Report prepared for Local Initiatives Support Corporation (LISC) by Center for Urban and Regional Affairs, University of Minnesota

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The LISC Sustainable Communities Initiative supports community efforts to revitalize low-income neighborhoods through comprehensive approaches to change. This data report identifies levels and trends of critical neighborhood quality indicators in this target neighborhood. These are compared to a statistically similar set of low-income neighborhoods in the same city. The exact comparisons differ by data source. See Appendix for details on comparisons, data sources, and geographies.

This report and its annual updates can help identify changing neighborhood trends. They cannot yet be used to assess community development program results, which is a topic for future specialized analysis.

The graphs to follow are based on the best-available information from local and national sources. They are intended to help local funders, civic and neighborhood leaders, and LISC staff monitor change in areas of concentrated investment. Although these indicators do not show everything about neighborhoods, they do refer to items many residents believe are important to know about.

Each page to follow contains charts covering some aspect of neighborhood quality. The summary “Interpretation” refers to the primary indicator chart of each page. These assessments are based on the value of the indicator in the target area relative to comparison neighborhoods for (1) the most recent year available and (2) change over time.
Sub-Areas and Comparison Areas

Given the size, populations, and relative heterogeneity of target areas in Minneapolis-St. Paul, it was necessary to construct sub-areas for each target area as a means for meaningful comparison as well as giving neighborhoods the ability to study change in small scale geographies.

Standard Z-score analysis using several indicators of housing, public safety, and demographics were used to construct the sub-areas. Depending on the size and range of variables in each target area, they were divided into sub-areas, ranging from two (Central Corridor) to five (South Minneapolis).

The analysis of selecting sub-areas within the South Minneapolis comparison tracts is based upon the following six indicators: sale price of single-family homes, sale price of two-to-five family homes, robberies, minority population proportion, owner-occupancy housing status, and median household income.

Among the five subgroups in South Minneapolis, only two (subgroups A and B) are clustered geographically together. This suggests that even within a particular community or neighborhood, there is in fact large heterogeneity in socioeconomic characteristics among different Census tracts.

Graphs on the following pages chart individual sub-areas against all other low-moderate income Census tracts in Minneapolis and finally against citywide values.
Demographics

This section includes demographic characteristics from both the 2000 and 2010 Decennial Censuses and the 2009 American Community Survey 5-year Estimates.

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Census 2000</th>
<th>Census 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>POPULATION</td>
<td>47,024</td>
<td>46,738</td>
</tr>
<tr>
<td>RACE/ETHNICITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>African American</td>
<td>28%</td>
<td>25%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>21%</td>
<td>32%</td>
</tr>
<tr>
<td>Asian</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>27%</td>
<td>31%</td>
</tr>
<tr>
<td>White</td>
<td>39%</td>
<td>41%</td>
</tr>
<tr>
<td>HOUSEHOLDS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Units</td>
<td>16,521</td>
<td>17,315</td>
</tr>
<tr>
<td>Occupied</td>
<td>15,677</td>
<td>15,642</td>
</tr>
<tr>
<td>Vacant</td>
<td>844</td>
<td>1,673</td>
</tr>
</tbody>
</table>

Racial/Ethnic Distribution of Population

Population by Age Category
## Domain: Demographic Trends

### Economics

<table>
<thead>
<tr>
<th></th>
<th>2000 Census</th>
<th>2005-2009 ACS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average HH Income</td>
<td>$37,653*</td>
<td>$40,102</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Population in Poverty</td>
<td>27%</td>
<td>30% ± 5%</td>
</tr>
</tbody>
</table>

### Housing

<table>
<thead>
<tr>
<th></th>
<th>2000 Census</th>
<th>2010 Census</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner Occupied</td>
<td>6,520</td>
<td>6,199</td>
</tr>
<tr>
<td>Percent Owner Occupied</td>
<td>(42%)</td>
<td>(40%)</td>
</tr>
<tr>
<td>Renter Occupied</td>
<td>9,157</td>
<td>9,443</td>
</tr>
<tr>
<td>Percent Renter Occupied</td>
<td>(58%)</td>
<td>(60%)</td>
</tr>
<tr>
<td>Average Rental Vacancy</td>
<td>3.4%</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2000 Census</th>
<th>2005-2009 ACS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Monthly Rent</td>
<td>$706*</td>
<td>$724</td>
</tr>
<tr>
<td>Housing Cost Burdened**</td>
<td>33%</td>
<td>51%</td>
</tr>
</tbody>
</table>

### Languages & Countries of Origin

<table>
<thead>
<tr>
<th></th>
<th>2000 Census</th>
<th>2005-2009 ACS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of population spoke a language other than English</td>
<td>34%</td>
<td>37%</td>
</tr>
<tr>
<td>Percent of residents do not speak English “very well”</td>
<td>23%</td>
<td>26%</td>
</tr>
<tr>
<td>Percent of residents are foreign born</td>
<td>26%</td>
<td>28% ± 4%</td>
</tr>
</tbody>
</table>

Notes:
- *Inflated to 2009 dollars
- **Pay > 30% household income on housing (rent or mortgage)
- If Margin of Error is not provided it is too complicated to aggregate
High Cost Mortgage Loans

Across the US, an explosion in subprime lending helped create the current financial crisis and produced a sharp rise in the numbers of foreclosed homes. Lower-income neighborhoods have been particularly hard hit. Nationwide, subprime lending peaked in 2006 and declined rapidly thereafter, but in some neighborhoods these loans remain a large percentage of all outstanding loans.

Interpretation of High Cost Loans (chart at upper right)

Relative to other low-income areas, the home purchase mortgage market in South Minneapolis was significantly more dependant on high-cost loans between ‘04 and ‘08. The percentage of high-cost loans peaked above 50% in sub-area E in ’06 but dropped to the Citywide average (5%) in ’09. Other sub-areas in South Minneapolis followed a similar trend of higher than average rates peaking in ’05 or ’06 before declining rapidly in ’07, due in part to tightened credit availability and the collapse of the private lending market.

Note: High cost loans have interest rates 3 percentage points above comparable Treasurer rates for first liens and 5 points above for junior liens. Home Mortgage Disclosure Act data.

USPS Vacant Address data.
Pace & Price of Property Sales

Housing markets often reflect neighborhood quality. Rising sale prices relative to other neighborhoods can mean that neighborhood quality is improving. However, in the past few years, many neighborhoods – especially those with a high share of rentals – saw an upswing in units bought and sold by investors, often for speculation, making this indicator difficult to interpret under current conditions.

**Interpretation of Residential Sales (charts at right)**

With a few exceptions, the percent of residential parcels sold in all South Minneapolis sub-areas lagged in comparison to the citywide average. Sub-area E had only two recorded sales in 2007, one in 2008, zero in ’09. As such, this should help explain the dramatic increase in the 2010 data.
Foreclosures, Taxes & Vacancies
Throughout the United States, lower income neighborhoods are full of foreclosed, bank-owned, and vacant properties. An explosion of subprime lending helped to foster a sharp rise in the number of foreclosures. In general, the higher percentage of foreclosed properties in a community, the larger the number of vacant properties and the corresponding threat to health and safety.

Interpretation of Foreclosures (chart at right)
The rate of foreclosures in all sub-areas of South Minneapolis ended the tracking period above or well above citywide levels. There was some discrepancy within the group as sub-areas B and E closely matched other low-income areas until 2007 while other sub-areas remained steadily above average. In 2008, the foreclosure rate in sub-area A had reached over 10% of all residential parcels, then fell in 2009 and jumped again in 2010 to 9%.

Tax Delinquency Rate by Area, March 2010

Hennepin County Sheriff’s Department, Sheriff’s sale data

Percentage of Vacant Properties

Hennepin County Assessor’s office data
Resident Incomes
Many low-income communities welcome an increase in economic diversity as a contributor to community strength. Increasing diversity is often signaled by a modest rise in average incomes. Families buying homes are one source of increase, as are new renters and increases in earnings by those already residing in the neighborhood. Out-migration of very poor households is another way average incomes can go up.

Interpretation of Resident Incomes (chart at right)
Incomes rose steadily in the City of Minneapolis between 2003 and 2008. In Low-Moderate tracts this increase was slight but nonetheless followed a similar pattern. In the sub-areas of South Minneapolis, however, incomes remained flat and well below citywide values. Taxable income in sub-area B remained above the other areas and was closely aligned with incomes in other low-income tracts.

![Mean State Taxable Income](chart)

![Index of Total Employed Residents](chart)
Resident Employment
Helping low-income residents get jobs and keep them is one of the most difficult community development challenges. Increased numbers of employed residents are a welcome sign of neighborhood strength. Changes in employment levels, as well as the incomes earned by residents, are often tied to the performance of specific economic sectors, which display different patterns of gain and loss.

Interpretation of Employed Residents (charts at right)
The number of employed residents in South Minneapolis declined between '02 and '09, lagging behind other low-income areas. The employment index for the three largest industry sectors of healthcare, education, and accommodation showed mixed results. Health care had increased by 2009 while education and accommodation and food had declined in the target area despite increase in other low-mod tracts.
Local Jobs

The strength of local labor markets, including availability of nearby jobs (within one mile of target area census tracts), may have an effect on resident ability to find work. Increased area job numbers also signal the economic strength of nearby businesses as providers of retail and other services.

Interpretation of Local Jobs (chart at right)

Overall, the availability of jobs in the South Minneapolis labor market was roughly unchanged between ’02 and ’06 but grew substantially between ’06 and ’09. Sub-area B showed the largest increase in number of jobs. The target area labor market is lead by health care, finance and insurance, and professional and scientific industries.
Business Counts, Annual Sales Tax, and Vacancies

The long-term business vacancy rate is another solid indicator of local economic strength; high vacancies also tend to deter needed investment in commercial areas.

**Interpretation of Businesses (chart at right)**

Overall, with the exception of sub-area C, the number of businesses increased from 2003 to 2009 in each of the sub-areas. Despite the increases in number of businesses, however, the average annual sales tax revenue fell or remained flat in most sub-areas. The largest decrease was in sub-area A which had higher average revenues in 2003 than City averages but fell by 40% by 2007.
Community Safety

Community Safety is one of the most important aspects of assessing neighborhood quality as experienced by the residents of low-income neighborhoods. Some of these crimes and hazards do not directly threaten the safety of residents, but generally degrade neighborhood quality of life or threaten security in property.

**Interpretation of Property Crimes (chart at right)**

The number of property crimes per thousand varied among the neighborhoods comprising the target area in South Minneapolis with many neighborhoods trending below City and other low-income neighborhoods. Property crimes tended to remain steady throughout the middle of the decade before decreasing substantially in 2007 and continuing this trend through 2010, with the exception of the Corcoran neighborhood.

**Interpretation of Violent Crimes (chart at right)**

From 2002 – 2008 the Central and Phillips neighborhoods had violent crime rates consistently more than double the rates of the other study area neighborhoods. Their rate rose steadily through 2007 before the Central neighborhood declined sharply, and by 2010 almost matched the other neighborhoods. While the Philips area declined, it remains well above the other neighborhoods.

Powderhorn Park and Corcoran rates were near or below City rates for most of the decade until 2007 and 2008 when each respectively saw sharp increases in the rate of violent crimes. Corcoran continued to rise while Powderhorn Park returned to trend with the rest of Minneapolis.
Minnesota Comprehensive Assessment Program
The Minnesota Comprehensive Assessments (MCAs) are the state tests that help districts measure student progress toward Minnesota's academic standards and meet the requirements of No Child Left Behind. The reading and mathematics tests are used to determine whether schools and districts have made adequate yearly progress (AYP) toward all students being proficient in 2014. Many states have used reading proficiency in as early as grade 3 as an indicator of future educational and personal economic achievement. Studies have shown that students with difficulty reading beyond age 3 often have difficulty catching up.

Interpretation of 3rd Grade Reading Proficiency (chart at right)
Reading proficiency rates have increased steadily through the decade although overall numbers have remained behind citywide and other low-income tract values for much of this time.

Notes on the data:
There are no elementary schools in sub-areas D or E

Data is based on students attending elementary schools located within the target area and is not reflective of those students living within target areas regardless of school.
Minnesota Comprehensive Assessment Program (Grade 5)

Interpretation of 5th Grade Reading Proficiency (Chart at Right)
Reading proficiency rates increased steadily from 2000 through about 2006 before dipping slightly in all areas. Test scores in sub-areas within South Minneapolis have remained consistently below those of other low-income area and citywide values although the gap may be narrowing as three sub-area schools showed modest improvement from 2008-2010.

Interpretation of Free Lunch Eligibility (Chart at Bottom)
The percentage of students eligible for free and reduced lunch has often been used as a surrogate for poverty where detailed data on incomes are not available. Eligibility rates in South Minneapolis increased modestly from 2003-2005 and are consistently 20-30 percentage points higher than other low-income areas and the city as a whole.
Racial & Ethnic Diversity
Pew Research Center surveys show that most people would prefer to live in a racially and ethnically diverse neighborhood, although this diversity has proven difficult to create and sustain. The Index of Diversity at right measures the probability that two randomly selected mortgage borrowers will not be the same race/ethnicity. And increase in Index value means an increase in the racial/ethnic diversity of mortgage borrowers. See Appendix for more on this Index of Diversity.

Interpretation of Diversity of Borrowers (Chart at Right)
Overall the diversity of mortgage borrowers was unchanged between '93 and '08 in South Minneapolis. However, the pool of mortgage borrowers who purchased homes in the target area was much more diverse than in other low-income areas.
Civic Participation
Previous research shows the connections between demographic, social and economic characteristics and people’s propensity to, and frequency of, participation in politics, religious life, arts and culture, volunteer activities, and other community activities. One important finding is that participation in one form of community life is often associated with participation in other forms; e.g., those who vote are far more likely than those who do not to donate money to charitable causes. High voter turnout indicates citizens are engaged and feel empowered to influence decisions affecting them. Low voter turnout, on the other hand, can signal disenfranchisement and disinterest in the local community. It can further lead to under-representation and a shift in policy focus toward voting populations.

Interpretation of Voter Participation (Chart at Right)
Rates of voter participation as a percentage of eligible voters follows a similar pattern among all sub-areas and other low-income tracts where rates spike during years of presidential elections and drop-off as much as 20 percentage points in off-year election cycles. The participation rates in South Minneapolis sub-areas is consistently lower than city values with the exception of sub-area B which has followed closely the rate for citywide election participation. Even during presidential election years most sub-areas have voter participation rates 20-30 percentage points lower than other low-income areas and City numbers.
Calculation of Most Recent Year and Over Time Comparisons
For most indicators in this report, the comparison calculation for the Most Recent Year is the percentage by which the target area value is greater (or less) than the comparison area value for the most recent year data are available. Comparison Over Time is the percentage by which the target area indexed value is greater (or less) than the comparison area indexed value for the most recent year data are available. For these indicators, an increase is a good thing for the neighborhood and a positive percentage change can be read as the target neighborhood doing “better” than the comparison neighborhood. However, for both the Percentage of High Cost Loans and Percentage of Mortgage Loans in Foreclosure indicators, an increase is usually harmful to a neighborhood. For these two indicators the comparison calculation is inverted to be the percentage by which the comparison area value is greater (or less) than the target area value. With this adjustment, a positive percentage change for all indicators can be read as the target neighborhood doing “better” than the comparison neighborhood.

Geographic Levels of Data
Data used in this report are available at the neighborhood, census tract, census block group, precinct, school or address level depending on source. Wherever possible the finest level of data resolution was used and data were aggregated to the tract level. Data containing monetary values were all deflated to 2000 values. Home Mortgage Disclosure Act, Vacant Address and Census 2000 data are available by census tract; LED Employment and Earnings data were collected by census tract; local data including Property Sales, Housing Tenure, Foreclosures, Vacant Land, Tax Delinquency were available at the address level but were aggregated to census tract; Crime data is available at the neighborhood; School data is available at the individual school level and aggregated to census tract; Voting data were collected by precinct and aggregated to census tract.

Core Indicators, Data Treatments and Sources

**High Cost Mortgage Loans**
These data are available through the Home Mortgage Disclosure Act (HMDA) and provided to the public by the Federal Financial Institutions Examination Council (FFIEC). Indicator is based on percentage of home purchase mortgage loans that are high cost. High cost loans have interest rates 3 percentage points above comparable Treasury rates for first liens and 5 points above for junior liens. Data are available 1993-2009.

**Vacant Addresses**
Data are available through the USPS’s Administrative Data on Address Vacancies. Data are available quarterly January 2006-Sept 2010.

**Property Sales**
These data are available through the Hennepin County tax assessor’s office. The property sales indicator is based on the percentage of residential parcels that were sold each year. Multiple sales per parcel within one year were counted only once because the calculation was based on the total number of residential parcels. Data received for 2002-2010.

**Housing Tenure**
These data are available through the Hennepin County tax assessor’s office. All owner-occupied homeowners are eligible to apply for a Homestead Exemption in property tax but are not required to do so. Data received for 2002-2010.

**Median Sales Price**
These data are available through the Hennepin County tax assessor’s office. Indicator is based on amount of each property sale for single-family residential units (excluding apartments), and calculated as median sale amount for each sub-area. Data received for 2002-2010.

**Foreclosures**
These data are available through the Hennepin County Sheriff’s Department. Indicator is based on percentage of mortgaged properties that have gone through sheriff’s sale. Data are available 2005-2010. Data are updated monthly through April 2010.

**Tax Delinquency**
Data are available through the Hennepin County Taxpayer Services department. Indicator is based on the percentage of residential parcels with at least one year of delinquent taxes and includes earliest year of delinquency. Data received in 2011 for delinquent taxes in 2010.
Core Indicators, Data Treatments and Sources Continued

**Vacant Land**
These data are available through the Hennepin County Assessor’s office. County parcel data includes a land use code for each property. Properties with a code of ‘vacant – residential’ were included in this assessment. Data received for 2002-2008.

**Resident Earnings**
Data are available through the Local Employment Dynamics Partnership & US Census Bureau. Data on resident job holding were collected through Cornell University’s computational infrastructure known as VirtualRDC. Indicator is based on percentage of employed residents earning more than $3,400 per month. Data are available 2002-2009.

**Minnesota Taxable Income**
These data are available from the Minnesota Department of Revenue. Indicator is the mean taxable income for all tax filers in each census block group. Data is available 2003-2008.

**Resident Income**
Data are available through the Internal Revenue Service Statistics of Income Data. Data are available 1998, 2001-02, 2004-06; release date for 2007 data unknown.

**Resident Employment**
Data are available through the Local Employment Dynamics Partnership & US Census Bureau. Data on resident job holding were collected through Cornell University’s computational infrastructure known as VirtualRDC. Indicator is based on the change in number of employed residents. Data are available 2002-2009.

**Local Job Availability**
Data are available through the Local Employment Dynamics Partnership & US Census Bureau. Data on resident job holding were collected through Cornell University’s computational infrastructure known as VirtualRDC. Indicator is based on the average number of jobs available with one mile of target area census tracts. Data are available 2002-2009.

**Crime Incidents**
Data are available by request through the City of Minneapolis Police Department. Indicator measures the rate of crime incidents per thousand population based on the 2000 Census population. Data received for 2002-2010.

**Minnesota Comprehensive Assessment Program**
These data are available through the Minnesota Department of Education. Indicator is based on the percentage of elementary school students meeting or exceeding proficiency in 3rd grade reading and math, and 5th grade reading and math. Data are available 2000-2010.

**Free Lunch Eligibility**
These data are available through the Minnesota Department of Education. Indicator is based on the percentage of elementary school students that are eligible to receive free lunch based on household income guidelines. Data are available 2000-2010.

**Racial/Ethnic Population**

**Voter Participation**
Data are available through the Minnesota Legislative GIS Office. Indicator is based on the percentage of eligible voters (based on 2000 Census population) that cast a ballot in each biannual election. Data are available 2002-2010.