

# FIRST-GENERATION HOMEBUYERS

## Community Down Payment Assistance Fund

SF 1610  
HF 999

### FIRST-GENERATION DOWN PAYMENT ASSISTANCE IS EXPANDING ACCESS TO THE AMERICAN DREAM OF HOMEOWNERSHIP

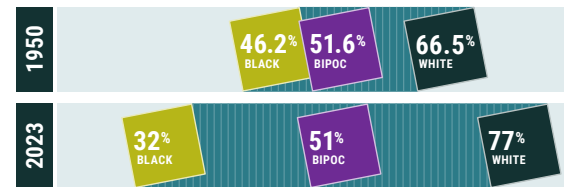
Homeownership is vital to a strong economy and thriving communities. But too many Minnesotans have been shut out of this dream. While we continue to make progress,

**Minnesota has the 10th-largest racial homeownership gap in the country<sup>i</sup>.**

Since the launch of the First-Generation Homebuyers

Community Down Payment Assistance Fund pilot in June 2024, 88 percent of new homeowners using the Fund were Black, Indigenous or Persons of Color (BIPOC). In comparison, statewide DPA for first-time homebuyers averages 36-41 percent BIPOC buyers<sup>ii</sup>. **By prioritizing first-generation buyers, we are helping more than twice as many BIPOC households realize the dream of homeownership.**

#### Minnesota's Racial Homeownership Gap



### Why does Minnesota need the First-Generation Homebuyers Community DPA Fund?

#### Economic Opportunity and Impact

Homeownership is not only aspirational—it is the bedrock of wealth creation and economic security.

Every new homeowner who is able to achieve their dream of homeownership is also positively impacting Minnesota's economy. According to data compiled by the National Associations of Realtors®, **the economic impact of the typical home sale in Minnesota is \$109,100.** Overall, the real estate industry accounted for 17.2% of Minnesota's total gross state product in 2023<sup>iii</sup>.

#### Community Driven

The Fund **supports consumer choice, allowing homebuyers to choose the lender and mortgage product that meets their needs.**

Since the pilot launch in June 2024, buyers have used more than 100 unique lenders. Further, the Fund supports buyers who may not qualify for Minnesota Housing's first mortgage products. This includes those using USDA Rural mortgages, individual taxpayer identification number (ITIN) loans, non-interest-bearing loans, and mortgages that permit credit scores below 650.

### TO OPEN MORE DOORS, MORE INVESTMENT IS NEEDED

Based on the current spending rate, the First-Generation Homebuyers Community DPA Fund will be fully spent or committed midway through FY 2026.

A \$25 million investment in fiscal year 2026 and **an annual investment of \$50 million** beginning in fiscal year 2027 will keep the Fund on pace to reach 2,900 new homeowners each biennium and continue helping to unlock the American dream of homeownership.

## Why does Minnesota need the First-Generation Homebuyers Community DPA Fund? *continued*

### Empowering

The Fund requires **homebuyer education** before applying, ensuring homebuyers are well-prepared.

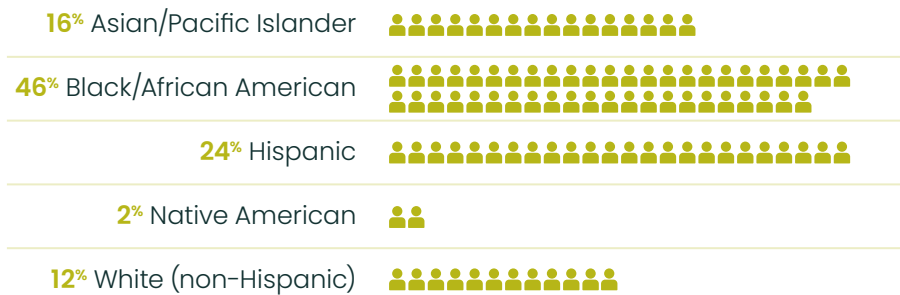
Homebuyers can reserve funds for up to 5 months, making them more competitive by **securing funds through closing**—an uncommon benefit in traditional DPA programs.

“ This down payment assistance is like a dream. Because funds are reserved, buyers can take the time to shop for the right house and know the money will be there at the closing table.

**REALTOR®/BROKER**

### Who is the First-Generation Homebuyer?

#### Race/Ethnicity



**\$82,208**  
Average Household Income

**83%** Metro | **17%** Greater MN

“ The guidance and support we received were invaluable. The down payment assistance made it possible for us to purchase our own home, something we couldn't have afforded otherwise. We are deeply grateful and hope more people learn about this amazing opportunity.

**FIRST-GENERATION HOMEBUYER**

For the most recent data, visit: [FirstGenDPA.org/IMPACT](https://FirstGenDPA.org/IMPACT)

### Who are the Community DPA Fund's key partners?

The lead administrator, Midwest Minnesota Community Development Corporation (MMCDC), is a nonprofit Community Development Financial Institution (CDFI) based in Detroit Lakes providing housing, business and community development programming throughout the state with an emphasis on serving lower income households. The Community DPA Fund is deployed statewide by a network of CDFI and nonprofit DPA Lenders.

#### Proposing Organizations:

Minnesota Realtors®  
Minnesota Homeownership Center  
Midwest Minnesota Community Development Corporation\*  
Twin Cities Habitat for Humanity\*

Central Minnesota Housing Partnership\*  
City of Bloomington  
City of Golden Valley  
City of Lakes Community Land Trust  
City of Minneapolis  
Family Housing Fund  
Greater Minnesota Housing Fund  
Habitat for Humanity® of Minnesota  
Headwaters Regional Development Commission\*  
Homeownership Minnesota  
Housing First Minnesota  
Minnesota Business Coalition for Racial Equity  
Minnesota CDFI Coalition  
Minnesota Community Action Partnership (MinnCAP)  
Minnesota Consortium of Community Developers

Minnesota Housing Partnership  
MidWestOne Bank  
National Association of Real Estate Brokers (NAREB) Twin Cities  
NeighborWorks Home Partners\*  
Northcountry Cooperative Foundation  
One Roof Community Housing\*  
PRG, Inc\*  
Project for Pride in Living\*  
Southwest Minnesota Housing Partnership\*  
Summit Mortgage Corporation  
Three Rivers CAP\*  
Twin Cities Local Initiatives Support Corporation (LISC)  
Urban Homeworks  
Wells Fargo

#### Supporting Organizations:

##### Associations

Builders Association of Minnesota  
Minneapolis Area Realtors®  
Minnesota Bankers Association (MBA™)  
Minnesota Credit Union Network  
Minnesota Mortgage Association  
Saint Paul Area Association of Realtors®

##### Public/Private/Nonprofit/Coalition

Bell Bank Mortgage  
Build Wealth Minnesota\*

<sup>1</sup> Minnesota Compass: <https://www.mncompass.org/topics/quality-of-life/housing?homeownership-gap#1-6924-g>

<sup>2</sup> Housing Finance Agency: <https://mn.gov/mmb-stat/documents/budget/research-and-data/summary-of-agencies-programs-activities/housing-finance-agency.pdf>

<sup>3</sup> National Association of Realtors®: <https://www.nar.realtor>

\* DPA Lender for the Community DPA Fund