



## 2016 Governor's Bonding Proposal

*for Supportive Housing, Federally Assisted Housing Preservation, and Public Housing Rehabilitation*

**\$90  
million**

**\$70 million** in Housing Infrastructure bonds (appropriation bonds)  
**\$20 million** in General Obligation Bonds for public housing

### The Need and Demand

- Nearly 600,000 households in Minnesota pay more than 30 percent of their income for housing. Since 2000, that number has increased by **69 percent**.
- More than 7,500 Minnesotans were homeless in January 2015. Three out of four adults experiencing homelessness on a given night have a least one of the following: a chronic health condition, serious mental illness or substance abuse disorder.
- We are making progress:
  - Between 2014 and 2015, the number of homeless dropped by 10 percent from 8,377 to 7,509.
  - The number of people in homeless families with children dropped by 17 percent from 4,725 to 3,912.

### The Request

- **\$70 million in housing infrastructure (appropriation) bonds** to increase the supply of and stabilize affordable housing in communities throughout the state.
- Funds will be used to:
  - Preserve existing federally subsidized rental housing.
  - Construct or acquire and rehabilitate supportive housing, particularly for persons experiencing or at risk of experiencing homelessness.
  - Acquire land by community land trusts for single family homes for homeownership.
- **\$20 million in General Obligation Bonds** for rehabilitation of existing public housing.
  - Funds will be used for health, safety and energy efficiency improvements in existing public housing.

### The Impact

- Approximately 1,100 housing units will be constructed or rehabilitated with Housing Infrastructure Bond proceeds.
- With our 2014 awards, every \$1 in state funding for gap financing for preservation leveraged approximately **\$3** in private capital funding.
- Every \$1 in state funding for preservation sustains **\$4** in federal housing assistance.
- Housing Infrastructure Bonds allow us to access federal tax-exempt bonds that would otherwise go unused.
- Approximately 2,400 public housing units will be rehabilitated and preserved with GO bond proceeds.



## The Timeline

Funds provided during the 2016 legislative session will be awarded in October 2016 with projects beginning to break ground the following year.

## The Process

- Funds will be awarded through a competitive process.
- Funds will be made available for eligible projects throughout the state.
- Housing must be affordable to and occupied by low-and moderate income households.
- Affordability must be maintained for at least the term of the bonds (20 years).
- Annual debt service on \$70 million is \$5.6 million; a standing appropriation for the term of the bonds must be made. Costs to the State of appropriation bonds are not materially different from costs of GO bonds.
- GO Bonds will be awarded through separate RFP process. Only public housing authorities are eligible to apply.

## The Results

### Housing Infrastructure Bonds

Year	Amount Appropriated	Amount Awarded	# of Multifamily Projects	# of Single Family Projects	# of Units	Total Development Costs (Multifamily)	Project Status (Multifamily)
2012	\$30 million	\$30 million	7	5	472	\$59.1 million	All projects completed
2014	\$80 million	\$70 million	11	5	1,239	\$120.4 million	All projects closed or in closing process
2015	\$10 million	\$20 million	4	4	162	\$34.9 million	Funding committed 10/22/15
<b>Total</b>	<b>\$120 million</b>	<b>\$120 million</b>	<b>22</b>	<b>14</b>	<b>1,873</b>	<b>\$214.4 million</b>	-

50% of multifamily projects are located in Greater Minnesota and 50% are located in the Metro.

### GO Bonds

Year	Amount	# of Projects	# of Units	Project Status
2012	\$5.5 million	14	950	All projects completed
2014	\$20 million	35	2,438	17 projects closed or in closing process
<b>Total</b>	<b>\$25.5 million</b>	<b>49</b>	<b>3,388</b>	-

75% of projects are located in Greater Minnesota and 25% are located in the Metro.



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