those areas with the most need (MHFA, 2019)

7. Reduce Barriers to Homeownership
   There are several barriers to homeownership including ability to save sufficient funds, navigate the U.S. banking system (including building credit and applying for mortgage), and have income that would support a mortgage. Many new Americans and immigrants face additional barriers for housing, such as no credit history, language barriers, and lack of culturally appropriate financing options, as well as overlooking the needs of those who are disabled and/or Americans with Disabilities

Act (ADA) requirements not followed (Smith, 2020).

Historically "specific demographics that have not had access to housing" have not had the generational support to become homeowners without equity or the skill and knowledge base (C. Mwatela, personal communication, May 7,2021). Culturally tailored homebuyer education and counseling can help prepare future homebuyers with the tools they need to successfully purchase homes. Deferred loans and grants can replace personal savings needed for down payments and closing costs and programs like Community Land Trusts and no or low interest Contract for Deeds can increase purchasers buying power by reducing the upfront cash needed for traditional financing or the outright cost of homeownership.

8. Increase Potential Income
Investments in education and career exploration for people who have or are experiencing homelessness or those receiving housing supports could be beneficial. Notably, more training and/or education results in higher earnings potential, which could reduce cost-burdening on residents from rental costs. For example, nationally the median full-time wage/salary was $1,002 weekly ($52,104 a year) in 2020, but with education beyond high school the potential earnings increase up to 40% or more (Bureau of Labor Statistics, 2020).

The southeastern Minnesota Workforce Development, Inc. (WDI) has 10 area offices throughout the region, and it assists thousands of individuals each year with career planning, skills and job training, and many other FREE services. WDI works with every population in the region from youth and adults to dislocated workers and employers. WDI is dedicated to working with communities and individuals who face multiple barriers to meaningful and living-wage employment. (See https://workforcedevelopmentinc.org/ for more details.)

9. Develop Housing for All Ages and Stages
To increase housing mobility Rochester, housing options must be developed for all ages and stages to move families and individuals through affordable housing (City of Rochester, 2018). Older adults need more options to move into as they downsize requiring housing with "less maintenance and upkeep" (City of Rochester, 2018, p. 68). John Eishecn, director of *Rochester Area Builders* describes the potential benefits of increased mobility on the *Rochester Rundown* podcast with an antidotal situation that has become less common (Jahns, 2021). "Take, for example, the story of an older couple that was able to build a modest but brand-new home for a little under $400,000. They moved out of their house, which was an affordable existing home," said Eischen, "Somebody that was in a First Homes [affordable] housing unit was able to buy that one, which freed up that extremely affordable unit for someone else. Three families were affected by one new home."

10. Change in Policy and Legislation

The recommendations from the Shelter Interview Project encourages improvements with the stakeholders in the State's homeless policy community to continue the discussion, and work on recommendations through policy changes. Shelter Interview Project recommends that for policies to work it's important to look at things through a trauma informed policy response (Morales, 2014). When legislators and policy advocates work together addressing the homelessness issue, it's important for them to understand the trauma histories as they develop new initiatives and programs. Interdisciplinary and interagency collaboration has to go hand in hand when working on durable policy solutions that require addressing the barriers that influence housing instability (Morales, 2014).

In the state of Minnesota barriers from credit and felony charges can negatively influence housing opportunities for people. Working on credit score repair may take too long than any emergency shelter normally allows (Morales, 2014). Some of the other barriers include looking for housing with the Family Homeless Prevention and Assistance Program (FHPAP) and Emergency Assistance, which helps those who can show that their housing crisis can be solved within one or two months. Proof of an individual's source of income as a way to ensure rent can still be covered going forward. From the interviews obtained from the shelter showed that the majority of the people would not have been accepted into the homelessness prevention program (Morales, 2014).

11. Advocate for systems of change

In addition to the actions mentioned above, advocacy work is one solution that improves housing stability along the continuum. Someone who can "advocate with landlords to help give us a chance" was a need cited in the CSH study (CSH, 2020, p. 72). Advocate directly on housing issues like the amount of rental assistance, programs to preserve and build new affordable housing, and increase the number of housing navigators but also indirectly on issues and systemic barriers that can make it difficult for families and individuals to get into and maintain safe, stable housing. Issues like increasing income from wages and benefits, access to reliable communication technology, and resources for mental health and addiction recovery. There needs to be more representation from marginalized communities and people with lived experience because there are not enough voices in leadership where policy and decisions are made to say, "this is a barrier people are facing". (C. Mwatela, personal communication, May 7,2021).

CONCLUSION

The housing continuum in Olmsted County has gaps in services, areas of concern, barriers to entry, and insufficient opportunities for people to move into naturally affordable housing. There is plenty of research taking place in the community to better understand the challenges people are facing. To summarize the research and conversations with local providers, the United Way of Olmsted County Special Projects Team walked away with a few key takeaways:

- **There is not enough affordable housing to meet the demands in Olmsted County**. People are getting stuck in transitional and supportive housing with no opportunities to move into affordable housing. This burden on the housing continuum bars movement for all people experiencing housing instability, particularly those needing emergency shelter.
- **Providers working with families and individuals experiencing a housing crisis must increase outreach and case management.** By making resources readily available and options clear for those navigating the housing continuum, they can move into stable housing options quickly. One of the greatest challenges people experiencing a housing crisis face is not knowing how to navigate the system.
- **Local organizations, businesses, and government need to work together to address the key issues with housing instability in Olmsted County**. Providers in the field need to be the first line of information; they are extremely knowledgeable about the challenges that people are facing. To create collaborative strategies, local experts must be called upon to best understand local conditions.
- **Without systems change, there will continue to be housing instability in our community.** Our community needs more voices in leadership who have lived experience and can speak to the inefficiencies within the housing system. Organizations like United Way of Olmsted County can continue to educate and advocate, but we need more people in leadership positions making change.

The Olmsted County community is passionate about providing safe, affordable housing for all families and individuals. However, understanding local housing continuum and conditions is just a start. United, we can collectively define the problem and create a shared vision to solve it.

GLOSSARY

Affordable housing: housing on which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities. (HUD 2011)

AMI: - Average Median Income

- Workforce Housing (80% - 120% AMI)*
- Low Income (Under 80% AMI)
- Very Low-Income (Under 50% AMI)
- Extremely Low Income (Under 30% AMI)
- Median Family Income (MFI) - AMI for a family of 4
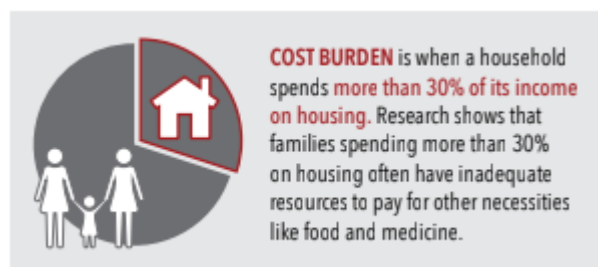- Per HUD - State & County limits saved in folder

Community Land Trust (CLT): "creates affordable housing by taking the cost of land out of the purchase price of a home. It keeps housing affordable for future buyers by controlling the resale price of houses on CLT land through a ground lease and resale formula. Homeowners leasing CLT land under their home enjoy the security, control, tax advantages and ability to build equity just like any homeowner. If they sell their home, the resale formula ensures that the home remains affordable for the next family."
http://www.firsthomes.org/learn-more/frequently-asked-questions.php

Continuum of Care (CoC): Born from the McKinney-Vento Homeless Assistance Act, the CoC coordinates local homeless and homeless prevention services.

Coordinated Entry (CE): CoC requirement from the HEARTH Act (Homeless Emergency Assistance and Rapid Transition to Housing) to assess and connect persons experiencing homeless or housing crises with programs equitably.

Cost burden: "when a household spends more than 30% of its income on housing"
 (Norton, 2019b)

COST BURDEN is when a household spends more than 30% of its income on housing. Research shows that families spending more than 30% on housing often have inadequate resources to pay for other necessities like food and medicine.

Chronic homelessness: "Chronic homelessness is used to describe people who have experienced homelessness for at least a year - or repeatedly - while struggling with a disabling condition such as a serious mental illness, substance use disorder, or physical disability. " https://endhomelessness.org/homelessness-in-america/who-experiences-homelessness/chronically-homeless/#:~:text=Chronic%20homelessness%20is%20used%20to,use%20disorder%2C%20or%20physical%20disability

Day Center: programs that support homeless families and individuals by providing a place for them to stay during day time hours, with some basic resources available; these programs don't always offer overnight housing

Emergency Shelter: Short-term, temporary lodging provided for families or individuals experiencing homelessness; typically less than 6 months

Eviction Prevention Programs: programs designed to keep families and individuals in stable, affordable housing; programs might include financial assistance (e.g., rent, utilities, internet services), legal assistance for eviction prevention, etc....

Exclusionary zoning: a residential zoning plan whose requirements (as minimum lot size and house size) have the effect of excluding low-income residents (Merriam-Webster, n.d.)

Gross rent: contract rent plus estimated average cost of utilities paid by renter. (Maxfield, 2020, page 360)

Homeless: Definition of homeless from HUD

- Individuals and families residing in environments unfit for human habitation (unsheltered areas, cars, etc.), emergency shelters, and transitional housing.
- Individuals and families who are losing their primary nighttime residence. This may include a motel, hotel, or doubled up situation.
- Families with children or unaccompanied youth (recognized as 24 years and younger) who are unstably housed and projected to continue residing in unstable housing.
- Individuals who are escaping or attempting to escape intimate partner violence, dating violence, sexual assault, stalking, or other dangerous and/or life-threatening situations related to violence. These individuals also lack other residence and the resources and support networks to obtain permanent housing.

The Housing Choice Voucher Program - Housing Act of 1937 "Section 8": "The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suit-able housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive fed-eral funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program. A housing subsidy is paid to the landlord directly by the public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program." (Maxfield, 2019, page 360)

Housing continuum: The "wide variety of housing needs along a spectrum of cost, affordability, and needs. This continuum includes emergency shelter for people experiencing homelessness, transitional and supportive housing, low-income rental, market rate rental, and homeownership opportunities." (Smith, 2020, page 5)

Inclusionary zoning (IZ): Common in urban settings, promotes ordinances that include a minimum of affordable units. Intention is to reduce costs, integrate a broad range of incomes in the community, and lessen sprawl.

Low-income Housing Tax Credit (LIHTC): A dollar-for-dollar reduction in tax liability used to subsidize the construction of affordable housing in the private market. Projects receiving LIHTCs have a rent restriction period for a minimum of 30 years.

NIMBY-ism: Stands for Not In My Backyard and refers to opposition of the location of affordable housing seen as undesirable by neighbors.

NOAH: Naturally Occurring Affordable Housing in the private market without income or rent restrictions.

Rapid Re-housing: Rapid Re-housing is an intervention designed to help individuals and families to quickly exit homelessness and return to permanent housing typically within 3-24 months. The resources and services provided are typically tailored to the unique needs of the household. (MN Housing 2018)

Subsidized Housing: "Housing that is income-restricted to households earning at or below 30% AMI. Rent is generally based on income, with the household contributing 30% of their adjusted gross income toward rent. Also referred to as extremely low-income housing." (Maxfield, 2018, page 364)

Supportive Housing: affordable housing that includes other wraparound services that support those being housed; as long as needed (MN Housing 2018)

Tax Increment Financing (TIF): Program that offers communities a flexible financing tool to assist with housing projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make housing more affordable or pay for related costs (Maxfield, 2018, page 346)Program that offers communities a flexible financing tool

Transitional Housing: temporary housing that includes support services to help people transition from homelessness to a more permanent housing situation; usually less than 24 months (MN Housing 2018)

REFERENCES

Bureau of Labor Statistics, U.S. Department of Labor, *The Economics Daily*, Median weekly earnings by education, second quarter 2020 at https://www.bls.gov/opub/ted/2020/median-weekly-earnings-by-education-second-quarter-2020.htm (visited *May 11, 2021*).

City of Rochester, Minnesota. (2018). *Planning 2 Succeed: Rochester Comprehensive Plan 2040.* https://www.rochestermn.gov/home/showpublisheddocument?id=29283

Corporation for Supportive Housing (CSH). (2020). *Olmsted County/Rochester Blueprint to End and Prevent Unsheltered Homelessness.*

Cutts, E. (2019, November 19). Skyway ordinance passes, RPD unveils Homeless Outreach Plan. *Post Bulletin.* https://www.postbulletin.com/news/news/public_safety/skyway-ordinance-passes-rpd-unveils-homeless-outreach-plan/article_5fdff64c-0b1d-11ea-8903-e76009ce6fc2.html

Hall, L., Hengy-Gretz, K. & Prins, J. (Dec. 2018, revised Feb. 2019).Regional Homelessness Needs Assessment For River Valleys Continuum of Care, with regional grantees of the Family Homelessness Prevention and Assistance Program (FHPAP).

Jahns, I. (host) (2021, February 12) Rochester home sales have become bidding wars (No. 39) [Podcast Episode]. In *Rochester Rundown*. MedCityBeat. https://www.medcitybeat.com/podcast/2021/state-of-the-rochester-housing-market

Maxfield Research and Consulting, LLC. (2014). *Comprehensive housing needs analysis for Olmsted County, Minnesota*. https://www.rochestermn.gov/home/showdocument?id=4754

Maxfield Research and Consulting, LLC. (2020). *Comprehensive housing needs analysis for Olmsted County, Minnesota*. https://www.rochestermn.gov/home/showpublisheddocument?id=29782

Merriam-Webster. (n.d.). Exclusionary zoning. In *Merriam-Webster.com legal dictionary*. Retrieved May 18, 2021, from https://www.merriam-webster.com/legal/exclusionary%20zoning

Minneapolis City of Lakes. 2020. 4d Program: 2018-2020 Results. https://www2.minneapolismn.gov/media/content-assets/www2-documents/government/wcmsp-225901.pdf

Minnesota Housing Finance Agency (MHFA). (2019). *Go big so everyone can go home: 2020-2022 Strategic Plan*. https://www.mnhousing.gov/sites/np/plans

Minnesota Housing Partnership. (2017) *County Housing Profile: Olmsted County, Southern Region* infographic.
https://www.mhponline.org/images/stories/images/research/coprofs/2016/Olmsted.pdf

Minnesota Housing Partnership. (2021a) *County Housing Profile: Olmsted County, Southern Region* infographic.
https://www.mhponline.org/images/stories/images/research/coprofs/2021/Olmsted.pdf

Minnesota Housing Partnership. (2021b). *State of the State's Housing*.
http://mhponline.org/images/stories/images/research/SOTS2021/KeyFindingsOnePager.pdf

Minnesota Interagency Council on Homelessness (MICH). (2017). *Heading Home Together: Minnesota's 2018-2020 Action Plan to Prevent and End Homelessness.*
https://mn.gov/dhs/assets/minnesota-action-plan-18-20_tcm1053-328234.pdf

Molseed, J. (2021, March 23). Housing advocates warn of 'wave of evictions'. *Post Bulletin.* https://www.postbulletin.com/news/government-and-politics/6949808-Housing-advocates-warn-of-wave-of-evictions

Morales, A. (2014). *Shelter Interview Project.* Minnesota Department of Human Services. https://www.mnhomelesscoalition.org/assets/Final-Shelter-Project-3-1.pdf

Norton, G. (2019a). *Out of Reach Minnesota: The Statewide Crisis in Workforce Housing.* Minnesota Housing Partnership.
https://www.mhponline.org/images/OOR/OOR_2019_Final.pdf

Norton, G. (2019b). *State of the State's Housing 2019*. Minnesota Housing Partnership.
http://www.mhponline.org/images/stories/images/research/SOTS-2019/2019FullSOTSPrint_Final.pdf

Norton, G. (2021). *State of the State's Housing 2021*. Minnesota Housing Partnership.
https://www.mhponline.org/publications/2021-state-of-the-state-s-housing

Olmsted County Public Health. (2019a). *Community Health Needs Assessment.*
https://www.olmstedcounty.gov/sites/default/files/2020-11/2019CHNA.pdf.

Olmsted County Public Health. (2019b). *Community Health Needs Assessment Supplemental Document*. https://www.olmstedcounty.gov/sites/default/files/2020-11/2019%20Community%20Helath%20Needs%20Assessment%20%20Supplemental%20Document.pdf.

Palmer, K. (2020, August 22). Confronting the Homeownership Gap in Minnesota. *Star Tribune*. https://www.startribune.com/kim-palmer/6370606/

Petersen, R. (2019, November 23). Survey points to rising homeless numbers, gaps in system. *Post Bulletin.* https://www.postbulletin.com/news/news/local/survey-points-to-rising-homeless-numbers-gaps-in-system/article_e81491be-0d69-11ea-b927-ef185e4522ee.html

Petersen, R. (2021a, February 22). Future of day center for people facing homelessness is in question. *Post Bulletin.* https://www.postbulletin.com/news/government-and-politics/6899505-Future-of-day-center-for-people-facing-homelessness-is-in-question

Petersen, R. (2021b, March 9). Options sought for day support for people facing homelessness. *Post Bulletin.* https://www.postbulletin.com/news/government-and-politics/6925686-Options-sought-for-day-support-for-people-facing-homelessness

Petersen, R. (2021c, March 10). Zone change for Rochester affordable housing project gets nod, despite neighborhood concerns. *Post Bulletin.* https://www.postbulletin.com/news/government-and-politics/6928527-Zone-change-for-Rochester-affordable-housing-project-gets-nod-despite-neighborhood-concerns

Polco. (2021). *The City of Rochester Survey 2020 COVID-19 and Community Equity and Inclusion Report of Results.* http://rochestercitymn.iqm2.com/citizens/FileOpen.aspx?Type=1&ID=3564&Inline=True

Prosperity's Front Door. (2020). *Minnesota Housing Scorecard: Marking Our Progress.* www.frontdoorcampaign.org

Rao, M. (2014, November 16). Rochester becoming a hot market for foreign investors. Star Tribune. https://www.startribune.com/rochester-becoming-a-hot-market-for-foreign-investors/282827051/?refresh=true

Rochester Police Department (RPD). (2019). *Homeless Outreach Plan.* https://www.rochestermn.gov/Home/ShowDocument?id=29686

Smith, T. (2020, February 17). *Findings from U.S. Senator Tina Smith's statewide housing listening tour.* Box. https://smithsenate.app.box.com/v/SmithHousingReport

Southeast Minnesota Realtors (SEMR). (2021). *2020 Annual Report on the Southeast Minnesota Housing Market.* https://www.semnrealtors.com/wp-content/uploads/MNAR-SEMR_ANN_2020.pdf

Southeast Minnesota Realtors (SEMR). (2020). *2019 Annual Report on the Southeast Minnesota Housing Market.* https://www.semnrealtors.com/wp-content/uploads/MNAR-SEMAR_ANN_2019.pdf

Todd, B. (2020, March 27). Homeless look each night for a home. *Post Bulletin.* https://www.postbulletin.com/news/6472751-Homeless-look-each-night-for-a-home

U.S. Census Bureau (2019). *American Community Survey 1-year estimates.* Retrieved from *Census Reporter Profile page for Olmsted County, MN*. http://censusreporter.org/profiles/05000US27109-olmsted-county-mn/

U.S. Department of Housing and Urban Development (HUD). (n.d.). Homeless Emergency Assistance and Rapid Transition to Housing Act. *HUD Exchange.* https://www.hudexchange.info/homelessness-assistance/hearth-

act/#:~:text=The%20Homeless%20Emergency%20Assistance%20and,of%20HUD's%2
0competitive%20grant%20programs

U.S. Department of Housing and Urban Development (HUD). (2011). *Glossary of Terms to Affordable Housing*. https://archives.hud.gov/local/nv/goodstories/2006-04-06glos.cfm

U.S. Department of Housing and Urban Development (HUD). (2020). *Picture of Subsidized Housing for Olmsted County HRA*. Retrieved from https://www.huduser.gov/portal/datasets/assthsg.html

U.S. Department of Housing and Urban and Development (HUD). (2021). *FY 2021 Income Limits for Rochester, MN HUD Metro FMR Area*. Retrieved from https://www.huduser.gov/portal/datasets/il/il2021/2021summary.odn