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<https://www.mnhousing.gov/>

**AT A GLANCE**

- Provided more than \$1.9 billion in housing assistance, serving 93,500 households.
- Have Aa1 and AA+ credit ratings with Moody’s and Standard & Poor’s.
- Financed loans to nearly 4,400 first-time homebuyers, financed homebuyer education and counseling for more than 8,200 households and provided home improvement resources for 1,500 homes.
- Created or rehabilitated more than 3,300 units of rental housing and assisted over 41,100 renters.
- Over the past three years, 45% of competitive assistance has been provided to Greater Minnesota.

*All numbers are for Federal Fiscal Year 2021*

**PURPOSE**

Success in life starts at home for all ages and all people. When we have safe, secure places to live, parents earn more, kids learn better, health and well-being improve, communities prosper and we all thrive. Our homes are the foundation of our communities and they fuel the engine of our economy.

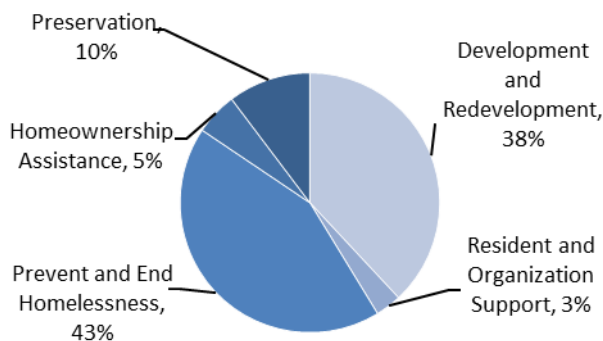
In Minnesota, housing challenges are consistent and persistent and they are not shared equally across different race and ethnicities. People of color and Indigenous communities are more likely to face housing instability, be evicted and experience homelessness than white households.

- An estimated 150,000 renter households making less than \$50,000 a year spend more than 50% of their income on housing. (2019 American Community Survey)
- Minnesota has the fourth-largest disparity in homeownership rates in the country for households of color and Indigenous households.
- About 8,000 people face homelessness each night, including nearly 2,000 people who sleep outside.

Minnesota Housing collaborates with individuals, communities and partners to create, preserve and finance housing that is affordable. Our vision is that all Minnesotans live in a stable, safe home they can afford in a community of their choice. We finance affordable homeownership and rental housing to provide opportunities across the housing continuum for individuals and families throughout the state.

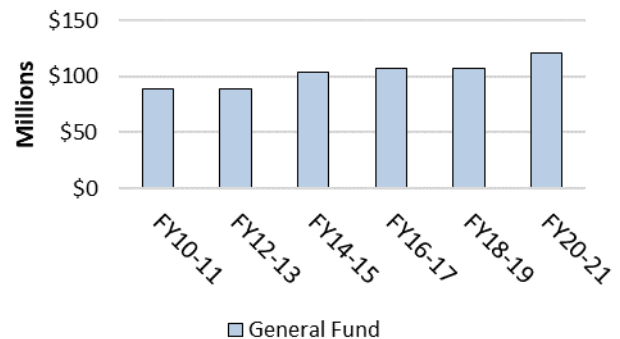
**BUDGET**

**General Fund Spending by Program  
FY 2021 Actual**



Source: SWIFT

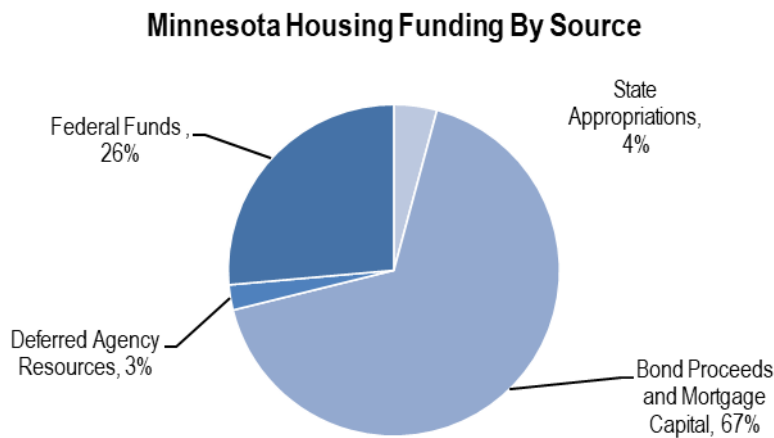
**Historical Spending**



Source: General Fund Balance Statement

We finance our programs through a combination of bond proceeds, federal resources, state appropriations, state capital investments and agency resources. We do not rely on state appropriations to fund our operating expenses, allowing 100 percent of state appropriations to go directly to programs. We issue tax exempt and taxable debt, using the proceeds to finance loans for rental developments and provide 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 an independent 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, with the state auditor as an ex-officio member. The Board directs our policies, approves all funding decisions and holds monthly public meetings.

Our bond issuer ratings are AA+ and Aa1 from Standard and Poor’s Rating Services and Moody’s Investor Services, Inc. Our credit ratings are separate from and not directly dependent on ratings on debt issued by the State of Minnesota.



*Source: Minnesota Housing 2022-23 Affordable Housing Plan*

### STRATEGIES

Housing stability is at the core of Minnesota Housing’s mission that emphasizes thriving communities, equity and inclusion and children and families. We support our mission by providing a wide range of rental, homeownership and homelessness assistance programs. Our focus is on serving households that make the least and we direct resources to communities most impacted by housing instability. We have begun using an antiracist lens to evaluate program changes and are working to remove systemic barriers and policies that perpetuate housing instability for people of color and indigenous communities. We deliver our programs 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.

- **Rental Housing Minnesotans Can Afford:** We finance new construction, rehabilitation and preservation of rental housing using federal low income housing tax credits, state appropriations and first mortgages. We prioritize rental opportunities that are affordable to households that make the least. We also provide rental assistance and administer federal Section 8 contracts.
  - We served over 41,100 Minnesota households through our multifamily rental programs in 2021.
  - Three-quarters of renters made less than \$25,000 per year.
  - We financed the new construction and preservation of 3,332 units of affordable rental housing in 2021 with state and federal resources.

- **Supporting Homeownership Opportunities:** We offer first-time homebuyer loans, downpayment assistance programs, a refinance program, and two home improvement loan programs to support Minnesota homebuyers and homeowners. We account for about 6% of the State’s total mortgage lending.
  - We provided home mortgage loans to 5,445 Minnesota households in 2021.
  - The first-time homebuyers we served had a median annual household income of \$58,800.
  - Thirty-seven percent of the first-time homebuyers we served were households of color or from indigenous communities
  - Ninety-seven percent of the homebuyers who received a Minnesota Housing first mortgage also received assistance with downpayment and closing costs.
  
- **Preventing and Ending Homelessness:** In addition to financing rental housing for people experiencing homelessness, we provide rental assistance and short-term financial assistance to individuals and families who are homeless or who face housing instability. People experiencing homelessness, especially people sleeping outside, has been increasing in recent years.
  - We provided state-funded rental assistance to 2,099 households in 2021. These households have a median annual household income of around \$19,500.
  - We provided assistance to 4,804 households (with an average household income of \$2,049) to prevent and assist people experiencing homelessness.
  - Minnesota Housing and eleven state agencies collaborate on the statewide *Plan to Prevent and End Homelessness*.

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

# Housing Finance

# Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b><u>Expenditures by Fund</u></b>						
8000 - Housing Finance Agency	320,626	704,735	733,967	508,264	471,741	463,178
<b>Total</b>	<b>320,626</b>	<b>704,735</b>	<b>733,967</b>	<b>508,264</b>	<b>471,741</b>	<b>463,178</b>
Biennial Change				216,870		(307,312)
Biennial % Change				21		(25)

## **Expenditures by Program**

Development and Redevelopment	22,229	32,821	30,276	76,562	90,314	87,426
Prevent and End Homelessness	42,766	399,180	285,928	91,375	52,913	45,213
Homeownership Assistance	4,120	4,555	121,586	16,231	8,635	4,885
Preservation	212,704	227,945	248,026	272,877	269,272	274,272
Resident and Organization Support	3,065	3,268	10,012	5,213	3,850	3,850
Administration	35,742	36,965	38,138	46,006	46,757	47,532
<b>Total</b>	<b>320,626</b>	<b>704,735</b>	<b>733,967</b>	<b>508,264</b>	<b>471,741</b>	<b>463,178</b>

## **Expenditures by Category**

Compensation	29,393	31,185	32,716	37,135	37,866	38,611
Operating Expenses	8,451	25,170	72,725	20,497	13,923	12,203
Grants, Aids and Subsidies	252,503	611,140	584,503	377,703	358,650	348,151
Other Financial Transaction	30,278	37,240	44,023	72,929	61,302	64,213
<b>Total</b>	<b>320,626</b>	<b>704,735</b>	<b>733,967</b>	<b>508,264</b>	<b>471,741</b>	<b>463,178</b>

## **Full-Time Equivalent**

	<b>252.70</b>	<b>258.62</b>	<b>267.53</b>	<b>280.24</b>	<b>292.97</b>	<b>292.97</b>
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# Housing Finance

# Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25	
<b>1000 - General</b>						
Direct Appropriation	64,048	56,548	67,798	57,798	57,798	57,798
Transfers Out	64,048	56,548	67,798	57,798	57,798	57,798
<b>3010 - Coronavirus Relief</b>						
Direct Appropriation		100,000				
Transfers In			574			
Transfers Out		82,000				
Cancellations		18,000	574			
<b>3015 - ARP-State Fiscal Recovery</b>						
Direct Appropriation			27,000			
Transfers In			15,000			
Transfers Out			27,000			
Cancellations			15,000			
<b>8000 - Housing Finance Agency</b>						
Balance Forward In	206,863	234,846	373,524	319,689	227,719	187,354
Receipts	267,358	688,464	579,600	329,115	336,438	336,038
Transfers In	80,972	156,580	123,297	117,903	131,397	138,497
Transfers Out	49	2,048	22,767	30,724	36,459	40,009
Balance Forward Out	234,519	373,107	319,687	227,719	187,354	158,702
<b>Expenditures</b>	<b>320,626</b>	<b>704,735</b>	<b>733,967</b>	<b>508,264</b>	<b>471,741</b>	<b>463,178</b>
Biennial Change in Expenditures				216,870		(307,312)
Biennial % Change in Expenditures				21		(25)
Full-Time Equivalents	252.70	258.62	267.53	280.24	292.97	292.97

# Housing Finance

# Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
<b>Direct</b>				
<b>Fund: 1000 - General</b>				
FY2023 Appropriations	57,798	57,798	57,798	115,596
Forecast Base	57,798	57,798	57,798	115,596
<b>Dedicated</b>				
<b>Fund: 8000 - Housing Finance Agency</b>				
Planned Spending	508,164	471,641	463,078	934,719
Forecast Base	508,164	471,641	463,078	934,719
<b>Revenue Change Summary</b>				
<b>Dedicated</b>				
<b>Fund: 8000 - Housing Finance Agency</b>				
Forecast Revenues	329,115	336,438	336,038	672,476



## Program: Development and Redevelopment

### AT A GLANCE

- The Economic Development and Housing Challenge (Challenge) program funded 575 homes in 2021.
- Median annual income of households served under Challenge is \$19,795 for rental housing and \$46,247 for homeownership.
- Under the Challenge program, 45% of the households served were families with children for rental housing and 56% for homeownership
- The Workforce Housing Development program exclusively serves Greater Minnesota and has built or financed nearly 750 homes since 2017.
- We started financing grants to manufactured home communities for park infrastructure starting in FY 2021.

*Numbers are for FFY 2021, unless otherwise noted*

### PURPOSE AND CONTEXT

The affordability of homes has been a competitive advantage for Minnesota and its employers, but a shortage of homes continues to push prices beyond the reach of many individuals and families. New housing construction has not kept pace with household growth since the Great Recession, as evidenced by the short supply of homes for rent or sale. In Minnesota today, the statewide rental vacancy rate is around 4 to 5 percent – and as low as 3 percent in the metro area – and there is a limited supply of homes for sale. These persistent conditions limit options for families and make it harder for many to have a stable place to live.

The development of new housing is critical for economic recovery, growth, and job creation. Increasing levels of production will be critical to keeping up with demographics and will be needed longer-term economic growth. Minnesota under-produced housing units during and after the Great Recession. This contributed to the recent housing shortage. Businesses are expanding throughout the state, and many are struggling to hire enough workers, in part because of a lack of homes that are affordable.

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 to better serve low- to moderate-income homeowners, homebuyers, and renters.

### SERVICES PROVIDED

We finance the activities in this program through the state-appropriated Economic Development and Housing Challenge program, the Greater Minnesota Workforce Housing Development program, the Manufactured Home Community Redevelopment Program, the Affordable and Workforce Housing program, as well as through federal funding, federal low income housing tax credits and agency resources.

**Economic Development and Housing Challenge (“Challenge”) Program:** The Challenge Program allows us to provide no-interest, deferred loans to for-profit and nonprofit developers and local units of government to develop workforce housing in their communities. The Challenge Program provides flexibility by letting communities identify the types of housing that best fit their needs. It can be used for new construction or rehabilitation and funds both rental housing and homeownership opportunities. At least 50 percent of Challenge

Program funds must be used for housing projects that include a financial contribution from non-state resources. The funding is used for rental development and homeownership activities.

#### Rental Development:

We finance workforce housing in both the metropolitan area and Greater Minnesota. Resources are available through a competitive Request for Proposals process published each spring. Income limits for rental housing are up to 80 percent of the greater of area or statewide median household income. For most of the state, this is a maximum household income of \$74,480 per year. Since 2012, we have financed more than 2,200 new workforce homes in Greater Minnesota, including Perham, Worthington, Glenwood, St. Michael, Mankato, Austin, Duluth, Cambridge, Warroad, Thief River Falls, Jackson, Roseau, Rochester and Owatonna. We also supported the development workforce housing in the metropolitan area.

#### Homeownership Activities:

The Challenge Program funds the down payment assistance, development and rehabilitation of single-family, owner-occupied affordable and workforce housing activity in communities across Minnesota. Resources are available through a competitive Request for Proposals process published each spring. The income maximum for owner-occupied housing is 115 percent of the greater of state or area median household income. Currently, that is a maximum median household income of \$120,635 per year for the metro and \$107,065 for most of the rest of the state.

The funding for this program is \$12.9 million per year for both rental and homeownership development.

**Greater Minnesota Workforce Housing Development Program:** This program targets small to mid-sized cities in Greater Minnesota with rental workforce housing needs. Funding is available to build market-rate residential rental properties in communities with proven job growth and demand for workforce rental housing. Communities are required to secure matching funds, one dollar for every two dollars in funding offered through the program. This program meets the needs of smaller communities by helping to finance new construction of 12 or fewer homes and prioritizes cities with fewer than 5,000 people. Since this program was established in 2017, it has built or selected 747 units in communities such as Albert Lea, Baudette, Duluth, Luverne, Pelican Rapids, Alexandria, Park Rapids, Blue Earth, Long Prairie, Redwood Falls and Watkins. This program is funded at \$2 million per year.

**Manufactured Home Community Redevelopment Program:** This program was funded for the first time since 2001 in the 2019 Legislative Session. The \$2 million grant program funds infrastructure improvements or acquisition of manufactured home parks to assist the needs for aging manufactured home communities around the state. The program prioritizes projects based on health, safety, and critical needs improvements, as well as projects that leverage support from local municipalities, and/or projects converting a community to a cooperative ownership model. Eligible applicants include privately, publicly or cooperatively owned communities, as well as nonprofit organizations acting as an intermediary on behalf of a park. Funds are made available through an annual competitive request for proposals (RFP) process. In two years, the program has selected projects in 17 communities to improve the infrastructure for over 1,500 lots. The program is also funded with Housing Infrastructure Bonds.

**Workforce and Affordable Homeownership Program:** This \$250,000 per year program finances homeownership development grants to cities, tribal governments, nonprofit organizations, cooperatives, and community land trusts for development of workforce and affordable homeownership projects. The purpose of the program is to increase the supply of workforce and affordable, owner-occupied multifamily or single-family housing throughout Minnesota. Funds can be used for development costs, rehabilitation, land development and manufactured home park infrastructure. The program was added as a base program in 2019 and the funds were made available through a competitive RFP.

**State Tax Credit Contribution Program:** This new state tax credit program was created by the Legislature in 2021. Starting in tax year 2023, individual taxpayers will be able to contribute to the program and receive a tax credit on their contribution. The contributions will provide loans and grants to affordable housing projects. The program has set-asides for housing in towns or cities with a population of 2,500 or less; income requirements at 50% AMI or less, and single-family properties. A total of \$9.9 million in credits are available each year. If all the credits are claimed, around \$11.6 million will be available for grants and loans to affordable housing projects.

### RESULTS

We measure our performance in this budget program by examining the percentage of units financed in top job growth areas and the level of affordability. Under the Challenge Program, all rental units must be affordable to households earning 80 percent of median income. However, we also want to ensure we’re serving a range of households, so we review how many Minnesotans we are serving at lower income levels.

Housing that is affordable to the local workforce generally includes 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).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of units in rental developments funded that are located in the top workforce housing communities (areas with job growth).	95%	98%	FFY 2020, FFY 2021
Results	Distribution of units financed annually with units affordable at: A) 30% of median income or less. B) 50% at median income or less, or C) 80% at median income or less	A) 15% B) 51% C) 100%	A) 25% B) 68% C) 100%	FFY 2020, FFY 2021

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.

M.S 462A.38 (<https://www.revisor.mn.gov/statutes/cite/462A.38>) provides the legal authority for the Workforce and Affordable Homeownership Program.

M.S. 462A.39 (<https://www.revisor.mn.gov/statutes/cite/462A.39>) provides the legal authority for the Greater Minnesota Workforce Development Program.M.S.

462A.2035 (<https://www.revisor.mn.gov/statutes/cite/462A.2035>) provides the legal authority for the Manufactured Home Redevelopment Program.

M.S 462A.40 (<https://www.revisor.mn.gov/statutes/cite/462A.40>) provides the legal authority for the Tax Credit Contribution Fund Program.

## Development and Redevelopment

## Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b><u>Expenditures by Fund</u></b>						
8000 - Housing Finance Agency	22,229	32,821	30,276	76,562	90,314	87,426
<b>Total</b>	<b>22,229</b>	<b>32,821</b>	<b>30,276</b>	<b>76,562</b>	<b>90,314</b>	<b>87,426</b>
Biennial Change				51,788		70,902
Biennial % Change				94		66
<b><u>Expenditures by Activity</u></b>						
Development and Redevelopment	22,229	32,821	30,276	76,562	90,314	87,426
<b>Total</b>	<b>22,229</b>	<b>32,821</b>	<b>30,276</b>	<b>76,562</b>	<b>90,314</b>	<b>87,426</b>
<b><u>Expenditures by Category</u></b>						
Operating Expenses	34	36	35	1,704	2,033	1,033
Grants, Aids and Subsidies	11,798	15,925	19,656	51,309	68,759	63,960
Other Financial Transaction	10,398	16,861	10,586	23,549	19,522	22,433
<b>Total</b>	<b>22,229</b>	<b>32,821</b>	<b>30,276</b>	<b>76,562</b>	<b>90,314</b>	<b>87,426</b>

## Development and Redevelopment

## Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b>1000 - General</b>						
Direct Appropriation	22,425	14,925	23,975	16,175	16,175	16,175
Transfers Out	22,425	14,925	23,975	16,175	16,175	16,175
<b>8000 - Housing Finance Agency</b>						
Balance Forward In	37,692	46,364	40,791	68,697	50,975	44,058
Receipts	8,159	11,419	27,108	15,081	31,867	20,867
Transfers In	22,425	15,829	31,075	43,759	51,530	55,080
Balance Forward Out	46,048	40,791	68,698	50,975	44,058	32,579
<b>Expenditures</b>	<b>22,229</b>	<b>32,821</b>	<b>30,276</b>	<b>76,562</b>	<b>90,314</b>	<b>87,426</b>
Biennial Change in Expenditures				51,788		70,902
Biennial % Change in Expenditures				94		66

## Program: Prevent and End Homelessness

## Activity: Supportive Housing

## AT A GLANCE

- Assisted more than 8,295 households in 2021.
- Median annual income of households served is \$9,000-\$12,000.
- 52% of the households served were families with children for the Housing Trust Fund program
- Over 9,000 students experienced homelessness in Minnesota's public and charter schools in 77 of Minnesota's 87 counties (October 2019).
- This activity contributes to the goals of the Minnesota Interagency Council on Homelessness' *Plan to Prevent and End Homelessness* and the State's Olmstead Plan.

*Numbers are for FFY 2021, unless otherwise noted*

## PURPOSE AND CONTEXT

For many Minnesotans, achieving housing stability requires support services in addition to affordable housing. People with disabilities and individuals who have experienced homelessness benefit when health care and support services, like employment services, are available to them in their homes. Research shows that people do better when needed services and stable homes are coordinated. Many Minnesotans will need services in their homes at some point during their lives. For example, an estimated 70 percent of people aged 65 or older will need long-term care related to daily living. The broader community benefits from supportive housing, through reductions in expensive public systems such as emergency room visits.

Minnesota Housing finances affordable housing with support services. This activity is essential to our efforts to prevent and end homelessness. Supportive housing serves individuals and families with multiple barriers to obtaining and maintaining housing. Supportive housing provides stability 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

**Housing Trust Fund Program:** Through the Housing Trust Fund program, we fund rental assistance for households with nearly 75% of people served having experienced long-term homelessness. Renters pay 30 percent of their income towards rent. In 2021, 1,408 households received rental assistance under this program with an average annual assistance of \$88,904. Sixty-four percent of those who received rental assistance in 2021 were households of color or from Indigenous communities. We have a priority to serve households with incomes that do not exceed 30 percent of the metropolitan area median income.

State appropriations (\$11.7 million per year) currently fund rental assistance while new supportive housing developments are financed through Housing Infrastructure Bonds provided in the State's Capital Investment Bill.

**Homework Starts with Home:** Housing stability for children and their families leads to improved attendance, school success and increases in household income. Homework Starts with Home funds housing assistance and services for homeless and highly mobile students and their families. An evaluation of this program found that 90 percent of households that received assistance were stably housed within two years. The students who achieved stable housing during the pilot had better attendance than homeless students statewide. In contrast, homeless

students who did not receive rental assistance missed enough school to be considered chronically absent. Additionally, household income increased 15 percent during the program and some households went from homeless to homeowners in just over two years.

The program is a partnership with the Heading Home Minnesota Funders Collaborative, the Office to Prevent and End Homelessness, and the Minnesota Departments of Education (MDE) and Human Services (DHS). In 2019, the Legislature included the program in the agency's base budget at \$1.75 million per year. In March 2020, four administrators (including three in Greater Minnesota) were selected to serve an estimated 784 households.

**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 below \$49,800 for a four-person household in the metropolitan area and \$37,250 for a four-person household in much of the remainder of the state). We partner with DHS to deliver this program. Households receive both rental assistance and assistance from a social service agency. Under this program, families can afford stable housing in the community until public housing or a federal Section 8 certificate or voucher becomes available. This program plays an important role in the state's Olmstead Plan, as it helps people with disabilities live, work and learn in the most integrated setting possible.

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 housing assistance and 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. Funds are awarded to developments as part of our consolidated Request for Proposal process and are typically used for supportive housing and developments serving extremely low-income households.

**Section 811:** This federal program provided funding to states for project-based rental assistance to create integrated, cost-effective supportive housing for people with disabilities. This allows persons with disabilities to live as independently as possible in the community. These funds were awarded to projects through our consolidated Request for Proposal process and we partner with DHS on this program. Section 811 plays an important role in implementing the state's Olmstead Plan by creating new supportive housing opportunities across the state. In August 2020, Minnesota Housing received a new grant of \$6.9 million to serve an additional 183 households over the next several years.

## RESULTS

Through the programs under this budget activity, we provide a variety of resources to create supportive rental housing opportunities and serve people who have experienced homelessness or who have a disability. These programs keep 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 or had a positive exit (moved to permanent affordable housing).	92%	92%	SFY2020 SFY 2021
Results	Percentage of households with increased income from entry to exit.	48%	48%	SFY2020, SFY 2021

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M.S. 462A.201 (<https://www.revisor.mn.gov/statutes/?id=462A.201>) provides legal authority for Housing Trust Fund Program

M.S. 462A.2097 (<https://www.revisor.mn.gov/statutes/?id=462A.2097>) provide the legal authority for the Bridges Program



## Supportive Housing

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b><u>Expenditures by Fund</u></b>						
8000 - Housing Finance Agency	31,153	31,543	31,929	32,076	34,644	34,944
<b>Total</b>	<b>31,153</b>	<b>31,543</b>	<b>31,929</b>	<b>32,076</b>	<b>34,644</b>	<b>34,944</b>
Biennial Change				1,308		5,583
Biennial % Change				2		9
<b><u>Expenditures by Category</u></b>						
Operating Expenses	231	298	224	354	507	507
Grants, Aids and Subsidies	30,922	31,245	31,730	31,722	34,137	34,437
Other Financial Transaction			(25)			
<b>Total</b>	<b>31,153</b>	<b>31,543</b>	<b>31,929</b>	<b>32,076</b>	<b>34,644</b>	<b>34,944</b>

## Supportive Housing

## Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b>1000 - General</b>						
Direct Appropriation	17,734	17,734	17,734	17,734	17,734	17,734
Transfers Out	17,734	17,734	17,734	17,734	17,734	17,734
<b>8000 - Housing Finance Agency</b>						
Balance Forward In	17,412	18,959	17,768	17,045	12,251	8,480
Receipts	(311)	(2,098)	(5,953)	9,423	13,019	13,319
Transfers In	33,010	32,450	37,158	45,443	53,209	56,759
Transfers Out				27,584	35,355	38,905
Balance Forward Out	18,959	17,768	17,045	12,251	8,480	4,709
<b>Expenditures</b>	<b>31,153</b>	<b>31,543</b>	<b>31,929</b>	<b>32,076</b>	<b>34,644</b>	<b>34,944</b>
Biennial Change in Expenditures				1,308		5,583
Biennial % Change in Expenditures				2		9

## Program: Prevent and End Homelessness

## Activity: Homelessness Prevention

## AT A GLANCE

- Assisted 4,804 households in 2021, including nearly 60% households of color and Indigenous households.
- Median annual household income of households assisted was \$10,248.
- 49% of the households served were families with children.
- Services available in all 87 counties.

*Numbers are for FFY 2021, unless otherwise noted*

## PURPOSE AND CONTEXT

When you lose your home, you lose your community — and the consequences of this major life disruption can last for decades. In Minnesota today, well over half of the lowest-income families in the state spend more than 50 percent of their income on their home costs.

Minnesota Housing programs provide housing and other assistance to households that are at risk of becoming homeless due to a crisis situation, extremely low incomes, and/or physical and mental health problems. This activity is an essential element of our efforts to prevent and end homelessness. In order to effectively end homelessness, we must prevent homelessness whenever possible.

## SERVICES PROVIDED

**Family Homeless Prevention and Assistance Program (FHPAP):** Through FHPAP, we provide grants to counties and nonprofit organizations to assist families with children, single adults or youth who are homeless or at imminent risk of homelessness. We currently fund 20 grantees that serve people in all 87 counties in Minnesota. The program receives \$10.3 million per year in general fund appropriations.

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 financial assistance such as security deposits, transportation and utility assistance, short-term rental assistance (also known as rapid rehousing) or mortgage payment assistance. Grantees may also provide referrals for social services or affordable rental housing. Around 50 percent of funds are used for support services and 45 percent of funds are used for direct cash assistance.

**COVID-19 Housing Assistance:** Using federal funds, Minnesota Housing implemented two separate emergency housing assistance programs during the pandemic. The first, was the COVID-19 Housing Assistance Program which was available between August 2020 and December 2020. The second, was the Emergency Rental Assistance program (RentHelpMN) program which was available April 2021 through January 2022. The programs provided over \$500 million in direct assistance to cover unpaid housing-related bills to help individuals and families maintain housing during the public health emergency. The vast majority of payments were made directly to the property owner and the programs served all 87 counties.

## RESULTS

In order to measure the success of this program, we track the percentage of households served who are identified as at risk for homelessness and who do not return to shelter within 12 months. Data on homelessness comes from the Homeless Management Information System (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.	93%	96%	FFY 2020, FFY 2021

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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.

# Homelessness Prevention

# Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25	
<b><u>Expenditures by Fund</u></b>						
8000 - Housing Finance Agency	11,613	367,637	254,000	59,299	18,269	10,269
<b>Total</b>	<b>11,613</b>	<b>367,637</b>	<b>254,000</b>	<b>59,299</b>	<b>18,269</b>	<b>10,269</b>
Biennial Change				(65,951)		(284,761)
Biennial % Change				(17)		(91)
<b><u>Expenditures by Category</u></b>						
Operating Expenses		17,326	53,589	4,423		
Grants, Aids and Subsidies	11,613	350,311	200,456	54,876	18,269	10,269
Other Financial Transaction			(45)			
<b>Total</b>	<b>11,613</b>	<b>367,637</b>	<b>254,000</b>	<b>59,299</b>	<b>18,269</b>	<b>10,269</b>

# Homelessness Prevention

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b>1000 - General</b>						
Direct Appropriation	10,269	10,269	10,269	10,269	10,269	10,269
Transfers Out	10,269	10,269	10,269	10,269	10,269	10,269
<b>3010 - Coronavirus Relief</b>						
Direct Appropriation		100,000				
Transfers In			574			
Transfers Out		82,000				
Cancellations		18,000	574			
<b>3015 - ARP-State Fiscal Recovery</b>						
Direct Appropriation			27,000			
Transfers In			15,000			
Transfers Out			27,000			
Cancellations			15,000			
<b>8000 - Housing Finance Agency</b>						
Balance Forward In	1,183	141	117,124	37,090	8,687	687
Receipts	301	391,685	159,270	20,627		
Transfers In	10,269	92,269	30,269	10,269	10,269	10,269
Transfers Out			15,574			
Balance Forward Out	141	116,458	37,089	8,687	687	687
<b>Expenditures</b>	<b>11,613</b>	<b>367,637</b>	<b>254,000</b>	<b>59,299</b>	<b>18,269</b>	<b>10,269</b>
Biennial Change in Expenditures				(65,951)		(284,761)
Biennial % Change in Expenditures				(17)		(91)

## Program: Homeownership Assistance

## AT A GLANCE

- Helped 4,399 households buy their first home in 2021.
- Median annual income of households served with downpayment assistance is \$58,787 for our deferred loan program.
- More than one-third (38 percent) of households served are households of color and Indigenous households.
- 50% of the households served were families with children.

*Numbers are for FFY2021, unless otherwise noted*

## PURPOSE AND CONTEXT

We know homeownership is the primary driver for building wealth for low- and moderate-income households. Each year of successful homeownership adds nearly \$10,000 in household wealth. It also creates stability for families and stronger connections within our communities.

Minnesota Housing provides loans for some of the upfront funds needed to purchase a home. Many moderate-income households have sufficient income to make monthly mortgage payments, but lack the wealth necessary for a downpayment and closing costs. This activity helps finance a portion of these costs and makes it possible for these families to purchase a home.

## 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 (more than 70 percent), while at the same time it has the fourth largest disparity in homeownership rates between white households and households of color. This gap has been largely unchanged over the last 20 years. A lack of the wealth 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, systemic racism and discrimination. Currently, over 60,000 renter households of color in Minnesota have the income they need to potentially buy a home and are within the prime homebuying age range. We're helping start these households on the path to homeownership through our mortgage programs, marketing and outreach, homebuyer education, and assistance with downpayment and closing costs.

**Homeownership Assistance Fund:** Through the state-appropriated Homeownership Assistance Fund, we provide assistance to first-time homebuyers to use toward downpayment and closing costs. In 2021, the average downpayment and closing cost loans financed with state appropriations was \$10,506 for about 85 households. 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. In cases such as a sale or refinance, the loan is repaid to Minnesota Housing. The average household income for a household that received assistance was \$54,447 in 2021.

Homebuyers who receive assistance are required to participate in homebuyer education, have a credit score of at least 640 and provide minimum cash investment. Our network of private lenders delivers the downpayment loan programs directly to homebuyers.

Minnesota Housing supplements state appropriations with agency resources when possible, and also provides downpayment and closing cost assistance in the form of a monthly payment loan to borrowers with slightly higher incomes. These loans have a monthly payment and an interest rate.

**COVID-19 Homeownership Assistance Fund:** Funded with federal funds, the Homeownership Assistance Fund (HomeHelpMN) provided financial assistance to eligible homeowners to bring past-due mortgage payments and eligible housing related expenses current. The program was available statewide to homeowners that had an income equal to or less than 100% of area median income, had experienced a qualified financial hardship on or after January 2020 and had past-due mortgage and/or other housing-related expenses. The program also offered information about accessing services to evaluate solution and navigate foreclosure.

## RESULTS

To track our outcomes under this budget activity, we examine the percentage of loans issued to households of color and indigenous community as well as how many of our homebuyers use our downpayment loan programs.

For reference, as of 2018, 34% of households that are income-ready to buy a home and in the prime first-time homebuyer age (25 to 44) are households of color. We made 34% of our first-time homebuyer loans to households of color or Hispanic ethnicity in Federal Fiscal Years 2020 and 37% in 2021. 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 21% in 2021.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of Minnesota Housing loans for first-time homebuyers issued to households of color and indigenous communities.	34%	38%	FFY2020, FFY2021
Quality	Percentage of downpayment assistance provided to households of color and indigenous communities.	36%	39%	FFY2020, FFY2021
Results	Percentage of homebuyer loans that included downpayment assistance.	95%	97%	FFY2020, FFY2021

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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.



# Homeownership Assistance

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b><u>Expenditures by Fund</u></b>						
8000 - Housing Finance Agency	4,120	4,555	121,586	16,231	8,635	4,885
<b>Total</b>	<b>4,120</b>	<b>4,555</b>	<b>121,586</b>	<b>16,231</b>	<b>8,635</b>	<b>4,885</b>
Biennial Change				129,142		(124,297)
Biennial % Change				1,489		(90)
<b><u>Expenditures by Activity</u></b>						
Homeownership Assistance	4,120	4,555	121,586	16,231	8,635	4,885
<b>Total</b>	<b>4,120</b>	<b>4,555</b>	<b>121,586</b>	<b>16,231</b>	<b>8,635</b>	<b>4,885</b>
<b><u>Expenditures by Category</u></b>						
Operating Expenses	0	11	4,898	3,308	805	55
Grants, Aids and Subsidies			109,000	8,093	3,000	
Other Financial Transaction	4,120	4,544	7,688	4,830	4,830	4,830
<b>Total</b>	<b>4,120</b>	<b>4,555</b>	<b>121,586</b>	<b>16,231</b>	<b>8,635</b>	<b>4,885</b>

# Homeownership Assistance

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b>1000 - General</b>						
Direct Appropriation	885	885	1,885	885	885	885
Transfers Out	885	885	1,885	885	885	885
<b>8000 - Housing Finance Agency</b>						
Balance Forward In	2,226	2,664	17,659	18,867	6,651	1,901
Receipts	3,672	18,665	120,909	3,130	3,000	3,000
Transfers In	885	885	1,885	885	885	885
Balance Forward Out	2,664	17,659	18,867	6,651	1,901	901
<b>Expenditures</b>	<b>4,120</b>	<b>4,555</b>	<b>121,586</b>	<b>16,231</b>	<b>8,635</b>	<b>4,885</b>
Biennial Change in Expenditures				129,142		(124,297)
Biennial % Change in Expenditures				1,489		(90)

## Program: Preservation

## Activity: Rental Preservation and Rehabilitation

**AT A GLANCE**

- Rental preservation financing is the most cost-effective way to keep housing affordable.
- Preserved and improved 1,527 homes.
- Over 20,000 Housing and Urban Development project-based Section 8 units across the state have a federal contract that will expire in the next 10 years.
- Over 2,000 US Department of Agriculture Rural Development (USDA RD) units are in properties with a mortgage and rental assistance that will mature in the next 10 years.

*Numbers are for FFY2021, unless otherwise noted*

**PURPOSE AND CONTEXT**

The most cost-effective way to provide homes that are affordable to most Minnesotans is to preserve our existing stock. This is particularly true as the growing demand outpaces new supply and the tight market drives home prices higher. Minnesota has around 360,000 apartments priced at a level that families who earn half the local median income can afford to rent. Naturally occurring affordable rental units (rental homes on the private market that are relatively low in price because of condition, location, lack of amenities, or other market factors) account for over 240,000 of the 360,000 total affordable rental units in Minnesota. We estimate that Minnesota is losing roughly 2,000 naturally occurring affordable rental units per year as low-priced properties are sold and improved, which leads to rent increases.

Minnesota has approximately 120,000 units of rental housing that have received or currently received federal, state and/or local support to keep the units affordable. This represents about five percent of the homes in Minnesota, but they play a vital role in serving the state's lowest-income households. These include project-based Section 8 properties, USDA Rural Development properties, public housing, Low-Income Housing Tax Credit units and other subsidized 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 owner. There is additional risk that some properties may convert to market-rate housing and no longer be affordable for low-income residents.

About 30,000 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 percent 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 about \$13,000. Another nearly 10,000 privately owned affordable housing units are federally subsidized through USDA Rural Development, which operates on a similar basis. Around 6,000 of the 10,000 have rent assistance paired with the unit, allowing residents to pay 30% of their income on rent.

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.

## SERVICES PROVIDED

**Affordable Rental Investment Fund – Preservation (PARIF):** The PARIF program finances loans to make improvements for the health, safety and quality of federally assisted affordable housing stock that are maintained for low-income residents. This program receives \$4.2 million per year from state appropriations. The Section 8 and USDA RD 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 through PARIF to make physical improvements so that the properties can remain intact and affordable for decades into the future. Properties can also convert to market rate properties as their federal contracts expire which leads to a loss of affordable housing. In exchange for receiving funding from Minnesota Housing, owners must agree to continue participating in the federal rental assistance program (Section 8 or USDA RD) for the maximum term available.

**Rental Rehabilitation Deferred Loan Program:** A significant portion of owners in Greater Minnesota struggle to finance major capital improvements and repairs. We provide capital assistance to the owners of housing through the Rental Rehabilitation Deferred Loan Program, which receives \$3.7million in state appropriations each year. The program funds capital repairs to housing to keep it in good condition. In exchange for receiving funding from Minnesota Housing, owners of naturally occurring affordable housing agree to maintain rents at affordable levels. A priority is to serve smaller developments, since smaller developments (1 to 4 units) represents nearly 50 percent of the housing stock in Greater Minnesota.

Through this program we also partner with federal USDA Rural Development to assist developments in their Section 515 mortgage program. This critical housing stock needs to be improved and kept within the Rural Development program, otherwise federal rental assistance is lost.

**Other Programs and Initiatives:** Using agency resources, we also invested in a Naturally Occurring Affordable Housing (NOAH) Impact Fund administered by Greater Minnesota Housing Fund. The fund finances the acquisition and preservation of naturally affordable rental housing to preserve the affordability of such homes for the long term. All investments target rental properties at risk of conversion to higher rents and the threat of displacement of low- and moderate-income residents. We also fund preservation activities through the federally funded HOME program. Historically, HOME resources administered by Minnesota Housing have been used for preservation. Through the State’s Capital Investment bill, we receive resources to preserve and rehab public housing.

## RESULTS

Preservation of existing affordable rental housing is one of our strategic priorities. It is essential that we preserve existing affordable housing so that it is not lost due to deterioration or owners opting out of federal programs.

<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.	1,143	1,298	FFY 2020, FFY 2021
Quantity	Median income of households served for Section 8.	\$12,651	\$12,708	FFY 2020, FFY 2021

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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.

## Rental Preservation and Rehabilitation

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b><u>Expenditures by Fund</u></b>						
8000 - Housing Finance Agency	10,958	12,382	21,047	40,600	33,000	33,000
<b>Total</b>	<b>10,958</b>	<b>12,382</b>	<b>21,047</b>	<b>40,600</b>	<b>33,000</b>	<b>33,000</b>
Biennial Change				38,307		4,353
Biennial % Change				164		7
<b><u>Expenditures by Category</u></b>						
Other Financial Transaction	10,958	12,382	21,047	40,600	33,000	33,000
<b>Total</b>	<b>10,958</b>	<b>12,382</b>	<b>21,047</b>	<b>40,600</b>	<b>33,000</b>	<b>33,000</b>

# Rental Preservation and Rehabilitation

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b>1000 - General</b>						
Direct Appropriation	7,961	7,961	7,961	7,961	7,961	7,961
Transfers Out	7,961	7,961	7,961	7,961	7,961	7,961
<b>8000 - Housing Finance Agency</b>						
Balance Forward In	46,728	55,913	69,343	61,694	39,155	25,216
Receipts	12,182	18,755	12,536	10,100	11,100	13,100
Transfers In	7,961	7,961	7,961	7,961	7,961	7,961
Transfers Out		904	7,100			
Balance Forward Out	55,913	69,343	61,693	39,155	25,216	13,277
<b>Expenditures</b>	<b>10,958</b>	<b>12,382</b>	<b>21,047</b>	<b>40,600</b>	<b>33,000</b>	<b>33,000</b>
Biennial Change in Expenditures				38,307		4,353
Biennial % Change in Expenditures				164		7

**Program: Preservation****Activity: Homeownership Rehabilitation****AT A GLANCE**

- Assisted 203 homeowners.
- Median annual income of households served is \$15,564.
- Ninety-four percent of homeowners served reside in Greater Minnesota.

*All numbers are for FFY 2021, unless otherwise noted*

**PURPOSE AND CONTEXT**

Maintaining older homes often requires rehabilitation or modernization, but these updates are almost always less expensive than building new homes – frequently less than half the cost. Today, a \$250,000 home is more likely to have been built in the 1950’s or 1960’s and likely in need of rehab. Home rehabilitation helps homeowners remain in their homes for a lower cost than buying and moving to a comparable property.

There is a significant need for home rehabilitation resources. A study by Wilder Research found that over 16,000 extremely low-income senior households (households at or below 30 percent of their area’s median income) have home rehabilitation needs, including both habitability repairs and accessibility improvements. For an estimated cost of just \$16,000 per home, these seniors would be able to stay in their own rehabilitated homes and their communities for another five years. Compared to the cost of assisted-living alternatives, this cost is minimal, and studies show that most seniors prefer to age in place.

Minnesota Housing provides loans to maintain or restore owner-occupied housing to decent and safe conditions. We serve homeowners who often have incomes that are too low to qualify for loans in the private sector.

**SERVICES PROVIDED**

For lower-income homeowners, the most affordable housing choice and typically the most preferred, is often to remain in their home. Through the owner-occupied Rehabilitation Loan Program, we provide no-interest forgivable loans of up to \$37,500 for very low-income households. 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.

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, poor ventilation and deferred maintenance. This program also serves families who own manufactured homes.

Minnesota Housing supplements the \$2.772 million per year in state appropriations with agency resources for this program because need exceeds appropriated resources. The agency also provides other home rehabilitation programs serving households with incomes above 30% area median income using agency resources.

## RESULTS

We track the number of seniors and 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 people most in need – those earning less than 30 percent of HUD area median income – who receive rehabilitation loans in order to measure the program’s success.

<b><i>Type of Measure</i></b>	<b><i>Name of Measure</i></b>	<b><i>Previous</i></b>	<b><i>Current</i></b>	<b><i>Dates</i></b>
Results	Percentage of households most in need (less than 30% of median income) that received rehabilitation loans.	64%	63%	FFY 2020, FFY 2021
Results	Percentage of rehab loans provided to seniors.	47%	44%	FFY 2020, FFY 2021
Results	Percentage of rehab loans to households that identified as having at least one household member with a disability.	37%	41%	FFY 2020, FFY 2021

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



# Homeownership Rehabilitation

# Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b><u>Expenditures by Fund</u></b>						
8000 - Housing Finance Agency	5,198	3,857	5,076	3,772	3,772	3,772
<b>Total</b>	<b>5,198</b>	<b>3,857</b>	<b>5,076</b>	<b>3,772</b>	<b>3,772</b>	<b>3,772</b>
Biennial Change				(207)		(1,304)
Biennial % Change				(2)		(15)
<b><u>Expenditures by Category</u></b>						
Operating Expenses	69	68	70	50	50	50
Grants, Aids and Subsidies	596	455	551	450	450	450
Other Financial Transaction	4,534	3,334	4,455	3,272	3,272	3,272
<b>Total</b>	<b>5,198</b>	<b>3,857</b>	<b>5,076</b>	<b>3,772</b>	<b>3,772</b>	<b>3,772</b>

# Homeownership Rehabilitation

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b>1000 - General</b>						
Direct Appropriation	2,772	2,772	2,772	2,772	2,772	2,772
Transfers Out	2,772	2,772	2,772	2,772	2,772	2,772
<b>8000 - Housing Finance Agency</b>						
Balance Forward In	1,035	41	664	443	443	443
Receipts	1,432	1,708	2,083	1,000	1,000	1,000
Transfers In	2,772	2,772	2,772	2,772	2,772	2,772
Balance Forward Out	41	664	443	443	443	443
<b>Expenditures</b>	<b>5,198</b>	<b>3,857</b>	<b>5,076</b>	<b>3,772</b>	<b>3,772</b>	<b>3,772</b>
Biennial Change in Expenditures				(207)		(1,304)
Biennial % Change in Expenditures				(2)		(15)

**Program: Preservation**  
**Activity: Project-Based Rental Assistance**

**AT A GLANCE**

- Assisted over 29,500 households.
- Median annual income of households served is around \$12,700.
- Forty-six percent of the households served are elderly and 38 percent are disabled.

*All numbers are for FFY 2021, unless otherwise noted*

**PURPOSE AND CONTEXT**

Minnesota Housing preserves existing affordable housing stock by administering and monitoring federal housing assistance payment contracts on behalf of the federal government. The U.S. Department of Housing and Urban Development entered into contracts with property owners to provide rental assistance for families with incomes less than 80 percent of the area median income. No new development has been funded under this program since the mid-1980s; however, under existing contracts, tenants pay no more than 30 percent of their income in rent. These tenants are among the lowest-income of any served by Minnesota Housing, with a median income of about \$12,500.

**SERVICES PROVIDED**

Under this activity, Minnesota Housing manages two separate federal rental assistance programs with similar, but not identical, administrative requirements. The federal programs are Section 8 performance-based contract administration, and Section 8 traditional contract administration. 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**

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. We also measure success based on the level of incentive fees we receive from HUD for our customer service and performance related to administering the program

<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%	99%	FFY 2020, FFY 2021

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

# Project Based Rental Assistance

# Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b><u>Expenditures by Fund</u></b>						
8000 - Housing Finance Agency	196,547	211,706	221,903	228,505	232,500	237,500
<b>Total</b>	<b>196,547</b>	<b>211,706</b>	<b>221,903</b>	<b>228,505</b>	<b>232,500</b>	<b>237,500</b>
Biennial Change				42,155		19,592
Biennial % Change				10		4
<b><u>Expenditures by Category</u></b>						
Grants, Aids and Subsidies	196,547	211,706	221,903	228,505	232,500	237,500
<b>Total</b>	<b>196,547</b>	<b>211,706</b>	<b>221,903</b>	<b>228,505</b>	<b>232,500</b>	<b>237,500</b>

**Project Based Rental Assistance**

**Activity Financing by Fund**

*(Dollars in Thousands)*

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b>8000 - Housing Finance Agency</b>						
Balance Forward In	3	5	5	5		
Receipts	196,550	211,706	221,903	228,500	232,500	237,500
Balance Forward Out	5	5	5			
<b>Expenditures</b>	<b>196,547</b>	<b>211,706</b>	<b>221,903</b>	<b>228,505</b>	<b>232,500</b>	<b>237,500</b>
Biennial Change in Expenditures				42,155		19,592
Biennial % Change in Expenditures				10		4

## Program: Resident and Organization Support

### AT A GLANCE

- Assisted 7,425 households with Homebuyer Education, Counseling and Training.
- Median income of households served is \$42,384.
- Nearly 300 organizations locally administer one or more of Minnesota Housing's programs.

*All numbers are for FFY 2021, unless otherwise noted*

### PURPOSE AND CONTEXT

Minnesota Housing supports the infrastructure necessary for organizations to effectively deliver affordable housing throughout the state. Through the activities under this program, we serve a variety of organizations to make sure that affordable housing is maintained and that our partners serve diverse geographic and cultural communities.

### SERVICES PROVIDED

We rely on a robust network of partners to deliver many of our programs. Through resident and organizational support, we provide resources to a statewide network of housing counseling organizations that assist homeowners at risk of foreclosure and 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, a nonprofit organization based in St. Paul. The homebuyer training network receives support from state and federal appropriations as well as lending institutions and 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 Programs:** Capacity Building funds help organizations increase their ability to deliver our programs and reach diverse geographic and cultural communities. This funding supports a range of organizations and initiatives, including the Greater Minnesota Continuums of Care that ensure communities in Greater Minnesota have access to federal resources to prevent and end homelessness. Resources also support specific organizations such as HomeLine for their statewide tenant hotline, OpenAccess for their services supporting people facing homelessness, and the Homeless Management Information System (HMIS).

**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. Manufactured home park owners to make payments to the Trust Fund (via Minnesota Management and Budget) when a manufactured home park is being closed or the land will no longer be used as a manufactured home park. Minnesota Housing then processes requests and payments to homeowners relocating from closed parks.

**Local Housing Trust Fund Grants:** In 2020, the Legislature created the \$1 million, one-time Local Housing Trust Fund Grants program. The program will provide grant funds to local communities equal to 100 percent of the new public revenue committed to the local housing trust fund from any source other than the state or federal government, up to \$150,000, and depending on funding availability, an amount equal to 50 percent of the new public revenue committed to the local housing trust fund from any source other than the state or federal government that is more than \$150,000 but not more than \$300,000. Funds in a local or regional housing trust fund must be used on specific housing related initiatives and administration.

### RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Foreclosures prevented as a percentage of closed counseling cases.	84%	94%	FFY2020, FFY2021
Results	Federal funds leveraged for Continuum of Care organizations per dollar of state money spent.	\$125	\$141	FFY2020, FFY2021

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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>).

## Resident and Organization Support

## Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b><u>Expenditures by Fund</u></b>						
8000 - Housing Finance Agency	3,065	3,268	10,012	5,213	3,850	3,850
<b>Total</b>	<b>3,065</b>	<b>3,268</b>	<b>10,012</b>	<b>5,213</b>	<b>3,850</b>	<b>3,850</b>
Biennial Change				8,892		(7,525)
Biennial % Change				140		(49)
<b><u>Expenditures by Activity</u></b>						
Resident and Organization Supp	3,065	3,268	10,012	5,213	3,850	3,850
<b>Total</b>	<b>3,065</b>	<b>3,268</b>	<b>10,012</b>	<b>5,213</b>	<b>3,850</b>	<b>3,850</b>
<b><u>Expenditures by Category</u></b>						
Operating Expenses	2,037	1,770	8,804	2,465	2,315	2,315
Grants, Aids and Subsidies	1,027	1,498	1,206	2,748	1,535	1,535
Other Financial Transaction			2			
<b>Total</b>	<b>3,065</b>	<b>3,268</b>	<b>10,012</b>	<b>5,213</b>	<b>3,850</b>	<b>3,850</b>



## Resident and Organization Support

## Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b>1000 - General</b>						
Direct Appropriation	2,002	2,002	3,202	2,002	2,002	2,002
Transfers Out	2,002	2,002	3,202	2,002	2,002	2,002
<b>8000 - Housing Finance Agency</b>						
Balance Forward In	1,312	1,779	1,999	4,087	2,600	2,467
Receipts	1,151	1,339	1,192	1,317	1,315	1,315
Transfers In	2,381	2,149	10,908	2,409	2,402	2,402
Balance Forward Out	1,779	1,999	4,086	2,600	2,467	2,334
<b>Expenditures</b>	<b>3,065</b>	<b>3,268</b>	<b>10,012</b>	<b>5,213</b>	<b>3,850</b>	<b>3,850</b>
Biennial Change in Expenditures				8,892		(7,525)
Biennial % Change in Expenditures				140		(49)

## Program: Administration

**AT A GLANCE**

- Minnesota Housing holds AA+ and Aa1 credit ratings from Standard & Poor's and Moody's.
- We provide more than \$1.9 billion to help Minnesotans live in safe, stable, affordable homes.

*All numbers are for FFY 2021, unless otherwise noted*

**PURPOSE AND CONTEXT**

Minnesota Housing does not own or operate any housing, so we collaborate with individuals, communities, and partners to create, preserve, and finance affordable housing. Homebuyers, homeowners and renters with low- to moderate incomes benefit from the administration and management of our wide range of programs.

**SERVICES PROVIDED**

We have two primary business divisions, Single Family and Multifamily, that conduct a variety of activities in order to administer state and federal programs. Along with a Finance Division that manages the agency's finances and assets, we have several other support divisions.

**Single-Family Division:** The single-family division implements our homeownership, homeowner, and community development programs. Their activities include: monitoring homeownership lenders, working with home improvement partners, administering downpayment and closing cost assistance programs, processing loan reservations and disbursements, and compliance monitoring.

**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 asset management and oversight of troubled properties. The multifamily division also monitors properties to ensure compliance with federal programs, including: Section 8, low-income housing tax credits, National Housing Trust Fund and the HOME program. The multifamily division manages our rental development, rental preservation, 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. 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.

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

## RESULTS

In setting an administrative budget, we seek a balance between maximizing agency resources available for housing needs and investing in adequate staff and technology to ensure efficient operations, appropriate oversight and accessible and affordable 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>
Quantity	Operating costs as a percentage of assistance provided.	3.32%	1.99%	FFY 2020, FFY 2021

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

# Administration

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

## Expenditures by Fund

8000 - Housing Finance Agency	35,742	36,965	38,138	46,006	46,757	47,532
<b>Total</b>	<b>35,742</b>	<b>36,965</b>	<b>38,138</b>	<b>46,006</b>	<b>46,757</b>	<b>47,532</b>
Biennial Change				11,436		10,145
Biennial % Change				16		12

## Expenditures by Activity

Administration - Housing	35,742	36,965	38,138	46,006	46,757	47,532
<b>Total</b>	<b>35,742</b>	<b>36,965</b>	<b>38,138</b>	<b>46,006</b>	<b>46,757</b>	<b>47,532</b>

## Expenditures by Category

Compensation	29,393	31,185	32,716	37,135	37,866	38,611
Operating Expenses	6,080	5,660	5,107	8,193	8,213	8,243
Other Financial Transaction	269	120	316	678	678	678
<b>Total</b>	<b>35,742</b>	<b>36,965</b>	<b>38,138</b>	<b>46,006</b>	<b>46,757</b>	<b>47,532</b>

## Full-Time Equivalent

	252.70	258.62	267.53	280.24	292.97	292.97
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# Administration

# Program Financing by Fund

*(Dollars in Thousands)*

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<b>8000 - Housing Finance Agency</b>						
Balance Forward In	99,272	108,980	108,172	111,761	106,957	104,102
Receipts	44,220	35,285	40,551	39,937	42,637	45,937
Transfers In	1,269	2,265	1,269	4,405	2,369	2,369
Transfers Out	49	1,144	93	3,140	1,104	1,104
Balance Forward Out	108,969	108,420	111,761	106,957	104,102	103,772
<b>Expenditures</b>	<b>35,742</b>	<b>36,965</b>	<b>38,138</b>	<b>46,006</b>	<b>46,757</b>	<b>47,532</b>
Biennial Change in Expenditures				11,436		10,145
Biennial % Change in Expenditures				16		12
Full-Time Equivalents	252.70	258.62	267.53	280.24	292.97	292.97