

Housing Finance

Projects Summary

(\$ in thousands)

Project Title	Rank Fund		Project Requests for State Funds			Gov's Rec	Gov's Planning Estimates	
			2018	2020	2022	2018	2020	2022
Housing Infrastructure Bonds	1	AP	100,000	100,000	100,000	100,000	100,000	100,000
Public Housing Rehabilitation	2	GO	30,000	30,000	30,000	15,000	15,000	15,000
Total Project Requests			130,000	130,000	130,000	115,000	115,000	115,000
Appropriation Bonds (AP) Total			100,000	100,000	100,000	100,000	100,000	100,000
General Obligation Bonds (GO) Total			30,000	30,000	30,000	15,000	15,000	15,000

www.mnhousing.gov/

AT A GLANCE

- Minnesota Housing invested more than \$1 billion in housing, serving 67,366 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 \$52,000 or less
- We created or rehabilitated more than 5,000 units of affordable rental housing

All numbers are for Federal Fiscal Year 2016

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, 570,000 households are considered to be cost-burdened, meaning they pay more than 30% of their income for housing. Nearly 8,000 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**

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 47,000 Minnesota households through our multifamily rental programs in 2016.
 - The median income of renters we serve (excluding Section 8 renters) is \$12,000 per year.
 - We funded the new construction and preservation of 5,133 units of affordable rental housing in 2016.
 - We preserved 893 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 4,063 Minnesota households in 2016.
 - The homebuyers we served had a median annual household income of \$52,728.
 - 30% of the homebuyers we served were households of color or Hispanic ethnicity.
 - 88% of the homebuyers we served, 3,577 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 2,526 households in 2016. These households have a median annual household income of \$9,000.
 - We provided assistance for homelessness prevention to 6,495 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.
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M.S. 462A (<https://www.revisor.mn.gov/statutes/?id=462A>) provides the legal authority for Minnesota Housing.

At A Glance

We have identified five strategic priorities in our 2016 – 2019 Strategic Plan:

- Preserve housing with federal project-based rent assistance
- Reduce Minnesota's racial and ethnicity homeownership disparity
- Prevent and end homelessness
- Finance housing responsive to Minnesota's changing demographics
- Address specific and critical local housing needs

Factors Impacting Facilities or Capital Programs

Minnesota Housing's capital bonding requests supports three of our strategic priorities:

- Prevent and end homelessness
- Preserve housing with federal project-based rent assistance
- Address specific and critical local housing needs

Homelessness Trends

The U.S. Department of Housing and Urban Development (HUD) conducts an annual point in time survey to determine the number of homeless people in the state on a given night. The 2017 point in time count found that there were 7,668 homeless individuals in Minnesota. This was a five percent (5%) increase in homelessness from 2016. This number includes 3,769 people in families of which 2,437 (65%) were children. While this trend line has been slowly and steadily decreasing in recent years, we are seeing large overall increases in our unsheltered and chronically homeless populations.

While the overall homelessness trends have been encouraging in recent years, the increase in homelessness among certain populations demonstrates a continued need for investments in supportive housing. Supportive housing is housing with services, which help reduce the social costs of homelessness by keeping individuals out of emergency rooms, shelters and the corrections system.

Additional market forces including low vacancy rates, housing costs that are increasing faster than household incomes and the loss of unsubsidized affordable housing units will continue to put pressure on the housing system.

Preservation Trends

Minnesota has approximately 72,000 units of privately-owned rental housing that have received or currently receive federal or state assistance to keep them affordable. 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. Given the low vacancy rates and demand for rental units across the state, 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 privately-owned 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. Another 7,000 privately-owned affordable housing units are federally subsidized through USDA Rural Development.

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. Capital investments are needed to make physical improvements so that the properties can remain intact and affordable for decades to come. Funding is used to ensure that the health, safety and quality of this critical affordable housing stock is maintained for its low income residents well into the future. With the capital investments provided by the State, the private owner is required to commit to at least 20 more years of affordability.

Minnesota Housing, along with its philanthropic funding partners and local and federal partners, has taken a systematic, long-term approach to stabilization and preservation that recognizes that preservation of existing housing is often the most cost-effective means of providing affordable housing. Since 1998, Minnesota Housing has invested in the preservation or stabilization of more than 19,000 federally subsidized rental units. For every \$1 of state funding, \$4 or more in anticipated federal assistance is preserved. Without Housing Infrastructure Bonds, we typically receive three times as many applications for preservation as we are able to fund.

Public Housing

Minnesota has more than 21,000 public housing units funded by the federal government and owned and operated by local public housing authorities. These units are located across the state. Public housing serves the lowest income households in the state. Seventy-five percent (75%) of public housing residents earn less than \$15,000 per year. Thirty-three percent (33%) of public housing residents are seniors and 45 percent (45%) are disabled (this includes seniors and non-seniors). Over one-third of public housing residents have earned income, while most of the rest receive Social Security or pension income. Two percent (2%) of public housing residents have no income.

The federal government's commitment to support public housing has diminished as appropriations for operations and maintenance of the housing stock have been reduced to inadequate levels. As a consequence, some public housing authorities have been forced to sell some of their units to reduce operating costs and generate enough revenue to properly maintain the remaining inventory. Others have delayed needed maintenance and repairs, putting units at risk of becoming uninhabitable. Federal sequestration is further impacting public housing authorities' ability to keep up with needed capital improvements.

Self-Assessment of Agency Facilities and Assets

Minnesota Housing does not own or operate facilities covered by this request. The request is for financing of activities that improve and augment the infrastructure of affordable housing in communities throughout the state. Without these critical funds, communities stand to lose housing units that are vital to serving the needs of citizens and vulnerable populations in these communities.

Agency Process for Determining Capital Requests

The need for affordable housing is significant and growing. In Minnesota, nearly 30 percent of households (roughly 600,000 households) are considered to be cost-burdened, meaning they pay more than 30 percent of their income for housing. New affordable housing opportunities are needed in order to reduce the number of cost-burdened households in the state. Preservation is also an important strategy for preventing the rate of cost-burdened households from increasing. Since 2000, renters' costs have increased 10 percent (10%) while wages have fallen by six percent (6%). The growing need for affordable housing aligns with the increased need for funding. In 2014, we received three times as many applications for Housing Infrastructure Bonds as we were able to fund, leaving \$117 million in unfunded requests. The level of demand further demonstrates the need for this important resource.

Minnesota Housing is a member of three Interagency Stabilization Groups that, together with other state, federal and local units of government and philanthropic lending partners, collaborate on efforts to preserve and stabilize affordable and supportive housing across the state. These groups have informed the agency's preservation priorities, activities and funding requests.

In 2016, the Minnesota Interagency Council on Homelessness released an updated Statewide Plan to Prevent and End Homelessness. The plan identifies eight cross-cutting priorities and four population goals that the agencies of the Council pursued in 2016 and 2017. The vision of the Interagency Council is “housing stability for all Minnesotans” and the benchmark goals used to achieve this vision are aligned with the U.S. Interagency Council on Homelessness goals. They are:

- Resolve and prevent future Veteran homelessness;
- End chronic homelessness by the end of 2017;
- Prevent and end homelessness among families with children by the end of 2020; and
- Prevent and end homelessness among youth unaccompanied by parents or guardians by the end of 2020.

Increasing investments in affordable housing and creating new supportive housing opportunities for the most vulnerable individuals, families and youth experiencing homelessness are critical pieces of achieving the vision of housing stability for all Minnesotans and meeting the goals outlined in the plan. One of the actions of the plan is create 5,000 units of housing that is affordable at lower incomes. Housing Infrastructure Bond funds are critical to providing the resources to produce those units.

Major Capital Projects Authorized in 2016 and 2017

In 2017, the Legislature authorized Minnesota Housing to issue \$35 million in new Housing Infrastructure Funds and provided authority to issue up to \$20 million in Housing Infrastructure Bonds using existing debt service appropriations from the 2014 and 2015 bonding authorizations. Projects using these funds will be selected in October 2017. The bill also authorized \$10 million in General Obligation bonds for public housing rehabilitation, which will be used to fund the public housing rehabilitation program. Selections for this program will be made in early 2018.

In 2015, the Legislature authorized Minnesota Housing to issue \$10 million in Housing Infrastructure Bonds. These funds, along with a small amount of Housing Infrastructure Bonds from 2014 were awarded to projects in October 2015. The funding was used for four (4) multifamily projects and four (4) single family projects. All of the projects are complete or under construction.

In 2014, the agency was authorized to issue \$80 million in Housing Infrastructure Bonds. The bonding authority has been used to finance the construction or preservation of nearly 1,200 units of affordable housing in 11 multifamily and six (6) single family projects. Ninety percent (90%) of the bonding authority was committed within six months of authorization, and all of the projects are complete or under construction. The Legislature also approved \$20 million in GO Bonds for public housing in 2014. Thirty-five (35) projects were selected to receive funds, with 28 projects located in Greater Minnesota. All of the funds were committed within six months.

Housing Infrastructure Bonds

AT A GLANCE

2018 Request Amount: \$100,000

Priority Ranking: 1

Project Summary: \$8.0 million annually for 20 years for debt service on \$100 million in Housing Infrastructure Bonds. Housing Infrastructure Bond proceeds can be used for the acquisition and rehabilitation or new construction of permanent supportive housing, for the preservation of existing federally-assisted housing, or for the cost of the acquisition of land that will be held by community land trusts for single family homeownership. This request proposes to add senior housing as a new eligible use.

Project Description

This request is for a general fund appropriation to pay the debt service on \$100 million in Housing Infrastructure Bond proceeds issued by Minnesota Housing. Funds will be awarded through a competitive Request for Proposal process to private for-profit and non-profit developers for supportive housing, preservation, community land trust and senior housing projects.

Supportive Housing

A portion of the bond proceeds would be used to construct or acquire and rehabilitate properties for use as permanent supportive housing for households who are experiencing homelessness, including youth, veterans, those experiencing long-term homelessness and for persons with disabilities or people who struggle with mental illness.

Permanent supportive housing is affordable rental housing with connections to services necessary to enable tenants to live in the community and improve their lives. Supportive housing creates housing stability for the lowest income households and households with service needs so they can address significant mental health challenges, chronic health condition, substance abuse disorder and other barriers to self-sufficiency. The housing stability and additional services help individuals and families complete school or training, get connected to programs, achieve employment and eventually attain independent living.

Housing Infrastructure Bonds are the state's primary tool for creating new supportive housing.

Preservation

The federal Section 8 program has provided the largest portion of the privately owned, federally assisted rental housing in the state. Thirty-one thousand (31,000) units were financed under this program. The privately owned Section 8 portfolio was developed primarily from the 1960s to the 1980s. In addition, Minnesota has thousands of units financed by U.S. Department of Agriculture Rural Development that are of a similar age. As these properties age, or as the subsidy contracts and regulatory agreements expire, there is risk that these units may be lost due to physical deterioration, conversion to market rate rents, or diminished capacity of the ownership entity. Often ownership transfers, in addition to significant injections of capital provided by Housing Infrastructure Bonds are needed to ensure that properties can remain intact and affordable for decades into the

future. If the properties are not preserved, the federal subsidies are lost to the state.

Community Land Trust

Housing Infrastructure Bond proceeds can be used to pay for the cost of the acquisition of land that will be held by community land trusts for single family homeownership. Community land trusts are non-profit organizations that acquire and own land for the long-term. The community land trust leases the land to a low- or moderate - income homeowner who purchases the building on the land held in trust.

Senior Housing – New Eligible Use

This year we are proposing senior housing as a new eligible activity for Housing Infrastructure Bond proceeds. Funds would be available for the acquisition, rehabilitation, adaptive reuse or new construction of senior housing. Funding would be used for housing affordable to seniors (55 years of age or older) earning between 30% and 50% of Area Median Income. Senior housing at these income levels is currently not broadly being met by the market.

Project Rationale

There continues to be significant affordable housing needs throughout the state. In Minnesota, approximately 550,000 households, or 25% of households, are considered to be cost-burdened, meaning they pay more than 30 percent of their income for housing. Specifically Housing Infrastructure Bonds are critical to meeting this need because most of the housing in the state is privately owned and General Obligation bonds are limited to public ownership.

Preserving the existing affordable housing stock is critical to making progress on this issue. The state's Section 8 portfolio is aging and in need of capital for rehabilitation to preserve the affordability of these properties that exist in all 87 counties.

Supportive housing needs are significant and statewide. 7,668 people in Minnesota are homeless on a given night, according to the 2017 U.S. Department of Housing and Urban Development (HUD) point in time count. Overall, this was a 5% increase in homelessness from 2016. This number includes 3,769 people in families of which 2,437 (65%) were children. Additionally, 3,750 singles and adult couples are experiencing homelessness on any given night in Minnesota. While this trend line has been decreasing in recent years, we are seeing large overall increases in our unsheltered population (25%) and chronically homeless populations (21%). A 2015 report completed by Wilder showed that 35% of the homeless populations are children (age 17 and under) and that young people are most at risk of experiencing homelessness. That same study found that 83% of homeless adults have either a significant mental illness, chronic health condition, substance abuse disorder, or evidence of a traumatic brain injury; and 44% have more than one of those conditions. Housing stability and services are needed to address these conditions.

We also know from the 2015 Wilder homeless study that more seniors are experiencing homelessness. Specifically, the number of adults age 55 and older experiencing homelessness increased by 8 percent since 2012. With the state's aging demographic and affordable housing needs for older Minnesotans, Housing Infrastructure Bond proceeds can be used to help create housing for low-income seniors that is not being met through the market.

We know that where we make investments we see results. With a focus on reducing homelessness among veterans, we have effectively ended veterans' homelessness in multiple regions of the state. We have also funded three projects specifically for veterans using Housing Infrastructure Bond proceeds, which have helped to minimize the number of veterans experiencing homelessness.

We typically receive three to four times as much in requests for deferred financing as we have funding available. There were \$117 million in requests that were unfunded when we had Housing Infrastructure Bond proceeds available in 2014. In 2017, we have received significant funding requests for \$55 million that was available.

Project Timeline

Housing Infrastructure Bond proceeds are awarded statewide through a statewide, competitive application process. If approved in the 2018 legislative session, the funding would be available in the competitive process that makes selections in the fall of 2018.

Other Considerations

Statewide Plan to Prevent and End Homelessness

In 2016, the Minnesota Interagency Council on Homelessness released an updated Statewide Plan to Prevent and End Homelessness. The plan identifies eight cross-cutting priorities and four population goals that the agencies of the Council pursued in 2016 and 2017. The vision of the Interagency Council is “housing stability for all Minnesotans” and the benchmark goals used to achieve this vision are aligned with the U.S. Interagency Council on Homelessness goals. They are:

Increasing investments in affordable housing and creating new supportive housing opportunities for the most vulnerable individuals, families and youth experiencing homelessness are critical pieces of achieving the vision of housing stability for all Minnesotans and meeting the goals outlined in the plan. One of the actions of the plan is create 5,000 units of housing that is affordable at lower incomes. Housing Infrastructure Bond funds are critical to providing the resources to produce those units.

Green Communities Criteria

Minnesota Housing has adopted a sustainability policy and implemented the Enterprise Green Communities criteria for all new developments and for substantial rehabilitation projects funded by the agency. The Green Communities criteria will apply to developments that are selected to receive housing infrastructure bond proceeds. The criteria cover a range of items related to energy efficiency and the environment including efficient lighting, use of renewable energy, low-impact development, water-conserving fixtures, and integrative design.

Impact on Agency Operating Budgets

This request does not impact Minnesota Housing’s operating budget. Minnesota Housing does not use General Fund appropriations for operating expenses. The developers applying for funding are expected to meet their operating costs through the income they receive from rents, or in the case of community land trusts, through income from the land lease.

Description of Previous Appropriations

In 2012, we awarded \$30 million in Housing Infrastructure Bond proceeds to projects that preserve existing federally subsidized rental housing, create new permanent supportive housing opportunities, and to stabilize communities impacted by the foreclosure crisis. The bond proceeds were committed in 2012 and were used to construct or preserve 472 units of housing.

In 2014, we awarded \$80 million in Housing Infrastructure Bond proceeds to projects for the same purposes. The bond proceeds were committed in 2014 and were used to construct or preserve 1,239 units of housing.

In 2015, the Legislature authorized an additional \$10 million in Housing Infrastructure Bond proceeds. These proceeds were used to construct or preserve 162 units of affordable housing.

In 2017, the Legislature authorized an additional \$35 million in Housing Infrastructure Bond proceeds. The Legislature also authorized an additional \$20 million in Housing Infrastructure Bond proceeds using previous debt service appropriations, due to low interest rates on the bonds issued in 2014 and 2015. In October 2017, \$42 million in Housing Infrastructure Bonds were awarded to projects across the state.

Project Contact Person

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Governor's Recommendation

The Governor recommends \$100 million in appropriation bonds for this request. Also included are budget estimates of \$100 million for each planning period for 2020 and 2022.

Housing Finance

Project Detail

(\$ in thousands)

Housing Infrastructure Bonds

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2018	FY 2020	FY 2022
State Funds Requested				
Appropriation Bonds	\$ 175,000	\$ 100,000	\$ 100,000	\$ 100,000
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 175,000	\$ 100,000	\$ 100,000	\$ 100,000

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2018	FY 2020	FY 2022
Property Acquisition	\$ 43,750	\$ 25,000	\$ 25,000	\$ 25,000
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Project Management	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 131,250	\$ 75,000	\$ 75,000	\$ 75,000
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 175,000	\$ 100,000	\$ 100,000	\$ 100,000

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2018	FY 2020	FY 2022
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 100,000	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	Yes
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	N/A
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6 and 16E.05 subd. 3)?	N/A
Will the project meet public ownership requirements (M.S. 16A.695)?	N/A
Will a use agreement be required (M.S. 16A.695 subd. 2)?	N/A
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	N/A
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	N/A
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2022?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	N/A
M.S. 174.93: Guideway Project	
Is this a Guideway Project?	No
Is the required information included in this request?	N/A

Public Housing Rehabilitation**AT A GLANCE****2018 Request Amount:** \$30,000**Priority Ranking:** 2**Project Summary:** \$30 million in General Obligation bond proceeds are requested to preserve existing public housing to keep it decent, safe and healthy for its low income residents. Throughout the state, approximately 3,750 units of housing will be rehabilitated with this funding.**Project Description**

The requested funding will provide investments in aging public housing stock that is in need of repairs. Public housing comes in all sizes and types, from scattered single family housing to high rise apartments for elderly families. Funding will provide investments in new heating and cooling systems, building envelopes, energy efficient windows, elevators and other critical health and safety items. Priority will be given to projects that address health and safety needs and reduce building operating costs. Funding will be awarded through a competitive application process. Eligible applicants are public housing authorities. Priority will be given to projects that include funding from other sources.

Project Rationale

Public housing is existing affordable housing that serves some of the lowest income residents of the state, including many seniors, persons with disabilities and families with children. Public housing is owned and managed by local public housing authorities and financed by the federal government. More than 21,000 public housing units are owned and operated by 124 public housing authorities throughout 87 Minnesota counties. Nearly 75 percent of the residents have incomes under \$15,000 per year. Residents pay 30 percent of their income toward rent. More than 90 percent of public housing units in the state are greater than 20 years old. It is critical that we preserve this housing stock for the state's lowest income residents.

Project Timeline

Funding will be awarded through a competitive request for proposal. If funding is provided during the 2018 legislative session, we anticipate that funds would be awarded to projects by early 2019, and that construction would begin during the summer of 2019.

Other Considerations

N/A

Impact on Agency Operating Budgets

This request does not impact Minnesota Housing's operating budget. Minnesota Housing does not use General Fund appropriations for operating expenses. Public housing authorities pay the operating costs for the projects and in many cases the projects funded through this program reduce operating costs.

Description of Previous Appropriations

In 2012, the agency received \$5.5 million in GO bond proceeds for public housing rehabilitation. The funding was used for the rehabilitation of 950 units of public housing.

In 2014, the agency received \$20 million in GO bond proceeds for public housing rehabilitation. The funding was used for the rehabilitation of 2,500 units of public housing. Seventy-five percent of the units are located in Greater Minnesota.

In 2017, the agency received \$10 million in GO bond proceeds for public housing rehabilitation. These funds will be awarded to public housing authorities in early 2018.

Project Contact Person

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Governor's Recommendation

The Governor recommends \$15 million in general obligation bonds for this request. Also included are budget estimates of \$15 million for each planning period for 2020 and 2022.

Housing Finance

Project Detail

(\$ in thousands)

Public Housing Rehabilitation

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2018	FY 2020	FY 2022
State Funds Requested				
General Obligation Bonds	\$ 35,500	\$ 30,000	\$ 30,000	\$ 30,000
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 35,500	\$ 30,000	\$ 30,000	\$ 30,000

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2018	FY 2020	FY 2022
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Pre-design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Project Management	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 35,500	\$ 30,000	\$ 30,000	\$ 30,000
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 35,500	\$ 30,000	\$ 30,000	\$ 30,000

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2018	FY 2020	FY 2022
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 30,000	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	Yes
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	Yes
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6 and 16E.05 subd. 3)?	N/A
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	N/A
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	Yes
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	N/A
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2022?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 174.93: Guideway Project	
Is this a Guideway Project?	No
Is the required information included in this request?	N/A