

515 PROPERTIES IN MINNESOTA

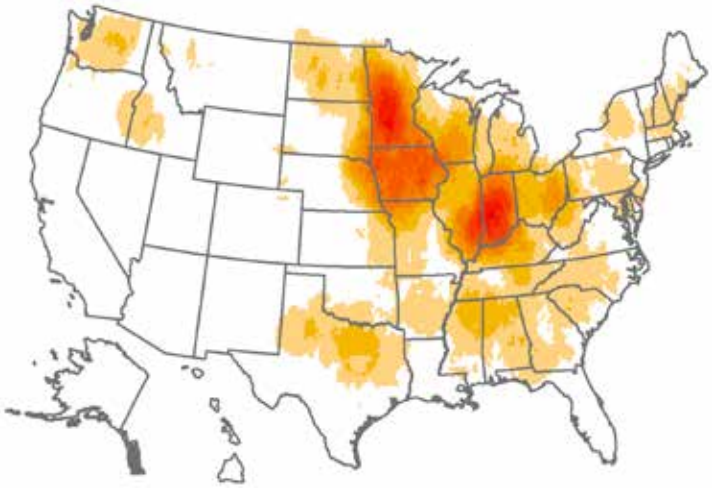
Preserving affordable rental housing in rural communities

Minnesota Housing Partnership

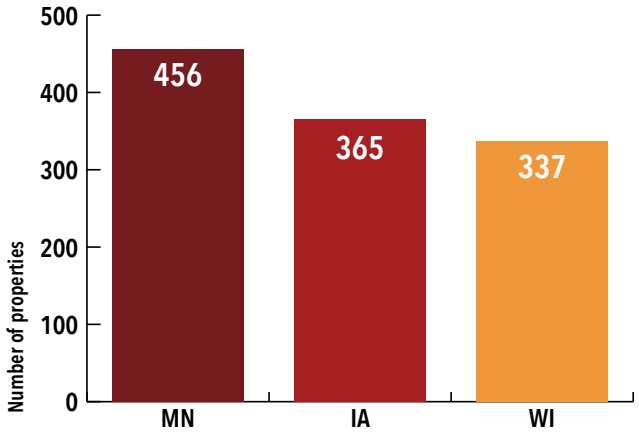
Since 1963, over 16,000 rural rental properties containing over 533,000 affordable units have been financed under the USDA's Section 515 program in the United States. Under 515, non-profit and for-profit entities have received 1 percent loans for acquisition, rehabilitation or construction of rental housing and related facilities.

As loans for these properties expire, more and more buildings are exiting the Section 515 program. Exiting properties may lose rental assistance funding, and some properties are no longer required to keep rents affordable – meaning residents could face displacement or homelessness.

Because these properties are often the few affordable rental homes in rural communities – and many residents are extremely low-income, seniors, and people with disabilities – the loss of these properties will be especially acute for communities already struggling to provide affordable homes.



Source: Housing Assistance Council's RENTAL HOUSING FOR A 21ST CENTURY RURAL AMERICA. USDA's Rural Rental Housing Portfolio: A Platform for Preservation. 2018



Minnesota has the highest number of 515 properties compared to peer states of Wisconsin and Iowa.

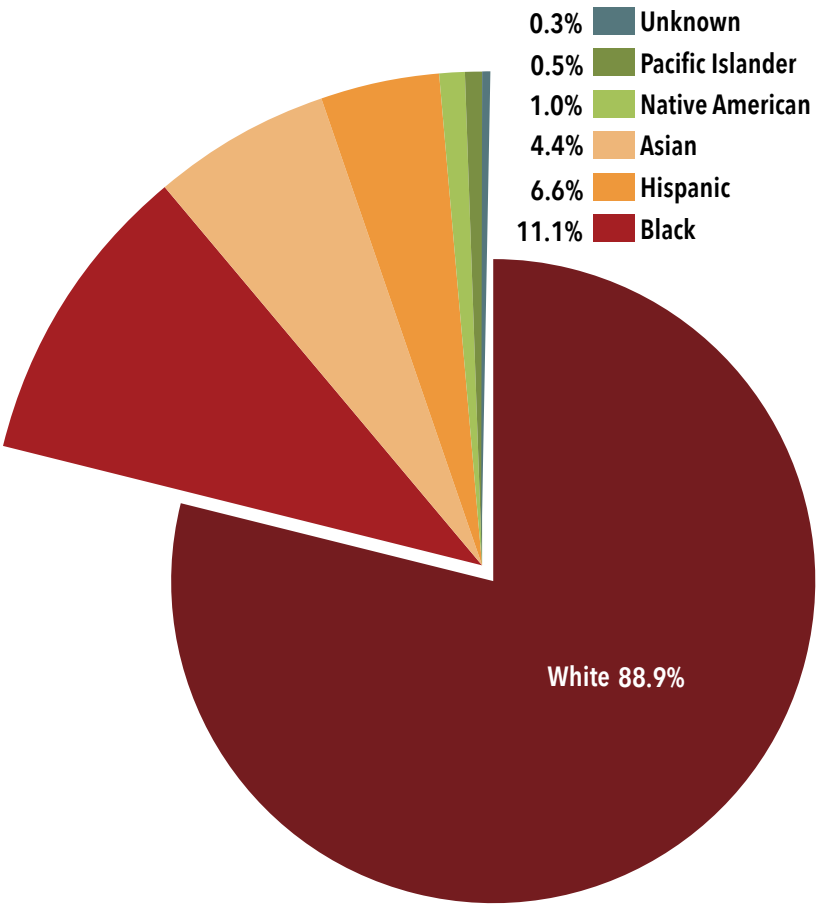
Minnesota is at the heart of the potential 515 losses; the state was an early adopter meaning these properties are maturing faster than many other parts of the country.

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Overview of 515 Properties in Minnesota

Total number of properties	456	Female-headed Households	67%	Black, Indigenous, People of Color	16.9%
Total Number of Units	9,760	Seniors	30.4%	People Living with Disabilities	17.4%
Total Number of Residents	13,435	Average Income	$17,061	Average Income for residents with Rental Assistance	$11,852

Resident Demographics



Note: USDA data on the demographics of 515 residents adds up to more than 100%.

Most Black, Indigenous, and People of Color (BIPOC) communities are overrepresented in 515 properties.

Black residents make up less than 2% of Minnesota's rural population yet are 11.1% of 515 residents. Asians and Pacific Islanders make up more than 1% of Minnesota's rural population but are more than 5% of 515 residents. Hispanic residents are 6.6% of residents and make up 4% of Minnesota's rural population.

For all other communities, representation in 515's is less than population estimates. Native Americans make up 3% of Minnesota's rural population, but only 1% of 515 residents.

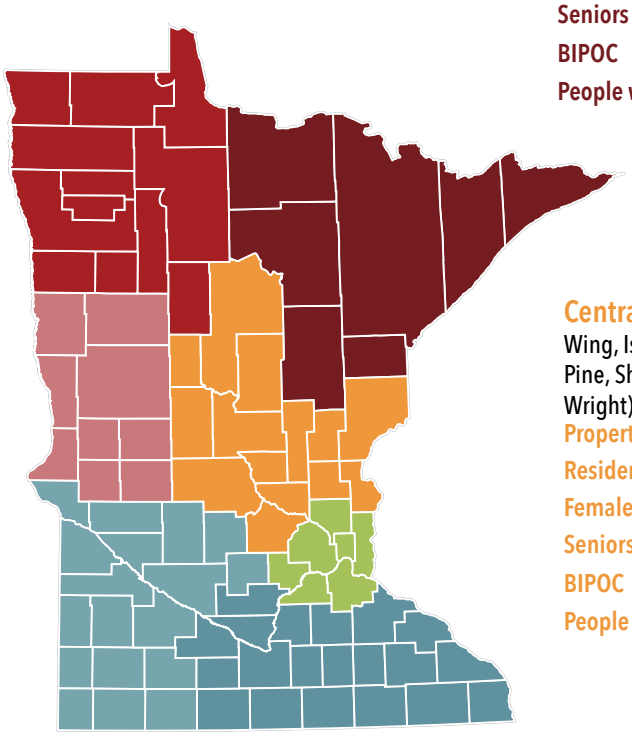
515 Regional Demographics

Northwest (Beltrami, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Norman, Pennington, Polk, Red Lake, Roseau)

Properties	34
Residents	1066
Female headed Households	64%
Seniors	27%
BIPOC	27%
People w/Disabilities	8%

Northland (Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, St. Louis)

Properties	26
Residents	816
Female headed Households	67%
Seniors	35%
BIPOC	12%
People w/Disabilities	19%



West Central (Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, Wilkin)

Properties	45
Residents	829
Female headed Households	63%
Seniors	39%
BIPOC	16%
People w/Disabilities	25%

Central (Benton, Cass, Chisago, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, Pine, Sherburne, Stearns, Todd, Wadena, Wright)

Properties	137
Residents	4,433
Female headed Households	69%
Seniors	31%
BIPOC	8%
People w/Disabilities	13%

Southwest (Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift, Yellow Medicine)

Properties	77
Residents	2,098
Female headed Households	66%
Seniors	25%
BIPOC	26%
People w/Disabilities	13%

Southern (Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, LeSueur, Martin, Mower, Nicollet, Olmsted, Rice, Sibley, Steele, Wabasha, Waseca, Watonwan, Winona)

Properties	120
Residents	3,599
Female headed Households	67%
Seniors	27%
BIPOC	22%
People w/Disabilities	12%

Twin Cities (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington)

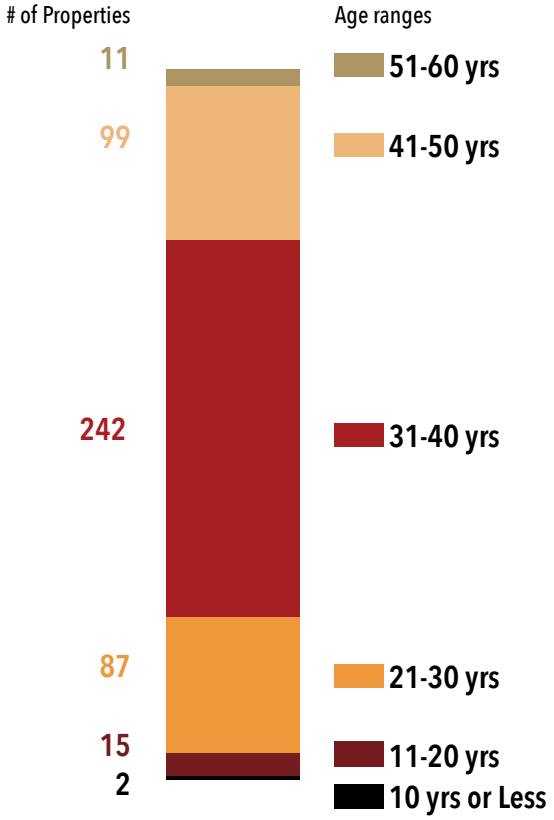
Properties	17
Residents	594
Female headed Households	61%
Seniors	51%
BIPOC	10%
People w/Disabilities	13%

Data Sources: USDA 515 Property Exit Data accessed July 2020; USDA 515 Active Projects Data accessed July 2020; USDA 515 Tenant Data accessed July 2020.

Data analysis by Susan Bergmann, Madeleine Geitz and Stefan Hankerson (Humphrey School Graduate Research Assistants, University of Minnesota). With research assistance provided by Ryan Allen (Humphrey School, University of Minnesota), Margaret Kaplan (Housing Justice Center), Elizabeth Glidden and Gabriela Norton (Minnesota Housing Partnership). Data visualization and writing by Andy Birkey (Minnesota Housing Partnership).

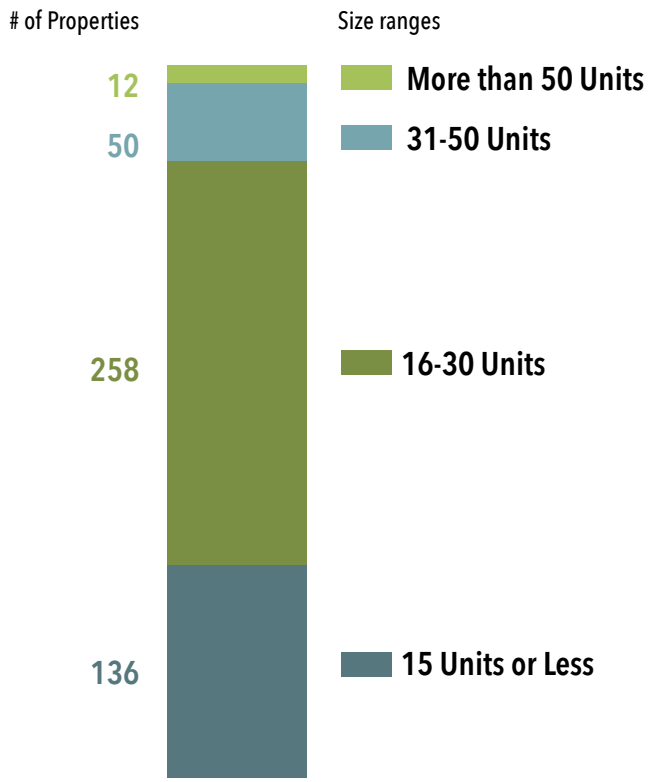
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Property Age



The majority of 515 properties are small with less than 30 units. A third have less than 15 units. Only 2 percent have 50 or more units.

Property Size



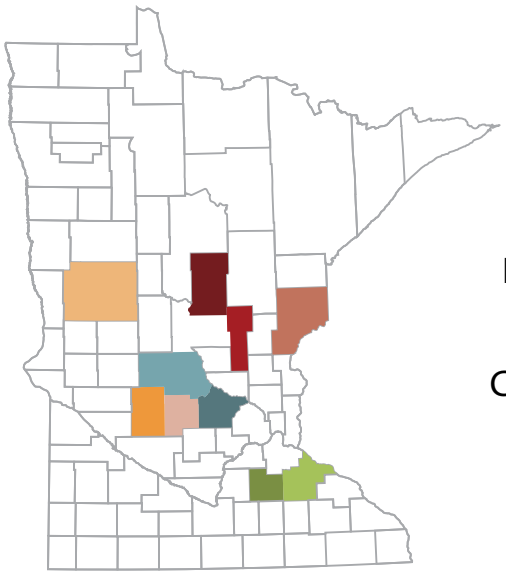
Property ages for Minnesota's 515 properties – in this case based on the financing date of operation – are above 30 years old for the vast majority.

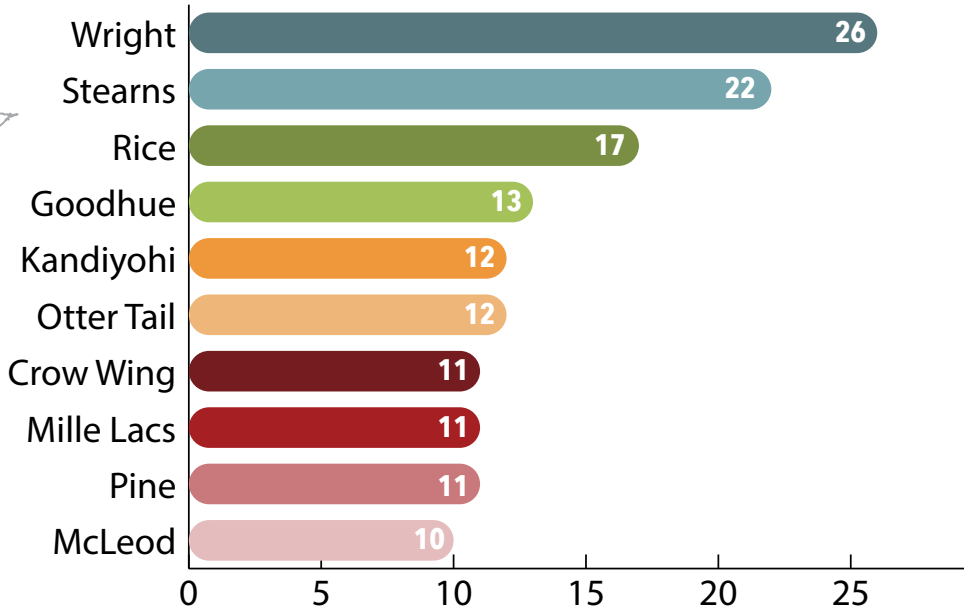


Halter Green in Zumbrota is a good example of a typical 515 property in Minnesota. It is on the small side with 16 units and it is more than 30 years old.

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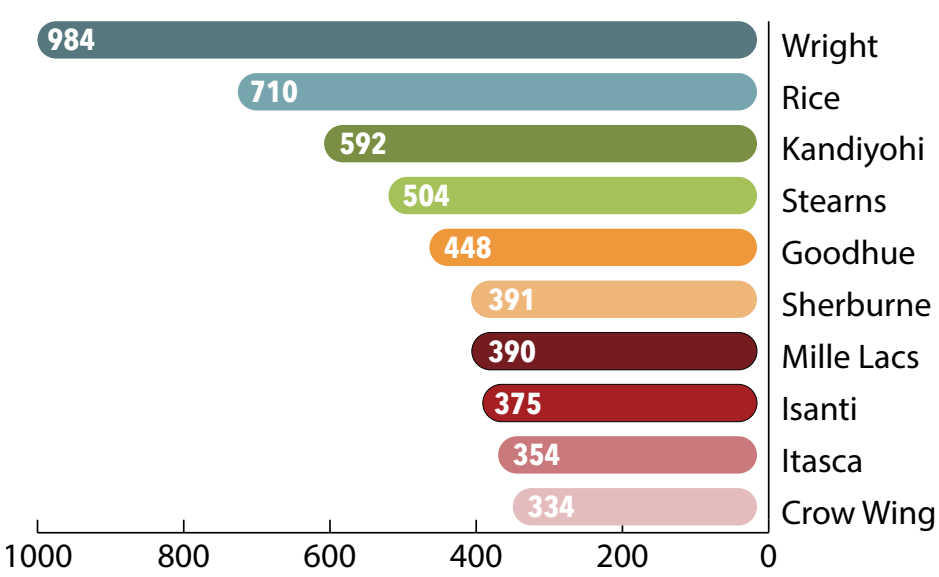
Top Counties by 515 properties

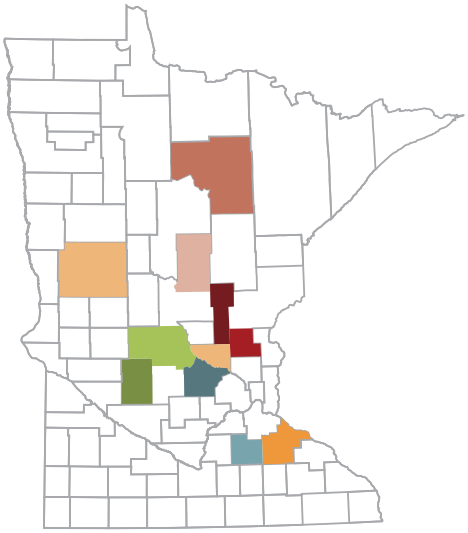




There are approximately 450 properties in Minnesota under Section 515. They are found in 82 of Minnesota's 87 counties. **Only Lake, La qui Parle, Pipestone, Ramsey, and Washington have none.**

Top Counties with 515 Residents





As 515 properties range in size up to 50+ units, that difference is reflected in the number of 515 renters per geography. Most people who live in 515 properties live in central or southern Minnesota. Stearns has the most 515 residents; Murray County in Southwest Minnesota has only 10. **Statewide, an estimated 13,000 people live in 515 properties.**

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Owner Type



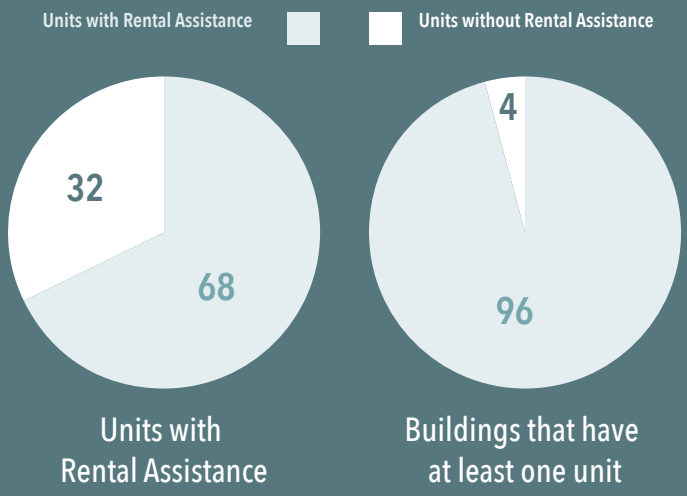
Most 515 properties in Minnesota are owned by a limited profit entity. In effect, limited profit means for profit with limitations. Borrowers operating on a limited profit basis will be permitted a return not to exceed 8 percent of their required initial investment determined at the time of loan approval.

Housing Type



Most 515 properties are designated family housing, meaning occupancy may not be restricted to particular groups of eligible households and may include elderly households. The only restriction for these properties is income. Just over a quarter are senior housing which is limited to those who are living with a disability or are age 62 years or older. Just 1% are congregate housing. These rental properties are reserved for seniors, people with disabilities and families who require on-site services but are otherwise able to care for themselves (distinct from nursing homes).

Rental Assistance



Most units – about two-thirds – come with some kind of rental assistance. And almost every building has at least one unit with rental assistance. Assistance includes USDA 521, HUD Project-based Section 8, HUD Housing Choice Vouchers, and private vouchers.

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Photo essay of 515 properties in east central Minnesota and southeast Minnesota.

Work With Us

Minnesota Housing Partnership's experienced technical assistance staff can help nonprofits, public housing agencies, and other entities purchase these properties and keep them affordable. MHP can ensure organizations successfully navigate every step of the USDA transaction, from reaching out to the current owner to property inspection and more.

Our Approach

Our approach is to teach the process in order to build organizational capacity to undertake future similar projects. This technical assistance includes, but isn't limited to:

- Preliminary community research
- Specific project research
- Project Feasibility/Analysis
- Identify Financing resources
- Funding applications
- Closing process

Minnesota Housing Partnership

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Where We Work



Iowa, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin

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