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RE: Support for \$30 million investment in GroundBreak Coalition's homeownership initiative (SF4077)

April 9, 2024

Chair Lindsey Port
95 University Ave. W.
Minnesota Senate Building, Room 3213
St. Paul, MN 55155

Dear Chair Port,

I'm writing today in support of SF4077 which would provide a one-time \$30 million investment that will be matched by the GroundBreak Coalition's work to expand wealth-building opportunities for aspiring homeowners as part of a regional, 10-year strategy to close racial wealth gaps, starting in the Minneapolis-St. Paul/Metro-area.

GroundBreak is a coalition of over 40 philanthropic, corporate, and civic institutions working to fundamentally change how and where capital flows so every person, no matter their race or background, has the opportunity to build wealth in our region. The Minneapolis Foundation is proud to be a partner of this coalition.

In 2022, hundreds of community members designed financial tools & products that, if fully financed, would remove barriers for BIPOC wealth-builders and close racial wealth gaps. The goal is to make private capital more accessible, and account for generational wealth disparities: our region has used race to exclude people from wealth-building opportunities, and we must be intentional about including people.

GroundBreak partners identified that that by creating a financial system for the region, we could unlock over \$5.3 billion in capital for aspiring homeowners, entrepreneurs, and commercial developers and that every \$1 in flexible capital invested could unlock over \$3 in private market capital.

A core premise of GroundBreak is that the onus must be on institutions that hold capital to make it accessible, instead of placing the burden on nonprofits and individuals. To that end, the Minneapolis Foundation has been selected to oversee and manage this fund and is working closely with coalition partners to organize \$1.2 billion in flexible capital over the decade that can

flow in a systematic, predictable way, along with approximately \$4.1 billion in capital from the private market provided by financial institutions.

We have also worked with our Board to pledge \$10 million in assets from our endowment and we are working with our fundholders to unlock capital from Donor Advised Funds to provide low-cost, patient capital for down payment assistance loans.

For aspiring homeowners, this means:

- Flexible capital and terms will increase trust, transparency, and consistency and will be used to bridge one-time funding gaps to account for historic wealth disparities and bring to scale private-market capital tools & products.
- Access to a 50% forgivable downpayment assistance loan of at least \$50,000.
- Up to \$10,000 in forgivable home preservation loans if the owner remains in the home (for how many years?)

While this first-in-the-nation financial system is first being built on a regional level in the Minneapolis-St. Paul/Metro area, we envision that as it is established, it will expand statewide and be replicated across the country.

On behalf of the GroundBreak Coalition, we respectfully request your support in this truly groundbreaking effort.

Sincerely,

A handwritten signature in black ink, appearing to be 'R.T. Rybak', with a stylized, looped design.

R.T. Rybak
President & CEO
Minneapolis Foundation