

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

**Commit new growth in the existing mortgage and deed tax revenues to create 10,000-15,000 units of affordable housing.** 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 it Works:

- Starting in 2012, captures the increase in existing deed and mortgage tax revenues over FY 2011 levels to address housing statewide and create housing-related jobs.
- Commits an estimated \$19-39 million annually for housing (see chart below).
- Funds go to Challenge Program, Minnesota Housing's most flexible program for building and rehabbing rental and ownership homes.
- Augments production by approximately 1,000 units annually.
- The program sunsets after 10 years and supplements Minnesota Housing's budget.
- The state recoups half of its investment via sales, mortgage, deed, and income tax revenues during the year of construction, based on leveraging and recent funding patterns for the Challenge program.<sup>1</sup>

#### Background:

- Existing resources for housing are inadequate to meet the housing needs of Minnesota's seniors, people with disabilities, and working families.
- Minnesota has a documented need of over 33,000 units of housing.
- 1 in 8 Minnesotans paid more than half of their income for housing. At this level, families often must choose between housing and other basic needs, like health care and food.
- The loss of over 10,000 housing construction jobs from since 2005 has had a devastating impact on Minnesota's economy.

#### Capture the growth in the existing deed and mortgage tax collections over FY 2011.

FY	MN deed & mortgage tax collections	Capture increase in deed & mortgage taxes over FY 2011
2008 actual	\$198,702,000	N/A
2009 actual	\$160,855,000	N/A
2010 (MN Dept of Revenue estimate)	\$157,500,000	N/A
2011 (MN Dept of Revenue estimate)	\$129,700,000	N/A
2012 (MN Dept of Revenue estimate)	\$148,400,000	\$18,700,000
2013 (MN Dept of Revenue estimate)	\$169,100,000	\$39,400,000
2014-2020 annual est. based on 2013	\$169,100,000	\$39,400,000
<b>10-year total (2012-21)</b>	<b>\$1,670,300,000</b>	<b>\$373,300,000</b>
Units created (2012-21) <sup>1</sup>	---	14,900
Jobs created (2012-21) <sup>1</sup>	---	15,300 direct; 6,400 indirect
Revenues returned to State (2012-21) <sup>1</sup>		\$185,000,000

**Total Minnesota Housing budget for FY 2009-10 is \$86.3 million.**

<sup>1</sup>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.