

Fully Fund the Challenge Program

Meeting the Housing Needs of Minnesota Workers

As the state’s major resource to create housing for families across a wide range of incomes, the **Challenge Fund is essential in advancing workforce housing** development that helps communities grow and sustain their economies.

Meeting local needs

The Challenge Program is Minnesota Housing’s most **versatile** funding source. Used in **Greater Minnesota and the metro area**, it can create or rehabilitate ownership or rental housing, including mixed-income housing with market-rate units.

Local communities, with the help of developers, need maximum flexibility in assembling a broad range of financing tools to ensure projects will be successful. Challenge funds can be readily paired to **leverage other dollars**.

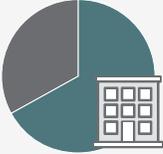
Serving Minnesota workers

More than **1 in 4 Minnesota households pay more than they can afford for housing**. The vast majority of Minnesotans in need of housing – and the fastest growing jobs in the state’s workforce – are well served by the Challenge program.

The median wages for the top six fields with the most job openings projected by 2024 in Minnesota earn well within the income limits for the Challenge Program (approx. \$89,000 for homeowners and \$62,000 for renters). These jobs include:

- Retail salespeople
- Registered nurses
- Food prep and serving workers
- Personal care aides
- Cashiers

Challenge builds and rehabs rental units that serve households earning less than \$62,000 per year.

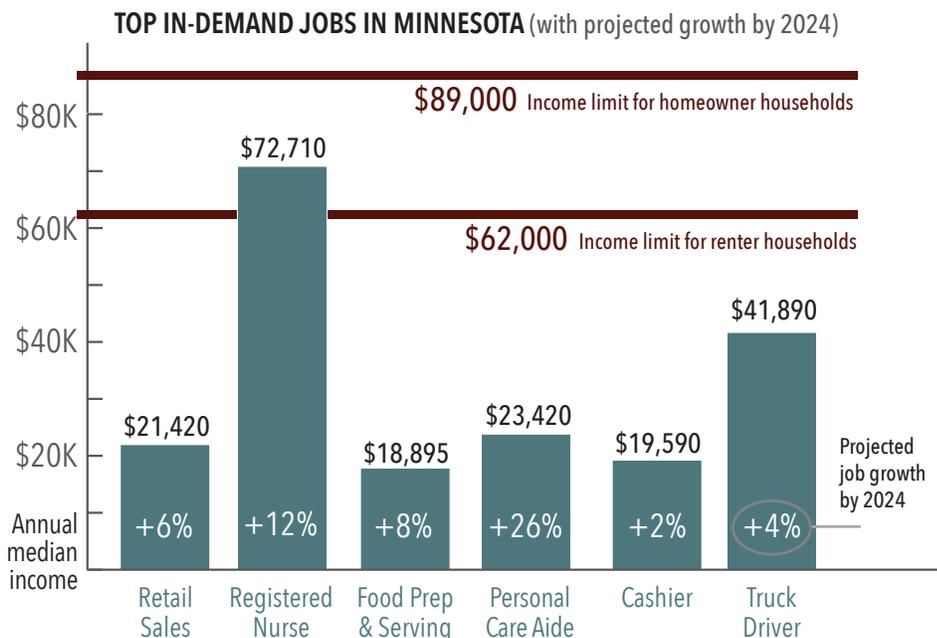


More than 2/3 of Minnesota renter households earn less than \$50,000 / year.

Challenge builds and rehabs single-family homes for households earning less than \$89,000 per year.



More than 1/2 of Minnesota owner households earn less than \$75,000 / year.



A proven program

The Challenge Program has **proven highly effective** in advancing housing projects that meet the diverse needs of communities across the state.

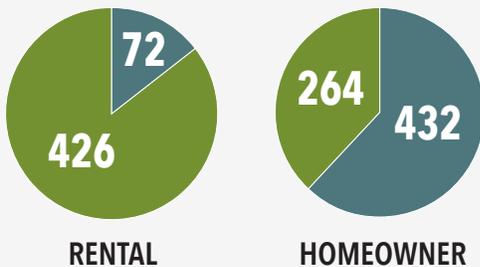
In 2015 and 2016 alone, the Challenge Program contributed to the development of **498 multifamily units and 696 single family units** – providing stable, affordable housing to support a productive workforce.

The Challenge Program is widely used – and **oversubscribed**. In 2016 alone, 56 projects requesting \$177 million in deferred loans did not get funded.

Working in Greater MN

Since 2013 Challenge funds have advanced projects throughout the state – from Jackson to St. Peter to Thief River Falls – addressing needs in communities seeing significant shortages in workforce housing.

Units developed in 2015 and 2016 Greater Minnesota | Twin Cities metro



Leveraging additional dollars

Local communities, with the help of developers, need maximum flexibility in assembling a broad range of financing tools to ensure projects are successful. By pairing workforce housing funds with resources for rent- or income-restricted apartments, the Challenge Program **leverages federal funding and private dollars to meet community housing needs**.

Projects funded by the Challenge Program serve Minnesota workers statewide



RIVER POINTE TOWNHOMES IN THIEF RIVER FALLS received \$555,000 from the Challenge Program in 2013, which leveraged \$900,000 in additional funding. In 2016, 24 units, including two- and three-bedroom townhomes, filled to capacity, serving predominantly working families with children.

TRAVERSE GREEN IN ST. PETER received \$100,000 in Challenge funding in 2016 to construct affordable homes to serve workforce households earning up to 80 percent of the area median income.

EAGLE RIDGE TOWNHOMES IN JACKSON was developed in response to a tight rental market driven by job growth and employer expansion. With \$850,000 in Challenge funding, 48 rental units – a mix of income-restricted and market rate – were developed.

Now more than ever, we must **FULLY FUND the Challenge Program**, an effective, widely used program with a proven track record of addressing workforce housing shortages in Greater Minnesota.

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