

HOME Pilot Law Investment

- * For every \$1 invested there is a \$12 Social Return (University of MN –CURA)
- * Minnesota Housing has already invested \$21.3 Million of its own resources into HOME Law activities in 2014 and 2015.
- * Minnesota moved from being the worst to the third worst state in the nation in our disparity between white and non-white homeownership in 2015. (2015's States with Highest and Lowest Financial Gap by Race/Ethnicity)
- * Additional benefits: People will increase their credit scores, access to financing, and assets
Neighborhoods will stabilize and increase tax base as foreclosed homes are purchased and new homes are built on vacant lots. Apartments will become available as people move into homeownership.

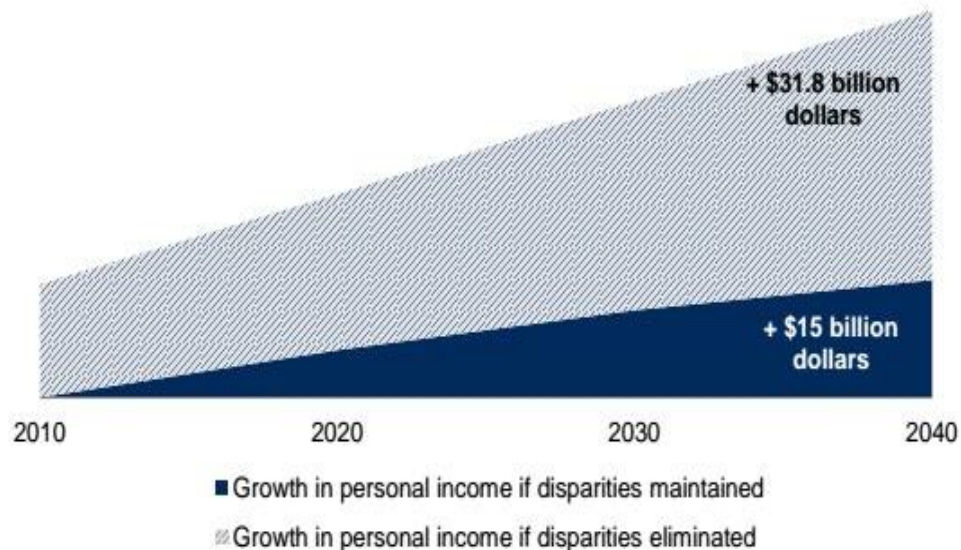
Impact of Home Building and Remodeling on the U.S. Economy

May 1, 2014 By Paul Emrath, Ph.D. Economics and Housing Policy
National Association of Home Builders estimates of the economic impact that residential construction had on the U.S. economy in 2014

- Building an average single-family home: 2.97 jobs, \$110,957 in taxes
- Building an average rental apartment: 1.13 jobs, \$42,383 in taxes
- \$100,000 spent on remodeling: 0.89 jobs, \$29,779 in taxes

The jobs are given in full-time equivalents (full-time equivalent is enough work to keep one worker employed for a full year based on average hours worked per week in the relevant industry). The term taxes is used for revenue paid to all levels of government—federal, state, county, municipal, school district, etc. The tax estimates include various fees and charges, such as residential permit and impact fees.

Projected growth of personal income in Twin Cities Region, 2010-2040



Source: Metropolitan Council Staff calculations based on U.S. Census Bureau, American Community Survey, 2007-2011 and Metropolitan Council 2040 preliminary regional forecasts.

All residents of Twin Cities need access to opportunity if the region is to have a healthy and prosperous future. If people of color—the fastest growing segment of the region's population—continue to have lower educational attainment levels and employment rates, the region as a whole would suffer from shortages of skilled labor. If residents of color continue to have less income and wealth than their white counterparts, an increasing proportion of the region's residents would lack the purchasing power and consumer base that could boost the region's economy in the long run.

Reducing existing disparities is not simply a moral imperative, it is essential for ensuring the well-being of all residents of the region.

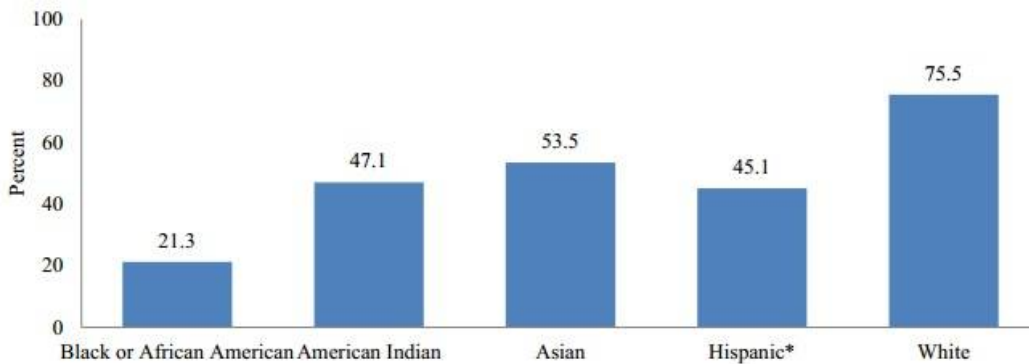
Home ownership

Home ownership itself has multiple benefits: it gives the occupants more control over their living environment, and can be a source of financial stability as an asset (home equity) that can be called on in a time of need. Home ownership also confers benefits on the community. Homeowners participate more in the civic and social life of their communities, help prevent and report crime, are more environmentally aware, and are more empowered to address environmental concerns in their homes and neighborhoods. Children benefit from residential stability when living in a permanent home, perform better in school, and have better health outcomes.

In 2012, more than 75 percent of the white population in Minnesota owned a home, but only 21 percent of African Americans in Minnesota were homeowners.

The disparities in homeownership actually worsened with the economic downturn the last few years, as predatory lending targeted populations of color and put them at great risk of losing their homes.

Figure 18: Percent of housing units that are owner occupied by race/ethnicity, Minnesota 2012 ¹³¹



¹³¹ Source: 2012 Census ACS 1 year, B25003 (race alone). [Advancing Health Equity in Minnesota](#) Page- 91 February 2014

Minneapolis Federal Reserve Bank:

Given the continued growth in the state's minority population, Minnesota's wide homeownership gap is of increasing concern for business, community, and political leaders. Increasing Minnesota's emerging market homeownership rate and closing the disparity gap will not only strengthen communities and help families build wealth; it will also provide cost benefits opportunities socially and economically for the State of Minnesota.

Minneapolis Federal Reserve Bank (2015) data indicates to address 10% of the disparity in Minnesota by end of 2015 16,655 households of Color, Hispanics /Latinos and American Indians would need to become Homeowners.

National Association of Realtors

Currently, emerging markets make up 40 percent of first-time homebuyers, Minnesota's emerging market population is growing faster than its white population, doubling to 12 percent between 1990 and 2000, and its buying power is growing at an amazing pace.

(MHFA Business Plan to Increase Homeownership in Emerging Markets June 27, 2005)

Table 3: 2014 and 2015 Budget and Program Summary

		Original 2014 Funding Level	2015 Funding Level	Activity	Median Income Served	Percentage Served from Communities of Color
	Homebuyer and Home Refinance	\$431,338,750	\$455,036,200			
1	Home Mortgage Loans	\$376,000,000	\$400,000,000	First Mortgage	\$48,500	23%
2	Targeted Mortgage Opportunity Program	\$10,000,000	\$10,000,000	First Mortgage	N/A	N/A
8	Homebuyer Education, Counseling & Training (HECAT)	\$1,316,000	\$2,186,200	Education & Counseling	\$35,602	32%
8a	Enhanced Homeownership Capacity Initiative	\$500,000	\$650,000	Education & Counseling	N/A	N/A