

One Minnesota Budget



HOUSING STABILITY

The Governor’s and Lt. Governor’s budget responds to the range of the housing needs felt by Minnesotans in all regions of the state, while focusing on closing disparities and assisting lowest-income Minnesotans and underserved geographies:

- Rental and homeownership
- New construction and preservation
- Deeply affordable housing and market-rate housing in Greater Minnesota
- Homelessness prevention and homeownership development
- Rental assistance and downpayment assistance

Governor’s Housing Budget at a Glance	
FY 2024-25 Base Budget	\$115.6 million
<i>Governor’s Recommendations</i>	<i>+\$726.5 million</i>
Total FY 2024-25 Recommendations	\$842.1 million
FY 2026-27 Planning Estimates	\$115.6 million
<i>Governor’s Recommendations</i>	<i>+\$41.5 million</i>
Total FY 2026-27 Recommendations	\$157.1 million

Governor’s FY 2024-25 Budget Recommendations	
	FY 2024-2025
Preserve and Create New Homes	\$473.8 million <i>+\$420 million</i>
Increase Housing Stability	\$221 million <i>+\$165 million</i>
Support and Strengthen Homeownership	\$134.5 million <i>+\$130 million</i>
Build and Support Organizational Capacity	\$12.8 million <i>+\$11.5 million</i>

Governor's FY 2024-25 Budget Recommendations

Program	Description	FY 2024-2025
PRESERVE AND CREATE NEW HOMES		
Economic Development and Housing Challenge (Challenge)	Funds both multifamily rental and single-family homeownership new construction and redevelopment. Leverages federal, private and local government funds.	\$125.9 million <i>+\$100 million</i>
Workforce Homeownership Program	Provides development resources to increase the supply of homeownership opportunities.	\$35.5 million <i>+\$35 million</i>
Community Stabilization	New – Provides resources to preserve and improve existing housing commonly referred to as Naturally Occurring Affordable Housing.	\$100 million <i>+\$100 million</i>
Greater Minnesota Workforce Housing Program	Provides competitive financial assistance to build market-rate and mixed-income residential rental properties in Greater Minnesota	\$44 million <i>+\$40 million</i>
Housing Infrastructure	New – Provides loans and grants for rental housing development, manufactured housing community infrastructure and homeownership development.	\$100 million <i>+\$100 million</i>
Public Housing Rehab	New – Provides resources to improve public housing with a priority on health and safety improvements, including fire suppression systems.	\$20 million <i>+\$20 million</i>
Manufactured Home Park Infrastructure Grants	Provides grants for manufactured home park acquisition, improvements and infrastructure.	\$27 million <i>+\$25 million</i>
Rental Rehabilitation Loans	Rehabs naturally occurring affordable and federally subsidized rental housing in Greater Minnesota.	\$7.9 million
Preservation (PARIF)	Assists with repair, rehabilitation and stabilization of federally assisted rental housing that is at risk of aging out of federal assistance programs.	\$8.4 million
Rehab Loans (Single Family)	Helps low-income homeowners make basic health and safety improvements to their homes.	\$5.5 million

INCREASE HOUSING STABILITY		
Family Homeless Prevention	Provides short-term assistance to families at risk of homelessness. Types of assistance may include one-time rental payments, assistance with first or last month's rent, or one-time mortgage payments.	\$120.5 million <i>+\$100 million</i>
Housing Trust Fund	Provides rental assistance for individuals and families, many of whom have previously experienced homelessness.	\$33.3 million <i>+\$10 million</i>
Strengthen Supportive Housing	New – Provides resources to strengthen supportive housing for individuals or families who are at-risk of or are experiencing homelessness.	\$40 million <i>+\$40 million</i>
Homework Starts with Home	Provides rent and other housing assistance to families with children that lack housing stability.	\$8.5 million <i>+\$5 million</i>
Bridges	Provides rental assistance for families in which at least one adult household member has a serious mental illness.	\$18.7 million <i>+\$10 million</i>
SUPPORT AND STRENGTHEN HOMEOWNERSHIP		
Downpayment Assistance	Provides funding for the Agency's downpayment and closing cost assistance program. Serves low- to moderate-income first-time homebuyers across the state, including First Generation Homebuyers	\$129.8 million <i>+\$128 million</i>
Homeownership Education, Counseling and Training Fund (HECAT)	Provides both pre-purchase homebuyer counseling and foreclosure prevention counseling services.	\$3.7 million <i>+\$2 million</i>
Build Wealth	Direct appropriation to support capacity.	\$1 million
BUILD AND SUPPORT ORGANIZATIONAL CAPACITY		
Capacity Building	Provides grants to organizations for regional coordination, housing planning and to build capacity.	\$12.8 million <i>+\$11.5 million</i>
TOTAL		\$842.1 million <i>+\$726.5 million</i>

PRESERVE AND CREATE NEW HOMES

Community Stabilization (New)

The Governor recommends \$100 million to preserve and improve existing housing commonly referred to as Naturally Occurring Affordable Housing. Investing in existing housing is an important and cost-effective way to maintain housing that is currently affordable to low-income households. In recent years the affordability of housing throughout the state has been eroded as older apartments and single-family homes are purchased and upscaled, leading to increased rents or home values.

Community Stabilization is a new program, and the resources will be used to acquire, rehabilitation and preserve existing rental and homeownership housing so that it remains affordable for current and future households. With \$100 million, the state will preserve and improve an estimated 2,000 homes.

Workforce and Affordable Homeownership

The Governor recommends a \$35 million increase in FY 2024-25 to increase the supply of single-family homes across the state. In recent years, there has been a shortage of single-family homes which has limited access for first-time homebuyers. The Workforce and Affordable Homeownership Program finances homeownership development grants to cities, tribal governments, nonprofit organizations, cooperatives and community land trusts for development of workforce and affordable homeownership projects. Funds can be used for development costs, rehabilitation, land development and manufactured home park infrastructure. This recommendation will create an estimated 500 homes.

Local Housing Needs – Challenge Program

The Governor recommends a \$100 million increase to the Economic Development and Housing Challenge program in FY 2024-25 to produce more new housing opportunities across the state. Many employers across the state are hiring more people, but often the limited supply of housing is impacting business expansion. The priority for the funding will be on increasing rental and homeownership housing opportunities in communities where the lack of housing is impacting job growth, as well as providing downpayment assistance to first-time homebuyers. This recommendation will create an estimated 1,200 housing opportunities across the state.

Greater Minnesota Workforce Housing Development

The Governor recommends a \$40 million increase in FY 2024-25 for the Greater Minnesota Workforce Housing Development program. This program builds new rental housing in Greater Minnesota, predominantly in cities and towns with populations under 5,000. While many communities have had increased jobs in the region, the market has not added adequate new housing. The development of new housing in all regions of Greater Minnesota is critical for economic growth and job creation. This recommendation will create an estimated 1,140 new homes in Greater Minnesota.

Housing Infrastructure

The Governor recommends \$100 million in appropriations in FY 2024-25 for the Housing Infrastructure program. The Housing Infrastructure program provides loans and grants for the development of permanent supportive housing, preservation of existing housing, senior housing, single family homes and manufactured home park infrastructure. Resources for the Housing Infrastructure program have been the largest state source of capital for housing development over the last 10 years and this

amount is in addition to the Governor’s Capital Investment proposal that authorizes debt. The Agency is also requesting a new use to build deeply affordable rental homes. This recommendation will impact an estimated 800-1,200 homes.

Public Housing Rehabilitation

The Governor recommends \$20 million in appropriation in FY 2024-25 for the Public Housing Rehabilitation Program. The program provides loans for the rehabilitation of public housing, particularly to address health, safety, accessibility and energy efficiency issues. Public housing is in all 87 counties, comes in all sizes and types, from scattered single-family homes for large families to high rise apartments for elderly families. This amount is in addition to the Governor’s Capital Investment proposal. This recommendation will improve an estimated 1,670 units.

Manufactured Housing Community Infrastructure

The Governor recommends a \$25 million increase in FY 2024-25 to the Manufactured Home Community Redevelopment Program. This program provides grants to fund infrastructure improvements or acquisition of manufactured home parks to assist the needs for aging manufacture home communities around the state. The program will prioritize projects based on health, safety and critical need improvements, as well as projects that leverage support from local municipalities, and projects converting a community to a cooperative ownership model. This recommendation will impact an estimated 1,920 homes.

HOUSING STABILITY

Rental Assistance – Housing Trust Fund

The Governor recommends a \$10 million increase in FY 2024-25 to the Housing Trust Fund program to provide rental assistance for individuals and families. The state’s rental assistance program is targeted to individuals and families facing or at risk of homelessness to allow renters to pay 30 percent of their income towards rent and helps meet the overall need in the state that is not met through federal programs. Only one out of every four individuals/families that is income-qualified for federal rent assistance receives the assistance. This recommendation will create housing stability for an estimated 555 households per year.

Homelessness Prevention – Family Homelessness Prevention and Assistance Program

The Governor recommends a \$100 million increase in FY 2024-25 to the Family Homelessness Prevention and Assistance Program (FHPAP) targeted for homelessness prevention. The priority for funding will be on direct assistance and specifically homelessness prevention/emergency rental assistance, but the funds may also be used for landlord risk mitigation funds and to better coordinate access to prevention services and funding. The housing assistance is typically paid to the housing provider or property owner. This recommendation will provide assistance to an estimated 40,000 households.

Strengthen Supportive Housing (New)

The Governor recommends \$40 million in FY 2024-25 to strengthen supportive housing for individuals and families who are at risk of or have experienced homelessness. Certain associated costs needed for permanent supportive housing to operate effectively (such as front desk and security costs) do not have a reliable or coordinated source of funding, creating up-front and ongoing challenges to building and maintaining this critical type of housing. The funding may be used to create partnerships with the health care sector to demonstrate more sustainable ways to provide services for supportive housing residents, improve access to health care, and reduce use of expensive emergency and institutional care. This recommendation will impact an estimated 5,000 households.

Homework Starts with Home Expansion

The Governor recommends a \$5 million increase in FY 2024-25 to expand the Homework Starts with Home program. Priority for the new funding will be to serve younger children and pregnant families experiencing or at risk of homelessness. An estimated 5,000 young children not yet in school are identified when they access certain state early childhood programs as being at risk of or experiencing homelessness. About 500 to 1,000 children are born into homelessness each year. The funding will provide rent and other housing assistance to families with or expecting children that lack housing stability. This recommendation will create housing stability for an estimated 355 families each year.

Housing Assistance for People with Disabilities (Bridges)

The Governor recommends a \$10 million increase in FY 2024-25 to help people with disabilities transition to and maintain housing in the community of their choice. The funding will be used to provide rental assistance for people with disabilities currently connected with the Department of Corrections and other state agencies. Individuals would receive a subsidy that would require them to pay no more than 30% of their income for their housing. The funds may also be used for incentives or risk mitigation funding for rental owners to increase access to homes in the private market. This recommendation will provide housing stability for an estimated 500 households per year.

SUPPORT AND STRENGTHEN HOMEOWNERSHIP

Downpayment Assistance Programs

The Governor recommends a \$128 million increase in FY 2024-25 for additional downpayment and closing cost assistance. Minnesota has one of the nation's highest rates of homeownership (more than 70 percent), and also has one of the largest disparities in homeownership rates between white households and households that are Black, Indigenous or people of color. In addition to supporting the Agency's downpayment assistance program, the funding will be used to fund a new First-Generation Homebuyer Program as well as provide resources to local lenders and partners to serve households not being reached by Minnesota Housing's programs. This recommendation will initially provide downpayment assistance for an estimated 6,400 households.

Homebuyer Education, Counseling and Training

Minnesota Housing recommends a \$2 million increase in FY 2024-25 for the Homeownership Education, Counseling and Training (HECAT) program. Through a statewide network of nonprofits and local government the program provides services to potential and current homebuyers, including: (1) in-person homeownership education, (2) homeownership services (financial wellness and homebuyer counseling), (3) home equity conversion (reverse mortgage) counseling, and (4) foreclosure prevention counseling. A priority of the program is to close the homeownership gap between white households and Black, Indigenous and households of color, one of the highest in the nation. This recommendation will provide homeownership services for an estimated 9,090 households.

BUILD AND SUPPORT ORGANIZATIONAL CAPACITY

Capacity Building Program

The Governor recommends an \$11.5 million increase in FY 2024-25 for the Capacity Building Program. The program provides grants to fund activities which help create inclusive and thriving communities. Funds will build capacity to address root causes of housing challenges and housing disparities and build power in communities most impacted by housing issues. The funds will also be used strategically to help deploy Agency program funding.