



Minnesota **H O U S I N G** Partnership

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## **New Report Shows MHFA's Financial Commitment to Funding Low-Income Housing**

**St. Paul, Minn. (April 26, 2006)** – This week the Minnesota Housing Partnership (MHP) released The 2006-07 Affordable Housing Plan and Allocation of MHFA Generated Resources report. The report aims to inform housing professionals about the Minnesota Housing Finance Agency's (MHFA) 2006-07 budget, which allocates \$1.6 billion in funding for affordable housing. The report credits MHFA for committing the resources it generates in a way that is consistent with the agency's affordable housing goals, and reveals that MHFA's dedication to low-income housing is significant--\$177.2 million of the 2006-07 budget represents an allocation of MHFA's own net assets, an amount far surpassing the State's legislative appropriation for the same budget period.

MHFA's contribution includes \$45.7 million for programming subsidies and deferred loans, scarce and extremely important funding for affordable housing development. \$20 million of this amount will be used for supportive housing, which is critical to advancing the State's plan to end long-term homelessness.

"Many in the industry know how MHFA functions, but few understand how much Minnesotans benefit from the profitability of the agency," says Chip Halbach, Executive Director of MHP and author of the report.

Although the report also shows MHFA's average annual net profit is \$27 million and their total net worth is \$697, the agency's future promises to be less profitable. A number of factors including the accumulated impact of federal regulations on tax exempt bonds have led to steadily dropping revenues. In addition, MHFA efforts to sustain its strong bond rating require that a sizable portion of their net assets be held in reserve. The report notes that MHFA will stretch its available funds by making fewer grants, charge more for the use of its funds, and find ways to meet its program objectives with a lower commitment of its resources.

"Housing advocates should support the agency in its effort to become more profitable, and at the same time encourage the agency to creatively use its scarce funds to fill gaps in affordable housing efforts – such as helping communities coordinate their activities to address homelessness." says Halbach.

The Minnesota Housing Partnership is a statewide nonprofit organization that advances the preservation and creation of housing affordable to low- and moderate-income people as a means of strengthening communities and families. MHP is an intermediary organization through

which local governments and nonprofit housing organizations access loans, grants and technical expertise to plan and construct housing. MHP's capacity building work in Greater Minnesota is primarily supported by The McKnight Foundation. MHP also sponsors HousingMinnesota, a statewide public education and advocacy campaign whose goal is Homes for All. For more information go to [www.mhponline.org](http://www.mhponline.org) and click on "Loans & Grants."

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