

The MHP Bulletin

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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

Southwestern Minnesota Receives \$20,000 to Address Housing Shortage

This month, Minnesota Housing Partnership awarded two Southwestern Minnesota communities \$10,000 each to address the area's workforce housing shortage. The Luverne EDA will use its grant to conduct a housing needs assessment. The Southwest Minnesota Housing Partnership along with the City of Pipestone will use their \$10,000 award to apply for Low Income Housing Tax Credits for a multi-family development in Pipestone.

Between six of Southwest Minnesota's major employers—Total Card, Inc., Gold 'N Plump, Suzlon, Bayliner, Swift & Company, and the Prairie Holdings Group—hundreds of jobs have been created in the region over the past few years.

The impact of the region's growing economic prosperity is that businesses cannot find homes for their employees, resulting in expansion limitations. The **Worthington Daily Globe** recently reported that Pipestone-located "Suzlon has struggled to recruit employees since it opened because of the lack of rental housing in the community. Today, the wind turbine manufacturing company is busing in 200 of its 450 employees."

In a subsequent article, Worthington's JBS Swift & Co. told the **Globe** that the area's dearth of housing has kept it from reaching full staffing potential. "We're losing employees because they can't find a place to live in Worthington," said Bob Krebs, Swift's plant manager, to the paper. Swift, like Suzlon, buses employees in from as far away as Sioux Falls, SD, because of the housing crunch.

The area's growth trajectory is poised to continue well into the future as many employers are planning expansions in 2008. Suzlon alone aims to double its workforce, from 350 to 700, by July of 2008.

Putting (Falling) Housing Prices in Perspective

There's been considerable hoopla about plummeting home prices stemming from the foreclosure crisis. While it's true that many home owners are suffering the effects of the deflated market, [MarketWatch](#)

recently reported that median home prices would need to drop dozens of points to equal the rates from three decades ago.

“Today, median home prices are 3.5 times the size of median annual family incomes. This may be down from the recent peak of 4.2 times incomes reached last year, but it’s way above the 2.8 times that home prices averaged during 1984-2000, when lots of homes were bought, sold and built.

And if you think 2.8 is low, check out the early 1970s. That was when home prices were only 2.3 times median family incomes, and housing was selling like gangbusters.

One major homebuilder recently proved that people will buy if the price is right. The firm slashed prices by 20-30% one recent weekend - and wound up selling more than nine times as many homes as it did on previous weekends.

To get prices back to 2.8 times family incomes would require a drop of 20% from today's levels - and this does not take into account interest rates and lending standards.

To equal the affordability of the early 1970s, prices would have to fall a whopping 38%.”

December Minnesota Housing Board Report

Last fall the Little Earth of the United Tribes Housing Corporation received an \$8.7 million funding commitment from Minnesota Housing by the slimmest of voting margins. When the vote was brought forth, the board expressed concern that questions regarding the 212-unit South Minneapolis project remained unanswered. Little Earth responded in December with a star-studded stakeholder presentation that briefed the board on the property and answered lingering questions.

Speaking on behalf of Little Earth were Bill Ziegler, the organization’s president for the past three years; Ron Melchert, architect and previous resident; Alan Arthur, Aeon president and Little Earth board chair; Tim Dolan, Minneapolis chief of police; Gary Schiff, Minneapolis City Council Member; and Howard Goldman, HUD multi-family director.

Dolan told the board that Little Earth was part of his beat 20 years ago. The difference between the property now and then is like “night and day.” Schiff said that the city wanted to support progress made at Little Earth by acquiring nearby troubled properties and help convert them to ownership opportunities for families moving out of the Indian housing complex.

Goldman said that the Little Earth property likely housed the lowest income population in the HUD inventory. He told the board that the property would have been lost except for Minnesota Housing’s investment. Ziegler concluded the presentations by laying out his vision for the integration of housing, health services, and support for educating the children of the complex, a population with a high school graduation rate of only seven percent.

Minnesota Housing Board Chair Mike Finch expressed appreciation for the presentations, but noted that he wasn’t sure how the agency’s investment in landscaping (creating “defensible space”) stacked up relative to the other requests for investment. Member and State Auditor Rebecca Otto, however, praised the work going on at the property, calling it “brilliant.”

The board also reviewed the agency’s progress on its strategic plan. Agency staff reported on progress over the past year measured against benchmarks and targets recently set by the agency.

The top achievements trumpeted by staff were the number of new long-term homeless housing opportunities created and the number of loans purchased under the agency’s first time buyer program. The agency created 623 new housing opportunities for the long-term homeless population, exceeding the annual target of 600. (Multi-family head Bob Odman pointed out that next year’s goal of 800 is even more

ambitious). Single family director Mike Haley said that the financing of 3,400 home loans, an agency record, was attributed to the mortgage crisis and homebuyers seeking quality loan products such as those offered by the agency.

While the agency's 700 new rental unit tax credit goal was exceeded (787 units produced), Odman said that declining prices for purchasing tax credits (from 95 cents to 90 cents on the dollar) will challenge the agency to maintain its production numbers in the year ahead.

The percentages of low income people in agency-funded rental housing declined from 88 percent to 67 percent. Staff attributed this to the agency's increased emphasis on mixed-income housing. The share of non-Section 8 households in agency-financed rental housing with incomes below 30 percent of median actually increased, from 40 to 54 percent.

Lastly, the percentage of agency-acquired mortgages for the emerging markets population dropped from 17 percent to 14 percent (the planned target was 19 percent). Haley said that the current mortgage crisis hurt the agency's efforts in this area, but new tracking tools will help direct support to potential minority home purchasers in the future. —*Chip Halbach*

*Update from **Bulletin** report on October Minnesota Housing board meeting.* Our report in the November 9 issue cited an agency board concern about the lack of funding applications to the Community Revitalization Fund (CRV) from Greater Minnesota. The agency wants to underscore a point made at that meeting that agency staff did not see the performance related to 2007 applications as being indicative of a trend. To support their point, the agency provided the **Bulletin** a compilation of CRV grants awarded between 2003 and 2007. While Greater Minnesota has 45 percent of Minnesota households eligible for assistance, Greater Minnesota applicants have received 53 percent of the CRV awards representing 60 percent of funding made available through that program. —*Chip Halbach*

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Resources

Funding

MN Housing Extends Use of QuickStart Funds

The state's QuickStart flood-aid program now covers new home location, manufactured home replacement, and single-family rental homes. For more information, please visit Minnesota Housing's [Web site](#).

Scholarships Available for National Equitable Development Convention

The Third National Summit on Equitable Development, Social Justice, and Smart Growth: Regional Equity '08 conference will be held March 5-7, 2008, in New Orleans, LA. More than 1,500 participants are expected to participate in plenary sessions, workshops, and informal gatherings focused on the growing regional equity movement that is transforming communities across the nation. If you act now, you can apply for special scholarship awards for members of the Minnesota delegation, thanks to the generous support of the McKnight Foundation. **The deadline for applying is January 8.** The scholarship funds are intended for groups and individuals that have limited means for paying conference expenses and whose work is rooted in local communities and equitable development efforts. Please follow these links to [learn more about the conference](#) and to [view the scholarship application](#).

Reports

Homeowners Losing Equity to Finance Credit Card Debt

Between 2001 and 2006 Americans have cashed out more than \$1.2 trillion on home equity through refinancing, says a new Demos report. The cash was often used to finance living expenses and credit card debt. In recent years, credit card debt has soared, with overall credit card debt rising by 315% to \$876 billion. To access the report, visit the Demos' [web site](#).

HUD Posts REAC Scores

On, November 29, HUD posted the most recent Real Estate Assessment Center (REAC) physical inspection scores for privately-owned project-based Section 8 developments on its Web site. The scores are to be updated regularly, at first every 60 days. REAC scores not only indicate the condition of projects but also the potential for a contract termination by HUD. Project name, city, and state are listed with the score for each project. [From: NLIHC's Memo to Members] <http://www.hud.gov/offices/hsg/mfh/remspphysinspscores.cfm>

Wilder Reservation Homeless Study

This first-of-its-kind study ([Wilder's](#) Web site claims first in Minnesota, [MPR's](#) Web site claims first in nation) details the extreme overcrowding and other conditions leading to high levels of homelessness or "near homeless(ness)" on Northern Minnesota Indian Reservations.

HAC RELEASES ENVIRONMENTAL REVIEW GUIDE

Environmental Review: A Guide for Applicants Seeking HUD or USDA Rural Development Financial Assistance explains HUD's and RD's processes step by step, with developers' responsibilities clearly noted, along with definitions and tips. It is free at <http://www.ruralhome.org/manager/uploads/EnvironmentalReviewGuide.pdf> or \$5.00 from Luz Rosas, HAC, 202-842-8600, luz@ruralhome.org. [From: HAC News]

From the Home Front

Hubbard County Approves New Levy for HRA

With support from Minnesota Housing Partnership, Greater Minnesota Housing Fund and others, Hubbard County Commissioners recently approved a new \$200,000 levy for Hubbard County HRA. The levy will help rehabilitate 30 homes and help finance 10 more, at minimum. The dollars will also help the HRA leverage other funding.

MHP Welcomes Five New Board Members

At its December meeting, the Minnesota Housing Partnership (MHP) Board of Directors appointed five new board members. The five appointments demonstrate MHP's dedication to providing a forum for Minnesota's business community to join with nonprofit and local government in seeking solutions to the affordable housing challenges facing the state. The new members are:

- Dean Doyscher, President, Security Management & Realty, Mankato.
- Jenny Martinez, Human Resources Director, JBS Swift & Company, Worthington.
- Jim Miley, President of Residential Real Estate, Bremer Bank, Twin Cities.
- Mike Sell, Community Development Director, US Bank Home Mortgage, Twin Cities.

- Karl Starr, IT Workforce Management Consultant, Thrivent Financial for Lutherans, Twin Cities.

Calendar

January 16 to March 4

Building Dreams.

Learn how Aeon (formerly Central Community Housing Trust, or CCHT) is responding to the affordable housing shortage in the Twin Cities. Join them for a 1-hour Building Dreams presentation. Space is limited, please register online at: <http://www.aeonhomes.org/bd> or call Jenny Johnson at 612-341-3148 x237.

St. Paul:

- February 21, 2008 at 4:30 pm
- March 4, 2008 at 7:30 am

Minneapolis

- February 5, 2008 at 7:30 am

Feb 8

Housing Models and Approaches: Making the Right Match, CSH, 9:00 a.m. to 4:30 p.m., St. Paul and by video conference. Participants will learn about different housing models and approaches including residential treatment, scattered and single site supportive housing, harm reduction, and sober housing. In addition, the training will provide information on the roles and responsibilities of property managers, landlords, and service providers. More information to follow.

Feb 25 to 26

2008 NLIHC Annual Policy Conference and Lobby Day, Capital Hilton, 1001 16th St., NW, Washington, DC. Complete details, including hotel and registration information as well as a conference brochure with workshop topics and conference events, are now available on NLIHC's website: www.nlihc.org/conference.

February 28

MN Coalition for Homeless Lobby Day

More information to follow.

March 18

MHP, MN NAHRO, League of MN Cities, Metro Cities, and Edam Day at the Capitol, 8:00 a.m. to 12:00 p.m., Best Western Kelley Inn, 161 St. Anthony Avenue, St. Paul, MN 55103. Join the Minnesota Chapter of the National Association of Housing and Redevelopment Officials, The League of Minnesota Cities, Metro Cities, Edam, and Minnesota Housing Partnership and get involved in the state legislative process. Influence the legislative impact to your community, services, and funding. Breakfast will be served at 8:30 a.m. and followed by a legislative briefing by Minnesota's House and Senate leadership. Learn more at [MHP's Web site](#), or call MN NAHRO at 651-675-4490.

If you have any events you would like featured, please contact Barb Jacobs at bjacobs@mhponline.org.

Upcoming Deadlines

January 15

MHP Grants Deadline for February 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.

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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.