



**State of Minnesota  
Consolidated Annual Performance  
and Evaluation Report  
for Federal Fiscal Year 2007**

Submitted to the U.S Department of Housing and Urban Development  
December 21, 2007

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**ADDITIONAL REPORTS AVAILABLE UPON REQUEST**

IDIS Year 2007 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 2007

(C04PR06 is a list of CDBG, ESG, HOME, and HOPWA projects available from Minnesota Housing upon request)

Small Cities Development Program Performance Evaluation Report

(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 specific housing and community development needs 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 2007 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 2007 using federal resources was through the Small Cities Development Program to assist communities with public facilities projects, economic development, and housing rehabilitation.

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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 2007. 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 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 current CAPER summarizes assistance provided through state agencies in Federal Fiscal Year 2007 (October 1, 2006 through September 30, 2007). 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. Information 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 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 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.

\*Summary of Consolidated Plan Projects for Report Year 2007 (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.

\*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. The expenditures are summarized to determine the relevant indicators for low- and moderate-income, planning/administration, public service activities and economic development. (This report contains program year information on statutory requirements regarding overall percentage for low- and moderate-income benefit.)

\*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.

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](mailto:mn.housing@state.mn.us). Additional information on HOME and HOPWA selections also is available from: [www.mnhousing.gov/](http://www.mnhousing.gov/)

Information and details concerning residential and rental rehab projects for 2007 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/](http://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](http://www.dhs.state.mn.us/cfs/oeo/esgp.htm)

### *I. Summary of Resources and Distribution of Funds*

Minnesota receives 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 2007 the state received \$21,075,677 in CDBG funds of which \$20,554,163 was available for housing and community development in Minnesota through the SCDP.

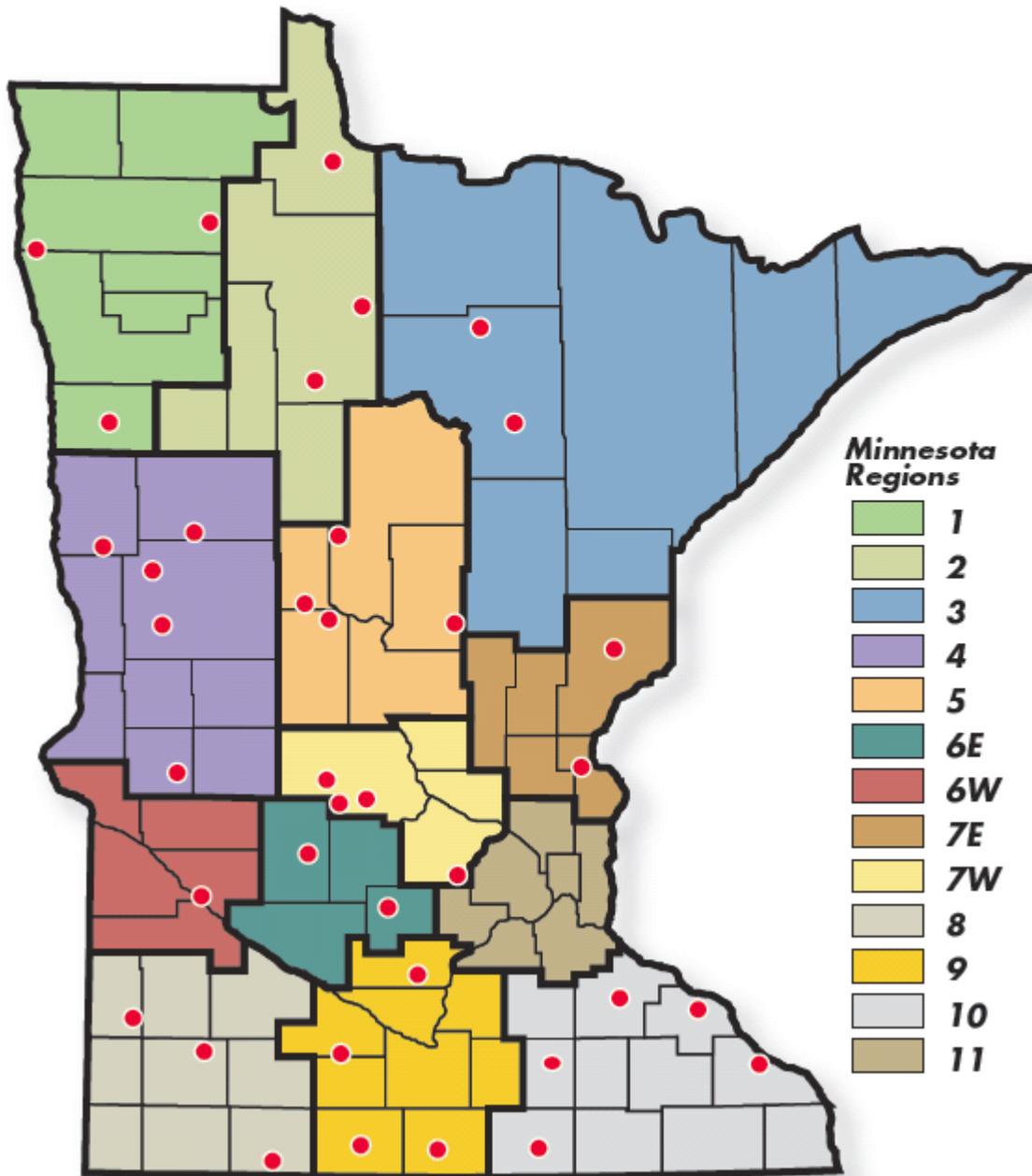
Eligible applicants for the SCDP funds are cities, counties and townships in areas of the state that do not qualify as entitlement entities and, therefore, are not eligible to receive an allocation of Community Development Block Grant funds directly from HUD. These are cities with a population under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



**2007 Awarded Projects  
Small Cities Development Program**



HOME funds comprise Minnesota’s second largest allocation 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 2007 the state received \$9,814,315 in HOME funds that were available through Minnesota Housing. Under the American Dream Downpayment Initiative (ADDI) Minnesota Housing also received \$145,594 for entry cost assistance for first-time homebuyer. The distribution of funds in projects completed in 2007 is:

**Distribution of HOME Funds by  
Region in Minnesota, 2007**

<b>Location</b>	<b>HOME units assisted</b>	<b>Funds in completed projects</b>
Central	66	\$923,380
Twin Cities	85	\$933,704
Northeast	76	\$1,399,846
Northwest	24	\$547,810
Southeast	57	\$651,314
Southwest	170	\$2,477,348
West Central	25	\$200,339
Total	503	\$7,133,741

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 2007 the state received \$114,000 in HOPWA funds.

The 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 2007 statewide volume cap for Housing Tax Credits, with adjustments for population, per capita, national pool and returns was nearly \$10.2 million, \$7.1 million through the state and joint powers suballocators and \$3.1 million through other suballocators.

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. In the second half of 2007 (state fiscal year 2008) Minnesota awarded \$1,198,192 in ESG funds as follows.

AGENCY	CITY	ESGP 2008	
Ain Dah Yung	Saint Paul	\$20,000	
Anoka County Community Action Program, Inc.	Blaine	\$30,000	
Arrowhead Economic Opportunity Agency, Inc.	Virginia	\$59,000	
Ascension Place, Inc.	Minneapolis	\$25,000	
Avenues for Homeless Youth	Minneapolis	\$29,250	
Bi-County Community Action Program, Inc.	Bemidji	\$12,040	
Care and Share Center, Inc.	Crookston	\$40,000	
Catholic Charities - St. Joseph's Home for Children	Minneapolis	\$25,000	
Catholic Charities of the Archdiocese of St Paul and Churches United in Ministry (CHUM)	Minneapolis Duluth	\$35,000	Minneapolis \$58,931
Community Action Center of Northfield, Inc.	Northfield	\$20,000	
Dakota Woodlands, Inc.	Eagan	\$37,500	
East Metro Women's Council	White Bear Lake	\$15,000	
Evergreen House, Inc.	Bemidji	\$18,000	
Heartland Community Action Agency, Inc.	Willmar	\$9,000	
HOME Line	Minneapolis	\$20,615	
Housing Coalition of St. Cloud	Saint Cloud	\$14,000	
Inter-County Community Council, Inc.	Oklee	\$22,500	
Kootasca Community Action, Inc.	Grand Rapids	\$32,500	
Lakes and Pines Community Action Council, Inc.	Mora	\$33,000	
Lutheran Social Service of Minnesota (St. Paul - TLPY)	Saint Paul	\$20,000	
Mahube Community Council, Inc.	Detroit Lakes	\$30,000	
Motivation, Education & Training, Inc.	New Caney	\$39,000	
Northwest Community Action, Inc.	Badger	\$7,500	
Otter Tail-Wadena Community Action Council, Inc.	New York Mills	\$37,500	
Our Saviour's Outreach Ministries	Minneapolis	\$59,500	
Partners for Affordable Housing	Mankato	\$30,000	
People, Incorporated	Saint Paul	\$70,000	
People Serving People	Minneapolis	\$10,000	
Prairie Five Community Action Council, Inc.	Montevideo	\$3,000	
Rise Housing Services, Inc.	Spring Lake Park	\$29,500	
Saint Paul Area Council of Churches	Saint Paul	\$54,500	
Salvation Army - Brainerd	Brainerd	\$4,000	
Salvation Army - Rochester	Rochester	\$5,000	
Salvation Army - St. Cloud	Saint Cloud	\$42,500	
Scott-Carver-Dakota CAP Agency, Inc.	Shakopee	\$3,675	
Semcac	Rushford	\$27,000	
Simpson Housing Services, Inc.	Minneapolis	\$59,500	
Southwestern Minnesota Opportunity Council, Inc.	Worthington	\$7,750	

St. Stephens Human Services	Minneapolis	\$59,500
Western Community Action, Inc.	Marshall	\$15,000
State Of Minnesota - Administration	St. Paul	\$61,618

DHS also receives funding allocations from HUD 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 people with a serious and persistent mental illness. In 2007 Minnesota received \$672,000 in PATH funds available through DHS.

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 therefore are not included in the assessment of the state’s performance toward meeting goals for assisting households.

In FFY 2007, Minnesota Housing expended \$71 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 more than \$94.4 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 2007 for interest reduction payments on Minnesota Housing-financed developments with 567 units of affordable housing.

HUD finances rental housing development in Minnesota through Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities. The state includes data on units assisted and assistance amounts awarded by HUD, as requested by the local HUD office (*data not yet available*):

## HUD Financing in Minnesota, 2007

Program	Project location	Assistance	Housing units
Section 202	Delano	\$2,570,800 capital advance	29
		\$ 485,000 five-year rent subsidy	
	Minneapolis	\$4,273,000 capital advance	49
		\$ 820,500 five-year rent subsidy	
Owatonna	\$2,093,300 capital advance	25	
	\$ 418,500 five-year rent subsidy		
Section 811	Shakopee	\$1,977,600 capital advance	21
		\$ 351,500 five-year rent subsidy	

### *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. Assistance includes operating costs for emergency shelter facilities as well as assistance to individuals or families; ESG funding is also used 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 2007). In working toward its goals in FFY 2007 the state received allocations from HUD and spent federal funds in the following total amounts:

Small Cities Community Development: \$21,075,677 allocated to create economic opportunities and suitable living environments; \$20,212,040 awarded.

HOME: \$9,814,315 allocated for decent affordable housing; \$7,133,741 expended.

Emergency Shelter Grants: \$1,232,379 allocated for suitable living environments; \$1,198,192 expended.

American Dream Downpayment Initiative: \$145,594 allocated for decent affordable housing; \$555,000 expended (including previous resources committed).

Housing Opportunities for Persons with AIDS: \$114,000 allocated for decent affordable housing; \$111,255 expended.

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

**Priority Housing Activities/Investment Plan Table**  
(Table 2A)

<b>Priority Need</b>	<b>5-Yr. Goal Plan/Act</b>	<b>Yr. 1 Plan</b>	<b>Yr. 1 Actual Activity</b>
<b>CDBG</b>			
Acquisition of existing rental units			
Production of new rental units	70		
Rehabilitation of existing rental units	920	184	
Rental assistance			
Acquisition of existing owner units	35		
Production of new owner units			
Rehabilitation of existing owner units	2,660	532	
Homeownership assistance		13	
<b>HOME</b>			
Acquisition of existing rental units			
Production of new rental units			
Rehabilitation of existing rental units	2,250	450	441
Rental assistance			
Acquisition of existing owner units			
Production of new owner units			
Rehabilitation of existing owner units			
Homeownership assistance	310	62	62
<b>HOPWA</b>			
Rental assistance			
Short term rent/mortgage utility payments	600	135	125
Facility based housing development			
Facility based housing operations			
Supportive services			
<b>ESG</b>		19,383	24,970

***B. Affirmatively Furthering Fair Housing***

DEED requires all grantees to develop a fair housing plan that affirmatively furthers fair housing. Community development funds for housing assistance are not released

until grantees submit a plan that is approved by the department. 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 2007. 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 four 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, lack of outreach to communities of color;
- subsidized rental housing: availability and usability of housing voucher, the affordability of rental housing,
- emergency and transitional housing for the homeless.

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 2007:

#### *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 convened in 2004 by FNMA, the Federal Reserve Bank of Minneapolis, and Minnesota Housing 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.

EMHI selected four pilot projects in 2006 and 2007 that represent innovative collaborative efforts to increase homeownership rates among communities of color or Hispanic/Latino ethnicity. These pilot projects will receive priority access to EMHI resources and tools for marketing and outreach. The first EMHI Summit was held at the University of Minnesota in March of 2007 to review projects and programs undertaken to date as well as to focus on market and economic conditions that affect homeownership rates. Additional information about the Initiative and a copy of the final business plan are available through the EMHI website at: [www.emhimn.org/](http://www.emhimn.org/).

Public and private organizations in Minnesota have mobilized resources to address the problem of foreclosure. One of the partnerships developed in 2007, the Foreclosure Prevention Funders Council, was established by the Family Housing Fund. The council

works 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.

Using resources from the Homeownership Education, Counseling and Training Fund, Minnesota Housing has supported foreclosure prevention counseling and loans in cooperation with the Minnesota Home Ownership Center, the Family Housing Fund, and the Greater Minnesota Housing Fund. Responding to the current situation of foreclosures, Minnesota Housing has made a \$10 million loan to Minneapolis and a \$1 million award to Minneapolis, and a \$500,000 award to Saint Paul to address the community impacts of foreclosure. The agency is also beginning a targeted foreclosure prevention initiative in heavily-affected areas.

Homeownership Education, Counseling, and Training initiatives, funded through state appropriations and Minnesota Housing resources, have served an average of 8,100 households annually in the last three 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.

In June 2007 the Greater Minnesota Housing Fund convened a summit of key housing and community leaders to examine the problem of foreclosure in areas outside the Twin Cities.

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). Homebuyers funded by this Minnesota Housing loan to Habitat had a median income of \$25,149 in 2006 or less than 50 percent of HUD's median income for either metro or nonmetro areas of the state. Sixty percent of these homebuyers assisted through Habitat were buyers of color.

In 2007, the state's allocation of American Dream Downpayment Initiative (ADDI) funds provided entry cost assistance for lower income borrowers for whom homeownership is unaffordable. This ADDI assistance, offered to households with the greatest need, was available only through Minnesota Housing's Community Activity Set-Aside (CASA) first mortgage program. Of the 56 homebuyers receiving ADDI entry cost assistance in 2007 to purchase homes, 35.7 percent were households of color.

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 is working 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.

### *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 review under 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. 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 is available in 2007 on more than 11,500 tenant households occupying Minnesota Housing-assisted development receiving federal Housing Tax Credits allocated through the agency. Data indicate that 47.5 percent of households in these developments throughout the state were headed by a person of color (of a race other than white or of Hispanic or Latino ethnicity).

Congress increased its funding appropriation for rental housing voucher assistance in 2007 under the Section 8 program; however, HUD guidelines on how public housing authorities may calculate contract rent amounts and limitations on rent increase adjustments continue to make it difficult to fully utilize the vouchers authorized. This may impact project-based assisted housing as well if there is not an adequate supply of Section 8 vouchers that can be allocated to project-based proposals as needed.

Minnesota Housing is a member of the Fair Housing Implementation Council (FHIC), a group that focuses on fair housing issues in the Twin Cities metro area. FHIC funded the nonprofit HousingLink, which has developed a system of tenant information on subsidized and accessible rental housing in the Twin Cities. Information on the characteristics and availability of affordable housing can be identified through HousingLink at: [www.housinglink.org/](http://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 March 2007 is ahead of target. Strategies may be recalibrated periodically based on experience and available funding.

Consistent with the Governor's request, the Minnesota Legislature approved a total of \$30 million in bonding for permanent supportive housing for the 2006/2007 biennium. In 2005 the Minnesota Legislature also approved Governor Pawlenty's requests for increases in rental assistance, operating and service funding for supportive housing totaling \$14 million and provided more than \$5 million for related initiatives for youth foster care transition, homeless outreach, and prisoner re-entry housing. For the 2006/2007 biennium Minnesota Housing made available nearly \$30 million of its own resources for the Ending Long-Term Homelessness Initiative Fund, an important vehicle through which the state funds supportive housing. Support for the plan from the private sector includes \$2.65 million in grants to date.

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

[www.mnhousing.gov/initiatives/housing-assistance/homelessness/index.aspx](http://www.mnhousing.gov/initiatives/housing-assistance/homelessness/index.aspx)

### *Other Issues in 2007*

On September 12, Governor Tim Pawlenty signed a bill appropriating \$157.3 million of disaster relief funding for the flood-ravaged counties of southeastern Minnesota. The result comes at the close of a special session called by the Governor to fund recovery and rebuilding efforts in the region.

The bill utilizes approximately \$79.2 million in state general fund cash and \$56.3 million in general obligation bonds. Another \$8.2 million in trunk highway cash and \$20 million in trunk highway bonds are also included in the bill. In addition to the \$157.3 million of disaster relief, the bill includes authorization to spend approximately \$53.2 million advanced by the federal government for recovery and cleanup costs associated with the I-35W bridge collapse in early August and \$2 million for Minneapolis bridge disaster matching funds. An additional \$5.3 million is included in the bill to assist in funding other recent disasters, such as forest fires in Cook County, flooding in Browns Valley and Crookston, and drought relief for farmers.

The flood relief package for southeast Minnesota includes \$17 million to provide the state and local match for federal FEMA disaster assistance. These state and federal dollars are used to help individual households and to rebuild public infrastructure in the disaster area. An additional \$51 million dollars will pay to repair roads and bridges damaged by flood waters, while \$35 million will go to local businesses affected by the floods and \$10 million to help rebuild the infrastructure in those areas. To assist homeowners as they clean up or rebuild entirely, \$18 million will fund flexible housing assistance for flood victims.

### *C. Affordable Housing*

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

Data on the affordability (as defined by Section 215 guidelines) of housing funded through SCDP is not available; however, data on incomes of all households assisted under SCDP activities indicate that **all** households had incomes 80 percent of area median income or less.

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 continues to allocate 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.

**Priority Housing Needs/Investment Plan Table**  
(Table 2A)

<b>Priority Need</b>	<b>5-Yr. Goal Plan/Act</b>	<b>Yr. 1 Plan</b>	<b>Yr. 1 Actual Activity</b>
<b>Renters</b>			
0 - 30 of MFI	1,215	243	257
31 - 50% of MFI	720	144	129
51 - 80% of MFI	315	63	31
<b>Owners</b>			
0 - 30 of MFI	60	12	5
31 - 50 of MFI	95	19	13
51 - 80% of MFI	155	31	44
<b>Homeless*</b>			
Individuals		19,383	24,970
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
Victims of Domestic Violence			
<b>Total (Sec. 215 and other)**</b>	3,160		
<b>Total Sec. 215</b>			
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 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, thirteen CoC regions exist in Minnesota. 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 through provision of direct services to homeless persons. ESG funds were provided to grantee agencies in every CoC region, each of which has as a priority preventing homelessness and providing 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 and 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 for funding under 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 directed toward meeting gaps in their CoC systems.

CoC plans are available at:

[www.mnhousing.gov/initiatives/housing-assistance/continuum/index.aspx](http://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	ITF CONTACTS	MN HOUSING RHAG CONTACTS	HUD CONTACTS
<b>METROPOLITAN AREA</b>				
Anoka County	Barb Wold Anoka County Hsg. Coordinator Tel: 763-422-7392 <a href="mailto:barb.wold@co.anoka.mn.us">barb.wold@co.anoka.mn.us</a>	Cherie Shoquist Minnesota Housing Tel: 651-297-3120 <a href="mailto:cherie.shoquist@state.mn.us">cherie.shoquist@state.mn.us</a>		Sara Jean Bergen Housing & Urban Dev. Tel: 612-370-3019 ext. 2103 <a href="mailto:sara_j_bergen@hud.gov">sara_j_bergen@hud.gov</a>
Dakota County	Marsha Milgrom Dakota Cty. Social Services Tel: 651-554-5918 <a href="mailto:marsha.milgrom@co.dakota.mn.us">marsha.milgrom@co.dakota.mn.us</a>	Beth Holger Human Services Tel: 651-431-3823 <a href="mailto:beth.holger@state.mn.us">beth.holger@state.mn.us</a>		Sara Jean Bergen Housing & Urban Dev. Tel: 612-370-3019 ext. 2103 <a href="mailto:sara_j_bergen@hud.gov">sara_j_bergen@hud.gov</a>
Hennepin County	Mark Hendrickson Hennepin Cty. Housing Dev. Tel: 612-348-2199 <a href="mailto:mark.hendrickson@co.hennepin.mn.us">mark.hendrickson@co.hennepin.mn.us</a>	Alison Legler Human Services Tel: 651-431-3848 <a href="mailto:alison.legler@state.mn.us">alison.legler@state.mn.us</a>		Tom Koon Housing & Urban Dev. Tel: 612-370-3019 ext. 2108 <a href="mailto:thomas_koon@hud.gov">thomas_koon@hud.gov</a>
Ramsey County	Jim Anderson St. Paul Human Services Tel: 651-266-4116 <a href="mailto:jim.anderson@co.ramsey.mn.us">jim.anderson@co.ramsey.mn.us</a>	Alison Legler Human Services Tel: 651-431-3848 <a href="mailto:alison.legler@state.mn.us">alison.legler@state.mn.us</a>		Tom Koon Housing & Urban Dev. Tel: 612-370-3019 ext. 2108 <a href="mailto:thomas_koon@hud.gov">thomas_koon@hud.gov</a>

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

REGIONS	COC CONTACTS	ITF CONTACTS	MN HOUSING RHAG CONTACTS	HUD CONTACTS
Scott/Carver Counties	Judson Kenyon Scott, Carver, Dakota CAP Tel: 952-322-3513 <a href="mailto:jkenyon@capagency.org">jkenyon@capagency.org</a>	Jane Lawrenz Human Services Tel: 651-431-3844 <a href="mailto:jane.m.lawrenz@state.mn.us">jane.m.lawrenz@state.mn.us</a>		Sara Jean Bergen Housing & Urban Dev. Tel: 612-370-3019 ext. 2103 <a href="mailto:sara_j_bergen@hud.gov">sara_j_bergen@hud.gov</a>
Washington County	Tina Bayonet Washington Cty Comm. Svcs. Tel: 651-430-6529 <a href="mailto:tina.bayonet@co.washington.mn.us">tina.bayonet@co.washington.mn.us</a>	Vicki Farden Minnesota Housing Tel: 651-296-8125 <a href="mailto:vicki.farden@state.mn.us">vicki.farden@state.mn.us</a>		Sara Jean Bergen Housing & Urban Dev. Tel: 612-370-3019 ext. 2103 <a href="mailto:sara_j_bergen@hud.gov">sara_j_bergen@hud.gov</a>

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

REGIONS	COC CONTACTS	ITF CONTACTS	MN HOUSING RHAG CONTACTS	HUD CONTACTS
<b>GREATER MINNESOTA</b>				
Central	Brenda Engelking, Central MN Hsg Partnership Tel: 320-259-0393 <a href="mailto:brenda@cmhp.net">brenda@cmhp.net</a>	Jane Lawrenz Human Services Tel: 651-431-3844 <a href="mailto:jane.m.lawrenz@state.mn.us">jane.m.lawrenz@state.mn.us</a>	Wendy Bednar Minnesota Housing Tel: 651-297-3540 <a href="mailto:wendy.bednar@state.mn.us">wendy.bednar@state.mn.us</a>	Mary Burbank Housing & Urban Dev. Tel: 612-370-3019 ext. 2102 <a href="mailto:mary_k_burbank@hud.gov">mary_k_burbank@hud.gov</a>
Northeast	Patty Beech N.E. MN CoC Coordinator Tel: 218-525-4957 <a href="mailto:pbeech@cpinternet.com">pbeech@cpinternet.com</a>	Jamey Burden Minnesota Housing Tel: 651-296-9839 <a href="mailto:jamey.burden@state.mn.us">jamey.burden@state.mn.us</a>	Terri Parker Minnesota Housing Tel: 651-297-5141 <a href="mailto:terri.parker@state.mn.us">terri.parker@state.mn.us</a>	Mary Burbank Housing & Urban Dev. Tel: 612-370-3019 ext. 2102 <a href="mailto:mary_k_burbank@hud.gov">mary_k_burbank@hud.gov</a>
Northwest	John Pugleasa Beltrami Area Service Collaborative Tel: 218-333-8190 <a href="mailto:john@beltrami.org">john@beltrami.org</a>	Jane Lawrenz Human Services Tel: 651-431-3844 <a href="mailto:jane.m.lawrenz@state.mn.us">jane.m.lawrenz@state.mn.us</a>	Phil Hagelberger Minnesota Housing Tel: 651-297-7219 <a href="mailto:phillip.hagelberger@state.mn.us">phillip.hagelberger@state.mn.us</a>	Mary Burbank Housing & Urban Dev. Tel: 612-370-3019 ext. 2102 <a href="mailto:mary_k_burbank@hud.gov">mary_k_burbank@hud.gov</a>
Southeast	Mary Ulland-Evans Three Rivers Community Action Tel: 507-732-8555 <a href="mailto:mary.ullandevans@threeriverscap.org">mary.ullandevans@threeriverscap.org</a>	Pat Leary Human Services/OEO Tel: 651-431-3824 <a href="mailto:pat.leary@state.mn.us">pat.leary@state.mn.us</a>	Susan Thompson Minnesota Housing Tel: 651-296-9838 <a href="mailto:susan.thompson@state.mn.us">susan.thompson@state.mn.us</a>	Joe Geary Housing & Urban Dev. Tel: 612-370-3019 ext. 2157 <a href="mailto:joe_geary@hud.gov">joe_geary@hud.gov</a>

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

REGIONS	COC CONTACTS	ITF CONTACTS	MN HOUSING RHAG CONTACTS	HUD CONTACTS
Southwest	Jennifer Schuller S.W. Minnesota Housing Partnership Tel: 507-836-8673 <a href="mailto:jschuller@swmhp.org">jschuller@swmhp.org</a>	Cherie Shoquist Minnesota Housing Tel: 651-297-3120 <a href="mailto:cherie.shoquist@state.mn.us">cherie.shoquist@state.mn.us</a>	Phil Hagelberger Minnesota Housing Tel: 651-297-7219 <a href="mailto:phillip.hagelberger@state.mn.us">phillip.hagelberger@state.mn.us</a>	Joe Geary Housing & Urban Dev. Tel: 612-370-3019 ext. 2157 <a href="mailto:joe_geary@hud.gov">joe_geary@hud.gov</a>
St. Louis County	Laura DeRosier St. Louis County Health Tel: 218-725-5236 <a href="mailto:derosierl@co.st-louis.mn.us">derosierl@co.st-louis.mn.us</a>	Jamey Burden Minnesota Housing Tel: 651-296-9839 <a href="mailto:jamey.burden@state.mn.us">jamey.burden@state.mn.us</a>	Ken Doresky Minnesota Housing Tel: 651-284-3177 <a href="mailto:ken.doresky@state.mn.us">ken.doresky@state.mn.us</a>	Tom Koon Housing & Urban Dev. Tel: 612-370-3019 ext. 2108 <a href="mailto:thomas_koon@hud.gov">thomas_koon@hud.gov</a>
West Central	Carla Solem West Central CoC Coordinator Tel: 701-306-1944 <a href="mailto:carlas@cableone.net">carlas@cableone.net</a>	Cherie Shoquist Minnesota Housing Tel: 651-297-3120 <a href="mailto:cherie.shoquist@state.mn.us">cherie.shoquist@state.mn.us</a>	Ted Tulashie Minnesota Housing Tel: 651-297-3119 <a href="mailto:ted.tulashie@state.mn.us">ted.tulashie@state.mn.us</a>	Joe Geary Housing & Urban Dev. Tel: 612-370-3019 ext. 2157 <a href="mailto:joe_geary@hud.gov">joe_geary@hud.gov</a>

Acronyms defined

CoC: Continuum of Care  
 ITF: Minnesota Interagency Task Force on Homelessness  
 RHAG: Regional Housing Advisory Group

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](http://www.hmismn.org/index.php).

### ***E. Other Actions***

#### *Address obstacles to meeting underserved needs*

Two obstacles to meeting underserved need can be the resources available (or unavailable) and the growing gap between housing costs and household incomes. The amount of public and private resources necessary and the complexity of the financial layering that may be required for affordable development is significant.

The Minnesota Legislature appropriated a total of \$114,557,000 to Minnesota Housing in 2007 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 assist to people with mental illness, and \$2.4 million for homeownership education/counseling and nonprofit capacity building.

In 1999, the legislature authorized the Supportive Housing and Managed Care Pilot to assist families and individuals with long histories of homelessness. The pilot is administered through the Department of Human Services. Subsequently, the legislature expanded the pilot by appropriating \$1,500,000 to DHS, annually, through 2007. This direct support services model linked to housing promotes coordination among housing, health, social service, and employment providers. DHS has reported to the Minnesota Legislature on outcomes that indicate initial success in the stability of participants; that report is available at: [www.dhs.state.mn.us/main/groups/economic\\_support/documents/pub/dhs\\_id\\_048311.pdf](http://www.dhs.state.mn.us/main/groups/economic_support/documents/pub/dhs_id_048311.pdf)

In other actions, the legislature authorized the Legislative Commission to End Poverty in Minnesota by 2020 and appropriated \$250,000 to enable the commission to study and make recommendations to the legislature by December 15, 2008. The Runaway and Homeless Youth Act was funded at a level of \$1,000,000 for the 2008-2009 biennium to provide outreach, drop-in centers, shelter and transitional housing to homeless and at risk youth. The DHS Supportive Services Fund was increased by \$2 million to \$12

million for 2008-2009 (a non-base increase) and the DHS Transitional Housing Program was increased by \$750,000 (a non-base increase) to \$6,226,000.

A summary of housing-related legislation of the 2007 legislative session is available at: [www.mnhousing.gov/news/reports/index.aspx](http://www.mnhousing.gov/news/reports/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. 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 March 2007 more than 1,300 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](http://www.mnhousing.gov/initiatives/housing-assistance/homelessness/index.aspx)

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. 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.

#### *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 20,000 HTC housing units in the state as of 2007; suballocators, including Duluth, Minneapolis, Rochester, Saint Cloud, Saint Paul, and Dakota and Washington counties monitor units in developments within their jurisdictions.

Based on an assessment of local housing needs Minnesota Housing has developed an overall tax credit allocation plan that currently gives preference to developments serving families, underserved populations, and the lowest-income tenants, 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](http://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 suballocators reserved a total of \$10,197,509 in tax credits in 2007 for 1,053 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. A variety of different local efforts exist, such as the 50/30 Project and community lending programs. In June of 2004, Governor Pawlenty announced the creation of a statewide initiative to increase homeownership among households of color, the Emerging Markets Homeownership Initiative (EMHI). This is a collaboration of representatives from approximately 50 public and private groups including financial institutions, the housing industry, communities of color, and government. Participants, convened by FNMA, the Federal Reserve Bank of Minneapolis, and the Minnesota Housing developed a business plan to increase homeownership rates among emerging markets, which 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](http://www.mnhousing.gov/initiatives/emhi/index.aspx)

The capacity of local entities to participate in assistance programs can be a barrier to providing affordable housing. Local participation in the delivery of housing assistance

is essential, with some programs relying on funding from the community, e.g., through SCDP, and others on the participation of local nonprofits, e.g., as administrators of HOME Rental Rehabilitation funds. State funds for an Organizational Support Program provide grants to local nonprofits to help them increase their capacity to deliver assistance by funding activities such as staff training. Minnesota Housing funds a predevelopment Nonprofit Capacity Building Revolving Loan Program, using Minnesota Housing 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 are 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.

The state's tax structure has been identified as a barrier to the development of affordable housing, a barrier that the legislation has attempted to diminish through various revisions to property tax laws related to rental housing.

*Overcome gaps in institutional structure and enhance coordination*

DEED, HDS, 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.

SCDP is available only in nonentitlement jurisdictions within the state, e.g., areas that do not receive a direct allocation of federal funds. 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 Program 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 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 for programs to address homelessness received in the previous year. 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.

Minnesota Housing has made an extensive effort to identify and work with CHDOs in its HOME programs. Minnesota Housing has certified approximately 30 organizations as CHDOs in Minnesota. Staff continue to work with CHDOs and set-aside funds as appropriate. Under the HOME-funded CHDO Operating Expense Payment component of the Organizational Support Program, the Minnesota Housing may provide grants to eligible certified CHDOs to enhance the capacity and long-term viability of the entity. In 2007 CHDOs received \$435,658 in HOME-funded grants to assist them with operating expenses.

Minnesota's Regional Housing Advisory Groups (RHAGs), formed in 2003, provide forums for regional discussion among core housing stakeholders. State staff conducted consultations with the RHAGs who held regularly scheduled meetings during the summer of 2006. During the RHAG consultations, attendees identified and prioritized the strengths and weaknesses of their regions, as well as housing and community development needs. State staff also conduct consultations with the six 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.

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. Through the Department of Employment and Economic Development, in 2007 the state certified 35 local affordable local housing projects or programs submitted from areas throughout Minnesota for consistency with the state's Consolidated Plan.

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.

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 may work together 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 match requirements, RD proposals may obtain funding through applicable Minnesota Housing programs, e.g., Housing Trust Fund. RD program assistance is not provided through state agencies; therefore, data are not included in this performance report, in accordance with HUD instructions. DEED funds may be matched with funds from RD to maintain affordability for communities and persons with low- and moderate-incomes and financing of public infrastructure.

The Interagency Task Force on Homelessness was established by state statute in 1990 to: investigate, review, and improve the current system of service delivery to people who are homeless or at risk of becoming homeless; improve coordination of resources and activities of all state agencies relating to homelessness; and advise Minnesota Housing in managing the Family Homeless Prevention and Assistance Program. Minnesota Housing chairs the Interagency Task Force on Homelessness, a group comprised of over 10 state agencies including Corrections, Education, DEED, MDH, DHS, the Metropolitan Council, Public Safety, Veterans Affairs, Veterans Homes Board, and the Office of Ending Long-Term Homelessness. The Director of the Office of Ending Long-Term Homelessness works with Minnesota's Interagency Task Force on Homelessness to effectively use state resources to prevent and end homelessness, with a focus on ending chronic and long-term homelessness.

The Interagency Task Force on Homelessness supports the main goals of regional Continuum of Care (CoC) committees, which are to create new permanent housing for

people experiencing long-term homelessness; increase the percentage of homeless persons staying in permanent housing over six months to 71 percent; increase the percentage of homeless persons moving from transitional to permanent housing to 61 percent; increase the percentage of homeless persons becoming employed by 11 percent; and ensure that the CoC has a functional HMIS information system.

The Ending Long-Term Homelessness Advisory Council provides ongoing advice and support to the state as implementation of the plan proceeds, advocates for continued implementation of the plan as appropriate for each member agency, and holds the state accountable for implementing the plan in a cost-effective manner and for making necessary adjustments to the plan as circumstances dictate. Council members include Twin Cities metro area and Greater Minnesota representatives of counties, housing authorities, nonprofit and faith-based organizations, developers and others with business interests, and other representatives identified as necessary to implementation of the plan including people who have experienced long-term 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 funding for 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, in 2007 the Minnesota Legislature appropriated to Minnesota Housing a total of \$5 million in state funds for the 2008-2009 biennium. PHA applications for \$2.5 million funding were accepted beginning in October 2007 for operating and capital improvements grants under the Affordable Rental Investment Fund-Preservation Program.

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

#### *Evaluate and reduce lead-based paint hazards*

A portion of the \$2.43 million in Lead Hazard Control funds used by the Minnesota addressed lead hazards in homes in which children had been identified as lead poisoned and orders had been issued for the property. The Minnesota Department of Health (MDH) has carried out the education and outreach component of Lead Hazard Control funds with twenty events to be held over two and one-half years and estimated

to reach 1,000 people. Information regarding lead hazards and the LHCG is being distributed at clinics for women, infants, and children and DEED, MDH and Minnesota Housing have worked with the Minnesota Department of Commerce to provide training opportunities for construction contractors. Lead safe work practices courses continue to be held around the state. Lead Hazard Control grant funds were fully used or committed as of March 31, 2007.

DEED has a lead hazard reduction policy that includes requirements for notification to residential owners, inspection of deteriorated paint, correction and removal, if applicable, in accordance with HUD/Minnesota Department of Health 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 at 24 CFR Part 35 in state-funded programs with health and safety requirements. That policy has been implemented as funding becomes available for affected programs.

When Minnesota Housing provides non-federal funds through its consolidated RFP which 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 the number of firms certified to do lead hazard reduction was 132, there were 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 final report is available at:

[www.health.state.mn.us/divs/eh/lead/reports/index.html](http://www.health.state.mn.us/divs/eh/lead/reports/index.html)

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 CDC), with additional funding provided by the state's general fund. For more information see: [www.health.state.mn.us/divs/eh/lead/index.html](http://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 administers a variety of federal and state funded anti-poverty and self-sufficiency programs, allocating over \$40 million a year to approximately 200 organizations and programs working with low-income families in Minnesota. These anti-poverty programs (including assistance to people experiencing homelessness discussed in this report) 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 Minnesota Department of Human Services longitudinal study show that more than two-thirds of MFIP families followed over a three-year period had either left assistance or were on MFIP and working 30 or more hours per week. More information about the study and about assistance under MFIP is available at:

[www.dhs.state.mn.us/main/idcplg?IdcService=GET\\_DYNAMIC\\_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id\\_004112](http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id_004112)

***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 2007, HOME provided 44.7 percent of the total funds used in completed HOME Rental Rehabilitation projects with 55.3 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.

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 or write-down of project costs, tax increment financing, and municipal financing. Under the MRB-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 2007, DHS used state funds-\$3,238,000 in Transitional Housing Program funds and \$350,000 in Emergency Services Program funds-to meet the Emergency Shelter Grant Program matching requirement.

Under Projects for Assistance in Transition from Homelessness (PATH), DHS disbursed a total of \$1,174,440 to fund mental health staff and to provide rental assistance to 2,269 households. To meet the PATH match requirement in FFY 2007 DHS used \$502,440 in state funds (only \$224,000 is required for the federal match) with \$672,000 in PATH funds to assist homeless people with mental illness.

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 2007 and carried over qualifying excess match dollars to FFY 2008.

#### ***G. Citizen Comment***

Minnesota state agencies use the Consolidated Planning process as one way in which to maintain awareness of local assistance needs. DEED takes the lead in conducting public hearings and forums on the Con 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 2007 was available for public comment for 30 days, beginning November 5, 2007 and extending through the end of the business day on December 7, 2007. 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. The state received one set of comments concerning assistance to people experiencing homelessness on the CAPER draft to which it responded. A summary of comments and the state's response is included elsewhere in this report.

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

#### ***H. Self-Evaluation***

The state has identified the objectives and outcomes for federally funded programs as follows:

<i>SCDP Activities</i>	<b>Objective</b>	<b>Outcome</b>	
Owner Occupied Rehab	2	1	<b>Objective</b> 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	
<b><i>HOME Activities</i></b>			
Rental Rehabilitation	2	2	
Downpayment Assistance (ADDI)	2	2	
<b><i>HOPWA Activities</i></b>			
Emergency rent, mortgage, utility assistance	2	2	
<b><i>ESG Activities</i></b>			
Emergency Shelters	1	1	
Homeless Prevention	2	2	

In general, the state either met or exceeded assistance goals for 2007 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. A greater number of extremely low-income renters were assisted under HOME than anticipated and the state met or exceeded overall goals for assisting very low-income households.

Data available through IDIS-C04PR85 (Housing Performance Report) indicates that all HOME-funded activity in 2007 fulfilled the objective of providing decent, affordable housing.

Among assisted homeowners or buyers, the state assisted more households with incomes between 50 and 80 percent of median than anticipated; however, the limited availability of housing at sales prices affordable to households in the lowest income categories may have make it difficult to achieve anticipated activity.

**Priority Housing Activities/Investment Plan Table**  
(Table 2A)

<b>Priority Need</b>	<b>5-Yr. Goal Plan/Act</b>	<b>Yr. 1 Plan</b>	<b>Yr. 1 Actual Activity</b>
<b>CDBG</b>			
Acquisition of existing rental units			
Production of new rental units	70		
Rehabilitation of existing rental units	920	184	
Rental assistance			
Acquisition of existing owner units	35		
Production of new owner units			
Rehabilitation of existing owner units	2,660	532	
Homeownership assistance		13	
<b>HOME</b>			
Acquisition of existing rental units			
Production of new rental units			
Rehabilitation of existing rental units	2,250	450	441
Rental assistance			
Acquisition of existing owner units			
Production of new owner units			
Rehabilitation of existing owner units			
Homeownership assistance	310	62	62
<b>HOPWA</b>			
Rental assistance			
Short term rent/ mortgage utility payments	600	135	125
Facility based housing development			
Facility based housing operations			
Supportive services			
<b>ESG</b>		19,383	24,970

**Priority Housing Needs/Investment Plan Table**  
(Table 2A)

<b>Priority Need</b>	<b>5-Yr. Goal Plan/Act</b>	<b>Yr. 1 Plan</b>	<b>Yr. 1 Actual Activity</b>
<b>Renters</b>			
0 - 30 of MFI	1,215	243	257
31 - 50% of MFI	720	144	129
51 - 80% of MFI	315	63	31
<b>Owners</b>			
0 - 30 of MFI	60	12	5
31 - 50 of MFI	95	19	13
51 - 80% of MFI	155	31	44
<b>Homeless*</b>			
Individuals		19,383	24,970
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
Victims of Domestic Violence			
<b>Total (Sec. 215 and other)**</b>	3,160		
<b>Total Sec. 215</b>			
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 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.

The state also meets housing and community development needs 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 to Minnesota Housing for homeownership education, counseling and training, and foreclosure prevention assistance available through local providers.

Under the state-funded Organizational Support Program and Minnesota Housing-funded Nonprofit Capacity Building Revolving Loan Program, the Minnesota Housing provided 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. The Minnesota Department of Employment and Economic Development provides resources for cleanup of contaminated sites through its state-funded Contaminated Cleanup and Redevelopment. The Public Facilities Authority loans funds to communities for sewer improvement and water improvement projects.

Minnesota state agencies also 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.departmentresults.state.mn.us/](http://www.departmentresults.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 2007 for HOME-funded units.

#### **HOME Rental Rehabilitation**

There are 15 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 and 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 monitored ten administrators last year. Administrators that had closed projects during the year are selected for on-site review. Those administrators were:

Willmar Housing and Redevelopment Authority	Red Wing HRA
West Central Minnesota Housing Partnership	Ottertail County
Southeastern Minnesota Multi-County HRA	Mankato HRA
Southwest Minnesota Housing Partnership	Olmsted County HRA
Northwest Minnesota Multi-County HRA	Central Minnesota Housing Partnership

Minnesota Housing staff inspected the administrators' files, all of which had the correct documentation. Staff also inspected 97 HOME-assisted units in 24 developments. In all of those, units met rent requirements, households met income requirements, and all applicable documents were on file; however, in six of the developments, six units and three common areas did not meet HQS standards, (e.g., disabled smoke detectors, globes missing from light fixtures). All deficiencies were corrected. A significant number of findings were missing switch or outlet covers that had been removed for painting at unit turn-over.

### Minnesota Housing HOME Unit Inspections

Property address	City	Results	Units not in compliance
Fairview Apts.	Holdingsford	minor HQS violations	2 common areas
Ferndale Estates	Askov	Complies	
105 Huntington Hills	Mankato	Complies	
1922 10th	E. Grand Forks	minor HQS violations	1 unit plus 1 common area
208 Albert	Fertile	minor HQS violations	
408 Lincoln	Karlstad	minor HQS violations	2
516 Kendall	Thief River Falls	minor HQS violations	1
635 Hallan	Bagley	minor HQS violations	1
910-922 38th	Bemidji	minor HQS violations	1
914-916 30th	Bemidji	Complies	
1104 5th Ave NW	Rochester	Complies	
327 W. Frontage Rd.	Rochester	Complies	
720 & 721½ 9th Ave SE	Rochester	Complies	
910-910½, 912 W. 3rd St	Red Wing	Complies	
721-721½ W. 5th	Zumbrota	Complies	
1418 Black Oak Ave.	Montevideo	Complies	
201 E. Pabst	Sanborn	Complies	
308-318 W. 3rd St.	Milan	Complies	
312 Litchfield	Willmar	No access to units, exterior complies	
317 Cascade	Fergus Falls	Complies	
526 1st St.	Wolverton	Complies	
528 Spruce	Fergus Falls	Complies	
704 10th St	Olivia	Complies	
805 Fairview	Olivia	Complies	

Local administrators provided compliance monitoring reports for an additional 1,297 HOME units in 106 developments for compliance with housing codes, rent and income compliance. See [Administrator Monitoring Report](#) in Appendix.

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

### **Minnesota Urban and Rural Homesteading Program (MURL)**

MURL grantees were monitored on a continuous basis as every loan file submitted was reviewed for compliance with HOME and Minnesota Housing requirements and if found to be deficient, either the deficiency was corrected or the file was not funded. This monitoring was ongoing as part of the standard file review process and staff does not keep records of the specific items that suggest a need for training, but deal with deficiencies as they arise.

Due to the program's essential cessation over the last year, only one grantee was monitored in 2007, Becker County Economic Development Authority. Two project files were reviewed for documentation kept at the grantee. Findings included deficient contractor documentation, incorrect contract for deed amount for one property and lack of first time homebuyer status documentation. All deficiencies have been corrected but one: a corrected contract-for-deed for a lesser amount must be executed for one property and submitted to Minnesota Housing prior to the home being closed out in IDIS.

### **American Dream Downpayment Initiative (ADDI)**

ADDI lenders are monitored on a continuous basis as every loan file submitted is reviewed for compliance with ADDI and Minnesota Housing requirements and 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.

Minnesota Housing is currently undertaking an extensive review of source documents held by lenders for loans made thus far.

Minnesota Housing reviews all contracted inspection reports as they are received to ensure that they are complete and that lead visual assessments have been conducted when required. Staff also reviews follow-up inspections to ensure that required repairs have been made and, if lead hazard reduction was required, the reduction was completed and the property passed clearance.

### ***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

### *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 would include a review of a sample of files to determine compliance with program requirements and the existence and the 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 will be 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 February 1, 2007 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 poverty persons 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 for their input. Additionally, applications focused on rental or homeownership development received insight and recommendations from both the Minnesota Housing and the Greater Minnesota Housing Fund.

HUD's 2007 Community Development Block Grant funding allocation to DEED:

HUD Award: \$21,075,677

Administrative Amount: - \$ 521,514

Amount Available for Awards: 20,554,163

\*CDBG Funding Distribution:

15% for Economic Development: \$ 3,083,124

30% for Single Purpose SCDP: \$ 6,166,249

55% for Comprehensive SCDP: \$11,304,790

Total \$20,554,163

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

For 2007, there were 65 applications submitted requesting over \$35.2 million. The total amount available for SCDP funding is \$20,227,204. This is our \$20,554,163 CDBG allocation from HUD minus \$3,083,124 for Economic Development plus \$2,756,165 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

<b>Region</b>	<b>Number of Applications Received.</b>	<b>SCDP Funds Requested</b>	<b>Number of Applications Recommended for Approval</b>	<b>Recommended Award Amounts per Region</b>
1	6	\$2.9 million	3	\$970,868
2	3	\$1.3 million	3	\$1,253,593
3	10	\$5.2 million	3	\$1,354,336
4	9	\$6.1 million	7	\$4,129,031
5	7	\$3.5 million	4	\$1,972,863
6E	3	\$1.2 million	2	\$658,300
6W	1	\$.6 million	1	\$582,350
7E	5	\$2.2 million	2	\$835,000
7W	5	\$2.2 million	4	\$1,420,306
8	4	\$2.1 million	3	\$1,566,682
9	5	\$3.1 million	4	\$2,120,198
10	6	\$3.9 million	5	\$3,348,513
11	1	\$.9 million	0	\$0
<b>Totals</b>	<b>65</b>	<b>\$35.2 million</b>	<b>41</b>	<b>\$20,212,040</b>

Based on application evaluations, staff recommended approval of 41 proposals totaling \$20.2 million. Of this amount, 24 are Single Purpose applications totaling \$8,386,429 and 17 are Comprehensive Applications totaling \$11,825,611. There is a reverted funds balance of \$15,164 to be use towards future SCDP approved projects.

For 2007, the percentage distribution of the four major activities funded is:

- 51% owner-occupied rehabilitation
- 23% commercial rehabilitation;
- 16% public facility improvements;
- 10% rental rehabilitation;

Staff's funding recommendations fully commits HUD's allocation of funding for the 2007 Small Cities Development Program.

#### ***IV. HOME Program Narrative***

##### ***Assessment of Relationship of HOME Funds to Goals and Objectives***

HOME Rental Rehabilitation funds are available in communities throughout the state that do not receive entitlements directly from HUD. ADDI funds for homeownership are available statewide. HOME-funded projects completed in 2007 included \$7,133,741 in HOME funds for the rehabilitation of affordable housing for 479 low-income households (503 units). Under the American Dream Downpayment Initiative (ADDI) Minnesota funded an additional 56 loans in the amount of \$555,000.

Minnesota Housing designated HOME formula grant funds received for the 2006-2007 biennium as follows:

### Minnesota Housing Allocation of HOME Funds for 2006/2007

Program or activity	Allocation of funds	Percentage of funds
HOME Rental Rehabilitation	\$11,657,848	59.7%
MN Urban Rural Homestead*	\$6,400,000	32.8%
Agency Overhead	\$1,461,900	7.5%
CHDO Operating Funds	\$0	0.0%
<b>Total</b>	<b>\$19,519,748</b>	<b>100.0%</b>

\*The Minnesota Urban and Rural Homesteading Program funded assistance to nonprofits to acquire, rehabilitate, and sell vacant/abandoned property sold on contract-for-deed to at-risk homebuyers. The program terminated in 2007 following HUD's ruling of an ineligible use of HOME funds. These funds remain unspent and will be reallocated.

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.

HOME-assisted households of color decreased from 17.4 percent of all HOME-assisted households in FFY 2006 to 12.6 percent in FFY 2007. This decrease is due in part to diminished activity under the ADDI homeownership program in 2007, which has served a high proportion of household of color in past years. The location of rental properties rehabilitated in any given year also affects the opportunity to serve households of color. In 2007 the greatest number of units rehabilitated were in Southwestern and Northeastern Minnesota.

Through the Emerging Markets Homeownership Initiative, the state is attempting to address the disparity in homeownership rates between households of color and white households. To that end, Minnesota Housing will continue to allocate ADDI funds to be used in conjunction with mortgage revenue bond-financed first mortgages under its Community Activity Set-Aside Program.

**Households Assisted under  
HOME-Funded Programs, FFY 2007**

<b>Race of householder</b>	<b>Percent of homebuyer households</b>	<b>Percent of renter households</b>	<b>Percent of total HOME-assisted</b>
American Indian or Alaskan Native	6.5%	0.2%	1.0%
Asian	12.9%	1.2%	2.7%
Black or African American	8.1%	2.2%	2.9%
Native Hawaiian or other Pacific Islander	1.6%	0.0%	0.2%
Balance/Other	0.0%	0.0%	0.0%
White Hispanic	4.8%	5.8%	5.6%
White nonHispanic	66.1%	90.6%	87.4%
Total	100.0%	100.0%	100.0%
Percent households of color	33.9%	9.4%	12.6%

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 2006, an estimated 10.3 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. 05/31/2007)

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/MI) 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.	This report is for period (mm/dd/yyyy)		Date Submitted (mm/dd/yyyy)
Send one copy to the appropriate HUD Field Office and one copy to: <b>HOME Program, Rm 7176, 451 7th Street, S.W., Washington D.C. 20410</b>	Starting 10/01/2006	Ending 09/30/2007	

### Part I Participant Identification

1. Participant Number M-07-56-27-0100	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 \$61,822.78	2. Amount received during Reporting Period \$111,204.74	3. Total amount expended during Reporting Period \$161,669.05	4. Amount expended for Tenant-Based Rental Assistance \$0	5. Balance on hand at end of Reporting Period (1 + 2 - 3) = 5 \$11,358.47
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### 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	e. Hispanic	
1. Number						
2. Dollar Amount						

**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
1. Parcels Acquired	3	\$192,831
2. Businesses Displaced		
3. Nonprofit Organizations Displaced		
4. Households Temporarily Relocated, not Displaced	0	\$0

Households Displaced	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	
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 29 rental housing developments located primarily in Greater Minnesota during FFY 2007. None of the owners of these properties identified themselves as being minority; however, many were ownership entities, corporations, or nonprofit organizations with no individual owner. No contractors or subcontractors were identified as minority-owned businesses; however, three were identified as women-owned businesses. 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 visit local administrators, annually, 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, all of which had the correct documentation. Staff also inspected 97 HOME-assisted units in 24 developments. In all of those, units met rent requirements, households met income requirements, and all applicable documents were on file; however, in six of the developments, six units and three common areas did not meet HQS standards, (e.g., disabled smoke detectors, globes missing from light fixtures). All deficiencies were corrected. A significant number of findings were missing switch or outlet covers that had been removed for painting at unit turn-over. 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 1,297 HOME units in 106 developments for compliance with housing codes, rent and income compliance. A list of properties inspected by local administrators and the results may be found in this report in the section titled ***Monitoring***.

#### ***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. Specific contract compliance goals may be found at: [www.mnhousing.gov/idc/groups/public/documents/document/mhfa\\_001930.pdf](http://www.mnhousing.gov/idc/groups/public/documents/document/mhfa_001930.pdf)

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 2007, Minnesota Housing received a HOPWA allocation of \$114,000 that has been committed to continue funding of 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, Minnkota 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.

Some of the activities funded with HOPWA grants in the past in addition to emergency housing assistance 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 2007, 69 percent

of assisted households had incomes below 30 percent of area median income and 93 percent had incomes below 50 percent of area median income. HOPWA funds were used to assist households in 40 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 125 households assisted with HOPWA, 100 received short-term assistance the previous year, and 88 the year before. This may include up to two months rent or mortgage assistance, and/or utility assistance, particularly as home heating costs during 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 HIV+ recipients and their families living in Greater Minnesota maintain safe and affordable housing. When HIV+ people 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.

Recently the Minnesota HIV Housing Coalition has conducted strategic planning sessions in coordination with HUD Technical Assistance consultants to evaluate the potential roles for the Coalition in the future. A core planning group is meeting to develop strategies for the Coalition to incorporate the following principles:

- 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](http://www.mnhousing.gov/initiatives/housing-assistance/rental/MHFA_004599.aspx)

**General Project Sponsor Information (for each project sponsor):**

<b>Project Sponsor Agency Name</b>	Minnesota AIDS Project		
<b>Name &amp; Title of Contact at Project Sponsor Agency</b>	Gayle Caruso, Associate Director of Social Services		
<b>Email Address</b>	gcaruso@mnaidsproject.org		
<b>Business Address</b>	1400 Park Avenue		
<b>City, State, Zip</b>	Minneapolis	MN	55404
<b>Phone (include area code)</b>	612-341-2060	<b>Fax Number (include area code)</b>	612-341-3804
<b>Website</b>	ww.mnaidsproject.org		
<b>Total HOPWA Subcontract Amount for this organization</b>	\$108,640		
<b>Primary Service or Site Information: Project Zip Code(s)</b>	Program currently serves households in 40 counties in Greater Minnesota. MAP office is in Minneapolis, MN 55404		
<b>Is the sponsor a nonprofit organization?</b>	<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 \$114,000 from HUD in FFY 2007 that it allocated to nonprofit agencies assisting people living with HIV in Greater Minnesota. During the year 125 households received \$107,895 in emergency housing assistance consisting of short-term rent, mortgage, and utility assistance. Nearly 69 percent of HOPWA-assisted households had incomes at or below 30 percent of median family income. Nearly 39 percent of 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>2. Rural Minnesota service providers are often unaware of the persons in their community who are living with HIV/AIDS, and may be ignorant of the needs of these persons, or may have prejudices that affect the availability of housing.</p>	<p>2. 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>

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

	<b>HOPWA Performance Charts 1 (planned goal) and 2 (actual)</b>	<b>Outputs Households</b>				<b>Funding</b>		
		HOPWA Assistance		Non-HOPWA		e.	f.	g.
		a.	b.	c.	d.			
		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	125			\$101,035	100,836	\$32,455
	<b>Housing Development (Construction and Stewardship of facility based housing)</b>	<b>Output Units</b>						
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)							
	<b>Total unduplicated number of households/units of housing assisted</b>							
	<b>Supportive Services</b>	<b>Output Households</b>						
8.	i) Supportive Services in conjunction with <u>HOPWA</u> housing activities <sup>1</sup>							
	ii) Supportive Services <u>NOT</u> in conjunction with <u>HOPWA</u> housing activities <sup>2</sup>							
9.	Adjustment to eliminate duplication							
	<b>Total Supportive Services</b>							
	<b>Housing Placement Assistance<sup>3</sup></b>							
10.	Housing Information Services							
11.	Permanent Housing Placement Services							
	<b>Total Housing Placement Assistance</b>							
	<b>Housing Development, Administration, and Management Services</b>							
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)					\$3,360	\$3,360	
14.	Project Sponsor Administration (maximum 7% of total) (i.e., costs for general management, oversight, coordination, evaluation, and reporting)					\$7,605	\$7,059	
	<b>Total costs for program year</b>					\$112000	111255	

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	125	What number of those households received STRMU Assistance in the prior operating year: <span style="border: 1px solid black; padding: 2px;">100</span>	1 (Emergency Shelter) =
			2 (Temporary Housing) =
			3 (Private Housing)* = 125
			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): <span style="border: 1px solid black; padding: 2px;">88</span>	

**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 Con Plan Program Year 2007, the state assisted 24,970 homeless persons with ESG funding. 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.

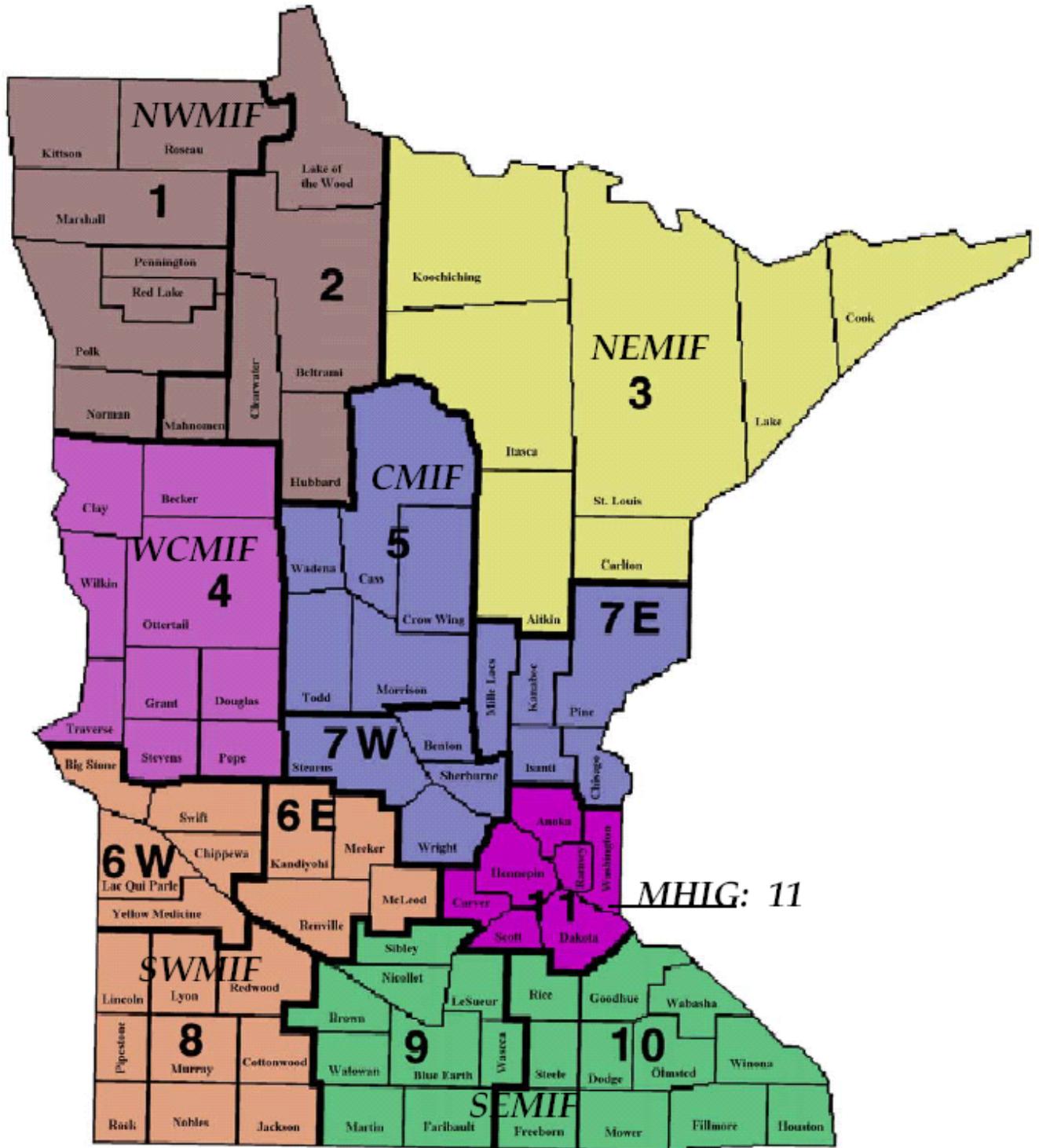
The state used Emergency Shelter Grant Program funding of \$1,198,192 in FFY 2007 to support the ongoing efforts of homelessness prevention, to provide shelter, and to provide supportive services to homeless persons. DHS provided ESG funds to emergency shelter and supportive service only projects for 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 damage deposits and legal advice or assistance to prevent eviction and 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, 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, thirteen 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 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

<b>Northwest:</b>	Beltrami Clearwater Hubbard Kittson Lake of the Woods Mahanomen Marshall Norman Pennington Polk Red Lake Roseau	<b>West Central:</b>	Becker Clay Douglas Grant Otter Tail Pope Stevens Traverse Wilkin	<b>Southwest:</b>	Big Stone Chippewa Cottonwood Jackson Kandiyohi Lac Qui Parle Lincoln Lyon McLeod Meeker Murray Nobles Pipestone Redwood Renville Rock Swift Yellow Medicine	<b>Southeast:</b>	Blue Earth Brown Dodge Faribault Fillmore Freeborn Goodhue Houston Le Sueur Martin Mower Nicollet Olmsted Rice Sibley Steele Wabasha Waseca Watonwan Winona	<b>Metro:</b>	Anoka Carver Dakota Hennepin Ramsey Scott Washington
<b>Northeast:</b>	Aitkin Carlton Cook Itasca Koochiching Lake Saint Louis	<b>Central:</b>	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 2007

Document	IDIS Activity #	HOME Units	Status
CTH Report	H11429	6	In Compliance
CTH Report	H11430	12	In Compliance
CTH Report	H11457	11	In Compliance
CTH Report	H11458	2	In Compliance
CTH Report	H11459	2	In Compliance
CTH Report	H11460	11	In Compliance
CTH Report w/Inspection Cert.	H11570	21	In Compliance
CTH Report	H2386	41	In Compliance
CTH Report	H2457	2	In Compliance
CTH Report w/Inspection Cert.	H2458	5	In Compliance
CTH Report w/Inspection Cert.	H2459	45	In Compliance
CTH Report w/Inspection Cert.	H2938	13	In Compliance
CTH Report	H2951	23	In Compliance
CTH Report	H2952	13	In Compliance
CTH Report	H2970	6	In Compliance
CTH Report	H2990	3	In Compliance
CTH Report	H3042	1	In Compliance
CTH Report w/Inspection Cert.	H3131	17	In Compliance
CTH Report	H3131	17	In Compliance
CTH Report w/Inspection Cert.	H3149	11	In Compliance
CTH Report w/Inspection Cert.	H3156	11	In Compliance
CTH Report	H3284	20	In Compliance
CTH Report w/Inspection Cert.	H3285	32	In Compliance
CTH Report w/Inspection Cert.	H3303	6	In Compliance
CTH Report w/Inspection Cert.	H3304	19	In Compliance
CTH Report	H3309	9	In Compliance
CTH Report w/Inspection Cert.	H3317	32	In Compliance

<b>Document</b>	<b>IDIS Activity #</b>	<b>HOME Units</b>	<b>Status</b>
CTH Report w/ Inspection Cert.	H3318	30	In Compliance
CTH Report	H3320	24	In Compliance
CTH Report w/ Inspection Cert.	H3326	11	In Compliance
CTH Report	H3327	10	In Compliance
CTH Report w/ Inspection Cert.	H3331	8	In Compliance
CTH Report w/ Inspection Cert.	H3331	8	In Compliance
CTH Report	H3331	8	In Compliance
CTH Report w/ Inspection Cert.	H3334	5	In Compliance
CTH Report w/ Inspection Cert.	H3334	5	In Compliance
CTH Report	H3334	5	In Compliance
CTH Report	H3335	18	In Compliance
CTH Report w/ Inspection Cert.	H3335	18	In Compliance
CTH Report	H3335	18	In Compliance
CTH Report	H3346	4	In Compliance
CTH Report w/ Inspection Cert.	H3357	8	In Compliance
CTH Report	H3357	8	In Compliance
CTH Report w/ Inspection Cert.	H3369	6	In Compliance
CTH Report	H3369	6	In Compliance
CTH Report	H3386	8	In Compliance
CTH Report w/ Inspection Cert.	H3462	43	In Compliance
CTH Report	H3470	4	In Compliance
CTH Report	H3728	2	In Compliance
CTH Report	H3729	1	In Compliance
CTH Report w/ Inspection Cert.	H3730	4	In Compliance
CTH Report w/ Inspection Cert.	H3730	4	In Compliance
CTH Report w/ Inspection Cert.	H3731	15	In Compliance
CTH Report w/ Inspection Cert.	H3733	22	In Compliance

<b>Document</b>	<b>IDIS Activity #</b>	<b>HOME Units</b>	<b>Status</b>
CTH Report	H3734	14	In Compliance
CTH Report w/Inspection Cert.	H3735	33	In Compliance
CTH Report w/Inspection Cert.	H3736	3	In Compliance
CTH Report w/Inspection Cert.	H3738	1	In Compliance
CTH Report w/Inspection Cert.	H3739	1	In Compliance
CTH Report w/Inspection Cert.	H3740	1	In Compliance
CTH Report	H3741	1	In Compliance
CTH Report	H3741	1	In Compliance
CTH Report	H3742	3	In Compliance
CTH Report	H3742	3	In Compliance
CTH Report w/Inspection Cert.	H3748	2	In Compliance
CTH Report w/Inspection Cert.	H3750	2	In Compliance
CTH Report w/Inspection Cert.	H3751	6	In Compliance
CTH Report w/Inspection Cert.	H3752	6	In Compliance
CTH Report	H3753	8	In Compliance
CTH Report	H3753	8	In Compliance
CTH Report	H3754	7	In Compliance
CTH Report	H3756	3	Not In Compliance
CTH Report w/Inspection Cert.	H3766	62	In Compliance
CTH Report	H3770	24	In Compliance
CTH Report w/Inspection Cert.	H3781	46	In Compliance
CTH Report	H3782	3	In Compliance
CTH Report w/Inspection Cert.	H3783	2	In Compliance
CTH Report w/Inspection Cert.	H3800	28	In Compliance
CTH Report w/Inspection Cert.	H3800	28	In Compliance
CTH Report	H4040	2	In Compliance

<b>Document</b>	<b>IDIS Activity #</b>	<b>HOME Units</b>	<b>Status</b>
CTH Report w/ Inspection Cert.	H4044	14	In Compliance
CTH Report	H4045	7	In Compliance
CTH Report	H4049	1	In Compliance
CTH Report	H4053	4	In Compliance
CTH Report	H4054	8	In Compliance
CTH Report	H4057	14	In Compliance
CTH Report	H4058	6	In Compliance
CTH Report w/ Inspection Cert.	H4059	30	In Compliance
CTH Report w/ Inspection Cert.	H4061	75	In Compliance
CTH Report	H4062	4	In Compliance
CTH Report w/ Inspection Cert.	H4063	36	In Compliance
CTH Report	H4065	4	Not In Compliance
CTH Report	H4069	1	In Compliance
CTH Report	H4071	4	In Compliance
CTH Report w/ Inspection Cert.	H4072	1	In Compliance
CTH Report	H4073	2	In Compliance
CTH Report	H4082	4	In Compliance
CTH Report	H4084	3	In Compliance
CTH Report	H4177	8	In Compliance
CTH Report w/ Inspection Cert.	H4179	8	In Compliance
CTH Report w/ Inspection Cert.	H4180	24	In Compliance
CTH Report w/ Inspection Cert.	H4434	11	In Compliance
CTH Report	H4435	6	In Compliance
CTH Report w/ Inspection Cert.	H4435	6	In Compliance
CTH Report	H4442	4	In Compliance
CTH Report	H4444	10	In Compliance
CTH Report w/ Inspection Cert.	H4445	8	In Compliance
CTH Report w/ Inspection Cert.	H4450	24	In Compliance

<b>Document</b>	<b>IDIS Activity #</b>	<b>HOME Units</b>	<b>Status</b>
CTH Report w/Inspection Cert.	H4451	22	In Compliance
CTH Report w/Inspection Cert.	H4451	22	In Compliance
CTH Report w/Inspection Cert.	H4457	5	In Compliance
CTH Report	H4458	3	In Compliance
CTH Report w/Inspection Cert.	H4460	25	In Compliance
CTH Report	H4547	15	In Compliance
CTH Report	H4548	2	In Compliance
CTH Report	H4549	1	In Compliance
CTH Report	H4551	7	In Compliance
CTH Report w/Inspection Cert.	H4551	7	In Compliance
CTH Report	H4559	6	In Compliance
CTH Report	H4877	2	In Compliance
CTH Report	H4885	1	In Compliance
CTH Report	H4943	11	In Compliance
CTH Report	H4948	21	In Compliance

1,297

Developments = 106 (17 projects with more than one inspection)

Units = 1,297



**Part II: Contracts Awarded**

1. Construction Contracts:

A. Total dollar amount of all contracts awarded on the project	\$ 9,810,602
B. Total dollar amount of contracts awarded to Section 3 businesses	\$ 2,867,799
C. Percentage of the total dollar amount that was awarded to Section 3 businesses	29.23% %
D. Total number of Section 3 businesses receiving contracts	4

2. Non-Construction Contracts:

A. Total dollar amount all non-construction contracts awarded on the project/activity	\$ 86,154
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.



**Part II: Contracts Awarded**

1. Construction Contracts:	
A. Total dollar amount of all contracts awarded on the project	\$ 4,932,212
B. Total dollar amount of 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 contracts	0
2. Non-Construction Contracts:	
A. Total dollar amount all non-construction contracts awarded on the project/activity	\$ 487,802
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.

Provide section 3 information bid packets with contract information for area Section 3 contractors.

This report is a summary of individual reports from contractors in the Minnesota Urban and Rural Homesteading Program.

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.



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## Public Comment

December 14, 2007

Ms. Sue Watlov-Phillips  
Elim Transitional Housing  
3989 Central Avenue NE, Suite 565  
Minneapolis, MN 55421

Dear Ms. Watlov-Phillips:

Thank you for your review of and comments on Minnesota's *Consolidated Annual Performance and Evaluation Report* for Federal Fiscal Year 2007, the purpose of which is to report the state's performance in meeting goals for the use of federal funds for housing and community development during the year. We are responding to your comments in the order in which they were made in the fax that we received from you on December 7, 2007.

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 when it is available. By definition beneficiaries under ESG are without resources.

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 in this era of scarce resources, the state has made resources available for HMIS and will continue to so.

Page 8: Data on HUD funding for 811 and 202 projects are as follows and will appear in the final CAPER:

**HUD Financing in Minnesota, 2007**

<b>Program</b>	<b>Project location</b>	<b>Assistance</b>	<b>Housing units</b>
Section 202	Delano	\$2,570,800 capital advance	29
		\$ 485,000 five-year rent subsidy	
	Minneapolis	\$4,273,000 capital advance	49
		\$ 820,500 five-year rent subsidy	
Section 811	Owatonna	\$2,093,300 capital advance	25
		\$ 418,500 five-year rent subsidy	
	Shakopee	\$1,977,600 capital advance	21
\$ 351,500 five-year rent subsidy			

Page 12: Every effort has been made in recent CAPERs and in this draft report to use the phrase “people experiencing homelessness” rather than “the homeless” where that usage is applicable.

Page 13: Through Minnesota Housing, the state has made available more than \$11 million for neighborhood remediation where sub-prime lending is unusually high and the stress of foreclosure is great. In addition, \$1 million recently was made available to increase access to foreclosure prevention counseling and \$500,000 was made available for outreach to households before they reach the point of foreclosure. Note news releases in April and August of 2007 at this Minnesota Housing site: [www.mnhousing.gov/news/index.aspx](http://www.mnhousing.gov/news/index.aspx) and in November at the Governor’s website: [www.governor.state.mn.us/mediacenter/pressreleases/PROD008418.html](http://www.governor.state.mn.us/mediacenter/pressreleases/PROD008418.html).

Page 15: Minnesota Housing’s own resources, e.g., interest earnings and reserves, have provided nearly \$30 million for the plan. The Business Plan for Ending Long-Term Homelessness in Minnesota identifies known funds and funding sources at: [www.mnhousing.gov/initiatives/housingassistance/homelessness/index.aspx](http://www.mnhousing.gov/initiatives/housingassistance/homelessness/index.aspx). Prevention is a critical component in addressing long-term homelessness and the state-funded Family Homeless Prevention and Assistance Program is an important part of that effort with nearly \$15 million available in 2008-2009 (approximately twice as much as in previous bienniums). The legislature also increased appropriations to the Housing Trust Fund, which serves extremely low-income tenants (e.g., at risk of experiencing homelessness), by \$9.5 million to a total of \$22,110,000 for 2008-2009 as noted in the text.

Page 17: The chart on page 17 should include total individuals assisted as well as families; HUD requires participating jurisdictions to report both.

Page 23: Corrected in the final report.

Page 26: The state continues to work to provide affordable housing options for people at different income levels through a variety of assistance programs for renters, owners, and people in need of emergency, transitional, or supportive housing. The largest state appropriation for housing development or redevelopment, the Challenge Fund,

Letter to Ms. Watlov-Phillips

December 14, 2007

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specifically requires that housing funded under the program be affordable to people in the local work force. For more information please refer to the *Consolidated Housing and Community Development Plan 2007-2011*, past CAPERs (see Historical Consolidated Plan documents), and/or Minnesota Housing's annual assessment reports at <http://www.mnhousing.gov/news/reports/index.aspx>.

Page 42: Information on the distribution of all households by race is available in 91.305(b) (2) of the needs assessment section of the state's *Consolidated Plan for Housing and Community Development FY 2007-2011*.

Page 45: There was minimal RAFS match in 2007 and no reason to anticipate any in 2008.

Again, thank you for your comments on Minnesota's *Consolidated Annual Performance and Evaluation Report* for Federal Fiscal Year 2007. If you have additional questions, please feel free to contact me at (651) 296-9843.

Sincerely,

Heidi E. Whitney  
Housing Program Policy Specialist