



# THE MHP BULLETIN

March 2010  
Volume 9, Issue 3

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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**.

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## NEWS

### U.N. Report on U.S. Housing Finds Much to Improve

A [new United Nations report](#) expresses concerns about “the millions of people living in the United States today who face serious challenges in accessing affordable and adequate housing.” The report will be presented at the U.N. Human Rights Council in early March.

The findings are from a 3-week U.S. tour in Fall 2009, during which U.N. Special Rapporteur Raquel Rolnik met with U.S. housing policy experts and visited numerous municipalities—including Washington, DC, New York City, New Orleans, Los Angeles, Chicago, and a Native American reservation in South Dakota.

The report criticizes declining federal resources for housing programs in recent decades, but acknowledges recent efforts by the Obama Administration to restore some funding. Rolnik also expresses

concern about inadequate and poorly targeted funding for low-income family housing. The report notes: “The Federal Government provides much higher levels of subsidies to high-income homeowners via tax exemptions as compared to subsidies for low-income housing assistance.”

The report concludes with key recommendations, including continuing funding federal low income housing programs and a shifting federal spending from tax breaks for homeowners to housing assistance for people with low incomes. “Each year, the federal government spends more than three times as much on tax breaks for homeowners—with a large share of the resulting tax benefits going to upper-income households—as it spends on low-income housing assistance,” the report states.

Other recommendations include maintaining and renovating public housing, a moratorium on the demolition of public housing until new units are built to replace those lost, the extension of tenant protection legislation, expanding the definition of homelessness to people doubled-up with family or friends, extending homelessness assistance, and better housing fairness protections.



### **Foreclosures & Loan Modifications—What’s the MN Story?**

At the 2010 [MHP Legislative Session Preview](#), some state legislators were passionate about what they saw as banks’ lack of action on home loan modifications in the midst of a sustained foreclosure crisis. State Sen. Mee Moua said she was “extremely frustrated at the lack of willingness on the part the banks to come forward to do what has been demanded of them as the result of the bailout at the federal level—which is to step up and to say, ‘We’ll make it work for the homeowners.’”

Such words follow months of state and national attention.\* The federal [Home Affordable Modification Program’s \(HAMP\)](#) has been largely ineffective in generating loan modifications, leading to growing anger at lending institutions. A December *New York Times* blog, “[Are Banks Losing Lots of Documents?](#),” prompted a flood of loan modification horror stories—with many suggested rationales behind banks’ systematically failing to modify mortgages. In light of the federal “bailout bill” or Toxic Asset Relief Program (TARP) that rescued lending institutions, many are shocked at the disparity of supporting irresponsible lenders while leaving many responsible homeowners stranded.

HAMP began a year ago, but as of Nov. ’09, less than 1% of eligible loans had been permanently modified; through December, only 12% of loan modifications offered to borrowers had become permanent. In January, hoping to see more trial modifications convert to permanent ones, the Treasury and HUD released [updated guidance for HAMP servicers](#).

How has Minnesota fared? By MHP’s calculations, the state ranks third nationally in terms of permanent loan modifications made through HAMP. For each state, MHP compared the number of permanent loan modifications made through HAMP to the number of delinquent loans and foreclosures in the third quarter of 2009. Minnesota’s better-than-average performance notwithstanding, MHP estimates that less than a paltry 2% of the state’s delinquent loans were modified permanently under HAMP.

Moua expects a number of bills this session addressing foreclosure issues, but she is “bending the ears of federal congressional representatives,” since “some of the solutions are a little beyond us at the Capitol.” Rep. Jeff Hayden noted that a bill co-sponsored by himself and Rep. Dibble would put a stay on foreclosures for two years. He spoke of people doing exactly what they were supposed to do, yet to no avail as their banks are “destabilizing communities.” “We have to really push the banks... I could fill up this room,” with lender horror stories, said Hayden.

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\*For stories of the HAMP’s sluggish movement, see: “[Winning Lower Payments Takes Patience, and Luck](#),” “[U.S. Will Push Mortgage Firms to Reduce More Loan Payments](#),” or “[Why Treasury Needs Plan B for Mortgages](#).” One constant theme is growing anger at lending institutions: “[American Are Furious at Wall Street](#),” “[Lax Oversight Caused Crisis, Bernanke Says](#),” or “[U.S. Loan Effort is Seen as Adding to Housing Woes](#).”

## February Minnesota Housing Board Meeting – Report

With this fiscal year's major funding decisions having been made in January, and the approval of new tax credit rules coming up in March, there was not a lot of activity at the February meeting. Of interest, however, are two funding commitments the board made to preserve affordable housing in Greater Minnesota.

First, the Agency approved the acquisition and preservation of a 50-unit Section 8 housing development in Northfield being purchased by Dominion Development. This project represents the first major use of Weatherization Assistance Program (WAP) funds for rental housing in Minnesota. Funding for the rehabilitation of the property includes \$105,000 in WAP funds from Three Rivers Community Action, the area's local community action program (CAP) for insulation and new furnaces.

While the federal stimulus bill is bringing \$132 million to the state for housing weatherization, there have been concerns that the funds will not reach Minnesota's rental housing. CAP agencies, the primary WAP recipients, have historically used this resource to weatherize homes of low-income homeowners. Minnesota Housing has been working with the CAPs and Department of Commerce, the WAP program administrator, to make some of this resource available for rental.

In the wake of the demise of Women's Community Development Organization (WCDO), a prominent Duluth nonprofit housing agency, there is a major effort to preserve 100 units of affordable housing for homeless and near homeless people. To do so, the Agency is using preservation (PARIF) and other funds to help transfer the 9 properties from WCDO to Center City Housing. The rental housing, a critical resource for the community, consisted of Section 8 rental, supportive, and transitional units. In addition to \$1.4 million in Minnesota Housing resources, the Duluth HRA, the City of Duluth, and Greater Minnesota Housing Fund contributed money and Section 8 vouchers.

In other business, the board approved a temporary increase in the income eligibility for the Minnesota Mortgage Program, the agency's largest program for purchase of first time homebuyer mortgages. The eligible income increase—from the 80% of median income limit, to 100% of median for up to one year—is needed to expand the market for Agency financing. This will help increase Agency earnings at a time when demand for its mortgage program is down.

The Agency modified its mortgage foreclosure-counseling manual to separate counseling from legal assistance rules. Twenty-three counseling agencies in the program helped 7,748 households avoid foreclosure last year—a 54% success rate, said staff. Assistant commissioner Mike Haley cautioned that a number of the loan modifications are temporary, and the state is a year away from knowing whether success with these families will be lasting. Still, Haley said, when a counselor helped negotiate with a lender, the monthly loan payment declined on average by \$454.

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## RESOURCES

### Economic Benefits of Short-term Rental Assistance

A [recent analysis](#) by the Center for Budget and Policy Priorities examines the Homeless Prevention and Rapid Re-housing Program (HPRP) to demonstrate how rental assistance stimulates the economy. HPRP provides short-term rental assistance and services for currently homeless households and households at risk of homelessness. The report estimates that national vacancy rates fall by 0.5% for every 200,000 families that gain rental housing through HPRP. This generates income for low- and moderate-income property owners; it may also prevent tenant displacement and property or neighborhood deterioration. For every dollar spent on rental assistance to low-income households, \$1.50 to \$2 is generated in economic demand. (This ratio also holds for providing food stamps or unemployment benefits.)

### Minnesota One of 13 States with Recent Decrease in Affordability for Workers

For working families, Minnesota is one of only 13 states with a significantly higher severe cost burden in 2008 than in 2005. A [new report](#) from the Center for Housing Policy found that in 2008, 15% of working

Minnesota households paid at least half their income for housing—a small, but statistically significant change from 2005. Nationally, the proportion of working households spending more than half their income on housing stood at 21% in 2008, up from 20% in 2005. Changes during this period were due in part to increases in utility costs and adjustable rate mortgage payments for homeowners. The study looked at households with members working 20 or more hours per week, with incomes less than or equal to 120% of the area median income (AMI).

### Subsidized Housing Linked to Less Hunger for Children

A [recent report](#) by Children's HealthWatch (CHW) and Medical-Legal Partnership in Boston (MLPB) found that children whose families live in Boston's subsidized housing are more likely to be food-secure and less likely to be underweight than children whose families are on waiting lists for a subsidized home. The report concludes that increasing a family's income with a housing subsidy allows the family to spend that money on food. (The study supports findings from an [MHP survey of Section 8 applicants](#): if the cost of certain household necessities went down, most people would spend money on more food.)

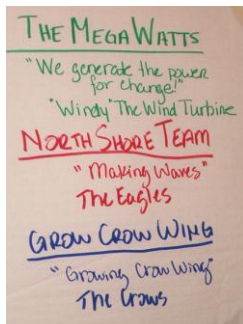
### New Report on Shared Equity Homeownership

The Center for Housing Policy recently released [a report](#) examining shared equity homeownership policies at the state level. The report reviews programs and policies across 22 states, including Minnesota, that either support or hinder the development of shared equity homeownership.

### Foreclosures in Minnesota: 2009 2<sup>nd</sup> Highest on Record

A new HousingLink report on "[Foreclosures in Minnesota](#)" shows 23,019 foreclosures in 2009, the 2<sup>nd</sup> highest year on record. While down from 2008, 2009 foreclosures still were more than 350% higher than before the current housing crisis began in 2005. The report shows that 1.28% of all Minnesota residential parcels experienced a foreclosure in 2009; almost 5% of all residential properties experienced a foreclosure in the last five years.

## MHP @ WORK



### Greater Minnesota HRA-EDA Housing Institute Begins

Feb. 22–23, MHP and Greater Minnesota Housing Fund (GMHF) hosted the first session of the Greater Minnesota HRA-EDA Housing Institute. Over an 18-month period, the Institute provides structured training and technical assistance to Housing and Redevelopment Authority (HRA)- or Economic Development Authority (EDA)-led regional teams as they form multi-jurisdictional government partnerships and improve program delivery. Participating were 3 teams (Lincoln County, Lake and Cook Counties, and Crow Wing County) representing 15 organizations.



### MHP Funds—New Programs & Application Materials

To 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 programs, application materials, and schedule, go to the [MHP Funds](#) section of MHP's web site (and note the *Bulletin's* "Upcoming MHP Deadlines" section). For more, contact Sarah Bellefui, *MHP Housing Programs Officer*: [Sarah.Bellefui@mhponline.org](mailto:Sarah.Bellefui@mhponline.org) or 651-925-5558.

### 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*.

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## CALENDAR

### March 3–June 16

#### Housing Policy Training

Starting Wed. March 3<sup>rd</sup>, 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](mailto:James_PublicPolicyProject@msn.com)) or Loren Niemi (651-271-6349 [Niemistory@aol.com](mailto:Niemistory@aol.com)).

### March 24

#### “Resale and Recapture Requirements” MHP HUD Training

Eagan Community Center, Eagan MN - This course is for participating jurisdictions (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.) [Click here](#) for the 2-page event brochure. [Click here to register](#) (deadline is March 15). For questions, email [Julie Nester](mailto:Julie.Nester).

### May 3

#### Supportive Housing Program (SHP) Start-Up Video Conference

This annual “SHP Start-Up Video Conference” will be broadcast live from St. Paul to locations around the state. For an email alert when registration opens, go to the [Training section of MHP’s website](#) and click on the “[MHP Training Email Alerts](#)” link.

### November 8

#### “Homes for All 2010” • Save the Date

See the [Homes for All 2010 web site](#) begin 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. In coming weeks, look for more materials and a call for presentation proposals. (Co-hosted by MHP and Twin Cities Habitat for Humanity.)



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## Upcoming MHP Deadlines

### [MHP Funds](#) 2010 Application Deadlines:

- *March 16 (new date)*
- *May 11*
- *July 13*
- *September 14*
- *November 16*

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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.