

DATE: March 23, 2011

TO: Housing Trust Fund (HTF), HTF Long term Homelessness (LTH), and Ending Long term Homelessness (ELHIF) Rental Assistance Grantees Administering a Tenant Based Rental Assistance (TBRA) Program

RE: MN Housing TBRA Freeze

FROM: Minnesota Housing

Effective April 1, 2011, Minnesota Housing is implementing an admission freeze in all Agency funded TBRA programs. [Click here for a summary of the grants that will be affected by the freeze.](#) Please notify all parties responsible for admission of households, including services staff. The freeze does not apply to rental assistance grants that have been previously approved to provide sponsor based funding to Agency financed capital developments that support the Business Plan to End Long term Homelessness. [Click here for a summary of the grants that are exempt from the freeze.](#)

Through implementation of the Business Plan to End Long term Homelessness, the Agency increased the number of housing opportunities that have been financed through HTF rental assistance and operating subsidies. Many of the past funding commitments were made under the assumption that the HTF, a state appropriated resource, would receive a \$4 million dollar biannual base budget increase.

According to plan, the HTF budget was increased during SFY04-09 but in SFY10, although the \$4 million dollar increase was not received, HTF was maintained at the funding level from the previous biennium, due to a transfer of funds from another state appropriated resource, the Challenge program. Under the Governor's proposed budget, which many believe to be a best case scenario for SFY12-13, HTF will receive a \$2 million dollar increase from the Challenge program, leaving at least a \$2 million dollar gap. Even under the best case scenario, the ongoing rental assistance and operating subsidy expenses will likely exceed the anticipated funding available through the SFY12-13 HTF budget.

The Agency has adopted the following principles and strategies when considering potential program cuts:

- Hold harmless grants that provide assistance to Agency financed capital developments that support the business plan to End Long term Homelessness, to the extent possible.
- Implement funding cuts to the TBRA portion of the Agency's portfolio.
- Reduce the number of housing opportunities through attrition, when possible.
- Extend all HTF/ELHIF grants expiring 6/30/11 at the current utilization rates for 3 months, from 7/1/11 – 9/30/11.
- Effective 10/1/11, award funding for 12 month grants based on the approved State Budget and the Agency's Affordable Housing Plan (AHP).

Options

Depending on the outcome of the State and Agency budgets, the following identifies the scenarios that are currently under consideration:

1. Maintain the current program guidelines: Many grantees administer Section 8 Model programs, where participants pay 30% of income for rent. Some have a subsidy cap program, and the terms vary.
 - Funding cuts will likely reduce availability of assistance for 700 – 815 households.
 - SFY12: Estimated loss of 240 households, through attrition.
 - SFY13: Effective 7/1/12, funding for at least 440 households will be cut.
 - SFY13: Estimated loss of 130 households, through attrition.

2. Implement a subsidy cap program. Subsidy limits may range from:

0 BR	1 BR	2 BR	3 BR	4 + BR
\$250	\$300	\$450	\$600	\$750

- Funding cuts will likely reduce availability of assistance for 350 - 400 households, through attrition.
 - The freeze on new admissions is likely to be in place for 24 months.
 - Tenants will likely incur increased cost. Exceptions may be made for participants with zero income.
3. Shift a higher percent of the housing cost (40 - 45%) onto the tenant.
 - Funding cuts will likely reduce availability of 300 – 380 households, through attrition.
 - The freeze on new admissions is likely to be in place for 9 – 12 months.

Feedback and Input

We would like to hear your [feedback](#) regarding the potential options listed above. We have three ways you can provide input:

- Email or by phone Elaine Vollbrecht or Amy Long: elaine.vollbrecht@state.mn.us or (651) 296-9953; amy.long@state.mn.us or (651)-296-0751.
- Meeting at Minnesota Housing **Tuesday, April 5, 2011 10:00-11:30am**, State Street Conference Room. [Register here.](#)
- Phone conference: **Wednesday, April 6, 2011 10:00-11:30am.** [Register here.](#)
Those phoning in will use the following info:
Dial-in number: 888-742-5095
Conference code: 2932453068

Submitting Payment Requests in May

May 2011 payment requests are due May 10, 2011. Early submissions are encouraged. The 3 month grant extensions will be based on the number of households that you report leased up in the month of May. Any exceptions will require prior approval.

Freeze on New Admissions

If you had participants in the leasing process prior to April 1, 2011 you may follow through on those commitments. Please provide information regarding the estimated number of households that may lease up after April 1, 2011 to Elaine Vollbrecht at elaine.vollbrecht@state.mn.us.

Renewal Applications and Grant Terms

Please submit applications for renewal of rental assistance funds due March 23, 2011, as originally requested. We plan to issue new grant agreements effective October 1, 2011 and you will not be required to submit another application for the 12 month funding.

The 3 month grant extension will provide funding to maintain May 2011 utilization levels and delay the long term funding decisions until the State and Agency budgets are approved.

We appreciate your partnership and hope that together, we can find a solution that will minimize the negative impact the proposed changes to the TBRA program may bear. Please feel free to contact me or Amy Long, at 651-296-0751 or amy.long@state.mn.us with any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Elaine Vollbrecht".

Elaine Vollbrecht
Rental Assistance Program Manager