Regional Housing Dialogues

Summary of Regional Housing Dialogues: Greater Minnesota

Overview

To obtain a better understanding of housing priorities, strategies, issues, and solutions throughout Greater Minnesota, Minnesota Housing partnered with the Greater Minnesota Housing Fund and USDA Rural Development to carry out Regional Housing Dialogues in five locations around Greater Minnesota.

The dialogues had three components that addressed regional needs and issues:

1. Information from Minnesota Housing's Community Profiles about regional needs,
2. Meeting participants identifying each region's top priorities and strategies that should be pursued to address them, and
3. In-depth information sharing between funding agency staff and meeting participants on four topics: (1) multifamily preservation, (2) single-family housing (homeownership and home improvement), (3) ending and preventing homeless, and (4) housing for an aging population.

The three sections of this report summarize the information discussed during the three parts of the meeting. The discussion progresses from a broad and high-level overview (the first 4 pages) to a detailed and specific assessment (the last 18 pages).

Section 1: Community Profile Information

The following is a summary of Minnesota Housing's initial regional assessments, which can be found online at: http://www.mnhousing.gov/CommunityProfiles/MHFA_010869.aspx.

- Minnesota is getting older – housing for an aging population is a statewide need.

- While high unemployment is an issue in many parts of the state, it is a particular concern in central and north central Minnesota – economic recovery is a need.
- Some rural areas of the state are losing population and have an older housing stock – preserving the physical condition of this stock is a need.
- Regional centers throughout the state typically have a younger and more diverse population, a concentration of jobs, and more renters – providing rental housing and opportunities for homeownership are needs. Job growth is occurring in some of these communities, and workforce housing is a need
- The communities right outside the seven-county metro area experienced significant household growth in the 2000s and have a higher incomes, but they were also hit harder by the foreclosure crisis – economic integration and foreclosure recovery are needs.

Section 2: Community Profile Information

At each meeting, participants were asked to vote on which housing issues from a list were their top priorities. Each participant was given three votes, which they could spread over three issues or concentrate on just one issue. The following table provides the results.

Table 1: Number of Priority Votes Received by Each Issue

	NW	NE	WC	C	S
Multifamily Preservation	3	**20**	12	**28**	13
Multifamily New Construction	2	8	**16**	9	**22**
Homeownership Lending (purchase and/or home improvement/rehab)	**25**	**22**	**18**	26	**19**
Housing for an Aging Population	10	**19**	5	15	9
Ending and Preventing Homelessness	**12**	18	**17**	**29**	**18**
Neighborhood Stabilization and Foreclosure Recovery	12	16	5	**31**	12
Increasing Local Organizational Capacity	**19**	3	9	9	9
Economic Development	10	6	7	14	10
Other	1	2	1	2	2
Key: NW = Northwest, NE = Northeast, WC = West Central, C = Central, and S = South					

Participants then identified key strategies to address the top three priorities for the region. In the Table 1, the top three priorities in each region are in bold. For each of these priorities, participants then identified key strategies to address the priority. The comments were recorded and summarized.

The selection of priorities and strategies in each region helps identify not only statewide needs and solutions but also regional differences:

- Homeownership lending and ending/preventing homeless are key priorities in most regions;
- Either multifamily preservation or new construction is a key priority in most regions;

- Addressing homebuyer and homeowner needs in a post foreclosure-crisis/post-housing-bubble world is a strategic theme in each region (which would include financing contract for deed, high LTV home improvement loans, and other products);
- Improving the quality and availability of support services for long-term homeless is an issue across the state
- Addressing a growing substandard housing stock is a key issue in the northeast
- Serving large families (often immigrant), workforce housing, and new multifamily construction are needs in the southern and west-central parts of the state.
- Increasing local organizational capacity is a need in the northwest.
- Particularly in rural areas, technology can be used to administer programs and serve clients (e.g. online homebuyer education or electronic monitoring for seniors living independently)

From all the strategies identified, Table 2 lists the key themes and the regions in which they were identified. The themes in Table 2 are high level, the discussion after Table 2 provides more detail about the specific strategies listed under theme.

Table 2: Key Strategic Themes
(An "X" means that a strategy under that theme was identified in the region)

	Region				
	NW	NE	WC	C	S
Homeownership Lending (Purchase and Home Improvement/Rehab)					
Make Mortgage Products More Competitive and Easier to Use	X	X	X		X
Recruit and Educate Lenders		X			
Increase Funding and Leveraging	X				
Address Homebuyer Needs in a Foreclosure-Crisis/Post-Housing -Bubble World (e.g. contract for deed, etc.)		X	X		X
Address Homeowner Needs in a Foreclosure-Crisis/Post-Housing-Bubble World (e.g. products and services for underwater homeowners)	X	X			X
Revise/Expand Home-Improvement & Rehab. Programs to Increase Activity	X	X	X		X
Expand Manufactured Housing Financing Options					X
Increase Flexibility of CRV Program to Match Local Needs			X		
Emphasize Cost-Effective Developments		X			
Educate Public About Available of Financing Resources (Outreach & Marketing)	X				X
Improve/Expand Homebuyer Education			X		
Finance Workforce Housing			X		
Ending and Preventing Homelessness					
Revisit Business Plan / Improve State Agency Coordination			X		X
Broaden Definition of Homelessness			X		X
Understand the Homeless Populations and their Needs				X	
Increase Funding for Housing Options	X		X		X
Increase Funding for Support Services	X			X	X
Improve Support Services	X		X	X	
Implement a Real Continuum of Care				X	
Expand Use of Promising Practices	X			X	X
Continue Incentives for Long-Term Homeless Units in Selection Process					X
Review Long-Term Homeless Program Requirements and Incentive (e.g. four			X		

	Region				
	NW	NE	WC	C	S
units in a development)					
Increase Incentives for Landlords to House Risky Tenants	X		X	X	X
Educate Public and Landlords to Reduce Stigma of Homelessness				X	

Table 2: Key Strategic Themes (continued)

(An "X" means that a strategy under that theme was identified in the region)

	Region				
	NW	NE	WC	C	S
Multifamily Preservation					
Prioritize				X	
Improve Planning and Local Organizational Capacity		X		X	
Increase Funding		X		X	
Revise QAP/RFP to Make Rural Areas More Competitive for Funds		X			
Address Rent Assistance Issues				X	
Streamline Acquisition Process (sale to new owners)				X	
Lower Property Operating Costs (including energy costs)				X	
Educate USDA RD Property Owners about Property Values		X			
Provide Owners Technical Assistance on Being Good Owners		X			
Educate the Public about Impact of Lost Properties				X	
Address the Rehabilitation Needs of the Overall Market		X			
Multifamily New Construction					
Assess Need					X
Increase Funding/Leveraging (including employer supported housing)			X		X
Use Developments to Encourage Economic Integration			X		
Support Workforce Housing			X		X
Support Large Families and/or Immigrant Families					X
Allow Priorities to be Set Locally to Match Target Population and Housing Type			X		
Control Costs			X		X
Incorporate New Construction into Regional Planning Framework					X
Reward Creative Solutions					X
Housing for An Aging Population					
Assess Gaps Between Housing Needs and Options to Meet those Needs		X			
Rehabilitate and Retrofit Existing Housing (Aging in Place)		X			
Promote Universal Design in New Construction and Rehabilitation		X			
Coordinate Housing and Services		X			
Address Shortage of Affordable Assisted Living Options		X			
Educate and Nurture Seniors about New Housing Options & Opportunities		X			
Dedicate Funding to Senior Housing		X			
Neighborhood Stabilization and Foreclosure Recovery					
Plan, Coordinate, and Take a Holistic Approach				X	
Address Homeowner Needs in Foreclosure-Crisis/Post-Bubble World (e.g. products and services for underwater homeowners)				X	
Address Large Rehabilitation Needs				X	
Fund Foreclosure Prevention				X	

Increasing Local Organizational Capacity					
Provide Financial Support	X				
Provide Technical Assistance	X				
Encourage and Support Shared Services	X				

The following discussion is broken out by region and lists the specific strategies/activities listed under each theme.

Northwest Discussion

Homeownership Lending (Purchase and Home Improvement/Rehabilitation)

Make Mortgage Products More Competitive and Easier to Use

- Reduce/consolidate the number of programs (too many to keep up with)

Increase Funding and Leveraging

- Expand resources for user-friendly down payment assistance

Address Homeowner Needs in a Foreclosure-Crisis/ Post-Housing-Bubble World

- Create products for people with underwater mortgages
- Review Minnesota Housing subordination policies and processes

Revise/Expand Home-Improvement and Rehabilitation Programs to Increase Activity

- Increase flexibility of the home improvement/rehabilitation financing tools – should allow a wide range of purposes, including accessibility improvements for seniors and disabled, home expansions to relieve overcrowding, or additions and improvements that allow for multigenerational housing

Educate Public about Available Financing Resources (Outreach & Marketing)

- Improve education, outreach, and marketing about the full range of financing options from all sources (people are unaware of the Homeownership Center's matrix of program options)

Increasing Local Organizational Capacity

Provide Financial Support

- Generate new sources of operating support for organizations in rural communities because the region lacks philanthropic support.
- Provide fair administrative support reimbursement for rural organizations

Provide Technical Assistance

- Provide skills development and technical assistance for rural organizations – "face time" is preferred for specific projects because webinars only work for general topics

Encourage and Support Shared Services

- Explore options for shared back office functions across organizations; explore MMCDC (Midwest Minnesota Community Development Corporation) model statewide

Ending and Preventing Homelessness

Increase Funding for Housing and Support Services, Improve, and Coordinate

- Improve coordination of housing and services at all levels, including local and county
- Develop a combined applications for both supportive housing and services
- Prioritize more resources to this area
- Use rental assistance as a way to leverage services

Expand Use of Promising Practices

- Implement a rapid re-housing program (but address challenges of finding suitable, eligible units)
- Increase the flexibility of the Family Homeless Prevention and Assistance Program (FHPAP) to allow rapid re-housing

Increase Incentives for Landlords to House Risky Tenants

- Develop insurance pool for social service agencies to access when clients damage properties beyond the security deposit. (This will support the housing of "risky" tenants.)

Miscellaneous

- Provide quick access to rehabilitation funds for units where the owners accept vouchers but unit needs improvements to meet HQS standards (rehab costs may be less that the loss of subsidies when the vouchers cannot be used)
- Provide rent assistance for ex-offenders

Northeast Discussion

Homeownership Lending (Purchase and Home Improvement/Rehabilitation)

Make Mortgage Products More Competitive and Easier to Use

- Make lending practices and credit standards less stringent

Educate and Recruit Lenders

- Educate and recruit lenders

Address Homebuyer/Homeowner Needs in a Foreclosure-Crisis/Post-Housing-Bubble World

- Focus on existing housing rehabilitation and opportunities for foreclosed homeowners to re-enter the market.
- Examine contract for deed options coupled with homebuyer counseling
- Finance home improvement loans for people who are underwater with their mortgages
- Strengthen private sector regulatory environment to avoid repeat of current crisis and assure homeowners sustainability

Revise/Expand Home-Improvement and Rehabilitation Programs to Increase Activity

- Fund local capacity to finance post-purchase rehabilitation (rehab funding for the buyer)
- Add programs that allow acquisition/rehabilitation—some kind of "FHA 203K light." RD Direct is a good option for those who qualify
- Address large amount of substandard housing in region
- Improve energy efficiency of homes

Emphasize Cost-Effective Developments

- Carry out single-family development cost-effectively (both new constructions and rehabilitation); develop standards of cost-effectiveness

Multifamily Preservation

Improve Planning and Local Organizational Capacity

- Need good business plan
- Increase non-profit and system "bench strength" when it comes to asset management (better technology, shared services, organization consolidation, training, and specialized expertise)

Increase Funding

- Increase funding for preservation – it works but is expensive
- Increase pre-development funding (grant/loan combo) and time – need patient funders
- Increase resources for multifamily rental subsidies
- Get funding from employers and manufactures

Revise Tax Credit and RFP Selection Criteria to Make Rural Areas More Competitive

- Rework QAP/RFP for rural areas – locations are not competitive from a transit and size perspective.

Educate USDA RD Property Owners about Property Values

- Provide technical assistance to owners of USDA RD rental properties to provide them with a better sense of the existing value of their properties. (To have a sale and transfer of these properties,

owners need a realistic understanding of their value. Currently, owners often have inflated expectations.)

Provide Technical Assistance to Owners about Being Good Owners

- Technical Assistance to property owners about funding rehabilitation, management, purchase

Address the Rehabilitation Needs of the Overall Market

- Meet overall rehab needs in the region– 80%-90% of rental properties in the region do not meet HQS standards
- Focus on smaller properties that are substandard
- Monitor success of RRDL program

Housing for an Aging Population

Assess Gaps between Housing Needs and Options to Meet those Needs

- Document actual housing needs to make informed decisions about housing strategies
- Determine if seniors aging in place or moving
- Examine needs over a long period of time 20 to 30 years

Rehabilitate and Retrofit Existing Housing

- Provide resources and incentives for senior homeowners to rehabilitate their homes.
- Provide financing so that seniors can get their homes into a sellable condition
- Retrofit existing USDA RD building to enable better access for older tenants (e.g. elevators)
- Convert existing 1 bedroom units to multi-room units when 1 bedrooms are no longer needed

Promote Universal Design

- Promote universal design in new construction and rehabilitation

Address Shortage of Affordable Assisted Living Options

- Address lack of affordable assisted living. The inventory of private-pay assisted living is there; however, someone living on $1,500 to $2,000 per month cannot afford it.

Coordinate Housing and Services

- Coordinate housing and services
- Ensure that senior housing has community space

Educate and Nurture Seniors about New Housing Options and Opportunities

- Prepare aging seniors about moving out of their homes and nurture the idea of other housing products and options

Dedicate Funding to Senior Housing

- Adjust tax credit scoring criteria to allow more resources for senior housing
- Develop a creative gap financing tool for seniors to address the difference between their home value and the new options into which they are moving/buying

West Central Discussion

Homeownership Lending (Purchase and Home Improvement/Rehabilitation)

Make Mortgage Products More Competitive and Easier to Use

- Make down payment assistance more relevant
- Simplify process – qualification process, income limits, cost certifications
- Evaluate MCPP (Minnesota City Participation Program). Why was there a drop in the use of these funds - dropping from 150% (?) of capacity used to less than 100% now. Assess advantages that could be transferred to other programs.

Address Homebuyer Needs in a Foreclosure-Crisis/Post-Housing-Bubble World

- Develop a contract for deed program to expand access to homeownership and link the program to services such as homebuyer education and FAIM (Family Asset Independence in MN - an individual savings/development account); bring back the MURL (Minnesota Urban and Rural Homestead Program) as one option
- Reestablish state match for FAIM to access $1 million of available federal funds (DHS responsibility)
- Fill vacant housing
- Continue programs that help Section 8 voucher holders become homeowners

Revise/Expand Home-Improvement and Rehabilitation Programs to Increase Activity

- Provide more resources for single-family purchase/rehabilitation (current barriers are cost-price gap and eligibility)
- Raise income limits for single-family rehabilitation program

Increase Flexibility of CRV to Match Local Needs

- Award Community Revitalization (CRV) funds through a block grant that meets local needs for homeownership, rehabilitation, workforce housing, etc.

Improve/Expand Homebuyer Education

- Provide homebuyer education early in the process – not two days before closing

Finance Workforce Housing

- Finance new single-family construction for workforce housing

Ending and Preventing Homelessness

Revisit Business Plan / Improve State Agency Coordination

- Review and reevaluate the business plan to end long-term homelessness
- Improve state collaboration and streamline application/reporting

Broaden Definition of Homelessness

- Reassess the definition of homelessness – possibly expand

Increase Funding for Housing Opportunities

- Evaluate the availability of ongoing rental subsidies and low-income housing tax credits in light of the shortage of the necessary resources to prevent and end homelessness
- Increase funding for supportive housing in region

Improve Services

- Use a coordinated service assessment
- Provide program participants long-term planning for housing stability
- Provide tenant education
- Build mutual trust between case worker and program participants
- Balance advocacy for program participants with needs of landlords

Review Long-Term Homeless (LTH) Program Requirements and Incentives

- Evaluate the LTH requirements with an eye toward Greater Minnesota. The requirements need to fit the region (or even city), rather than the whole state.
- Review the 4-unit threshold for tax credit points. Has this been successful? Do 100% LTH properties operate more cost-effectively?

Increase Incentives for Landlords to House Risky Tenants

- Provide indemnification funds for landlords serving hard-to-house individuals (insurance in case security deposit does not cover damages)
- Educate and partner with landlords

Multifamily New Construction

Increase Funding/Leveraging (including employer supported housing)

- Enhance developer/funder partnerships, which would include new ways of leveraging resources and providing services

Use New Developments to Encourage Economic Integration

- Pursue mixed income properties for economic integration

Allow Priorities to be Set Locally to Match Target Population and Housing Type

- Allow locals to set priorities
- Support workforce housing
    - Encourage new workforce housing in job centers - Alexandra, Detroit Lakes, Perham, Morris, and Moorhead
    - Explore employer-supported housing, especially 5-6 bedroom units for large immigrant families
- Support displaced homeowners
- Support long term homeless; continue partnership with developers to create long-term homeless (LTH) units
- Support housing for seniors
    - Fund housing for 55+ age population with amenities (single-level, covered parking, etc.)
    - Support and actually fund senior housing; for example, make senior housing a priority under the tax credit program

Control Costs

- Encourage and retain cost containment requirements that have been proposed for the tax credit program, and provide technical assistance on cost containment
- Allow apartment-style developments (rather than a focusing on townhomes)

Central Discussion

Neighborhood Stabilization and Foreclosure Recover

Plan, Coordinate, and Take a Holistic Approach

- Pursue a "plainful" approach when identifying and addressing neighborhood needs
- Take a holistic approach – integrating housing initiatives with employment ,economic development, crime reduction, education improvements, and health initiatives
- Coordinate local resources (with limited resources coming from multiple sources and for multiple objectives, need to coordinate to maximize impact)
- Engage residents so that they have a stake in neighborhood and process
- Build capacity (expertise, time, and money) for HRAs/PHAs to expand their redevelopment work beyond the properties that they develop and manage.

Address Homeowner Needs in a Foreclosure-Crisis/Post-Housing-Bubble World

- Stabilize existing homeowners as the state moves to a post-foreclosure environment, which would include providing assistance to homeowners who are underwater (current programs are ineffective)
- Apply resources more effectively to strengthen the existing housing stock, and expand income eligibility for deferred loan resources
- Develop best practices and case studies of effective ways to address foreclosed properties – scenarios, approaches, and funds needed.

Address Large Rehabilitation Needs

- Address large rehab needs in some communities (some homes need more than $35,000 of work, which is the FUF and CFUF maximum loan amounts)

Fund Foreclosure Prevention

- Fund foreclosure prevention counseling
- Reach out to lenders to build awareness of issues and need for counseling

Multifamily Preservation

Prioritize

- Prioritize preservation efforts (from a business perspective the state cannot afford to preserve everything)
- Triage properties; "dead are dead"; provide resources to struggling properties that can survive
- Complete statewide inventory of subsidized/assisted rental housing; make easily available to stakeholders, incorporate into the RFP process, and add services to the inventory
- Understand local markets
- Develop ranking of risk factors once the inventory is complete

Improve Local Organizational Capacity

- Build capacity at local level

Increase Funding

- Increase funding, especially for USDA RD properties

Address Rent Assistance Issues

- Increase collaboration among funders to provide more rental assistance for USDA RD properties; think outside the box for new sources of leverage
- Blend rental assistance between expiring and new construction of 515 properties

Streamline Acquisition Process

- Streamline process for acquiring USDA RD Section 515 properties (sale to new owners)

Lower Property Operating Costs

- Find ways to lower operating costs (reduce administrative requirements, reduce regulatory requirements, pilot new ideas)
- Set aside specific resources to reduce energy consumption

Educate Owners and Public

- Educate property owners and others about the real and varied risk factors and the impact that losses will have on individuals and the community

Ending and Preventing Homelessness

Understand the Homeless Populations and Their Needs

- Understand the homeless population and their needs

Increase Funding for Services

- Increase funding for support services (organizational capacity is in place to use it)
- Strengthen links between the funding of housing and services

Improve Services

- Upgrade self-sufficiency efforts and services
- Provide financial literacy education
- Ensure that intensive services are available, particularly post-placement. If sufficient resources are not available for complete services, relax the staffing requirements. Some services are better than no services.
- Ensure that adequate transportation is available (car-pooling, ride sharing, etc.)

Implement a Real Continuum of Care

- Implement a real housing continuum of care, not just develop plan and identify organizations

Expand Use of Promising Practices

- Embrace "Housing First" region wide
- Use "Project Homeless Connect" to get public involved and educated about homelessness
- Central intake

Increase Incentives for Landlords to House Risky Tenants

- Assurance to owner for hard to house tenants

Educate Public and Landlords to Reduce Stigma

- Provide more effective public and landlord education to reduce the stigma of the homeless and homeless prevention efforts

South Discussion

Multifamily New Construction

Assess Need

- Conduct market analysis to understand where additional housing is needed and of what types

Increase Funding/Leveraging (including employer supported housing)

- Allocate more tax credits to new construction; allocate more funding from other programs
- Motivate employers to become stakeholder in workforce housing
- Utilize unique opportunities for genuine public/private sector partnership in the current market

Support Workforce Housing

- Need workforce housing to serve families (cost containment provisions in tax credit scoring criteria should not preclude larger units for families; land trust or scattered site is an option; least-to-own is another option)
- Explore funding options and underwriting for housing that gets a shallow subsidy to address the need for more workforce housing (market rate rent is not feasible for low to moderate income workers , jobs are at risk if funding is not available at 60-100% of AMI)

Address the Needs of Large and/or Immigrant Families

- Address the needs of large and/or immigrant families by financing multifamily culturally-sensitive housing that have larger units (more bedrooms) and support services on how to be a good renter.

Control Costs

- Identify creative ways to reduce total development costs (design, adaptive re-use, vacant properties, lower cost land)

Incorporate New Construction into a Regional Planning Framework

- Assess multifamily new construction efforts in the context of regional planning; for example, building multifamily housing in communities that feed into regional centers to combat rural flight

Reward Creative Solutions

- Award tax credit selection points for creative solutions and collaborations. Process should reflect an institutional approach to proactive problem solving

Homeownership Lending (Purchase and Home Improvement/Rehabilitation)

Make Mortgage Products More Competitive and Easier to Use

- Decrease the obstacles that first-time homebuyers face
- Find common ground for lending standards

Address Homebuyer/Homeowner Need in a Foreclosure-Crisis/Post-Housing-Bubble World

- Create a contract for deed program; bring back MURL (Minnesota Urban and Rural Homestead) program
- Develop refinance opportunities for families in financial distress
- Provide home improvement financing for people who are underwater with their mortgages
- Provide more gap financing

- Need resources to support hard-to-serve populations

Revise/Expand Rehabilitation Programs to Increase Lending

- Bring back the Energy Saver Rebate to increase lending
- Consider expanding eligibility for property rehabilitation programs
- Create post-purchase rehabilitation program (combined financing is greater than 100% of the value)

Expand Manufactured Housing Financing Options

- Expand purchase and rehabilitation options for manufactured housing, including replaced units and resident owned parks

Improve/Expand Homebuyer Education

- Expand access to homebuyer education and counseling along with other financial literacy programs (need to be culturally sensitive).
- Focus on financial literacy and long-term planning for emerging market homeowners

Educate Public about Available Financing Resources (Outreach and Marketing)

- Improve outreach and marketing about property rehabilitation programs

Miscellaneous

- Consider demo/rebuild if rehab doesn't increase the value of the home much, if at all

Ending and Preventing Homelessness

Revisit Business Plan

- Reevaluate the current Business Plan to end long-term homelessness
- Enhance and implement the Roadmap
- Fill Laura Kadwell's position

Broaden Definition of Homeless

- Consider expanding the definition of homelessness

Increase Funding for Housing and Services

- Provide funding for housing with services for homeless youth and for families
- Increase funding for services – one option is leveraging Medicaid funding; increase service capacity in some areas
- Increase service dollars to identify and refer residents
- Make housing for people with serious and persistent mental illness (SPMI) a statewide priority – need a financing product for SPMI population that doesn't meet the long-term homeless definition
- Create and streamline funding connections between housing and supportive services; improve coordination between Minnesota Housing and DHS to ensure service capacity across the state

Expand Promising Practices

- Implement transition-in-place model

Continue Incentives for LTH Units in Selection Process

- Continue to provide incentives in the RFP and tax credit selection process for developments that include long-term homeless (LTH) units

Increase Incentives for Landlord to House Risky Tenants

- Add transitional program to facilitate resident/landlord relationship

Section 3: In-Depth Information Sharing

In this part of the meeting, participants self-selected and went to the topic area of their preference.

- Single-Family Housing
- Multifamily Preservation
- Ending and Preventing Homelessness
- Housing for an Aging Population

Staff from the three funding agencies shared recent program activity and updates, and meeting participants provide feedback. Staff also had specific questions about program issues, and opened the floor for general comments and feedback. The following is a summary of those conversations.

Single Family Housing – Homeownership and Home Improvement

Key Themes/Issues:

- **Continue to monitor, improve, adapt, and simply Minnesota Housing's homeownership and home improvement programs, as needed.** Regional partners were enthusiastic about the agency's recent additions and changes to its program. As market conditions change and program issues arise, the agency should continue to make changes. For example, for the rehabilitation program, the agency should consider increasing the income limits and reexamining the lead requirements and green standards.

- **Continue to emphasize, encourage, and expand homebuyer education.** There was great appreciation and enthusiasm for the Minnesota Homeownership Center's new online homebuyer education training (Framework).

  More outreach is needed particularly around foreclosure counseling and mitigation efforts. Homeowners with underwater mortgages need more and better information about their financing options.

- **Address borrower and community recovery after the housing and foreclosure crisis.** The housing and foreclosure crisis has had a profound impact on the borrowers and communities. Credit standards have increased for all borrowers and previous homeowners who have gone through foreclosure are restricted from the credit market. Funders should examine non-traditional financing tools for these potential homeowners, including rent-to-own and contract-for-deed options (including bringing back the MURL – Minnesota Urban and Rural Homestead program). In the current economic environment, down payment assistance is a critical resource.

The large decline in property values has left many Minnesota underwater in their mortgages, owing more than the home is worth. Funders should examine refinancing options and home improvement and repair financing for underwater homeowners

The housing and foreclosure crisis has left many communities with vacant and/or substandard housing. The funders should make more resources available for acquisition/rehabilitation and/or acquisition/demolition, including a Greater Minnesota Land Bank.

- **Address the aging and substandard housing stock.** Minnesota's housing stock is getting older and financing is needed to maintain and improve its quality. For example, financing assistance should be made available for low- and moderate income seniors who have difficulty maintaining their properties as they age in place or when the need to sell (senior regeneration).

  Minnesota Housing should consider bringing back the energy saver rebate program, which was a great incentive to spur home improvement lending and energy efficiency.

- **Consider expanding financing options for community-owned manufactured home parks and the sale and rehabilitation of individual manufactured homes (including replacement).** Manufactured housing is a very affordable homeownership opportunity; however, design, construction, and ownership create unique and challenging financing issues. (This issue may have been highlighted because John Patterson – Minnesota Housing Director of Planning, Analysis, and Evaluation – raised it when reviewing the results from the survey of housing needs.)

Regional Differences:

- Housing for large families was emphasized in southern and central Minnesota, which have a growing population of immigrant families.

Interesting Strategies, Models, Practices, or Ideas:

- Linking contract for deed programs with the FAIM program (which is an individual savings/development account) and homeownership counseling. (Need to re-establish the state match for the FAIM program, which has been a DHS responsibility.)

Multifamily Preservation

Key Themes/Issues:

- **Units with project-based rent assistance are important, particularly USDA Rural Development properties.** There is great concern about maturing RD mortgages were the rental subsidies are tied to mortgages because there is no successor or stand alone program for this assistance when the mortgage matures. The assistance will be lost.

- **Preserving in small/rural communities is challenging.** Preserving properties in small communities can be a challenge because small HRA and local organizations often don't have the capacity to put together a competitive tax credit application, which can be used to preserve housing. In addition, these communities don't compete well under several tax credit selection criteria – including size and minimizing transportation costs. Preserving properties in these rural areas can be critical because the tenants are often older and more vulnerable, especially if the unit has deep rent subsidies. Points under the tax credit selection process need to address regional needs, which are different than statewide needs.

  Other financing tools need to be utilized for preservation, which could include Minnesota Housing's Rental Rehabilitation Deferred Loan (RRDL) program and other options provided through the RFP and pipeline process.

  Minnesota Housing Partnership will be coordinating it preservation technical assistance with Minnesota Housing and the Greater Minnesota Housing Fund to ensure that the information it is providing is consistent with the funders' priorities so that too much time and resources are not spent chasing deals that are not competitive.

  Maintaining occupancy in rural properties can be challenging when all the units do not include rental assistance. The units without rental assistance can have high vacancy rates.

- **RD needs to improve and streamline its transfer process.** This involves the sale of an RD property from one owner to another. The slow process impedes the Housing Tax Credit timeline and the process for obtaining other funding.

- **Educating sellers, buyers, and appraisers about valuation and taxes is critical.** There are nuances and complexities related to valuation and taxes when selling subsidized properties. It is hard to get deals done if both sides don't have good information. Regional partners are glad that Minnesota Housing is developing a list of qualified appraisers because it can be difficult to find qualified appraisers in rural communities. However, Minnesota Housing needs to get advice from the State Board of Appraisers (part of the Department of Commerce) to assess the qualifications and work product of appraisers that will be on the list.

- **Preservation needs to address not only transferring ownership and/or maintaining the affordability but also the physical condition of the property.** In some cases, interim financing is provided for the acquisition of a property to address the immediate risk of loss, but in the meantime, the physical needs of the property are not being met and occupancy goes down. If the immediate risk of loss is cured, is it still a preservation priority?

- **Public housing reserves are being recaptured by HUD as part of cost Containment measures.** Reserve levels will be much less as the properties' physical needs will grow with the age of the stock.

- **The statewide inventory of subsidized and assisted properties will be very useful in assessing preservation needs and priorities.** Minnesota Housing plans to have an initial inventory developed in the summer of 2012, which will be enhanced over time.

Regional Differences:

- Preservation issues are very different in metropolitan, regional center, and rural areas. Each has different needs and cultures.

Interesting Strategies, Models, Practices, or Ideas:

- Provide developers with a list of the high priority properties for preservation, or at least the criteria for identifying priority properties. This will allow developers direct their activities and resources more effectively.
- Increase the Housing Tax Credit set-aside for small RD projects from $200,000 to $300,000 to address rural needs.
- Address the incompatibility in the Housing Tax Credit scoring for preservation, which requires a five-year renewal, but rent assistance for USDA Rural Development properties only allows for one-year renewal periods.

Preventing and Ending Homelessness

Key Themes/Issues:

- **Homelessness reflects the full range of societal challenges and preventing and ending homelessness will require a comprehensive multi-agency strategy.** Gaps, challenges, and barriers to serving the homeless include: lack of living wage employment, unemployment, foreclosure, lack of affordable housing, domestic violence, poor transition out of foster care or prison, and individual challenges (including mental illness, chemical dependency, criminal history, poor rental history/credit, poor employment history, etc.).

- **The 'face" of homelessness encompasses a wide range of people.** It includes singles, families, youth, and elderly. It can include people who lose a job or people who lack health insurance and have a large medical bill. During the regional dialogues, all categories were identified but people with criminal histories and youth were identified the most often as a challenge. It is hard for people with a criminal history to find housing, and youth need a full range of housing options – shelter, transitional, and permanent.

  This face of homelessness is hidden in some communities, and there is a denial that a problem exists.

- **When assessing homelessness, need to consider people who are "couch hopping" and people forced to live in substandard housing.**

- **Some landlords that rent to people with housing barriers (e.g. criminal histories, large families) do not follow tenant laws.** These landlords know that these tenants have limited (or no other) housing options and will not complain.

- **When homeless get into housing, there can be a lack of services to support them and keep them in the housing.**

- **It is hard to coordinate and plan homeless services across a wide geographic area with limited staff resources.** Organizations (particularly in Greater Minnesota) have differing levels of capacity (both organizationally and financially).

  It can be challenging to find appropriate and high-capacity service providers for the long-term homeless in some communities, making it challenging to be competitive and meet Minnesota Housing's standards. In addition, not all service organizations are able to provide all the services needs of a particular population or individual resident. As a result, LTH property managers may need to coordinate and interact with more than one service provider.

New requirements and changes imposed by the federal Hearth Act on homeless providers will be challenging, particularly for those with fewer resources and less capacity. In addition, HUD is empowering the local continuum of care (CoC) systems, which need to be ready and well coordinated to receive the transfer of power/responsibility.

- **HMIS.** A lot of resources and staff time goes into, while the data and information coming out of it could have more value.

- **What comes after the completion of the business plan to end long-term homelessness?** What difference did the 4,000 opportunities make? Can those 4,000 opportunities be sustained? Where is the money for the services? What gaps still exist?

Regional Differences:

- Large family homelessness was identified in Southern Minnesota (Southwest and Rochester in particular), Central, and West Central Minnesota. Many of these communities have a growing immigrant population. While many of these immigrant families have jobs, finding appropriate housing for the whole family is elusive.

Interesting Strategies, Models, Practices, or Ideas:

- The funders need to coordinate their funding streams and requirements across the state.
- Development of the Continuum of Care (CoC) standardized assessment of homeless individuals and families.
- Housing First model
- Rapid Re-Housing programs. (However, there is an issue so the housing stock in some areas. On the Iron Range, 80% don't meet HQS standards and pass inspection. At least, Minnesota Housing's Family Homeless Prevention and Assistance Program (FHPAP) doesn't require any inspections.)
- Rental assistance/vouchers with large subsidies (Section 8)
- Indemnification / security deposit pool / insurance – for those cases where damages exceed size of the deposit.
- Incentives for landlords to take riskier tenants
- Offender pilot in southern Minnesota
- RISE – St. Cloud non-profit with serious mental illness
- Youth Moving Forward appears to be an effective youth services model in the metro area. Can that type of focus and resources be brought to Greater Minnesota?
- Bi-Cap's FHPAP program – great resource with additional flexibility.
- Possibly use Medicaid to fund services
- Better discharge planning
- Use technology to reduce costs and better serve rural areas with large geographic distances

Housing for an Aging Population

Key Themes/Issues:

- Funders need to finance a full continuum of housing so that seniors can age in their communities:

  - **In current home or apartment.** A lot single-family homes occupied by seniors are in need of rehabilitation and accessibility improvements. Seniors on fixed incomes have a difficult time keeping up their homes.

  - **Senior-friendly housing in community** (e.g. one floor townhouse with no-step access and other universal design features). This option is only available to low and moderate income seniors with gap financing. Affordable rents can't support the developments cash flow needs.

  - **Age-restricted senior housing** (with and without services and could include assisted living).

    The personal preferences for living in general-occupancy building/community or in a senior-only building/community are hard to generalize. It will vary depending on the person. Some people thrive with children around, while others don't want the noise or teenagers around.

    Boomers and young seniors may say they don't want to live in age-restricted senior housing, but once they have a spouse and many friends pass away and they no longer have the physical (and possibly financial) ability to maintain their home (which may be becoming run down), senior-only housing becomes more attractive. Connection with peers and access to services become increasingly important. This often happens when seniors are in their 80s.

    Some subsidized buildings are designated for seniors or disabled (which includes mentally ill). There can be "clashes" between the two populations.

  Choice across the spectrum of housing options is particularly limited for low and moderate income seniors. The only option is often to stay in their current home until they need to move into a nursing home and qualify for Medicaid.

- Services and amenities need to be available and accessible – clinics, pharmacy, grocery store, home-based services for daily living, meals-on-wheels, etc. Once seniors can't drive, good public transportation is critical, or amenities need to be in walking distance. Build senior housing in town center, not on edge of town.

- Housing needs to be linked with quality life factors, which would include proximity to church, family, and friends. A weekly bible study group can be a critical activity for some seniors.

- Providing housing for seniors in sparsely populated areas is challenging. The market may not be big enough to support a viable development and/or the availability of services, amenities, and public transportation. The trend of seniors and the general population moving to regional centers is "hollowing out" the ability to provide services and public transportation in smaller communities.

  What is the minimum sized community that is capable of supporting housing for seniors? One respondent said, "3,500 people - something like Cannon Falls." If a senior has to move to a new location for housing and services, how close does the new location need to be to their original home to keep them in their original rural community? One respondent said, "No more 20 to 30 miles."

- Housing and service delivery should promote independence, healthy living, and an active life style.

- Funders should take a long-term perspective. Housing investments can be in place for 30 or more years. How will today's investments serve Generation X retirees (smaller group) in 2040? Will there be an oversupply of outdated senior housing?

Regional Differences:

- Aging in place means different things in different communities. In rural farm communities, it means going from farm, to senior-friendly townhouse or apartment in a regional center, to senior-housing with services (including assisted living). In urban areas, seniors are more likely to have the option of staying in their immediate community as they age – more service and transportation options.

Interesting Strategies, Models, Practices, or Ideas:

- Identify and fill gaps in housing and services in each region:
  - Assess the housing/service needs and preference of seniors and boomers,
  - Assess the availability of housing/service options to meet those needs and preferences
  - Identify gaps
  - Identify and implement effective models and practices to fill the gaps
- Promote or require universal design (one story living, zero-step entries, wide hallways for wheel chairs, etc), which are appealing to seniors and other generations (e.g. families with young children).
- Promote technological solutions, such as electronic monitoring devises in people's homes
- Promote multigenerational housing – grandparents, parents, and children all in the same home – granny flats. Funding from FUF and CFUF could promote this.
- Investigate senior boarding houses - seniors moving into single-family homes with each other.
- Need to find cost-effective senior housing with services included. Expand low-service options. All seniors do not need all the services.
- Reassess tax credit selection criteria in Qualified Allocation Plan, which favor families over seniors.
- Carve out funding streams from Minnesota Housing, RD, and GMHF just for seniors.