



## **Strategy: Invest \$100 million in State Bonding for Housing**

### **H.F. 1354 (Clark)/S.F. 1382 (Tomassoni)**

**Objective:** Jumpstart the economy, and create jobs and housing.

**Background:**

- Almost 10,000 residential construction jobs were lost in Minnesota from August 2005 to August 2009, more than half of such jobs.
- Minnesota needs more than 30,000 units of housing affordable to seniors, people with disabilities, and working families.
- The housing crisis has left foreclosed homes and vacant properties in its wake. Federal neighborhood recovery resources remain inadequate.
- The current economy provides a unique opportunity to acquire properties affordably.
- In 2008, the Legislature authorized Minnesota Housing to issue its first non-profit (501c3) bonds.

**\$100 million in State Bonding for Housing includes:**

**A. Support Minnesota Housing \$40 million proposal.**

- Non-profit (501c3) bonds (\$30 million) address:
  - foreclosed, boarded and vacant rental housing
  - permanent supportive housing for the homeless
  - acquiring land for community land trust housing
- General obligation (G.O.) bonds for public housing (\$10 million) to rehabilitate housing for the state's neediest seniors and people with disabilities.

**B. Augment with \$60 million in additional housing bonds.**

Authorize the sale of additional housing bonds for affordable housing rehab and construction qualifying under the Challenge Program which expands eligibility to include:

- Affordable ownership options such as Habitat for Humanity and land trust homes
- Federal housing tax credit rental projects
- A flexible way to address a variety of housing and employment needs

Debt service on \$100 million of housing bonds is approximately \$8 million annually.

\*Assumes a state investment of \$25,000 per unit for units worth \$180,000 each. Based on recent funding patterns for state-funded units, a state investment of \$25,000 is assumed to leverage \$155,000 in other public and private investments.

**Investing \$100 million in housing rehab and new construction through MHFA's Challenge Program generates up to\*:**

- 4,100 housing jobs in the year of construction
- \$30 million in new local property tax revenues over ten years
- Leverages \$620 million for a total outlay of \$720 million

**The state RECOUPS HALF (\$49.5 million) of its investment via sales, mortgage, deed, and income tax revenues during the first year.**

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