

www.mnhousing.gov/

AT A GLANCE

- Minnesota Housing invested more than \$1 billion in housing, serving 63,696 households
- We continue to hold Aa1 and AA+ credit ratings with Moody's and Standard & Poor's
- We provided loans to more than 4,000 homebuyers with a median annual income of \$51,000 or less
- We created or rehabilitated more than 2,000 units of affordable rental housing

All numbers are for Federal Fiscal Year 2015

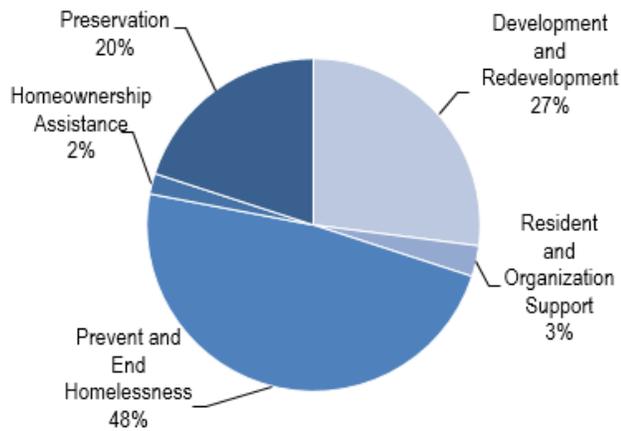
PURPOSE

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing. Our vision is that all Minnesotans live in a safe, stable home they can afford in a community of their choice. In Minnesota, 600,000 households are considered to be cost-burdened, meaning they pay more than 30% of their income for housing. More than 10,000 households are homeless on a given night. We finance affordable homeownership and rental housing to provide opportunities across the housing continuum for individuals and families throughout the state. We support the following statewide outcomes:

- **A thriving economy that encourages business growth and employment opportunities**
- **Strong and stable families and communities**

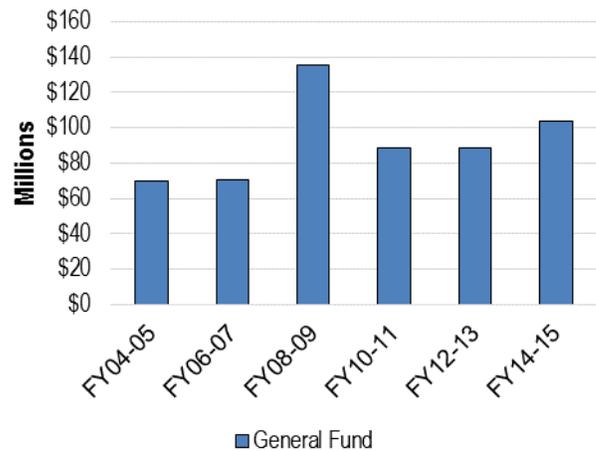
BUDGET

**Spending by Category
FY 15 Actual**



Source: Minnesota Housing

Historical State Appropriations

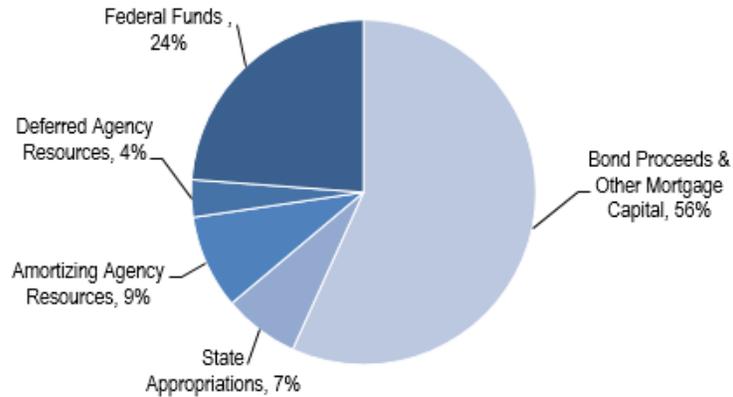


Source: General Fund Balance Statement

We finance our programs through a combination of private activity bond proceeds, access to private capital, federal resources, state appropriations and agency resources. We do not rely on state appropriations to fund our operating expenses. We issue tax exempt mortgage revenue bonds and use the proceeds to make loans to low- to moderate- income homebuyers. We pay for our operating expenses using the spread that remains from loan repayments after we have repaid our bond holders. We have a board of directors, which has management and control of our activities. Legally, the board is the agency. The board is comprised of six citizen members appointed by the Governor. The state auditor is an ex-officio member. The board directs our policies and approves all funding decisions. The board meets monthly in public meetings.

We are the state's second largest issuer of tax exempt bonds. As of June 2016, our bond issuer ratings were AA+ and Aa1 from Standard and Poor's Rating Services and Moody's Investor Services, Inc. Our credit ratings are separate from, and are not directly dependent on, ratings on debt issued by the State of Minnesota.

Minnesota Housing Funding By Source 2015



Source: *Minnesota Housing Affordable Housing Plan*

STRATEGIES

We achieve our mission by delivering a wide range of programs that meet both the rental and home ownership needs of low- to moderate- income Minnesotans. We deliver assistance through a statewide network of local lenders, community-based organizations, local housing and redevelopment authorities, and for-profit and nonprofit developers. We work with other public and private funders to make funds for housing development and redevelopment available in a comprehensive, one-stop competitive application process.

To help communities identify their housing needs, we have developed [Community Profiles](#) that provide demographic indicators in each of Minnesota's 87 counties.

We meet our mission by providing affordable rental housing and homeownership opportunities to households across Minnesota:

- **Affordable Rental Housing:** We finance the new construction, rehabilitation and preservation of affordable rental housing. We finance rental housing using federal low income housing tax credits, state appropriations, and first mortgages. We provide rental assistance and administer federal Section 8 contracts.
 - We served more than 45,000 Minnesota households through our multifamily rental programs in 2015.
 - The median income of renters we serve (excluding Section 8 renters) is \$12,000 per year.
 - We funded the new construction and preservation of 2,329 units of affordable rental housing in 2015.
 - We preserved 354 units of federally assisted rental housing. Federally-assisted rental housing includes housing with rental assistance funded by the U.S. Department of Housing and Urban Development (HUD) and USDA Rural Development.
- **Homeownership Opportunities:** We offer first time homebuyer loans, downpayment assistance programs, a refinance program, and two home improvement loan programs.
 - We provided home mortgage loans to 4,089 Minnesota households in 2015.
 - The homebuyers we served had a median annual household income of \$51,159.
 - 27% of the homebuyers we served were households of color or Hispanic ethnicity.
 - 85% of the homebuyers we served, 3,486 households, also received assistance with their downpayment and closing costs.
- **Preventing and Ending Homelessness:** We provide rental assistance and short-term financial assistance to individuals and families who are homeless or who face homelessness.
 - We provided state funded rental assistance to 1,840 households in 2015. These households have a median annual household income of \$9,126.
 - We provided assistance for homelessness prevention to 8,652 households.

- 11 state agencies, including Minnesota Housing, updated the statewide [Plan to Prevent and End Homelessness](#). The goals of the plan are to resolve and prevent future veterans' homelessness, to end chronic homelessness by the end of 2017, to prevent and end homelessness for youth unaccompanied by parents or guardians by the end of 2020, and to prevent and end homelessness for families with children by the end of 2020.
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M.S. 462A (<https://www.revisor.mn.gov/statutes/?id=462A>) provides the legal authority for Minnesota Housing.

Program: Development & Redevelopment

www.mnhousing.gov/

AT A GLANCE

- The Economic Development and Housing Challenge program funded 1,295 housing units in 2015
- Median annual income of households served under this program is \$18,740 for rental housing and \$39,144 for homeownership
- At least 50 percent of funds must be used for projects in which there is a contribution from non-state resources
- From 2013 - 2015, we have financed 648 units of new workforce housing in job growth areas in Greater Minnesota

Numbers are for FFY2015, unless otherwise noted

PURPOSE & CONTEXT

The development of new housing stock is critical for economic growth and job creation. Through the Development and Redevelopment program, we finance development of new rental housing and single family housing for homeownership throughout the state. We also help communities redevelop existing sites to create new housing opportunities.

We serve low – to moderate- income homeowners, homebuyers and rental housing tenants with this program.

SERVICES PROVIDED

We finance the activities under this program through the state-appropriated Economic Development and Housing Challenge program as well as through federal funding, federal low income housing tax credits and agency loan resources.

Economic Development and Housing Challenge Program: The “Challenge” program allows us to provide no-interest, deferred loans to local units of government, for-profit and non-profit developers to develop workforce housing in their communities. The Challenge program is flexible and allows communities to identify the type of housing that best fits their needs. It can be used for new construction or rehabilitation. It funds both rental housing and housing for homeownership. At least 50 percent of Challenge program funds must be used for housing projects in which there is a financial contribution from non-state resources. This Challenge requirement of the program increases the overall number of units that can be developed.

Rental Housing:

We finance workforce housing in both the metropolitan area and Greater Minnesota. Income limits for rental housing are up to 80% of the greater of area or statewide median household income. For most of the state, this is \$62,000 per year. From 2013 to 2015, we financed 569 units of new workforce housing in Greater Minnesota. We financed developments in Perham, Worthington, Thief River Falls, Jackson, Roseau, Rochester and Owatonna. We also supported the development of 427 units of workforce housing in the seven county metropolitan area.

Homeownership:

Challenge dollars are used for new construction and rehabilitation of housing for homeownership. The income maximum for owner-occupied housing is 115 percent of the greater of state or area median household income. Currently, 115% of statewide median household income is \$85,300 per year. From 2013 to 2015 we financed 79 units of new single family workforce housing in Greater Minnesota. We also financed the development of 116 units of new single family workforce housing in the seven county metropolitan area.

RESULTS

We measure our performance in this budget program by examining the percentage of units financed in top job growth areas and by examining the level of affordability at which units are financed. All rental units must be affordable to households earning 80% of area median income. However, we also examine how many households we are serving at lower income levels to ensure that we are serving a range of income levels. Housing that is affordable to the local workforce is generally housing that is affordable to households earning between \$30,000 and \$50,000 annually. This range varies from county to county. We base our wage calculations on data from the Department of Employment and Economic Development (DEED).

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percentage of units in rental developments funded that are located in the top workforce housing communities (areas with job growth).	99%	79%	FFY2014, FFY2015
Results	Distribution of units financed annually with units affordable at: A) 30% of area median income or less. B) 50% at area median income or less, or C) 80% at area median income or less	A) 23% B) 71% C) 100%	A) 16% B) 49% C) 100%	FFY2014, FFY2015

M.S. 462A.33 (<https://www.revisor.mn.gov/statutes/?id=462A.33>) provides the legal authority for Minnesota Housing's development and redevelopment activities.

Program: Prevent and End Homelessness
Activity: Supportive Housing

www.mnhousing.gov/

AT A GLANCE

- Assisted more than 2,700 households in 2015
- Median Annual Income of households served under this program is \$8,000 - \$9,000
- This activity contributes to the goals of the Minnesota Interagency Council on Homelessness Statewide Plan to Prevent and End Homelessness

Numbers are for FFY2015

PURPOSE & CONTEXT

Through Supportive Housing, Minnesota Housing funds permanent affordable housing with support services. This activity is an essential element of our efforts to prevent and end homelessness. Supportive housing serves individuals and families with multiple barriers to obtaining and maintaining housing.

Supportive housing stabilizes housing for the poorest households and households with special needs so they can successfully address barriers to employment, complete school or training and achieve independent living.

SERVICES PROVIDED

In 2015, the Minnesota Interagency Council on Homelessness updated the statewide [Plan to Prevent and End Homelessness](#). The goals of the plan are to resolve and prevent future veterans' homelessness, to end chronic homelessness by the end of 2017, to prevent and end homelessness for youth unaccompanied by parents or guardians by the end of 2020, and to prevent and end homelessness for families with children by the end of 2020. The three programs under this budget activity help Minnesota Housing and the state work toward achieving these goals.

Housing Trust Fund Program: Through the Housing Trust Fund program, we fund rental assistance for households living in permanent supportive housing. In 2015, 1,840 households received rental assistance under this program. The Housing Trust Fund can also provide capital funds in the form of zero percent interest, deferred loans to finance the construction of affordable permanent and supportive rental housing. This program's current funding level is sufficient to sustain existing rental assistance only. Funding is not currently available for new capital costs. Seventy-five percent of Housing Trust Fund program funds must be used for households with incomes that do not exceed 30 percent of the metropolitan area median income, which is currently \$25,750 for a household of four.

Rental Assistance Initiatives: In both the FY2014-15 and FY2016-17 biennial budgets, the Legislature approved one-time funding for the Rental Housing for Highly Mobile Students Initiative, which received a \$2 million appropriation in each budget. Under this initiative, we are providing rental assistance to highly mobile families with school-aged children. The goal of the initiative is to create housing stability for these children and their families that will ultimately lead to school success. We selected three administrators to provide the rental assistance. The administrators are working with families in the Northside Achievement Zone in Minneapolis, the Promise Neighborhood in St. Paul, and the Moorhead Public School District. We are working with the Department of Education to evaluate outcomes from the pilot, including school attendance and performance of students served by the initiative. The evaluation will be complete in early 2017.

The second initiative is the Re-Entry Rental Assistance Initiative, which received a one-time \$500,000 appropriation in the FY2014-15 budget. Under the Re-Entry Rental Assistance Initiative, we selected administrators to provide rental assistance to ex-offenders who are transitioning out of state correctional institutions. One of the primary reasons ex-offenders return to prison is a lack of housing. The goal of the initiative is to provide safe, affordable housing to ex-offenders to help them transition successfully back into the community. We are working with the Department of Corrections to implement and evaluate this initiative.

Bridges Program: Through the Bridges program, we provide rental assistance for households in which at least one adult member has a serious mental illness. Households with incomes below 50 percent of the area median income are eligible for this program. Currently, 50% of area median income is \$42,900 for a 4 person household in the metropolitan area and \$38,600 for a 4 person households in much of the remainder of the state. We partner with the Department of Human Services to deliver this program. Households served receive both rental assistance and assistance from a social service agency. Under this program, households can afford stable housing in the community until a Section 8 certificate or voucher becomes available. This program plays an important role in implementing the state’s Olmstead implementation plan. The goal of the Olmstead Plan is for people with disabilities to live, work and learn in the most integrated setting.

Our federal programs in this activity include:

Federal Housing Opportunities for Persons with AIDS (HOPWA) Program: Through the HOPWA Program we provide grants that can be used to meet the housing needs of persons with Acquired Immune Deficiency Syndrome (AIDS), HIV-positive status or related diseases and their families. The federal program authorizes grants for both housing assistance and services. Minnesota Housing’s HOPWA funds are used for rental subsidies.

National Housing Trust Fund: The state received its first allocation of funding from the National Housing Trust Fund in federal fiscal year 2015. This is the first year that states have received funding from this resource, which was established in 2008. Funds are awarded through a formula based on population. Minnesota’s funds will be awarded to developments as part of our consolidated Request for Proposal process and will be used for supportive housing.

Section 811: This program allows persons with disabilities to live as independently as possible in the community by providing rent assistance for supportive housing opportunities. Minnesota Housing was selected to receive federal Section 811 funds through a competitive grant process in 2013. These funds are awarded through our consolidated request for proposal process and we partner with the Department of Human Services on this program. This program plays an important role in implementing the state’s Olmstead implementation plan.

RESULTS

Through the programs under this budget activity, we provide a variety of resources for creating supportive rental housing opportunities to serve people who have experienced homelessness and for keeping some of Minnesota’s most vulnerable citizens out of homelessness and institutions. To measure our performance in this activity, we track outcomes including housing stability and changes in income levels.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of people who remained in housing for at least a year or had a positive exit (moved to permanent affordable housing).	88%	84%	State FY2014, State FY 2015
Results	Percentage of households with increased income from entry to exit.	40%	41%	State FY2014, State FY 2015

M.S. 462A.201 (<https://www.revisor.mn.gov/statutes/?id=462A.201>) and M.S. 462A.2097 (<https://www.revisor.mn.gov/statutes/?id=462A.2097>) provide the legal authority for Minnesota Housing’s supportive housing activities.

Program: Prevent and End Homelessness

Activity: Homelessness Prevention

www.mnhousing.gov/

AT A GLANCE

- Assisted 8,652 households in 2015
- Median annual household income of households assisted was \$11,160
- Services are available in all 87 counties

All numbers are for Federal Fiscal Year 2015

PURPOSE & CONTEXT

Through homelessness prevention, Minnesota Housing funds programs that provide housing and other assistance to households that are at risk of becoming homeless. This budget activity is an essential element of our efforts to prevent and end homelessness. We serve households at risk of becoming homeless due to a crisis situation, extremely low incomes, and/or physical and mental health problems.

SERVICES PROVIDED

In 2015, the Minnesota Interagency Council on Homelessness updated its [Statewide Plan to Prevent and End Homelessness](#). The plan outlines 12 specific strategies that agencies will undertake in an effort to prevent and end homelessness across the state. The goals of the plan are to resolve and prevent future veterans' homelessness, to end chronic homelessness by the end of 2017, to prevent and end homelessness for youth unaccompanied by parents or guardians by the end of 2020, and to prevent and end homelessness for families with children by the end of 2020. The program under this budget activity will help Minnesota Housing and the state work toward these goals.

Family Homeless Prevention and Assistance Program (FHPAP): Through FHPAP, we provide flexible grants to counties and nonprofit organizations to assist families, single adults or youth who are homeless or at imminent risk of homelessness. In 2016, tribes also became eligible applicants for the program. We currently fund 19 grantees that serve people in all 87 counties in Minnesota. Grantees use funds for a broad range of activities aimed at homelessness prevention, minimizing episodes of homelessness, and eliminating repeat episodes of homelessness. Grantees provide services that may include financial assistance such as a security deposit or short-term rental assistance or mortgage payment assistance. Grantees may also provide referrals for social services or for finding affordable rental housing.

In 2016, the Legislature approved one-time funding for a Landlord Risk Mitigation Fund, which will be run as a pilot through the Family Homeless Prevention and Assistance Program. The fund will provide financial assurance for landlords to encourage them to rent to people they might not otherwise rent to, including people with criminal histories, people who have experienced homelessness, or people with mental illness. Landlords will be able to make claims to the fund if they incur expenses beyond a tenant's security deposit, up to a certain dollar amount.

RESULTS

In order to measure the success of this program, we track the percentage of households who are identified as at risk for homelessness, who are served and who do not return to shelter within 12 months. Data on homelessness comes from the Homeless Management Information System (HMIS). Only about 60 percent of the state's shelters report data to HMIS.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of households who were identified as at risk for homelessness or were homeless, were served, and didn't return to a shelter within 12 months.	96%	94%	FFY2014, FFY2015

M.S. 462A.204 (<https://www.revisor.mn.gov/statutes/?id=462A.204>) provides the legal authority for the Family Homeless Prevention and Assistance Program.

Program: Preservation
Activity: Rental Preservation and Rehabilitation

www.mnhousing.gov/

AT A GLANCE

- There are 31,000 rental housing units with federal rental assistance in Minnesota.
- Preserved 2,569 federally assisted units
- 60.7% of households assisted are households of color or Hispanic ethnicity.

All measures are for FFY2015

PURPOSE & CONTEXT

Through rental preservation and rehabilitation, Minnesota Housing provides funding for the rehabilitation, repair and stabilization of aging federally assisted rental housing and naturally affordable, unsubsidized rental housing.

We serve low income households residing in existing affordable housing through this budget activity.

SERVICES PROVIDED

Minnesota has more than 60,000 units of rental housing that have received or currently receive federal assistance to keep the units affordable. These include project-based Section 8 properties, USDA Rural Development properties, public housing, and other federally funded properties. These properties are located throughout the state, in large and small communities alike. The affordable housing stock is an essential part of communities’ infrastructure, and its preservation is critical to communities’ continued vitality. As these properties age, or as the subsidy contracts and regulatory agreements expire, there is a risk that these units may be lost due to physical deterioration or diminished capacity of the ownership entity. There is additional risk that some properties may convert to market rate housing and no longer be affordable for low income residents.

Thirty-one thousand (31,000) of these affordable housing units are federally subsidized through the Section 8 program. Section 8 housing is among the most affordable housing available because the tenant is required to pay only 30% of household income towards rent. The federal government makes up the difference between the tenant’s contribution and an agreed upon contract rent. This is a critical benefit because the median income of Section 8 households is just \$12,000. Another 7,000 privately-owned affordable housing units are federally subsidized through USDA Rural Development.

Affordable Rental Investment Fund – Preservation (PARIF): Through the PARIF program, we ensure that the health, safety and quality of this critical federally assisted affordable housing stock are maintained for low income residents well into the future. The Section 8 and USDA Rural Development portfolios were developed primarily from the 1960s to the 1980s. Due to the age of the housing stock, rents may not be able to keep up with the physical demands of the properties. The properties need large injections of capital to make physical improvements so that the properties can remain intact and affordable for decades into the future. We provide these injections of capital through PARIF.

In addition to PARIF, we also fund preservation activities through the federally-funded HOME Affordable Rental Preservation program (HOME HARP).

In exchange for receiving funding from Minnesota Housing, owners must agree to continue participating in the federal rental assistance program (Section 8 or USDA Rural Development) for the maximum term available.

Rental Rehabilitation Deferred Loan Program: Similarly, a significant portion of the naturally affordable housing stock in Greater Minnesota struggles to finance major capital improvements and repairs. Naturally affordable housing is housing that is unsubsidized, but is affordable to low income residents. We provide capital assistance to the owners of naturally occurring affordable housing through the Rental Rehabilitation Deferred Loan Program. We provide funding for capital repairs to housing to keep it in good condition. The program is funded through state appropriations. In exchange for receiving funding from Minnesota Housing, owners of naturally occurring affordable housing agree to maintain rents at affordable levels.

RESULTS

Preservation of existing affordable rental housing is one of our five strategic priorities. It is essential that we preserve existing affordable housing so that it is not lost due to deterioration or due to owners opting out of federal programs. We measure our results by reviewing the number of federally assisted rental units that are preserved and the median income of the households we serve.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of federally assisted rental units preserved.	452	2,569	FFY2014, FFY2015
Quantity	Median income of households served.	\$12,010	\$11,890	FFY2014, FFY2015

M.S. 462A.21, subd.8b (<https://www.revisor.mn.gov/statutes/?id=462A.21>) provides the legal authority for the PARIF program. M.S. 462A.33 (<https://www.revisor.mn.gov/statutes/?id=462A.33>) and 462A.05, subd. 14A (<https://www.revisor.mn.gov/statutes/?id=462A.05>) provide the legal authority for the Rental Rehabilitation Deferred Loan program. Federal HOME funds fund the HOME Affordable Rental Preservation Program.

Program: Homeownership Assistance

www.mnhousing.gov/

AT A GLANCE

- Provided 4,089 home mortgage loans in 2015
- Provided downpayment assistance to 3,486 households
- Median annual income of households served with downpayment assistance is \$43,680
- Nearly one-third of households served are households of color or Hispanic ethnicity

All numbers are for Federal Fiscal Year 2015

PURPOSE & CONTEXT

Through Homeownership Assistance, Minnesota Housing provides assistance for some of the upfront funds needed to purchase a home. This activity helps moderate-income Minnesotans purchase a home. Many moderate-income households have sufficient income to make monthly mortgage payments, but lack the savings necessary to make a downpayment and to pay for closing costs. This activity helps pay for a portion of these costs.

The Homeownership Assistance activity serves moderate-income first time homebuyers.

SERVICES PROVIDED

The goal of this activity is to help moderate-income households become successful homeowners. Minnesota has one of the nation’s highest rates of homeownership, while at the same time it has the third worst disparity in homeownership rates between white households and households of color. A lack of the money available for entry costs – including downpayment and closing costs – contributes to the homeownership gap. Other reasons for the gap include credit and lending practices, cultural factors, and discrimination. We can help to address the gap through our mortgage programs, marketing and outreach, homebuyer education as well as assistance with downpayment and closing costs.

Homeownership Assistance Fund: Through the Homeownership Assistance Fund, we provide between \$5,000 and \$7,500 in assistance to first time homebuyers to use toward downpayment and closing costs. We provide the assistance in the form of a second mortgage with no interest. We defer repayment of the loan and in some cases it may be forgiven, depending on the length of time the homeowner occupies the home. Homebuyers with incomes at or below 60 percent of the area median income are eligible for assistance. In the Twin Cities and Rochester metropolitan areas, this is currently \$60,000 per year. In Greater Minnesota, the income limit is currently \$55,000 per year. Homebuyers who receive assistance under the Homeownership Assistance Fund are required to participate in homebuyer education. Our network of private lenders delivers the downpayment assistance directly to homebuyers. Minnesota Housing supplements state appropriations with agency resources when possible and also provides borrowers with slightly higher incomes a monthly repayment loan option.

RESULTS

To track our outcomes under this budget activity, we examine the percentage of loans issued to households of color and Hispanic ethnicity as well as how many of our homebuyers make use of downpayment assistance. For reference, as of 2014, 13% of Minnesota households are households of color or Hispanic ethnicity, and 19% of low-income households (those earning less than \$50,000 per year) are households of color or Hispanic ethnicity. We made 26% of our homebuyer loans to households of color or Hispanic ethnicity in Federal Fiscal Year 2014 and 29% in Federal Fiscal Year 2015. By comparison, according to Home Mortgage Disclosure Act (HMDA) data, lending to households of color as a percentage of all mortgage activity in the overall mortgage market was only 11% in 2014.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percentage of Minnesota Housing loans issued to households of color or Hispanic origin.	26%	29%	FFY2014, FFY2015
Quality	Percentage of downpayment assistance provided to households of color or Hispanic origin.	28%	33%	FFY2014, FFY2015
Results	Percentage of homebuyer loans that included downpayment assistance.	81%	85%	FFY2014, FFY2015

M.S. 462A.21, subd.8 (<https://www.revisor.mn.gov/statutes/?id=462A.21>) provides the legal authority for Minnesota Housing's Homeownership Assistance Fund.

Program: Preservation
Activity: Homeownership Rehabilitation

www.mnhousing.gov/

AT A GLANCE

- Assisted 205 homeowners in 2015
- Median annual income of households served is \$14,195
- 52.3% of homeowners served reside in Greater Minnesota

All numbers are for Federal Fiscal Year 2015

PURPOSE & CONTEXT

Through the homeownership rehabilitation activity, Minnesota Housing provides loans to maintain or restore owner-occupied housing to decent and safe conditions.

We serve very low income homeowners through this activity. The homeowners often have incomes that are too low to qualify for loans in the private sector.

SERVICES PROVIDED

Through the owner-occupied Rehabilitation Loan Program we provide no interest forgivable loans of up to \$27,000 for very low income households. The income limit for 2 person households is \$19,900 per year. We forgive the loans after 15 years if the home remains the homeowner’s primary residence. Local units of government and nonprofit organizations, including Community Action Agencies, deliver this program to homeowners. Homeowners may use loans for health, safety, accessibility and energy efficiency improvements.

For lower income homeowners, particularly in Greater Minnesota, the most affordable housing choice is often to remain in their home. This activity allows senior households or households with a person with a disability to avoid or delay costly institutionalization by addressing safety or accessibility housing needs. It also helps very low income homeowners retain homeownership by using loan funds to make energy conservation improvements, and health and safety improvements. Many aspects of housing have an impact on residents’ health, including lead paint, radon, mold, ventilation and deferred maintenance.

Minnesota Housing supplements state appropriations with agency resources for this program when possible because need greatly exceeds appropriated resources.

RESULTS

We track the number of seniors served as well as the number of households with a person with a disability served in order to measure outcomes of this program. We also examine the number of persons most in need – those earning less than 30% of HUD area median income – who receive rehabilitation loans in order to measure the program’s success.

Type of Measure	Name of Measure	Previous	Current	Dates
Results	Percentage of households most in need (less than 30% of median income) that received rehabilitation loans.	67%	76%	FFY2014, FFY2015
Results	Percentage of rehab loans provided to seniors.	34%	39%	FFY 2014, FFY2015
Results	Percentage of rehab loans to households that identified as having at least one household member with a disability.	42%	41%	FFY2014, FFY2015

M.S. 462A.05, subd. 14 (<https://www.revisor.mn.gov/statutes/?id=462A.05>) provides the legal authority for the Rehabilitation Loan Program.

Program: Resident and Organization Support

www.mnhousing.gov/

AT A GLANCE

- Assisted 12,461 households with Homebuyer Education, Counseling and Training in 2015
- Median income of households served is \$35,780

All numbers are for Federal Fiscal Year 2015

PURPOSE & CONTEXT

Through Resident and Organization Support, Minnesota Housing provides support for the organizational infrastructure necessary to effectively deliver affordable housing throughout the state.

Through the activities under this program, we serve a variety of individuals and organizations to help ensure that affordable housing can be maintained and that our network of organizations serves diverse geographic and cultural communities.

SERVICES PROVIDED

We rely on a robust network of partners to deliver many of our programs. Through resident and organization support, we provide counseling assistance to homeowners at risk of foreclosure and to homebuyers purchasing a home. We also provide assistance to nonprofits to help with regional planning and coordinating activities.

Homebuyer Education, Counseling and Training Program: Through the Homebuyer Education, Counseling and Training (HECAT) program, Minnesota Housing works in collaboration with a network of housing counseling organizations. Together we have designed a comprehensive statewide delivery network for homebuyer training and education. This network is overseen by the Minnesota Home Ownership Center, which is a nonprofit organization based in St. Paul. The homebuyer training network receives support from state appropriations as well as lending institutions and their foundations. We award grants to qualified nonprofit counseling organizations through a competitive Request for Proposal process. The organizations provide both pre-purchase and post-purchase counseling for low- and moderate- income first time homebuyers. We also provide funding for foreclosure prevention counseling to help homeowners avoid foreclosure whenever possible.

Capacity Building Program: Capacity Building funds are used to ensure that the network of organizations serving diverse geographic and cultural communities has the resources necessary to reach the communities they serve. Our Capacity Building program supports a range of organizations and initiatives, including the Continuums of Care that ensure communities in Greater Minnesota have access to federal resources to prevent and end homelessness. The program also supports geographic and cultural community based nonprofit developers and service providers who ensure that communities can deploy state and federal programs and compete for development dollars. The goal of the program is to expand the ability of these organizations to deliver our programs and effectively reach the communities they serve.

Manufactured Home Relocation Trust Fund: The Minnesota Manufactured Housing Relocation Trust Fund was created in 2007 by the Minnesota Legislature to provide participating homeowners in manufactured home parks with compensation in the event that all or part of their manufactured home park closes. The Act requires manufactured home park owners to make payments to the Trust Fund when a manufactured home park is being closed or the land will no longer be used as a manufactured home park. Owners must make payments to Minnesota Management and Budget. Minnesota Housing is responsible for processing requests and payments to homeowners.

RESULTS

We measure our performance based on foreclosures prevented as a percentage of closed counseling cases. The Minnesota Home Ownership Center tracks this information and provides updates to Minnesota Housing. We also measure the amount of federal funds leveraged through state assistance to Continuum of Care organizations.

Type of Measure	Name of Measure	Previous	Current	Dates
Results	Foreclosures prevented as a percentage of closed counseling cases.	64%	67%	FFY2014, FFY2015
Results	Federal funds leveraged for Continuum of Care organizations per dollar of state money spent.	\$64	\$77	FFY2013, FFY2014

Funding for this program comes from state appropriations to the Homeownership, Education Counseling and Training Program (M.S. 462A.209, <https://www.revisor.mn.gov/statutes/?id=462A.209>) the Nonprofit Capacity Building Grant Program (M.S. 462A.21, Subd. 3b, <https://www.revisor.mn.gov/statutes/?id=462A.21>) and the Manufactured Home Relocation Trust Fund (M.S. 462A.35, <https://www.revisor.mn.gov/statutes/?id=462A.35>).

Program: Preservation
Activity: Project-Based Rental Assistance

www.mnhousing.gov/

AT A GLANCE

- Assisted nearly more than 21,000 households in 2015
- Median annual income of households served is \$11,000
- 32,000 units of affordable housing fall under this program activity

All numbers FFY2015

PURPOSE & CONTEXT

Through this activity, Minnesota Housing preserves existing affordable housing stock by effectively administering and monitoring federal housing assistance payment contracts. The contracts are funded by the U.S. Department of Housing and Urban Development (HUD).

This activity serves tenants and owners of federally subsidized housing. These tenant are among the lowest income of any served by Minnesota Housing.

SERVICES PROVIDED

Under this activity, Minnesota Housing manages three separate federal rental assistance programs with similar, but not identical administrative requirements. The federal programs are Section 8 performance based contract administration, Section 8 traditional contract administration and Section 236. Private owners of these buildings receive subsidies from HUD under each of these programs. The functions provided by Minnesota Housing staff under this program include:

- Analyzing and reviewing tenant data necessary to determine subsidy levels,
- Processing annual rent adjustments,
- Performing annual management and occupancy reviews, including a physical inspection, and
- Responding to tenant concerns.

These activities are required in order for property owners to receive their federal subsidy from HUD in a timely manner. The HUD subsidy ensures the proper maintenance of the housing while keeping rents affordable for the lowest income Minnesotans.

RESULTS

Minnesota Housing has received incentive fees from HUD for its customer service and performance in administering Project-Based Section 8 contracts. The incentive fees reflect the agency’s efficiency and effectiveness in administering the Project-Based Section 8 contracts and in providing superior customer service to Section 8 customers. In addition to the incentive fees, we measure our performance by examining the percentage of Section 8 units that could potentially convert to unassisted units, but whose contracts are preserved through 1, 5, 10, and 20 year renewals.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of Section 8 rental units at risk of converting to market-rate rents that are renewed.	99%	100%	FFY2014, FFY2015

Minnesota Housing is selected by HUD to administer contracts under this program.

Program: Administration

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AT A GLANCE

- Minnesota Housing holds AA+ and Aa1 credit ratings from Standard & Poor's and Moody's

PURPOSE & CONTEXT

We collaborate with individuals, communities and partners to create, preserve and finance affordable housing so that all Minnesotans live in a safe, stable home they can afford in a community of their choice. Homebuyers, homeowners and renters with low- to moderate- incomes benefit from the administration of the agency's programs.

SERVICES PROVIDED

Our staff engages in a number of activities to ensure that state-appropriated, federal and other funds are well invested and that the investments are well-managed. We have two primary business divisions that conduct a variety of tasks in order to meet these objectives. We have a finance division that oversees and manages the agency's assets and several other support divisions. We do not rely on state appropriations to fund the administration of our programs.

Single Family Division: The single family division implements the various homeownership assistance programs that we provide. Their activities include: processing loan reservations and disbursements, compliance monitoring of funds, monitoring of loan originators and help with delinquency assistance and loss mitigation tools.

Multifamily Division: The multifamily division reviews and oversees multifamily rental properties. Their activities include: underwriting multifamily developments, overseeing construction and initial rent-up, overseeing long-term management and oversight of troubled properties. The multifamily division also monitors properties to ensure compliance with federal programs, including: Section 8, Section 236, low-income housing tax credits and the HOME program. The multifamily division manages our supportive housing and homelessness prevention programs.

Finance: The finance team is responsible for managing the agency's investments and debt and for overseeing the agency's bond sales. As of June 30, 2016 we had more than \$3.5 billion in assets. Our bond issuer ratings were AA+ and Aa1 from Standard and Poor's Rating Services and Moody's Investor Services, Inc. respectively. Our credit ratings are separate from and are not directly dependent on ratings on debt issued by the State of Minnesota.

Support Divisions: In addition to our two primary business divisions and the finance division, Minnesota Housing has a number of support divisions, including: Business and Technology Support, Policy and Community Development, Planning and Administration, and Legal and Risk Management.

RESULTS

In setting an administrative budget, we seek to strike an appropriate balance between maximizing agency resources available for housing needs and investing in adequate staff and technology to ensure efficient operations, appropriate oversight and quality housing. Our total operating costs as a percentage of assistance provided typically does not exceed 5 percent.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Operating costs as a percentage of assistance provided.	3.55%	2.88%	FFY2014, FFY2015

M.S. 462A (<https://www.revisor.mn.gov/statutes/?id=462A>) provides the legal authority for Minnesota Housing.