



Going Big, Together

Unpacking the Landmark \$1.3 Billion Housing Bill:
New Resources for Local Affordability
MnNAHRO Conference

Serving All of Minnesota

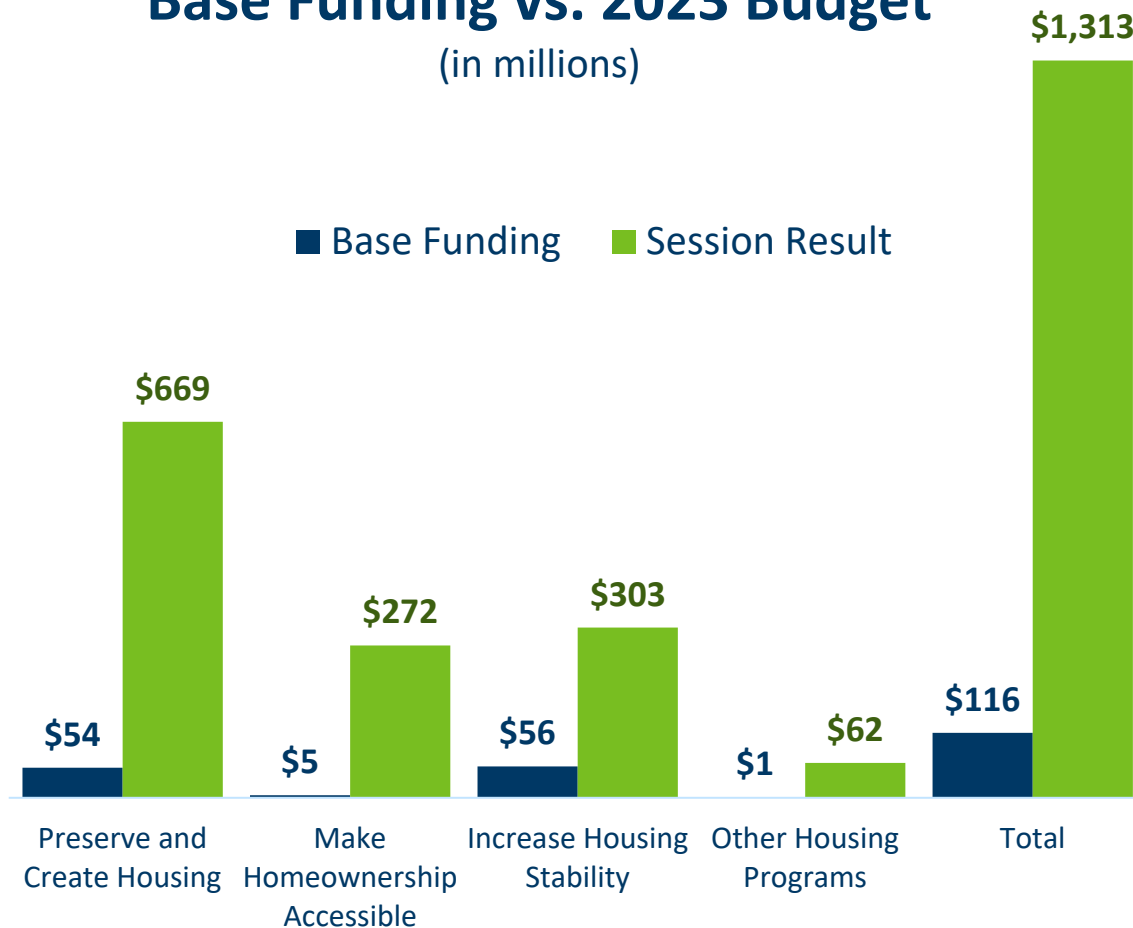
The budget responds to the range of housing needs felt by Minnesotans in all regions of the state, while focusing on closing disparities and assisting lowest-income Minnesotans and serving underserved geographies:

- Rental and homeownership
- New construction and preservation
- Deeply affordable housing and market-rate housing in Greater Minnesota
- Homelessness prevention and homeownership development
- Rental assistance and downpayment assistance

Perspective on the Legislative Outcomes

Base Funding vs. 2023 Budget

(in millions)



The blue bars show what Minnesota Housing received from the Legislature in the previous biennium:

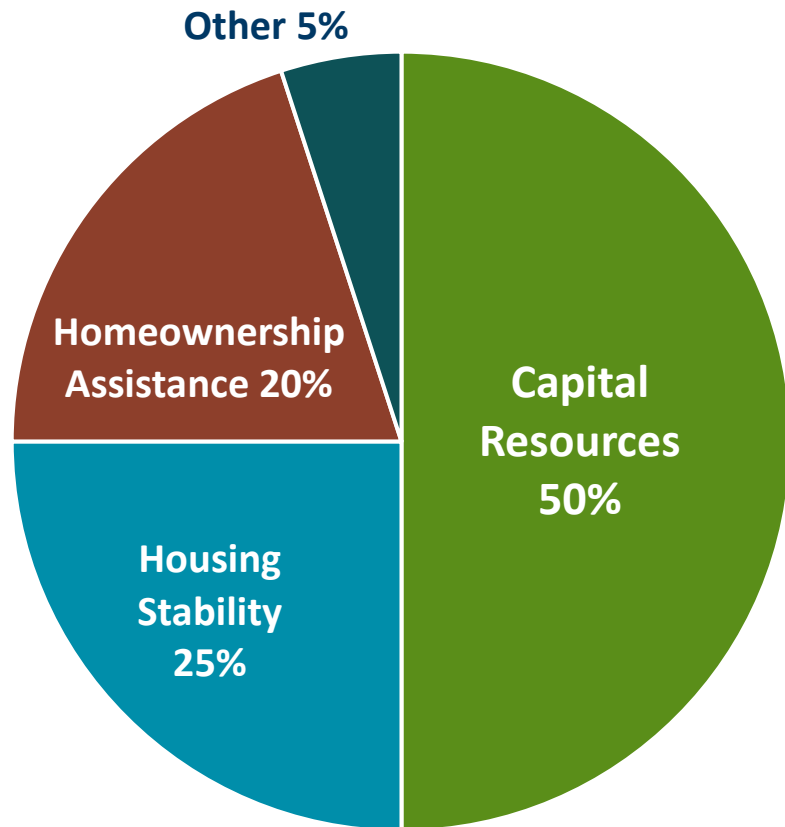
\$115.6 million

The green bars represent the 2023 legislative budget:

\$1.3 billion

How \$1.3 Billion In Housing Funds will be Used

Summary of Uses



Capital Resources create and preserve single-family homes and multifamily rental properties.

Housing Stability funds help people pay for their homes and avoid eviction and foreclosure and prevent homelessness.

Homeownership Assistance comes in the form of downpayment and closing cost loans, as well as homebuyer education and counseling.

Program Implementation and Applying for Funds

Minnesota Housing Existing RFPs

Existing Programs

Housing Infrastructure

Challenge

Family Homeless Prevention (FHPAP)

Manufactured Housing Park Infrastructure

Workforce Homeownership

Preservation (PARIF)

Rental Rehab Deferred Loan

Rehab Loan (Homeownership)

Housing Trust Fund

Bridges

Homework Starts with Home

Agency Downpayment Assistance

Capacity Building Grants

Public Housing Rehab

Homeowner Education

Workforce Housing Development

- A significant portion of the dollars in the housing bill are for existing Minnesota Housing programs.
- When a Minnesota Housing program already exists, the funds will flow through the regular RFP cycle.
- **Over \$750 million of state resources will be available through RFPs and programs in 2023 and 2024.**
- These programs and resources will be made available while other programs are being developed.

Steps for New Program Creation

New Programs

Agency First-Generation Homeownership

Community Stabilization (NOAH)

Bring It Home Rent Assistance

Stable Housing Organization Relief Program

Homeownership Investment Grants

Strengthen Supportive Housing

Manufactured Home Lending Grants

Greater Minnesota Housing Infrastructure Grant Program

High-Rise Sprinkler System Grant Program

Lead Safe Homes Grant Program

Statewide Affordable Housing Aid Tier II Cities Grant Program

PLUS:

New and expanded activities and funding with legislatively named organizations

- These programs are those that were newly created through budget bills.
- New program creation follows this process:
 - Create new positions
 - Hire staff
 - Tribal consultation
 - Stakeholder engagement
 - Develop new/amend program guides
 - Request for Funding Process
 - Selections and Board approval
 - Contracting

Programs Progress

Recently Approved Program Guides

- Stable Housing Organization Relief Program
- FHPAP (Updated)
- Local Housing Trust Fund

Under Construction

- First-Generation Homebuyers Downpayment Assistance
 - Minnesota Housing
 - MMCDC/Community-Based
- Manufactured Home Park Cooperative Purchase
- Stable Rental Housing Mediation
- FHPAP Tribal Set-Aside
- Local Government Housing Programs (building new team)
- MMB Workgroup on Expediting Rental Assistance

Up Next

- Staffing
- Bring It Home
- Legislatively named grants
- Engagement opportunities on new programs

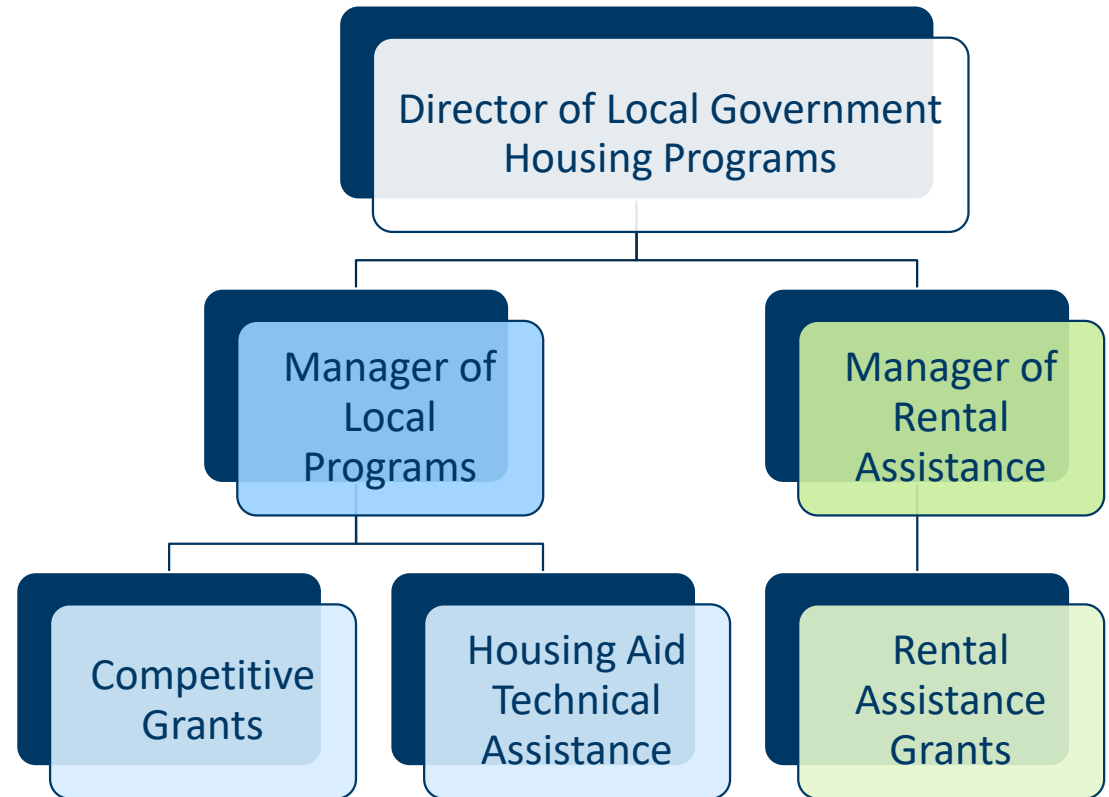
Agency structure has been adjusted to align program goals and constituencies and increase staff capacity

- We've hired two new Assistant Commissioners
 - Housing Stability is now elevated to its own division headed by Rinal Ray
 - Scott Beutel is leading Special Projects
- Board approved adding total of 56 new staff (current staff size ~300)
- Creating Local Government Housing Programs team

Local Programs Division Structure

- Hiring Director of Local Government Housing Programs (posting closed August 24)
- The Director will build and oversee new team and report to Deputy Commissioner

Find open positions at
mnhousing.gov/careers.html



Current RFP and Funding Updates

Recently Approved Selections

- Family Homeless Prevention Assistance Program (FHPAP) (and contract amendments for Fast Track FHPAP)
- Bridges Rental Assistance
- Housing Trust Fund Rental Assistance
- Homework Starts with Home
- Homeownership Education and Counseling (HECAT)

Currently Under Review

- 2023 Consolidated RFP funds – *application period ended, selections to be announced in December:*
 - Housing Infrastructure – *includes new funds*
 - Workforce Homeownership – *includes new funds*
 - Preservation
 - Challenge – *includes new funds*
- Homeownership Capacity Grants
- Rental Rehab Loans – Greater Minnesota

Funding Opportunities

Open Now

- Stable Housing Organization Relief Program – **Applications due September 19!**
- Manufactured Home Community Redevelopment (*Intent to Apply completed*) – **Applications due September 21!**

Coming Next

- Greater Minnesota Workforce Housing Development Program
- Public Housing Rehabilitation (POHP)– First Funding Opportunity

2023 Consolidated Request for Proposals Results

Rental Housing

- 97 applications received
- \$82.5 million of 9% Housing Tax Credits requested
 - *Estimated \$11.8 million available*
- \$440 million in requests for deferred loans
 - *Estimated \$189 million available*

Homeownership

- 111 proposals received from 47 applicants including 19 new applicants this year
 - *2022: 41 proposals from 25 applicants*
- \$269.6 million in funds requested, for a total of 2,283 units
 - *2022: requests totaled \$31 million, for a total of 509 units*

Going Big: Updates on how it's going

Minnesota Housing website (mnhousing.gov)

Program implementation page
mnhousing.gov/policy-and-research/agency-planning.html

Sign up for eNews updates



The screenshot shows the Minnesota Housing website page for "Agency Planning for Legislative Funds". The page features a navigation bar with the Minnesota Housing logo, a search bar, and a "Partner Login" link. The main content area includes a breadcrumb trail "Home / Policy and Research / Agency Planning", a large image of the Minnesota State Capitol building, and a section titled "Agency Planning for Legislative Funds". This section contains text about the \$1.065 billion housing omnibus bill signed in May 2023 and a list of categories for approved legislative funds: Capital Resources (50%), Housing Stability (25%), Homeownership Assistance (20%), and Other (5%). Below this is a "What to Expect" section and a "Sign up for updates from Minnesota Housing" button. A green arrow points to this button. At the bottom, there is a "Related Pages" section with a link to "Open RFPs" and a "Programs Being Implemented" section with a dropdown arrow.

Capital Resources

Capital Resource Programs

Existing Programs

| | |
|--|---|
| Challenge | \$120.9 million <i>+\$95 million</i> |
| Workforce Homeownership Program | \$60.5 million <i>+\$60 million</i> |
| Greater Minnesota Workforce Housing Program | \$39 million <i>+\$35 million</i> |
| Housing Infrastructure | \$200 million <i>+\$200 million</i> |
| Public Housing Rehab | \$87 million <i>+\$87 million</i> |
| Manufactured Home Park Infrastructure Grants | \$17 million <i>+\$15 million</i> |
| Rental Rehabilitation Loans | \$7.9 million |
| Preservation (PARIF) | \$8.4 million |
| Rehab Loans (Single Family) | \$5.5 million |

New Programs

| | |
|--|--------------|
| Community Stabilization (NOAH) | \$90 million |
| Homeownership Investment Grants | \$40 million |
| Cooperative Manufactured Home Park Acquisition | \$10 million |
| High-Rise Sprinkler Grants | \$10 million |
| Greater Minnesota Housing Infrastructure | \$8 million |

Challenge

No. 1 source of state appropriations to develop new housing.

- No-interest deferred loans or grants to for-profit and non-profit developers and local units of government.
- Provides flexibility by letting communities identify the types of housing that best fit their needs.
- Can be used for new construction or rehabilitation and funds both rental housing and homeownership.
- New funds in 2023 Consolidated RFP.



FY 2024-25: **\$120.9 million**

Change: **+\$95 million**

Workforce Homeownership

Increase the supply of homeownership housing throughout the State.

- Grants to cities, Tribal governments, nonprofit organizations, cooperatives, and community land trusts for housing development.
- Funds can be used for development costs, rehabilitation, land development and manufactured home park infrastructure.
- First round of funding available in 2023 Consolidated RFP.
- The base for this program in fiscal year 2026 and beyond is \$250,000.



FY 2024-25: **\$60.5 million**

Change: **+\$60 million**

Housing Infrastructure (cash)

Provide loans and grants to develop housing.

- Permanent supportive housing
- Preservation of existing housing
- Senior housing
- Single-family homes
- Manufactured home park infrastructure
- Expanded to include households at or below 50% AMI.



FY 2024-25: \$200 million

Change: +\$200 million

NEW: Community Stabilization (NOAH)

- Eligible uses include acquisition, rehabilitation, interest rate reduction, or gap financing of housing to support the preservation of naturally occurring affordable housing.
- Housing that serves lower-income households and maintain longer periods of affordability will be prioritized.
- Grants or loans.
- Eligible Recipients: Local governments, Tribal governments and housing entities, private developers, limited equity cooperatives or cooperatives under 308A or 308B, community land trusts, nonprofit organizations.



FY 2024-25: **\$90 million**

Change: ***NEW***

NEW: Homeownership Investment Grants

Provides funding to nonprofit Community Development Financial Institutions (CDFIs) that provide affordable housing lending or financing programs. **The program is intended to support projects that encourage affordable homeownership.**

The funding can be used to:

- increasing the supply of affordable owner-occupied homes
- financing programs for affordable owner-occupied new home construction
- acquisition, rehabilitation, and resale of affordable owner-occupied homes or homes to be converted to owner-occupied homes
- establishing revolving loan accounts at community development financial institution

FY 2024-25:

\$40 million

NEW: High-Rise Sprinkler Grants

- Grants up to \$2 million to owners of eligible buildings for installation of sprinkler systems and, if necessary, for relocation of residents during.
- Nonprofit applicants will be prioritized and require a 25% match, while for-profit applicants require a 50% match.
- Eligible properties: existing residential buildings in which at least one story used for human occupancy is 75 feet or more above the lowest level of fire department vehicle access, and at least two-thirds of its units are affordable to households with an annual income at or below 50% AMI.

FY 2024-25:

\$10 million (\$4 million legislative set-aside for specific projects)

NEW: Greater Minnesota Housing Infrastructure

- Up to 50 percent of the capital costs of public infrastructure necessary for an eligible workforce housing development project.
- Grants are limited to \$30,000 per lot for 1-4 units, and \$180,000 per lot for multifamily housing (5+ units/building).
- Cities limited to \$500,000 over a two-year period.
- A nonstate match is required and may be cash, other committed grant funds, or in kind.
- Both single family and multifamily, and owner-occupied and rental housing development projects are eligible.
- Program will be administered through the new Local Government Housing team

Housing infrastructure can include:

- *sewers*
- *water supply systems,*
- *utility extensions*
- *streets*
- *wastewater treatment systems*
- *stormwater management systems*
- *facilities for pretreatment of wastewater to remove phosphorus*

FY 2024-25:

\$5 million

Homeownership Assistance

Homeownership Assistance Programs

Existing Programs

| | |
|---|---------------------------------|
| Homeownership Assistance Fund | \$51.8 million +\$50 million |
| Downpayment Assistance | |
| Homeownership Education, Counseling and Training Fund (HECAT) | \$3.7 million +\$2 million |
| Build Wealth | \$6 million +\$5 million |

New Programs

| | |
|--|---------------|
| Agency First Generation Downpayment Assistance | \$50 million |
| CDFI First Generation Downpayment Assistance | \$100 million |
| Fee-based Home Purchasing | \$10 million |
| Manufactured Home Lending Grant | \$10 million |

NEW: First-Generation Downpayment Assistance

- Two programs: Minnesota Housing (\$50 million), and CDFIs (\$100 million)
- For first-generation homebuyers (parents did not own a home, or lost a home to foreclosure).
- Midwest Minnesota CDC is administrator for the downpayment assistance flowing through CDFIs.

FY 2024-25:

\$150 million total

Housing Stability

Housing Stability Programs

Existing Programs

| | |
|------------------------------------|---|
| Housing Trust Fund | \$23.3 million |
| Homework Starts with Home | \$5.5 million <i>+\$2 million</i> |
| Bridges | \$10.7 million <i>+\$2 million</i> |
| Family Homeless Prevention (FHPAP) | \$115.5 million <i>+\$95 million</i> |

New Programs

| | |
|---------------------------------------|------------------------------|
| Rent Assistance – Statewide and Metro | \$46 million & \$77 million* |
| Strengthen Supportive Housing | \$25 million |

*These are estimates and will be funded with new dedicated sales tax revenue

Family Homelessness Prevention and Assistance

- Resources provided to 22 administrators including counties in Metro and non-profits in Greater Minnesota
- Eligible uses include: rental deposit, rent payment, mortgage payment, utilities, other expenses that keep people in housing and services, such as case management.
- Majority of funds are committed to grantees but additional funding will be available later this fiscal year.
- Over \$13 million in legislative set-asides including \$10 million for Tribal Nations

FY 2024-25: **\$115.5 million**

Change: **+\$95 million**

NEW: Strengthen Supportive Housing

- Cover costs needed for supportive housing to operate effectively, which may include building operating expenses such as front desk, tenant service coordination, revenue shortfall, and security costs.
- Create partnerships with the health care sector and other sectors to demonstrate sustainable ways to provide services for supportive housing residents, improve access to health care, and reduce the use of expensive emergency and institutional care. This may be done in partnership with other state agencies.
- Initial engagement session will begin later this year.



FY 2024-25: **\$25 million**

Change: **NEW**

NEW: Bring It Home – Rental Assistance

- Funded by state appropriations statewide (\$46 million) and regional sales tax in the metro (estimated to be \$77 million). Metro sales tax collection begins October 1.
- Minnesota Housing will enter into grant agreements with voucher administrators statewide based generally on a need formula outlined in the legislation.
- Vouchers can be tenant-based or project-based for cost-burdened households earning 50% AMI or less. Funds are prioritized for households with children earning under 30% AMI.

NEW: Local and Statewide Housing Aid

- New program funded by state appropriations (statewide) and metro sales tax (metro).
- Aid is distributed directly to cities with populations greater than 10,000, counties and Tribes by the Department of Revenue starting December 26, 2023 for Statewide, and on July 20, 2024 in the metro.
- The aid funds *do not* pass through Minnesota Housing, though Minnesota Housing will collect reporting starting in 2025.
- <https://www.revenue.state.mn.us/local-affordable-housing-aid>
- <https://www.revenue.state.mn.us/statewide-affordable-housing-aid>

NEW: Greater Minnesota Tier II Cities Grants

- Available to Cities with population less than 10,000 (4th class)
- Competitive process with minimum award size of \$25,000.
- Funds can be used for a broad range of rental, homeownership and housing stability activities.
- Program will be administered under the new Local Government Housing team

FY 2024-25: **\$4.5 million**

Change: ***NEW***

Other Resources

Other Resources

Existing Program

| | |
|-------------------|--------------------------------------|
| Capacity Building | \$6.3 million <i>+\$5 million</i> |
|-------------------|--------------------------------------|

New Programs

| | |
|--|---------------|
| Lead Safe Homes | \$4 million |
| Housing Mediation Grant Program | \$3 million |
| Local Housing Trust Funds (LHTF) | \$4.8 million |
| --Northland Initiative Foundation – LHTF | \$1 million |
| Stable Housing Organization Relief Program | \$50 million |

NEW: Stable Housing Organization Relief Program

- The Stable Housing Organization Relief Program (SHORP) is a one-time grant program funded with up to \$50 million of state appropriations to support eligible nonprofit rental housing owners that have experienced significant detrimental financial impacts due to recent economic and social conditions.
- Grants are limited to \$4,000 per unit, with the per-unit amount calculated based on the total number of units each eligible organization owns or controls in the state.
- Applications are due September 19.
- More information can be found on Minnesota Housing's Website – search “SHORP”
 - [https://mnhousing.gov/rental-housing/housing-development-and-capital-programs/deferred-loans-and-grant-programs/stable-housing-organization-relief-program-\(shorp\).html](https://mnhousing.gov/rental-housing/housing-development-and-capital-programs/deferred-loans-and-grant-programs/stable-housing-organization-relief-program-(shorp).html)

NEW: Local Housing Trust Funds

- The purpose of the program is to incentivize local governments to create or fund Local Housing Trust Funds by providing a portion of matching state funds to encourage investment in affordable housing across Minnesota.
- Entities may be eligible to receiving matching funds up to 100% of New Public Revenue up to \$150,000.
 - Depending on funding availability, additional funds in the amount of 50% of new public revenue above \$150,000, but no more than \$300,000.
- Funds can be used locally on a wide range of housing related activities.

The program's guide has been approved and funding will be available as staff are hired for the new Local Government Housing team.

FY 2024-25:

\$5.8 million

(including \$1 million from previous appropriation)

Questions?

Thank you!

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mnhousing.gov