

Table of Contents
2014-15 Biennial Budget - Housing Finance

Agency Profile - Housing Finance	1
Development and Redevelopment	3
Supportive Housing	6
Homelessness Prevention	8
Homeownership Assistance	9
Rental Preservation and Rehabilitation	11
Homeownership Rehabilitation	13
Project Based Rental Assistance	14
Resident and Organization Support	16
Administration	18

Mission:

The Minnesota Housing Finance Agency (Minnesota Housing) finances affordable housing for low- and moderate-income households while fostering strong communities.

Statewide Outcome(s):

Minnesota Housing supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

Context:

Minnesota Housing works to provide access to safe, decent and affordable housing and to build stronger communities. In 2011, Minnesota Housing served more than 70,000 low to moderate income households throughout the state. The agency's investments support job growth, with 11.8 jobs created for every one million dollars of investment. In 2012, Minnesota Housing adopted a new Strategic Plan, which helps to guide the agency as it works toward its mission. The agency identified five strategic priorities in the plan:

1. Preserve federally-subsidized rental housing
2. Promote and support successful homeownership
3. Address specific and critical needs in rental housing markets
4. Prevent and end homelessness
5. Prevent foreclosures and support community recovery

Management and control of the agency is vested in the board of directors. The board is comprised of six citizen members appointed by the governor and one ex-officio member, the state auditor. The board directs the policies of the agency and adopts the agency's Strategic Plan and Affordable Housing Plan, approves funding decisions, adopts finance policies, and selects the finance team. The board meets monthly in public meetings. Meeting dates and board packets are available on the agency's website

http://www.mnhousing.gov/about/MHFA_005167.aspx.

Minnesota Housing's program budget comes from four sources: state appropriations, federal funds, private activity bond proceeds, and agency resources. The program budget is outlined in the agency's annual Affordable Housing Plan. In 2012, the budget was divided among the four sources as follows: state appropriations, 8.9 percent; federal funds, 32.1 percent; private activity bond proceeds, 44 percent; agency resources, 14.9 percent.

Strategies:

In order to meet its mission of financing affordable housing for low and moderate income households, Minnesota Housing engages in strategies to deliver a wide range of programs that meet both the rental and home ownership needs of the population it serves. It offers products and services to help Minnesotans buy and fix up their homes and to stabilize neighborhoods, communities and families. It also supports the development and preservation of affordable rental housing through both financing and long term asset management. It has pioneered a successful model for supportive housing that helps stabilize the lives of some of the state's most vulnerable citizens. Minnesota Housing also provides organizational support to nonprofit organizations and facilitates regional development efforts throughout the state.

Minnesota Housing's assistance is delivered through a statewide network of local lenders, community action programs, local housing and redevelopment authorities, and for-profit and nonprofit developers. Minnesota Housing joins with other public and private funders to make available development and redevelopment funds in a comprehensive, single application, one-stop selection process. In order to provide local partners with information about the housing needs in their communities, Minnesota Housing has developed detailed Community Profiles that have demographic indicators to identify housing needs in each of the state's 87 counties.

Minnesota Housing's investments in new and existing housing developments create jobs and ensure that low and moderate income workers have access to affordable housing opportunities, contributing to the state's economic growth. The agency's efforts to provide housing to the state's most vulnerable populations help create strong and stable families and communities across the state.

Measuring Success:

Minnesota Housing measures success by tracking how well its programs serve low to moderate income households in Minnesota. In 2011, more than half of the homebuyers served by Minnesota Housing earned less than \$45,000 per year, and 84.2 percent of the renters assisted by Minnesota Housing earned less than \$20,000 per year. The statewide median income in 2011 was \$72,900. The foreclosure rates for Minnesota Housing's single family first mortgage loan programs are significantly lower than the statewide foreclosure rate. In 2011, the foreclosure rate for the agency's Minnesota Mortgage Program was 1.14 percent compared to the Minnesota Bankers Association benchmark statewide foreclosure rate 1.72 percent.

See the 2011 Program Assessment report for additional results information:

http://www.mnhousing.gov/idc/groups/administration/documents/document/mhfa_012258.pdf

Another important measure of success for the agency is its bond performance. As of June 2012, Minnesota Housing's bond issuer ratings were "AA+" and "Aa1" from Standard and Poor's Rating Services and Moody's Investor Service, Inc., respectively. Minnesota Housing's credit ratings are separate from, and are not directly dependent on, ratings on debt issued by the State of Minnesota.

Housing Finance Development & Redevelopment

<http://www.mnhousing.gov>

Statewide Outcome(s):

Development and Redevelopment supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

Context:

The Development and Redevelopment activity funds the new construction and rehabilitation of housing, both rental and homes for ownership, needed to sustain economic growth and vitality. According to the 2010 U.S. Census, the median age of all residential housing stock in Minnesota, both single family and multifamily, is 38 years. Rehabilitating existing housing stock is essential for preserving affordable housing as well as for retaining existing employers and related economic activity. The development of new housing stock is critical for economic recovery and job creation.

Homeowners, homebuyers, and tenants of rental housing are served by this program. Additionally, communities receive assistance to stabilize and revitalize neighborhoods impacted by the foreclosure crisis through the Development and Redevelopment activity. Funding for this activity comes from state appropriations to the Economic Development and Housing Challenge Program (Minnesota Statutes (M.S.) section 462A.33), as well as through federal funding, federal tax credits and internal agency resources.

Strategies:

The Development and Redevelopment activity funds a range of activities and services for the development and redevelopment of both single family and multifamily housing. The key program goals are to finance new affordable housing opportunities, preserve existing affordable housing, support foreclosure recovery, and improve energy efficiency and access to transit.

Economic Development and Housing Challenge Program: Through this program, assistance is provided in the form of no-interest, deferred loans to local units of government, for-profit and non-profit developers. The income maximum for owner-occupied housing is set at 115 percent of the greater of state or area median income, and for rental housing it is set at 80 percent of the greater of state or area median income. These income guidelines allow for a range of workforce housing to be developed or rehabilitated. At least 50 percent of the Economic Development and Housing Challenge Program funds must be used only for housing projects in which there is a financial contribution from non-state resources. This policy helps to reduce the need for deferred loan or grant funds from state resources. Creating a range of workforce housing options for low to moderate income individuals and families is essential to a thriving economy that encourages business growth and employment opportunities.

Foreclosure Recovery: Minnesota Housing has been a substantial funder of foreclosure recovery and has focused on the acquisition and rehabilitation of foreclosed homes. The agency has made available more than \$70 million since 2007 in revolving loans, subsidies, and federal funds. Minnesota Housing has worked with local governments and nonprofits to concentrate funds in neighborhoods that were especially hard hit by the foreclosure crisis. Local entities are also devoting their own resources to foreclosure recovery. These efforts promote strong and stable communities throughout the state.

Green Housing Standards: In recognition of the role that energy efficiency plays in contributing to a healthy environment, Minnesota Housing has adopted Green Housing Standards (http://www.mnhousing.gov/housing/architects/MHFA_007963.aspx), based on the Enterprise Institute's National Green Communities Criteria, as mandatory criteria for all new construction and applicable rehabilitation improvements.

Transit-Oriented Development: Transportation costs are increasingly a burden to low and moderate income households in Minnesota. Housing is considered affordable when it makes up no more than 30 percent of income. The Chicago-based Center for Neighborhood Technology (CNT) maintains a nation-wide index that tracks both housing and transportation costs as a percentage of income. CNT classifies housing and transportation costs as affordable when combined they make up no more than 45 percent of income. Below are housing and transportation costs as a percentage of income in several Minnesota regions. This information comes from CNT's index.

- Minneapolis-St.Paul-Bloomington – 46.97 percent
- Duluth – 51.8 percent
- Fergus Falls – 54.9 percent
- Rochester – 45.3 percent
- Marshall – 51.62 percent
- St. Cloud – 51.42 percent
- Brainerd – 58.61 percent

In an effort to address rising housing and transportation costs, Minnesota Housing continued its support of Transit Oriented Development (TOD) in both the Twin Cities metropolitan area and Greater Minnesota in its [2013 Housing Tax Credit Qualified Allocation Plan \(QAP\)](#). Organizations applying for federal tax credits in the Twin Cities Metropolitan area receive additional points for housing projects located within one half mile of planned or existing light rail transit, bus rapid transit, or commuter rail stations. Projects also receive points for being accessible to public transportation. In Greater Minnesota, applicants receive points for access to fixed route transit, dial-a-ride services, or proximity to jobs. Access to transit is critical to connecting people with employment opportunities and for giving businesses the ability to recruit and retain workers. Investments in TOD contribute to a thriving economy that encourages business growth and employment opportunities.

Results:

Minnesota Housing measures its performance in meeting the goal of providing affordable workforce housing by examining the level of affordability at which the properties are financed, the incomes of the resident's of the properties financed, the extent to which the agency has invested in transit oriented development (TOD) and in housing that is located in a top job area. 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, with some counties having average household incomes below \$30,000 annually. Minnesota Housing bases its calculations on wage data from the Department of Employment and Economic Development (DEED). The Agency just began tracking TOD measures, so does not have trend data at this point. The number of foreclosure properties acquired and returned to the community declined from FY 2010 to FY 2011 due to a significant decrease in federal funds from the Neighborhood Stabilization Program. Despite the loss of this federal resource, the agency continues to assist communities with foreclosure recovery.

See the 2011 Program Assessment report for additional results information:
http://www.mnhousing.gov/idc/groups/administration/documents/document/mhfa_012258.pdf

Performance Measures	Previous	Current	Trend
Number of foreclosed properties acquired to be rehabilitated & returned to the community.	828	455	Decreasing
Percentage of rental developments funded that are located in the top areas with job growth or absolute job numbers (top workforce housing communities.)	68.8%	83.3%	Improving
Percentage of new construction that meets Minnesota Housing's TOD definition.	NA	15%	NA
Number of units financed that are affordable at: 1.) 30% of area median income or less, 2.) 50% of area median income, and 3.) 80% of area median income or less.	1.)20% 2.)78% 3.)100%	1.)20% 2.)75% 3.)100%	Stable

Performance Measures	Previous	Current	Trend
Percentage of agency financed multifamily rental units occupied by households with incomes below 30% of area median income.	56%	57%	Stable

Performance Measures Notes:

All previous measures in this program are from FY 2010 and current measures are from FY 2011.

Housing Finance

Supportive Housing

<http://www.mnhousing.gov>

Statewide Outcome(s):

Supportive Housing supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

Supportive Housing provides funding for permanent housing with support services. This budget activity is an essential element of efforts to achieve Minnesota Housing's strategic goal of ending long-term homelessness and the statewide [Business Plan to End Long-Term Homelessness](#). In 2003, leaders from the public, private and nonprofit sectors launched an effort to create the business plan with the goal of ending long-term homelessness by 2010. One of the primary strategies in the plan was to create 4,000 units of permanent supportive housing.

Supportive housing programs serve individuals and families with multiple barriers to obtaining and maintaining housing, including persons who are homeless or at risk of becoming homeless, and persons with mental illness, substance abuse disorders, or persons with HIV/AIDS. Supportive housing stabilizes housing for the poorest households or households with special needs so they can successfully address barriers to employment, complete school or training, and/or achieve independent living.

The Business Plan was recalibrated in both 2007 and 2009, based on experience under the plan. Due to the recent economic downturn, the goal of reaching 4,000 supportive housing units was extended until 2015. With 3,695 units complete as of October 2012, Minnesota Housing anticipates it will reach this goal during the 2014-2015 Biennium.

Funding for this activity comes from state appropriations to the Housing Trust Fund Program (Minnesota Statutes (M.S.) section 462A.201) and Bridges (M.S. section 462A.2097) programs, as well as the Federal Housing Opportunities for Persons with AIDS (HOPWA) program.

Strategies:

Three programs help Minnesota Housing work toward its goal of ending long-term homelessness:

Housing Trust Fund Program: The Housing Trust Fund Program provides zero percent interest, deferred loans for the financing of affordable permanent and supportive rental housing and limited equity cooperative housing for very low-income households. It also provides grants and loans for operating costs that are unique to the operation of low-income rental housing and for rental assistance. Seventy-five percent of the program funds must be used for housing for households with incomes that do not exceed 30 percent of the metropolitan area median income. The current funding level is sufficient to sustain existing rental assistance levels only; funding is not available for capital costs.

Bridges Program: The Bridges Program provides rent assistance for households in which at least one adult member has a serious and persistent mental illness. Eligibility for the program is limited to households with incomes below 50 percent of area median income. This activity links housing with social services through a partnership between a housing agency and a social service agency. The rental assistance is intended to stabilize the household in the community until a Section 8 certificate or voucher becomes available.

Federal Housing Opportunities for Persons with AIDS (HOPWA) Program: The HOPWA Program provides 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 program authorizes grants for both housing assistance and services. Minnesota Housing's HOPWA funds are used for rental subsidies.

The Housing Trust Fund Program, the Bridges Program, and the Federal HOPWA program all help the state's most vulnerable populations gain access to rental housing and avoid homelessness. The Minnesota Departments of Human Services and Corrections, as well as many nonprofit service providers and foundations are essential

partners in implementing these programs. Ending long-term homelessness is critical to strengthening families and communities across the state.

Results:

The programs under this budget activity provide a variety of resources for creating supportive rental housing to serve the long-term homeless and for keeping some of Minnesota’s most vulnerable citizens out of homelessness and institutions. In addition to the number of new rental housing opportunities created under these programs, Minnesota Housing tracks outcomes, housing stability, changes in income levels, and re-institutionalization rates to measure its performance under this budget activity. All of these measures have been steady or improving since 2010. Income changes are reported as the percent change in median income of households served. This measure does not necessarily measure the same households from year to year. The agency considers it to be stable because households continue to see an increase in income on average.

See the 2011 Program Assessment report for additional results information:
http://www.mnhousing.gov/idc/groups/administration/documents/document/mhfa_012258.pdf

Performance Measures	Previous	Current	Trend
Percentage of people who remained in rental housing for at least a year.	87%	88%	Stable
Percent increase in monthly median household income of families served.	16%	8%	Stable
Percentage of people served who did not return to institutions.	88%	90%	Improving

Performance Measures Notes:

Previous measures are from FY 2010 and current measures are from FY 2011. Data on homelessness comes from the Homeless Management Information System (HMIS).

Housing Finance Homelessness Prevention

<http://www.mnhousing.gov>

Statewide Outcome(s):

Homeless Prevention supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

Homelessness Prevention funds programs that provide housing and other assistance to households that are at risk of becoming homeless due to a crisis situation, extremely low-incomes, or physical or mental health problems. This budget activity also assists households in moving out of emergency shelter and other temporary settings so that they do not become long-term homeless. Funding comes from state appropriations for the Family Homeless Prevention and Assistance Program (Minnesota Statute (M.S.) section 462A.204).

Strategies:

The Family Homeless Prevention and Assistance Program (FHPAP) provides flexible grants to counties and nonprofit organizations to assist families, single adults or youth who are homeless or at imminent risk of homelessness. Grant recipients are required to design or redesign an emergency response system to shift the focus to prevention of homelessness and a more rapid move to transitional or permanent housing. By providing tools to address the needs of populations that are at-risk of homelessness, and to help these populations avoid homelessness, this budget activity contributes to the statewide outcome of creating strong and stable families and communities.

Results:

In FY 2011, more than 9,000 households were served by FHPAP statewide. In addition to tracking the number of people served by FHPAP, Minnesota Housing monitors the success of this budget activity through a set of performance measures. These measures include the number of people who were identified as at risk of homelessness and avoided it because of services received through FHPAP as well as the number of individuals and families have had a reduced length of stay in shelter as a result of FHPAP.

See the 2011 Program Assessment report for additional results information:

http://www.mnhousing.gov/idc/groups/administration/documents/document/mhfa_012258.pdf

Performance Measures	Previous	Current	Trend
Percentage of people who were identified as at risk for homelessness or were homeless, were served, and didn't return to shelter within 12 months.	95%	97%	Improving

Performance Measures Notes:

Previous measures are from FY 2009 and current measures are from FY 2010. Data on homelessness comes from the Homeless Management Information System (HMIS). Only about 60 percent of shelters contribute data to HMIS.

Housing Finance

Homeownership Assistance

<http://www.mnhousing.gov>

Statewide Outcome(s):

Homeownership assistance supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

Context:

The Homeownership Assistance activity provides some of the upfront funds needed by moderate-income households to obtain a mortgage to purchase their first home. Moderate-income households often have sufficient income to make the monthly mortgage payments, but lack the wealth necessary to meet the standard downpayment and closing costs requirements which are typically at least 6.5 percent of the purchase price. The lack of funds necessary for the entry costs is one of the barriers leading to a significant gap in the homeownership rate between white households and emerging markets. More information about the homeownership gap and efforts to remedy it can be found at:

http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa_002552.pdf First-time homebuyers with incomes at or below 60 percent of median income are the customers for this assistance. This activity is funded through general fund appropriations to the Homeownership Assistance Fund program (Minnesota Statute (M.S.) section 462A.21, subd.8) and through federal HOME funds for the HOME Homeowner Entry Loan Program (HOME HELP).

Strategies:

To overcome the downpayment and closing cost barrier to homeownership, the homeownership activity provides between \$3000 and \$15,000 as a second mortgage. Repayment of the loan is deferred and in some cases may be forgiven, depending of the length of time the home is occupied. In order to help communities recover from the foreclosure crisis, larger amounts of assistance are available to households purchasing a home in an area distressed by foreclosures. Successful homeownership creates stronger communities. Homeowners tend to move less frequently than renters, their children are more likely to remain in school, they tend to stay involved with the same neighborhood leading to social connections and stronger communities. Access to stable, affordable housing positively impacts job retention and productivity which contributes to a thriving economy. Financial institutions, along with the homeownership counseling network and realtors are key partners in delivering this assistance.

Results:

The lack of wealth necessary to meet standard entry cost requirements is not the sole explanation for the gap in homeownership rates between white households and households of color, non-English speaking households, and households in which English is the second language ("emerging markets"). Other factors including credit and lending practices, cultural factors, discrimination, marketing and outreach and homebuyer counseling contribute to the gap. Overcoming the lack of wealth and downpayment resources is a factor that Minnesota Housing can address. According to Home Mortgage Disclosure Act (HMDA) data, from 2005 to 2010, private market lending to emerging markets fell by 61 percent. Meanwhile, Minnesota Housing's production to emerging markets remained relatively steady. The percentage fluctuates somewhat from year to year based on trends in the overall market.

See the 2011 Program Assessment report for additional results information:

http://www.mnhousing.gov/idc/groups/administration/documents/document/mhfa_012258.pdf.

Performance Measures	Previous	Current	Trend
Percentage of Minnesota Housing loans issued to emerging markets compared to percentage of homeowners of color.	31%	23%	Worsening
Percentage of downpayment assistance provided to emerging markets.	42%	30%	Worsening

Performance Measures Notes:

Previous measures are from FY 2010 and current measures are from FY 2011.

Housing Finance

Preservation/ Rental Preservation and Rehabilitation

<http://www.mnhousing.gov>

Statewide Outcome(s):

The rental rehabilitation activity supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

Context:

This activity assists with the rehabilitation, repair, and stabilization of aging federally assisted rental housing and naturally affordable, unsubsidized rental housing. The majority of the federally assisted rental housing in Minnesota was developed 30- 40 years ago. These properties are in need of infusions of capital for rehabilitation and repairs. The housing cannot be adequately maintained with the housing assistance payment levels set by the federal government. Additional information about subsidized rental housing preservation needs, see <http://www.mnhousing.gov/news/reports/index.aspx#bipartisan>. Similarly, a significant portion of the naturally affordable housing stock in Greater Minnesota struggles to finance major capital improvements and repairs because the market rents are too low to generate adequate reserves for capital repairs. Tenants in federally subsidized rental housing generally have extremely low incomes: the median annual income of tenants in these developments is under \$14,000. Naturally affordable, unsubsidized rental housing receiving assistance from Minnesota Housing for capital repairs serves tenants with median annual incomes under \$12,000. Housing options for households at these income levels are limited. Access to decent, affordable housing for employees is necessary ingredient for sustaining a vibrant business climate. This activity is funded with general fund appropriations for the Rental Rehabilitation Deferred Loan program (Minnesota Statutes (M.S.) section 462A.33 and 462A.05, subd. 14a), the Affordable Rental Investment Fund – Preservation (PARIF, M.S. section 462A.21, subd. 8b) and federal HOME funds for the HOME Affordable Rental Preservation program (HOME HARP).

Strategies:

Deferred loan to stabilize properties and address capital improvement needs are made available to:

- Private owners of federally assisted rental housing that is determined to be at risk of losing federal assistance.
- Private owners of naturally affordable, unsubsidized housing that cannot support amortizing debt.

Maintenance of the existing supply of affordable and decent housing supports the statewide outcome of strong and stable families and communities and a thriving economy that encourages business growth and employment opportunities. The agency works with local non-profit organizations, local units of government and owners and developers of affordable rental housing to assemble the most appropriate package of assistance that will lead to long-term affordability and stability.

Results:

The terms of the loan provided by Minnesota Housing require maintenance of rent affordability. Owners of federally assisted housing must agree to continue participation in the federal program for the maximum term available. Owners of naturally affordable, unsubsidized rental housing must agree to maintain rents at affordable levels. Properties are monitored for compliance with the affordability requirements. Factors such as increasing operating costs, market rents, estate planning considerations, owner's willingness to make further investments in their rental properties and the availability of resources impact the number of housing units the agency can assist with preservation and stabilization. The results increased significantly from FY 2010 to FY 2011. This is due to the rehabilitation of Riverside Plaza, which is an extremely large multifamily development in Minneapolis (1300 units). The measure for average median income demonstrates that through the PARIF program, the Agency preserves housing for very low income individuals and families whose income is less than 30 percent of area median income (AMI). Although the income level increased from FY 2010 to FY 2011, the trend is considered to be stable because it remains under the federal definition of extremely low-income (30 percent of AMI).

See the 2011 Program Assessment report for additional results information:
http://www.mnhousing.gov/idc/groups/administration/documents/document/mhfa_012258.pdf

Performance Measures	Previous	Current	Trend
Number of federally assisted rental units preserved.	388	2,232	Improving
Average median income of households served.	\$10,320	\$13,845	Stable

Performance Measures Notes:

Previous measures are from FY 2010 and current measures are from FY 2011.

Housing Finance Preservation/ Homeownership Rehabilitation

<http://www.mnhousing.gov>

Statewide Outcome(s):

Homeownership rehabilitation supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

The homeownership rehabilitation activity helps maintain or restore owner-occupied housing to decent and safe conditions. Many aspects of housing have an impact on residents' health, including lead paint, radon, mold, ventilation and deferred maintenance. According to the American Housing Survey, 5.8 million homes nationally have severe or moderate hazards. Assistance is provided to homeowners whose incomes are generally too low to qualify for loans from the private sector. This activity is funded through general fund appropriations.

Strategies:

No interest forgivable loans of up to \$ 27,000 are provided through the Rehabilitation Loan program (Minnesota Statutes (M.S.) section 462A. 05, subd.14a) for households with incomes generally below \$25,200. The loans are forgivable after 15 years if the property remains the owner's primary residence. The program assists elderly homeowners to avoid or delay costly institutionalization by addressing the safety or accessibility housing needs and helps extremely low-income homeowners retain homeownership by providing funding to maintain their home, conserve energy and reduce utility costs by improving the energy efficiency of the home. Local units of government and non-profit organizations, including community action programs, deliver this program to homeowners.

Results:

Successful homeownership contributes to strong and stable families and communities. Successful homeownership is more than purchasing a home; a successful homeowner is able to maintain the home in a decent and safe condition. A safe living environment is one of the factors that helps aging adults remain in their home. Minnesota Housing's rehabilitation loan program serves the highest percentage of seniors among the Agency's single family loan programs.

See the 2011 Program Assessment report for additional results information:

http://www.mnhousing.gov/idc/groups/administration/documents/document/mhfa_012258.pdf

Performance Measures	Previous	Current	Trend
Number of households most in need that received rehabilitation loans	66%	70%	Improving
Percentage of rehabilitation loans provided to seniors.	27%	34%	Improving

Performance Measures Notes:

Households most in need are defined as households with 30 percent of HUD area median income. The previous measures in this program are from FY 2010 and current measures are from FY 2011.

Housing Finance

Preservation/ Project-Based Rental Assistance

www.mnhousing.gov

Statewide Outcome(s):

Project-based rental assistance supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

Context:

The project-based rental assistance activity helps strategically preserve the existing affordable housing stock by effectively administering the housing assistance payment contracts for nearly 32,000 units of Section 8 housing and 500 units of Section 236 housing. In order to ensure that federal rental subsidies are made for low- and moderate-income tenants, certain administrative function must be performed in a timely and accurate manner. Tenants and owners of federally subsidized housing are the beneficiaries of this activity. These tenants have among the lowest incomes of any of the populations served by Minnesota Housing and cannot afford market rents. This activity is funded with federal Section 8 and Section 236 appropriations.

Strategies:

Three distinct federal subsidy programs (Section 8 performance based contract administration, Section 8 traditional contract administration, and Section 236) with similar, but not identical administrative requirements must be managed.

The functions include:

- providing tenant data necessary to determine subsidy levels;
- processing annual rent adjustments;
- performing annual management and occupancy reviews; and
- responding to tenant concerns.

These activities are required in order for property owners to receive the federal subsidy. Timely receipt of the full amount of the contracted federal subsidy facilitates the proper maintenance of the housing while keeping the rents affordable to the lowest income Minnesotans. Preservation of subsidies for existing housing units provides decent housing for households at starting wages as well as housing stability that contribute to a family's economic stability. A stable workforce encourages business growth. Private owners of the federally subsidized rental housing developments, both for-profit and non-profit are the key partners in this.

Results:

The agency monitors various elements of a development's performance such as vacancy rates, reserve levels, physical conditions, loan repayments and operating costs to evaluate the long-term viability. The agency works with properties determined to be at risk of losing the federal subsidy to improve performance and ensure that the full amount of federal subsidy payments is made. The extent to which the agency is able to preserve those developments as part of the federal assistance programs is one indication of the effectiveness of the agency's contract administration. Success in preserving at-risk properties is dependent on a number of factors including the owner's cooperation, the level of federal subsidies as compared to operating costs and debt payments and overall economic conditions.

See the 2011 Program Assessment report for additional results information:

http://www.mnhousing.gov/idc/groups/administration/documents/document/mhfa_012258.pdf

	Previous	Current	Trend
Percentage of Section 8 rental (PBCA) at risk of converting to market-rate rents that renewed.	99%	100%	Stable

Performance Measures Notes:

Previous measures are from FY 2010 and current measures are from FY 2011.

Housing Finance

Resident and Organization Support

<http://www.mnhousing.gov>

Statewide Outcome(s):

Resident and Organization Support supports the following statewide outcome(s).

Strong and stable families and communities.

Context:

The Resident and Organization Support activity provides support for some of the organizational infrastructure necessary to effectively deliver affordable housing throughout the state. Minnesota Housing relies on a robust network of partners to deliver many of the programs. This activity contributes to Minnesota Housing's ability to preserve existing affordable housing by ensuring that homeowners at risk of foreclosure receive intervention and counseling assistance. It also provides regional planning and coordinating activities and assistance to nonprofits for operating costs. This activity serves homeowners faced with foreclosure and low and moderate income first-time homebuyers, nonprofit development organizations, and regional planning networks.

Funding for this program comes from state appropriations to the Homeownership, Education, Counseling and Training Program (M.S. 462A.209), the Nonprofit Capacity Building Grant Program (M.S. 462A.21, Subd. 3b), and the Manufactured Home Relocation Trust Fund (M.S. 462A.35).

Strategies:

Through this activity, Minnesota Housing works with strategic partners throughout the state to create the infrastructure to preserve affordable housing.

Homebuyer Training and Foreclosure Prevention Counseling: Minnesota Housing has worked in collaboration with many other organizations to design a comprehensive statewide delivery network for homebuyer training and education, overseen by the Minnesota Home Ownership Center, which is a nonprofit organization based in St. Paul. The homebuyer training network is supported not only by the state, but also by lending institutions and their foundations. Experienced nonprofit organizations receive grants to provide both pre-purchase and post-purchase homebuyer counseling for low and moderate income first-time homebuyers. Foreclosure prevention counseling has increased due to the surge in home foreclosures and delinquencies in recent years. In collaboration with the counseling network, Minnesota Housing provides funding for foreclosure prevention counseling to help homeowners avoid foreclosure whenever possible.

Regional Planning and Coordination: Through the Nonprofit Capacity Building Grant Program Minnesota Housing funds the development of regional Continuum of Care plans for the coordination and implementation of housing and service systems to meet the needs of homeless households, identification of funding and service gaps, and establishment of priorities for state and federal funding.

Operating Support for Nonprofit Developers: Using both state general fund appropriations and federal funds, Minnesota Housing maintains an operating support program to provide multi-year ongoing operating funds to build nonprofit capacity through a system of intermediaries.

Manufactured Home Relocation Trust Fund: The Minnesota Manufactured Housing Relocation Trust Fund (Trust Fund) was created in 2007 by the Minnesota Legislature to provide participating homeowners in manufactured home parks compensation in the event that all or part of their manufactured home park closes. Each manufactured park owner is assessed \$12.00 per licensed lot. Park owners are authorized to recoup the \$12.00 fee from residents in either a lump sum or as part of the monthly rent. The Act requires park owners to make payments to the Trust Fund when a manufactured housing park is being closed or the land will no longer be used as a manufactured housing park. Payments are made to Minnesota Management and Budget. Minnesota Housing is responsible for processing requests and payments to homeowners.

Each of these activities helps to preserve affordable housing and improve coordination among Minnesota Housing's private, nonprofit, and local government partners, creating stronger communities across the state.

Results:

The activities under this program are an important part of creating the infrastructure necessary to preserve affordable housing. Minnesota Housing tracks its performance under this program by measuring indicators that track the effectiveness of foreclosure prevention activity and regional planning. Minnesota continues to be a national leader in foreclosure prevention counseling. The June 7, 2010 report to Congress on National Foreclosure Mitigation Counseling showed that Minnesota delivered 3.4 percent of housing counseling units nationwide, despite only having 1.18 percent of foreclosures nationwide. By comparison, the state of Florida delivered 7.5 percent of housing counseling units, but has 24.22 percent of the nation's foreclosures.

One goal of foreclosure prevention counseling is to help homeowners who are facing foreclosure avert it when possible. Minnesota Housing measures its performance based on foreclosures prevented as a percentage of closed counseling cases. This information is tracked by Minnesota Housing's partner organization, the Minnesota Home Ownership Center. The Homeownership Center updates those percentages on an ongoing basis because many counseling cases carry over from year to year. Although the percentage decreased slightly from FY2010 to FY 2011, the agency considers it to be stable because not all of the FY 2011 counseling cases were complete as of the date the report was published.

Regional Continuum of Care planning is an essential component of applying for federal funds for homelessness assistance and prevention. Minnesota Housing's goal in supporting the Continuum of Care planning process is to maximize the amount of federal funding that are awarded to the state for homelessness prevention, housing and services.

See the 2011 Program Assessment report for additional results information:

http://www.mnhousing.gov/idc/groups/administration/documents/document/mhfa_012258.pdf.

Performance Measures	Previous	Current	Trend
Foreclosures prevented as a percentage of closed counseling cases.	66%	60%	Stable
Federal money leveraged for Continuum of Care organizations per dollar of state money spent on technical assistance.	\$109	\$114	Improving

Performance Measures Notes:

Previous measures in this program are from FY 2010 and current measures are from FY 2011.

Housing Finance Administration

<http://www.mnhousing.gov>

Statewide Outcome(s):

Administration supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Strong and stable families and communities.

Context:

Minnesota Housing works to finance affordable housing for low and moderate income households while fostering strong communities. In 2012, Minnesota Housing created a new [Strategic Plan](#) that includes five strategic priorities: preserve federally-subsidized rental housing, promote and support successful homeownership, address specific and critical needs in rental housing markets, prevent and end homelessness, prevent foreclosures and support community recovery. Homebuyers, homeowners, and tenants with low to moderate incomes benefit from the administration of the agency's programs.

Strategies:

Minnesota Housing 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. Minnesota Housing has two primary business divisions that conduct a variety of tasks in order to meet these objectives. The agency also has a finance division that oversees the agency's assets, and several support divisions that help the agency meet its goals and support strong and stable families and communities throughout the state.

Single Family: The single family division implements the various homeownership assistance programs provided by Minnesota Housing. Activities include: processing loan reservations and disbursements, compliance monitoring of funds used for homeownership assistance, monitoring of loan servicers, and provision of delinquency assistance and cost mitigation tools.

Multifamily: The multifamily division conducts review and oversight of multifamily rental properties. Activities include: underwriting, construction, marketing/initial rent-up, long-term management, and oversight for troubled properties. The division also does monitoring to ensure compliance with its federal programs, including: Section 8, Section 236, Low-Income Housing Tax Credits, and the HOME Investment Partnership program. The multifamily division is the contract administrator for many Section 8 housing developments. Minnesota Housing administers 87.3 percent of the state's Section 8 units, or more than 30,000 units of affordable rental housing.

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, 2012, Minnesota Housing had approximately \$3.2 billion in assets and its bond issuer ratings were "AA+" and "Aa1" from Standard and Poor's Rating Services and Moody's Investor Service, Inc., respectively. Minnesota Housing's 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 the 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, the agency seeks 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. Total operating costs as a percentage of assistance provided typically does not exceed five percent. In the past two years, this number has been under 3.5 percent.

See the 2011 Program Assessment report for additional results information:

http://www.mnhousing.gov/idc/groups/administration/documents/document/mhfa_012258.pdf

Performance Measures	Previous	Current	Trend
Operating costs as a percentage of assistance provided.	3.41%	3.21%	Stable

Performance Measures Notes:

Previous measures are from FY 2010 and current measures are from FY 2011.