



Minnesota Housing Budget

Jennifer Leimaile Ho, Commissioner

February 4, 2025

Our Mission: The Core Purpose

Housing is foundational to a full life and a thriving state, so we equitably collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

Housing Shortage & Rising Costs Impacting Minnesotans

Rental Housing

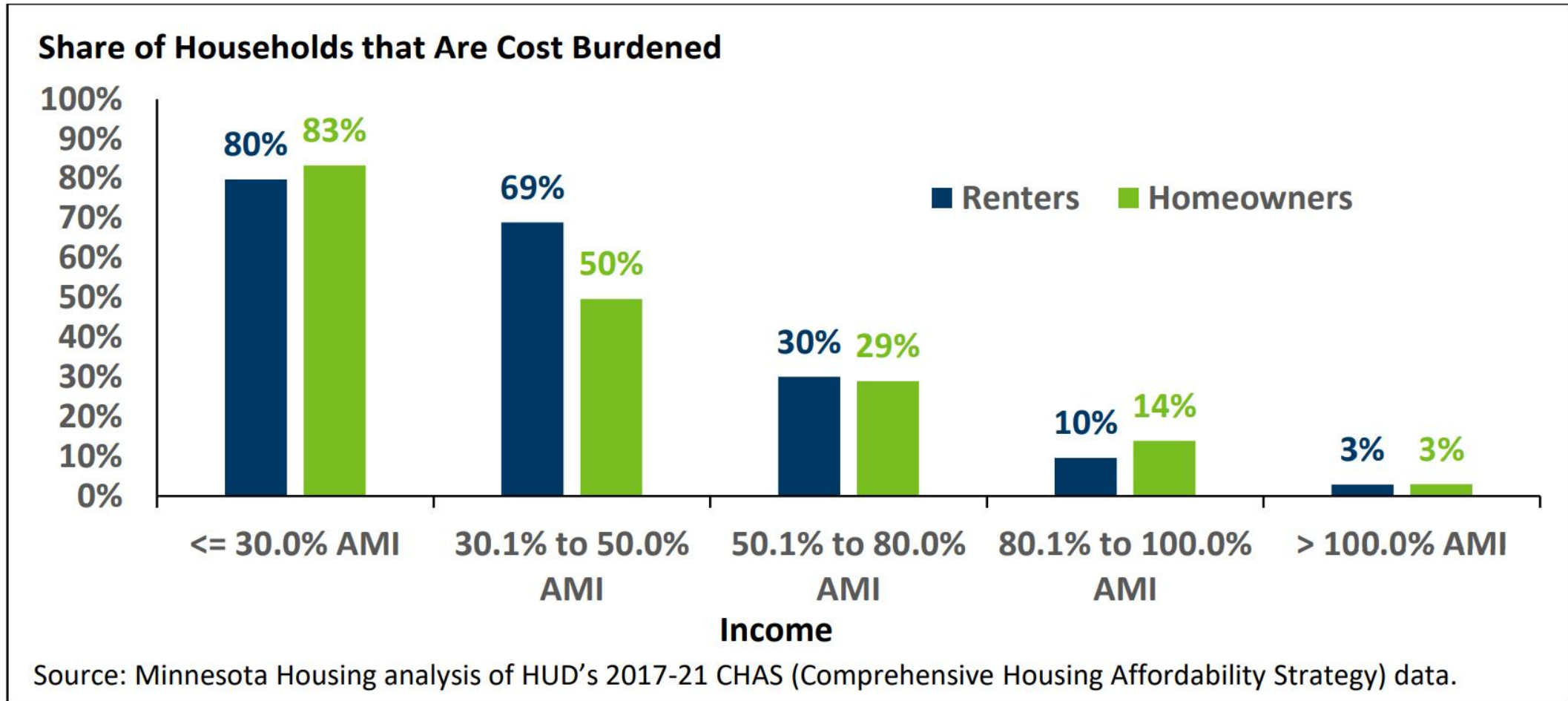
- Harder to build new housing, and **we are not building enough homes**.
- **Evictions remain high**.
- **Rents** have been increasing and **outpacing incomes** for lowest income renters.
- Affordable rental providers face **increasing operating costs** (e.g. insurance) with constrained income.

Single-Family Homeownership

- Homeownership **disparities** between white households and households of color remain **egregious and persistent**.
- Harder to become a first-time homebuyer
- **Supply remains low**, especially for homes under \$300,000

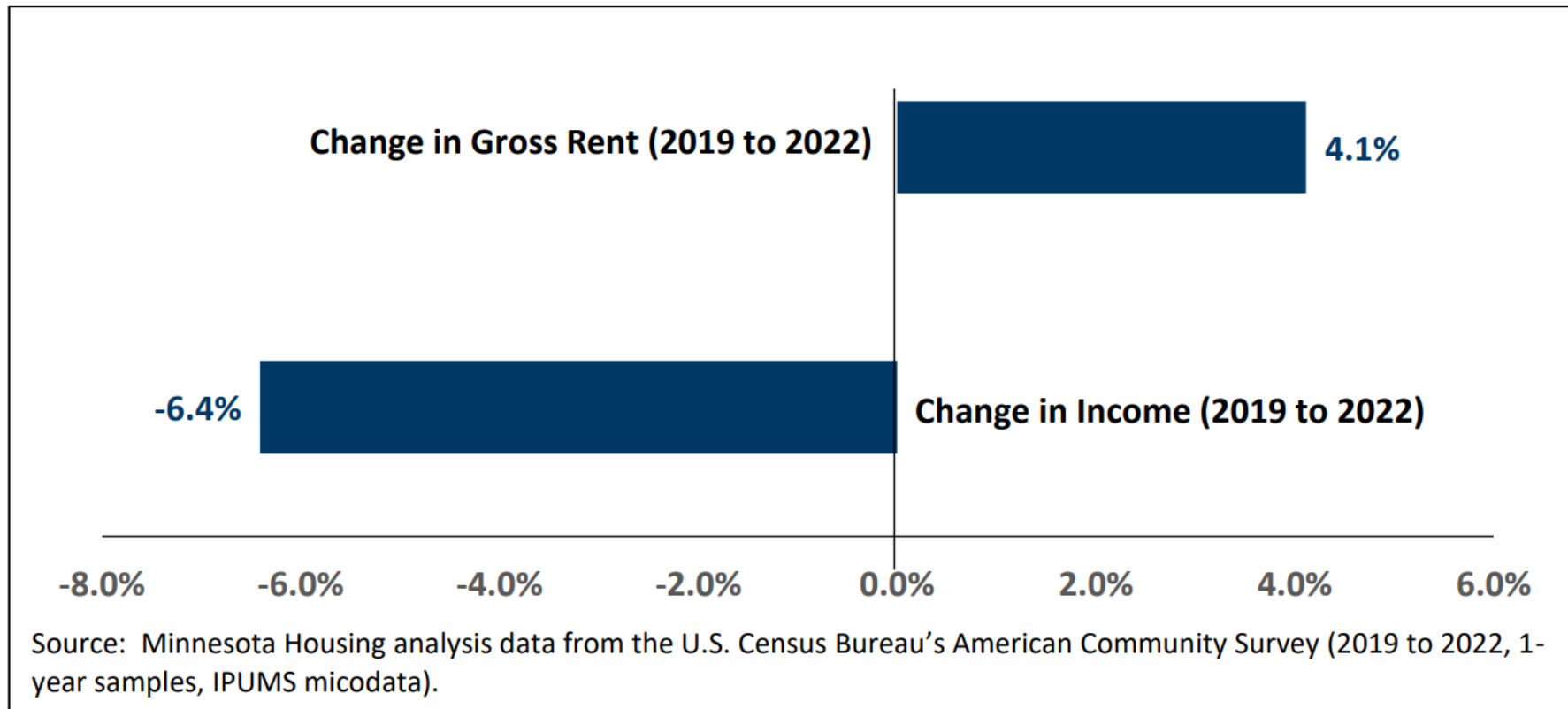
No significant new federal funding for housing development or preservation

Most low-income Minnesotans pay too much for their housing



Lower-income renters are squeezed

For renters with the lowest incomes, rents have risen faster than inflation, while incomes have failed to keep up.



Governor's Budget Recommendations

FY 2026-27

Preserve and Create New Homes

53,800,000

Capital for construction and rehabilitation of single family, multifamily, and manufactured housing.

Increase Housing Stability

106,000,000

Support to prevent displacement and/or stabilize the most vulnerable Minnesotans.

Support and Strengthen Homeownership

4,500,000

Resources to help more Minnesotans become homeowners.

Build and Support Organizational Capacity

1,300,000

Grants to organizations for regional coordination

Total Agency Budget

165,600,000



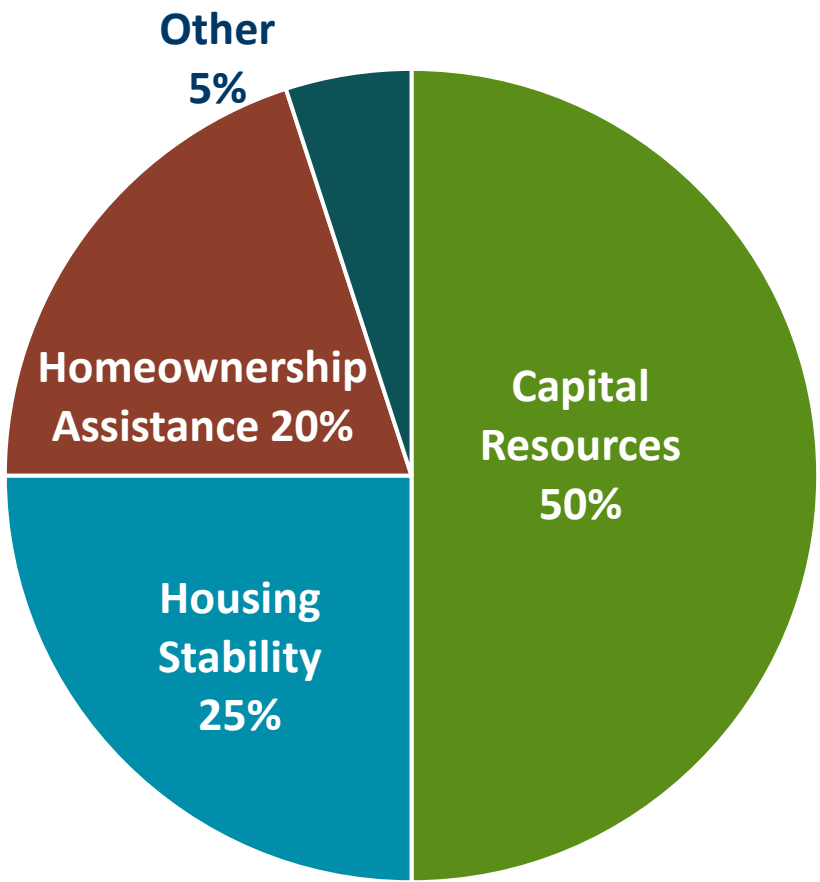
Investment in Housing Through Recent Years

- FY 2022-23 base was \$115.6 million
- 2023 was unprecedented, \$1.3 billion, largely in one-time appropriations.
- Proposed FY 2026-27 is \$165.6 million

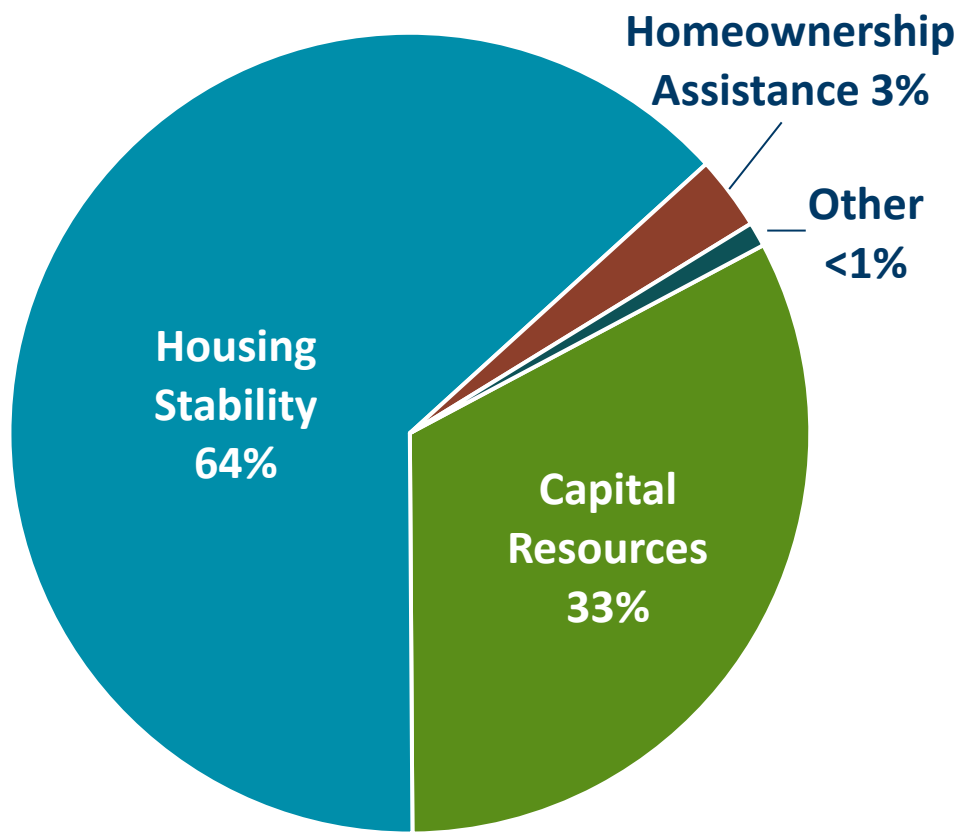


State Appropriations by Housing Use

FY 2024-25



FY 2026-27



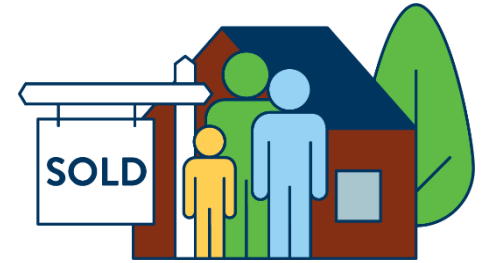
Financing Needs Across the Continuum



**Homelessness
Prevention**

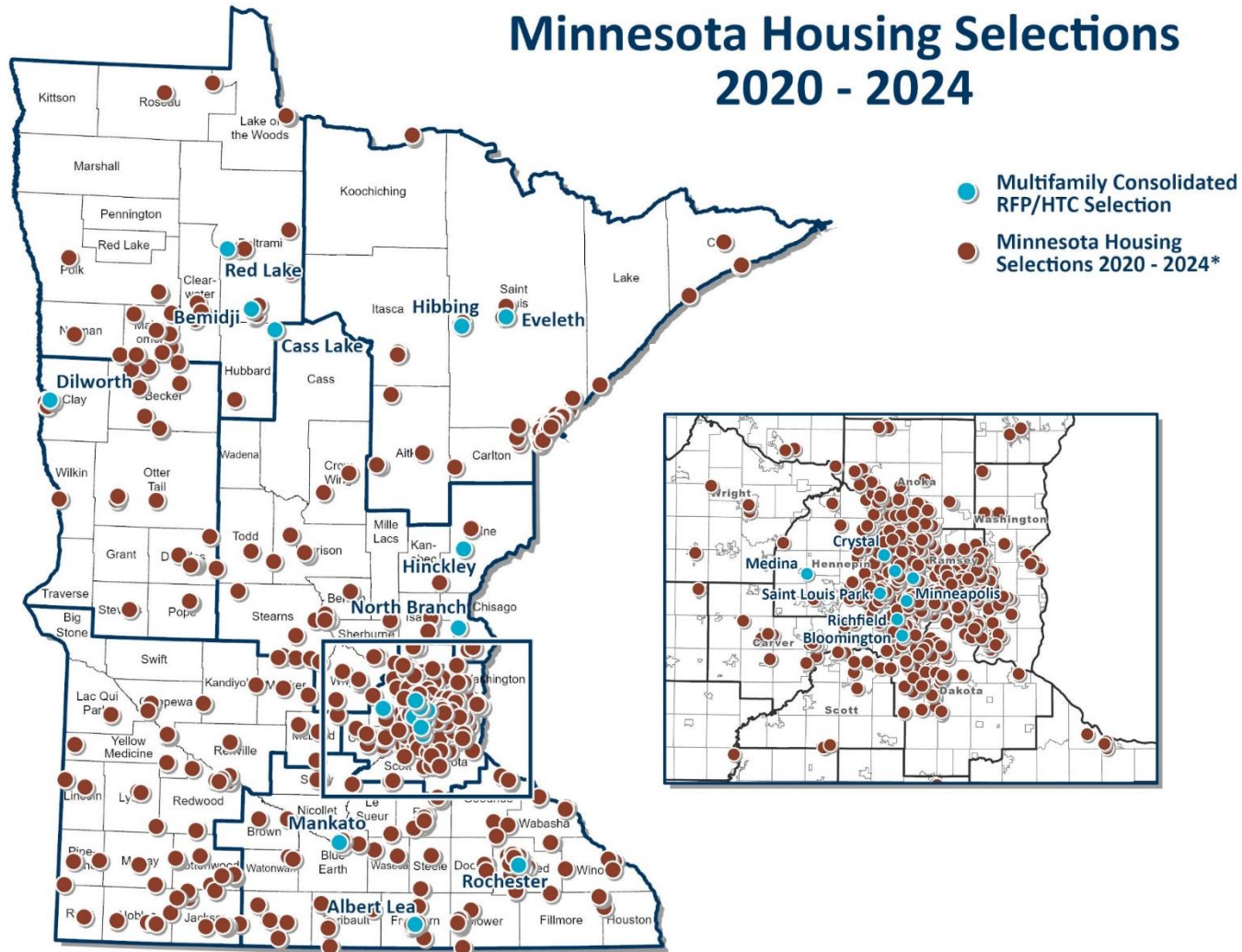


**Rental
Housing**



Homeownership

Selections and Programs Reach Across the State



FY 2024 Competitive Assistance:

48% Greater Minnesota (\$173 m)

52% Twin Cities (\$188 m)

FY 2022-24 Competitive Assistance:

47% Greater Minnesota (\$455 m)

53% Twin Cities (\$522 m)

FY 2026-27 Base Budget

Build More Homes

Economic Development and Housing Challenge Program (EDHC)	\$25.9 million
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Workforce and Affordable Homeownership	\$0.5 million
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Greater Minnesota Workforce Development	\$4 million
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Preserve the Homes We Have

Manufactured Home Park Infrastructure	\$2 million
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Rental Rehab Program	\$7.5 million
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Preservation of Federally Assisted Housing (PARIF)	\$8.4 million
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Rehabilitation Loans (Single Family)	\$5.5 million
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Build and Support Organizational Capacity

Capacity Building	\$1.3 million
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Homeless Prevention/Housing Stability

Bring It Home Rental Assistance	\$46 million
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Family Homeless Prevention and Assistance (FHPAP)	\$20.5 million
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Housing Trust Fund	\$23.3 million
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Homework Starts with Home	\$5.5 million
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Bridges	\$10.7 million
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Support and Strengthen Homeownership

Homeownership Assistance Fund	\$1.8 million
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Homeownership Education, Counseling and Training	\$1.7 million
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Build Wealth	\$1 million
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TOTAL	
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165.6 million

Preserve and Create New Homes

Economic Development and Housing Challenge (Challenge)

Workforce Homeownership Program

Greater Minnesota Workforce Housing

Manufactured Home Community Infrastructure Grants

Rental Rehabilitation Loans

Preservation (PARIF)

Rehab Loans (Single Family)



Economic Development and Housing Challenge

Challenge is the 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**.
- Awarded through Consolidated RFP; leverages private and federal funds from multiple sources.



\$25.9 million in FY 2026-27

HOUSING PRODUCTION

	Households	Median Income	Households of Color
Rental:	301	\$22,793	72%
Ownership:	230	\$51,025	60%

Note: program data is based on FY 2024 expenditures.

Workforce Homeownership Program

The program funds **homeownership activities** to increase the supply of housing across the state.

- Can be used for development costs, rehabilitation, land development, affordability gap and residential housing by eligible program awardees.
- In 2024, the program funded **36 proposals** to create and preserve **439 units** of housing for a total of **\$41.6 million**.



\$500,000 in FY 2026-27

HOUSING PRODUCTION

Median Income

\$50,445

Households of Color

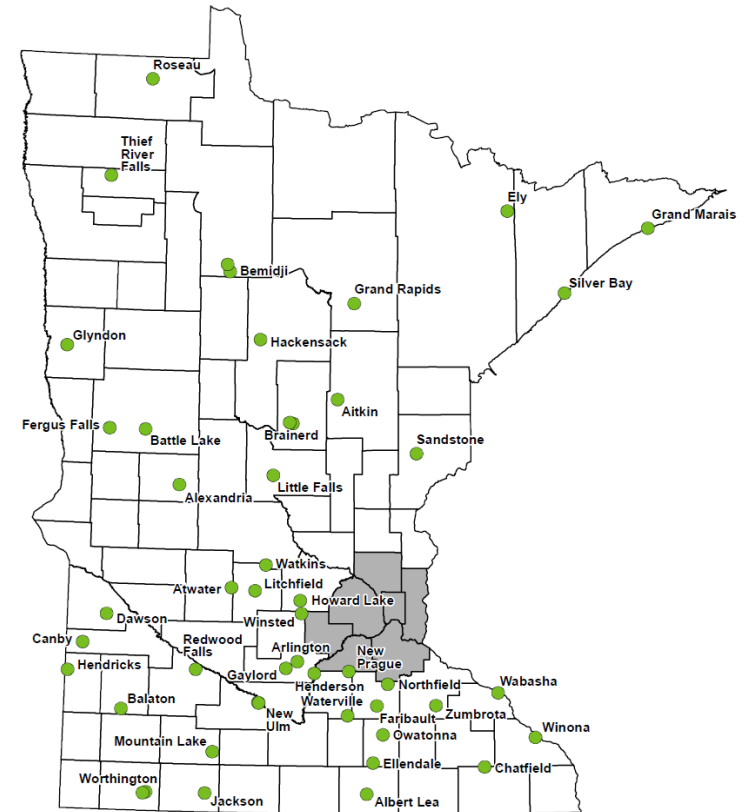
30%

Greater Minnesota Workforce Housing Program

Deferred loans for projects in small to mid-size communities in Greater Minnesota with **market rate** workforce housing needs.

- Grants made to local units of government for construction of new rental housing.
- Since 2017 the program has awarded more than \$50 million in resources to build more than 1,500 units.
- This program strives to meet the needs of smaller communities by prioritizes cities with fewer than 5,000 people and as building smaller scale developments.

2024-25: \$38.6 million awarded to 27 projects representing 832 units *(48 applications were received, requesting nearly \$99 million.)*



\$4 million in FY 2026-27

HOUSING PRODUCTION

Manufactured Home Community Infrastructure Grants

Eligible uses of funds include:

- **Infrastructure**, including water and sewer installation, installment or repair of storm shelters, electrical work, and road and sidewalk improvements.
- **Acquisition** of manufactured home communities, with priority given to cooperative ownership models.

2023 RFP Selections: 19 proposals selected, for \$21.5 million
(27 requests, totaling \$35 million)

2024 RFP Selections: 9 proposals selected, for \$2.7 million
(17 requests, totaling \$13 million)

Households Impacted

2,614

Assistance per Household

\$4,177



\$2 million in FY 2026-27

HOUSING PRODUCTION

Rental Rehabilitation Loans

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

- A unique program compared to other states.
- Provides 0% deferred loans for the rehabilitation of existing affordable permanent rental housing.
- Designed to serve owners of smaller federally-assisted properties (United State Department of Agriculture Rural Development (USDA RD) or naturally affordable properties not served in other programs.



\$7.5 million in FY 2026-27

HOUSING PRODUCTION

Assistance per Household

\$26,612

Median Income

\$19,825

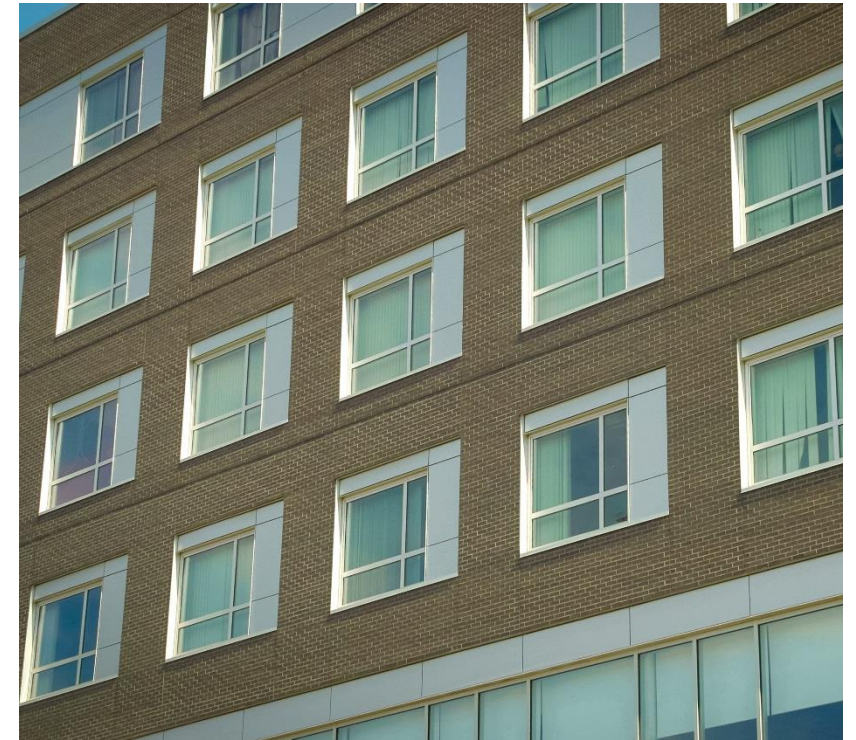
Households of Color

13%

Preservation (PARIF)

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.
- Minnesota has over 34,000 project-based Section 8 units across the state, with significant numbers with a contract that will expire in the next 10 years.
- The federal Section 8 and United States Department of Agriculture Rural Development (USDA RD) portfolios were developed primarily from the 1960s to the 1980s.



\$8.4 million in FY 2026-27

HOUSING PRODUCTION

Assistance per Unit	Median Income	Households of Color
\$68,407	\$15,114	59%

Rehab Loans (Single Family)

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.
- Eligible property types include condominium units and manufactured housing taxed as real or personal property.



\$5.5 million in FY 2026-27

HOUSING PRODUCTION

Assistance per Household

\$28,387

Median Income

\$18,444

Households of Color

19%

Increase Housing Stability

Bring It Home Rental Assistance

Family Homeless Prevention and Assistance

Housing Trust Fund

Homework Starts with Home

Bridges



“Bring It Home” Rental Assistance

- Tenant-based or project-based rental assistance for up to 5,000 renters.
- Cost-burdened renters at or below 50% AMI, with priority to lowest income (below 30% AMI) households and those with children.
- Administered by local authorities/agencies and Tribes (or nongovernmental agency if no entity is available for a region.)



\$46 million in FY 2026-27

HOUSING STABILITY

Family Homelessness Prevention (FHPAP)

FHPAP is used for emergency rental assistance to **keep families in their homes**, as well as rapid rehousing to **get families out of homelessness**.

- 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 2024-25 included nearly \$125 million for the program.
 - An additional 15,238 households were served by the FHPAP program from June 2023 – November 2024 due to the \$50 million 'fast track' appropriation



\$20.6 million in FY 2026-27

HOUSING STABILITY

Assistance per Household	Median Income	Households of Color
\$3,571	\$11,808	61%

Housing Trust Fund

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

- Grants to 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.
- Nearly 50% of the households served were families with children.



\$23.3 million in FY 2026-27

	Households	Median Income	Households of Color
Renter-based	1180	\$10,092	62%
Project-based	607	\$9,282	68%

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 who collaborate with school and service providers.
- Provides rental assistance and homelessness prevention resources for families of students experiencing or at risk of homelessness.
- Early research on the program showed that household income increased 15 percent during the program and some households went from homeless to homeowners in just over two years.

Assistance per Household	Median Income	Households of Color
\$20,755	\$11,280	74%



\$5.5 million in FY 2026-27

HOUSING STABILITY

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.
- This program plays an important role in the state's Olmstead Plan, as it helps people with disabilities live, work and learn in the most integrated setting possible.
- Program prioritizes individuals living in segregated settings.



\$10.7 million in FY 2026-27

HOUSING STABILITY

Assistance per Household

\$9,059

Median Income

\$12,204

Households of Color

34%

Support and Strengthen Homeownership

Downpayment Assistance

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



Downpayment 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.
- Appropriated resources are supplemented with agency resources.
- In 2023, \$200 million overall was appropriated for downpayment programs.



\$1.8 million in FY 2026-27

HOMEOWNERSHIP

Assistance per Household

\$15,970

Median Income

\$69,616

Households of Color

41%

Homeownership Education, Counseling and Training

Provides education and coaching on credit and the homebuying process to prepare people for buying and owning a home.

- Grants to non-profit organizations across the state who deliver both pre-purchase and post-purchase counseling and services.
- The statewide network is overseen by Minnesota Homeownership Center.
- Classes are associated with improved outcomes, including increased financial capacity and lower rates of foreclosure.
- Especially important for households whose families do not have homeownership experience.



\$1.7 million in FY 2026-27

HOMEOWNERSHIP

Assistance per Household	Median Income	Households of Color
\$435	\$54,000	62%

Build and Support Organizational Capacity

Capacity Building grants support community-based and statewide organizations in work that strengthens the housing ecosystem.

Example projects recently funded with one-time \$5 million increase:

- Creation of the first regional community land trust in the Northwest Region
- Post-purchase education to strengthen outcomes for underrepresented homeowner households (Rondo Community Land Trust and Three Rivers Community Action)
- Expanding Minnesota Housing Partnership's Emerging Developer Initiative (EDI) to SW Minnesota, to grow developer capacity in Greater Minnesota.



\$1.3 million in FY 2026-27

BUILD CAPACITY

GO Bonds for Publicly Owned Housing



\$7 million in 2025 Gov Rec

CAPITAL BUDGET

Preservation of existing publicly owned housing, which serves some of the most vulnerable Minnesotans.

- Focus is on critical health and safety needs, including fire suppression, accessibility, heating and cooling systems, and energy efficiency.
- Intent to Apply for upcoming RFP received 58 responses, totaling nearly **\$103 million in needed repairs**.

Assistance per Household

\$18,261

Families with Children

10%

Median Income

\$13,003

Seniors

51%

Households of Color

47%

With a disabled occupant

46%

Federal Housing Resources in State

Federal housing resources run through several federal agencies including U.S. Housing and Urban Development (**HUD**), Department of Agriculture Rural Development (**USDA RD**) and **Treasury**.

Resources directly to **local organizations** or **property owners/developers**:

- Including: public housing authorities, Continuums of Care organizations, technical assistance providers, property owners, cities and counties
- Funding examples: public housing operating and capital and Section 8 housing choice vouchers, USDA Rent Assistance and lending

Resources to the **state**:

- Including: Minnesota Housing, Department of Commerce, Employment and Economic Development, Human Services
- Funding examples: housing development, home energy assistance, homelessness assistance.

Ongoing Federal Resources to Minnesota Housing

Ongoing programs through U.S. Department of Housing and Urban Development

- HOME - Typically \$8-10 million per year, capital for development serving low to moderate income households.
- National Housing Trust Fund – Typically \$3-4 million, up to 10 million per year, capital for development serving very low income households.
- Housing Opportunities for Persons with Aids (HOPWA) – Typically less than \$450,000 each year to provide short-term rental assistance.

Rental Assistance

- Project-based Rental Assistance (PBCA) - Around \$250 m per year to serve around 34,000 households. The median income for households served is less than \$15,000.
- Section 811 – Just recently received an additional \$7 million to serve nearly 300 more households.

Treasury resources including low-income housing tax credits (LIHTC) and private activity bonds

Federal Landscape and Agency Response

Federal Landscape

- Executive Orders
- Federal budget and Continuing Resolution
- Upcoming tax bill

Agency Response

- Accessing resources
- Daily leadership meetings
- Guidance from Minnesota Management and Budget
- Connecting with federal delegation, other states and stakeholders

Thank You

Contact Us

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