

# The MHP Bulletin

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## News

### October Minnesota Housing Board Report

The October Minnesota Housing board meeting highlights were the annual multifamily and the semi-annual single family project funding awards. By the time the dust settled, the board agreed to \$75 million in commitments that will create or preserve 192 ownership units and 2,454 affordable rental units.

There were several unique proposals supported by the agency this year. One such proposal, submitted by Southwest Minnesota Housing Partnership, will create 30 rental-to-ownership Low Income Housing Tax Credit (LIHTC) units in Willmar aimed at serving families in the Muslim community. The townhomes will have a 15 year lease-to-purchase option, but the land will be owned by a community land trust. In addition to achieving long-term affordability, the innovative financing structure provides a culturally-acceptable ownership path for Muslims, many of whom believe the Koran forbids them to pay or receive interest.

In the Metro Area, Twin Cities Habitat for Humanity received \$1.2 million to acquire and hold 17 vacant lots in Scott or Carver counties for development between 2009 and 2011. With home prices dropping, Commissioner Tim Marx said that "the time is right" for such an approach, one that board chair Mike Finch characterized as "fantastic and forward thinking."

Another Twin Cities proposal that received support is Project for Pride in Living's (PPL) Eco-Village project in Minneapolis. PPL intends to use the \$150,000 agency commitment towards achieving LEED environmental standards for the village. Home Depot Foundation also pledged \$274,000 towards extra costs related to the green design improvements.

The proposal to fund phase five of the restoration of the Little Earth housing project in Minneapolis caused the meeting's greatest controversy. Chairman Finch expressed frustration with not receiving adequate data on the outcomes of prior funding. Staff reported that serious crime was down at the housing development, but did not substantiate that claim. On a four to three vote, the board approved \$2.3 million for Little Earth with the pledge by staff to provide the information the board was seeking.

Lee Himle, Minnesota Housing board member from Southeastern Minnesota, expressed concern about the dearth of Greater Minnesota projects being funded. Staff responded that Greater Minnesota developers did not "exhibit the ability to

deliver” in this round of proposals, particularly with respect to demonstrating local funding and partnerships. Single family head Mike Haley pointed out that a disproportionate amount of the agency’s loan dollars still go to Greater Minnesota.

Providing an overview of the agency’s funding commitments, Libby Starling, Minnesota Housing research director, said that the locations of the agency’s project investments closely mirror areas of population and job growth, with two exceptions. The first exception is a swath of Southwest Minnesota where population is declining while many new jobs are being created.

The second exception are the northern Twin Cities collar counties where there is significant job and population growth, but the agency received few applications compared to the need. The board discussed the challenge of achieving higher density zoning in suburban communities. Board member Marina Lyon asked about the viability of a zoning override program to encourage development in recalcitrant communities. Commissioner Marx said that there is a clash between the principles of local control and allowing the market to dictate the best use of land. He continued that the agency will seek ways to encourage proposals in areas of the state where job growth warrants affordable housing development.

—*Chip Halbach*

### **Attorney General Says Cities Can Push Affordable Housing**

On October 25 Minnesota Attorney General Lori Swanson released an opinion letter affirming a community’s authority to mandate that new real estate developments include affordable units. The statement was made after the Northern Metro city of Forest Lake asked the Attorney General for guidance on whether inclusionary zoning, or mandated affordable housing percentages for developments in a specified area, is legal under Minnesota law. The community is investigating means in which to increase the amount of affordable housing in the City as part of lawsuit settlement.

In essence, the AG responded that Minnesota law gives cities broad authority to take action that would help them meet affordable housing goals. The only clear limitation, the AG writes, is that cities are not authorized to provide developers an option to pay a fee instead of building affordable units.

The Attorney General’s opinion challenges the League of Minnesota Cities’ assertion that state law does not allow mandatory affordable unit inclusion in new development. In a conversation with MHP, League counsel Paul Merwin said that the AG letter makes the mandatory position now more defensible. Merwin added that it is important that a city not wait for a developer’s proposal to come in before establishing such a policy. “Cities should adopt policies which identify the need for a mix of housing types and price levels,” said Merwin.

Affordable housing advocates are encouraged by the AG opinion which they call the most authoritative statement to date on the rights of communities to mandate affordable housing. To further the effort, the nonprofit Housing Preservation Project (HPP) plans to develop financial models to demonstrate what can be achieved through inclusionary housing approaches. This may lead to preparation of model ordinances by HPP.

The for-profit development community is less enthusiastic about the AG’s opinion. James Vagle, senior policy advisor for the Builders Association of the Twin Cities, believes that the Attorney General misinterpreted a 2002 statute which he says permits developers and cities to agree to affordable housing goals, but the agreement must be voluntary. “The essence of the legislative change in 2002 was the notion that an applicant must agree to provide the affordable housing, not that it could be required by a municipality,” Vagle told MHP. The Builders Association plans to closely monitor the situation to see if cities try to mandate percentages of affordable housing.

In the current Association of Metropolitan Municipalities (Metro Cities) newsletter, executive director Louie Jambois writes that the AG’s opinion provides communities with another tool to accomplish their housing goals. Jambois is concerned, however, that cities will now be expected to create affordable housing without adequate public funding. He concludes his assessment of the opinion by stating that “[o]ur challenge based on the AG’s opinion will be to balance our support for affordable housing with maintaining positive relationships with the development community, and not allowing the state and Met Council to conclude that cities now have all of the tools and authority necessary to meet the Council’s affordable housing targets without their financial assistance.”

The Attorney General's opinion letter can be viewed on Metro Cities' [Web site](#). Click on "[Attorney General Opines on Inclusionary Housing](#)," scroll down to and click on "[Click Here for full Attorney General Document](#)."

### **On Foreclosures and Renters**

Media outlets around the country are (finally) recognizing that the foreclosure phenomenon is affecting renters just as much, if not more, than homeowners. As the **Star Tribune** pointed out in an [article on October 29](#), the situation has a "trickle-down effect...as the financial troubles of rental property owners descend on renters. As people scramble for new homes, an unexpected increase in homelessness has agencies working to document how much is due to foreclosures." The story continues that local officials estimate that at least 2,500 tenant households in Hennepin County will be turned out of their homes due to foreclosures in 2007 alone. (And, as most advocates know, the foreclosure phenomenon is hitting communities across the state, not just in the Metro area. HousingLink and Greater Minnesota Housing Fund published [informative research](#) on this earlier in 2007.)

The situation is a double-whammy, as the **Wall Street Journal** explained in an [October 11 article](#). The number of renters has increased while the affordable rental stock has declined, causing a scramble for lower-cost rentals. These claims seem to be true locally at least by Twin Cities' third quarter vacancy rate, which is down to 3.6%; compared to 3.9% in the second quarter, 4% a year ago, and 7% four years ago. Conversely, the average rent has increased by 2.7% compared to a year ago.

Compounding the problem is the pre-existing deficit of affordable housing throughout Minnesota and the country. Finding affordable housing for foreclosed renters will prove difficult as waiting lists for subsidized housing are months, if not years, long across the state. HOME Line's recently released [Section 8 Report](#) finds that Minnesota has waiting lists up to 10.5 years for Section 8 vouchers. One option advocates have presented to alleviate the rental crunch is to support the National Housing Trust Fund (NHTF), which the U.S. House of Representatives passed last month with very strong support from Minnesota's Congresspeople and is expected to be introduced in the Senate in early December. The Trust Fund would create or preserve 1.5 million new homes nationwide over 10 years for low-income households. (You can follow or support the NHTF advocacy effort by [subscribing](#) to the [MHP Capitol Update](#).)

### **Home Ownership is Not for Everyone**

A [recent article in the Congressional Quarterly Weekly](#) points out that tax support for federal rental programs is inadequate. The federal government foregoes \$147 billion in tax revenue annually through home ownership deductions—this is four times the amount invested in federal affordable rental programs. These home owner tax incentives also disproportionate benefit the affluent. The wealthiest fifth of US households received nearly half the home ownership-related tax benefits, according to a 2004 study by the [National Low Income Housing Coalition](#). This is true despite the fact that many American families are not ready for homeownership and there is an affordable rental shortage of 2.8 million units nationwide.

### **The Challenge of Affordable Housing**

Meeting the Met Council's affordable housing goals has been a hot topic in local media recently. At the end of October, on MPR's Midmorning, Kerri Miller interviewed Chip Halbach, executive director of MHP; Steve Lampi, Mayor of Brooklyn Park; and Peter Bell, Chair of the Metropolitan Council regarding the opportunities and challenges of meeting those goals, as well as debunking affordable housing myths. Click [here](#) to listen to the interview.

### **What's Healthy, Affordable, and Green All-Over?**

As [Utne Reader's](#) Hannah Lobel points out in a recent article, green living isn't just for rich folks anymore. "Affordable housing developments...are springing up across the country, showing that green homes can and should be built for everyone, not just because they're good for the environment, but also because they're healthier, more comfortable, and--yes--more affordable," writes Lobel. The article features Viking Terrace, a project in Worthington, Minnesota that was supported by a MHP-funded housing study and community development plan. [Click here to read entire article](#).

HUD's on the green wagon, too. In the [October issue of Research Works](#), HUD cites Galen Terrace Apartments in Washington, D.C. as an example of healthy, green preservation at its best. Galen is a three-building affordable rental complex that was up for sale in 2005 and at risk of converting to market-rate units. Instead, Galen residents and tenant advocates purchased the building, added a 20-year extension to the complex's Section 8 contracts, and installed energy-efficient technologies and appliances all while utilizing green building techniques.

### **APA Links Home Costs to High Stress Levels**

The American Psychological Association's [annual stress poll](#) asked Americans about housing costs as a source of stress for the first time this year. Half (51%) of respondents said that housing costs, such as mortgage or rent payments, were a significant source of stress in their lives. This proportion was higher on the East and West Coasts (55% and 61% respectively) than in the Midwest (47%) and South (43%) where housing costs tend to be lower. In general, those with lower income levels reported more stress and less ability to cope with stress than higher income respondents.

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## **Resources**

### **HOME Line's Annual Section 8 Report Just Released**

The Minnesota tenant advocacy group, HOME Line, just released their 13<sup>th</sup> annual Section 8 survey report which surveys landlords in Anoka, Dakota, and Suburban Hennepin counties to determine the acceptance and value of the voucher program. The report finds that waiting lists for vouchers are way up, while the number of landlords that take vouchers is down. To access the report, click [here](#).

### **Minnesota Housing Has a New Web site!**

We say this with much applause: Minnesota Housing has a new Web site! The agency's new Web presence is easier to navigate, has a cleaner look, and is much, much more user-friendly. Check it out at [www.mhhousing.gov](http://www.mhhousing.gov).

### **Info on Infill**

Harvard University's Joint Center for Housing Studies recently released a study entitled [Patching the Fabric of the Neighborhood: The Practical Challenges of Infill Housing Development for CDCs](#), by Emily Felt. The study describes the promises and limitations of infill affordable housing development for CDCs. The author examines how 1) organizations' internal mission and capacity and 2) external factors such as the real estate market, community context, and municipal context together impact infill development strategies and decision-making by CDCs.

### **Federal Programs Fail to Bridge Gap for Everyone**

A report called ["Bridging the Gaps: A Picture of How Work Supports Work in Ten States"](#) released by the Center for Economic and Policy Research and the Center for Social Policy finds that programs designed to help working families afford housing, health\_care, child\_care and food are often insufficient to close the gap between earnings and basic needs. In Minnesota, based on analysis of SIPP data, nearly 8% of the state's population is eligible for federal housing assistance; however, only 28% of eligible people actually receive this assistance. As a comparison, of Minnesotans actually eligible for other federal assistance, the programs "uptakes" are as follows: 82% for EITC, 78% for Medicaid, 45% for TANF, 42% for food stamps, and 24% for childcare.

### **New Web Site Provides "One-Stop Shop" for Homeless Service Providers**

The U.S. Department of Housing and Urban Development's new [Homelessness Resource Exchange](#) Web site seeks to serve as a one-stop shop of information and resources for providers of services to people who are homeless or at risk of becoming homeless. The site features quick links to information such as continuum of care application materials, training and technical assistance resources, and HUD legislation. Users can also search for research, evaluation reports and issue papers on topics that include accessing mainstream housing, homelessness prevention, and serving chronically homeless persons. Additionally, users can join a listserv.

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## Calendar

### November 10

**IOCP's Annual SleepOut Kickoff Extravaganza**, 6:00 p.m. to 8:00 p.m., Klapprich Park, 300 E. Wayzata Blvd between Barry Ave. and Minnetonka Ave. Wayzata. Come and be a part of this great community event and show your support for IOCP's ongoing efforts to solve the housing crises of families in need. The SleepOut goal this year is to raise \$1.5 million for affordable housing programs in our community. Bring your kids and let them experience what a caring community looks like. The fun includes kickball, campfires, and a few fun Polaris vehicles, all emceed by KARE 11 anchorman Mike Pomeranz

### November 15

**Dispelling Fear Through Creativity Art Exhibit**, Central Branch, Minneapolis Library, 300 Nicollet Mall. This mixed-media public art exhibit challenges perceptions of homeless panhandlers & the meanings behind their signs. More information is available on the [Minneapolis Library Web site](#).

### November 16

**CURA Housing Forum: Why we build where we build and does it make a difference?** This forum is a follow up to the well-attended discussion on placing affordable housing in low-income neighborhoods. Presenters include Paul Fate, Executive Director, CommonBond Communities; Elizabeth Flannery, Associate Vice President for Housing Development, CommonBond Communities; Ellen Higgins, Vice President for Business Development, CommonBond Communities; Dick Brustad, President, Community Housing Development Corporation. RSVP is required no later than 11/14 to 612-625-2086 or [curahf@umn.edu](mailto:curahf@umn.edu).

### November 19

**Senator Coleman Foreclosure Forum**  
More information to follow.

### November 28<sup>th</sup> & 29<sup>th</sup>

**Income Determination Training**, Radisson Hotel, Roseville. This training will teach attendees how to calculate a family's eligibility for HOME-assisted housing units using annual income as defined at 24CFR 5.609. Training will include determining whose income to count; definitions of income, assets, and allowances; the methods to calculate them; and the necessary source documentation. Visit [MHP's Web site](#) for details.

### November 30<sup>th</sup>

**MN Federal Housing Action Coalition Phone Conference with Congressman Peterson's Office, 9:00 a.m.** This federal policy briefing will address the National Housing Trust Fund, the Section 8 Voucher Reform Act, the Homeless Emergency Assistance & Rapid Transition to Housing and the effects of mortgage foreclosures on tenants. To participate, please RSVP to Linda Harris (phone: 612-728-5770 x106, email:lindah@homelinemn.org). Click [here](#) for more information on the Federal Housing Action Coalition.

### December 4

**Anoka County Affordable Housing Coalition Legislator Meeting**, 1:00 p.m. to 3:00 p.m., Human Services Center, Room 300, 1201---89<sup>th</sup> Avenue NE, Blaine. Do you live or work in Anoka County? If so, you're invited to meet with your legislators and tell them about your experiences with providing or finding affordable housing and helping people experiencing homelessness at the Anoka

County Affordable Housing Coalition monthly meeting. More information to follow. Please contact Becky Fink at 763-862-5470 with questions.

If you have any events you would like featured, please contact Barb Jacobs at [bjacobs@mhponline.org](mailto:bjacobs@mhponline.org).

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## Upcoming Deadlines

### November 13

**MHP Grants Deadline for December Awards.** Minnesota Housing Partnership offers a variety of loans and grants to nonprofit organizations, government agencies, and other affordable housing developers located outside the seven-county Twin Cities metro area. MHP's Loan and Grant programs seek to build organizational competence and support the development or rehabilitation efforts of permanent affordable housing. Loan programs focus on planning, housing development, and organizational development investment. For more information, [visit MHP's Web site](#), or contact Liz Juelich at [ejuelich@mhponline.org](mailto:ejuelich@mhponline.org), or 651-649-1710 ext. 113.

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*The MHP Bulletin* is published by the Minnesota Housing Partnership, distributed monthly and 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, please contact Barb Jacobs at (651) 649-1710 ext. 117, email [bjacobs@mhponline.org](mailto:bjacobs@mhponline.org).

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.