

# 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**.

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## NEWS

### Three National Reports Point to Minnesota Affordability Woes

Taken together, three annual reports released recently shine a light on housing affordability for Minnesotans—but each from a different angle: [Paycheck to Paycheck](#) looks at affordability by occupation; [Out of Reach](#) examines renter affordability; and [Priced Out](#) focuses on people with disabilities.

Despite falling home prices and foreclosures, homeownership is unavailable to many workers in over 200 metropolitan areas. This year, the [Paycheck to Paycheck](#) report features five construction-related occupations, which comprise many of the jobs created by federal stimulus dollars. For Minneapolis-St. Paul, and Duluth, home ownership is beyond the means of construction laborers, equipment operators, and long-haul truck drivers. Carpenters can afford a median-priced \$115,000 home in Duluth, but not a \$183,000 Twin Cities home. Only the relatively well-paid construction managers can afford a home in both metros. *Paycheck to Paycheck*, published by the Center for Housing Policy, looks at both ownership and rental costs in comparison to earnings for 65 different occupations.

The [Out of Reach 2009](#) report from the National Low Income Housing Coalition (NLIHC) finds that a two-bedroom apartment is beyond the means of Minnesota's average renter in nearly every county. Rural areas are seeing the fastest rent increases, but already-high Twin Cities' rents continue to climb. MHP analysis of the *Out of Reach* data finds that in 85 of the state's 87 counties, renting a two-bedroom apartment requires overtime work for someone earning the median wage for renters. Rents in rural counties have increased 34% on average since 2000—compared to a 22% increase for the Twin Cities. However, rents in eight rural counties (Martin, Cottonwood, Faribault, Jackson, Murray, Pipestone, Rock and Watonwan Counties) have increased by more than 50% in that span. In the Twin Cities, the story continues to be high rental costs. A 2-bedroom apartment requires at least \$16.79 hourly for a full time worker, yet the average Twin Cities metro renter earns only \$14.68 per hour.

Finally, for people with disabilities that rely on Social Security (SSI) checks, [Priced Out in 2008](#) finds that on average, 88% of their check would be required to rent a one-bedroom apartment in Minnesota. SSI checks are only about one-third of the income actually required to afford such an apartment. In the Twin Cities metro, a one-bedroom apartment consumes 100% of the SSI check. Even though other metros in Minnesota are somewhat less pricey, in no Minnesota area that the study reviews can a person on SSI actually afford a one-bedroom apartment. Nationwide, the value of SSI payments has fallen from 24% to 18% as a share of median income since 1998. Based on these results, the report provides a set of policy recommendations to create new housing opportunities for people with disabilities. *Priced Out* is produced by the [Technical Assistance Collaborative](#) and the Consortium for Citizens with Disabilities, Housing Task Force.

### **New Studies of Permanent Supportive Housing: Minnesota and Seattle**

Two studies, one local, and one in Seattle, add to growing evidence of the benefits of permanent housing plus supportive services for people experiencing chronic homelessness. An [evaluation of the Minnesota Supportive Housing and Managed Care Pilot](#), conducted by the National Center on Family Homelessness for Hearth Connection, found that the Minnesota pilot supportive housing program was of significant benefit to participants. Those receiving supportive services plus housing had much more residential stability, fewer mental health symptoms, reduced alcohol and drug use, and improved sense of safety and quality of life. The Pilot was designed for people with the most complex needs and longest histories of homelessness. For many participants, the program was a major source of emotional support. Cost findings for use of non-pilot services were mixed: there was a slight increase in the cost for single adults, a cost-offset for adults in families, and cost neutrality for children in comparison to non-pilot participants. This does not include the cost of pilot services themselves, which averaged \$4,239 per person annually.

Meanwhile, a [study of a Housing First program in Seattle](#), in April's issue of the prestigious *Journal of the American Medical Association*, found substantial benefits to participants as well as cost savings. The program was designed for those with the highest use of public services and with the most severe housing instability. Most were single men with severe alcohol dependency. Participants experienced marked reductions in alcohol usage, dropping from 15.7 drinks per day at baseline to 10.6 per day after a year in housing. After six months, the overall costs for participants average \$2,449 less per month than those on the program waiting list, even after accounting for the cost of housing. In contrast to programs such as alcohol treatment in lieu of incarceration, which was accepted by only 58% of potential beneficiaries, the housing first program was accepted by 95% of people to whom it was offered.

### **April Minnesota Housing Board Meeting - Report**

At the April 23 Minnesota Housing board meeting, staff provided a resolution, responding to board concerns expressed at the March meeting, about the use of contracts for deed with NSP funds. The Agency, plus Minneapolis, St. Paul, and Duluth—the three communities using this financing approach for home buyers of foreclosed homes with poor credit—agreed to several safeguards for the home purchasers.

First, a home buyer offered contract financing must have adequate income to afford the home, based on available mortgage financing, and be counseled on other possible financing approaches. Second, there must be disclosures and intensive support for the home purchaser, including escrow of taxes and insurance. And finally, the interest rate on the contracts must be capped at 2.5 percent over the city's cost. The board approved this approach to contact for deed purchases.

Staff provided the board a semi-annual update on the Agency's loan portfolio. This report compares the performance of Agency borrowers with the private market for similar borrowers. While Agency foreclosures have remained fairly constant since the prior report, delinquencies spiked at the start of the current year. Assistant Commissioner Mike Haley said that the Agency was now purchasing only FHA-insured loans, as other forms of mortgage insurance are now considered unacceptable. The value of the Agency's holding of foreclosed homes increased from \$6.9 million to \$15.6 million between March '08 and '09. Agency foreclosure-related losses were largely due to lower property values for foreclosed homes resold by the Agency.

Mike Haley also said the delinquencies experienced by the Agency once again demonstrate the importance of credit scores. For Agency loans, only 2 percent of borrowers with credit scores of 680 or higher defaulted, while 14 percent of those with scores under 620 were in default.

Because of the loss in competitiveness of the Agency's mortgages due to turmoil in the public bond market, the Agency modified its HOME Help program to provide down payment assistance for non-Agency mortgages. HOME Help provides up to \$15,000 in down payment assistance for first time homebuyers. It is used to address vacant and boarded foreclosed homes and support emerging market initiatives.

The board approved an exception to allow HOME Help to be used both with Agency and non-Agency mortgages for households buying homes in the 120 zip code areas identified by the Agency as having high levels of foreclosures. Staff told the board that, as much as the Agency wanted to promote use of its own mortgage products, there was a compelling case to allow these home purchasers to take advantage of market mortgage rates that the Agency was currently unable to offer.

—*Chip Halbach*

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## RESOURCES

### **Foreclosures Counseling Report Released**

Last month, the Minnesota Home Ownership Center released the ["2008 Foreclosure Counseling Program Report,"](#) which analyzed data compiled by its statewide network of mortgage counselors. Among the findings: of homeowners seeking foreclosure counseling in 2008, three-quarters were considered to be low- and moderate-income, with half paying 40% or more of their income on their mortgage payments. Half experienced a reduction of income that led to difficulty in meeting mortgage obligations. 60% of those seeking counseling had prime mortgages.

### **Manufactured Housing Innovation and Data**

In case you missed this, check out [the I-House](#), a super energy-efficient manufactured home that can be powered for only a dollar per day. Solar panels, very effective insulation, tankless hot water heater, and rainwater collection are all key features of this 992 square foot home. The I-House is produced by Clayton Homes and is expected to sell for about \$100,000.

Earlier this year, the Metropolitan Council released a [report on manufactured home parks](#) in the 7-county Twin Cities metro. In 2008, the Met Council Manufactured Home Park Survey found 86 parks in the area. 14,380 homes were located in the parks, of which 13,831 were occupied. Two-thirds of the parks are in

Anoka, Dakota, and Ramsey Counties. The Met Council has been collecting annual data on manufactured home parks since 1975, but this is its first report on the parks since 1988.

### **Minnesota Housing Recovery Web Page**

Minnesota Housing provides the [Minnesota Housing Recovery Webpage](#), with links to many documents critical to implementing housing and community development resources from the American Recovery and Reinvestment Act of 2009 (also known as ARRA, or the Stimulus Bill). For the most up-to-date information on HUD's recovery program and upcoming information opportunities go to [www.hud.gov/recovery](http://www.hud.gov/recovery).

### **St. Paul's Bob Shaw Receives NLIHC "Honorable Mention" in Media Awards**

Congratulations to *St. Paul Pioneer Press's* Bob Shaw for receiving the National Low Income Housing Coalition's (NLIHC) "Honorable Mention" from their 2008 Cushing Niles Dolbeare Media Awards. Bob received this recognition at the Coalition's April conference for his Summer 2008 series of articles on the challenges facing developers of affordable housing in Twin Cities suburban communities. See Bob's articles and those of this year's other award winners at [NLIHC media awards](#).

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## **MHP AT WORK**

### **MHP Legislative Advocacy**

MHP is hoping to have wrapped up our 2009 session advocacy by the time this *Bulletin* is released. This year we focused on support for the Minnesota Housing budget, particularly the Challenge Fund. We also supported bonding for public and other affordable housing. See [MHP's website](#) soon for a rundown of what the legislature and governor did for housing. Over the summer we will be contacting housing advocates about priorities for the 2010 session, while also seeking input for the 2010-11 Minnesota Housing Affordable Housing Plan.

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## **CALENDAR**

### **May 20**

**Fair Housing Implementation Council sponsors two forums.** The Council will release preliminary findings of its evaluation of housing choice in the Twin Cities, and also seeks input from attendees on eliminating impediments to housing choice. The first forum is at 2:30 P.M., Rondo Community Outreach Library, 461 North Dale Street in St. Paul; the second is at 6 P.M., St. Louis Park Recreation Center, 3700 Monterey Drive in St. Louis Park. For more information call Mark Hendrickson at (612) 348-2199.

### **June 4-5**

**Making It Work: Implementing the Lead Safe Housing Rule in CPD Funded Programs,** Air Force Base Reserve, Minneapolis. This training focuses on common implementation challenges and identifies concrete steps that participants can take to achieve lead safety compliance. To view the brochure with the training agenda and details please click [here](#). To register, click [here](#). For more information, please email Julie Nester at [julie.nester@mhponline.org](mailto:julie.nester@mhponline.org).

### **June 10-11**

**GREEN BY DESIGN: 4<sup>th</sup> Annual Statewide Conference,** Minnesota Green Communities, The Depot, 225 Third Avenue South, Minneapolis. The conference covers how to plan and build healthy, sustainable, affordable housing and communities. The keynote speaker is founder and President L. Hunter Lovins of Natural Capitalism Solutions, an internationally recognized leader in helping companies and communities profit from more sustainable practices. The evening program will be held on June 10, with conference sessions the next day, June 11. To [register](#), go to [www.mngreencommunities.org/gbd](http://www.mngreencommunities.org/gbd).

**June 11**

**MHP 20<sup>th</sup> Anniversary Event: Gala Reception and Dinner**, 5:30 p.m., Travelers, Jackson Room, 385 Washington St., Saint Paul. You are cordially invited to come and celebrate 20 successful years of creating and preserving affordable housing with the Minnesota Housing Partnership. The evening includes a reception (drinks provided), dinner program with entertainment, and a special keynote speaker. The event starts at 5:30 P.M.—tickets are still \$50 per person. Click [here](#) to register early!

**June 18-19**

**11<sup>th</sup> Annual Minnesota Supportive Housing Conference**, River Centre, 175 W Kellogg Blvd, Saint Paul. Presented by the Minnesota office of the Corporation for Supportive Housing (CSH), the conference brings together more than 500 developers, social service agencies, and community stakeholders from Minnesota and neighboring states to downtown Saint Paul, creating partnerships in the effort to end long-term homelessness in Minnesota. For more information, email [mn@csh.org](mailto:mn@csh.org) or phone 612-721-3700 x101 or visit [www.mssaconference.org/2009final.pdf](http://www.mssaconference.org/2009final.pdf).

**June 28–30**

**[Solutions for Working Families: 2009 Learning Conference on State and Local Housing Policy](#)**, in Chicago. Organized by the Center for Housing Policy and the National Housing Conference, the conference is a forum for state and local leaders to share information on proven housing policies—foreclosure prevention, rental housing preservation, green building, workforce housing, and more.

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## Upcoming MHP Deadlines

### MHP's 2009 Loan & Grant Committee Meeting Schedule and Application Deadlines

- August 4 (*app. deadline July 14*)
- October 6 (*app. deadline September 15*)
- December 1 (*app. deadline November 10*)

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[The MHP Bulletin](#) is published and distributed monthly by the Minnesota Housing Partnership (2446 University Ave. W. Ste. 140, St. Paul MN 55114), 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, call Rick Bernardo at (651) 925-5549 or email him at [Rick.Bernardo@mhponline.org](mailto: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](mailto: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.