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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



State of the Nation's Housing 2010: Stark History, Cautious Optimism

The newly released [State of the Nation's Housing 2010](#) report is cautiously optimistic about the future of nation's housing market, but also reveals the depth of the trouble. Housing's future will greatly depend on continued job growth, says the report by [Harvard's Joint Center for Housing Studies](#).

According to the report, despite falling home prices, stagnant rents, and growing vacancies, affordability problems became even more pervasive in the 2000s as households lost jobs and incomes. From 2000–2008, the proportion of Americans spending more than half of their incomes on housing jumped from 12% to 16%. Nearly a quarter of renters and one in eight owners had severe cost burdens in 2008.

Historically, the affordability picture for both owners and renters was stark. Back in 1960, the median home was worth about 1.8 times the annual median income of homeowners. By 2008, the median home exceeded 3.3 times annual income. The report also found that for the first time ever, by 2008, the sum total of mortgage debt nationwide exceeded the sum total of home equity, and by trillions of dollars. Total home equity fell from a \$14.5 trillion peak in 2005 to only \$6.3 trillion in 2009—the same level as in 1985, after adjusting for inflation.

For renters in 1960, about 12% of households paid more than half their income for their housing; in 1990, about 19% paid that large of a share; and by 2008, the proportion reached nearly 25%.

One contributor to the decrease in affordability is the loss of low-cost rental properties. In the ten-year period beginning in 1997, more than a quarter of units that rented for under \$400 (in 2007 dollars) were lost due to demolition, conversion to ownership or other uses, or increased rents. In 2007, 45% of apartments priced under \$400 were subsidized by the government. The majority of these low-cost units were outside of center cities and in the South and Midwest.

The report highlights the nation's 4.5 million single-parent households, which include 9.1 million children. The challenges these families face are particularly stark. They need more space and neighborhood quality compared to households without kids. The median percent of income that low income single-parent households spent on housing was 63%. The report also underscores the fact that, on average, minority households face much more serious housing affordability problems than whites.

The authors conclude, however, that falling for-sale housing prices and a continued increase in employment in the next year should offset some of the recent troubling trends. The report predicts a full recovery, including in the most devastated markets, in perhaps three years, depending largely on the strength of the labor market and the addition of new jobs. Find the report at www.ichs.harvard.edu.

Stable housing is the foundation upon which everything else in a family's or individual's life is built—without a safe, affordable place to live, it is much tougher to maintain good health, get a good education or reach your full potential.

— President Barak Obama

Opening Doors 2010 - Federal Plan to Prevent & End Homelessness

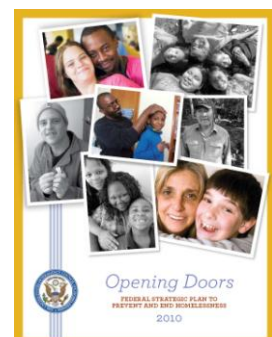
The President's words (left) begin [Opening Doors, the federal strategic plan to prevent and end homelessness](#). This 74-page blueprint was released June 22 by the U.S. Interagency Council on Homelessness (USICH)—with four goals, supported by ten objectives and 52 strategies.

The goals are: 1) finish the job of ending chronic homelessness in five years; 2) prevent and end homelessness among veterans in five years; 3) prevent and end homeless for families, youth and children in ten years; and 4) set a path to ending all types of homelessness.

The plan's third objective is to Increase Access to Stable and Affordable Housing. This objective focuses on the need for resources to ensure that extremely low income households have access to rental housing that they can afford. Related strategies call for rental housing subsidies, expanding the supply of affordable rental housing, and eliminating administrative barriers and encouraging prioritization with federal housing assistance.

Within this affordable housing section, the plan recommends implementation of the National Affordable Housing Trust Fund. It also encourages a preference in the award of federal housing tax credits for projects affordable to people experiencing or most at risk of homelessness.

The plan concludes with a listing of a number of steps USICH will take toward implementation. First, the Council is gathering baseline data for the plan's key measures. It then intends to publish an annual report card on progress made toward the plan's goals and strategies. A number of initiatives in the President's 2011 budget, now before Congress, are key implementation activities for strategies in the plan.



Status of Minnesota's Work to End Homelessness

The recent Minnesota Housing board of directors meeting (see report, below) included presentation of a paper from the state's director for ending long-term homelessness, Laura Kadwell, where she laid out principles and process for a new state plan. This was not just a recalibration of the state's business plan to end long-term homelessness, Kadwell said. It would provide a menu of ideas for a new administration to consider. It will also identify how best the work of ending homelessness can be communicated to the public "without over promising potential results."

Kadwell's paper acknowledged that, while the state achieved significant change in its approach to homelessness, it was failing to reach its goal of a fully implemented plan by this year's end. In light of that, the state and its partners needed to determine how best to move forward, building on lessons from the last six years. The plan will be prepared by Minnesota Housing, Corrections, DHS, Veterans Affairs, and DEED (Dept. of Employment and Economic Development).

Staff already have sought community input for the homelessness plan, now called by Kadwell "a roadmap for preventing and ending homelessness." A plan draft will be completed by July's end, and a second draft by August 20, with further community discussion through August 27. The goal is to release the completed plan on September 15 this year. See a copy of Kadwell's paper by [clicking here](#).

June Minnesota Housing Board Meeting – Report

This board meeting was full of odds and ends, with the board looking at both internal issues and new housing preservation initiatives. Also, two major planning efforts were discussed.

Commissioner Bartholomay informed the board of Agency modernization underway—new mechanisms for staff development and leadership were being created. The Agency will add a new position, a "Chief Risk Officer" who is responsible for enhancing the Agency's internal review practices, and who will have dual reporting responsibilities to staff and the board.

Out of this reorganization discussion came a question about the board's role. While Commissioner Bartholomay characterized the board as a policy body, board member and state auditor Rebecca Otto added that the board also had management and control responsibilities. The board decided to spend more time discussing its role at its next meeting in July.

The board approved a loan to retain affordability of a federal "Section 236" development in Hutchinson. Staff had informed the board that funding this development was important to preserve affordability, because at the end of the mortgage period there would be no further federal subsidy available to the property's tenants. In return for the Agency's loan, the owner pledged to retain affordability for another 20 years. Staff added that they are creating an inventory of similar housing developments. Board members asked staff to develop a paper clarifying how to prioritize use of state funds in preserving these existing subsidized developments.

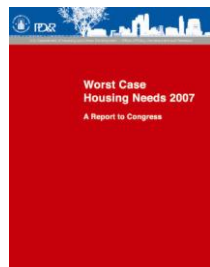
Board members challenged staff's proposed use of long-term homeless funding to help restructure St. Anne's Senior Housing, a development in Minneapolis. The CommonBond property includes 59 senior and 4 long-term homeless apartments. Staff had proposed drawing \$100,000 from the homeless account to cover remaining costs for a conversion of commercial space into two additional senior apartments. Staff did not want to use a second funding source for the project, even though the remaining costs were not related to the four homeless units. They advised the board that each additional funding source increases per unit cost of a housing development by \$2,000. Board members decided that, in spite of that cost, using the dedicated fund for another purpose set a bad precedent.

Board members inquired about the Agency's strategic planning. Commissioner Bartholomay responded that his goal was to complete a three-year plan by end of this calendar year. The Agency's research director, John Patterson, was undertaking an environmental scan to inform the process.

The board received a paper by the state's director for ending long-term homelessness (see "Status of Minnesota's Work to End Homelessness," above).

During a special conference call in early June, Minnesota Housing allocated \$609,000 from the Challenge program to provide deferred loans to borrowers delinquent on Agency mortgages. These are for borrowers that have made full payments for at least six months but cannot catch up on earlier missed payments. Staff estimates that the average loan would be \$1,700 and 350 borrowers are eligible.

RESOURCES



Worst Case Housing Needs from 2007

HUD's newest annual report to Congress, [Worst Case Housing Needs 2007](#), finds that in 2007, 5.91 million unassisted very low-income households—or almost 13 million individuals—paid more than half their monthly income for rent, lived in severely substandard housing, or both. Families were located in all regions of the country and in cities, suburbs, and nonmetropolitan areas. The report also shows that the nation's supply of affordable rental units did not meet the housing needs of extremely low-income renters.

New Tenant-Landlord Laws You Need to Know

From Minnesota's recently passed Tenant Bill of Rights ([2010 MN Laws, Chapter 315](#)), [HOME Line](#) lists in easy-to-read language changes affecting renters and owners beginning August 1 this summer: [New Minnesota Laws](#).

PETRA Watch (Preservation, Enhancement and Transformation of Rental Assistance)

HUD's plan to reform its programs providing rental assistance and housing for low income households generated a lot of controversy—in Congress as well as among housing authorities and public housing tenants. While intended to provide a financing vehicle for preserving affordable housing and providing greater mobility options for tenants, concerns have surfaced about whether the financing will lead to loss of the country's most affordable housing. HUD's proposals are contained in legislation titled PETRA (Preservation, Enhancement and Transformation of Rental Assistance). To keep abreast of developments with this legislation, go to the NLIHC's comprehensive [PETRA Watch](#) web page.

MHP @ WORK

MHP Begins 2nd Year of "2 x 4" Housing Indicators Reports – Quarter 1, 2010

The latest "[2 x 4](#)" [Report](#) found that, for the first three months of 2010, recovery still eluded the housing market. Foreclosures were up, employment in housing construction continued downward, and homelessness continued as an ongoing serious problem. In better news, mortgage delinquency rates broke from an uninterrupted climb. This begins the second year of MHP housing indicator reports covering the worst economic crisis since the Great Depression—graphically depicting 2 indicators for each of 4 key housing areas: *the home ownership market*, *the rental market*, *homelessness*, and *the housing industry*. Through quarterly updates, the report provides a concise and timely overview of housing challenges facing Minnesota. See the full "[2 x 4](#)" [Quarterly Housing Indicators Report](#)—including graphs, data sources, and discussion—at: www.MHPonline.org/research/2x4. (See MHP's "[Press](#)" [section](#) for some of the extensive media coverage this report received.)

MHP Rental Compliance Training Program

MHP has developed a no-cost [Rental Compliance Training Program](#) for owners, managers, and staff of HOME-funded rental projects. Benefits include [modules](#) (choose what is appropriate to your staff), trainings tailored to your needs, and/or administered at your site. For questions or to set up a training, contact Sarah Belleful: Sarah.Belleful@mhponline.org or 651-925-5558.

CALENDAR

July 12, August 16, August 26

Landlord-Tenant Law Seminars

Fergus Falls - July 12th, 12 noon–4 P.M. (Government Services Center); Minneapolis - August 16th, 12:30–4 P.M. (location to be determined); Rochester - August 26th, 9 A.M.–12:30 P.M. (Rochester Public Utilities). These half-day trainings through HOME Line inform landlords, tenants, service providers, and attorneys about Minnesota's state laws (Chapter 504b) on landlords' and tenants' rights and responsibilities. Fee: \$30. (Prospective volunteers for staffing HOME Line's tenant rights hotline can attend at no cost.) For details and to register for Fergus Falls or Rochester seminars, [click here](#). Contact [Deb](#) at 612-728-5770 ext.109 with questions.

July 12

Bring Workers Home: 2010 Regional Forums on Workforce Housing

The National Housing Conference and the National Association of Realtors announce their series of regional forums addressing workforce housing—outlining the nature of the workforce housing challenge in each region, and highlighting best practices to address that challenge. Register for the Minneapolis event (and the July 13 special training opportunity) by July 7—and after that, check for the availability of same day registration—by [clicking here](#).



July 13, 20

Homelessness 201 Workshops: Culture of Homelessness, Motivational Interviewing

July 13: *Culture of Homelessness*, 2–4 P.M. St. Paul (Eastside Community Ctr & Merrick Community Services). This workshop clarifies the cultural context within which many homeless clients make decisions and act, then provides evidence-based, culturally specific interventions to help reach out to, engage and assist clients in overcoming their barriers to housing. • July 20: *Motivational Interviewing*, 2–4 P.M. Minneapolis (Lindquist Apartments). This workshop explores and practices this special type of interviewing, including: stages of change and counselor tasks, therapeutic alliance and empathy, recognizing and practicing reflective statements, open-ended questions to evoke change talk, and responding to resistance. Find out more and register for either workshop through the “[Homelessness 201](#)” page on [Metro-wide Engagement on Shelter and Housing's](#) web site.

August 10 (Roseville) & 11 (Mankato)

MHP - HOME Rental Projects: Workshop for Managers and Owners

These day-long sessions (8:30 A.M.–4:45 P.M.) focus on rental projects funded by the HOME Program. Attendees learn how to collect data from applicants, calculate annual income, and assemble tenant files with supporting source documentation. Participants are informed about required HUD and HOME program policies, procedures, manuals, and forms to maintain program compliance. The training is free; space is limited. For details, including the [brochure](#), and to register by July 30, go to the “[Training](#)” section of MHP's web site. (To sign up for future training alerts [click here](#).)

Aug. 23–25, Nov. 15–19

Housing Development Finance Professional (HDFP) Certification Program

North Hennepin Community College, Center for Training & Development (7411 - 85th Ave N., Brooklyn Pk) - The National Development Council's (NDC) 4-course HDFP Certification Program examines affordable housing finance and development. Topics include the housing development process, historic rehabilitation and low-income housing tax credits, negotiating, problem solving, deal structuring, and more: Aug. 23–25 - Computer Spread Sheet Analysis / Nov. 15–19 - Housing Development Finance: Problem Solving & Deal Structuring. For more, contact [Minnesota NAHRO](#): 651-925-4070 or events@mnnahro.org.

September 2**HUD-sponsored Training: Subsidy Layering**

[Ridgedale Library, Minnetonka](#) - This training will teach attendees how to evaluate projects that use HOME funds in combination with other governmental assistance to ensure that only the necessary amount of HOME Program funds are invested in any one project. Topics cover subsidy layering requirements, cost reasonableness, return on investment, appropriate subsidy layering, tax benefits, and cash flow. Attendees will also walk through the required steps of a subsidy layering review. Visit the [training section of MHP's web site](#) for details.

November 8**"Homes for All 2010" • Save the Date**

Watch the [Homes for All 2010](#) web site continue its evolution—"Believe Connect Create"—and mark your calendar for Minnesota's largest gathering of affordable housing supporters and experts at St. Paul's RiverCentre. Look for the program schedule (including keynotes and 18 breakout sessions), more materials, and registration online in July 2010. (Co-hosted by MHP and Twin Cities Habitat for Humanity.)



Upcoming MHP Deadlines

MHP Funds - 2010 Programs, Application Materials & Deadlines

To help build organizational competence and support the development or rehabilitation of permanent affordable housing, MHP offers funds and loans to nonprofit organizations, government agencies, and other affordable housing developers outside the 7-county Twin Cities metro area. For 2010's guidelines, application materials, and schedule, go to the ["MHP Funds" section](#) of MHP's web site. For more, contact Sarah Belleful, *MHP Housing Programs Officer*: Sarah.Belleful@mhponline.org or 651-925-5558.

Next application deadlines are:

- July 13
- September 14
- November 16

[The MHP Bulletin](#) is published and distributed monthly by the Minnesota Housing Partnership (MHP - 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 for future issues, or if you want 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 occasionally 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. MHP is an equal opportunity provider and employer.