

Pipeline Housing Projects: Ready, Set, Stimulate!

Housing construction, both new construction and rehabilitation, creates jobs and stimulates the economy. **Projects that create affordable housing for families throughout the state are stalled and await an influx of public funds** to break ground.

Pipeline Project Statistics. While not comprehensive, the pipeline list includes projects that could break ground *within six months*, assuming funding is available to them.¹

- Over 100 separate projects touch **nearly 7,900 homes and apartments**.
- 650 new units are in the pipeline, and 6,900 are slated for rehab work. An additional 300 units combine new construction and rehab.
- 85% to 90% of the units in the pipeline benefit renter households, a growing demographic in light of recent foreclosures.
- 44% of the units in the pipeline are outside the 7-county metro.
- Pipeline projects are located in 28 counties across the state.

An additional 85 projects with 4,800 units could be ready to go in *seven to 24 months*.

Economic Impact. Housing construction, both new construction and rehabilitation, creates jobs and stimulates the economy, according to recent analyses by Donjek, Inc. and the Minnesota Housing Finance Agency.² For the projects that could break ground within six months, the **development costs total \$440 million**. In the year of construction alone, this affordable housing development can generate³:

- **6,200 housing development jobs**
- Over \$260 million in wages
- **\$29 million in state revenues** from income, sales, mortgage, and deed taxes
- \$3.5 million in local tax revenues
- \$847 million in total spending
- New construction or rehabilitation of almost 7,900 homes

Fix Housing to Fix the Economy, please:

1. **Invest in the Challenge Fund.** MHFA's proposed budget reduces the Challenge Fund by \$23.5 million compared to the 2008-09 budget, a 69% reduction. These dollars must to be restored for many of the pipeline projects to break ground.
2. **Support Nonprofit Housing Bonds** (H.F. 1354). Nonprofit housing bonds will enable local governments and nonprofits to maximize federal and Challenge Fund resources to address affordable housing at the local level.
3. **Support Bonds for Public Housing** (H.F. 0922/S.F. 0725). Public housing has a documented backlog of hundreds of millions of dollars in unaddressed capital needs, far in excess of the \$60 million for Minnesota in the federal stimulus package. With bonding, housing authorities can reduce operating expenses through reducing energy and maintenance costs.

For more information and to view a list of pipeline projects by county, please visit www.mhponline.org.

¹ The Metropolitan Consortium of Community Developers (MCCD), Minnesota NAHRO and MHP surveyed developers of affordable housing statewide to compile a list of projects in the pipeline. About 40 organizations responded with information about projects they believe would be ready to break ground *if funding were available*.

² See "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.

³ Includes approximately \$148 million in new construction and \$292 million in rehab activities. Based on development spending alone, irrespective of funding sources or leveraging.