

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

Illustrating the Face of Foreclosure

More and more information comes out daily regarding the effects of the foreclosure crisis, but not all of it clearly illuminates the situation. This is not so for a recent New York Times Web graphic depicting foreclosure rates across the country. Click [here](http://www.nytimes.com/2008/04/06/business/06metricstext.html?pagewanted=all) (<http://www.nytimes.com/2008/04/06/business/06metricstext.html?pagewanted=all>) to check it out. For information a little closer to home, Greater Minnesota Housing Fund, Family Housing Fund, Minnesota Home Ownership Center, Minnesota Housing, and HousingLink just released a new report regarding foreclosures throughout Minnesota. Go to <http://www.housinglink.org/> for more information.

Afton Clicks through their Comprehensive Planning

If you live in the City of Afton you can now participate in local comprehensive planning efforts without leaving the comfort of your home. Aftonians can collaborate, make suggestions, edit ideas, and more on the new Wiki-Web site, planforafton.editme.com. (For those of you over 40, Wiki software allows large numbers of people to collaborate and come to consensus on Web site entries, as demonstrated by the wildly-popular Wikipedia.com, an online encyclopedia.)

Inclusionary Zoning Proponents and Detractors Face Off at April CURA Forum
<http://www.cura.umn.edu/Programs/Housing-Forum/forum-past.php>

Last month, the Center for Urban and Regional Affairs (CURA) at the University of Minnesota hosted a housing forum to encourage dialogue regarding inclusionary zoning. The event coincides with increased scrutiny of affordable housing development regulation since last October when Minnesota's Attorney General penned a letter authorizing inclusionary zoning in Forest Lake. The letter also highlighted the need of communities completing comprehensive plans this year to identify their affordable housing implementation approaches.

On the pro-inclusionary zoning side, Jack Cann of Housing Preservation Project (HPP) stated that his agency was promoting an approach mid-way between what is considered voluntary and mandatory. HPP recommends that communities insist on affordable housing targets being agreed to when approached by developers for discretionary action (e.g., a zoning variance). This was consistent with state statute, he added. Cann said that the "performance of cities had been pitiful" in meeting 2010 affordable housing goals. Without a commitment to inclusionary zoning, he continued, this trend will persist as communities draft plans to meet their share of the region's 2010-20 housing need.

Following Cann, Michael Noonan, president of Builders Association of the Twin Cities, said that requiring builders to take on the affordable housing burden of an entire community puts too much pressure on just one sector. The concessions builders are forced to make are inadequate to cover the cost of creating the affordable homes. Noonan believes the Minnesota Attorney General is wrong and the first community to pass inclusionary zoning will come under "tremendous scrutiny."

The appropriate response to the affordable housing shortage is to make *all* housing as affordable as possible, said Noonan. When asked how housing could be made cheaper, Noonan replied that eliminating some energy code requirements, aesthetic building specifications (like brick exteriors), excessive local government fees, and excessive garage requirements are options for reducing costs.

Paul Merwin from the League of Cities Insurance Trust, the third speaker on the panel, struck a middle ground, casting himself as both supporting and opposing use of inclusionary zoning. Merwin said that cities that follow the HPP recommendation would likely be liable for the administrative equivalent of extortion because communities can't make demands, in this case affordable units, unrelated to a zoning waiver request. Based on case law, it is likely that this viewpoint would be favored by Minnesota courts and the Supreme Court. Instead, cities should put affordable housing requirements in their zoning regulations for all applicants, said Merwin. It should not be part of a negotiation over a single parcel.

Cann countered that the state's land use law mandates an inclusionary-type approach. Inclusionary zoning laws have been on the books for years, he said, and there have not been any successful challenges.

Unfortunately, the forum did not necessarily provide clear guidance for communities. The event ended with municipalities possibly being stuck between a law suit by HPP if they do not adopt an affordable housing approach similar to inclusionary zoning and legal action from the Builders Association if they do.
—*Chip Halbach*

April Minnesota Housing Board Report

Nearly every item before Minnesota Housing's board this month dealt with some aspect of the foreclosure crisis. From a review of the agency's financial plan to funding vacant property remediation to a survey of shelters to assess the link between homelessness and foreclosures, the agency sent the message that they are fully engaged in response to the record numbers of foreclosed homes facing the state.

To start, board members learned that mortgage insurance companies are tightening credit standards in the Twin Cities, deemed a declining market. As a result, staff members said they know of at least one mortgage company that won't insure mortgages in the Twin Cities unless the borrower makes a 15 percent down payment.

In related news, the investment ratings of Minnesota Housing's bond insurers were downgraded. Agency staff said that the organization's high level of financial reserves will protect their lending programs from significant change. However, it might be difficult for the agency to sell enough bonds to meet its goal of acquiring \$800 million in loans this biennium.

Commissioner Tim Marx said that the agency was pursuing three goals in response to the foreclosure crisis. First, the agency will stimulate economic activity to help stabilize weak housing markets. Second, the agency will strategically take advantage of declining land values. Finally, the agency will fully utilize all available low income housing tax credits.

Marx then laid out the six action steps the agency is pursuing to achieve the three goals:

1. review and modify its allocation of resources in its two-year Affordable Housing Plan;
2. review and potentially recapture past funding awards where projects are not moving forward because of market conditions;
3. spend down additional amounts of its Pool 2 and Pool 3 (foundation) resources;
4. encourage Minnesota businesses to invest in federal housing tax credits;
5. pursue an aggressive biennial budget during the 2009 legislative session; and
6. advocate for additional federal investments.

Board member and Minnesota Auditor Rebecca Otto challenged Marx's ability to be successful in the legislature next year. As a former legislator, Otto said that she knew the housing proposal would not be well received in a deficit year. Marx responded that he couldn't guarantee success, but believes an aggressive housing budget would play well during a recession caused by declining housing markets.

Then the board passed several foreclosure-related items. The first established a two-year priority for Challenge Program home ownership funding to address foreclosures. Board member Lee Himle, from Spring Valley, asked whether such a priority would hurt small towns not impacted by the foreclosure crisis. Commissioner Marx responded that all things being equal, a funding proposal to the agency addressing foreclosures took precedence over one that didn't. After the meeting, Assistant Commissioner Mike Haley added that the agency would likely continue to fund a range of proposals.

Second, Pool 2 resources to Alatus Partners Ventures support a new pilot response to foreclosed, vacant homes, the board agreed to extend a \$6 million line of credit out of. At a bulk discount, the company will acquire and rehab 12-15 foreclosed homes per month in the Twin Cities. The homes will be resold at tax value and 20 percent of the sales price will be given to the new purchasers in a deferred loan which will be forgiven after five years occupancy.

Board member Otto asked if others, particularly nonprofits, were given a similar opportunity. Commissioner Marx said that this recommendation was in response to a proposal from Alatus, and that the agency would respond similarly if others brought forward sound proposals to address vacant properties.

Third, Staff-recommended funding for the semi-annual CRV (Community Reinvestment Fund), homeownership grant, funds also dealt with foreclosure. Most of the award-winning projects focus on rehab, particularly of foreclosed homes, and on market casualties—"newly built, but not yet sold homes." The agency received \$18.5 million in requests, but only \$5 million was distributed through the grant, with most of the money funding Greater Minnesota projects.

The agency also funded three land acquisitions. Although they've acted on this new priority area before, this is the first time it has been directed to built-up areas: PRG received funding to acquire land on the Mid-town Greenway in Minneapolis; Seward Redesign received funding to acquire five acres along the Hiawatha LRT; and Twin Cities Habitat received funding to purchase lots in suburban Anoka, Hennepin, Ramsey and Washington counties.

While discussing a staff recommendation to fund supportive housing in St. Paul, director Joe Johnson asked about the linkage between homelessness and foreclosures. Commissioner Marx responded that

the agency had heard anecdotally that homelessness was up due to foreclosures, but its recent survey of shelters had not verified that. It will continue to research the homelessness-foreclosure connection. Marx added that the foreclosure crisis had hurt efforts to build supportive housing due to declining value of tax credits. The agency was still "guardedly optimistic," though, that it could meet the goal of securing 2400 housing opportunities for homeless people by end of year.

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Resources

Greater Minnesota Housing Fund Introduces Green Building Home Plans

Greater Minnesota Housing Fund recently released a new series of affordable green building home plans to help builders of affordable housing meet new green building construction standards adopted in February of 2008 by Minnesota Housing, the state's housing finance agency. Download them at <http://www.gmhf.com/programs/bbn/default.htm>

New Web Site Features Homes Affordable to Families with Incomes Up to \$89,500

A new online resource sponsored by MCCD, www.OwnAHomeMN.org, helps prospective homebuyers with incomes of up to \$89,500, find homes they can afford. The Web site features quality single-family, condominium, and town homes. Each of the homes are built by community developers dedicated to the vitality and stability of the neighborhoods in which they work. OwnAHomeMN.org also provides links to homeownership resources, including homebuyer assistance and affordable mortgage programs, homeownership counseling and education, and foreclosure prevention.

Foreclosure Information for Renters

Because many renters are affected by their landlords' financial problems, HousingLink has added a "[Foreclosure information for renters](http://www.housinglink.org/Foreclosure.htm)" section to their Web site. Included are important facts for renters living in foreclosed properties, and contact information about organizations that can provide additional information and legal advice. To view this important information, go to <http://www.housinglink.org/Foreclosure.htm> and scroll to the bottom of the page.

Report Looks at Owner-Occupied/Rental Mix for Solutions to Foreclosure Problems

A [new report](#) from the National Low Income Housing Coalition and the Center for Economic and Policy Research compares the costs of owning and renting in 20 major metropolitan areas as a basis for responding appropriately to the foreclosure crisis. The report suggests that areas that have had a more severe run-up in home prices, which are especially concentrated on the coasts, should consider rental housing as a more affordable and sensible policy option. In areas such as Cleveland, Detroit, and Houston, where the housing bubble has not grown as large, homeownership can be a viable option. The paper also notes that many of the properties facing foreclosure are already rental properties, and that policies that provide greater security to tenants are needed.

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From the Home Front

Winona Receives \$10,000 to Rebuild After Flood

In April, the City of Winona, in partnership with Southeastern Minnesota Multi-County HRA, received \$10,000 from the Minnesota Housing Partnership to address the area's housing shortage. The grant will fund a comprehensive housing study and action plan for the City and County of Winona, including recommendations on the appropriate mix of supportive, subsidized, and market rate homes.

Last August, major flooding in Southeastern Minnesota damaged over 100 businesses and 400 homes in Winona County alone. Estimates put the disaster damage at over \$28 million in property damage in Winona County, including a large number of homes.

“The City is very pleased with the support of the Minnesota Housing Partnership’s assistance,” said Lucy McMartin, program development director with the City of Winona. “Their support is instrumental to carry out the study which will help maintain and create affordable housing for Winona and the area.”

Prior to the flood, Winona was already challenged to provide adequate housing for everyone. The majority of the area’s housing stock was constructed over 60 years ago requiring updates and rehabilitation. The area also has a high student population, prompting many property owners to convert single family homes to rental. This causes difficulty in creating the appropriate balance of rental and owner-occupied homes. Lastly, Winona’s limited amount of usable land makes new development difficult.

MHP & McKnight Work Together to Develop Deeper Support for Affordable Housing in Minnesota

The McKnight Foundation is contracting with MHP to provide the foundation background research on strategies to develop public acceptance and support for affordable housing. This will help the foundation move forward on the third of its three new affordable housing goals.

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Calendar

May 6

Duluth Chamber of Commerce Forum, 8:00 – 9:00 a.m., Playground Theatre, Technology Village Building, Duluth, MN. Join the Chamber of Commerce in a forum that covers affordable housing and the effect on Duluth businesses. The event will seek to learn more about the successes and challenges of affordable, mid-range and high-end housing ranges. Invited guests include: Steve O’Neil, Housing activist and St. Louis County Commissioner; George Garnett, Executive Director Neighborhood Housing Services; Blake Shippee, ShipRock Management; Michelle LeBeau, Women in Construction. Click here for more information.
<http://duluthmncoc.weblinkconnect.com/cwt/External/WCPages/WCEvents/EventDetail.aspx?EventID=4>

May 15

Policy and a Pint: The Mortgage Meltdown, 6:00 – 7:00 p.m., Varsity Theater, 1308 4th St., SE, Minneapolis. Brought to you by the Citizens League and 89.3 The Current, this Policy and a Pint event will have Richard Todd from the Federal Reserve explaining our current housing situation, and personal finance writer Kara McGuire from the Star Tribune will be provide practical advice for owners, buyers, sellers and renters alike. Tickets are \$10 and include appetizers from the Loring Pasta Bar. [Click here to register](#)

May 16

CURA Housing Forum: Minnesota Housing Strategic Plan and Economic Stimulus Efforts, 12:00 to 1:30 p.m., Carlson School of Management, Room 1-147, University of Minnesota, West Bank Campus. Commissioner Tim Marx will discuss Minnesota Housing’s strategic plan and current housing market conditions. RSVP is required no later than May 14, 2008, to 612-625-2086 or curahf@umn.edu. For more information, contact Adrienne Hannert at 612-625-2086 or curahf@umn.edu.

May 16

Dusk 'Till Dawn Fundraiser Benefiting Heading Home Hennepin, Chambers Hotel, Minneapolis. Brush elbows with Minnesota's elite while in your pajamas! The Chambers Luxury Art Hotel will play host to an all night celebration featuring gourmet food, open bar, charity auctions, special guests, and live music, with all proceeds benefiting Heading Home Hennepin. Go to http://www.headinghomeminnesota.com/pdfs/Dusk_Dawn_Invitation.pdf for more information.

May 22 & 23

Green by Design Conference, The Depot, Minneapolis. This conference and training aims to provide housing developers, builders, contractors, architects, city planners, environmentalists, funders, and other professionals the tools needed to build energy efficient, healthy, and sustainable housing. Multiple tracks will be offered, including sessions by local and national experts that focus on various elements of the Green Communities Criteria and other related topics. Examples of successful green building projects, including both multifamily and single-family developments, will be highlighted throughout the conference. MHP is a proud sponsor of this event. <http://mngreencommunities.org/gbd/index.htm>

May 22 & 23

NAHRO Spring Conference, Madden's Resort, Brainerd. This event features a luncheon keynote address by Minnesota Department of Economic Development Commissioner Dan McElroy, a presentation by National NAHRO President Renee Rooker, and a retirement celebration for Pat Gustafson, who will be wrapping up 13 years with Minnesota NAHRO in August. The conference also provides 7 specialized training tracks. Go to <http://www.mnnahro.org/> for more information.

June 10

Ramsey County Project Homeless Connect, 9:00 a.m. – 4:00 p.m., 175 W. Kellogg Boulevard, St. Paul RiverCenter. This "one-stop shop" model provides direct services to people experiencing homelessness in our community. Project Homeless Connect began in San Francisco in 2004 and has grown into a national best practice with great potential for getting people off the streets and into housing.

June 19 & 20

Minnesota Supportive Housing Annual Conference, RiverCentre, St. Paul. The Minnesota office of the Corporation for Supportive Housing (CSH) is proud to present the Minnesota Supportive Housing Conference. An annual event since 1999, the conference brings together more than 500 housing developers, social service agencies, and community stakeholders from Minnesota and neighboring states together to create partnerships in the effort to end long-term homelessness in Minnesota. MHP is a proud sponsor of this event. <http://www.csh.org/index.cfm?fuseaction=Page.ViewPage&PageID=4048>.

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

Upcoming Deadlines

May 13

MHP Grants Deadline for June 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.