

# The MHP Bulletin

June 2008  
Volume 7, Issue 6

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

## News

- **Despite Budget Deficit, MHP Celebrates Successful Legislative Session**
- **Harvard Report Says Affordable Rental is “Key” to Balanced Housing Policy**
- **New Data Reveals (Small) Silver Lining in Multi-family Housing Market**
- **May Minnesota Housing Board Report**

## Resources

### From the Home Front

- **MHP Secures \$240,000 in HUD Grants**
- **MHP Releases New Public Housing Report**

## 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

### **Despite Budget Deficit, MHP Celebrates Successful Legislative Session**

During the legislative session that concluded in May, Minnesota passed at least a dozen bills that help address and mitigate mortgage foreclosure problems. Bills covered diverse areas of the foreclosure phenomenon such as improving the process, providing protections for tenants, encouraging borrowers to enter into foreclosure counseling, and addressing predatory lending.

In addition to foreclosure bills, the state passed \$30 million in nonprofit revenue bonds to build supportive housing for the long-term homeless and \$1 million in general obligation bonds for publicly owned homeless shelters. This session, Minnesota Housing Partnership also reached two long-term goals: an expansion of a construction sales tax exemption to include non-profit partnerships developing affordable housing, estimated to create an additional 275 units per year; and property tax relief that will benefit an additional 9,700 affordable housing property owners, resulting in a net savings of \$6.4 million a year. Many more policies related to housing and homelessness passed this year—sign up for the [Capitol Update here](#) for more comprehensive coverage. Legislative summaries and accomplishments can also be found [here](#).

### **Harvard Report Says Affordable Rental is “Key” to Balanced Housing Policy**

Although frequently overshadowed by the foreclosure crisis, many argue that the country’s shortage of affordable rental properties is a much larger problem. Indeed, The Joint Center for Housing Studies at Harvard University says in a [new report](#) that the foreclosure crisis is placing “unprecedented shifts on both the demand and supply sides of the rental market, [making] the direction of rents impossible to predict.” The report concludes that “mission-driven” entities, such as community preservation funds, should purchase foreclosed properties and convert them into affordable rentals and bring balance to the nation’s housing situation.

### **New Data Reveals (Small) Silver Lining in Multi-family Housing Market**

Although many parts of the national housing market are tanking, there are some specialized markets that are showing promise. [US Census Bureau data](#) shows that multi-family housing starts climbed in April, most notably in the Midwest. Multi-family starts in the Midwest doubled over the previous month, and were also up 73 percent over April, 2007. Nationally, multi-family starts were up 36 percent from the previous month and 17.6 percent from a year ago. Despite the good news for multi-family starts, total starts are down in all regions compared to last year mainly due to continued declines in single family starts. Read more about the national housing starts data [here](#).

### **May Minnesota Housing Board Report**

Foreclosure concerns continue to influence the work of the Minnesota Housing and the discussion of its board. In May the board was informed that the major seller of its bonds, a division of the Swiss bank UBS, was being sold or will shut down. UBS is making significant changes in its investment business in light of its \$19 billion mortgage portfolio write-down, representatives from the investment company reported.

UBS staff attended the board meeting to keep Minnesota Housing abreast of the choppy housing market, one that is keeping the agency from selling bonds for its mortgage program. Looking across the entire housing economy, UBS said it expects American housing values to decline on average by 25 percent from their apex in 2006.

To help address Minnesota's vacant or otherwise foreclosure-impacted properties, the board approved creation of a new program called "HOME HELP." The program will be funded with \$9.2 million of federal housing block grant dollars, which are administered by Minnesota Housing.

"HOME HELP" will provide down-payment assistance loans of up to \$14,999 for eligible homebuyers. 70 percent of the interest-free loan will be forgiven after five years of ownership with the remaining 30 percent due at the time the first mortgage is paid or the property is no longer owner-occupied. The loans must be obtained from one of sixteen lenders who participate in the agency's community loan program, CASA, including Bremer, Wells Fargo, U.S. Bank, and Midwest Minnesota CDC.

At the May meeting, the board demonstrated this commitment by agreeing to several funding mechanisms to offset a \$638,000 drop in tax credit equity for a 50-unit Bloomington rental project being developed by Sherman and Associates. The drop in equity reflected a ten percent decline in the value of tax credits from October 2007 when the project was initially funded by the agency. The board first allowed Sherman to add a deferred developer fee which enabled the project to qualify for an increased tax credit amount then it added additional low interest loans and grant dollars from the homeless program to offset the remaining gap.

Lastly, Commissioner Marx announced a number of transitions occurring at the agency. Two of the seven agency board members were replaced by Governor Pawlenty. These were Betty Lou Berg, a Realtor from St. Cloud, and Paul Gaston, a city council member in Vadnais Heights. (Gaston also is the Independence Party endorsed candidate for House district 54B, which is just north of St. Paul.)

Berg and Gaston are replaced by Gloria Bostrom and Tony Goulet. Bostrom, who is now retired and living in Roseville, was formerly employed by Fannie Mae and was formerly deputy director for the City of St. Paul's planning department. Goulet is a builder out of Sauk Rapids and has been on the boards of the Builders Association of Minnesota, of which he was president in 2004, and the National Association of Home Builders. Bostrom and Goulet have four year terms, expiring in January 2012.

Commissioner Marx also announced the retirement of two long-time leaders of the agency's multi-family division. During the next two years, Bob Odman, head of the division, and second in command, Jack Jenkins, will both retire. Marx has created a taskforce, led by former commissioner Kit Hadley, to review

the multifamily objectives of the agency and report recommendations by the end of the calendar year. —  
*Chip Halbach*

\*\*\*\*\*

## Resources

### **HUD and the Veterans Administration Launches New Veterans Voucher Program**

Specifically-targeted PHAs across the country will be participating in HUD's and the Veterans Administration's new Supportive Housing Program, also known as HUD-VASH. The new program will provide 10,000 veterans across the nation with housing vouchers. [Click here](#) for more information.

### **HOME Funds Available For Green Affordable Housing**

HUD has announced \$1 million in HOME funds for use in helping non-profits develop energy efficient, environmentally friendly affordable housing. Applications from participating jurisdictions are due by July 1, 2008. [Click here](#) for application requirements. [from **National Housing Trust Newsletter**]

### **[Foreclosure Crisis Summit II Materials Now Available Online](#)**

The Minnesota Foreclosure Crisis Summit II was held on April 29th, 2008 in St. Cloud, Minnesota. Over 200 housing officials and community leaders from throughout Minnesota attended the event. Important new foreclosure data and best practices for responding to foreclosures were presented by a series of non-profit and government leaders. Materials from the conference can be found [online](#).

\*\*\*\*\*

## From the Home Front

### **MHP Secures \$240,000 in HUD Grants**

HUD recently awarded two grants totaling \$240,000 to Minnesota Housing Partnership (MHP) for the delivery of technical assistance to affordable housing providers across the state. The HUD Community Development Technical Assistance awards, given to national and state-based organizations across the country, assist local communities to produce more affordable housing, better serve persons who are homeless, and more effectively assist persons living with HIV/AIDS.

MHP's award will support a range of activities including \$140,000 for support and training for community housing development organizations (CHDOs) and \$100,000 for HOME program technical assistance. MHP has been HUD's sole Minnesota-based TA award winner since 1995.

### **MHP Releases New Public Housing Report**

Last month, Minnesota Housing Partnership released a new research report, "Investment at Risk: Public Housing in Minnesota." The study provides a first-of-its-kind, comprehensive overview of Minnesota's public housing stock. Here are a few notable findings from the report:

- Public housing is found in 210 communities across Minnesota;
- 36,000 people, including 12,000 children, live in public housing in Minnesota;
- Minnesota's public housing stock is estimated to be worth about \$2 billion;
- A majority of public housing in Minnesota is over 35 years old; 95% of Minnesota's public housing is over 15 years old;
- Despite aging infrastructure, capital funding for public housing has sustained deep cuts in recent years, causing deterioration of properties, threatening the safety of residents, and sometimes leading to the sale of properties.

You can download the full report at <http://www.mhponline.org/?q=node/105>.

\* \* \* \* \*

## Calendar

### 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.

More details provided at: <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](mailto:bjacobs@mhponline.org).*

\* \* \* \* \*

## Upcoming Deadlines

### July 15

**MHP Grants Deadline for August 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](#).

### July 18

**RFP Deadline.** MHP is accepting proposals for a consultant(s) to conduct a two-day training on **Relocation and Tenant Assistance**. Funding for this training will be provided by the U.S. Department of Housing and Urban Development (HUD) through the HOME Technical Assistance Program. [Click here](#) for more information.

\* \* \* \* \*

*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.