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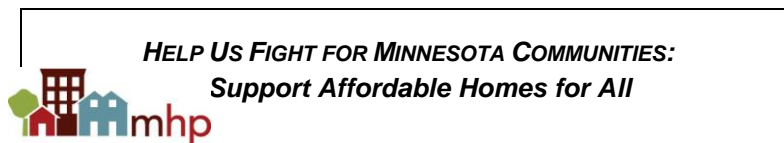
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In addition to **The Bulletin**, MHP also publishes **The Capitol Update**, a newsletter that follows the ins and outs of state and federal housing policy and legislation that affect Minnesota. Click [here](#) to sign up for the **Update**.

NEWS

2010 “Out of Reach” Report Underscores State’s High Housing Costs

As the recession drags on, families struggle to make ends meet, with rents unaffordable across the state. The newest “Out of Reach” report finds that a 2-bedroom apartment remains beyond the means of Minnesota’s average renter. The news for Minnesota is twofold: 1) rural areas in general saw the fastest rent increases, and 2) the Twin Cities’ already-high rents continued to increase: to be affordable, a Twin Cities 2-bedroom apartment now requires or an annual income of \$35,960. In 86 of the state’s 87 counties, Faribault being the exception, a worker earning the average wage for renters needs to work overtime to rent a 2-bedroom apartment.

The report, [Out of Reach 2010](#), was jointly released by the [National Low Income Housing Coalition](#) (NLIHC) in Washington DC and in Minnesota by the [Minnesota Housing Partnership \(MHP\)](#). The report provides data for every state, metropolitan area, and county in the country. “*Out of Reach 2010* shows once again that prevailing incomes and wages are simply not enough to allow a family to afford a decent home in their community,” said Sheila Crowley, President of the National Low Income Housing Coalition.

Chip Halbach, MHP executive director, says one of the best ways to promote an economic recovery for Minnesota is through a stable housing market with a variety of housing choices. “We need an affordable supply of both rental and owner-occupied homes,” said Halbach. “The recession made a bad situation worse. We need to act now for families to have access to the safe and affordable housing they desperately need.”

Topping the list of least affordable counties: Isanti, Chisago, Wright, Sherburne, Pine, Clay Cass, Scott, Lake of the Woods, and Mille Lacs counties. For the full press release—with links to the full report and brief “Greater Minnesota Rural & Metro” and “Twin Cities Metro” analyses—[click here](#).

“Village of Hope” Breaks Bemidji Ground—A Community Story to Meet Desperate Needs

In 2005, Rebecca Hoffman became chair of a committee looking to replace Bemidji’s current homeless shelter, a World War II era bungalow with only 6 beds. “It was never meant to be a homeless facility,” she says. “We turn away 500–1,000 a year, about half of them children.” The region’s need is serious and urgent, including mobile populations with high poverty, near Indian reservations reeling from a history of community and family traumas. Every week, the current Ours to Serve House of Hospitality shelter uses a triage for the long waiting list, to serve only the worst-cases. “It’s very hard to make such decisions,” says Hoffman.

On April 29, 2010, Bemidji broke ground for [Village of Hope](#), to serve 28 individuals in a \$1.4 M state-of-the-art “green” building. “We talked about this for at least 15 years,” says Hoffman. How the vision became real is the story of impassioned advocacy in meeting a community’s needs.



In Feb. 2008, State Rep. Frank Moe presented a bill to the House Housing and Public Health Committee proposing \$10 M in general operating bonds to include homeless shelters. Hoffman noticed the bonding proposal through MHP’s [Capitol Update](#) newsletter—Moe was her area’s representative. That’s when she and others lept into gear to support the proposal.

People wrote letters. Beltrami county commissioners got involved. People organized advocacy trips to the capitol. “The community really came together,” says Hoffman. “Everyone was saying, “We need this!””

In April 2008, the governor signed into law a bonding bill that still included \$1 M for publicly owned emergency shelters. When Minnesota Housing announced the funding opportunity, the Bemidji group was ready to begin proposals for the new building and its programs. “This was a once-in-a-lifetime opportunity to make a tangible difference,” Hoffman now reflects as the project’s director. “With many others, I had to step up and be part of it.”

Metropolitan Council – Updating Livable Communities Goals

In 1995, the Metropolitan Council implemented the state Livable Communities Act to encourage development of affordable housing by offering communities financial incentives. As a result, 105 Twin Cities communities successfully negotiated with the Council affordable housing goals to qualify for Livable Communities funding. This April, 15 years later, Council staff asked the Council’s Community Development Committee for authority to begin a process for updating those goals.

The Council staff's intent is to create ten-year goals that echo the housing needs the Council developed for each community in support of their recently adopted 2011–2020 comprehensive plans. Through the comprehensive planning process, an estimated needed 51,000 affordable housing units were allocated across communities in the 7-county metropolitan area.

In a recent Council committee meeting, Guy Peterson, the Council's community development director, said communities by-and-large accepted their individual share of the projected 51,000 unit metropolitan housing need and called for appropriate amounts of land for affordable housing in their comprehensive plans. Their big concern, Peterson said, is that there would not be adequate funding to create the housing needed.

As a result, Peterson suggested that the affordable housing goals for regional communities include a numeric range. He advised that the goals on the high end should be the need identified for the community in its comprehensive plan, but there also should be a low-end number based on expectations for affordable housing resources. Upon conferring with Minnesota Housing about expected funding, he believed the low end could be around 60-70% of the high end number.

Advocates, such as Housing Preservation Project, question the staff's recommendation of tying a goal to expected levels of funding, fearing that lower goal levels would undercut the significance of housing need levels now part of the community Comprehensive Plans. HPP president Tim Thompson wrote, "Rather than simply concluding that comp plan goals are unrealistic, we should be looking at why some cities have been quite successful in meeting their goals, and why other less successful cities have failed to take advantage of the range of tools available to them to produce affordable housing."

Council committee members, however, asked whether even the low-end goals might be too high. They encouraged Council staff to investigate the consequence of the recent decline in home prices for the estimated affordable units needed. They also recommended taking into account a glut of townhomes on the market, which can follow community efforts to encourage higher density. Peterson cautioned the committee against placing too much emphasis on the current market when considering ten-year goals.

The committee supported the staff request for a one month community input period for the goal setting process. Staff will report back to the committee May 17. Council staff hopes to negotiate individual community goals over the summer, and have them approved in the fall.

April Minnesota Housing Board Meeting – Report

Commissioner Dan Bartholomay took advantage of a light April agenda to encourage board members to discuss the 2009 Himle Horner report, "Affordable Housing, Research and Recommendations." The report, prepared for the McKnight Foundation, was based on surveys and focus group discussions of Minnesota homeowners. It was intended to support efforts to strengthen public will in favor of affordable housing.

The report finds that, while most homeowners are not opposed to affordable housing itself, most consider their communities close to ideal. They see no need to diversify their communities and are suspicious of those who want changes. They work hard to afford their homes and believe others should also. The report author, Tom Horner, recommends that people proposing affordable housing begin by promoting how it enhances the core interests of community residents—removing blight to protect neighborhood home values, for example.

Board members told Commissioner Bartholomay they did not find the report findings surprising. Board member Otto said she routinely discusses affordable housing as supporting families and communities. Board member Sanderson said that she was conflicted. While she understood the report findings, she and many people she knows are emotionally drawn to supporting affordable housing for social justice reasons. "We have to win the hearts and minds," she added.

The board discussion then turned to the cost of housing as a barrier to affordable housing development. Board Chair Mike Finch said that with costs increasing as they have, he was not sure that there is such a thing as affordable housing. The cost of housing is what the Agency should take on, he said. Member Otto said that she would like to Agency to explore models to reduce costs, particularly those related to construction, energy, and long term maintenance. One member said he knew a developer who built a house in Alabama for \$30,000, but that the same house cost \$100,000 to build in Minnesota.

Member Lyons reported on a design contest in Texas, supported by the Pohlad Foundation, that encouraged small home prototypes. Member Himle suggested the Agency explore alternative housing models such as shared housing to reduce occupant costs. Other board members said that, regardless of the type of development, management practices and tenant behavior have a significant impact on costs and community support.

RESOURCES



Housing Matters - Online Activities

Twin Cities Habitat for Humanity's [Housing Matters](#) website now features interactive learning games. [Click here](#) to check out this educational resource that incorporates messages shown to work in promoting affordable housing.

Study Features Duluth Residents Relocated Due to HOPE VI

A [new article](#) features research on public housing residents in Duluth relocated by the HOPE VI program. "Better Neighborhoods, Better Outcomes? Explaining Relocation Outcomes in HOPE VI" in HUD's [Cityscape](#) looks at the impact of relocation on outcomes for residents. The study by U of MN professor Ed Goetz confirms previous HOPE VI studies that find that the degree of neighborhood change for residents is not statistically related to changes in individual-level outcomes. The study also points to the importance of residents' informal networks of support.

Poll Finds Shift in Attitudes toward Owning

A new [public opinion poll](#) commissioned by Fannie Mae suggests that Americans remain positive about homeownership, but are more cautious in choosing to own than they were six years ago. Eighty-five percent of the general population says that that it makes more financial sense to own than to rent. But the proportion of renters who expect to buy in the next three years is down 5% from a similar poll conducted in 2003. Nearly 70% of renters think it is more difficult now to buy a home today than it was for their parents. 79% believe that renting has been positive for them and their families. Also, people were far more likely to believe that home prices would decline in the next year than they were in 2003.

Two Studies Show Plummeting Number of Households

Two new studies suggest that household numbers have declined dramatically, as families double up and move to renting. The changes have important implications for housing:

A [study commissioned](#) by the Mortgage Bankers Association (MBA) found a reduction of nearly 1.2 million households in 80 metros from 2005 to 2008, while the population increased by 3.4 million. There was a reduction in the number of households for both owners and renters, though the decline was steeper among renters. While data extend only through 2008, the author adds, "this study gives no reason to expect that household formation has picked up" since then, given the economic downturn. Meantime, there has been a nearly five-fold increase in the rate of housing overcrowding, likely due to families doubling up in the recession.

A [Pew Research Center study](#) looks at a longer time frame and found a sharp increase in multi-generational family households since 1980. In 1980, 12% of the U.S. population (28 million) lived in multi-generational households; but by 2008, 16% (49 million) did so. Multi-generational households include at least two generations of adults, or a grandparent and at least one other generation. According to the study, postponing first marriages and immigration have led to growth in multi-

generational households, though the trend holds across all major demographic groups. More recently, economic factors have resulted in young adults moving back home, with 37% of 18–29 year-olds unemployed or out of the workforce in 2009.

USDA Rural Development Home Loan Program: Record Funding Levels

Thanks to the federal stimulus plan, USDA Rural Development has record funding available through its direct single-family housing home loan program. The additional funds to help very low and low income rural residents achieve home ownership are available only through September 30, 2010. Applicants must meet income and credit guidelines and live in an area population of 20,000 or less. Potential homeowners should contact their local Rural Development office before these funds expire. Go to <http://www.RurDev.usda.gov/mn> (click on the Single Family Housing link at the top of the page).

Minnesota Foreclosure Counseling Found to be Efficient

In good news for the [Minnesota Home Ownership Center \(HOC\)](#), a [recent analysis](#) finds that the HOC's network of foreclosure counseling organizations provides foreclosure services in an efficient manner. The study, completed by the Federal Reserve Bank of Minneapolis, calculates that the cost of foreclosure counseling services averages \$410 per family counseled, with the largest expense being personnel. No major cost differences for rural vs. urban areas were identified. The report suggests the HOC and its agencies are not likely to make dramatic improvements in efficiency, but offers recommendations for minor improvements.

MHP @ WORK

New MHP Rental Compliance Training Program

MHP has developed a [Rental Compliance Training Program](#) for owners, managers, and staff of HOME-funded rental projects. Benefits include [modules](#) (choose what is appropriate to your staff), trainings tailored to your needs, and/or at your site. For questions or to set up a training, contact Sarah Belleful: Sarah.Belleful@mhponline.org or 651-925-5558.

Demand Response HUD Technical Assistance – Now Available for CHDOs

MHP has Demand Response Technical Assistance (TA) Funds available to MN Community Housing Development Organizations (CHDOs). For more, contact Sarah Belleful: Sarah.Belleful@mhponline.org or 651-925-5558. (TA must be HUD-approved.)

MHP Funds Awarded to Big Fork & Two Harbors

MHP recently made Community Engagement Fund awards to guide the production of affordable housing in two northeast Minnesota communities. The city of Big Fork is receiving \$6,000 to complete a plan guiding infrastructure development to accommodate an expanding workforce and senior population. (Big Fork is part of the multi-city Edge of the Wilderness collaborative that has successfully been guiding growth in manufacturing and tourism.) The northeastern city of Two Harbors is receiving \$6,500 to complete a comprehensive plan to provide more housing options as that growing community looks to use a large tract of city-owned land.

CALENDAR

Landlord-Tenant Law Seminars Online Survey

HOME Line's ½-day trainings inform landlords, tenants, service providers, and attorneys about state laws on landlord and tenant rights and responsibilities. HOME Line is exploring trainings across Minnesota during Summer 2010. [Visit this link](#) at HOME Line's policy blog—and respond to the statement: "I would attend a Landlord-Tenant Seminar in the following community..."

May 11, June 15**Free series: Getting It Done—Creating Transit-Oriented Development & Walkable Communities**

Sponsored by [Twin Cities LISC](#), this workshop series of technical content for implementation tools and policies has two remaining sessions: May 11 - Equitable Development & Community Benefits; and June 15 - Financing of Transit-Oriented Districts—Building Public/Private Partnerships. The events are free but registration is required, as space is limited. Contact Gretchen Nicholls at gnicholls@lisc.org or 651-265-2280, and see the “Getting It Done” at [Twin Cities LISC’s](#) web site.

May 26**Community Development Forum: Maximizing the Neighborhood-Tenant Connection**

8:30 (check-in/continental breakfast) –10:30 A.M.at the [Federal Reserve Bank of Minneapolis](#) (90 Hennepin Ave., Minneapolis). The 2nd forum in the Federal Reserve Bank’s series on rental housing, features the Urban Institute’s Margery Austin Turner. She will address such thorny questions as: How can we expand affordable rental housing in a way that brings maximum benefit to tenants and homeowners? \$20 per person; registration is required—by May 21. For more information and/or to register, [click here](#).

August 10 (Minneapolis) & 11 (Mankato)**MHP HOME Rental Projects Workshops for Managers and Owners**

These day-long sessions focus on rental projects funded by the HOME Program. Attendees learn how to collect data from applicants, calculate annual income, and assemble tenant files with supporting source documentation. Participants are informed about required HUD and HOME Program policies, procedures, manuals, and forms to maintain program compliance. August 10 in Minneapolis and August 11 in Mankato. Online registration opens soon. To be alerted by email, sign up by [clicking here](#).

Aug. 23–25, Nov. 15–19**Housing Development Finance Professional (HDFP) Certification Program**

North Hennepin Community College, Center for Training & Development (7411 - 85th Ave N., Brooklyn Pk) - The National Development Council’s (NDC) 4-course HDFP Certification Program examines affordable housing finance and development. Topics include the housing development process, historic rehabilitation and low-income housing tax credits, negotiating, problem solving, deal structuring, and more: Aug. 23-25: HD422 – Computer Spread Sheet Analysis / Nov. 15-19: HD430 – Housing Development Finance: Problem Solving & Deal Structuring. For more, contact Mark Vahlsing at [Minnesota NAHRO](#): 651-925-4070 or events@mnnahro.org

November 8**“Homes for All 2010” • Call for Presenters**

[Homes for All 2010](#) has issued its call for presentation proposals (due May 14!). See the [web site](#) to apply online—and mark your calendar for Minnesota’s largest gathering of affordable housing supporters and experts at St. Paul’s RiverCentre. (Co-hosted by MHP and Twin Cities Habitat for Humanity.)



Upcoming MHP Deadlines

MHP Funds - 2010 Programs, Application Materials, and Application Deadlines

To help 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 guidelines, application materials, and schedule, go to the [“MHP Funds” section](#) of MHP’s web site. For more, contact Sarah Belleful, *MHP Housing Programs Officer*: Sarah.Belleful@mhponline.org or 651-925-5558.

Next application deadlines are:

- *May 11*
- *July 13*
- *September 14*
- *November 16*

[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 for future issues, or if you want to unsubscribe, call Rick Bernardo at (651) 925-5549 or email him at 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, 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. This institution is an equal opportunity provider, and employer.