

The MHP Bulletin

July 6, 2007
Volume 6, Issue 7

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News

Federal Update

Ramstad Helps Introduce National Housing Trust Fund Bill

On June 28th, a bi-partisan bill creating a National Housing Trust Fund was introduced in Congress by Rep. Barney Frank, chair of the House Committee on Financial Services, and 16 cosponsors. The bill creates a dedicated source of funding for the production, preservation, and rehabilitation of 1.5 million affordable homes nationwide in 10 years. At least 75% of the funds would be for extremely low income households, or those which earn less than 30% of an area's median income.

Rep. Jim Ramstad (R-MN), one of the cosponsors, said the "shortage of affordable housing is a true crisis and it is not restricted to inner cities. I hear every day about people living in their cars, veterans living on the streets, seniors having to choose between housing costs and medicine." The trust fund, Mr. Ramstad said, "can make the difference between stable housing and no housing at all....This is a basic human right."

[The National Low Income Housing Coalition's \(NLIHC\) Memo to Members](#) reported that Rep. Ramstad is not the only Minnesota politician supporting this bill. According to NLIHC, Minneapolis Mayor R.T. Rybak participated in a conference call and "cited the need for a consistent funding stream for communities that are trying to implement plans to end homelessness."

Federal Candidates Housing Policy Profile Series Part 2: You T(oo)ube Can Ask Questions at the Next Debate

The relevance of our crusade to bring affordable housing back into the top tier of political issues was underscored recently when the Joint Center for Housing Studies revealed that housing assistance as a share of the federal, non-defense discretionary budget dropped from 10 percent in 1996 to 8.8 percent in 2006. MHP's unscientific review of Web sites confirms this unfortunate lack of candidate concern for housing. Of fifteen presidential candidates' Web sites reviewed, only three mention affordable housing. Unfortunately, the fact that all three are Democrats challenged our intent for a bi-partisan presentation. We're not giving up, though—MHP plans to research the other side of the aisle a little further. In the meantime, Minnesota Housing Partnership is supporting The Campaign for Affordable Housing's push to virtually address the presidential platform housing void. [In a recent email, the Campaign encouraged people to visit YouTube.com, where CNN is collecting videos to replay at debates, and to submit questions about affordable housing. Don't miss this opportunity! The submission deadline is July 22.](#)

State Update

MHFA June Board Report

At May's MHFA board meeting, the agency decided to simplify and clarify its financial reporting. This will be done by separating funds needed for the functioning of its primary loan programs from its "excess" funds that can be allocated as grants or deferred loans. The excess funds will be allocated in a "foundation-like" manner. At its June meeting, the board approved a new four-year strategic plan, reframing the agency's purpose and direction as recommended by staff. During the first half of the strategic planning period, MHFA will commit \$50 million in grants and deferred loans from agency earnings to the "foundation."

In explaining the changes, Commissioner Tim Marx said that MHFA's leadership was "reshaping the agency to become a strategy focused organization." Although the current direction will, for the most part, be maintained, the agency adopted some notable changes.

- **New mission:** the mission statement will now read "Minnesota Housing finances and advances affordable housing opportunities for low and moderate income Minnesotans to enhance quality of life and foster strong communities." Compared to the prior mission statement, this one emphasizes the financing role of the agency and adds the concept of enhancing the quality of life.
- **Strategic or external goals:** retained in the new plan are the current strategic goals of ending long term homelessness, increasing emerging market homeownership, and preserving existing affordable housing. The agency, however, discarded a fourth goal related to providing housing choices for low and moderate-income workers. Commissioner Marx told the board that this goal created divisions among housing beneficiaries that were hard to differentiate. In its place the agency's fourth goal is financing new affordable housing opportunities. This goal substitution, in effect, deletes a population group as a target for agency support and replaces it with a target related to the level of ownership and rental financing achieved by the agency.
- **Goal implementation:** the agency is creating annual benchmarks to monitor progress toward its goals. Ultimately, Minnesota Housing will have about 25 benchmarks that will link agency activities to its external goals and also financial and internal business objectives. These will be developed in further planning work, although, current annual benchmarks exist for ending long term homelessness (i.e., create 600 new housing opportunities) and emerging markets (i.e., 19% of mortgages purchased will be for minority homebuyers).

Addressing MHFA's financial capacity to execute its new strategic plan, Commissioner Marx told the board that the agency now has "significant new resources" with which to work. He explained that the agency benefited from an increase in loan volume and fewer prepayments. Due to the subprime lending problems for lower income home purchasers, the agency has now become the lender of choice, Marx continued.

With the agency's net assets increased to \$733 million due to recent earnings growth, the board decided the agency needs \$633 million to ensure sound functioning of its loan programs. The net assets of \$100 million will go towards the foundation operation. The lending support funds will slowly grow over time, but net assets above \$633 million will be allocated to the "foundation."

During the 2008-09 biennium, the agency will allocate \$50 million from the foundation to its programs, a forty percent increase over 2006-07. The agency estimates that its foundation allocation will increase over time, climbing to \$74 million for the 2018-09 biennium. Although individual program allocation for the 2008-09 dispersal will be made at the September board meeting, \$20 million is already pledged to the plan to end long term homelessness.

The agency will use three primary principles for allocating its foundation resource. First, each use of funds must align with the agencies mission, strategy, and priorities. Second, the use must have a clear objective and lead to measurable results. Finally, the use must realistically fit within the two-year timeframe of the agency's funding plan. Of the amount awarded through the foundation the agency expects to provide 70 percent in deferred loans and 30 percent in grants.

The agency will entertain suggestions on the expenditure of its foundation resources from its Housing Resource Advisory Committee. The Committee representing nonprofit, for-profit, and local government users of agency resources, will meet in early August to discuss the funding plan with agency staff.

While the strategic planning topic consumed much of the June board discussion, the board also allocated the full \$14.9 million in Family Homeless Assistance and Prevention (FHAP) funds recently appropriated by the Legislature. Through FHAP the agency awards grants to nonprofits that help low-income families avoid homelessness. Between 2006 and 2007, 32,000 people, nearly one-half children, were assisted by the program. Participating nonprofits provide financial counseling and also cash for rent, security deposits, utilities, and transportation if necessary to avoid homelessness. Agency staff informed the board that national studies conclude that the public cost related to a homeless family is about ten times the cost needed to help the family avoid homelessness. The agency also approved using a small portion of FHPAP funding for financial literacy counseling for high risk tenants and for the Homeless Management Information System (HMIS).

With the Legislature recently doubling the size of FHPAP, the agency was able to add 22 counties to the current 52 counties participating in the program. Fifty-five percent of funds are to be used in the Twin Cities, with the remainder going to Greater Minnesota counties. With these additions, only 13 Minnesota counties will not be served by FHPAP. Eleven of these counties are in Southwestern and West Central Minnesota. The remaining two counties, Cook and Lake, are in the far Northeastern part of the state. —*Chip Halbach*

From the Boardroom

MHP VISTA Program Concludes with Celebration of 14 Years of Service

The Minnesota Housing Partnership's VISTA program will conclude this fall representing fourteen years of support from the Corporation for National and Community Service. This is "virtually unmatched in the country," as most VISTA programs run for only five years or less.

To recognize the invaluable volunteers and program organizations that have made the program so successful, MHP is hosting a VISTA reunion on Thursday, July 19th at Sweeney's Saloon from 5:00 p.m. to 8:00 p.m. All current VISTAs, alumni, program organizations, and supporters are cordially invited to attend.

Minnesota will reap the benefit of MHP's VISTA program for years to come. MHP VISTAs increased the capacity of organizations located in all parts of the state to provide decent, affordable, and safe homes for all Minnesotans. In addition, the program helped recruit and train hundreds of talented volunteers on critical affordable housing and homelessness issues. For many volunteers, this paved the way for successful careers and leadership roles within the affordable housing community.

The Corporation for National and Community Service will continue to develop new projects with organizations that have not benefited from sustained VISTA resources in the past. This does not preclude current VISTA project sites from future support, but rather encourages new organizations to participate. [Please visit the MHP VISTA Web site for more information.](#)

Resources

Little did we know that June would be such a prolific report-releasing month! Unable to decide which of the really great resources are best, we have a rather long list this issue.

Foreclosure Facts and Figures

The quarterly National Delinquency Survey of the Mortgage Bankers Association tracks residential mortgage delinquency and foreclosure rates. First quarter data from 2007 indicates continued rate increases, but increases are most significant in the Midwestern states of Ohio, Indiana and Michigan. Click [here](#) for details.

Worst Case Housing Needs: HUD Report to Congress

The U.S. Department of Housing and Urban Development has released its latest report on households with "worst case needs," defined as unassisted renters with very low incomes who are either paying more than half of their income for housing or living in severely substandard housing. According to the report, 5.99 million U.S. households had worst case housing needs in 2005, up 16 percent from 2003. Families with children experienced the largest increase in worst case needs, with an increase of 475,000 households. Non-metropolitan areas were the geographic areas hardest hit, with the number of impacted non-metro households increasing 51% since 2003. Non-metro areas accounted for 0.99 million of the worst case needs households in 2005. To access the report, click [here](#).

Harvard Report Reveals Continued Housing Challenges

According to *The State of the Nation's Housing 2007*, a report from the Joint Center for Housing Studies (JCHS) at Harvard University, significant cooling in the housing market during 2006 and the increase in foreclosures has not increased affordability for moderate- and low-income households. For both renters and homeowners, housing challenges are likely to persist. Access the report [here](#).

HousingLink Launches New Section 8 Housing Search Feature

HousingLink recently launched the "Search by metropolitan Section 8 jurisdiction" feature in its *Online Directory of Affordable Rental Housing*. This new search feature helps housing seekers with Section 8 vouchers locate rental options within the area covered by their vouchers. Users can click on one of the 11 Twin Cities Section 8 Voucher jurisdictions to search the *Online Directory* search page for housing throughout that jurisdiction automatically. The feature can be accessed at http://www.housinglink.org/Online_Directory.htm. [Source: HousingLink]

Racial Disparities in Manufactured Home Parks: Latinos' Experiences in Minnesota

A recent report by All Parks Alliance for Change (APAC) found discrepancies between Latino and non-Latino residents of manufactured home parks in Minnesota. While Latino residents paid approximately the same in lot rent as non-Latino residents, the quality of parks with predominately Latino residents was found to be drastically lower. In addition, Latino residents were more likely to experience unsatisfactory management practices and received less support from city officials. Park closings also impact Latinos disproportionately. [Download the report here](#).

Housing Crisis for People with Disabilities: "Priced Out" Report

A study that analyzes rental costs and federal Supplemental Security Income levels reveals that "the nation's most severe - and most hidden - housing crisis" is that affecting people with severe, long-term disabilities, according to the biannual ["Priced Out" report](#). The report is published by the Technical Assistance Collaborative, Inc. and the Consortium for Citizens with Disabilities Housing Task Force. The study found that the average monthly income of a person receiving SSI in the U.S. was \$632, while the national average monthly rent was \$633 for a studio apartment and \$715 for a one-bedroom unit.

Large Employers Troubled by Affordable Housing Shortage

A new survey of more than 300 employers and 1,200 commuters nationwide conducted for the Urban Land Institute finds that larger employers are concerned that lack of affordable housing near work sites impedes efforts to retain employees. The largest companies also reported the greatest awareness of problems resulting from long commutes, ranging from high employee stress to high employee turnover. Click [here](#) for details.

NHT Releases Updated Resource on "Green" Building

The National Housing Trust has compiled a [summary of green incentives in each state](#) relevant to preservation developers. **Forty states now award points to tax credit projects that include environmentally friendly building practices.** Some states have begun to recognize that preserving existing affordable housing is inherently green by providing separate scoring criteria for evaluating rehabilitation projects versus new construction. A growing number of states are also crafting other creative incentives, green installation grants, favorable loans, and other programs.

Calendar

July 10

Zoning, Subdivision and Land Development Law, 9:00 a.m., Holiday Inn, 1201 E. 94th St., Bloomington.

At this event, you will learn helpful zoning and land use law strategies for use in Minnesota. Seminar highlights include: the development process under current land use law, including statutory framework and case law; how to avoid some potential pitfalls in the development process; recent cases impacting developers and municipalities; zoning and density based on wastewater infrastructure; and the development approval process: developer vs. the government. To register online, go to <http://www.lorman.com/shop/viewcart.php?> To register by phone, call (866) 352-9539. When registering, use Seminar ID # 358952 and priority code 304115.

July 17

MHP Grants Deadline for August 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, or 651-649-1710 ext. 113.

July 19

MHP VISTA Program Celebration! 5:00 p.m., Sweeney's Saloon, 96 North Dale Street, St. Paul. Come help us celebrate one of the longest running VISTA partnerships in the country. All current VISTAs, alumni, and supporters are cordially invited. For more information or to RSVP, please contact Pilar Rick at rickp@mhponline.org, or 651-649-1710 ext. 118. Information is also available on the [MHP VISTA Web site](#).

July 25

Race and wealth: a public conversation to inform the future of our communities, 6:30 – 8:30 pm, Hallie Q. Brown – MLK Center, 270 Kent Street, St Paul. University of Minnesota professor [Rose Brewer will speak about race and wealth](#) – and how public policies create and maintain a racial wealth divide. *The Color of Wealth: The Story Behind the U.S. Racial Wealth Divide*, published in 2006, is a collaborative book created by five outstanding academics – including Professor Rose Brewer. Free and open to the public, but RSVP is required. Please contact Unny Nambudiripad at unny@metrostability.org or 612-332-4471 to RSVP.

July 30

MHP Organizational Investment Program Application Deadline

The Organizational Investment Program is a two-year financial commitment of up to \$60,000 for organizations developing affordable housing. The goal of the Organizational Investment Program is to support nonprofit/public affordable housing developers located in Greater Minnesota that: face an emerging or identifiable housing need requiring a new/unique solution to affordable housing development, and the solution requires the organization to respond in a different way

requiring new capacity within the organization. For more information and to access application materials, [please visit MHP's Web site](#), or contact Shannon Guernsey at sguernsey@mhponline.org, or 651-649-1710 ext. 107.

August 9

US House of Representatives Financial Services Committee Hearing in Minnesota

Representative Keith Ellison is hosting the Financial Services Committee in Minnesota. The Committee, chaired by Rep. Barney Frank, will hold a hearing in Minnesota on August 9. Location and details TBA—watch MHP's Web site for more information.

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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.

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.