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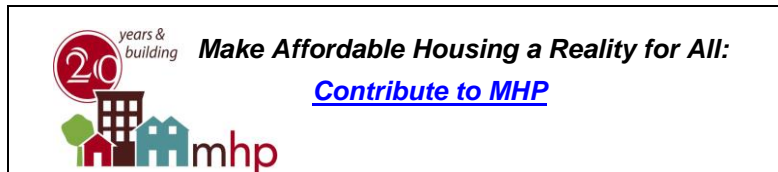
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In addition to **The Bulletin**, MHP also publishes **The Capitol Update**, a newsletter that follows the ins and outs of state and federal housing policy and legislation that affect Minnesota. Click [here](#) to sign up for the **Update**.

NEWS

Federal Subcommittee Holds Local Hearing on Foreclosures & Rental Housing

January 23, U.S. Representatives Keith Ellison (D-MN) and Betty McCollum joined Maxine Waters (D-CA), chair of the House Financial Services Committee Subcommittee on Housing and Community Opportunity (Committee), in a review of the foreclosure crisis impact on Minnesota renters.

Two panels of witnesses provided government, nonprofit, and consumer perspectives on foreclosures and advised steps for the federal government to ensure that renters of foreclosed properties are treated fairly and have affordable housing options.

The first panelist, Erica Poethig, Assistant Secretary in HUD's DC policy development and research office, credited current foreclosure remediation efforts in Minnesota. She said 52% of Minneapolis' federal Neighborhood Stabilization Program funds will benefit very low income people (the law requires only 25%

to be so targeted). Poethig said the Twin Cities presented a national model for coordinated foreclosure recovery.

Besides requesting more resources to address foreclosure recovery efforts, several speakers asked the panel to consider a range of rule changes. Minnesota Housing (MHFA) Commissioner Dan Bartholomay asked the Committee to temporarily waive Uniform Relocation Act rules and environmental and historic property reviews. These otherwise important federal safeguards needed to be suspended, said Bartholomay, to enable governments, nonprofits, and homebuyers using public programs to better compete with speculators in acquiring foreclosed homes. City of Minneapolis housing director Tom Streitz added that the requirement that governments using NSP funds can only purchase properties at a discounted price also puts community-led recovery efforts at a disadvantage.

In response to a question by Chair Waters, audience members suggested that HUD's own contractor responsible for the disposition of federally-owned properties acquired through foreclosure might be part of the problem. They claimed the contractor, "Best Assets," was not doing enough to make such properties available to local government and nonprofit agencies, as required by HUD.

Other panelists, including Chip Halbach (MHP), Michael Dahl (HOME Line) and Richard Amos (St. Stephens Human Services) spoke of the increased numbers of renter families losing their homes to foreclosures and to job loss with the recession. They said that critical to stemming the ongoing tide of homelessness is increased federal Section 8 rental assistance and Housing Trust Fund resources, as well as extension of the low income housing tax credit.

The last two speakers gave compelling presentations on the challenges they faced in finding affordable rental housing. The first, Marion Anderson, described how he and other renting tenants had to fend for themselves in keeping utilities running and contending with drug-using squatters when their North Minneapolis four-plex was abandoned after foreclosure—and left without any management for nine months. The final speaker, Christina Loudon, told the panel what life was like while waiting six-and-a-half years for a Section 8 certificate. Now with her certificate and stable, affordable housing enabling her to complete her education, she asked the Committee to see rental assistance as an investment in herself and her children, rather than as a handout.

For more, see Michael Dahl's report in [HOME Line's Jan. 28 Policy Blog](#), and Sheila Regan's [Jan. 24 article in the Twin Cities Daily Planet](#).

2010 MN Legislative Session Preview – 1/29 Wrap-up to Gear-up

Friday, Jan. 29, MHP and its partners held the 2010 Legislative Session Preview—with the main event in St. Paul and satellite events joining from Rochester, Duluth, Bemidji, and Elbow Lake.



In St. Paul, a panel of Sen. Mee Moua, Rep. Alice Hausman, Rep. Jeff Hayden, and Tonja Orr of

Minnesota Housing talked about what to expect in this year's session. They stressed the importance of a bonding bill for financing affordable housing, and the need for all housing advocacy organizations to work together and find common ground to move forward.

Over 150 participants attended the St. Paul and satellite sites. Eight additional state legislators and three other elected officials attended at satellite locations—including Rep. Tina Liebling and Rep. Andy Welti (Rochester); Rep. Roger Reinert, Sen. David Tomassoni, County Comm. Steve O'Neil (Duluth); Rep. John Persell (Bemidji); and Rep. Bud Nornes, Rep. Paul Anderson, Rep. Torrey Westrom, Douglas County Comm. Dan Olson, Grant County Comm. Keith Swenson (Elbow Lake).

Harry Melander, president of the Minnesota State Building and Construction Trades Council, presented the HousingJobs campaign—aiming to build and rehab affordable residential properties to generate jobs. MHP's Leigh Rosenberg and the Metropolitan Consortium of Community Developers' (MCCD) Craig Johnson presented [research slides](#) for housing advocates that included both data and talking points to make the case for housing. Topics ranged from housing cost burden and unemployment to foreclosures and at-risk homeowners.

The event in Saint Paul also heard from housing advocates about their legislative agendas and what to expect in 2010. The panel included the Minnesota Coalition for the Homeless's Elizabeth Kuoppala, HOME Line's Michael Dahl, League of Minnesota Cities' Ann Higgins, and the City of Minneapolis's Melissa Reed. Also circulated were legislative agendas for MCCD, the MN Community Land Trust Coalition, Twin Cities Habitat for Humanity, All Parks Alliance for Change, and Minnesota NAHRO.

January Minnesota Housing Board Meeting – Report

At its January meeting, the Minnesota Housing board voted on the Agency's annual funding for housing development projects. Commissioner Bartholomay also announced that Governor Pawlenty reappointed Mike Finch as chair of the Minnesota Housing board of directors, and Barbara Sanderson was added to the board. Finch, of Minneapolis, is a private consultant and professor at the University of Minnesota schools of health and business. He has been chair since 1995. Sanderson, of Grand Rapids, is a freelance writer and facilitator. She has served on the boards of the Grand Rapids and Itasca County HRAs, as well as the Itasca County Habitat for Humanity.

Before making development awards, the board discussed at length whether the Agency should participate in the national ROC (Resident Owned Communities) USA effort to finance the co-op conversion of manufactured housing projects. Staff has been in negotiations with ROC USA, which, with funding from the Ford Foundation, is financing conversions of manufactured housing communities across the country to provide greater security for the low-income manufactured home owners who rent pad-space from private park owners.

Staff asked for board reactions to a plan in which the Agency would financially participate in ROC USA loans to resident cooperatives purchasing manufactured home parks. Board members asked if resident demand existed for cooperative purchase of the parks and if this plan is driven by residents, or by funders and developers. The financing plan, with loans ballooning after 15 years, elicited concerns about the ability of a cooperative to refinance in the future. Board members also wanted assurance that ROC USA has the expertise and capacity to underwrite loans in Minnesota. Agency staff said they would respond to the board's concerns at a future meeting.

Next, the board approved staff recommendations for development funding. The Agency is providing \$30 million in gap funding for 3,200 rental and 380 ownership units. Most of the funding went to preserve existing affordable housing—assistance for 3,000 of the 3,200 units could be classified as having a preservation purpose.

Staff said that they had expected to invest more funds in foreclosure remediation, but they didn't receive as many proposals as hoped. \$1.8 million of the \$4.2 million in home ownership funds went to rehab and market foreclosed homes.

For rental housing, the Agency was able to utilize the remaining federal stimulus funding for tax credit projects. The competition for funding was intense: the Agency was able to fund only about one-third of proposals received. The largest funding commitment was \$4.8 million for Riverside Plaza, with the Agency providing a small part of the \$92 million needed to rehab the 1300 unit rental housing project in Minneapolis' Cedar Riverside neighborhood.

Looking to next year, Agency staff introduced proposed changes to the Qualifying Allocation Plan, which sets guidelines for allocating federal housing tax credits. Staff proposed new criteria to encourage

development of rental housing along transit corridors, and development in areas hit by foreclosures. Chair Mike Finch asked staff to clarify how the criteria for scoring tax credit applications influenced the type of projects that were being proposed to the Agency. There will be a public hearing on the tax credit proposals February 24, with planned adoption of the final rules by the board at its March meeting.

RESOURCES

Two HUD Reports Point to Trouble for Rentals

- *Demand for Affordable Rentals Suggests Renters in Distress* • Despite high vacancy rates nationwide, fewer homes were affordable to low income renters, according to a new [HUD working paper](#). While national rental vacancy rates rose above 10.5% in 2009's second quarter, vacancies in assisted rental housing were much lower, demonstrating more demand for affordable housing. Project-based Section 8 vacancies were below 5%, public housing fell to 9.5%, and a sample of Low Income Housing Tax Credit projects had a vacancy rate of 5.4%. (Minnesota's sample had a vacancy rate of 4.3%). This paper also found evidence of households moving in together to save on housing costs. Nearly 12% of households that moved in 2009 did so to join another household—up from less than 10% in 2005. This “doubling up” is likely one cause behind declining market demand. While vacancy rates among apartments with the most affordable rents are falling, the opposite is true for high-end apartments.

- *Multi-family Rental Stock at Risk* • A section of [HUD's U.S. Housing Market Conditions](#) for the 3rd quarter of 2009, called “Eye on Multifamily Housing Finance,” highlights multifamily rental properties at risk for default, foreclosure, and long periods of disrepair. While sub-prime loans are now infamous for their impact on the single family housing market, it is less known that multifamily property purchases were subject to similar risky mortgages. Multi-family properties are increasingly in financial distress; renters stand to be caught up in the mix. With rising vacancy rates and falling rents, over-leveraged owners often cannot refinance loans in trouble. The report adds that higher lending standards now demand more capital at time-of-purchase, and a shortage of investors has led to a dramatic decline in multi-family and commercial property values. The upshot for renters is the risk of foreclosure and, short of that, poor maintenance of buildings with owners unable to meet both mortgage payments and upkeep costs. The report adds that, to best meet the needs of renters, policy makers should stay informed about trends in multi-family finance.

New Online Tools: HUD's NSP Resource Exchange

HUD's (Dept. of Housing & Urban Development) new [HUDNSPhelp.info](#) website—the [Neighborhood Stabilization Program \(NSP\) Resource Exchange](#)—is a one-stop shop of information and resources for NSP grantees, sub-recipients and developers to purchase, rehabilitate, and resell foreclosed properties. NSP grantees, sub-recipients and developers can check out the [new web site](#)—Ask a Question, Make a TA Request, or Browse Resources.

New Study: Barriers to Affordable Manufactured Housing in Metro Areas

A [new study](#) by the Center for Housing Research at Virginia Tech, found that regulatory restrictions and lack of education among officials are serious impediments to the use of manufactured homes in urban areas. However, manufactured homes can offer substantial cost savings and greater affordability than stick-built homes. Local code administrators, the study found, frequently misunderstand HUD manufactured housing code; they mistakenly believe that such homes do not comply with local building and fire codes. The study makes recommendations for planners and communities.

New Blog: Housing Sense

[Housing Sense](#) (“Making sense of housing research, trends and talk”) is a new, Minnesota-based online gathering place for connecting, learning, and sharing information vital to work in affordable housing and service to low-income families. Catch up on current housing research and news, contribute to discussions, or check out and recommend useful links at [www.housing-sense.blogspot.com](#).

MHP @ WORK

3 Regional Teams Selected for Launch of Greater Minnesota HRA-EDA Housing Institute

In 2009, MHP and Greater Minnesota Housing Fund (GMHF) launched the Greater Minnesota HRA-EDA Housing Institute. Created to provide structured training and technical assistance to Housing and Redevelopment Authority (HRA)- or Economic Development Authority (EDA)-led regional teams, the Institute supports leaders in forming multi-jurisdictional government partnerships and improved program delivery. Three strong teams, representing 15 organizations, were selected to begin the 18-month program starting in February:

1. Lake County HRA (lead) with Cook County EDA, Arrowhead Economic Opportunity Agency (AEOA) and Two Harbors HRA
2. Crow Wing HRA (lead) with Brainerd HRA, Baxter HRA, Pequot Lakes HRA, Crosby HRA, and Crow Wing County
3. Lincoln County HRA (lead) with Cities of Ivanhoe and Tyler, Lincoln County EDC, and Lake Benton EDA

The Capitol Update—As-It-Happens Legislative Session Housing Updates

During the Minnesota legislative session MHP publishes *The Capitol Update*, a newsletter following the state and federal housing policy and legislation affecting our state. Click [here](#) to sign up for the *Update*.

MHP Welcomes a New Staff Member

Sarah Belleful has joined MHP's Technical Assistance team. While currently in the Ph.D. program for housing at the University of Minnesota, Sarah has also managed the federal HOME program for Hennepin County and administered community development programs for New Hope. Sarah will administer MHP's loan and grant programs.

MHP Board Addition

The MHP Board recently appointed Kyle Makarios to its membership. Kyle is political director for the North Central States Regional Council of Carpenters. He has an additional affordable housing connection: Kyle is a resident of St. Paul's Rondo Community Land Trust.

CALENDAR

March 3–June 16

Housing Policy Training - 8 evening sessions, plus 8 weeks' field work

Starting Wed. March 3rd, EMERGE Community Development (1101 West Broadway, Minneapolis, MN 55411), 6:30–9 P.M. EMERGE, the Public Policy Project & "Changing the Face of Housing" announce a free 16-week Housing Policy Training on how and where housing policy decisions are made—and how to effectively engage the policy making process. Includes 8 Wednesday-evening training sessions beginning March 3, 8 weeks' field work, and a final session Wednesday June 16, 2010. Ask questions or register: James Trice (612-722-1677 James_PublicPolicyProject@msn.com) or Loren Niemi (651-271-6349 Niemistory@aol.com).

March 24

"Resale and Recapture Requirements" MHP HUD Training

Eagan Community Center, Eagan MN - This course is for PJ, CHDO, or other HOME-eligible nonprofit staff working with HOME-assisted homeownership housing. It also will benefit NSP recipients, developers, and sub-recipients. Covering HOME program affordability requirements, this is an intermediate-level seminar (all participants need a basic understanding of HOME rules as they relate to homeownership housing—§ 92.254). [Click here](#) for the 2-page event brochure. [Click here to register](#) (deadline March 15). For questions, email [Julie Nester](mailto:Julie.Nester).

November 8**“Homes for All 2010” • Save the Date**

Mark your calendar for Minnesota’s largest gathering of affordable housing supporters and experts—at the RiverCentre, St. Paul (lead sponsors are the McKnight Foundation, MHP, and Twin Cities Habitat for Humanity).



Upcoming MHP Deadlines

MHP’s 2010 Loan & Grant Application Deadlines:

- *March 9*
- *May 11*
- *July 13*
- *September 14*

[The MHP Bulletin](#) is published and distributed monthly by the Minnesota Housing Partnership (2446 University Ave. W. Ste. 140 | St. Paul MN 55114). It includes affordable housing news, announcements, legislative updates, publications, and upcoming events. For more information on affordable housing, back issues of *The MHP Bulletin*, to submit news or events to include in future issues, or if you would like to Unsubscribe, call Rick Bernardo at (651) 925-5549 or email him at Rick.Bernardo@mhponline.org.

MHP also publishes the [MHP Capitol Update](#). Distributed weekly during the Minnesota legislative session, and monthly outside of session, the *MHP Capitol Update* provides information about state and national housing policy and politics that affect Minnesota. Please contact Minnesota Housing Partnership at info@mhponline.org, or [click here to subscribe to the Update](#).

Minnesota Housing Partnership’s mission is to promote homes for all Minnesotans and to assist Minnesota communities in the creation and preservation of housing affordable to low- and moderate-income people.