

# Fix housing, fix the economy

## ***The Problem***

The foreclosure crisis revealed a broken housing market that failed to offer what people need – a variety of housing options that are affordable.

By the end of 2008, an estimated 1 in 31 households in Minnesota experienced foreclosure, causing a massive ripple effect in the housing market and in our economy, including:

- A tightening rental market with rising rent and lower vacancies.
- A dramatic increase in homelessness. *\*\*Statewide, homeless shelters operate near or at full capacity. Minneapolis Public Schools alone saw an 18.6 percent increase in homeless and highly mobile students*
- One in eight households pay more than half of their income on housing. –source American Community Survey data (2007)
- Rising unemployment. Minnesota lost 55,400 jobs in 2008, pushing unemployment to 6.9 percent, the highest rate since 1984.
- An increased demand on nonprofit services at a same time donations are down, and an increased demand on public assistance at a time when budgets are being reduced.

## ***The Solution***

Any economic stimulus package ***must include*** an infusion of new funding for housing.

State investment in housing is critical now more than ever to leverage current funding opportunities at the federal level. State government can also operate as a catalyst for market-based solutions, leveraging private sector resources.

Maintain the current level of housing funding, and increase funding to Minnesota Housing Finance Agency by \$100 million and to the Department of Human Services by \$130 million. This additional funding is necessary to promote the rebuilding of our communities, respond to the foreclosure crisis, and ensure safety and stability for people living at or near crisis.

## ***The Benefits***

Everyone benefits from a stable housing market and subsequently, a stable economy.

- Housing construction and rehab generates jobs. *\*\*Maintaining the current funding for MHFA, with the additional resources that it leverages, will ultimately provide employment for over 8,000 people and add \$1.4 billion to Minnesota's economy.*
- A healthy housing market attracts businesses that depend on a range of housing options for their employees.
- A healthy housing market restores balance and stability in the economy, which improves consumer confidence.
- Children who grow up in stable, healthy housing are more successful in school, and are physically and socially healthier.
- With healthy, stable housing secured, adults can better focus on parenting, employment, education and community engagement.

### Sources:

1 in 31 homes foreclosed – Housing Link

Homeless shelter use – pending confirmation from DHS

Minneapolis Public Schools data - Elizabeth Hinz, District Liaison for Homeless and Highly Mobile Students

Unemployment data: MN Dept. of Employment and Economic Development

Employment for 8,000 people and \$1.4 billion to economy – “The Economic Impact of Minnesota Housing Finance Agency” August 2008.

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