



FOR IMMEDIATE RELEASE

Contact: Shannon Guernsey (612) 749-4000
or Julie Nester (651) 925-5540

Governor slashes key housing program when Minnesota families face greatest needs

St. Paul, Minn. (January 27, 2009) – In the midst of an economic crisis created by the downturn in the housing market, Gov. Pawlenty today proposed significant cuts to programs that help families access housing during the foreclosure fallout. The proposed budget also failed to recognize that investing in housing creates jobs and stimulates the economy, one of the Governor's top priorities as noted in his State of the State address last week.

"Clearly it's a disconnect. The Governor missed an opportunity to generate jobs and help families displaced by the housing crisis," said Chip Halbach, executive director for the Minnesota Housing Partnership. "Renters are hit particularly hard and through no fault of their own. Many lost their homes because the landlord went into foreclosure while the proposed cuts impact rental units the most."

The governor's budget recommendation released today is a major blow to funding for Minnesota Housing. Recommended allocations total \$85.4 million for 2010-11, down 25 percent from the \$114 million appropriated for 2009-10.

The Challenge Grant program, the primary funding source for housing development and restoration, takes the biggest hit. Last biennium's Challenge Grant allocation amounted to \$34 million, while this year amounted to less than \$11 million, a 68 percent decrease. If adopted, such a reduction would reduce housing production by 1200 rental units and 550 owner occupied units compared to the previous biennium.

The Minnesota Housing Partnership is a statewide nonprofit organization that advances the preservation and creation of housing affordable to low- and moderate-income people as a means of strengthening communities and families. MHP provides local governments and nonprofit housing organizations access to loans, grants, and technical expertise to plan and construct housing, in addition to advocating and educating people on sound housing policies. MHP's work in Greater Minnesota is primarily supported by The McKnight Foundation.

###