



Capital Investments in Housing

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MINNESOTA'S



COVID-19 RECOVERY BUDGET

HOUSING

Capital Budget Recommendation

\$100 million in Housing Infrastructure Bonds

Housing Infrastructure Bonds Background

Why Housing Infrastructure Bonds?

- Around 95% of the housing in the state is privately owned.
- State GO bonds for housing are limited to public ownership.
- Created in 2012, Housing Infrastructure Bonds are the **largest state source** of capital for housing development and unique around the country.
- Bonds leverage local, federal and private investment and spur development that otherwise would not happen.



Housing Infrastructure Bonds – Summary

- More than \$400 million in HIBs authorized since 2012, leveraging over \$775 million in total development costs.
- Over 4,700 units created or preserved, including units in the pipeline.
- Critical resource to support households at 30% AMI levels, including permanent supportive housing and new construction senior housing.



Types of housing developed with Housing Infrastructure Bonds

- Preserve federally assisted rental housing.
- Build permanent supportive housing for people or families experiencing or at risk of homelessness and for people with behavioral health needs.
- Create affordable housing for seniors age 55 and older (new in 2018).
- Finance manufactured home community infrastructure (new in 2018).
- Develop single-family homes, including in community land trusts (expanded in 2020).

Results of Bonding

Year	Amount Authorized	Amount Selected/Advanced*	# of Multifamily Projects	# of Single Family/Manuf. Housing Projects	Number of Units	Total Development Costs (MF)
2012	\$30	\$30	8	5	472	\$59
2014	80	70	11	5	1,239	120
2015	10	20	4	4	162	35
2017	55	42	7	5	555	104
2018	80	29	14	6	464	61
2019	60	118	16	5	946	217
2020	100	102	14	10	872	178
Totals	\$415M	\$411M	74	40	4,710	\$774M

*Loan amounts subject to change

Housing Infrastructure Bonds 2020 Selections and Advancements

Process to obtain development financing from Housing Infrastructure Bonds



1. Developers apply for deferred/0% loans through RFP.
2. HIB is just one of several sources of financing.
3. Projects meeting statutory uses with generally higher scoring are selected by Board of Directors.
4. Agency conducts due diligence, underwriting and feasibility and sets the size of long-term 0% loans.
5. Loans are financed with HIB bond sale proceeds.
6. Minnesota Housing issues HIBs once a year.
 - a. Occurs shortly after the annual State of Minnesota issuance of its General Obligation Bonds.
7. The State of Minnesota pays the debt service on HIB.

For Single-Family Development and Manufactured Home Park Infrastructure

2020 Selections/Advancements made in December

- HIB use limited in 2020 Single-Family Selections given the late authorization (October) and new use.
 - 2020 RFP opened in April and closed in July; selections in December.
- \$2.9 million in Housing Infrastructure Bond proceeds were recommended for nine proposals to support 50 community land trust units.
- The first-ever manufactured home park infrastructure project was selected for \$600,000 in HIB proceeds in conjunction with first-ever Manufactured Home Park Infrastructure RFP.

Housing Infrastructure Bonds

Rental Demand and Selections/Advancements

2020	Eligible HIB projects	Amount of HIB	Number of units	Projects in Greater Minnesota	Projects in Twin Cities Metro
Requested	35	\$318M	2,600	40%	60%
Selected/Advanced	14	\$98M	692	50%	50%

Types of Rental Housing Development

Senior housing

- 335 new units in six projects
- 36 units serving homeless seniors

Permanent supportive housing

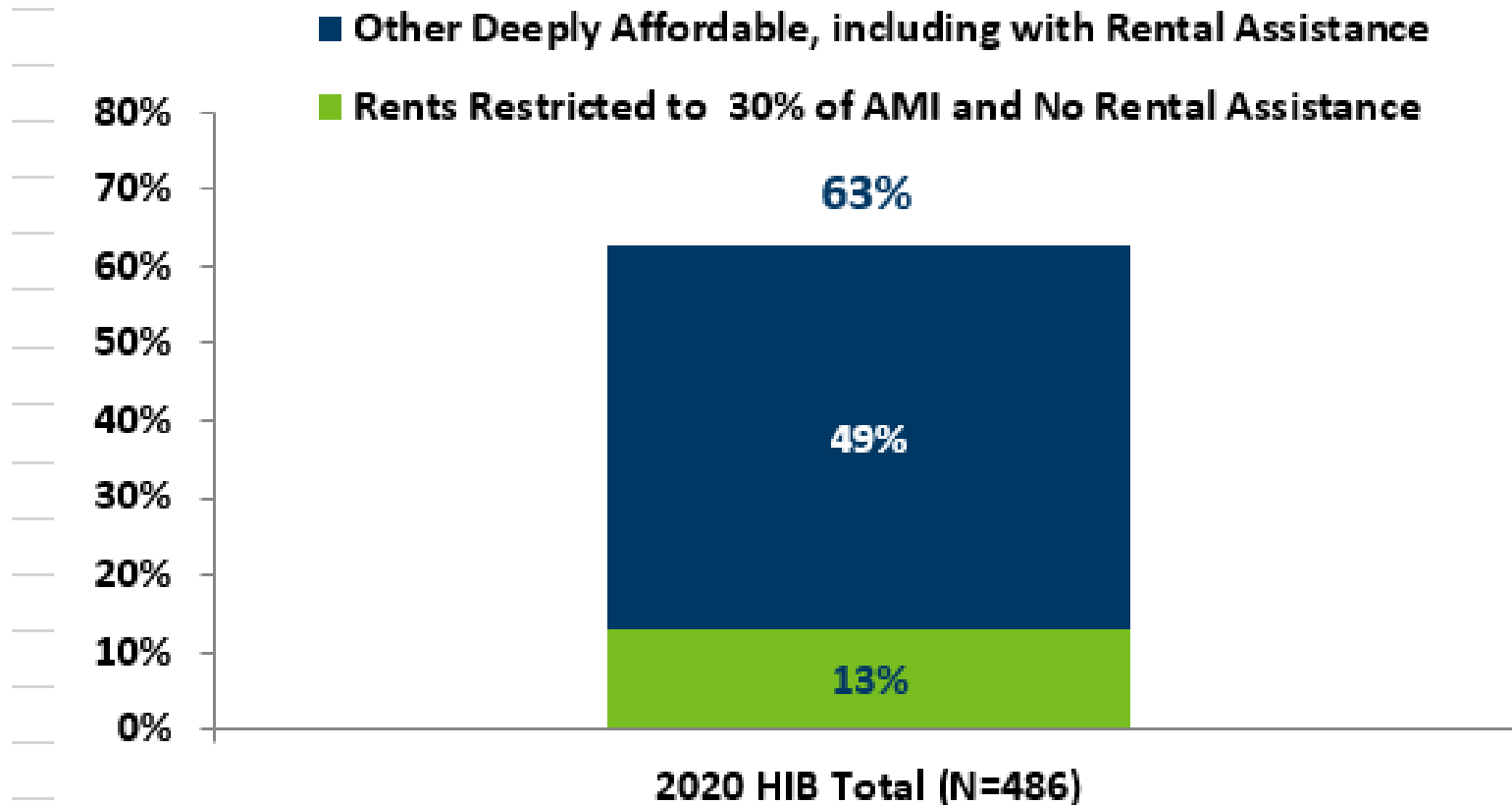
- 154 new units in five projects
- 76 units rehabilitated

Preservation projects

- 127 units of federally assisted units in three projects

Priority on Deeper Affordability for New Construction

Share of New Units that Are Deeply Affordable



Public Housing Infrastructure

Public Housing is Critical Housing



- Since 2012, about \$45.5 million has been authorized and awarded to 96 projects, improving 6,850 units.
- Public housing exists in all 87 counties.
- More than 90% of public housing units are 20+ years old.
- Funds prioritize health, safety, accessibility and energy-efficiency improvements.
- Nearly two-thirds of households residing in public housing are seniors or households with disabilities and about a third are children.

Funding Available Now



- **\$16 million in public housing rehabilitation** was authorized in October 2020.
- Technical assistance is available to those interested in the program and required for those applying for resources.
- Applicants must be local units of government.
- Information webinar will be held Monday, March 1.
- **Applications are due Thursday, April 29.**
- Learn more at mnhousing.gov.

Thank you!

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