

Housing Finance Agency

Project Funding Summary
(\$ in Thousands)

Project Title	Agency Priority	Funding Source	Agency Request			Governor's Rec	Governor's Planning Estimates	
			2014	2016	2018	2014	2016	2018
Housing Infrastructure Bonds	1	OTH	\$80,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Public Housing Rehabilitation	2	GO	20,000	10,000	10,000	10,000	10,000	10,000
Project Total			\$100,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
General Obligation Bonding (GO)			\$20,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Housing Finance Agency (OTH)			\$80,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000

Funding Sources:	GF = General Fund	THF = Trunk Highway Fund	OTH = Other Funding Sources
	GO = General Obligation Bonds	THB = Trunk Highway Fund Bonding	UF = User Financed Bonding

Mission:

The Minnesota Housing Finance Agency (Minnesota Housing) finances affordable housing for low- and moderate- income households while fostering strong communities.

Statewide Outcome(s):

Minnesota Housing supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

Context:

Minnesota Housing works to provide access to safe, decent and affordable housing and to build stronger communities. In 2012, Minnesota Housing served nearly 63,000 low to moderate income households throughout the state. The agency's investments support job growth, with 11.8 jobs created for every one million dollars of investment. In 2012, Minnesota Housing adopted a new Strategic Plan, which helps to guide the agency as it works toward achieving its mission. The agency identified five strategic priorities in the plan:

- 1.) Preserve federally-subsidized rental housing
- 2.) Promote and support successful homeownership
- 3.) Address specific and critical needs in rental housing markets
- 4.) Prevent and end homelessness
- 5.) Prevent foreclosures and support community recovery

Management and control of Minnesota Housing is vested in the board of directors. The board is comprised of six citizen members appointed by the governor and one ex-officio member, the state auditor. The board directs the policies of the agency and adopts the agency's Strategic Plan and Affordable Housing Plan, approves funding decisions, adopts finance policies, and

selects the finance team. The board meets monthly in public meetings. Meeting dates and board packets are available on the agency's website.

Minnesota Housing's program budget comes from four sources: state appropriations, federal funds, private activity bond proceeds, and agency resources. The program budget is outlined in the agency's annual Affordable Housing Plan. In 2013, the budget was divided among the four sources as follows: state appropriations, 8.4 percent; federal funds, 23.6 percent; private activity bond proceeds, 53.7 percent; agency resources, 10 percent. In 2013 the agency also had bonding authority from the state, which contributed to 4 percent of the program budget.

Strategies:

In order to meet its mission of financing affordable housing for low- and moderate- income households, Minnesota Housing engages in strategies to deliver a wide range of programs that meet both the rental and home ownership needs of the populations it serves. It offers products and services to help Minnesotans buy and fix up their homes and to stabilize neighborhoods, communities and families. It also supports the development and preservation of affordable rental housing through both financing and long term asset management. It has pioneered a successful model for supportive housing that helps stabilize the lives of some of the state's most vulnerable citizens. Minnesota Housing also provides organizational support to nonprofit organizations and facilitates regional development efforts throughout the state.

Minnesota Housing's assistance is delivered through a statewide network of local lenders, community action programs, local housing and redevelopment authorities, and for-profit and nonprofit developers. Minnesota Housing joins with other public and private funders to make available development and redevelopment funds in a comprehensive, single application, one-stop selection process. In order to provide local partners with information about the housing needs in their communities, Minnesota Housing has developed detailed Community Profiles that have demographic indicators to identify housing needs in each of the state's 87 counties.

Minnesota Housing's investments in new and existing housing developments create jobs and ensure that low and moderate income workers have access to affordable housing opportunities, contributing to the state's economic growth. The agency's efforts to provide housing to the state's most vulnerable populations help create strong and stable families and communities across the state.

Measuring Success:

Minnesota Housing measures success by tracking how well its programs serve low- to moderate- income households in Minnesota. In 2012, more than half of the homebuyers served by Minnesota Housing earned less than \$45,000 per year, and 78 percent of the renters assisted by Minnesota Housing earned less than \$20,000 per year. The statewide median income for a family of four in 2012 was \$73,900.

Minnesota Housing also measures its performance based on the number of new affordable housing opportunities it creates. Through its 2012 request for proposal, Minnesota Housing financed more than 3,000 units of affordable housing, including more than 2,600 units of rental housing.

See the 2012 Annual Report and Program Assessment for additional results information.

Another important measure of success for the agency is its bond performance. As of August 2013, Minnesota Housing's bond issuer ratings for Housing Infrastructure Bonds were "AA" and "Aa2" from Standard and Poor's Rating Services and Moody's Investor Service, Inc., respectively. Minnesota Housing's bond ratings are separate from, and are not directly dependent on, ratings on debt issued by the State of Minnesota.

At A Glance: Agency Long-Range Strategic Goals

- Promote and support successful homeownership
- Preserve federally-subsidized rental housing
- Address specific and critical needs in rental housing markets
- Prevent and end homelessness
- Prevent foreclosures and support community recovery

Trends, Policies and other Issues Affecting the Demand for Services, Facilities or Capital Programs

Minnesota Housing's capital bonding requests support four of its strategic priorities:

- Prevent foreclosures and support community recovery
- Address specific and critical needs in rental housing markets
- Preserve federally-subsidized rental housing
- Prevent and end homelessness

Homelessness Trends

The U.S. Department of Housing and Urban Development (HUD) conducts an annual point in time survey to determine the number of homeless people in the state on a given night. The 2013 point in time count found that there were 8,214 homeless individuals in Minnesota. This was a six percent (6%) increase from 2012. Of those individuals, more than 4,600 are in households with children. There were 349 homeless veterans, which increased from 309 in 2012. (However, in 2012 there was a 31 percent decrease in the number of homeless veterans from 2011). The number of chronically homeless individuals decreased from 1,004 in 2012 to 915 in 2013. The number of chronically homeless individuals has decreased by nearly 36 percent (36%) since 2009.

The state's Business Plan to End Long-Term Homelessness included a goal of financing 4,000 supportive housing opportunities for people who have experienced long-term homelessness. Long-term homelessness is defined as an individual or family that has been continuously homeless for a year or

more or has had at least four episodes of homelessness in the past three years. As of 2013, the state has reached this important goal. People with long histories of homelessness are now in housing. Two-thirds of those housed in housing developed under the plan had been homeless for more than one year; more than one-third (37%) had been homeless for three years or longer. People are achieving housing stability. Eighty-seven percent (87%) of the households served were still in housing at the end of the reporting year.

Every three years, the Wilder Research Center counts the number of homeless individuals in Minnesota on a given night. The Wilder Research 2012 Homeless Study found that there are 10,214 homeless adults, youth and children. This is a six percent (6%) increase from 2009 to 2012. While the number of people who are homeless increased, the rate of increase was much lower than from 2006 to 2009 when the population increased by 25 percent (25%). Forty-one percent (41%) of homeless adults are on a waiting list for affordable, subsidized housing. The average wait time is 11 months. Of the 10,214 people counted as homeless, just over 65 percent were in the metro area and just under 45 percent were in Greater Minnesota.

Foreclosure Trends

Although foreclosure rates have decreased significantly since the height of the foreclosure crisis, the number of foreclosures in 2012 was nearly three times the number of annual foreclosures in 2005. Fifty-four (54) zip codes in Minnesota are considered to be "high need" in regard to foreclosure recovery, meaning they have one and half times the number of foreclosures of the rest of the state.

Communities are still impacted by the backlog of "shadow inventory," or pending supply of foreclosed homes not yet for sale. Cities report that there is still a need for stabilization activities to help with recovery from the foreclosure crisis.

Preservation Trends

Minnesota has more than 60,000 units of rental housing that have received or currently receive federal assistance to keep them affordable. These properties are located throughout the state, in large and small communities

alike. The affordable housing stock is an essential part of communities' infrastructure and its preservation is critical to communities' continued vitality. As these properties age, or as the subsidy contracts and regulatory agreements expire, there is a risk that these units may be lost due to physical deterioration or diminished capacity of the ownership entity. Some properties in strong markets may convert to market rate housing and no longer be affordable for low income residents.

Of the more than 60,000 federally subsidized units, 31,000 are privately-owned affordable housing units that are federally subsidized through the Section 8 program. Section 8 housing is among the most affordable housing available because the tenant is required to pay only 30% of household income towards rent. The federal government makes up the difference between the tenant's contribution and an agreed upon contract rent. Another 7,000 privately-owned affordable housing units are federally subsidized through USDA Rural Development.

The Section 8 and USDA Rural Development portfolios were developed primarily from the 1960s to the 1980s. Due to the age of the housing stock, rents may not be able to keep up with the physical demands of the properties. Large injections of capital are needed to make physical improvements so that the properties can remain intact and affordable for decades into the future. Funding is used to ensure that the health, safety and quality of this critical affordable housing stock is maintained for its low income residents well into the future. There are currently over 9,200 units of privately-owned, federally-assisted housing that have not had significant capital improvements for at least the past 15 years. Based on current preservation resources and average funding levels only approximately 20 percent (20%) of these units' capital needs would be met over the next 5 years.

Minnesota Housing, along with its philanthropic funding partners and local and federal partners, has taken a systematic, long-term approach to stabilization and preservation that recognizes that preservation of existing housing is often the most cost-effective means of providing affordable housing. Since 1998, Minnesota Housing has invested in the preservation or stabilization of more than 16,700 federally subsidized rental units. For every \$1 of state funding, \$4 in anticipated federal assistance is preserved. In the past 3 years, but for the Housing Infrastructure Bonds, the Agency was

oversubscribed at 3 to 1 with applications for funding to preserve federally - assisted units.

Public Housing

Minnesota has more than 21,000 public housing units funded by the federal government and owned and operated by local public housing authorities. These units are located across the state. Public housing serves the lowest income households in the state. Seventy-five percent (75%) of public housing residents earn less than \$15,000 per year. Thirty-three percent (33%) of public housing residents are seniors and 45 percent (45%) are disabled (this includes seniors and non-seniors). Over one-third of public housing residents have earned income, while most of the rest receive Social Security or pension income. Two percent (2%) of public housing residents have no income.

Between 2002 and 2010 the federal government's commitment to support public housing diminished as appropriations for operations and maintenance of the housing stock were reduced to inadequate levels. As a consequence, some public housing authorities have been forced to sell some of their units to reduce operating costs and generate enough revenue to properly maintain the remaining inventory. Others have delayed needed maintenance and repairs, putting units at risk of becoming uninhabitable. Federal sequestration is further impacting public housing authorities' ability to keep up with needed capital improvements.

Provide a Self-Assessment of the Condition, Suitability, and Functionality of Present Facilities, Capital Projects, or Assets

Minnesota Housing does not own or operate facilities covered by this request. The request is for financing of activities that improve and augment the infrastructure of affordable housing in communities throughout the state. Without these critical funds, communities stand to lose housing units that are vital to serving the needs of citizens in these communities.

Agency Process Used to Arrive at these Capital Requests

In Minnesota, 30 percent of households (approximately 633,000 households) are considered to be cost-burdened, meaning they pay more than 30 percent

of their income for housing. New affordable housing opportunities are needed in order to reduce the number of cost-burdened households in the state. Preservation is also an important strategy for preventing the rate of cost-burdened households from increasing.

Minnesota Housing is a member of three Interagency Stabilization groups that, together with state, federal and local units of government and philanthropic lending partners, collaborate on efforts to preserve and stabilize affordable housing across the state. These groups have informed the agency's preservation activities and funding requests. The agency is also part of the Preservation Plus Initiative funded by the MacArthur Foundation. The initiative is designed help the state and its philanthropic lending partners to fill gaps in its existing preservation infrastructure, expand successful strategies, and develop new preservation tools.

A new State Director to Prevent and End Homelessness is coordinating efforts among the 11 state agencies that make up the Interagency Council on Homelessness to write a new state plan to end homelessness. The plan will be completed in late 2013. Creating supportive housing opportunities is a key strategy in any plan to address homelessness.

Minnesota Housing is also participating in the Olmstead Sub-Cabinet, which is developing a plan to ensure that Minnesotans with disabilities have the opportunity to live in the community in a more integrated setting by providing more housing choices, including supportive housing. We anticipate that as the plan is finalized new supportive housing needs will be identified.

Major Capital Projects Authorized in 2012 and 2013

2012 Projects: In 2012, the agency was authorized to issue \$30 million in Housing Infrastructure Bonds. Preservation was added as an eligible use of Housing Infrastructure Bond proceeds, in addition to foreclosure recovery activities and new construction or rehabilitation of permanent supportive housing, which had been authorized in previous sessions. The bonding authority has been used to finance the construction or preservation of nearly 620 units of affordable housing. All of the bonding authority was committed within 6 months of authorization, and as of August 31, 2013 more than \$15 million in financing has closed.

The Legislature also approved \$5.5 million in GO Bonds for public housing in 2012. Fourteen (14) projects were selected to receive funds. All of the funds were committed within six months. Nine of the 14 projects are in the closing stages and eight of the 14 projects are under construction as of August 31, 2013.

2013 Projects: The Legislature did not authorize Housing Infrastructure Bonds or GO Bonds for public housing in the 2013 Capital Investment act.

Housing Infrastructure Bonds

2014 STATE APPROPRIATION REQUEST: \$80,000,000

AGENCY PROJECT PRIORITY: 1 of 2

Project At A Glance

\$6.4 million annually for 20 years for the debt service on \$80 million of housing infrastructure bonds issued by Minnesota Housing to:

- preserve federally subsidized rental housing,
- acquire and rehabilitate or replace foreclosed properties, and
- construct, or acquire and rehabilitate permanent supportive housing.

Project Description

This request is for a general fund standing appropriation to pay the debt service on housing infrastructure bonds. The debt service needed for \$80 million in housing infrastructure bonds is \$6.4 million per year for 20 years. Housing infrastructure bonds are appropriation bonds issued by Minnesota Housing. The state makes a standing appropriation to pay the debt service for the life of the bonds. The full faith and credit of the state is not behind the bonds. The bonds will be issued to:

- preserve existing federally subsidized rental housing,
- stabilize communities impacted by the foreclosure crisis by creating new affordable housing opportunities through rental units and community land trusts, and
- construct or acquire and rehabilitate permanent supportive housing.

This funding will provide an estimated 1,700 new or preserved affordable housing opportunities.

Eligible applicants are experienced and qualified affordable housing developers. Funding will be provided in the form of a 20-year forgivable loan. The housing acquired and rehabilitated or constructed with this funding must remain affordable for a minimum of 20 years. Funding would be made

available using a competitive process that considers readiness to proceed among other factors in making selections.

Impact on Agency Operating Budgets

Minnesota Housing does not budget operating assistance for specific projects in its requests for state appropriations. The developments acquired and rehabilitated with bond proceeds are expected to meet their operating costs through the income from tenants' rents, or in the case of community land trusts, through income from the land lease.

Previous Appropriations for this Project

Appropriations have been made for permanent supportive housing as part of the state's plan to end long-term homelessness as follows:

2005	\$12 million	-	GO bond proceeds
2006	\$19.5 million	-	GO bond proceeds
2008	\$30 million	-	501 (c) (3) bond proceeds, \$2.4 million in annual debt service appropriated

In 2010, the agency was able to issue \$6 million in additional bonds based on the annual \$2.4 million debt service appropriated in 2008 due to lower-than-expected interest rates.

In 2012, the agency awarded \$30 million in housing infrastructure bond proceeds to projects that preserve existing federally subsidized rental housing, create new permanent supportive housing opportunities, and to stabilize communities impacted by the foreclosure crisis. The bond proceeds were committed in 2012 and are being used to construct or preserve nearly 620 units of housing.

Other Considerations

Need and Capacity

In Minnesota, 30 percent of households are considered to be cost-burdened, meaning they pay more than 30 percent of their income for housing. According to the most recent U.S. Department of Housing and Urban Development (HUD) point in time count, there are 8,214 people who are

Housing Infrastructure Bonds

homeless in Minnesota. The 2012 Wilder Research Homeless Study found that there are 10,214 Minnesotans who are homeless. In applications received for its 2013 consolidated request for proposal, the agency has received two and a half (2.5) times as much in requests for deferred financing as there is funding available and three and a half (3.5) times as many requests for federal low income housing tax credits as there are tax credits available. Twenty-five percent (25%) of the applications are for supportive housing and just fewer than 25 percent (25%) are for preservation.

Foreclosure Recovery activities

The foreclosure crisis continues to challenge communities and families across Minnesota. Although foreclosure rates have decreased significantly since the height of the crisis, the number of foreclosures in 2012 was still nearly three times the number of annual foreclosures in 2005.

Some of the requested funding would be used by affordable housing developers to acquire and rehabilitate foreclosed properties or to replace housing that is too deteriorated to rehabilitate. These properties will assist in stabilizing communities and create affordable housing opportunities for individuals and families for at least 20 years.

Funding would also be used to place foreclosed, vacant and abandoned homes into community land trusts. Community land trusts are non-profit organizations that acquire and own land for the long-term. The community land trust leases the land to a low- or moderate-income homeowner who purchases the building on the land held in trust.

Supportive Housing Activities

A portion of the bond proceeds would be used to construct or acquire and rehabilitate properties for use as permanent supportive housing for households who are experiencing homelessness, including youth, veterans, those experiencing long-term homelessness and for persons with disabilities who desire to live in more integrated settings in the community.

Permanent supportive housing is the cornerstone in efforts to reform the way that various systems address the challenges of homelessness by moving from a band-aid approach to more cost-effective prevention and long-term solutions. Permanent supportive housing is affordable rental housing with

links to the services necessary to enable tenants to live in the community and lead successful lives.

Preservation Activities

The federal Section 8 program has provided the largest portion of the privately owned, federally assisted rental housing in the state. Thirty-one thousand units (31,000) were financed under this program. The privately owned Section 8 portfolio was developed primarily from the 1960s to the 1980s. As these properties age, or as the subsidy contracts and regulatory agreements expire, there is risk that these units may be lost due to physical deterioration or diminished capacity of the ownership entity. Significant injections of capital are needed to make physical improvements so that properties can remain intact and affordable for decades into the future.

A temporary opportunity exists to accelerate the rate of preservation activities and preserve these important community assets by attracting additional private equity investment to these projects. By using tax-exempt private activity bonding authority to provide construction financing for these projects, federal tax credits can be obtained to attract private equity investment. Housing Infrastructure Bonds will be used to provide a portion of the permanent financing for these projects because income generated by the projects will likely be insufficient to cover the full cost of rehabilitation. As a general rule, every \$1 the state invests generates \$1 of private funding for these projects.

By accelerating preservation activities now, rehabilitation costs can be lower, more jobs are created at a time when the residential construction industry is beginning to recover, and an important component of communities' infrastructure is improved. Interest rates appear to be rising, so it's important to do as much work as possible while they remain relatively low. In addition, for every \$1 in state funding for preservation of federally assisted housing, \$4 in future federal funding is secured.

Green Communities Criteria

Minnesota Housing has adopted a sustainability policy and implemented the Enterprise Green Communities criteria for all new developments and for substantial rehabilitation projects funded by the agency. The Green Communities criteria will apply to developments that are selected to receive housing infrastructure bond proceeds. The criteria cover a range of items

Housing Infrastructure Bonds

related to energy efficiency and the environment including efficient lighting, use of renewable energy, low-impact development, water-conserving fixtures, and integrative design.

The agency does not directly own any housing or its office space.

Project Contact Person

Tonja M. Orr
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(651) 296-9820

Governor's Recommendation

The Governor recommends authorizing \$40 million in infrastructure bonds and appropriating \$3.2 million from the general fund per year over 20 years for this request. Also included are budget estimates of \$40 million in infrastructure bonds in each of the planning periods for 2016 and 2018.

Housing Finance Agency

Project Detail

Housing Infrastructure Bonds

(\$ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
1. Property Acquisition	15,000	27,000	13,000	13,000	68,000
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	45,000	53,000	27,000	27,000	152,000
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	60,000	80,000	40,000	40,000	220,000

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
Housing Finance Agency	60,000	80,000	40,000	40,000	220,000
State Funds Subtotal	60,000	80,000	40,000	40,000	220,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	60,000	80,000	40,000	40,000	220,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	0	0%
User Financing	0	0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
No	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
Yes	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2019

Public Housing Rehabilitation**2014 STATE APPROPRIATION REQUEST:** \$20,000,000**AGENCY PROJECT PRIORITY:** 2 of 2**Project At A Glance**

- \$20 million in GO Bonds for preservation of public housing

Project Description

This request is for \$20 million in GO Bonds to preserve existing public housing to keep it decent, safe and sanitary for its low income residents.

Eligible applicants are public housing authorities. The requested funding will provide investments in more energy efficient windows, heating and cooling systems and other conservation items. Priority will be given to projects that address health and safety needs and reduce operating costs by conserving energy. Approximately 3,500 units of housing will be rehabilitated with this funding.

Public housing is housing owned and managed by local public housing authorities and financed by the federal government. More than 21,000 public housing units are owned and operated by 124 public housing authorities throughout 87 Minnesota counties. Public housing serves the lowest income residents in the state. Nearly 75 percent of the residents have income of under \$15,000 per year. Residents pay 30 percent of their income toward rent.

Impact on Agency Operating Budgets

None. Public housing authorities are responsible for operating expenses, which are obtained through funding from the U.S. Department of Housing and Urban Development. GO Bond proceeds are used strictly for capital improvements.

Previous Appropriations for this Project

The agency has received GO Bond proceeds for the rehabilitation of public housing in previous years as follows:

2009	\$2 million
2012	\$5.5 million

In 2012, the agency received \$5.5 million in GO Bond proceeds. The funding has been committed and is being used for the rehabilitation of 950 units of public housing.

In 2009, the agency received \$2 million in GO Bond proceeds for public housing. In 2007, the Legislature appropriated \$2.5 million in General Fund appropriations for preservation of public housing.

Other ConsiderationsNeed

In April 2013, the Secretary of the U.S. Department of Housing and Urban Development testified before a House committee that there is a \$26 billion total backlog for public housing capital needs in the United States, with \$3 billion needed annually to keep up with the backlog.

In 2012, about fifteen percent (15%) of public housing authorities in Minnesota applied to receive GO Bond proceeds from the state. Applicants requested \$7.96 million in total funding, with total development costs of nearly \$12 million. The agency awarded funding of \$5.5 million for total development costs of \$8,500,000. Of the 14 applicants that received funding in 2012, eight (8) received only partial awards. The state's investment provided 65 percent (65%) of the total development costs for funded applications. The average age of the buildings that received funding is 41 years.

Public Housing RehabilitationEnergy Efficiency

Of the projects funded in 2012, 11 include energy efficiency items (a total of 616 units will be impacted by energy efficiency upgrades). More specifically, 4 of the projects involve boiler replacements or upgrades, 4 involve window replacements, and 3 involve updating or replacing light fixtures. In addition, 7 of the projects have water conservation items including 5 projects with water fixture upgrades.

Project Contact Person

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Governor's Recommendation

The Governor recommends general obligation bonding of \$10 million for this request. Also included are budget planning estimates of \$10 million in each of the planning periods in 2016 and 2018.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	7,500	20,000	10,000	10,000	47,500
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	7,500	20,000	10,000	10,000	47,500

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
G.O Bonds/State Bldgs	7,500	20,000	10,000	10,000	47,500
State Funds Subtotal	7,500	20,000	10,000	10,000	47,500
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	7,500	20,000	10,000	10,000	47,500

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	20,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2019