

# The MHP Bulletin

November 30, 2007

Volume 6, Issue 12

We invite you to forward, quote, or cite anything within *The MHP Bulletin* as long as you reference it as the source.

- [News](#)
  - [Twin Cities Habitat Partners with Minnesota Housing to Increase Affordability](#)
  - [Minnesota House of Representatives Holds Hearing in Rushford on Flood Relief](#)
  - [Homelessness and Returning Veterans in Focus](#)
  - [Down Payment Help Best Policy to Make New Homeownership Affordable](#)
  - [Building Blocks and Homelessness](#)
  - [Minnesota Housing Board Report](#)
- [Resources](#)
- [From the Home Front](#)
- [Calendar](#)
- [Upcoming Deadlines](#)

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

### **Twin Cities Habitat Partners with Minnesota Housing to Increase Affordability in Carver and Scott Counties**

On November 20, Minnesota Housing Commissioner Tim Marx joined First Lady Mary Pawlenty and Metropolitan Council Chair Peter Bell in Chaska to announce Minnesota Housing's first funding for land acquisition intended for non-immediate development. At the event, Twin Cities Habitat for Humanity was awarded funds to take advantage of the current housing market and purchase land in the Southwest Metro for future affordable development.

Over the next year Twin Cities Habitat will use the proceeds of Minnesota Housing's \$1.2 million commitment, and an additional \$200,000 from Family Housing Fund, to purchase up to 35 parcels of land in Scott and Carver counties. Homes will be built on these parcels in three phases from 2009-2011. Twin Cities Habitat president Susan Haigh said this initiative is particularly important because the cost of land has been one of the greatest challenges to the development of affordable homes.

First Lady Mary Pawlenty, who was identified as a participant in Habitat's Women Build project, said that stability in housing is essential to stability for families. Peter Bell added that affordable housing is good for families, good for communities, and important to the growth of the region.

Commissioner Marx stated that the Habitat investment represented a first phase in the agency's land acquisition strategy. Habitat is expected to acquire platted lots made more affordable in the current soft market. The agency is also investigating longer term land acquisition strategies with undeveloped properties. Over the next several months it will figure out where such an investment is appropriate and the role of the agency in these long-term acquisitions.

—Chip Halbach

### **Minnesota House of Representatives Holds Hearing in Rushford on Flood Relief**

Residents of Southeastern Minnesota shared their concerns about the area's disaster recovery with legislators at a public hearing on November 14. Since the flood in August (click [here](#) to go to Rushford Community Foundation's Web site and see an amazing video of the disaster), households affected by the devastation have been struggling with the confusing process of applying for aid through FEMA (Federal Emergency Management Agency), SBA (Small Business

Administration), and Minnesota Housing. Both the [Fillmore County Journal](#) and the [Winona Daily News](#) reported that flood-weary community members had particularly harsh words about the Small Business Administration. Both news accounts explain area residents are concerned that the SBA is saddling low-income flood-victims with unmanageable amounts of debt. The **Journal** reports that a 64 year old woman testified that the SBA gave her a \$168,000 loan, despite making less than \$40,000 per year. "What am I supposed to do?" the woman asked legislators.

The Journal also reported that a significant number of people are being turned down by the federal relief programs, putting the state's Quick Start aid money in high demand. Minnesota Housing told MHP that 45% of flood-assistance applications to SBA have been denied. The Quick Start program is meant to fill in the gaps in coverage by the FEMA and SBA programs, but no one anticipated that so many households would be denied federal aid, the Journal wrote.

Households that have applied with FEMA or SBA already can also apply for the Minnesota Housing aid before January 15, the Minnesota Housing spokesperson said.

### **Homelessness and Returning Veterans in Focus**

Veterans have historically been known to be affected by homelessness and nationally, they are grossly overrepresented among the homeless. A recent study, [Vital Mission: Ending Homelessness Among Veterans](#), by the National Alliance to End Homelessness (NAEH) made national news by finding that one in four homeless people in the United States are veterans even though they make-up only 11 percent of the U.S. adult population. The study's report further explains that the high incidence rates of homelessness are likely caused by conditions found to be prevalent among veterans: mental and physical disabilities, fragmented support networks and services, stress, and substance abuse.

Locally, one third of homeless veterans reported having served in combat in a new study released by Wilder Research, [Homeless Veterans in Minnesota 2006](#). It also found that post-traumatic stress disorder was twice as likely to be reported among the Iraq and Afghanistan veterans than by veterans of other wars who were surveyed, which is consistent with national trends. The [Iraq Veteran Project reports](#) increased diagnoses of post-traumatic stress disorder and traumatic brain injury sustained during combat among returning veterans from Iraq and Afghanistan. These findings raise concerns that the new wave of Iraq and Afghanistan veterans are more likely to become homeless sooner than their predecessors.

The NAEH Vital Mission report recommends several policy solutions for veterans that include creation of permanent supportive housing, additional supportive housing vouchers, and post-discharge risk assessments for homelessness leading to housing assistance. A new bill has been introduced at the U.S. Senate, the [Veterans Homelessness Prevention Act](#), authorizing a pilot program aimed at preventing at-risk veterans and their families from homelessness by creating more housing for veterans and coupling the housing with supportive services such as mental health counseling.

### **Down Payment Help Best Policy to Make New Homeownership Affordable**

A recent Census Bureau report, [Who Could Afford to Buy a Home in 2002?](#), concludes that subsidized down-payments would do more to increase affordable purchase options for renters than would reduced interest rates or the low or no down payment loans. The findings show as little as \$5,000 in down-payment assistance would increase the amount of renters qualified to purchase a modestly-priced home by 4 percentage points. In contrast, reduced interest rates and low- or no down-payment options had little or no effect on the number of renters able to qualify for a new home.

### **Building Blocks to End Homelessness**

On November 9, thousands of Lego bricks and glue became tools for helping to end homelessness in Minnesota in honor of the National Hunger & Homelessness Awareness Week. Lego artist Nathan Sawaya of New York, used nothing but the plastic bricks and adhesive in creating a sculpture that illustrated the human condition of homelessness and the need for more affordable housing. Sawaya told the [Pioneer Press](#) that he sees the effects of homelessness in New York City where he lives, and would love to see it eradicated. The sculpture was the centerpiece of an exhibit sponsored by the Minnesota Coalition for the Homeless and the Family Housing Fund at the Mall of America.

### **November Minnesota Housing Board Report**

A light, pre-holiday agenda allowed the Minnesota Housing board to focus on the agency's next major step in addressing foreclosures. The staff reported to the board that there are 50,000 Minnesota borrowers with subprime loans. They also said that the foreclosure crisis is expected to peak in the fall of 2008. The board took two actions related to foreclosures: It approved \$500,000 for early outreach, and it reached into agency reserves to help finance a comprehensive counseling and research plan.

Earlier this year, Minnesota Housing reached agreement with the Department of Commerce to use \$500,000 from the Real Estate Research and Recovery Fund to address foreclosures. The initiative aims to encourage people facing foreclosures to seek help earlier, when there is more opportunity to avert foreclosure. The board awarded these funds to the Minneapolis Urban League for efforts in North Minneapolis and to the Home Ownership Center for activities in areas with concentrated foreclosures.

Board members also agreed to draw \$1 million from agency reserves to fund a consortium proposal by Greater Minnesota Housing Fund, Family Housing Fund, Home Ownership Center, and HousingLink. This investment is being matched by \$2.4 million in funding from other government entities as well as private and philanthropic sources.

The consortium proposal has four components. First, the plan more than doubles the number of foreclosure prevention counselors supported by the Home Ownership Center (HOC). By increasing the number of counselors to 37, HOC should be able to reach 27,000 households, said agency staff. The goal is to prevent 5,500 foreclosures, and assist 8,300 additional families with finding suitable housing when they do lose their homes, sometimes referred to as a "soft landing."

Second, the proposal expands outreach. This effort integrates with HOC's Real Estate Research and Recovery Fund award.

Third, the plan earmarks money for tenant counseling. This is the first time money has been specifically set aside by Minnesota Housing for renters affected by foreclosures. Agency staff pointed out that between 40 and 50 percent of the foreclosed properties in Minneapolis and St. Paul are tenant-occupied.

The final component of the plan covers the cost of HousingLink's foreclosure tracking efforts. Staff told the board that it is critical to have data that identifies concentrations of foreclosures and allows targeting of resources.

Staff noted that the proposed funding would dip into agency reserves, now amounting close to \$40 million, a move that could diminish future funding commitments. The agency's policies, however, do allow commitment of the reserves for emergency or one-time opportunities. Staff also said that, while the reserve-funded foreclosure commitment is for only one year, Minnesota Housing may need to make similar investments in the future.

Board members were enthusiastic about the proposal and asked whether more money should be committed. Staff responded that they recommend funding the full amount requested from the agency. Board member Marina Lyon, while endorsing the proposal, did question the efficacy of outreach approaches. She said that there had been considerable investment in a similar "Don't Borrow Trouble Campaign" over the last decade. In spite of the campaign she said, "we got trouble."

Minnesota Housing staff Mike Haley told the board that the agency was exploring other efforts to address foreclosures as well. However, the agency reviewed the mortgage refinancing approaches of five other states and did not see much success. Encouraging mortgage servicers to restructure high-risk loans appeared to be a better approach, said Haley. —  
*Chip Halbach*

\* \* \* \* \*

## Resources

### Good Housing Increases Safety and Saves Money

A [new report from the Justice Policy Institute](#) suggests that increased availability of quality, affordable, or supportive housing is associated with lower crime. The research brief, "Housing and Public Safety," reported that poor housing,

especially with hazardous lead exposure, is associated with higher violent crime rates. Supportive or affordable housing is also found to be a cost effective investment, lowering the outlay for corrections and other public safety agents.

**New National Green Rehab Loan Product**

The National Housing Trust Community Development Fund (NHTCDF), the lending affiliate of the National Housing Trust, is now offering below-market predevelopment and interim loans to housing developers who wish to incorporate green building techniques for rehabilitating existing affordable housing. For more information on the loan products [click here](#), or contact Keiva Dennis at 202-333-8931 x26 or [kdennis@nhtinc.org](mailto:kdennis@nhtinc.org).

**CURA Forums on Siting of Affordable Housing Now Available on DVD**

The University of Minnesota’s Center for Urban and Regional Affairs held recent forums on affordable housing in impacted (areas of poverty and minority concentration) and non-impacted areas that are now available on DVD. The forums featured debates between Myron Orfield, U of M Associate Professor of Law and Executive Director of the Institute on Race and Poverty, and Ed Goetz, U of M Humphrey Institute of Public Affairs Professor. Please email [Kristen Fitzpatrick](mailto:Kristen.Fitzpatrick@ucr.umn.edu) at the [Metropolitan Consortium of Community Developers](http://www.metropolitanconsortium.org) (612-789-7337, ext. 15) for more information.

**HousingLink Publishes New Statewide Section 8 Information Web Page**

The new [Section 8 Information web page](#) contains a clickable map of housing authorities operating the Section 8 Voucher program in Minnesota. Simply click on the map to access the housing authority contact information, payment standards, utility allowances, bedroom size restrictions, and portability contacts. The new Section 8 Information web page also links to HUD’s income limits. If you have questions or comments about HousingLink’s Section 8 Information web page, please email HousingLink at [info@housinglink.org](mailto:info@housinglink.org).

\*\*\*\*\*

**From the Home Front**

**Minnesota Housing and McKnight Foundation Renew Commitments to Affordable Housing**

On November 14, the Minnesota Housing Partnership hosted an Investor’s Council discussion at Graham Place, a Stonebridge Development independent senior living facility that is adjacent to other Stonebridge mixed-income units. The event explored the renewed commitments and new directions for two of Minnesota’s most influential organizations aiming to help families and communities thrive in our state: Minnesota Housing and The McKnight Foundation.

Dan Bartholomay, program director at The McKnight Foundation, started off the conversation with a review of the Foundation’s two-year discussion on their commitments to affordable housing. Explaining that the organization was looking for new ways to increase the impact of their housing investments, Bartholomay said McKnight decided to focus on community and family stability instead of just the number of affordable units that their investments produce.

In addition to being able to make more of an impact, he continued, increased synergy between the Foundation’s various programming—such as the intersection between transit, environment, jobs, and housing—is also a benefit of the organization’s new focus. Within the new focus, McKnight will direct its housing investments to three areas: increasing public will for affordable housing, innovative design and development, and increased production of new, and preservation of existing, affordable homes.

Tim Marx, commissioner of Minnesota Housing, continued the discussion by providing an overview of Minnesota’s housing situation. He pointed out that Minnesota has the highest percentage of homeowners of any state in the country. We also have a relatively low percentage of households that pay over 50 percent of the income towards housing. It is because of commitments from organizations like Minnesota Housing and McKnight that Minnesota is relatively well housed, Marx explained.

Despite Minnesota's relatively good standings, we are in a "race without a finish line," said Marx. There is a large disparity between the overall homeownership rate and the minority homeownership rate in Minnesota. Also, the number of households that are extremely cost burdened by their housing costs is rapidly rising. Minnesota Housing is continually working to address these and new issues, such as the foreclosure crisis, as they arise. Some agency approaches to addressing the foreclosure problem include purchasing foreclosed property while the market is soft, increasing outreach and prevention efforts, and educating consumers about government-backed products, like the ones offered by Minnesota Housing.

Another agency initiative includes addressing the growing needs of low-income households. Wages are outpaced by housing costs and many low-wage folks move to the suburbs or even exurbs to find reasonably priced homes. Like McKnight, Minnesota Housing is also integrating housing with other issues such as economic development, transportation, and the environment, said Marx.

MHP's Investor's Council fosters dialogue between nonprofits, government agencies, and businesses that are involved with creating and preserving housing. It also helps MHP build upon its position as a bridge, forming relationships that will help create homes for all Minnesotans. If you, or someone you know, is interested in becoming an Investor's Council participant, please contact ellery july at 651-649-1710 ext. 105, or [ejuly@mhponline.org](mailto:ejuly@mhponline.org).

### **MHP Welcomes New Policy and Outreach Coordinator Julie Johnson**

Julie Johnson joins the Minnesota Housing Partnership as our new Policy and Outreach Coordinator. She comes from a background in public health and social justice. Before coming to MHP, Julie built a local coalition advocating for smoke-free air in restaurants and bars which helped pass the recently enacted statewide law, the MN Freedom to Breathe Act. A recent transplant from New Orleans, she is thrilled to join MHP and its important work advocating for affordable housing – an issue that she and many of her friends faced after the devastation following Hurricane Katrina. Feel free to contact Julie at [jjohnson@mhponline.org](mailto:jjohnson@mhponline.org), or 651-649-1710 ext. 121 to learn about upcoming MHP initiatives (or just to say hello!).

\* \* \* \* \*

## **Calendar**

### **December 3**

**Racial Segregation in Twin Cities Metropolitan Schools**, 12:00 p.m. to 1:00 p.m., 250 Wulling Hall, 86 Pleasant St. SE, Minneapolis East Bank Campus. [The Children, Youth and Family Consortium](#); International Connections; and Diversity Dialogues invite you to the first of an ongoing, multidisciplinary discussion on Equity and Education with a guest presentation by Myron Orfield. Myron Orfield is the Director of the Institute on Race and Poverty, University of Minnesota. Pizza and drinks will be provided.

### **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 to 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. Please contact Becky Fink at 763-862-5470 with questions.

### **December 14**

**Community Development Forum: Can Community Benefits Agreements Promote More Equitable Development?** 7:45 am to 12:00 pm, University of Minnesota Continuing Education and Conference Center, 1890 Buford Avenue, St. Paul. Featuring keynote speaker Kathleen Mulligan-Hansel, Director of Research and Communications, Partnership for Working Families, Milwaukee, WI. [Find out more information and register](#). Sponsored by the [Federal Reserve Bank of Minneapolis](#) and the [Center for Urban and Regional Affairs, University of Minnesota](#).

**December 18**

**Changing the Face of Housing in Minnesota 6<sup>th</sup> Annual Event**, 9:00 a.m. to Noon, The O'Shaughnessy at the College of St. Catherine, 2004 Randolph Avenue, Saint Paul. Featured speaker Environmental Justice Advocate Majora Carter connects race, poverty alleviation, and the environment in ways that address all issues—demonstrating solutions for our most persistent community development, public health, and global climate concerns. There is no charge for the event, but **RSVP's are required**. For more information and to RSVP, please visit [www.changingthefaceofhousing.org](http://www.changingthefaceofhousing.org).

**December 20**

**Homeless Memorial March and Service**, 5:00 p.m., starting at Hennepin County Government Center, 3rd Avenue South and 5th Street South, Minneapolis. The march will follow 5th Street west to Nicollet Avenue and proceed south to 28th Street. The purpose of this event is to remember those who passed away while experiencing homelessness during the past year. For more information, please visit [Minnesota Coalition for the Homeless' Web site](http://Minnesota Coalition for the Homeless' Web site).

**March 18—Save the Date!**

**2008 Day at the Capitol**

Join Minnesota NAHRO, MHP, and others at the Capitol for this annual event. More information to follow.

*If you have any events you would like featured, please contact Barb Jacobs at [bjacobs@mhponline.org](mailto: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](http://visit MHP's Web site), or contact Liz Juelich at [ejuelich@mhponline.org](mailto:ejuelich@mhponline.org), or 651-649-1710 ext. 113.

\*\*\*\*\*

*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.