

(\$ in thousands)

Project Title	Rank	Fund	Project Requests for State Funds			Gov's Rec	Gov's Planning Estimates	
			2022	2024	2026	2022	2024	2026
Housing Infrastructure Bonds	1	AP	250,000	250,000	250,000	250,000	250,000	250,000
Public Housing Rehabilitation	2	GO	60,000	60,000	60,000	60,000	60,000	60,000
Total Project Requests			310,000	310,000	310,000	310,000	310,000	310,000
Appropriation Bonds (AP) Total			250,000	250,000	250,000	250,000	250,000	250,000
General Obligation Bonds (GO) Total			60,000	60,000	60,000	60,000	60,000	60,000

<https://www.mnhousing.gov/>

AT A GLANCE

- Provided more than \$1.6 billion in housing assistance, serving nearly 73,000 households
- Have Aa1 and AA+ credit ratings with Moody's and Standard & Poor's
- Financed loans to more than 4,300 first-time homebuyers, financed homebuyer education and counseling for over 24,000 households and provided home improvement resources for over 1,300 homes.
- Created or rehabilitated more than 2,800 units of rental housing and providing housing assistance to nearly 41,000 renters.
- Most homebuyers that we served had an income below \$60,000 and the majority of renters had an income below \$15,000.
- Over the past three years, half of competitive assistance has been provided to Greater Minnesota.

All numbers are for Federal Fiscal Year 2020

PURPOSE

Success in life starts at home for all ages and all people. When we have safe, secure places to live, parents earn more, kids learn better, health and well-being improve, and communities prosper. Our homes are the foundation of our communities; they fuel the engine of our economy. Since 2000, housing costs have outpaced income growth and more people are struggling to find and maintain housing. Additionally, housing production has not kept up with demand and demographics, especially for those at the lowest income levels.

In Minnesota, housing challenges are not shared equally across different race and ethnicities. Black, Indigenous and People of Color (BIPOC) are more likely to face housing instability, be evicted and experience homelessness than white households. Currently many Minnesotans struggle with housing instability, as described below.

- Around 120,000 renter households making less than \$50,000 a year spend more than 50% of their income on housing.
- Minnesota has the fourth-largest disparity in homeownership rates in the country for BIPOC households.
- About 8,000 people experience homelessness each night, around 2,000 of whom are sleeping outside, unsheltered. More than 8,000 children are homeless or highly mobile in school districts across the state (2019).

Minnesota Housing collaborates with individuals, communities and partners to create, preserve and finance housing that is affordable. Our vision is that all Minnesotans live in a stable, safe home they can afford in a community of their choice. We finance affordable homeownership and rental housing to provide opportunities across the housing continuum for individuals and families throughout the state.

STRATEGIES

Housing stability is at the core of Minnesota Housing's mission that emphasizes thriving communities, equity and inclusion and children and families. We support our mission by providing a wide range of rental, homeownership and homelessness assistance programs. Our focus is on serving households that make the least and we direct resources to communities most impacted by housing instability. We have begun using an antiracist lens to evaluate program changes and are working to remove systemic barriers and policies that perpetuate housing instability for people of color and indigenous communities. We deliver our programs through a statewide network of local lenders, community-based organizations, local housing and redevelopment authorities and for-profit and

nonprofit developers. We work with other public and private funders to make funds for housing development and redevelopment available in a comprehensive, one-stop competitive application process.

- **Rental Housing Minnesotans Can Afford:** We finance new construction, rehabilitation and preservation of rental housing using federal low-income housing tax credits, state appropriations and first mortgages. We prioritize rental opportunities that are affordable to households that make the least. We also provide rental assistance and administer federal Section 8 contracts.
 - We served nearly 36,000 Minnesota households through our multifamily rental programs in 2020.
 - More than three-quarters of renters served made less than \$20,000 per year.
 - We financed the new construction and preservation of 2,811 units of affordable rental housing in 2020 with state and federal resources.

- **Supporting Homeownership Opportunities:** We offer first-time homebuyer loans, downpayment assistance programs, a refinance program, and two home improvement loan programs to support Minnesota homebuyers and homeowners. We account for about 6% of the State’s total mortgage lending.
 - We provided home mortgage loans to 5,667 Minnesota households in 2020.
 - The first-time homebuyers we served had a median annual household income around \$57,000.
 - Almost thirty-five percent of the first-time homebuyers we served were BIPOC. The overall mortgage market is seventeen percent.
 - Ninety-eight percent of the homebuyers who received a Minnesota Housing first mortgage also received assistance with downpayment and closing costs.

- **Preventing and Ending Homelessness:** In addition to financing rental housing for people experiencing homelessness, we provide rental assistance and short-term financial assistance to individuals and families who are homeless or who face housing instability. People experiencing homelessness, especially people sleeping outside, has been increasing in recent years.
 - We provided state-funded rental assistance to 2,219 households in 2020. These households have a median annual household income of around \$10,000.
 - We provided assistance to 4,557 households (with an average household income of around \$10,000) to prevent and assist people experiencing homelessness.
 - Minnesota Housing and eleven state agencies collaborate on the statewide Plan to Prevent and End Homelessness.

M.S. 462A (<https://www.revisor.mn.gov/statutes/?id=462A>) provides the legal authority for Minnesota Housing.

AT A GLANCE

Minnesota Housing has 5 focus areas in our Strategic Plan:

- 1) Improve the Housing System
- 2) Increase Housing Availability
- 3) Make Homeownership More Accessible
- 4) Support People Needing Additional Services
- 5) Strengthen Communities

Investments in the bonding bill are critical to achieving the agency's mission, strategic priorities and our ability to serve individuals and families most impacted by housing instability. Housing investments in the bonding bill build and preserve housing for people at the lowest incomes and bonding bills provide the largest investments the State makes in affordable housing development.

Factors Impacting Facilities or Capital Programs

Everyone wants a home they can afford in a community of their choice because it provides the foundation for success, supports educational achievement, stable employment, health, and prosperity. Today, however, many Minnesotans are struggling with the cost of housing.

- Just over 120,000 renter households making less than \$50,000 a year spend more than 50% of their income on housing;
- About 8,000 people experience homelessness each night, around 2,000 of whom are sleeping outside, unsheltered. More than 8,000 children are homeless or highly mobile in school districts across the state (2019);
- Minnesota has the fourth-largest homeownership disparity in the country for Black, Indigenous and People of Color households;
- An American Indian is over 20 times more likely to experience homelessness than a person who is white; and
- Research found that the housing shortage in the Twin Cities metro area could limit job growth and result in a loss to the Gross Regional Product of \$215 million annually.

Since 2000, housing costs have outpaced increases in income and the lack of housing that is affordable has an impact on the economy. Many Minnesotans are experiencing the effects of the housing shortage with the high price of renting or buying a home, and the rates of homelessness are increasing. Additional market forces including low vacancy rates in recent years, and the loss of unsubsidized affordable housing units, have added pressure on the housing system.

Homelessness is Increasing

In Minnesota, roughly 8,000 people are homeless each night. This number includes around 3,200 people in families. According to a Wilder Survey, an estimated nearly 2,000 people sleep outside without shelter -- an increase over 125% since 2015. A person of color in Minnesota is nearly ten times more likely to experience homelessness than a person who is white/non-Hispanic.

Homelessness is the most severe form of housing instability and encompasses many societal failures. It is often the result of inadequate and inequitable systems involving housing, physical and behavioral health, employment,

and education. The State has responded, but the severity of the housing crisis is a significant challenge. Around one-third of people experiencing homelessness are working.

The number of people experiencing homelessness has increased in recent years. Based on the 2020 Point in Time Count, the number of people experiencing homelessness in Minnesota is slightly higher than it was in 2010, although nationally it's 13% lower. The number of people sleeping outside has tripled in the past several years and Minnesota numbers have outpaced national averages. We also know that older adults are experiencing homelessness. Specifically, the number of adults age 55 and older experiencing homelessness increased by 25% since 2015. With the state's aging demographic and affordable housing needs for older Minnesotans, Housing Infrastructure Bonds can be used to help create housing for low-income seniors that the private market currently isn't providing.

The increase in homelessness among certain populations demonstrates a need for more supportive housing. Supportive housing is housing with services, which help reduce the social costs of homelessness by keeping individuals out of emergency rooms, shelters and the correctional system. Housing Infrastructure Bonds are the primary way the State finances permanent supportive housing.

We know that where we make investments, we see results. With a focus on reducing homelessness among veterans, we have effectively ended veterans' homelessness in multiple regions of the state. We have also funded three projects specifically for veterans using Housing Infrastructure Bonds, which have helped to minimize the number of veterans experiencing homelessness.

Housing Stock is Getting Older

Minnesota has approximately 120,000 units of privately-owned rental housing that have received or currently receive federal or state assistance to keep them affordable. These properties are located throughout the state, in large and small communities alike. The affordable housing stock is an essential part of communities' infrastructure and its preservation is critical to communities' continued vitality. As these properties age, or as the subsidy contracts and regulatory agreements expire, there is a risk that these units may be lost due to physical deterioration or diminished capacity of the ownership entity. With the lack of affordable housing, there is additional risk that some properties may convert to market rate housing and no longer be affordable for low income residents.

Around 30,000 of these privately-owned affordable housing units are federally subsidized through the Section 8 program. Section 8 housing is among the most affordable housing available because the tenant is required to pay only 30% of household income towards rent. The federal government makes up the difference between the tenant's contribution and an agreed upon contract rent. Another 7,000 privately-owned affordable housing units are federally subsidized through USDA Rural Development.

The Section 8 and USDA Rural Development portfolios were developed primarily from the 1960s to the 1980s. Due to the age of the housing stock, rents may not be able to keep up with the physical demands of the properties. Capital investments are needed to make physical improvements so that the properties can remain intact and affordable for decades to come. Funding is used to ensure that the health, safety and quality of this critical affordable housing stock is maintained for its low-income residents well into the future. With the capital investments provided by the State, the private owner is required to commit to at least 20 more years of affordability.

Minnesota Housing, along with its philanthropic funding partners and local and federal partners, has taken a systematic, long-term approach to stabilization and preservation that recognizes that preservation of existing housing is often the most cost-effective means of providing affordable housing. Typically, for every \$1 of state funding, \$4 in anticipated federal assistance is preserved.

People Are Getting Older

Over the next 17 years, the number of Minnesotans age 65 or older will increase by about 360,000, which will create new housing challenges. In 2035, seniors will account for more than 30% of the population in many counties, particularly in north central Minnesota and some border counties around the state. Initially, as baby boomers retire, they likely will live independently and age-in place, but as they get older and disabilities increase, the housing demands will become more complex.

The State is likely to face challenges in providing housing to seniors that is: (1) affordable, (2) keeps them in the community as long as possible, and (3) provides adequate access to care, services and amenities. These challenges are exacerbated by the lack of affordable housing that currently exists.

Federal Investments Not Keeping Pace with Need

Minnesota has more than 21,000 public housing units funded by the federal government and owned and operated by local public housing authorities. Public housing exists in all 87 counties and serves the lowest income households in the state. Most than 90% of public housing units are 20+ years old. Seventy-five percent (75%) of public housing residents earn less than \$15,000 per year. Nearly two-thirds (66%) of households in public housing are seniors or households with disabilities and about one-third (33%) are children.

Over the years the federal government's commitment to support public housing has diminished as appropriations for operations and maintenance of the housing stock have been reduced to inadequate levels. Consequently, some public housing authorities have been forced to sell some of their units to reduce operating costs and generate enough revenue to properly maintain the remaining inventory. Others have delayed needed maintenance and repairs, putting units at risk of becoming uninhabitable. Due to the lack of resources to preserve the buildings and keep them safe for residents, many public housing authorities are looking for resources to address the backlog of needs.

Not Enough Single Family Homes

Minnesota has one of the nation's highest rates of homeownership (71.9%), while at the same time it has one of the largest disparities in homeownership rates between white households and Black, Indigenous, and People of Color (BIPOC).

In addition to structural and institutional barriers, one of the reasons for this gap is the lack of availability of affordable homeownership opportunities. The number of available single-family homes for sale has been at historic lows over the past few years and single family production has not kept up with the demand. The months-supply of homes selling for less than \$250,000 in June 2021 was just 0.9 months, when a healthy supply is about 5 months. Minnesota has a shortage of nearly 40,000 owner-occupied homes, across all price points. The lack of supply of available homes continues to drive up prices throughout the state. These dynamics creates a greater need for new affordable opportunities that are within reach for first-time, along with low- and moderate-income buyers.

Aging Manufactured Home Communities

Manufactured homes —factory-made dwelling units built on a permanent chassis (a transportable frame) —are an important and often overlooked affordable housing option across the state.

Nearly all manufactured home parks have infrastructure needs. The homeowners who live in parks with deteriorating infrastructure are in a precarious situation. While they own their homes, they do not own the land beneath them, thus creating challenging issues when a park owner decides to sell the property. Having failing infrastructure can be a determining factor in deciding to sell or close a community. Because residents of the parks are typically very low-income, they are often not able to pay increased rents that could be used finance the

infrastructure improvements. Several manufactured home communities in the Twin Cities have shuttered and several in Greater Minnesota have recently closed and a new communities has not opened in Minnesota since the 1990's.

Self-Assessment of Agency Facilities and Assets

Minnesota Housing does not own or operate facilities covered by this request. The request is for financing of activities that improve and augment the infrastructure of affordable housing in communities throughout the state. Without these critical funds, communities stand to lose housing units that are vital to serving the needs of citizens and vulnerable populations in these communities.

Agency Process for Determining Capital Requests

The need for affordable housing is significant and growing. The agency's requests don't meet the needs, but the resources will significantly impact the housing landscape across the state. We typically receive at least three to four times as much in requests for deferred financing as we have funding available. In 2019, we received almost \$310 million in deferred loan requests from across the state. Due to recent Housing Infrastructure Bond (HIB) authorizations, MN Housing has been able to reduce the number of unfunded projects.

We learned through the Housing Task Force that we were over 50,000 housing units short from having a healthy housing supply where home prices and rents are relative stable. Over the next decade, we need 300,000 new units to keep pace with population growth and fill the shortage. Since the 2018 Task Force report, we have made progress on the rental side, but need a lot more construction for homeownership. The private sector cannot do alone. We also need to preserve the homes we have and build more, especially for those at the lowest income levels.

While we need new homes, the state's existing housing is aging and in need of capital for rehabilitation to preserve the affordability of these properties. When these developments that have federal financing are sold or converted, we lose the federal assistance forever. This portfolio continues to age and with additional wear and tear, the maintenance backlogs continue to grow.

Major Capital Projects Authorized

In 2021, the Legislature provided a contingent authorization of \$100 million in Housing Infrastructure Bonds. 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. Additionally, \$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).

In 2020, the Legislature authorized \$100 million in Housing Infrastructure Bonds in the October Special Session. In the 2020 Consolidated Request for Proposal (RFP) and Manufactured Home Community RFP, Housing Infrastructure Bonds were used to select 14 rental developments and 10 single family/manufactured housing community projects for a total of 872 units. The Legislature also authorized \$16 million in State General Obligation bonds for public housing rehabilitation. Those resources were awarded to public housing authorities to preserve 1,870 units throughout the state in 21 developments across the state. Two-thirds are of the developments are in Greater Minnesota.

Housing Infrastructure Bonds

AT A GLANCE

2022 Request Amount:	\$250,000
Priority Ranking:	1
Project Summary:	Minnesota Housing requests debt service on \$250 million in Housing Infrastructure Bonds (HIB). HIB proceeds finance loans or grants for single family and rental housing development, with a priority on building housing and serving families at lower income levels. This request proposes to add new construction of rental housing for households with incomes at or below 50% of AMI as a new eligible use.

Project Description

Housing Infrastructure Bonds (HIB) are the largest state source of capital for housing development. HIBs leverage local, federal and private investment and spur development that otherwise would not happen and provide critical financing to build new housing and preserve existing housing. The State has supported using appropriation bonds because over 95% of the housing in the state is privately owned and State GO bonds are limited to public ownership.

This request is for a general fund appropriation to pay the debt service on \$250 million in Housing Infrastructure Bond proceeds issued by Minnesota Housing. The proceeds will be used to finance loans and grants awarded through competitive, statewide Request for Proposal processes to private for-profit and non-profit developers. The loans and grants are used for permanent supportive housing for people experiencing homelessness, the preservation of existing federally-assisted housing, single family/homeownership development including community land trusts, senior housing, and manufactured home communities. The following provides a brief summary of each use.

Supportive Housing

A portion of the bond proceeds would be used to construct or acquire and rehabilitate properties for use as permanent supportive housing for households who are experiencing homelessness, including youth, veterans, those experiencing long-term homelessness, and for persons with disabilities or people who struggle with mental illness.

Permanent supportive housing is affordable rental housing with connections to services necessary to enable tenants to live in the community and improve their lives. Supportive housing creates housing stability for the lowest income households and households with service needs so they can address significant mental health challenges, chronic health conditions, substance abuse disorders, and other barriers to self-sufficiency. Housing stability and additional services help individuals and families complete school or training, get connected to programs, achieve employment and a place to call home.

Preservation

The federal Section 8 program provides the largest portion of the privately owned, federally assisted rental housing in the state. Around 31,000 units were financed under this program. The privately

owned Section 8 portfolio was developed primarily from the 1960s to the 1980s. In addition, Minnesota has thousands of units financed by U.S. Department of Agriculture Rural Development that are of a similar age.

As these properties age, or as the subsidy contracts and regulatory agreements expire, there is risk that these units may be lost due to physical deterioration, conversion to market rate rents, or diminished capacity of the ownership entity. When ownership transfers, significant capital is often needed and can be provided by Housing Infrastructure Bonds to ensure that properties can remain in the program and affordable for decades into the future. If the properties are not preserved, the federal subsidies are lost to the state.

Senior Housing

Housing Infrastructure Bond proceeds are available for the acquisition, rehabilitation, adaptive reuse or new construction of senior housing. Funding would be used for housing affordable to seniors (55 years of age and older) earning between 30% and 50% of Area Median Income. New construction senior housing at these income levels is currently not broadly being met by the market.

Single Family Development

New in 2019, Housing Infrastructure Bond proceeds can be used to finance forgivable loans for the acquisition, rehabilitation, adaptive reuse, or new construction of single-family housing. These resources are also used for community land trusts. Community land trusts are non-profit organizations that acquire and own land for the long-term. The community land trust leases the land to a low- or moderate – income homeowner who purchases the building on the land held in trust.

Manufactured Home Communities

Housing Infrastructure Bond proceeds can be made available to finance the acquisition, improvement, and infrastructure including storm shelters and community facilities, of manufactured home communities.

Multifamily Rental Housing - New Eligible Use

This year we are proposing new construction of rental housing as a new eligible activity for Housing Infrastructure Bonds. Funds would be available to finance the costs of the construction of multifamily rental housing for households with incomes at or below fifty percent of area median income (AMI).

Project Rationale

Minnesota needs to build more housing, especially for those with the lowest incomes. Minnesota needs to build 300,000 homes statewide by 2030, including at least 2,500 each year for those earning \$30,000 or less. The private market cannot or will not produce new units at these incomes without public investment.

We need to preserve more housing. About 10,000 of the over 30,000 HUD Section 8 units have contracts that expire in the next four years, putting them at risk of being lost permanently. The state's Section 8 portfolio is aging and in need of capital for rehabilitation to preserve the affordability of these properties that exist in all 87 counties.

More people are experiencing homelessness. Unsheltered homelessness has increased 125% since 2015. Around 8,000 people experience homelessness each night, around 1,650 of whom are sleeping outside, unsheltered. More than 9,000 children are homeless or highly mobile in school districts across the state.

Housing instability is impacting more Minnesotans. Nearly 150,000 renter households making less

than \$50,000 a year are considered severely cost-burdened, meaning they spend more than 50% of their income on housing.

The housing shortage is limiting economic growth. The shortage of housing in the Twin Cities metro area could limit job growth and reduce Gross Regional Product by \$215 million annually.

We need more investments. Minnesota Housing is typically able to finance only one in three or four rental developments.

Project Timeline

Housing Infrastructure Bond proceeds are awarded statewide through several statewide, competitive application processes. One for rental housing, another for single family development and another for manufactured home communities. If approved in the 2022 legislative session, the funding would be awarded to rental housing, single family development and manufactured home communities beginning in the fall of 2022.

Other Considerations

Heading Home Plan – Housing Stability for All Minnesotans

The Minnesota Interagency Council on Homelessness is comprised of 12 State agencies, the Met Council and the Governor’s Office, and is accountable for leading the state’s efforts to achieve housing stability for all Minnesotans through the Heading Home Plan. The Council is led by Lt. Governor Flanagan, and co-chaired by Commissioner Harpstead from Department of Human Services and Commissioner Ho from Minnesota Housing.

Housing Infrastructure Bonds are a critical tool to building new rental housing and preserving housing that’s affordable at the lowest-income levels. Housing Infrastructure Bonds are the main source of state capital to build permanent supportive housing, which pairs affordable housing with access to services.

Green Communities Criteria

Minnesota Housing has adopted a sustainability policy and implemented the Enterprise Green Communities criteria for all new developments and for substantial rehabilitation projects funded by the agency. The Green Communities criteria will apply to developments that are selected to receive housing infrastructure bond proceeds. The criteria cover a range of items related to energy efficiency and the environment including efficient lighting, use of renewable energy, low-impact development, water-conserving fixtures, and integrative design.

Impact on Agency Operating Budgets

This request does not impact Minnesota Housing’s operating budget. Minnesota Housing does not use General Fund appropriations for operating expenses. The developers applying for funding are expected to meet their operating costs through the income they receive from rents, or in the case of community land trusts, through income from the land lease.

Description of Previous Appropriations

In 2012, we awarded \$30 million in Housing Infrastructure Bond proceeds to projects that preserve existing federally subsidized rental housing, create new permanent supportive housing opportunities, and to stabilize communities impacted by the foreclosure crisis. The bond proceeds were committed in 2012 and were used to construct or preserve 472 units of housing.

In 2014, we awarded \$80 million in Housing Infrastructure Bond proceeds to projects for the same purposes. The bond proceeds were committed in 2014 and were used to construct or preserve 1,239 units of housing.

In 2015, the Legislature authorized an additional \$10 million in Housing Infrastructure Bond proceeds. These proceeds were used to construct or preserve 162 units of affordable housing.

In 2017, the Legislature authorized an additional \$35 million in Housing Infrastructure Bond proceeds. The Legislature also authorized an additional \$20 million in Housing Infrastructure Bond proceeds using previous debt service appropriations, due to low interest rates on the bonds issued in 2014 and 2015. This total of \$55 million in Housing Infrastructure Bond proceeds was awarded to projects in fall 2017 and impacted 507 homes.

In 2018, the Legislature authorized an additional \$80 million in Housing Infrastructure Bond proceeds, with \$30 million of that amount dedicated to permanent supportive housing for households behavioral health needs. \$28.4 million was awarded in the fall of 2018, which impacted 406 homes.

In 2019, during the 1st Special Session, the Legislature approved an additional \$60 million in Housing Infrastructure Bond authorization. This amount will be added to just under \$60 million in existing authorization and awarded in the fall of 2019.

In 2020, during the 1st Special Session, the Legislature approved an additional \$100 million in Housing Infrastructure Bond authorization. Most of that authorization was awarded at the end of 2020 and early 2021.

In 2021, during the 1st Special Session, the Legislature approved a conditional amount of \$100 million in Housing Infrastructure Bond authorization. The authority is contingency on potential federal action. If Congress passes an infrastructure bill in 2021 that includes funding for the same purposes of HIB, then bonds cannot be issued for those purposes.

Project Contact Person

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Governor's Recommendation

The Governor recommends \$250 million in appropriation bonds for this request. Also included are budget estimates of \$250 million for each planning period for 2024 and 2026.

Housing Finance

Project Detail

(\$ in thousands)

Housing Infrastructure Bonds

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2022	FY 2024	FY 2026
State Funds Requested				
Appropriation Bonds	\$ 395,000	\$ 250,000	\$ 250,000	\$ 250,000
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 395,000	\$ 250,000	\$ 250,000	\$ 250,000

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2022	FY 2024	FY 2026
Property Acquisition	\$ 94,800	\$ 60,000	\$ 60,000	\$ 60,000
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Project Management	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 300,200	\$ 190,000	\$ 190,000	\$ 190,000
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 395,000	\$ 250,000	\$ 250,000	\$ 250,000

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2022	FY 2024	FY 2026
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 250,000	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	Yes
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	N/A
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	Yes
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6)?	N/A
Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)?	Yes
Will the project meet public ownership requirements (M.S. 16A.695)?	N/A
Will a use agreement be required (M.S. 16A.695 subd. 2)?	N/A
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	N/A
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	N/A
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2026?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	N/A
M.S. 473.4485: Guideway Project	
Is this a Guideway Project?	No
Is the required information included in this request?	N/A

Public Housing Rehabilitation

AT A GLANCE

2022 Request Amount:	\$60,000
Priority Ranking:	2
Project Summary:	Minnesota Housing requests \$60 million in General Obligation bond proceeds to preserve existing public housing to keep it decent, safe and healthy for its low income residents. Throughout the state, approximately 6,000 units of housing will be rehabilitated with this funding.

Project Description

The requested funding will provide investments in aging public housing stock that is in need of repairs. The housing can be found in all 87 counties, comes in all sizes and types, from scattered single family housings to high rise apartments for elderly families. Nearly 66% of households residing in public housing are seniors or people with disabilities, and about 33% are families with children.

Funding will provide improvements in fire suppression systems, accessibility improvements, heating and cooling systems, building envelopes, energy efficient windows, elevators and other critical health and safety items. Priority will be given to projects that address health and safety needs and reduce building operating costs.

The resources will be awarded through a competitive application process. Eligible applicants are local public housing authorities.

Project Rationale

Public housing is existing affordable housing that serves some of the lowest income residents of the state, including many seniors, persons with disabilities and families with children. Public housing is owned and managed by local public housing authorities and financed by the federal government.

More than 21,000 public housing units are owned and operated by around 120 public housing authorities throughout 87 Minnesota counties. Nearly 75% of the residents have incomes under \$15,000 per year. Residents pay 30% of their income toward rent. More than 90% of public housing units in the state are over 20 years old. It is critical that we preserve this housing stock for the state’s lowest income residents.

This capital request may be impacted by a federal infrastructure bill and appropriations to the Public Housing Capital Fund in the upcoming FY 2022 federal budget.

Project Timeline

Funding will be awarded through a statewide, competitive request for proposal. If funding is provided during the 2022 legislative session, we anticipate that funds would be available by fall of 2022 with resources awarded to projects by early 2023, and that construction could begin in 2023.

Other Considerations

N/A

Impact on Agency Operating Budgets

This request does not impact Minnesota Housing's operating budget. Minnesota Housing does not use General Fund appropriations for operating expenses. Public housing authorities pay the operating costs for the projects and in many cases the projects funded through this program reduce operating costs.

Description of Previous Appropriations

In 2012, the agency received \$5.5 million in GO bond proceeds for public housing rehabilitation. The funding was used for the rehabilitation of 950 units of public housing.

In 2014, the agency received \$20 million in GO bond proceeds for public housing rehabilitation. The funding was used for the rehabilitation of 2,500 units of public housing. Seventy-five percent of the units are located in Greater Minnesota.

In 2017, the agency received \$10 million in GO bond proceeds for public housing rehabilitation. These funds were awarded to public housing authorities in early 2018. Funds were awarded to public housing authorities in early 2018 and preserved 2,068 units throughout the state.

In 2018, the agency received \$10 million in GO bond proceeds for public housing rehabilitation. These funds were awarded to public housing authorities in May 2019 will preserve 1,622 units throughout the state.

In 2020, the agency received \$16 million in GO bond proceeds for public housing rehabilitation. These funds have been awarded to individual projects across the state.

Project Contact Person

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Governor's Recommendation

The Governor recommends \$60 million in general obligation bonds for this request. Also included are budget estimates of \$60 million for each planning period for 2024 and 2026.

Housing Finance

Project Detail

(\$ in thousands)

Public Housing Rehabilitation

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2022	FY 2024	FY 2026
State Funds Requested				
General Obligation Bonds	\$ 40,000	\$ 60,000	\$ 60,000	\$ 60,000
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 40,000	\$ 60,000	\$ 60,000	\$ 60,000

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2022	FY 2024	FY 2026
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Project Management	\$ 0	\$ 0	\$ 0	\$ 0
Construction	\$ 40,000	\$ 60,000	\$ 60,000	\$ 60,000
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 40,000	\$ 60,000	\$ 60,000	\$ 60,000

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2022	FY 2024	FY 2026
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 60,000	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	Yes
Pre-design Review (M.S. 16B.335 subd. 3):	
Does this request include funding for pre-design?	N/A
Has the pre-design been submitted to the Department of Administration?	N/A
Has the pre-design been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	Yes
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6)?	N/A
Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)?	Yes
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	N/A
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	Yes
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	N/A
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2026?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 473.4485: Guideway Project	
Is this a Guideway Project?	No
Is the required information included in this request?	N/A