



Housing Infrastructure Bonds and Public Housing Rehabilitation

Jennifer Leimaile Ho, Commissioner

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Minnesota Housing: A Mission-Driven Financial Institution

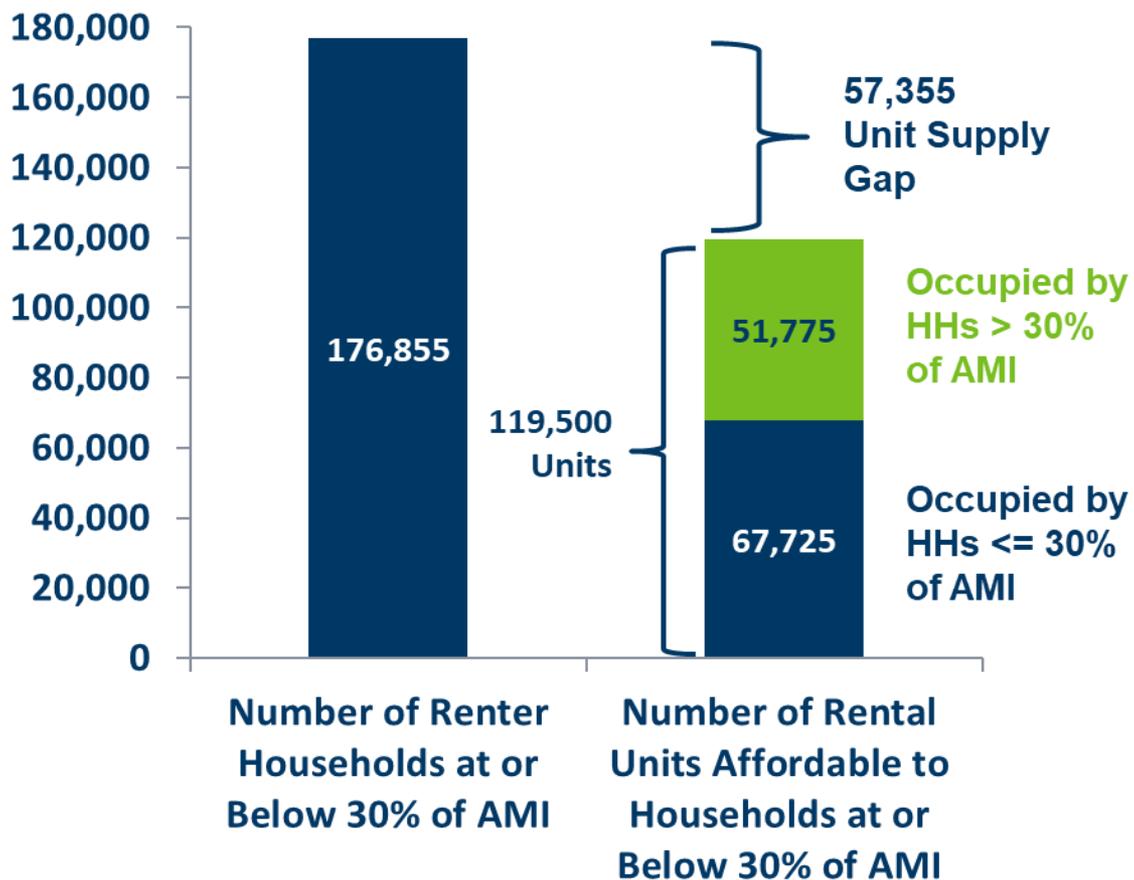
- One of the leading State Housing Finance Agencies for homeownership lending.
- AA+ Bond ratings from Moody's and Standard & Poor's.
- Sound management of financial resources and Agency earnings create additional resources to serve more.
- Our partnership with the Legislature is a model for other states and allows us to serve people with the most needs.

Housing Needs: All of Minnesota is Affected

Impact of Housing Unaffordability

- 590,000 households pay 30% or more of their income for housing.
- 79% of Extremely Low Income Minnesota renters are cost burdened.
- 184,000 households between the ages of 25-44 are potentially income-ready to purchase a home.
- Limited supply of single-family homes for sale, particularly for homes selling for \$250,000 or less.
- Roughly 8,000 people face homelessness on a given night.

Massive Gap in Affordable Housing for Extremely Low-Income Renter Households



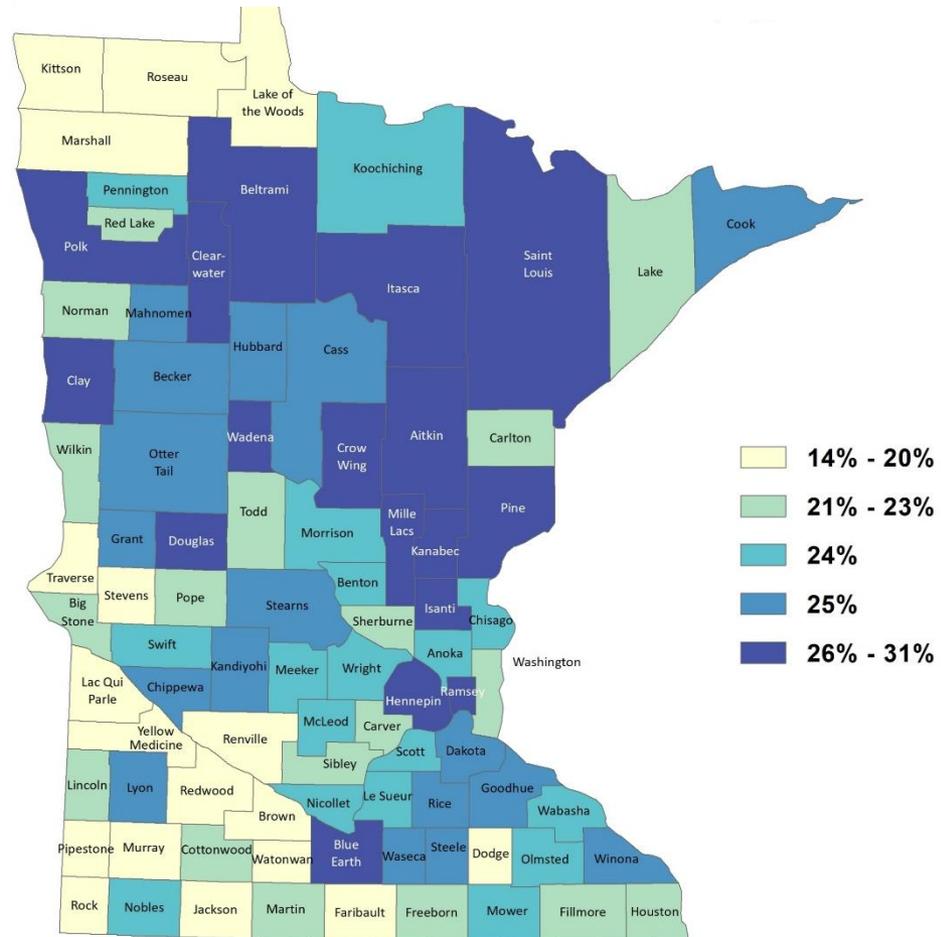
Renter Households with Incomes <= 30% of AMI

- 134,000 are cost burdened
 - 33,000 moderately (31% to 50% of income to housing)
 - 101,000 severely (over 50% of income to housing)

Housing Needs Are Everywhere

- Cost-burdened households are in every county.
- In most of the state, 1 in 4 households pay 30% or more of their income on housing costs.

Percentage of All Households that are Cost Burdened, 2021

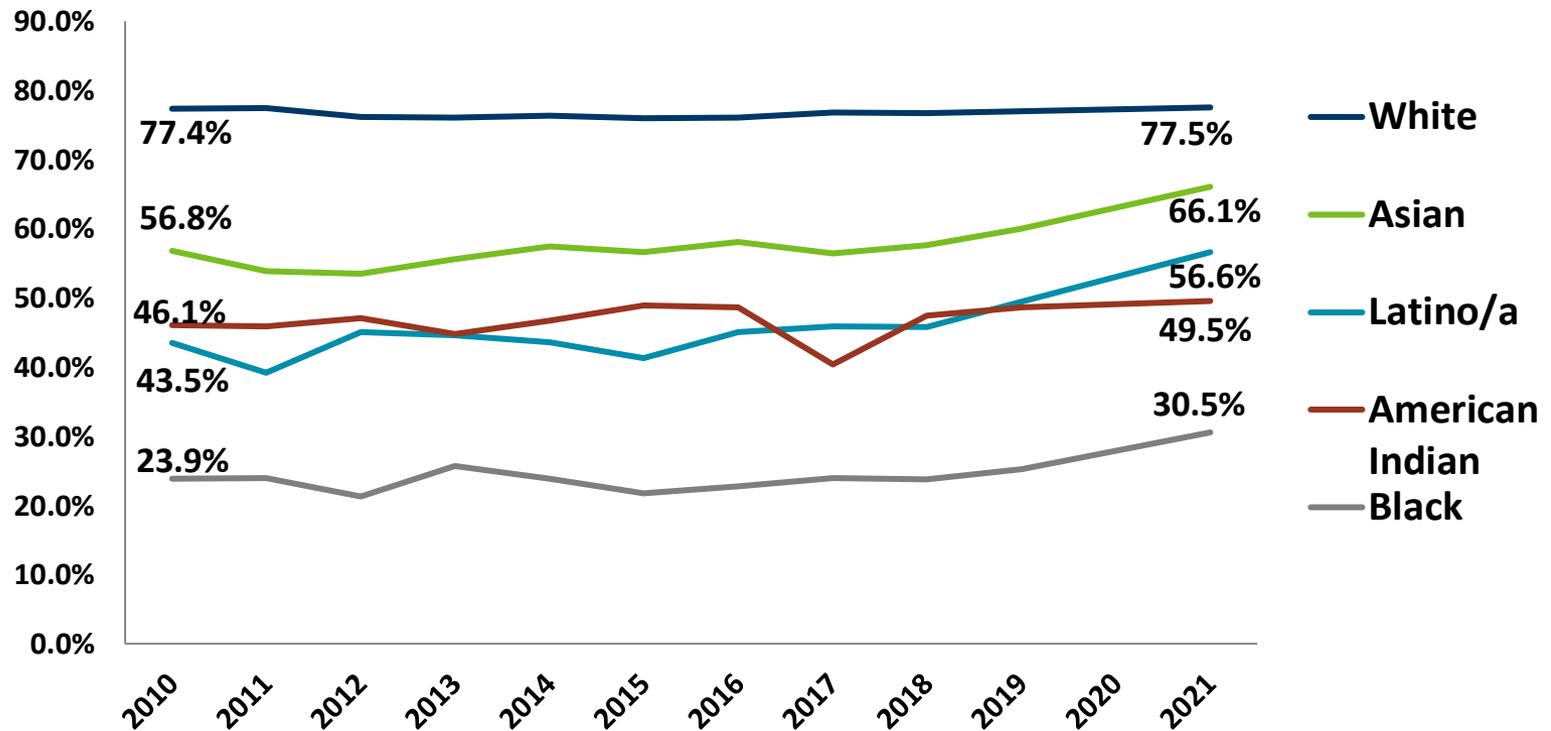


Source: US Census Bureau, American Community Survey 2017-2021.

Disparities in Homeownership

There is still a nearly 50-point gap in homeownership rates between Black and white Minnesota households.

Homeownership Rates by Race and Ethnicity in Minnesota, 2010 to 2021

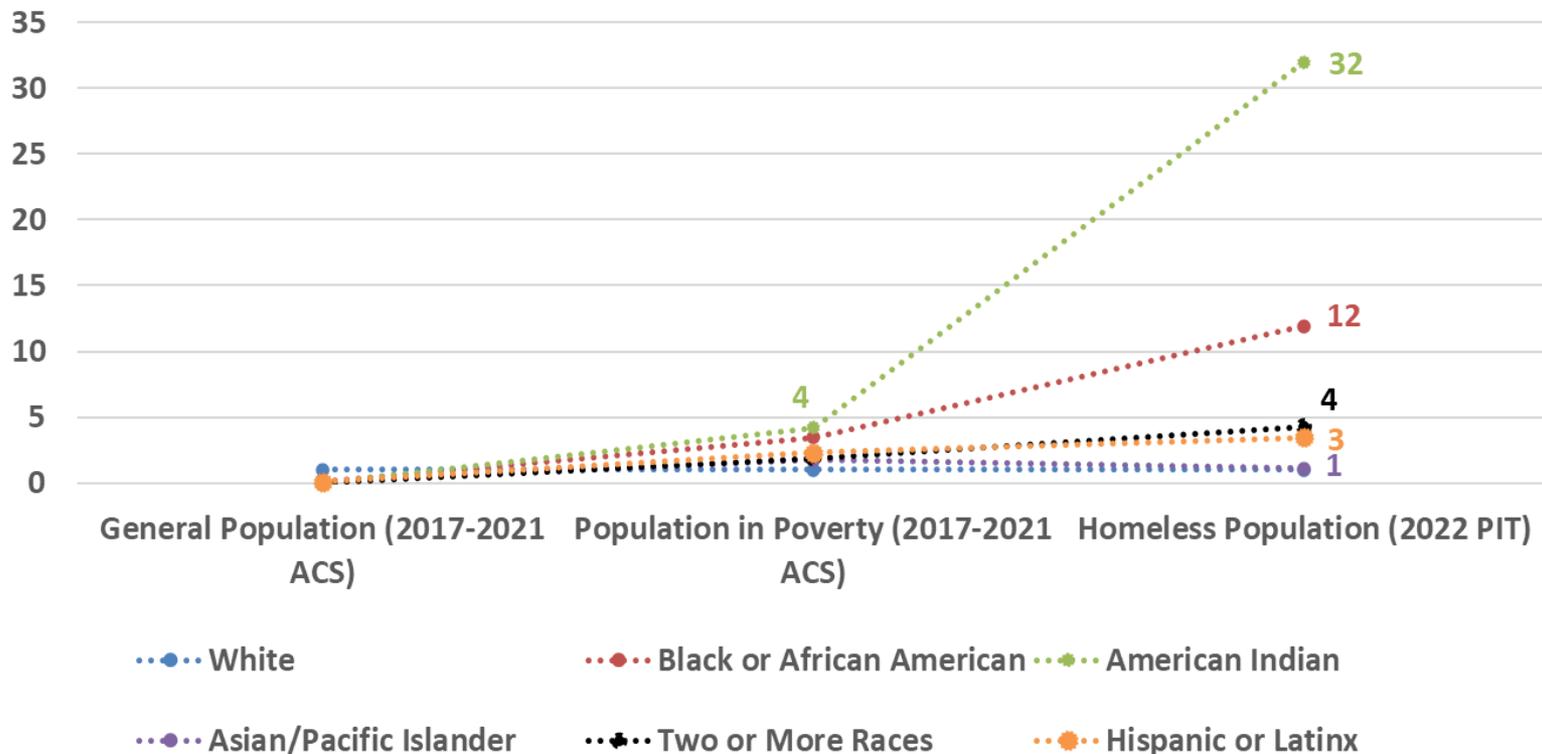


Source: Census Bureau, American Community Survey (2010 to 2019, 1-yr samples)

Disparities in Homelessness

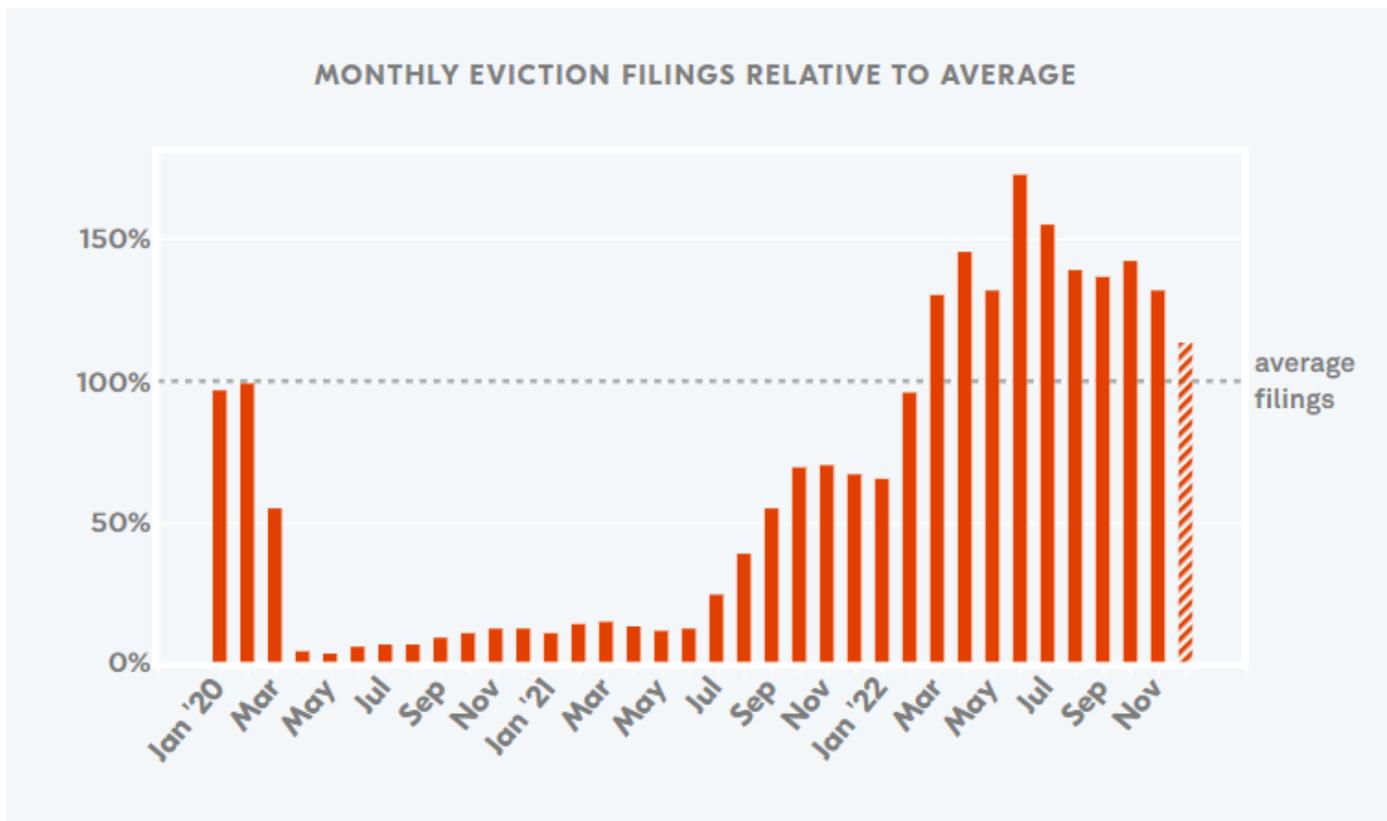
Indigenous individuals are **32 times as likely** to experience homelessness compared to white, non-Hispanic individuals.

Proportional Representation of Race and Ethnic Populations



Increased Housing Instability

Evictions are exceeding pre-pandemic levels



Source: evictionlab.org Data current through December 10, 2022.



Housing Infrastructure Bonds

Why Housing Infrastructure Bonds?

- 95% of the housing in the state is privately owned.
- State GO bonds can only be used for publicly-owned housing.
- Created in 2012, Housing Infrastructure Bonds (HIB) are the **largest state source** of capital for housing development and are unique around the country.
- Bonds leverage local, federal and private investment and spur development that otherwise would not happen.



Housing Impacted by HIB



- Develop and preserve permanent supportive housing.
- Preserve federally assisted rental housing.
- Create affordable housing for seniors aged 55 and older (new in 2018).
- Manufactured home community acquisition and infrastructure (new in 2018).
- Develop homeownership opportunities, including homes in community land trusts (expanded in 2020).

New Use Proposed in 2023



- The biggest gap in housing development is housing that is affordable to individuals and families with lower incomes.
- Proposal would expand the allowed uses of HIB to include housing for **people making less than 50% of the Area Median Income.**

Housing Infrastructure Bonds Overview

- Just over \$500 million in HIB have been authorized and put into projects since 2012, leveraging over \$1 billion in total development costs.
- More than 6,400 units have been created or preserved, including units in the pipeline.
- HIB are a critical resource to support households at 30% AMI levels, including permanent supportive housing and new construction senior housing.



Anticipated Timing for New Resources

- January – April 2023 RFP technical assistance and outreach
- April Request for Funding process opens
- July Application period closes
- August – December Agency selections
- December Minnesota Housing Board of Directors vote on selections
- Beginning Jan. 2024 Project underwriting and due diligence
- Fall 2024 First issuance of Housing Infrastructure Bonds to finance loans and grants after MMB issues general obligation bonds

HIB – 2022 RFP Selections

Single-Family Development:

- \$4.4 million for 14 proposals, supporting 63 homes in community land trusts.

Manufactured Housing

- \$7.7 million for 7 proposals, supporting 515 units.

Rental Housing

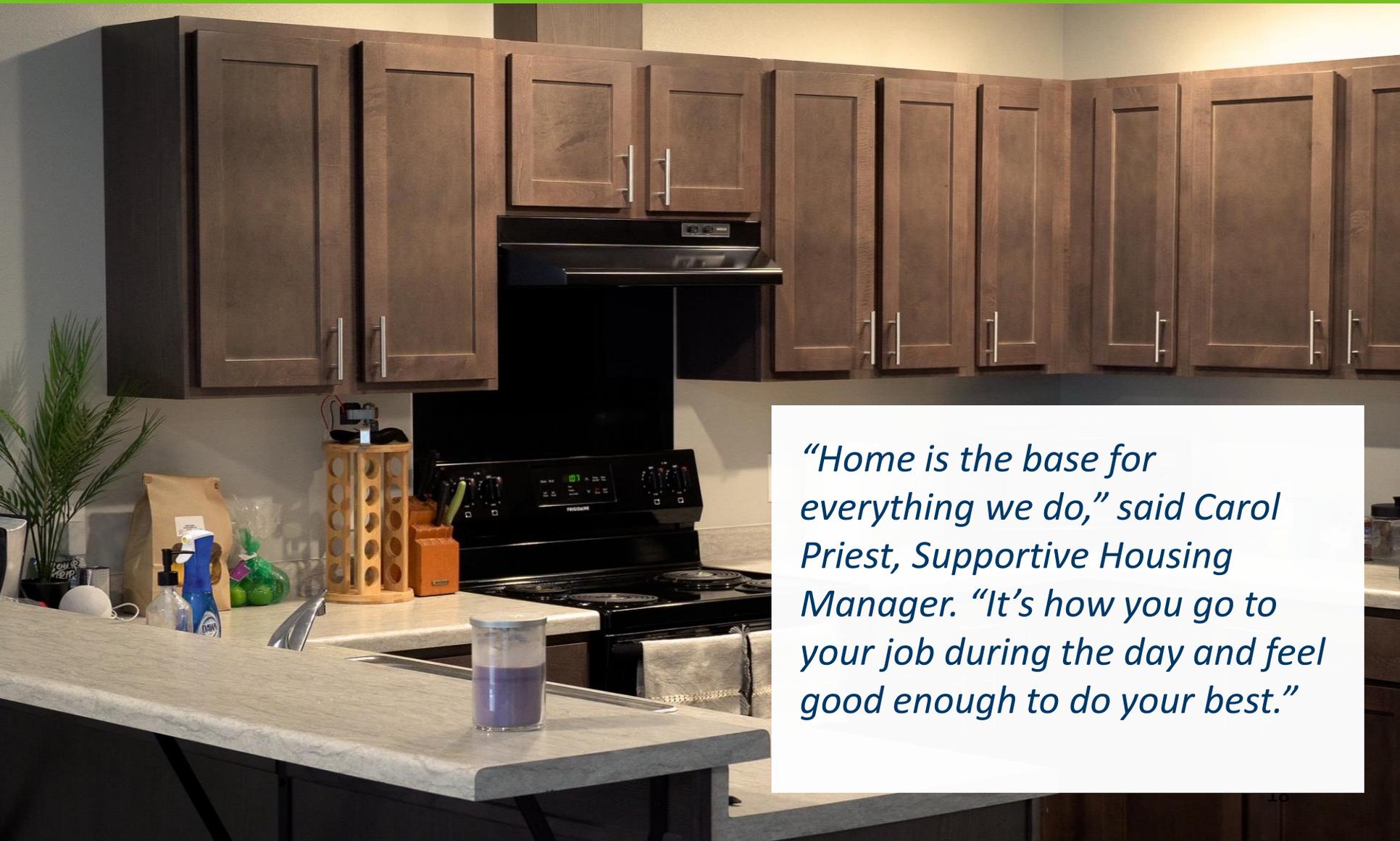
- Supportive Housing - \$11.9 million for 2 proposals, supporting 88 units.
- Preservation - \$1.3 million for 1 proposal, supporting 86 units.

Housing Infrastructure Bonds Summary

Housing Infrastructure Bonds 2012 - 2021

	Number of Units	HIB Amount (Committed)	Total Development Costs
Multifamily New Construction	2,905	\$377.2 million	\$716.0 million
Multifamily Rehabilitation/Preservation	2,136	\$120.3 million	\$278.9 million
Single Family	422	\$15.1 million	\$92.5 million
Manufactured Homes	895	\$6.0 million	\$11.2 million
TOTAL	6,358	\$518.6 million	\$1,098.6 billion

HIB Project Highlight – Rental



“Home is the base for everything we do,” said Carol Priest, Supportive Housing Manager. “It’s how you go to your job during the day and feel good enough to do your best.”

HIB Project Highlight – Rental

Red Lake Supportive Housing

Construction will begin this year for 28 units of supportive housing, built as twin homes/duplexes with one to three bedrooms per unit.

The homes will be situated near two new service centers that will provide extra support for those who may struggle to keep their housing.

The developer is Red Lake Housing.



HIB Project Highlight – Single Family

Single Family Homes, Grand Rapids

Eight new community land trust homes will be built through a collaboration between Itasca County HRA and One Roof Community Housing.

Community Land Trusts create permanently affordable homeownership opportunities through a one-time investment in the purchase of land and underwriting of construction and repair costs.

HIB Project Highlight – Single Family



"I recommend using the land trust model to everyone," says Marshall on his new home. "We're not going paycheck-to-paycheck anymore. We used to go way into the negative. We're starting to catch up and soon we'll be ahead. It feels good."

HIB Project Highlight – Manufactured Housing

Infrastructure repairs in Moorhead community

Bennett Park Cooperative in Moorhead is a 22-lot manufactured home community that provides some of the lowest lot rents in the region, but the community has infrastructure needs.

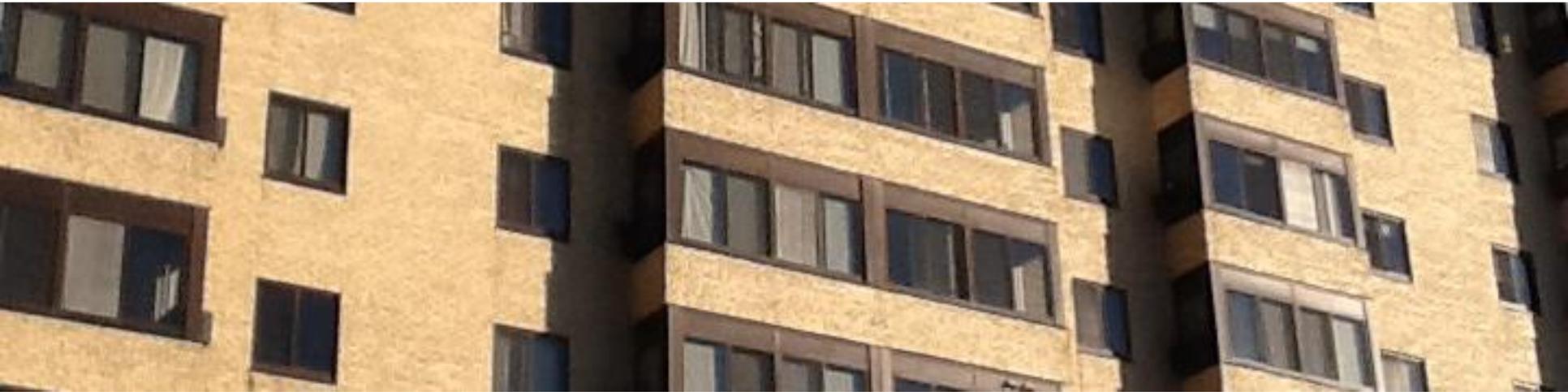
Investments to upgrade sewer pipes and water mains and reconstruct parking lots and roads will help Bennett Park stay a viable, affordable manufactured home community for years to come.



HIB Project Highlight – Manufactured Housing

"We're so excited to get started," said Evan, board member and resident at Bennett Park. "The park needs a lot of improvements. Our roads are covered with potholes. If you live on the edges of the park, the water pressure is terrible. My hope is that someday people will drive by and say 'oh, that place is really nice.'"





Public Housing Preservation: State General Obligation Bonds

Public Housing in Minnesota

- Public housing serves about **36,000** low-income households throughout the state.
 - Includes 12,000 children as well as a high percentage of elderly and disabled individuals.
 - Over 65% have incomes of less than \$15,000 per year.
- More than **95%** of public housing units are 35+ years old.
- This request and funding process prioritizes life/safety projects. The agency prioritizes the funding of fire suppression systems.



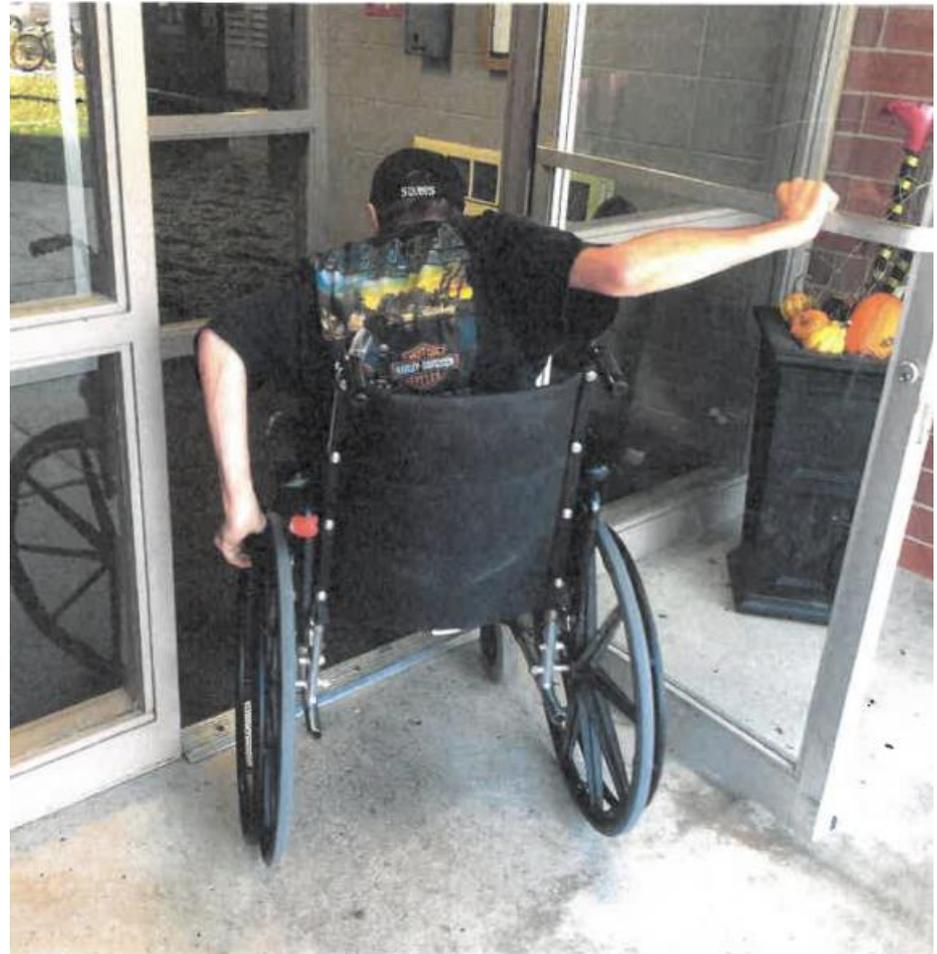
Public Housing Funding Summary

Year	Amount Authorized	Amount Awarded	# of Projects	# of Units
2012	\$5.5	\$5.5	14	950
2014	20	20	35	2,438
2017	10	10	27	1,844
2018	10	9.8	20	1,622
2020	16	14.9	20	1,835
Total	\$61.5	\$60.2	116	8,689

Blue Mound Tower – Luverne

2018
\$596,849 POHP funding

The Housing and Redevelopment Authority of Luverne manages this 7-story, 70-unit development built in 1971, which serves the needs of all ages including the elderly and physically and emotionally disabled.



Blue Mound Tower – Luverne

Repairs included:

- critical roof replacement
- fire alarm panel
- ADA accessible entrance
- security
- emergency backup generator



Wabasha Hi-Rise – Saint Paul

2020 \$893,571 POHP funding

Wabasha Hi-Rise is a six-story high-rise originally built in 1969 that is owned and managed by St. Paul PHA. The building consists of 70 total units, both efficiency and 1-bedrooms and provides housing for a diverse group of low-income individuals. St. Paul PHA applied for 2020 POHP funding to complete much-needed masonry replacement and other exterior work.



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Thank You