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Equal Opportunity Housing and Equal Opportunity Employment

Date: January 13, 2017

TO: The Honorable Pat Garofalo
State Representative
485 State Office Building

The Honorable Torrey Westrom
State Senator
3201 Minnesota Senate Building

The Honorable Karen Clark
State Representative
273 State Office Building

The Honorable Kari Dzedzic
State Senator
2203 Minnesota Senate Building

From: Mary Tingerthal, Commissioner, Minnesota Housing Finance Agency

Subject: Report on Direct Appropriation to Build Wealth Minnesota

Overview

Minnesota Housing is the fiscal agent for a direct appropriation to Build Wealth Minnesota, which was authorized under Minnesota Laws 2016, Chapter 189, Article 12. I am submitting this report to comply with the reporting requirements under the same law.

The Legislature appropriated \$500,000 annually to Build Wealth Minnesota for its Family Stabilization Program, which is a financial coaching program that focuses on strengthening underserved communities by empowering families to build sustainable social and economic wealth. Build Wealth and its partners do this through a mix of financial education and coaching services. They plan to serve 900 clients over three years in the seven county metro area. They plan to serve 225 households within the first year.

Use of Grant Proceeds

The grant proceeds are being used to expand Build Wealth's organizational capacity to serve additional households in the seven county metro area. This includes hiring new staff, developing curriculum and materials and working with delivery partners to reach additional households.

Program Outcomes

As of December 2016, Build Wealth had served or was serving 85 households.

- 95% of households are households of color or Hispanic ethnicity
- 87% of households earn less than 80% of Area Median Income, which is \$68,640 per year
- 43% of households served have a credit score under 580
- The largest barrier to homeownership was credit at 59% of households listing this as a barrier
 - 31% of households list savings as a barrier
 - 6% of households list budgeting as a barrier
 - 5% of households list debt as a barrier

Geographic Distribution

- 51% of households served reside in Hennepin County
 - 29% of households served reside in Minneapolis, with 20% of households in two zip codes in North Minneapolis
- 32% of households served reside in Ramsey County
- 7% of households served reside in Anoka County
- 6% of households served reside in Dakota County
- 2% of households served reside in Scott County
- 2% of households served reside in Washington County

Operating Expenses

The primary purpose of the direct appropriation is to expand organizational capacity. Build Wealth is using a majority of the funds to pay for staffing. Attached is a copy of their budget.

Conclusion

Build Wealth is in the early stages of implementing this grant. They are reaching a high percentage of households of color and persons with low credit scores. Six months into the reporting period, they are reaching just under 10 percent of their goal for number of households they will serve within three years and they are reaching nearly 38 percent of the households they intend to serve within the first year. Given that this is the initial reporting period and they are still building staff capacity, we would expect the number of households served to continue to increase over the next year. We will continue to monitor how well they are building their capacity to meet their stated goal of serving 900 households in the seven county metropolitan area over the next three years.

Attachment: Build Wealth Expenditure Report

Build Wealth Expenditure Report

Reporting Period: July 1, 2016 – November 30, 2016

Funds Received	\$125,000
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Expenditures

Staff salaries and benefits/consultant fees	\$48,204.35
Rent	\$1,282.66
Equipment	\$5,200.49
Supplies (incl. printing and copying)	\$2,014.67
Marketing	
Travel	
Staff Development/Training	\$500
Credit Reports	
Disbursements to sub-grantees	\$27,366.26
Total expenses	\$84,568.43
<i>Balance remaining</i>	<i>\$40,431.57</i>