



Investing in Housing for Minnesota: Economic Benefits

Housing construction, both new construction and rehabilitation, **creates jobs** and significant **economic activity, generates a return on investment to the state** and **increases local tax bases**, according to recent analyses by Donjek, Inc. and the Minnesota Housing Finance Agency.¹ MHP applied these analyses to state investments in housing affordable to Minnesota families.

Investing \$100 million in a mix of housing rehabilitation and new construction through MHFA's Challenge program is estimated to generate²:

- 4,000 units of housing affordable to families
- 4,100 jobs in housing development in the year of construction through direct spending and 1,700 jobs through indirect spending
- \$49.5 million in state tax revenues in the year of construction
- \$24 million in new property tax revenues over ten years for local units of government
- Leverages an additional \$620 million for a total outlay of \$720 million

The **state recoups half of its investment** via sales, mortgage, deed, and income tax revenues during the first year, with additional tax revenues generated in coming years through sales and income taxes.

Now Is the Time

- Almost 10,000 residential construction jobs were lost in Minnesota from August 2005 to August 2009.³
- Affordable housing is a perennial and growing need.
- The state has a unique opportunity to invest in acquiring properties affordably to meet community housing needs.

For more information and to view the referenced reports, visit www.mhponline.org.

¹ Sources: "Housing as a Lever for Economic Recovery", Donjek Inc., Feb. 2009; "The Economic Impact of Minnesota's Housing Investment", MHFA, Jan. 2009; "Housing Trends in Minnesota", Minnesota Housing Partnership, Jan. 2009.

² 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. Producing 4,000 units at \$180,000 each results in an outlay of \$720 million.

³ Current Employment Statistics, Minnesota DEED

State investment in housing rehab and construction addresses vacant properties, and neighborhood destabilization, as well as the housing needs of seniors, people with disabilities, and working families.