

# MINNESOTA'S



## COVID-19 RECOVERY BUDGET



**2022-2023 BUDGET RECOMMENDATIONS**

# Meeting Minnesota's Housing Needs

- Homeowners and renters with low to moderate incomes are struggling with rent and mortgage due to the pandemic and the economic fallout.
- Federal rental assistance is coming soon through the COVID-19 Emergency Rental Assistance program. Unfortunately, mortgage assistance is not included in the new federal funding.
- Federal rental assistance will be critical to winding down the EO suspending evictions and preventing mass evictions for nonpayment of rent.
- We need to increase the housing supply and build more housing of all types across the state for households with low and moderate incomes that the private market doesn't reach without incentives.
- We need to direct more resources to housing every year to catch up.

# Governor's Budget Recommendations

**\$129.6 million (\$14 million increase)**

Increase Housing Stability	Increase
<i>Homework Starts with Home</i>	\$1 million
<i>Family Homeless Prevention and Assistance Program (FHPAP)</i>	\$4 million
<i>Bridges</i>	\$0.5 million
Housing Trust Fund	

Build More Homes	Increase
<i>Economic Development and Housing Challenge Program (EDHC)</i>	\$4 million
Greater Minnesota Workforce Development	
Workforce and Affordable Homeownership	\$1.5 million

Support & Strengthen Homeownership	Increase
Homeownership Education, Counseling and Training	\$500,000
Homeownership Assistance Fund	\$1.5 million
BuildWealth MN	

Preserve the Homes We Have	Increase
Rehabilitation Loan	
Rental Rehab Program	
Preservation of Federally Assisted Housing	
Manufactured Home Park Infrastructure	\$1 million

Build/Support Organizational Capacity	Increase
Capacity Building	

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# Increase Home Stability

# Increase Home Stability: Homework Starts With Home

**Governor's Recommendation: \$1 million increase (\$500,000/year)**  
**Total Budget: \$4.5 million**



- **Description:** Provides rent and other housing assistance to families with school-aged children that lack housing stability.
- **Who it serves:** Up to an additional 165 homeless or highly mobile families would receive assistance.
- **Why it's important:** More than 9,000 children have been identified as homeless or highly mobile in over 1,350 schools and 307 school districts in 78 of Minnesota's 87 counties.
- **Other Details:**
  - Research from this program has shown increases in parent incomes and increases in kids' school attendance.

# Increase Home Stability: Family Homeless Prevention & Assistance Program

**Governor's Recommendation:** \$4 million increase (\$2 million/year)  
**Total Budget:** \$24.538 million



- **Description:** FHPAP provides short-term assistance to families at risk of homelessness. Types of assistance may include one-time rental payments, assistance with first or last month's rent or one-time mortgage payments.
- **Who it serves:** 2,000 additional households statewide through direct assistance and services.
- **Why it's important:**
  - A flexible program that can serve both renters and homeowners during pandemic economic downturn.
  - More than 3,400 families experience homelessness on any given night in Minnesota.

# Increase Home Stability: Bridges Rental Assistance

**Governor's Recommendation:** \$1 million increase (\$500,000/year)  
**Total Budget:** \$9.176 million



- **Description:** Provides rental assistance for families in which at least one adult household member has a serious mental illness.
- **Who it serves:** An additional 70 households with median household incomes of \$9,644.
- **Why it's important:**
  - Provides rental assistance (and security deposits if needed) for households waitlisted for Section 8 with a mental illness and income below 50% AMI.
  - Furthers the promise of Minnesota's Olmstead Plan.

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**Build More Homes**



# Build More Homes: Economic Development and Housing Challenge

**Governor's Recommendation: \$4 million increase (\$2 million/year)**  
**Total Budget: \$29.580 million**



- **Description:** Funds both multifamily rental and single-family homeownership new construction and redevelopment. Leverages federal, private and local government funds.
- **Who it serves:** Creates 60-100 new homes.
- **Why it's important:**
  - Produces more new homes statewide with focus on communities with job growth and long commutes.
  - Statewide rental vacancy rate is less than 5%, and lower in the metro.
  - Less than two-month supply of homes for sale.

# Build More Homes: Workforce and Affordable Homeownership

**Governor's Recommendation:** \$1.5 million increase (\$750,000/year)  
**Total Budget:** \$2 million



- **Description:** Provides development resources to increase the supply of homeownership opportunities.
- **Production:** Creates 40-50 new homeownership opportunities.
- **Why it's important:**
  - Less than two-month supply of homes for sale.
  - Significant homeownership gap between white households and Black, Indigenous and people of color.

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# Support and Strengthen Homeownership

# Support and Strengthen Homeownership: Downpayment and Closing Cost Assistance

**Governor's Recommendation: \$1.5 million increase (\$750,000/year)**  
**Total Budget: \$3.270 million**



- **Description:** Provides funding for the agency's downpayment and closing cost assistance program. Serves low- to moderate-income, first-time homebuyers across the state.
- **Who it serves:** An additional 175 families would become first-time homeowners.
- **Why it's important:**
  - Significant wealth gap in Minnesota.
  - 4<sup>th</sup> worst homeownership disparity in the country.
  - Home sales prices have increased every year since 2012.

# Support and Strengthen Homeownership: Homeownership Education, Counseling & Training

**Governor's Recommendation: \$500,000 increase (\$250,000/year)**  
**Total Budget: \$2.214 million**



- **Description:** Provides both pre-purchase homebuyer counseling and foreclosure prevention counseling services through a statewide network of nonprofit advisors.
- **Who it serves:** An additional 2,500 homeowners would receive assistance.
- **Why it's important:**
  - The first several months of the pandemic have had severe consequences for the state's economy and has disproportionately impacted households with low and moderate incomes.
  - While there has been some recovery, we need to prepare to deal with the fallout long after the pandemic is over.

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Preserve the Homes We Have

Preserve the Homes We Have:

# Manufactured Home Park Infrastructure

**Governor's Recommendation: \$1 million increase (\$500,000/year)**

**Total Budget: \$3 million**



- **Description:** Provides grants for manufactured home park acquisition, improvements and infrastructure.
- **Who it serves:** Will finance improvements for an additional 1-2 parks, impacting 100-300 homes
- **Why it's important:**
  - A new manufactured home community has not been built since the 1990s.
  - Most parks were built in the 1950s and 1960s and have deteriorating infrastructure.

# Additional Programs to Meet Statewide Housing Needs

## Build More Homes

Greater Minnesota Workforce Development	\$6 million <i>\$2 million increase</i>
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## Preserve the Homes We Have

Preservation of Federally Assisted Housing	\$8.436 million
Rental Rehab	\$5.486 million <i>\$2 million decrease</i>
Rehab Loan	\$5.544 million

## Support & Strengthen Homeownership

BuildWealth, MN	\$1 million
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## Increase Home Stability

Housing Trust Fund	\$23.292 million
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## Build/Support Organizational Capacity

Capacity Building	\$1.29 million
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# Capital Budget Recommendation

# Capital Budget Recommendation: Housing Infrastructure Bonds (HIB)

**\$100 million** in additional authorization to build or preserve housing throughout the state

## Purposes:

- Preserve federally assisted housing
- Build and preserve permanent supportive housing
- Build affordable senior housing (new in 2018)
- Manufactured home community infrastructure (new in 2018)
- Homeownership development (new in 2020)
- ***Proposed New Use*** – New construction at 50% AMI or below

## Why it's important:

- More than 95% of the housing in the state is privately owned
- GO bonds for housing limited to public ownership
- HIB is the largest source of capital from state

## How it's accessed:

- Projects determined through competitive request for proposals

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# Policy Bills

# 2021 Policy Bills

**The pandemic has made it clear that rental stability policies are needed.**

## **Source of income discrimination**

Help individuals and families with rental assistance be considered like those without public assistance.

We need to increase usage of scarce rental assistance and increase access to housing.

## **Pre-Eviction Notice**

Require landlords to provide 14-day notice before filing eviction. Minnesota is among the fastest eviction timelines in the U.S.

More time is needed during a pandemic and tight rental market to either get assistance or find a new, adequate housing situation.

## **Evictions Expungement**

Keep an eviction filing private until judgment and remove certain types of eviction files from the court record (i.e., when the tenant prevails or the case has been dismissed).

Currently, an eviction filing stays on a household's tenant record when filed no matter the outcome, limiting access to a housing

# Thank you!

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