

Capture the Growth of Deed & Mortgage Revenues for Housing (HF 3725 / SF 3304)

Create 10,000-15,000 units of additional affordable housing over 10 years based on existing taxes.

Investing in housing creates jobs, increases local property tax bases, provides a significant return on investment to the state, and stabilizes communities, especially those hit hard by foreclosure.

How HF 3725 / SF 3304 works:

- Starting in 2012, captures the increase in existing deed and mortgage tax revenues over FY 2011 levels to build and rehab housing and create jobs.
- Funds supplement the Challenge Program, Minnesota Housing's most flexible program for building and rehabbing rental and ownership homes.

Housing Creates Jobs and Generates Revenues

- Over half of Minnesota's housing construction jobs have been lost since 2005.
- With this funding strategy, over 10 years:
 - The state recoups half of its investment through tax revenues during the year of construction. *
 - Creates 15,000 units of housing, over 20,000 jobs.*
 - Invests an estimated \$373 million in housing and returns \$185 million to the state in the year of construction.*
 - Stabilizes communities by generating local property taxes for years past the initial investment.

Housing Needs are Severe

- Minnesota lacks adequate support to meet the housing needs of Minnesota's seniors, people with disabilities, and working families.
- Well over 33,000 units of housing are needed.
- 1 in 8 Minnesota households pay more than half their income for housing, with many forced to choose between housing and other needs, like health care and transportation.

*Assumes state investment of \$25,000 per unit plus leverage of \$155,000 in other public and private investments for \$180,000 units. Based on recent funding patterns for Challenge grant-funded units and MHP adaptation of 2009 analyses by Donjek, Inc. and the Minnesota Housing Finance Agency.

Updated 10/5/10