

MINNESOTA'S



COVID-19 RECOVERY BUDGET

HOUSING

Total Investment: \$125.6 million (+\$10 million) – General Fund
\$100 million – Housing Infrastructure Bonds

BUILD MORE HOMES



Create Workforce Housing Opportunities

The affordability of homes has been a competitive advantage for Minnesota and our employers, but a growing shortage of homes and other market conditions are pushing prices beyond the reach of many individuals and families. A \$2.8 million increase to the **Economic Development and Housing Challenge program** will develop or create 30-100 new rental housing and single-family housing opportunities statewide. The program also helps communities redevelop existing sites to create housing that better serves low- to moderate-income homeowners, homebuyers and renters.

A \$3.250 million increase to the **Workforce and Affordable Homeownership Program** will create an additional 50-100 new ownership opportunities. The funding for this program may be used for the development of homeownership opportunities and can be used for development costs, rehabilitation, land development and residential housing. Funding is prioritized where there is permanent affordability, such as community land trusts.

SUPPORT AND STRENGTHEN HOMEOWNERSHIP



Set Future Homebuyers Up for Success

Minnesota has one of the nation's highest rates of homeownership, while at the same time it has one of the worst disparities in homeownership rates between white households and households of color. The **Homeownership Assistance Fund** is working to close that gap by helping households with downpayment and closing cost assistance loans. An increase of \$1 million will help over 100 first-time homebuyers.

PRESERVE THE HOMES WE HAVE



Help Low-Income Families Stay in their Homes

Living in a manufactured home community is often an affordable housing option; however, the deteriorating infrastructure of these parks makes the housing situation precarious. A \$1.750 million increase will fund more infrastructure needs in manufactured home parks across the state. The grants provided through the **Manufactured Home Park Redevelopment Program** will fund infrastructure improvements including streets, sewer, water and lighting, as well as storm shelters.

BONDING BILL



Preserve and Expand Access to Affordable Housing for all Minnesotans

\$100 million for Housing Infrastructure Bonds (HIB) will leverage additional private development funds and preserve federal dollars for rental assistance while creating or preserving housing. The types of housing that can be financed with HIB include: permanent supportive housing, homeownership opportunities, senior housing, and preservation of existing housing.

New in 2021

- The Housing Infrastructure Bonds authority is contingent on potential federal action. If Congress passes a federal infrastructure bill in 2021 that includes funding for the same purposes as HIB, then bonds cannot be issued for those purposes.
- \$33.333 million of the \$100 million is set aside for single-family development (\$18.333 million) and manufactured home community acquisition and infrastructure (\$15 million). The set-asides are available until January 16, 2024.

New Budget Initiatives

Housing Tax Credit Contribution Fund

Starting in two years (FY 2024), individual taxpayers will be able to contribute to the Housing Tax Credit Contribution Fund at Minnesota Housing to receive tax credits. The total amount of credits available is \$10 million per year for six years. The minimum contribution is \$1,000 and the maximum is \$2 million. The contributions will be used for loans and grants for single-family and multifamily housing development under the Challenge Program (M.S. 462A.33). The program has priorities and set-asides for single-family development, housing development in communities with a population under 2,500 and rental housing development targeting renters at 50% AMI or below.

Local Housing Trust Fund

\$1 million will be available through Minnesota Housing to incentivize increased revenue to Local Housing Trust Funds. Up to \$300,000 will be available as state matching funds for the increase in local revenue. Local Housing Trust Funds have broad uses for single-family and rental development, as well as downpayment assistance loans, rental assistance and counseling.

Shelter Task Force

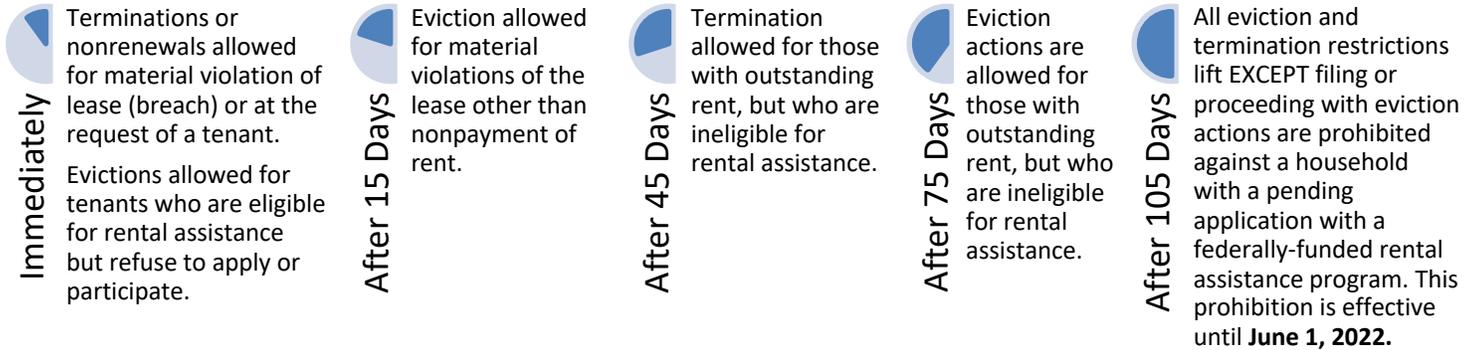
\$200,000 is appropriated to support the Interagency Council's implementation of the Shelter Task Force.

State Appropriated Program	Description	FY 2022-2023
Economic Development and Housing Challenge (Challenge)	Funds both multifamily rental and single-family homeownership new construction and redevelopment. Leverages federal, private and local government funds.	\$28.650 million +\$2.8 million
Greater Minnesota Workforce Housing Program	Provides competitive financial assistance to build market-rate and mixed-income residential rental properties in Greater Minnesota	\$4 million
Housing Trust Fund	Provides rental assistance for individuals and families, many of whom have previously experienced homelessness.	\$23.292 million
Family Homeless Prevention	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.	\$20.538 million
Homework Starts with Home	Provides rent and other housing assistance to families with school-aged children that lack housing stability.	\$3.5 million
Preservation (PARIF)	Assists with repair, rehabilitation and stabilization of federally assisted rental housing that is at risk of aging out of federal assistance programs.	\$8.436 million
Bridges	Provides rental assistance for families in which at least one adult household member has a serious mental illness.	\$8.676 million
Rental Rehabilitation Loans	Rehabs naturally occurring affordable and federally subsidized rental housing in Greater Minnesota.	\$7.486 million
Rehab Loans (Single Family)	Helps low-income homeowners make basic health and safety improvements to their homes.	\$5.544 million
Homeownership Assistance Fund (HAF)	Provides funding for the agency's downpayment and closing cost assistance loan program. Serves low- to moderate-income first-time homebuyers across the state.	\$2.770 million +\$1 million
Homeownership Education, Counseling and Training Fund (HECAT)	Provides both pre-purchase homebuyer counseling and foreclosure prevention counseling services.	\$1.714 million
Capacity Building	Provides support to organizations for regional coordination and housing planning.	\$1.290 million
Build Wealth	Direct appropriation	\$1 million
Manufactured Home Park Infrastructure Grants	Provides grants for manufactured home park acquisition, improvements and infrastructure.	\$3.750 million +\$1.750 million
Workforce Homeownership Program	Provides development resources to increase the supply of homeownership opportunities.	\$3.750 million +\$3.250 million
Local Housing Trust Funds	NEW - State match for increased revenues to Local Housing Trust Funds	+\$1 million
Shelter Task Force	NEW – Resources to implement the Task Force	\$200,000
TOTAL		\$125.596 million +\$10 million

Significant Policy Changes

Eviction Moratorium Off-Ramp

Creates a phase-out of the Governor's Executive Order 20-79.



Rehabilitation Loan Program

Several changes were made to Minnesota Housing's Rehabilitation Loan Program including: an increase the maximum loan amount from \$27,000 to \$37,500, allowing for the replacement (instead of the repair) of manufactured homes and the elimination of the 110% loan-to-value ratio.

4d Property Tax Classification Changes

Two valuation tiers are applied to properties classified as 4d and the tax bill includes a provision that resets the first-tier valuation limit for class 4d property to \$100,000 for assessment years 2022 and 2023. The first-tier limit in 2021 the first-tier valuation limit is \$174,000. The impact of this change is that more units of rental housing that qualify for the 4d property tax rate may now qualify for the lower tax rate of .25% (instead of .75%) on the value exceeding \$100,000 taxable market value.

4d Property Tax Classification Report

The tax the Commissioner of Revenue, in consultation with Minnesota Housing, to produce a report on class 4d property and on local 4d affordable housing programs. The report must include information on the number of 4d units and the property tax impacts of the 4d classification on these units. It must also contain an analysis of the impact of reducing the classification rate of the first-tier of 4d property to 0.25 percent. The report must be completed by January 15, 2022. Effective the day following final enactment.

Homelessness Funding Increases

Local Homelessness Prevention Aid

Creates a new state aid to counties that can be used to fund family homeless prevention and assistance projects and programs. The Aid program is modeled after Minnesota Housing's Homework Starts with Home Program.

The aid will distribute \$20 million annually and sunset after six years. Each county's share of the overall distribution is determined by the county's percentage share of students experiencing homelessness based on the most recent data available from the Minnesota Department of Education. Counties are required to use aid distributions to fund family homeless prevention and assistance projects and programs that are administered by either a county, a group of counties, a city, a group of cities, a tribe, a group of tribes, or a community-based nonprofit organization.