

Homeownership Capacity Background and Goals

The Enhanced Financial Capacity Homeownership Initiative (Homeownership Capacity) is a pilot initiative targeted to low-income renters and emerging market households (i.e., households of color or Hispanic ethnicity) to increase successful homeownership in Minnesota.

Households of color or Hispanic ethnicity are an increasing share of the state's population. The foreclosure crisis disproportionately impacted them, their homeownership rate declined significantly since 2008 and they struggle to access the mortgage market. As of 2014, Minnesota's homeownership disparity (the homeownership rate differential between white/non-Hispanic and underserved households) was the third highest in the nation.

The services available under Homeownership Capacity will be provided through collaborative efforts with organizations that work closely with and/or provide outreach to low-income renters and households of color or Hispanic ethnicity populations. Homeownership Capacity supplements the traditional homeowner training provided by the Homeownership Advisors Network, coordinated by the Minnesota Homeownership Center. As part of this effort, Minnesota Housing will work with designated organizations to increase the probability of successful homeownership and household stability through intensive financial empowerment and homeowner training.

Funds Available

The Agency allocated \$750,000 under the 2018 Affordable Housing Plan.

Program Delivery**Eligible Clients**

Upon initial client intake as described by providers, Homeownership Capacity clients include the following:

- Households that have expressed an interest in obtaining homeownership or improving their homeownership situation as a primary household goal, have demonstrable barriers to achieving homeownership and a likely path to addressing such barriers. (Generally it is anticipated that households served will address barriers within three years of working with Homeownership Capacity provider.)
- Households that have adequate income needed to support homeownership or will achieve adequate income through the support of Homeownership Capacity services.
- Households willing to make a commitment to working with a Homeownership Capacity provider in a timeframe agreed upon by the client and provider to increase household financial empowerment and the probability of successful homeownership through both financial education and coaching:
 - **Financial education.** Applicants will be asked to submit topics included in their financial education as well as items covered within each of those topics. May be offered in person, by phone, or online. See following bullet for further details.

- **Education and one-on-one coaching with a focus on behavioral change.** Must be available to clients in person or by phone. One-on-one services must be a requirement for all clients receiving Homeownership Capacity services under the Homeownership Capacity program. Topics should include, but are not limited to:
 - Asset building
 - Savings, including emergency savings
 - Retirement plans
 - Homeownership
 - Higher education
 - Credit report education
 - How to read a credit report
 - How to repair items on a credit report
 - How to re-build credit
 - Development of spending plans, including discussion of financial best practices and pitfalls
 - Importance of filing taxes
 - Overdrafts
 - Payday loans
 - Auto loans
 - Prepaid cards
 - Mobile payments
 - Credit cards
 - Insurance (car, life, health, etc.)
 - Consumer protection training and education
 - Services offered by banks and credit unions
 - Predatory financial scams
 - How to address identity theft
 - Ways to protect identity
 - Other financial empowerment services could include the following, as applicable:
 - Workforce development
 - Technology training
 - Entrepreneurship opportunities
 - Career development
 - Educational opportunities
 - Community responsibility of homeowners
- **Post purchase services.** Must include both educational opportunities specific to post purchase (i.e., home maintenance basics, home insurance coverage, etc.) as well as continued one-on-one coaching services. Must be available to clients in person or by phone.
- Households which agree to take comprehensive homebuyer education services (i.e., Home Stretch, Framework, Realizing the American Dream, Pathways).

Eligible Use of Funds

The Homeownership Capacity funds may be used if a minimum of the following can be demonstrated as part of the client file:

- Clients that are determined to be eligible to be served under this program (see Eligible Clients above);
- Pre- and post-purchase financial education and coaching services;
- Use of financial empowerment principles and curriculum approved by Minnesota Housing which includes, but is not limited to, topics specified above;
- Referral to a comprehensive homebuyer education service once client is ready for home purchase;
- Completion of client check-ins as specified under program requirements.

Homeownership Capacity funds may be used for costs associated with Homeownership Capacity services including:

- Salaries for those providing Homeownership Capacity services or in a program support or oversight role
- Credit reports
- Rent for classroom to provide financial education
- Marketing materials
- Education materials
- Staff training

The use of these funds must be tracked separately on a general ledger which is reviewed during the program year.

Note: Organizations that provide “other financial empowerment sources” described herein may not rely on Homeownership Capacity as their sole source of funding. Funds also cannot be used for direct borrower compensation or financial incentives.

Program Application

The program application materials will require applicants to propose working with a specified and reasonable number of clients. See the 2018 Enhanced Financial Capacity Homeownership Initiative Application Instructions for further details.

Grant Agreements

Funds for the eligible activities listed in this Program Concept will be made available for a period of 12 months from October 1, 2018 – September 31, 2019. Homeownership Capacity provider agreements will be mailed to the contact person after the Homeownership Capacity Kickoff Event held in August 2018.

Program Evaluation

Homeownership Capacity is a pilot program with the goal for clients to achieve sustainable housing, which may include homeownership. Evaluation of the program will be both quantitative and qualitative. A standard set of data collection items used to demonstrate client progress towards goal and post-goal achievement outcomes will be defined and required for reporting under Homeownership Capacity.

Reporting

Reporting forms, instructions and schedules will be provided for each Homeownership Capacity provider. Reports must cover all services provided under the grant during the grant period. All reporting should be submitted to Minnesota Housing as described in the reporting materials provided.

Eligibility Requirements for Providers

Below is a list, including but not limited to, the following requirements that providers must agree to via the grant funding agreement:

- Is a nonprofit housing organization with 501(c)(3) tax exempt status, housing and redevelopment authority, or other political subdivision;
- Is in good standing with the State of Minnesota;
- Is able to provide translation services, as needed;
- Is able to provide services in person and by phone;
- Has the capacity to serve the number of clients anticipated under Homeownership Capacity;
- Is able to adhere to Minnesota Housing's conflict of interest requirements;
- Is able to provide financial empowerment services as outlined above in the Program Eligibility section;
- Has experience with program tracking, reporting and evaluation;
- Is willing to participate in training that may be required by Minnesota Housing;
- Is open to a collaborative approach with other service providers.
- Will not engage in exclusivity agreements with clients or interested parties such as servicers or lenders;
- Will not engage in practices which exclude other providers from working with its clients, servicers or lenders should the client willingly seek assistance from another organization.

Compensation Structure

Determined based on number of selected applications and proposed budgets through the program application process.

Program Contact

For questions or to schedule a meeting to provide input on this program concept, please email Homeownershipcapacity.MHFA@state.mn.us.

The program application materials are subject to all applicable federal, state, and municipal laws, rules and regulations. Minnesota Housing reserves the right to modify or withdraw the program application materials at any time and is not able to reimburse any applicant for costs incurred in the preparation and submission of proposals. It is the policy of Minnesota Housing to further fair housing opportunities in all Minnesota Housing programs and to administer its housing program affirmatively, so that all Minnesotans of similar income levels have equal access to programs regardless of race, color, creed, religion, national origin, sex, sexual orientation, marital status, status with regard to receipt of public assistance, disability, or family status.