

The MHP Bulletin

November 2008
Volume 7, Issue 11

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

News

- **Minnesota Housing Opens 2009 Action Plan for Comment**
- **New Federal Housing Legislation Prompts Dialogue, Cooperation, and Action**
October Minnesota Housing Board Report

Resources

From the Homefront

- **New Online Applications for MHP Grants**
- **MHP Partners with Community Involvement Programs**

Calendar

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

Minnesota Housing Opens 2009 Action Plan for Comment through Dec. 5

Every five years, the Minnesota Housing submits a Consolidated Housing and Community Development Plan to HUD. The consolidated plan outlines the goals and strategy for the allocation of federal funds by identifying and prioritizing the housing and community development needs of the state. You can find the 2007-2011 Consolidated Plan [here](#).

The Consolidated Plan includes an Action Plan that is updated every year along with a report of the state's performance during the previous year. The action plan covers state-administered program funding for CDBG, HOME, Emergency Shelter Grants, and Housing Opportunity for Persons with AIDS. The state is required to have a draft of the Action Plan available for public review before the final submission. The [2009 draft](#) is available online from November 5 to December 8.

Minnesota Housing will accept comments on its 2009 plan as well as its performance and evaluation report for the past fiscal year until December 5. A public hearing will also be held on December 5th. The hearing will be at 5:00 p.m. at DEED's office at 332 Minnesota Street, 2nd floor. For more information on the public review process and the hearings, please view the public announcement [here](#).

After reviewing the agency's recently released performance and evaluation reports, MHP notes that for 2009, Minnesota Housing again fails to direct any funding to rural community housing development organizations (CHDOs). 2009 will be the second year in a row that CHDOs will not receive development funding from the agency. Minnesota Housing states that they are reassessing how to meet the federal government requirement that a minimum 15 percent of HOME funds go for development of housing by CHDOs. The agency was in compliance with federal rules last year when it did not allocate funding to CHDOs because it had distributed in excess of 15 percent in prior years.

Another area of interest for housing developers in Greater Minnesota will be Minnesota Housing's possible reallocation of resources for the HOME Rental Rehab program to a home ownership rehab program. The agency intends to ask the Legislature for additional funds for rental rehabilitation. If the Legislature provides sufficient resources, some or all of the proposed \$5.3 million HOME rental rehab

money might be allocated to the ownership rehab program.

The Rental Rehab program is restricted to areas that did not directly receive HOME funds, mainly Greater MN excluding northeastern counties, but the reallocated home ownership rehab money will be used statewide. Minnesota Housing wants to ensure that entitlement areas (those receiving HOME funds directly) “are not adversely affected by the change in funding source from State appropriations to HOME,” the agency writes in its action plan.

New Federal Housing Legislation Prompts Dialogue, Cooperation, and Action

On October 16, almost 300 people from across the state participated in MHP’s Federal Housing Policy Forum on the Housing and Economic Recovery Act (HERA). The forum, sponsored by LISC, Wells Fargo, and Bremer Bank and supported by Greater Minnesota Housing Fund, aimed to coordinate the efforts of nonprofit, government, and business in responding to this new legislation.

Educating Minnesotans about HERA and coordinating responses are critical to effectively address the ailing housing market and the economy. The new legislation was passed this summer, and many of the bill’s initiatives are currently being implemented.

Minnesota is poised to maximize HERA allocations. The history of cooperation between governmental, nonprofit, philanthropic, and private sector actors in the state positions us to address this crisis effectively. [Click here](#) to access a summary of the presentations, handouts, and resources from the HERA forum.

October Minnesota Housing Board Report

In the pre-Halloween meeting the Minnesota Housing board handed out treats to the housing developers. The board unanimously accepted staff recommendations to assist in the creation of 3000 housing units under the agency’s ownership and rental programs.

Competition was tight for the home ownership funding—funding requests totaled three times the amount available from the agency. To stretch agency resources and to get a jump start on committing new federal resources, the board approved allocating \$3.7 million of the agency’s \$38 million in Neighborhood Stabilization Program (NSP) funds (a HERA program directed at vacant, foreclosed home remediation) toward home ownership. These funds were awarded to six organizations: City of Lakes Land Trust, GMHC, Twin Cities Habitat for Humanity, Urban Homeworks, St. Paul HRA, and St. Cloud HRA. Although staff believes that the proposals from these developers fit the federal guidelines, the allocation was made subject to HUD’s approval of the agency’s NSP action plan.

Successful ownership proposals mostly pertained to the productive reuse of vacant properties, as staff informed the board about the significant inventory of unsold homes owned by affordable housing developers. For instance, Powderhorn Residents Group is receiving a second grant this year to further reduce prices on eight townhomes it is trying to sell in Heritage Park of North Minneapolis.

Other successful proposals regarding the reuse of vacant properties involve developers using short-term contract for deed financing with the intention that buyers obtain mortgages and pay off the contracts within three years. Staff also supported community land trusts as another very good model to help new owners move into foreclosed homes. Four community land trusts received a combined total of \$1.4 million of funding in this round.

At this meeting Minnesota Housing made its first funding allocations under its new LAAND program (Land Acquisition for Affordable New Development) which assists developers in acquiring parcels of land near transit stops and job growth areas. The first round of agency funding will go to acquire land in Bemidji, Forest Lake, and Minneapolis. The Metropolitan Council also controls LAAND program funds and is assisting parcel purchases in Lakeville, Minneapolis, St. Paul, and Woodbury. Combined, Minnesota Housing and the Metropolitan Council awarded \$4.5 million for purchases through LAAND.

The board also supported funding for rental housing. The agency approved the first projects to utilize the \$30 million in 501c3 bonds approved by the Legislature earlier this year. Under this new funding approach, the agency issues the bonds which are repaid by the state, enabling Minnesota Housing to make deferred repayment loans for supportive housing developments. \$16.6 million of the bonding proceeds were committed to Aeon (for a project in Minneapolis), Center City Housing (for a project in St. Cloud), and Fargo and Clay County HRAs (for a project in Moorhead).

At October's board meeting, the preponderance of ownership and rental program funding went to the Twin Cities. About 70 percent of funding was directed to projects in the seven-county Metro Area. Staff told the board this was due to the concentration of foreclosures and people who are homeless long-term in the Twin Cities. In addition, only 30 percent of the rental funding requests came from Greater Minnesota. Staff said the funding to Greater Minnesota was proportionate to the requests made.

In other business, two staff-requested actions brought significant debate among board members and split votes. First, on a 4-2 vote, the board reversed its earlier decision requiring general public use of Minnesota Housing-funded projects and will now allow Twin Cities-based Artspace to market its tax credit development in Brainerd exclusively to the arts community. The project was given new life through Congress' decision, as part of the Housing and Economic Recovery Act, to allow tax credit properties to be marketed to "tenants involved in artistic or literary activities." Two board members did not think that this population should be targeted for support by the agency, while board member and State Auditor Rebecca Otto said that she had grown up in a community of artists and understands the challenge artists have in affording housing.

Arts did not enter in the equation on the second split decision. The board voted 4-2 to approve a five-year extension of the agency's loan to Family Housing Fund, which funds Greater Metropolitan Housing Corporation(GMHC) purchase of vacant, foreclosed homes in North Minneapolis. Staff said that the slow market, complicated lender transactions, and the poor condition of properties being purchased required more patience with the GMHC demonstration program.

Several board members, however, questioned the need for a five-year extension, arguing that a shorter timeframe would allow earlier evaluation of GMHC's redevelopment approach. Furthermore, half of the agency's \$10 million loan to the Family Housing Fund came out of the scarce agency foundation resources and should not be tied up that long on a demonstration project. The staff countered that the strength of the partnership with GMHC and Family Housing Fund, coupled with the urgency of the foreclosure crisis, justified the loan extension.—*Chip Halbach*

RESOURCES

Mortgage Foreclosure Workshop Now Available Online

Hennepin County Taxpayer Services, in partnership with Minnesota Home Ownership Center and Hennepin County Public Affairs Department, is now offering a web-based, mortgage foreclosure workshop. This web-based video gives residents 24/7 access to the same foreclosure information workshop offered at Hennepin county libraries. The workshop helps homeowners worried about foreclosure, and renters affected by property owners' foreclosures to understand the foreclosure process, their rights, and how they can find assistance. While the workshop focuses on Hennepin County, its information is relevant to residents in other areas in Minnesota . To view the workshop on video, go to: http://hennepinmn.granicus.com/MediaPlayer.php?publish_id=12 [from HOC Foreclosure Prevention Resources Newsletter]

Study Shows Housing Costs Rose Faster Than Other Necessities Since Mid-1990s

"Over the 1996 to 2006 period, a growing share of household income was devoted to housing. In 2006, homeowners typically spent 26.2 percent of their income — up from 21.5 percent in 1996 — while among renters, housing consumed 29.4 percent of income — up from 25.6 percent ten years earlier ... Most

tellingly, the increase in housing expenses between 1996 and 2006 far exceeded increases in other essentials. Housing expenses increased by an average of \$5,314 (64.9 percent) during this period, substantially more than food (\$1,413 or 30 percent) and transportation (\$2,126 or 33.3 percent) and even outpacing healthcare (\$996 or 56.3 percent). Incomes for all households rose 35.8 percent over the same period.” Excerpt from **Stretched Thin: The Impact of Rising Housing Expenses on America’s Owners and Renters**. The full report is available at www.nhc.org/pdf/pub_stretchedthin_2008.pdf

FROM THE HOMEFRONT

New Online Applications for MHP Grants

MHP is in the process of creating new and better ways to communicate with its partners and provide easier application processes for MHP resources. The first step of this project has resulted in new fillable PDF application forms that you can download off MHP's Web site. Click on the links below to check them out!

- [Community Building and Recoverable Grants](#)
- [Capacity Building Grants](#)
- [Predevelopment Loans](#)
- [CHDO Scholarships](#)

MHP Partners with Community Involvement Programs

Minnesota Housing Partnership recently began working with Community Involvement Programs (CIP) to improve the organization’s HUD program tracking and operations. Community Involvement Programs (CIP) is a 35-year old non-profit agency, located in Northeast Minneapolis, that provide services to persons with disabilities. CIP’s programs include Adult Rehabilitation Mental Health Services (ARMHS), Independent Living Skills (ILS), Skilled Home Health Nursing Care, Adult Foster Care and Community Housing Supports, shared housing, housing with services and subsidized housing to persons with severe and persistent mental illness.

MHP was hired to help CIP fulfill its commitments to HUD. Together, the two organization’s will refocus CIP’s Housing Coordinator position, establish clear and easy-to-follow HUD reporting mechanisms, create an organizational manual to help ensure long-term program compliance with federal regulations, and develop a tracking system to ensure timely submission of federal reporting requirements. For more information about this project, or other technical assistance projects, please contact Cherre’ at 651-925-5545, or cherre.palenius@mhponline.org.

CALENDAR

November 13

Effective Written Agreements Training, 8:30 a.m. to 4:30 p.m., Eagan, MN. This course focuses on the types of written agreements that are required for various partners, including CHDOs, nonprofit and for-profit owners, developers and sponsors, and sub-recipients. It reviews and describes the types of clauses and provisions that PJs may wish to add to an effective written agreement. Finally, the course discusses how PJs can use written agreements to ensure regulatory compliance. For more information, go to <http://www.mhponline.org/?q=node/48>.

November 19 & 20

20/20 Community Development Expo (www.2020cdexpo.org), Hyatt Regency, Minneapolis. To celebrate their 20th anniversaries, LISC Twin Cities and the Metropolitan Consortium of Community Developers (MCCD) are hosting the 20/20 Community Development Expo. The Expo will bring together community development practitioners, partners, and policymakers to celebrate their collective work in the

Twin Cities and look ahead to the future of community development's role in promoting neighborhood revitalization and regional vitality. Go to <http://www.regonline.com/builder/site/Default.aspx?eventid=626296> to register.

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

* * * * *

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.