

One Minnesota Budget



Housing Infrastructure Bonds and Challenge

Commissioner Jennifer Leimaile Ho

Funding the Statewide Need and Focused on Equity



Housing Infrastructure Bonds (HIB) and Economic Development and Housing Challenge (Challenge) are two of the primary development resources provided by the State.

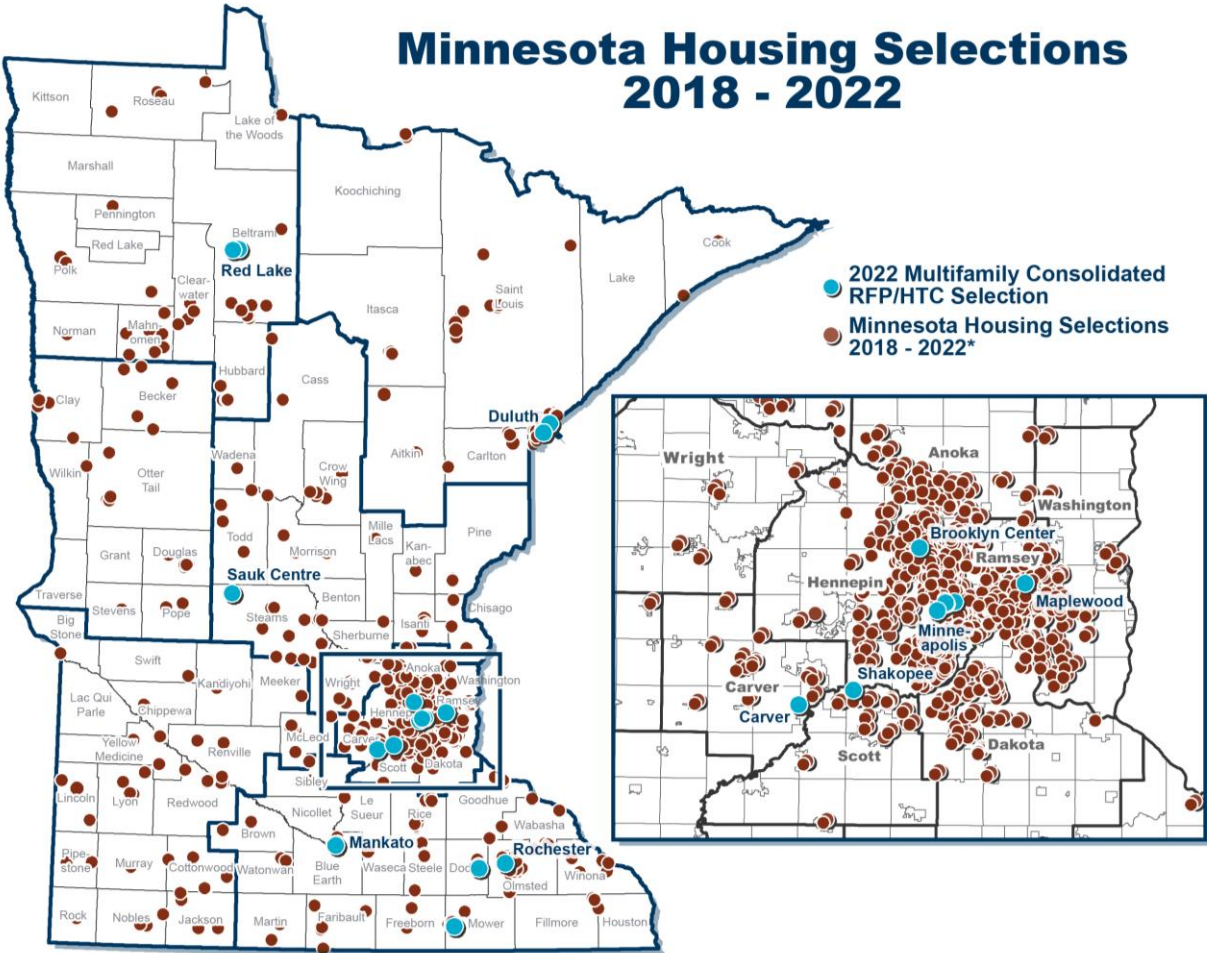
Both resources fund a range of activities and project types in both rental housing and single-family housing.

Equity Results:

- About 72% of the rental homes funded by the Challenge program are occupied by households that identify as Black, Indigenous or households of color.
- About 66% of the owner-occupied homes funded by Challenge belong to households that identify as Black, Indigenous or households of color.

Consolidated Request for Proposal Process

- The Agency simultaneously runs a funding process for rental housing and single-family housing activities.
- Minnesota is unique around the country for having consolidated processes that combines federal resources, federal tax credits (rental) and state resources, as well as partner funds.
- This might not make the application process easier, but it does reduce the number of RFPs developers and partners need to apply for.



Anticipated Timing for New Resources

2023	January – April	RFP technical assistance and outreach
	April	RFP process opens
	July	Application period closes
	August – December	Agency project scoring and review
	December	Minnesota Housing Board of Directors votes on selections
	2024	Beginning January
Fall		First issuance of Housing Infrastructure Bonds to finance loans and grants (after MMB issues General Obligation bonds)

Economic Development and Housing Challenge



Economic Development and Housing Challenge

Largest state appropriation to develop housing.

- No-interest deferred loans or grants.
- Recipients are 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.
- Single-family activities include new construction, owner-occupied rehab, acquisition/rehab and downpayment/affordability gap.



FY 2024-25 Recommendation:	\$125.9 million
Change:	+\$100 million
Projected Impact:	+1,200 housing opportunities

Balancing the Statewide and Local Needs

- Each community across the state needs housing, but their local needs vary.
- The Agency works to balance the use of the resource across rental and homeownership needs, geographies and activities.
- Since 2019:
 - 59% of funds were used for rental housing and 41% for single-family housing.
 - 60% of Challenge dollars were in Greater Minnesota and 40% were in Metro.
 - 57% of funds were used on new construction and 43% on rehab. Other uses include acquisition and resale.



Challenge – 2022 RFP Selections



Single-Family:

- \$13.3 million for 34 proposals, supporting 393 units.
 - New Construction: \$5.8 million, 86 units.
 - Preservation: \$7.5 million, 307 units.

Rental Housing:

- \$15.7 million for 7 proposals, supporting 563 units of new construction.

Challenge Project Highlight – Multi-Family/Rental

Gladstone Village, Maplewood (Represents 65 new rental homes)

Gladstone Village is a project selected from the 2022 Consolidated RFP process, a workforce development in Maplewood, a Twin Cities suburb.

The project will address the need for affordable units with an emphasis on providing larger bedroom units for families, persons with disabilities and people who are unsheltered.

The developer is JB Vang Partners.



Challenge Project Highlight



"In everything we do there is a sense of pride because we are breaking down barriers," said J. Kou Vang of JB Vang. "We hope that by us doing this we open up the door for more BIPOC developers as they come through."

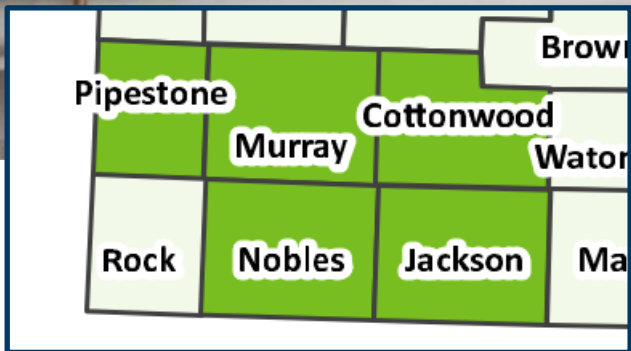
Challenge Project Highlight – Single Family Repair



Critical Repair Projects for Low-Income Homeowners

This program, administered by Rebuilding Together Minnesota, will address critical health and safety repairs and large accessibility modifications for older adults or those living with a disability so that they can continue to live safely and independently in their own homes.

Services are for homeowners with the lowest incomes in Cottonwood, Jackson, Murray, Nobles and Pipestone Counties.



Housing Infrastructure



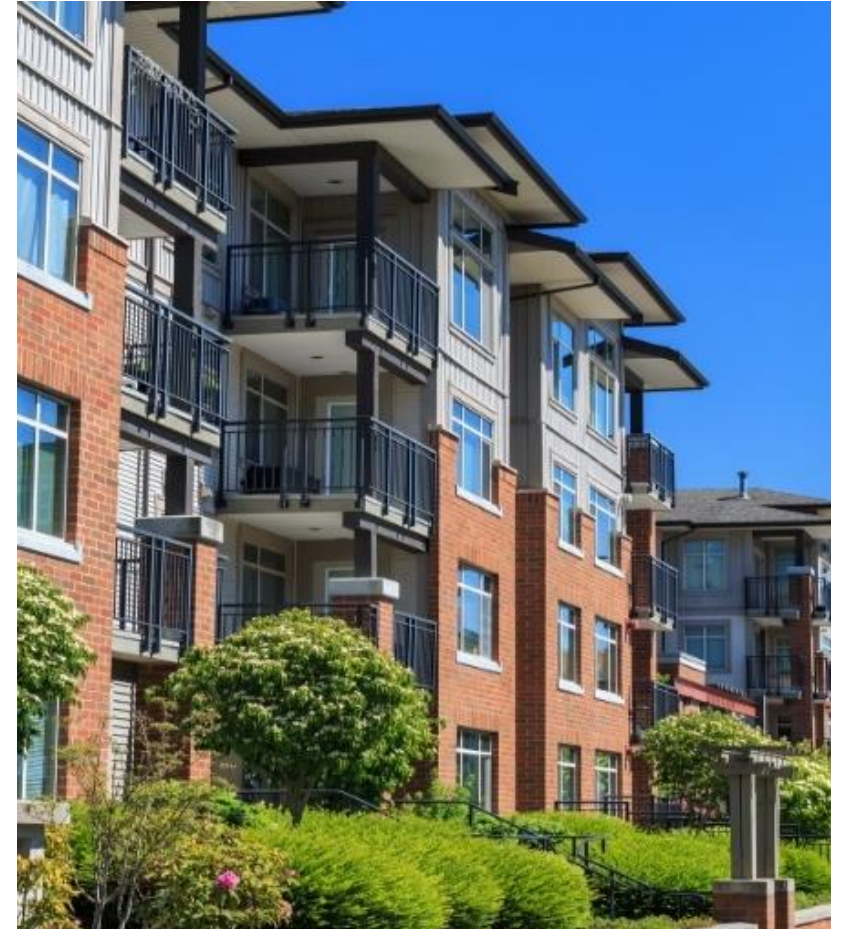
Why Housing Infrastructure Bonds?



- 95% of the housing in the state is privately owned.
- State GO bonds can only be used for publicly-owned housing.
- Created in 2012, Housing Infrastructure Bonds (HIB) are the **largest state source** of capital for housing development and are unique around the country.
- Bonds leverage local, federal and private investment and spur development that otherwise would not happen.

Housing Infrastructure Bonds Overview

- Just over \$500 million in HIB have been authorized and put into projects since 2012, leveraging over \$1 billion in total development costs.
- More than 6,400 units have been created or preserved, including units in the pipeline.
- HIB are a critical resource to support households at 30% AMI levels, including permanent supportive housing and new construction senior housing.



HIB – 2022 RFP Selections



Single-Family Development:

- \$4.4 million for 14 proposals, supporting 63 homes in community land trusts.

Manufactured Housing:

- \$7.7 million for 7 proposals, supporting 515 units.

Rental Housing:

- Supportive Housing - \$11.9 million for 2 proposals, supporting 88 units.
- Preservation - \$1.3 million for 1 proposal, supporting 86 units.

Housing Infrastructure Bonds Summary

Housing Infrastructure Bonds 2012 - 2022			
	Number of Units	HIB Amount (Committed)	Total Development Costs
Multifamily New Construction	2,993	\$389.1 million	\$740.2 million
Multifamily Rehabilitation/Preservation	2,222	\$121.5 million	\$301.3 million
Single Family	422	\$15.1 million	\$92.5 million
Manufactured Homes	1,410	\$13.7 million	\$24.3 million
TOTAL	7,047	\$539.4 million	\$1.158 billion

Governor's Recommendations



\$250 million in bond authorization
\$100 million in one-time appropriation

- Develop and preserve permanent supportive housing.
- Preserve federally assisted rental housing.
- Create affordable housing for seniors aged 55 and older (new in 2018).
- Manufactured home community acquisition and infrastructure (new in 2018).
- Develop homeownership opportunities, including homes in community land trusts (expanded in 2020).

HIB - New Use Proposed in 2023



- The biggest gap in housing development is housing that is affordable to individuals and families with lower incomes.
- Propose expanding the allowed uses of HIB to include housing for **people making less than 50%** of the Area Median Income.

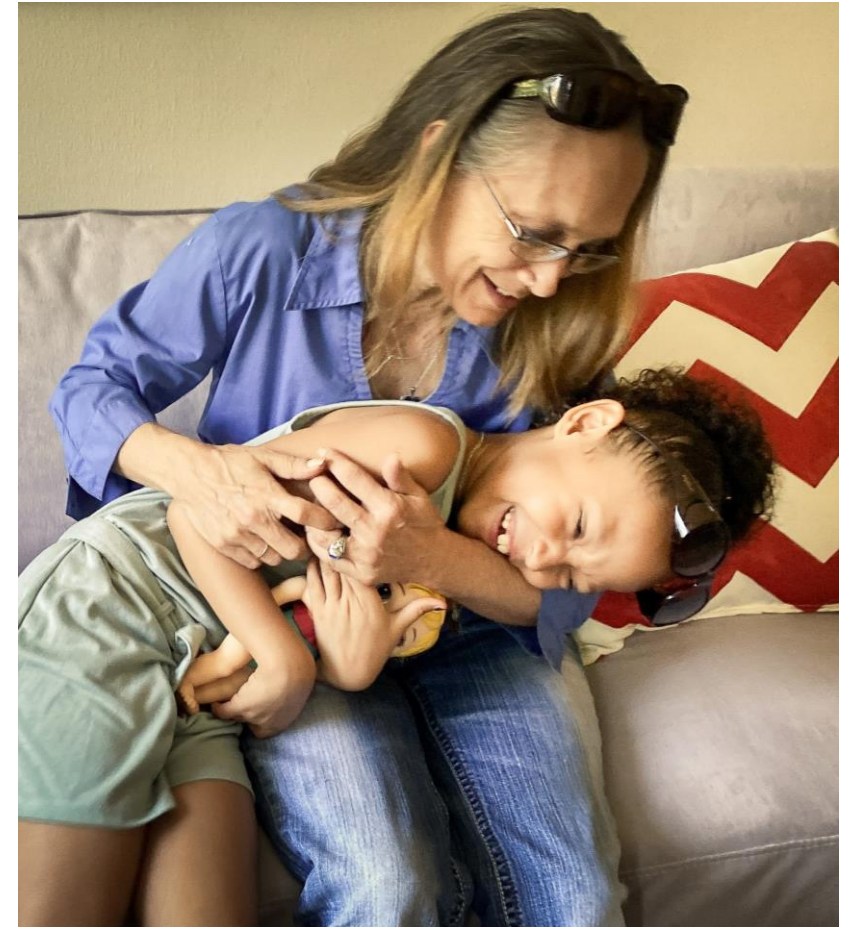
HIB Project Highlight – Supportive Housing

Red Lake Supportive Housing

Construction will begin this year for 28 units of supportive housing, built as twin homes/duplexes with one to three bedrooms per unit.

The homes will be situated near two new service centers that will provide extra support for those who may struggle to keep their housing.

The developer is Red Lake Housing.



HIB Project Highlight – Manufactured Housing

Infrastructure repairs in Moorhead

Bennett Park Cooperative in Moorhead is a 22-lot manufactured home community that provides some of the lowest lot rents in the region, but the community has infrastructure needs.

Investments to upgrade sewer pipes and water mains and reconstruct parking lots and roads will help Bennett Park stay a viable, affordable manufactured home community for years to come.



HIB Project Highlight – Manufactured Housing

"We're so excited to get started," said Evan, board member and resident at Bennett Park. "The park needs a lot of improvements. Our roads are covered with potholes. If you live on the edges of the park, the water pressure is terrible. My hope is that someday people will drive by and say 'oh, that place is really nice.'"



HIB Project Highlight – Single Family

Single Family Homes, Grand Rapids 2022 Selection

Eight new community land trust homes will be built through a collaboration between Itasca County HRA and One Roof Community Housing.

Community Land Trusts create permanently affordable homeownership opportunities through a one-time investment in the purchase of land and underwriting of construction and repair costs.

HIB Project Highlight – Single Family



"I recommend using the land trust model to everyone," says Marshall on his new home. "We're not going paycheck-to-paycheck anymore. We used to go way into the negative. We're starting to catch up and soon we'll be ahead. It feels good."

Thank You!

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