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AT A GLANCE

- Minnesota Housing invested more than \$1 billion in housing, serving 63,696 households
- We continue to hold Aa1 and AA+ credit ratings with Moody's and Standard & Poor's
- We provided loans to more than 4,000 homebuyers with a median annual income of \$51,000 or less
- We created or rehabilitated more than 2,000 units of affordable rental housing

All numbers are for Federal Fiscal Year 2015

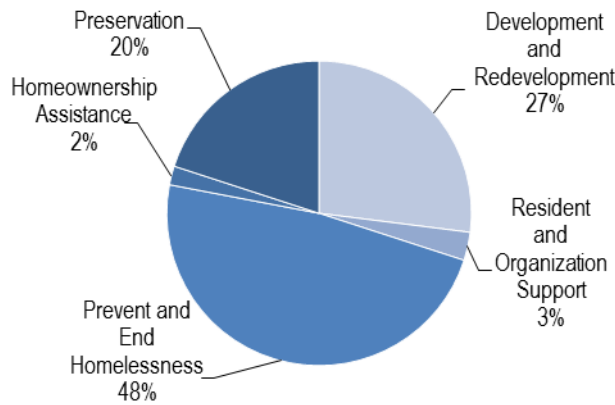
PURPOSE

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing. Our vision is that all Minnesotans live in a safe, stable home they can afford in a community of their choice. In Minnesota, 600,000 households are considered to be cost-burdened, meaning they pay more than 30% of their income for housing. More than 10,000 households are homeless on a given night. We finance affordable homeownership and rental housing to provide opportunities across the housing continuum for individuals and families throughout the state. We support the following statewide outcomes:

- **A thriving economy that encourages business growth and employment opportunities**
- **Strong and stable families and communities**

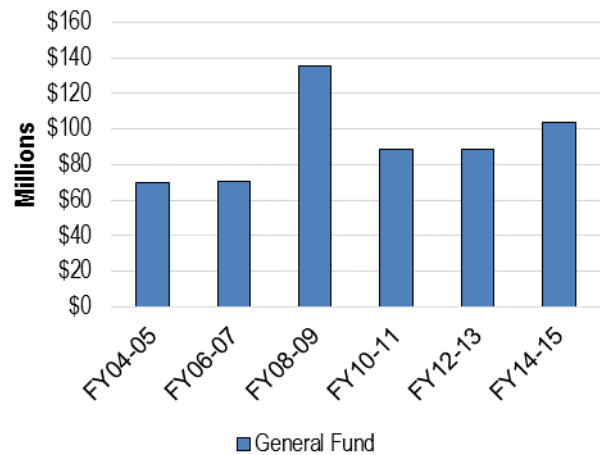
BUDGET

**Spending by Category
State Appropriations FY2016-17**



Source: Minnesota Housing

Historical State Appropriations

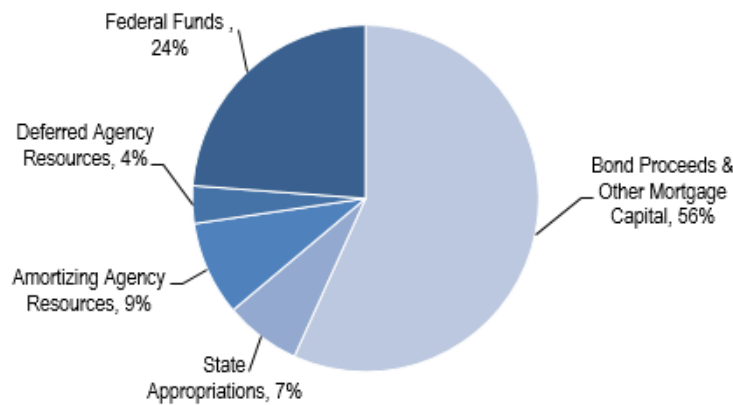


Source: General Fund Balance Statement

We finance our programs through a combination of private activity bond proceeds, access to private capital, federal resources, state appropriations and agency resources. We do not rely on state appropriations to fund our operating expenses. We issue tax exempt mortgage revenue bonds and use the proceeds to make loans to low- to moderate- income homebuyers. We pay for our operating expenses using the spread that remains from loan repayments after we have repaid our bond holders. We have a board of directors, which has management and control of our activities. Legally, the board is the agency. The board is comprised of six citizen members appointed by the Governor. The state auditor is an ex-officio member. The board directs our policies and approves all funding decisions. The board meets monthly in public meetings.

We are the state's second largest issuer of tax exempt bonds. As of June 2016, our bond issuer ratings were AA+ and Aa1 from Standard and Poor's Rating Services and Moody's Investor Services, Inc. Our credit ratings are separate from, and are not directly dependent on, ratings on debt issued by the State of Minnesota.

Minnesota Housing Funding By Source 2015



Source: Minnesota Housing Affordable Housing Plan

STRATEGIES

We achieve our mission by delivering a wide range of programs that meet both the rental and home ownership needs of low- to moderate- income Minnesotans. We deliver assistance through a statewide network of local lenders, community-based organizations, local housing and redevelopment authorities, and for-profit and nonprofit developers. We work with other public and private funders to make funds for housing development and redevelopment available in a comprehensive, one-stop competitive application process.

To help communities identify their housing needs, we have developed [Community Profiles](#) that provide demographic indicators in each of Minnesota's 87 counties.

We meet our mission by providing affordable rental housing and homeownership opportunities to households across Minnesota:

- **Affordable Rental Housing:** We finance the new construction, rehabilitation and preservation of affordable rental housing. We finance rental housing using federal low income housing tax credits, state appropriations, and first mortgages. We provide rental assistance and administer federal Section 8 contracts.
 - We served more than 45,000 Minnesota households through our multifamily rental programs in 2015.
 - The median income of renters we serve (excluding Section 8 renters) is \$12,000 per year.
 - We funded the new construction and preservation of 2,329 units of affordable rental housing in 2015.
 - We preserved 354 units of federally assisted rental housing. Federally-assisted rental housing includes housing with rental assistance funded by the U.S. Department of Housing and Urban Development (HUD) and USDA Rural Development.
- **Homeownership Opportunities:** We offer first time homebuyer loans, downpayment assistance programs, a refinance program, and two home improvement loan programs.
 - We provided home mortgage loans to 4,089 Minnesota households in 2015.
 - The homebuyers we served had a median annual household income of \$51,159.
 - 27% of the homebuyers we served were households of color or Hispanic ethnicity.
 - 85% of the homebuyers we served, 3,486 households, also received assistance with their downpayment and closing costs.
- **Preventing and Ending Homelessness:** We provide rental assistance and short-term financial assistance to individuals and families who are homeless or who face homelessness.

- We provided state funded rental assistance to 1,840 households in 2015. These households have a median annual household income of \$9,126.
- We provided assistance for homelessness prevention to 8,652 households.
- 11 state agencies, including Minnesota Housing, updated the statewide [Plan to Prevent and End Homelessness](#). The goals of the plan are to resolve and prevent future veterans' homelessness, to end chronic homelessness by the end of 2017, to prevent and end homelessness for youth unaccompanied by parents or guardians by the end of 2020, and to prevent and end homelessness for families with children by the end of 2020.

M.S. 462A (<https://www.revisor.mn.gov/statutes/?id=462A>) provides the legal authority for Minnesota Housing.

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
8000 - Housing Finance Agency	273,057	285,378	302,602	330,214	319,597	310,851	332,097	315,851
Total	273,057	285,378	302,602	330,214	319,597	310,851	332,097	315,851
<i>Biennial Change</i>				74,381		(2,368)		15,132
<i>Biennial % Change</i>				13		0		2
<i>Governor's Change from Base</i>								17,500
<i>Governor's % Change from Base</i>								3

Expenditures by Program

Program: Development And Redevelopment	13,319	15,431	22,980	33,371	23,391	19,803	23,391	19,803
Program: Prevent and End Homelessness	25,305	27,405	30,518	38,651	39,030	36,365	49,530	41,365
Program: Homeownership Assistance	4,664	3,467	3,388	3,255	3,255	3,255	4,755	3,255
Program: Preservation	199,175	205,872	211,785	215,593	214,522	211,522	214,522	211,522
Program: Resident And Organization Supp	3,804	4,163	3,461	4,518	4,135	4,135	4,635	4,135
Program: Administration	26,790	29,040	30,471	34,827	35,264	35,771	35,264	35,771
Total	273,057	285,378	302,602	330,214	319,597	310,851	332,097	315,851

Expenditures by Category

Compensation	21,123	22,605	23,948	25,384	25,821	26,328	25,821	26,328
Operating Expenses	7,781	8,730	8,748	12,179	12,102	12,122	12,627	12,122
Other Financial Transactions	30,520	35,978	42,613	52,207	45,372	39,784	49,347	44,784
Grants, Aids and Subsidies	213,633	218,062	227,292	240,445	236,302	232,617	244,302	232,617
Capital Outlay-Real Property		3						
Total	273,057	285,378	302,602	330,214	319,597	310,851	332,097	315,851

Full-Time Equivalent

	225.3	229.3	237.0	249.6	249.6	249.6	249.6	249.6
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1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	58,748	45,198	54,298	52,798	50,798	50,798	60,798	50,798
Net Transfers	(58,748)	(45,198)	(54,298)	(52,798)	(50,798)	(50,798)	(60,798)	(50,798)

8000 - Housing Finance Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	163,826	177,083	169,933	166,832	142,758	129,556	142,758	129,556
Receipts	228,159	230,436	233,231	243,460	242,509	242,762	242,509	242,762
Net Transfers	58,154	47,788	66,270	62,682	63,886	63,886	76,386	68,886
Expenditures	273,057	285,378	302,602	330,214	319,597	310,851	332,097	315,851
Balance Forward Out	177,083	169,929	166,832	142,758	129,556	125,353	129,556	125,353
<i>Biennial Change in Expenditures</i>				74,381		(2,368)		15,132
<i>Biennial % Change in Expenditures</i>				13		0		2
<i>Gov's Exp Change from Base</i>								17,500
<i>Gov's Exp % Change from Base</i>								3
Full-Time Equivalents	225.3	229.3	237.0	249.6	249.6	249.6	249.6	249.6

Housing Finance

FY18-19 Biennial Budget Change Item

Change Item Title: Down Payment and Closing Cost Assistance

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Appropriation	1,500	0	0	0
Transfer Out	1,500	0	0	0
Housing Fund				
Transfer In	1,500	0	0	0
Expenditures	1,500	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,500	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$1.5 million from the General Fund for down payment and closing cost assistance through the Homeownership Assistance Fund for low- to moderate- income first time homebuyers. The funds are used to provide interest-free second mortgages to low- to moderate- income first-time homebuyers for down payment and closing cost loans. The additional \$1.5 million will be deployed through existing lenders and real estate agents throughout the state. This is a one-time appropriation.

Rationale/Background:

Homeownership can contribute to a household's financial security, in addition to enhancing family and community stability. One of the largest barriers to increasing homeownership opportunities among first-time homebuyers is access to wealth. Minnesota has one of the nation's highest rates of homeownership, yet has the largest disparity in homeownership rates between white households and households of color. In Minnesota, 76% of non-Hispanic whites own their own home, while among communities of color, just 39.1% do.

Minnesota Housing Finance Agency (Minnesota Housing) is able to help address the impact of wealth disparities in a homeownership context by making down payment and closing cost loans available to first-time homebuyers. We are effectively reaching households of color through our programs and have the potential to expand its reach through increased funding. Currently, 92% of first-time homebuyers who receive mortgages from Minnesota Housing need some form of down payment and closing cost assistance to qualify for their mortgage.

Proposal:

With an investment of \$1.5 million in down payment assistance, Minnesota Housing can serve more than 200 additional households. Through the Homeownership Assistance Fund, we provide up to \$8,500 in an interest-free deferred loan, to use for down payment and closing costs. The assistance is provided in the form of an interest-free second mortgage and the repayment of the loan is deferred until the mortgage is paid off when the house is sold. Homebuyers must meet income limits, with the program serving a median household income of \$44,000.

While interest rates are near historic lows, recently home prices have started to increase. The median home sales price in the Twin Cities Metropolitan area is now \$242,400, up 6.3% from the prior year and up from \$195,000 in 2013 according to the National Association of Realtors. This, combined with record low housing stock inventory, translates into a difficult market for prospective first time homebuyers.

Even with a Minnesota Housing down payment assistance loan, borrowers make a significant investment directly in the home and the program effectively reaches households of color and Hispanic ethnicity. In our last program year we committed \$680 million in single family mortgages, with 29% of its first time homebuyer loans going to households of color and Hispanic ethnicity – compared to about 11% for the mortgage market as a whole. Thirty-three percent (33%) of our down payment assistance loans went to households of color or Hispanic ethnicity. We have also increased our ability to serve communities of color,

increasing the number of first time homebuyer loans to households of color or Hispanic ethnicity by 70% from 674 in 2014 to 1,141 in 2015.

In order to effectively serve diverse households throughout the state, we partner and support a strong network of culturally-competent homebuyer educators. We require homebuyer education for all borrowers using the program, and recognize that informed and educated borrowers become stable and successful future homeowners. Our private sector lender network works with borrowers to qualify for the loan. This network includes 100 participating lenders throughout Minnesota.

Equity and Inclusion:

Down payment and closing cost assistance programs impact racial and ethnic groups in Minnesota by reducing the homeownership disparity between white households and households of color. The lack of wealth that many communities of color face continues to be a pervasive barrier to homeownership. The Homeownership Assistance Fund is an effective tool to help households of color and Hispanic ethnicity gain successful, sustainable homeownership.

Minnesota Housing combines the loan with comprehensive education and an affordable first mortgage for the borrower, creating an effective overall strategy with positive impacts for diverse households and Minnesota communities. The loans are sustainably successful for both the homeowner who receives a 30-year affordable mortgage and Minnesota Housing because loan repayments help to capitalize future program funding.

Results:

To track our outcomes under this program we examine the percentage of loans issued to households of color and Hispanic ethnicity, as well as how many homebuyers make use of down payment assistance. For reference, the Census Bureau estimates that in 2014, 11% of Minnesota households were households of color or Hispanic ethnicity. Minnesota Housing estimates that just over 25% of income-eligible renter households (potential first-time homebuyers eligible for a Minnesota Housing mortgage) were households of color or Hispanic ethnicity.

Minnesota Housing made 25% of our first-time homebuyer loans to households of color or Hispanic ethnicity in 2014 and 29% in 2015. By comparison, according to Home Mortgage Disclosure Act (HMDA) data, lending to households of color as a percentage of all mortgage activity in the overall mortgage market was only 11% in 2014.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percentage of Minnesota Housing mortgage loans issued to first-time buyer households of color or Hispanic origin.	25%	29%	FFY2014, FFY2015
Quality	Percentage of Minnesota Housing funded down payment assistance provided to first-time buyer households of color or Hispanic origin.	29%	33%	FFY2014, FFY2015
Results	Percentage of Minnesota first-time buyer households that included down payment assistance.	24%	58%	FFY2014, FFY2015

Statutory Change(s):

None

Housing Finance

FY18-19 Biennial Budget Change Item

Change Item Title: Homeownership Capacity

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Appropriation	500	0	0	0
Transfer Out	500	0	0	0
Housing Fund				
Transfer In	500	0	0	0
Expenditures	500	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$500,000 from the General Fund for the Homeownership Capacity program, which provides intensive homebuyer and financial education to prospective low- to moderate- income homeowners, with an emphasis on serving households of color. This is a one-time appropriation.

Rationale/Background:

Minnesota has one of the nation's highest rates of homeownership, while at the same time it has the worst disparity in homeownership rates between white households and households of color. Some households need intensive financial education in order to overcome barriers, such as low credit scores, or lack of savings to qualify for homeownership.

Proposal:

The Homeownership Capacity Initiative targets households of color or Hispanic ethnicity to increase their probability of becoming successful homeowners through comprehensive homeowner training. Homeownership Capacity supplements traditional homeownership training programs and provides intensive services, including financial education, one-on-one coaching regarding asset building, credit report education, consumer protection, family budgeting, and education on issues such as basic home maintenance and home insurance coverage.

Funds will be awarded to nonprofit and community housing organizations through a competitive Request for Proposal (RFP) process. Minnesota Housing will continue to work with organizations that serve traditionally underserved communities and communities of color. These organizations will provide the homebuyer education and financial training directly to potential homeowners. Current administrators include: Bii Gii Wiin Community Development Loan Fund, Comunidades Latinas Unidas En Servicio (CLUES), Hmong American Partnership (HAP), Neighborhood Development Alliance (NeDA), Project for Pride in Living (PPL), Three Rivers Community Action Partnership, Mankato Economic Development Authority, NeighborWorks Home Partners, and Southwest Minnesota Housing Partnership.

We are currently piloting the Homeownership Capacity program with agency resources. The program has been established in partnership with community housing organizations that will seek funding under this program. Therefore, we will be able to get the funds committed to grantees quickly through Request for Proposals (RFP) process.

An investment of \$500,000 could provide intensive homebuyer training to more than 400 households across the state. In the pilot program phase of the Homeownership Capacity program, 1,061 households enrolled. Eighty-four percent (84%) of these are households of color and Hispanic ethnicity, and three-fourths either currently have no credit score or have a score of less than 640.

Equity and Inclusion:

This program was created specifically to address the gap in homeownership rates between white households and households of color. When we initially created the pilot program, we met with organizations that serve communities of color to assist in design

of the program. In the program's initial funding rounds, we awarded funds to nonprofit organizations and local units of government that represent and serve communities of color. We continue to work closely with these administrators to ensure that the program is working to reach communities of color and other traditionally underserved communities.

Results:

We are currently in the pilot phase of the Homeownership Capacity program and have identified performance measurements that we will use to evaluate the program's success. In addition to tracking outcomes such as the number of participants and the percentage households of color served, we will measure:

- The percentage of clients that have increased their credit score by the time they exit the program.
- The percentage of clients that see an increase in their savings by the time they exit the program.
- The percentage of clients that pay off or settle collections and/or judgments.
- The percentage of clients that reduce unsecured debt.
- The percentage of clients that become homeowners within two years of starting the program.
- The percentage of clients that remain current on their mortgage within the first two years of exiting the program.
- The percentage of clients that report feeling more secure and knowledgeable about their financial situation.
- The percentage of clients that more frequently practice financially responsible behaviors.

Statutory Change(s):

None

Housing Finance

FY18-19 Biennial Budget Change Item

Change Item Title: Homework Starts with Home Initiative

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Appropriation	8,000	0	0	0
Transfer Out	8,000	0	0	0
Housing Fund				
Transfer In	8,000	0	0	0
Expenditures	8,000	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	8,000	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$8 million for the Homework Starts with Home Initiative. This includes \$6 million to the Housing Trust Fund for rental assistance and \$2 million to the Family Homeless Prevention and Assistance Program for short-term housing assistance. These are one-time appropriations.

Rationale/Background:

On any given day over 9,000 children are identified as homeless or highly mobile in school districts across the state. In the FY2014-15 and FY2016-17 budgets, the Legislature approved a total of \$4 million in one-time funding for the Rental Assistance for Homeless and Highly Mobile Students Initiative. Under this initiative, the Minnesota Housing Finance Agency (Minnesota Housing) provided rental assistance to highly mobile families with school-aged children. The goal of the initiative was to create housing stability for children that will ultimately lead to school success. As families entered the pilot, all the students had housing stability and/or school mobility issues, and two-thirds were homeless or doubled up on the day they entered the program. At the end of the pilot, 90% of the students with a known housing status were stably housed. The Homework Starts with Home Initiative builds upon the success of the Highly Mobile Students Initiative.

Homeless children and youth face educational barriers and trauma when they do not have a safe and affordable place to live, and their education can be disrupted by moves and changing schools as they transition between temporary locations. Students experiencing homelessness are more likely to experience developmental delays; face physical and mental health problems; have increased exposure to violence; suffer from stress, depression and trauma; repeat a grade; be chronically absent; have frequent school changes; and have more disciplinary issues. Homeless students demonstrate third-grade reading proficiency at rates less than half of the general student population and substantially below their low-income but housed counterparts. Recent research indicates that a single episode of homelessness impacts educational achievement for two to three years. Families experiencing homelessness are often hard for a community's homeless response system to identify and serve since they may live "doubled up" with family and friends. Schools can be the trusted community touch-point to identify and connect homeless students and their families to the resources and services they need.

Three convergent factors make this a crucial moment to create housing stability for homeless students:

- *First, we know what works.* The Northside Achievement Zone and the St. Paul Promise Neighborhood have demonstrated that housing stability is critical to participating families' success. Hennepin County's Stable Families Initiative showed how targeting resources and leveraging "mainstream" programs ends homelessness and increases incomes. Minnesota's initiative to end Veteran homelessness has shown that a person-by-person approach supported by a coordinated community response gets results. Minnesota Housing's Rental Assistance for Homeless and Highly Mobile Students Initiative demonstrated that rental assistance is a key component for improving housing stability and reducing school mobility. The Homework Starts with Home initiative combines elements of these successful programs.

- *Second, public and private leaders are committed to addressing educational achievement and equity.* These commitments are demonstrated through the World's Best Workforce Council, the Minnesota Interagency Council on Homelessness, and private initiatives including Generation Next, the Heading Home Minnesota Funders Collaborative, and business partners support critical education and homelessness initiatives.
- *Third, efforts to support homeless students can leverage existing resources.* Every school district across the state is federally mandated to designate district homeless liaisons and school point people. The responsibilities of school homeless liaisons are to identify policy barriers to enrollment, attendance and success; build awareness and provide outreach; link school and community resources; and enroll the child or youth who is homeless and provide support services.

Proposal:

The Governor recommends a total of \$8 million in funding to serve 800 to 850 families.

This includes \$6 million for the Housing Trust Fund to expand upon the existing Rental Assistance for Homeless and Highly Mobile Students Initiative. Funding will be awarded to nonprofit rental assistance administrators through a competitive Request for Proposal (RFP) process. This funding will allow us to serve 300 to 350 families. Families receiving rental assistance under the Housing Trust Fund will be families in need of longer term assistance to achieve housing stability.

It also includes \$2 million for the Family Homeless Prevention and Assistance Program (FHPAP), which will serve homeless or highly mobile families who do not need longer term rental assistance. These families will receive homeless prevention and rapid rehousing services. These cost-effective short term interventions have been demonstrated to prevent or end homelessness for families in many cases. Housing instability for some families could be resolved primarily through improved connections with existing human services or economic assistance programs. We anticipate we would serve 500 families with the FHPAP funding.

To ensure rapid implementation, the Heading Home Minnesota Funders Collaborative has agreed to invest in the initiative starting on January 1, 2017 by providing private funding to convene public agencies, school districts, homeless assistance providers, homeless families, and other key stakeholders and to provide technical assistance, advice, and consultation.

Equity and Inclusion:

Over 16,600 students enrolled in Minnesota's K-12 schools experienced homelessness during the 2014-15 school year. The overwhelming majority (72%) of Minnesota students experiencing homelessness are students of color. In addition, people with disabilities are over-represented among people experiencing homelessness. Because homelessness and housing instability are correlated with such dramatic educational disparities, we anticipate that creating housing stability for these students will have significant impact on educational disparities for the districts participating.

Results:

Through the Rental Assistance for Highly Mobile Students Pilot, we found that:

- As they entered the pilot, all the students had housing stability and/or school mobility issues, and 66% were homeless or doubled up on the day they entered the program
- At the end of the pilot, 90% of the students with a known housing status were stably housed
- During the pilot, attendance increased and chronic absenteeism declined for the students participating in the pilot, at a rate higher than other homeless students

The FHPAP program monitors families identified in emergency shelter within one year after receiving homeless prevention or rapid rehousing services. Currently, the program achieves a 94% success rate, meaning that only 6% of families have a subsequent shelter stay within a year of being served by the program.

Statutory Change(s):

Not applicable

Program: Development & Redevelopment

www.mnhousing.gov/

AT A GLANCE

- The Economic Development and Housing Challenge program funded 1,295 housing units in 2015
- Median annual income of households served under this program is \$18,740 for rental housing and \$39,144 for homeownership
- At least 50 percent of funds must be used for projects in which there is a contribution from non-state resources
- From 2013 - 2015, we have financed 648 units of new workforce housing in job growth areas in Greater Minnesota

Numbers are for FFY2015, unless otherwise noted

PURPOSE & CONTEXT

The development of new housing stock is critical for economic growth and job creation. Through the Development and Redevelopment program, we finance development of new rental housing and single family housing for homeownership throughout the state. We also help communities redevelop existing sites to create new housing opportunities.

We serve low – to moderate- income homeowners, homebuyers and rental housing tenants with this program.

SERVICES PROVIDED

We finance the activities under this program through the state-appropriated Economic Development and Housing Challenge program as well as through federal funding, federal low income housing tax credits and agency loan resources.

Economic Development and Housing Challenge Program: The “Challenge” program allows us to provide no-interest, deferred loans to local units of government, for-profit and non-profit developers to develop workforce housing in their communities. The Challenge program is flexible and allows communities to identify the type of housing that best fits their needs. It can be used for new construction or rehabilitation. It funds both rental housing and housing for homeownership. At least 50 percent of Challenge program funds must be used for housing projects in which there is a financial contribution from non-state resources. This Challenge requirement of the program increases the overall number of units that can be developed.

Rental Housing:

We finance workforce housing in both the metropolitan area and Greater Minnesota. Income limits for rental housing are up to 80% of the greater of area or statewide median household income. For most of the state, this is \$62,000 per year. From 2013 to 2015, we financed 569 units of new workforce housing in Greater Minnesota. We financed developments in Perham, Worthington, Thief River Falls, Jackson, Roseau, Rochester and Owatonna. We also supported the development of 427 units of workforce housing in the seven county metropolitan area.

Homeownership:

Challenge dollars are used for new construction and rehabilitation of housing for homeownership. The income maximum for owner-occupied housing is 115 percent of the greater of state or area median household income. Currently, 115% of statewide median household income is \$85,300 per year. From 2013 to 2015 we financed 79 units of new single family workforce housing in Greater Minnesota. We also financed the development of 116 units of new single family workforce housing in the seven county metropolitan area.

RESULTS

We measure our performance in this budget program by examining the percentage of units financed in top job growth areas and by examining the level of affordability at which units are financed. All rental units must be affordable to households earning 80% of area median income. However, we also examine how many households we are serving at lower income levels to ensure that we are serving a range of income levels. Housing that is affordable to the local workforce is generally housing that is affordable to households earning between \$30,000 and \$50,000 annually. This range varies from county to county. We base our wage calculations on data from the Department of Employment and Economic Development (DEED).

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percentage of units in rental developments funded that are located in the top workforce housing communities (areas with job growth).	99%	79%	FFY2014, FFY2015
Results	Distribution of units financed annually with units affordable at: A) 30% of area median income or less. B) 50% at area median income or less, or C) 80% at area median income or less	A) 23% B) 71% C) 100%	A) 16% B) 49% C) 100%	FFY2014, FFY2015

M.S. 462A.33 (<https://www.revisor.mn.gov/statutes/?id=462A.33>) provides the legal authority for Minnesota Housing's development and redevelopment activities.

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
8000 - Housing Finance Agency	13,319	15,431	22,980	33,371	23,391	19,803	23,391	19,803
Total	13,319	15,431	22,980	33,371	23,391	19,803	23,391	19,803
<i>Biennial Change</i>				27,601		(13,157)		(13,157)
<i>Biennial % Change</i>				96		(23)		(23)
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Budget Activity

Budget Activity: Development And Redevelopment	13,319	15,431	22,980	33,371	23,391	19,803	23,391	19,803
Total	13,319	15,431	22,980	33,371	23,391	19,803	23,391	19,803

Expenditures by Category

Operating Expenses	51	85	40	38	38	38	38	38
Other Financial Transactions	7,890	8,813	13,905	18,100	12,100	9,512	12,100	9,512
Grants, Aids and Subsidies	5,378	6,533	9,035	15,233	11,253	10,253	11,253	10,253
Total	13,319	15,431	22,980	33,371	23,391	19,803	23,391	19,803

1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Direct Appropriation	19,203	11,403	14,925	14,175	12,925	12,925	12,925	12,925
Net Transfers	(19,203)	(11,403)	(14,925)	(14,175)	(12,925)	(12,925)	(12,925)	(12,925)

8000 - Housing Finance Agency

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	29,699	36,211	35,292	34,483	22,260	18,637	22,260	18,637
Receipts	3,629	4,316	2,295	2,474	1,600	1,600	1,600	1,600
Net Transfers	16,203	10,196	19,875	18,675	18,168	18,168	18,168	18,168
Expenditures	13,319	15,431	22,980	33,371	23,391	19,803	23,391	19,803
Balance Forward Out	36,211	35,292	34,483	22,260	18,637	18,602	18,637	18,602
<i>Biennial Change in Expenditures</i>				27,601		(13,157)		(13,157)
<i>Biennial % Change in Expenditures</i>				96		(23)		(23)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Program: Prevent and End Homelessness
Activity: Supportive Housing

www.mnhousing.gov/

AT A GLANCE

- Assisted more than 2,700 households in 2015
- Median Annual Income of households served under this program is \$8,000 - \$9,000
- This activity contributes to the goals of the Minnesota Interagency Council on Homelessness Statewide Plan to Prevent and End Homelessness

Numbers are for FFY2015

PURPOSE & CONTEXT

Through Supportive Housing, Minnesota Housing funds permanent affordable housing with support services. This activity is an essential element of our efforts to prevent and end homelessness. Supportive housing serves individuals and families with multiple barriers to obtaining and maintaining housing.

Supportive housing stabilizes housing for the poorest households and households with special needs so they can successfully address barriers to employment, complete school or training and achieve independent living.

SERVICES PROVIDED

In 2015, the Minnesota Interagency Council on Homelessness updated the statewide [Plan to Prevent and End Homelessness](#). The goals of the plan are to resolve and prevent future veterans' homelessness, to end chronic homelessness by the end of 2017, to prevent and end homelessness for youth unaccompanied by parents or guardians by the end of 2020, and to prevent and end homelessness for families with children by the end of 2020. The three programs under this budget activity help Minnesota Housing and the state work toward achieving these goals.

Housing Trust Fund Program: Through the Housing Trust Fund program, we fund rental assistance for households living in permanent supportive housing. In 2015, 1,840 households received rental assistance under this program. The Housing Trust Fund can also provide capital funds in the form of zero percent interest, deferred loans to finance the construction of affordable permanent and supportive rental housing. This program's current funding level is sufficient to sustain existing rental assistance only. Funding is not currently available for new capital costs. Seventy-five percent of Housing Trust Fund program funds must be used for households with incomes that do not exceed 30 percent of the metropolitan area median income, which is currently \$25,750 for a household of four.

Rental Assistance Initiatives: In both the FY2014-15 and FY2016-17 biennial budgets, the Legislature approved one-time funding for the Rental Housing for Highly Mobile Students Initiative, which received a \$2 million appropriation in each budget. Under this initiative, we are providing rental assistance to highly mobile families with school-aged children. The goal of the initiative is to create housing stability for these children and their families that will ultimately lead to school success. We selected three administrators to provide the rental assistance. The administrators are working with families in the Northside Achievement Zone in Minneapolis, the Promise Neighborhood in St. Paul, and the Moorhead Public School District. We are working with the Department of Education to evaluate outcomes from the pilot, including school attendance and performance of students served by the initiative. The evaluation will be complete in early 2017.

The second initiative is the Re-Entry Rental Assistance Initiative, which received a one-time \$500,000 appropriation in the FY2014-15 budget. Under the Re-Entry Rental Assistance Initiative, we selected administrators to provide rental assistance to ex-offenders who are transitioning out of state correctional institutions. One of the primary reasons ex-offenders return to prison is a lack of housing. The goal of the initiative is to provide safe, affordable housing to ex-offenders to help them transition successfully back into the community. We are working with the Department of Corrections to implement and evaluate this initiative.

Bridges Program: Through the Bridges program, we provide rental assistance for households in which at least one adult member has a serious mental illness. Households with incomes below 50 percent of the area median income are eligible for this program. Currently, 50% of area median income is \$42,900 for a 4 person household in the metropolitan area and \$38,600 for a 4 person households in much of the remainder of the state. We partner with the Department of Human Services to deliver this program. Households served receive both rental assistance and assistance from a social service agency. Under this program, households can afford stable housing in the community until a Section 8 certificate or voucher becomes available. This program plays an important role in implementing the state's Olmstead implementation plan. The goal of the Olmstead Plan is for people with disabilities to live, work and learn in the most integrated setting.

Our federal programs in this activity include:

Federal Housing Opportunities for Persons with AIDS (HOPWA) Program: Through the HOPWA Program we provide grants that can be used to meet the housing needs of persons with Acquired Immune Deficiency Syndrome (AIDS), HIV-positive status or related diseases and their families. The federal program authorizes grants for both housing assistance and services. Minnesota Housing's HOPWA funds are used for rental subsidies.

National Housing Trust Fund: The state received its first allocation of funding from the National Housing Trust Fund in federal fiscal year 2015. This is the first year that states have received funding from this resource, which was established in 2008. Funds are awarded through a formula based on population. Minnesota's funds will be awarded to developments as part of our consolidated Request for Proposal process and will be used for supportive housing.

Section 811: This program allows persons with disabilities to live as independently as possible in the community by providing rent assistance for supportive housing opportunities. Minnesota Housing was selected to receive federal Section 811 funds through a competitive grant process in 2013. These funds are awarded through our consolidated request for proposal process and we partner with the Department of Human Services on this program. This program plays an important role in implementing the state's Olmstead implementation plan.

RESULTS

Through the programs under this budget activity, we provide a variety of resources for creating supportive rental housing opportunities to serve people who have experienced homelessness and for keeping some of Minnesota's most vulnerable citizens out of homelessness and institutions. To measure our performance in this activity, we track outcomes including housing stability and changes in income levels.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of people who remained in housing for at least a year or had a positive exit (moved to permanent affordable housing).	88%	84%	State FY2014, State FY 2015
Results	Percentage of households with increased income from entry to exit.	40%	41%	State FY2014, State FY 2015

M.S. 462A.201 (<https://www.revisor.mn.gov/statutes/?id=462A.201>) and M.S. 462A.2097 (<https://www.revisor.mn.gov/statutes/?id=462A.2097>) provide the legal authority for Minnesota Housing's supportive housing activities.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
8000 - Housing Finance Agency	17,530	19,483	22,039	29,603	30,511	27,846	39,011	32,846
Total	17,530	19,483	22,039	29,603	30,511	27,846	39,011	32,846
<i>Biennial Change</i>				14,629		6,715		20,215
<i>Biennial % Change</i>				40		13		39
<i>Governor's Change from Base</i>								13,500
<i>Governor's % Change from Base</i>								23

Expenditures by Category

Operating Expenses	7	7	10	356	365	385	365	385
Other Financial Transactions	130	10	0	2,700	2,700	2,700	5,200	7,700
Grants, Aids and Subsidies	17,393	19,465	22,030	26,547	27,446	24,761	33,446	24,761
Total	17,530	19,483	22,039	29,603	30,511	27,846	39,011	32,846
<u>Full-Time Equivalents</u>	0	0	0	0	0	0	0	0

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	16,114	13,114	17,734	16,234	15,734	15,734	21,734	15,734
Net Transfers	(16,114)	(13,114)	(17,734)	(16,234)	(15,734)	(15,734)	(21,734)	(15,734)

8000 - Housing Finance Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	13,283	15,419	14,641	17,518	13,410	10,492	13,410	10,492
Receipts	1,129	2,293	1,425	5,131	5,239	5,492	5,239	5,492
Net Transfers	18,538	16,412	23,492	20,363	22,354	22,354	30,854	27,354
Expenditures	17,530	19,483	22,039	29,603	30,511	27,846	39,011	32,846
Balance Forward Out	15,419	14,641	17,518	13,410	10,492	10,492	10,492	10,492
<i>Biennial Change in Expenditures</i>				14,629		6,715		20,215
<i>Biennial % Change in Expenditures</i>				40		13		39
<i>Gov's Exp Change from Base</i>								13,500
<i>Gov's Exp % Change from Base</i>								23

Program: Prevent and End Homelessness

Activity: Homelessness Prevention

www.mnhousing.gov/

AT A GLANCE

- Assisted 8,652 households in 2015
- Median annual household income of households assisted was \$11,160
- Services are available in all 87 counties

All numbers are for Federal Fiscal Year 2015

PURPOSE & CONTEXT

Through homelessness prevention, Minnesota Housing funds programs that provide housing and other assistance to households that are at risk of becoming homeless. This budget activity is an essential element of our efforts to prevent and end homelessness. We serve households at risk of becoming homeless due to a crisis situation, extremely low incomes, and/or physical and mental health problems.

SERVICES PROVIDED

In 2015, the Minnesota Interagency Council on Homelessness updated its [Statewide Plan to Prevent and End Homelessness](#). The plan outlines 12 specific strategies that agencies will undertake in an effort to prevent and end homelessness across the state. The goals of the plan are to resolve and prevent future veterans' homelessness, to end chronic homelessness by the end of 2017, to prevent and end homelessness for youth unaccompanied by parents or guardians by the end of 2020, and to prevent and end homelessness for families with children by the end of 2020. The program under this budget activity will help Minnesota Housing and the state work toward these goals.

Family Homeless Prevention and Assistance Program (FHPAP): Through FHPAP, we provide flexible grants to counties and nonprofit organizations to assist families, single adults or youth who are homeless or at imminent risk of homelessness. In 2016, tribes also became eligible applicants for the program. We currently fund 19 grantees that serve people in all 87 counties in Minnesota. Grantees use funds for a broad range of activities aimed at homelessness prevention, minimizing episodes of homelessness, and eliminating repeat episodes of homelessness. Grantees provide services that may include financial assistance such as a security deposit or short-term rental assistance or mortgage payment assistance. Grantees may also provide referrals for social services or for finding affordable rental housing.

In 2016, the Legislature approved one-time funding for a Landlord Risk Mitigation Fund, which will be run as a pilot through the Family Homeless Prevention and Assistance Program. The fund will provide financial assurance for landlords to encourage them to rent to people they might not otherwise rent to, including people with criminal histories, people who have experienced homelessness, or people with mental illness. Landlords will be able to make claims to the fund if they incur expenses beyond a tenant's security deposit, up to a certain dollar amount.

RESULTS

In order to measure the success of this program, we track the percentage of households who are identified as at risk for homelessness, who are served and who do not return to shelter within 12 months. Data on homelessness comes from the Homeless Management Information System (HMIS). Only about 60 percent of the state's shelters report data to HMIS.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of households who were identified as at risk for homelessness or were homeless, were served, and didn't return to a shelter within 12 months.	96%	94%	FFY2014, FFY2015

M.S. 462A.204 (<https://www.revisor.mn.gov/statutes/?id=462A.204>) provides the legal authority for the Family Homeless Prevention and Assistance Program.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
8000 - Housing Finance Agency	7,775	7,922	8,478	9,048	8,519	8,519	10,519	8,519
Total	7,775	7,922	8,478	9,048	8,519	8,519	10,519	8,519
<i>Biennial Change</i>				1,829		(488)		1,512
<i>Biennial % Change</i>				12		(3)		9
<i>Governor's Change from Base</i>								2,000
<i>Governor's % Change from Base</i>								12

Expenditures by Category

Grants, Aids and Subsidies	7,775	7,922	8,478	9,048	8,519	8,519	10,519	8,519
Total	7,775	7,922	8,478	9,048	8,519	8,519	10,519	8,519
<u>Full-Time Equivalents</u>	0	0	0	0	0	0	0	0

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	7,862	7,862	8,519	8,769	8,519	8,519	10,519	8,519
Net Transfers	(7,862)	(7,862)	(8,519)	(8,769)	(8,519)	(8,519)	(10,519)	(8,519)

8000 - Housing Finance Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	175	291	230	279	0	0	0	0
Receipts	28	51	8	0	0	0	0	0
Net Transfers	7,862	7,811	8,519	8,769	8,519	8,519	10,519	8,519
Expenditures	7,775	7,922	8,478	9,048	8,519	8,519	10,519	8,519
Balance Forward Out	291	230	279	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				1,829		(488)		1,512
<i>Biennial % Change in Expenditures</i>				12		(3)		9
<i>Gov's Exp Change from Base</i>								2,000
<i>Gov's Exp % Change from Base</i>								12

Program: Preservation
Activity: Rental Preservation and Rehabilitation

www.mnhousing.gov/

AT A GLANCE

- There are 31,000 rental housing units with federal rental assistance in Minnesota.
- Preserved 2,569 federally assisted units
- 60.7% of households assisted are households of color or Hispanic ethnicity.

All measures are for FFY2015

PURPOSE & CONTEXT

Through rental preservation and rehabilitation, Minnesota Housing provides funding for the rehabilitation, repair and stabilization of aging federally assisted rental housing and naturally affordable, unsubsidized rental housing.

We serve low income households residing in existing affordable housing through this budget activity.

SERVICES PROVIDED

Minnesota has more than 60,000 units of rental housing that have received or currently receive federal assistance to keep the units affordable. These include project-based Section 8 properties, USDA Rural Development properties, public housing, and other federally funded properties. These properties are located throughout the state, in large and small communities alike. The affordable housing stock is an essential part of communities’ infrastructure, and its preservation is critical to communities’ continued vitality. As these properties age, or as the subsidy contracts and regulatory agreements expire, there is a risk that these units may be lost due to physical deterioration or diminished capacity of the ownership entity. There is additional risk that some properties may convert to market rate housing and no longer be affordable for low income residents.

Thirty-one thousand (31,000) of these affordable housing units are federally subsidized through the Section 8 program. Section 8 housing is among the most affordable housing available because the tenant is required to pay only 30% of household income towards rent. The federal government makes up the difference between the tenant’s contribution and an agreed upon contract rent. This is a critical benefit because the median income of Section 8 households is just \$12,000. Another 7,000 privately-owned affordable housing units are federally subsidized through USDA Rural Development.

Affordable Rental Investment Fund – Preservation (PARIF): Through the PARIF program, we ensure that the health, safety and quality of this critical federally assisted affordable housing stock are maintained for low income residents well into the future. The Section 8 and USDA Rural Development portfolios were developed primarily from the 1960s to the 1980s. Due to the age of the housing stock, rents may not be able to keep up with the physical demands of the properties. The properties need large injections of capital to make physical improvements so that the properties can remain intact and affordable for decades into the future. We provide these injections of capital through PARIF.

In addition to PARIF, we also fund preservation activities through the federally-funded HOME Affordable Rental Preservation program (HOME HARP).

In exchange for receiving funding from Minnesota Housing, owners must agree to continue participating in the federal rental assistance program (Section 8 or USDA Rural Development) for the maximum term available.

Rental Rehabilitation Deferred Loan Program: Similarly, a significant portion of the naturally affordable housing stock in Greater Minnesota struggles to finance major capital improvements and repairs. Naturally affordable housing is housing that is unsubsidized, but is affordable to low income residents. We provide capital assistance to the owners of naturally occurring affordable housing through the Rental Rehabilitation Deferred Loan Program. We provide funding for capital repairs to housing to keep it in good condition. The program is funded through state appropriations. In exchange for receiving funding from Minnesota Housing, owners of naturally occurring affordable housing agree to maintain rents at affordable levels.

RESULTS

Preservation of existing affordable rental housing is one of our five strategic priorities. It is essential that we preserve existing affordable housing so that it is not lost due to deterioration or due to owners opting out of federal programs. We measure our results by reviewing the number of federally assisted rental units that are preserved and the median income of the households we serve.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of federally assisted rental units preserved.	452	2,569	FFY2014, FFY2015
Quantity	Median income of households served.	\$12,010	\$11,890	FFY2014, FFY2015

M.S. 462A.21, subd.8b (<https://www.revisor.mn.gov/statutes/?id=462A.21>) provides the legal authority for the PARIF program. M.S. 462A.33 (<https://www.revisor.mn.gov/statutes/?id=462A.33>) and 462A.05, subd. 14A (<https://www.revisor.mn.gov/statutes/?id=462A.05>) provide the legal authority for the Rental Rehabilitation Deferred Loan program. Federal HOME funds fund the HOME Affordable Rental Preservation Program.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
8000 - Housing Finance Agency	14,874	18,473	21,840	24,007	24,000	21,000	24,000	21,000
Total	14,874	18,473	21,840	24,007	24,000	21,000	24,000	21,000
<i>Biennial Change</i>				12,500		(847)		(847)
<i>Biennial % Change</i>				37		(2)		(2)
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Other Financial Transactions	14,874	18,473	21,840	24,007	24,000	21,000	24,000	21,000
Total	14,874	18,473	21,840	24,007	24,000	21,000	24,000	21,000
<u>Full-Time Equivalent</u>	0	0	0	0	0	0	0	0

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	7,356	7,356	7,961	7,961	7,961	7,961	7,961	7,961
Net Transfers	(7,356)	(7,356)	(7,961)	(7,961)	(7,961)	(7,961)	(7,961)	(7,961)

8000 - Housing Finance Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	25,266	27,730	28,985	28,570	21,224	13,885	21,224	13,885
Receipts	9,986	12,372	13,464	8,700	8,700	8,700	8,700	8,700
Net Transfers	7,352	7,356	7,961	7,961	7,961	7,961	7,961	7,961
Expenditures	14,874	18,473	21,840	24,007	24,000	21,000	24,000	21,000
Balance Forward Out	27,730	28,985	28,570	21,224	13,885	9,546	13,885	9,546
<i>Biennial Change in Expenditures</i>				12,500		(847)		(847)
<i>Biennial % Change in Expenditures</i>				37		(2)		(2)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Program: Homeownership Assistance

www.mnhousing.gov/

AT A GLANCE

- Provided 4,089 home mortgage loans in 2015
- Provided downpayment assistance to 3,486 households
- Median annual income of households served with downpayment assistance is \$43,680
- Nearly one-third of households served are households of color or Hispanic ethnicity

All numbers are for Federal Fiscal Year 2015

PURPOSE & CONTEXT

Through Homeownership Assistance, Minnesota Housing provides assistance for some of the upfront funds needed to purchase a home. This activity helps moderate-income Minnesotans purchase a home. Many moderate-income households have sufficient income to make monthly mortgage payments, but lack the savings necessary to make a downpayment and to pay for closing costs. This activity helps pay for a portion of these costs.

The Homeownership Assistance activity serves moderate-income first time homebuyers.

SERVICES PROVIDED

The goal of this activity is to help moderate-income households become successful homeowners. Minnesota has one of the nation’s highest rates of homeownership, while at the same time it has the third worst disparity in homeownership rates between white households and households of color. A lack of the money available for entry costs – including downpayment and closing costs – contributes to the homeownership gap. Other reasons for the gap include credit and lending practices, cultural factors, and discrimination. We can help to address the gap through our mortgage programs, marketing and outreach, homebuyer education as well as assistance with downpayment and closing costs.

Homeownership Assistance Fund: Through the Homeownership Assistance Fund, we provide between \$5,000 and \$7,500 in assistance to first time homebuyers to use toward downpayment and closing costs. We provide the assistance in the form of a second mortgage with no interest. We defer repayment of the loan and in some cases it may be forgiven, depending on the length of time the homeowner occupies the home. Homebuyers with incomes at or below 60 percent of the area median income are eligible for assistance. In the Twin Cities and Rochester metropolitan areas, this is currently \$60,000 per year. In Greater Minnesota, the income limit is currently \$55,000 per year. Homebuyers who receive assistance under the Homeownership Assistance Fund are required to participate in homebuyer education. Our network of private lenders delivers the downpayment assistance directly to homebuyers. Minnesota Housing supplements state appropriations with agency resources when possible and also provides borrowers with slightly higher incomes a monthly repayment loan option.

RESULTS

To track our outcomes under this budget activity, we examine the percentage of loans issued to households of color and Hispanic ethnicity as well as how many of our homebuyers make use of downpayment assistance. For reference, as of 2014, 13% of Minnesota households are households of color or Hispanic ethnicity, and 19% of low-income households (those earning less than \$50,000 per year) are households of color or Hispanic ethnicity. We made 26% of our homebuyer loans to households of color or Hispanic ethnicity in Federal Fiscal Year 2014 and 29% in Federal Fiscal Year 2015. By comparison, according to Home Mortgage Disclosure Act (HMDA) data, lending to households of color as a percentage of all mortgage activity in the overall mortgage market was only 11% in 2014.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percentage of Minnesota Housing loans issued to households of color or Hispanic origin.	26%	29%	FFY2014, FFY2015
Quality	Percentage of downpayment assistance provided to households of color or Hispanic origin.	28%	33%	FFY2014, FFY2015
Results	Percentage of homebuyer loans that included downpayment assistance.	81%	85%	FFY2014, FFY2015

M.S. 462A.21, subd.8 (<https://www.revisor.mn.gov/statutes/?id=462A.21>) provides the legal authority for Minnesota Housing's Homeownership Assistance Fund.

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
8000 - Housing Finance Agency	4,664	3,467	3,388	3,255	3,255	3,255	4,755	3,255
Total	4,664	3,467	3,388	3,255	3,255	3,255	4,755	3,255
<i>Biennial Change</i>				(1,488)		(133)		1,367
<i>Biennial % Change</i>				(18)		(2)		21
<i>Governor's Change from Base</i>								1,500
<i>Governor's % Change from Base</i>								23

Expenditures by Budget Activity

Budget Activity: Homeownership Assistance	4,664	3,467	3,388	3,255	3,255	3,255	4,755	3,255
Total	4,664	3,467	3,388	3,255	3,255	3,255	4,755	3,255

Expenditures by Category

Operating Expenses	38	31	1	55	55	55	80	55
Other Financial Transactions	4,626	3,436	3,387	3,200	3,200	3,200	4,675	3,200
Total	4,664	3,467	3,388	3,255	3,255	3,255	4,755	3,255

1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Direct Appropriation	830	830	885	885	885	885	2,385	885
Net Transfers	(830)	(830)	(885)	(885)	(885)	(885)	(2,385)	(885)

8000 - Housing Finance Agency

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	341	674	832	979	809	639	809	639
Receipts	4,167	2,795	2,650	2,200	2,200	2,200	2,200	2,200
Net Transfers	830	830	885	885	885	885	2,385	885
Expenditures	4,664	3,467	3,388	3,255	3,255	3,255	4,755	3,255
Balance Forward Out	674	832	979	809	639	469	639	469
<i>Biennial Change in Expenditures</i>				(1,488)		(133)		1,367
<i>Biennial % Change in Expenditures</i>				(18)		(2)		21
<i>Gov's Exp Change from Base</i>								1,500
<i>Gov's Exp % Change from Base</i>								23

Program: Preservation
Activity: Homeownership Rehabilitation

www.mnhousing.gov/

AT A GLANCE

- Assisted 205 homeowners in 2015
- Median annual income of households served is \$14,195
- 52.3% of homeowners served reside in Greater Minnesota

All numbers are for Federal Fiscal Year 2015

PURPOSE & CONTEXT

Through the homeownership rehabilitation activity, Minnesota Housing provides loans to maintain or restore owner-occupied housing to decent and safe conditions.

We serve very low income homeowners through this activity. The homeowners often have incomes that are too low to qualify for loans in the private sector.

SERVICES PROVIDED

Through the owner-occupied Rehabilitation Loan Program we provide no interest forgivable loans of up to \$27,000 for very low income households. The income limit for 2 person households is \$19,900 per year. We forgive the loans after 15 years if the home remains the homeowner’s primary residence. 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.

For lower income homeowners, particularly in Greater Minnesota, the most affordable housing choice is often to remain in their home. This activity allows senior households or households with a person with a disability to avoid or delay costly institutionalization by addressing safety or accessibility housing needs. It also helps very low income homeowners retain homeownership by using loan funds to make energy conservation improvements, and health and safety improvements. Many aspects of housing have an impact on residents’ health, including lead paint, radon, mold, ventilation and deferred maintenance.

Minnesota Housing supplements state appropriations with agency resources for this program when possible because need greatly exceeds appropriated resources.

RESULTS

We track the number of seniors served as well as the number of households with a person with a disability served in order to measure outcomes of this program. We also examine the number of persons most in need – those earning less than 30% of HUD area median income – who receive rehabilitation loans in order to measure the program’s success.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of households most in need (less than 30% of median income) that received rehabilitation loans.	67%	76%	FFY2014, FFY2015
Results	Percentage of rehab loans provided to seniors.	34%	39%	FFY 2014, FFY2015
Results	Percentage of rehab loans to households that identified as having at least one household member with a disability.	42%	41%	FFY2014, FFY2015

M.S. 462A.05, subd. 14 (<https://www.revisor.mn.gov/statutes/?id=462A.05>) provides the legal authority for the Rehabilitation Loan Program.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
8000 - Housing Finance Agency	3,275	5,783	3,723	4,400	3,522	3,522	3,522	3,522
Total	3,275	5,783	3,723	4,400	3,522	3,522	3,522	3,522
<i>Biennial Change</i>				(935)		(1,079)		(1,079)
<i>Biennial % Change</i>				(10)		(13)		(13)
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Operating Expenses	61	52	79	50	50	50	50	50
Other Financial Transactions	2,866	5,118	3,279	4,000	3,172	3,172	3,172	3,172
Grants, Aids and Subsidies	348	613	365	350	300	300	300	300
Total	3,275	5,783	3,723	4,400	3,522	3,522	3,522	3,522
<u>Full-Time Equivalents</u>	0	0	0	0	0	0	0	0

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	5,772	2,772	2,772	2,772	2,772	2,772	2,772	2,772
Net Transfers	(5,772)	(2,772)	(2,772)	(2,772)	(2,772)	(2,772)	(2,772)	(2,772)

8000 - Housing Finance Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	508	3,919	2,492	2,656	1,778	1,778	1,778	1,778
Receipts	910	1,176	1,116	750	750	750	750	750
Net Transfers	5,776	3,180	2,772	2,772	2,772	2,772	2,772	2,772
Expenditures	3,275	5,783	3,723	4,400	3,522	3,522	3,522	3,522
Balance Forward Out	3,919	2,492	2,656	1,778	1,778	1,778	1,778	1,778
<i>Biennial Change in Expenditures</i>				(935)		(1,079)		(1,079)
<i>Biennial % Change in Expenditures</i>				(10)		(13)		(13)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Program: Resident and Organization Support

www.mnhousing.gov/

AT A GLANCE

- Assisted 12,461 households with Homebuyer Education, Counseling and Training in 2015
- Median income of households served is \$35,780

All numbers are for Federal Fiscal Year 2015

PURPOSE & CONTEXT

Through Resident and Organization Support, Minnesota Housing provides support for the organizational infrastructure necessary to effectively deliver affordable housing throughout the state.

Through the activities under this program, we serve a variety of individuals and organizations to help ensure that affordable housing can be maintained and that our network of organizations serves diverse geographic and cultural communities.

SERVICES PROVIDED

We rely on a robust network of partners to deliver many of our programs. Through resident and organization support, we provide counseling assistance to homeowners at risk of foreclosure and to homebuyers purchasing a home. We also provide assistance to nonprofits to help with regional planning and coordinating activities.

Homebuyer Education, Counseling and Training Program: Through the Homebuyer Education, Counseling and Training (HECAT) program, Minnesota Housing works in collaboration with a network of housing counseling organizations. Together we have designed a comprehensive statewide delivery network for homebuyer training and education. This network is overseen by the Minnesota Home Ownership Center, which is a nonprofit organization based in St. Paul. The homebuyer training network receives support from state appropriations as well as lending institutions and their foundations. We award grants to qualified nonprofit counseling organizations through a competitive Request for Proposal process. The organizations provide both pre-purchase and post-purchase counseling for low- and moderate- income first time homebuyers. We also provide funding for foreclosure prevention counseling to help homeowners avoid foreclosure whenever possible.

Capacity Building Program: Capacity Building funds are used to ensure that the network of organizations serving diverse geographic and cultural communities has the resources necessary to reach the communities they serve. Our Capacity Building program supports a range of organizations and initiatives, including the Continuums of Care that ensure communities in Greater Minnesota have access to federal resources to prevent and end homelessness. The program also supports geographic and cultural community based nonprofit developers and service providers who ensure that communities can deploy state and federal programs and compete for development dollars. The goal of the program is to expand the ability of these organizations to deliver our programs and effectively reach the communities they serve.

Manufactured Home Relocation Trust Fund: The Minnesota Manufactured Housing Relocation Trust Fund was created in 2007 by the Minnesota Legislature to provide participating homeowners in manufactured home parks with compensation in the event that all or part of their manufactured home park closes. The Act requires manufactured home park owners to make payments to the Trust Fund when a manufactured home park is being closed or the land will no longer be used as a manufactured home park. Owners must make payments to Minnesota Management and Budget. Minnesota Housing is responsible for processing requests and payments to homeowners.

RESULTS

We measure our performance based on foreclosures prevented as a percentage of closed counseling cases. The Minnesota Home Ownership Center tracks this information and provides updates to Minnesota Housing. We also measure the amount of federal funds leveraged through state assistance to Continuum of Care organizations.

Type of Measure	Name of Measure	Previous	Current	Dates
Results	Foreclosures prevented as a percentage of closed counseling cases.	64%	67%	FFY2014, FFY2015
Results	Federal funds leveraged for Continuum of Care organizations per dollar of state money spent.	\$64	\$77	FFY2013, FFY2014

Funding for this program comes from state appropriations to the Homeownership, Education Counseling and Training Program (M.S. 462A.209, <https://www.revisor.mn.gov/statutes/?id=462A.209>) the Nonprofit Capacity Building Grant Program (M.S. 462A.21, Subd. 3b, <https://www.revisor.mn.gov/statutes/?id=462A.21>) and the Manufactured Home Relocation Trust Fund (M.S. 462A.35, <https://www.revisor.mn.gov/statutes/?id=462A.35>).

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
8000 - Housing Finance Agency	3,804	4,163	3,461	4,518	4,135	4,135	4,635	4,135
Total	3,804	4,163	3,461	4,518	4,135	4,135	4,635	4,135
<i>Biennial Change</i>				11		291		791
<i>Biennial % Change</i>				0		4		10
<i>Governor's Change from Base</i>								500
<i>Governor's % Change from Base</i>								6

Expenditures by Budget Activity

Budget Activity: Resident And Organization Supp	3,804	4,163	3,461	4,518	4,135	4,135	4,635	4,135
Total	3,804	4,163	3,461	4,518	4,135	4,135	4,635	4,135

Expenditures by Category

Operating Expenses	2,091	2,251	2,298	2,437	2,351	2,351	2,851	2,351
Grants, Aids and Subsidies	1,713	1,912	1,163	2,081	1,784	1,784	1,784	1,784
Total	3,804	4,163	3,461	4,518	4,135	4,135	4,635	4,135

1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Direct Appropriation	1,611	1,861	1,502	2,002	2,002	2,002	2,502	2,002
Net Transfers	(1,611)	(1,861)	(1,502)	(2,002)	(2,002)	(2,002)	(2,502)	(2,002)

8000 - Housing Finance Agency

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	1,667	1,799	1,817	1,547	1,064	964	1,064	964
Receipts	2,318	2,312	1,685	2,033	2,033	2,033	2,033	2,033
Net Transfers	1,619	1,870	1,506	2,002	2,002	2,002	2,502	2,002
Expenditures	3,804	4,163	3,461	4,518	4,135	4,135	4,635	4,135
Balance Forward Out	1,799	1,817	1,547	1,064	964	864	964	864
<i>Biennial Change in Expenditures</i>				11		291		791
<i>Biennial % Change in Expenditures</i>				0		4		10
<i>Gov's Exp Change from Base</i>								500
<i>Gov's Exp % Change from Base</i>								6

Program: Preservation
Activity: Project-Based Rental Assistance

www.mnhousing.gov/

AT A GLANCE

- Assisted nearly more than 21,000 households in 2015
- Median annual income of households served is \$11,000
- 32,000 units of affordable housing fall under this program activity

All numbers FFY2015

PURPOSE & CONTEXT

Through this activity, Minnesota Housing preserves existing affordable housing stock by effectively administering and monitoring federal housing assistance payment contracts. The contracts are funded by the U.S. Department of Housing and Urban Development (HUD).

This activity serves tenants and owners of federally subsidized housing. These tenant are among the lowest income of any served by Minnesota Housing.

SERVICES PROVIDED

Under this activity, Minnesota Housing manages three separate federal rental assistance programs with similar, but not identical administrative requirements. The federal programs are Section 8 performance based contract administration, Section 8 traditional contract administration and Section 236. Private owners of these buildings receive subsidies from HUD under each of these programs. The functions provided by Minnesota Housing staff under this program include:

- Analyzing and reviewing tenant data necessary to determine subsidy levels,
- Processing annual rent adjustments,
- Performing annual management and occupancy reviews, including a physical inspection, and
- Responding to tenant concerns.

These activities are required in order for property owners to receive their federal subsidy from HUD in a timely manner. The HUD subsidy ensures the proper maintenance of the housing while keeping rents affordable for the lowest income Minnesotans.

RESULTS

Minnesota Housing has received incentive fees from HUD for its customer service and performance in administering Project-Based Section 8 contracts. The incentive fees reflect the agency’s efficiency and effectiveness in administering the Project-Based Section 8 contracts and in providing superior customer service to Section 8 customers. In addition to the incentive fees, we measure our performance by examining the percentage of Section 8 units that could potentially convert to unassisted units, but whose contracts are preserved through 1, 5, 10, and 20 year renewals.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of Section 8 rental units at risk of converting to market-rate rents that are renewed.	99%	100%	FFY2014, FFY2015

Minnesota Housing is selected by HUD to administer contracts under this program.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
8000 - Housing Finance Agency	181,026	181,616	186,222	187,186	187,000	187,000	187,000	187,000
Total	181,026	181,616	186,222	187,186	187,000	187,000	187,000	187,000
<i>Biennial Change</i>				10,766		592		592
<i>Biennial % Change</i>				3		0		0
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Grants, Aids and Subsidies	181,026	181,616	186,222	187,186	187,000	187,000	187,000	187,000
Total	181,026	181,616	186,222	187,186	187,000	187,000	187,000	187,000
<u>Full-Time Equivalent</u>	0	0	0	0	0	0	0	0

8000 - Housing Finance Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	265	267	1	1	0	0	0	0
Receipts	181,028	181,350	186,222	187,185	187,000	187,000	187,000	187,000
Expenditures	181,026	181,616	186,222	187,186	187,000	187,000	187,000	187,000
Balance Forward Out	267	1	1	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				10,766		592		592
<i>Biennial % Change in Expenditures</i>				3		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Program: Administration

www.mnhousing.gov/

AT A GLANCE

- Minnesota Housing holds AA+ and Aa1 credit ratings from Standard & Poor's and Moody's

PURPOSE & CONTEXT

We collaborate with individuals, communities and partners to create, preserve and finance affordable housing so that all Minnesotans live in a safe, stable home they can afford in a community of their choice. Homebuyers, homeowners and renters with low- to moderate- incomes benefit from the administration of the agency's programs.

SERVICES PROVIDED

Our staff engages in a number of activities to ensure that state-appropriated, federal and other funds are well invested and that the investments are well-managed. We have two primary business divisions that conduct a variety of tasks in order to meet these objectives. We have a finance division that oversees and manages the agency's assets and several other support divisions. We do not rely on state appropriations to fund the administration of our programs.

Single Family Division: The single family division implements the various homeownership assistance programs that we provide. Their activities include: processing loan reservations and disbursements, compliance monitoring of funds, monitoring of loan originators and help with delinquency assistance and loss mitigation tools.

Multifamily Division: The multifamily division reviews and oversees multifamily rental properties. Their activities include: underwriting multifamily developments, overseeing construction and initial rent-up, overseeing long-term management and oversight of troubled properties. The multifamily division also monitors properties to ensure compliance with federal programs, including: Section 8, Section 236, low-income housing tax credits and the HOME program. The multifamily division manages our supportive housing and homelessness prevention programs.

Finance: The finance team is responsible for managing the agency's investments and debt and for overseeing the agency's bond sales. As of June 30, 2016 we had more than \$3.5 billion in assets. Our bond issuer ratings were AA+ and Aa1 from Standard and Poor's Rating Services and Moody's Investor Services, Inc. respectively. Our credit ratings are separate from and are not directly dependent on ratings on debt issued by the State of Minnesota.

Support Divisions: In addition to our two primary business divisions and the finance division, Minnesota Housing has a number of support divisions, including: Business and Technology Support, Policy and Community Development, Planning and Administration, and Legal and Risk Management.

RESULTS

In setting an administrative budget, we seek to strike an appropriate balance between maximizing agency resources available for housing needs and investing in adequate staff and technology to ensure efficient operations, appropriate oversight and quality housing. Our total operating costs as a percentage of assistance provided typically does not exceed 5 percent.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Operating costs as a percentage of assistance provided.	3.55%	2.88%	FFY2014, FFY2015

M.S. 462A (<https://www.revisor.mn.gov/statutes/?id=462A>) provides the legal authority for Minnesota Housing.

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
8000 - Housing Finance Agency	26,790	29,040	30,471	34,827	35,264	35,771	35,264	35,771
Total	26,790	29,040	30,471	34,827	35,264	35,771	35,264	35,771
<i>Biennial Change</i>				9,468		5,738		5,738
<i>Biennial % Change</i>				17		9		9
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Budget Activity

Budget Activity: Administration - Housing	26,790	29,040	30,471	34,827	35,264	35,771	35,264	35,771
Total	26,790	29,040	30,471	34,827	35,264	35,771	35,264	35,771

Expenditures by Category

Compensation	21,123	22,605	23,948	25,384	25,821	26,328	25,821	26,328
Operating Expenses	5,533	6,304	6,321	9,243	9,243	9,243	9,243	9,243
Other Financial Transactions	133	127	201	200	200	200	200	200
Grants, Aids and Subsidies	0	0	0	0	0	0	0	0
Capital Outlay-Real Property	0	3	0	0	0	0	0	0
Total	26,790	29,040	30,471	34,827	35,264	35,771	35,264	35,771

Full-Time Equivalents

	225.3	229.3	237.0	249.6	249.6	249.6	249.6	249.6
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8000 - Housing Finance Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	92,623	90,773	85,643	80,798	82,213	83,161	82,213	83,161
Receipts	24,965	23,772	24,365	34,987	34,987	34,987	34,987	34,987
Net Transfers	(25)	134	1,260	1,255	1,225	1,225	1,225	1,225
Expenditures	26,790	29,040	30,471	34,827	35,264	35,771	35,264	35,771
Balance Forward Out	90,773	85,639	80,798	82,213	83,161	83,602	83,161	83,602
<i>Biennial Change in Expenditures</i>				9,468		5,738		5,738
<i>Biennial % Change in Expenditures</i>				17		9		9
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	225.3	229.3	237.0	249.6	249.6	249.6	249.6	249.6

FY 2018-19 Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
HUD – 14.239	HOME Investment Partnership – Affordable housing production for low income households.	No	10,490	8,697	8,697	8,697	Match	3.50
HUD -14.241	HOPWA - Housing Opportunities for People With AIDS – Housing assistance for people with AIDS.	No	167	175	154	154	No	.50
HUD – 14.275	National Housing Trust Fund – Affordable housing production for extremely low income households.	Yes	0	3,000	3,000	3,000	No	2.50
HUD - 14.169	National Foreclosure Mitigation Counseling – Housing counseling for homeowners facing foreclosure.	No	188	676	676	676	Match	1.50
HUD - 14.228	Neighborhood Stabilization Program – Community foreclosure recovery through single family housing acquisition, rehab and resale	No	279	874	0	0	No	1.25
HUD - 14.195	Section 8 – Agency Portfolio – Asset and compliance management of rental housing	No	53,660	52,000	52,000	52,000	No	10.00
HUD - 14.327	Section 8 – Contract Administration – Asset and compliance management of rental housing, on behalf of HUD	No	132,029	135,000	135,000	135,000	No	25.00
HUD – 14.103	Section 236 Interest Reduction – rental contract management	No	533	185	0	0	No	.25
HUD - 14.326	Section 811 Rental Assistance, rental assistance for homeless households	No	34	664	793	1,046	No	1.50
	Agency Total		197,380	201,271	200,320	200,573		46

Narrative:

Federal resources comprise approximately 20 percent of housing program activities for the agency. The awards fit within several program areas of the agency, from rental housing production (new construction and rehabilitation), to rental assistance contract administration, to housing counseling, and resources to prevent and end homelessness.

Minnesota Housing receives federal funds that flow through a variety of channels:

- **Formula based direct appropriations** – Currently direct appropriations (which don't require competitive application) are through the HOME Investment Partnerships, HOPWA, the National Housing Trust Fund programs, and previously the Neighborhood Stabilization Program.
- **Fees and resources for rental assistance contract administration** – Section 8 agency and HUD portfolios, and Section 236 interest reduction. HUD Performance Based Contract Administration is competitively awarded and generates revenue based on performance. The Agency portfolio receives funding directly from HUD.
- **Program specific grants** – Section 811 Rental Assistance National Foreclosure Mitigation Counseling, both competitively applied for by the agency.

One key trend affecting these awards includes two awards above that are sun-setting and thus we will not see additional grants. The first is the Neighborhood Stabilization Program, which was a temporary program through HUD to aid in community recovery in the wake of the foreclosure crisis. The second is the Second 236 Interest Reduction Program, which is a small portfolio of rental properties developed in the late 1960s and early 1970s, and most mortgages mature December 2016.

Another key trend is the transition between the Section 8 agency portfolio (Traditional Contract Administration) and the HUD portfolio that the agency administers via Performance Based Contract Administration). Over time, developments will transition to from the TCA to the PBCA portfolio, per HUD's instruction.