

March 3, 2025

Minnesota Housing and Homelessness Prevention Committee
Chair Lindsey Port

RE: SF 1610

Madam Chair, Committee members, I'm Pat Paulson, speaking in support of program funding for First Generation Down Payment Assistance. I'm in my 40th year as a Realtor in the Metro area. I'm an active volunteer, serving on the Boards of the Minnesota Realtors and National Association of Realtors and a Past President of the Minneapolis Area Realtors.

I've also spent the last 30 years volunteering for local housing non profits like PRG, Neighborworks and Model Cities, teaching Homebuyer workshops. I've represented hundreds of first time buyers using down payment assistance programs.

The First Gen DPA pilot project rolled out less than a year ago with strong results. While it addresses the first generation buyers' primary obstacle of inadequate savings, It has also been especially timely and helpful in this higher interest rate, low affordability environment.

We all know that owning a home is one of the best investments an individual or family can make. It locks you into long term affordability and housing security, and creates a path to building inter-generational wealth.

What's less known is that increased home ownership is also an excellent investment for our communities and for the State of Minnesota. The program brings buyers into the market that either could not or would not buy without the assistance, increasing sales. Research by the National Association of Realtors (NAR) shows that a typical home sale in Minnesota generates \$123,000 in economic activity and creates one new job. In addition, since most home sellers will also buy, many sales lead to another or multiple sales with additional economic activity.

In summary, this program expands homeownership opportunities, while increasing sales and economic activity, growing tax revenue without rate increases, to the benefit of everyone.

Thank you

Pat Paulson, Realtor

 *Patrick M. Paulson*

03/03/25

Past President, Minneapolis Area Realtors
2018 Realtor of the Year, Minneapolis Area Realtors
Board of Directors, Minnesota Realtors
2021 Political Involvement Award, Minnesota Realtors
Board of Directors, National Association of Realtors

THE ECONOMIC IMPACT OF A TYPICAL HOME SALE

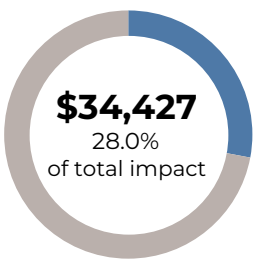
in Minnesota

The real estate industry accounted for **\$82.0** billion or **17.2%** of the gross state product in 2024.

TOTAL ECONOMIC IMPACT

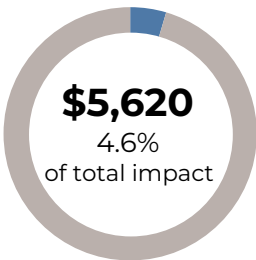
\$123,000

Income generated from
real estate industries



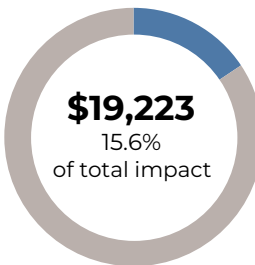
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Expenditures related
to home purchase



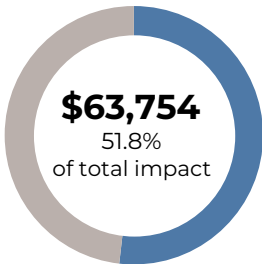
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Multiplier of housing
related expenditures



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New home
construction



Real Estate Industries: We assume that commissions, fees and moving expenses, or income to real estate industries, associated directly with the purchase are about 9% of the median home price.

Expenditures related to home purchase: Furniture and remodeling expenses are estimated to be about \$5,620 in 2024, based on the NAHB figure.

https://eyeonhousing.org/2022/06/how-a-home-purchase-boosts-consumer-spending-2/?_ga=2.230040799.2124019150.1680586014-1983402015.1678288982

Multiplier effect: The multiplier effect accounts for the fact that income earned in other sectors of the economy as a result of a home sale is then re-circulated into the economy.

New construction: Additional home sales induce added home production. Typically, one new home is constructed for every six existing home sales. Thus, for every existing homes sale, 1/6 of a new home's value is added to the economy.

Note: These estimates are based on data as of Q3 2024.

Sources: BEA, U.S. Census, NAHB, Macroeconomic Advisors, NAR