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Equal Opportunity Housing and Equal Opportunity Employment

MINNESOTA HOUSING FY 2012-2013 BUDGET RECOMMENDATION SUMMARY

- 5% reduction to Minnesota Housing's base budget from the statutory FY2012-13 (\$81,256,000) budget to the governor's FY2012-13 (\$77,190,000) budget
- Investments and reductions reflect the priorities of the governor and Minnesota Housing, including minimizing impacts to those who are vulnerable, considering other sources of available funding and protecting the core safety net.
- *Budget protects programs that serve the most vulnerable, lowest income Minnesotans*
 - Family Homeless Prevention and Assistance Program
 - Provides flexible assistance to prevent homelessness
 - Reduces shelter stays for families, reducing county assistance
 - Median annual household income is \$9,420
 - Average assistance provided is \$648
 - Estimated cost of a family's shelter stay is \$90 per day
 - Bridges
 - Provides rental assistance for people with mental illness
 - Median annual household income is \$9,300
 - Average cost of residential crisis housing for mentally ill is \$259 per day
 - Average cost of Bridges-assisted housing is \$18 per day
 - Housing Trust Fund
 - Provides capital and rental assistance for formerly homeless
 - Median annual household income is \$8,328
 - Accrues savings at the local level by reducing use of emergency rooms, detoxification, police, prison/jails, and shelters
- *Budget has smaller reductions for programs that optimize non-state resources*
 - Economic Development and Housing Challenge Program
 - Used for a variety of preservation, construction and financing activities, including gap financing for housing tax credits and foreclosure recovery efforts
 - Leverages \$7.30 in private investment for every \$1 in Challenge funds invested in housing tax credit projects
 - More than \$15 million in Challenge funds awarded to foreclosure recovery projects in FY 2010-11

- Homeownership Assistance Fund
 - Provides entry-cost assistance to first-time homebuyers
 - Leverages mortgage revenue bonds
 - Minnesota Housing serves the greatest proportion of first-time homebuyers below 50% of area median income of all state housing finance agencies in the country.
 - Preservation – Affordable Rental Investment Fund
 - Provides deferred loans to preserve permanent affordable rental housing with project-based federal subsidies at risk of being lost
 - Preserves \$5.70 in federal rental assistance for every \$1 in state funds invested
 - Median annual household income is \$10,320
 - 13,660 at-risk units preserved to date
 - 100% of at-risk Section 8 units were preserved in FY 2010
- *Other programs receive larger reductions to achieve 5% reduction overall*
- Homeownership Education, Counseling and Training
 - Federal and private resources are available for some homeownership education and counseling activities
 - Average assistance per household is \$243
 - Rental Rehabilitation Loan Program
 - Preserves rental housing in Greater Minnesota
 - Other financing is available for rental property owners, though at terms that are not as favorable
 - Capacity Building Program
 - Federal resources may be available for organizational support

MN Housing Programs	FY10-11 Base Budget	Statutory FY12-13 Base Budget	Proposed FY12-13 Base Budget
Bridges	\$5,276,000	\$5,276,000	\$5,276,000
Family Homeless Prevention (FHPAP)	\$14,930,000	\$14,930,000	\$14,930,000
Housing Trust Fund (HTF)	\$21,110,000	\$17,110,000	\$19,110,000
Homeownership Assistance (HAF)	\$1,720,000	\$1,770,000	\$1,716,000
Preservation (PARIF)	\$14,425,000	\$15,092,000	\$14,638,000
Challenge	\$14,786,000	\$18,786,000	\$14,318,000
Capacity Building	\$500,000	\$500,000	\$434,000
Homeownership Counseling (HECAT)	\$1,730,000	\$1,730,000	\$1,502,000
Rehab Loans	\$7,062,000	\$6,062,000	\$5,266,000
TOTAL	\$82,039,000	\$81,256,000	\$77,190,000

Note: In Laws of 2009, Chapter 78, Article 1, Section 6, a \$4 million increase to the Challenge program and a concomitant \$4 million decrease to the Housing Trust Fund program for FY 2012-13 was directed. A change item is included in the FY 2012-13 budget to reallocate \$2 million from the Challenge program to the Housing Trust Fund. With the change, the Housing Trust Fund is \$2 million less than the base appropriation for FY 2010-2011.