



**State of Minnesota
Consolidated Annual Performance
and Evaluation Report
for Federal Fiscal Year 2008**

Submitted to the U.S. Department of Housing and Urban Development

December 2008

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ADDITIONAL REPORTS AVAILABLE UPON REQUEST INCLUDE:

- IDIS Year 2008 Summary of Accomplishments
C04PR23 is a summary by program and type of activity, available from the Minnesota Housing upon request.
- IDIS Summary of Consolidated Plan Projects for Report Year 2008
C04PR06 is a list of CDBG, ESG, HOME, and HOPWA projects available from Minnesota Housing upon request.
- Small Cities Development Program Performance Evaluation Report (PER)
The PER is a list of proposed and actual SCDP projects available from DEED upon request.

Executive Summary

Minnesota has three fundamental objectives in the distribution of housing and community development resources: to create suitable living environments, to provide decent affordable housing, and to create economic opportunities within the state.

The *Minnesota Consolidated Housing and Community Development Plan* presents the state's strategy for using federal funds to meet these objectives and serves as a condition for funding of: the Small Cities Development Program (SCDP), HOME Investment Partnerships Program, Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Shelter Grants (ESG).

The *Consolidated Annual Performance and Evaluation Report* provides information with which to measure state agency performance in meeting established objectives identified in the previous year's plan. The most current plan is the *Consolidated Housing and Community Development Plan, FY 2007-2011*.

The largest number of households that the state assisted in 2008 using federal resources was through Emergency Shelter Grants to assist people experiencing homelessness. Assistance includes operating costs for emergency shelter facilities as well as supportive services to individuals or families; ESG funding is also used for homelessness prevention activities.

The largest dollar amount that the state provided in 2008 using federal resources was through the Small Cities Development Program to assist communities with public facilities projects, economic development, and housing rehabilitation.

**State of Minnesota
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Introduction

On behalf of the State of Minnesota, Minnesota Housing, the Minnesota the Department of Employment and Economic Development, and the Minnesota Department of Human Services submit the *Consolidated Annual Performance and Evaluation Report* (CAPER) to the U. S. Department of Housing and Urban Development (HUD) for Federal Fiscal Year 2008. This is in fulfillment of HUD's requirements for the consolidating planning and fund application process as provided by Code of Federal Regulations, title 24, section 91.520.

The *Minnesota Consolidated Housing and Community Development Plan* presents the state's strategy for using federal funds to meet specific housing and community development needs under the: Small Cities Development Program (SCDP), Community Development Block Grant funds provided through the state in nonentitlement areas of Minnesota; HOME Investment Partnerships Program; Housing Opportunities for Persons with AIDS (HOPWA); and Emergency Shelter Grants (ESG).

The current CAPER summarizes assistance provided through state agencies in Federal Fiscal Year 2008 (October 1, 2007 through September 30, 2008). The report includes a discussion of the resources available to the state, the way in which state agencies used those resources, the number and types of households assisted, and how other public policies affected affordable and supportive housing and community development. (Note the Self-Evaluation section beginning on page 34 and program narratives beginning on page 42.) Information in this report should enable a comparison between anticipated and actual assistance activities, as well as progress toward meeting objectives identified in the *Consolidated Housing and Community Development Plan, FY 2007-2011*.

Federal assistance reported in the CAPER generally is available to households in nonentitlement areas of the state; entitlement areas submit performance reports on housing and community development assistance in their own jurisdictions, separately. American Dream Downpayment Initiative and other HOME downpayment assistance, jointly referred to as HOME HELP funds, are available statewide from Minnesota Housing participating lenders. Entitlement communities or counties that receive funding allocations directly (and therefore are **not** covered by the state's Consolidated Plan and annual performance reports) include: the cities of Minneapolis, Saint Paul, Moorhead, Saint Cloud, Rochester, Duluth and the counties of Hennepin (includes the cities of Bloomington and Plymouth), Anoka, Dakota, Ramsey, Washington, Saint Louis, Cook, Koochiching, Lake, and Itasca.

Access to Data

The following reports are available upon request from Minnesota Housing, DEED, or DHS:

- Summary of Activities (C04PR03) lists each CDBG activity that was open during a program year. For each activity the report shows the status, accomplishments, program year narrative and program year expenditures. For each activity the report also shows the activity code, regulation cite and characteristics of the beneficiaries.
- Summary of Consolidated Plan Projects for Report Year 2008 (C04PR06) tracks progress in implementing projects identified in the action plan. This report lists all projects for a plan year in sequence by project number. Disbursements are summarized by program for each project's activities.
- Summary of Accomplishments Report (C04PR23) presents data on CDBG/HOME activity counts and disbursements by priority need categories. It also contains data on CDBG accomplishments by various units of measure and housing units by racial/ethnic categories and HOME housing units by various income groups.
- Financial Summary Report (C04PR26) provides the key CDBG program indicators. This report shows the obligations, expenditures that the grantee has made for a specified program year. This report contains program year information on statutory requirements regarding overall percentage for low- and moderate-income benefit.

IDIS reports may be obtained from Minnesota Housing at: 400 Sibley, Suite 300, Saint Paul, MN 55101 or by calling 1-800-657-3769 (toll free) or 651-296-7608 or by e-mails to mn.housing@state.mn.us. Additional information on HOME and HOPWA selections also is available from: www.mnhousing.gov/

Information and details concerning residential and rental rehab projects for 2008 also can be found in DEED's *Performance Evaluation Report (PER)*. The PER as well as information regarding job creation and community development can be obtained by contacting DEED at: Minnesota Department of Employment and Economic Development, Main Office, 332 Minnesota Street, Suite E-200, Saint Paul, MN 55101 or 651-296-3711, 888-GET-JOBS (438-5627), Fax 651-296-0994, TTY/TDD 651-282-5909. Additional information also is available at: www.deed.state.mn.us/Community/

Additional information regarding ESG projects or activities is available through DHS from this mailing address: Minnesota Department of Human Services, Office of Economic Opportunity, P.O. Box 64962, Saint Paul, MN 55164-0962 or (651) 431-3824 or at: www.dhs.state.mn.us/cfs/oeo/esgp.htm

I. Summary of Resources and Distribution of Funds

Under the Housing and Economic Recovery Act of 2008, Minnesota was awarded funds for use in responding to the problem of mortgage foreclosures in the state (Neighborhood Stabilization Program), the state's Mortgage Revenue Bond Authority was increased, and the state will receive an additional allocation of Housing Tax Credits. Of these amounts expected to be received in Federal Fiscal Year 2009, funds have been allocated as follows:

- MRB Authority: \$162.8 million total; \$48.8 million for MHFA
- Housing Tax Credits: \$636,467 for Minnesota Housing; \$403,057 for Suballocators. These amounts are available for both 2008 and 2009. Minnesota Housing numbers do not include suballocator amounts administered by the agency under joint powers agreements.
- Neighborhood Stabilization Program:
 - MHFA: \$38,849,929
 - Minneapolis: \$5,601,967
 - St. Paul: \$4,302,249
 - Hennepin County: \$3,885,729
 - Dakota County: \$2,765,991
 - Anoka County: \$2,377,310

Minnesota historically has received the largest amount of assistance from HUD for housing and community development under the Small Cities Development Program (SCDP), administered through the Department of Employment and Economic Development (DEED). In 2008 the state received \$20,499,188 in CDBG funds of which \$16,990,825 was available for housing and community development in Minnesota through the SCDP.

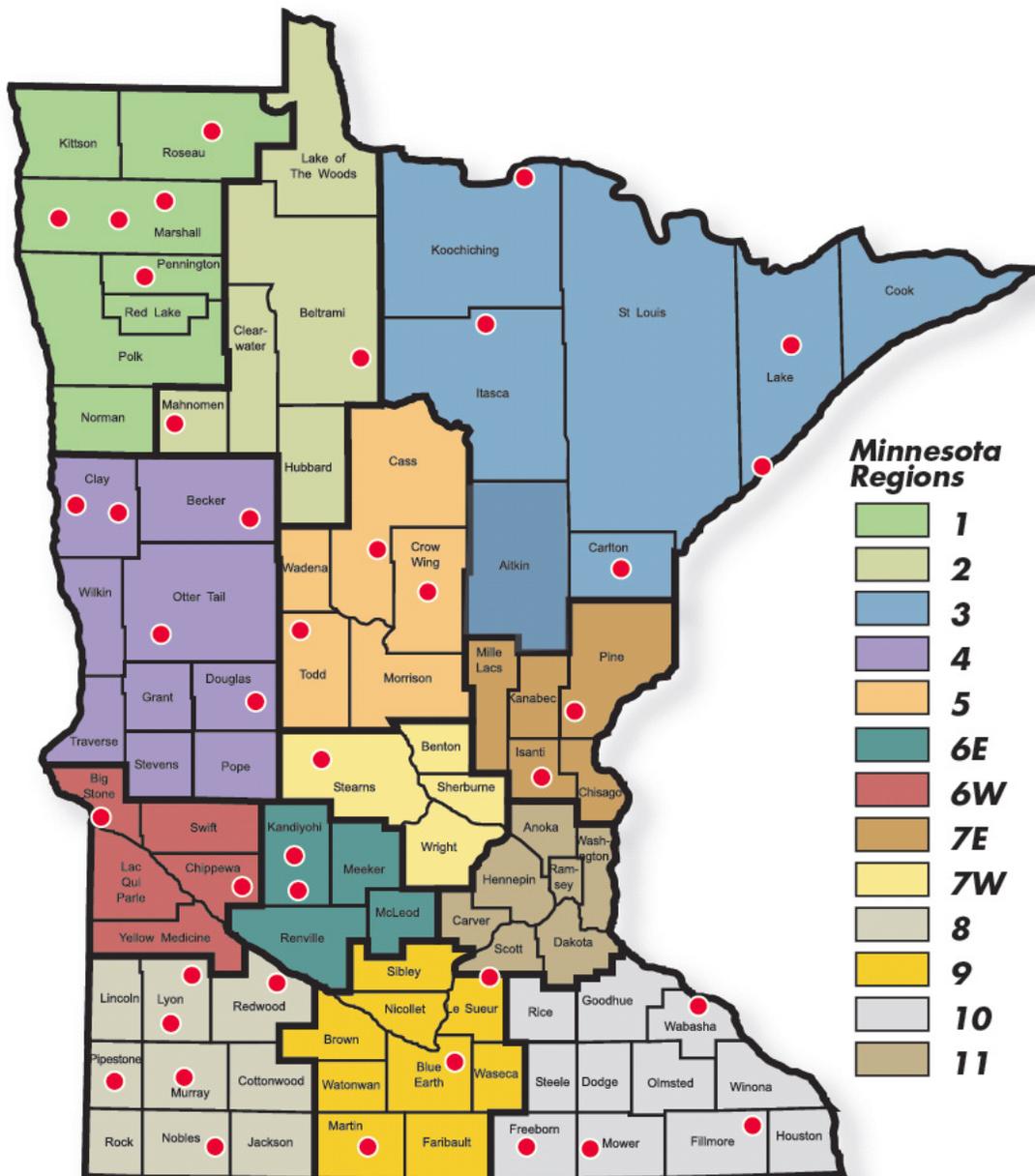
Eligible applicants for the SCDP funds are cities, counties and townships in areas of the state that do not qualify as entitlement entities and, therefore, are not eligible to receive an allocation of Community Development Block Grant funds directly from HUD. These are cities with a population under 50,000 and counties and townships with an unincorporated population of fewer than 200,000.

The state awards SCDP funds to applicants on a competitive basis; communities may use funds for public facilities, economic development, downtown commercial revitalization, residential housing rehabilitation (owner and renter occupied), new housing construction, homeownership assistance, and relief from flood or other natural disasters. In order to be considered eligible, an applicant must be in substantial compliance with all applicable State and Federal laws, regulations and Executive Orders that pertain to the CDBG Small Cities Development Program.

Minnesota Small Cities Map



**2008 Awarded Projects
Small Cities Development Program**



HOME funds historically have comprised one of Minnesota’s largest allocations of federal housing assistance, made available primarily for housing rehabilitation. Minnesota Housing provides the HOME funds it receives from HUD either directly or through local entities such as community action agencies, local units of government, and local housing authorities. HOME funds currently are being used for rental rehabilitation assistance to property owners and operating expenses assistance to Community Housing Development Organizations (CHDOs). In 2008 the state received \$9,438,354 in HOME funds that were available through Minnesota Housing. Under the American Dream Downpayment Initiative (ADDI) Minnesota Housing also received \$58,826 for entry cost assistance for first-time homebuyers used under the Homeowner Entry Loan Program (HOME HELP).

**Distribution of HOME Assistance by
Region in Minnesota, 2008**

Location	Regional Percentage	
	HOME units assisted	Funds in completed projects
Central	14.8%	14.9%
Twin Cities*	9.2%	9.5%
Northeast	1.7%	9.7%
Northwest	8.6%	8.9%
Southeast	33.2%	29.9%
Southwest	18.8%	16.1%
West Central	13.7%	11.0%
Total	100.0%	100.0%

*HOME Downpayment assistance was available statewide.

Minnesota Housing also receives the state’s allocation of HOPWA formula funds from HUD. The agency administers HOPWA funds in cooperation with the Minnesota HIV Housing Coalition in Greater Minnesota. The City of Minneapolis receives and allocates funds in the 13-county Twin Cities area. In 2008 the state received \$119,000 in HOPWA funds.

Minnesota Housing is the state’s principal allocator of federal Housing Tax Credits and sells mortgage revenue bonds, both of which are activities important to the provision of affordable housing and are authorized in the federal tax code. Minnesota’s 2008 statewide volume cap for Housing Tax Credits (with adjustments for population, per capita, national pool and returns) was nearly \$11.9 million, approximately \$8.1 million through the state and joint powers suballocators and approximately \$3.8 million through other suballocators. (This includes the resources available to jurisdictions under the federal Housing and Economic Recovery Act of 2008.)

The Department of Human Services (DHS) administers federal funds from HUD under the Emergency Shelter Grant (ESG). ESG provides assistance to grantees throughout the state for the operating costs of shelters and transitional housing facilities, essential services, and homelessness prevention. The state selects grantees on a competitive basis. The reporting year for the CAPER overlaps two ESG state fiscal years, 2008 (7/1/2007 - 6/30/2008) and 2009 (7/1/2008 - 6/30/2009); the agencies funded in these fiscal years were identical. Funding for SFY 2008 was \$1,232,379 and funding for SFY 2009 was \$1,237,138. Below is the ESG funding awards for each state fiscal year:

Agency ESG allocation	2008
Ain Dah Yung	\$20,000
Anoka County Community Action Program, Inc.	\$30,000
Arrowhead Economic Opportunity Agency, Inc.	\$59,000
Ascension Place, Inc.	\$25,000
Avenues for Homeless Youth	\$29,250
Bi-County Community Action Program, Inc.	\$12,040
Care and Share Center, Inc.	\$40,000
Catholic Charities - St. Joseph's Home for Children	\$25,000
Catholic Charities of the Archdiocese of St Paul Minneapolis	\$58,931
Churches United in Ministry (CHUM)	\$35,000
Community Action Center of Northfield, Inc.	\$20,000
Dakota Woodlands, Inc.	\$37,500
East Metro Women's Council	\$15,000
Evergreen House, Inc.	\$18,000
Heartland Community Action Agency, Inc.	\$9,000
HOME Line	\$21,725
Housing Coalition of St. Cloud	\$28,000
Inter-County Community Council, Inc.	\$22,500
Kootasca Community Action, Inc.	\$32,500
Lakes and Pines Community Action Council, Inc.	\$33,000
Lutheran Social Service of Minnesota (St. Paul - TLPY)	\$20,000
Mahube Community Council, Inc.	\$30,000
Motivation, Education & Training, Inc.	\$39,000
Northwest Community Action, Inc.	\$7,500
Otter Tail-Wadena Community Action Council, Inc.	\$37,500
Our Saviour's Outreach Ministries	\$59,500
Partners for Affordable Housing	\$30,000
People, Incorporated	\$70,000
People Serving People	\$10,000
Prairie Five Community Action Council, Inc.	\$3,000
Rise Housing Services, Inc.	\$29,500
Saint Paul Area Council of Churches	\$54,500
Salvation Army - Brainerd	\$4,000
Salvation Army - Rochester	\$5,000
Salvation Army - St. Cloud	\$42,500
Scott-Carver-Dakota CAP Agency, Inc.	\$3,675
Semcac	\$27,000
Simpson Housing Services, Inc.	\$59,500
Southwestern Minnesota Opportunity Council, Inc.	\$7,750

St. Stephens Human Services	\$59,500
Western Community Action, Inc.	\$15,000

Agency ESG allocation	2009
Ain Dah Yung	\$20,000
Anoka County Community Action Program, Inc.	\$30,000
Arrowhead Economic Opportunity Agency, Inc.	\$59,000
Ascension Place, Inc.	\$25,000
Avenues for Homeless Youth	\$29,250
Bi-County Community Action Program, Inc.	\$12,040
Care and Share Center, Inc.	\$4,759
Catholic Charities - St. Joseph's Home for Children	\$25,000
Catholic Charities of the Archdiocese of St Paul and Mpls	\$58,931
Churches United in Ministry (CHUM)	\$35,000
Community Action Center of Northfield, Inc.	\$20,000
Dakota Woodlands, Inc.	\$37,500
East Metro Women's Council	\$15,000
Evergreen House, Inc.	\$18,000
Heartland Community Action Agency, Inc.	\$7,890
HOME Line	\$21,725
Housing Coalition of St. Cloud	\$14,000
Inter-County Community Council, Inc.	\$22,500
Kootasca Community Action, Inc.	\$32,500
Lakes and Pines Community Action Council, Inc.	\$33,000
Lutheran Social Service of Minnesota (St. Paul - TLPY)	\$20,000
Mahube Community Council, Inc.	\$30,000
Motivation, Education & Training, Inc.	\$39,000
Northwest Community Action, Inc.	\$7,500
Otter Tail-Wadena Community Action Council, Inc.	\$37,500
Our Saviour's Outreach Ministries	\$59,500
Partners for Affordable Housing	\$30,000
People, Incorporated	\$70,000
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Prairie Five Community Action Council, Inc.	\$3,000
Rise Housing Services, Inc.	\$29,500
Saint Paul Area Council of Churches	\$54,500
Salvation Army - Brainerd	\$4,000
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Scott-Carver-Dakota CAP Agency, Inc.	\$3,675
Semcac	\$27,000
Simpson Housing Services, Inc.	\$59,500
Southwestern Minnesota Opportunity Council, Inc.	\$7,750
St. Stephens Human Services	\$59,500
Western Community Action, Inc.	\$15,000

DHS also receives funding allocations from the U.S. Department of Health and Human Services Substance Abuse and Mental Health Services Administration (SAMHSA) under Projects for Assistance in Transition from Homelessness (PATH). PATH funds

may provide outreach, screening and treatment, referrals, housing assistance, support services, linkage with mental health services, and other types of assistance for homeless adults with a serious mental illness. In 2008 Minnesota received \$672,000 of the PATH funds available through SAMHSA.

The U.S. Departments of Energy and Health and Human Services make funds available to the state for weatherization, energy assistance, and energy-related repair. The Minnesota Department of Commerce receives and allocates these funds to community action agencies, counties, and Indian reservations on a formula basis for direct delivery at the local level. In accordance with HUD guidelines, this is not included in the assessment of the state's performance toward meeting goals for assisting households.

The Minnesota Department of Public Safety receives an allocation of federal funds annually, a portion of which may be used to provide operating assistance and other related assistance to emergency shelters for battered women and their children. Disbursements of these federal funds also do not meet HUD reporting guidelines for the CAPER and therefore are not included in the assessment of the state's performance toward meeting goals for assisting households.

In FFY 2008, Minnesota Housing expended \$73.5 million of federal Section 8 Housing Assistance Payments to assist more than 12,000 households occupying Minnesota Housing-financed rental housing built under the New Construction component of the Section 8 program. Minnesota Housing, under a contract with HUD, also administered nearly \$93 million in federal Section 8 Housing Assistance Payments for more than 18,000 households occupying HUD or conventionally financed housing. Minnesota Housing also expended more than \$1.5 million in federal Section 236 funds in FFY 2008 for interest reduction payments on Minnesota Housing-financed developments with 567 units of affordable housing.

Minnesota Housing received \$3,479,550 in counseling funds under the first round of the NeighborWorks Foreclosure Counseling Program and spent \$1.2 million between March and September 2008 to assist in the counseling of nearly 6,000 households. These do not meet HUD's threshold definition of assisted households. The agency also spent \$347,000 of Economic Development Initiative Special Project funds in 2008 to assist in the development of 25 units of supportive rental housing, funding HUD awarded to Minnesota in 2005 and 2006.

HUD also finances rental housing development in Minnesota through Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities.

**HUD Awards for Affordable Housing Assistance in Minnesota,
FFY 2008**

Description	Number of units	Assistance amount
Section 202		
Saint Paul	50	\$6,378,400
Maplewood	40	\$5,081,800
Section 811		
Alexandria	15	\$1,792,700
Hopkins	15	\$1,931,800

II. General CAPER Narratives

A. Assessment of the Three- to Five-Year Goals and Objectives

Minnesota’s objectives in the distribution of housing and community development resources are to create suitable living environments; provide decent, affordable housing; and create economic opportunities within the state.

The resources of state agencies provide the greatest dollar amount of assistance for affordable housing in Minnesota. The most abundant resource available to states for affordable housing assistance continues to be proceeds from the sale of revenue bonds. Appropriations from the Minnesota Legislature are an important resource that supports housing and community development programs and Minnesota Housing uses some of its own resources, such as reserves, to provide additional leverage in projects that may not have access to adequate sources of funding for affordable housing or housing for people with special needs.

The largest number of people that the state assists with federal resources is through ESG, assisting people experiencing homelessness or at risk of becoming homeless. Assistance includes operating and supportive service costs for emergency shelter facilities as well as for homelessness prevention activities.

The largest amount of assistance that the state provides with federal resources is through Small Cities Development Program funded by CDBG, particularly for the rehabilitation of owner-occupied homes and the improvement of public facilities.

Based on goals set in **Minnesota's Consolidated Plan for Housing and Community Development, FFY 2007 – 2011**, the following table shows actual assistance activity for the first year of the five-year plan (Federal Fiscal Year 2008). In working toward its goals in FFY 2008, the state received allocations from HUD and spent federal funds in the following total amounts:

- Small Cities Development Program: \$19,989,206 (\$20,499,188 less \$509,982 administrative cost) allocated to create economic opportunities and suitable living environments; \$17,594,386 awarded.
- HOME: \$9,438,354 allocated for decent affordable housing; \$6,612,716 expended.
- Emergency Shelter Grants: \$1,232,379 allocated for suitable living environments; \$1,232,192 expended
- American Dream Downpayment Initiative: \$58,826 allocated for decent affordable housing and expended under the HOME HELP program.
- Housing Opportunities for Persons with AIDS: \$119,000 allocated for decent affordable housing; \$109,771 expended.
- NeighborWorks: \$4,329,847 allocated; \$1,189,800 expended for foreclosure counseling

The Self-Evaluation section provides a more detailed analysis of the state's progress toward meeting goals.

**Priority Housing Activities/Investment Plan Table
Projected and Actual Assisted Households**

Priority Need	5-Yr. Goal Plan/Act	Yr. 1 Plan (2007)	Yr. 1 Activity (2007)	Yr. 2 Plan (2008)	Yr. 2 Activity (2008)
CDBG					
Acquisition for rehab	35				3
Acquisition of real property			11		120
Homeownership assistance		13	17	7	3
Rehabilitation of existing rental units	920	184	167	120	73
Rehabilitation of existing owner units	2,660	532	646	373	464
Production of new housing units	70	14	32		
Relocation			7		1
Acquisition for rehab	35				3
HOME					
Acquisition of existing rental units					
Production of new rental units					
Rehabilitation of existing rental units	2,250	450	441	450	362
Rental assistance					
Acquisition of existing owner units					
Production of new owner units					
Rehabilitation of existing owner units					
Homeownership assistance	310	62	62	1,090	61
HOPWA					
Rental assistance					
Short term rent/mortgage utility payments	600	135	125	110	139
Facility based housing development					
Facility based housing operations					
Supportive services					
ESG		19,383	24,970	24,970	26,441

B. Affirmatively Furthering Fair Housing

DEED requires all grantees to develop a fair housing plan that affirmatively furthers fair housing. SCDP grantees also must consider equal employment opportunity and affirmative action throughout the life of their grants in all activities and grant administration. At the annual Implementation Workshop held for new grantees, equal employment opportunity requirements are discussed and a handbook is distributed which details the statutory requirements and the actions which need to be taken or suggested be taken. Grantees are required to include equal opportunity language in all contracts; engineers and architects include equal opportunity materials (including EO 12846, Section 3 Clause, Uniform Administrative Requirements, and a list of applicable laws) in all bidding and contract documents. Equal employment opportunity actions and requirements are discussed at pre-construction conferences and other forums as appropriate. Grantees report to DEED, annually, on the number and amount of contracts that were awarded to women- or minority-owned businesses and Section 3 businesses.

The Minnesota Housing HOME team assesses the success of affirmative marketing efforts in the HOME Rental Rehabilitation Program. In counties with significant populations of people of color, Minnesota Housing staff compare predetermined occupancy goals with actual occupancy data maintained by local administrators and Census data for the city or county in which developments are located, e.g., data on renters of color, people with disabilities, and female-headed families. Minnesota Housing may require corrective actions, such as more extensive outreach efforts to appropriate communities or organizations, to achieve the rental occupancy goals representative of the demographics in an area; no corrective actions with regard to outreach were required by the Minnesota Housing HOME team in FFY 2008. Examples of outreach efforts to inform and solicit applications from those least likely to apply include the use of: community organizations, churches, employment centers, fair housing groups, housing counseling agencies, or other organizations that provide services to, or have as members, people in groups considered least likely to apply.

The Minnesota Housing Administrative Procedures Manual, Administrative Monitoring Checklist, and File Compliance and Property Inspection Checklists for the HOME Rental Rehabilitation Program promote the understanding of affirmative fair housing compliance (including monitoring of Affirmative Fair Housing Marketing Plans) and guidelines for outreach to minority- and women-owned businesses as contractors or sub-contractors on projects. At annual HOME Rental Rehabilitation workshops, Minnesota Housing staff review agency guidelines and checklists regarding affirmative fair housing and outreach to minority- and women-owned businesses. Minnesota Housing HOME team members also meet separately with program administrators to review guidelines and stress their importance.

All application packets available to individuals interested in HOME programs and each HOME procedural manual available through Minnesota Housing informs participants of fair housing laws and Minnesota Housing's affirmative marketing policy. Minnesota Housing requires that property owners submit Affirmative Fair Housing Marketing Plans for the marketing and occupancy of units assisted in developments of five units or more. Owners must update these marketing plans at least once every three years.

The state has prepared an *Analysis of Impediments to Fair Housing Choice* that identifies conditions that may act as impediments to fair housing in these main areas:

- Homeownership: access to credit and to information about the buying process as well as limited affordability in some areas of the state;
- private rental housing: discrimination during the application process, the costs of application, outreach to communities of color;
- subsidized rental housing: limited usability of housing vouchers, the cost of rental housing.

The *Analysis of Impediments to Fair Housing Choice* is available from Minnesota Housing upon request. Annual summaries of actions the state has taken to address impediments have been included as part of the CAPER report beginning in 2002. The following is a summary of actions the state has taken to address impediments to fair housing in 2008:

Homeownership

The Emerging Markets Homeownership Initiative (EMHI) is a collaboration of representatives from public and private groups including financial institutions, the housing industry, communities of color, and government. Participants were convened in 2004 by the Federal National Mortgage Association (FNMA), the Federal Reserve Bank of Minneapolis, and Minnesota Housing and developed a business plan to increase homeownership rates among emerging markets. The plan calls for 40,000 new emerging markets homeowners by 2012, increasing the homeownership rate to 58 percent through three basic EMHI strategies: improve trusted guidance to emerging market communities, provide opportunity to expand and tailor outreach efforts, and offer innovative structural support to enhance mortgage products and processes. A copy of the final business plan is available at www.mnhousing.gov/

A four-part training curriculum developed by EMHI with assistance from the National Association of Realtors provides training on Minnesota law and ethics pertaining to mortgage lending, helping emerging markets overcome barriers to homeownership and diversity. An annual EMHI Summit reviews initiatives undertaken as well market and economic conditions that affect homeownership rates among emerging markets. Additional information about the Initiative and its activities is at: www.emhimn.org/.

According to information from the Mortgage Bankers Association's *National Delinquency Survey*, at the end of June 2008 Minnesota ranked 11th highest among states in the U.S

for home mortgage foreclosures started during the quarter. According to HousingLink estimates based on sheriffs' sales, Minnesota will experience more than 28,000 mortgage foreclosures in 2008. Public and private organizations in the state have mobilized resources, forming partnerships to address the problems of foreclosure. One of the partnerships, the Foreclosure Prevention Funders Council, was established by the Family Housing Fund to create a healthy housing market by addressing foreclosure issues before and after home purchase. The council also has worked to develop new products that are designed to address the causes of foreclosure. Participants include staff from the cities of Minneapolis and Saint Paul, the Minnesota Home Ownership Center, Minnesota Housing, the Emerging Markets Homeownership Initiative, HousingLink, the Greater Metropolitan Housing Corporation, Dakota County, and Fannie Mae.

Minnesota Housing has invested more than \$30 million since October 2006 in addressing foreclosure across the state. In addition to participating in the Minnesota Foreclosure Partners Council, the agency has funded:

- Prevention-Awarded \$8.3 million in funding for counseling, loans, and capacity building including: \$500,000 for Early Intervention Foreclosure Prevention Project; \$2.5 million for foreclosure prevention counseling and loans under the Homeownership Education, Counseling and Training Program (HECAT); \$5.3 million to support the Minnesota Foreclosure Prevention Capacity Building Initiative
- Remediation-Awarded \$18.4 million in funding for foreclosure recovery efforts including: \$11 million to the Family Housing Fund and Greater Metropolitan Housing Corporation to acquire, rehab, and re-sell vacant properties; \$6 million revolving line of credit to MyHomeSource, LLC (Alatus) to purchase, rehabilitate and re-sell foreclosed residential properties; \$1.4 million in Community Revitalization funding for five local initiatives
- Mortgage Products-FHA 203 Streamlined (K) Purchase Rehab loans may be eligible for the Community Activity Set Aside (CASA) program and \$9.2 million were made available for HOME HELP entry cost assistance to CASA borrowers purchasing in areas adversely effected by foreclosure

Homeownership Education, Counseling, and Training initiatives, funded through state appropriations and Minnesota Housing resources, have served an average of more than 10,000 households annually in the last five years. These initiatives target traditionally underserved communities and communities most easily victimized by predatory lending practices. Minnesota Housing, the Family Housing Fund, and more than a dozen other public and private participants also fund "Don't Borrow Trouble," a public information campaign that provides education for homebuyers and homeowners, as well as consumer guidance to avoid predatory lending.

Minnesota Housing has supported Habitat for Humanity homeownership efforts since 1991. In June of 2004 Minnesota Housing's Board of Directors approved a \$10 million below-market interest rate loan to Habitat to be disbursed in annual increments of \$2 million over a five-year period (through the end of FFY 2009). Most current data available indicate that homebuyers funded by this Minnesota Housing loan to Habitat had a median income of \$30,288 in 2008 or 43.1 percent of HUD's median income for the state at that time. Sixty percent of these homebuyers in 2007 and 78 percent in 2008 were emerging market borrowers.

The state's allocation of American Dream Downpayment Initiative funds, now known as HOME HELP, provides entry cost assistance for lower income borrowers for whom homeownership is unaffordable. This assistance, offered to households with the greatest need, has been available only through Minnesota Housing's Community Activity Set-Aside (CASA) first mortgage program. In FFY 2007, 35.7 percent of the homebuyers receiving federal downpayment assistance and a CASA first mortgage through Minnesota housing were from an emerging market; in FFY 2008, 38.6 percent were from an emerging market.

Minnesota is experiencing significant immigration from a number of African nations. Many individuals in these immigrant communities have a religious prohibition from executing interest-bearing mortgage loans yet still desire homeownership. As a result, Minnesota Housing has worked with community leaders to develop a mortgage instrument that would meet the needs of these communities as well as investor needs for a reasonable rate of return on investment. Minnesota Housing will implement a pilot program for the use of this new product in selected areas of the state.

Multifamily Rental Housing

State agencies strive to use resources most effectively to produce new units of affordable rental housing and to preserve the ongoing affordability of existing subsidized units. Proposals that focus on assisting underserved communities may be prioritized during application reviews for programs such as the allocation of federal Housing Tax Credits. Under some programs (such as the state-funded Economic Development and Housing Challenge Fund) guidelines encourage or require the leveraging of other public and private resources to maximize the affordability of housing to lower income tenants. Under the state's Housing Trust Fund, development priorities include housing affordable to tenants with incomes at 30 percent or less of Twin Cities metro area median income and supportive housing for people experiencing long-term homelessness.

Information was available in 2007 on more than 6,200 tenant households occupying Minnesota Housing-assisted developments for which owners also received federal Housing Tax Credits allocated through the agency. Data indicate that 52.7 percent of

households in these developments throughout the state were headed by a person of a race other than white or of Hispanic or Latino ethnicity.

Congress increased its funding appropriation for rental housing voucher assistance in 2008 under the Section 8 program, Minnesota's largest rental assistance program; however, renewal funding for project-based assisted housing has been insufficient to provide a full year of funding. Instead, partial year funding has been provided, resulting in delayed payments to owners and providing incentives for owners to leave the program.

The Fair Housing Implementation Council (FHIC), which focuses on fair housing issues in the Twin Cities metro area, has funded the nonprofit HousingLink to develop an information system for tenants on Twin Cities area subsidized and accessible rental housing. Information on the characteristics and availability of affordable housing can be obtained through HousingLink at: www.housinglink.org/

Homelessness

In 2004, staff from DEED, DHS, Minnesota Housing, and other public and private stakeholders participated in a working group that developed the state's first business plan to end long-term homelessness in Minnesota by 2010. The plan identifies the state's strategies to achieve the goal of 4,000 new supportive housing opportunities by 2010. In 2007, Minnesota Housing announced a "recalibration" of the business plan and a summary of progress toward meeting goals. More units of supportive housing have been funded than anticipated and cumulative progress as of August 2008 is ahead of target. Strategies may be recalibrated periodically based on experience and available funding.

In 2008, the Minnesota Legislature authorized a standing appropriation to cover the debt service on \$30 million of 501 (c) (3) bonds, a nonprofit housing bond account for permanent supportive housing. The legislature also appropriated \$1 million in general obligation bond proceeds for loans and grants to publicly owned housing for the homeless. The initiative to End Long-term Homelessness received appropriated funding in the Department of Veterans Affairs (\$250,000) and the Department of Human Services (\$505,000).

For more information, a copy of the plan, or to see details of the state's progress toward achieving the business plan goals visit:

www.mnhousing.gov/initiatives/housing-assistance/homelessness/index.aspx

Other Issues in 2008

In 2007, Governor Tim Pawlenty signed a bill appropriating \$157.3 million of disaster relief funding for the flood-ravaged counties of southeastern Minnesota. This action occurred at the close of a special session called by the Governor to fund recovery and

rebuilding efforts in the region. As result of this funding, DEED awarded \$28,754,000 to nine communities to assist businesses in disaster recovery in 2007 and 2008. Minnesota Housing assisted more than 680 households with \$10,848,981 in rehabilitation loans or flood insurance premium payments in 2008.

In its 2008 session, the Minnesota Legislature also enacted and the Governor signed legislation that:

- increased Minnesota Housing's debt ceiling, enabling the agency to sell additional bonds;
- directed Minnesota Housing to consult with land trust stakeholders in the process of compiling a report with recommendations on the role of land trusts in addressing the effects of residential mortgage foreclosures;
- appropriated \$250,000 to the Department of Human Services for grants to agencies to assist individuals with disabilities eligible for home and community-based services to access housing;
- authorized technical changes to the tax code to enable the state to better respond to temporary changes in its bond volume cap (as a response to the foreclosure crisis);
- authorized the implementation of a three-year demonstration project to accelerate community consortiums for older adult services;
- established the Energy Improvement Investment Program to assist cities, housing and redevelopment authorities, nonprofit developers and individual homeowners with low-interest financing for small scale renewable energy installations and cost-effective conservation improvements identified in an energy efficiency audit.
- Increased the maximum loan amount available to qualifying homeowners under Minnesota Housing's Mortgage Foreclosure Prevention Program.

More than 20 foreclosure-related initiatives were introduced during the 2008 legislative session. For a more complete summary of these visit this website:

www.mnhousing.gov/idc/groups/public/documents/document/mhfa_007129.pdf

Minnesota Housing has a longstanding commitment to advancing sustainable building and land use in the affordable housing sector. The Board of Minnesota Housing adopted new design standards in February of 2007 incorporating "green" building requirements into development programs. This action furthers the agency's ongoing commitment to promoting cost-effective energy conservation measures, healthy environments, and efficient land use.

The Minnesota Housing "green" policy promotes sustainable housing by optimizing the use of cost-effective durable building materials/systems and minimizing the consumption of natural resources, which affects the long-term maintenance and operation of housing as well as its construction. The policy also optimizes the use of

renewable resources, minimizing adverse impact to the environment and maximizing the use of natural amenities of development sites. Having applied revised standards to multifamily developments beginning in 2007, the agency completed implementation of those standards in its Community Revitalization Program in 2008. For more information or updates to existing standards visit:

www.mnhousing.gov/resources/apply/rfp/index.aspx (single family criteria) or www.mnhousing.gov/housing/architects/standards/MHFA_006625.aspx (multifamily criteria).

C. Affordable Housing

HUD does not consistently require jurisdictions, in each of the various Community Planning and Development programs, to collect or report the data necessary to determine housing affordability. Agencies have cooperated to the extent possible in providing information.

Data on the affordability of housing funded through SCDP (as defined by Section 215 guidelines) is not available; however, data on incomes of households assisted under SCDP activities indicate that in FFY 2008, 96 percent of households reported had incomes at or below 80 percent of area median income.

The ESG program has no goal to provide affordable housing as defined by Section 215 and DHS does not collect income information on ESG recipients. Most of the people assisted under this program have few or no resources; one of the basic criteria for qualifying for assistance is having no resources to afford housing even for a single night. ESG is the largest of Minnesota's federally funded efforts to address worst-case needs.

Minnesota Housing has allocated the greatest proportion of its federal HOME resources to the HOME Rental Rehabilitation Program, which assists the greatest number of extremely low-income households in the state other than ESG. In accordance with Minnesota Housing guidelines, **all** housing provided through federally funded programs meets affordability guidelines.

All tenants and homebuyers had gross incomes at or below 80 percent of area median family income (MFI).

**Priority Housing Needs/Investment Plan Table
Projected and Actual Assisted Households by Income Group**

Priority Need	5-Yr. Goal <i>Plan/Act</i>	Yr. 1 Plan	Yr. 1 Actual Activity	Yr. 2 Plan	Yr. 2 Actual Activity
HOME					
 Renters					
0 - 30 of MFI	1,215	243	257	243	202
31 - 50% of MFI	720	144	129	144	119
51 - 80% of MFI	315	63	31	63	41
 Owners					
0 - 30 of MFI	60	12	5	12	3
31 - 50 of MFI	95	19	13	19	20
51 - 80% of MFI	155	31	44	31	28
ESG					
 Homeless*					
Individuals		19,383	24,970	24,970	26,441
Families					
<i>Non-Homeless Special Needs</i>					
Elderly					
Frail Elderly					
Severe Mental Illness					
Physical Disability					
Developmental Disability					
Alcohol or Drug Abuse					
HIV/AIDS*	600	135	125	110	139
Victims of Domestic Violence					
Total (Sec. 215 and other)**	3,160				
Total Sec. 215					
215 Renter**					
215 Owner					

* Homeless persons assisted. HOPWA and ESG do not require the affordability standards of 92.252 and 92.254 to be met.

**Includes households assisted under SCDP programs. All SCDP beneficiaries were projected to have incomes at or below 80 percent of area median income; however, the state did not project numbers of households to be served through SCDP by specific income categories in the five-year plan

D. Continuum of Care

Currently, eleven CoC regions exist in Minnesota. CoC committees have developed plans that identify and describe regional homelessness, assistance needs of people experiencing homelessness or people at risk of becoming homeless, gaps in regional service delivery for the homeless, and a plan for addressing those gaps.

ESG funding is used to strengthen the Continuum of Care systems by providing direct services to homeless persons. ESG funds were provided to grantee agencies in every

CoC region, each of which has as a priority to prevent homelessness and provide shelter and supportive services for homeless individuals and families. ESG funds were provided to shelters in all CoC regions to pay for the operating and service costs of these programs. In addition, funds were provided for prevention activities in areas not receiving Minnesota Housing Family Homeless Prevention and Assistance Program funds to avoid duplication and ensure that homelessness prevention resources were available in all parts of the state.

Both Minnesota Housing and DHS use CoC Plans in the process of reviewing and selecting proposals under the ESG and transitional housing programs. DHS offers each CoC committee the opportunity to provide comments and recommendations on each ESG application submitted from their region. This allows CoC committees to have input into how ESG funds are spent in their community, ensuring that funds are filling gaps in their CoC systems.

CoC plans are available at:

www.mnhousing.gov/initiatives/housing-assistance/continuum/index.aspx

or through one of these offices:

**Minnesota Housing
Continuum of Care Contact List 2008-2009**

REGIONS	COC CONTACTS	HUD CONTACTS
METROPOLITAN AREA		
Anoka County	Barb Wold Anoka County Hsg. Coordinator Tel: 763-422-7392 barb.wold@co.anoka.mn.us	Sara Jean Bergen Housing & Urban Dev. Tel: 612-370-3019 ext. 2103 sara_j_bergen@hud.gov
Dakota County	Marsha Milgrom Dakota Cty. Social Services Tel: 651-554-5918 marsha.milgrom@co.dakota.mn.us	Sara Jean Bergen Housing & Urban Dev. Tel: 612-370-3019 ext. 2103 sara_j_bergen@hud.gov
Hennepin County	Mark Hendrickson Hennepin Cty. Housing Dev. Tel: 612-348-2199 mark.hendrickson@co.hennepin.mn.us	Tom Koon Housing & Urban Dev. Tel: 612-370-3019 ext. 2108 thomas_koon@hud.gov
Ramsey County	Jim Anderson St. Paul Human Services Tel: 651-266-4116 jim.anderson@co.ramsey.mn.us	Tom Koon Housing & Urban Dev. Tel: 612-370-3019 ext. 2108 thomas_koon@hud.gov
Scott/Carver Counties	Judson Kenyon Scott, Carver, Dakota CAP Tel: 952-322-3513 jkenyon@capagency.org	Sara Jean Bergen Housing & Urban Dev. Tel: 612-370-3019 ext. 2103 sara_j_bergen@hud.gov
Washington County	Tina Bayonet Washington Cty Comm. Svcs. Tel: 651-430-6529 tina.bayonet@co.washington.mn.us	Sara Jean Bergen Housing & Urban Dev. Tel: 612-370-3019 ext. 2103 sara_j_bergen@hud.gov

**Minnesota Housing
Continuum of Care Contact List 2008-2009**

REGIONS	COC CONTACTS	HUD CONTACTS
GREATER MINNESOTA		
Central	Brenda Engelking, Central MN Hsg Partnership Tel: 320-259-0393 brenda@cmhp.net	Mary Burbank Housing & Urban Dev. Tel: 612-370-3019 ext. 2102 mary_k_burbank@hud.gov
Northeast	Patty Beech N.E. MN CoC Coordinator Tel: 218-525-4957 pbeech@cpinternet.com	Mary Burbank Housing & Urban Dev. Tel: 612-370-3019 ext. 2102 mary_k_burbank@hud.gov
Northwest	John Pugleasa Beltrami Area Service Collaborative Tel: 218-333-8190 john@beltrami.org	Mary Burbank Housing & Urban Dev. Tel: 612-370-3019 ext. 2102 mary_k_burbank@hud.gov
Southeast	Mary Ulland-Evans Three Rivers Community Action Tel: 507-732-8555 mary.ullandevans@threeriverscap.org	Joe Geary Housing & Urban Dev. Tel: 612-370-3019 ext. 2157 joe_geary@hud.gov
Southwest	Jennifer Schuller S.W. Minnesota Housing Partnership Tel: 507-836-8673 jschuller@swmhp.org	Joe Geary Housing & Urban Dev. Tel: 612-370-3019 ext. 2157 joe_geary@hud.gov
St. Louis County	Laura DeRosier St. Louis County Health Tel: 218-725-5236 derosierl@co.st-louis.mn.us	Tom Koon Housing & Urban Dev. Tel: 612-370-3019 ext. 2108 thomas_koon@hud.gov
West Central	Carla Solem West Central CoC Coordinator Tel: 701-306-1944 carlas@cableone.net	Joe Geary Housing & Urban Dev. Tel: 612-370-3019 ext. 2157 joe_geary@hud.gov

CoC = Continuum of Care

Minnesota's Homeless Management Information System (HMIS) is an Internet-based system that presents standardized and timely information to housing and service providers to better serve their clients. Local planners, providers, and advocates have developed a version of the system that strengthens provider efforts to end homelessness without jeopardizing the privacy of those they are serving. Statewide implementation of HMIS began on July 1, 2005. All required agencies or departments, along with many voluntary participants, now use HMIS. As of mid-2007 199 agencies were using HMIS to report on approximately 61 percent of available beds in shelters, transitional and permanent supportive housing in Minnesota. For more information on HMIS see: www.hmismn.org/index.php

E. Other Actions

Address obstacles to meeting underserved needs

A major obstacle to meeting underserved needs is insufficient funding. While Minnesota is a leader among states in appropriating funds for affordable housing, the need for assistance continues to exceed available resources, especially resources that are the most useful for providing housing for extremely low-income families, i.e., funds that do not require debt service payments.

The Minnesota Legislature appropriated a total of \$114,557,000 to Minnesota Housing for housing assistance in 2008-2009 biennium, including base and one-time appropriations: \$34.2 million for the Challenge Fund, \$22.1 million for the Housing Trust Fund, \$20.5 million to preserve the ongoing affordability of existing assisted housing, \$14.9 million for family homeless prevention and assistance, \$9.9 million for rehabilitation loans to very low-income homeowners, \$5.3 million in voucher assistance for people with mental illness, \$3.4 million for Tribal and Urban Indian Housing, \$2.4 million for homeownership education/counseling and nonprofit capacity building, and \$1.8 million for homeownership assistance.

The ability to meet anticipated needs is subject to a variety of factors that are not necessarily within the control of the state, such as the inclination or capacity of communities and local partners to participate in assistance programs, the availability of feasible development or funding proposals, and local zoning and other regulations.

The state also addresses obstacles to housing and community development and strategies or actions taken in Section 91.315 (Strategic Plan) and Section 91.320 (Action Plan) of its five-year and annual consolidated plans.

Foster and maintain affordable housing

Housing Tax Credits (HTC) have been an important tool in the development and preservation of affordable rental housing in Minnesota since 1987. Minnesota Housing monitors more than 22,000 HTC housing units in the state as of 2008; suballocators, including Minneapolis, Rochester, Saint Cloud, Saint Paul, and Dakota and Washington counties monitor units in developments within their jurisdictions. In March 2008, Minnesota Housing took over monitoring obligations for the Duluth suballocator.

Based on an assessment of local housing needs, Minnesota Housing has developed an overall tax credit allocation plan that currently gives preference to: 1) developments serving families, underserved populations the lowest-income tenants; and 2) proposals that utilize existing infrastructure, support job growth, and use cost avoidance or reduction techniques. As new resources and needs are identified, Minnesota Housing reviews and may update selection priorities. The state's most recent Qualified Allocation Plan for housing tax credits may be viewed at: www.mnhousing.gov/housing/developers/allocation/index.aspx

Minnesota Housing requests funding proposals from housing sponsors under a consolidated application process. The agency combines tax credits with below-market interest rate mortgages (using agency reserves) and deferred loans (using state appropriations and contributions from funding partners) to make tax credit developments more affordable to lower income households.

The State of Minnesota and its tax credit suballocators reserved a total of \$11,834,463 in tax credits in 2008 for 1,294 proposed affordable rental units. Many of these tax credit units will be in developments financed at below-market interest rates with assistance from the Rural Development, Minnesota Housing, or HUD, which enhances the affordability of the rental units produced.

Eliminate barriers to affordable housing

Homeownership is an important means of accumulating wealth and strengthening families and communities; however, data show a significant gap in homeownership rates between households of color and non-Hispanic Caucasians, both nationally and in Minnesota. In June 2004 Governor Pawlenty announced the creation of a statewide initiative to increase homeownership among households of color. The Emerging Markets Homeownership Initiative (EMHI), a collaboration of representatives from public and private groups, developed a business plan to increase homeownership rates among emerging markets that they presented to the governor in June of 2005. The goal of the EMHI plan is to increase homeownership rates among emerging markets from the current 46 percent to 58 percent by 2012 through efforts focused on activities such as credit and lending practices, marketing and outreach, homebuyer counseling and financial education. Additional information (including EMHI's vision, approach, and actions) and a copy of the plan are available through the MHFA, or at this website: www.mnhousing.gov/initiatives/emhi/index.aspx

In 2003, at the request of Governor Pawlenty, state agencies formed a work group that included representatives from the Minnesota Housing, DHS, DOC, and DEED; local, county, and federal government; philanthropic organizations; and developers and business interests. The group met and developed a plan, published in 2004, to: 1) reduce the number of Minnesotans who experience long-term homelessness; 2) reduce the inappropriate use of crisis services; and 3) improve employability and other outcomes for families and individuals experiencing long-term homelessness. As

discussed earlier, this state plan for ending long-term homelessness in Minnesota by 2010, published by the Working Group on Long-Term Homelessness, calls for the collaboration of governmental entities; private sector developers and businesses; and nonprofits, charitable groups and faith-based organizations.

The plan facilitates the coordination of supportive housing efforts between funders, providers of services, and housing developers to make better use of currently available funding streams. Between 2004 and 2010, the state intends to devote an estimated \$483 million including: state appropriations, Minnesota Housing resources, and general obligation bonds, to provide 4,000 supportive housing opportunities (supportive housing units or vouchers) for households experiencing long-term homelessness. The goal was to generate 1,600 by December 31, 2007. As of the end of September 2008 more than 2,000 supportive housing opportunities had been funded.

For additional details or a copy of the original and “recalibrated” plan, call Minnesota Housing or check this website:

www.mnhousing.gov/initiatives/housing-assistance/homelessness/index.aspx

The capacity of local entities to participate in assistance programs can be a barrier to providing affordable housing. Attendees at public forums held for the development of the five-year consolidated plan (2007-2011) identified a lack of local capacity to plan, apply for grants, and execute housing initiatives in their jurisdictions as barriers to affordable housing. The state recognizes that local participation in the delivery of housing assistance is essential. For 2008-2009, \$1.3 million will be available, primarily state appropriated assistance for Minnesota Housing’s Organizational Support Program, to provide grants to help local nonprofits increase their capacity to deliver affordable housing. Minnesota Housing also funds a predevelopment Nonprofit Capacity Building Revolving Loan Program, using its own reserves to cover a portion of the predevelopment costs typically incurred in developing an affordable housing project. Community Housing Development Organizations (CHDOs) working on HOME projects have been eligible to apply for these predevelopment assistance programs.

In an attempt to address barriers to the production of new affordable housing, such as the cost of land, labor, and materials the Minnesota Legislature enacted and funded the Livable Communities Act of 1995. This action enables the Metropolitan Council to provide incentives to participating communities in the Twin Cities metro area to encourage affordable housing development and economic revitalization initiatives. For more information see: www.metrocouncil.org/

The state’s tax structure has been identified as a barrier to the development of affordable housing, a barrier that the Minnesota Legislature has attempted to diminish through various revisions to property tax laws related to rental housing. For more information see: www.mnhousing.gov/housing/developers/lirc/index.aspx

Overcome gaps in institutional structure and enhance coordination

Affordable housing assistance in Minnesota depends upon a large network of local lenders, housing authorities, community action agencies, nonprofit organizations, and local governments throughout the state. DEED, DHS, and Minnesota Housing work both to minimize assistance gaps and to coordinate available resources in a variety of ways. Minnesota Housing and its partners issue joint requests for proposals and coordinate the process of reviewing and selecting proposals for funding.

In 2008, the state certified 60 local affordable housing projects or programs submitted to DEED for review for consistency with the state's Consolidated Plan.

SCDP is available only in nonentitlement jurisdictions within the state, e.g., areas that do not receive a direct allocation of federal funds from HUD. DEED does not make geographic set-asides; all eligible nonentitlement applicants compete equally for available funds. Applications for SCDP are evaluated and ranked based on physical and financial needs, projected impact, cost effectiveness, and demographic characteristics, e.g., number of persons at or below poverty level, estimated market value.

Economic development applications are evaluated based on creation or retention of private sector jobs, levels of private investment, and the increase in local tax base. Performance Evaluation Reports completed by DEED staff identify the location of proposed and actual projects by municipality.

DHS determines geographic targets for ESG funding by a formula that takes into account the number of people in poverty, the number of people paying more than 50 percent of their income for rent, and the number of households receiving public assistance. This targeting formula also includes a determination of the amount of DHS funding received in the previous year for programs to address homelessness. DHS has chosen to provide supplemental ESG funding in entitlement areas, since these areas do not receive ESG funding through the federal ESG formula in proportion to their need for services for people experiencing homelessness. DHS sends requests for proposals to all grantees participating in the program previously, county social service agencies, advocacy organizations, community action agencies, reservation governments, Salvation Army units, and all known homeless service providers.

Community Housing Development Organizations (CHDOs) are nonprofit entities that may serve as owners, developers, or sponsors of affordable housing projects with access to a set-aside of a jurisdiction's federal HOME funds. Minnesota Housing has made an extensive effort to identify and work with (CHDOs) in its HOME programs and has certified approximately 30 organizations as CHDOs to date. Minnesota Housing did not award CHDO set-aside or operating funds to CHDOs in 2008 because HUD deemed the Minnesota Urban and Rural Homesteading Program, the program through which the CHDO set-asides have been made, to be an ineligible use of CHDO funds. In the

next year, Minnesota Housing will be re-evaluating the opportunities for CHDO participation in the HOME program.

Programs available through the U.S. Department of Agriculture's Rural Development (RD) are an important source of assistance in Greater Minnesota. A variety of assistance is available, including: financing for the development of rental housing in rural areas, tenant-based rental assistance, and loans and grants to homeowners to rehabilitate their property. Minnesota Housing and RD continue to cooperate to provide affordable housing in small towns and rural areas. Minnesota Housing and RD staff work together as needed, on a case-by-case basis, with developers applying for HOME Rental Rehabilitation funds. Minnesota Housing and RD architects coordinate work on jointly funded projects by sharing information concerning inspections and draws. In order to meet certain federal match requirements, RD proposals may obtain funding through applicable Minnesota Housing programs, e.g., Housing Trust Fund. DEED funds also may be matched with funds from RD to maintain affordability for communities and persons with low- and moderate-incomes and financing of public infrastructure. RD assistance is not provided through state agencies; therefore, in accordance with HUD instructions, data are not included in this performance report.

Minnesota's Regional Housing Advisory Groups (RHAGs), formed in 2003, provide forums for regional discussion among core housing stakeholders. State staff conduct consultations with the RHAGs who hold regularly scheduled meetings. During the RHAG consultations, attendees identify and prioritize the strengths and weaknesses of their regions, as well as housing and community development needs. State staff also conduct consultations with the Greater Minnesota Continuum of Care Committees. Groups represented on the Continuum of Care include community action agencies, homeless persons, funders, advocacy groups, faith-based organizations, non-profit organizations, school systems, law enforcement, and local and state government agencies.

In an effort to coordinate resources for affordable housing Minnesota Housing, the Metropolitan Council, and the Family Housing Fund formed the Metropolitan Housing Implementation Group (MHIG) with the HUD area office, Minneapolis PHA, LISC, GMMHC, the Corporation for Supportive Housing, and the Minnesota office of FNMA as partners. MHIG investment guidelines are used in evaluating proposals for the development of affordable housing in the metropolitan area. MHIG agencies cooperate in advertising for, reviewing, and selecting development proposals for funding. MHIG cooperates with municipal governments to implement the provisions of the Metropolitan Livable Communities Act.

The Interagency Stabilization Group (ISG) has been working with local nonprofits and units of government since 1993. The ISG coordinates funds for the stabilization and preservation of qualifying assisted rental housing. ISG members include Minnesota Housing, the Family Housing Fund, the McKnight Foundation, the Minneapolis

Community Development Agency, the Saint Paul Planning and Economic Development Department, LISC, HUD, and the Federal Home Loan Bank.

The Greater Minnesota Interagency Preservation Work Group is a consortium of public and nonprofit agencies created to work together to cooperatively address the preservation of federally assisted rental housing in Minnesota outside of the Twin Cities metro area. The participants include Minnesota Housing, HUD, USDA, DEED, Federal Home Loan Bank of Des Moines, Duluth LISC, and the Greater Minnesota Housing Fund. By coordinating information about properties at risk of converting to market rate housing or at risk of loss due to physical deterioration, the participants are able to more strategically target their combined resources.

The Interagency Task Force on Homelessness was established by state statute in 1990 to: 1) investigate, review, and improve the current system of service delivery to people who are homeless or at risk of becoming homeless; 2) improve coordination of resources and activities of all state agencies relating to homelessness; and 3) advise Minnesota Housing in managing the Family Homelessness Prevention and Assistance Program (FHPAP). In 2008 the Minnesota Interagency Council on Homelessness was formed to replace the Interagency Task Force. Chaired by the Director for Ending Long-Term Homelessness, the Council includes the following state departments: Corrections, Employment and Economic Development, Human Services, Housing, Public Safety, and Veterans Affairs, with the Department of Human Services represented by the offices of Mental Health, Chemical Health, Economic Opportunity, and Community Living Supports.

The Interagency Council coordinates and supports the regional Continuum of Care committees, regional advisory groups to the FHPAP, Minnesota's work on the Homeless Management Information System (HMIS), and all state programs impacting homelessness.

In addition to the Interagency Council, Minnesota has a broad-based community presence in preventing and ending homelessness. Called, Heading Home Minnesota (HHM), this group includes philanthropic, faith and business leaders from the private sector. HHM's primary goals are to raise awareness about homelessness (and especially about the potential to end homelessness) throughout the state, to coordinate regional plans to prevent and end homelessness (there are now seven such plans in Minnesota) and to bring resources of the private sector to bear on creative solutions to homelessness.

The Minnesota HIV Housing Coalition (formerly called the Coalition for Housing for Persons with HIV) was formed in 1993 to facilitate access to quality housing and appropriate support services for individuals and families living with HIV in Minnesota. The Coalition advises the City of Minneapolis and Minnesota Housing on the expenditure of HOPWA funds. Minnesota Housing and the City of Minneapolis

collaborate in allocating HOPWA funds to projects throughout the state for which sponsors seek assistance through the Request for Proposal process. Minnesota Housing continues to collaborate with DHS on outreach efforts to ensure that the state addresses the needs of the HIV/AIDS population outside the 13-county Twin Cities metro area. DHS, which has a broad understanding of regional HIV/AIDS issues and programs, is the official administrator of federal Ryan White Part B and AIDS Drug Assistance Program (ADAP) funding for Minnesota. As the Part B Grantee, DHS is charged with addressing the needs of persons living with HIV throughout the entire state of Minnesota.

Improve public housing and resident initiatives

Public housing rehabilitation is an eligible use of SCDP funds for which housing authorities may apply to DEED.

The rehabilitation of public housing is not an eligible use of HOME funds; however, the Minnesota Legislature appropriated \$2.5 million for the preservation of existing public housing in the 2008-2009 biennium. Minnesota Housing began accepting applications for this grant assistance from Public Housing Authorities (PHAs) in October of 2007 and by the end of FFY 2008 had assisted the preservation of more than 1,100 units of public housing in the amount of \$2.3 million. This state assistance has helped PHAs to maintain needed federal operating subsidies.

The state does not own public housing or administer public housing funds.

Evaluate and reduce lead-based paint hazards

In 2007 Minnesota Department of Health (MDH) was awarded \$1,413,100 in Lead Hazard Control funds. This second round of funding will help remediate lead in 138 properties. In 2003, DEED and MDH partnered to implement a Lead Hazard Control grant in the amount of \$2.43 million dollars and remediate lead in over 300 properties.

The purpose of the program is to identify and correct lead based paint hazards in homes occupied by low and moderate income families with children less than six years of age. The primary responsibility for managing the grant program is with MDH in partnership with DEED. Agencies administering Small Cities Development Program grants through DEED will be eligible for funding and will carry out the implementation and administration of the Lead Hazard Control Grant Program on the basis of executed grant agreements with MDH. In order for better coordination of state programs, DEED has adopted MDH's priority of addressing only those homes with pregnant women and/or children under six years of age. This policy has also been adopted by the Environmental Protection Agency.

DEED has a lead hazard reduction policy that requires notification of residential owners, inspection of deteriorated paint, correction and removal, if applicable, in accordance with HUD/MDH requirements. In addition, all grantees are required to

include in all residential rehabilitation contracts language which prohibits the use of lead paint and requires contractors to carry out rehabilitation in accordance with lead safe work practices where applicable with particular attention to residential units with pregnant women or children less than six years of age.

DEED's and Minnesota Housing's federally funded programs comply with the lead-based paint requirements of 24 CFR Part 35. Lead hazard reduction is an eligible improvement in state- and Minnesota Housing-funded property improvement and rehabilitation loan programs. In December 2004, the Minnesota Housing board of directors approved a lead-based paint policy of substantially complying with the HUD lead rule (24 CFR Part 35) in state-funded programs with health and safety requirements.

When Minnesota Housing provides non-federal funds through its consolidated RFP that constitute a substantial portion of a rental project's funding, or when the agency's funds are secured with a first mortgage, an analysis of lead-based paint is conducted as part of the environmental review and hazards are mitigated.

The state has made substantial progress in improving the lead hazard reduction infrastructure in Minnesota since implementation of 24 CFR Part 35. As of 2006, there were 132 firms certified to do lead hazard reduction, 6 licensed project designers, 159 risk assessors, 261 lead supervisors, 112 lead workers, and 29 lead sampling technicians. DEED has supported this development by providing SCDP funds for training of rehabilitation contractors and staffs of grantees.

DEED and Minnesota Housing have been members of the Minnesota Childhood Lead Poisoning 2010 Elimination Plan Advisory Workgroup. The mission of the workgroup was to provide technical expertise and advisory support to the Minnesota Department of Health (MDH) through the development of a strategic plan to eliminate childhood lead poisoning by 2010. The workgroup's report was updated in September 2008 and is available on the MDH website at:

www.health.state.mn.us/divs/eh/lead/reports/2010planfinal2008.pdf

DEED and Minnesota Housing are also members of the Minnesota Collaborative Lead Education and Assessment Network (M-CLEAN), which is convened by the Minnesota Department of Health. Members are all state and local government and nonprofit organizations dealing with lead-based paint and public health. M-CLEAN provides a forum for sharing information among its members, and for providing, on an informal basis, a sounding board for possible lead policies.

In addition to the above activities, the Environmental Health Division of the State of Minnesota's Department of Health oversees a comprehensive lead remediation program that includes testing, health care and environmental remediation. The program is largely funded by federal dollars (HUD and Centers for Disease Control and

Prevention), with additional funding provided by the state's general fund. For more information see: www.health.state.mn.us/divs/eh/lead/index.html

Reduce the number of persons living below the poverty level

The Office of Economic Opportunity (OEO) at DHS administers a variety of federal and state funded anti-poverty and self-sufficiency programs, allocating more than \$40 million a year in federal and state appropriations to approximately 200 organizations and programs working with low-income families in Minnesota. These anti-poverty programs (including assistance to people experiencing homelessness) address families' basic social needs while providing opportunities for the development of the skills necessary for economic self-sufficiency.

The Minnesota Family Investment Program (MFIP) is the state's major welfare reform initiative for low-income families with children. MFIP's three main goals are to help people leave and remain independent of welfare, obtain and keep jobs, and increase income/decrease poverty. Efforts to ensure that the state meets MFIP goals include: employment and job training services, health care assistance, and child care subsidies for MFIP families. This includes a diversionary work program that helps people to find employment before they reach the need for MFIP.

Data from a DHS longitudinal study of MFIP shows that the proportion of recipients with family income below federal poverty guidelines decreased by 22 percentage points over a 10-year period; however, the percentage in deep poverty rose. More information about the study and about assistance under MFIP is available at: www.dhs.state.mn.us

F. Leveraging Resources

DEED leverages its SCDP housing rehabilitation funds with Minnesota Housing, lender, and property owner contributions. Each applicant jurisdiction is expected to provide as much local money as practicable, contingent upon the financial capability of the applicant. DEED and Rural Development coordinate funds for correcting or improving public infrastructure especially for low- and moderate-income communities. DEED staff estimate that SCDP projects historically have leveraged nonfederal funds in an amount at least equal to SCDP funds.

In FFY 2008, HOME provided 17 percent of the total funds used in completed HOME Rental Rehabilitation projects with 83 percent provided by resources from other public or private entities and from property owners. Minnesota Housing has used Housing Tax Credits as well as HOME funds for the development of affordable rental housing in conjunction with other contributions. Under the HOME program, each participating jurisdiction must contribute funds to affordable housing in an amount that is not less than 25 percent of HOME funds drawn from a jurisdiction's HOME Investment Treasury account during the reporting period. Minnesota met HUD's HOME match contribution requirement in FFY 2008 and carried over qualifying excess match dollars to FFY 2009.

Minnesota Housing also leverages federal funds and funds from outside the agency in its own assistance programs, including the Economic Development and Housing Challenge Fund, the Housing Trust Fund, and the Low and Moderate Income Rental Program. Local contributions are essential to the provision of affordable housing and community development and have included donations of land, write-down of project costs, tax increment financing, and municipal financing. Under the Mortgage Revenue Bond-financed Community Set-Aside, Minnesota Housing gives priority during the selection process to those proposals that demonstrate local investment pursuant to a housing plan, local government participation that reduces costs, and the extent to which private investors (e.g., local employers) contribute. Under the state-appropriated Challenge Fund, legislation requires that at least 50 percent of Challenge funds must be utilized in projects that include a financial or in-kind contribution from an area employer and a contribution from at least one of the following: local unit of government, private philanthropic organization, religious organization, or charitable organization.

Minnesota's private foundations have contributed their resources to a variety of single family programs and multifamily projects; the McKnight and Blandin Foundation funding of the Greater Minnesota Housing Fund is one example of this contribution. The Greater Minnesota Housing Fund provides opportunities for the development of affordable housing programs and projects outside the Twin Cities metro area. The contributions of foundations and nonprofit organizations to affordable housing development, while significant, are not reported to state agencies and cannot be documented here. (*Minnesota's Consolidated Plan for Housing and Community Development* includes a list of major foundations and nonprofit organizations in Minnesota that work to provide or promote affordable housing.)

ESG requires a one-to-one matching of funds. In FFY 2008, DHS used state funds (\$3,738,000 in Transitional Housing Program funds and \$950,000 in Emergency Services Program funds) to meet the Emergency Shelter Grant Program matching requirement.

Under Projects for Assistance in Transition from Homelessness (PATH), in FFY 2008 DHS disbursed \$672,000 in federal PATH funds and \$502,440 in matching state funds for PATH (only \$224,000 was required for the match). The combined resources funded mental health staff and to provide rental assistance to 1,767 enrolled households. The reduction in the number of enrolled households from FFY 2007 is the result of technical assistance provided to PATH providers on data collection, eligibility and enrollment. The number of persons contacted by PATH staff increased from 4,469 in FFY 2007 to 4,517 in FFY 2008.

G. Citizen Comment

Minnesota state agencies use the Consolidated Planning process to maintain awareness of local assistance needs. DEED takes the lead in conducting public hearings and forums on the Consolidated Plan/CAPER, annually, in various areas around the state.

The state notified the public of the availability of the draft in the *State Register* and the *Tribune*. The draft CAPER for 2008 was available for public comment for 30 days, beginning November 5, 2008 and extending through the end of the business day on December 8, 2008. Copies of the CAPER were posted in the websites of Minnesota Housing and DEED, mailed to depositories (e.g., local libraries) throughout the state, and photocopies were available from Minnesota Housing and DEED upon request. A summary of comments and the state's responses are included in the final report; the state received one public comment on the report for 2008 (see Appendix).

Updates to the draft are made, annually, based on information that may not become available to state agency staff until November or December.

H. Self-Evaluation

The state has identified the objectives and expected outcomes for federally funded housing and community development assistance as follows:

Housing and Community Development Objectives and Outcomes

<i>SCDP Activities</i>	Objective	Outcome	
Owner Occupied Rehab	2	1	Objective 1 Create suitable living environments 2 Provide decent affordable housing 3 Create economic opportunities
Rental Rehabilitation	2	1	
Commercial Rehabilitation	3	3	
Public Facilities Projects	1	3	
New Construction	2	2	
Homeownership Assistance	2	2	
Relocation	2	1	
Acquisition	1	1	
Clearance	1	1	
HOME Activities			
Rental Rehabilitation	2	2	
Downpayment Assistance	2	2	
HOPWA Activities			3 Sustainability
Emergency rent, mortgage, utility assistance	2	2	
ESG Activities			
Emergency Shelters	1	1	
Homeless Prevention	2	2	

In general, the state met or exceeded most assistance goals for 2008 as shown in Table 2A, which uses both numbers of units assisted and incomes of assisted households as indicators of progress toward achieving goals. Assistance provided under ESG was particularly successful in serving a greater number of individuals than anticipated.

Due to difficult economic conditions CDBG goals for homeownership assistance were not met. Tightened qualifying standards for home buyers caused low income home buyers to have a much more difficult time qualifying for mortgages, reducing the opportunity for CDBG to assist with the process.

The weakened economy also affected the rehabilitation of existing rental units. As part of this program, property owners are required to provide some of their own funds to match CDBG funds. In a very price-sensitive time many rental property owners are not willing or able to increase rents to cover the costs of capital invested in their properties as required by the program.

A slightly smaller number of low-income renters were assisted in FY 2008 under HOME Rental Rehabilitation than anticipated. General economic conditions affected all aspects of the housing industry, including Minnesota Housing activity. While rehabilitation was completed on three more developments in 2008 than in 2007, the state assisted fewer tenants than anticipated.

The HOME HELP entry cost assistance program was not implemented until July of 2008; therefore, activity was low. More importantly, the anticipated assistance of 1,090 low-income first time homebuyers was based on a proposed \$5,000 per household maximum and an estimated rather than actual fund allocation. In fact, maximum assistance in the current HOME HELP Program is \$14,999 per loan and most borrowers have received the maximum amount allowed. Under present conditions and allocation amounts the state might expect to assist approximately 600 households with entry costs.

Data available through the IDIS Housing Performance Report indicates that all HOME-funded activity in 2008 fulfilled the objective of providing decent, affordable housing.

Among assisted homeowners or buyers, the state assisted fewer households with incomes between 0 percent and 30 percent of median than anticipated; however, the limited availability of housing at sales prices affordable to households in the lowest income categories made it difficult to achieve anticipated activity.

**Priority Housing Activities/Investment Plan Table
Projected and Actual Assisted Households**

Priority Need	5-Yr. Goal Plan/Act	Yr. 1 Plan	Yr. 1 Actual Activity	Yr. 2 Plan	Yr. 2 Actual Activity
CDBG					
Acquisition for rehab	35				3
Acquisition of real property			11		120
Homeownership assistance		13	17	7	3
Rehabilitation of existing rental units	920	184	167	120	73
Rehabilitation of existing owner units	2,660	532	646	373	464
Production of new housing units	70	14	32		
Relocation			7		1
Acquisition for rehab	35				3
HOME					
Acquisition of existing rental units					
Production of new rental units					
Rehabilitation of existing rental units	2,250	450	441		362
Rental assistance					
Acquisition of existing owner units					
Production of new owner units					
Rehabilitation of existing owner units					
Homeownership assistance	310	62	62	1,090	61
HOPWA					
Rental assistance					
Short term rent/mortgage utility payments	600	135	125	110	139
Facility based housing development					
Facility based housing operations					
Supportive services					
ESG		19,383	24,970	24,970	26,441

**Priority Housing Needs/Investment Plan Table
Projected and Actual Assisted Households by Income Group**

Priority Need	5-Yr. Goal Plan/Act	Yr. 1 Plan	Yr. 1 Actual Activity	Yr. 2 Plan	Yr. 2 Actual Activity
Renters					
0 - 30 of MFI	1,215	243	257	243	202
31 - 50% of MFI	720	144	129	144	119
51 - 80% of MFI	315	63	31	63	41
Owners					
0 - 30 of MFI	60	12	5	12	3
31 - 50 of MFI	95	19	13	19	20
51 - 80% of MFI	155	31	44	31	28
Homeless*					
Individuals		19,383	24,970	24,970	26,441
Families					
<i>Non-Homeless Special Needs</i>					
Elderly					
Frail Elderly					
Severe Mental Illness					
Physical Disability					
Developmental Disability					
Alcohol or Drug Abuse					
HIV/AIDS*	600	135	125	110	139
Victims of Domestic Violence					
Total (Sec. 215 and other)**	3,160				
Total Sec. 215					
215 Renter**					
215 Owner					

* Homeless persons assisted (in 15,081 households). HOPWA and ESG do not require the affordability standards of 92.252 and 92.254 to be met.

**Includes households assisted under SCDP programs. All SCDP beneficiaries were projected to have incomes at or below 80 percent of area median income; however, the state did not project numbers of households to be served through SCDP by specific income categories in the five-year plan.

Minnesota provides housing and community development assistance through a variety of state or agency-funded programs. Minnesota Housing provides financing to homeowners to rehabilitate or improve the property they occupy and deferred loans or grants to communities to meet local revitalization needs. Minnesota Housing also assists with financing the construction, acquisition, and rehabilitation of rental through first mortgages, deferred loans, and operating subsidies.

The state provides homeownership opportunities through the sale of tax-exempt mortgage revenue bonds and state or Minnesota Housing-funded entry cost assistance programs. The Minnesota Legislature appropriates funds for homeownership

education, counseling and training, and foreclosure prevention assistance available through local providers as well as Family Homeless Prevention and Assistance. Under the state-funded Organizational Support Program and Minnesota Housing-funded Nonprofit Capacity Building Revolving Loan Program, the state provides assistance to local nonprofit organizations to increase their capacity to meet local housing needs.

With various DEED funding sources and programs available, communities can undertake activities to strengthen communities and their housing stock in a coordinated and simultaneous approach. DEED provides resources for cleanup of contaminated sites through its state-funded Contaminated Cleanup and Redevelopment. The Public Facilities Authority lends funds to communities for sewer improvement and water improvement projects.

The Minnesota Department of Human Services serves a large number of elderly and disabled people under the state-funded Group Residential Housing program.

Minnesota state agencies report to the Governor and the public at least annually on their performance toward achieving established goals. The progress of state agencies toward achieving their overall goals is measured by a variety of indicators; results may be reviewed at: www.accountability.state.mn.us/.

I. Monitoring

The following describes the monitoring plans set forth by each program and outcomes of the on-site inspections completed in 2008 for HOME-funded units.

HOME Rental Rehabilitation

There are 12 contractors (local administrators) that assist in the delivery of the HOME Rental Rehabilitation Program. Local administrators are monitored on a continuous basis as every loan file submitted is reviewed for compliance with HOME and Minnesota Housing requirements: if found to be deficient, either the deficiency is corrected or the file is not funded. This monitoring is ongoing and staff does not keep records of the specific items that suggest a need for training, but deal with deficiencies as they arise.

Staff reviewed two administrators last year, Red Wing HRA and Olmsted County HRA; administrators that closed projects during the year were selected for on-site review.

Minnesota Housing staff inspected the administrators' files, all of which had the correct documentation. Staff also inspected 29 HOME-assisted units in seven developments. In all of those, units met rent requirements, households met income requirements, and all applicable documents were on file; however, in five of the developments, 15 units did not meet HQS standards, (e.g., disabled smoke detectors, globes missing from light

fixtures). A significant number of findings were that missing switch or outlet covers that had been removed for painting at unit turn-over. All deficiencies were corrected.

Minnesota Housing HOME Unit Inspections

Property address	City	Results	Units not in compliance
424 5 th St. W.	Red Wing	Minor HQS violations	1, 3, 4, 6, 7
1013 Peaceful Ridge Rd.	Red Wing	Minor HQS violations	1, 2, 3
1730 Old West Main	Red Wing	No access to unit, exterior complies	
466 & 466 ½ St.	Red Wing	Minor HQS violations	Upper
716 & 718 Broadway	Rochester	Minor HQS violations	(716) 1, 2 (718) 1, 3, 4
908 7 th Ave.	Rochester	Minor HQS violations	1
The Francis (Candle Rose)	Rochester	Complies	

Local administrators provided compliance monitoring reports on 1,514 HOME units; the report is shown in the Appendix to this CAPER and is designed to include all HOME projects in Minnesota Housing’s portfolio.

Minnesota Housing, local administrators, and property owners work together to correct any deficiencies within 30 days of identification.

HOME HELP

Minnesota has implemented the following monitoring procedures for HOME HELP inspector contractors and lender contractors:

HOME HELP Inspector Acceptance and Monitoring Procedure

1. Lender applications for HOME HELP will be accepted on an ongoing basis.
2. Minnesota Housing staff will ensure the lender is not suspended or debarred prior to signing lender agreement.
3. A Housing Program Professional will review each of the documents identified on the HOME HELP Pre-purchase Loan Transmittal for compliance before approving the loan for purchase.
 - a. Environmental requirements
 - b. URA Notification to Seller
 - c. Income eligibility
 - d. Status as a first time home buyer
 - e. Completion of homebuyer education
 - f. Compliance with applicable housing quality standard
 - g. Lead-based paint visual assessment
 - h. Correction of deteriorated paint, and, if required clearance testing
 - i. Eligible purchase price

- j. Eligible downpayment assistance amount
 - k. Homebuyer agreement
 - l. HOME Help Mortgage Note
 - m. HOME HELP Mortgage
 - n. Assignment of HOME HELP Mortgage
4. Instances of non compliance and the corrective actions will be documented.
 5. Bi-monthly performance reports will be reviewed, evidence of deficiencies noted, and corrective training conducted.
 6. Given the detailed review of each loan, staff will not conduct on-site monitoring of lenders unless there are repeated instances of inadequate documentation or non compliance. On site monitoring (if conducted) will include a review of their processes and the provision of corrective training.

HOME HELP Inspector Acceptance and Monitoring Procedure

1. Inspector qualification requirements are delivered through Minnesota Housing's HOME HELP Inspection Services Request for Proposal (RFP).
2. Submission information requirements are outlined in the RFP. The inspector's submission documents establish the presence or absence of local housing quality standards and their qualifications to apply HUD HQS standards in the absence of local standards.
3. Minnesota Housing staff will check the EPLS to ensure contractor is not suspended or debarred prior to signing inspector contract.
4. To ensure compliance, Minnesota Housing's contract with inspectors requires them to provide Minnesota Housing with copies of local housing quality standards where they exist, and obligates inspectors to inspect to the local standard where they exist or to HUD HQS when local standards do not exist.
5. Minnesota Housing will audit and monitor inspection contractors as an added measure to ensure compliance as detailed below:
 - a. Data base of key information retrieved from inspection reports – desk review for any red flags or recurring issues.
 - b. Each inspection is reviewed by a Housing Program Professional as a requirement of the HOME HELP loan approval for:
 - i. Application of correct housing quality standards
 - ii. Property compliance with housing quality standards
 - iii. Lead based paint standards for pre-1978 housing.
 - c. Calls to inspectors, lenders, home sellers, or homebuyers when necessary to clarify any inconsistencies.
 - d. One in ten inspections per inspector contract will be reinspected.

Housing Opportunities for Persons with AIDS

Rent and emergency assistance projects monitoring includes:

- Monthly review of administrative budget, production, and utilization of funding.
- Evidence that the grantee is collecting appropriate demographic data.
- Biennial site visits to the grantee to review the following:

- Policies and procedures
- Compliance with audit procedures
- Documentation of compliance with time limits for assistance
- Documentation of all aspects of tenant eligibility
- Documentation that each participant was provided an opportunity to receive case management services
- Source documentation of rental, mortgage, or utility expense

American Dream Downpayment Initiative (ADDI)

Minnesota Housing undertook an extensive review of ADDI loans in 2008 and found nine ineligible loans (of 132) for which HUD was reimbursed. Minnesota Housing substantially redesigned the program to address issues raised by HUD in its 2007 review and renamed the program the HOME Homeowner Entry Loan Program (HOME HELP).

Emergency Shelter Grants Program

Each year DHS program staff review all ESGP grantees using a risk analysis tool created with technical assistance from HUD. The tool has four broad areas of analysis:

- General agency information. This includes such factors as new executive director or fiscal director, previous monitoring results, identification of difficulties in a variety of areas, or a new grantee.
- Program operations. This includes compliance and reporting issues, policies and procedures.
- Fiscal operations. This includes financial information such as reporting, audit findings, delinquencies, turnover in accounting staff.
- Agency Board of Directors/Executive Management. This includes agency mission, roles and responsibilities, conflicts, negative press, board issues.

Use of the tool allows DHS staff to determine if a grantee needs immediate attention or if the grantee can receive a visit as part of regular monitoring. In either case, the focus of the monitoring will include any areas highlighted by the risk analysis tool. A regular monitoring rotation ensures grantees are monitored at least once during every grant cycle (every two years).

Grantee issues also may be identified through monitoring visits by state agency staff. Monitoring looks at the overall agency capacity to deliver services determined through a guided discussion that includes managers as well as direct service staff. Areas of discussion may include an overview of the strengths and challenges facing the community and participants, coordination and collaboration efforts, goals and outcomes, staffing and communication, information management, fiscal systems, and governance. A random selection of files is reviewed to check on specific documentation of: homelessness, disability status, target population, on-going assessment, follow-up, and supportive services. In addition, there is verification of homeless participation in policies and project development, the full number of participants being served, and the timeliness of grant expenditures.

Grantees receive a report on the monitoring visit within a month of the visit. Issues such as late reporting must be corrected immediately. Capacity building occurs as the field representative provides assistance to the grantee during the year. Program staff worked collaboratively with monitoring staff to develop the new monitoring instrument, which is reviewed and updated regularly.

Community Development Block Grant

It is DEED's standard that each grantee be monitored through an on-site visit at least once during the term of the funding agreement. Follow-up monitoring may occur if there are significant findings of noncompliance with program requirements to ensure that problems have been corrected or if other indicators of program noncompliance or administrative difficulties become apparent from reviews of program documents, telephone conversations, or other sources.

The monitoring process includes a review of a sample of files to determine compliance with program requirements and the existence and application of good financial management practices. A monitoring checklist/guide has been developed by DEED as a tool to assist in the monitoring process. Results of the monitoring are discussed with each grantee, and issues and their resolution are put in writing and sent to the appropriate officials of the grantee. All grants are subject to monitoring to ascertain whether the activities stated within the approved application address federal objectives, are eligible activities, and if adequate progress has been made by the grantee within the time period stated in the funding agreement.

Program Narratives

III. CDBG Program Narrative

The primary objective of the Small Cities Development Program (SCDP) is to develop viable urban communities by providing decent affordable housing and suitable living environments. SCDP does this by expanding economic opportunities, principally for persons of low and moderate income. SCDP funds can be used for a variety of activities, most often to address community needs for owner-occupied housing rehabilitation, rental and/or commercial rehabilitation, or public facility improvements.

Proposals may either be a Single Purpose or Comprehensive Application:

Single Purpose applications must consist of one or more activities designed to meet a specific housing or public facilities need within a community;

Comprehensive applications must consist of at least two interrelated projects that are designed to address community development needs and which, by their nature, require a coordination of housing, public facilities or economic development activities.

All proposals submitted must meet one of three federal objectives:

- Benefit to low and moderate income persons;
- Elimination of slum and blight conditions, or;
- Elimination of an urgent threat to public safety

All proposals recommended for approval must provide evidence of meeting, at a minimum, one of these federal objectives.

On January 31, 2008 proposals were due under the Small Cities Development Program (SCDP) request issued by DEED. All SCDP proposals were evaluated and ranked by both a lead and backup reviewer on need, impact, cost effectiveness, organizational capacity and leveraging of non-SCDP resources. Demographic information was provided by the state demographer's office and ranking was based on the number and percentage of people in poverty in a specific area.

The lead reviewer was responsible for presenting their scoring recommendations to the selection committee that was comprised of all SCDP Regional Representatives. During selection meetings, comments and suggestions were received from all staff in determining application scores.

For applications that had a public facility component, SCDP staff contacted representatives from Rural Development, Minnesota Pollution Control and Public Facilities Authority for their input. Additionally, applications that focused on rental or homeownership development received insight and recommendations from both Minnesota Housing and the Greater Minnesota Housing Fund.

2008 Funding Allocation Breakdown

DEED announced the following amount of CDBG funds were available for the Program in 2008:

HUD 2008 CDBG Award:	\$20,499,188
Administrative Amount:	\$ 509,982
Amount available for awards from CDBG:	\$19,989,206
Amount provided to Economic Development (15%):	\$ 2,998,381
Amount available from HUD for SCDP grants:	\$16,990,825
Reverted funds from 2002-07 SCDP Program years	+\$ 605,638
Total amount available for SCDP Grants in 2008:	\$17,596,463 *

*The amount available in '08 is \$2.34 million less than in '07 due to less reverted funds and a slight cut in CDBG funding. Even with those cuts, we are funding the same number of applications.

For 2008, the following is the funding breakdown for this year's awards:

- 55% For owner occupied rehabilitation;
- 13% For commercial rehabilitation;
- 17% For public facility projects;
- 8% For rental rehabilitation;
- 4% For rental/new development;
- 3% For community facilities.

The Commissioner has the authority to modify these percentages if it has been determined there is a shortage of funding in any category.

For 2008, there were 52 applications submitted requesting over \$28.2 million. The total amount available for SCDP funding is \$17,596,206. This is our \$20,499,188 CDBG allocation from HUD minus the administrative amount and \$2,998,381 for Economic Development plus \$605,638 in reverted SCDP funds.

The following is an overview of the number of requests received, the amount of SCDP funds requested, the number of projects within each region recommended for approval and the recommended SCDP award amounts in 2008:

Region	# of Full Applications Received	SCDP Funds Requested in Full Applications	Number of Applications Recommended for Approval Per Region	Recommended SCDP Awarded Amount Per Region
1	6	\$3,850,968	5	\$2,271,839
2	2	\$1,232,500	2	\$ 602,000
3	5	\$3,379,965	5	\$2,303,976
4	7	\$3,952,250	5	\$2,018,000
5	4	\$3,057,625	3	\$1,662,660
6E	3	\$1,280,360	2	\$750,000
6W	2	\$2,042,521	2	\$838,624
7E	2	\$1,252,273	2	\$604,128
7W	3	\$926,520	1	\$414,000
8	6	\$4,778,000	6	\$3,138,235
9	2	\$684,530	2	\$547,624
10	8	\$8,408,233	4	\$2,143,300
11	2	\$886,500	1	\$300,000
Totals	52	\$35,712,245	40	\$17,594,386

Based on application evaluations, staff recommended approval of 40 proposals totaling \$17,594,386 million. Of this amount, 21 are Single Purpose applications totaling \$7,356,353 and 19 are Comprehensive Applications totaling \$10,238,033. There currently is a reverted funds balance of \$346,699 to be use towards future SCDP approved projects.

Staff's funding recommendations fully commits HUD's allocation of funding for the 2008 Small Cities Development Program.

IV. HOME Program Narrative

Assessment of Relationship of HOME Funds to Goals and Objectives

The state used its HOME allocation in 2008 to fund two basic activities: rehabilitation of rental properties and downpayment assistance to first-time homebuyers.

Minnesota Housing designated HOME formula grant funds received (or anticipated to be received) for the 2008-2009 biennium as follows:

Minnesota Housing Allocation of HOME Funds for 2008/2009

Program or activity	Allocation of funds	Percentage of funds
Rental rehabilitation	\$10,350,000	54.5%
Downpayment assistance for first-time homebuyers	\$6,784,000	35.7%
Agency overhead	\$1,860,360	9.8%
Total	\$18,994,360	100%

Using HOME funds, Minnesota Housing recently renamed and re-launched the American Dream Downpayment Assistance Initiative (ADDI) program as HOME Homeowner Entry Loan Program (HOME HELP). This newly structured program provides homebuyer assistance statewide.

HOME Rental Rehabilitation funds are available in communities throughout the state that do not receive entitlements directly from HUD.

Projects completed in 2008 included a total of \$6,612,716 HOME funds for affordable housing for 423 low-income households, including 61 loans to first-time homebuyers and 362 units of rehabilitated and occupied rental housing.

Because of the availability of significant state and agency-funded resources for development of new affordable housing, Minnesota Housing allocates the greatest portion of its HOME funds to the rehabilitation of rental property for very low-income tenants. Minnesota does not use HOME funds for tenant-based rent assistance, given the amount of assistance already available through the Section 8 Housing Assistance Payments Program. According to HUD's **Inventory of Subsidized Housing**, housing authorities in the state administer more than 25,000 Section 8 certificates and vouchers. The state legislature's biennial appropriation to Minnesota Housing includes funding for tenant-based rental assistance as well as housing development for extremely low-income tenants, and homelessness prevention and assistance.

The proportion of HOME-assisted households of color changed from 17.4 percent of all HOME-assisted households in FFY 2006 to 12.6 percent in FFY 2007 to nearly 21 percent in FFY 2008. The location of rental properties rehabilitated in any given year affects the

opportunity to serve households of color, e.g., in 2007 the greatest number of units rehabilitated were in Southwestern and Northeastern Minnesota. In 2008 HOME HELP assistance to first-time homebuyers was provided in conjunction with the Community Activity Set-Aside (first mortgage financing targeting to emerging market borrowers) contributing to the number of households of color served.

Increasing the homeownership rate among emerging markets is one of Minnesota Housing's five strategic goals.

**Households Assisted under
Minnesota Housing's HOME-Funded Programs, FFY 2008**

Race of householder	Percent of homebuyer households	Percent of renter households	Percent of total HOME-assisted
American Indian or Alaskan Native	0.0%	0.8%	0.7%
Asian	6.4%	1.9%	2.4%
Black or African American	21.3%	6.6%	8.3%
Native Hawaiian or other Pacific Islander	2.1%	0.0%	0.2%
Balance/Other	4.3%	3.3%	3.4%
White Hispanic	8.5%	5.0%	5.4%
White nonHispanic	57.4%	82.3%	79.5%
Percent of color	42.6%	17.7%	20.5%

Using Census Bureau procedures, household race and ethnicity information shown here is based on characteristics of the householder, only. According to information from the Census Bureau's *American Community Survey* for 2007, an estimated 10.8 percent of the households in Minnesota were headed by a person identified as being of a race other than white or a person of Hispanic ethnicity.

HOME Program Annual Performance Report

Annual Performance Report HOME Program

U.S. Department of Housing
and Urban Development
Office of Community Planning
and Development

OMB Approval No. 2506-0171
(exp. 8/31/2009)

Public reporting burden for this collection of information is estimated to average 2.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

The HOME statute imposes a significant number of data collection and reporting requirements. This includes information on assisted properties, on the owners or tenants of the properties, and on other programmatic areas. The information will be used: 1) to assist HOME participants in managing their programs; 2) to track performance of participants in meeting fund commitment and expenditure deadlines; 3) to permit HUD to determine whether each participant meets the HOME statutory income targeting and affordability requirements; and 4) to permit HUD to determine compliance with other statutory and regulatory program requirements. This data collection is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act or related authorities. Access to Federal grant funds is contingent on the reporting of certain project-specific data elements. Records of information collected will be maintained by the recipients of the assistance. Information on activities and expenditures of grant funds is public information and is generally available for disclosure. Recipients are responsible for ensuring confidentiality when public disclosure is not required.

This form is intended to collect numeric data to be aggregated nationally as a complement to data collected through the Cash and Management Information (C/M) System. Participants should enter the reporting period in the first block. The reporting period is October 1 to September 30. Instructions are included for each section if further explanation is needed.

Submit this form on or before December 31. Send one copy to the appropriate HUD Field Office and one copy to: HOME Program, Rm 7176, 451 7th Street, S.W., Washington D.C. 20410	This report is for period (mm/dd/yyyy) Starting 10/01/2007	Ending 09/30/2008	Date Submitted (mm/dd/yyyy)
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Part I Participant Identification

1. Participant Number M-08-56-27-0100	2. Participant Name State of Minnesota		
3. Name of Person completing this report Minnesota Housing	4. Phone Number (Include Area Code) 651-296-7608		
5. Address 400 Sibley Street, Suite 300	6. City Saint Paul	7. State MN	8. Zip Code 55101

Part II Program Income

Enter the following program income amounts for the reporting period: in block 1, enter the balance on hand at the beginning; in block 2, enter the amount generated; in block 3, enter the amount expended; and in block 4, enter the amount for Tenant-Based rental Assistance.

1. Balance on hand at Beginning of Reporting Period	2. Amount received during Reporting Period	3. Total amount expended during Reporting Period	4. Amount expended for Tenant-Based Rental Assistance	5. Balance on hand at end of Reporting Period (1 + 2 - 3) = 5
\$11,358.47	\$171,492.40	\$182,728.76		\$122.11

Part III Minority Business Enterprises (MBE) and Women Business Enterprises (WBE)

In the table below, indicate the number and dollar value of contracts for HOME projects completed during the reporting period.

	a. Total	Minority Business Enterprises (MBE)			f. White Non-Hispanic
		b. Alaskan Native or American Indian	c. Asian or Pacific Islander	d. Black Non-Hispanic	
A. Contracts					
1. Number					
2. Dollar Amount					
B. Sub-Contracts					
1. Number					
2. Dollar Amount					
	a. Total	b. Women Business Enterprises (WBE)	c. Male		
C. Contracts					
1. Number					
2. Dollar Amount					
D. Sub-Contracts					
1. Number					
2. Dollar Amounts					

Part IV Minority Owners of Rental Property

In the table below, indicate the number of HOME assisted rental property owners and the total dollar amount of HOME funds in these rental properties assisted during the reporting period.

	a. Total	Minority Property Owners			f. White Non-Hispanic
		b. Alaskan Native or American Indian	c. Asian or Pacific Islander	d. Black Non-Hispanic	
1. Number	0				
2. Dollar Amount	\$0				

Part V Relocation and Real Property Acquisition

Indicate the number of persons displaced, the cost of relocation payments, the number of parcels acquired, and the cost of acquisition. The data provided should reflect only displacements and acquisitions occurring during the reporting period.

	a. Number	b. Cost	Minority Business Enterprises (MBE)			f. White Non-Hispanic
Households Displaced	a. Total		b. Alaskan Native or American Indian	c. Asian or Pacific Islander	d. Black Non-Hispanic	e. Hispanic
1. Parcels Acquired	0	\$0				
2. Businesses Displaced	0	\$0				
3. Nonprofit Organizations Displaced	0	\$0				
4. Households Temporarily Relocated, not Displaced	0	\$0				
5. Households Displaced - Number	0					
6. Households Displaced - Cost	\$0					

HOME MBE and WBE Report

HOME funds are made available locally by administrators or lending partners selected by Minnesota Housing and cannot be identified as women- or minority-owned businesses.

Rehabilitation work was completed on 32 rental housing developments located primarily in Greater Minnesota during FFY 2008. None of the owners of these properties identified themselves as being minority or women-owned businesses; however, many were ownership entities, corporations, or nonprofit organizations with no individual owner. No contractors or subcontractors were identified as minority-owned businesses; however, five were identified as women-owned. Since the state itself does not enter into these contracts, they are not reported on HUD form 40107.

Assessments

On-site inspections

To ensure program compliance, including property standards and HOME income guidelines, Minnesota Housing staff annually visit local administrators to review administrator files. Minnesota Housing and local program administrators also inspect HOME-funded developments. Local administrators report the results of their inspections to Minnesota Housing, as well as the results of tenant income surveys they conduct. Details of on-site inspections are available through Minnesota Housing and local administrators. These files are subject to review by HUD auditors, annually.

Minnesota Housing staff inspected the administrators' files as well as selected HOME-assisted units. A list of properties inspected by Minnesota Housing and the results may be found in this report in the section titled ***Monitoring***.

Local administrators provided compliance monitoring reports for an additional number of HOME units for compliance with housing codes, rent and income compliance. A list of properties inspected by local administrators is in the Appendix to this report.

Affirmative marketing actions and outreach to minority- and women-owned businesses

Each administrator receives a copy of the Minnesota Housing HOME Rental Rehabilitation Program Administrative Manual and each owner receives a copy of the Minnesota Housing HOME Rental Rehabilitation Owner's Manual. Minnesota Housing provides clear directions to administrators and owners about fair housing and equal opportunity requirements and implementation of those requirements. It outlines the purpose of the affirmative fair housing marketing plan requirements and provides guidance related to implementation, record-keeping, and monitoring, and specifically requests the completion of the Fair Housing/Equal Opportunity Compliance Form (HOME Form 10) every three years for properties with five units or more, and an Affirmative Fair Housing Marketing Plan (HOME Form 11) for projects with five or more units.

In its manuals, the Minnesota Housing addresses fair housing and handicapped accessibility design requirements. In addition, 24 CFR Part 8 is referenced for all rehabilitation projects, and ANSI 117.1-1980 and Minnesota Building Code, Chapter 1340 are referenced as standards.

Fair housing and equal opportunity requirements are reinforced during technical trainings, site visits, and annual meetings Minnesota Housing staff conduct with administrators.

V. HOPWA Program Narrative

Beginning in 1999, Minnesota Housing has received an annual allocation of HOPWA funds from HUD to provide housing assistance and support services to people outside the 13-county Twin Cities metro area (which is served through a grant to the City of Minneapolis). In 2008, Minnesota Housing received a HOPWA allocation of \$119,000 that has been committed to continue funding the Minnesota AIDS Project (MAP). MAP is an agency that has established statewide networks to deliver assistance in areas of need throughout Greater Minnesota. MAP's Greater Minnesota emergency housing assistance program has worked closely with HIV service providers in Greater Minnesota, including the Mayo Clinic's HIV case management program, Minnesota Health Project, the Rural AIDS Action Network (RAAN), and the St. Joseph's Home Care and Hospice, as well as MAP's own case management program in Duluth.

Minnesota Housing and the Department of Human Services collaborate to undertake outreach efforts that will ensure the needs of people with HIV/AIDS living in Greater Minnesota are met. This collaboration allows for greater coordination in the implementation of HIV/AIDS related projects.

In addition to emergency housing assistance, some of the activities funded with HOPWA grants in the past include a comprehensive needs assessment and the development of a five-year plan for meeting the housing needs of people living with HIV. To respond to the difficulty isolated Minnesotans experience in locating and accessing services, Minnesota HOPWA funds have also been used to fund an information and housing intervention network to connect participants to needed services that will help the individual maintain their housing or obtain housing.

Presently HOPWA funds are used to assist people living with HIV in Greater Minnesota to prevent homelessness through the provision of short-term emergency housing (rental and mortgage assistance) and utility payments. In FFY 2008, 63 percent of assisted households had incomes below 30 percent of area median income and 85 percent had incomes below 50 percent of area median income. HOPWA funds were used to assist households in 43 of the 76 counties in Greater Minnesota.

Case managers or service providers refer the majority of applicants for emergency assistance. As part of the application process, clients are asked to work with their case managers to strategize how they will be able to maintain their housing. Of the 139

households assisted with HOPWA, 99 received short-term assistance the previous year, and 83 the year before. This may include up to two months rent or mortgage assistance, and/or utility assistance, particularly as home heating costs during the winter in Minnesota have risen and can put a low-income household at risk of experiencing homelessness. Funding through HOPWA plays a significant role in helping persons living with HIV/AIDS and their families living in Greater Minnesota maintain safe and affordable housing. When persons living with HIV/AIDS have safe and affordable housing they improve their access to health care and other support services.

Following priorities set by the Minnesota HIV Housing Coalition, which acts as an advisory group to make recommendations for HOPWA funding, renewals for ongoing programs receive funding priority. There is a separate renewal process for ongoing HOPWA programs. If funds appropriated exceed the amount necessary to continue those programs at comparable levels, or if priorities change to address changing needs, those funds will be made available in the Minnesota Housing Multifamily Consolidated RFP process.

The Minnesota HIV Housing Coalition identified four general strategies for Minnesota Housing to follow in selecting proposals for HOPWA funding:

- Increase affordable housing stock through housing development and subsidies
- Promote intensive housing intervention
- Fund emergency housing assistance
- Facilitate a clearinghouse to serve the housing needs of individuals and families living with HIV/AIDS.

In 2007 and 2008, the Minnesota HIV Housing Coalition conducted strategic planning sessions in coordination with HUD Technical Assistance consultants to evaluate the potential roles for the Coalition in the future. The following principles have been adopted to guide the Coalition's work:

- Improve access to housing for people living with HIV/AIDS
- Expand the range of housing options for people living with HIV/AIDS
- Continuous Quality Improvement – provide housing and services based on promising best practices
- Advocacy and education

Minnesota Housing will continue to administer HOPWA funds for Greater Minnesota in cooperation with the Minnesota HIV Housing Coalition. Due to limited funds and high demand, it is expected that subsequent funding will go toward continuing the emergency housing assistance provided by the Minnesota AIDS Project in Greater Minnesota. More detailed information on the availability or use of HOPWA funds is available by contacting Minnesota Housing or visiting this website:

www.mnhousing.gov/initiatives/housing-assistance/rental/MHFA_004599.aspx

General Project Sponsor Information (for each project sponsor):

Project Sponsor Agency Name	Minnesota AIDS Project		
Name & Title of Contact at Project Sponsor Agency	Gayle Caruso, Associate Director of Social Services		
Email Address	gcaruso@mnaidsproject.org		
Business Address	1400 Park Avenue		
City, State, Zip	Minneapolis	MN	55404
Phone (include area code)	612-341-2060	Fax Number (include area code)	612-341-3804
Website	www.mnaidsproject.org		
Total HOPWA Subcontract Amount for this organization	\$110,580		
Primary Service or Site Information: Project Zip Code(s)	Program currently serves households in 40 counties in Greater Minnesota. MAP office is in Minneapolis, MN 55404		
Is the sponsor a nonprofit organization?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please check if yes and a faith-based organization. <input type="checkbox"/> Please check if yes and a grassroots organization. <input type="checkbox"/>		

1-B. Program Year 1 CAPER Specific HOPWA Objectives -- Annual Performance under the Action Plan:

Enhance housing and services to those with special housing needs:
 Under the Housing Opportunities for Persons with AIDS (HOPWA) program, the state received \$119,000 from HUD in FFY 2008 that it allocated to nonprofit agencies assisting people living with HIV in Greater Minnesota. During the year, 139 households received \$109,771 in emergency housing assistance consisting of short-term rent, mortgage, and utility assistance. Nearly 63 percent of HOPWA-assisted households had incomes at or below 30 percent of median family income. Twenty-seven percent of all households assisted were from communities of color.

1-C. Program Year 1 CAPER Specific HOPWA Objectives -- Barriers or Trends Overview:

The primary barriers encountered in the HOPWA program are as follows:

The corresponding actions taken in response to these barriers are as follows:

<p>1. There has been an increase in the number of people living with HIV in Greater Minnesota, and the need for financial assistance continues to grow. This population is struggling with limited financial resources and also increased cost of living expenses.</p>	<p>1. Working with other state agencies to make other funds available or leverage funds. The emergency housing assistance HOPWA program uses a lottery system each month and limits assistance to two months per household up to the monthly allotment of available funds, in order to ensure that the funds are available throughout the year.</p>
<p>2. Reduced state Human Services funding has resulted in fewer dollars for services, and caused the elimination of staff positions in the non-profit organizations delivering services to persons living with HIV/AIDS, and added many new responsibilities to the remaining staff.</p>	<p>2. Worked with other state agencies and nonprofits to survey the needs of persons with HIV/AIDS in rural Minnesota. Information from the survey was used to target funding and activities. Work with other state agencies to increase service funding that will help households access and maintain affordable housing.</p>
<p>3. Rural Minnesota service providers are often unaware of the persons in their community who are living with HIV/AIDS, and may be unaware of the needs of these persons, or may have prejudices that affect the availability of housing.</p>	<p>3. Work with other agencies, organizations, housing and service providers to provide information and training, which is used to promote education and increase housing opportunities.</p>

PART 2: Accomplishments Data - CAPER Chart 1 (planned goal) and Chart 2 (actual)

	HOPWA Performance Charts 1 (planned goal) and 2 (actual)	Outputs Households				Funding		
		HOPWA Assistance		Non-HOPWA				
		a.	b.	c.	d.	e.	f.	g.
		Goal	Actual	Goal	Actual	HOPWA Budget	HOPWA Actual	Leveraged Non-HOPWA
1.	Tenant-based Rental Assistance							
2.	Units in facilities supported with operating costs: <u>Number of households supported</u>							
3.	Units in facilities developed with capital funds and placed in service during the program year: <u>Number of households supported</u>							
4.	Short-term Rent, Mortgage and Utility payments	110	139					
	Housing Development (Construction and Stewardship of facility based housing)	Output Units						
5.	Units in facilities being developed with capital funding but not yet opened (show units of housing planned)							
6.	Stewardship (developed with HOPWA but no current operation or other costs) Units of housing subject to 3- or 10- year use agreements							
7.	Adjustment to eliminate duplication (i.e., moving between types of housing)							
	Total unduplicated number of households/units of housing assisted							
	Supportive Services	Output Households						
8.	i) Supportive Services in conjunction with <u>HOPWA</u> housing activities ¹							
	ii) Supportive Services <u>NOT</u> in conjunction with <u>HOPWA</u> housing activities ²							
9.	Adjustment to eliminate duplication							
	Total Supportive Services							
	Housing Placement Assistance³							
10.	Housing Information Services							
11.	Permanent Housing Placement Services							
	Total Housing Placement Assistance							
	Housing Development, Administration, and Management Services							
12.	Resource Identification to establish, coordinate and develop housing assistance resources							
13.	Grantee Administration (maximum 3% of total) (i.e., costs for general management, oversight, coordination, evaluation, and reporting)					3,420	3,420	
14.	Project Sponsor Administration (maximum 7% of total) (i.e., costs for general management, oversight, coordination, evaluation, and reporting)					7,741	7,181	
	Total costs for program year					114,000	113,191	

1. Supportive Services in conjunction with HOPWA Housing Assistance: if money is spent on case management and employment training, outcomes must be reported in Access to Care and Support (See Chart 4-a).
2. Supportive Services NOT in conjunction with HOPWA Housing Assistance: if money is spent on case management and employment training, outcomes must be reported in Access to Care and Support (See Chart 4 -c).
3. Housing Placement Activities: if money is spent on housing placement activities in conjunction with HOPWA Housing Assistance, outcomes must be reported in Access to Care and Support (See Chart 4-a); if not in conjunction with HOPWA Housing Assistance, outcomes must be reported in Access to Care and Support (See Chart 4-c).

3. Instructions on HOPWA CAPER Chart 3 on Measuring Housing Stability Outcomes:

Type of Housing Assistance	[1] Total Number of Households Receiving HOPWA Assistance	[2] Number of Households Continuing	[3] Number of Exited Households Component and Destination
Tenant-based Rental Assistance			1 (Emergency Shelter) =
			2 (Temporary Housing) =
			3 (Private Housing) =
			4 (Other HOPWA) =
			5 (Other Subsidy) =
			6 (Institution) =
			7 (Jail/Prison) =
			8 (Disconnected) =
			9 (Death) =
Facility-based Housing Assistance			1 (Emergency Shelter) =
			2 (Temporary Housing) =
			3 (Private Housing) =
			4 (Other HOPWA) =
			5 (Other Subsidy) =
			6 (Institution) =
			7 (Jail/Prison) =
			8 (Disconnected) =
			9 (Death) =
Short-term Housing Assistance	Total Number of Households Receiving HOPWA Assistance	Of the Total number Households Receiving STRMU Assistance this operating year	Status of STRMU Assisted Households at the End of Operating Year
Short-term Rent, Mortgage, and Utility Assistance	139	What number of those households received STRMU Assistance in the prior operating year: 99	1 (Emergency Shelter) =
			2 (Temporary Housing) =
			3 (Private Housing)* = 139
			4 (Other HOPWA) =
			5 (Other Subsidy) =
			6 (Institution) =
			7 (Jail/Prison) =
			8 (Disconnected) =
			9 (Death) =
		What number of those households received STRMU Assistance in the two (2) prior operating years (ago): 83	

4. HOPWA Outcomes on Access to Care and Support.

Category of Services Accessed	Number of Households receiving HOPWA Housing Assistance		Number of jobs that included health benefits
	At Entry or Continuing	At Exit or Continuing	
i. Has a housing plan for maintaining or establishing stable on-going residency			
ii. Had contact with a case manager/benefit counselor at least once in the last three months (or consistent with the schedule specified in their individualized service plan)			
iii. Had contact with a primary health care provider at least once in the last three months (or consistent with the schedule specified in their individualized service plan)			
iv. Had medical insurance coverage or medical assistance			
v. Obtained an income-producing job created by this project sponsor during the year			
vi. Obtained an income-producing job outside this agency during the year			

	A. Monthly Household Income at Entry or Residents continuing from prior Year End	Number of Households
i.	No income	
ii.	\$1-150	
iii.	\$151 - \$250	
iv.	\$251- \$500	
v.	\$501 - \$1,000	
vi.	\$1001- \$1500	
vii.	\$1501- \$2000	
viii	\$2001 +	

	B. Monthly Household Income at Exit/End of Year	Number of Households
i.	No income	
ii.	\$1-150	
iii.	\$151 - \$250	
iv.	\$251- \$500	
v.	\$501 - \$1,000	
vi.	\$1001- \$1500	
vii.	\$1501- \$2000	
viii	\$2001 +	

Category of Services Accessed	Number of Households receiving HOPWA Housing Assistance		Number of jobs that included health benefits
	At Entry or Continuing	At Exit or Continuing	
i. Has a housing plan for maintaining or establishing stable on-going residency			
ii. Had contact with a case manager/benefit counselor at least once in the last three months (or consistent with the schedule specified in their individualized service plan)			
iii. Had contact with a primary health care provider at least once in the last three months (or consistent with the schedule specified in their individualized service plan)			
iv. Had medical insurance coverage or medical assistance			
v. Obtained an income-producing job created by this project sponsor during the year			
vi. Obtained an income-producing job outside this agency during the year			

VI. ESG Program Narrative

For state Consolidated Plan Program Year 2008, the state assisted 26,441 homeless persons with ESG funding (a six percent increase from 2007 in the number of people assisted). While shelter itself does not reduce homelessness, it enhances access to other services such as transitional housing, permanent housing, and other mainstream resources. Sheltering persons with ESG funds provides a safe place to stay. Every year in Minnesota, persons without shelter die of exposure to the elements.

The state used Emergency Shelter Grant Program funding of \$1,232,179 in FFY 2008 to support the ongoing efforts of homelessness prevention, to provide shelter, and to provide supportive services to homeless persons. DHS provided ESG funds to emergency shelter and supportive service only projects for the purpose of maintaining current levels of service.

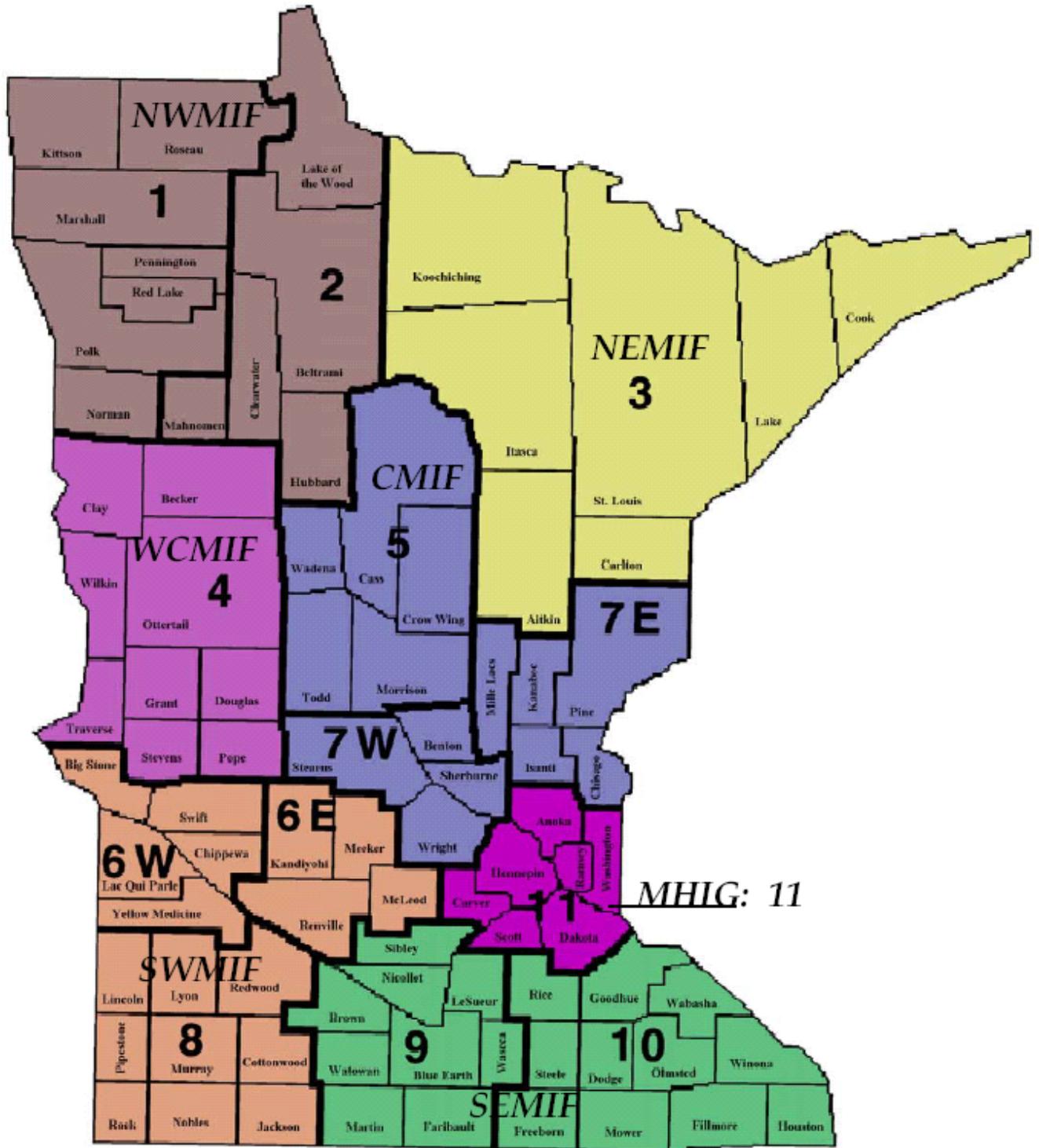
ESG funds were also used to provide persons with homelessness prevention services. These services included first month rent, damage deposits, legal advice, or assistance to prevent eviction or foreclosure. ESG funds were used to provide supportive services to persons through the shelter program they were staying in or at drop-in centers. Supportive services included case management, transportation, mental health care, substance abuse treatment, childcare, and legal advice and assistance.

The State of Minnesota Interagency Task Force on Homelessness, in consultation with the Minnesota Housing Partnership, has provided technical assistance to assist in the establishment of Continuum of Care Committees across the state. Currently, eleven Continuum of Care (CoC) regions exist in Minnesota covering the entire state. DHS has offered each CoC committee the opportunity to review and provide recommendations on each ESG application submitted from their region, as well as other DHS-administered homeless programs. This ensures that ESG funding is used to address locally determined priorities for prevention, shelter, and transitional housing.

The state does not have the resources to formally evaluate the outcomes of ESG funded prevention and supportive services, but it is generally agreed upon by service providers, Continuum of Care committees and the state's Interagency Task Force on Homelessness that ESG not only provides homeless persons with a safe place to stay, but also serves as a point from which people maybe referred to other needed services and housing.

EVHI, RHAG, Economic Development/Initiative Fund Region Map

EVHI Regions and Economic Development Codes



The color-coded areas are the seven current Minnesota Initiative Fund Regions.

Old Economic Development regions are numbered 1 - 11.

Minnesota Counties by Region

Northwest:	Beltrami Clearwater Hubbard Kittson Lake of the Woods Mahnommen Marshall Norman Pennington Polk Red Lake Roseau	West Central:	Becker Clay Douglas Grant Otter Tail Pope Stevens Traverse Wilkin	Southwest:	Big Stone Chippewa Cottonwood Jackson Kandiyohi Lac Qui Parle Lincoln Lyon McLeod Meeker Murray Nobles Pipestone Redwood Renville Rock Swift Yellow Medicine	Southeast:	Blue Earth Brown Dodge Faribault Fillmore Freeborn Goodhue Houston Le Sueur Martin Mower Nicollet Olmsted Rice Sibley Steele Wabasha Waseca Watonwan Winona	Metro:	Anoka Carver Dakota Hennepin Ramsey Scott Washington
Northeast:	Aitkin Carlton Cook Itasca Koochiching Lake Saint Louis	Central:	Benton Cass Chisago Crow Wing Isanti Kanabec Mille Lacs Morrison Pine Sherburne Stearns Todd Wadena Wright						

Guide To Acronyms

CAPER	Consolidated Annual Performance and Evaluation Report
CDBG	Community Development Block Grant (federal)
CHDO	Community Housing Development Organization
CoC	Continuum of Care
CPD	Community Planning and Development (HUD department)
DHS	Minnesota Department of Human Services
DEED	Minnesota Department of Employment and Economic Development
ESG	Emergency Shelter Grant (federal)
FNMA	Federal National Mortgage Association
HMIS	Homeless Management Information System
HOPWA	Housing Opportunities for Persons with AIDS (federal)
HTC	Housing Tax Credits (federal)
HUD	U.S. Department of Housing and Urban Development
IDIS	HUD's information system
LISC	Local Initiatives Support Corporation
LMI	Low and moderate income
MDH	Minnesota Department of Health
MFIP	Minnesota Family Investment Program
PATH	Projects for Assistance in Transition from Homelessness (federal)
RD	Rural Development, U.S. Department of Agriculture (USDA)
SCDP	Small Cities Development Program (federal)
SHP	Supportive Housing Program (federal)

Administrator Monitoring Report 2008

HDS Release 8.x on: MFPROD

HOMEComplianceStatusBx.rep

HOME Compliance Status Received from 10/1/2007 to 9/30/2008

Prop#	Project#	Property Name Address, City	Document	Document Due Date	HOME Total Units	Status	Last On-site Inspection	Comments
D4433	H4433	Sjervén, Michael/Heidi 214-216 Horace Ave N, Thief River	CTH Report	10/01/2007	2	In Compliance	10/01/2008	
D2233	H3917	Lake Grace Apartments 108 Village Rd, Chaska	CTH Report w/Inspection Cert.	10/01/2007	45	In Compliance	10/01/2008	
D5826	H3783	Holland, Wayne/Lisa 801 Cleveland Ave N, Fergus Falls	CTH Report	10/02/2007	2	In Compliance	10/02/2006	admin paid 2/28/08
D5787	H2970	Ashby Apartment Association 103 Iverson Ave, Ashby	CTH Report	10/02/2007	6	In Compliance	10/02/2006	
D5786	H2969	Ashby Apartment Association 113 Iverson Ave, Ashby	CTH Report	10/02/2007	6	In Compliance		
D4442	H4442	3 C Rentals 940 Colfax Ave SW, Wadena	CTH Report w/Inspection Cert.	10/03/2007	4	In Compliance	10/03/2007	Wadena HRA did property inspections this year even though they were not required until next year.
D5805	H3346	Haeg, James/Laurie 309 5th Ave, New Prague	CTH Report	10/04/2007	4	In Compliance	10/04/2005	admin paid 2/28/08
D4225	H11570	Grove City Community Homes Multiple Addresses, Grove City	CTH Report	10/11/2007	21	In Compliance	10/11/2008	
D3066	H3163	Willow Run I 400 15th Ave SW, Willmar	CTH Report w/Inspection Cert.	10/12/2007	64	Not In Compliance	10/12/2008	property does not have the correct unit mix. Next available two-bedroom units must be rented to HOME eligible tenants.
D4296	H3131	Awesome Properties 2415 4th Ave N, Moorhead	CTH Report	10/15/2007	17	In Compliance	10/15/2006	
D5860	H4555	Evergreen Apartments 100 3rd St W, Waconia	CTH Report w/Inspection Cert.	10/19/2007	36	In Compliance	10/19/2008	admin paid 2/28/08
D4761	H3743	Solheim, John/Ardith 601 13th St W, Thief River Falls	CTH Report w/Inspection Cert.	10/21/2007	11	In Compliance	10/21/2007	
D5792	H2960	David/Julie Larson 25 Lakeshore Dr S, Glenwood	CTH Report	10/21/2007	3	In Compliance		paid late 3/13/08
D4039	H4039	Bt Investments Of Rochester LLC 1255 4 1/2 St NW, Rochester	CTH Report	10/22/2007	6	Not In Compliance		Administrator has tried to get CTH from owner but has not received any monitoring documents as of 12-5-07.

Prop#	Project#	Property Name Address, City	Document	Document Due Date	HOME Units	Total Units	Status	Last On-site Inspection	Comments
D5741	H3729	Tosel, David/Colleen 436 Rooney Ave W, Appleton	C TH Report	10/23/2007	1	1	In Compliance	10/23/2006	admin paid 2/28/08
D5829	H4040	Gregory Lee Sprick 769-773 Plum St, Red Wing	C TH Report	10/28/2007	2	2	In Compliance	10/28/2008	
D4166	H4947	800 Winona 800 Winona St, Chatfield	C TH Report	10/28/2007	6	8	In Compliance	10/28/2008	
D4450	H4450	Ouverson, Clarence/Edith Multiple Addresses, Montrose	C TH Report w/Inspection Cert.	10/31/2007	24	30	In Compliance	10/31/2007	
D0671	H4573	Oakwood Homes 408 Washington Ave W, Karlstad	C TH Report w/Inspection Cert.	10/31/2007	8	45	In Compliance	10/31/2008	
D3257	H3781	Golf View Apartments 185 Sunset Ave N, Cokato	C TH Report w/Inspection Cert.	11/01/2007	46	48	In Compliance	11/01/2007	
D5841	H4071	Stieffel, Todd 4TH STREET, Hoffman	C TH Report	11/03/2007	4	4	In Compliance		
D5847	H4459	J & C Properties LLC 118 4th St W, Winona	C TH Report	11/04/2007	4	4	In Compliance		
D1488	H3786 - BI	Northway A & B Multiple Addresses, Saint Cloud	C TH Report w/Inspection Cert.	11/05/2007	62	102	In Compliance	11/05/2008	
D5866	H4444	Sanborn Community Housing 201 East Pabst, Sanborn	C TH Report w/Inspection Cert.	11/10/2007	10	12	In Compliance	11/10/2007	
D4753	H4070	Milan Community Homes, Inc 308, 310, 312, 314, 316, 318 3rd St W,	C TH Report	11/11/2007	4	6	In Compliance		
D4169	H4938	Savage, James Multiple Addresses, Chatfield	C TH Report	11/14/2007	8	8	In Compliance	11/14/2008	
D3518	H4063	Watkins Area Homes II 131 Church St, Watkins	C TH Report w/Inspection Cert.	11/17/2007	36	36	In Compliance	11/17/2007	
D5819	H3748	Knudsen, Michael/Susan 644 12th St, Red Wing	C TH Report	11/20/2007	2	2	In Compliance	11/20/2006	
D5820	H3750	Savage, Gladys 1227 4th St W, Red Wing	C TH Report	11/20/2007	2	2	Not In Compliance	11/20/2006	No income information for unit 1. Admin explained income reporting obligation to owner. Program manager will send warning letter.
D4180	H4180	Clark, James/Barbara Multiple Addresses, Rochester	C TH Report	11/20/2007	24	24	In Compliance	11/20/2008	

03/19/2009 2:22 PM

Prop#	Project#	Property Name Address, City	Document	Document Due Date	HOME Units	Total Units	Status	Last On-site Inspection	Comments
D3382	H4559	Wolverton Community Development 526 1st St, Wolverton	C TH Report w/Inspection Cert.	11/30/2007	6	8	In Compliance	11/30/2007	
D5838	H4065	Kerkhoven Housing Association Multiple Addresses, Kerkhoven	C TH Report	12/01/2007	4	8	Not In Compliance	12/01/2008	Temporary income non-compliance. Next available unit rule applies Admin paid 2/28/08
D4294	H4062	Mcintire, Robert 1044 Hickory Ave NW, Wadena	C TH Report	12/08/2007	4	4	In Compliance	12/08/2006	
D4177	H4177	Gullickson, Mark W. Multiple Addresses, Rochester	C TH Report	12/13/2007	8	8	In Compliance	12/13/2008	
D5818	H3742	Nagel-Davis, John/Loretta 812 Wabasha W, Winona	C TH Report	12/14/2007	3	4	In Compliance	12/14/2005	
D3197	H3284	Maranatha Inn 317 Aspen St N, Royallton	C TH Report w/Inspection Cert.	12/16/2007	20	25	In Compliance	12/16/2007	Unit Nos. 208 & 213 are temporary non-compliant as they are both at 80 percent income limit. Property is allowed two units at 80 percent and
D4838	H3731	Bel-Plex Apartments 535, 540, 541, 552, 556 Pleasant Ave,	C TH Report w/Inspection Cert.	12/18/2007	15	18	In Compliance	12/18/2007	
D1194	H4061	Jordan Tower II 428 5th St W, Red Wing	C TH Report w/Inspection Cert.	12/19/2007	75	104	In Compliance	12/19/2008	
D5817	H3741	Verbeke, Timothy/Cheryl 418 Baker S, Winona	C TH Report	12/21/2007	1	1	In Compliance	12/20/2005	
D4290	H3838	Brooks Senior Citizens Homes, Inc 301-314 Center Cir, Brooks	C TH Report	12/22/2007	10	10	In Compliance	12/22/2008	
D4559	H3733	Circle Pines a Limited Partnership 603 Circle Pines Dr, Brainerd	C TH Report w/Inspection Cert.	12/23/2007	22	28	In Compliance	12/23/2008	HRA will be doing inspection in January 2008. -Sue M. 12-26-07
D4168	H4950	815 Grand 815 Grand St, Chalfield	C TH Report	12/23/2007	8	8	In Compliance	12/23/2008	
D4288	H4056	Johnson, Scott 630 Manila St, Stephen	C TH Report w/Inspection Cert.	12/26/2007	8	8	In Compliance	12/26/2007	
D4204	H11478	312 SE Litchfield Avenue 312 Litchfield Ave SE, Willmar	C TH Report	12/27/2007	4	5	In Compliance	12/27/2008	
D4084	H4084	Craig A. Samp 349 FRIBERG AVENUE, Fergus Falls	C TH Report w/Inspection Cert.	12/30/2007	3	3	In Compliance	12/30/2007	
D5387	H13087	115-117 East 8th St. 115-117 8th St E, Zumbrota	C TH Report	12/31/2007	2	2	In Compliance		Partial year CTH, approved by Sue. 10/5/2007 through 12/31/2007

Prop#	Project#	Property Name Address, City	Document	Document Due Date	HOME Total Units	Status	Last On-site Inspection	Comments
D5256	H3303	Wink, Rodney/Janel 421-423 13th St SE, Brainerd	C TH Report	01/02/2008	6	In Compliance	01/02/2007	
D5846	H4458	Rothering, Allen 375 Minnesota St, Winona	C TH Report	01/03/2008	3	In Compliance	01/03/2009	
D5865	H4445	Macheel, Dennis And Cindy 4011 4th Street, Lake Park	C TH Report	01/05/2008	8	In Compliance	01/05/2007	
D4865	H3335	Muldrow, Jake/Patricia 820 Broadway N, Rochester	C TH Report	01/07/2008	18	In Compliance	01/07/2007	
D5836	H4055	White, David/Mariogje 715 Wabasha W, Winona	C TH Report	01/13/2008	2	In Compliance	01/13/2007	
D5794	H3042	Roy/Mary Ellen Nigg 111 Broadway, Browns Valley	C TH Report	01/16/2008	1	In Compliance	01/16/2006	paid admin 2/28/08
D4170	H11424	Northwest Housing Apartments Multiple Addresses, Fertile	C TH Report w/Inspection Cert.	01/17/2008	11	In Compliance	01/17/2008	
D5629	H13332	1730 Old West Main 1730 Old West Main, Red Wing	C TH Report	01/20/2008	1	In Compliance		
D4547	H4547	Ryan, Patrick 327 Frontage Rd W, Rochester	C TH Report w/Inspection Cert.	01/24/2008	15	Not In Compliance	01/24/2008	One unit is over 80% income. Administrator is aware and has notified owner that tenant needs to be charged 30% of their income. Administrator
D5798	H3323	Mikkelsen, Robert/Lashelle 600 Atlantic Ave E, Benson	C TH Report	01/30/2008	2	In Compliance	01/30/2007	
D0548	H13063	Pine Street Apartments 280 Pine St, Foley	C TH Report	02/01/2008	6	In Compliance	02/01/2009	
D4754	H2972	Patrick/Cathie Janorschke 703 Woodland Ave, Crookston	C TH Report	02/04/2008	3	In Compliance	02/04/2007	Checked by TH.
D4759	H2962	Jonathan Pearson 305 Main St, Karlstad	C TH Report	02/11/2008	6	In Compliance	02/11/2007	
D4287	H4048	Ose, Leroy 102 Johnson E, Warren	C TH Report w/Inspection Cert.	02/18/2008	5	In Compliance	02/18/2008	
D5812	H3736	Swanberg, Robert/Susanne 1106 Becker Ave SW, Willmar	C TH Report	02/19/2008	3	In Compliance	02/19/2007	temporary non-compliance due to over income tenant
D2459	H2459	Valley Associates 808-812 Hills Ave, Jackson	C TH Report w/Inspection Cert.	02/20/2008	45	In Compliance	02/20/2008	

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Prop#	Project#	Property Name Address, City	Document	Document Due Date	HOME Units	Total Units	Status	Last On-site Inspection	Comments
D5342	H13065	421 1st Street East 421 1st St E, Thief River Falls	CTH Report	02/20/2008	2	2	In Compliance		
D0005	H3317	Ripple River Townhomes 610 Air Park Dr, Aitkin	CTH Report w/Inspection Cert.	02/23/2008	30	32	In Compliance	02/23/2009	
D5341	H13062	1016 8th Street 1016 8th St, Wadena	CTH Report	03/05/2008	2	2	In Compliance		
D4046	H11208	Pederson, Joey Allen/Julie Ann 1922 10th Ave NW, East Grand Forks	CTH Report	03/13/2008	4	4	In Compliance		
D4172	H11427	John and Lacy Bridgeford 505 Summitt Ave, Crookston	CTH Report	03/13/2008	2	2	In Compliance		
D5843	H4073	Wertish, Wencil 704 SOUTH 10TH STREET, Olivia	CTH Report w/Inspection Cert.	03/14/2008	2	2	In Compliance	03/14/2008	
D5809	H3470	Lind, Scott/Sue 400 Inman St, Henning	CTH Report	03/14/2008	4	4	In Compliance	03/14/2006	
D4289	H3837	Oklee Senior Citizens Homes, Inc 401-419 Senior Dr, Oklee	CTH Report w/Inspection Cert.	03/14/2008	16	16	In Compliance	03/14/2008	
D0106	H11426	Otterkill Garden Apartments 635 Hallan Ave NE, Bagley	CTH Report w/Inspection Cert.	03/20/2008	15	30	In Compliance	03/20/2008	
D3188	H3285	Deerwood Project - Indian Carry and Multiple Addresses, Deerwood	CTH Report w/Inspection Cert.	03/21/2008	32	40	In Compliance	03/21/2008	
D5840	H4069	Wencil George Wertish 805 E Fairview Ave, Olivia	CTH Report w/Inspection Cert.	03/24/2008	1	1	In Compliance	03/24/2008	
D3156	H3156	River Valley Partners, LLC 146 Broadway S, Spring Valley	CTH Report	03/24/2008	11	11	In Compliance	03/24/2007	
D4557	H3734	Eastwood Park Apartments 530 3rd St NE, Saint Cloud	CTH Report w/Inspection Cert.	03/26/2008	14	18	In Compliance	03/26/2008	
D1484	M12732	La Cruz Community (fka Great River Multiple Addresses, Saint Cloud	CTH Report w/Inspection Cert.	03/30/2008	26	104	In Compliance	03/30/2008	
D5796	H3304	Twin Woods Apartments 1202-1204 Haarfager Ave N, Canby	CTH Report	03/31/2008	19	24	In Compliance	03/31/2007	
D3884	H11479	Renovation Of Our Lady Of Angels 18795 Riverwood Dr, Little Falls	CTH Report	04/02/2008	19	24	In Compliance		

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Prop#	Project#	Property Name Address, City	Document	Document Due Date	HOME Total Units	Status	Last On-site Inspection	Comments
D5388	H13088	1013 Peaceful Ridge Road 1013 Peaceful Ridge Rd, Red Wing	CTH Report	04/03/2008	3	3	Not In Compliance	No tenant info. for Unit 1, landlord doesn't have it.
D3198	H3309	Hilltop Villa Apartments Multiple Addresses, Sebeka	CTH Report	04/04/2008	9	12	In Compliance	04/04/2007
D4165	H4900	B & G Properties 105 Huntington Hills, Mankato	CTH Report w/Inspection Cert.	04/05/2008	7	8	In Compliance	04/05/2008
D0314	H13069	Larson Commons 810 Cloquet Ave, Cloquet	CTH Report w/Inspection Cert.	04/09/2008	73	85	In Compliance	04/09/2009
D5815	H3739	Kraus, Morgan/Carnie 701 Bancroft W, Fergus Falls	CTH Report	04/12/2008	1	1	In Compliance	04/12/2007
D4103	H11416	Westbrook Apartments 900-904 11th St, Westbrook	CTH Report	04/12/2008	19	24	In Compliance	
D4435	H4435	Clarissa Manor 101 3rd St, Clarissa	CTH Report	04/15/2008	6	8	In Compliance	04/15/2007
D5824	H3770	Red Wing Housing Limited Partnership 2622 Malmquist Ave, Red Wing	CTH Report w/Inspection Cert.	04/17/2008	24	30	In Compliance	04/17/2008
D5868	H4439	Old City Hall Apartments 9 West 1st Street, Waconia	CTH Report	04/19/2008	10	13	In Compliance	
D4164	H4885	Olmsted County HRA 1104 5th Ave NW, Rochester	CTH Report	04/21/2008	1	1	In Compliance	
D5389	H13089	466 9th Street 466 9th St, Red Wing	CTH Report	04/24/2008	2	2	In Compliance	Owner would not submit data for Unit 1. Cannot verify income compliance. UPDATE- unit 1 info. submitted, approved.
D0491	H3318	Lanesboro Heights Multiple Addresses, Elk River	CTH Report w/Inspection Cert.	04/30/2008	30	30	In Compliance	04/30/2008 Unit A-1 is temporarily noncompliant. Their income is 60% AMI but was at 50% at initial occupancy.
D5835	H4054	Blume, Ronald 109 Center Ave N, Hayfield	CTH Report w/Inspection Cert.	05/03/2008	8	8	In Compliance	05/03/2008 Units 2, 5 and 6 are vacant.
D4291	H3836	Plummer Senior Citizens Homes, Inc 320,322,340,342,360,362,380,382	CTH Report w/Inspection Cert.	05/08/2008	10	10	In Compliance	05/08/2008
D5386	H13086	716 -718 North Broadway 716--718 Broadway N, Rochester	CTH Report	05/08/2008	6	6	In Compliance	
D5830	H4044	Burnsdale III 1418 Black Oak Ave, Montlevideo	CTH Report	05/10/2008	14	16	In Compliance	05/10/2007

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Prop#	Project#	Property Name Address, City	Document	Document Due Date	HOME Units	Total Units	Status	Last On-site Inspection	Comments
D4293	H4058	Braaten, Karsten/Nancy 1401 33rd Ave N, Saint Cloud	CTH Report w/Inspection Cert.	05/10/2008	6	8	In Compliance	05/10/2008	
D5832	H4049	Stroot, Michael Robert 623 Bailey Ave, Wabasha	CTH Report w/Inspection Cert.	05/10/2008	1	1	In Compliance	05/10/2008	
D0655	H11842	Evergreen Apartments 115 Jefferson S, Hutchinson	CTH Report w/Inspection Cert.	05/10/2008	61	62	In Compliance	05/10/2008	
D4171	H11425	Lee, Emery/Francisca 516 Kendall Ave S, Thief River Falls	CTH Report w/Inspection Cert.	05/11/2008	7	8	In Compliance	05/11/2008	
D4183	H11457	Lakeside Apartments 915 7th St, Saint Cloud	CTH Report w/Inspection Cert.	05/12/2008	11	12	In Compliance	05/12/2008	
D5823	H3756	122 5th St S 122 5th St S, Mankato	CTH Report	05/13/2008	3	3	In Compliance	05/13/2006	
D5757	H2457	Charles/Jean Vlasaty 705 Oakland Ave W, Austin	CTH Report	05/13/2008	2	2	In Compliance	05/13/2006	
D5758	H2458	Charles/Jean Vlasaty 304 7th St SW, Austin	CTH Report	05/13/2008	5	5	In Compliance	05/13/2007	
D5851	H4551	G Properties LLC Multiple Addresses, Rochester	CTH Report	05/31/2008	7	7	In Compliance	05/31/2007	2/4/09- Rent issue resolved. Project in compliance- ms
D5742	H3730	Johnson, Kenneth/Michelle 1608 2nd St S, Waubun	CTH Report	06/03/2008	4	4	In Compliance	06/03/2006	
D5825	H3782	Holland, Wayne/Lisa 114 Summit W, Fergus Falls	CTH Report	06/05/2008	3	3	In Compliance	06/05/2006	
D5834	H4053	Gustafson, Michael/Kimberly 222 Willow St, Fairbault	CTH Report w/Inspection Cert.	06/07/2008	4	4	In Compliance	06/07/2008	
D4143	H4877	721 & 721 1/2 W. 5th Street 721, 721 1/2 5th St W, Zumbrota	CTH Report	06/07/2008	2	2	In Compliance	06/07/2009	
D5814	H3738	Kraus, Morgan/Carrie 905 Aurdal N, Fergus Falls	CTH Report	06/10/2008	1	1	In Compliance	06/10/2007	
D5816	H3740	Kraus, Morgan/Carrie 1017 Vasa E, Fergus Falls	CTH Report	06/10/2008	1	1	In Compliance	06/10/2007	
D4751	H3754	Fisk, David/Marta 118-130 Main St E, Wabasha	CTH Report w/Inspection Cert.	06/10/2008	7	7	In Compliance	06/10/2008	

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Prop#	Project#	Property Name Address, City	Document	Document Due Date	HOME Total Units	Status	Last On-site Inspection	Comments
D5810	H3728	Tysdal, Leroy/Connie 531 Linden W, Fergus Falls	CTH Report	06/12/2008	2	2	In Compliance	
D4186	H11460	Ferndale Estates, Inc. Pioneer Way and Ferndale, Askov	CTH Report w/Inspection Cert.	06/13/2008	11	14	In Compliance	06/13/2008
D5845	H4457	Philip Boyer Multiple Addresses, Rochester	CTH Report w/Inspection Cert.	06/14/2008	5	5	In Compliance	06/14/2008
D4440	H4440	Ridgeway Court IV Multiple Addresses, Bemidji	CTH Report w/Inspection Cert.	06/20/2008	9	24	In Compliance	06/20/2008
D4167	H4925	Siewert, Paul 910, 910 1/2, 912 3rd St W, Red Wing	CTH Report	06/26/2008	3	3	Not In Compliance	No incomes for units 1 & 2. Program manager will send letter.
D3657	H4948	Lea Center Apartments 139 Williams E, Albert Lea	CTH Report w/Inspection Cert.	06/27/2008	21	37	In Compliance	06/27/2008
D2825	H2065	Prairie View Apartments (fka Shade Multiple Addresses, Moorhead	CTH Report w/Inspection Cert.	06/28/2008	24	24	Not In Compliance	Unit 1106B- tenant exceeds 80% income limite and unit 1118B tenants exceed the 80% income limit.. Next available units need to be rented to
D5863	H4447	Dilworth Apartments LLC 6 2nd Street NE, Dilworth	CTH Report w/Inspection Cert.	06/30/2008	4	4	In Compliance	06/30/2008
D4434	H4434	Riverview Apartments 17 Hubbard Ave S, Sebeka	CTH Report	07/06/2008	11	20	In Compliance	07/06/2007
D5797	H3320	Fmb Associates Multiple Addresses, Marshall	CTH Report w/Inspection Cert.	07/09/2008	24	24	In Compliance	07/09/2008
D5799	H3326	Doty, Norman/Joanne 22 3rd St E, Eyota	CTH Report	07/10/2008	11	11	In Compliance	07/10/2007
D4438	H4438	Ridgeway Court III 910-922 38th St NW, Bemidji	CTH Report w/Inspection Cert.	07/11/2008	9	24	In Compliance	
D5740	H2938	Kleven-Vanbinsbergen Housing 1324 Black Oak Ave, Montevideo	CTH Report	07/17/2008	13	16	In Compliance	07/17/2007
D5344	H13070	301 & 315 E. Frazee and 350 E. Multiple Addresses, Vergas	CTH Report	07/18/2008	14	21	In Compliance	
D5346	H13072	500 3rd Street SE 500 3rd St SE, Perham	CTH Report	07/18/2008	6	8	In Compliance	
D4179	H4179	Gullickson, Mark/Ann Multiple Addresses, Rochester	CTH Report w/Inspection Cert.	07/20/2008	8	8	Not In Compliance	07/20/2008

Prop#	Project#	Property Name Address, City	Document	Document Due Date	HOME Total Units	Status	Last On-site Inspection	Comments
D5626	H13329	908 7th Avenue NW 908 7th Ave NW, Rochester	C/T/H Report	07/30/2008	1	1	In Compliance	
D5353	H13078	1019 Bryant Street 1019 Bryant St, Alexandria	C/T/H Report	08/01/2008	1	1	In Compliance	
D5347	H13074	26 W. Mill St. 26 Mill St W, Pelican Rapids	C/T/H Report	08/01/2008	1	1	In Compliance	
D5628	H13331	424 W 5th St 424 W 5th St, Red Wing	C/T/H Report	08/01/2008	8	8	In Compliance	
D3163	H4082	Kaddatz Artist Lofts Limited 111 WEST LINCOLN AVENUE,	C/T/H Report w/Inspection Cert.	08/03/2008	4	10	In Compliance	08/03/2008
D0119	H3725	Delton Manor 1903 Delton Ave, Bemidji	C/T/H Report w/Inspection Cert.	08/05/2008	50	60	In Compliance	08/05/2008
D2866	H2879	Key Row - Morris 151 Sunnyslope Road, Morris	C/T/H Report w/Inspection Cert.	08/06/2008	44	88	In Compliance	08/06/2008
D3421	H4059	Parkview I & II Multiple Addresses, Pequot Lakes	C/T/H Report w/Inspection Cert.	08/08/2008	30	36	In Compliance	08/08/2008
D1390	H11550	Russell Arms/Benton Heights Multiple Addresses, Sauk Rapids	C/T/H Report w/Inspection Cert.	08/10/2008	81	91	In Compliance	08/10/2008
D4083	H4083	Turchin, Debres/Leroy 110 EAST SOO STREET, Parkers	C/T/H Report	08/11/2008	2	2	In Compliance	08/11/2007
D3038	H3800	Willow Run II 1401 5th St SW, Willmar	C/T/H Report w/Inspection Cert.	08/11/2008	28	42	In Compliance	08/11/2008
D5822	H3753	Ingalls, Gary/Ann 207-209 Chatfield St N, Dover	C/T/H Report	08/12/2008	8	8	In Compliance	08/12/2007
D4185	H11459	Three C Rentals 222 Colfax SW, Wadena	C/T/H Report w/Inspection Cert.	08/14/2008	3	3	In Compliance	08/14/2008
D5811	H3735	Dawson Housing Inc 247 3rd St N, Dawson	C/T/H Report w/Inspection Cert.	08/15/2008	33	33	In Compliance	08/15/2008
D5849	H4549	Olmsted County HRA 708 9th Ave SE, Rochester	C/T/H Report w/Inspection Cert.	08/16/2008	1	1	In Compliance	08/16/2008
D4713	H3744	Mack, Donald P.O Box 705, Alvarado	C/T/H Report	08/20/2008	8	8	In Compliance	08/20/2007

Prop#	Project#	Property Name Address, City	Document	Document Due Date	HOME Total Units	Status	Last On-site Inspection	Comments
D4184	H11458	John J. Hockett and Beatrice D. 119-121 Dayton Ave SW, Wadena	CTH Report w/Inspection Cert.	08/21/2008	2	2	In Compliance	08/21/2008
D4176	H4176	Maus, Terence/Lawrence Multiple Addresses, Rochester	CTH Report w/Inspection Cert.	08/25/2008	24	24	In Compliance	08/25/2008 Status changed to in compliance 2/23/2009 ms
D3824	H4952	Rolling Heights Multiple Addresses, Byron	CTH Report w/Inspection Cert.	08/25/2008	14	16	In Compliance	08/25/2008
D4163	H4943	Oak Valley LLC Multiple Addresses, Chalfield	CTH Report w/Inspection Cert.	08/25/2008	11	15	In Compliance	08/25/2008
D5848	H4548	Olmsted County HRA 720-720 1/2 9th Ave SE, Rochester	CTH Report w/Inspection Cert.	08/29/2008	2	2	In Compliance	08/29/2008
D4451	H4451	Isanti Community Services, Inc. Multiple Addresses, Isanti	CTH Report w/Inspection Cert.	08/30/2008	22	28	In Compliance	08/30/2008
D4175	H11430	Holdingford Housing Corporation 111 3rd St, Holdingford	CTH Report w/Inspection Cert.	08/30/2008	12	16	In Compliance	08/30/2008
D4174	H11429	317 South Cascade 317 Cascade S, Fergus Falls	CTH Report w/Inspection Cert.	08/30/2008	6	6	Not In Compliance	08/30/2008 temporary noncompliance- unit 6 overincome, tenant agreed to pay 30% until move out.
D4292	H4057	Maple Apartments Of Richmond Multiple Addresses, Richmond	CTH Report w/Inspection Cert.	08/31/2008	14	14	In Compliance	08/31/2008
D4173	H11428	528 Spruce Street West 528 Spruce St W, Fergus Falls	CTH Report	08/31/2008	2	2	In Compliance	
D5343	H13067	Pine West Complex Multiple Addresses, Cold Spring	CTH Report w/Inspection Cert.	09/07/2008	37	42	In Compliance	09/07/2008
D5391	H4460	Belle Haven Apartments 400 S. Chestnut St. & , Belle Plain	CTH Report w/Inspection Cert.	09/13/2008	25	32	In Compliance	09/13/2008

**72 Developments inspected
1,514 Units**

Part II: Contracts Awarded

1. Construction Contracts:

A. Total dollar amount of all contracts awarded on the project	\$ 8,167,704
B. Total dollar amount of contracts awarded to Section 3 businesses	\$ 2,070,174
C. Percentage of the total dollar amount that was awarded to Section 3 businesses %	25.35
D. Total number of Section 3 businesses receiving contracts	

2. Non-Construction Contracts:

A. Total dollar amount all non-construction contracts awarded on the project/activity	\$ 0
B. Total dollar amount of non-construction contracts awarded to Section 3 businesses	\$ 0
C. Percentage of the total dollar amount that was awarded to Section 3 businesses %	0
D. Total number of Section 3 businesses receiving non-construction contracts	0

Part III: Summary

Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. (Check all that apply.)

- Attempted to recruit low-income residents through: local advertising media, signs prominently displayed at the project site, contracts with community organizations and public or private agencies operating within the metropolitan area (or nonmetropolitan county) in which the Section 3 covered program or project is located, or similar methods.
- Participated in a HUD program or other program which promotes the training or employment of Section 3 residents.
- Participated in a HUD program or other program which promotes the award of contracts to business concerns which meet the definition of Section 3 business concerns.
- Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered project is located.
- Other; describe below.

This is a summary of individual contractor Section 3 reports.

Public reporting for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, Searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB number.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, mandates that the Department ensure that employment and other economic opportunities generated by its housing and community development assistance programs as directed toward low- and very-low income persons, particularly those who are recipients of government assistance housing. The regulations are found at 24 CFR Part 135. The information will be used by the Department to monitor program recipients' compliance with Section 3, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients as self-monitoring tool. The data is entered into a database and will be analyzed and distributed. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs covered by Section 3. The information will be collected annually to assist HUD in meeting its reporting requirements under Section 808(e)(6) of the Fair Housing Act and Section 916 of the HCDA of 1992. An assurance of confidentiality is not applicable to this form. The Privacy Act of 1974 and OMB Circular A-108 are not applicable. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.

Public Comment and State Response

MICAH
122 West Franklin Avenue
Suite 310
Minneapolis, MN. 55404
612-871-8980

CAPER
Minnesota Housing Finance Agency
400 Sibley Street Suite 300
St. Paul, MN. 55101

Dear Ladies and Gentlemen,

Thank you for the opportunity to comment on the 2008 CAPER.

1. The CAPER is very well organized and easily read and provides a wealth of information about the excellent programs we operate in Minnesota. *We are pleased that you find the CAPER so informative and appreciate your input, which makes it even more useful.*
2. Page 6 and 9. We appreciate this information will be in the final report. We would appreciate the opportunity to comment again after this data is provided. *Some information simply is not available for inclusion in the DRAFT CAPER. You may comment on these facts when they become available; however, the facts clearly will not change. The availability of HOME funding proposals, which shapes the regional distribution of funding (p.6), and type of HUD financing selections (p.9) are conditions that the state has limited ability to affect.*
3. Page 14. Minnesota has been a leader in foreclosure prevention and developing excellent programs to re-use vacant through rehabilitation for new home owner and rental opportunities for people with limited resources. We would appreciate the State expanding approaches to assist people to stay in their foreclosed homes through a Contract for Deed or by renting them back to the original owner and by funding non profits to buy rental units and keep current tenants in their units. *The state recognizes the serious problems surrounding foreclosure, its impact on both communities and individual households. In addition to significant state and private or nonprofit resources, summarized on www.mnhousing.gov, Minnesota Housing has allocated nearly \$30 million of its own resources for foreclosure prevention and remediation. The state continues to address this difficult situation, making use of available resources in whatever ways are feasible and exploring alternative mortgage instruments that might best serve consumers. Some concerns with Contracts for Deed include the adequacy of consumer protection and the underlying assumption that these loans can be affordably refinanced after three to five years.*

4. Page 18. The 2008 CAPER indicated that HUD does not require the State to report specifically on income levels of participants in various programs below 80% of median. I suggest that the State implements in 2009 a reporting requirement on all programs that indicate the number of participants at incomes: below 30% median income, 31-50% median income, and 51-80% of median income and it is reported in future CAPERS. **The distribution of incomes below 80 percent of median by income group has been reported for the HOME program for years. For qualifying CDBG recipients, IDIS enables us now to identify households by income group and that information will be included in the final CAPER report. By definition beneficiaries under ESG are without resources, i.e., in the lowest income range.**

5. Page 23: The HMIS system in Minnesota is:
 - a. **Not providing reliable and valid data or reports. State agencies that require the use of HMIS work with providers to ensure data quality and reliability. Data quality continues to improve as providers become more familiar with the system; state and local programs now use HMIS data for various reports.**
 - b. **Only 61% of available beds in the system are participating. Large providers are not participating and some are still unable to upload their data in the system. As of August 2008, 81 percent of beds designated for homeless persons in Minnesota are covered in HMIS – including emergency shelter, transitional housing, and permanent supportive housing (but not including beds at facilities designated only for victims of domestic violence, which are exempted from the system by federal legislation). This is up from 61 percent when last measured (June 2007).**
 - c. **Violations of data privacy have occurred. Wilder Research, administrator of the HMIS system, the state, and all HMIS users take data privacy very seriously. The HMIS Governing Group, which acts in an advisory capacity to Wilder Research, has stringent policies and procedures regarding access to HMIS records. Violations are reported to Wilder Research which acts quickly to resolve any issue. To date, there has been just one violation which required Service Point, the software provider, to make a change to the software.**

It is an unfunded or underfunded mandate by HUD and the State. It is utilizing funding previously used for services and housing to pay for the system, providers must utilize private donations to pay for the collection of HMIS and the administration of HMIS. State agencies are utilizing significant staff time and Administrative funds for HMIS. Private funders are also being asked to fund HMIS. How will the State address these concerns and prioritize and increase funding for homeless prevention, emergency shelters, youth homeless programs and transitional housing programs with the deficit the State will be addressing in 2009? **HUD has never addressed the issue of funding the HMIS mandate. Recognizing the financial burden the system may place on organizations that serve people experiencing homelessness, the state has made funding available for HMIS and will continue to do so. The state believes it is in the interest of policy makers, administrators, providers and, ultimately, clients to maintain a reliable and responsive data management system for housing programs that serve people who are or have been homeless in Minnesota.**

As outlined in the CAPER the state has demonstrated its commitment to assisting people experiencing homelessness in a variety of ways. For 2008-2009 the legislature nearly doubled its biennial appropriation to the Family Homeless Prevention and

Assistance Program and increased the Housing Trust Fund appropriation by \$9.5 million over the previous biennium. Increases also were appropriated to the Supportive Services Fund, the Transitional Housing Program, and the Minnesota Assistance Council for Veterans. Given economic conditions, both current and future predicted, the Governor has asked state departments to review their budgets in December and prepare base budget reduction proposals for 2010-2011; however, the state remains committed to preventing homelessness and addressing the needs of people who are experiencing homelessness. Three priorities of Minnesota Housing in this economic environment are to protect populations who are most vulnerable, finish the Business Plan to End Long-Term Homelessness, and preserve those programs that best leverage the agency's resources.

6. Page 29: Heading Home Minnesota: We appreciate the desire to end homelessness for everyone in Minnesota. It appears the primary focus of Heading Home Minnesota is to fully fund the Business Plan potentially at the expense of prevention, outreach, shelter, youth, veterans, transitional housing, permanent supportive housing (not specifically targeting long term homeless population), and domestic abuse funding. State and County paid employees are directing Heading Home Minnesota with minimal or no input from people experiencing homelessness, people of color, and/or providers. What is the State's role in oversight, direction, and accountability of the efforts of Heading Home Minnesota? **The Business Plan implemented in 2004 is a plan to end long-term homelessness in Minnesota by 2010 through the creation of 4,000 new supportive housing opportunities. The plan and local Heading Home initiatives to address homelessness were developed with the participation of a wide range of entities and individuals including funders, providers, local units of government, and people experiencing homelessness. Implementation of the plan is led by the Director for Ending Long-Term Homelessness who reports to the Commissioners of Human Services, Corrections, and Housing. Implementation of Heading Home Minnesota (the "umbrella" for all local initiatives) is coordinated by an executive team that includes all plan leaders and major intermediary organizations.**

While the Business Plan itself is directed solely at long-term homelessness, the state has maintained its commitment to funding additional resources addressed at ending homelessness. In 2007, for example, the Governor recommended and the Legislature essentially doubled the funding for the Family Homelessness Prevention and Assistance Program (the biennial appropriation was raised from \$7.43 million to \$14.93 million).

7. Page 34, 42, 44. The use of HOME funds did not meet the anticipated goal for the number of low income renters. Only 12% CDBG funds were utilized for Rental rehabilitation and/or rental/new development. Section 8 wait list are full and the State funded subsidy programs are fully utilized. The need for tenant based rental assistance is critical to keep people in their housing and to assist people moving out of shelters. **HOME funds assisted 80 percent of the number of low-income renter households projected to be assisted in 2008 or 88 fewer households than anticipated. The number of units that can be rehabilitated is a function of the number and nature of applications funded as well as the work that can be completed during a year. Additional HOME funds were committed in 2008 but work had not yet been completed as of year end therefore under HUD guidelines they may not be reported.**

HOME Tenant Based Rent Subsidies have been successfully utilized for people with limited incomes since 1994 in Anoka County. In light of the State Deficit and potential reduction in State funded programs, we encourage the expansion of the HOME tenant based rent subsidy program to include all populations not just those serving Long Term Homeless populations. In addition, we request that communities of color and Veterans are prioritized to utilize these funds. Utilizing HOME funds for tenant based rent subsidies will assist in meeting the 2009 Action Plan Goals for low income renters.

The state recognizes that both project- and tenant-based assistance is necessary to meet the needs of low-income renters. Priorities for the use of federal housing and community development funds are established and updated through the development of five-year plans and annual action plans. Note that with the availability of the Ending Long-Term Homelessness Initiative Fund for tenant-based assistance, beginning in 2005, the numbers of households assisted with vouchers has increased significantly under the Housing Trust Fund and Bridges programs.

8. Page 45. We appreciate this information will be in the final report. We would appreciate the opportunity to comment again after this data is provided. We are very concerned about the extremely low number of renter households of color being served by the HOME program. (45 % of all African American children in Minnesota live in poverty, Children's Defense Fund Minnesota- 2008). The demographics of tenants assisted under HOME Rental Rehabilitation vary from year-to-year as different rehabilitated developments report information to the state. Nearly 18 percent of tenant households assisted under HOME Rental Rehabilitation in 2008 were headed by a person of color as compared to slightly more than 9 percent in 2007. As described in the CAPER, units assisted under HOME Rental Rehabilitation are located primarily in Greater Minnesota where three to four percent of households are of color (as of *Census 2000*). Please review CAPER reports for Minneapolis, Saint Paul and other entitlement communities to identify occupancy characteristics of HOME-assisted rental housing in those metropolitan areas.

Thank you again for the opportunity to comment.

Sincerely,

Sue Watlov Phillips, M.A., C.S.P.
Administrator and Founding Board Member

Additional Information Requested by HUD, CAPER for 2008

I. CDBG Program

Program Income

HUD: We did not locate in the CAPER the amount of CDBG program income generated and expended during the program year. Please provide this information or indicate where within the CAPER it is found.

DEED Response: DEED does not have any Program Income. Any Program Income that is received by our subgrantees is either included in a draw request at the time or if the project is closed, they report it annually to DEED and we note it in our internal data base.

HUD: CDBG program income is not being reported within IDIS subsequent to an entry in July 2003. Please explain why.

DEED Response: DEED does not have any program income to report. There might be times when we have some reverted funds. When that is the case, DEED uses those funds for future SCDP awards the next program year.

HUD: Please explain what the term “program income” means when attached to the project status. For example, the State’s award to the City of Barrett from its 2007 grant has a “closed – audit pending, program income” status. The grant provided to the City is represented in IDIS as HUD activities #5429 and #5430. By comparing information between the PER and IDIS, we note that each activity is fully funded from grant funds and not any PI. Thus, the reason for our request for clarification.

DEED Response: This means the income the city has received over the years they have the program in affect tied specifically to the term of the repayment agreements used by the city. In this case, activity #5429 is owner occupied rehab, so there is a good chance there will be some program income to report in the coming years. For activity #5430, that is administrative fee, no program income will be reported.

HUD: The summary information for the 2007 grant year on page 121 of the PER shows that \$23,130,635 is budgeted among the three Federal Objectives of Low/Mod, Slum/Blight and Urgent Need. Since the 2007 grant award from HUD is \$21,075,677, it appears that the difference of \$2,054,958 represents CDBG PI. Please confirm or clarify. If this is incorrect, please explain the reason for the variance.

DEED Response: This amount would be reverted funds from projects that were either cancelled or amounts reduced due to inactivity or not needed.

HUD: We note similar variances between the HUD grant awards and the summary financial information contained in the PER for other grant year awards. Please indicate whether the reason for the variance differs from that described immediately above for the 2007 grant award. If applicable, please provide the different reasons and indicate to which grant award each applies.

DEED Response: The same reply from above applies here. This amount would be reverted funds from projects that were either cancelled or amounts reduced due to inactivity or not needed.

Financial Summary

HUD: Page 3 of the CAPER indicates that this form is available for review. Please provide a copy for our files.

DEED Response: We have not provided this report in the past as it was not asked for and since this is a HUD report generated from IDIS, it was assumed that HUD retrieved this themselves but as requested, it is included [this is a 56 page report available upon request].

II. HOME Program

Onsite Monitoring Responsibilities

HUD: Please expand of the list of projects for which onsite responsibility exists.

MN HSG Response: The attached list is an update to the list of HOME Rental Rehabilitation projects in Minnesota Housing's portfolio, which also appeared in the state's original CAPER submission beginning on page 61.

This new list includes for each project the total number of units, number of HOME units, and date of last inspection as requested. Results of the inspections were included in the initial report as well as this update.

Women and Minority Owned Business Enterprise (W/MBE) Outreach

HUD: We did not find an assessment of W/MBE outreach actions.

MN HSG Response: Minnesota Housing staff discuss and strongly encourage outreach efforts with administrators or property owners prior to the beginning of the contracting process; however, since the state itself does not enter into these contracts for project rehabilitation, it is not in a position to assess outreach efforts other than to identify the total number of W/MBEs working as contractors or subcontractors on HOME projects, shown on page 49 of the report submitted in December.

The proportion of W/MBEs working on HOME-funded projects varies depending upon the location of projects and the availability of contractors or subcontractors in those areas. Nearly all projects funded by HOME have been located in Greater Minnesota where, despite outreach, the opportunity to employ W/MBEs may be limited.

III. ESG Program

Pat Leary of the Minnesota Department of Human Services has spoken with Ms. Paulson and assured her that future CAPER reports will include the financial detail available in IDIS reports, currently available upon request.