2022-2023

AFFORDABLE HOUSING PLAN

MINNESOTA HOUSING

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SUMMARY:
2022 AND 2023 AT A GLANCE

This Affordable Housing Plan (AHP) identifies key activities that we will carry out over the next two years and provides an estimate of the financial resources we expect to make available. This $3.93 billion AHP is our largest ever, and we expect to make available approximately $2 billion to serve roughly 86,000 households in each of the two years. Besides our ongoing work, this plan includes about $508 million for COVID-19 housing recovery, primarily rental and homeownership assistance for Minnesota individuals and families that have faced a COVID-19-related economic hardship.

TABLE 1: EXPECTED INVESTMENTS BY ACTIVITY IN 2022-2023

Program Category	2022-2023 Estimate Resources Available
Homebuyer Financing and Home Refinancing	$2,321,770,000
Homebuyer/Owner Education and Counseling	$6,063,174
Home Improvement Lending	$116,544,000
Rental Production - New Construction and Rehabilitation	$272,218,000
Rental Assistance Contract Administration	$465,000,000
Housing Stability for Vulnerable Populations	$66,655,679
Multiple Use Resources	$169,440,000
COVID-19 Housing Recovery	$507,831,609
Total	**$3,925,522,461**

Over the next two years, we will focus on:

- Deploying $508 million of federal COVID-19 housing recovery funds to significantly reduce the threat of evictions, foreclosures, housing displacement and homelessness that is currently confronting far too many Minnesota individuals and families. We estimate that about 130,000 Minnesota households have been behind on their housing payments and may need assistance.
- Making progress on three persistent housing challenges in Minnesota:
    - Address the state's very large homeownership disparity between white/non-Latinx households and Black, Indigenous and households of color by increasing the share of our first-time homebuyer mortgages going to Black, Indigenous and households of color to 40%.
    - Address the severe shortage of rental housing affordable to households with incomes at or below 30% of the area median income by working to make 45% of the new-construction rental units that we finance deeply affordable.

  - o Address the very limited supply of affordable homes for sale by increasing the resources available for single-family housing development and rehabilitation and supporting manufactured homes and communities, which should result in over 1,000 homes receiving assistance each year.
- Making housing in Minnesota more inclusive and equitable. We will:
  - o Increase Minnesota Housing's diversity, inclusivity and cultural competence
  - o Foster co-creation of solutions with communities
  - o Diversify the partners we fund and with whom we work
  - o Make our programs more inclusive and equitable
  - o Address systemic barriers
  - o Continually analyze outcomes and program processes
- Creating a culture of innovation and entrepreneurship at Minnesota Housing. With persistent and seemingly intractable housing challenges, we also need to rethink how we work. We will focus on program designs, financing structures, and exploring different ways of meeting local housing needs.

CHAPTER 1: RECOVERY, EQUITY, ACCESS AND INNOVATION

The 2022-2023 Affordable Housing Plan (AHP) is Minnesota Housing's business plan for implementing the last two years of our current Strategic Plan. The AHP covers October 1, 2021 through September 30, 2023 and provides information on the policy, program and operational initiatives we plan to carry out over the next two years. It also provides estimates of the financial resources we expect to make available through each of our programs.

HOUSING NEEDS FOR THE NEXT TWO YEARS

As we reach what we hope is near the end of the COVID-19 pandemic, we will continue to support housing and economic recovery. The pandemic and increased focus on social justice over the past year and a half have put a focus on structural inequities and gaps in the housing industry and broader society. We will also continue to take on the significant housing challenges facing families and communities across the state that were persistent before the pandemic.

The large amount of federal COVID relief resources (from the Consolidated Appropriations Act and American Rescue Plan) for renter and homeowner assistance, as well as housing development resources targeting the lowest-income Minnesotans, will be critical to our work for the next two years. The AHP also includes resources from the 2021 state legislative session.

The pandemic and economic fallout has had a profound impact on individuals and families across Minnesota, and some, particularly Black, Indigenous and households of color, continue to face significant challenges.

- When the pandemic first hit in March 2020, Minnesota lost nearly 400,000 jobs in that first month; and by August 1, 2021, 16 months later, the state was about 69% of the way back to pre-pandemic employment levels.[1]
- During the pandemic, Black, Indigenous and workers of color have been three times more likely to file an unemployment insurance claim than white workers because the pandemic has hit their jobs harder. Black workers alone have been six times more likely to file a claim.[2]
- We estimate that about 70,000 homeowner and 60,000 renter households have been behind on their housing payments and may need assistance, and Black, Indigenous and households of color have been about three time more likely to be behind than white households, and Black households alone have been six times more likely.[3]
- The share of homeowners and renters who are behind has been about twice what we normally see in Minnesota.

These pandemic-related challenges are on top of and have made worse the persistent and seemingly intractable housing problems that confront the state:

- In Minnesota, 536,000 households are cost burdened, meaning they pay more than 30% of their gross income on housing.[4] In particular, over 200,000 households make less than $50,000 a year and pay over 50% of their income on housing.[5] These households are likely one financial setback, even relatively minor, from missing a housing payment.
- The supply of housing that is affordable is very limited throughout the state:
  - For example, in Minneapolis and St. Paul, the vacancy rate for rental units affordable to households with incomes at or below 30% of the area median income (AMI) is effectively 0%, whereas a healthy vacancy rate is about 5%,[6] and
  - In the 16 counties in and around the Twin Cities metro area, the months-supply of homes selling for $250,000 or less is only one month, whereas a healthy supply is about five months.[7]

  While the best data highlighting this issue come from areas in and around the Twin Cities metro area, the very limited supply is a statewide issue.
- Newly constructed housing is not affordable for typical renters or homeowners:
  - 69% of newly constructed rental units in the last five years are not affordable to low-income renters (those with incomes at or below 80% of AMI);
  - Without rental assistance, only 1% of new units are affordable to households with incomes at or below 30% of AMI;[8] and
  - The median sale price of a newly constructed home is $430,000,[9] while a household with the median homeowner income can only afford a $300,000 home.
- Minnesota has the fourth-largest homeownership-rate disparity between white/non-Latinx households and Black, Indigenous and households of color, 77% compared with 44%; and the 25% homeownership rate for Black households is egregiously low [10] and significantly lower than the 46% rate achieved by Black households in 1950.[11]
- In 2020, about 7,940 people in Minnesota experienced homelessness on a given night, which is an 8% increase since 2016. The increase has been extraordinarily large for people living outside and unsheltered, with a 119% increase in that period.[12] In addition, an Indigenous person in Minnesota is over 20 times more likely to experience homelessness than someone who is white/non-Latinx.
- Employers in cities across Greater Minnesota are adding jobs, but there is not enough housing, and programs that finance market-rate housing are not sufficiently large to address the need.
- Between 2021 and 2037, the number of Minnesotans who are age 65 or older is expected to grow by 33%, while Minnesota's overall population is only expected to grow by 7%.[13] As older Minnesotans from the Baby Boom generation (born in 1946 through 1964) become less independent over time, the need to provide affordable housing with service connections will increase.

While not included in this AHP, the Agency will pursue additional housing investments at the state and federal level. In 2022, the state Legislature will have a session focused on a capital investment/bonding bill and have conversations regarding how discretionary State Fiscal Recovery Funds that Minnesota will receive through the American Rescue Plan could be used to support housing, on top of the funds already set aside for housing assistance. There is also ongoing talk about additional federal housing resources.

THE PANDEMIC AND ECONOMIC FALLOUT HAVE HAD A PROFOUND IMPACT ON INDIVIDUALS AND FAMILIES ACROSS MINNESOTA.

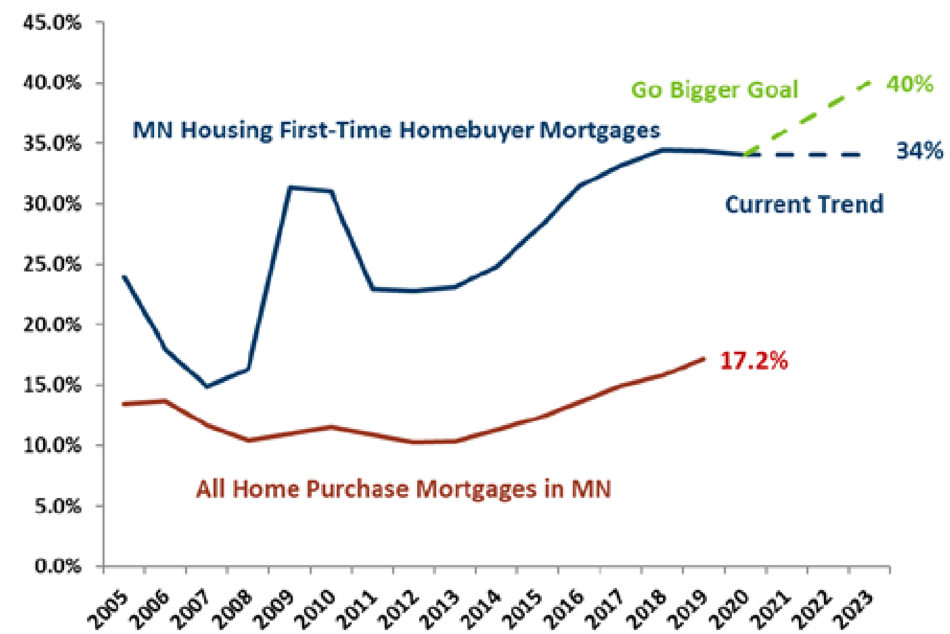
THE SUPPLY OF HOUSING THAT IS AFFORDABLE IS VERY LIMITED THROUGHOUT THE STATE.

ACHIEVING OUR KEY STRATEGIC GOALS

In our Strategic Plan, we established two goals to address the large homeownership disparity and severe shortage of deeply affordable rental units.

- **Key Goal #1:** By 2023, have 40% of our first-time homebuyer mortgages going to Black, Indigenous and households of color.

Figure 1: Share of Home Mortgages to Black, Indigenous and Households of Color



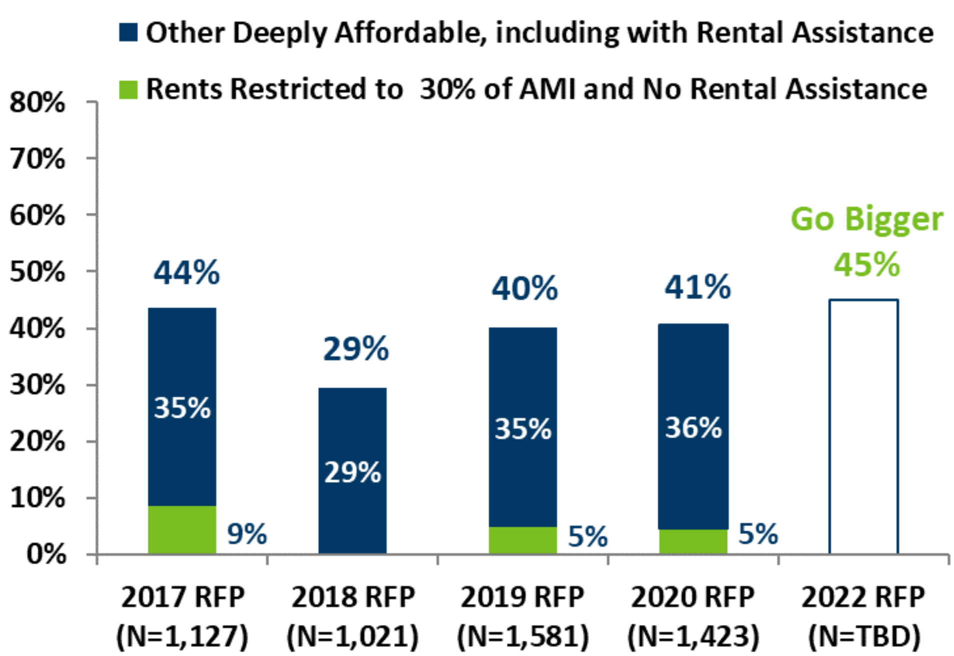
While our rate of lending to Black and Indigenous households and households of color is twice the market-wide rate in Minnesota, we only account for about 6% of the overall market. Because our lending can only modestly impact the overall disparity, we need the entire homebuying industry to act. Our role is to be on the forefront of this work, try new strategies, share what we learn, and provide leadership for industry-wide action.

Awareness of homeownership opportunities, trust in the real estate and mortgage industries, and wealth/ savings and credit challenges are key barriers to homeownership. To increase lending to Black, Indigenous and households of color, we will continue and enhance our work to:

- o Prepare potential homeowners for successful homeownership through the Homebuyer Education, Counseling and Training (HECAT) program and the Homeownership Capacity program (multi-year financial and credit coaching), which includes recent changes to the Homeownership Capacity program to incentivize successful completion of the program;
- o Tailor the size of our downpayment and closing-cost loans to meet the needs of our borrowers;
- o Develop outreach and marketing strategies to reach mortgage industry partners of color, including lenders and real estate agents;
- o Partner with real estate associations, including the National Association of Hispanic Real Estate Professionals, the Asian Real Estate Association, the National Association of Real Estate Brokers and the Minnesota Realtors;
- o Reach communities of color through community engagement, such as providing program information at events, connecting with community leaders and organizations, and promoting our work through social media posts and ads, local media interviews, and community newspaper articles; and
- o Explore the possibility of new downpayment and closing-cost assistance options geared toward first-generation homebuyers, as well as options for homeowners in manufactured home communities.

- **Key Goal #2:** With the 2022 Consolidated RFP selections, have 45% of our new construction rental units be deeply affordable.

Figure 2: Share of New Rental Units that Will be Deeply Affordable*



* Includes new construction and adaptive-reuse units: (1) with contract rents that are affordable to households with incomes at or below 30% of the area median income (AMI), (2) with rental assistance, including Housing Support, and/or (3) that are permanent supportive housing.

Our success will be dependent on several factors, including: (1) the availability of Housing Infrastructure Bonds (HIBs), which is one of our most effective tools for financing deeply affordable units, particularly supportive housing; (2) the availability of rental assistance (including Housing Support from the

Department of Human Services and local housing authorities project-basing[14] some of their Housing Choice Vouchers); and (3) incentivizing in our consolidated RFP selection criteria units with rent restricted to no more than 30% of AMI.

To increase the share of deeply affordable rental units that we finance:

- o We continue to request additional HIBs. HIBs are the No. 1 source of capital provided by the State for housing development. In 2021, the Legislature approved a conditional authorization for another $100 million in HIB authority, dependent on the federal government not providing additional housing resources by December 31, 2021. The Agency will continue to advocate for more HIB authority in the 2022 legislative session. HIBs can be used for various types of housing projects, including supportive housing and housing for seniors.
- o We amended our selection criteria under the 2021 consolidated RFP to include:
  - A requirement that developments restrict rents to no more than 30% of AMI[15] in at least 2% of the units in the development; and
  - More selection points for developments that restrict additional units at the 30% AMI rent level, awarding the most points in this category to projects that restrict at least 30%.[16]

- **Key Goal #3**: As an additional goal, we will increase the supply of affordable single-family homes and rehabilitate/improve existing owner-occupied homes. With median home prices increasing 19% in just the last year, the opportunity to achieve homeownership is slipping away from many Minnesotans.[17] Statewide, the median home sale price is $325,000, while a household with the median homeowner income can afford a $300,000 home.[18] To address this affordability challenge, our work for 2022 and 2023 will include:
  - o Potentially allocating $18.333 million of the $100 million of the new conditional HIB authority to developing affordable single-family homes and another $15 million to address infrastructure needs in manufactured home communities (assuming the federal government does not provide resources for these activities before December 31, 2021);

- Continuing to administer the Economic Development and Housing Challenge (EDHC) program, which typically awards roughly $15 million over a two-year period for single-family development and homeownership;
- Making available $3.75 million (which includes a $3.25 million one-time increase) for our Workforce Homeownership Program, which also funds the development of homeownership opportunities; and
- Continuing to build out our manufactured-home activities. In 2019, we created a new position to oversee our work financing infrastructure needs in manufactured home communities; and additional activities will include:
  - $3.75 million for the Manufactured Home Park Redevelopment program (which includes a $1.75 million one-time increase);
  - $15 million of the conditional HIB funds set-aside for manufactured home community needs (assuming the federal government does not provide resources for this activity before December 31, 2021);
  - The potential for resources to finance community ownership of parks; and
  - Exploring better lending options to serve families looking to live in a manufactured home community. This activity builds upon legislation passed in 2020 that changed the property classification for single family homes in cooperatively owned manufactured home communities.

Alternatives to traditional, single-family detached homes (including townhomes, condominiums, manufactured homes, and others) will be a part of the strategy to make owner-occupied homes more affordable.

COVID-19 HOUSING AND ECONOMIC RECOVERY

Since the early days of the pandemic and a historic level of job layoffs, Minnesotans have struggled with their rent and mortgage payments. Fortunately, most people have been protected by forbearance procedures and the state's eviction moratorium, but with those protections phasing out, the roughly 130,000 households in Minnesota who recently have been behind on their housing payments may need assistance to avoid an eviction, foreclosure or housing displacement. The average renter who has been behind has missed five to six months of payments and has owed $5,000, resulting in about $300 million in arrears; and the average homeowner who is behind is seven to eight months behind and owes $9,000, resulting in about $650 million in arrears.[19] A sizable majority, but not all, of these households are eligible for the new housing assistance programs.

For the next several years, Minnesota Housing will directly receive federal stimulus and recovery funds under three programs, as described below. Besides these programs, the Agency will also be in conversations regarding the potential use of discretionary federal State Fiscal Recovery Funds, which will be available to Minnesota through the American Rescue Plan, to finance additional housing needs.

- Under the federal Emergency Rental Assistance Program, Minnesota expects to receive about $670 million, with Minnesota Housing expecting to receive about $537 million of those funds for our **RentHelpMN** program, with the remaining $133 million going to six local units of government. Under this program, renters with incomes at or below 80% of the area median income who experienced a COVID-19-related financial hardship are eligible for up to 18 months of assistance for both past-due and future rent. Future rent payments will be covered in three-month installments. The program launched in April 2021. In program years 2022 and 2023, we currently expect to distribute roughly $372 million in assistance to households.
- Under the federal Homeowner Assistance Fund, Minnesota Housing expects to receive $128 million to assist homeowners, with $109 million being used for financial assistance and counseling. Our **HomeHelpMN** program is expected to cover past due principal, interest, taxes, insurance and other housing payments; loan modifications; and certain counseling services. The program's overall goal is to reach homeowners in greatest need of assistance and most at risk of foreclosure and losing their homes. Initially, the program will be available to homeowners with incomes at or below 100% of the median income. The program will likely have a maximum benefit of $35,000 per household. Like the rental program, a household must have faced a COVID-19-related financial hardship to be eligible.
- Under the American Rescue Plan (ARP), Minnesota Housing will also receive an allocation of approximately $31 million in HOME Investment Partnerships funding (**HOME-ARP**) to assist individuals or households who are experiencing homelessness, or at risk, along with other vulnerable populations. Fifteen percent of those funds can be used for administrative costs, with the remaining funds dedicated to assistance. We anticipate using these funds as housing development resources for individuals and families experiencing homelessness and sleeping outside. The origin of this new program came from some success converting underutilized hotels into either non-congregate shelter or permanent housing during the pandemic. This funding allocation is separate from our regular annual HOME appropriation.

As Congress works on additional infrastructure and budget bills, we may get additional federal resources in the next two years beyond those already in place or expected through regular appropriations, and we will utilize these funds in accordance with federal requirements and Agency goals.

Housing construction is also an economic stimulus and plays a key role in economic recoveries. As a review by the Federal Reserve Bank of Philadelphia states:

Although homebuilding [ownership and rental] constitutes a small portion of GDP — on average 4.7 percent since 1947 — it has outsize importance for the rest of the economy. In general, the housing sector leads the recovery in the rest of the economy, and the last recession suggests that without the housing sector, recovery is slow.[20]

Under this Affordable Housing Plan, we expect to allocate about $550 million in resources to the construction, rehabilitation and improvement of single-family and multifamily housing, which will help the Minnesota economy recover from the COVID-19 pandemic.

HOUSING CONSTRUCTION IS AN ECONOMIC STIMULUS AND PLAYS A KEY ROLE IN ECONOMIC RECOVERIES.

EQUITY AND ACCESS

The pandemic and increased focus on social justice over the last year and a half have put a focus on structural inequities and gaps in the housing industry and broader society. During the pandemic, Black Minnesotans were six times more likely to apply for unemployment benefits than white Minnesotans and also six times more likely to be behind on their mortgage and rent payments. These disparities were on top of some of the nation's worst pre-pandemic disparities in housing, income, wealth, education and health. To achieve Governor Tim Walz's concept of **One Minnesota**, where everyone thrives, not just some, we need to reorient how we work and expand who has a voice at the table and participates in and benefits from the housing economy.

Our current Strategic Plan lays out six overarching strategies to create an inclusive and equitable housing system:

1. **Increase Minnesota Housing's diversity, inclusivity and cultural competency**
2. **Foster co-creation of solutions with communities**
3. **Make our programs more inclusive and equitable**
4. **Address systemic barriers**
5. **Diversify the partners we fund and with whom we work**
6. **Continually analyze outcomes and program processes**

In this section of the AHP, we identify the actions we will take over the next two years under each of these strategies. In some areas, we have already started this work and need to enhance and bring it to scale across the entire Agency. As a critical step, we created a position and hired a Director of Equity and Inclusion to serve on the Agency's leadership team and lead the journey. To support the Director, the Agency has created an Equity Change Team made up of leaders and staff from across the Agency. The policy, program and operational changes outlined here will be made by staff and teams throughout the Agency, but the Equity Change Team will facilitate and coordinate the internal work.

INCREASE MINNESOTA HOUSING'S DIVERSITY, INCLUSIVITY AND CULTURAL COMPETENCY

In this area, we have two primary goals:

- **Hire more staff who are Black, Indigenous or people of color, have a disability, or are a veteran**

  Since 2018, 29% of our new hires have been BIPOC, compared with 20% of all our staff; and 12% of new hires have a disability, compared with 13% of all staff. To increase our hiring in these areas, we are:

  - Recruiting candidates on the People of Color website, the Minnesota Council of Nonprofits website, LinkedIn, and specialty websites for specific positions
  - Making sure unconscious bias is not impeding our ability to select the best candidates to interview
  - Revising our interview questions and candidate scoring rubrics to remove cultural biases
  - Making sure staff on interview panels are racially diverse
  - Actively participating in the Connect 700 program, which is a program to make the state a leader in hiring people with disabilities

- **Retain 75% of employees who are Black, Indigenous or people of color, have a disability, or are a veteran**

  Of our new hires from 2017 through 2019, we have retained 82% who are BIPOC, 67% who have a disability, and 100% who are veterans. To consistently reach and surpass this goal, we are:

  - Creating a more inclusive and equitable work environment by:
    - Building internal capacity to administer the Intercultural Development Inventory (IDI), a cultural competency assessment, across the Agency and delivering feedback and development sessions.
    - Continuing to support trainings and experiences sponsored by the Agency's Cultural Competency Committee, which includes activities like screening and discussing "Cracking the Code," a film that "asks Americans to talk about the causes and consequences of systemic inequity."
  - Promoting and encouraging career development and growth opportunities for employees.
  - Making sure the Agency's nominations for the state's staff development programs, including the Emerging Leaders Institute and Senior Leaders Institute, reflect opportunities for employees who are Black, Indigenous and persons of color, have a disability or are veterans to develop their careers and advance.
  - Offering a competitive tuition assistance program to support employees in job- or Agency-related higher education.
  - Revamping our mentorship program with a focus on equity and inclusion.

FOSTER CO-CREATION OF SOLUTIONS WITH COMMUNITIES

We have taken steps to improve in this area over the last two years, but we need to expand and improve this work further.

- **Bring community members to the table to design policies and programs.**

  Examples of this work that we want to expand include:

  - **Proactively engaging the community on the front end.** To develop our 2022-2023 Qualified Allocation Plan for awarding Low Income Housing Tax Credits (a primary tool for financing affordable rental housing), we proactively reached out to communities across the state before developing the plan, when we have traditionally relied on a public comment period after developing a draft. From January through March 2020, the Agency held 17 engagement sessions. In-person engagement strategies included informational and technical assistance sessions in Greater Minnesota, focus groups with residents of tax credit properties, and meetings with stakeholder groups. Over 400 people participated, representing a range of stakeholders including cities, counties, service providers, affordable housing developers, community-based organizations, Indian housing directors and residents.

- **Directly engaging people with lived experience** (those who live in or need the housing we finance). In the focus groups with residents of tax credit properties we asked, “When choosing a place to live, what neighborhood and property characteristics are most important to you?” “What challenges have you and your family and friends faced when trying to find housing that is affordable in a community of your choice?” “What has been your experience living in your current building?” This feedback played an important role in shaping the content of the Qualified Allocation Plan and how we will allocate tax credits going forward.
- **Establishing workgroups to co-create solutions.** In the spring of 2021, the Olmstead Implementation Office, which is housed within Minnesota Housing, launched five workgroups to explore solutions that address specific challenges that confront people with disabilities in living, learning, working and enjoying life in the most integrated setting possible. The workgroup topics are: (1) affordable, safe, accessible housing, (2) juvenile justice and special education, (3) workforce shortage and people with disabilities, (4) preventing abuse and neglect of people with disabilities, and (5) data collection practices. Each workgroup is comprised of a mix of state employees, service providers and people with disabilities.

- **When selecting housing developments to fund, prioritize those that have incorporated community engagement and planning in the creation of the proposal.**

  Our current scoring criteria for selecting multifamily developments in the Consolidated Request for Proposal process includes points for housing development projects that involve active:

  - Implementation of a Community Development Initiative to address locally identified needs and priorities, with active engagement by local stakeholders; and
  - Participation in the development of the housing project proposal by communities most impacted by housing disparities. The proposed housing development must address a housing disparity. This equitable development priority was added to the selection process in 2021.

- **Have community members review and score proposals for funding.**

  Since 2016, we have been expanding the use of community-based reviewers, and they are now involved in recommending funding decisions for the following grant programs: (1) Family Homeless Prevention and Assistance Program (FHPAP); (2) Housing Trust Fund Rental Assistance; (3) Homework Starts with Home; (4) Bridges Rental Assistance; (5) Homebuyer Education Counseling and Training (HECAT); (6) Homeownership Capacity; (7) Impact Fund; and (8) Manufactured Home Park Redevelopment Grants. Having community expertise and insights is critical in making effective, informed and transparent

WE NEED TO EXPAND WHO HAS A VOICE AT THE TABLE AND PARTICIPATES IN AND BENEFITS FROM THE HOUSING ECONOMY.

decisions. Recruitment of reviewers focuses on representation from across the state and different types of expertise and perspectives, along with voices from the populations to be served, particularly diverse and underrepresented communities.

- **Enhance our capacity building and support work**

  We have a capacity building program that last year awarded about $700,000. The funds are distributed through two RFPs:

  - A direct program that provides up to $40,000 directly to local organizations in one-time funding for one-year projects that: (1) address housing disparities; (2) build power in communities most impacted by housing challenges and disparities; (3) pilot innovative solutions to housing challenges; and (4) support inclusive and equitable communities. In the most recent round of funding, we funded 14 organizations.
  - A program that funds intermediary organizations to provide pass-through grants and/or technical assistance to develop and strengthen the capacity of: (1) communities, (2) stakeholders, and (3) organizations in housing planning, program development and engagement activities.

  We will look at the possibility of partnering with philanthropic organizations to continue and enhance the work.

  We are also looking at other ways to enhance this work, which would include building on the work of our Building Communities Committee, a cross-divisional team of Minnesota Housing staff who are focused on developing strategies for engaging, supporting and empowering communities. It is important for us to be regularly present in the community and understand each community's culture, needs and way of doing work.

DIVERSIFY THE PARTNERS WE FUND AND WITH WHOM WE WORK

We are currently working on three primary initiatives to diversify our partnerships, which we will continue to expand and enhance.

- **Incentivize, through project scoring, development teams that include organizations owned or operated by Black, Indigenous and people of color and/or women.**

  In our competitive funding process, we first awarded selection points for Black, Indigenous of people of color-owned/operated or women-owned/operated businesses in the 2018 Qualified Allocation Plan for Low-Income Housing Tax Credits. Participation in this area has increased substantially since then, with 85% of all applications in the 2020 Consolidated RFP receiving the points. To further increase participation, we increased the points in the 2022 Qualified Allocation Plan for development teams that include multiple

Black, Indigenous of people of color-owned/operated or women-owned/operated business entities. The goal is to build the capacity of these organizations to develop, manage, construct, design or own affordable housing in the future.

We also prioritize Black, Indigenous and people of color-owned/operated or women-owned/operated businesses in funding from the Impact Fund (our primary single-family development program) and the Homeownership Capacity program.

- **Increase the share of the vendors in our procurement process who are Black, Indigenous, people of color, people with disabilities and/or veterans.**

  Our current actions to increase the use of Targeted, Economically-Disadvantaged and Veteran-Owned businesses include:

  - Encouraging these vendors to participate by: (1) listing benefits in the request, such as by helping local business and supporting our community, and (2) waiving of solicitation requirements if the purchase is under $25,000 by using the Equity Select method – a simplified procurement process;
  - Actively promoting the vendors by referring Agency staff to a list of the vendors generated from the state's directory and recommending eligible vendors for the services if needed; and
  - Building a stronger relationship with the Office of Equity Procurement and working directly with their procurement staff.

- **Contract with organizations from and trusted by the community.**

  In 2014, we created the Homeownership Capacity program to provide multiyear financial coaching for renters who want to become homeowners but face credit, savings and other barriers and need coaching to become ready. To help address Minnesota's very large homeownership disparity for Black, Indigenous and households of color, we selected organizations from and run by people from these communities and which have strong track records of serving the community. These organizations include, but are not limited to, African Development Center, Build Wealth, Comunidades Latinas Unidas en Servicio, and Urban League of the Twin Cities. With these strong community ties, about 85% of program participants are Black, Indigenous and people of color. Most importantly, about 60% of participants who completed the program and reported an outcome bought a home within a year.

  As a more recent example, we selected 28 organizations to serve as field partners under the RentHelpMN program to reach out to communities most impacted by the COVID-19 pandemic and the resulting financial crisis and help those needing assistance apply for and navigate the program. These organizations include African Immigrants Community Services, Housing Justice Center, Isuroon, Lao Assistance Center of Minnesota, Latino Economic Development Center, Leech Lake Housing Authority and Rise Incorporated.

MAKE OUR PROGRAMS MORE INCLUSIVE AND EQUITABLE

A key tactic under this strategy is reviewing program structures, processes, requirements and restrictions with a renewed lens on inclusion and equity. We will focus on identifying and addressing barriers that prevent some households, developers, properties and communities from accessing resources. Examples include:

- In the fall and early winter of 2020, we ran the COVID-19 Housing Assistance Program (CHAP) that provided emergency housing assistance to both renters and homeowners. After the work was done, we identified lessons learned from the temporary program so that we could use them in other and future emergency housing programs. A key lesson included the need to devote resources for: (1) marketing and outreach, (2) leveraging trusted community-based organizations to create and amplify program awareness and participation, and (3) helping people apply for assistance.

- Over the last few years, we have substantially simplified our Rental Rehabilitation Deferred Loan (RRDL) program and Publicly Owned Housing Program (POHP). Both provide zero-interest, deferred loans, but with the first funding smaller rental properties in Greater Minnesota and the latter funding public housing developments across the state. Both programs have moved to a 'concept-based' application where applicants submit a general scope of work concept and cost estimate for the project. Applicants are not required to pay for third-party inspections, environmental reports, or provide a detailed development budget. If the applicant is selected for funding, those elements are completed with continual assistance from program staff during post-selection processing. Staff has also reduced the number of required application forms and materials to a minimum – from 30 plus to 10 or less. The most recent RRDL RFP had 21 applications that were scored, and a large share were applying to Minnesota Housing for funding for the first time. In each of the last three POHP RFPs (2017, 2018 and 2020), we received 15 to 24 applications with about 1/3 of the applications each year coming from local authorities that have never applied for POHP funding before.

A component of this strategy is geographic equity and making sure we address housing needs across the state, particularly in Greater Minnesota. Each community has its own housing needs, and our programs and processes need to be flexible enough to address all the needs, from supportive to workforce housing and from large cities to small rural communities.

Over the next two years, we will expand this review of our programs. We are already looking at ways to simplify our Consolidated RFP for multifamily development funding and recently made simplifying changes to the Impact Fund's RFP for single-family development.

ADDRESS SYSTEMIC BARRIERS

We will work to make our programs more inclusive and equitable, but there are also large systemic barriers in the overall housing industry where we can play an advocacy role.

For example, Minnesota Housing staff worked on several renter stability provisions during the 2021 legislative session, which resulted in legislation ending Governor Walz's evictions moratorium. This legislation included a provision that barred eviction filings for non-payment of rent for renters with a pending COVID-19 emergency rental assistance program application (including RentHelpMN) through June 1, 2022. Minnesota Housing also supported three different rental stability provisions including a 14-day pre-eviction filing notice requirement, evictions expungement changes, and source of income discrimination, but none were signed into law. The goal of these proposed changes is to start reforming Minnesota's tenant/property-owner laws, recognizing that the current laws result in Black, Indigenous and households of color disproportionately being evicted, experiencing housing instability, and unable to access affordable homes.

Future work with stakeholders could include how credit scores are calculated and used. Studies have found that credit scores can be discriminatory. For example, some scoring mechanisms have assumed borrowers who received loans from finance companies, which are disproportionately used by borrowers of color, are a worse credit risk than people who received loans from depository institutions.[21] In addition, rent payments typically do not show up on a credit report, while mortgage payments do. Black and Indigenous households and households of color are far more likely to be renters in Minnesota and are typically not getting credit for their timely housing payments, while homeowners are.

CONTINUALLY ANALYZE OUTCOMES AND PROGRAM PROCESSES

Part of creating change involves continuous improvement. What gets measured and tracked gets done, particularly if data is used to make mid-course adjustments. To create a more inclusive and equitable housing system, we need to understand outcomes, disparities and key drivers broken out by race, ethnicity, disability status and geography.

For example, we have increased our lending to first-time homebuyers who are Black, Indigenous or households of color from 530 loans in 2012 to 1,473 in 2020, nearly a three-fold increase in just eight years. These results were achieved through systematic tracking, analysis and response. Each year, our Home Mortgage team reviews the lending results from the previous year, develops and refines strategies to increase lending to BIPOC homebuyers, sets goals for the upcoming year, then tracks and monitors the results monthly. Any time a program or process change is considered, the first question asked is, "How will it affect lending to Black and Indigenous households and households of color?"

The eviction moratorium is ending

MINNESOTA

Know your rights. Mark these dates. Learn what you can do to stay in your home.

JUNE 30, 2021

Your lease could be terminated if you materially violate your lease agreement (does not include nonpayment of rent).

You could be evicted if you qualify for rental assistance but refuse to apply.

JULY 14

You could be evicted if you materially violate your lease agreement (does not include nonpayment of rent).

AUG 13

Your lease could be terminated if you have not paid your rent and are not eligible for COVID-19 rental assistance.

SEPT 12

You could be evicted if you have not paid your rent and are not eligible for COVID-19 rental assistance.

OCT 12

All lease termination and eviction protections are lifted except for eligible renters with pending COVID-19 rental assistance applications.

JUNE 1, 2022

All lease termination and eviction protections are lifted.

Know your rights and responsibilities

15-day notice
Between now and Oct. 12, property owners must give tenants a 15-day notice before they file an eviction for nonpayment.

Apply for help
You might be eligible for rental assistance. Go to RentHelpMN.org or call 211.

Refuse to apply?
Tenants who are behind on rent and eligible for help but refuse to apply can be evicted starting June 30.

Have legal questions?
Visit LawHelpMN.org for additional information and legal resources.

For the RentHelpMN program, we are collecting data beyond the six standard race categories (American Indian, Asian, Black, Pacific Islander, white and other) by breaking each category into subcategories – for example, splitting Asian into Hmong, Asian Indian, Chinese, Vietnamese, and other. We are also tracking and monitoring program results by race, disability status and county, which will allow us to adjust, such as revising our marketing and outreach strategies to address areas where we are falling short of our benchmarks.

Over the next two years, we will expand and enhance this work.

INNOVATION

Minnesota continues to face persistent housing challenges. More resources to address these challenges, such as more federal funding for rental assistance and housing development, would be a tremendous boost; however, we also need to innovate and remove barriers. We need a culture of innovation and creative thinking, where staff and external partners are encouraged to take risks and try new ideas to achieve the vision that "All Minnesotans live and thrive in a stable, safe home they can afford in a community of their choice."

The purpose of this work is to:

- Find new ways to address persistent housing challenges,
- Tap into and leverage the expertise and knowledge of staff and the community and empower them to be creative problem solvers,
- Make time, space and resources available for brainstorming, collaborating, problem solving and piloting,
- Create opportunities for cross-team and cross-division collaboration, and
- Be willing to accept some failures (particularly if contained and well managed).

Areas that appear ready for innovative thinking include:

- Creating a more inclusive and equitable housing system, with human-centered design and community co-developed solutions playing a key role,
- Increasing housing production and workforce housing in Greater Minnesota communities,
- Reducing the cost of building new housing, which would include modular and other alternative construction techniques, and
- Enhancing our work around climate change and green/energy-efficient housing.

The key is making available the time, space and resources for this type of work, regardless of its exact form.

CHAPTER 2: RESOURCES FOR OUR WORK

For 2022 and 2023, we are currently estimating we will make available $3.93 billion for program investments, our largest plan ever. We expect to deploy roughly $2.0 billion and serve an average of approximately 86,000 households each of the two years.

These resources include funds that are: (1) newly available, (2) made available in previous AHPs but went unused, and (3) repayments of loans.

OVERVIEW OF OUR PROGRAM INVESTMENT PLAN

Through our programs, we provide a wide continuum of tools for financing affordable housing and related services, ranging from grants for homelessness prevention and rental assistance to mortgages for home purchases and improvements. As shown in Table 2, six programs account for most of the estimated investment plan.

- **Home Mortgage Loans** (line 1) will involve an estimated $2.2 billion in lending over the two-year period and supporting about 4,890 homebuyers in each year of the two years.
- **Section 8 Rental Assistance Contract Administration** (line 18) will provide an estimated $465 million of federal project-based rental assistance over the two years and annually support nearly 30,000 of the state's lowest-income households. With this assistance, households generally spend no more than 30% of their income on rent and utilities.
- **Housing Infrastructure Bonds** (Line 31) could provide $120 million of bonding authority over the two years and support about 1,280 housing units in each of the two years if that bonding is split evenly between the two years. The $100 million of new HIB authorization is conditional and dependent on the federal government not providing additional housing resources by December 31, 2021.

4% Tax Credits. While not in our program investment plan, we allocate 4% credits to rental housing developments that are financed with tax-exempt private activity bonds, which are regulated by Internal Revenue Service and can be used by states for a variety of purposes. Unlike 9% credits, awards of 4% credits are not directly capped, but there are statewide volume limitations on the use of tax-exempt private activity bonds for housing. Most of these bonds are used on rental housing, and on a yearly basis, the use of 4% credits can generate a significant amount of private equity for affordable housing.

- **Low Income Housing Tax Credits** (line 10) is one of our primary programs for developing and rehabilitating affordable rental housing. The $21 million of 9% credits from the federal government over the two years will generate an estimated $96 million in private equity annually for the construction or rehabilitation of roughly 550 units of affordable rental housing in each of the next two years.
- **RentHelpMN** (line 26) will potentially make available over $372 million to assist over the two years roughly 50,000 renter households who have faced a COVID-related economic hardship, with most renters assisted in program year 2022, and some households may be assisted across both years.
- **HomeHelpMN** (line 27) will make available $109 million to assist 6,700 homeowner households over the two years, again with most being assisted in program year 2022 and a smaller number in 2023.

We will also use portions of our tax-exempt private activity bond allocation for multifamily projects to generate private equity from 4% housing tax credits. Some of these projects also utilize our deferred loan resources, so the units produced by these jointly funded projects are already included in our overall unit count for 2022 and 2023.

Table 2 also shows, by program, the median incomes of the low- and moderate-income households that we served in 2020, which ranged from $6,168 to $81,180. According to HUD, the statewide median family income in 2020 was $91,800.

Sample of Programs	**Median Income(s)**
Rental assistance programs (lines 18-22)	$8,052 to $12,652
Rehabilitation Loan Program (line 7)	$15,591
Low-Income Housing Tax Credits (line 10)	$22,103
Single-Family Economic Development and Housing/Challenge (line 25)	$47,991
Home Mortgage Loans (line 1)	$63,116
Home Improvement Loan Program (line 6)	$78,587

TABLE 2: OVERVIEW OF 2022-2023 PROGRAM INVESTMENT PLAN

		2022-2023 Resources to be Made Available	2019-2020 Actual Disbursement / Deployment of Resources	Activity	Median Income Served (2020)	Share BIPOC (2020)
	Homebuyer Financing and Home Refinancing	**$2,321,770,000**	**$2,150,203,944**			
1	Home Mortgage Loans	$2,200,000,000	$2,055,334,285	First Mortgage	$63,116	32.8%
2	Deferred Payment Loans	$74,770,000	$53,419,875	Downpayment and Closing Cost Loans	$53,899	35.9%
3	Monthly Payment Loans	$47,000,000	$41,449,784	Downpayment and Closing Cost Loans	$81,180	29.8%
	Homebuyer/Owner Education and Counseling	**$6,063,174**	**$5,432,860**			
4	Homebuyer Education, Counseling & Training (HECAT)*	$3,063,174	$2,927,095	Education & Counseling	$41,498	56.4%
5	Homeownership Capacity	$3,000,000	$2,505,765	Education & Counseling	$42,000	82.9%
	Home Improvement Lending	**$116,544,000**	**$52,593,245**			
6	Home Improvement Loan Program	$101,000,000	$42,310,154	Home Improvement Loan	$78,587	10.6%
7	Rehabilitation Loan Program (RLP)	$15,544,000	$10,283,091	Home Improvement Loan	$15,591	9.4%
	Rental Production - New Construction and Rehabilitation	**$272,218,000**	**$208,624,365**			
8	Multifamily First Mortgages	$150,000,000	$127,710,844	Amortizing Loans	$26,190	58.6%
9	Flexible Financing for Capital Costs (FFCC)	$20,000,000	$15,574,363	Primarily Deferred Loans	N/A	N/A
10	Low-Income Housing Tax Credits (LIHTC)	$20,996,000	$11,776,695	Investment Tax Credits	$22,103	49.7%
11	National Housing Trust Fund	$18,506,000	$2,511,840	Deferred Loans and Operating Grants	N/A	N/A
12	HOME	$18,794,000	$10,003,440	Deferred Loans	$12,205	$12,205
13	Preservation - Affordable Rental Investment Fund (PARIF)	$24,436,000	$11,252,064	Deferred Loans	N/A	N/A
14	Asset Management	$6,000,000	$5,980,511	Loans	N/A	N/A
15	Rental Rehabilitation Deferred Loan Pilot (RRDL)	$9,486,000	$4,877,364	Deferred Loans	$17,125	15.4%
16	Publicly Owned Housing Program (POHP) - GO Bonds	$0	$15,631,224	Deferred Loans	$11,676	24.1%
17	Workforce Housing Development	$4,000,000	$3,306,020	Deferred Loans and Grants	N/A	N/A
	Rental Assistance Contract Administration	**$465,000,000**	**$385,701,451**			
18	Section 8 - Project-Based Rental Assistance	$465,000,000	$385,701,451	Rent Assistance	$12,652	35.7%

		2022-2023 Resources to be Made Available	2019-2020 Actual Disbursement / Deployment of Resources	Activity	Median Income Served (2020)	Share BIPOC (2020)
	Housing Stability for Populations Needing Extra Support	**$66,655,679**	**$53,100,424**			
19	Housing Trust Fund (HTF)	$29,685,490	$23,440,955	Rent Assistance and Operating Support	$9,636	62.3%
20	Homework Starts with Home	$3,500,000	$1,028,176	Rent Assistance and Other Support	$8,052	77.0%
21	Bridges	$9,940,589	$7,913,431	Rent Assistance	$10,368	31.5%
22	Section 811 Supportive Housing Program	$2,385,000	$1,692,893	Rent Assistance	$10,368	52.6%
23	Family Homeless Prevention and Assistance Program (FHPAP)**	$20,577,600	$18,701,632	Grants	$9,972	61.8%
24	Housing Opportunities for Persons with AIDS (HOPWA)	$567,000	$323,337	Grants	$22,029	49.7%
	Multiple Use Resources	**$169,440,000**	**$78,129,620**			
25	Economic Development and Housing Challenge (EDHC)	$34,650,000	$32,640,359	Loans and Grants	MF: $20,370 SF: $47,991	MF: 69.9% SF: 61.9%
26	Single Family Interim Lending	$2,500,000	$2,124,942	Construction Loans	n/A	N/A
27	Housing Infrastructure Bonds (HIB)***	$120,000,000	$40,802,614	Primarily Deferred Loans	MF: $6,168 SF: $36,783	MF: 54.0% SF: 37.9%
28	Workforce Affordable Homeownership Program	$3,750,000	$0	Loans and Grants	N/A	N/A
29	Manufactured Home Community Redevelopment Program	$3,750,000	$0	Grants and Loans	N/A	N/A
30	Technical Assistance and Operating Support	$3,790,000	$2,561,705	Grants	N/A	N/A
31	Local Housing Trust Fund Grants	$1,000,000	$0	Grants	N/A	N/A
	COVID-19 Housing Recovery	**$507,831,609**	**$5,530,823**			
32	COVID-19 Housing Assistance Program (CHAP)		$5,530,823	Rental and Homeowner Assistance	$18,000	56.0%
33	RentHelpMN - Emergency Rental Assistance Program (ERAP)	$372,000,000	$0	Rental Assistance		
34	HomeHelpMN - Homeowner Assistance Fund (HAF)	$109,364,448	$0	Homeowner Assistance		
35	HOME - ARP (American Rescue Plan)	$26,467,161	$0	Loans and Grants		
	Total	$3,925,522,461	$2,939,316,732			

* Of the HECAT funding, $1,030,000 is contingent on funds being made available by partner organizations.

** The last three months of funding for FHPAP (July 1 through September 30, 2023) is contingent on funds coming from the 2023-2024 biennial appropriations.

***$100 million of the HIB resources conditional on federal action.

For context, Table 2 describes the type of funding provided under each program, with more detailed descriptions of each program provided in Appendix B. Table 2 also provides the funding that we disbursed in 2019 and 2020, which are our two most recently completed program years with reported data. The 2022-2023 AHP numbers reflect the amounts that we anticipate making available for new awards over the next two years, while the 2019-2020 numbers reflect actual funds disbursed in two recent years. Some programs move quickly from awards to disbursement, while others, particularly housing development, can take around two years.

Overall, we anticipate program activity to be nearly $1 billion higher for the next two years than it was in 2019 and 2020. Key changes include:

- **COVID-19 Housing Recovery Funds** (lines 31-34). We anticipate over $508 million in program activity over the next two years. These are very large one-time awards that will require a lot the Agency's attention.
- **Homebuyer Financing and Home Refinancing** (lines 1-3). We are currently estimating an increase of about $170 million in home lending. The change is driven by increases in home prices and mortgage amounts.
- **Section 8 Project-Based Rental Assistance** (line 18). Under this program, we expect an $80 million increase for a couple of reasons. First, HUD has transferred to Minnesota Housing an additional 24 developments to administer; and second, with rising rents, the amount of assistance per unit is increasing. We are also anticipating additional transfers.
- **Home Improvement Lending** (lines 6-7). We expect to increase our home improvement lending by over $60 million, with particularly strong production under the Fix-Up Fund, which is our Home Improvement Loan Program.
- **Rental Production** (lines 8-17). Across the 10 programs listed, Table 2 shows a funding increase of over $60 million for the two years. Part of the increase is due to timing issues. Rental development projects can take two years to move from selection for funding to those funds being disbursed, with some projects taking less time and others taking more. With varying development timelines, the disbursement of funds can get uneven even when the amount awarded at initial selection is consistent over time. The funding for Low-Income Housing Tax Credits (line 10) is a perfect example of this. The program did not see an increase in overall funding between 2019-2020 and 2022-2023, but, in 2020, there was a smaller than typical number of tax-credit projects reaching the final stages of the funding process, which understated the overall resource availability.
- **Housing Infrastructure Bonds** (line 27). We estimate a nearly $80 million increase from 2019-2020 activity levels. The 2022-2023 AHP includes a new $100 million allocation of Housing Infrastructure Bonds from the Legislature and about $20 million left from a previous authorization. The housing development timing issue described above is also a factor in the increase. The $100 million of new HIB resources includes legislatively designated amounts for single-family development ($18.333 million) and infrastructure needs in manufactured home communities ($15 million). Per state law, the new $100 HIB authorization is conditional, pending federal action.

ANNUAL HOUSEHOLD AND UNIT PROJECTIONS

As shown in Table 3, we expect the resources in this AHP will assist on average roughly 86,000 households or housing units in each of the next two years. In the end, it is unlikely that there will be an even split. Given the need for a timely response to COVID-19 housing recovery, the number of households assisted will likely be higher than 86,000 in 2022 and below 86,000 in 2023. Our household and housing unit estimates assume that all the resources shown in this AHP will be deployed. In the end, we will probably fall short for some programs but may also exceed the resource estimates for other programs. Our Home Mortgage Loans, Multifamily First Mortgages and Home Improvement Loans are demand-driven and financed with resources that are less limited.

TABLE 3: 2022-2023 FORECAST OF HOUSEHOLDS OR HOUSING UNITS ANNUALLY ASSISTED, BY PROGRAM

Program		Households or Units
Homebuyer Financing and Home Refinancing		**4,890**
1	Home Mortgage Loans	4,890
2	Deferred Payment Loans	Included in First Mortgage Count
3	Monthly Payment Loans	
Homebuyer/Owner Education & Counseling		**8,160**
4	Homebuyer Education, Counseling & Training (HECAT)	6,960
5	Enhanced Homeownership Capacity Initiative	1,200
Home Improvement Lending		**1,960**
6	Home Improvement Loan Program	1,680
7	Rehabilitation Loan Program (RLP)	280
Rental Production- New Construction and Rehabilitation		**2,060**
8	Multifamily RFP/HTC/Pipeline Production	1,650
9	Multifamily First Mortgage	Part of RFP/ HTC/ Pipeline Total
10	Flexible Financing for Capital Costs (FFCC)	
11	Low-Income Housing Tax Credits (LIHTC)	
12	National Housing Trust Fund	
13	Housing Infrastructure Bonds (HIB) - Multifamily RFP	
14	Economic Development and Housing Challenge (EDHC)	
15	HOME	
16	Preservation - Affordable Rental Investment Fund (PARIF)	
17	Asset Management	150
18	Rental Rehabilitation Deferred Loan (RRDL)	190
19	Publicly Owned Housing Program (POHP)	0
20	Workforce Housing Development	70
Rental Assistance Contract Administration		**29,700**
21	Section 8 - Project-Based Rent Assistance	29,700
Housing Stability for Populations Needing Extra Support		**8,890**
22	Housing Trust Fund (HTF)	2,300
23	Homework Starts with Home	290
24	Bridges	720
25	Section 811 Supportive Housing Program	160
26	Family Homeless Prevention and Assistance Program (FHPAP)	5,140
27	Housing Opportunities for Persons with AIDS (HOPWA)	280
Multiple Use Resources		**1,470**
28	Impact Fund - EDHC and HIB	470
29	Single Family Interim Lending	Part of EDHC RFP
31	Workforce Affordable Homeownership Program	50
32	Manuf. Home Comm. Redevelop. Program (Including HIB)	950
COVID-19 Housing Recovery		**29,200**
33	RentHelpMN - Emergency Rental Assistance Program (ERAP)	25,000
34	HomeHelpMN - Homeowner Assistance Fund (HAF)	4,100
35	HOME-ARP (American Rescue Plan)	100
Total		**86,330**

The following graphs show the number of households that we served in 2015 through 2020 (dark blue bars), and the households that we are projecting to serve in 2021 through 2023. The 2021 figures (light blue bars) are based on current projected awards, and the 2022 and 2023 figures (green bars) are based on the funds that we estimate will be available under this AHP. For these graphs, we have assumed an even split in resources between 2022 and 2023. Given the immediate need for COVID-19 housing recovery, it is very likely that 2022 will have more activity than 2023 in the end. Also, particularly for the housing development programs, projects can take two years for funds to be used after being selected for funding. Thus, some of these funds will not assist households until after 2023, but we show them in 2022 and 2023 to reflect the number of households that will eventually be assisted with funds awarded in those years.

HOMEBUYER FINANCING AND REFINANCING

FIGURE 3: HOUSEHOLDS/HOMES ASSISTED – HOME MORTGAGE LOANS

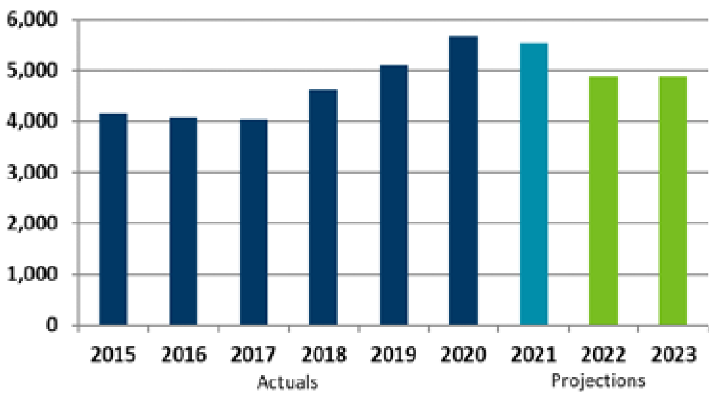
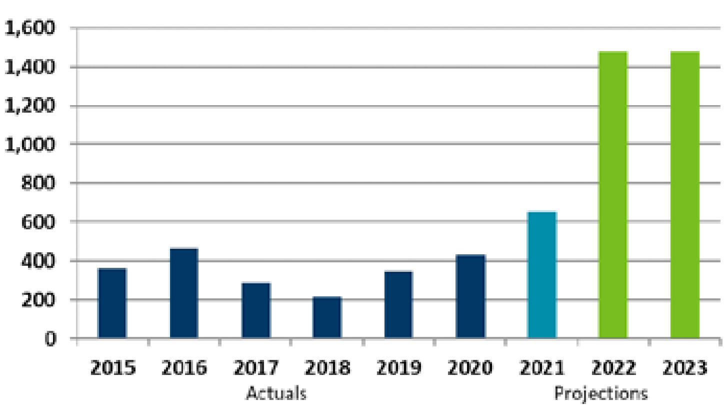


Figure 3 shows our historical home mortgage lending, which was around 4,000 mortgages in 2015 through 2017. It then increased in 2018 through 2020, reaching nearly 5,700. We are currently expecting production to taper off a bit to about 5,000 mortgages in both 2022 and 2023. From a dollar perspective, we expect to have a similar level of lending in the next two years as we did in 2020 and 2021, but with higher home prices and mortgage amounts, those funds will finance fewer mortgages. Historic low-interest rates have supported a high-level of mortgage lending the last couple of years. In addition, with a very limited inventory of homes selling for less than $250,000, low- and moderate-income borrowers face significant challenges in finding homes to buy.

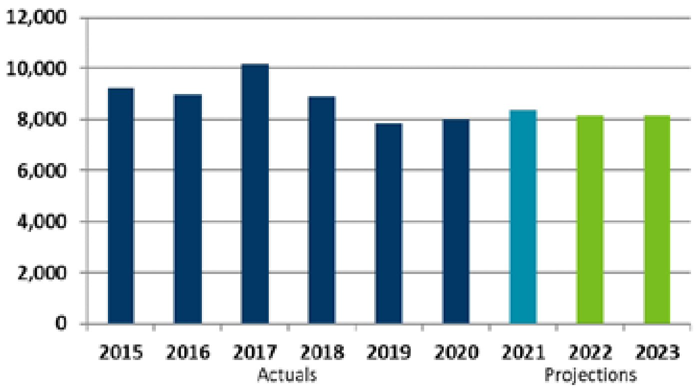
FIGURE 4: HOUSEHOLDS/HOMES ASSISTED – OTHER HOMEOWNERSHIP OPPORTUNITIES



In each of the next two years, we expect higher levels of activity under "other homeownership opportunities." Typically, we see about 400 single-family homes financed each year. With just over $33 million of HIB resources being set-aside (contingent on lack of federal action) for single-family development, including infrastructure for manufactured home communities, we are projecting annual production to jump to over 1,000 homes each year, which will be a stretch goal. The exact timing of the increase is dependent on how quickly the funds are deployed and used. It may take time to ramp up to that level of activity, with higher production in later years. (Figure 4 includes the single-family portion of the Economic Development and Housing/Challenge program, Housing Infrastructure Bond proceeds for single-family development, Single-Family Interim Lending, Workforce Affordable Homeownership Program, and Manufactured Home Redevelopment Program.)

HOMEBUYER/OWNER EDUCATION, COUNSELING, AND COACHING

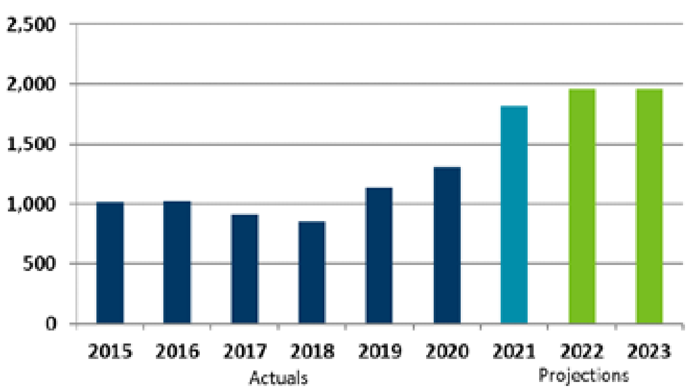
FIGURE 5: HOUSEHOLDS ASSISTED – HOMEBUYER/OWNER EDUCATION AND COUNSELING



As shown in Figure 5, education and counseling that we directly fund has been relatively steady over the last few years. The graph does not include clients served under the Homeownership Center's online course called Framework, which is an alternative to traditional classroom training and has grown significantly over the last few years. While Framework is part of the homebuyer education network that we support, we do not fund Framework. (Figure 5 includes Homebuyer Education, Counseling and Training (HECAT) and the Enhanced Homeownership Capacity Initiative.)

HOME IMPROVEMENT LENDING

FIGURE 6: HOUSEHOLDS/HOMES ASSISTED – HOME IMPROVEMENT PROGRAMS

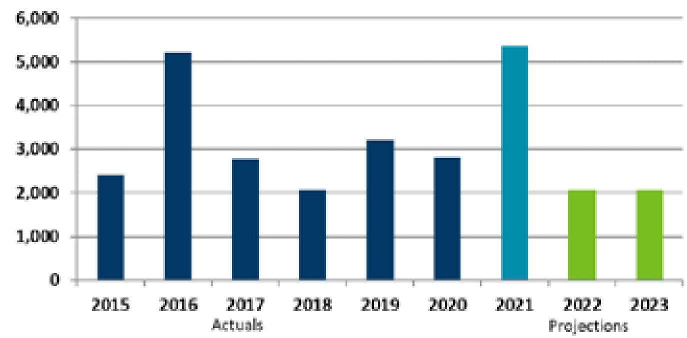


Our home improvement production struggled a few years ago with the availability of home equity lines of credit and cash from mortgage refinancing limiting demand for our installment loans. With recent changes to the program that made it more desirable for borrowers and easier to administer, our lending volume increased significantly. We now expect the lending activity to be twice as high as it was just a few years ago. (Figure 6 includes both the Home Improvement Loan Program and the Rehabilitation Loan Program.)

RENTAL PRODUCTION

In a typical year, the rental new construction and rehabilitation that we finance varies between 2,000 and 3,000 units. Production is particularly high in years that have a large amount of state GO bond resources to finance the rehabilitation of public housing through our Publicly Owned Housing Program (POHP). Because the funding per unit is quite low (often less than $10,000 per unit), we can rehabilitate a large number of units with those funds. Even with potentially sizable HIB resources in 2022-2023, we expect production to be lower than recent years for a few reasons. First, the cost of construction is increasing, which limits the number of units we can finance. Second, an increasing share of our funded projects are new construction, which requires more subsidy per unit than rehabilitation. Third, after a temporary four-year increase in our 9% Low Income Housing Tax Credit allocation from the federal government, the allocation is going back to its traditional level. Fourth, due to loan repayments (which we recycle into new loans) and other factors, we had a larger-than-normal level of funding for a couple of the rental production programs in recent years. (Figure 7 captures all the programs in the rental production area and the multifamily portion of the Economic Development and Housing/Challenge and Housing Infrastructure Bond programs.)

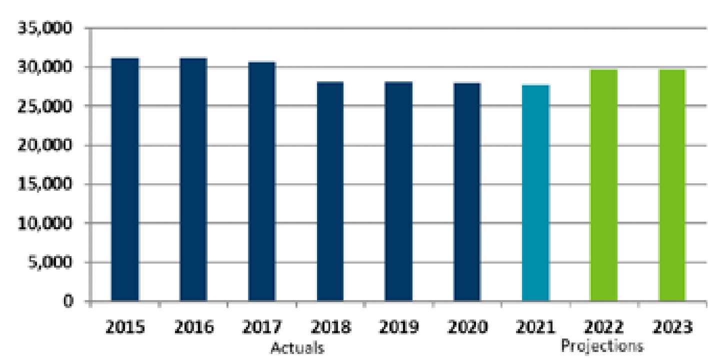
FIGURE 7: UNITS ASSISTED - RENTAL PRODUCTION



RENT ASSISTANCE CONTACT ADMINISTRATION

Activity in Section 8 contract administration has been very steady (Figure 8). These are ongoing contracts that we administer, and the number of households served does not vary significantly from year to year. The number dropped slightly several years ago and is now coming back up. Due to federal budget uncertainties, HUD decided to take over the administration of 24 Section 8 properties, but we have since regained administration of those contracts. The households in these 24 properties continued to receive Section 8 assistance, but we did not administer it for a period.

FIGURE 8: HOUSEHOLDS ASSISTED – RENTAL ASSISTANCE CONTRACT ADMINISTRATION



HOUSING STABILITY FOR POPULATIONS NEEDING EXTRA SUPPORTS

As shown in Figure 9, overall activity in rental assistance and operating subsidies declined after 2019 when the Minnesota Department of Human Services took over the administration of some operating subsidies in supportive housing developments that we had previously administered for them. (Figure 9 includes the four regular rental assistance programs and Housing Trust Fund operating subsidies.)

The number of households assisted by the Family Homeless Prevention and Assistance Program (FHPAP) and Housing Opportunities for Persons with AIDS (HOPWA) (Figure 10) has declined in recent years because FHPAP has targeted clients needing more support, which requires more funding per household.

FIGURE 9: HOUSEHOLDS/UNITS ASSISTED – AGENCY RENTAL AND OPERATING ASSISTANCE

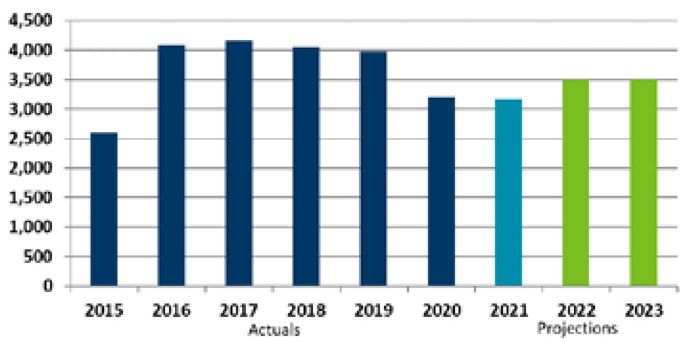
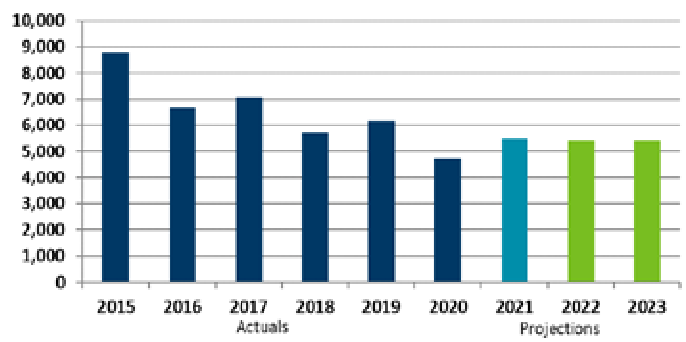


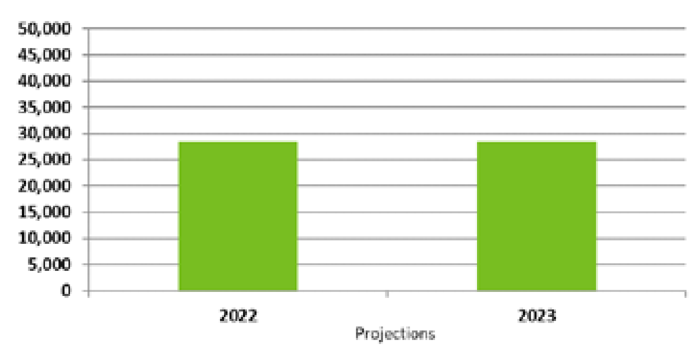
FIGURE 10: HOUSEHOLD ASSISTED – TARGETED ASSISTANCE – FHPAP AND HOPWA



COVID-19 HOUSING STIMULUS AND RECOVERY

We launched our new RentHelpMN program in April 2021. It is still too early in the program to predict accurately how many households we will have assisted and when. Some renters may come in during 2021, receive assistance for six months of late rent, be done, and not show up in our 2022 or 2023 numbers. Others may receive assistance throughout the life of the program. Some renters may come in for assistance for the first time in 2022. We have estimated that about 50,000 income-eligible Minnesota renter households haven been behind on their housing payments and may need assistance, and thousands more need rental assistance going forward given their low incomes and cost-burden status.

FIGURE 11: HOUSEHOLD ASSISTED – COVID RECOVERY



We don't know when homeowners will apply for and receive homeowner assistance, but we'll likely see a higher program activity in 2022. While we estimate that about 70,000 homeowner households in Minnesota have been behind on their housing payments and may need assistance, we will only have the resources to serve about 6,700 over the course of the program.

The HOME-ARP program will assist additional individuals or households who are experiencing homelessness, or are at risk of homelessness, along with other vulnerable populations.

To show the relative size of these federally funded programs, Figure 11 shows the number of households that we expect to serve over 2022 and 2023, evenly split between the two years. In all likelihood, we will assist substantially more households in 2022 than 2023, but it still unclear what the split will be. Some renters may be assisted in both years.

ENDNOTES

[1] Minnesota Department of Employment and Economic Development, Current Employment Statistics (through August 1, 2021).

[2] Minnesota Housing analysis of data from the Minnesota Department of Employment and Economic Development; https://mn.gov/deed/data/data-tools/unemployment-insurance-statistics/.

[3] Minnesota Housing estimate based on data provided by Black Knight Data & Analytics, LLC, Mortgage Bankers Association, Minnesota Multi-Housing Association, and U.S. Census Bureau's Pulse Survey and American Community Survey.

[4] Minnesota Housing analysis of data from the U.S. Census Bureau's American Community Survey (2019, 1-year sample).

[5] Minnesota Housing analysis of microdata from the U.S. Census Bureau's American Community Survey (2019, 1-year sample, IPUMS).

[6] HousingLink, Minneapolis and St. Paul Rental Housing Briefs (April 2021).

[7] Minneapolis Area Association of Realtors.

[8] Minnesota Housing analysis of 2016 to 2020 data from the Metropolitan Council; https://stats.metc.state.mn.us/data_download/DD_start.aspx

[9] Minneapolis Area Association of Realtors; this data applies to the 16 counties in and around the Twin Cities metro area.

[10] Minnesota Housing analysis of data from the U.S. Census Bureau's American Community Survey (2019, 1-year sample).

[11] Horowitz, Eng Ky, Starling and Tchourumoff, Systemic Racism Haunts Homeownership Rates in Minnesota (Minneapolis Federal Reserve Bank, February 25, 2021); https://www.minneapolisfed.org/article/2021/systemic-racism-haunts-homeownership-rates-in-minnesota#:~:text=Minnesota's%20homeownership%20gap%20is%20among%20the%20largest%20in%20the%20nation&text=In%201950%2C%20the%20gap%20in,now%2050%20percentage%20points%20wide.

[12] U.S. Department of Housing and Urban Development, Point-in-Time count.

[13] Minnesota Housing analysis of data from the Minnesota State Demographic Center; 2017-2070-mn-statewide-age-sex-projections-regular-series-msdc-dec2017_tcm36-321941

[14] Project-basing involves tying a housing voucher to a specific housing development.

[15] The rent restriction is actually affordable at 30% of the Multifamily Tax Subsidy Project (MTSP), which is the Internal Revenue Service's version of HUD's area median income. They are nearly the same, but slightly different.

[16] These requirements and selection criteria apply to projects funded through our Consolidated Request for Proposals (RFP).

[17] Minnesota Realtors, June 2021 Monthly Indicators.

[18] Minnesota Realtors, June 2021 Monthly Indicators.

[19] The $5,000 average amount behind on rent is based on initial applications to the RentHelpMN program. The $9,000 average amount behind on principle, interest, taxes, insurance and other housing payments is based on data from Black Knight Data & Analytics, LLC and some modeling done by Minnesota Housing.

[20] Burcu Eyigungor, Federal Reserve Bank of Philadelphia Research Department, "Housing's Role in the Slow Recovery" Economic Insights (Second Quarter, 2016), p. 6.

[21] Lisa Rice and Deidre Swesnik, "Discriminatory Effects of Credit Scoring on Communities of Color" (Prepared for Symposium on Credit Scoring and Credit Reporting, sponsored by Suffolk University Law School and National Consumer Law Center, June 6 and 7, 2021).

APPENDIX A-1: OVERVIEW OF FUNDING SOURCES

Our strong balance sheet and financial resources are a key strength. This Appendix describes each of our funding sources and outlines how we will use them in 2022 and 2023. Table A-1 shows estimates of our planned program investments by funding source. Table A-2 is a crosswalk that shows how we currently plan to allocate resources from each source to each program.

TABLE A-1: 2022-2023 ESTIMATED PROGRAM INVESTMENTS BY FUNDING SOURCE

Program Category	2022-2023 Estimated Resources Available
Federal Resources	$1,036,079,609
State Appropriated Resources	$164,442,853
Mortgage Capital from Bond or Agency Resources	$2,628,500,000
Housing Affordability Fund (Pool 3)	$96,500,000
Total	**$3,925,522,461**

FUNDING SOURCE DESCRIPTIONS

Federal Resources: There are various types of federal resources, including appropriations to the U.S. Department of Housing and Urban Development (HUD) that are made available to Minnesota Housing and Low-Income Housing Tax Credits from the Internal Revenue Service (IRS). For planning purposes, we generally assume that 2022 and 2023 HUD appropriations will remain at 2021 levels, which is subject to change. The amount of federal housing tax credits is based on a per capita formula. This Affordable Housing Plan (AHP) also includes for 2022 and 2023 about $508 million in one-time funding for COVID-19 housing recovery, doubling the federal funding that we typically receive.

State Appropriated Resources: The amount of funding is based on the 2022-2023 general fund budget adopted by the 2021 Minnesota Legislature. Any unused funds from previous year appropriations and repayments of loans are included.

Mortgage Capital from Bond or Agency Resources

State Capital Investments: These funds have traditionally come from the state capital budget (bonding bill) and include State General Obligation (GO) Bond and Housing Infrastructure Bonds (HIBs), for which the State pays the debt service. However, HIBs can be authorized through the regular appropriations and budget process, which occurred in 2019 and 2021.

Agency Bond Proceeds and Other Mortgage Capital: Bond proceeds are generated by the issuance of tax-exempt and taxable bonds. Certain tax-exempt bonding activity is limited statewide by IRS rules, which cap the amount of new issuance, making it a limited resource. We can also sell mortgage-backed securities backed by loans originated under our Home Mortgage program on the secondary market.

Housing Investment Fund (Pool 2): We generate earnings from our lending and investment activities and reinvest them in a wide variety of housing programs. Most of our investment-earning assets are carried in the Housing Investment Fund, and most assets in Pool 2 produce revenue that supports our operations and programs. The earning assets that use Pool 2 funds are required to be of investment-grade quality.

Housing Affordability Fund (Pool 3): Pool 3 resources come from: (1) transfers from Pool 2 that capture a portion of the Agency's earnings, and (2) repayments or prepayments from loans previously funded under Pool 3. We can transfer Pool 2 earnings to Pool 3 only to the extent that we project that our aggregate net position will satisfy our Board policy and rating agency stress tests. Because Pool 3 has no earnings requirements, it is more flexible than Pool 2 and can be used for deferred loans and grants. However, Pool 3 is a more limited resource than Pool 2 because it is dependent on the transfer of earnings from Pool 2.

OUR STRONG BALANCE SHEET AND FINANCIAL RESOURCES ARE A KEY STRENGTH.

APPENDIX A-2: 2022-2023 ESTIMATED PROGRAM RESOURCES BY SOURCE

		2022-2023 Estimated Total	Federal Resources	State Appropriations	Mortgage Capital from Bond or Agency Resources	Housing Affordability Fund (Pool 3)
	Homebuyer Financing and Home Refinancing	**$2,321,770,000**	**$0**	**$6,770,000**	**$2,255,000,000**	**$60,000,000**
1	Home Mortgage Loans	$2,200,000,000	$0	$0	$2,200,000,000	$0
2	Deferred Payment Loans	$74,770,000	$0	$6,770,000	$8,000,000	$60,000,000
3	Monthly Payment Loans	$47,000,000	$0	$0	$47,000,000	$0
	Homebuyer/Owner Education and Counseling	**$6,063,174**	**$0**	**$4,063,174**	**$0**	**$2,000,000**
4	Homebuyer Education, Counseling & Training (HECAT)	$3,063,174	$0	$3,063,174	$0	$0
5	Enhanced Homeownership Capacity Initiative	$3,000,000	$0	$1,000,000	$0	$2,000,000
	Home Improvement Lending	**$116,544,000**	**$0**	**$7,544,000**	**$101,000,000**	**$8,000,000**
6	Home Improvement Loan Program	$101,000,000	$0	$0	$101,000,000	$0
7	Rehabilitation Loan Program (RLP)	$15,544,000	$0	$7,544,000	$0	$8,000,000
	Rental Production - New Construction and Rehabilitation	**$272,218,000**	**$60,296,000**	**$37,922,000**	**$150,000,000**	**$24,000,000**
8	Multifamily First Mortgage	$150,000,000	$0	$0	$150,000,000	$0
9	Flexible Financing for Capital Costs (FFCC)	$20,000,000	$0	$0	$0	$20,000,000
10	Low-Income Housing Tax Credits (LIHTC)	$20,996,000	$20,996,000	$0	$0	$0

		2022-2023 Estimated Total	Federal Resources	State Appropriations	Mortgage Capital from Bond or Agency Resources	Housing Affordability Fund (Pool 3)
11	National Housing Trust Fund	$18,506,000	$18,506,000	$0	$0	$0
12	HOME	$18,794,000	$18,794,000	$0	$0	$0
13	Preservation Affordable Rental Investment Fund (PARIF)	$24,436,000	$0	$24,436,000	$0	$0
14	Asset Management	$6,000,000	$2,000,000	$0	$0	$4,000,000
15	Rental Rehabilitation Deferred Loan (RRDL)	$9,486,000	$0	$9,486,000	$0	$0
16	Publicly Owned Housing Program (POHP)	$0	$0	$0	$0	$0
17	Workforce Housing Development	$4,000,000	$0	$4,000,000	$0	$0
	Rental Assistance Contract Administration	**$465,000,000**	**$465,000,000**	**$0**	**$0**	**$0**
18	Section 8 - Project-Based Rental Assistance	$465,000,000	$465,000,000	$0	$0	$0
	Housing Stability for Populations Needing Extra Support	**$66,655,679**	**$2,952,000**	**$63,703,679**	**$0**	**$0**
19	Housing Trust Fund (HTF)	$29,685,490	$0	$29,685,490	$0	$0
20	Homework Starts with Home	$3,500,000	$0	$3,500,000	$0	$0
21	Bridges	$9,940,589	$0	$9,940,589	$0	$0
22	Section 811 Supportive Housing Program	$2,385,000	$2,385,000	$0	$0	$0
23	Family Homeless Prevention and Assistance Program (FHPAP)	$20,577,600	$0	$20,577,600	$0	$0
24	Housing Opportunities for Persons with AIDS (HOPWA)	$567,000	$567,000	$0	$0	$0
	Multiple Use Resources	**$169,440,000**	**$0**	**$44,440,000**	**$122,500,000**	**$2,500,000**
25	Economic Development and Housing/Challenge (EDHC)	$34,650,000	$0	$34,650,000	$0	$0
26	Single Family Interim Lending	$2,500,000	$0	$0	$2,500,000	$0
27	Housing Infrastructure Bonds	$120,000,000	$0	$0	$120,000,000	$0
28	Workforce Affordable Homeownership Program	$3,750,000	$0	$3,750,000	$0	$0
29	Manufactured Home Communities	$3,750,000	$0	$3,750,000	$0	$0
30	Technical Assistance and Operating Support	$3,790,000	$0	$1,290,000	$0	$2,500,000

31	Local Housing Trust Fund Grants	$1,000,000	$0	$1,000,000	$0	$0
	COVID-19 Housing Recovery	$507,831,609	$507,831,609	$0	$0	$0
32	RentHelpMN - Emergency Rental Assistance Program (ERAP)	$372,000,000	$372,000,000	$0	$0	$0
33	HomeHelpMN - Homeowner Assistance Fund (HAF)	$109,364,448	$109,364,448	$0	$0	$0
34	HOME - ARP (American Rescue Plan)	$26,467,161	$26,467,161	$0	$0	$0
	AHP Total	**$3,925,522,461**	**$1,036,079,609**	**$164,442,853**	**$2,628,500,000**	**$96,500,000**

APPENDIX B: PROGRAM DESCRIPTIONS

HOUSING STABILITY FOR POPULATIONS NEEDING EXTRA SUPPORT

MULTIPLE USE RESOURCES

OTHER

COVID-19 HOUSING RECOVERY

NOTES ON READING THE PROGRAM DESCRIPTIONS:

- "Housing Investment Fund" and "Pool 2" refer to the same resource, which is described in Appendix A.
- "Housing Affordability Fund" and "Pool 3" refer to the same resource, which is described in Appendix A.
- The sum of the projections for the number of housing units or households assisted by individual programs during the plan period exceed the total number of households projected to be served across all programs. This occurs because some households or housing units will receive assistance from multiple programs to achieve needed affordability levels.
- The projections for the number of households or units assisted generally are based on the average assistance per household or unit for the last five years, by program, adjusted for inflation and program trends and changes.
- The funding levels described in the narratives are estimates of the amounts we expect to deploy in 2022-2023. The number of households the Agency expects to serve with each funding source is an estimate, and the final numbers will depend on actual expenditures and will be reported in the annual Program Assessment Report.
- "Program" is used broadly throughout the Affordable Housing Plan to refer to Minnesota Housing programs, initiatives and activities.

HOMEBUYER FINANCING AND HOME REFINANCING

HOME MORTGAGE LOANS

We offer two home mortgage programs – Start Up, serving first-time home buyers, and Step Up, for borrowers who do not qualify for Start Up. Step Up offers both purchase and refinance options. Under the programs, participating lenders originate fully amortizing first mortgages throughout the state. To support home mortgage borrowers, we also offer downpayment and closing cost loans structured to meet the needs of low- and moderate-income homeowners. To promote successful homeownership, our home mortgage programs also require at least one borrower in a first-time homebuyer household to complete homebuyer education.

In our current business model for homeownership, we access capital to finance the purchase of mortgage-backed securities containing our program mortgages primarily by selling bonds in the municipal bond market. Program mortgages not eligible for bond sales are sold on the secondary market.

We remain committed through our programs to serve Black and Indigenous households, households of color, and households with incomes below 80% of area median income.

Current household income limits for Start Up:

Property Location	Maximum Household Income	
	1-2 person	3 or more
Minneapolis/Saint Paul Metro Area (11-county)	$104,900	$120,600
Dodge & Olmstead Counties	$101,200	$116,300
All Other Counties	$93,100	$107,000

Current income limits for Step Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$156,800
Dodge & Olmstead Counties	$156,800
All Other Counties	$139,200

Purchase price limits for Start Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$352,300
All Other Counties	$311,900

Purchase price limits for Step Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$402,500
All Other Counties	$356,362

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 5,667 loans
- $1,122,941,722 total loan amount
- $198,155 average loan

- A median household income of $63,116 or 69% of the statewide median family income
- 33% of households were Black, Indigenous or households of color overall, and 34% of first-time Start Up borrowers were Black, Indigenous or households of color

Our home mortgage programs are experiencing high production, which is heavily supported by downpayment and closing-cost loans. Ninety-seven percent of home mortgage borrowers use some type of downpayment and closing-cost loan, which is comparable with other top-producing housing finance agencies nationally.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $2.2 billion. Industry changes or changes in market conditions could affect production.

Based on resources available for new activity, we expect to finance mortgages for about 4,890 households each of the two years. Reducing the homeownership disparity for Black, Indigenous and households of color will continue to be a priority.

DEFERRED PAYMENT LOANS

We offer two downpayment and closing-cost loans—Deferred Payment Loans (DPLs) and Monthly Payment Loans (MPLs)—that support homeowners receiving Start Up and Step Up first lien mortgages. For the past two years, approximately 97% of our borrowers have received one of these downpayment and closing-cost loans.

The Deferred Payment Loan provides an interest-free, deferred loan for downpayment and closing costs to income-eligible first-time homebuyers purchasing a home under the Start Up program. Borrowers that receive DPL lack the necessary funds for standard mortgage downpayment and closing costs. The maximum loan amount is $15,000. The program serves lower income households than the amortizing Monthly Payment Loan and is funded through a combination of state appropriations and Pool 3 funds.

To ensure that funds support successful homeownership, DPL requires borrowers to contribute a minimum cash investment of the lesser of one percent of the purchase price or $1,000 and have a credit score of at least 640.

Current income limits are adjusted by household size. Limits for households of one to two members are:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$72,000
Dodge & Olmstead Counties	$72,000
All Other Counties	$64,000

Current purchase price limits are:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$330,100
All Other Counties	$283,300

Current purchase price limits match the Start Up program purchase price limits.

Program Performance and Trends

The availability of DPL is a driver of overall home mortgage production, particularly among lower-income and more targeted borrowers. DPL has been our most effective tool for serving Black and Indigenous communities and communities of color.

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 3,361 loans
- $29,293,275 total loan amount
- $8,716 average loan
- A median household income of $53,899 or 59% of the statewide median income
- 36% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $74,770,000.

If home mortgage demand is very strong, additional resources may be needed to support DPL, or we will have to make program changes.

Based on resources available for new activity, we expect to support 3,120 households each of the two years.

MONTHLY PAYMENT LOANS

Monthly Payment Loans (MPLs) are interest-bearing, amortizing loans that provide downpayment and closing-cost funds. MPLs support our Start Up and Step Up home mortgage loan programs. Borrowers who qualify for MPLs receive up to $17,000. MPLs use Pool 2 resources and have a 10-year term with an interest rate equal to that of the first mortgage.

To ensure that funds support successful homeownership, MPL requires borrowers to contribute a minimum cash investment of the lesser of one percent of the purchase price or $1,000 and have a credit score of at least 640.

Current household income limits for Start Up:

Property Location	Maximum Household Income	
	1-2 person	3 or more
Minneapolis/Saint Paul Metro Area (11-county)	$100,000	$115,000
Dodge & Olmsted Counties	$93,800	$107,800
All Other Counties	$88,600	$101,800

Current income limits for Step Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$149,500
Dodge & Olmsted Counties	$149,500
All Other Counties	$132,500

Current purchase price limits are:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$330,100
All Other Counties	$283,300

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 1,995 loans
- $21,443,919 total loan amount
- $10,749 average loan

- A median household income of $81,180 or 88% of the statewide median income
- 30% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $47,000,000.

We anticipate approximately one-third of overall home mortgage production will involve MPL. MPL production is subject to overall home mortgage production trends, the interest-rate environment, the overall percentage of our borrowers who need a downpayment and closing-cost loan, and program design. Given that MPL is available with both home mortgage options, the demand for MPL depends upon the demand for first mortgage loans.

Based on resources available for new activity, we expect to fund loans for 1,680 households each of the two years.

HOMEBUYER/OWNER EDUCATION AND COUNSELING

HOMEOWNERSHIP EDUCATION, COUNSELING & TRAINING (HECAT) FUND

The Homeownership Education, Counseling and Training (HECAT) Fund supports comprehensive pre-purchase services, including: (1) in-person homeownership education (Home Stretch and Realizing the American Dream), (2) homeownership services (financial wellness and homebuyer counseling), (3) home equity conversion (reverse mortgage) counseling, and (4) foreclosure prevention counseling. Besides the state appropriation, Family Housing Fund, Greater Minnesota Housing Fund and the Minnesota Homeownership Center have annually contributed up to a total of $550,000 to the program. We award the funds through a competitive annual Request for Proposals (RFP) process. The online homeownership education course, Framework, is an alternate option to HECAT-funded homeownership education. While Framework is part of the overall homebuyer educations system that we support, HECAT does not fund Framework.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 6,986 households served through HECAT program (and an additional 16,169 households were served through Framework)
- $1,424,595 total funding
- $204 average Minnesota Housing assistance per household
- A median household income of $41,498 or 45% of the statewide median income
- 56% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,063,174, a portion of which is contingent on funds being made available by partner organizations.

About 6,960 households will receive homebuyer/owner education and counseling each of the two years through HECAT. Framework will likely serve over 16,000 homebuyers again.

ENHANCED HOMEOWNERSHIP CAPACITY INITIATIVE

Black, Indigenous and households of color are an increasing share of the state's population, yet Minnesota's homeownership disparity (the homeownership rate differential between white/non-Latinx households and

Black Indigenous and households of color) is the fourth highest in the nation. These households often struggle to access the mortgage market.

The Homeownership Capacity program is funded with Pool 3 resources and state appropriations and provides intensive financial education, coaching and case management services to prepare families for sustainable homeownership. It serves a range of households but has targeted efforts to reach households of color and low- to moderate-income households to increase their probability of successful homeownership.

This initiative supports new and expanded homeowner training efforts through existing organizations, which leverage funds from several sources. In the most recent round of funding, 15 organizations will provide services – eight in the Twin Cities metro, four in Greater Minnesota, two in both areas, and one statewide.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 1,010 households served
- $1,253,009 total grant amount
- $1,241 average Minnesota Housing funding per household
- A median household income of $42,000 or 46% of the statewide median income
- 83% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,000,000.

Based on the resources available for new activity, we anticipate serving approximately 1,200 households each of the two years.

HOME IMPROVEMENT LENDING

HOME IMPROVEMENT LOAN PROGRAM

The Home Improvement Loan Program (including Fix Up and Community Fix Up Loans) uses Pool 2 resources to provide fully amortizing home-improvement loans to low- and moderate-income homeowners to improve the livability and energy efficiency of their homes. The Community Fix Up component is an add-on for eligible Fix Up lending partners and provides affordable financing to support community partnerships that target resources. Lending partners working with Community Fix Up may offer a slightly lower interest rate compared to the regular Fix-Up Loan Program by using leveraged funds. Fix Up and Community Fix Up loans are key tools for addressing the state’s aging housing stock.

The program serves a broad range of incomes and promotes economic diversity in lending. With higher loan-to-value limits than traditional loan products and an unsecured loan option, borrowers are able to improve and preserve their homes when other financing options may not be available to them.

Property Location	Income Limit
Minneapolis/Saint Paul Metro Area (11-county)	$156,800
Dodge & Olmsted Counties	$156,800
All Other Counties	$139,200

(No Income limit for unsecured energy incentive and secured energy or accessibility loans.)

Maximum loan amount:

- $ 75,000 for secured loans
- $25,000 for unsecured loans and secured energy or accessibility loans

Program Performance and Trends

For the Program Assessment period of October 1, 2019 —September 30, 2020, we reported:

- 1,097 loans
- $24,083,355 total loan amount
- $21,954 average loan
- A median household income of $78,587 or 86% of the statewide median income
- 11% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $101,000,000.

Based on current loan production trends and the resources available for new activity, we anticipate serving approximately 1,680 households each of the two years.

REHABILITATION LOAN PROGRAM (RLP)

The Rehabilitation Loan Program (RLP) provides zero-interest, deferred loans to extremely low-income homeowners at or below 30% of the area median income (AMI) to improve the safety, livability, or energy efficiency of their homes. The homes are rehabilitated to the greatest extent practicable to meet rehabilitation standards. Homeowners who need emergency assistance or have an essential accessibility need are referred to the Emergency and Accessibility Loan component of the program.

A network of over 30 lender partners, such as community action agencies and local units of government, administer the program throughout the state. The maximum loan term is 15 years for properties taxed as real property and 10 years for manufactured homes taxed as personal property and located in a manufactured home community. All loans are forgiven after the loan term if the borrower does not sell, transfer title, or cease to occupy the property during the loan term.

Current income limits are adjusted by household size, from $22,100 for a single person household to $31,500 for a four-person household. Other borrower assets cannot exceed $25,000.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 212 loans
- $4,662,685 total loan amount
- $21,994 average loan
- A median household income of $15,591 or 17% of statewide median income
- 9% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $15,544,000.

Based on resources available for new activity, we expect to fund rehabilitation loans for approximately 280 households each of the two years.

RENTAL PRODUCTION

MULTIFAMILY FIRST MORTGAGES

We make available Multifamily First Mortgages through our Low and Moderate Income Rental (LMIR) program, using resources from Pool 2 and Agency bond proceeds. Direct loans are generally made under LMIR in combination with HUD's Risk-Sharing Program.

The LMIR program makes interest-bearing, amortizing first mortgages available for the refinance, acquisition, rehabilitation, new construction or conversion of rental developments that house low- and moderate-income Minnesotans. LMIR loans include both rent and income restrictions. We also finance construction (bridge) loans under this program. Financing is available to housing sponsors both through the Request for Proposals (RFP) process and on a year-round basis. To enhance LMIR loans, we may also offer a companion low- or no-interest, deferred loan under the Flexible Financing for Capital Cost (FFCC) program, resulting in a lower overall interest rate on a blended basis.

Current rent restrictions: a minimum of 40% of units must be affordable to households with incomes at 60% of the area median income;[1] or 20% of units must be at affordable to households with incomes at 50% area median income; and the balance of units may have rents at the Minnesota Housing determined "market rate."

Current tenant income restrictions: 40% of units must be occupied by households with incomes at 60% or less of the area median income; or 20% of units must be occupied by households with incomes at 50% or less of area median income; and 25% of units may be occupied by households with unrestricted incomes. The balance of the units may be occupied by households with incomes equal to or less than 100% of the area median income.

Program Performance and Trends

For the Program Assessment period of October 1, 2019– September 30, 2020, we reported:

- 18 loans for developments with 1,176 units
- $81,544,844 total loan amount
- $69,341 average LMIR assistance per unit
- A median household income of $26,190 or 29% of the statewide median income
- 59% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $150,000,000 for both permanent first mortgages and construction loans.

Based on resources we expect to be available for new permanent first mortgages (excluding construction/ bridge loans), we expect to finance roughly 800 rental units in each of the two years.

[1] It is actually 60% of MTSP (Multifamily Tax Credit Subsidy Projects), which is very similar to AMI (area median income). We are using AMI in this explanation because it is a more widely used term.

FLEXIBLE FINANCING FOR CAPITAL COSTS (FFCC)

We provide Flexible Financing for Capital Costs (FFCC) deferred loans at low or no interest, using Pool 3 resources. FFCC is generally available only in conjunction with Agency-originated first mortgage loans for the refinance, acquisition, rehabilitation, new construction or conversion of rental developments that house low- and moderate-income Minnesotans. FFCC loans may also be used in tandem with Housing Infrastructure Bond (HIB) loans to fund costs not otherwise eligible from HIB proceeds. Loans include both rent and income restrictions.

Current rent restrictions: a minimum of 40% of units must be affordable to households with incomes at 60% of the area median income; or 20% of units must be at affordable to households with incomes at 50% of the area median income; and the balance of units may have rents at the Minnesota Housing determined "market rate."

Current tenant income restrictions: 40% of units must be occupied by households with incomes at 60% or less of the area median income; or 20% of units must be occupied by households with incomes at 50% or less of the area median income; and 25% of units may be occupied by households with unrestricted incomes. The balance of the units may be occupied by households with incomes equal to or less than 100% of the area median income.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 5 FFCC loans for developments with 560 units
- $9,069,000 total loan amount
- $16,195 average FFCC assistance per unit

Expected Activity for 2022-2023

Expected 2022-2023 resource availability is $20,000,000.

Based on resources available for new activity, we expect to finance about 420 rental units in each of the two years.

LOW-INCOME HOUSING TAX CREDITS (LIHTC)

Low-Income Housing Tax Credits provide federal income tax credits to owners and investors in the construction or acquisition/substantial rehabilitation of eligible rental housing. The U.S. Department of Treasury's Internal Revenue Service (IRS) allocates 9% tax credits based on state population and a per capita amount that increases each year with the cost of living. Syndication proceeds are the amounts of private equity invested in developments as a result of federal LIHTC awarded and then sold to investors. The award of 9% LIHTCs to developments is a highly competitive process, with requests far exceeding available credits. Housing financed with 9% LIHTCs must meet income and rent restrictions for a minimum of 30 years.

The Minnesota Legislature designated Minnesota Housing as the primary allocating agency of LIHTC in Minnesota and qualified local cities and counties as suballocators.

We award 9% tax credits in two rounds of a competitive allocation process held each year. Round 1 is held concurrent with our Consolidated Request for Proposals, and a smaller Round 2 is traditionally held early in the next calendar year. We establish a waiting list of unfunded or partially funded applications at the conclusion of Round 2.

Section 42 of the Internal Revenue Code requires that tax credit allocating agencies develop an allocation plan for the distribution of the tax credits within the jurisdiction of the allocating agency. Our Qualified Allocation Plan (QAP) includes selection criteria and preferences required by Section 42 and deemed appropriate to local conditions and established by us based on input from the public, partners and stakeholders.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 141 LIHTC units receiving 9% tax credits
- $23,232,952 in syndication proceeds (investor equity from the sale of credits)
- $164,773 average syndication amount per unit
- A median household income of $22,103 or 24% of the statewide median income
- 50% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

We estimate that that Minnesota Housing will allocate $20,996,000 in 9% tax credits in 2022-2023, which should generate about $190 million in syndication proceeds for the two years combined.

Based on the resources available for new activity, we expect to allocate tax credits to support 550 rental units in each of the two years.

NATIONAL HOUSING TRUST FUND (NHTF)

The National Housing Trust Fund (NHTF) is an affordable housing production program that complements existing federal, state and local efforts to increase and preserve the supply of safe, affordable housing for extremely low-income households, including families experiencing homelessness. The Fund is capitalized through contributions from the government sponsored enterprises Fannie Mae and Freddie Mac and administered by U.S. Department of Housing and Urban Development.

The program provides financing for:

- New construction,
- Acquisition with rehabilitation,
- Rehabilitation without acquisition, or
- Operating subsidies for one of the above developments that produces new units meeting the permanent supportive housing strategic priority (up to 30% of the grant)

Current Rent Restrictions: Rents for an extremely low-income tenant shall not exceed affordability at 30% of the area median income (AMI).

Current Income Restrictions: NHTF-assisted units must be occupied by households with incomes at or below 30% of the AMI.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020 we reported:

- 1 loan for development with 40 units
- $2,511,840 total loan amount
- $62,796 average NHTF assistance per unit

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $18,506,000.

Based on the resources available for new activity, we expect to support 120 units in each of the two years.

HOME

HOME provides deferred loans for new construction, rehabilitation or acquisition/rehabilitation of permanent affordable rental housing, including housing with state or federal project-based rental subsidies. The program is funded with federal appropriations.

We allocate HOME funds through the annual Request for Proposals (RFP) process.

Tenant income limit: The U.S. Department of Housing and Urban Development (HUD) annually sets limits for the HOME program.

Rent limits: HUD annually sets limits for the HOME program.

Maximum assistance amount: HUD annually sets the maximum per-unit subsidy.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 2 loans for developments with 34 units
- $7,324,462 total loan amount
- $215,435 average HOME assistance per unit
- A median household income of $12,205 or 13% of the statewide median income
- 56% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $18,794,000, which a substantial increase from previous years.

Based on resources available for new activity, we expect to fund about 100 rental units in each of the two years.

PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF)

PARIF provides loans to fund the preservation of: 1) permanent affordable rental housing with federal project-based rent subsidies that are in jeopardy of being lost, 2) existing supportive housing developments, and 3) the newly added use of Naturally Occurring Affordable Housing properties. Eligible activities under PARIF include rehabilitation, acquisition and rehabilitation, and debt restructuring.

We allocate PARIF funds, which are state appropriations, through our annual Request for Proposals (RFP) process and on a year-round basis, allowing us to act more quickly to meet the immediate needs of developments that would be adversely impacted if required to wait for the next RFP.

Tenant income limit: PARIF is subject to the federal guidelines for the units being preserved.

Maximum assistance amount: None

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- No PARIF projects completed the financing process in FFY 2020

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $24,436,000.

Based on resources available for new activity, we expect to fund 290 rental units in each of the two years.

ASSET MANAGEMENT

Under the Asset Management program, resources are available on a year-round basis to fund deferred maintenance, capital improvements, or acquisition or to buy out partners. Properties with Minnesota Housing financing are eligible, including those with existing affordability restrictions or rental assistance contracts administered by Minnesota Housing. Because we prioritize properties already in Minnesota Housing's portfolio, referrals primarily come from Minnesota Housing's asset management and compliance staff.

Under the Asset Management program, we can provide a range of loan types, including interest-bearing, non-interest bearing, amortizing, and/or deferred loans.

Owners receiving funds under this program must agree to extend affordability restrictions to be coterminous with the new loan.

Funding for Asset Management comes from two sources: (1) Financing Adjustment Factor (FAF)/Financing Adjustment (FA), and (2) Pool 3. FAF/FA are federal funds and come from a financing agreement between the U.S. Department of Housing and Urban Development (HUD) and Minnesota Housing.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we provided $3,049,743 in asset management assistance for 289 units in four developments.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $6,000,000.

Based on resources available for new activity, we expect to fund about 150 rental units in each of the two years.

RENTAL REHABILITATION DEFERRED LOAN PILOT PROGRAM (RRDL)

RRDL provides deferred loans at no interest to individuals, developers, nonprofits, units of government, and tribal housing corporations for the moderate rehabilitation of existing affordable permanent rental housing throughout Greater Minnesota. The program is funded with state appropriations and designed to serve owners of smaller federally-assisted properties or naturally affordable properties that do not apply or would not be competitive in our regular Consolidated Request for Proposals process.

RRDL funds are available on a year-round basis and through targeted RRDL Request for Proposals. Owners may apply directly to Minnesota Housing for RRDL funds. Loan terms range from 10 to 30 years depending on the loan amount. Properties containing eight or more units may apply for loans where 10% of the loan amount is forgiven after the loan term has been met.

Current tenant income limit: 80% of the greater of the statewide or area median income (AMI) for a family of four, not adjusted for family size.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 5 loans for developments with 86 units
- $1,344,928 total loan amount
- $15,639 average RRDL assistance per unit
- A median household income of $17,125 or 19% of the statewide median income

- 15% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $9,486,000.

Based on resources available for new activity, we expect to fund about 190 rental units in each of the two years.

PUBLICLY OWNED HOUSING PROGRAM (POHP)

Through the Publicly Owned Housing Program (POHP), we provide deferred, forgivable loans at no interest to eligible public housing authorities or housing and redevelopment authorities to preserve/rehabilitate properties that they own and operate under HUD's Public Housing program. The program is funded with state General Obligation (GO) bond proceeds, which can be used only for eligible capital costs of a non-recurring nature that add value or life to the buildings.

POHP funds are available through targeted Request for Proposals. Owners apply directly to Minnesota Housing for POHP funds. Loans are structured with a 20-year term and a 35-year compliance period. The loan amount is forgiven after the loan term has been met.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 16 loans for developments with 996 units
- $9,655,756 total loan amount
- $9,695 average POHP assistance per unit
- A median household income of $11,676 or 13% of the statewide median
- 24% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $0; however, if the Legislature passes next year a capital investment bill with GO bonds for this program, resources will be available.

Based on resources currently available for new activity, we expect to fund no rental units in each of the two years.

WORKFORCE HOUSING DEVELOPMENT PROGRAM

This competitive program targets small to mid-size cities in Greater Minnesota with rental workforce housing needs. Funds may be used for qualified expenditures that result in the direct development of rental properties, including: (1) acquisition of a property, (2) construction or improvements, or (3) provision of loans, grants, interest rate subsidies, public infrastructure and related financing costs. Funds are targeted to proposals with the greatest proportion of market-rate units but can be used for developments with rent and income restrictions imposed by other funding sources for some units. Communities with 30,000 or fewer residents have a funding priority.

Funding is available under a stand-alone request for proposals (RFP). Proposals are ranked and scored according the Workforce Housing Development Program statute. Proposed rents are evaluated against the current and projected jobs and wages within the community. Funding is solely from state appropriations.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 4 loans for developments with 99 units
- $2,806,020 total loan amount

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $4,000,000.

Based on resources available for new activity, we expect to fund about 130 rental units over the two years. We plan to have just one RFP, which will occur later this year, over the two years.

RENTAL ASSISTANCE CONTRACT ADMINISTRATION

SECTION 8 – PROJECT-BASED RENTAL ASSISTANCE

The Housing and Community Development Act of 1974 created the project-based Section 8 Housing Assistance Payments Program. Under the program, the U.S. Department of Housing and Urban Development (HUD) entered into contracts with property owners to provide rental assistance for a fixed period of time for families with incomes no greater than 80% of the area median income. No new development has been funded under this program since the mid-1980s; however, HUD and the agency collaborate to not only preserve and extend existing contracts but also transfer project-based budget authority from developments with owners that want to exit the program to partially-assisted or previously-unassisted properties. Under existing contracts, tenants pay no more than 30% of adjusted household income for rent. HUD pays the difference between tenant rent payments and the contract rent of assisted units.

We provided permanent mortgage financing for more than 235 Section 8 Traditional Contract Administration (TCA) properties developed from 1975 to the mid-1980s. We currently manage 18 of these TCA contracts. Most have been converted to Performance-Based Contract Administration (PBCA) contracts.

Through a contract with HUD under the Performance Based Contract Administration (PBCA) authority, the agency, as a PHA, administers existing project-based Section 8 contracts for another 506 properties, which is expected to increase as more contracts convert to PBCA.

Under these contracts, the agency helps administer this important federal program, including performing management and occupancy reviews, processing contract renewals and annual rent adjustments, processing monthly payment vouchers, responding to tenant concerns, and following up on Real Estate Assessment Center physical inspections. In addition to ensuring that this deeply affordable housing resource remains viable and in compliance with federal requirements, these activities assist us in identifying and planning for the preservation needs of developments with Section 8 assistance.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

TCA	PBCA
• 4,481 households assisted	• 23,438 households assisted
• $29,384,173 in Housing Assistance Payments (HAP)	• $170,763,266 in Housing Assistance Payments (HAP)
• $6,558 average HAP assistance per household	• $7,286 average (HAP) assistance per household
• A median household income of $12,502 or 14% of the statewide median income	• A median household income of $12,680 or 13% of the statewide median income
• 23% of households were Black, Indigenous or households of color	• 38% of households were Black, Indigenous or households of color

Geographic distribution of developments is important in understanding differences in assistance (and tenants assisted) between PBCA and TCA. A greater proportion of PBCA units are in the Twin Cities Metropolitan Area than TCA units.

Expected Activity for 2022-2023

Our current PBCA agreement with HUD has been extended several times. The Agency continues to work with HUD regarding extensions to that agreement and the possibility of a federal RFP regarding PBCA services in the future. We currently manage 506 PBCA contracts under this agreement. PBCA revenue earned through administration of the contracts pays 100% of the cost of administering the program.

The estimated 2022-2023 resource availability is $465,000,000.

Based on resources available for new activity, we expect to support about 29,700 rental units each of the two years.

HOUSING STABILITY FOR POPULATIONS NEEDING EXTRA SUPPORT

HOUSING TRUST FUND (HTF)

Historically, funding for the HTF has been used to fund capital, rental assistance and operating subsidy expenses. In recent years, we have used HTF state appropriations for rental assistance and operating subsidies at some developments previously financed by Minnesota Housing. Households served by HTF include High Priority Homeless (HPH) families and individuals, defined as households prioritized for permanent supportive housing by the Coordinated Entry System for homelessness services.

Current tenant income limit: 60% of the area median income (AMI) for the Minneapolis/Saint Paul metro region, with priority for proposals at 30% of AMI and proposals to serve High Priority Homeless households.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 1,464 households assisted
- $9,969,447 in total disbursements
- $8,638 average HTF assistance per household
- A median household income of $9,636 or 11% of the statewide median income
- 62% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

Minnesota Housing provides HTF rental assistance and operating subsidies under two-year contracts with local administrators. For rent assistance, we entered into new two-year contracts in October 2021. For operating subsidies, we will issue a Request for Proposals in 2022.

The estimated 2022-2023 resource availability is $29,685,490.

Based on resources available for new activity, we expect to support about 2,300 renter households each of the two years, about 1,490 through rental assistance and 810 through operating subsidies.

HOMEWORK STARTS WITH HOME

Homework Starts with Home is a state-funded program that provides rent assistance and other supports to families with school-age children experiencing housing instability. We administer it in partnership with the Department of Education (MDE) and others. The program was created in response to the increasing number of students experiencing homelessness and is built upon the successful Housing Trust Fund Rental Assistance Pilot for Homeless and Highly Mobile Families. The program serves students and their families who are homeless or at imminent risk of homelessness, including: (a) families with children eligible for a pre-Kindergarten through grade 12 academic program, and (b) youth (with or without children of their own) who are eligible for an academic program and facing housing instability without their parent or guardian. The goals of the program are to create housing stability as well as improve academic achievement.

In 2018, the Homework Starts with Home was started with $4.15 million of one-time funding from Housing Trust Fund (rent assistance), the Family Homeless Prevention and Assistance Program (other supports), and the Heading Home Minnesota Funders Collaborative (other supports). In the 2020-2021 biennial budget from the state Legislature, Homework Starts with Home became a standalone program.

A collaborative approach involving local housing organizations, schools and service providers is a key feature of the local program design.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 191 households assisted
- $1,028,176 in total disbursements
- $5,383 average Homework Starts with Home assistance per unit
- A median household income of $8,052 or 9% of the statewide median
- 77% of households were Black, of color or from Indigenous communities

Expected Activity for 2020-2021

The estimated 2022-2023 resource availability is $3,500,000.

Based on resources available for new activity, we expect to support about 290 renter households each of the two years.

BRIDGES

Bridges is a state-funded rental assistance program for people with a mental illness. The program goal is to assist individuals so they can live in integrated settings in their communities until a permanent housing subsidy is available. Bridges operates in selected counties throughout the state and is administered through local housing organizations. The Minnesota Department of Human Services and Minnesota Housing collaborate in the administration of this program.

Tenants are responsible for a portion of the rent, which is generally equal to 30% of their income.

Bridges is an important component of Minnesota Housing's contribution to achieving the goals of both the Minnesota's Olmstead Plan and the state's Plan to Prevent and End Homelessness. In 2015, the program started prioritizing households with:

- Persons residing in an institution, segregated setting, or under correctional supervision who will be homeless upon exit,
- Persons experiencing homelessness who are assessed as High Priority Homeless (HPH) through the Coordinated Entry (CE) system, and
- People experiencing or at imminent risk of homelessness.

Current tenant income limit: 50% of the area median income.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 755 households assisted
- $3,806,855 in total disbursements
- $6,911 average Bridges assistance per household
- A median household income of $10,368 or 11% of the statewide median income
- 32% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

Bridges funds rent assistance under two-year contracts with local administrators. Minnesota Housing entered into the most recent contracts in July 2021.

The estimated 2022-2023 resource availability is $9,940,589.

Based on resources available for new activity, we expect to support about 720 renter households each of the two years.

SECTION 811 SUPPORTIVE HOUSING PROGRAM

Section 811 is a federal program through which the U.S. Department of Housing and Urban Development (HUD) has provided funding to states for project-based rental assistance to create integrated, cost-effective supportive housing units for people with disabilities. The goals of the program are to:

- Increase housing opportunities for people with disabilities,
- Transition people with disabilities from institutions to community-based settings,
- Reduce public costs of homelessness and institutional care,
- Create a centralized outreach and referral system for people with disabilities, and
- Develop new service linkages.

We implement the program in partnership with the Minnesota Department of Human Services (DHS). DHS staff coordinates all outreach, screening and referrals for these units and works with property owners to ensure support services are offered to tenants.

The state enters into contracts with selected public and private rental property owners for a minimum of 20 years, with initial funding for a period of five years. Funding beyond the first five years is subject to federal appropriations. The project-based rent assistance covers the difference between the tenant's payment and the approved gross rent. A small portion of the grant is used to pay for administrative expenses.

The Section 811 program is an important tool for achieving the goals of the Olmstead Plan to provide integrated housing options for people with disabilities. It is a unique opportunity to expand supportive housing for people with disabilities and leverage Medicaid resources for services.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 146 households assisted
- $952,777 in total disbursements
- $6,526 average Section 811 assistance per household
- A median household income of $10,368 or 11% of the statewide median income
- 53% of households were Black, Indigenous or households of color

HUD initially awarded Minnesota $3 million for up to 85 units of project-based rental assistance. We awarded all this funding for 84 project-based rental assistance subsidies (one unit less than the original goal of 85 units). In 2015, we received a second round of funding for an additional 75 units, which were awarded to existing or new properties through the Multifamily Consolidated RFP process in 2015 through 2017. As these projects are completed and the units lease up, the number of households assisted will increase.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $2,385,000.

Based on resources available for new activity, we expect to support about 160 renter households each of the two years.

FAMILY HOMELESS PREVENTION AND ASSISTANCE PROGRAM (FHPAP)

Under FHPAP, we assist families with children, unaccompanied youth, and single adults who are homeless or are at imminent risk of homelessness. Funds are used for a broad range of purposes aimed at preventing homelessness, shortening the length of stay in emergency shelters, eliminating repeat episodes of homelessness, and assisting individuals and families experiencing homelessness to secure permanent affordable housing.

FHPAP assists extremely low-income people primarily through short-term rent assistance (limited to 24 months but typically less than three months), security deposits, utilities and transportation assistance, and case management services. FHPAP grants also encourage and support innovations at the county, region, or local level for a more seamless and comprehensive homelessness response system.

Grant funds are awarded through a competitive Request for Proposals process. In the seven-county Twin Cities metro area, only counties are eligible to apply for funding. In Greater Minnesota, eligible applicants include counties, groups of contiguous counties acting together, or community-based nonprofit organizations or Tribal Nations.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 4,557 households assisted
- $9,191,079 in total disbursements
- $2,017 average FHPAP assistance per household

- A median household income of $9,972 or 11% of the statewide median income
- 62% of households were Black, Indigenous or households of color

The total number of households served has declined over the past few years because the program has targeted assistance to households with higher needs and utilized rapid rehousing as a strategy. Rapid rehousing provides short term rental assistance, housing case management and housing navigation services.

Expected Activity for 2020-2021

FHPAP also operates under two-year contracts with local administrators. Minnesota Housing will enter into new contracts in calendar year 2021.

The estimated 2022-2023 resource availability is $20,577,600. The last three months of funding for the new contracts (July 1 through September 30, 2023) is contingent on funds coming from the 2023-2024 biennial appropriations.

Based on resources available for new activity, we expect to support about 5,140 households each of the two years.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

The Housing Opportunities for Persons with AIDS (HOPWA) program provides grants for housing assistance and services (including short-term rent, mortgage and utility assistance) for people with an HIV-positive status and their families. The U.S. Department of Housing and Urban Development (HUD) allocates funds to local jurisdictions based on the number of individuals living with HIV or AIDS. The city of Minneapolis receives and administers a direct award for the 13-county Minneapolis/Saint Paul Metropolitan Statistical Area. We receive a direct award and contract with Rainbow Health to serve eligible households in Greater Minnesota. A small additional formula-based allocation was received this year in response to the COVID-19 global health crisis. These resources provide additional supports to Rainbow Health's HOPWA participants who are at greater risk of serious health implications if they were to contract COVID-19.

Current tenant income limit: 80% of area median income, adjusted for family size.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 177 households assisted in 48 counties
- $178,483 of assistance disbursed
- $1,008 average HOPWA assistance per household
- A median household income of $22,029 or 24% of the statewide median income
- 50% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

Minnesota Housing will renew Rainbow Health's HOPWA contract for 2022 and will begin community engagement this fall on the next 5-year Consolidated Plan including an exploration of other eligible HOPWA activities such as Tenant-based Rent Assistance. The 2023 allocation will be awarded through a competitive RFP.

The estimated 2022-2023 resource availability is $567,000.

Based on resources available for new activity, we expect to support about 280 households each of the two years.

MULTIPLE USE RESOURCES

ECONOMIC DEVELOPMENT AND HOUSING/CHALLENGE (EDHC) – REGULAR

Under the Economic Development and Housing/Challenge Program (EDHC), we provide grants or deferred loans for construction, acquisition, rehabilitation, interest rate reduction, interim or permanent financing, refinancing, and gap funding. Funds are used to support economic and community development within an area by meeting locally identified housing needs for either renter or owner-occupied housing.

Our Multifamily and Single-Family divisions allocate these resources to proposals submitted through competitive Request for Proposals (RFP) processes. Staff evaluates proposals according to EDHC selection standards and our strategic priorities. RFP funding for single family housing is available under the Community Homeownership Impact Fund (Impact Fund), which is the umbrella program for EDHC, Housing Infrastructure Bonds (HIB), and Single-Family Interim Lending for homeownership activities.

We make EDHC loans and grants to local governments, private developers, tribal and urban Indian housing authorities, or nonprofit organizations for both multifamily (minimum of four units) and single-family projects. EDHC requires that 50% of the funds be used for projects that have leveraged funds from non-state resources. Preference is given to proposals with the greatest portion of costs covered by non-state resources.

Current income limit: 115% of the greater of area or state median income for owner-occupied housing and 80% of the greater of area or state median income for rental housing.

Maximum loan amount: None beyond funding availability.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

Multifamily EDHC	Single Family EDHC - Impact Fund
• 2 loans to developments with 83 units	• 323 units
• $9,713,508 total loan amount	• $9,670,037 total loan/grant amount
• $117,030 average EDHC assistance per unit	• $29,938 average EDHC assistance per home
• A median household of $20,370 or 22% of the statewide median income	• A median household income of $47,982 or 52% of statewide median income
• 70% of households were Black, Indigenous or households of color	• 62% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $34,650,000.

We will allocate funds through our Single Family and Multifamily RFPs, with any remaining funds made available on a year-round basis in multifamily and through an incentive fund in Single Family.

Based on resources available for new activity, we expect to support about 470 housing units in each of the two years.

SINGLE FAMILY INTERIM LENDING

Single Family Interim Lending provides loans, most often to smaller nonprofit organizations, to acquire, rehabilitate, demolish, or construct owner-occupied housing under the Community Homeownership Impact Fund (“Impact Fund”). The homes are then sold to households with incomes at or below 115% of the area median income (AMI). Interim loans are financed with Agency resources and have a term of 26 months. Funds are awarded annually through the Single Family Request for Proposals process in accordance with our mission and priorities.

Program Performance and Trends

Performance data on interim lending are reported under the Impact Fund program in the EDHC description. The Impact Fund is the umbrella program under which we deliver the Economic Development and Housing/Challenge program and interim construction financing for single family owner-occupied housing.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $2,500,000.

Based on resources available for new activity, we expect to support the construction of about 15 homes each of the two years.

HOUSING INFRASTRUCTURE BONDS (HIBs)

Housing Infrastructure Bonds (HIBs) are issued by Minnesota Housing, as authorized by the Minnesota Legislature, to address specific critical housing needs. HIB proceeds may be used to finance the following project types:

- The acquisition, construction, or rehabilitation of affordable permanent supportive housing for individuals and families without a permanent residence and people with behavioral health needs;
- The acquisition, rehabilitation, adaptive reuse or new construction of senior housing;
- The preservation of existing federally subsidized rental housing by funding acquisition, rehabilitation, and refinancing; and
- The acquisition of land by community land trusts and used for affordable single-family homeownership opportunities.
- The costs of acquisition, rehabilitation, adaptive reuse or new construction of single-family housing; and
- The cost of acquisition and infrastructure needs for manufactured home communities.

HIB funds are allocated through the annual Multifamily and Single-Family Requests for Proposals (RFP). HIBs can be issued as governmental, 501(c)(3), and private activity bonds. If the bonds are issued as private activity bonds, applicants also may access 4% housing tax credits. HIB proceeds are typically provided as deferred, no interest loans.

Current income limit: 115% of the greater of area or state median income for owner-occupied housing and 80% of the greater of area or statewide median income, not adjusted for household size for rental housing.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported two supportive housing developments:

- 72 units
- $13,484,406 total loan amount
- $187,283 average HIB assistance per unit
- A median household income of $9,493 or 10% of the statewide median income
- 46% of households were Black, Indigenous or households of color

We financed one preservation project:

- 69 units
- $4,057,163 total loan amount
- $58,800 average HIB assistance per unit
- A median household income of $2,436 or 3% of the statewide median income
- 55% of households were Black, Indigenous or households of color

We financed land acquisition by community land trusts:

- 38 homes
- $716,266 total loan amount
- $18,849 average HIB assistance per unit
- A median household income of $36,783 or 40% of the statewide median income
- 38% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $120,000,000.

Of the $120 million, $100 million is new authority, and $20 million is unused resources from previous authorizations. The $100 million new authorization from the Legislature is conditional, dependent on the federal government not providing additional resources for the same purposes by the end of calendar year 2021. Of that $100 million, just over $18 million is restricted for single-family development and $15 million for manufactured home communities.

Based on resources available for new activity, we expect to support 1,280 housing units in each of the two years. This includes annually supporting about 765 manufactured home lots through infrastructure improvements.

WORKFORCE AFFORDABLE HOMEOWNERSHIP PROGRAM

The funds for the Workforce and Affordable Homeownership Development Program may be used for the development of homeownership opportunities and can be used for development costs, rehabilitation, land development and residential housing. In addition, the legislation allows for manufactured home community infrastructure development and repair and storm shelter development. Eligible program applicants are cities, tribal governments, nonprofit organizations, cooperatives and community land trusts.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,750,000.

Based on resources available for new activity, we expect to support about 50 homes each of the two years.

MANUFACTURED HOME COMMUNITY REDEVELOPMENT PROGRAM

While this program was created in statute in 2001, it was funded for the first time for the 2020-2021 biennium. Under this program, we will focus on infrastructure improvements, such as storm shelters and community facilities, to preserve manufactured home communities. Acquisition is also an eligible use.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,750,000.

Based on resources available for new activity, we expect to support about 190 manufactured home lots each of the two years. In addition, as described in the HIB program description, we will also be able to annually support roughly another 765 lots with that resource.

TECHNICAL ASSISTANCE AND OPERATING SUPPORT

The Technical Assistance and Operating Support program provides grants that enhance the ability of housing and community development organizations to meet Minnesota's affordable housing needs. This program supports all our strategic objectives by:

- Providing resources for the state's homeless response system – including the state's Homeless Management Information System, the regional Continuum of Care's homelessness assistance planning, and coordinated entry;
- Providing grants to specific organizations – including the Homeownership Center for its statewide counseling network and HousingLink for its statewide affordable housing website; and
- Supporting capacity building programs and initiatives – including the Capacity Building Initiative, Community Developer Capacity, and the Capacity Building Intermediary program.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we funded $1,426,159 of activity under this program.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,790,000.

LOCAL HOUSING TRUST FUNDS

The 2021 Legislature appropriated $1 million for a Local Housing Trust Fund Grants program. This one-time program will provide grants to local housing trust funds established under Minnesota Statutes, section 462C.16, to incentivize increases in local funding dedicated to affordable housing.

Grantees are eligible to receive a grant amount equal to:

- 100 percent of the new public revenue committed to the local housing trust fund from any source other than the state or federal government, up to $150,000; and
- Depending on funding availability, an amount equal to 50 percent of the new public revenue committed to the local housing trust fund from any source other than the state or federal government that is more than $150,000 but not more than $300,000.

The agency will consult with interested stakeholders when developing the guidelines, applications and procedures for the program.

A grantee must use grant funds within five years of receipt to (1) pay for administrative expenses, but not more than 10% of the balance of the fund may be spent on administration; (2) make grants, loans and loan guarantees for the development, rehabilitation or financing of housing; (3) match other funds from federal, state or private resources for housing projects; or (4) provide down payment assistance, rental assistance, and home buyer counseling services. The funds must households with incomes at or below 115% of the state median income.

Program Performance and Trends

This is a new program.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $1,000,000. At this time, we do not have sufficient information to estimate how and when they funds will be used and how many households will be annually assisted.

OTHER

MANUFACTURED HOME RELOCATION TRUST FUND

The Manufactured Home Relocation Trust Fund requires owners of manufactured home parks to pay $15 per licensed lot into a Trust Fund each year if the fund's balance is below $2,000,000. Park owners are authorized to collect funds from each manufactured homeowner either monthly or in a lump sum that is paid to Minnesota Management and Budget for deposit into the Trust Fund. The Trust Fund is available to homeowners who must relocate because the park they live in is being closed.

The statute sets out a process for determining the amount of money for which a homeowner is eligible for either moving or selling their home. Minnesota Management and Budget collects the assessment, and we make payments to homeowners for eligible costs, with claims overseen by an appointed neutral third party.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 6 households assisted
- $15,550 total disbursements
- $2,592 average assistance per household

Expected Activity for 2022-2023

As of March 31, 2021, the fund had a $1.2 million uncommitted balance, which is below the $2 million threshold, triggering to continued collection of fees.

Disbursements from the fund vary significantly from year to year, depending on the level of park closures. We are not making an estimate of the assistance needs at this time.

DISASTER RECOVERY

Disaster response programs provide funding for the repair or replacement of renter or owner-occupied housing damaged by natural disasters, such as a flood or tornado. We distribute these funds through the Disaster Recovery program for single-family properties and also assist in: (1) repairing damaged rental buildings, (2) providing relocation services to renters who are displaced or become homeless due to disasters, (3) building organizational capacity to respond to disasters, and (4) covering administrative costs related to disaster outreach.

Funds are typically delivered through administrators under contract to deliver ongoing Agency programs for the areas impacted by a disaster. These include administrators for the single-family Rehabilitation Loan Program (RLP), the multifamily Rental Rehabilitation Deferred Loan Program (RRDL), and the Family Homeless Prevention and Assistance Program (FHPAP).

Disaster Recovery funds provide homeowners and smaller rental property owners with deferred loans at no interest for repair costs that are not covered by federal assistance or insurance proceeds. The loan is forgiven if the homeowner remains in the property for 10 years, or for rental properties, if property owners keep rents affordable for 10 years. There are no income limits under the Disaster Recovery program.

Program Performance and Trends

Typically, activities have been funded by special appropriations from the Minnesota Legislature following a federal disaster declaration and determination of the level of available federal funding from the Federal Emergency Management Agency and the Small Business Administration. State appropriations have ranged from $1,000,000 for the May 2011 Minneapolis tornado to $12,720,000 for the August 2012 flooding in northeast Minnesota.

Expected Activity for 2022-2023

At the start of the 2022-2023 AHP, no funds have been appropriated. Typically, the Minnesota Legislature appropriates funds for this program following the declaration of a disaster. If the Minnesota Legislature does not appropriate funds following a federal disaster declaration, the Agency may fund activities through the Disaster Relief Contingency Fund.

DISASTER RELIEF CONTINGENCY FUND

The Minnesota Legislature established this fund in 2001 as the account into which we deposit all repayments of previously made disaster relief loans or grants. Funds deposited in this account are used to assist with rehabilitation or replacement of housing that is damaged by a natural disaster in areas covered by a presidential declaration of disaster. Funding also may be used for capacity building grants for disaster response and flood insurance payments.

The terms and conditions under which the funds are made available are at the sole discretion of Minnesota Housing. Eligible uses of funds have included writing down the interest rate on Home Improvement Loans and activating the Disaster Recovery program.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we funded nine loans for $198,287.

Expected Activity for 2022-2023

Disbursements from the fund vary significantly from year to year. We are not making an estimate of a funding level at this time. As of March 31, 2021, the fund had a $2.2 million uncommitted balance.

COVID-19 HOUSING RECOVERY

RENTHELPMN – EMERGENCY RENTAL ASSISTANCE PROGRAM (ERAP)

Under the federal Emergency Rental Assistance Program, Minnesota expects to receive about $670 million, with Minnesota Housing expecting to receive $537 million of those funds for our **RentHelpMN** program, with the remaining $133 million going to six local communities. Under the program, renters with incomes at or below 80% of the area median income who experienced a COVID-19-related financial hardship are eligible for up to 18 months of assistance for both past-due and future rent. Future rent payments will be covered in three-month installments.

Program Performance and Trends

The program launched in April of 2021, and we have no program activity to report during our most recent Program Assessment period of October 1, 2019 – September 30, 2020.

Expected Activity for 2022-2023

As a rough estimate, we expect to provide about $372 million to assist approximately 50,000 renter households during the two-year period of 2022 and 2023 – very roughly 25,000 renter households each year. In all likelihood, we will serve substantially more in 2022, and we may be able to serve some clients in 2023.

HOMEHELPMN – HOMEOWNER ASSISTANCE FUND (HAF)

Under the federal Homeowner Assistance Fund, Minnesota Housing expects to receive $128 million to assist homeowners, with $109 million being used for financial assistance and counseling. Our HomeHelpMN program is expected to cover past due principal, interest, taxes, insurance and other housing payments; loan modifications; and certain counseling services. The overall goal is to reach homeowners in greatest need of assistance and most at risk of foreclosure and losing their homes. Initially, the program will be available to homeowners with incomes at or below 100% of the median income. The program will likely have a maximum benefit of $35,000 per household. Like the rental program, a household must have faced a COVID-19-related financial hardship to be eligible.

Program Performance and Trends

This is a new program.

Expected Activity for 2022-2023

We expect to provide about $109 million to assist approximately 6,700 homeowner households during the two-year period of 2022 and 2023 – very roughly 3,350 homeowner households each year. In all likelihood, we will serve more in 2022 and fewer in 2023.

HOME-ARP – AMERICAN RESCUE PLAN (ARP)

Under the American Rescue Plan (ARP), Minnesota Housing will also receive an allocation of approximately $31 million in HOME Investment Partnerships funding (HOME-ARP) to assist individuals or households who are experiencing or at risk of homelessness, along with other vulnerable populations. Fifteen percent of the funds can be used for administrative expenses, with the remaining funds dedicated for assistance. We anticipate these funds will provide housing development resources that benefit individuals and families experiencing homelessness and sleeping outside. The origin of this new program came from some success converting underutilized hotels into either non-congregate shelter or permanent housing during the pandemic. This funding allocation is separate from our regular annual HOME appropriation.

Program Performance and Trends

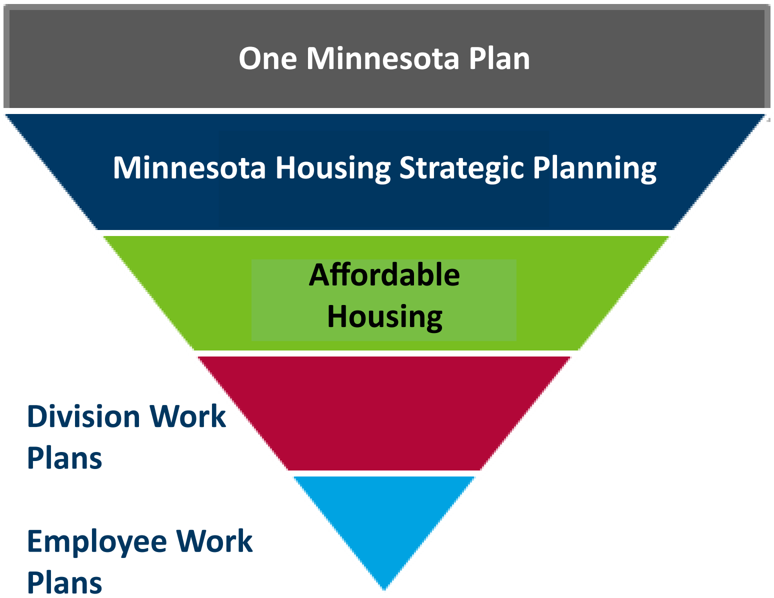
We expect to launch the program in program year 2022 and have no program activity to report during our most recent Program Assessment period of October 1, 2019 – September 30, 2020.

Expected Activity for 2022-2023

We expect to provide about $26.5 million ($31 million less administrative costs) to assist approximately 200 households during the two-year period of 2022 and 2023 – very roughly 100 homeowner households each year.

APPENDIX C: STRATEGIC MANAGEMENT STRUCTURE AND REPORTING

A set of planning documents and processes direct and align Minnesota Housing's work, as shown in the following diagram. The Affordable Housing Plan (AHP) is the piece that connects our day-to-day work with our Strategic Plan.



Sets the strategic direction for all state agencies in the Walz-Flanagan Administration for 2020-2022

Sets the strategic direction for Minnesota Housing for 2020-2022

Two-year business plans to implement the Strategic Plan, which includes key policy, program and operational initiatives

One- or two-year plans outlining division activities to implement the Affordable Housing Plan and core work

One- or two-year plans outlining division activities to implement the Affordable Housing Plan and core work

The structure starts with the strategic direction set by the Walz-Flanagan Administration and culminates in the work of every individual employee. The strategic and supporting plans align the work of every employee, and every employee sees how their work supports the strategic plan. The AHP is the business plan for implementing our strategic plan and establishes the key initiatives and provides resource estimates for a two-year period, which agency staff use to write their division and individual work plans. The AHP is rewritten every two years to reflect the new appropriations made available by the Legislature and other resource changes. It also considers new housing challenges, needs and opportunities.

The household and housing unit estimates in the AHP assume that all the funds made available are used and eventually disbursed. For some programs, we fall for short, but in other programs, we may end up using more resources than originally planned.

Accountability is key component of strategy management structure, and each set of plans in our structure has a tracking and reporting component. What gets tracked and reported gets done. Reporting and accountability for the AHP comes in two sets of reports:

- Each quarter, Minnesota Housing staff report to the Agency's board of directors progress in awarding funds through RFP selections and deploying resources through other process, such as home mortgage commitments. This quarterly report focuses on the number of households and housing units that will be assisted with the resources that have been awarded and compares the initial results with our AHP forecasts. This report, which is based on the initial awarding of resources, is a leading indicator in tracking progress because it can take a couple of years for housing developments to go from being selected for funding to using the funds when construction is carried out. In some cases, funds that are awarded will go unused if a project is cancelled.
- At the end of each program year, in our Annual Program Assessment, we report to the Legislature and post on our website the funds that we disbursed that year and the number of households and housing units actually assisted for each program. This report captures our final results when the funding process is completed.

MINNESOTA HOUSING

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