

Agency Purpose

The Minnesota Housing Finance Agency (MHFA) is committed to meeting Minnesotans' needs for decent, safe, affordable housing, and stronger communities.

The agency's strategic plan sets forth the following policy objectives:

- ◆ end long-term homelessness;
- ◆ increase homeownership for underserved populations;
- ◆ strategically preserve the existing affordable housing stock;
- ◆ increase housing choice for low and moderate income workers to support economic vitality; and
- ◆ enhance MHFA's role as a housing partner of choice.

Core Functions

MHFA funds housing activity in five broad areas:

- ⇒ **Development and Redevelopment Programs.** These programs fund the new construction and rehabilitation of rental housing, and homes for ownership for families with a range of incomes.
- ⇒ **Homeownership Loan Programs.** These programs fund home purchase and home improvement loans for families and individuals with a range of incomes not served by the private sector alone.
- ⇒ **Supportive Housing Programs.** These programs fund housing development, rental assistance, and homeless prevention activities for very low-income families and individuals who often face other barriers to stability, economic self-sufficiency, and independent living.
- ⇒ **Preservation of Existing Housing Programs.** These programs seek to preserve the existing affordable housing stock including federally assisted rental housing that is in danger of being lost due to opt-outs for market reasons, physical deterioration, or both.
- ⇒ **Resident and Organization Support.** These programs provide operating funds for organizations that develop affordable housing, offer homebuyer training, education, and foreclosure prevention assistance, or coordinate regional planning efforts.

Operations

Management and control of the agency 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 an affordable housing plan, approves funding decisions, adopts finance policies, and selects the finance team.

The agency staff includes 190 full-time equivalent employees in three major areas: housing finance and operations; housing programs; and housing policy. Over half of all the employees are professional level employees.

- ⇒ The housing finance and operations staff are responsible for the management of the assets and liabilities of the agency which includes a portfolio of housing related loans and other investments totaling \$2.95 billion, \$2 billion of which are financed by mortgage revenue bonds. They manage the process of raising capital through periodic debt issuances. In this area, operations staff also prepares financial forecasts, budgets, and fiscal year-end audited financial reports for all funds and accounts. They are responsible for the accurate and timely reporting of all accounting and financial information necessary to comply with disclosure requirements and board policies. Operational staff also manage the agency's information systems and human resources functions.
- ⇒ The staff of the multifamily portion of the housing programs area manages the process of assisting in the financing of new construction, rehabilitation, and preservation of rental housing. This staff oversees the provision of tenant support services, rental assistance, and homeless prevention activities. Multifamily staff is

At A Glance

Two-Year Budget:

- ◆ \$1.3 billion - all funds
- ◆ four sources:
 - ⇒ 48% bond sales
 - ⇒ 23% federal funds
 - ⇒ 18% agency resources
 - ⇒ 11% state appropriations

Annual Assistance:

- ◆ Provided \$637 million in housing assistance in FFY 2005.
- ◆ Served 57,990 households.
- ◆ 69% of all households served had annual incomes under \$20,000;
- ◆ 41% of the households served who did not receive Section 8 assistance had incomes below \$20,000.

also responsible for the oversight of the management of the agency's portfolio of rental housing, monitoring compliance with state and federal requirements, and administering the Section 8 contracts of 32,000 units of rental housing that include the contracts on 18,000 units previously administered by Housing and Urban Development (HUD).

- ⇒ Housing programs homeownership staff manage programs to assist with the financing of home purchases and home improvements. They also manage the process of assisting in the financing of new home construction for ownership and neighborhood revitalization. These people oversee the provision of homeownership education services. This staff also administers programs that provide post-purchase support and foreclosure prevention for homeowners.
- ⇒ The housing policy area includes governmental affairs, research, and policy.

The agency's assistance is delivered through local lenders, community action programs, local housing and redevelopment authorities, and for-profit and nonprofit developers. MHFA joins with other public and private funders to make available development and redevelopment funds in a comprehensive, single application, one-stop selection process.

Budget

MHFA's largest source of financing is the sale of tax-exempt and taxable bonds that totals approximately 48% of the agency's budget. Proceeds from the sale of these bonds provide mortgage loans to first-time homebuyers and rental housing developments. Repayments made to programs funded by mortgage revenue bonds are made available for the same activities.

Agency resources constitute 18% of the agency's budget. Agency resources are earnings over the years in excess of funds needed to cover loan loss and self-insurance. Agency resources are used for a variety of housing activities including entry cost assistance, activities related to the initiative to end long-term homelessness, first mortgage financing of rental properties, and preservation of MHFA financed rental properties.

Federal funds constitute 23% of MHFA funds. In the FY 2004-05 biennium, the two largest programs receiving federally appropriated funds were the Section 8 Housing Assistance payments program and the Home Investment Partnership Program (HOME). In the past, the agency has received federal funding for a number of smaller programs as well.

State appropriations constitute 11% of the total program funds expected to be distributed in 2006-2007. State appropriations for the 2006-2007 biennium total \$70.47 million from the General Fund.

Contact

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The MHFA web site at www.mhfa.state.mn.us provides information about agency programs, application forms and procedures, and other useful information for persons seeking assistance with the financing of affordable housing.