

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**.

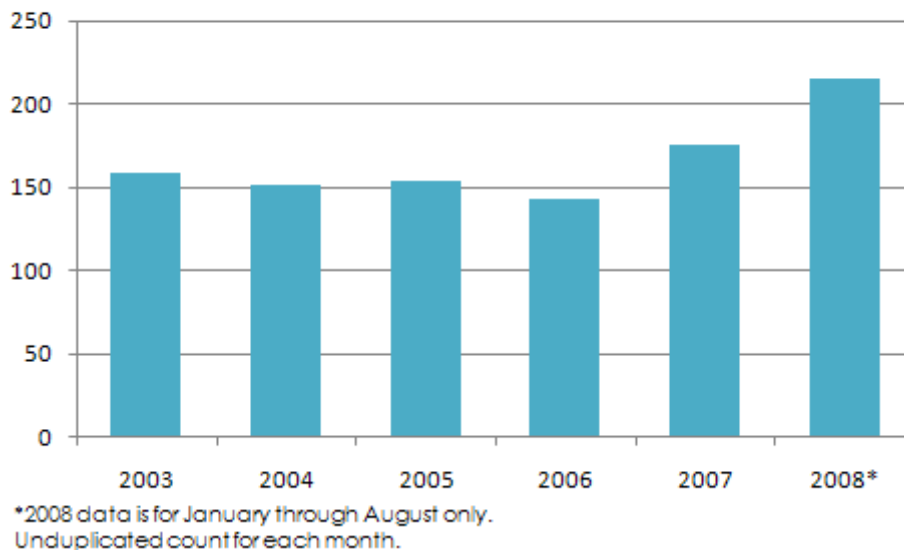
NEWS

Homeless Shelters across State and Nation Report Increasing Need for Services

Last month, USA Today reported that “[m]ore families with children are becoming homeless as they face mounting economic pressures, including mortgage foreclosures.” The story, based on a USA Today survey of a dozen US cities, included Minneapolis. Numerous local media outlets in Minnesota, as well as local data made available to MHP, seem to tell the same story. Here’s a glimpse of what people are saying, including a chart produced by MHP on year-to-year increases in homelessness.

- [MPR](#), “Making education a priority for homeless students in Minneapolis,” November 17, 2008
- [USA Today](#), “Cities see ‘alarming’ homeless numbers,” October 21, 2008
- [St. Paul Pioneer Press](#), “St. Paul Public Schools, especially on the East Side, report a jump in the number of homeless kids,” October 18, 2008

Average Number of Families Using Hennepin Co. Contracted Shelters per Month



November Minnesota Housing Board Meeting

Board members welcomed new Commissioner Dan Bartholomay to his first agency board meeting. “Thanks for having me,” was the down-home response of the fifth commissioner to serve the agency since its formation in 1971. Commissioner Bartholomay went on to say that he was privileged to serve the “esteemed” agency and he looked forward to working with the agency’s many partners.

In reviewing the agency’s community partnership bonding program, the board learned that 3.5 percent of its loans were 60 days past due. However, the 60 day default rate escalated to 7 percent for loans made to borrowers also receiving housing assistance, who are typically lower income and more likely to be minorities.

Board member Gloria Bostrom expressed concern about the housing market and the impact that declining home values are having on new homebuyers. “Are we just getting people in trouble?” she asked, wondering about the wisdom of promoting home ownership to lower income households in a turbulent economy.

Deputy Commissioner Patricia Hippe received the board’s approval to postpone its risk capital study for at least four months, and maybe for a year. Hippe said that attention from bond rating agencies, key partners in completing the study, is difficult to obtain at this time, as they are focused on updating risk ratings. Hippe added that the risk capital study is intended to show how the agency performs under difficult financial scenarios. Today, “the agency is living in an extreme scenario,” she concluded, which makes the study less meaningful. She ended by assuring the board that, even now, the agency is doing well financially. Risk studies are important because they guide the agency’s funding plans. The upcoming biennium’s plan is expected to be completed in August 2009.

Most board discussion centered on staff’s proposed uses of the agency’s \$38 million in Neighborhood Stability Program (NSP) funding. Staff pointed out the short timeframe for the program planning, including a public response period and proposal submission to HUD, both completed by November 26. HUD, in turn, has up to 45 days to approve or reject the proposal. Once HUD and Minnesota Housing reach agreement on the state’s NSP program, the agency will have 18 months to get funds under contract.

Except for several housing projects approved for NSP funding by the agency in October, Minnesota Housing will distribute its funding to support local government foreclosure programs. Only governmental agencies experienced in administering HUD CDBG funds and with jurisdictions determined to have the greatest need are eligible for Minnesota Housing's proposed NSP program. Staff has since posted the [application form](#) for NSP funding on its Web site.

Staff believes the \$38 million NSP allocation will fund 700 units of housing, which translates to about \$50,000 per home. The board should expect to review proposals from local governments for use of the agency's NSP funds at its February 2009 meeting, said staff. It is expected that the agency will make between 15 and 20 NSP grants.

While the board approved the agency's spending plan and acknowledged the tight timeframe staff were under, board members expressed two major concerns about the proposal. The primary concern was that there might not be an appreciable impact from the funds. Board chair Mike Finch proposed limiting the amount of funds that go to the central cities, because "[I]f we want impact, why go to really bad neighborhoods?" Board members agreed that the agency should push jurisdictions to concentrate use of funds so that there is noticeable change coming out of the investment instead of reverting to the political tendency to diffuse funds to cover more areas. "We don't want to say in four years, 'what happened to those funds?'" added Chair Finch.

The second concern of the board was whether the agency would have staff capacity to adequately monitor use of NSP funds. NSP comes with a five-year recycling of funds that the agency is required to monitor. Notably, the agency proposes to use only \$500,000 of the \$3.8 million eligible for administrative costs of the program. The rest is proposed to be sub-allocated to cover the administrative costs of sub-grantees of the agency. Staff told the board that they would review performance of each awardee no less than every six months and take back funds if they are not being used.

At the close of the meeting, staff announced that Minnesota Housing recently received an award from the National Council of State Housing Agencies for its efforts to stabilize and preserve public housing developments. Staff said that the agency's funding of public housing was the first initiative of this nature in the country. —*Chip Halbach*

RESOURCES

HOME Line Report on Landlord Acceptance of Section 8

Last month, HOME Line released its annual report using a survey that measures landlord acceptance of Section 8 vouchers in Anoka, Dakota, and suburban Hennepin counties. Of the 65,887 rental units covered by the survey, representing over 54 percent of the rental housing in the surveyed area, only one quarter of those units were available to Section 8 program participants—this is down from 36.2 percent availability just two years ago. [Click here](#) to download the report.

League of MN Cities Annual Report Addresses Foreclosure

Of the three focal topics in the League of Minnesota Cities' 2008 State of the Cities Report, two either directly or indirectly address foreclosure. Among the striking statistics on the impact of foreclosures on Minnesota's cities is the following:

"The foreclosure issues cited most often by Minnesota cities are: delinquent utility fees and taxes (77 percent of cities with at least one issue); problems with collecting delinquent utilities (74 percent); property maintenance issues (62 percent); and delinquent property taxes (50 percent)."

[Click here](#) to download the report.

HUD Requires Good Faith Estimates

Last month, the U.S. Department of Housing and Urban Development (HUD) announced long-awaited reforms that will help clarify mortgage offers for buyers. HUD now requires lenders to provide to consumers the agency's new *Good Faith Estimate (GFE)* form which discloses information such as key loan terms and closing costs. HUD estimates GFE requirements will save consumers close to \$700 at the closing table. [Click here](#) to learn more or download the form.

New CBPP Report Says Recession Could Increase Poverty Significantly

The Center for Budget and Policy Priorities' new report, "Recession could cause large increases in poverty and push millions into deep poverty," states that because the safety net for low-income households has unraveled in recent years, poor families are at increasing risk for "deep poverty, destitution, and homelessness" during the current recession. The report recommends temporarily increasing food stamps, providing additional rental assistance through the housing choice voucher program, expanding and improving the TANF contingency fund, expanding and extending unemployment benefits, and providing significant fiscal relief to states. The full report can be found [here](#).

FROM THE HOMEFRONT

Minnesota Housing Partnership Releases Section 8 Report

On November 24, MHP released a report based on original survey research of Section 8 applicants in Minneapolis. In June 2008, 161 people were surveyed to obtain a deeper understanding of the housing and economic situations of those applying for Section 8 vouchers. The research suggests that those applying for Section 8 vouchers frequently have challenges meeting their basic needs, such as housing, food, and household items, and that a Section 8 voucher is perceived as a means to a more stable life:

- One quarter of people interviewed were homeless or effectively homeless living doubled up with friends and family or in temporary, unstable housing.
- Respondents frequently reported being unable to meet the costs of basic needs. When asked how they would use the money saved if the cost of gas or food went down, the most common response was that they would buy more food.
- 40% of respondents were employed, and 23% of unemployed respondents had been laid off in the last year.
- Obtaining a Section 8 voucher is seen as an improbable, but life-changing opportunity by most applicants.

This MHP report was [released](#) in conjunction with the annual HOME Line report detailing barriers Section 8 voucher holders face in finding rental opportunities. [Click here](#) to read the full report.

Minnesota Housing Partnership Awards \$31,000 in Loans and Grants to Four Greater Minnesota Organizations

At its December meeting, MHP's loan and grant committee awarded four grants totaling \$31,000. Recipients include Southwest Minnesota Housing Partnership (SWMHP), Albert Lea HRA, Red Wing HRA, and Arrowhead Regional Development Commission (ARDC).

SWMHP will use its \$3,000 grant to increase its financial tracking capacity. The \$5,600 award to Albert Lea HRA will go towards updating the county-wide housing study and comprehensive plan. Red Wing HRA's \$10,000 grant is slated to fund a new housing needs assessment. Five cities in Itasca County will utilize ARDC's \$12,500 grant to create community/comprehensive plans.

Minnesota Housing Partnership Helps Twin Cities Habitat Launch Housing Matters Campaign

Last spring and summer, Minnesota Housing Partnership help Twin Cities Habitat develop its new "Housing Matters!" campaign. In October, the local Habitat chapter launched a new Web site dedicated to "Housing Matters!"

The new Web site helps Habitat volunteers explore why their commitment to affordable housing is important. Through the site, volunteers can research housing issues and news, find ways to take action, and engage in a variety of interactive learning activities.

In a recent newsletter, the organization explains that "[B]uilding Habitat homes is only one part of achieving our vision. Our mission calls us to make decent, affordable housing for all people a matter of conscience. Creating dialog is a big step towards the solution. Please join us in learning and growing in our understanding of our community's housing challenges and how we can create solutions."

[Click here](#) to visit Housing Matters! online.

CALENDAR

December 12

First Homes Housing Academy Series Part I on NSP Funding: Foreclosure Assessment of MN Communities and Neighborhood Stabilization Program Funding, 10:00 am to 12:00 pm, Owatonna Arts Center, 435 Garden View Lane, Owatonna. HUD has announced the Neighborhood Stabilization Program (NSP) that will provide targeted emergency assistance to states and local governments to acquire and redevelop foreclosed properties that are abandoned and blight. The series will cover

- Foreclosure data by county and zip code in Minnesota
- Action currently being taken at the state level to address this issue
- New funding available! Who is eligible and how to apply

Housing Foreclosures and Neighborhood Stabilization Program is presented by Minnesota Housing at the Owatonna Arts Center. Refreshments provided by the Housing Academy. Questions: Please call Shirley at First Homes 507-287-7117 ext. 107 or Jenny at Three Rivers CAP 507-732-8510.

December 12

Cura Forum: Twin Cities Compass, 12:00 – 1:30pm, Honeywell Auditorium, LL – 110 Carlson School of Mgmt, University of Minnesota. Craig Helmstetter of Wilder Research will be presenting on a new tool, Twin Cities Compass. The presentation will focus on housing issues, which Wilder put together in collaboration with several of the region's leading housing researchers and experts. Wilder will also release a 2008-09 housing brief at the presentation, and – in the spirit of finals week at the U – there will be quiz on housing issues. For more information, visit www.tccompass.org.

December 15

"The Roadmap to Economic Recovery" Town Hall Forum with Congressman Keith Ellison, 5:30 p.m., Temple Israel, 2324 Emerson Ave S, Minneapolis. Join us for a Town Hall Forum with Congressman Keith Ellison, "The Roadmap to Economic Recovery." Our Town Hall Forum, one of 30 across the country, will feature local experts presenting the causes of the economic crisis, testimony

about the impacts of the crisis in our community, and a call to action for economic recovery for public officials. Contact Dave Snyder (651-632-2184) at JCA for more information.

January 12

2009 Housing Policy Showcase, 8:00 a.m. to 11:30 a.m., Wilder Center, St. Paul. Join MHP for a 2009 Session Preview: Policy Showcase for Housing Supporters and Advocates. Highlights include perspectives on what to expect in 2009 from state legislators; policy agendas and priorities from housing leaders; report on Minnesota housing trends; and coffee bar. To save the date on your calendar, please click [here](#). Registration information and details to follow.

February 6

First Homes Housing Academy Series Part II on NSP Funding, Owatonna Arts Center, 435 Garden View Lane, Owatonna. HUD has announced the Neighborhood Stabilization Program (NSP) that will provide targeted emergency assistance to states and local governments to acquire and redevelop foreclosed properties that are abandoned and blight. The series will cover

- Foreclosure Data by county and zip code in Minnesota
- Action currently being taken at the state level to address this issue
- New funding available! Who is eligible and how to apply

Refreshments provided by the Housing Academy. Questions: Please call Shirley at First Homes 507-287-7117 ext. 107.

Upcoming MHP Deadlines

MHP's 2009 Loan and Grant Committee Meeting Schedule

- February 3 (*app. deadline January 13*)
- April 7 (*app. deadline March 17*)
- June 2 (*app. deadline May 12*)
- August 4 (*app. deadline July 14*)
- October 6 (*app. deadline September 15*)
- December 1 (*app. deadline November 10*)

[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 bjacobs@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 Barb Jacobs at bjacobs@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.