FOR IMMEDIATE RELEASE

Contact: Shannon Guernsey (612) 749-4000
or Julie Nester (651) 925-5540

Governor slashes key housing program when
Minnesota families face greatest needs

St. Paul, Minn. (January 27, 2009) – In the midst of an economic crisis created by the
downturn in the housing market, Gov. Pawlenty today proposed significant cuts to
programs that help families access housing during the foreclosure fallout. The proposed
budget also failed to recognize that investing in housing creates jobs and stimulates the
economy, one of the Governor’s top priorities as noted in his State of the State address
last week.

“Clearly it’s a disconnect. The Governor missed an opportunity to generate jobs and
help families displaced by the housing crisis,” said Chip Halbach, executive director for
the Minnesota Housing Partnership. “Renters are hit particularly hard and through no
fault of their own. Many lost their homes because the landlord went into foreclosure
while the proposed cuts impact rental units the most.”

The governor’s budget recommendation released today is a major blow to funding for
Minnesota Housing. Recommended allocations total $85.4 million for 2010-11, down 25
percent from the $114 million appropriated for 2009-10.

The Challenge Grant program, the primary funding source for housing development
and restoration, takes the biggest hit. Last biennium’s Challenge Grant allocation
amounted to $34 million, while this year amounted to less than $11 million, a 68 percent
decrease. If adopted, such a reduction would reduce housing production by 1200
rental units and 550 owner occupied units compared to the previous biennium.

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 provides local
governments and nonprofit housing organizations access to loans, grants, and
technical expertise to plan and construct housing, in addition to advocating and
educating people on sound housing policies. MHP’s work in Greater Minnesota is
primarily supported by The McKnight Foundation.

###