

Housing as Critical Infrastructure

2020 Governor's Local Jobs and Projects Plan

\$200 million – Housing Infrastructure Bonds

\$60 million – Public Housing Improvements

The Need

- **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.
- **We need to preserve more housing.** About 10,000 of the 30,000 HUD Section 8 units have contracts that expire in the next four years, putting them at risk of being lost permanently. Statewide, we lose 2,000 homes annually that are affordable without public subsidies.
- **More people are experiencing homelessness.** Unsheltered homelessness has increased 125% since 2015. About 8,000 people experience homelessness each night, 1,650 of whom are sleeping outside, unsheltered. More than 8,000 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 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 rental developments. In 2019, we received over \$225 million in requests for Housing Infrastructure Bonds, nearly twice the funds available. Total immediate/critical needs for public housing exceed \$185 million.

Housing Infrastructure Bonds (HIB) – Create and preserve more housing

Why Housing Infrastructure Bonds?

- Housing Infrastructure Bonds are the largest state source of capital for housing development.
- Bonds leverage local, federal and private investment and spur development that otherwise would not happen.
- Financing is needed to build new housing where rents are affordable to households with low-to-moderate income.
- We use appropriation bonds (HIB) because over 95% of the housing in the state is privately owned and State GO bonds are limited to public ownership.



Housing Infrastructure Bonds are used to:

- Preserve federally assisted rental housing.
- Build permanent supportive housing for people or families experiencing or at risk of homelessness and for people with behavioral health needs.
- Acquire land by community land trusts for homeownership.
- Create affordable housing for seniors age 55 and older.
- Finance manufactured home community infrastructure.
- **Proposed new use** - Build new rental housing for people with incomes below 50% AMI.

Public Housing Improvements – Maintain and rehab public housing

Why Public Housing?

- Minnesota has more than 21,000 public housing units funded by the federal government and owned and operated by local public housing authorities in all 87 counties.
- The federal government’s support for public housing has diminished as appropriations for operations and capital have been reduced to inadequate levels.
- Nearly 66% of households residing in public housing are seniors or people with disabilities and about 33% are families with children.
- Average income of residents is around \$16,000.
- Funds for public housing rehab are used for health, safety and energy efficiency improvements. Eligible uses include fire-related safety systems.



The Impact of Bonds for Housing

- Since 2012, resources in the bonding bill have been used to create or preserve nearly 10,700 homes across the state.
- Leverage
 - To date, \$309 million in HIB has leveraged nearly \$600 million in total development costs.
 - Every \$1 in state funding for preservation preserves \$4 in federal rental assistance.
- Regional Balance
 - Historically, HIB financing is distributed about 60% to metro and 40% to Greater Minnesota.
 - About 75% of public housing improvements have been in Greater Minnesota.
- Future Impact of 2020 Capital Investment
 - \$200 million in Housing Infrastructure Bonds will finance up to 1,800 homes.
 - \$60 million for public housing rehabilitation will improve up to 10,000 homes.

The Results

Housing Infrastructure Bonds

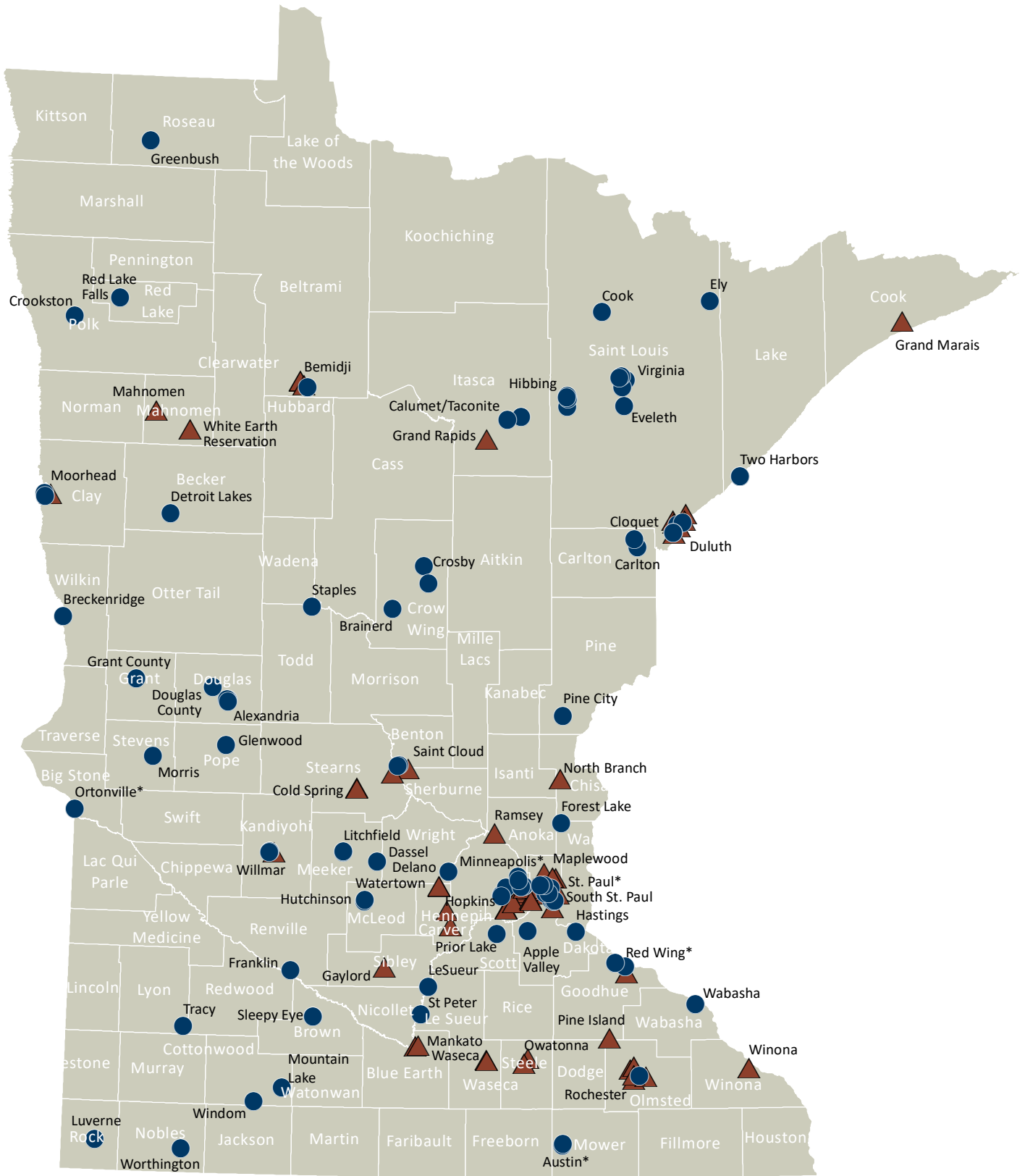
Year	Amount Authorized	Amount Awarded	# of Multifamily Projects	# of Single Family Projects	# of Units	Total Development Costs (Multifamily)	Project Status (Multifamily)
2012	\$30 million	\$30 million	8	5	472	\$59.1 million	All projects complete
2014	\$80 million	\$70 million	11	5	1,239	\$120.4 million	All projects complete
2015	\$10 million	\$20 million	4	4	162	\$34.9 million	All projects complete
2017	\$55 million	\$42 million	7	5	555	\$104.2 million	Projects complete or under construction
2018	\$80 million	\$29 million	14	6	462	\$60.8 million	Projects in closing
2019	\$60 million	\$118 million	16	5	946	\$216.5 million	Awarded in November 2019
Total	\$315 million	\$309 million*	60	30	3,836	\$595.9 million	

**Remaining HIB Authorization reserved for potential increased costs of existing selections*

GO Bonds for Public Housing Improvements

Year	Amount Appropriated	Amounts Awarded	# of Projects	# of Units	Project Status
2012	\$5.5 million	\$5.5 million	14	950	All projects complete
2014	\$20 million	\$20 million	35	2,438	All projects complete
2017	\$10 million	\$10 million	27	1,844	All projects complete, in closing or under construction
2018	\$10 million	\$10 million	20	1,622	Funds were committed in May 2019
Total	\$45.5 million	\$45.3 million	96	6,854	

Capital Investments in Housing 2012-2019



HIB 2012 (8 Multifamily, 5 Single Family) | 2014 (11 Multifamily, 5 Single Family) |
 2015 (4 Multifamily, 4 Single Family) | 2017 (7 Multifamily, 5 Single Family) |
 2018 (14 Multifamily, 6 Single Family) | 2019 (16 Multifamily, 5 Single Family)

GO Bonds

2012 (15 Projects) | 2015 (35 Projects) | 2017 (27 Projects) | 2018 (16 Projects/*5 Projects on Waiting List)



Source: Minnesota Housing Date: 1/7/2020

