

# DRAFT-Annual Estimation of Emergency Rental Needs

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In 2024 Minnesota Laws, Chapter 127, Article 16, Section 1, the Legislature requires that the Minnesota Housing Finance Agency report annually on emergency rental assistance needs.

*The agency must develop a projection of emergency rental assistance needs in consultation with the commissioner of human services and representatives from county and Tribal housing administrators and housing nonprofit agencies. The projection must identify the amount of funding required to meet all emergency rental assistance needs, including the family homelessness prevention and assistance program, the emergency assistance program, and emergency general assistance. By January 15 each year, the commissioner must submit a report on the projected need for emergency rental assistance to the chairs and ranking minority members of the legislative committees having jurisdiction over housing and human services finance and policy.*

This report provides the annual estimated funding required to meet all emergency rental assistance needs and provides information on the methods used to identify the amount. Subsequent annual reports will incorporate the most-up-to-date data available and any improvements or adjustments to estimation methods as needed.

## Estimated Need

Emergency Assistance (EA), Emergency General Assistance (EGA), and the Family Homeless Prevention and Assistance Program (FHPAP) provide financial assistance to individuals and families experiencing a housing crisis. All three programs serve households with incomes at or below 200% of the Federal Poverty Guidelines (FPG) and can provide funding for security deposits, rent/mortgages, and or utilities. In Minnesota, there are approximately 260,000 renter-households with incomes at or below 200% of the FPG, of which approximately 120,000 are severely cost-burdened and likely only one unexpected life event or bill away from being unable to pay their rent.[[1]](#footnote-1) Together, these programs provide approximately $28 million of annual assistance to cover a broader range of household emergency expenses than just rent and utility costs. The other types of expenses include mortgage payments and, in some instances, car repairs and daycare. However, existing program funds for both renters and homeowners fall short of the estimated $350 million just to meet the emergency rental assistance needs of eligible renters in the state.

Identifying the exact funding needed to meet all emergency rental assistance needs is challenging. Program data is insufficient as it only includes households who apply and are approved for funding through the programs. The amount of funding available to these programs ultimately limits the households that can receive services and are captured in administrative data. Our estimate instead uses data from two representative samples of Minnesotans administered by the U.S. Census Bureau: (1) the Household Pulse Survey, and (2) the American Community Survey. Like all surveys, these data sources do not capture households who cannot or choose not to complete the survey. Due to the limitations of available data, this report provides a ballpark estimation and is designed to identify the magnitude of the gap between available funding and need rather than a precise dollar amount.

Although FHPAP, EA, and EGA serve households with incomes at or below 200% FPG, each program has additional requirements that do not apply to all three, such as requiring a notice of an eviction to receive services (EGA), serving only households with children under 18 (EA), serving only households without children under 18 (EGA), or only permitting assistance once in a 12-month period (EA and EGA). This estimate is designed to capture the full breadth of all emergency rental assistance needs rather than the amount of funding needed by each program. However, we estimate that households with children comprise roughly two-thirds of the annual need for emergency rental assistance and that households without children comprise the remaining third. Finally, this report does not include administrative costs and only identifies the funding needed to meet household emergency rental assistance needs.

Table 1: Annual Estimate of Funding Needed to Meet Emergency Rental Assistance Needs

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| --- | --- | --- |
| Number of Months Behind Per Year | Average Gross Rent | Total Estimated Annual Need |
| ~250,000 months | $1,350/month | ~$350,000,000 |
| Estimate of the overall number of months low-income Minnesota households are behind on their rent in a year.  **Source**: Minnesota Housing analysis of data from the Household Pulse Survey (Cycles 4.0.1-4.1.6) | The average gross rent (rent and utilities) for households who are at or below 200% FPG and severely cost-burdened.  **Source**: Minnesota Housing analysis of 5-year iPUMS American Community Survey (2022) adjusted to 2024 dollars | The total funding needed to fully cover rent and utilities for all months that low-income Minnesota households are behind on their rent in a year. |

## Estimation Method

The Household Pulse Survey is an experimental survey that measures emergent social and political issues impacting households across the U.S. The Census Bureau developed the Pulse survey to provide real-time information about the well-being of households in response to the COVID-19 pandemic and releases monthly data capturing demographic household characteristics and includes information on housing security. Respondents report in the survey if they are behind on their rent and the number of months they are behind. Our estimation uses an aggregate of the first six months of survey data in 2024 to identify the number of low-income[[2]](#footnote-2) households who are behind on their rent in a month. In the analysis, we utilized the number of months households are behind on their rent at a given point in time to estimate the total number of months (250,000) low-income renter-households in Minnesota are behind on their rent over an entire year.

The American Community Survey, also administered by the Census Bureau, collects more precise household demographic information than the Pulse Survey, although it does not include information about household instability. The average monthly gross rent in 2024 dollars ($1,350) for renter-households who are severely cost-burdened (paying more than 50% of their income on rent) with incomes at or below 200% FPG provided the estimate of the average monthly emergency rental assistance needed by households behind on their rent. This estimate assumes a full month’s rent and utilities payment for all months that low-income renter-households were behind in a year so that these households can stabilize financially and are less likely to fall into cycles of getting behind and caught up on their rent.

Estimating the number of households who get behind on their rent over the course of a year is more challenging. While we have an estimate of the aggregate number of months that households are behind on their rent over the course of a year, we do not have the data to estimate the number of households involved because neither data source from the Census Bureau provides information on how often households fall behind on their rent over the course of a year. For example, we do not know if households fall behind on their rent on average one, two, three, or more times over the course of a year. One household may get behind just one month over the course of a year, another may be behind two consecutive months, and third household may have three separate, non-consecutive episodes of being one month behind. If households are on average behind on their rent two months over the course of a year, approximately 125,000 households would account for the aggregated total of 250,000 months being behind. If households are on average behind on their rent three months over the course of a year, just over 60,000 households would account for the 250,000 months. For context, based on data from the 2022 American Community Survey, we estimate that approximately 120,000 renter households in Minnesota have incomes at or below 200% of the FPG and pay more than 50% of their income on rent. These households are very likely one life event or unexpected bill away from falling behind on their rent.

## Impacted Populations

The experimental nature of the Household Pulse Survey limits our ability to provide regional or demographic breakdowns for the estimate of need. As such, we are unable to provide a breakdown of the estimate for specific counties or Tribes. However, we estimate that households with children comprise roughly two-thirds of the annual need for emergency rental assistance and that households without children comprise the remaining third. In the one-month Pulse survey data, households with children were more likely to be further behind on their rent than households without children. For households behind on their rent less than three months, slightly less than half of had children (42%). However, for households behind on their rent four or more months, more than two thirds (70%) had children. As a result, households with children may need more months of assistance in back rent and comprise a greater share of the total annual emergency rental assistance need.

Indigenous, Black, and renters of color are at greater risk of falling behind on their rent. These households are three times more likely to be low-income and behind on their rent than white, non-Latino renter-households.[[3]](#footnote-3) The vast gap between needed and available funding to meet emergency rental assistance needs in the state could contribute to disparities in homelessness for these populations.[[4]](#footnote-4)

Finally, this estimate takes an upstream approach to identifying emergency rental assistance need. It assumes that people who become evicted or experience homelessness, including those who are doubled up, first get behind on their rent and that emergency rental assistance would help these households catch up to prevent more disruptive housing crises. Rather than explicitly accounting for the number of households who experience an eviction or homelessness in a year, this estimation implicitly captures these households. For example, a household behind on rent in January who becomes become evicted and experiences homelessness later in the year because of unpaid rent is incorporated in the estimated annual need through their past-due rent identified early in the year. Providing emergency rental assistance to this household to get caught up on their rent early in the year prevents homelessness for that household later in the year.

No data source perfectly captures the emergency rental assistance needs of low-income renters in Minnesota. This estimate utilizes the best available data and provides a rounded figure to reflect the limitations of available data and to better incorporate additional circumstances in which a household might need emergency rental assistance. Ultimately, this estimate provides a ballpark for the magnitude of funding to meet the state’s emergency rental assistance needs rather than an estimate of an exact dollar amount.

1. Minnesota Housing Analysis of 2022 5-year iPUMS American Community Survey data. Severely cost-burdened households are those that pay more than 50% of their income on rent. [↑](#footnote-ref-1)
2. Households making less than $50,000. The Pulse Survey does not provide detailed enough household income data to determine federal poverty status. [↑](#footnote-ref-2)
3. Minnesota Housing analysis of data from the Household Pulse Survey (Cycles 4.0.1-4.1.6). Low-income households are those that make $50,000 or less in a year. Due to the limited demographic data in the Pulse survey we cannot disaggregate this disparity by race or ethnicity. [↑](#footnote-ref-3)
4. American Indians, Black, and Latino Minnesotans are 32, 12 and 9 times, respectively, more likely to experience homelessness than white Minnesotans. [Minnesota Housing analysis](https://mich.mn.gov/2024-point-time-count-summary) of 1-year American Community Survey (2022) and HUD’s 2024 Point-in-Time Count. [↑](#footnote-ref-4)