



# THE MHP BULLETIN

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Housing lives at the heart of the crisis and opportunity we now face. *MHP's work multiplies resources to generate housing choice, strengthen communities, and grow the economy.* You can be part of that future: Help MHP help communities turn the corner on the worst financial crisis hitting families since the Great Depression.

— Consider a New Year [Contribution to MHP](#) —

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

### **HUD Funding Bill for 2010: Good News for Housing**

December 16, President Obama signed into law the 2010 HUD funding bill, providing \$46.1 billion—\$4.5 billion above 2009's HUD appropriation. The legislation is noteworthy also for being the first bill advancing HUD Secretary Shaun Donovan's programmatic and operational priorities.

While nearly all HUD programs received increases, of particular import is that this bill is the first in years promising to fully fund both the Section 8 voucher program and public housing operations. Those critical programs offer lifelines for extremely low-income households. Over the past decade, funding for Section 8 vouchers and public housing suffered—from bad budget calculations and lack of cooperation between Congress, HUD, and the White House.

Receiving a big budget boost is the Community Development Block Grant Program (CDBG). Popular in states and cities for its flexibility, CDBG was increased by about \$600 million, or 14%, above 2009. Important for Minnesota, the program did not receive a new allocation formula (HUD has been working on a new formula to benefit states with high numbers of low-income people in newer communities, at the expense of states like Minnesota).

The new HUD Secretary's interests can most clearly be seen in two new programs—Choice Neighborhood Initiative (CNI) and the Sustainable Communities Initiative—and in the Secretary's planned transformation of the Department. \$65 million for CNI is carved out of the \$200 million HOPE VI appropriation. Unlike HOPE VI, used to replace the worst of the nation's public housing, CNI can be used to renovate public or privately owned HUD-assisted housing. It can also fund the conversion of vacant or foreclosed properties to affordable housing. The bill articulates CNI's goal, which is to “transform neighborhoods of poverty into functioning, sustainable, mixed income neighborhoods with appropriate services, public assets, transportation and access to jobs, and schools.” Any entity can apply for CNI funds, as long as a public entity is co-applicant.

The Sustainable Communities Initiative should achieve outcomes similar to CNI. But Sustainable Communities is more planning-focused and will be jointly administered with the Department of Transportation (DOT). \$100 million of the \$150 million Congress awarded for the program is to pay for Regional Integrated Planning Grants. These grants will help link land-use and transportation planning in metropolitan areas. An additional \$40 million is appropriated as Community Challenge Planning Grants to reform land-use plans and policies while reducing barriers to creating viable and sustainable communities. \$10 million is for HUD and DOT to evaluate the Sustainable Communities planning. Congress is requiring HUD and DOT to submit grant and evaluation criteria before Sustainable Communities funding is made available.

In HUD's budget request to Congress last March, Secretary Donovan wrote: “HUD is an agency deeply in need of transformation and reform. The current economic and housing crisis, the structural affordability challenges facing low-income homeowners and renters, the new, multidimensional challenges facing our urban, suburban and rural communities all require an agency where the fundamentals matter and the basics function.” Congress agreed, funding HUD's proposed transformation.

\$20 million, plus up to 1% of the funding appropriated most other HUD programs, is available to carry out HUD's conversion. The \$20 million award is to combat mortgage fraud; MHP estimates the 1% set-aside will provide over \$300 million for other transformation activities—technology enhancements, technical assistance, research, and capacity building. HUD must provide Congress a transformation implementation plan, detailing fund allocations.

### **Minnesota Could See \$13.7 Million for Housing**

As part of the Jobs for Main Street Bill Legislation, the U.S. House of Representatives recently passed \$1 billion in funding to capitalize the National Housing Trust Fund (NHTF). If the Senate follows suit, Minnesota would receive an estimated [\\$13.7 million for housing](#).

The National Housing Trust Fund was authorized in 2008 in the Housing and Economic Recovery Act (HERA) to create or preserve mostly rental housing for extremely low-income households. At least 90% of the trust fund must be used for rental housing, and 75% of rental funding is targeted to extremely low-income households. Originally, the NHTF was to be capitalized by Fannie Mae and Freddie Mac. But the

housing market had surprises in store: as Fannie and Freddie went into government receivership, the NHTF was left unfunded.

Advocates, whose target is now the Senate, are asking Senators to include funding for the Trust Fund in the next possible legislative vehicle. Senator Al Franken has already voiced support for NHTF funding in the Jobs bill, but Senator Klobuchar has yet to commit to a specific NHTF funding vehicle. The Obama administration has indicated NHTF support.

The \$75 billion House Jobs for Main Street bill uses \$1 billion of unused TARP ("bailout" package) funds for the National Housing Trust Fund. The bill also includes \$65 million for project-based vouchers, which would be distributed along with Trust Fund dollars.

### **December Minnesota Housing Board Meeting – Report**

It was a relatively short pre-holiday meeting for the board. Meeting highlights included the 2009 program report and another send-off to retiring Multi-family director Bob Odman.

Agency staff updated board members on their progress toward Agency objectives in what has been a tough year. In his memo to the board, Commissioner Dan Bartholomay wrote: "The severe recession and upheaval in the housing market has impacted almost every aspect of the Agency's work." While financing was hindered by these challenges, Bartholomay continues, "progress was made on internal capacity building, programs have been redesigned to respond to market conditions, and we have developed a strategy to reset expectations over the next six months to position the Agency for the future." 2010 promises to be a year of increased production, he added.

Multi-family staff reported that the Agency fell short of rental production targets. The Agency hoped to fund 800 new rental units but funded only 668. For homeless programs, the miss was far greater: the goal was to create 800 new housing opportunities for long-term homeless individuals, but only 84 were achieved. Staff exceeded goals for preservation: 3,542 units were preserved, while the target was 2,200.

Single-family production also came up short of targets. While the Agency set a goal to acquire 2,700 mortgage loans, it achieved 1,178, less than half its target. While the total volume of loans dropped, the percentage of loans made to emerging markets households climbed markedly to 32 percent. This far surpassed the target of 17 percent, and last year's achievement of 16 percent. Another bright spot was in response to foreclosures, where the Agency funded remediation of 644 properties, well above its goal of 540.

The Agency also measured progress in operations and financial targets. Agency staff reported that the expected financial gain in 2010 will be inadequate to make any contribution to their foundation. This marks the second year in a row in which the Agency has been unable to add funds to the foundation. Moreover, the current biennial budget expects the Agency to spend down \$41 million in foundation funds, a substantial portion of the foundation corpus. This means that, barring a significant economic turn around, there will likely be far less agency foundation money available for programs starting in the 2012-13 biennial budget.

Finally, Bob Odman was recognized by the Agency staff and board for his many accomplishments. As the Minnesota Housing commissioners (and governors and presidents) came and went, Bob steadfastly led efforts to create and preserve affordable housing across the state. Bob was thanked warmly at the board meeting and the prior evening reception held in his honor. Good-bye proclamations from HUD Secretary Shaun Donovan and Governor Tim Pawlenty were read, Bob was presented a baseball bat autographed by past Twins star Harmon Killebrew, and there was a screening of a humorous video starring Agency staff, former commissioner Tim Marx, and numerous housing developers. The creative highlight of the good-byes to Bob was a poem written and read by Kit Hadley, another former commissioner. Thanks to Bob and Kit, we are able to [link to the poem here](#).

## RESOURCES

### HousingLink Releases hSum Report

HousingLink recently released the 2008 [hSum Report](#), which provides a comprehensive count of unit-based and tenant-based rental assistance by county and city in the Metro area. The report found 82,176 publicly-assisted rental opportunities in the Twin Cities seven-county metro area in 2008, with a quarter being tenant-based vouchers. The 2007 hSum reported a total of 81,709 units. This modest one-year gain of 477 units was split about evenly between tenant- and unit-based assistance.

### Bankruptcy and Foreclosure Fact Sheet Available

The [Minnesota Home Ownership Center](#), working with the [Volunteer Lawyers Network](#) and the [Housing Preservation Project](#), recently released answers to [Frequently Asked Questions about Bankruptcy and Foreclosure](#). The fact sheet answers such questions as: What happens to my mortgage in bankruptcy? What happens if I file for Chapter 13 bankruptcy, and default on my mortgage payments? Can I convert a Chapter 7 bankruptcy to a Chapter 13?

### Funders Together - New Website

The new [Funders Together website](#) supports collaboration and advocacy for preventing and ending homelessness in America. Funders Together also set up a dynamic blog including entries from staff and members. The site features best practices used around the country, and highlights compelling evidence and proven solutions for ending homelessness among a variety of target populations.

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## MHP @ WORK

### Released: MHP's "2 x 4" Report for Quarter 3, 2009

MHP released the newest issue of the ["2 x 4" Report](#) covering 2 indicators for each of 4 key housing areas: the home ownership market, the rental market, homelessness, and the housing industry. The [third quarter 2009 "2 x 4" Report](#) showed record numbers of homeless families, renters continuing to struggle to cover housing costs, and still more owners falling behind on mortgage payments. Through quarterly updates, the report provides a concise and timely overview of housing challenges facing the state.

### MHP Working with Elders Lodge and Wilder on Property Management Transitions

MHP is being contracted to assist in two property management transitions. MHP is assisting Wilder Square, Inc. in its process for securing new property management. And, with McKnight Foundation support, MHP is able to help the Elders Lodge Corporation (St. Paul) select a new property management company for its HUD-supported (Section 202) independent living community with an American Indian cultural focus for low-income adults age 62 and older.

### "Homes for All 2010" • Save the Date: Nov. 8, 2010

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).

### Board Additions at MHP

At its December meeting, the MHP board appointed to its membership Paul Sween and Carilee Warner. Each brings more than 25 years' experience in affordable housing. Sween is a principal of Dominion Development and Acquisition, where he assisted the financing and acquisition of properties, primarily utilizing the federal housing tax credit program. Warner is staff and network leadership development manager for NeighborWorks America, where she manages the staff development strategies for NeighborWorks field-based personnel. Sween and Warner begin their 3-year terms at the new year, 2010.



## CALENDAR

### January 9

#### Workshop for Latino Homeowners

Saturday, 9 A.M.–1 P.M., Plaza Verde - 3<sup>rd</sup> Floor, 1516 East Lake St., Minneapolis • The [MN Home Ownership Center](#) and the Neighborhood Development Alliance (NeDA) will hold a bilingual “Free Workshop for Struggling Latino Homeowners”—“¿Le Preocupa Su Hipoteca? Taller Gratuito Para La Comunidad”—for Spanish-Speaking borrowers with mortgage payments. The workshop offers information about the foreclosure process in Minnesota, assistance offered by the non-profit network of counselors, and opportunities for brief appointments with Spanish-speaking housing counselors. The event is free; no registration needed. See [www.hocmn.org/en/HomeownersEvents.cfm](http://www.hocmn.org/en/HomeownersEvents.cfm) for more information and flyers.

### January 24

#### Governor Candidates Forum

Mark your calendar for this Governor Candidates Forum at [Temple Israel](#) (2324 Emerson Avenue, Minneapolis), Sunday, 6:30–8:30 P.M., presented by [Downtown Congregations to End Homelessness](#) and [JRLC](#) (Joint Religious Legislative Coalition). The focus is: *Ending Homelessness: What is the Role of Government in Meeting Basic Needs of Housing, Health Care and Jobs? How do our values inform our response?* Lori Sturdevant, *Star Tribune* editorial writer and columnist on state politics and government, serves as moderator.

### January 28

#### Rochester Project Community Connect - 2<sup>nd</sup> Annual

Thursday 11 A.M.–3 P.M., Christ United Methodist Church / Wesley Hall, 400 5th Ave SW, Rochester - Project Community Connect welcomes our homeless, at risk of being homeless, and low-income neighbors—with a variety of resources in one place for housing, employment services, medical care, mental health care, haircuts, food and clothing, legal services, veterans services, benefit information, picture IDs, and more. For more, email [Ginnie Westfall](#) or call her at (507) 328-6341.

### January 29

#### 2010 MN Legislative Session Preview - Housing Policy Showcase for Advocates & Supporters

Friday, 9 A.M.–12 noon. Highlights include legislative perspectives on what to expect in 2010, policy agendas and priorities from housing leaders, and a report on Minnesota housing trends. [Attend](#) at one of these locations: Twin Cities (main event) • Rochester • Duluth • Bemidji • West Central Minnesota. Space is limited: [click here](#) to register.

### February 2, 3, 4 (note dates change)

#### Staying Home: Property and Asset Management

At Embassy Suites Hotel, Brooklyn Center, MN, this 3-day training is an expert-level course for local or state grantees and nonprofit developers with significant experience with HOME program rules. Topics include: building long-term value into HOME projects, ensuring HOME compliance, developer agreements, financial feasibility, property management and operations, enforcement mechanisms, and

handling property failure. This training is free, yet space is limited. Register through [MHP's web site](#) ("[Trainings](#)" link).

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## Upcoming MHP Deadlines

### MHP's 2009–2010 Loan & Grant Application Deadlines:

- *January 12*
  - *March 9*
  - *May 11*
  - *July 13*
  - *September 14*
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[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](mailto: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](mailto: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.