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Date: January 13, 2023

To: Representative Howard, Chair, Housing Finance and Policy
Representative Johnson, Republican Lead, Housing Finance and Policy
Senator Port, Chair, Senate Housing and Homelessness Prevention
Senator Lucero, Ranking Minority Member, Housing and Homelessness Prevention

From: Jennifer Lemaile Ho, Commissioner, Minnesota Housing Finance Agency

A handwritten signature in blue ink, appearing to read 'Jennifer Lemaile Ho'.

Subject: Annual Report on Direct Appropriation to Build Wealth Minnesota

Overview

Per the reporting requirements under Minnesota Laws 2016, Chapter 189, Article 12, Section 11(e), Minnesota Housing, as the fiscal agent, will provide an update for the activities completed under the direct appropriation to Build Wealth Minnesota. This report provides information on the direct appropriation provided to Build Wealth Minnesota through Minnesota Housing and does not include information regarding other agency lending administered by Build Wealth Minnesota.

Since FY 2017, the Legislature appropriated \$500,000 annually to Build Wealth Minnesota for its Family Stabilization Program. The Family Stabilization Program provides financial coaching services which focuses on strengthening underserved communities by empowering families to build sustainable social and economic wealth in the seven-county metropolitan area. Build Wealth MN and its partners do this through a mix of financial empowerment education and coaching services.

In the past five-years of their appropriation, Build Wealth MN and their partners served a collective 105% of their goal. This fifth year of their appropriation, Build Wealth MN and their partners continued with their trend and exceed their 275 households goal, serving 300 households (108%) in the seven-county metropolitan area.

Build Wealth and their partners continue to demonstrate their commitment and the need to reach underserved communities in providing the financial empowerment education and coaching services.

Use of Direct Appropriation Funds

The primary purpose of the direct appropriation is to expand organizational capacity. Majority of the direct appropriated funds support their staffing and other operating expenses, this includes: maintain current staff and hiring new staff positions; maintaining education and coaching curriculums; and working with partners to serve additional households. Attached is a copy of their expenditure report.

Program Outputs and Outcomes

Since July 2016, a total of 1,757 households have entered Build Wealth's Family Stabilization Program.

- 94% of households are Black, Indigenous, People of Color
- 84% of households earn less than \$60,000 per year
- 60% of households served entered the program have a credit score under 620
 - 82% of households who completed the program have a credit score over 620
- The largest barrier to homeownership is credit at 66% of households listing this as a barrier
 - 15% of households list savings as a barrier
 - 8% of households list budgeting as a barrier
 - 7% of households list debt as a barrier
 - 3% of households list insufficient income as a barrier
 - 1% of households list emotional barriers as a barrier
- 25% of the households completed the program
 - 52% of the households who received an outcome purchased a home

Geographic Distribution

- 56% of households served reside in Hennepin County
 - 56% of Hennepin County households served reside in the City of Minneapolis
 - 35% of the City of Minneapolis households served reside in North Minneapolis
- 28% of households served reside in Ramsey County
- 5% of households served reside in Anoka County
- 5% of households served reside in Dakota County
- 2% of households served reside in Washington County
- 1% of households served reside in Scott County
- 3% of households outside seven-county metropolitan area

Conclusion

Build Wealth MN is in the beginning of the seventh year of their direct appropriation with a goal to serve an additional 275 households. Build Wealth MN strives to modify and adapt to meet and serve the changes and needs of the community they serve. This is evident in their ability to reach a high percentage of households of color and persons with low credit scores. Minnesota Housing will continue to engage in conversations and review how Build Wealth will maintain their capacity to meet their stated goal of serving 275 households in the seven-county metropolitan area between October 1, 2022 and September 30, 2023.

Attachment: Build Wealth Expenditure Report

Legislative Expenditure Report (FY 2022)

| | |
|----------------------|------------------------|
| Grantee Name: | Build Wealth MN |
|----------------------|------------------------|

| | |
|------------------------------------|----------------------|
| State Appropriation INCOME: | \$ 500,000.00 |
|------------------------------------|----------------------|

| SALARIES AND WAGES: | FY 2022 Expenses | FTE |
|--|-------------------------|-------------|
| SUBTOTAL, SALARY & WAGES: | \$ 388,339.00 | 8.35 |
| Supplies | \$ 9,800.00 | |
| Materials (handouts, manuals, etc.) | \$ 10,765.00 | |
| Printing and copying | \$ 1,055.00 | |
| Rent and utilities | \$ 18,006.00 | |
| Disbursements (to partner organizations) | \$ 72,035.00 | |
| SUBTOTAL, NON-SALARY EXPENSES | \$ 111,661.00 | |
| Total Expenses | \$ 500,000.00 | |