

Going Big with Resources, Elected Officials and Coalitions

Minnesota Housing

Legislative Advocacy: State Advocacy

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In 2019, Commissioner Jennifer Ho uttered the words that would become the agency’s mantra: Let’s Go Big so All Minnesotans Can Go Home. She could not have anticipated that the agency would have an opportunity to truly Go Big during her tenure.

In 2023, Minnesota had an unprecedented state surplus and a “trifecta” of a Democratic-led House, Senate and Governorship, which meant an opportunity to align tremendous resources in a common direction. Thanks to close coordination between Minnesota Housing policy leadership, Governor Walz and Lt. Governor Flanagan and housing committee chairs, a raft of funding was allocated to the agency to the tune of \$1.3 billion. (In a typical two-year legislative cycle, Minnesota Housing might anticipate approximately \$120 million in funds for its programs and capital development. This was an unprecedented budget.)

About 60 percent of the new funds were allocated to existing programs at the agency as the most expedient way to get the dollars out the door to meet community needs, and the rest was directed to 15 new programs at the agency, in addition to distributing funds to legislatively named grantees for specific housing needs.

The Minnesota Housing team is submitting this award nomination for two reasons:

1. The agency’s legislative coordination with stakeholders/coalitions and elected leadership resulted in the tremendous outcome for housing in 2023: a tenfold increase in housing investments; and
2. The agency is successfully navigating a time of unprecedented growth in order to implement the new programs created along with this investment, providing transparency and demonstrated progress to staff, partners and elected officials alike.

Historic legislative investments in housing

The state entered the 2023 legislative session with a significant budget surplus. Minnesota Housing leadership and staff successfully built a case for investing one-time resources in housing and designed the budget package to address a wide range of urgent needs facing Minnesotans in every corner of the state. The Governor and Lt Governor built their recommendations around this agenda to balance the range of the housing needs felt by people and property owners in all regions. In partnership with community stakeholders, and working alongside key legislative leaders, final recommendations prioritized closing disparities and assisting lowest income Minnesotans and underserved geographies, while finding balance between program areas.

In the end, the Legislature agreed with all the Governor’s recommendations, resulting in a tenfold increase for housing compared to the previous budget. On May 15, Governor Walz signed the \$1.1 billion housing omnibus bill, the largest single investment in housing in state history. Other legislation provided nearly \$250 million more to Minnesota Housing for a total of \$1.3 billion. While many of these were one-time appropriations, base funding for housing was increased. Fifty percent of the funds were directed to capital/development programs, 25 percent to housing stability, 20 percent for homeownership assistance and 5 percent for other housing initiatives.

The balanced design of policy and funding recommendations resulted in bipartisan support and addressed wide-ranging challenges:

- Multiple geographies: The largest cities and counties in the state, and the smallest cities and counties.
- Multiple stakeholders: Renters, current homeowners, future homeowners, property owners, and housing providers.
- Multiple housing priorities: Adding housing supply and preserving the housing we have.
- Resources to increase the housing stability of renters in emergency rental assistance and rental assistance.
- Funding to support and strengthen homeownership.

Minnesota Housing received notable resources in its distinctive Housing Infrastructure program (\$200 million), workforce housing (\$60.5 million), agency downpayment assistance (\$51.8 million), emergency rental assistance (\$115 million) and innovative first-generation homebuyer downpayment programs to address racial inequities in homeownership (\$50 million for the agency and \$100 million to be distributed through Community Development Financial Institutions).

With new resources come new challenges

The challenge of success:

1. Expansion of existing programs: Minnesota Housing received significant new funds that greatly expanded our existing programs, in some cases, doubling them in size or more. The largest example of this is the \$200 million allocation in Housing Infrastructure allocations, much of which we were able to add to our pool of resources available to fund developers' proposals.
2. Creation of 15 new programs: This is the biggest task we faced: Setting up 15 new programs at the agency to manage and distribute the special project funds allocated by the legislature.
3. Administering funds to legislatively named grantees: While a dozen nonprofits were named in the final housing bill to receive funding allocations through our agency, there are plenty of state grantmaking rules to navigate. Our first job here was to manage expectations and provide assistance and education to grantees to make sure the process to secure their funds was as smooth as possible.

Efforts made:

- **A holistic evaluation of current structures and new initiatives:** The first step was to examine each new program to determine if there were existing structures in place that could implement, or if new ones were needed. We also needed to understand which would require new program guides, modifications of existing guides, or fall under an existing program. We valued our existing, highly productive staff by intentionally not expecting them to shoulder the implementation of all the new resources unassisted. Instead, we built opportunities for growth at the agency through new roles and even realignment to create new departments like a new Housing Stability division and a new Local Governments team.
- **Hiring in a staged, manageable process:** Requests for new hires started pouring in from every division as soon as the budget was passed. Our Deputy Commissioner and senior leadership team developed a process to manage the requests and coordinate them in order of priority so we didn't end up with a first-posted, first-filled situation in which we might deplete our staff budget without filling critical roles. We have managed to do significant hiring from within, backfilling roles across the agency, and developing the most mission-critical new positions.

- **Providing transparency through all-staff committee:** The senior leadership team created a Grants and Programs Committee to address the many questions that arise for the various high-profile programs and RFP processes coming down the pike. Setting up these meetings and opening them to all staff provided a way for all staff to get a sense of the magnitude of effort and to see that the details are moving along for each program in an orderly, manageable fashion. The cadence of every two weeks has helped staff prepare their materials for monthly board approval.
- **Development of program tracker for internal coordination:** The Policy and Communications teams collaborated to develop a one-page program tracker that concisely shows where each program sits, whether it's an existing program, a named grantee, or a brand-new program. This has helped staff manage the many programs and for the commissioner and other agency leaders to share progress with members of the legislature.

Successes:

- **Larger investments in new construction and preservation of housing:** With the new resources, existing programs were able to select more projects and grantees resulting in some of the largest RFP selections in agency history.
- **Fast deployment of funds:** While the budget passed was for two years, we were able to commit 37% of the funds within six months of receipt (at the end of 2023), and 50% within a year. When the legislature reconvened in February 2024, we were able to report on these successes and demonstrate to political leaders the ongoing need for further investment in housing.
- **Launch of brand-new \$50 million First-Generation Homebuyer Loan Program:** Minnesota Housing staff have moved "faster than the speed of government" (per Commissioner Ho) to create and launch a new downpayment loan program for first-time buyers whose parents have never owned a home (or owned but lost one to foreclosure.) The program is a keystone in our agency's efforts to close the large racial homeownership gap in Minnesota.
- **Launch of brand-new \$100 million First-Generation program by CDFI partner:** Minnesota Housing is managing the \$100 million contract with CDFI partner (Midwest Minnesota Community Development Corp.) and coordinating the two loan programs since they are similar in intent. Both this and the agency's own first-generation loan program are high-visibility initiatives with many interested stakeholders watching our progress.

In the end, we are working to meet the needs and expectations of staff, partners and legislators

It is fair to say that all eyes were on Minnesota Housing after the final gavel to see how quickly we could implement the new programs. Legislators were eager to see results of the investments manifest throughout the state, and advocates and partners, ranging from local governments to nonprofits to large property developers, were eager to have access to resources to build more housing. We are proud to report that we are meeting the moment with an equally massive yet measured response through our Go Big Planning efforts over the past year that have mobilized new resources in record time in a way that is sustainable for our staff and enterprise.