



Minnesota Housing: Metro Cities Forum

February 21, 2020

Agenda

1. Welcome!
2. Key Housing Issues and Trends
3. 2019 Year in Review & Strategic Plan
4. Single Family Homeownership Resources
5. Multifamily Resources
6. Q&A

Our Vision

All Minnesotans live and thrive
in a safe, stable home they can afford
in a community of their choice.

Our Mission: The Core Purpose

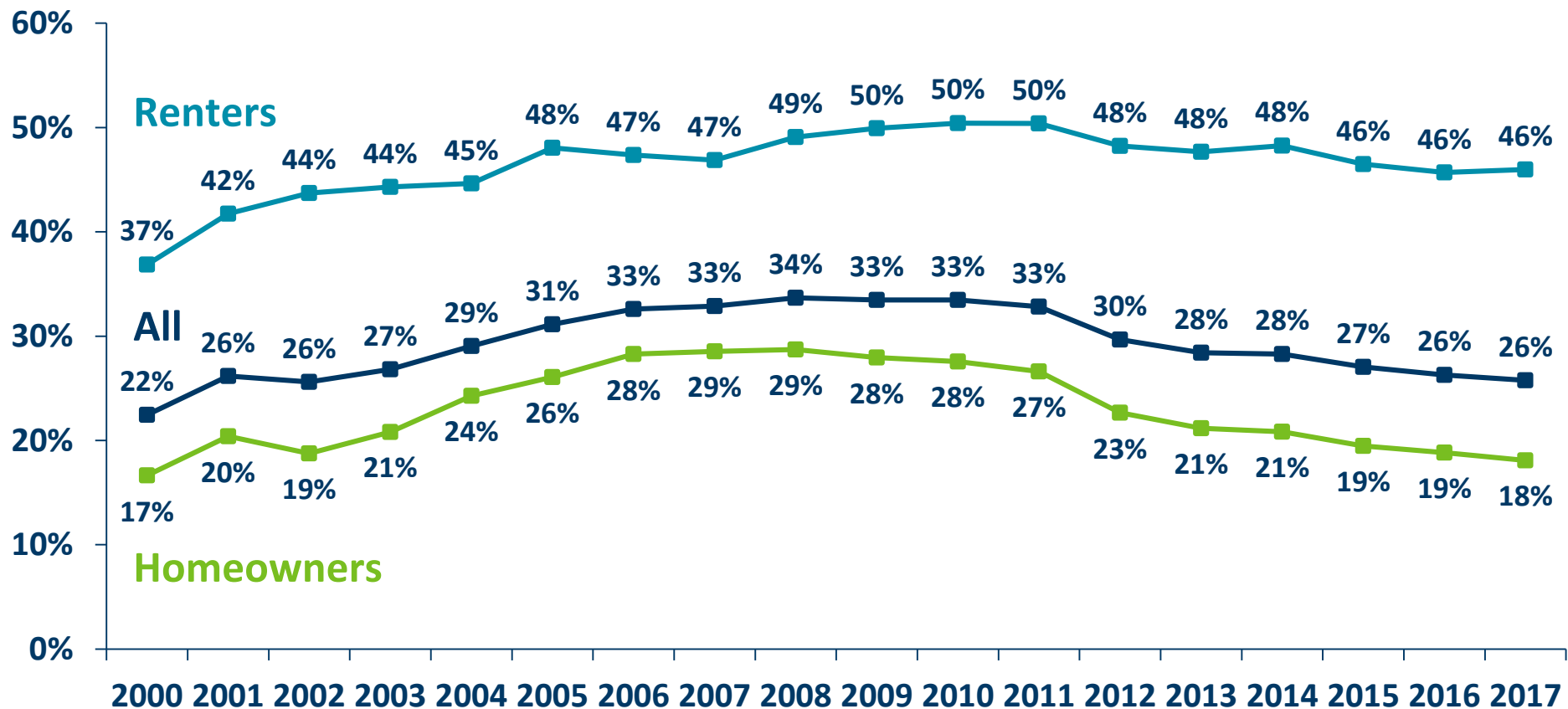
Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

Key Housing Issues and Trends (Partial Update)

John Patterson – Director of Planning, Research and Evaluation

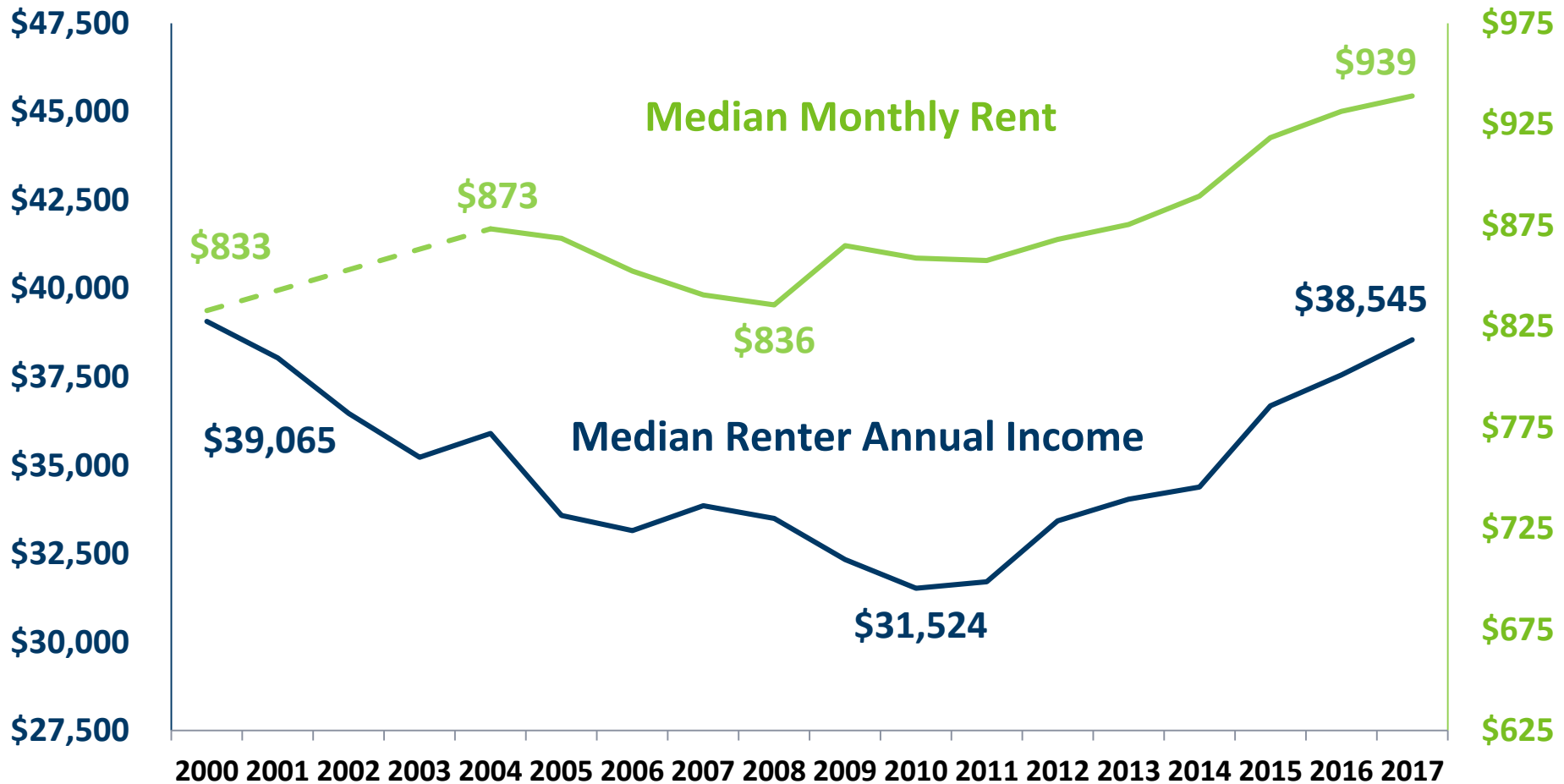
MN: Percentage of Households Spending 30% or More of Income on Housing

Number of Cost Burdened Households Increased 56% from 350,000 to 547,000 Between 2000 and 2017, but Gotten Better in Recent Years



Source: Census Bureau, 2000 Decennial Census and American Community Survey (2001-2017)

MN: Median Renter Incomes and Rents – Widening Gap, but Recently Narrowed



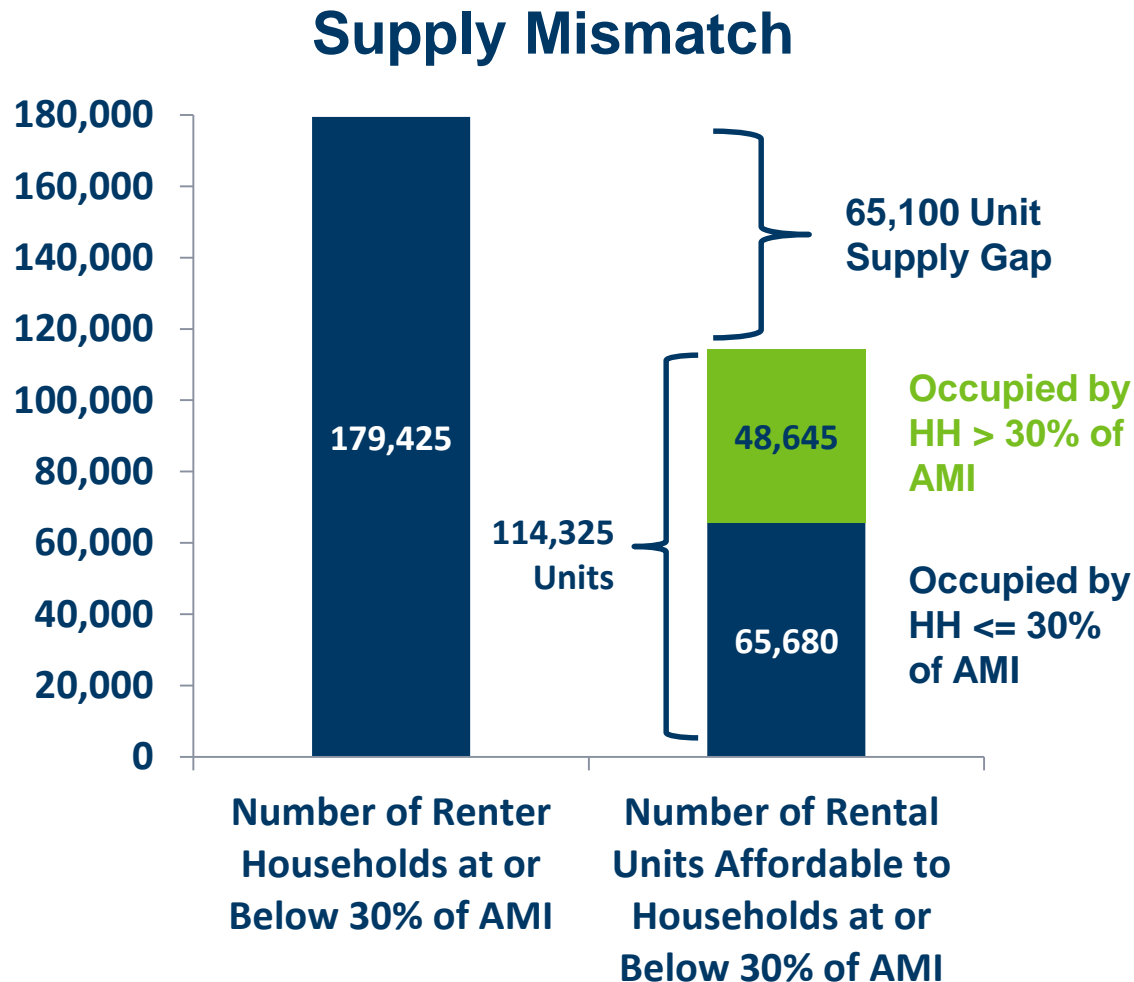
NOTE: Adjusted for inflation – 2017\$

Source: Census Bureau, 2000 Decennial Census and American Community Survey (2001-2017)

Context for 2019: 30% of Area Median Income (AMI)

Household Size	30% AMI Metro Area
1 person	\$21,000
2 people	\$24,000
3 people	\$27,000
4 people	\$30,000
5 people	\$32,400
6 people	\$34,800

In MN, the Greatest Need for Rental Housing is for Households with Incomes $\leq 30\%$ of AMI

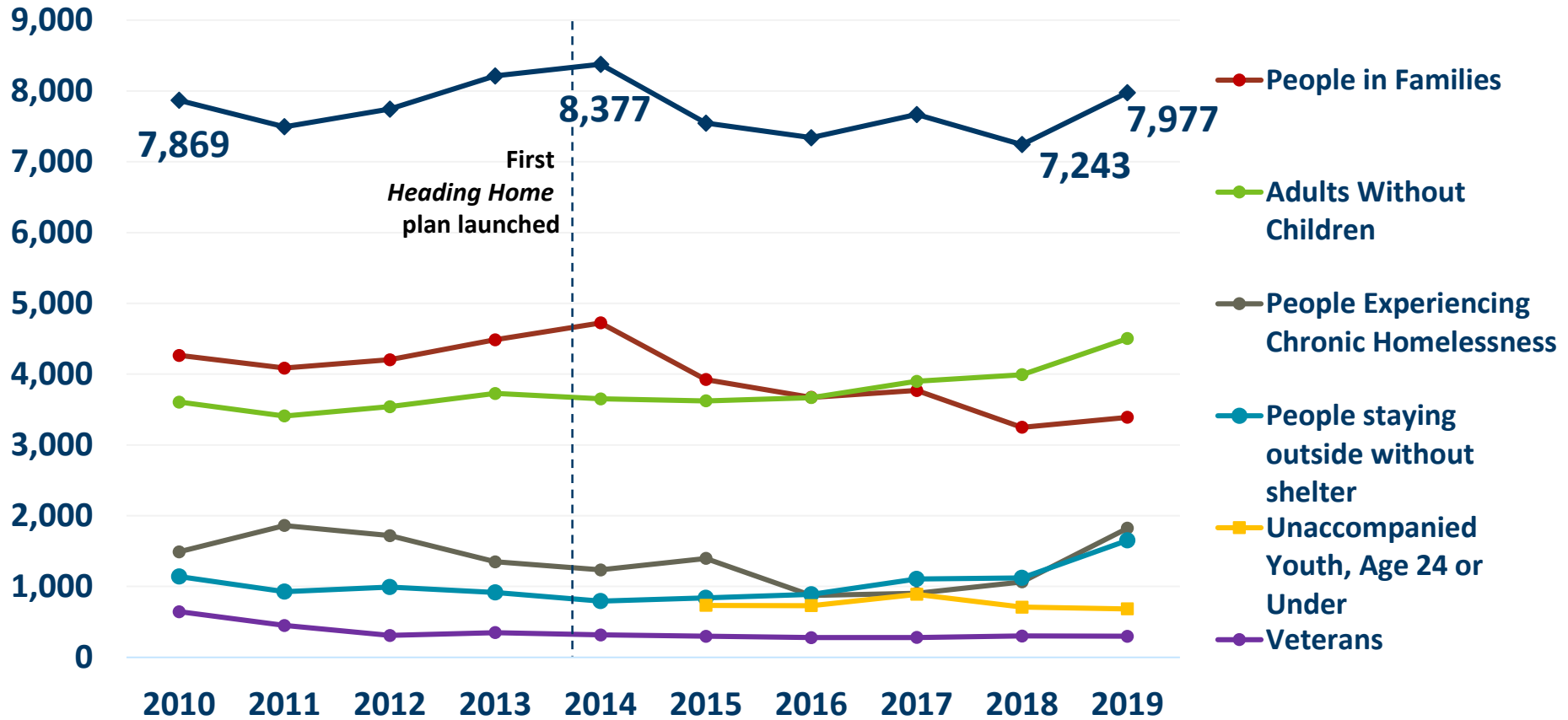


Renter Households with Incomes $\leq 30\%$ of AMI

- 77% are cost burdened and 59% are severely
- They account for:
 - 30% of all renter households
 - 53% of cost-burdened renter households
 - 79% of severely cost burdened renter households

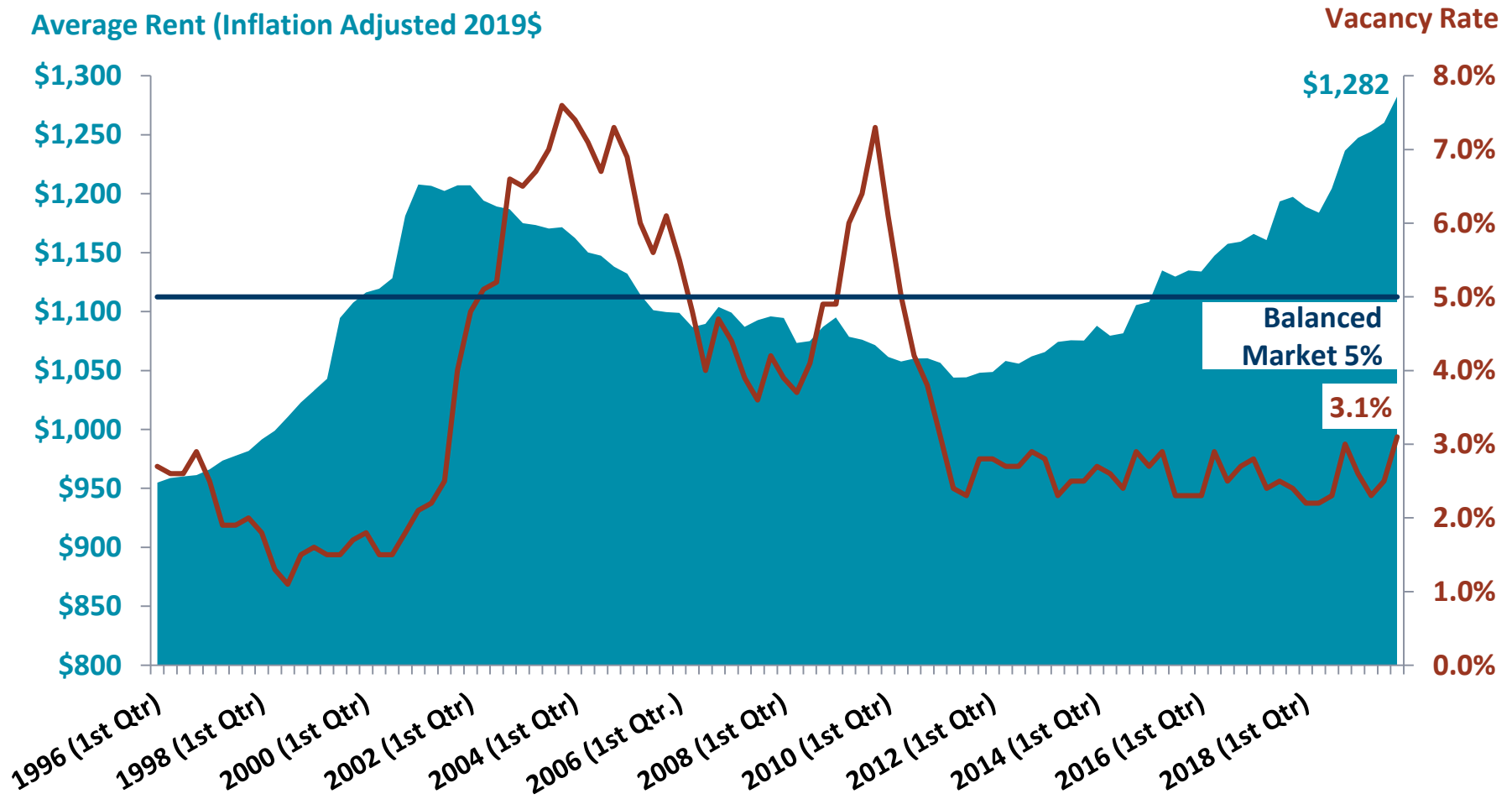
MN has Struggled to Reduce the Number of People Experiencing Homelessness

Minnesota Point-in-Time Count, 2010 - 2019



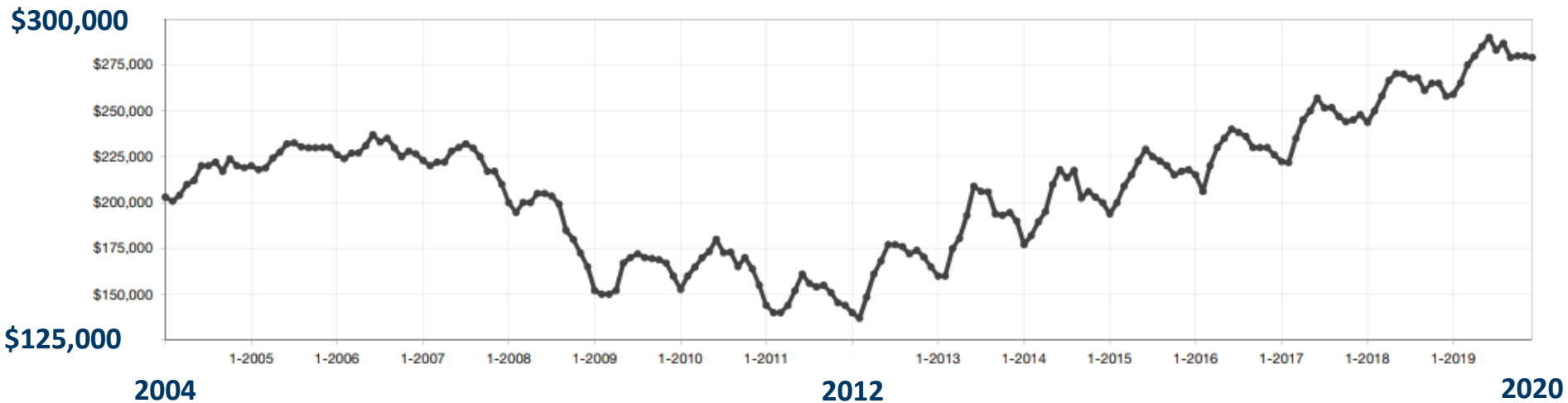
Source: HUD Point-in-Time counts

Twin Cities Metro: Rents Rising with Vacancy Rate Below 5%



Source: Minnesota Housing analysis of data from Marquette Advisors' Apartment Trends

Twin Cities Metro: Median Home Sale Prices Increasing Since 2011



Note: Not adjusted for inflation

Source: Minneapolis Area REALTORS®, *Monthly Indicators (December 2019)*.

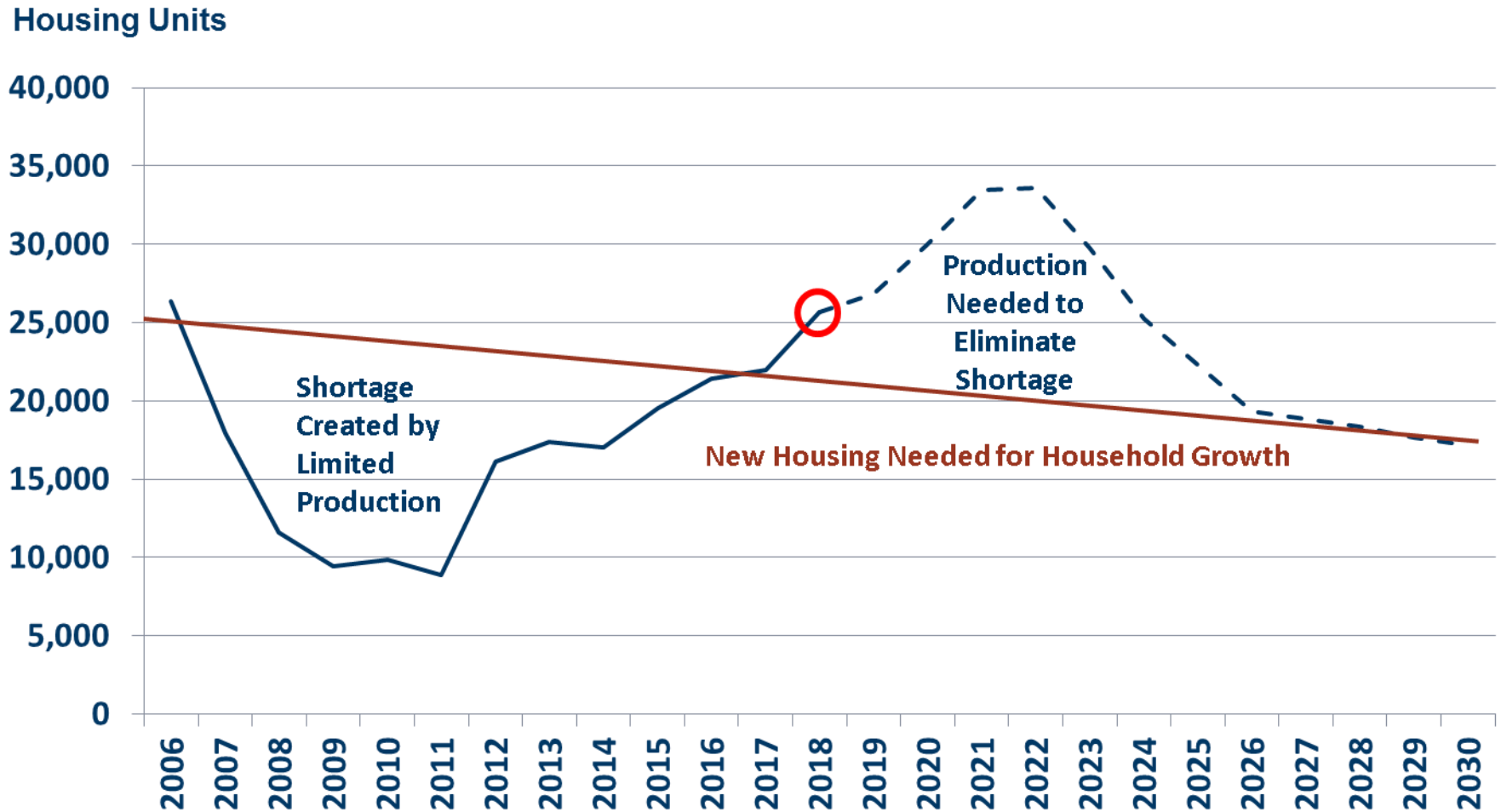
TC Metro: Months Supply of Homes for Sale – Well Below 5 Months in Recent Years



TC Metro (16 County): Months Supply of Homes for Sale Under \$250,000 – Very Tight Market

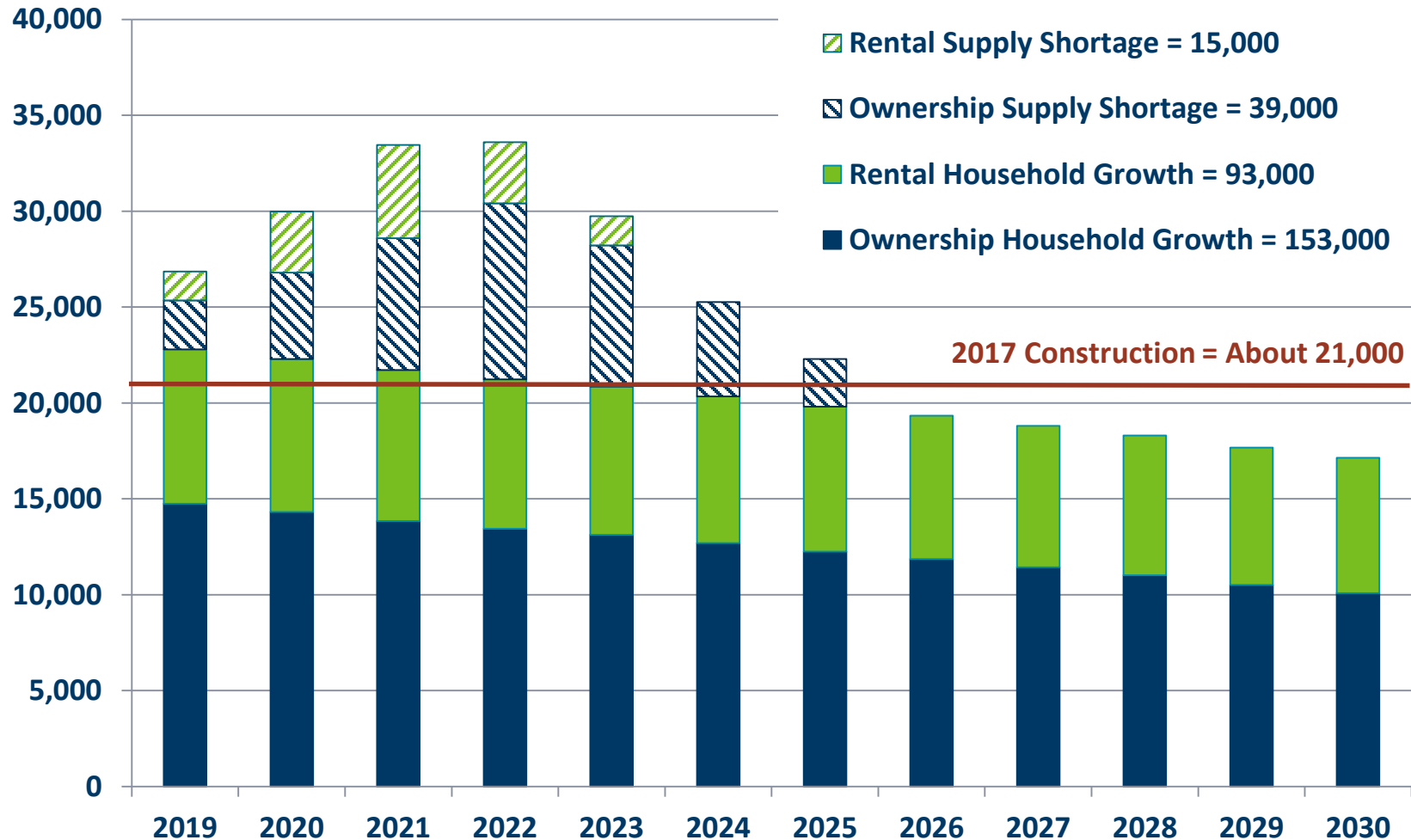
Year	Inventory - Number of Homes (June)	Months Supply (June)
2013	9,378	3.2
2014	9,413	3.5
2015	8,004	2.9
2016	6,107	2.1
2017	4,401	1.6
2018	3,156	1.4
2019	2,824	1.4

Housing Production in Minnesota: Historical and Projected Need



Minnesota Needs 300,000 New Housing Units of All Types and Price Points by 2030

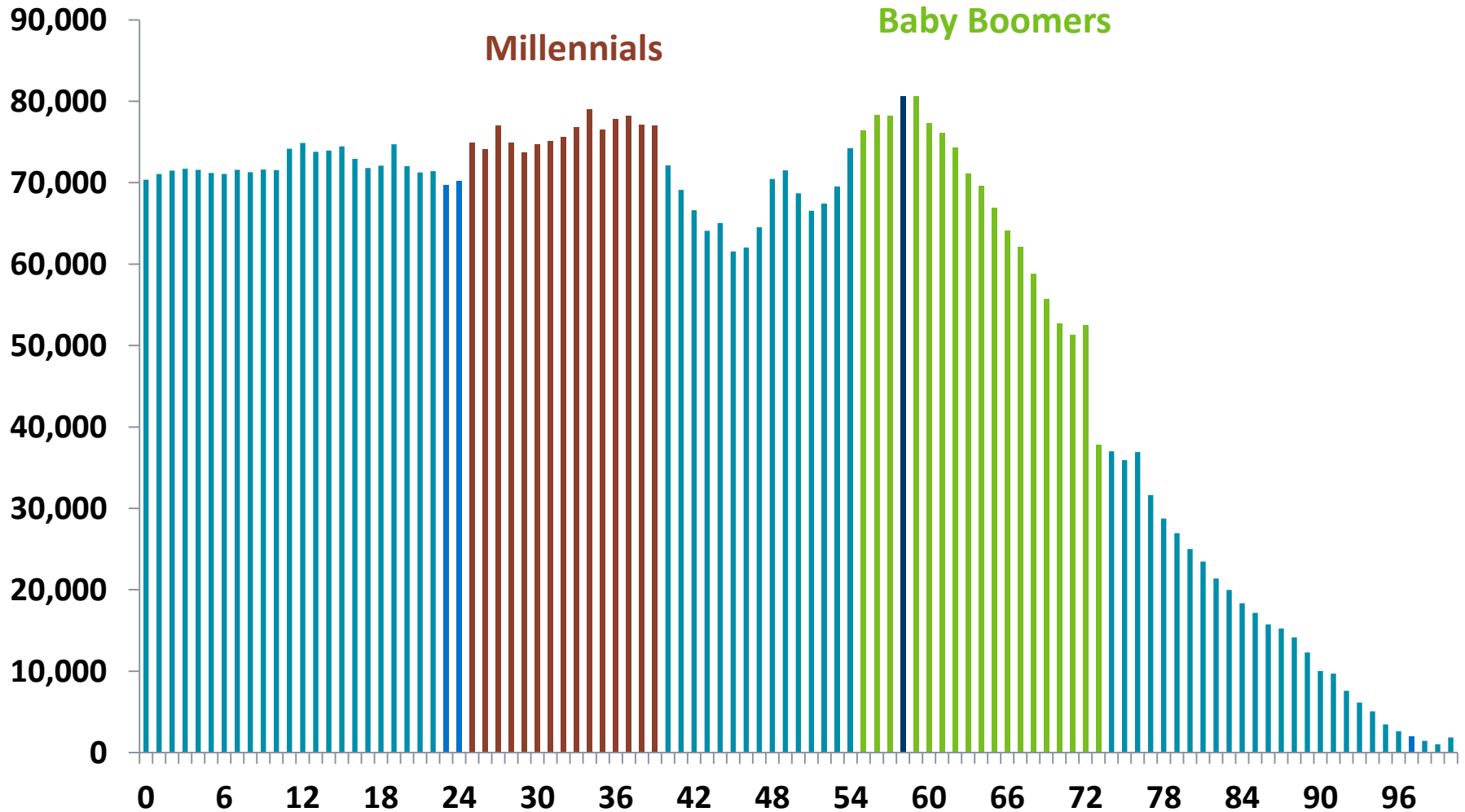
Housing Units



Preserving Affordable Housing, Including Naturally Occurring is Also Important

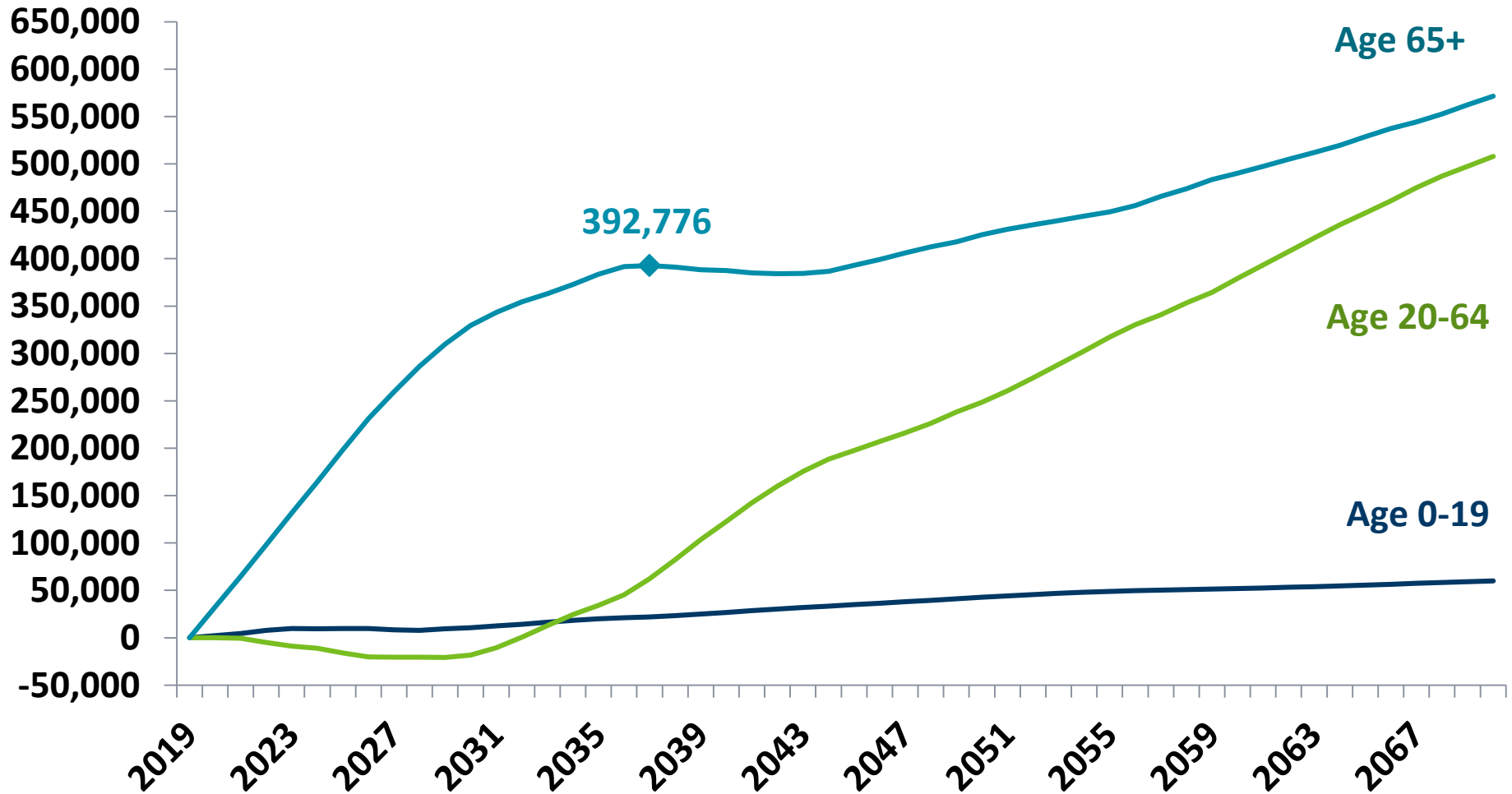
- In total, Minnesota has roughly 350,000 rental units that are affordable to households with incomes at or below 50% of AMI
- Of those:
 - About 56,000 have federal rent subsidies (including public housing)
 - Another 60,000 are affordable through other income or rent restrictions (including Low-Income Housing Tax Credit units)
 - Roughly 230,000 are naturally affordable , which are typically affordable because they are dated, lack modern amenities, and/or need repairs or rehabilitation.
 - **Annually, MN is losing about 2,000 naturally occurring affordable housing (NOAH) rental units when they are sold, rehabilitated, and have the rents increased.**

MN: 2019 Population by Age – Baby Boomers are a Big Group



Source: Minnesota Housing analysis of data from Minnesota Demographer's Office.

MN: Change in Population from 2019 Levels by Age – Significantly More Seniors in Future

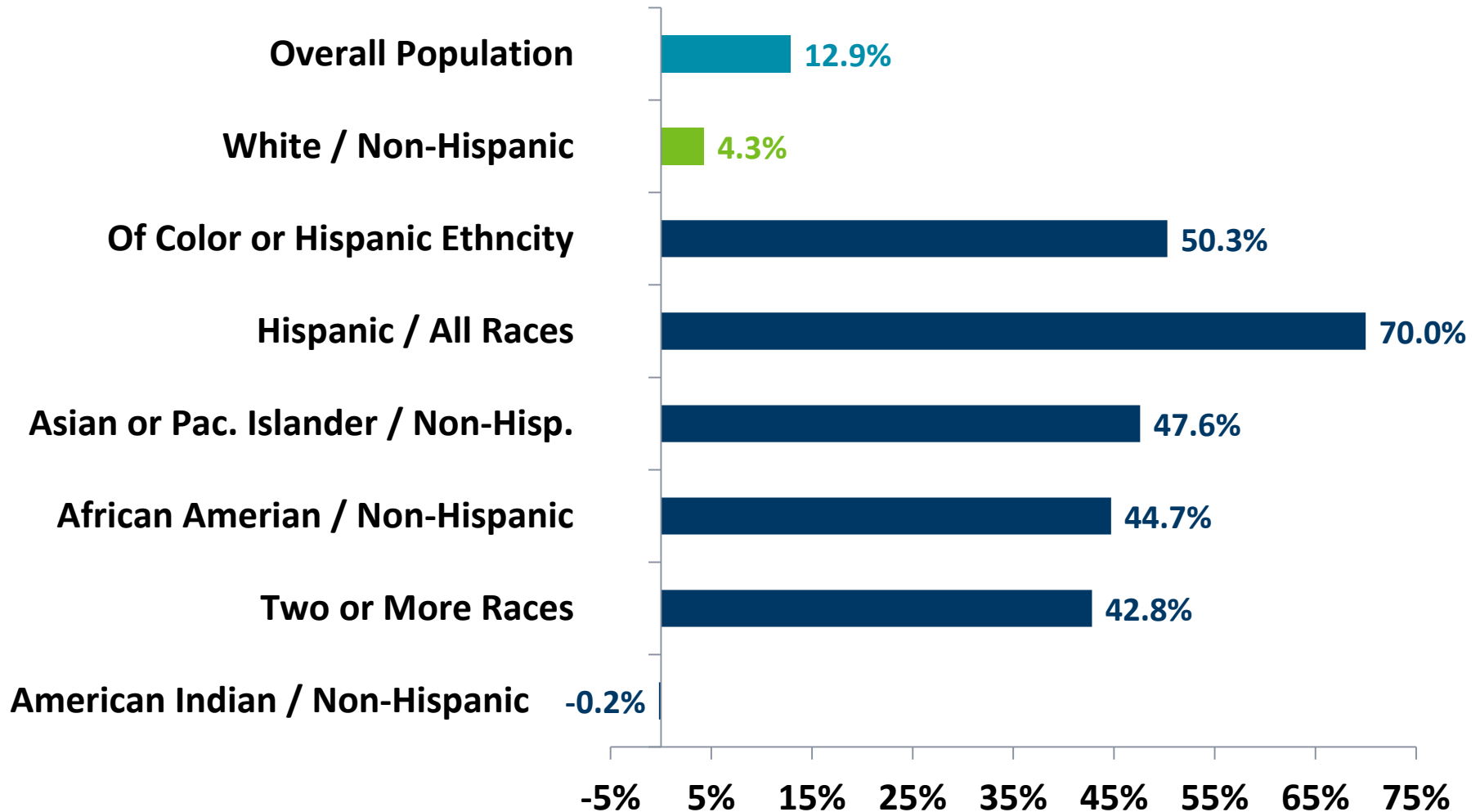


Source: Minnesota Housing analysis of data from Minnesota Demographer's Office.

Millennials: Owning vs. Renting

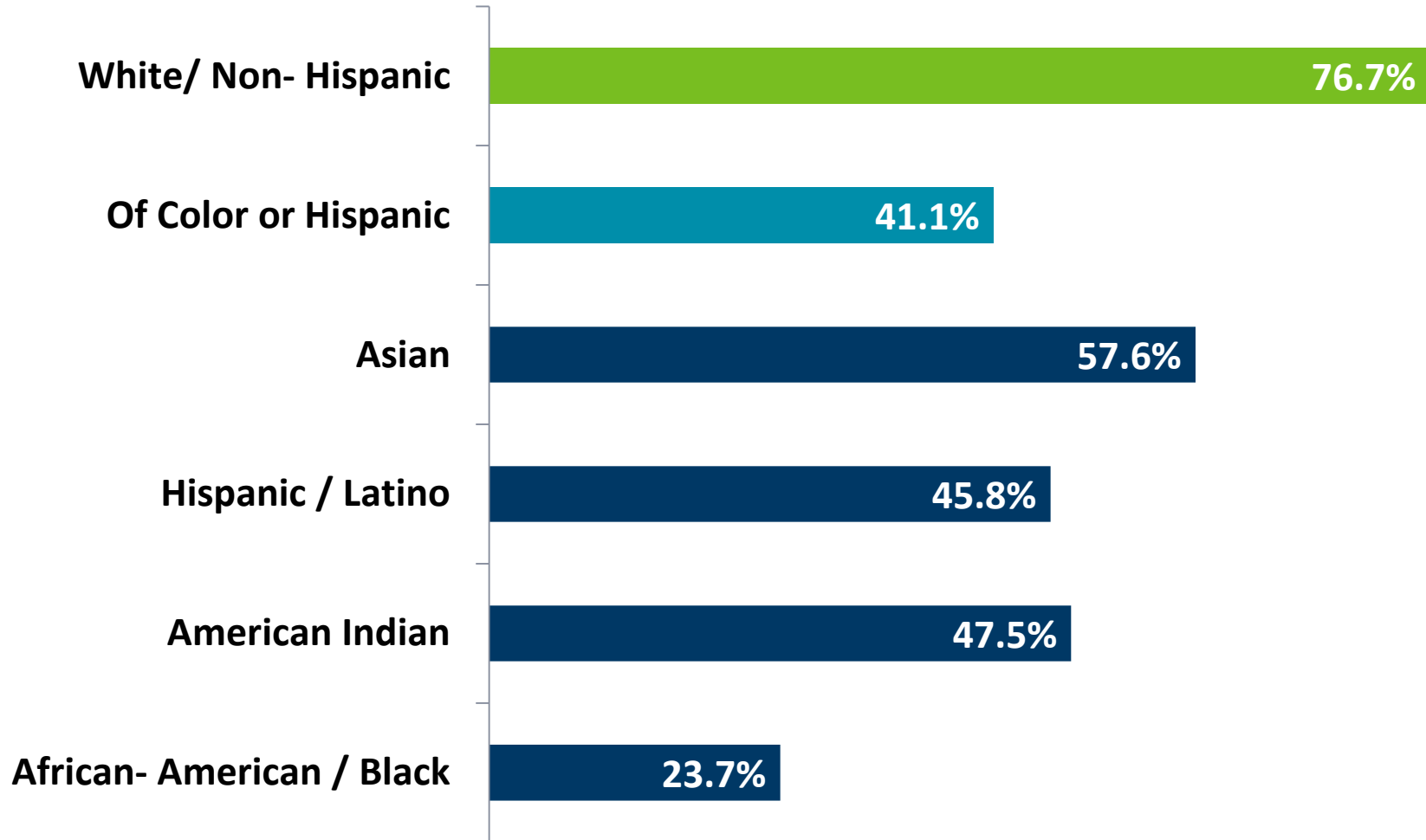
- More Owning:
 - The Millennial generation is larger than Generation X, and moving into the home buying phase of life (ages 25 to 44)
 - Millennials have expressed an interest in eventually owning – similar to older generations
- More Renting:
 - People may be still be cautious about homeownership after the housing crisis
 - Millennials are likely to change jobs and locations – and not be tied down by homeownership (for now)
 - Increasing levels of student debt

Minnesota Population Growth 2015-2035 – Becoming Much More Racially Diverse



Source: Minnesota State Demographic Center, *Minnesota Population Projections by Race and Hispanic Origin, 2005 to 2035* (January 2009).

MN: Homeownership Rates by Race (2018) – Disparity for African Americans is Dramatic

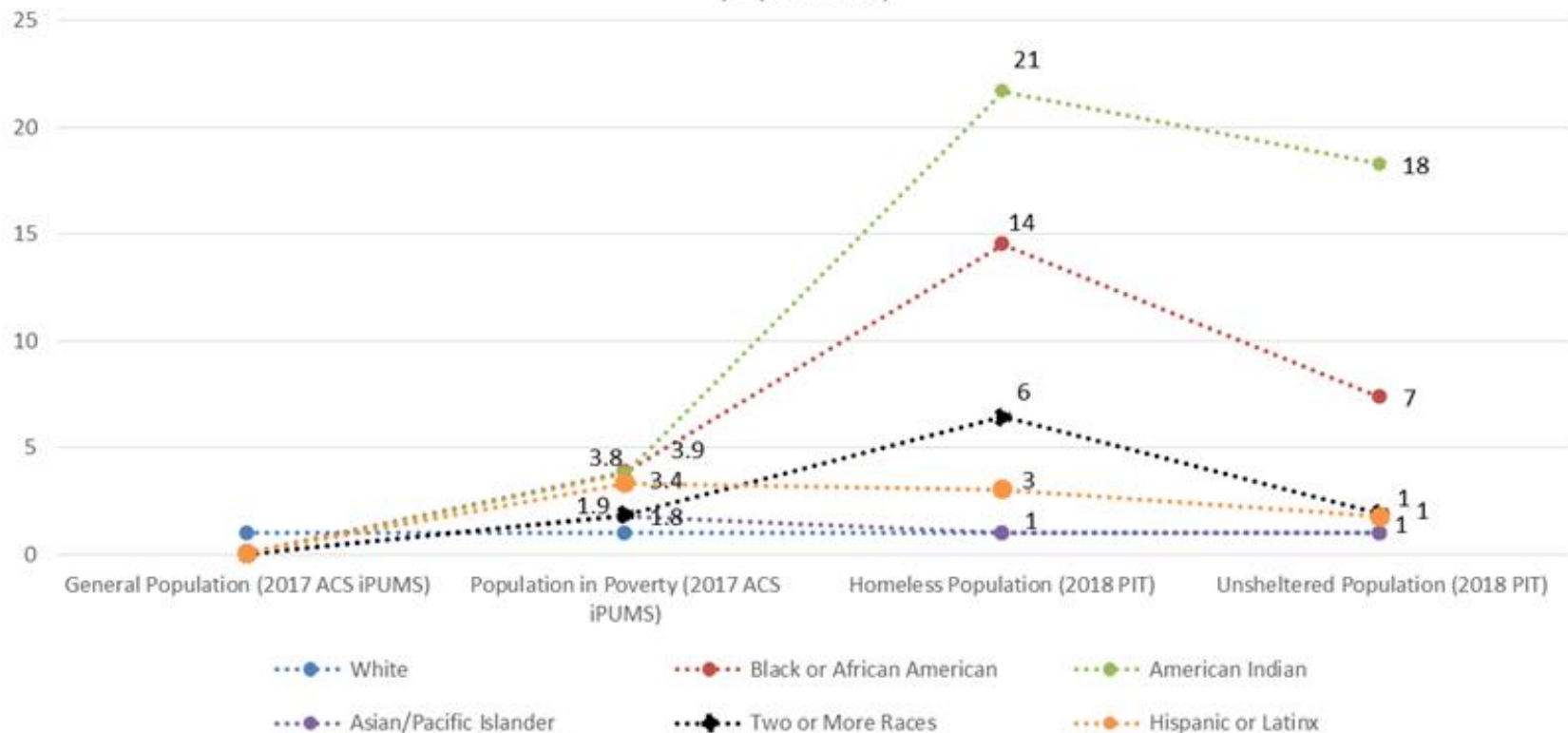


Source: Census Bureau, 2018 American Community Survey

Disparities in Housing and Economic Instability – A Critical Issue that Needs to be Addressed

Proportional Representation of Race and Ethnic Populations Compared to White Populations*

(population is at least ____ times as likely to be homeless as white, non-hispanic population)



*Best estimates based on available data. Minnesota Housing tabulation of data from the U.S. Census Bureau's American Community Survey (2017 1-year sample, iPUMS microdata).

For More Information

Contact:

John Patterson

Director of Planning, Research & Evaluation

Minnesota Housing

john.patterson@state.mn.us

(651) 296-0763

The Work of Minnesota Housing

Kasey Kier & James Lehnhoff | Assistant Commissioners

2019 – Year in Review

68,900 households served

- **20,806** homebuyer education, counseling or coaching
- **5,105** home mortgages
- **1,475** new or rehabbed Single Family homes
- **41,421** renter households received assistance
- **3,215** new, rehabbed, or refinanced rental units

Total investment of more than \$1.4 billion

2020-2022 Strategic Plan

- *Go Big So Everyone Can Go Home*
- Strategic Objectives
 - Improve the Housing System
 - Preserve and Create Housing Opportunities
 - Make Homeownership More Accessible
 - Support People Needing Services
 - Strengthen Communities



Single Family Homeownership Resources

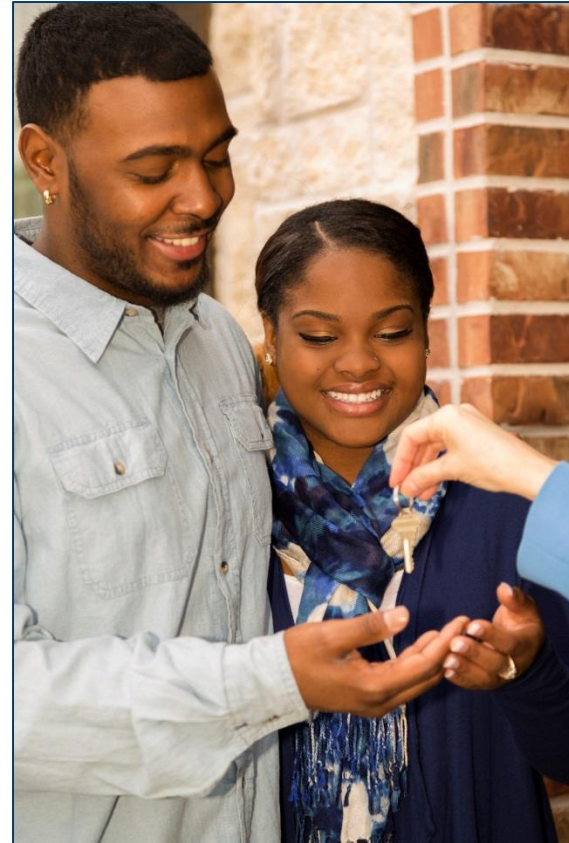
Minnesota Housing Single Family Resources

- Mortgage and Downpayment Loan Programs
- Homeownership Education and Counseling
- Home Improvement/Rehab Loans
- Community Homeownership Impact Fund



Home Mortgage Programs

- **Affordable, low interest first mortgages**
 - StartUp and Step Up
- **Down payment and closing cost loans**
 - Deferred Payment Loan
 - Deferred Payment Loan Plus
 - Monthly Payment Loan



BIG BOLD GOAL of Serving Households of Color 35%

Start Up Twin Cities Metro
1-2 person household income
limit

\$100,000

Start Up Twin Cities Metro
3+ person household
income limit

\$115,000

Step Up Twin Cities Metro
income limit

\$149,500



**Today's
median
sales price**

**Statewide
\$254,000**

**7 Co. Metro
\$288,000**



**Start Up & Step Up
Purchase Price
Limit**

Minnesota Housing 11-County
Twin Cities Metro Area

\$330,100



Homeownership Education Counseling & Coaching

Homeownership Capacity – Minnesota Housing

What? We strive to increase the probability of successful homeownership and household stability.

How? Through intensive financial empowerment and homeowner training.

Who? We collaborate with organizations that work closely with low-income renters and households of color who have the goal of homeownership.

- **Homebuyer Education and Counseling:**

- Framework – online course
- Homestretch – in person education
- Homebuyer Counseling & Financial Wellness





DO I NEED TO MAKE A 20% DOWN PAYMENT?

You don't need a big down payment to buy a home! In fact, sometimes the down payment can be less than a rental deposit.

Get Ready. Be Ready!



HOMEOWNERSHIP IN REACH

Get Ready. Be Ready!



DO I MAKE ENOUGH MONEY?

Depending on where you want to live, homeownership can be more affordable than paying rent.

Get Ready. Be Ready!



IS MY CREDIT SCORE GOOD ENOUGH?

We can connect you to a trusted advisor that can help you clean up, repair or build your credit before applying for a loan.

Get Ready. Be Ready!



YOU'RE NOT ALONE.

"Whatever it takes, whenever you need us. There's always someone you can call for help."

- Henry Rucker, Homeownership Advisor at PPL





Home Improvement/Rehab

Fix Up Program Overview

- Affordable, fixed interest rates with loans up to \$50,000
- Higher loan-to-value ratio on secured loans
- Unsecured loans up to \$15,000



Fix Up Income Limits – 11 County Metro

Unsecured Loan	Secured Loan	Secured Energy/ Accessibility Loan	Unsecured Energy Loan*
\$149,500	\$149,500	No income limit	No income limit

*Loan up to \$15,000 with 3.125% interest rate for basic energy conservation improvements.

Community Fix Up

How Can You Partner?

- Lender and Community Partner
- Meet unmet community need
- Leveraged Funds
- Value Added Incentives or Services



Rehab/Emergency Loan Program

- Up to \$27,000
- 0% deferred, forgivable
- Health, safety, accessibility, energy efficiency improvements
- 30% MSP AMI – adjusted for household size



Community Homeownership Impact Fund Consolidated RFP

Community Homeownership Impact Fund

Eligible Use of Funds

- Acquisition, rehabilitation and resale of existing housing
- Owner-occupied rehabilitation
- New construction, including demolition or removal of existing structures with rebuild
- Stand-alone affordability gap/downpayment assistance
- Interest rate reduction on a Minnesota Housing Community Fix Up Initiative
- Tribal Indian Housing Program

Community Ownership Impact Fund

Eligible Applicants

- Local governments
- For-profit organizations
- Nonprofit organizations
- Indian tribes or tribal housing corporations
- Joint powers boards

Income Limit: Up to 115% AMI

Community Ownership Impact Fund

Types of Funds Available

- Interim financing
- Deferred loans
- Grants

Funding Priorities



- Project Feasibility
- Community Need
- Organization Capacity
- Leverage and Cost Containment
- Long Term Affordability
- Underserved Populations
- Location Efficiency
- Community Recovery

Funding Priorities: Ways Local Government Can Partner

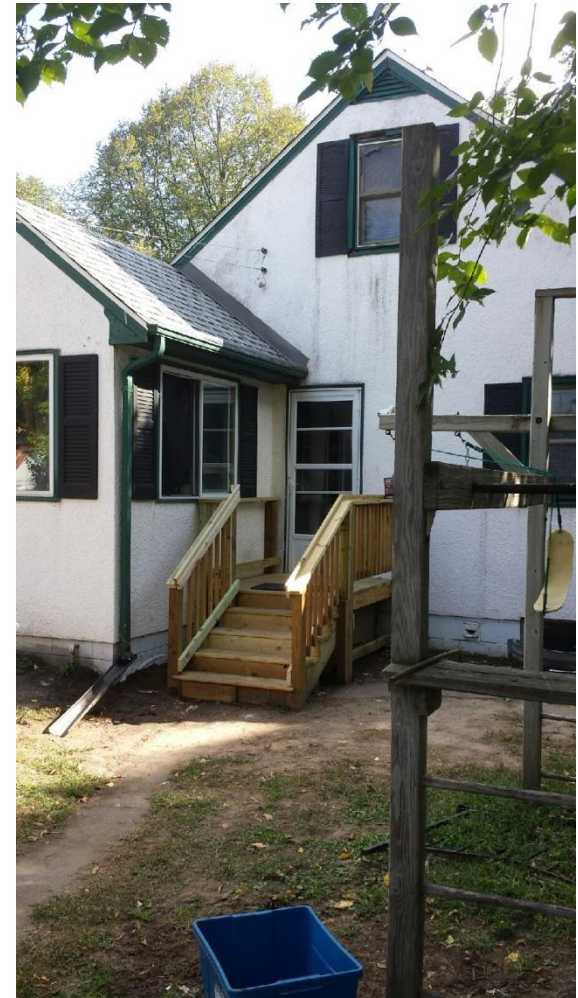
- Cooperatively Developed Plan
- Provide leverage
- Provide Regulatory Incentives
- Efficient Land Use



Hennepin County Housing & Redevelopment Authority



Rebuilding Together – Owner Occupied Rehab



WHAHLT - A Place to Land



Carver County CDA Waconia Townhome Project



Twin Cities Habitat for Humanity

Scattered Site Acquisition-Rehab and New Construction

Fred and Brigitte



Date

Single Family RFP Timeline

April

Application Released

June

RFP Proposals Due

November

Funding Recommendations to the Board

Manufactured Housing Redevelopment Program

- \$2 Million appropriation
- Manufactured Housing Infrastructure or Acquisition of Manufactured Home Parks
- Grants
- Affordability restrictions for 25 years
- RFP expected for later this spring/summer
- Selections by the end of the year

Single Family Division Contacts

Community Homeownership Impact Fund

Technical Assistance

Email: impact.fund.mhfa@state.mn.us

Rehab/Emergency Loan Program

Tonya Taylor

Phone number: 651-296.8844

Email: tonya.taylor@state.mn.us

Mortgage and Down Payment Assistance

Questions? Contact:

Phone number: 800-710-8871

Email: mnhousing.solution@state.mn.us

Manufactured Housing Program Manager

Annie Reiersen

Phone number: 651.296.3495

Email: annie.reiersen@state.mn.us

Enhanced Financial Homeownership

Capacity: Ruth Dubose

Email: ruth.dubose@state.mn.us

Assistant Commissioner

Kasey Kier

Phone number: 651.297.3197

Email: kasey.kier@state.mn.us

Homeownership Education, Counseling and Training (HECAT): Que Vang

Email: que.vang@state.mn.us



Multifamily Resources

James Lehnhoff | Assistant Commissioner

Multifamily Division

New Housing
Production &
Preservation

Asset
Management
&
Compliance

Housing
Stability
Programs

Multifamily Division Production & Preservation

New Housing
Production &
Preservation

Asset
Management &
Compliance

Housing Stability
Programs

↓

Capital Funding for Preservation, Workforce Housing, Senior Housing, Permanent Supportive Housing:

- Low-income Housing Tax Credits (LIHTC)
- Deferred Loans (i.e. Challenge, Housing Infrastructure Bonds)
- First Mortgages
- Asset Management Loans
- Publicly Owned Housing Program (POHP)
- Technical Assistance

Multifamily Division

Asset Management & Compliance

New Housing
Production &
Preservation

Asset
Management &
Compliance

Housing Stability
Programs

Long-term quality and performance:

- Performance Based Contract Administration (PBCA)
- Traditional Section 8 Contract Administration (TCA)
- Compliance Monitoring (LIHTC, HOME, Deferred Loans)
- Inspections

Multifamily Division Housing Stability

New Housing
Production &
Preservation

Asset
Management &
Compliance

Housing Stability
Programs



- Family Homeless Prevention and Assistant Program (FHPAP)
- Bridges
- Homework Starts with Home
- State Housing Trust Funds (HTF) Rental Assistance
- Permanent Supportive Housing Technical Assistance

Multifamily Consolidated RFP Overview

Overview of the Consolidated Request for Proposals (RFP)

- Annual process
- One application – multiple resources
 - Minnesota Housing resources: housing tax credits, Housing Infrastructure Bonds, other deferred loans, amortizing loans
 - Funding partner resources: deferred loans
- Streamlined application review process
- [Application resources web page](#), Multifamily Application Instructions

Multifamily Consolidated RFP Project Types and Activities

Project Types

- Workforce housing
- Permanent supportive housing
- Preservation
- Senior housing

Eligible Activities

- New construction; acquisition (land or structures); rehabilitation; adaptive reuse/conversion; preservation; demolition

Eligible Financing Activities

- Construction financing; permanent financing



Multifamily Consolidated RFP

9% Housing Tax Credits

Minnesota Housing's 9% HTC Allocation

- Annually, ~12 to 16 projects with 700 to 900 units state-wide
- Estimated that this activity generates over \$100 million in private investment from the sale of HTCs to investors
- Projects with total development costs (TDC) of \$166 million



HTC Suballocators

- Minneapolis; St. Paul; Dakota County; Washington County

Qualified allocation Plan (QAP)

Highly Competitive!

Multifamily Consolidated RFP

Additional Funding Resources

Federal Resources

- 4% Low-income Housing Tax Credits & Tax Exempt Volume Cap Bonds
- HOME
- National Housing Trust Funds

State Appropriations/Bonding

- Economic Development and Housing Challenge (EDHC)
- Preservation Affordable Rental Investment Fund (PARIF)
- Housing Infrastructure Bonds (HIBs)

Multifamily Consolidated RFP Housing Infrastructure Bonds

HIB Investment to Date (MF)

- Since 2012
 - \$306 million total investment
 - 3,724 units created or preserved
- Awarded in 2019
 - \$116 million total investment
 - 1,096 units created or preserved



Proposed 2020 Bonding Bill – \$200 million

Eligible Uses: Permanent supportive housing; behavioral health; preservation; seniors

Multifamily Consolidated RFP General Timeline

The annual Multifamily Consolidated RFP generally follows the same timeline each year:

- January through April: Technical assistance (TA)
- April: Publication of application materials
- May: Intent to Apply
- June: Applications due
- November: Board selections

Multifamily Consolidated RFP Competitive Applications

- Self-scoring worksheet
- Considers:
 - Deeper affordability
 - Longer term affordability
 - Local contributions
 - Greater numbers of multi-bedroom units
 - Access to transit/
walkability
 - Economic Integration
 - Community development initiatives
 - Serving households that have experienced homelessness
 - Serving people with disabilities
 - Preservation of federal rental assistance
 - Cost

Role of the Community

- Clarity
- Zoning
- Local Contributions (i.e. land banking, TIF, tax abatement, fee reduction)
- Housing Study
- Advocacy

Multifamily Funding Priorities Review

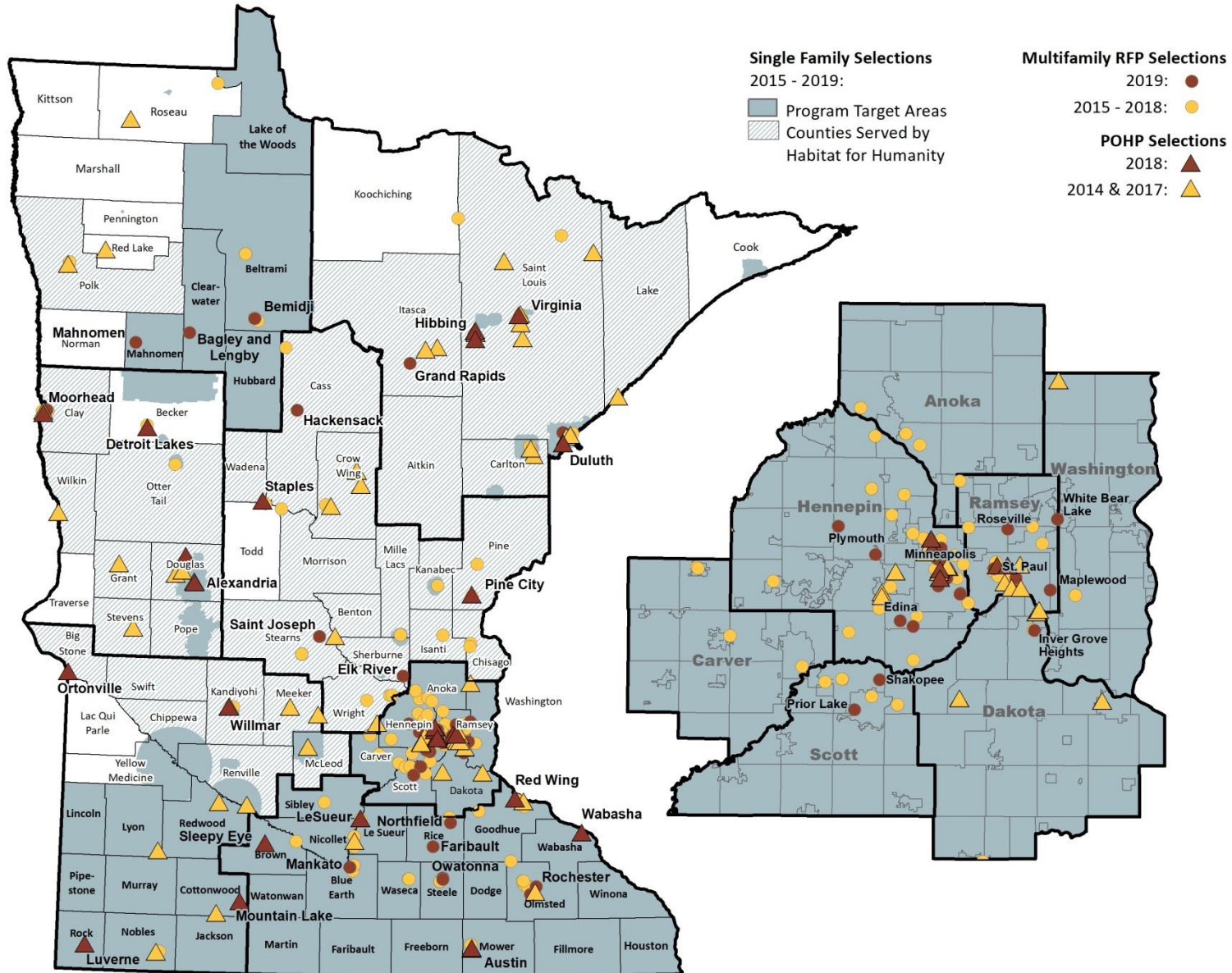
- Annual Consolidated RFP Funding Priorities:
 - Scoring process that determines how to allocate state and federal resources for workforce housing, preservation, permanent supportive housing, senior housing, etc.
 - Qualified Allocation Plan (QAP) – Directs Low Income Housing Tax Credit (LIHTC) Resources
 - Deferred Loan Resources – “gap” financing
- Requesting feedback for developing priorities!
 - Submitted comments to: htc.mhfa@state.mn.us

Publicly Owned Housing Program (POHP)

- Established in 2005
- General Obligation Bond funded
- Rehabilitate and preserve public housing units
- 20-year deferred loans with 35-year compliance period
- Priority projects:
 - Health and safety
 - Energy and water efficiency
 - Accessibility
 - Critical needs



Recent Consolidated RFP & POHP Awards



Multifamily Division Contacts

Multifamily Funding Programs

Devon Pohlman

Phone number: 651.296.8255

Email: devon.pohlman@state.mn.us

Technical Assistance

Anne Heitlinger

Phone number: 651-296.9841

Email: anne.heitlinger@state.mn.us

Compliance

Renee Dickinson

Phone number: 651.296.9491

Email: renee.dickinson@state.mn.us

Asset Management

Ashley Oliver

Phone number: 651.284.3173

Email: ashley.oliver@state.mn.us

Housing Stability Programs

Joel Salzer

Phone number: 651.296.9828

Email: joel.salzer@state.mn.us

Assistant Commissioner

James Lehnhoff

Phone number: 651.296.3028

Email: james.lehnhoff@state.mn.us

Questions?



Resources



GO BIG SO EVERYONE CAN GO HOME

2020-2022 STRATEGIC PLAN



Minnesota Housing has released its new Strategic Plan

Learn about our priorities and objectives for 2020-2022



Homebuyers & Homeowners



- Buy or Refinance a Home
- Downpayments
- Improve Your Home
- Interest Rates
- Find a Lender
- Foreclosure Prevention

Help with Housing & Rent Assistance



- Need help finding or paying for rental housing?

Lenders & Homeownership Partners



- Homeownership
- Home Improvement
- Real Estate Agents
- Community Development
- Loan Pricing
- Commitments

Multifamily Rental Partners



- Apply for Funding
- Post-Selection
- Management, Compliance & Servicing
- Grant Programs
- Ending Homelessness
- Section 8

Minnesota Housing eNews

- Stay up to date on new resources and program changes
- Sign up for trainings and events
- Manage your account on our website

Minnesota Housing Loan Programs

eNews

HOMEOWNERSHIP



Upcoming Loan-to-Value Webinar and U.S. Bank MRBP Training

Loan-to-Value Webinar with Minnesota Housing & MGIC

Join Minnesota Housing and Mortgage Insurance partner MGIC for a Webinar on **Thursday, September 5 at 9 a.m.**

Learn how MGIC streamlined Mortgage Insurance and Minnesota Housing can increase your purchase business.

Fannie Mae recently announced a reduction to the maximum loan-to-value (LTV) on new loan originations to 95%; however Fannie Mae loans delivered to Minnesota Housing under the HFA Preferred Program **continue to be eligible for 97% LTV**. Plus, MGIC's Go! affordability+ program makes this process easy.

Join us as we examine:

- Minnesota Housing loan programs available to you
- How MGIC Go! affordability+ simplifies your process
- A comparison of the 97% LTV with Minnesota Housing to FHA
- Why potential homebuyers shouldn't wait if they are thinking of buying



Questions?

Contact the Partner Solutions Team:

mnhousing.solution@state.mn.us
or 651.296.8215/800.710.8871

Monday-Friday
7:30 a.m.-5:00 p.m.

Upcoming Events

September 17-18



Questions?

Contact Us!

Kasey Kier

651.297.3137

kasey.kier@state.mn.us

James Lehnhoff

651.296.3028

james.lehnhoff@state.mn.us

400 Wabasha Street N, Suite 400 St. Paul, MN 55102

651.296.8215 | 800.710.8871 | TTY 651.297.2361 | mnhousing.gov

Breakout Discussion

Policy Priorities

1. Align government incentives for populations not adequately served by the current rental market.
2. Prioritize communities most impacted by housing instability and housing disparities (including large family sizes).
3. Create economic opportunities for communities that have not traditionally had access to housing development work.
4. The role of geography in helping to drive funding decisions around housing investment throughout the state.
5. How to prioritize ending homelessness and the role of coordinated entry.
6. How best to advance energy efficiency and building innovation in rental housing while ensuring cost reasonableness.
7. How best to achieve deeper and longer-term affordability.
8. Two Year QAP

Report Back