

THE WALZ-FLANAGAN BUDGET



TO MOVE MINNESOTA FORWARD

2022 Supplemental Budget Recommendations

Commissioner Jennifer Ho



Governor's 2022 Supplemental Budget Recommendations: At-a-Glance

Supplemental Budget Recommendations:

- **\$409.5 million in new investments over three years**
 - Build and Preserve More Homes
 - Increase Housing Stability
 - Strengthen and Support Homeownership

Total New Investment:

- **\$719.5 million over three years including capital budget recommendations (\$310 million)**

Governor's 2022 Supplemental Budget Recommendations

- The budget recommendations are historic and critically needed.
- The recommendations highlight the need for significant and on-going resources to address the persistent housing challenges in the state.
- The recommendations reach the range of the housing needs felt by Minnesotans in all regions of the state.
 - New construction and preservation
 - Rental and homeownership
 - Deeply affordable housing and market-rate housing in Greater Minnesota,
 - Homelessness prevention and homeownership development,
 - Rental assistance and downpayment assistance

Governor's 2022 Supplemental Budget Recommendations

FY 2023 - \$225.5 million in new investments

Build and Preserve More Homes	Increase
Economic Development and Housing Challenge Program (EDHC)	\$25 million
Greater Minnesota Workforce Development	\$10 million
Workforce and Affordable Homeownership	\$12 million
Community Stabilization	\$100 million
Flexible Financing for Capital Costs	\$10 million

Support & Strengthen Homeownership	Increase
Homeownership Assistance Fund	\$12 million

Increase Housing Stability	Increase
Homework Starts with Home Expansion	\$10 million
Family Homeless Prevention and Assistance Program (FHPAP)	\$19.5 million
Landlord Risk Mitigation	\$5 million
Housing Trust Fund	\$10 million
Strengthen the Supportive Housing Model	\$12 million

Build and Preserve More Homes

Build and Preserve More Homes: Economic Development and Housing Challenge



Governor's Recommendation:

- **\$25 million increase in FY 2023**
 - **\$25 million in FY 2024-25**
 - FY 2023 Enacted Budget – \$12.9 million
 - FY 2024-25 Base Budget – \$25.8 million
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- **Description:** Create and preserve more new housing opportunities across the state, both rental and homeownership.
 - **Outcomes:** Create an estimated 1,225 housing opportunities across the state over three years.

Build More Homes: Workforce and Affordable Homeownership Program

Governor's Recommendation:

- **\$12 million increase in FY 2023**
- **\$24 million in FY 2024-25**
- FY 2023 Enacted Budget – \$250,000
- FY 2024-25 Base Budget – \$500,000



- **Description:** Finance homeownership development grants to cities, tribal governments, nonprofit organizations, cooperatives and community land trusts for development of workforce and affordable homeownership projects.
- **Outcomes:** Create an estimated 900 homes over three years.

Build More Homes: Greater Minnesota Workforce Housing Development Program

Governor's Recommendation:

- **\$10 million increase in FY 2023**
- **\$16 million in FY 2024-2025**
- FY 2023 Enacted Budget – \$2 million
- FY 2024-25 Base Budget – \$4 million



- **Description:** Build new rental housing in Greater Minnesota, typically in cities and towns with populations under 5,000.
- **Outcomes:** Create an estimated 865 new units of housing in Greater Minnesota over three years.

Build More Homes: Flexible Financing for Capital Costs

Governor's Recommendation:

- **\$10 million in FY 2023**



- **Description:** Covers costs otherwise not funded with HIB proceeds, typically structured as low- or no-interest deferred loans in conjunction with HIB loans. Especially timely given uncertainty and changing market conditions.
- **Outcomes:** Assist approximately 333 units of rental housing.

Preserve More Homes: Naturally Occurring Affordable Housing

Governor's Recommendation:

- **\$100 million in FY 2023**



- **Description:** Preserve and improve existing housing commonly referred to as Naturally Occurring Affordable Housing. Can finance acquisition and rehabilitation costs for both single-family and multifamily properties to prevent displacement of both homeowners and renters from homes they can afford.
- **Outcomes:** Preserve an estimated rental 2,850 homes.

Increase Housing Stability

Increase Home Stability: Housing Trust Fund – Rental Assistance

Governor's Recommendation:

- **\$10 million increase in FY 2023**
 - **\$25 million in FY 2024-25**
 - FY 2023 Enacted Budget – \$11.6 million
 - FY 2024-25 Base Budget – \$23.3 million
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- **Description:** Provide rental assistance for individuals and families.
 - **Outcomes:** provide housing assistance to an estimated 1,500 households each year.



Increase Housing Stability: Homework Starts with Home Eligibility Expansion

Governor's Recommendation:

- **\$10 million each year starting in FY 2023**
- FY 2023 Enacted Budget – \$1.75 million
- FY 2024-25 Base Budget – \$3.5 million



- **Description:** Add to and expand the Homework Starts with Home program to provide rent and other housing assistance to families with or expecting children.
- **Outcomes:** Provide housing assistance for an estimated 1,425 families each year.

Increase Home Stability: Family Homeless Prevention and Assistance Program

Governor's Recommendation:

- \$19.5 million increase in FY 2023
 - \$19 million in FY 2024-25
 - FY 2023 Enacted Budget – \$10.3 million
 - FY 2024-25 Base Budget – \$20.5 million
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- **Description:** Provide direct assistance to families and coordinate access to prevention services and funding.
 - **Outcome:** Serve an estimated 19,250 households over three years.



Increase Home Stability: Landlord Risk Mitigation Fund

Governor's Recommendation:

- **\$5 million in FY 2023**



- **Description:** Provide a financial guarantee and case management services to incentivize rental housing owners to rent to hard-to-house tenants.
- **Outcomes:** Help an estimated 2,000 households find stable housing.

Increase Home Stability: Strengthen Supportive Housing



Governor's Recommendation:

- **\$12 million in FY 2023**
- **\$30 million in FY 2024-25**
- **Description:** Create additional financial stability for supportive housing for individuals and families who are at-risk of or have experienced homelessness. Will help developments meet ongoing operational expenses that aren't covered by individual service rates, one of the primary challenges faced by new supportive housing developments.
- **Outcomes:** New partnerships with the health care sector to coordinate better access to services and reduce use of emergency care.

Strengthen and Support Homeownership

Support and Strengthen Homeownership: Downpayment and Closing Cost Assistance

Governor's Recommendation:

- **\$12 million in FY 2023**
 - **\$20 million in FY 2024-25**
 - FY 2023 Enacted Budget – \$885,000
 - FY 2024-25 Base Budget – \$1.8 million
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- **Description:** Provide additional downpayment and closing cost assistance.
 - **Outcomes:** Help an estimated 2,667 households over three years become first-time homebuyers.



Thank you

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