COUNCIL FOR MINNESOTANS OF AFRICAN HERITAGE

SUPPORT BLACK HOMEOWNERSHIP AND GENERATIONAL WEALTH
SF2423/CHAMPION

What is SF2423?

SF2423 is the **African American Workforce Affordable Homeownership** legislation, chief authored by Senate President Bobby Joe Champion. This bill uses targeted investing to create pathways for generational wealth building through affordable homeownership.

Why Does Minnesota Need SF2423?

Shamefully, homeownership disparities in the Minnesota are among the worst in the United States. More than 70% of Minnesota households own their home, but less than 30% of Black Minnesotans are homeowners. Most Black Minnesotans want to own a home, but high costs, predatory practices, and wealth inequities create barriers to homeownership.

1) **Homeownership Challenges Will Get Worse –** Housing wealth fuels a growing wealth gap between homeowners and renters. In 2022, this disparity was close to $390K for median wealth and more than $1.37M for average wealth. Experts warn that this problem will worsen because the homeownership rates are projected in decline in the coming decades, particularly for Black households[i].

2) **Black Children and Families are Disproportionately Impacted –** Black Minnesotans experience housing instability at twice the rate of the average Minnesotan. While 30% of all Minnesota households pay more than they can afford for their housing, 60% of Black Minnesotans experience this cost burden. Black children endure this hardship at double the statewide rate. About 67K or almost half of Black children in Minnesota live in households that spend more than 30% of monthly income on housing expenses[ii].

3) **Neo-Segregation and Underinvestment –** Minnesota's homeownership gap contributes to a system of segregated schools and neighborhoods, through which Black families are heavily concentrated in high-poverty and high-crime areas[iii].

4) **Loss of Asset Values Due to Black Housing Devaluation –** When comparing homes and neighborhoods of similar quality in Minnesota, majority Black neighborhoods are undervalued by $48K per home or about 23% below valuations in minority Black neighborhoods or non-Black neighborhoods. Nationally, the devaluation of Black homeownership costs Black communities about $162B in cumulative losses[iv].

How Would SF2423 Help Minnesota Address the Homeownership Gap?

SF2423 would establish an African American Workforce Affordable Homeownership program to empower Black Minnesotans as consumers and producers in the housing economy. There are an estimated more than 36K Black Minnesotans who are credit-ready and income-ready to buy a home[v]. SF2423 seeks to help these Minnesotans remove barriers to homeownership.

The bill promotes economic growth and self-sufficiency through targeted investing.

1) Provides grants for local entities for affordable homeownership projects targeted to African Americans and using African Americans in the workforce.

2) Aims to increase supply of affordable, owner-occupied multifamily or single-family housing in Minnesota for African Americans, using African Americans as the production workforce.

3) Requires that the grants finance costs related to creating/expanding African American-run business development programs, creating/expanding African American-run job training programs, creating/expanding African American-run job placement programs, and creating/expanding African American-run housing organizations' capacity to participate in the objectives of the program.

4) Requires that a project funded through the grant program shall serve African American households that meet 80 percent or less of the state median income for African Americans.

5) Appropriates funding for FY 2026 for Minnesota Housing Finance Agency to implement the grant program and work closely with key stakeholders, including the Council for Minnesotans of African Heritage, in developing program guidelines and procedures.

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[i] See data from the Urban Institute (January 2021, April 2024).

[ii] See analyses of census data by AECF (Last Updated February 2025) and MHP (March 2024).

[iii] See Orfield and Stancil's research on neo-segregation in Minnesota (June 2017, February 2022).

[iv] See studies on asset devaluation by Brookings (November 2018, September 2021, December 2022).

[v] See ALANA Brain Trust (March 2024), drawing on Freddie Mac, MN Compass, and MN Housing.