



# THE MHP BULLETIN

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## NEWS

What About U.S. Rental Policy?  
Housing Perspectives from DC  
November Minnesota Housing Board Meeting – Report

## RESOURCES

Homelessness Increasing Among Minnesota Veterans  
“Capitol Report” Broadcast Features MN Foreclosures & Housing Trends (Nov. 8)

## MHP @ WORK

Homes for All 2010 – Save the Date  
Now Hiring: MHP Housing Technical Assistance (TA) Officer

## CALENDAR

Changing the Face of Housing in MN - 8<sup>th</sup> Annual—Dec. 9  
Community Development Forum: What About Renters?—Dec. 16  
25th Annual Homeless Memorial March & Service—Dec. 17  
Governor Candidates Forum—Jan. 24  
Project Community Connect - 2<sup>nd</sup> Annual—Jan. 28  
2010 MN Legislative Session Preview - Housing Policy Showcase—Jan. 29  
Staying Home: Property and Asset Management—Feb. 9–10

## Upcoming MHP Deadlines

MHP's 2009–2010 Loan & Grant Application Deadlines

### **Make Affordable Housing a Reality for All: [Contribute to MHP](#)**



Housing lives at the heart of the crisis and opportunity we now face. *The bottom line of MHP's work is to multiply resources to generate housing choice, strengthen communities, and grow the economy.* You can be part of that promise: Help MHP help communities turn the corner on the worst financial crisis to hit families since the Great Depression.

— Consider a year-end [contribution to MHP](#) —

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

### What About U.S. Rental Policy?

Nearly all of us have been renters at some point, and many of us, especially those with low incomes and living in expensive cities, will always be renters. At last count, a full quarter of Minnesotan households and a third of American households call themselves renters. At the same time, in 2009 the federal

government spent nearly four times more subsidizing homeownership than rental housing, even before the latest expansion of the tax credit for homebuyers. This imbalance occurs in spite of the average renter having a dramatically lower income and paying a higher proportion of income for housing than the average owner.

What's going on? An August [Wall Street Journal article](#) told the compelling story of how U.S. housing policy decisions, especially since the Depression, have supported a uniquely high homeownership rate by most countries' standards: "the story of how the [American] dream became a reality is not one of independence, self-sufficiency, and entrepreneurial pluck. It's not the story of the inexorable march of the free market. It's a different kind of American story, of government, financial regulation, and taxation."

Indeed, a new [Congressional Budget Office \(CBO\) report](#) bears out the disproportionate federal support homeownership receives. In 2009, subsidies to improve ownership affordability were estimated at \$230 billion, while subsidies for rental totaled a quarter of that, or about \$60 billion. The single biggest subsidy was the mortgage interest tax deduction for owners (\$80 billion), followed by spending on Making Home Affordable refinancing and loan modifications (\$50 billion committed, though only some will be spent), and guarantees of Fannie Mae and Freddie Mac mortgages and securities (\$43 billion).

The three largest federal programs for rental housing were far smaller than the ownership programs, with Housing Choice Vouchers (Section 8), public housing, and project based vouchers reaching \$16 billion, \$11 billion, and \$9 billion, respectively.

Meanwhile, the ranks of the renters are set to increase. With owners losing homes to foreclosure in record numbers, it's not surprising that a recent [research note](#) of the National Multifamily Housing Council (NMHC) found more owners becoming renters than vice versa.

As housing advocates now join to ask Congress for \$1 billion to capitalize the National Housing Trust Fund—a modest amount in the bigger picture of federal housing expenditures—it's worth asking: How can the U.S. find a better balance in supporting renters, especially those struggling to find housing they can afford?

### **Housing Perspectives from DC**

In mid-November, the National Low Income Housing Coalition ([NLIHC](#)) convened its semi-annual DC meeting of state housing coalitions. These gatherings are valued for offering a pulse on housing advocacy around the country. In the current economy, not much of the news is good, reports MHP executive director, Chip Halbach, who attended.

Probably the pinnacle achievement in state-based housing advocacy is the Florida housing trust fund. But this past year it was served up as a cash cow to offset the state's fiscal crisis. Funded by a deed tax, the trust fund annually provided developers and local governments hundreds of millions of dollars for affordable housing. In the last two budget cycles, the legislature transferred \$530 million from the trust fund for general state expenses: the fund was reduced to \$30 million, which was then dedicated to front ending the federal \$8,000 first time homebuyer tax credit.

Ground is also being lost in progressive state housing policy: two of the most significant achievements—inclusionary zoning in California and Massachusetts' 40B zoning override legislation—soon might fade.

In California, the court of appeals declared a community's ability to require developers to set aside housing for low income people or to pay a fee in lieu of that dedication (core principles with inclusionary zoning) to be in conflict with California law. About 75 percent of the country's inclusionary zoning ordinances were for California towns, which now face this challenge.

In Massachusetts, a select group of residents interested in stopping new housing and population growth are seeking to eliminate Ch. 40B, also known as the anti-snob zoning law. Ch. 40B enables developers to bypass local regulations that restrict housing development in communities with less than ten percent

affordable housing, as long as the new development includes at least 25% affordable units. The law has come under fire from the state's inspector general, who recently reported that some developers were padding expenses to avoid sharing profits with communities. While regulations governing the law were rewritten to address the issue, some seek a full repeal of Ch. 40B in the Nov. 2010 election.

Though these crown jewels of state housing policy are threatened, some groups report gains. North Carolina just protected affordable housing under the state's fair housing statute; this will provide a new way for affordable housing developers to challenge unfavorable local land use and permitting decisions. Two other states, Illinois and Maine, for the first time put affordable housing production into their bond allocations: Illinois included \$130 million for affordable housing; in Maine, a bond included \$30 million for housing, with bond repayments made from the state's real estate transfer tax.

State housing coalition representatives also met with HUD Secretary Shaun Donovan and several of his deputies. The Secretary emphasized the value HUD places on working with national and state housing coalitions; he pushed for cooperation in advocating for using resources as effectively as possible.

The Secretary's immediate concern is attending to foreclosures and shoring up rental housing—including ensuring adequate Section 8 resources under existing voucher contracts, and passing the Section 8 Voucher Reform Act.

In response to a question, Donovan spoke in favor of reform measures, including the controversial Choice Neighborhoods Initiative proposal. He said that HUD has 11 major rental assistance programs, each operating by different rules: public housing and other programs should be rethought and better coordinated. The Choice Neighborhood Initiative would replace HOPE VI and fund rebuilding of distressed public housing, but advocates voice concern about tenants' rights and financial safeguards.

### **November Minnesota Housing Board Meeting – Report**

Year-end Minnesota Housing board meetings typically do not contain much drama; November was no exception. The main presentation was an update on the U.S. Treasury purchase of state and local government mortgage bonds. And a couple of transitions were announced.

For the past year, the volume of Minnesota Housing's mortgage lending declined precipitously due to the nation's financial crisis. Because other lenders were benefiting from Treasury subsidies and could offer lower mortgage rates, demand dropped for state and local finance agencies' mortgage programs.

After months of lobbying, the local and state government issuers of tax exempt mortgage bonds were able to convince the U.S. Treasury to make state and local government mortgage program interest rates competitive by purchasing bonds issued by these government agencies at below-market prices. Treasury has agreed to purchase up to 60 percent of the bonds issued by the state and local issuers at very favorable interest rates. The bonds will be guaranteed by Fannie Mae or Freddie Mac. In turn, these state and local issuers must use the proceeds to purchase single family and rental housing mortgages.

By December 18 this year, Minnesota Housing and other local governments need to commit to the total amount of bonds they will ask Treasury to purchase. (The deadline stemmed from the authorization for the bond purchase included in the 2008 Housing and Economic Recovery Act.) Minnesota Housing expects to issue at least \$370 million in bonds under the new funding plan—a sizable increase in mortgage financing for the Agency, though still well below the agency's peak lending year.

Board chair Mike Finch asked how the new funding plan would impact the agency's foundation. (The current Affordable Housing Plan has the agency drawing down 75 percent of the balance of the foundation assets.) Staff responded that should the rate of delinquencies hold steady, the agency's foundation should be in great shape by fiscal year end.

As for transitions, the agency's multifamily division will experience the most change next year—with the retirements of Denise Holter, Bob Odman, and Jack Jenkins. Holter oversees the review of rental

properties financed by the agency, with Odman and Jenkins as the two top staff in that division. Holter is 20 years with the Agency; she began as one of the initial staff for the state's housing trust fund. Also leaving is board member Bob Goulet, a St. Cloud area home builder. Commissioner Bartholomay said a replacement for Goulet will be named after the first of the year.

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## RESOURCES

### Homelessness Increasing Among Minnesota Veterans

A [new report](#) estimates that there were 735 homeless veterans in Minnesota at a point in time in 2008, up from less than 500 in 2005. The number of homeless vets has increased each year in Minnesota since 2005, the first year included in the report. By 2008, 19 vets out of every 10,000 veterans in Minnesota were homeless. Nationwide the rate of homelessness among veterans is more than double that of the general population. The National Alliance to End Homelessness (NAEH) report contains national and state level data as well as policy solutions.

### “Capitol Report” Broadcast Features MN Foreclosures & Housing Trends (Nov. 8)

The Nov. 8 airdate of MN Senate Media Services' (Public TV) “Capitol Report” included interviews on state housing trends and foreclosures with 3 people: MN senator Linda Schied, MN senator Ray Vandever, and MHP executive director Chip Halbach. The half-hour hosted by Julie Bartkey provides good background and covers distinct points of view—available at [Senate.MN/media](#) (find the Nov. 8 archive).

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## MHP @ WORK

### “Homes for All 2010” • Save the Date: Nov. 8, 2010

Mark your calendar for Minnesota's largest gathering of affordable housing supporters and experts—at the River Centre, St. Paul (lead sponsors are MHP and Twin Cities Habitat for Humanity).

### Now Hiring: MHP Housing Technical Assistance (TA) Officer

This position will be responsible for delivering technical assistance to nonprofit housing developers and local units of government throughout Minnesota and other locations as needed. Officer will coordinate and administer MHP grant and loan programs, technical assistance activities, and training events. The successful candidate will have relevant experience, exemplary interpersonal skills, and strong oral and written communication skills. For more, see MHP's “Jobs” web page: [MHPonline.org/jobs](#)



## CALENDAR

### December 9

#### **Changing the Face of Housing in Minnesota (CFHM) - 8<sup>th</sup> Annual Event**

1–3:30 P.M. (reception follows in atrium), The O’Shaughnessy, College of St. Catherine (2004 Randolph Avenue, Saint Paul, MN 55105) - This year’s event features internationally-renowned Cherokee film producer and director Heather Rae—one of *Variety’s* 2009 “Ten Producers to Watch”—with cultural performances, CFHM initiative advancements, and leaders advancing equitable development in our community. Space is limited: RSVP at [ChangingtheFaceofHousing.org](http://ChangingtheFaceofHousing.org).

### December 16

#### **Community Development Forum: What About Renters? —Foreclosures, Recession, and the Prospects for Affordable Rental Housing**

8 –10:30 A.M., Wilder Center (451 Lexington Ave. N., St. Paul), sponsored by the Federal Reserve Bank of Minneapolis – Keynote presenter is Danilo Pelletiere (Research Director/National Low Income Housing Coalition), joined by a panel of local policymakers and practitioners—covering affordable rental housing availability, the income-housing cost problem for low-income households and neighborhoods, the displacement of renters whose buildings have been foreclosed, and strategies and policies that focus on rental housing. For more info and to register, [click here](#).

### December 17

#### **25th Annual Homeless Memorial March & Service**

Average life expectancy in America is 77 years; life expectancy for a homeless person is 47 years. Sponsored by Simpson Housing Services, Minnesota Coalition for the Homeless, and Shelter Providers Action Association, this occasion honors community members who died in 2009 while experiencing homelessness: 5 P.M. March & Silent Vigil at Hennepin County Government Center (3rd Ave. S. and 5th St. South); 6:30 P.M. Service of Remembrance at Simpson United Methodist Church (2740 1st Ave. S.); 7:30 P.M. Community Meal at Simpson Shelter (basement of Simpson Church). For more information—speaker, music, transportation—go to [SimpsonHousing.org/memorial](http://SimpsonHousing.org/memorial), or contact Eric Johnson at 612-455-0858; [EJohnson@simpsonhousing.com](mailto:EJohnson@simpsonhousing.com).

### January 24 (2010)

#### **Governor Candidates Forum**

Mark your calendar for this Governor Candidates Forum at [Temple Israel](http://TempleIsrael) (2324 Emerson Avenue, Minneapolis), 6:30–8:30 P.M., presented by [Downtown Congregations to End Homelessness](http://DowntownCongregationsToEndHomelessness) and [JRLC](http://JRLC) (Joint Religious Legislative Coalition). The focus is: *Ending Homelessness: What is the Role of Government in Meeting Basic Needs of Housing, Health Care and Jobs? How do our values inform our response?* Lori Sturdevant, *Star Tribune* editorial writer and columnist on state politics and government, serves as moderator.

### January 28

#### **Project Community Connect - 2<sup>nd</sup> Annual**

Thu. 11 A.M.–3 P.M., Christ United Methodist Church / Wesley Hall, 400 5th Ave SW, Rochester - Project Community Connect welcomes our homeless, at risk of being homeless, and low-income neighbors—with a variety of resources in one place for housing, employment services, medical care, mental health care, haircuts, food and clothing, legal services, veterans services, benefit information, picture IDs, and more. To share your services, RSVP by December 18. For more, email [Ginnie Westfall](mailto:GinnieWestfall) or call her at (507) 328-6341.

### January 29

#### **2010 MN Legislative Session Preview - Housing Policy Showcase for Advocates & Supporters**

(Save the date—more information coming soon.)

**February 9, 10, 11**

**Staying Home: Property and Asset Management**

At Embassy Suites Hotel, Brooklyn Center MN, this 3-day training is an expert-level course for local or state grantees and nonprofit developers with significant experience with HOME program rules. Topics include: building long-term value into HOME projects, ensuring HOME compliance, developer agreements, financial feasibility, property management and operations, enforcement mechanisms, and handling property failure. This training is free, yet space is limited. Register through [MHP's web site](#) ("Trainings" link).

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## Upcoming MHP Deadlines

**MHP's 2009–2010 Loan & Grant Application Deadlines:**

- *January 12*
- *March 9*
- *May 11*
- *July 13*
- *September 14*

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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). It 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.