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Date: January 15, 2020

To: Representative Alice Hausman
Chair, Housing Finance and Policy Division
Representative Tama 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

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. Build Wealth and their partners served 880 households (98% of their 3-year goal) in the seven county metro area in the first three years.

Use of Grant

The grant proceeds are being used to support Build Wealth's organizational capacity to serve additional households in the seven county metro area. The primary purpose of the direct appropriation is to support 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 October 1, 2016, 880 households have entered Build Wealth's Family Stabilization Program.

- 94% of households are households of color or Hispanic ethnicity
- 95% 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
 - 15% of households list savings as a barrier
 - 5% 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

- 58% of households served reside in Hennepin County
 - 58% of Hennepin County households served reside in Minneapolis
- 27% of households served reside in Ramsey County
- 7% of households served reside in Anoka County
- 4% of households served reside in Dakota County
- 1% of households served reside in Scott County
- 3% of households served reside in Washington County

Build Wealth is in the beginning of the fourth year of implementing this grant with a goal to serve 275 households this year. They continue to reach a high percentage of households of color and persons with low credit scores. We will continue to monitor how they maintain their capacity to meet their stated goal of serving 550 households in the seven county metropolitan area between October 1, 2019 and September 30, 2021.

Attachment: Build Wealth Expenditure Report

**Expenditure Report for Legislative Report
October 1, 2018 - September 30, 2019**

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

EXPENSES	Amount	FTE
Salaries and Wages	\$ 362,350	6.45
Insurance, benefits, and other related taxes (fringe)	\$ 12,186	
Materials (handouts, manuals, etc.)	\$ 2,373	
Supplies	\$ 8,731	
Printing and copying	\$ 845	
Rent and utilities	\$ 18,437	
Credit report expenses	\$ 3,297	
Sub Grants	\$ 91,781	
Total Expenses	\$ 500,000	