



# Minnesota Housing Agency Overview

January 10, 2023

# Why We're Here

- Housing impacts Minnesotans of **all backgrounds** in **all corners** of the state.
- Housing touches **all areas of life** – education, health, jobs and more.



# Our Unique Role



Independent agency established  
in 1971

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Seven-member board

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Annual independent financial  
audit and rating agency reviews

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No state appropriations used for  
agency operating costs

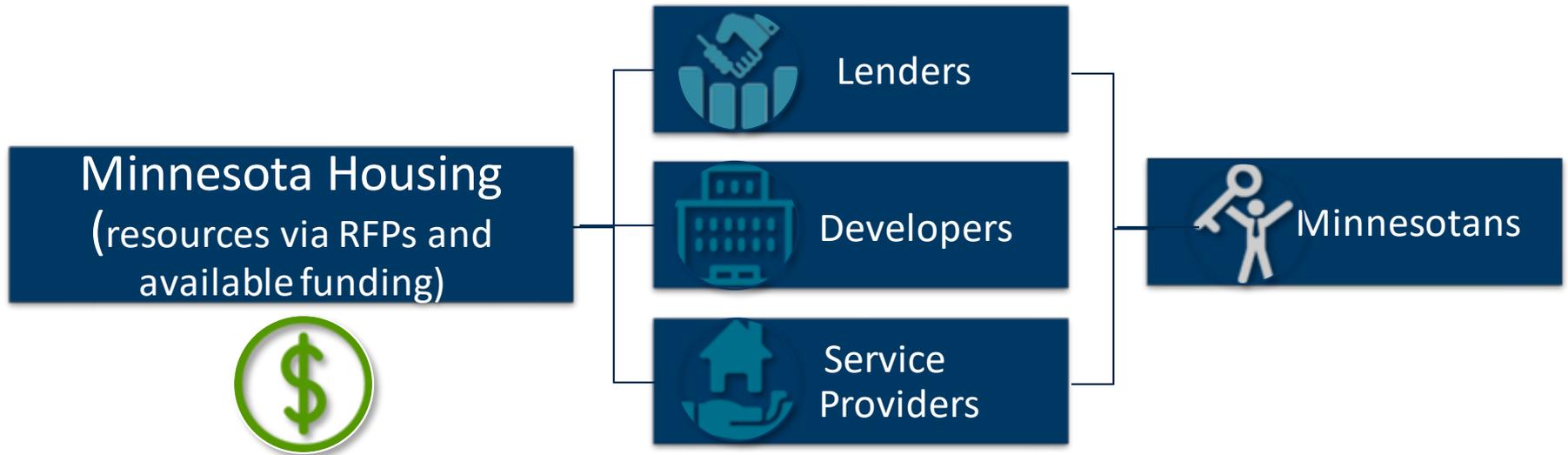
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State appropriations are an  
estimated **4% of overall agency  
program budget**

# Mission-Driven Financial Institution

- AA+ Bond ratings from Moody's and Standard & Poor's.
- One of the leading State Housing Finance Agencies for homeownership lending.
- Sound management of financial resources and Agency earnings create additional resources to serve more.
- Our partnership with the Legislature is a model for other states and allows us to serve people with the most needs.

# Program Delivery Process



# What does Minnesota Housing do?

Homeownership	Rental
Finance mortgages and down-payment/closing cost loans	Finance the creation and preservation of rental housing that's affordable
Finance home improvement and rehabilitation loans	Finance rental assistance and operating subsidies
Finance homeowner counseling, education and training	Finance homelessness prevention and assistance
Finance intensive financial coaching (improving credits scores, savings, etc.)	Administer project-based Section 8 contracts in Minnesota for HUD
Finance development of affordable single-family homes	
Temporarily administer COVID-19 housing assistance for past-due housing payments, including mortgage and rent	
Lead and act on critical housing issues, working with partners to advocate for solutions and leverage private and public resources	

# What do we not do?

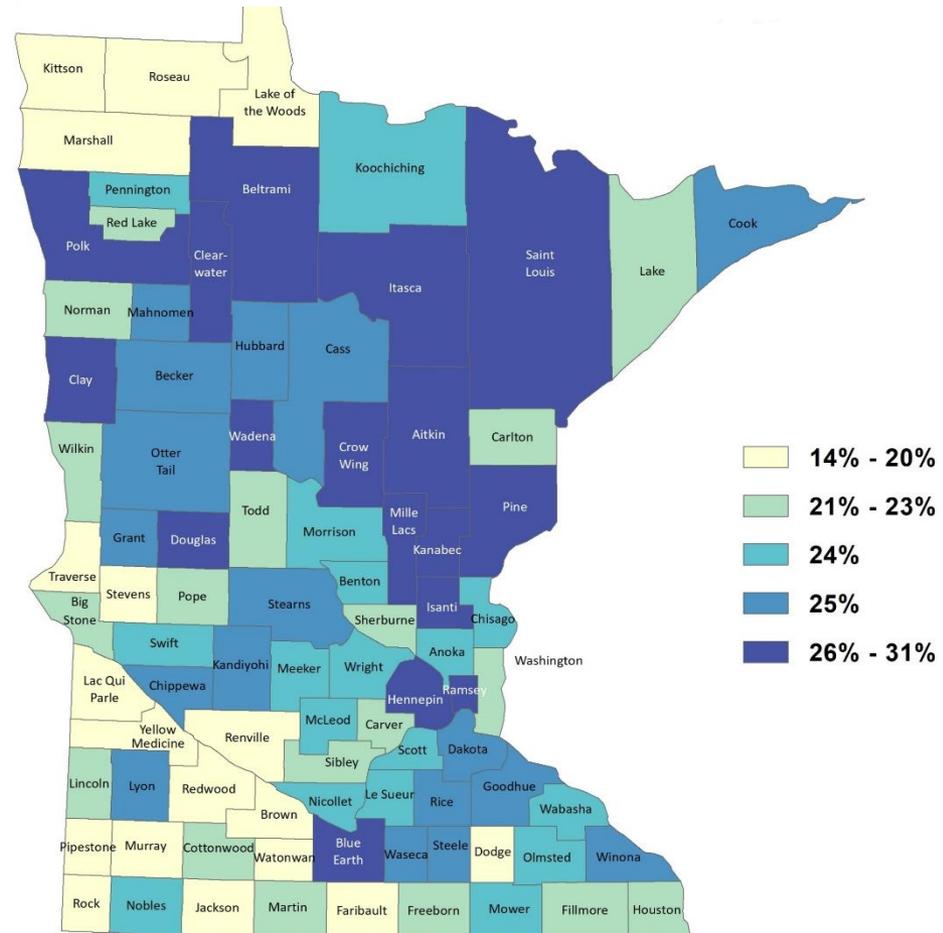
- Build or develop housing
- Own housing
- Regulate housing or development
- Set/control local housing, zoning or land-use policies
- Administer federal Section 8 Housing Choice Vouchers
- Directly help people find housing
- Mediate general landlord/tenant disputes

# Housing Needs: All of Minnesota is Affected

# Housing Needs Are Everywhere

- Cost-burdened households are in every county.
- In most of the state, 1 in 4 households pay 30% or more of their income on housing costs.

Percentage of All Households that are Cost Burdened, 2021



Source: US Census Bureau, American Community Survey 2017-2021.

# Current Housing Conditions

## **Systemic Issue:**

- Since the Great Recession, Minnesota has underproduced housing, which has created a severe shortage across the state.

## **Current Market Conditions:**

- Construction costs are high and volatile.
- Interest rates at highest levels in over a decade.
- Severe shortage of housing that is deeply affordable.

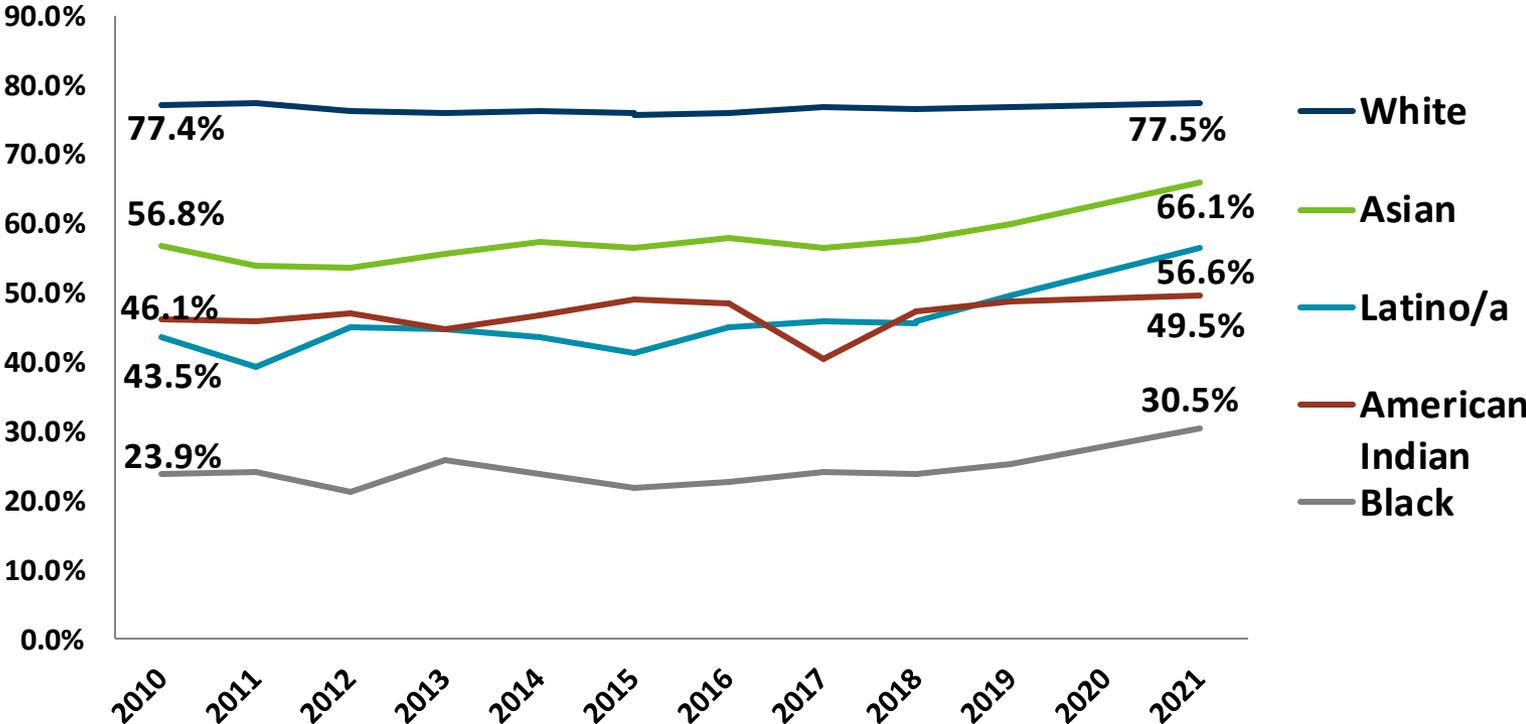
# What is the impact?

- 590,000 households pay 30% or more of their income for housing.
- 79% of Extremely Low Income Minnesota renters are cost burdened.
- 184,000 households between the ages of 25-44 are potentially income-ready to purchase a home.
- Limited supply of single-family homes for sale, particularly for homes selling for \$250,000 or less.
- Roughly 8,000 people face homelessness on a given night.

# Disparities in Homeownership

There is still a nearly 50-point gap in homeownership rates between Black and white Minnesota households.

Homeownership Rates by Race and Ethnicity in Minnesota, 2010 to 2021

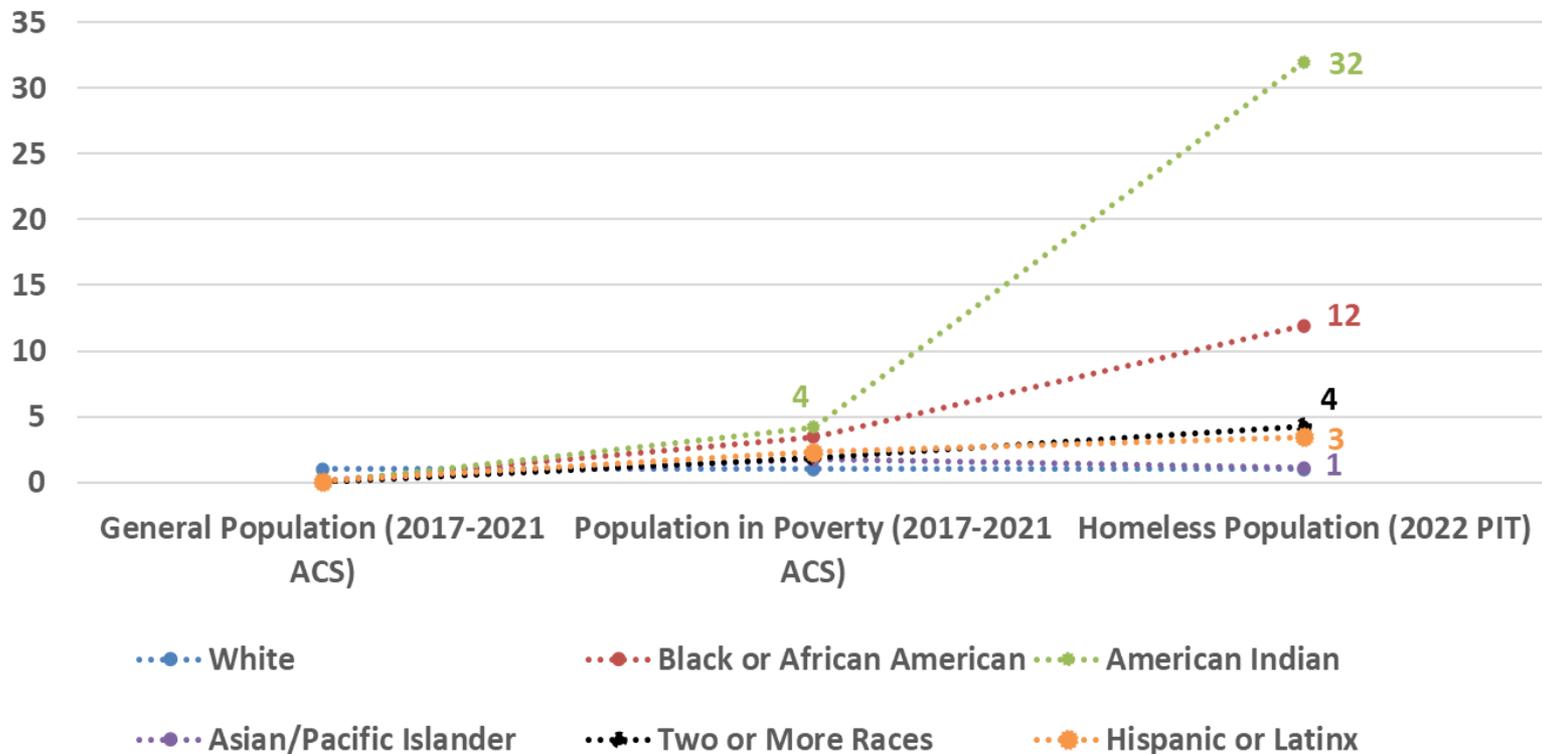


Source: Census Bureau, American Community Survey (2010 to 2019, 1-yr samples)

# Disparities in Homelessness

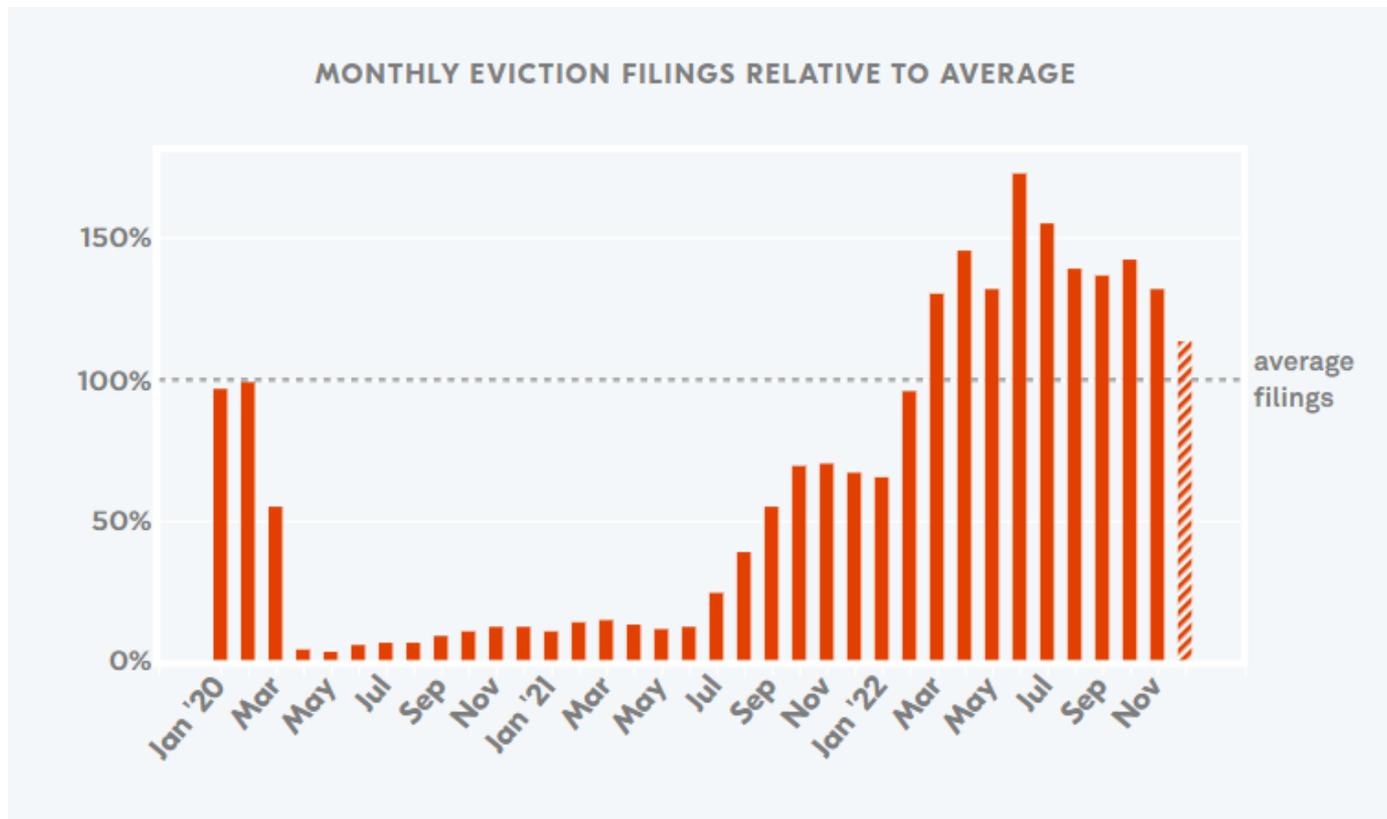
Indigenous individuals are **32 times as likely** to experience homelessness compared to white, non-Hispanic individuals.

Proportional Representation of Race and Ethnic Populations



# Increased Housing Instability

Evictions are exceeding pre-pandemic levels



Source: [evictionlab.org](https://evictionlab.org) Data current through December 10, 2022.

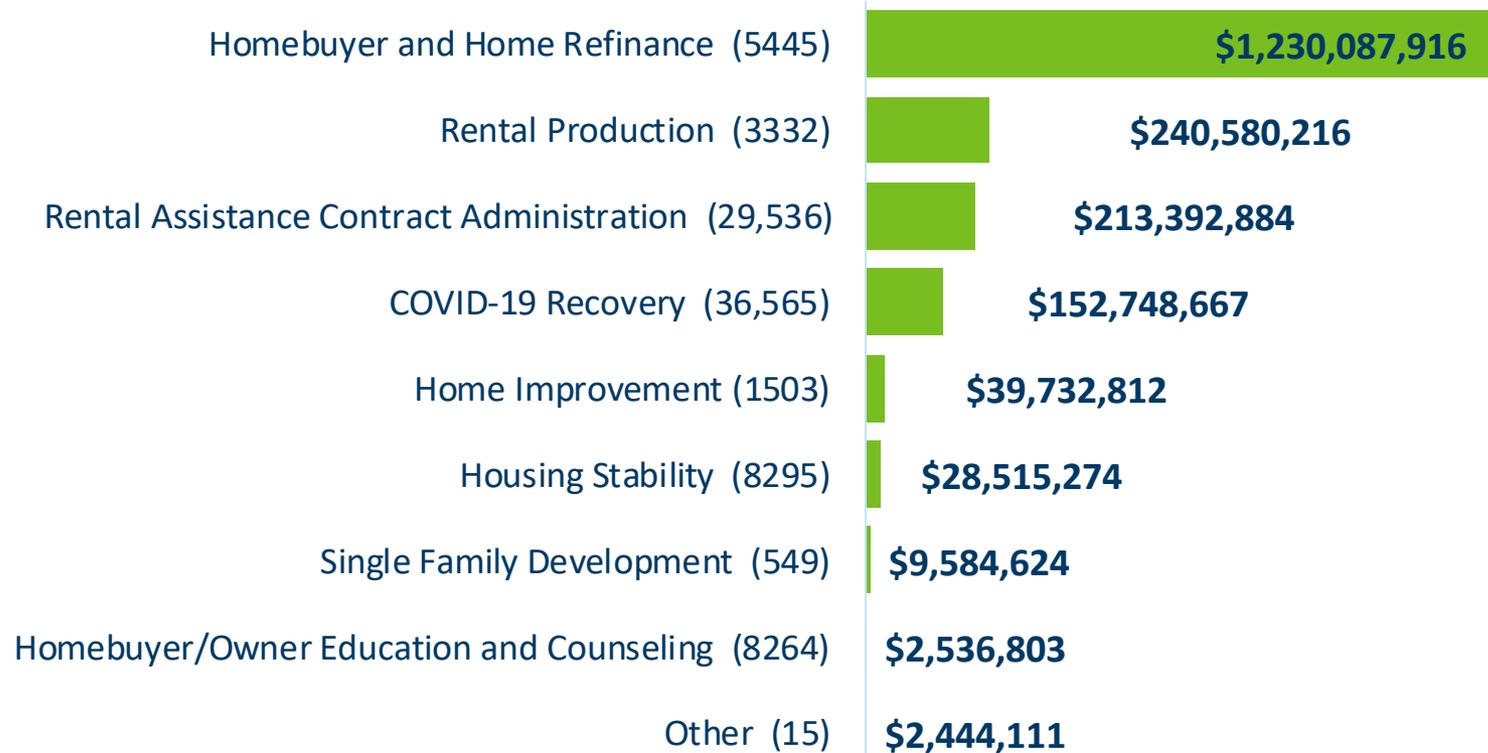
# Minnesota Housing Impact

# Areas of Impact

**\$1.92 billion in program expenditures in FFY 2021**

**93,504 households helped**

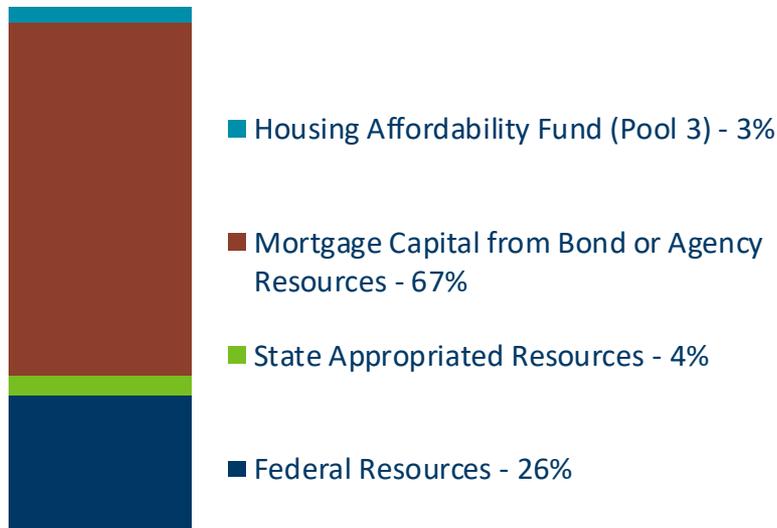
Total assistance by program (households served)



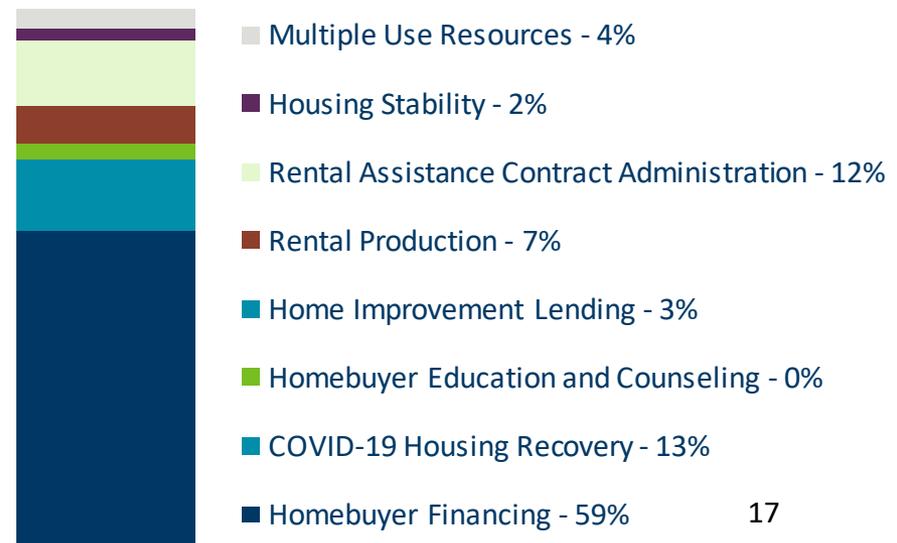
# 2022-2023 Affordable Housing Plan

- The Agency's Affordable Housing Plan (AHP) incorporates all the Agency's programmatic funding from state, federal and Agency resources.
- The 2022-2023 AHP anticipated \$4 billion in total activities.

## Sources



## Uses



# Investments Throughout Minnesota

From 2018 through 2021, our competitive resources have been allocated **53%** in the Metro Area and **47%** in Greater Minnesota.



# Appropriated Programs: Our Partnership with the Legislature

# Our Housing Continuum

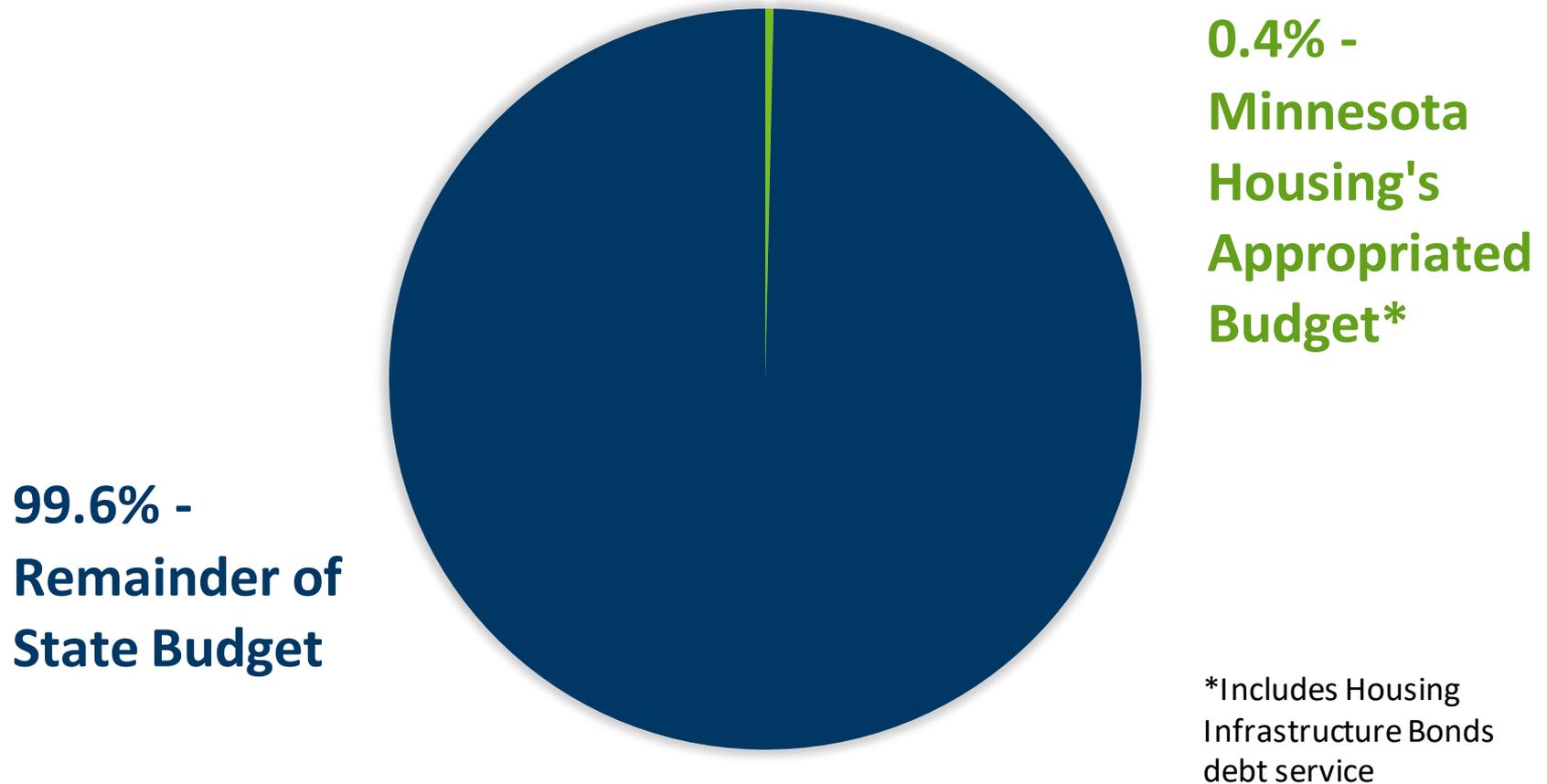
**Homelessness  
Prevention**

**Supportive  
Housing**

**Rental Housing**

**Homeownership**

# Minnesota State Budget



# FY 2024-25 Base Budget

## \$115.6 million

<b>Homeless Prevention/Housing Stability</b>	
Homework Starts with Home	\$3.5 million
Family Homeless Prevention and Assistance Program (FHPAP)	\$20.5 million
Bridges	\$8.7 million
Housing Trust Fund	\$23.3 million
<b>Build More Homes</b>	
Economic Development and Housing Challenge Program (EDHC)	\$25.9 million
Workforce and Affordable Homeownership	\$0.5 million
Greater Minnesota Workforce Development	\$4 million

<b>Support and Strengthen Homeownership</b>	
Homeownership Education, Counseling and Training	\$1.7 million
Homeownership Assistance Fund	\$1.8 million
BuildWealth	\$1 million
<b>Preserve the Homes We Have</b>	
Rehabilitation Loan	\$5.5 million
Rental Rehab Program	\$7.5 million
Preservation of Federally Assisted Housing	\$8.4 million
Manufactured Home Park Infrastructure	\$2 million
<b>Build and Support Organizational Capacity</b>	
Capacity Building	\$1.3 million

# Homelessness Prevention

## Family Homelessness Prevention (FHPAP)

*Prevent homelessness before it begins.*

- Grants to counties, regions, nonprofits and other local organizations to provide direct assistance and services.
- Funds are used for homelessness prevention, minimizing episodes of homelessness and eliminating repeat episodes.



**FY 2021 Spend: \$9.8 million**

**Households: 4,804**

**Median Income: \$10,248**

**Race/Ethnicity: 59% households of color**

# Housing Stability

## Housing Trust Fund

*Rental assistance to low-income families and operating subsidies to property owners.*

- Grants to 39 local organizations to provide rental assistance so renters pay 30% of their income towards rent.
- Nearly 75% of people served have experienced long-term homelessness.



<b>FY 2021 Spend:</b>	<b>\$11.8 million</b>
<b>Households:</b>	<b>2,217</b>
<b>Median Income:</b>	<b>~\$9,000</b>
<b>Race/Ethnicity:</b>	<b>63% households of color</b>

# Housing Stability

## Bridges

*Housing support for families where at least one adult member has a serious mental illness.*

- Stabilizes households by helping individuals pay for rent and by providing support services.
- Part of state's Olmstead Implementation Plan.



**FY 2021 Spend: \$3.6 million**

**Households: 691**

**Median Income: \$10,500**

**Race/Ethnicity: 32% households of color**

# Housing Stability

## Homework Starts with Home

*Housing stability for children and families leads to improved attendance, school success and increases in household income.*

- Grants to local governments and nonprofit organizations provide rental assistance and homelessness prevention resources for families of students experiencing or at risk of homelessness.
- A collaborative approach involving local housing organizations, schools and service providers is a key feature of the local program design.



**FY 2021 Spend: \$2.0 million**

**Households: 251**

**Median Income: \$11,808**

**Race/Ethnicity: 79% households of color**

# Build More Homes

## Economic Development and Housing Challenge (Challenge Program)

*No. 1 source of state appropriations to develop new housing.*

- No-interest deferred loans or grants to for-profit and non-profit developers and local units of government.
- Provides flexibility by letting communities identify the types of housing that best fit their needs.
- Can be used for new construction or rehabilitation and funds both rental housing and homeownership.



<b>FY 2021 Spend:</b>	<b>\$16.3 million (MF), \$6.7 million (SF)</b>
<b>Households:</b>	<b>269 (MF), 303 (SF)</b>
<b>Median Income:</b>	<b>\$19,795 (MF), \$46,176 (SF)</b>
<b>Race/Ethnicity:</b>	<b>73% (MF), 66% (SF) households of color</b>

# Build More Homes

## Workforce and Affordable Homeownership

*Increase the supply of homeownership housing throughout the State.*

- Grants to cities, tribal governments, nonprofit organizations, cooperatives, and community land trusts for housing development.
- Funds can be used for development costs, rehabilitation, land development and manufactured home park infrastructure.
- Base funding is \$250,000 per year.



**FY 2021 Spend: \$19,000**

**Affected Units: 11**

**Median Income: \$25,283**

# Build More Homes

## Greater Minnesota Workforce Housing Program

*Provide grants to local units of government to build new rental housing.*

- Market dynamics make it difficult to create new units of rental housing in Greater Minnesota.
- Vast majority of developments are in communities with a population less than 5,000.



**FY 2021 Spend: \$1 million**

**Affected Units: 97**

# Support and Strengthen Homeownership

## Downpayment and Closing Cost Assistance

*Helps households that can afford a mortgage but need assistance with downpayment and closing costs.*

- Homeownership is the primary driver for building wealth for low- and moderate-income households.
- Limited state resources are supplemented with agency resources.



<b>FY 2021 Spend:</b>	<b>\$885,000</b>
<b>Households:</b>	<b>84</b>
<b>Median Income:</b>	<b>\$54,447</b>
<b>Race/Ethnicity:</b>	<b>39% households of color</b>

# Support and Strengthen Homeownership

## Homeownership Education, Counseling and Training Fund (HECAT)

*Provides comprehensive homeownership services.*

- Grants to non-profit organizations across the state to provide both pre-purchase and post-purchase counseling and services.
- The statewide network is overseen by Minnesota Homeownership Center.



<b>FY 2021 Spend:</b>	<b>\$1.4 million</b>
<b>Households:</b>	<b>7,425</b>
<b>Median Income:</b>	<b>\$42,384</b>
<b>Race/Ethnicity:</b>	<b>48% households of color</b>

# Preserve the Homes We Have

## Rehabilitation Loan Program

*Finances 0% loans to up to \$37,500 to make improvements in owner-occupied housing.*

- Local units of government and nonprofit organizations, including Community Action Agencies, deliver this program to homeowners.
- Homeowners may use loans for health, safety, accessibility and energy-efficiency improvements.



<b>FY 2021 Spend:</b>	<b>\$4.5 million</b>
<b>Households:</b>	<b>203</b>
<b>Median Income:</b>	<b>\$15,564</b>
<b>Race/Ethnicity:</b>	<b>7.4% households of color</b>

# Preserve the Homes We Have

## Rental Rehabilitation Loans

*Finances loans to make improvements in rental housing in Greater Minnesota.*

- Provides 0% deferred loans at no interest to individuals, developers, nonprofits, units of government, and tribal housing corporations for the moderate rehabilitation of existing affordable permanent rental housing.
- Designed to serve owners of smaller federally-assisted properties or naturally affordable properties not served in other programs.



<b>FY 2021 Spend:</b>	<b>\$710,000</b>
<b>Households:</b>	<b>22</b>
<b>Median Income:</b>	<b>\$17,282</b>
<b>Race/Ethnicity:</b>	<b>28% households of color</b>

# Preserve the Homes We Have

## Preservation of Federally Assisted Housing

*Finances loans to make improvements for the health, safety and quality of federally assisted affordable housing so that federal subsidies are not lost to the State.*

- Provides 0% deferred loans to property owners.
- The federal Section 8 and United State Department of Agriculture Rural Development (USDA RD) portfolios were developed primarily from the 1960s to the 1980s.



<b>FY 2021 Spend:</b>	<b>\$13.2 million</b>
<b>Households:</b>	<b>253</b>
<b>Median Income:</b>	<b>\$13,956</b>
<b>Race/Ethnicity:</b>	<b>51% households of color</b>

# Preserve the Homes We Have

## Manufactured Home Park Infrastructure

*Provides grants to owners to improve shared infrastructure.*

- Grants can be used for water and sewer upgrades, storm shelter construction and repairs, electrical work, road and sidewalk improvements, and other infrastructure needs.
- 2022 RFP selections included \$9.5 million to improve 742 home lots.



**FY 2021 Spend: \$879,000**

**Households: 232**

# Capacity Building Resources

## Capacity Building

*Assist organizations' ability to deliver critical housing programs and activities.*

- Provides grants to a limited number of organizations to support a range of activities and initiatives.
- Current grantees of state appropriations include the Greater Minnesota Continuums of Care, HomeLine, OpenAccess and the Homeless Management Information System.



**Annual State  
Appropriation:        \$645,000**

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Thank you!