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Date: January 15, 2019

To: Representative Alice Hausman
Chair, Housing Finance and Policy Division
Representative Tamara Theis
Ranking Minority Member, Housing Finance and Policy Division

Senator Torrey Westrom,
Chair, Agriculture, Rural Development and Housing Finance
Senator Kari Dziedzic
Ranking Minority Member, Agriculture, Rural Development and Housing Finance

From: Ryan Baumtrog, Assistant Commissioner, Minnesota Housing Finance Agency

A handwritten signature in blue ink, appearing to read 'R. Baumtrog'.

Subject: Report on Direct Appropriation to Build Wealth Minnesota

Overview

Minnesota Housing is the fiscal agent for a direct appropriation to Build Wealth Minnesota. I am submitting this report to comply with the reporting requirements under Minnesota Laws 2016, Chapter 189, Article 12, Section 11(e).

Beginning in FY 2017 the Legislature appropriated \$500,000 annually to Build Wealth Minnesota for its Family Stabilization Program, which is a financial coaching program that focuses on strengthening underserved communities by empowering families to build sustainable social and economic wealth. Build Wealth and its partners do this through a mix of financial education and coaching services. They plan to serve 900 clients over three years in the seven county metro area. In their first two years they reached their goal of serving 525 households. They plan to serve 375 households within the third year.

Use of Grant

The grant proceeds are being used to expand Build Wealth's organizational capacity to serve additional households in the seven county metro area. The primary purpose of the direct appropriation is to expand organizational capacity. Build Wealth is using a majority of the funds to pay for staffing and other operating expenses. This includes hiring new staff and maintaining those positions, developing

curriculum and materials and working with delivery partners to reach additional households. Attached is a copy of their expenditure report.

Program Outcomes

Since July 1, 2016, 588 households have entered Build Wealth's Family Stabilization Program.

- 95% of households are households of color or Hispanic ethnicity
- 94% of households earn less than \$75,000 per year
- 52% of households served have a credit score under 580
- The largest barrier to homeownership was credit at 72% of households listing this as a barrier
 - 14% of households list savings as a barrier
 - 6% of households list budgeting as a barrier
 - 7% of households list debt as a barrier
 - 1% of households list emotional barriers as a barrier

Geographic Distribution

- 56% of households served reside in Hennepin County
 - 57% of Hennepin County households served reside in Minneapolis
- 29% of households served reside in Ramsey County
- 6% of households served reside in Anoka County
- 5% of households served reside in Dakota County
- 1% of households served reside in Scott County
- 3% of households served reside in Washington County

Conclusion

Build Wealth is in the beginning of the third year of implementing this grant. They are reaching a high percentage of households of color and persons with low credit scores. As of November 30, 2018, they are reaching just over 65 percent of their goal for number of households they will serve within three years. We will continue to monitor how well they are building their capacity to meet their stated goal of serving 900 households in the seven county metropolitan area over the remaining year.

Attachment: Build Wealth Expenditure Report

**Expenditure Report for Legislative Report
December 1, 2017 - September 30, 2018**

Grantee Name:	Build Wealth
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INCOME	Amount
Total direct appropriation received	\$ 500,000

EXPENSES	Amount	FTE
Salaries and Wages	\$ 368,734	5.85
Insurance, benefits, and other related taxes (fringe)	\$ 30,094	
Materials (handouts, manuals, etc.)	\$ 7,763	
Supplies	\$ 4,358	
Printing and copying	\$ 1,930	
Rent and utilities	\$ 14,439	
Credit report expenses	\$ 2,239	
Sub Grants	\$ 70,444	
Total Expenses	\$ 500,000	