



Date: July 15, 2025

To: Co-chairs Michael Howard and Spencer Igo, House Housing Finance & Policy
Chair Lindsey Port, Senate Housing and Homeless Prevention
Senator Eric Lucero, Ranking Minority Member, Housing and Homeless Prevention

From: Jason Peterson, Executive Director, NeighborWorks Home Partners

RE: FIRST-TIME HOMEBUYER, FEE-BASED HOME PURCHASE FINANCING PROGRAM - Legislative
Report from NeighborWorks Home Partners

Report Time Period – Date of legislation through June 30, 2025

PROGAM SUMMARY

I would like to start by thanking the authors and supporters of this bill. Built off a successful smaller scale pilot phase, funding for this program came at a critical time which allowed NeighborWorks Home Partners (NWHP) to expand these services to serve more families all across Minnesota. This program was immediately successful, helping 145 families achieve homeownership in the first few months alone. While this program did not receive funding in the most recent budget cycle, which is understandable given the budget constraints present, we would urge the legislature to fund this program in future funding cycles given the critical nature of the program and the documented successes in meeting the stated needs.

Homeownership has long been one of the most effective ways for families to build stability, generate wealth, and invest in their communities. Yet, for too many BIPOC, immigrant, and low-income families in Minnesota, the upfront costs of purchasing a home remain an impossible barrier. These families work hard, earn steady incomes, and are financially capable of managing a mortgage, but without savings for a down payment, homeownership remains out of reach. For immigrant and BIPOC families, the journey to homeownership is filled with challenges that go beyond affordability. Many are first-generation homebuyers who are unfamiliar with traditional mortgage structures, lack access to culturally competent financial services, or require faith-compliant lending options that most banks do not offer. Without the right resources, homeownership remains an unattainable goal, keeping families locked into rental cycles with no opportunity to build long-term stability or generational wealth.

A critical component of this program is ensuring that families have access to mortgage products that align with their financial and cultural needs. Many traditional lenders fail to accommodate immigrant and faith-based homebuyers, leaving them with limited or no options. By providing down payment assistance and partnering specifically with mission-driven lenders, families have

access to fair, responsible, and faith-compliant financing options that provide a realistic path to homeownership.

Program Implementation

While legislation providing funding for this program passed in 2023, a contract to begin this program was not executed until November of 2024. NWHP immediately began work on this program upon contract execution. In addition to creating and publishing program guidelines, NWHP opened the opportunity to any qualified first mortgage lender to apply to be a first mortgage partner. NWHP worked quickly but thoroughly to get this infrastructure in place and, once set, we were able to launch this program in November 2024.

From the onset, we received a much higher than anticipated level of interest in this program, evidencing a huge demand and need all throughout Minnesota. We were able to support closings starting in December of 2024. In total, the funds appropriated for this program are able to help 180 families purchase a home at the average loan amount. We had committed all funds to eligible families within 4 months of program launch, resulting in us pausing the program to ensure we did not over commit funds. From program launch through June of 2025, we worked with and supported 145 families in purchasing a home. Below are statistics related to these 145 families including the data points requested within the authorizing bill language:

(1) The number and amount of grants issued: 145/\$7,250,000

(2) The median grant amount: \$50,000

(3) The number and amount of grants issued by race or ethnic categories:

- Black or African American – 136/\$6,800,000
- Chose Not to Respond – 4/\$200,000
- Multiple Race – 3/\$150,000
- Asian – 1/\$50,000
- White – 1/\$50,000

(4) The median home purchase price: \$423,763

(5) The total amount returned to the fund: \$0

(6) The number and amount of grants issued by county:

- Anoka County – 27/\$1,350,000
- Benton County – 3/\$150,000
- Clay County – 1/\$50,000
- Dakota County – 34/\$1,700,000
- Hennepin County – 31/\$1,550,000
- Kandiyohi County – 1/\$50,000

- Olmstead County – 2/\$100,000
- Ramsey County – 11/\$550,000
- Scott County – 11/\$550,000
- Stearns County – 7/\$350,000
- Washington County – 16/\$800,000
- Wright County – 1/\$50,000

For a variety of reasons, 35 pre-approved borrowers from the initial round did not close on their homes. These pre-approvals have since expired and NWHF will be relaunching this program in the fall of 2025 making the remaining funding available. Given the demand we had for this program at the outset, we have no concerns about using the remaining capital within the initial three-year contract period. In fact, we anticipate funds to be fully expended within 18 months of contract execution, less than half of the original contract term.

Program Recommendations

As is evidenced above, not only was there an overwhelming strong need for this program but the program design resulted in meeting the initial stated goals of the program. In short, the program was quite successful. The only limiting factor was the level of funding provided was utilized so quickly, limiting further positive impacts. Given this, we would encourage future investment into this program as it has proven to provide tangible outcomes supporting underserved families with successful homeownership throughout Minnesota.

The other recommendation we would have from administering the program to date would be to set aside a portion of the funds for Greater Minnesota. While families have purchased homes in 12 different counties to date, the majority of the families have purchased in the Twin Cities Metropolitan Area. While it is important to serve families in both within and outside of the metro core, it would be beneficial to be intentional about ensuring more parity between the two.

I would again like to thank you for this funding. This expansion from small pilot to statewide implementation has been incredible and we would hope to build off this success with future investments into this program to continue to make a positive impact for underserved families all across Minnesota.