

HF12 - 0 - First-Generation Homebuyers Assistance Fund

Chief Author: **Esther Agbaje**
 Committee: **Housing Finance and Policy**
 Date Completed: **1/18/2023 10:39:49 AM**
 Lead Agency: **Housing Finance Agency**
 Other Agencies:
 Office of the Legislative Auditor

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Housing Finance Agency					
General Fund	-	176,000	-	-	-
Housing Finance Agency	-	-	-	-	-
State Total					
General Fund	-	176,000	-	-	-
Housing Finance Agency	-	-	-	-	-
Total	-	176,000	-	-	-
Biennial Total			176,000		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Housing Finance Agency					
General Fund	-	-	-	-	-
Housing Finance Agency	-	1	1	1	1
Total	-	1	1	1	1

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 1/18/2023 10:39:49 AM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2	Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Housing Finance Agency					
General Fund	-	176,000	-	-	-
Housing Finance Agency	-	-	-	-	-
Total	-	176,000	-	-	-
Biennial Total			176,000		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Housing Finance Agency					
General Fund					
Expenditures	-	-	-	-	-
Transfers Out	-	176,000	-	-	-
Housing Finance Agency					
Expenditures	-	176,156	156	156	156
Absorbed Costs	-	(156)	(156)	(156)	(156)
Total	-	352,000	-	-	-
Biennial Total			352,000		-
2 - Revenues, Transfers In*					
Housing Finance Agency					
General Fund					
	-	-	-	-	-
Housing Finance Agency					
Revenues	-	-	-	-	-
Transfers In	-	176,000	-	-	-
Total	-	176,000	-	-	-
Biennial Total			176,000		-

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Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
		X

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General Fund	-	176,000	-	-	-	-
Housing Finance Agency	-	-	-	-	-	-
Total	-	176,000	-	-	-	-
Biennial Total			176,000			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Housing Finance Agency	-	1	1	1	1
Total	-	1	1	1	1

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 1/18/2023 10:28:19 AM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

State Cost (Savings) Calculation Details

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Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	176,000	-	-	-
Housing Finance Agency	-	-	-	-	-
Total	-	176,000	-	-	-
Biennial Total			176,000		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund					
Expenditures	-	-	-	-	-
Transfers Out	-	176,000	-	-	-
Housing Finance Agency					
Expenditures	-	176,156	156	156	156
Absorbed Costs	-	(156)	(156)	(156)	(156)
Total	-	352,000	-	-	-
Biennial Total			352,000		-
2 - Revenues, Transfers In*					
General Fund					
Revenues	-	-	-	-	-
Transfers In	-	176,000	-	-	-
Total	-	176,000	-	-	-
Biennial Total			176,000		-

Bill Description

House File 12 creates a First-Generation Homebuyers Downpayment Assistance program.

- Subdivision 1 provides the appropriation to Minnesota Housing to act as a fiscal agent for a grant to Midwest Minnesota Community Development Corporation (MMCDC);
- Subdivision 2 establishes the program;
- Subdivision 3 defines eligible homebuyer;
- Subdivision 4 defines the uses of the funds;
- Subdivision 5 details administration of the program;
- Subdivision 6 request audit by the legislative auditor; and
- Subdivision 7 requires a report

Assumptions

Under Section 1, subdivision 1 Minnesota Housing is designated as fiscal agent for the grant. As fiscal agent, Minnesota Housing has several responsibilities because it is the general policy to manage legislatively mandated grants with the same level of oversight applied to other state grants, while respecting and maintaining the legislative intent.

- MMCDC will be required to submit a grant work plan and budget. Given the size of the program, we anticipate this will be a significant effort to understand how the funds will appropriately be deployed across the State through lenders affiliated with MMCDC.
- The grant contract agreement shall be based on the legislation, the grant work plan and budget submitted by the grantee, and negotiations will occur between the state agency and the grantee.
- Legislatively made grants are monitored using the same standards applied to other types of state grants. Since it is grant program that provides loans administered by lenders affiliated with MMCDC, Minnesota Housing assumes we would do random post-closing audits similar to what we complete on loan programs.
- We assume the work to establish the grant contract, be available for questions related to the program's administration, complete post-closing audits. We assume that all this work will take at least 1 FTE to complete all this work and that this work would need to be completed by a middle manager. Upfront work would focus on executing the grant agreement. Once established the work would shift to post-closing audits of loans.
- While the program requires additional work, the agency is absorbing the costs because we do not use state appropriations to fund operations, including staff costs.
- The work will be completed by a Housing Program Officer. The average compensation for this position (salary and benefits including FICA, retirement and insurance) is \$155,808.

Under Section 1, subdivision 1, \$176 million is appropriated in FY 2024 for the program. For the purposes of this fiscal note, we are showing all the expenditures in FY 2024.

Minnesota Housing's costs do not include:

- Costs incurred by MMCDC by administer the program including any technology needs associated with implementing the program and completing the reporting requirements. The agency does not know if MMCDC has the technology needs to complete this program or complete the reporting requirements. MMCDC costs would be reviewed and approved by Minnesota Housing and paid from the program's appropriation.
- Costs included by lenders affiliated with MMCDC to originate the loans.
- Costs of the Office of Legislative Auditor to audit the program.

Expenditure and/or Revenue Formula

Section 1, subdivision 1 Act as Fiscal Agency

- 1 FTE X \$155,808 = \$155,808 starting in FY 2024 through FY 2027 (one year after the grant period closes).

Section 1, subdivision 1 - Appropriation

- \$176 million is appropriated to Minnesota Housing. All of Minnesota Housing's appropriations are transferred from the general fund to the Housing Development Fund.

Long-Term Fiscal Considerations

This is a one-time appropriation available until June 30, 2026.

Local Fiscal Impact

Not applicable.

References/Sources

Office of Grants Management policies, Department of Administration.

Agency Contact:

Agency Fiscal Note Coordinator Signature: Ryan Baumtrog

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Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Susan Nelson **Date:** 1/17/2023 11:09:50 AM
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State Cost (Savings) Calculation Details

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Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Section 1, subd. 6, of HF12 authorizes the Office of the Legislative Auditor (OLA) to audit the first-generation homebuyers down payment assistance fund. Midwest Minnesota Community Development Corporation (MMCDC) and participating community development financial institutions (CDFIs) must cooperate with the audit.

Assumptions

HF12 does not require OLA to complete an audit of the first-generation homebuyers down payment assistance fund. OLA will monitor the fund and schedule audits consistent with OLA's responsibilities and the requirements of applicable laws. If OLA conducts an audit, it would be completed as part of its normal process and no additional funds would be necessary.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

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