



MEETINGS SCHEDULED FOR MARCH

Location:

Minnesota Housing
400 Sibley Street
St. Paul, MN 55101

THURSDAY, MARCH 24, 2016

Regular Board Meeting

State Street Conference Room – First Floor
1:00 p.m.

NOTE: The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, March 24, 2016.

Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 are met. In accordance with Minn. Stat. §462A.041, the Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.

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Equal Opportunity Housing and Equal Opportunity Employment

AGENDA

Minnesota Housing Board Meeting

Thursday, March 24, 2016

1:00 p.m.

- 1. Call to Order**
- 2. Roll Call**
- 3. Agenda Review**
- 4. Approval of Minutes**
 - A. Regular Meeting of February 25, 2016
 - B. Special Meeting of March 2, 2016
- 5. Reports**
 - A. Chair**
 - B. Commissioner**
 - C. Committee**
- 6. Consent Agenda**
 - A. Revision, Community Homeownership Impact Fund Scoring for the 2016 Single Family Request for Proposals
 - B. Approval, New Initiative, Community Fix Up Loan (CFUL) Program
- Lakes and Pines Community Action Council, Inc.
 - C. Approval, Initiative Renewal, Community Fix Up Loan (CFUL) Program
- Housing and Redevelopment Authority of the City of St. Paul
- 7. Action Items**
 - A. Approval, Homebuyer Education Counseling and Training (HECAT) Funding
 - B. Funding Recommendation and Extension of Pilot, Rental Rehabilitation Deferred Loan (RRDL) Pilot Program
 - C. Approval, 2016 Annual Action Plan for HOME and HOPWA
- 8. Discussion Items**
 - A. Minnesota's Plan to Prevent and End Homelessness
- 9. Informational Items**
 - A. Quarterly Status Report, Enhanced Financial Capacity Homeownership Initiative (Homeownership Capacity)
 - B. Post-Sale Report, Homeownership Finance Bonds, 2016 Series B
- 10. Other Business**

None
- 11. Adjournment**

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DRAFT MINUTES

MINNESOTA HOUSING FINANCE AGENCY BOARD MEETING**Thursday, February 25, 2016**

1:00 p.m.

State Street Conference Room – 1st Floor

400 Sibley Street, St. Paul, MN 55101

1. Call to Order.

Chair John DeCramer called to order the regular meeting of the Board of the Minnesota Housing Finance Agency at 1:02 p.m.

2. Roll Call.

Members present: John DeCramer, Joe Johnson, George Garnett, Craig Klausing, and Rebecca Otto. Gloria Bostrom and Stephanie Klinzing were absent.

Minnesota Housing staff present: Gene Aho, Tal Anderson, Nick Boettcher, Dan Boomhower, Wes Butler, Chuck Commerford, Erin Coons, Jessica Deegan, Tresa Engel, Vicki Farden, Shannon Gerving, Loir Gooden, Darryl Henchen, Margaret Kaplan, Kasey Kier, Debbi Larson, Diana Lund, Nira Ly, Eric Mattson, Tom O'Hern, John Patterson, Caryn Polito, Paula Rindels, Ester Robards, John Rocker, Joel Salzer, Becky Schack, Kayla Schuchman, Terry Schwartz, Nancy Slattsveen, Will Thompson, Kody Thurnau, Mary Tingerthal, Karin Todd.

Others present: Terri Thao, Chip Halbach, Minnesota Housing Partnership; Michelle Adams, Kutak Rock (by phone).

3. Agenda Review

Chair DeCramer announced a handout had been distributed for item 8.C. – Workforce Housing and announce two corrections to the self-scoring worksheet, an attachment to item 7.D., the Proposed Revisions to the Qualified Allocation Plan (QAP) and Procedural Manual, 2018 Housing Tax Credit (HTC) Program:

- Page 56 had been corrected to include the phrase "Greater Minnesota."
- Page 60 has been corrected to list the ten points for Selection Priority Number 3, Rural/Tribal, rather than seven points.

4. Approval of the Minutes.**A. Regular Meeting of January 28, 2016**

Auditor Otto moved approval of the minutes as written. Mr. Johnson seconded the motion. Motion carries 5-0.

5. Reports**A. Chair**

Chair DeCramer announced that he had no report and introduced the members to Terri Thao of Nexus Community Partners. Ms. Thao has been recommended to fill Ms. Bostrom's seat on the board.

B. Commissioner

Commissioner Tingerthal stated that she expected a press release later that afternoon announcing Ms. Thao's appointment and the reappointment of Chair DeCramer. Commissioner Tingerthal shared the following:

- There is much going on leading up the start of the legislative session on March 8.
- The Agency had its annual all staff meeting at which the business results for the previous year was shared as well as the results of the annual employee engagement survey. Priorities for the upcoming year were also shared at the meeting.
- Several meetings had been held with representatives from the U.S. Department of Housing and Urban Development regarding the fair housing complaint. The Agency had met the previous day

with representatives of the complainants and their attorneys to hear their ideas about items for inclusion within the Agency's qualified allocation plan.

- HUD Secretary Julian Castro will be visiting the Twin Cities on March 5 as part of the launch of the "prosperity playbook" initiative. He has visited Kansas City and will visit Denver, Atlanta, and San Francisco. In each city, he will talk about initiatives in each community that are creating in improvements in different measures. In Minneapolis, a meeting will focus on initiatives in Hennepin County that are reducing incidences of family homelessness. Information about these initiatives will be included on a website of resources and best practices around building inclusive communities and affirmatively furthering fair housing.
- The Agency had its annual finance team meeting, which was very productive.
- A special board meeting for the purpose of approving a single family bond transaction would be scheduled for the first week of March.
- It is expected that the Agency will have a new CFO in place shortly. An offer has been made.
- The Agency will offer a QAP information session for the public. The decision to hold the session was made after review of the board meeting materials and seeing their length and complexity. The intent of the session is to offer context for persons and organizations who may want to provide comments on the plan.
- Commissioner Tingerthal and Ashley Oliver will attend HUD's PBCA Industry Day in Washington. The event is an opportunity to interact with officials from HUD regarding the new procurement process that HUD will use to select administrators for the program.
- Commissioner Tingerthal, Ryan Baumtrog, and Katie Topinka will attend the National Council of Housing Agencies' legislative conference in Washington DC beginning February 29. While in Washington, they will meet with members of Minnesota's congressional delegation.
- Governor Dayton's state of the state address will be held on March 10 at the McNamara Alumni Center at the University of Minnesota.
- The agency will appear at two legislative hearings prior to the start of the session. One hearing will be on the work of the Interagency Council on Homelessness and the other will be about the bonding bill.

Kim Stuart introduced Henry Morimoto, who has joined the Single Family home mortgage team as a business development representative. Mr. Morimoto has an extensive background in business development and real estate sales.

C. Committee.

None.

6. Consent Agenda

A. Initiative Renewal, Community Fix Up Loan Program

MOTION: Mr. Klausung moved approval of the consent agenda. Mr. Garnett seconded the motion. Motion carries 5-0.

7. Action Items

A. Resolution Approving Issuance of Multifamily Housing Revenue Notes for the Related Companies projects of Crossroads of Edina Apartments, Crossroads of New Brighton Apartments, Crossroads of Shoreview Apartments and the Execution of Related Documents

Terry Schwartz requested approval of a private placement sale of tax exempt notes on a not-to-exceed basis. The proceeds will be used to fund the acquisition and rehabilitation of three Section 8 properties. All transactions will use 4% tax credits. A number of payoffs and subordination requests are being evaluated by the Agency's multifamily underwriting staff, as well as a request for new Preservation Affordable Rental Investment Fund (PARIF) money. Mr. Schwartz stated each note would be transferred to Freddie Mac under their tax exempt loan program. Mr. Schwartz added that, by approving the resolution, the board is also approving waivers to debt management policy

requirements regarding review by the financial advisor and the amount and structure of administrative fees.

Ms. Michelle Adams of Kutak Rock described the notes, stating each is standalone financing and the resolution authorizes three separate financings. Ms. Adams stated the notes are not part of the Agency's security resolutions and are not secured by the Agency. Ms. Adams stated each note is a special limited obligation repayable solely by the loan repayments made by the borrower. Ms. Adams reiterated that approval of the issuance and sale of the notes also provides waivers of certain provisions of the debt management policy. The board would also be approving the form of the transaction documents and giving power to authorized officers of the agency to execute the transaction and to transfer the note to Freddie Mac. Ms. Adams added that some of the projects may have some expenses prior to the notes being funded and reimbursement of those expenses from the proceeds is allowed.

Mr. Klausung requested more information about subordinations. Commissioner Tingerthal stated the only item for which approval was being sought was the issuance of the notes. Underwriting for the projects was so ongoing, but one of the projects would likely pay back an outstanding deferred loan, which would not require board action, another project may pay back a portion of a loan and require subordination, and a third would need an additional deferred loan to keep the units affordable. The timing of the action today is to approve the notes because one project may be ready to proceed soon.

Mr. Klausung inquired if anyone had attended the public hearing and Ms. Adams responded that no members of the public had attended, adding that it is very unusual for people to attend TEFRA hearings. Mr. Garnett requested clarification that we are making three separate loans to the same company and Ms. Adams confirmed this. Commissioner Tingerthal confirmed for a board member that all three properties currently have Section 8 and if there were any change to that status, it would be to extend the term of the contract. **MOTION:** Mr. Johnson moved to waive the applicable portions of the debt management policy and to adopt Resolution No. MHFA 16-006. Auditor Otto seconded the motion. Motion carries 5-0.

B. Amendment to Minneapolis 2015 Community Homeownership Impact Fund Award and Approval of Corresponding Community Fix Up Loan Program Initiative

Mr. Nick Boettcher requested approval of a revision to a 2015 Community Homeownership Impact Fund rehabilitation award to the city of Minneapolis. Approval would change the program from a deferred loan model to a community fix up fund interest rate write-down. The action requested is to change the type of award and to approve a new initiative. Mr. Boettcher stated that reconfiguring the award as a write down program will permit the city to serve nearly twice as many homeowners. City staff anticipates borrowers' financial conditions will look much the same under the revised model as the former model, which required a one to one dollar match from the homeowner, with many homeowners getting their match funds from the Agency's Fix Up program, cash, financing, or city or state programs, like lead grants and code abatement. By using funds to write down interest rates, the City will be able to better target and increase the use of other programs to meet the matching funds requirement.

Mr. Garnett stated that it seemed the conversion of the program from a deferred loan program to an interest rate write-down would mean borrowers would take on an additional repayment obligation. Mr. Boettcher responded that the deferred loan model was also repayable and acknowledged that the interest rate is a new feature, but many past participants did use amortizing loans to provide the match funds. Mr. Boettcher described how Impact Fund dollars can be used to

fund a portion of the Fix Up loan, which reduces the overall rate a borrower would pay under the program.

Mr. Garnett inquired if staff felt confident the city could serve the same demographic. Mr. Boettcher responded that the city has assured staff they would evaluate the activity and, if they found the same population was not being served, could revert back to the old model. Mr. Garnett stated there are other community based lenders in the activity areas and inquired why GMHC was selected. Mr. Boettcher responded that the city chooses the lender and that GMHC has experience administering other fix up fund programs. **MOTION:** Auditor Otto moved approval of this request. Mr. Klausing seconded the motion. Motion carries 5-0.

C. Community Homeownership Impact Fund Scoring Revisions for 2016 Single Family Request for Proposals

Ms. Nira Ly requested approval of scoring revisions for the 2016 Community Homeownership Impact Fund RFP, stating they had been revised to better reflect strategic priorities, including senior housing projects that will allow aging in place. Other changes included: sustainability and accessibility requirements, large family housing requirements, a focus on applicant track records in reaching designated household types, a reduction in scoring for foreclosure, and an increase in the number of points for community need.

Mr. Garnett inquired if there was any concern that 18 separate criterion may be too much for this type of program, questioned if it was an effective way to deliver this type of program, and suggested having a broader discussion about narrowing the priorities. Ms. Ly responded that most of the priorities are laid out in statute or rule. The addition of Agency strategic priorities to those requirements results in a large number of priorities.

Chair DeCramer inquired how community need was demonstrated. Ms. Ly responded that one of the Agency's strategic priorities is to look at the unique needs of communities, which can be demonstrated through community plans and data on specific issues within a community. Mr. Johnson stated that community need could be subjective. Mr. DeCramer inquired if a community housing study would be a way to demonstrate need and Ms. Ly stated it was. **MOTION:** Auditor Otto moved to adopt the priorities for the 2016 Community Housing Impact Fund RFP. Mr. Klausing seconded the motion. Motion carries 5-0.

D. Proposed Revisions to the Qualified Allocation Plan (QAP) and Procedural Manual, 2018 Housing Tax Credit (HTC) Program

Ms. Kayla Schuchman presented this request to the board, and stated there had been two revisions to the board packet and changes would be made to the materials before they are posted for public comment.

Ms. Schuchman stated there are \$12.8 million in tax credits available statewide. The Agency administers about 75% of those credits, including those that are apportioned back through joint powers agreements with the cities of Saint Cloud, Rochester and Duluth. The remaining credits are administered by the cities of Minneapolis and Saint Paul, and the Washington and Dakota counties. Allocating agencies are required by the tax code to develop an allocation plan for tax credits. Ms. Schuchman stated revisions to the Agency's qualified allocation plan (QAP) are a year-long process that begins when applications are received for the previous year's credits. Comments are captured throughout the year formally and informally and staff reviews applications to assess how the criteria are working. Following the 2016 selections, debriefing meetings were held with staff and funding partners. The research department did a scoring assessment to review the effect of the scoring.

Staff also had facilitated focus groups to get stakeholder feedback. Applicants will have just more than a year to prepare their proposals under the revised scoring criteria.

Ms. Schuchman reviewed the timeline for the 2017 and 2018 tax credit programs. She then provided an overview of policy changes, stating thresholds had been added to the supportive housing priority to ensure proposals meet Agency strategic priorities. Changes include making projects eligible if they set aside units for persons with disabilities, the creation of three scoring tiers, and a reduction in the number of units that must be set aside. A three-bedroom criterion was also added in response to the need for larger units in Greater Minnesota.

Regarding the access to higher performing schools criterion, Mr. Garnett asked that staff address the fact that qualitative data over which developers have no control has been added. Ms. Schuchman referenced the methodology memo, which explains how staff arrived at geographies that would be eligible for these points and where a list of eligible areas is included. Ms. Schuchman added that this information would be included in the community profiles tools, allowing developers to look up a potential site to see if it would qualify for these points. Mr. Garnett questioned how staff knew these were the correct areas and Mr. John Patterson responded that the criteria was also used by the Met Council in its fair housing equity assessment and that staff have conferred with the Department of Education about the data, which mirrors that used in the Department's "world's best workforce" initiative. Mr. Patterson stated the criteria are generally accepted in the community to be good. Chair DeCramer also expressed concern about school performance being part of the criteria and shared that Marshall schools have recently added 200 new students who speak 27 different home languages. Chair DeCramer also stated he was concerned about student mobility and questioned judging an area based on test score metrics where there are such demographic shifts. Mr. Patterson acknowledged these concerns and stated this criterion is included in response to the portion of the affirmatively furthering fair housing rule that says school performance must be included, adding that the criterion is about giving access to those high performing schools and also pointed out that the criterion applies only to major metropolitan areas. Chair DeCramer cautioned that the criteria could be used to put projects in areas that are not serving students with language barriers or high mobility rates and stated he was still concerned.

Auditor Otto agreed that she had thought about these issues as well and acknowledged there are imperfect tests, but the priority has a good aim. Auditor Otto did point out that the plan includes language to include areas where the schools are not currently high performing, but have an plan for improvement in which the community is actively engaged.

Mr. Klausung stated he reviewed the methodology information and asked how staff is to get a sense whether stakeholders are actively engaged in a plan to improve academic performance. Ms. Schuchman responded that staff look for plans that have implementation steps and that have implementation funding identified, offering the Northside Achievement Zone and Promise Neighborhoods as examples of plans that meet the definition of active engagement. Mr. Garnett stated that any assessment of the outcomes of the Minneapolis public school system would find it to be a failure and that graduation rates for students of color are consistently low. Mr. Garnett stated he was trying to reconcile the language in the plan with what he saw as the reality on the ground, adding that none of the language would ensure that any project funded in the city of Minneapolis would be in an area with a well-functioning high school, and asked what the Agency was trying to accomplish with the criterion. Mr. Patterson responded that the intent is to incent developers to place housing in areas with high performing schools so that kids will have the

opportunity to attend those schools, and also to encourage communities to work towards better performing schools. Mr. Garnett responded that it would be intriguing to see how it works out.

Auditor Otto stated she felt the criterion addressed the issue of concentrated impoverished people in low income areas with poor performing schools and could speak to some of the complaints about concentrations of poverty. Commissioner Tingerthal reiterated that the Affirmatively Furthering Fair Housing rule requires the inclusion of school performance and the rule is about finding a balance between providing resources in communities to help them improve and to not overlook that some families may prefer to locate in an area that has greater access to higher performing schools, jobs, and transit, acknowledging the balancing act will be challenging. Commissioner Tingerthal added that when the plan is being developed, you are leaning toward a set of outcomes that will lead to a balanced distribution related to the location of projects, but you must select among the projects that apply. By adding criterion, the Agency is letting developers know its priorities. Commissioner Tingerthal added that, in the past few years, 90% of Agency funded projects are in areas with access to jobs, transit and high performing schools. Chair DeCramer acknowledged the balancing act and stated he hoped that developers with projects in areas where schools are working towards improvement will not be discouraged to apply. Mr. Klausung pointed out that the criterion accounts for four of 175 total available points.

Ms. Schuchman described other changes, including the addition of feasibility requirements, changes to points for dial-a-ride services, and an increase in cost containment points, which includes negative points for future applications from a developer whose project does not maintain its cost threshold.

Ms. Schuchman shared that the Agency would have an information session on the plan as well as a public hearing. Written comments would be accepted until March 24, on which date the public hearing will be held. Staff will review all comments received and will present the comments and proposed changes resulting from the comments to the board. Following approval of the final plan by the board, staff will seek approval from the Governor.

Mr. Garnett suggested the elimination of the cost containment criteria, citing the volatility in the market and the expectation that the volatility continue or worsen. Mr. Garnett stated he questioned the value of the cost containment criteria in an environment where high costs are resulting in limited responses from contactors on projects.

Mr. Patterson stated that construction costs generally follow inflation and now is a time of very high costs. The Agency wants people to acknowledge and account for those costs, but still keep their costs down. Mr. Patterson shared that some states have picked hard thresholds for costs and those tend to either be unreasonable or projects gravitate to the threshold. Minnesota Housing sets a threshold based on the costs of applications we receive. Mr. Garnett responded that cost issues are not the result of a normal labor shortage, but a shift in some key industries and stated that these projects go through local reviews and approvals and many of the cost issues get sorted out at the local level.

Mr. Garnett stated he was glad to see the addition of a minority owned business and woman owned business criterion and asked how the Agency would confirm eligibility. Ms. Schuchman responded that staff had considered using a certification program, but those programs tend to be geared toward subcontractors, which tend to not be used by our development partners. Applicants will be asked to self-certify that they qualify.

Mr. Klausning inquired about the scoring of the worksheet. Ms. Schuchman responded that there has been a lot of work completed to automate the self-scoring worksheet, adding that it gets put into an Excel workbook so applicants can click buttons and have points calculate. Ms. Schuchman added that putting the worksheet into Excel will allow it to talk to a system, stating the process has been streamlined and staff will continue to work with the business technology support team to continue streamlining it. Commissioner Tingerthal added that the vision is to work towards an online application. **MOTION:** Auditor Otto moved to adopt the proposed revisions to the qualified allocation plan. Mr. Johnson seconded the motion. Motion carries 5-0.

8. Discussion Items

A. 2016 Affordable Housing Plan and 2016-19 Strategic Plan: First Quarter Progress Report

Mr. John Patterson reviewed the progress report with the board, stating production was as expected and first mortgage activity continues to be strong, but multifamily production is behind where we had expected it to be. One major reason for the multifamily production being down is that some preservation dollars have been kept in the pipeline and because per-unit funding has increased a lot. Mr. Patterson stated 2015 was an extremely efficient year, but costs have gone up and the leverage funding seems to have decreased. Fewer syndication dollars are coming in compared to last year, which is something the Agency will need to monitor very closely to investigate if it is a one year anomaly or if it is a trend. Discussion item. No action.

B. Financial Results for the Six Months Ending December 31, 2015

Mr. Terry Schwartz presented the financial results for the first six months of the fiscal year, stating that things are on track as expected and there had been no extraordinary items. The whole loan portfolio continues to be in run off and production is strong and debt is being added to the balance sheet. Bonds are being redeemed when financially prudent and interest on loans has decreased, which is attributed in part to the whole loan run off. There is also an increase in investment activity due to the production of mortgage backed securities and the amount of time the securities are held. Discussion item. No action.

C. Workforce Housing Initiatives

Mr. Ryan Baumtrog presented an update on the upcoming legislative session, stating it will begin on March 8 and last just 11 weeks. Mr. Baumtrog stated there is a bonding bill and a tax bill up for discussion, which is rare, and that staff anticipates workforce housing will be a topic of discussion during the session. Minnesota Housing's two year budget was approved last session, but the Agency will be making requests in the supplemental budget.

Mr. Baumtrog distributed a handout about workforce housing, stating the issue is at the top of the list and is an issue being looked at in every community the Agency visits. Mr. Baumtrog stated the issue is a challenge because there are differing definitions for workforce housing, which has contributed to challenges at the Capitol. The Agency has demonstrated there is a need across the state, but the need is different in different areas. Mr. Baumtrog added that the Agency has been doing workforce housing for many years using Challenge funding, which was first made available in 1999, and with new appropriations through the Housing and Job Growth initiative. When that initiative was introduced the past session, there was also a new appropriation to DEED to create a workforce housing program there that does not include income restrictions. Mr. Baumtrog stated that he and his staff are working with legislators, the Governor's office, and other state agencies to talk about possible workforce housing solutions that will maximize options for communities, including using the Community Homeownership Impact Fund.

Mr. Baumtrog and Commissioner Tingerthal reviewed the handout with members, which detailed the uses of the \$10 million over base in Challenge funding received in fiscal year 2015.

Commissioner Tingerthal directed attention to recent legislative activity on the handout. Staff shared information with the board about other budget initiatives, including funding appropriated to DEED that cannot be combined with any funding that carries income restrictions. Staff is expecting similar proposals in the current legislative session.

Chair DeCramer stated there is a coalition in Greater Minnesota that is pushing for tax credits and that he had heard an interview with Representative Fabian where the Representative expressed frustration with trying to get housing in the Roseau area. During the interview, comments were made about Minnesota Housing that were not positive. Chair DeCramer inquired if the DEED funding includes prevailing wage provisions. Commissioner Tingerthal responded that DEED has a statute that requires construction projects which are receiving funds from any grant or loan programs administered by DEED pay prevailing wages. The requirement applies to all construction projects, not just housing. Commissioner Tingerthal stated there is an exemption of sorts for single family housing projects that receive community development block grant funding, because that program is subject to compliance with Davis-Bacon, which has its own wage provision. Commissioner Tingerthal stated Minnesota Housing's statute does not have a similar wage provision. Discussion item. No action.

9. Informational Items

- A. Report of Action Under Delegated Authority - Multifamily Funding Modifications Annual Report**
- B. Report of Complaints Received by Agency or Chief Risk Officer**
- C. Semi-annual Variable Rate Debt and Swap Performance Review as of January 1, 2016**
- D. Post-Sale Report, Homeownership Finance Bonds, 2016 Series A**

Information items. No discussion or action.

10. Other Business

None.

11. Adjournment.

The meeting was adjourned at 2:37 p.m.

John DeCramer
Chair

DRAFT MINUTES

MINNESOTA HOUSING FINANCE AGENCY SPECIAL BOARD MEETING**Wednesday, March 2, 2016**

11:30 a.m.

Jelatis Conference Room – Third Floor

400 Sibley Street, St. Paul, MN 55101

1. Call to Order.

Chair DeCramer called to order the special meeting of the Board of the Minnesota Housing Finance Agency at 11:31 a.m.

2. Roll Call.

Members present: George Garnett and Craig Klausung. By phone: John DeCramer, Joe Johnson, and Stephanie Klinzing. Absent: Rebecca Otto and Terri Thao.

Minnesota Housing staff present: Will Thompson, Kasey Kier, Terry Schwartz, Paula Rindels, Mary Tingerthal, Becky Schack, Tom O’Hern.

Others present: Derrick McGreal and Ray Barrish, RBC Capital Markets; Paul Rebholz, Wells Fargo; Michelle Adams, Kutak Rock; Gene Slater, CSG Advisors.

3. Agenda Review

There were no changes to the agenda

4. Approval of the Minutes.

None.

5. Reports

There were no reports.

6. Consent Agenda

No items.

7. Action Items**A. Approval, Resolution Authorizing Issuance and Sale of Minnesota Housing Finance Agency Homeownership Finance Bonds.**

Mr. Terry Schwartz requested approval of a resolution authorizing the sale and issuance of up to \$200 million of single family mortgage fixed rate bonds in the Homeownership Finance Bond indenture in one or more series. Mr. Schwarz stated the first series will be approximately \$50 million and is expected to price next week and close the week of March 21.

Mr. Schwartz stated preliminary analysis by the underwriters projects a 2.90% bond yield and the use of approximately \$1.3 million zero percent loans to achieve full spread.

Mr. Gene Slater stated the issue was a continuance of the same program in which pass through issues have been completed, most recently with the 2016 A series, which allowed the agency to finance production and put it on the balance sheet.

Ms. Adams described the parameters of the resolution, which includes approving authorized officers to issue the bonds and approval of the contract for purchase. Ms. Adams stated the bonds would have a maximum principle amount of \$200 million, a maximum maturity of 32 years, and must be issued by June 30, 2017. The rate yield is not to exceed 5% and underwriters' compensation is not to exceed 1% of the principal amount of the series. Ms. Adams stated approval of the resolution would also approve the form of certain documents, including the preliminary official statement and the continuing disclosure statement. Ms. Adam stated the resolution allows authorized officers of the Agency to determine the number and amount of each series, subject to limitations, and that authorized officers may, in consultation with others, make the determination to not sell the bonds. **MOTION:** Mr. Johnson moved adoption of Resolution No. MHFA 16-007 authorizing the issuance and sale of Minnesota Housing Finance Agency Homeownership Finance Bonds. Mr. Garnett seconded the motion. Motion carries 5-0.

8. Discussion Items

No items.

9. Informational Items

No items.

10. Other Business

Commissioner Tingerthal announced that Kevin Carpenter would join the Agency as its chief financial officer on March 7. Mr. Carpenter was previously employed with the city of Minneapolis, and in the past had been employed with RBC Dain. Commissioner Tingerthal stated the Mr. Carpenter has been consulting on the Target Center refinancing and this activity is subject to monitoring by the Agency's human resources department in accordance with the Agency's policy regarding outside work.

11. Adjournment.

Mr. Garnett moved to adjourn the meeting. Ms. Klinzing seconded the motion. The meeting adjourned at 11:40 a.m.

John DeCramer
Chair

Item: Revision, Community Homeownership Impact Fund Scoring for the 2016 Single Family Request for Proposals

Staff Contact(s):

Nick Boettcher, 651.296.9567, nick.boettcher@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

At its February 25, 2016 regular meeting, the board approved scoring criteria for the Community Homeownership Impact Fund (Impact Fund) 2016 Single Family Request for Proposals (RFP). Upon closer examination of the scoring criteria, staff proposes a revision of the Underserved Populations criterion to better articulate and incent the two objectives of the criterion, which are (1) rewarding strong performance in the past; and (2) effective outreach and program design going forward. The revised language separates and clearly articulates the two objectives. Staff requests approval of the revised scoring criteria as shown in the attachment.

Fiscal Impact:

None.

Meeting Agency Priorities:

- Address Specific and Critical Local Housing Needs
- Finance Housing Responsive to Minnesota's Changing Demographics
- Preserve Housing with Federal Project-Based Rent Assistance
- Prevent and End Homelessness
- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Revised 2016 Single Family Request for Proposals Scoring Criteria

2016 SINGLE FAMILY REQUEST FOR PROPOSALS SCORING CRITERIA

1. **Leverage** – 9 points total. This is reduced from 11 points and takes into consideration the following:
 - a. Total leverage committed by activity – 3 points and remains the same.
 - b. Leverage Ratio – 3 points and remains the same.
 - c. Diversity of leverage – 3 points, which is reduced from 5 points. While diversity of leverage is valued, the total percent of leverage and the leverage ratio is just as important as leverage from multiple types of entities.
2. **Foreclosure** – 1 point total for proposals that address foreclosed properties. This is reduced from 5 points because foreclosure rates are down to pre-recession levels, but there is still value, particularly on the single family side, in addressing foreclosed properties.

- ~~3. **Underserved Populations** – 6 points total for demonstrating a record of serving underserved populations as defined under the Challenge Administrative rule.

 - a. ~~Households of Color or Hispanic Ethnicity~~ – 4 points total. There is more weight on households of color or Hispanic ethnicity because this criterion supports the agency strategic priority of reducing the homeownership disparity. This criterion takes into consideration the following:
 - i. ~~2 points total for applicants that serve a high percent of households of color or Hispanic ethnicity.~~
 - ii. ~~2 points total based on the extent to which the percent of households of color or Hispanic ethnicity that an applicant has served reflects the percent of households of color or Hispanic ethnicity in the target area.~~
 - b. ~~Disabled Individuals~~ – 1 point total based on the extent to which the percent of disabled individuals that an applicant has served reflects the percent of disabled individuals in the target area.
 - c. ~~Single Headed Households~~ – 1 point total based on the extent to which the percent of single headed households that an applicant has served reflects the percent of single headed households in the target area.
 - d. ~~NOTE: This criterion was previously “Marketing to Eligible and Underserved Populations” which came to a total of 7 points. This criterion has been revised to increase emphasis on demonstrated record of serving underserved populations and to clarify the factors being assessed.~~~~

3. **Underserved Populations** – 6 points total for demonstrating a record of serving and reaching out to underserved populations. This criterion is considered at two levels – (1) past performance and (2) outreach and program design going forward.

Past Performance

- a. Households of Color or Hispanic Ethnicity – 2 points total based on the extent to which the Applicant has served households of color or Hispanic ethnicity. More weight is given to serving households of color or Hispanic ethnicity than the other underserved populations because reducing the homeownership disparity in Minnesota is an agency strategic priority.
- b. Persons with Disabilities – 1 point total based on the extent to which the applicant has served persons with disabilities.
- c. Single Headed Households – 1 point total based on the extent to which the applicant has effectively served single headed households.

Outreach and Program Design Going Forward

Board Agenda Item: 6.A
2016 Single Family Request for Proposals Scoring Revised Criteria

Up to 2 points based on:

- a. Marketing and Outreach to Underserved Populations –the extent to which the Applicant’s marketing and outreach plans position the Applicant to reach underserved populations; and/or
- b. Program Design Suitable to Underserved Populations –the extent to which the Applicant’s program design responds to the needs of underserved populations. For example, homes for people with physical disabilities should be accessible and use universal design.

NOTE: In prior RFPs, this criterion has been titled “Marketing to Eligible and Underserved Populations.” This criterion has been revised to increase clarity in the scoring criterion and to consider past results while also considering Applicants’ plans to continue serving, or increase service to, underserved populations.

4. **Universal Design/Accessibility Features** – 1 point total for incorporating universal design/accessibility features. This score remains the same but will be a separate criterion. It was previously categorized under the “Marketing to Eligible and Underserved Populations” criterion.
5. **Large family housing** – 1 point total for committing to developing large family housing. This score remains the same but will be a separate criterion. It was previously categorized under the “Marketing to Eligible and Underserved Populations” criterion.
6. **Senior Housing** – 2 points total for proposals that will enable individuals 62+ years old to age in place. This is a new criterion that will incentivize addressing one of the agency’s strategic priorities.
7. **Special Niche** – 1 point total for owner-occupied rehabilitation and affordability gap proposals that demonstrate the ability to address unique financial or credit issues that make it difficult for certain households to access traditional or existing products. This is a new criterion.
8. **Regulatory Incentive** – 1 point total. This score remains the same but will be a separate criterion. It was previously categorized under the “Other Investment/Cost factors related to Project Feasibility” criterion.
9. **Impact Fund Subsidy Protection/Long Term Affordability** – 3 points total. This score remains the same but will be a separate criterion. It was previously categorized under the “Other Investment/Cost factors related to Project Feasibility” criterion.
10. **Cooperatively-Developed Plan (CDP)** – 1 point total if a CDP is provided for the community in which the proposed target area is located. This is reduced from 2 points.
11. **Workforce Housing** – 4 points total. The point total remains the same but allows applicants to receive points if the target area is within a Workforce Housing Priority Area but does not provide a CDP. Applicants that do not provide a CDP will receive fewer points. Previously, an applicant that did not provide a CDP was not eligible for any points under Workforce Housing. NOTE: Only proposals that provide a CDP will be eligible for Workforce Housing Initiative Funds.
12. **Efficient Land Use** – 5 points total and remains the same. Points will be awarded based on the extent to which a proposal maximizes the efficient use of land and takes into consideration the following:
 - a. Rehabilitation proposals that maximize the adaptive reuse of buildings; and
 - b. New Construction proposals that minimize the loss of agricultural land and green space.

13. **Location Efficiency** – 6 points total and remains the same. Points will be awarded based on the extent to which a proposed target area has access to fixed transit or dial-a-ride and the walkability of the proposed target area. Walkability is prioritized based on a documented Walkscore rating of 50 or more. Basis of points awarded are defined separately for Metro areas and Greater Minnesota.
14. **Community Recovery** – 2 points total and remains the same. Points will be awarded based on the extent to which a proposed target area coincides with a Community Recovery Priority Area.
15. **Economic Integration** – 5 points total and remains the same. Points will be awarded based on the extent to which the proposed housing activity is affordable to eligible low- and moderate-income households is located within higher income areas and near job centers.
16. **Organizational Capacity** – 10 points total, including related housing experience; a demonstration of successful completion of similar projects; and other organizational due diligence factors.
17. **Overall Project Feasibility** – 10 points total, including the nature of the proposed site; the extent to which reasonable development costs are proposed; and the extent to which the housing (activity) is economically viable.
18. **Community Need** – 10 points total, including the extent to which there is a well-defined community need for the housing activity in the target geography based on local demographic, workforce, and economic factors. This is increased from 5 points to be in line with Overall Project Feasibility and Organizational Capacity.

The following scoring criteria from the 2015 SF RFP are proposed to be removed for the 2016 SF RFP:

1. **Foreclosure Remediation/Community Recovery Strategy** – 1 point total. This was a subjective criterion that assessed the connection between a proposal and foreclosure remediation/community recovery. It was difficult to maintain scoring consistency on this category.
2. **Cost Containment** – 1 point total. This was a subjective criterion that assessed how an applicant proposed to contain costs. It was difficult to maintain scoring consistency on this category. For 2016, this will be addressed in the “Feasibility” section scored during selections committee and will be based on RS means data rather than reviewers’ subjective assessment.
3. **Suitability of Housing** – 1 point total. This was a subjective criterion that assessed how proposed housing would be suitable for the proposed target population. Most applicants received the one point for this regardless of property design, location, or target population.

Item: New Initiative, Community Fix Up Loan (CFUL) Program, Lakes and Pines Community Action Council, Inc.

Staff Contact(s):

Shannon Gerving, 651.296.3724, shannon.gerving@state.mn.us

Cal Greening, 651.296.8843, cal.greening@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Staff requests board approval for the CFUL program recommendations described in the attached Initiative Detail. The CFUL program accepts initiative proposals from participating Fix Up loan lenders and their community partners on an ongoing basis. The activities must address home improvement needs with a resulting community impact.

Fiscal Impact:

The program uses Pool 2 funds budgeted in the current 2016 Affordable Housing Plan. Action requested in this report is consistent with the program terms described in the plan.

Meeting Agency Priorities:

- Address Specific and Critical Local Housing Needs
- Finance Housing Responsive to Minnesota's Changing Demographics
- Preserve Housing with Federal Project-Based Rent Assistance
- Prevent and End Homelessness
- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Background
- Initiative Detail

BACKGROUND

The following recommendation for a Community Fix Up initiative meets the guidelines for participation contained within the Program Concept. Staff applies threshold indicators and considers compensating factors when determining whether to recommend a specific proposal to access funds under the CFUL program. The threshold indicators include:

- Confirmation that the initiative fits within the Program Concept;
- The strength of partnership;
- Leverage and/or value-added features;
- A focused marketing plan; and
- Budget counseling, if required.

INITIATIVE DETAIL

Using the \$18,900 Impact Fund award approved by the board in 2015, Lakes and Pines Community Action Council, Inc. proposes a Community Fix Up initiative in the cities of Cloquet, Moose Lake, Mora and Princeton. Currently, Small Cities Development Programs are being offered in these cities; Community Fix Up loans can be used to match and leverage projects that use the Small Cities programs, or as a stand-alone option. The initiative proposes to discount the Community Fix Up loan rate to 3% for households with incomes up to 80% AMI.

Region	Estimated Demand	
	# Loans	Loan Volume
Central and Northeast	6	\$ 77,400

Item: Initiative Renewal, Community Fix Up Loan (CFUL) Program, Housing and Redevelopment Authority of the City of St. Paul

Staff Contact(s):

Shannon Gerving, 651.296.3724, shannon.gerving@state.mn.us

Cal Greening, 651.296.8843, cal.greening@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Staff requests board approval for the CFUL program recommendations described in the attached Initiative Detail. The CFUL program accepts initiative proposals from participating Fix Up loan lenders and their community partners on an ongoing basis. The activities must address home improvement needs with a resulting community impact.

Fiscal Impact:

The program uses Pool 2 funds budgeted in the current 2016 Affordable Housing Plan. Action requested in this report is consistent with the program terms described in the plan.

Meeting Agency Priorities:

- Address Specific and Critical Local Housing Needs
- Finance Housing Responsive to Minnesota's Changing Demographics
- Preserve Housing with Federal Project-Based Rent Assistance
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Attachment(s):

- Background
- Initiative Detail

BACKGROUND

The following recommendation for a Community Fix Up initiative meets the guidelines for participation contained within the Program Concept. Staff applies threshold indicators and considers compensating factors when determining whether to recommend a specific proposal to access funds under the CFUL program. The threshold indicators include:

- Confirmation that the initiative fits within the Program Concept;
- The strength of partnership;
- Leverage and/or value-added features;
- A focused marketing plan; and
- Budget counseling, if required.

INITIATIVE DETAIL

The Housing and Redevelopment Authority (HRA) of the City of St. Paul is requesting renewal of their Community Fix Up initiative, which uses HRA funds to discount Community Fix Up loans in the City of St. Paul. Applicant partners will offer value added services and additional financing. The initiative proposes to discount the Community Fix Up loan rate to 3% for households with incomes at or below 60% AMI and 4% for households with incomes at or below 80% AMI. Since 2014, the HRA of the City of St. Paul has closed 16 Community Fix Up loans totaling \$355,993.

Region	Estimated Demand	
	# Loans	Loan Volume
Metro	15	\$ 300,000

Applicant Partners	Partner Contribution
The Neighborhood Energy Connection	Value added services (Home Energy Audits), additional financing
Frogtown Rondo Home Fund	Value added services

Item: Homebuyer Education Counseling and Training (HECAT) Funding

Staff Contact(s):

Que Vang, 651.296.7613, que.vang@state.mn.us

Ruth Hutchins, 651.297.3128, ruth.hutchins@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

The HECAT fund provides yearly financial support for comprehensive homebuyer training which may include education and counseling in a variety of areas, including in-person homebuyer education and counseling (pre-purchase), home equity conversion counseling, and foreclosure prevention counseling.

Staff is requesting board approval to support Lakes and Prairie Community Action Partnership in providing homebuyer counseling and education for remainder of the 2015-2016 program year.

Fiscal Impact:

HECAT funding is supported by the Affordable Housing Plan (AHP) budget, state appropriations and committed co-funder leverage. The program does not generate income to the Agency but supports our strategic priority of reducing Minnesota's racial and ethnicity homeownership disparity.

Because the 2015-2016 HECAT program is in the second half of the program year, staff is requesting \$15,000 from the AHP Contingency Funds to support this effort.

Meeting Agency Priorities:

- Address Specific and Critical Local Housing Needs
- Finance Housing Responsive to Minnesota's Changing Demographics
- Preserve Housing with Federal Project-Based Rent Assistance
- Prevent and End Homelessness
- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Background
- Request Details
- Recommendation

BACKGROUND

The Community Development team accepted applications for the 2015-2016 Single Family Request for Proposals in June 2015 for the HECAT program. Minnesota Housing and its funding partners (Minnesota Homeownership Center, the Greater Minnesota Housing Fund, and the Family Housing Fund) awarded HECAT program funding in October 2015 to 39 Grantees.

REQUEST DETAILS

One of the grantees, The Village, discontinued their homebuyer education and counseling services to align with their newly redeveloped strategic priorities. The Village primarily provided services in the northwest region of the state.

With The Village's withdrawal from the HECAT program, the Minnesota Homeownership Center has identified another counseling agency to assist with filling the geographic service gap in that area. Lakes and Prairie Community Action Partnership will be assuming the remainder of The Village's 2015-2016 HECAT goals; providing services within the same geographical area of the state. The Minnesota Homeownership Center has already made efforts in onboarding, training, and certifying Lakes and Prairie Community Action through the Homeownership Advisor Network.

RECOMMENDATION

Staff recommends allocating \$15,000 from the AHP Contingency Fund to the Minnesota Homeownership Center. The Minnesota Homeownership Center will then grant the full \$15,000 to Lakes and Prairie Community Action Partnership to provide homebuyer education and counseling services for the remainder of the HECAT year. The 2015-2016 funds remaining from The Village will be redistributed as part of the 2016-2017 HECAT Program.

Item: Funding Recommendation and Extension of Pilot, Rental Rehabilitation Deferred Loan (RRDL) Pilot Program

Staff Contact(s):

David S. Schluchter, 651.296.8161, David.Schluchter@state.mn.us
Irene Ruiz-Briseno, 651.296-3837, Irene.Ruiz-Briseno@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Staff requests the adoption of attached resolutions authorizing \$7,466,277 for the Rental Rehab Deferred Loan (RRDL) Program Model and Project Specific selections and the approval to shift \$1,600,000 from the Project Specific program component to the 10% Forgivable Program Model. The program involves the following three program model components:

- Project Specific Award – The Corners
- 10% Forgivable Program Model – Administrator Delivery Network
- 100% Forgivable Program Model - Administrator Delivery Network

The RRDL pilot is scheduled to conclude on October 31, 2017. Staff is requesting to extend the pilot program to December 31, 2018.

Fiscal Impact:

The RRDL Program is funded with state appropriations. The current funding recommendations represent \$7,466,277 of the \$8,100,000 available under the approved budget and terms of the 2016 Affordable Housing Plan.

Meeting Agency Priorities:

- Address Specific and Critical Local Housing Needs
- Finance Housing Responsive to Minnesota's Changing Demographics
- Preserve Housing with Federal Project-Based Rent Assistance
- Prevent and End Homelessness
- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

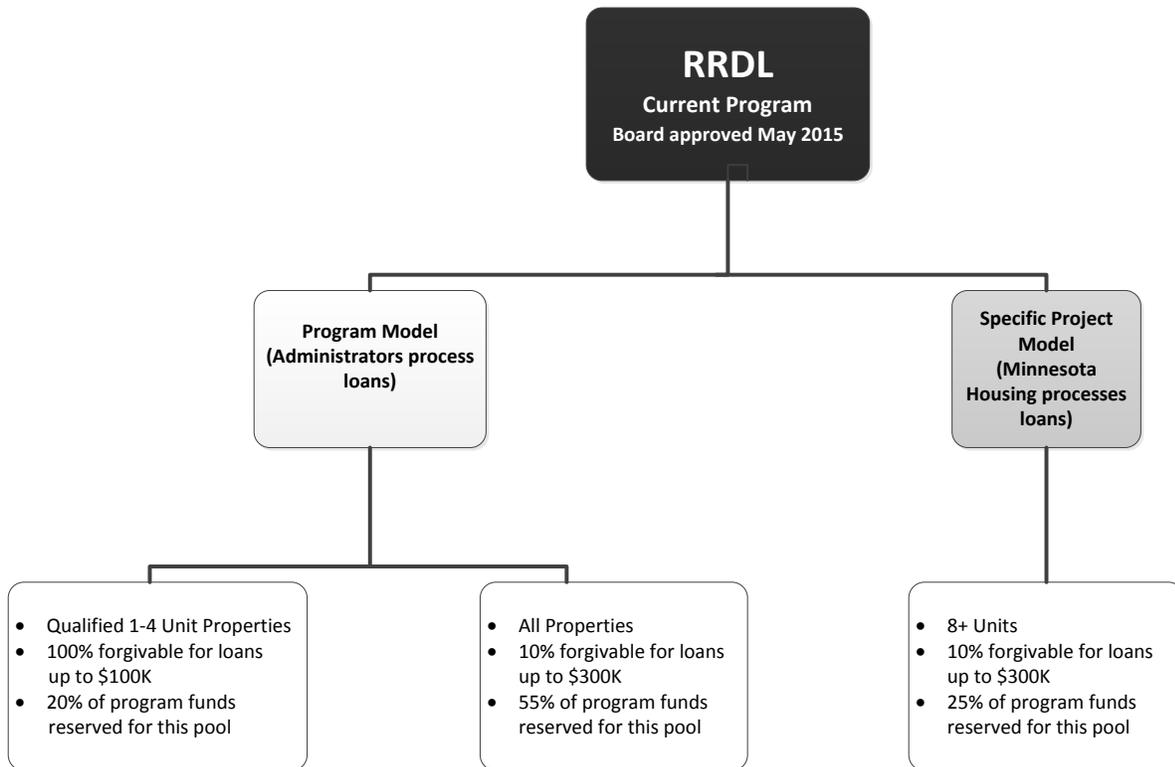
Attachment(s):

- Background and Pilot Extension Request
- Funding Recommendations: Program and Project Specific Applications
- Development Summary: The Corners D2298 (Project Specific Application)
- Maps
- Resolutions

Background:

The Rental Rehabilitation Deferred Loan Pilot Program was approved by the Board in October, 2011. The program was designed to provide loans to owners of affordable rental housing developments in Greater Minnesota who have limited access to other financing and are not competitive in the Multifamily Consolidated Request for Proposals (RFP). RRDL funds are used to make necessary improvements to correct health and safety items, increase energy efficiency, and prevent future deterioration, thereby preserving this affordable rental housing stock.

On May 28, 2015 Minnesota Housing Board approved program modifications depicted in the graphic below.



On July 7, 2015 Minnesota Housing issued a Request for Proposal (RFP) making \$7.5 million available to Greater Minnesota rental property owners. The \$7.5 million was divided over the three program model variations:

Project Specific Applications: Owner applicants could apply for funding of up to \$300,000 for an individual project. A total of \$1.9 million was set aside for this program model component. Project specific applicants must be outside of a current RRDL Administrator’s service area. An administrator who happens to have an ownership interest in an eligible property may apply under this pool of funds.

10% Forgivable Program Model: New and current RRDL administrators were eligible to apply for funding under this program. A total of \$4.1 million was available for this program component. This program component is a critical piece of the RRDL delivery system, 55% of the funds made available in

this RFP were for this program component. In this program 10% of the individual project loan amount is forgiven at the end of the loan term.

100% Forgivable Program Model: The third program component was added this past May after an extensive program evaluation. Through the current RRDL RFP, \$1.5 million for current and/or prospective RRDL Administrators was made available for developments containing 1-4 units. Loans under this program component will range in size from \$25,000 up to \$100,000 and be 100% forgiven at the end of the loan term.

Evaluation Criteria

The following evaluation criteria assisted staff in making their funding recommendations:

- **Agency Strategic Priorities**
How well does the Program Model or Project Application meet either the Agency's Preservation and/or Greater Minnesota Workforce Housing strategic priorities?
- **Selection Priorities**
How well do the applicant's program / project application meet the Rental Rehab Deferred Loan program selection priorities?
- **Financial Review**
Review of applicant's most recent audited financial statements.
- **Prior Program Delivery**
Review of applicant's past performance with Agency programs.
- **Organizational Capacity**
Does the applicant have adequate staff capacity to fully implement the program in a timely manner? Does the organization have qualified staff in place to administer the program?
- **Feasibility**
Is the application well thought out? Was the funding request reasonable in light of the total funds available?
- **Architectural / Technical Knowledge**
Is the applicant knowledgeable with the Agency's Abbreviated Design Standards for Limited Scope Rehabilitation Projects and Sustainability Requirements for Limited Scope Rehabilitation Projects?
- **Staff Qualifications**
Does the applicant have qualified staff or approved sub-contractors to perform property inspections, and create project work write-ups?

Pilot Program Extension

Staff recommends extending the operation of the RRDL Pilot Program through December 31, 2018. The extension will allow staff the opportunity to evaluate the program effectiveness and develop recommendations for a permanent RRDL Program.

Funding Recommendations

10% Forgivable Loan Program Model – Available Funding Published	\$ 4,100,000
Remaining Project Specific Funding (to be reallocated to this Program)	\$ 1,600,000
Total Funding Available	\$ 5,700,000

Applicant	Minimum Request	Maximum Request	Recommendation
Arrowhead Economic Opportunity Agency (AEOA)	\$ 300,000	\$ 900,000	\$ 350,000
Central Minnesota Housing Partnership (CMHP)	\$ 1,850,000	\$ 2,350,000	\$ 1,400,000
Housing and Redevelopment Authority of Clay County	\$ 300,000	\$ 600,000	\$ 600,000
One Roof Community Housing	\$ 800,000	\$ 1,000,000	\$ 850,000
Saint Cloud HRA	\$ 150,000	\$ 350,000	\$ 300,000
Southeastern Minnesota Multi-County Housing & Redevelopment Authority (SEMMCHRA)	\$ 825,000	\$ 2,100,000	\$ 1,100,000
Southwest Minnesota Housing Partnership (SWMHP)	\$ 900,000	\$ 1,200,000	\$ 1,100,000
Recommendation Totals	\$ 5,125,000	\$ 8,500,000	\$ 5,700,000

100% Forgivable Program Model – Total Funding Available \$ 1,500,000

Applicant	Minimum Request	Maximum Request	Recommendation
Arrowhead Economic Opportunity Agency (AEOA)	\$ 660,000	\$ 910,000	\$ 300,000
Central Minnesota Housing Partnership (CMHP)	\$ 100,000	\$ 150,000	\$ 100,000
Headwaters Regional Development Commission	\$ 203,700	\$ 271,600	\$ 100,000
Housing and Redevelopment Authority of Clay County	\$ 200,000	\$ 370,000	\$ 200,000
One Roof Community Housing	\$ 400,000	\$ 500,000	\$ 325,000
Saint Cloud HRA	\$ 100,000	\$ 300,000	\$ 100,000
Southeastern Minnesota Multi-County Housing & Redevelopment Authority (SEMMCHRA)	\$ 280,000	\$ 280,000	\$ 225,000
Southwest Minnesota Housing Partnership	\$ 150,000	\$ 300,000	\$ 150,000
Recommendation Totals	\$ 2,093,700	\$ 3,081,600	\$ 1,500,000

Project Specific Applicants – Total Funding Available \$ 1,900,000

Applicant	Request	Recommendation
The Corners – D2298	\$ 266,277	\$ 266,277

RFP Development Summary

Selected Applications: March 2016

Developer Name:	Lewiston Housing Limited Partnership	Project City:	Lewiston
Project Name:	The Corners	Dev #:	D2298
		App #:	M17298

Project Description / Administrator/Owner Capacity

The application was well put together and all information needed was given, the project shows great feasibility. The property is located approximately 10 miles from Winona. Owner/developer has good capacity and experience levels for the proposed rehab project. The RRDL request for this project is \$266,277 which is below the allowed program amount of \$300,000. The rehab work is only being financed by the RRDL loan and the required 3% owner contribution.

The property is owned by Lewiston Housing Limited Partnership, with sole ownership of the partnership being held by the non-profit housing authority Southeastern Minnesota Multi-County Housing and Redevelopment Authority (SEMMCHRA). SEMMCHRA has good capacity and experience levels for the proposed rehab project and has completed several other RRDL project specific rehabs in the last two funding rounds. Sponsor capacity for SEMMCHRA was rated as excellent by agency staff.

Market and Community Review

Agency research and Community Profile data at the county level indicates a mid-percentile vacancy rating. This data at the census tract level also indicates a mid-percentile vacancy rating translating to a vacancy percentage rating at approximately 8% for the tract. The applicant states that this SEMMCHRA-owned development is operating at 0% vacancy and has a standing waiting list of approximately 25 households. It is anticipated that the development should continue to be marketable with the improvements added per this RRDL scope of work. The development's current rent structure is set at RD rent levels with all units receiving rental assistance. Lewiston's census tract is rated as mid percentile cost burdened minimum gain for population growth and minimum gain for household growth. Although not high in walkability characteristics, The Corners is located within reasonable travel distance to a variety of services in the Lewiston and greater Winona area and has curb to curb dial a ride type transit services provided by Rolling Hills Transit serving Lewiston and its neighboring communities of Altura, St. Charles and Winona. There is also a bus that travels from Winona to Rochester daily, passing through Lewiston. The Corners is located within approximately 10 miles of the city of Winona, which is one of the major employment centers for the county.

Physical and Technical Review

The property is a typical Rural Development (RD) property and the work scope presented is also representative of what is done during a rehab of RD buildings. Joe Wendinger of I&S Group completed our Limited Scope documents in the application. I&S Group are very familiar with the RRDL program and our Agency requirements. The bid scope includes replacement windows, new siding on the wood sections with the existing masonry to remain, new AC sleeves and new boilers and associated mechanical work. The scope also includes new leaf-guard gutters and downspouts to existing roof.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	6	\$568	<null>	80% AMI
2BR	4	\$626	<null>	80% AMI
3BR	2	\$622	<null>	80% AMI

Permanent Capital Funding Sources

<u>Sources</u>	<u>Amount</u>
RRDL	\$266,277
Owner Equity	\$7,998

Super RFP Funding

<u>Capital Funds</u>	<u>Amount</u>
RRDL	\$266,277

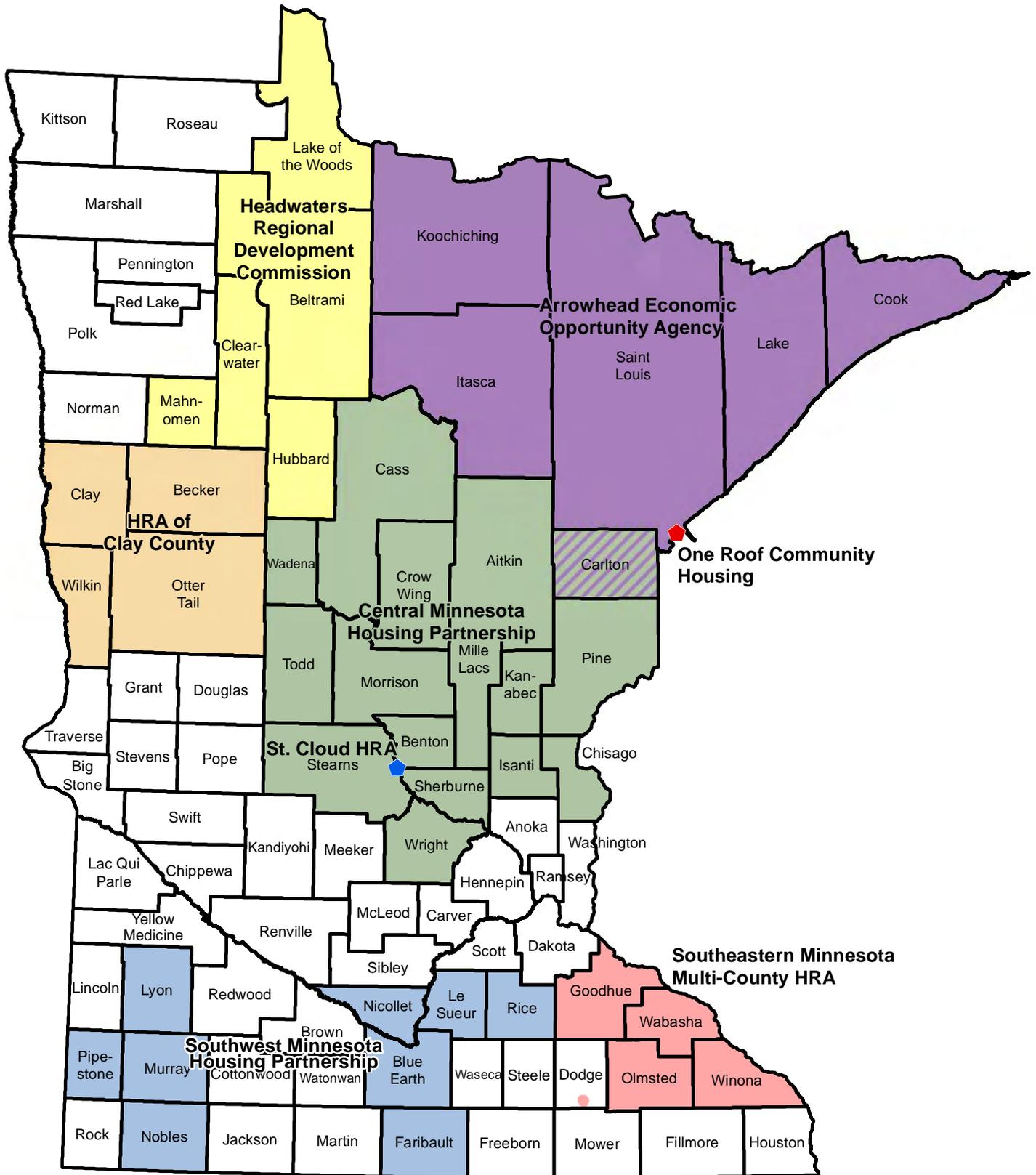
Housing Tax Credits N/A

Total Sources: **\$274,275**

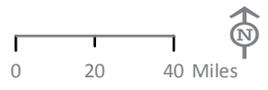
Total Recommended: **\$266,277**

Total: **12**

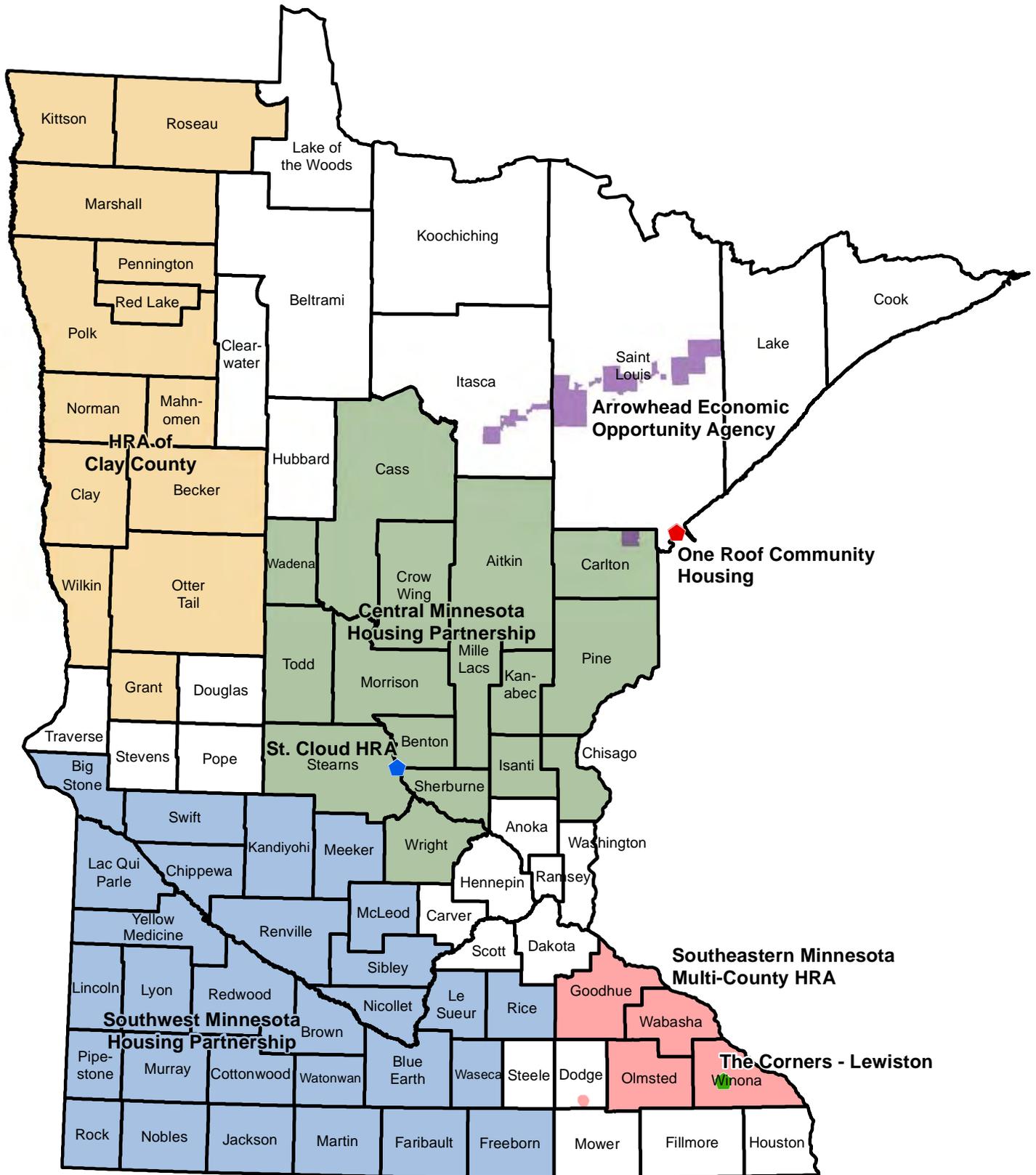
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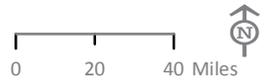
- ◆ One Roof Community Housing
- ◆ St. Cloud HRA
- Headwaters Regional Development Commission
- Arrowhead Economic Opportunity Agency (AEOA)
- HRA of Clay County
- Southwest Minnesota Housing Partnership (SWMHP)
- Central Minnesota Housing Partnership, Inc. (CMHP)
- Southeastern Minnesota Multi-County HRA



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- ◆ The Corners - Lewiston
- ◆ One Roof Community Housing
- ◆ St. Cloud HRA
- Arrowhead Economic Opportunity Agency (AEOA)
- HRA of Clay County
- Southwest Minnesota Housing Partnership (SWMHP)
- Central Minnesota Housing Partnership, Inc. (CMHP)
- Southeastern Minnesota Multi-County HRA



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**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

**RESOLUTION NO. MHFA 16-
RESOLUTION APPROVING SELECTION/AUTHORIZATION
TO CLOSE LOANS/GRANTS**

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) has received applications to provide rehabilitation financing for multifamily rental housing developments and/or programs serving persons and families of low and moderate income; and

WHEREAS, Minnesota Housing staff has reviewed the applications and determined that the applications are in compliance under Minnesota Housing's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Minnesota Housing staff to enter into loan and administrative agreements, and to close said loans for the applications and in the amounts and conditions set forth below,

1. Minnesota Housing staff shall review and approve the Mortgagor or Administrator; and
2. For Program Model applications:

Arrowhead Economic Opportunity Agency

An administrative assistance agreement specifying the amounts of \$350,000 for the 10% Forgivable Program Model and \$300,000 for the 100% Forgivable Program Model subject to: Its form and substance acceptable to Minnesota Housing staff, execution of the administrative assistance agreement within 90 days of the adoption date of this Resolution, and the commitment and closing of all loans to individual developments by the pilot program end date of December 31, 2018 or any revised pilot program end date as subsequently approved by the board.

3. The administrator, the builder, the architect, the mortgagor, and such other parties shall execute all such documents relating to said loan, to the security therefore, to the construction and operation of the development, as Minnesota Housing, in its sole discretion, deems necessary.

Adopted this 24th day of March, 2016.

CHAIRMAN

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

**RESOLUTION NO. MHFA 16-
RESOLUTION APPROVING SELECTION/AUTHORIZATION
TO CLOSE LOANS/GRANTS**

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) has received applications to provide rehabilitation financing for multifamily rental housing developments and/or programs serving persons and families of low and moderate income; and

WHEREAS, Minnesota Housing staff has reviewed the applications and determined that the applications are in compliance under Minnesota Housing's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Minnesota Housing staff to enter into loan and administrative agreements, and to close said loans for the applications and in the amounts and conditions set forth below,

1. Minnesota Housing staff shall review and approve the Mortgagor or Administrator; and
2. For Program Model applications:

Central Minnesota Housing Partnership

An administrative assistance agreement specifying the amounts of \$1,400,000 for the 10% Forgivable Program Model and \$100,000 for the 100% Forgivable Program subject to: Its form and substance acceptable to Minnesota Housing staff, execution of the administrative assistance agreement within 90 days of the adoption date of this Resolution, and the commitment and closing of all loans to individual developments by the pilot program end date of December 31, 2018 or any revised pilot program end date as subsequently approved by the board.

3. The administrator, the builder, the architect, the mortgagor, and such other parties shall execute all such documents relating to said loan, to the security therefore, to the construction and operation of the development, as Minnesota Housing, in its sole discretion, deems necessary.

Adopted this 24th day of March, 2016.

CHAIRMAN

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

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RESOLUTION APPROVING SELECTION/AUTHORIZATION
TO CLOSE LOANS/GRANTS**

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WHEREAS, Minnesota Housing staff has reviewed the applications and determined that the applications are in compliance under Minnesota Housing's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Minnesota Housing staff to enter into loan and administrative agreements, and to close said loans for the applications and in the amounts and conditions set forth below,

1. Minnesota Housing staff shall review and approve the Mortgagor or Administrator; and
2. For Program Model applications:

Headwaters Regional Development Commission

An administrative assistance agreement in the amount of \$100,000 for the 100% Forgivable Program subject to: Its form and substance acceptable to Minnesota Housing staff, execution of the administrative assistance agreement within 90 days of the adoption date of this Resolution, and the commitment and closing of all loans to individual developments by the pilot program end date of December 31, 2018 or any revised pilot program end date as subsequently approved by the board.

3. The administrator, the builder, the architect, the mortgagor, and such other parties shall execute all such documents relating to said loan, to the security therefore, to the construction and operation of the development, as Minnesota Housing, in its sole discretion, deems necessary.

Adopted this 24th day of March, 2016.

CHAIRMAN

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

**RESOLUTION NO. MHFA 16-
RESOLUTION APPROVING SELECTION/AUTHORIZATION
TO CLOSE LOANS/GRANTS**

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) has received applications to provide rehabilitation financing for multifamily rental housing developments and/or programs serving persons and families of low and moderate income; and

WHEREAS, Minnesota Housing staff has reviewed the applications and determined that the applications are in compliance under Minnesota Housing's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Minnesota Housing staff to enter into loan and administrative agreements, and to close said loans for the applications and in the amounts and conditions set forth below,

1. Minnesota Housing staff shall review and approve the Mortgagor or Administrator; and
2. For Program Model applications:

Housing and Redevelopment Authority of Clay County

An administrative assistance agreement specifying the amounts of \$600,000 for the 10% Forgivable Program Model and \$200,000 for the 100% Forgivable Program subject to: Its form and substance acceptable to Minnesota Housing staff, execution of the administrative assistance agreement within 90 days of the adoption date of this Resolution, , and the commitment and closing of all loans to individual developments by the pilot program end date of December 31, 2018 or any revised pilot program end date as subsequently approved by the board.

3. The administrator, the builder, the architect, the mortgagor, and such other parties shall execute all such documents relating to said loan, to the security therefore, to the construction and operation of the development, as Minnesota Housing, in its sole discretion, deems necessary.

Adopted this 24th day of March, 2016.

CHAIRMAN

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

**RESOLUTION NO. MHFA 16-
RESOLUTION APPROVING SELECTION/AUTHORIZATION
TO CLOSE LOANS/GRANTS**

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) has received applications to provide rehabilitation financing for multifamily rental housing developments and/or programs serving persons and families of low and moderate income; and

WHEREAS, Minnesota Housing staff has reviewed the applications and determined that the applications are in compliance under Minnesota Housing's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Minnesota Housing staff to enter into loan and administrative agreements, and to close said loans for the applications and in the amounts and conditions set forth below,

1. Minnesota Housing staff shall review and approve the Mortgagor or Administrator; and
2. For Program Model applications:

One Roof Community Housing

An administrative assistance agreement specifying the amounts of \$850,000 for the 10% Forgivable Program Model and \$325,000 for the 100% Forgivable Program subject to: Its form and substance acceptable to Minnesota Housing staff, execution of the administrative assistance agreement within 90 days of the adoption date of this Resolution, , and the commitment and closing of all loans to individual developments by the pilot program end date of December 31, 2018 or any revised pilot program end date as subsequently approved by the board.

3. The administrator, the builder, the architect, the mortgagor, and such other parties shall execute all such documents relating to said loan, to the security therefore, to the construction and operation of the development, as Minnesota Housing, in its sole discretion, deems necessary.

Adopted this 24th day of March, 2016.

CHAIRMAN

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

**RESOLUTION NO. MHFA 16-
RESOLUTION APPROVING SELECTION/AUTHORIZATION
TO CLOSE LOANS/GRANTS**

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) has received applications to provide rehabilitation financing for multifamily rental housing developments and/or programs serving persons and families of low and moderate income; and

WHEREAS, Minnesota Housing staff has reviewed the applications and determined that the applications are in compliance under Minnesota Housing's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Minnesota Housing staff to enter into loan and administrative agreements, and to close said loans for the applications and in the amounts and conditions set forth below,

1. Minnesota Housing staff shall review and approve the Mortgagor or Administrator; and
2. For Program Model applications:

Saint Cloud Housing and Redevelopment Authority

An administrative assistance agreement specifying the amounts of \$300,000 for the 10% Forgivable Program Model and \$100,000 for the 100% Forgivable Program subject to: Its form and substance acceptable to Minnesota Housing staff, execution of the administrative assistance agreement within 90 days of the adoption date of this Resolution, , and the commitment and closing of all loans to individual developments by the pilot program end date of December 31, 2018 or any revised pilot program end date as subsequently approved by the board.

3. The administrator, the builder, the architect, the mortgagor, and such other parties shall execute all such documents relating to said loan, to the security therefore, to the construction and operation of the development, as Minnesota Housing, in its sole discretion, deems necessary.

Adopted this 24th day of March, 2016.

CHAIRMAN

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

**RESOLUTION NO. MHFA 16-
RESOLUTION APPROVING SELECTION/AUTHORIZATION
TO CLOSE LOANS/GRANTS**

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) has received applications to provide rehabilitation financing for multifamily rental housing developments and/or programs serving persons and families of low and moderate income; and

WHEREAS, Minnesota Housing staff has reviewed the applications and determined that the applications are in compliance under Minnesota Housing's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Minnesota Housing staff to enter into loan and administrative agreements, and to close said loans for the applications and in the amounts and conditions set forth below,

1. Minnesota Housing staff shall review and approve the Mortgagor or Administrator; and
2. For Program Model applications:

Southeastern Minnesota Multi-County Housing and Redevelopment Authority

An administrative assistance agreement specifying the amounts of \$1,100,000 for the 10% Forgivable Program Model and \$225,000 for the 100% Forgivable Program subject to: Its form and substance acceptable to Minnesota Housing staff, execution of the administrative assistance agreement within 90 days of the adoption date of this Resolution, , and the commitment and closing of all loans to individual developments by the pilot program end date of December 31, 2018 or any revised pilot program end date as subsequently approved by the board.

3. The administrator, the builder, the architect, the mortgagor, and such other parties shall execute all such documents relating to said loan, to the security therefore, to the construction and operation of the development, as Minnesota Housing, in its sole discretion, deems necessary.

Adopted this 24th day of March, 2016.

CHAIRMAN

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

**RESOLUTION NO. MHFA 16-
RESOLUTION APPROVING SELECTION/AUTHORIZATION
TO CLOSE LOANS/GRANTS**

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) has received applications to provide rehabilitation financing for multifamily rental housing developments and/or programs serving persons and families of low and moderate income; and

WHEREAS, Minnesota Housing staff has reviewed the applications and determined that the applications are in compliance under Minnesota Housing's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Minnesota Housing staff to enter into loan and administrative agreements, and to close said loans for the applications and in the amounts and conditions set forth below,

1. Minnesota Housing staff shall review and approve the Mortgagor or Administrator; and
2. For Program Model applications:

Southwest Minnesota Housing Partnership

An administrative assistance agreement specifying the amounts of \$1,100,000 for the 10% Forgivable Program Model and \$150,000 for the 100% Forgivable Program subject to: Its form and substance acceptable to Minnesota Housing staff, execution of the administrative assistance agreement within 90 days of the adoption date of this Resolution, , and the commitment and closing of all loans to individual developments by the pilot program end date of December 31, 2018 or any revised pilot program end date as subsequently approved by the board.

3. The administrator, the builder, the architect, the mortgagor, and such other parties shall execute all such documents relating to said loan, to the security therefore, to the construction and operation of the development, as Minnesota Housing, in its sole discretion, deems necessary.

Adopted this 24th day of March, 2016.

CHAIRMAN

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

**RESOLUTION NO. MHFA 16-
RESOLUTION APPROVING SELECTION/AUTHORIZATION
TO CLOSE LOANS/GRANTS**

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) has received applications to provide rehabilitation financing for multifamily rental housing developments and/or programs serving persons and families of low and moderate income; and

WHEREAS, Minnesota Housing staff has reviewed the applications and determined that the applications are in compliance under Minnesota Housing's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Minnesota Housing staff to enter into loan and administrative agreements, and to close said loans for the applications and in the amounts and conditions set forth below,

1. Minnesota Housing staff shall review and approve the Mortgagor and
2. For Project Specific application:
The Corners, Lewiston, a loan in the amount of \$266,277, subject to a loan commitment in form and substance acceptable to Minnesota Housing staff and closing of the loan by the pilot program end date of December 31, 2018 or any revised pilot program end date as subsequently approved by the board.
3. The administrator, the builder, the architect, the mortgagor, and such other parties shall execute all such documents relating to said loan, to the security therefore, to the construction and operation of the development, as Minnesota Housing, in its sole discretion, deems necessary.

Adopted this 24th day of March, 2016.

CHAIRMAN

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Item: Adoption, 2016 Annual Action Plan for HOME and HOPWA

Staff Contact(s):

Jessica Deegan, 651.297.3120, jessica.deegan@state.mn.us

Ryan Baumtrog, 651.296.9820, ryan.baumtrog@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Staff requests the Board adopt portions of the Annual Action Plan for the period October 1, 2015 to September 30, 2016, that is required by the U.S. Department of Housing and Urban Development (HUD) for Minnesota Housing to receive FY2016 HOME Investment Partnerships (HOME) and Housing Opportunities for Persons with AIDS (HOPWA) funds. In addition, the Department of Employment and Economic Development will receive Community Development Block Grant (CDBG) funds, and the Department of Human Services will receive Emergency Solutions Grant (ESG).

Fiscal Impact:

The 2016 allocation for HOME is \$5,978,110 (from \$5,646,729 in 2015). The HOPWA allocation is \$153,742 (from \$147,997).

Meeting Agency Priorities:

- Address Specific and Critical Local Housing Needs
- Finance Housing Responsive to Minnesota's Changing Demographics
- Preserve Housing with Federal Project-Based Rent Assistance
- Prevent and End Homelessness
- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Background
- Pertinent pages from Annual Action Plan. Note: the full Plan is 84 pages in length. This report includes only those pages pertinent to Minnesota Housing.

BACKGROUND:

The State is required by HUD to develop an Annual Action Plan (the Plan) for Minnesota Housing, DEED, and DHS to receive Community Planning and Development program funds from HUD. DEED is the lead agency for development of the Plan. The HOME Investment Partnerships program (HOME) and the Housing Opportunities for Persons with AIDS (HOPWA) are administered by Minnesota Housing and it is these portions of the Action Plan that the Board is being asked to approve.

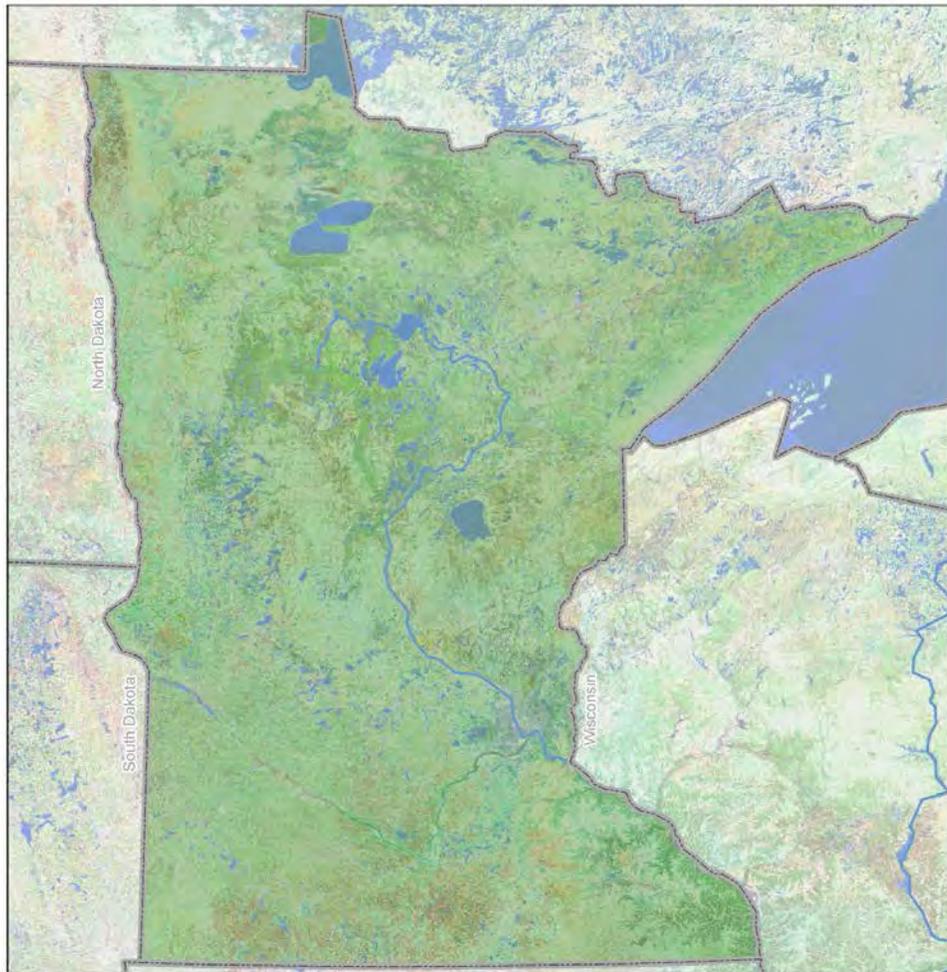
The major purpose of the Plan is to describe how Community Planning and Development funds will be deployed by the three state agencies to address the goals of providing decent housing; providing a suitable living environment; and expanding economic opportunities and to meet the objectives of the five year consolidated plan that the Board approved January 2012. The uses of HOME and HOPWA funds described in the Plan are consistent with those in the Affordable Housing Plan (AHP) for 2016 that the Board adopted last September: HOME for the preservation of affordable rental housing; and HOPWA to provide emergency assistance to enable homeowners and renters with HIV/AIDS to avoid homelessness.

The amount of funds in the Plan is different from the AHP amounts for the following reasons:

- The allocation amounts for HOME and HOPWA were only recently announced and are different from the AHP amounts that were estimates based on past allocations.
- Amounts that were allocated by the Board to HOME Affordable Rental Program projects before the time the AHP was adopted are considered by the agency to be committed and, therefore, were not included as available funds in the AHP. However, HUD does not consider HOME funds to be committed until they are under a written agreement with the developer, which increases the amount of funds that appear as available in the Plan on October 1, 2015.
- The Agency will make the 2016 federal HOME appropriation available for selections and awards to be made in October 2016, which will fall under the 2017 AHP. The funds available in the 2016 AHP reflect unused funds from previous years, and Minnesota Housing will use these funds for modifications to existing awards, not new projects.

Note on the National Housing Trust Fund: In the draft Annual Action Plan, the State included the National Housing Trust Fund (NHTF) allocation plan, but it is not included in this final plan. Because the NHTF allocation amounts are not anticipated to be announced until mid-April, the HUD will require the State to submit the NHTF allocation plan as a separate substantial amendment to the Annual Action Plan after the allocations are announced. This timing discrepancy is due to the requirement that the State submit the final Annual Action Plan within 60 days of announcement of formula grant allocations. This year, HUD published allocations for HOME, HOPWA, CDBG and ESG on February 16, and thus the Annual Action Plan due April 16, 2016.

MINNESOTA ANNUAL ACTION PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT 2016



Annual Action Plan
2016

Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

In 1994, the U.S. Department of Housing and Urban Development (HUD) issued new rules consolidating the planning, application, reporting, and citizen participation processes for four formula grant programs: Community Development Block Grants (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grants (ESG),^[1] and Housing Opportunities for Persons with AIDS (HOPWA). The new single-planning process, termed the Consolidated Plan for Housing and Community Development, is intended to more comprehensively fulfill three basic goals: to provide decent housing, to provide a suitable living environment, and to expand economic opportunities.

According to HUD, the Consolidated Plan is designed to be a collaborative process whereby a community establishes a unified vision for housing and community development actions. The Plan offers entitlement jurisdictions the opportunity to shape housing and community development programs into effective, coordinated neighborhood and community development strategies. It also allows for strategic planning and citizen participation to occur in a comprehensive context, thereby reducing duplication of effort.

As the lead agency for the Consolidated Plan, the Minnesota Department of Employment and Economic Development (DEED), along with the sister administering agencies of the Minnesota Housing Finance Agency (Minnesota Housing) and Department of Human Services (DHS), hereby follows HUD's guidelines for citizen and community involvement. These agencies are responsible for overseeing citizen participation requirements that accompany the Consolidated Plan and the CDBG, HOME, ESG, and HOPWA programs.

Purpose of the Annual Action Plan

The 2016 Minnesota Annual Action Plan for Housing and Community Development is the one-year planning document that identifies the needs and respective resource investments regarding the state's housing, homeless and non-homeless special needs populations, community development, and economic development needs.

[1]Recently renamed the Emergency Solutions Grant.

2. Summarize the objectives and outcomes identified in the Plan

Annual Action Plan
2016

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The goals of DEED, Minnesota Housing, and DHS are to provide decent housing, a suitable living environment, and expanded economic opportunities for the state's low and moderate income residents. These agencies strive to accomplish these goals by maximizing and effectively utilizing all available funding resources to conduct housing and community development activities that will serve the economically disadvantaged residents of the state. By addressing needs and creating opportunities at the individual and neighborhood levels, Minnesota hopes to improve the quality of life for all residents. These goals are further explained as follows:

Providing decent housing entails helping homeless persons obtain appropriate housing and assisting those at risk of homelessness, preserving the affordable housing stock, increasing the availability of permanent housing that is affordable to low- and moderate-income persons without discrimination, and increasing the supply of supportive housing.

Providing a suitable living environment requires improving the safety and livability of neighborhoods and increasing access to quality facilities and services.

Expanding economic opportunities involves creating jobs that are accessible to low- and moderate-income persons, making mortgage financing available for low- and moderate-income persons at reasonable rates, providing access to credit for development activities that promote long-term economic and social viability of the community, and empowering low-income persons to achieve self-sufficiency to reduce generational poverty in federally-assisted and public housing.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The State's evaluation of its past performance has been completed in a thorough Consolidated Annual Performance and Evaluation Report (CAPER). This document states the objectives and outcomes identified in the 2012 to 2016 Consolidated Plan and includes an evaluation of past performance through measurable goals and objectives compared to actual performance. This document can be found on DEED's website <http://mn.gov/deed/government/financial-assistance/community-funding/>, available 12/31/2016.

Minnesota Housing's 2015 goal for rental rehabilitation was 290 units for a total HOME cost of \$13,660,000. Minnesota Housing actually awarded through written agreements of \$7,300,000 for 183 HOME units in 1 scattered site development. It is important to note that for budgeting and planning purposes that Minnesota Housing projects the number of units for which it expects to make funding

Annual Action Plan

2016

commitments; projecting the completion of HOME-assisted units is difficult because multifamily projects may take up to a few years to complete. As of September 30, 2015, HOPWA had provided assistance to 156 households totaling \$185,131. Minnesota Housing goals for HOPWA were 220 households receiving assistance of \$183,394. Note that the goal for HOPWA funding was a misprint; the amount of the HOPWA grant remains at less than \$150,000 annually for which we expect to assist a stable number of households (approximately 150-165).

For DEED, as of September 30, 2015 Owner Occupied rehab goal for 2015 was 300 with actual accomplishments totaling 399 for an amount \$6,832,665. For rental rehab the goal set was 50 with actual accomplishments at 79 totaling 4,062,914. Commercial rehab's goal was 50 and accomplishments at 85 for \$2,424,300. For public facilities the goal was 500 with accomplishments of 2,104 costing \$2,620,000. New construction's goal was 0. Due to the lateness in HUD allocations projects are not progressing as quickly.

DEED is pleased to announce that we exceeded our projected Economic Development Low to Moderate (LMI) job goals. We projected 60 LMI jobs, and accomplished 99 full time equivalent LMI jobs from existing projects. Funding in the amount of \$0 was awarded and the remaining balance was returned to the Small Cities Development Program.

See a number 7 summary below for DHS detail.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

The Consolidated Planning process has been designed to enumerate Minnesota's overall strategy for coordinating federal and other housing and community development resources to provide decent housing, establish and maintain a suitable living environment, and expand economic opportunities, particularly for low- and moderate-income persons. Interested groups and individuals have also been encouraged to provide input into all aspects of Minnesota's Consolidated Planning activities, from assessing needs to setting priorities through performance evaluation. The public involvement process was initiated with the Citizen Participation Plan (CPP). The objectives of the CPP are to ensure that the citizens of Minnesota, particularly persons of low- and moderate-income, persons living in slum and blight areas, units of local government, housing agencies, and other interested parties, are provided with the opportunity to participate in the planning process and preparation of the Consolidated Plan, including amendments to the Consolidated Plan and the Annual Performance Report. The CPP is attached in admin tab.

The State has aimed to broaden public participation through numerous opportunities for citizens to contribute information, ideas, and opinions about ways to improve Minnesota's neighborhoods, promote housing affordability and enhance the delivery of public services to local residents. These include a broad-based, statewide survey of interested citizens and stakeholders pertaining to

Annual Action Plan
2016

Minnesota's housing and community development needs; meetings with agency representatives and stakeholders during focus group sessions to address rental, homeowner, and homeless needs; and regional forums held across the state to gather input from Minnesota citizens and interested parties. Other steps the State took to encourage widespread participation in the planning process included publishing notices in local newspapers, with a combined circulation of over two million readers, and direct solicitation of stakeholders and their interest groups.

The State of Minnesota continues to be committed to keeping all interested groups and individuals informed of each phase of the Consolidated Planning process and of activities being proposed or undertaken under HUD formula grant programs. DEED, Minnesota Housing, and DHS published the draft Consolidated Plan for public review in a manner that afforded citizens, public agencies, and other interested parties a reasonable opportunity to examine its contents and submit comments. The draft Plan included the amount of assistance the state agencies expect to receive and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low- and moderate-income.

The availability of a completed draft Plan, how to access a copy of it, and information on public hearings was published in the statewide edition of the Minneapolis Star Tribune on Sunday, July 12, 2015, and emailed by Minnesota Housing to 3,600 individual and organization stakeholders. The notices described the purpose of the Plan and directed readers to where the Plan and directions on how to submit comment on needs, the draft action plan, and the CAPER was available. Documentation of this information is included in unique appendices. Furthermore, citizens and groups may obtain a reasonable number of free copies of the proposed Action Plan by contacting DEED at 651-259-7504 or toll free at 800-657-3858 or the document may be downloaded from the DEED or Minnesota Housing websites.

DEED presented ideas to its participants during input meetings throughout the state. Completed surveys available at DEED. Participants are concerned about the reduction of HUD funds and also the attempt to reduce administration fees. Overall the participants are content with the use of the funds.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

We did receive questions from MICAH. Questions and DEED's responses attached.

No comments received by DEED. We received input during the public hearing (see unique app) but no comments during the comment period.

6. Summary of comments or views not accepted and the reasons for not accepting them

No comments or views were not accepted.

7. Summary

For the Emergency Solutions Grant Program (ESG), in the 2012-2016 Consolidated Plan DHS projected serving 12,158 persons with emergency shelter each year of the plan. In the soon-to-be-completed 2015 CAPER, DHS reported serving 9,869 persons in emergency shelter during FFY2015.

This difference between the goal and the actual number of persons served is the result of a number of factors: The original goal was submitted in 2011 and it is difficult to predict the state's shelter capacity or utilization four years in advance. Further, as a result of its competitive Request for Proposals, DHS occasionally has changes in the size or capacity of ESG Shelter providers selected for funding; several previously ESG-funded emergency shelters with large bed capacities are now funded with state funds and thus not part of the CAPER.

For FFY2015, DHS projected re-housing 460 individuals and having 350 persons remain stably housed as a result of ESG prevention and re-housing assistance. In the soon-to-be-completed 2015 CAPER, DHS reported its sub-recipients re-housed 674 persons during FFY2015, and that during the program year, 512 persons exited to stable housing.

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

As part of the consolidated planning process, the lead agency, DEED, and sister administering agencies, Minnesota Housing and DHS, must consult with a wide variety of organizations in order to gain understanding of housing and community development needs.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies

This represents a collective effort from a broad array of entities in Minnesota, ranging from advocacy groups for the disabled to economic development organizations. Private, nonprofit, and public organizations, including mayors, county supervisors, county commissioners, county managers, planning and development district administrators, councils of government, persons interested in the CDBG program, persons interested in the HOME program, persons associated with Continuum of Care organizations, and the Minnesota Department of Health were contacted through email correspondence, telephone interviews, and face-to-face interactions. These persons were solicited to discuss housing and community development needs in Minnesota, including the ranking of those needs and activities that DEED, Minnesota Housing, and DHS might consider to better address needs throughout the state. Further, individuals were asked to provide additional insight into prospective barriers and constraints regarding housing and community development needs in Minnesota.

As part of the consolidated planning process, Minnesota Housing emailed a notice of availability of the 2015 draft Action Plan public comment period and public hearing information to 4,400 organizations and individuals who had signed up for an email publication of items of interest to Minnesota Housing's stakeholders.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

The DHS hosts a monthly meeting of all Continuum of Care Coordinators. Also in attendance are staff from various state administered homelessness programs as well as HUD CPD staff. Issues such as accessing HUD Super NOFA funding, the allocation of program resources, development of common assessment tools, performance measurement and HMIS as these issues relate to the CoC's are discussed at these meetings.

Representatives from the Minnesota Interagency Council on Homelessness (MICH) subcommittee on Continuum of Care Planning send representatives to all Continuum of Care regional meetings.

As part of the DHS' participation in the MICH, staff are working with CoCs around the state to implement the State's Heading Home plan, which includes many goals related to the needs of chronic homeless individuals and families, families with children, veterans and unaccompanied youth. These goals include but are not limited to ending veteran homelessness, eliminating transitions to homelessness in youth and adult systems of care, and connecting homeless and highly-mobile families with students to rental assistance and other resources to improve housing stability.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

Consultation on allocation:

The State's competitive RFP process for ESG funds continues to include the opportunity for each CoC representative(s) to participate in the evaluation of applications for funding. CoCs have taken advantage of this opportunity and offered meaningful and important input into the allocation of ESG funds in their regions. Additional meetings and opportunities for CoC consultation have been added to the RFP review process as well, ensuring a strong CoC voice in funding decisions.

Performance Standards and Evaluation:

The existing performance standards for ESG were developed in recent years during meetings with CoC representatives from around the state, and reflect the basic purpose of ESG shelter, prevention and rapid re-housing funds to a) keep people safely sheltered, b) re-house persons who are homeless, and c) ensure persons are stably housed at program exit. ESG sub-recipient performance reports are sent to each CoC Coordinator, and include information on these goals and sub-recipient performance. This set of outcomes, as well as specific annual goals for these ESG-funded activities, are included in the Outcomes Measures and Performance Standards section of this Plan.

Policies and Procedures for HMIS:

The State is an active participant in the HMIS task force, which oversees the operation and administration of Minnesota's statewide HMIS system. The task force includes representatives of four Continuum of Care regions in the state (selected from all 13 COCs), as well as persons who were formerly homeless, various advocacy organizations, providers serving specific populations such as youth and veterans, and funders. State staff (including DHS and Minnesota Housing) are members on the HMIS task force, making joint decisions with CoC representatives regarding the administration of HMIS.

Each CoC representative is also responsible for ensuring HMIS receives adequate funding in part through their region's CoC funding process. Additionally, CoC representatives work on subcommittees to develop and refine policies and procedures for governance and operation of the State's HMIS system.

2. Agencies, groups, organizations and others who participated in the process and consultations

Table 2 – Agencies, groups, organizations who participated

2	Agency/Group/Organization	MN Dept. of Health
	Agency/Group/Organization Type	Other government - State
	What section of the Plan was addressed by Consultation?	Lead-based Paint Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Meeting with Dan Locher, Supervisor, discusses issues surrounding lead in homes. Discussed issues with coordination of lead funds with SCDP funds and how to improve locating homes with lead.
3	Agency/Group/Organization	MN NAHRO
	Agency/Group/Organization Type	Housing PHA
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Use of CDBG funds in rehab for public housing, housing and rental rehab.
4	Agency/Group/Organization	Minnesota Department of Corrections
	Agency/Group/Organization Type	Other government - State
	What section of the Plan was addressed by Consultation?	Homelessness Strategy

<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>The Commissioner of the Department of Corrections actively serves on the State's Interagency Council on Homelessness (MICH), as do several staff from the Discharge Planning Unit. Through this planning body, the Dept. of Corrections coordinates its discharge planning and services with the state's ESG Recipient, the Department of Human Services, and Minnesota Housing. Corrections staff participate in the review of ESG funding applications, and provide input into DHS Consolidated Planning Homelessness Strategy.</p>
<p>5</p>	<p>DEPT OF HUMAN SERVICES</p> <p>Other government - State</p> <p>Child Safety Permanency, Chemical Health and Mental Health Divisions</p> <p>Homeless Needs - Chronically homeless</p> <p>Homelessness Needs - Unaccompanied youth</p> <p>Homelessness Strategy</p> <p>The State Recipient of ESG funding (The Department of Human Services) is responsible for many publicly-funded systems of care, including mental health, health care, foster care, and chemical health facilities and programs. In the past two years, the department has undertaken a massive planning and reorganization to better ensure a connection between housing assistance (such as ESG) and mainstream systems of care administered within the department. The result is and will continue to be improved access for clients in both arenas, as well as more effective discharge planning that includes transition resources, respite care, and transitional housing as appropriate.</p>
<p>6</p>	<p>USDA-Rural Development</p> <p>Housing</p> <p>pilot project with RD</p>

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	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Partnering with RD to encourage administrators to access RD funds in conjunction with Small Cities funds. Greater MN Housing fund provided admin funds for RD.</p>
7	<p>Agency/Group/Organization</p>	<p>Greater MN Housing Fund (GMHF)</p>
	<p>Agency/Group/Organization Type</p>	<p>Housing</p>
	<p>What section of the Plan was addressed by Consultation?</p>	<p>administration funds</p>
	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Partnered with Small Cities and RD pilot program (see above). Provided administration funds for RD projects.</p>
8	<p>Agency/Group/Organization</p>	<p>MINNESOTA HOUSING FINANCE AGENCY</p>
	<p>Agency/Group/Organization Type</p>	<p>Housing</p>
	<p>What section of the Plan was addressed by Consultation?</p>	<p>partnering with MF and RRDL</p>
	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>DEED and MHFA cofunding in multi-family rehabs and smaller rental rehab projects.</p>

Identify any Agency Types not consulted and provide rationale for not consulting

none.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Minnesota Interagency Council on Homelessness (MICH)	Minnesota has a statewide plan to end homelessness which includes all CoCs in the state. This plan is coordinated by the MICH, in which DHS staff participate. The MN Plan to End Homelessness encompasses all of the affordable housing and suitable living environment goals of the Strategic Plan. In addition, DHS and other state agency staff regularly attend local and regional CoC and FHPAP planning meetings to give and receive input to inform the Strategic Plan.
Local Units of Gov't	DEED	Consulted with many units of local gov't across the state when preparing the action plan, 3 separate meetings held in the Spring. All are Ok with process and use of funds.
Non-profits/for profits.	DEED	Consulted with in the spring, 3 separate meetings in different parts of the state. Most concern was the reduction in funding from HUD. They like our program as it is easy to administer.
Affordable Housing Plan	Minnesota Housing	All of Minnesota Housing's investments each year are guided by an "Affordable Housing Plan," (AHP). The AHP is developed with input from stakeholders and staff who are familiar with housing needs around the state from their work during the year. A draft is made available on Minnesota Housing's website for a 14 day public comment period ending August 27, and notice of its availability is made to the public and stakeholders. The AHP is reviewed twice by the Minnesota Housing Board and, once approved, prescribes the amounts and uses of all the agency resources, which may not be deviated from without the Board's approval.
Youth at Risk of Homelessness	Minnesota Dept. of Human Services	The Youth at Risk of Homelessness is a federally-funded pilot program at DHS that is focused (in the planning stage) on identifying what factors put youth in the foster care system most at-risk of homelessness. This overlaps with the Strategic Plan goals of preventing homelessness for vulnerable populations, and will assist DHS and other State agencies in ensuring programs reach those youth most likely to leave foster care and become homeless.
Local of Units of Gov't	DEED	Participating in League of MN Cities Conference

Table 3 - Other local / regional / federal planning efforts

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

Anticipated resources are assumed to equal new appropriations plus carry forward of prior years' resources plus program income, as described below.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	16,995,275	150,000	3,800,954	20,946,229	0	DEED CDBG community and economic development.

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Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	5,978,110	1,000,000	8,274,644	15,252,754	0	MHFA: Rental rehabilitation and new construction
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	153,742	0	185,131	338,873	0	MHFA: Emergency assistance for homeowners and renters; Minnesota AIDS Project (MAP) admin of \$3,181; MHFA admin of \$4,427; 2015 funds will not be allocated until October 2015

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Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1			Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	2,078,744	0	23,542	2,102,286	ESG resources will be used to provide shelter, prevention and rapid rehousing assistance.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The HOME match requirement is met through tenant-based rental assistance from Minnesota Housing's Bridges program, which provides a rent subsidy for up to five years to persons with mental illness until they can obtain a permanent rent subsidy; and the State Housing Trust Fund program. The CDBG match will be a mix of private, local, and state resources such as loans from local banks, weatherization funds, Minnesota Housing rehabilitation loans, Rural Development, Greater Minnesota Housing Fund. CDBG-Economic Development match is through local initiatives, local banks, owner equity.

DHS has required its sub-recipients to provide eligible matching funds at the sub-recipient level for each dollar requested in ESG funding. To ensure compliance with the requirement, DHS has required identification of matching funds in all sub-recipient contracts and reimbursement requests. In addition, review of ESG matching funds has been added to the ESG Monitoring Protocol for ESG subrecipients and ensures that the adequate documentation of eligibility exists for funds used to match ESG. Because of the diverse nature of local homelessness program funding, it is not possible to summarize at the State level the exact types and amounts of each funding source, but the most common sources of matching funds include state Family Homelessness Prevention and Assistance Funds (FHPAP), state and HUD Transitional Housing Program funds (for scattered-site programs), Minnesota Community Action Grants, Private Foundations and Individual Donations.

Minnesota Housing's Affordable Rental preservation program (HOME) leverages other agency, private, and low-income housing tax credit investment.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The State will not use state-owned land to address the needs identified in the plan, though CDBG recipients may use locally-owned land.

Discussion

Not applicable

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Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	Create Economic Opportunities	2012	2013	Non-Housing Community Development	SLUM AND BLIGHT COMMERCIAL DISTRICT	Non housing-Commercial Rehab-DEED	CDBG: \$3,335,100	Facade treatment/business building rehabilitation: 75 Business
4	Create Economic Opportunities-Jobs	2012	2013	Non-Housing Community Development	Economic Development	Non housing-economic development-Jobs-DEED	CDBG: \$2,461,636	Jobs created/retained: 60 Jobs
6	Enhance affordable housing opportunities	2012	2016	Affordable Housing	TARGET AREA HOUSING REHAB Balance of State	Affordable Single Family Housing Rehab-DEED	CDBG: \$12,554,065 HOME: \$13,660,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 1300 Persons Assisted Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 2000 Households Assisted Rental units rehabilitated: 100 Household Housing Unit Homeowner Housing Rehabilitated: 350 Household Housing Unit Other: 58 Other

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Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
7	Prevent homelessness	2012	2016	Persons At-Risk of Homelessness	Balance of State	Homeless Prevention-DHS & MHFA	HOPWA: \$183,394 ESG: \$192,021	Homelessness Prevention: 250 Persons Assisted
8	Rapidly Re-house Homeless Persons	2012	2016	Homeless	Balance of State	Rapid Re-Housing - DHS	ESG: \$510,382	Tenant-based rental assistance / Rapid Rehousing: 500 Households Assisted
9	Emergency Shelter	2012	2016	Homeless	Balance of State	Emergency Shelter - DHS	ESG: \$1,247,245	Homeless Person Overnight Shelter: 9400 Persons Assisted

Table 6 – Goals Summary

Goal Descriptions

3	Goal Name	Create Economic Opportunities
	Goal Description	Target area slum and blight districts in small towns(usually a downtown area) the state proposes 75 units. DEED allows a maximum of 15% of project costs to administer the grant.
4	Goal Name	Create Economic Opportunities-Jobs
	Goal Description	

<p>6</p>	<p>Goal Name Enhance affordable housing opportunities</p> <p>Goal Description For this year, CDBG plans to fund the rehab 350 Owner occupied units. Rental rehab of 100 (combination of single family, duplexes and 3 or more of multi-family). DEED and Minnesota Housing are partnering for 58 rental units for rehab in the city of Windom. Projects funded typically have a 30 month timeframe for completion. Large multi family rental with DEED partnering with Minnesota Housing with a goal of 58 units (see the "other" box below). We are not proposing to fund any new rental housing projects. DEED allows a maximum of 15% of project costs to administer the grant. DEED will not be using funds for the activities of general planning or public service. HOME: It is Minnesota Housing's preference to use its HOME funds for rental preservation; however, a portion of HOME funds may be redirected to rental new construction, depending on the type of applications received in response to Minnesota Housing's Consolidated RFP and the relative need for new construction or preservation. Multi-family rental rehabilitation (290 units approx \$13,660,000).</p>
<p>7</p>	<p>Goal Name Prevent homelessness</p> <p>Goal Description 10 of the 250 persons assisted with homelessness prevention will be attributable to the Emergency Solutions Grant Program (ESG). The remaining 240 persons will be served under the Housing Opportunities for Persons with AIDS (HOPWA) program. As stated in the 2012-2016 Consolidated Plan (Goal 1), the goal of these ESG funds is that persons at-risk of homelessness are stably rehoused or diverted from shelter as quickly and effectively as possible, through the provision of short and medium-term rental assistance and housing relocation and stabilization services. At the time of publication for the 2016 Action Plan Draft, DHS was still collecting the planned expenditures (FFY2016 grant budgets) for ESG sub-recipients and therefore the funds allocation to this goal is only a preliminary estimate.</p>

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<p>8</p>	<p>Goal Name Rapidly Re-house Homeless Persons</p> <p>Goal Description As stated in the 2012-2016 Consolidated Plan (Goal 1), the goal of these ESG funds is that homeless persons are stably rehoused or diverted from shelter as quickly and effectively as possible, through the provision of short and medium-term rental assistance and housing relocation and stabilization services. At the time of publication for the 2016 Action Plan Draft, DHS was still collecting the planned expenditures (FFY2016 grant budgets) for ESG sub-recipients and therefore the funds allocation to this goal is only a preliminary estimate.</p>
<p>9</p>	<p>Goal Name Emergency Shelter</p> <p>Goal Description As stated in the 2012-2016 Consolidated Plan (Goal 3), the goal of these funds are to ensure homeless persons, including special needs populations, have adequate emergency shelter. For the upcoming program year, we anticipate that 9,400 homeless persons will receive adequate emergency shelter.</p>

Table 7 – Goal Descriptions

AP-25 Allocation Priorities – 91.320(d)

Introduction

For the Small Cities Development program (SCDP) we have three times the request for funds than we are able to award. Although estimated five year goals for specific activities need to be set as required by HUD the reality is that if goals are not achieved it is based on the lack of funding, economic times, and local objectives and goals that, while compliant with the program, do not achieve the numeric goals of DEED. Thank you for having an allocation number early and allowing us to set a goal based on an allocation, it is much easier to plan realistically. DEED believes that using one year accomplishments and current funding as a source for future planning of funds is more realistic and five goals hold no merit due to uncertainty of future funding. The SCDP program is highly utilized and very successful in Greater Minnesota.

HOME funds are not allocated to local units of government or to nonprofits to administer. The Minnesota Housing Finance Agency awards HOME funds through its HOME Affordable Rental Preservation program directly to owners and loan applicants for constructing new or rehabilitating affordable rental developments. The program is available throughout the state.

HOPWA provides temporary emergency rental and homeowner assistance to persons with HIV/AIDS to avoid homelessness. Funds are available through the Minnesota AIDS Project throughout the portion of the state that is outside the 13-county metropolitan area that accesses the Minneapolis HOPWA grant.

ESG funds for shelter will be awarded to programs throughout the state of Minnesota. ESG funds for rehousing will be targeted to non-entitlement areas only. ESG funds will be used for the purposes of providing shelter and rehousing activities, some of which fall under the category of rapid re-housing and some of which are considered a prevention activity by HUD (even though the assisted households lack permanent housing and need to be re-housed). Minnesota has a state funded program named the Family Homeless Prevention and Assistance Program which is used to meet the homelessness prevention needs in the state for persons needing assistance with arrears to stay in their housing and avert homelessness.

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Funding Allocation Priorities

	Create Economic Opportunities (%)	Create Economic Opportunities-Jobs (%)	Enhance affordable housing opportunities (%)	Prevent homelessness (%)	Rapidly Re-house Homeless Persons (%)	Emergency Shelter (%)	Total (%)
CDBG	22	0	78	0	0	0	100
HOME	0	0	100	0	0	0	100
HOPWA	0	0	0	100	0	0	100
ESG	0	0	0	9	31	60	100

Table 8 – Funding Allocation Priorities

Reason for Allocation Priorities

Percentages include administration costs. Allocation priorities are based on needs in market study, needs assessment and public input.

CDBG: 78 percent of the funds will serve low to moderate income persons, categories include housing rehabilitation or public facilities. The remaining 22 percent will be spent on commercial slum and blight or urgent threat, including administration dollars. The state does not intend on spending funds toward public services for homelessness as DHS receives ESG funds to address this. CDBG rental housing rehab funded by DEED in conjunction with the MH RFP does allocate rehab dollars to homelessness units as part of the multifamily projects.

HOPWA: Federal regulations dictate both the geography in which HOPWA funds may be used and the beneficiaries. Because only 15% of persons living with HIV/AIDS live in counties outside the seven-county Twin Cities metropolitan area and most are already housed, preventing homelessness is a more cost-effective approach than housing development or tenant-based rent assistance.

HOME: Many federally assisted and naturally affordable housing developments need rehabilitation to preserve their federal rent subsidy or affordability of their units. There is a growing need for affordable rental housing.

ESG: The majority of shelter beds in the state of Minnesota are located within ESG entitlement areas, however, the balance is shifting gradually towards more shelter beds in non-entitlement areas where many homeless persons originally resided. ESG shelter funds will be targeted to non-entitlement areas, but some ESG funding of shelters in entitlement areas will continue. ESG rehousing activities will be funded in non-entitlement areas only. Indicators of rehousing need such as poverty, housing burden and public assistance use show a need that is commensurate with federal ESG formula allocation of ESG funds.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

For CDBG, the distribution of funds address the high needs of housing by providing safe, stable and affordable housing to low to moderate income households. In creating economic opportunities, the rehabilitation of commercial property eliminates slum and blight, for assistance to businesses there is job creation for low to moderate income persons.

For HOME, the consolidated plan ranks very low-income renters of every type as a high priority need and tenants with incomes between 51% and 80% as a medium priority need. Targeting the HOME funds for rental new construction or rehabilitating rental developments that are already populated with tenants at these income levels ensures that HOME addresses the priority needs of renters. Deferred loan funding enhances affordability by reducing the need for amortizing debt, which could force owners to increase rents to repay the loans.

Minnesota uses its HOPWA resources to maintain persons with HIV/AIDS in their current housing by providing emergency assistance because that is the most pressing need identified for this population.

As outlined in the Consolidated Plan, ESG funds will be used to meet the priority needs of providing emergency shelter, prevention and rapid re-housing to persons at-risk of, and experiencing, homelessness.

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Item: Minnesota's Plan to Prevent and End Homelessness

Staff Contact(s):

Cathy ten Broeke, State Director to Prevent and End Homelessness, 651.296.6634,
cathy.tenbroeke@state.mn.us

Request Type:

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> Approval | <input checked="" type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion | <input checked="" type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Staff will provide an overview of the State's Plan to Prevent and End Homelessness, which was adopted by the Minnesota Interagency Council on Homelessness on January 28, 2016. Commissioner Tingerthal is the co-chair of the Council.

Fiscal Impact:

This plan will result in the creation of 5,000 new housing opportunities targeted to those Minnesotans who are experiencing homelessness. Funding for these activities will not be the responsibility of Minnesota Housing alone, but a portion of these opportunities will be budgeted in the agency's Affordable Housing Plans. There may also be resources budgeted to support our Homeless Management Information System.

Meeting Agency Priorities:

- Address Specific and Critical Local Housing Needs
- Finance Housing Responsive to Minnesota's Changing Demographics
- Preserve Housing with Federal Project-Based Rent Assistance
- Prevent and End Homelessness
- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- PowerPoint Slides
- Heading Home: Minnesota's Plan to Prevent and End Homelessness

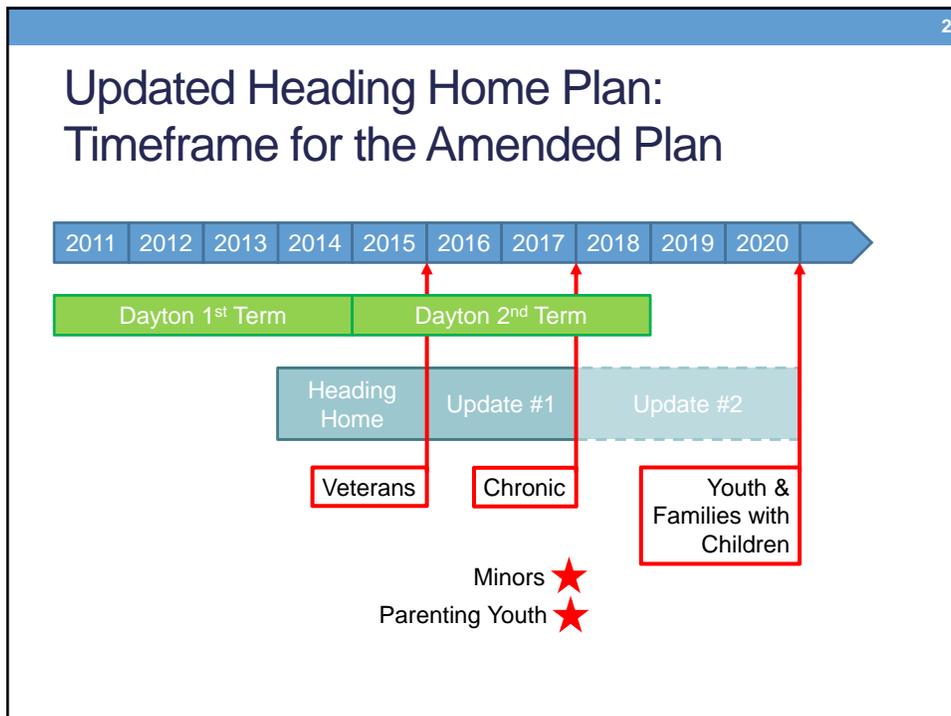
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MINNESOTA INTERAGENCY COUNCIL ON HOMELESSNESS

Heading Home Minnesota: 2016-2017 Action Plan

Minnesota Housing Board Meeting
March 24, 2016

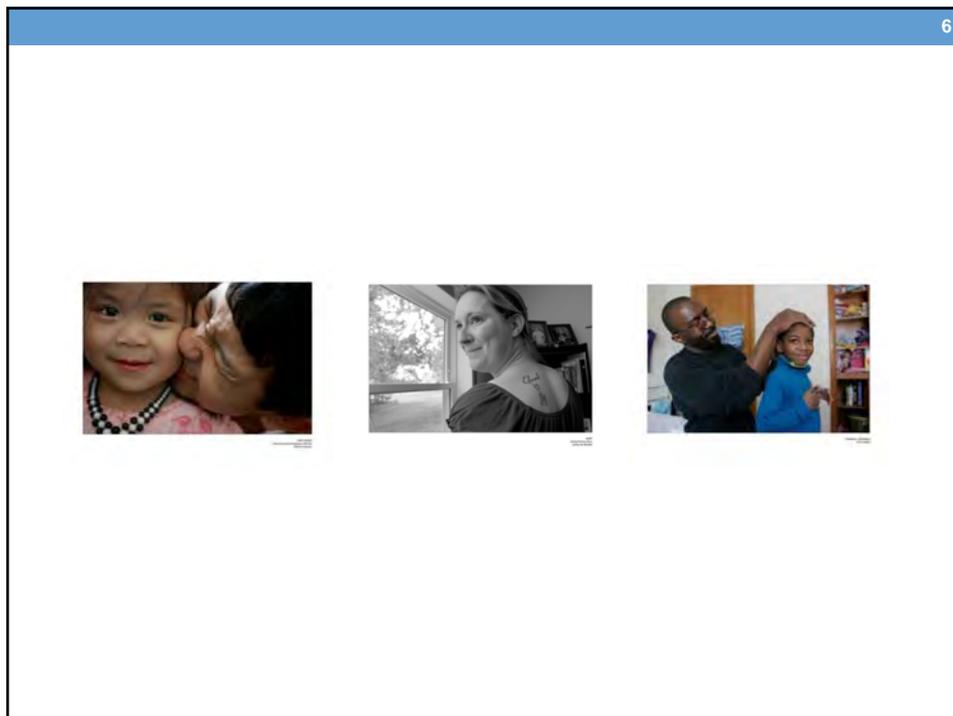




THE MINNESOTA INTERAGENCY COUNCIL ON HOMELESSNESS
AGENCY STATEMENTS OF COMMITMENT

Every state agency has a role to play in preventing and ending homelessness. As the members of the Interagency Council on Homelessness, we commit to the following:

- Because a decent paying job is the best defense against homelessness,** we will ensure that all Minnesotans have access to a career pathway, including those at-risk of and experiencing homelessness.
- Because we know housing stability is vital for health,** we will work to reduce the structural inequities that lead to disparities in health and housing, and continue to grow and nurture thriving, healthy communities in Minnesota.
- Because improving transitions from systems of care is critical to preventing homelessness,** we will ensure that everyone exiting from prison will have access to the resources and assistance they need to achieve stable housing.
- Because homework makes no sense when you don't have a home,** we will work with school leaders, teachers and schools to recognize their role on the front lines of preventing and ending homelessness among children and youth, so that every student can succeed and thrive.
- Because we are poised to end Veteran homelessness in our state,** we will achieve and sustain an end of homelessness among Veterans.
- Because stable housing is the foundation for success,** we will engage all partners in pursuing the goal of creating 5,000 additional housing opportunities for Minnesotans experiencing or at risk of homelessness by the end of 2020.
- Because we know the impact a criminal history has on a person's ability to have financial independence and housing stability,** we will explore ways to limit the use of criminal history screening for rental application and continue to enforce "Ban the Box" for employment applications.
- Because families with children comprise over half of all those experiencing homelessness in Minnesota; and because children experiencing homelessness are particularly vulnerable,** we will ensure child





**HEADING HOME:
MINNESOTA'S PLAN
TO PREVENT AND END
HOMELESSNESS
2016-2017**



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Original plan adopted by the Minnesota Interagency Council on Homelessness, December 2013

This plan update adopted January 2016.

Photography Credits

Top row, all: St. Stephen's Human Services

Row 2: St. Stephen's Human Services

Row 3: Morguefile - BBoomerindenial; St. Stephen's Human Services

Bottom row, left to right: St. Stephen's Human Services; Minnesota Housing

LETTER FROM GOVERNOR DAYTON

Two years ago, the Minnesota Interagency Council on Homelessness adopted a set of strategies and goals to improve housing stability for all Minnesotans. Since then, we also have invested more than \$250 million in affordable housing, leveraging millions in local, private, and federal funding. These investments include over \$71 million to projects for people experiencing homelessness, which will result in more than 650 new housing opportunities.

I am proud to report that these strategies and new investments are making a difference for Minnesotans at risk of homelessness. Since 2014, we have reduced homelessness by 10 percent statewide and 17 percent for families with children. These reductions are among the most significant decreases in United States over that period of time.

We also have strengthened our efforts to end veteran homelessness. Since 2010, we have cut homelessness among Minnesota's veteran population by 50 percent. And this year, our goal of ending veteran homelessness is within reach.

Despite this progress, we still have work to do. Our updated *Heading Home: Minnesota's Plan to Prevent and End Homelessness* report reflects the progress that's been made and identifies new and improved strategies for alleviating homelessness.

Ensuring everyone has a safe place to live will strengthen our families and communities. Evidence shows that when Minnesotans have access to affordable housing, they do better in school, stay healthier, and are more productive at work.

Working together, we can end homelessness for every Minnesotan. I look forward to working with all of you toward that end.

Mark Dayton
Governor

AGENCY STATEMENTS OF COMMITMENT

Every state agency has a role to play in preventing and ending homelessness. As the members of the Interagency Council on Homelessness, we commit to the following:

Because a decent paying job is the best defense against homelessness, we will ensure that all Minnesotans have access to a career pathway, including those at-risk of and experiencing homelessness.

Because we know housing stability is vital for health, we will work to reduce the structural inequities that lead to disparities in health and housing, and continue to grow and nurture thriving, healthy communities in Minnesota.

Because improving transitions from systems of care is critical to preventing homelessness, we will ensure that everyone exiting from prison will have access to the resources and assistance they need to achieve stable housing.

Because homework makes no sense when you don't have a home, we will work with school leaders, teachers and schools to recognize their role on the front lines of preventing and ending homelessness among children and youth, so that every student can succeed and thrive.

Because we are poised to end Veteran homelessness in our state, we will achieve and sustain an end of homelessness among Veterans.

Because stable housing is the foundation for success, we will engage all partners in pursuing the goal of creating 5,000 additional housing opportunities for Minnesotans experiencing or at risk of homelessness by the end of 2020.

Because we know the impact a criminal history has on a person's ability to have financial independence and housing stability, we will explore ways to limit the use of criminal history screening for rental application and continue to enforce "Ban the Box" for employment applications.

Because families with children comprise over half of all those experiencing homelessness in Minnesota; and because children experiencing homelessness are particularly vulnerable, we will ensure child welfare systems are responsive to the needs of families, children, and youth; target families vulnerable to falling into homelessness; and make resources more accessible, responsive and impactful.

Because our higher education system has a unique role to play in identifying and responding to the needs of homeless youth and young adults, we will work with our K-12 and postsecondary partners to effectively support students and their families who are homeless.

Because domestic violence and homelessness are often linked, we will commit to provide staff resources over the next two years to better align Minnesota's homeless and domestic violence systems.

Because reliable transportation is necessary to maintain stable employment, access to childcare and other necessary resources, we will continue to work to increase access to transportation for those experiencing housing instability.

January 28, 2016

Dr. Brenda Cassellius, Commissioner, Department of Education

Katie Clark Sieben, Commissioner, Department of Employment and Economic Development

Ramona Dohman, Commissioner, Department of Public Safety

Dr. Edward Ehlinger, Commissioner, Department of Health

Kevin Lindsey, Commissioner, Department of Human Rights

Emily Johnson Piper, Commissioner, Department of Human Services

Larry Pogemiller, Commissioner, Office of Higher Education

Tom Roy, Commissioner, Department of Corrections

Larry Shellito, Commissioner, Department of Veterans Affairs

Mary Tingerthal, Commissioner, Minnesota Housing

Charlie Zelle, Commissioner, Department of Transportation

EXECUTIVE SUMMARY

Preventing and ending homelessness in Minnesota is possible.

Until recently, many thought of homelessness as an intractable problem: something to lament, but reluctantly accept as a feature of modern life. Today, a growing number of communities across the country have shown that **ending** homelessness is achievable. Minnesota has contributed to this progress, with one of the largest statewide decreases (17 percent) in family homelessness in a single year between 2014 and 2015 and by cutting homelessness among Veterans in half between 2010 and 2015.

These statistics and results matter: they represent lives and communities improved, and are the result of a collective effort to use every resource, every program, and every encounter more effectively so that no Minnesotan faces the most acute form of housing instability: no place to call home.

Minnesota can, and therefore must, do better.

Despite quantifiable progress, homelessness is still a crisis for over 7,500 Minnesotans at any point in time, most of whom are children and their parents. Over 900 young people, including at least 145 minors, confront homelessness without their parent or guardian. More than 1,200 Minnesotans with disabilities have been homeless so long that they qualify as chronically homeless.

Stable housing provides a critical platform for success. Without it, children, adults, families, and communities suffer.

Minnesota has a longstanding reputation as a great place to live, get an education, work, and raise a family. Unfortunately, for the children and adults experiencing and at-risk of homelessness, this reputation does not match reality. All children need stable homes to succeed in school, develop healthy relationships with their peers and community, and eventually contribute to society as adults. All adults and families need stable homes to sustain health, employment, connection to community, and overall well-being. In short, stable housing provides a critical platform for success. Without it, children, adults, families, and communities suffer.

The Minnesota Interagency Council on Homelessness, comprising the Commissioners of 11 State agencies and Governor Mark Dayton's office, is accountable for leading the State's efforts to achieve a shared vision: **housing stability for every Minnesotan.**

In December 2013, the Council issued *Heading Home: Minnesota's Plan to Prevent and End Homelessness*, as a two-year action plan to guide the State's efforts to achieve this vision. This document is the first update to *Heading Home*; it includes revised strategies that State agencies will pursue in 2016 and 2017.

With this update, *Heading Home* is organized around eight **cross-cutting priorities** and four **population goals**. These priorities, goals, and strategies for action, are summarized in the following Plan at a Glance.

Through collaboration among all partners, Minnesota can prevent and end homelessness.

State government cannot end homelessness alone, so the plan identifies critical partnerships needed to achieve the goals. The plan aligns with *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* and with many local and regional plans in place throughout the state. It also relies and draws on the many contributions of Minnesota's strong private and nonprofit communities for ideas, resources, and ongoing support.

Ending homelessness does not mean that Minnesotans will never face housing instability or homelessness again. Rather, it means that every community in Minnesota will have a response to homelessness that **prevents** homelessness from occurring whenever possible, and ensures that when homelessness does occur, it is **rare**, **brief**, and **non-recurring**. With this critical goal in mind, the Minnesota Interagency Council on Homelessness commits to implementing the plan's strategies and actions, and looks forward to working in full partnership with all stakeholders to ensure that all Minnesotans have a place to call home.

TWO-YEAR ACTION PLAN AT A GLANCE

The Minnesota Interagency Council on Homelessness has updated and adopted *Heading Home: Minnesota's Plan to Prevent and End Homelessness*. With key agency leaders, the Council's eleven commissioners have identified eight cross-cutting priorities and four population goals that state government will pursue over the next two years. State leaders look forward to working with local government, community, philanthropic, and private sector partners to implement these actions and ensure that all Minnesotans have a place to call home.



Cross-Cutting Priorities

1. Housing that's Affordable

Stable housing is out of reach for far too many Minnesotans, therefore we will work to...

- Create additional housing opportunities targeted to prevent and end homelessness.
- Target households with incomes less than 30 percent of the Area Median Income (AMI).

2. Employment and Earnings

A decent paying job is the best defense against homelessness, therefore we will work to...

- Ensure all Minnesotans have access to a career pathway by maximizing the impact of mainstream employment and training services, and building capacity of those programs that serve individuals experiencing homelessness.
- Focus on federal program changes to increase incentives to serve populations with barriers to employment.

3. Equity in Outcomes

Homelessness disproportionately impacts Minnesota's communities of color; American Indians; people with disabilities; and lesbian, gay, bisexual, transgender, and questioning (LGBTQ) youth, therefore we will work to...

- Increase the cultural agility and cultural competence of State agencies in responding to homelessness.
- Ensure Minnesota's collective efforts to end homelessness are diverse, inclusive, competent and effective.
- Make equal opportunity a practice that eradicates disparities, and ensures compliance with human and civil rights law.

4. Streamlined and Accessible Systems and Services

Food, health care, mental health and chemical health services, early childhood programs, transportation and childcare, must be easily accessible for people experiencing homelessness, therefore we will work to...

- Align and maximize publicly-funded health, income, transportation, and social services to help families and individuals avoid homelessness.
- Better support those who are experiencing homelessness by improving connections to services and decreasing barriers to access.

5. Resource Coordination

Resources must be used effectively to stably house and prevent homelessness for more Minnesotans, therefore we will work to...

- Improve grant making across homeless-specific funding streams.
- Work with local communities to implement a coordinated statewide system to provide the right services at the right time for families and individuals experiencing homelessness.
- Coordinate homeless-specific state and federal legislative efforts.

6. Data Quality and Analysis

High quality data drives better planning, policy and results, therefore we will work to...

- Strengthen Minnesota's Homeless Management Information System (HMIS).
- Connect HMIS with other data sources that can guide program and policy development, research, and evaluation.

7. Transition from Systems

Improving transitions from systems of care is critical to preventing homelessness, therefore we will work to...

- Better coordinate and target existing resources to ensure consistency and effectiveness of transition services.
- Ensure that corrections and child welfare systems are responsive to the needs of individuals and will ensure necessary supports are in place to prevent homelessness upon exit from these systems.
- Have a strong understanding of the relationship between homelessness and discharge from systems.

8. Engagement of Communities

Homelessness involves many partners who must collaborate effectively to end homelessness, therefore we will work to...

- Engage with Tribal, county, regional, faith and community partners across the state to prevent and end homelessness at all levels.

Population Goals

1. Resolve and Prevent Future Veteran Homelessness

Minnesota is poised to end Veteran homelessness and the lessons learned pave the path to ending homelessness among all Minnesotans, therefore we will work to...

- Continue actively identifying Veterans at risk of or experiencing homelessness.
- Sustain resources to prevent Veteran homelessness and to assist Veterans facing homelessness to rapidly connect with housing.
- Develop and apply best practices in targeting homeless prevention resources.
- Apply the lessons learned from ending Veteran homelessness to other populations.

2. End Chronic Homelessness by the end of 2017

Minnesotans experiencing chronic homelessness are among our most vulnerable people and ending chronic homelessness is both compassionate and fiscally responsible, therefore we will work to...

- End chronic homelessness in 2017, meaning that chronic homelessness is prevented wherever possible and when it occurs, it is rare, brief, and non-recurring.
- Sustain an end to chronic homelessness, and apply the lessons learned from ending chronic homelessness to other populations.

3. Prevent and End Homelessness among Youth Unaccompanied by Parents or Guardians by the end of 2020

More than 900 young people experience homelessness in Minnesota on any given night and youth experiencing homelessness are often prey to violence and exploitation, therefore we will work to...

- End homelessness among minors unaccompanied by their parents or guardians and youth parenting their own children in 2017.
- Increase the role and impact of youth-serving systems to support young people facing homelessness.
- Better identify and support youth facing homelessness in partnership with our local delivery systems.

4. Prevent and End Homelessness among Families with Children by the end of 2020

Families with children comprise more than half of all people experiencing homelessness in Minnesota. Children in these families are more vulnerable to stress, depression, exposure to violence and developmental and educational delays and parents in these families are too often victims of violence and were often homeless as children themselves, therefore we will work to...

- End homelessness among parenting youth in 2017.
- Make Minnesota's mainstream systems and prevention resources more accessible, responsive and impactful.
- Target families vulnerable to falling into homelessness.
- Better coordinate and support the identification, services and aftercare of those families who have experienced or are fleeing from violence.
- Partner with our schools to ensure every child experiencing homelessness and attending school will have help in creating a stable environment for development and learning.

HEADING HOME: MINNESOTA'S PLAN TO PREVENT AND END HOMELESSNESS

Stable housing is out of reach for far too many Minnesotans. More than 7,500 Minnesotans experience homelessness every night, based on the statewide Point-in-Time (PIT) count conducted on January 22, 2015. While the 2015 count represents the first decrease in recent history, it also shows that many children and adults in Minnesota live without a stable foundation of housing. In addition, a much larger group of housed Minnesotans pay more than they can afford for their housing. According to U.S. Census and American Community Survey Data, over 590,000 Minnesota households paid more than 30 percent of their income for housing in 2014 and of these, over 254,000 paid more than half of their income for housing. For many of these Minnesotans, a single health, employment or transportation crisis could result in homelessness.

A lack of stable and affordable housing undermines Minnesota's efforts to improve educational outcomes for children, build a stronger workforce, improve health, and reduce racial and ethnic disparities. The State of Minnesota's *Heading Home* plan is a direct response to this challenge. While the full solution to homelessness and housing instability, including addressing income inequality, will require the commitment of many sectors and all levels of government, this plan focuses on strategies and actions for State agencies. These strategies set us on a path not only to **end** homelessness for more families and individuals, but also to substantially **prevent** homelessness by addressing significant barriers to maintaining housing stability.

The Vision: Housing Stability for All Minnesotans

Heading Home advances the vision of housing stability for all Minnesotans. Housing stability means access to a safe and affordable place to live, as well as the resources and supports to maintain stable housing. Housing stability also means that people have choices in where they live, and if and when they move.

This plan focuses on solving the most egregious form of housing instability: homelessness. It recognizes that by preventing and ending homelessness, we will create a foundation for success for a broad spectrum of Minnesotans whose housing stability is continually at risk. Recognizing the importance of this vision, Minnesota's progress on ending homelessness is included in Governor Dayton's statewide dashboard of critical indicators for Minnesota.

The Minnesota Interagency Council on Homelessness, which includes the Commissioners of 11 State agencies and the Governor's office, developed and released *Heading Home* in December 2013. Over the past two years, the Council led implementation of this two-year action plan. This update releases strategies and actions for 2016 and 2017.

The *Heading Home* plan also leverages and is reinforced by the work of several other State plans and initiatives, including [Minnesota's Olmstead Plan](#), which ensures people with disabilities have access to integrated housing choices, and the [Children's Cabinet](#). For a complete list of State plans and initiatives that are aligned with *Heading Home*, please refer to the "Acknowledgments" section.

Stable housing results in better educational outcomes for our children, a stronger workforce now and in the future, increased public safety, better health, reduced health care costs, and reduced disparities among communities.

What It Means to Prevent and End Homelessness

An end to homelessness does not mean that no one will ever experience a housing crisis again. Changing economic realities, the unpredictability of life and unsafe or unwelcoming family environments may create situations where individuals, families, or youth could experience or be at risk of homelessness. The United States Interagency Council on Homelessness (USICH) recently issued an operational definition of what it means to end homelessness. That definition is:

An end to homelessness means that every community will have a systematic response in place that ensures homelessness is prevented whenever possible or is otherwise a rare, brief, and non-recurring experience.

Specifically, every community will have the capacity to:

- *Quickly identify and engage people at-risk of and experiencing homelessness.*
- *Intervene to prevent the loss of housing and divert people from entering the homelessness services system.*
- *Provide immediate access to shelter and crisis services, without barriers to entry, while permanent stable housing and appropriate supports are being secured.*
- *When homelessness does occur, quickly connect people to housing assistance and services—tailored to their unique needs and strengths—to help them achieve and maintain stable housing.*

The Minnesota Interagency Council on Homelessness has adopted and aligned *Heading Home* with this Federal definition. Each component of this definition – that homelessness will be **prevented** whenever possible, and otherwise will be **rare**, **brief**, and **non-recurring** – is important to ensure that Minnesota's response to homelessness is sufficiently robust to achieve and sustain an end of homelessness.

Accomplishments to Date: Highlights from the First Two Years of Heading Home

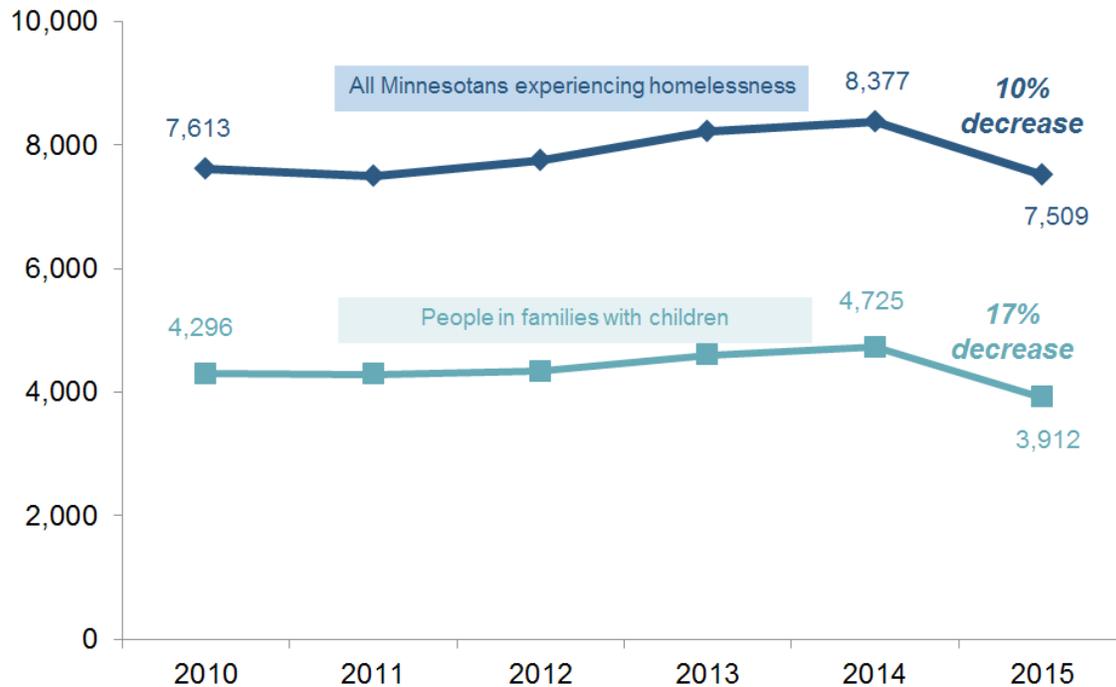
Implementing *Heading Home's* strategies and actions for its first two years (2014 and 2015) established a strong foundation of success, partnership, and learning. Key accomplishments of the State and its many public and private partners include:

- Achieving the first decline in homelessness since 2011, including the fifth largest decrease in family homelessness nationwide.
- Investing \$110 million in bonding to create or preserve more than 4,000 units of affordable and supportive housing.
- Creating and implementing Minnesota's Homeless Veterans Registry, ensuring that the appropriate housing and services are available for every Veteran experiencing homelessness.
- Establishing a uniform and streamlined PIT count process to strengthen data on homelessness.
- Increasing resources for homeless youth and youth who are victims of sexual exploitation.
- Establishing a State plan to reduce barriers to transportation for Minnesotans facing housing instability.
- Developing consistent statewide policy and practices to guide the implementation of Coordinated Entry systems in partnership with Minnesota's 10 Continuums of Care, ensuring that people experiencing homelessness are connected with the most effective and appropriate resources.
- Setting and beginning implementation of significant reforms to Minnesota's Homeless Management Information System, needed to create the data necessary to measure progress and make informed decisions about homelessness programs and policies.
- Developing and beginning to implement Foundational Service Practices, which help organizations adapt to better serve the unique needs of people experiencing homelessness.

Homelessness in Minnesota

The 2015 PIT count – held on January 22, 2015 – identified 7,509 Minnesotans experiencing homelessness. This represents a **10 percent decrease in all homelessness and a 17 percent decrease in homelessness among families** compared with the previous year's count. These are encouraging results, representing the first overall decrease since 2011. The PIT count also documented that homelessness among Veterans had decreased by 54 percent between 2010 and 2015. These results show that ending homelessness is possible and bolster additional efforts to prevent and end homelessness.

2015 Point-in-Time Count of People Experiencing Homelessness



The 2015 PIT count also helped identify areas where more work is needed:

- Unsheltered homelessness in Minnesota increased by nearly 6 percent between 2014 and 2015. Better counting, especially in Greater Minnesota, contributed to the increase and provided a more accurate understanding of the scope and distribution of unsheltered homelessness.
- A total of 942 youth under age 25 who were unaccompanied by a parent or guardian were experiencing homelessness, including 145 minors (under age 18).
- 266 youth under age 25 were experiencing homelessness while parenting children of their own, including 12 homeless parenting minors. Parenting youth had a total of 366 children with them.
- There was a 27 percent increase in the number of people experiencing chronic homelessness in Minnesota. Chronic homelessness includes individuals or families with a disability who have been homeless for at least one year or on four or more occasions in the last three years.

Reliably identifying people experiencing or at risk of homelessness poses a central challenge for efforts to prevent and end homelessness. Significantly more information about the prevalence and characteristics of people experiencing homelessness exists in Minnesota than many other states, largely because the Wilder Research Center has conducted a Statewide Survey of People Experiencing Homelessness (“the Wilder Survey”) every

three years since 1988. Many Minnesota communities and agencies have used the Wilder Survey data to inform their approaches to ending homelessness.

At the same time, communities in Minnesota and across the country have become increasingly sophisticated and consistent in how progress toward ending homelessness is documented and measured annually. On a single night in January each year, Minnesota's 10 Continuum of Care (CoC) regions conduct the PIT count of people experiencing homelessness. Volunteers and staff engage people experiencing homelessness in shelters, drop-in centers, transitional housing programs, and unsheltered locations to identify individuals and families experiencing homelessness. The count does not include people living in overcrowded or "doubled-up" settings.

Because it provides information annually and is a nationwide count, Minnesota relies on the PIT count to measure progress statewide in preventing and ending homelessness. In 2015, CoCs and the State implemented many improvements for the PIT count, including new survey tools used consistently statewide, improvements in how Veterans were identified, consistent training for volunteers, and use of data from the Homeless Management Information System (HMIS). These changes helped identify people who would not have been counted in previous years and make Minnesota's 2015 PIT count the most confident estimate of homelessness statewide yet.

Efforts to identify people experiencing homelessness will always be challenging and incomplete. While 2015's count may be the strongest yet, PIT counts always represent **minimums** for the number of Minnesotans facing homelessness at any point in time. The benefit of these counts derives from documenting trends and progress, rather than conclusively resolving the scale of the problem of homelessness in Minnesota at any point in time.

Significant disparities in the rates of homelessness for some Minnesotans are well documented, including Minnesota's populations of color and American Indians; Minnesotans with disabilities; and lesbian, gay, bisexual, transgender, and questioning (LGBTQ) youth. For example, the 2012 Wilder Survey found disparities "most prevalent among African American and American Indian populations. These disparities have been relatively consistent since the statewide study began." In the 2012 study, African Americans comprised 38 percent of all adults experiencing homelessness, but only five percent of all adult Minnesotans. American Indian adults represented 10 percent of adults facing homelessness, though only one percent of adult Minnesotans. Minnesotans with disabilities are also over-represented among those experiencing homelessness. Youth identified as lesbian, gay, bisexual, transgender, and questioning (LGBTQ) are also significantly overrepresented among youth experiencing homelessness. Local data indicate that at least 15 percent of youth experiencing homelessness identify as LGBTQ, and national research suggests that the percentage may be even higher.

Heading Home uses the Point-in-Time count as the primary measure of Minnesota's progress preventing and ending homelessness. The Minnesota Interagency Council on Homelessness and its member agencies will also continue to use other available data sources, including the Wilder Survey, counts of Minnesota students identified as homeless by schools and school districts over the course of a year, data from HMIS and State data systems, and other sources of information in helping to guide and shape efforts to end homelessness. Often, each data source comes with its own focus and limitations, which can include differing definitions of who is considered homeless. Using multiple sources of information when available can help corroborate findings and illuminate important subpopulations of Minnesotans facing homelessness and housing instability.

In addition, by June 2016, the Council will develop a series of implementation measures for the priorities and goals described in this plan. Where the Point-in-Time counts will serve as the measure of the overall impact of the plan, these implementation measures will be used to monitor the implementation and impact of specific strategies within the plan.

Guiding Principles

The guiding principles in this section include the approaches, philosophies and practices that serve as the foundation for *Heading Home*. These principles help ensure that services and programs are as effective as possible. The Minnesota Interagency Council on Homelessness promotes and supports these principles, and its member agencies will offer training and technical assistance to support their implementation. In addition, these principles will be integrated into policy development, program design, case management practice, and grant making processes wherever possible.

Services and supports provided through *Heading Home* will:

- **Prioritize a person's choice.** People experiencing homelessness should be able to choose housing among a variety of housing types and models. Services and supports should be voluntary, and there should be choice in who provides them.
- **Ensure equity in outcomes,** so that outcomes from Minnesota's efforts to end homelessness reflect the disproportionality of people of color and American Indians; people with disabilities; and lesbian, gay, bisexual, transgender, and questioning (LGBTQ) youth among Minnesotans experiencing homelessness.
- **Increase the cultural agility** of State agencies, their grantees and other institutions and organizations serving people experiencing homelessness, to increase the participation of communities disproportionately impacted by homelessness in efforts to end homelessness, and create stronger linkages with these communities to shape Minnesota's response to homelessness.

*The concept of **cultural agility**, as developed by the Council for Minnesotans of African Heritage, means that an institution employs individuals and entities with cultural and linguistic competence to diversify an institution's professional base, so that the institution exhibits congruent behaviors, attitudes, and policies to work effectively in cross-cultural situations, with diverse communities, to reduce institutional bias and discrimination. "Culture" refers to integrated patterns of human behavior that includes the language, thoughts, communications, actions, customs, beliefs, values, and institutions of racial, ethnic, religious, or social groups. "Competence" implies having the capacity to function effectively as an individual and an organization within the context of the cultural beliefs, behaviors, and needs presented by consumers and their communities. Cultural agility recognizes and helps ensure that cultural competence must be standard practice and that those desiring culturally-specific services have such services available.*

- **Respect individual rights.** Each person has privacy, dignity and respect, and should be free from coercion and restraint.
- **Support community integration.** *Heading Home* aligns with Minnesota's Olmstead Plan, which upholds a legal mandate to provide community-based services to persons with disabilities.
- **Remove barriers.** The goal is helping people get housing by minimizing barriers to housing and other services.
- **Focus on individual needs.** Services should be flexible, person-centered and adapt to a person or family's needs and preferences. Persons experiencing homelessness should participate in their own housing plan.

There are a number of tools and resources available to support these guiding principles. They include **evidence-based practices** (those that show evidence of positive outcomes based on peer-reviewed randomized controlled trials or other equivalently strong methodology) and **promising practices** (those supported by current clinical wisdom, theories, and professional and expert consensus).

The approaches supported by the Minnesota Interagency Council on Homelessness to promote the guiding principles include, but are not limited to:

- **Housing First:** An approach that expedites access to housing for people experiencing homelessness, and uses housing as a platform for addressing other needs or challenges, instead of approaches which establish expectations or thresholds for housing “readiness.”
- **Permanent Supportive Housing Evidence-Based Practice:** A documented evidence-based practice that provides guidance on seven dimensions of effective Permanent Supportive Housing targeted for people with Serious Mental Illness—choice in housing and living arrangements; functional separation of housing and services; decent, safe, and affordable housing; community integration; rights of tenancy; access to housing and privacy; and flexible, voluntary, and recovery-focused services.
- **Trauma-informed care:** A strengths-based service delivery approach that recognizes the impact of trauma and promotes safety for service providers and trauma survivors, fostering survivors’ sense of control and empowerment.
- **Person-centered thinking and planning:** A set of values, skills and concrete, easy to use tools to assist people and those supporting them to understand what is important to them, how they wish to live, and how to move forward with those wishes.

In addition to these specific approaches, the Minnesota Interagency Council on Homelessness intends to promote continued innovation and development of best practice in collective efforts to end homelessness in Minnesota, to ensure that Minnesota’s efforts and resources to end homelessness achieve the greatest impact possible.

Organization of the Plan

The ultimate objective of *Heading Home* is to prevent and end homelessness for all Minnesotans. *Heading Home* specifies eight cross-cutting priorities that impact many people experiencing homelessness and that help end homelessness for all. The eight cross-cutting priorities are as follows:

1. **Housing that’s Affordable** – Create additional affordable and supportive housing and engage public housing agencies and landlords to increase housing opportunities for people experiencing homelessness.
2. **Employment and Earnings** – Ensure that people experiencing homelessness have access to career pathways by enhancing the delivery and targeting of employment and training services; maximizing the impact of federal resources; and engaging other critical stakeholders.
3. **Equity in Outcomes** – Engage and learn from communities disproportionately impacted by homelessness and organizations serving these communities; ensure equity in housing outcomes; and increase cultural competency in housing and services.
4. **Streamlined and Accessible Systems and Services** – Leverage Medicaid, Social Security benefits, and other mainstream programs; target available resources strategically; increase access to transportation; and implement evidence-based practices.
5. **Resource Coordination** – Support establishment and implementation of Coordinated Entry systems statewide; improve homeless specific legislative coordination; and implement coordinated grant making across state-funded homelessness program.
6. **Data Quality and Analysis** – Maximize use of data to improve systems and response to people experiencing homelessness through strengthening Minnesota’s Homeless Management Information System (HMIS) and connecting HMIS to other data sources.
7. **Transitions from Systems** – Improve discharge and transition planning, coordination and handoffs to prevent homelessness and ensure people at risk of homelessness are connected to needed supports.
8. **Engagement of Communities** - Establish region-specific strategies and increase engagement with counties, tribes and communities, including their public safety bodies, and other local stakeholders.

The plan includes three different types of strategies for each cross-cutting priority:

- Using existing resources well: Each cross-cutting priority identifies strategies to help **maximize the impact of existing resources**.
- Identifying resource gaps and opportunities for increased impact: Each cross-cutting priority includes strategies intended to **evaluate opportunities and impact**.
- Identifying additional resources needed to end homelessness in Minnesota: Having maximized the impact of existing resources and identified other opportunities, each cross-cutting priority identifies strategies to **build Minnesota's capacity to prevent and end homelessness**.

As critical milestones toward ensuring housing stability for all Minnesotans, this update to the *Heading Home* plan affirms and revises the plan's goals for preventing and ending homelessness for specific populations of Minnesotans. The four population-specific goals are to:

1. **Resolve and prevent future Veteran homelessness.**
2. **End chronic homelessness by the end of 2017.**
3. **Prevent and end homelessness among youth unaccompanied by parents or guardians by the end of 2020.**
4. **Prevent and end homelessness among families with children by the end of 2020.**

These goals align with revised federal goals that reflect changes in the goal status (e.g., sustaining the end of homelessness among Veterans) and clarified definitions of specific populations (e.g., youth unaccompanied by parents or guardians, which clarifies that youth parenting children of their own are included).

The plan includes a detailed list of strategies for each of the eight cross-cutting priorities and four population goals. For each strategy, the plan defines a specific set of actions that State agencies will undertake, including the agency or agencies responsible for leading the effort and the timing for that action to occur. A list of agencies and specific State resources referenced in this plan appears on page 43.

The Council recognizes that there are other populations experiencing or at risk of homelessness where additional focus will be helpful. Over the next two years, the Council will explore and may pursue additional actions for these populations, including seniors; people with criminal histories; asylum seekers, immigrants, and migrant workers; and survivors of domestic violence.

1

Cross-Cutting Priority: Housing that's Affordable

Because stable housing is out of reach for far too many Minnesotans, the Minnesota Interagency Council on Homelessness will...

- Engage all partners in creating 5,000 affordable and supportive housing opportunities for Minnesotans experiencing or at risk of homelessness by the end of 2020, using resources from a variety of sources including but not limited to State investments.
- Target households with incomes less than 30 percent of the Area Median Income (AMI) for these affordable and supportive housing opportunities, so that these housing opportunities are used to prevent and end homelessness and support the goals of this plan.

Strategy 1

Engage all partners to create 5,000 additional housing opportunities from a variety of sources targeted to prevent and end homelessness, including supportive housing and housing affordable for households with incomes less than 30 percent of the Area Median Income (AMI).

Action	Lead State Agency	Timeline
a. Launch a call to action for all partners to help create additional housing opportunities, reflecting the need for significant participation of all partners to reach <i>Heading Home's</i> population goals.	MN Housing Governor's Office	January 2016
b. Identify the capital, rental assistance and supportive services needed to create 5,000 housing opportunities, including contributions from state agencies.	MN Housing DHS	March 2016
c. Advocate for increased Federal investments, including the National Housing Trust Fund, U. S. Department of Housing and Urban Development (HUD) Homeless Assistance Grant funding, and other funding opportunities.	MN Housing	Ongoing

Action	Lead State Agency	Timeline
d. Implement 2015 legislative changes to Group Residential Housing (GRH) that provide quality assurance and incentives for people to work, and propose additional reforms, specifically housing assistance.	DHS	January 2017
e. Partner with public housing agencies (PHAs) and Tribal Housing Departments in communities with highest concentrations of homelessness to identify strategies to target available rental assistance and public housing and to leverage housing development opportunities.	MN Housing	March 2016
f. Assist communities in identifying incentives, such as risk mitigation funds or rent subsidy advances, to encourage landlords to house people experiencing or at risk of homelessness.	OTPEH MN Housing	Ongoing
g. Continue to refine goals for creating new housing opportunities by using new data that becomes available.	MN Housing	Ongoing

2 *Cross-Cutting Priority: Employment and Earnings*

Because a decent paying job is the best defense against homelessness, the Minnesota Interagency Council on Homelessness will...

- Maximize the impact of current mainstream employment and training resources to the benefit of those who are at risk of or experiencing homelessness.
- Evaluate and inform new opportunities in the larger environment with a particular focus on federal program changes that effectively increase incentives to serve populations with barriers to employment.
- Build capacity of programs and systems that serve employment needs of people experiencing homelessness through strategic use of technical assistance, guidance and growth of financial resources available for employment and training services.
- Help ensure that all Minnesotans have access to a career pathway, including those at-risk of and experiencing homelessness.

Strategy 1

Maximize impact of mainstream employment and training services.

Action	Lead State Agency	Timeline
a. Through Coordinated Entry Systems (CES), capture a basic level of information to make referrals to relevant employment and training programs, in addition to recommended housing options.	DEED DHS OTPEH	December 2016
b. Expand the use of the Council's <i>Foundational Service Practices</i> , across publicly funded workforce programs.	DEED	December 2017

Strategy 2

Evaluate and inform new opportunities in larger environment.

Action	Lead State Agency	Timeline
a. Include Interagency Council on Homelessness in statewide planning for implementation of the Workforce Innovation and Opportunity Act (WIOA) to ensure homeless-specific strategies are incorporated.	DEED OTPEH	December 2016
b. Disseminate and educate on policy changes that will improve employment options and incentives for people with disabilities (including the Olmstead Plan and GRH reform).	OTPEH	December 2016
c. Prioritize proven practices to serving employment needs of people experiencing homelessness.	DEED	December 2017

Strategy 3

Build capacity of programs and systems that serve employment needs of individuals experiencing homelessness.

Action	Lead State Agency	Timeline
a. Leverage available technical assistance to grow understanding of “what works” and the resources available to serve employment needs of job seekers experiencing homelessness.	DEED DHS OTPEH	December 2016
b. Grow the resources available through use of SNAP Employment and Training 50% reimbursement option.	DHS DEED	December 2016
c. Disseminate toolkits and guidance for housing and workforce practitioners and policy makers through the Governor’s Workforce Development Board (GWDB) and others, e.g., WIOA guidance to local workforce boards on strategies to meet needs of homeless job seekers and a practitioner’s guide to the public workforce system.	DEED	December 2016
d. Improve the connection of employment and training opportunities with transitional and supportive housing to increase ability for housing participants to connect to “next step” or more independent living situations.	MN Housing DHS DEED	December 2017

Strategy 4

Expand on-ramps and work experience opportunities that link to career pathways.

Action	Lead State Agency	Timeline
a. Pilot career and employment “navigators” and establish services designed to connect job seekers experiencing homelessness to career pathways (as has been done in other jurisdictions).	DEED	December 2016
b. Expand work experience opportunities that include rapid attachment to employment.	DEED	December 2017

3

Cross-Cutting Priority: Equity in Outcomes

Because homelessness disproportionately impacts Minnesota’s communities of color; American Indians; people with disabilities; and lesbian, gay, bisexual, transgender, and questioning (LGBTQ) youth, the Minnesota Interagency Council on Homelessness will...

- Increase the cultural agility and cultural competence of State agencies and their grantees in responding to homelessness.
- Ensure that outcomes achieved by State housing and employment programs achieve equitable results across all populations experiencing homelessness.
- Ensure that Minnesota's collective efforts to end homelessness are diverse, inclusive, competent and effective.
- Make equal opportunity a practice that eradicates disparities, and ensures compliance with human and civil rights law.

Strategy 1

Establish ongoing leadership and accountability for progress.

Action	Lead State Agency	Timeline
a. Create an Equity Team to provide ongoing leadership and accountability for progress, with semi-annual reports to the Senior Leadership Team.	Senior Leadership Team	January 2016
b. Identify and report out specific options for increasing the focus on achieving Equity in Outcomes across all of the <i>Heading Home</i> plan's cross-cutting priorities.	Equity Team	December 2016

Strategy 2

Monitor equity in engagement and outcomes achieved by State homelessness programs.

Action	Lead State Agency	Timeline
a. Establish baseline equity measures comparing housing and employment outcomes achieved through Minnesota’s homelessness programs and update and monitor these performance measures over time.	Equity Team	December 2016 and ongoing

Strategy 3

Improve equity in access to opportunity and representation among those ending homelessness.

Action	Lead State Agency	Timeline
a. Identify potential capacity building resources for organizations from communities disproportionately impacted by homelessness, specifically intended to reach and help build the capacity of organizations that may not currently qualify or compete effectively as grantees for State programs and grants, given grant-making processes and procurement requirements.	OTPEH MN Housing DHS	June 2016
b. Convene semi-annual community roundtable discussions organized by State Councils with representatives of State homelessness programs and communities disproportionately impacted by homelessness to provide advice and guidance on <i>Heading Home's</i> progress achieving equity in outcomes.	State Councils	December 2016
c. Identify options for State homelessness programs to increase availability of culturally-specific programs serving Minnesotans from communities disproportionately impacted by homelessness.	MN Housing DHS	August 2016

4

Cross-Cutting Priority: Streamlined and Accessible Systems and Services

Because food, health care, mental health and chemical health services, early childhood programs, transportation and childcare, must be easily accessible for people experiencing homelessness, the Minnesota Interagency Council on Homelessness will...

- Align and maximize publicly-funded health, income, transportation, and social services to help families and individuals avoid homelessness.
- Better support those who are experiencing homelessness by improving connections to services and decreasing barriers to access.

Strategy 1

Align mainstream systems to better support those experiencing homelessness.

Action	Lead State Agency	Timeline
a. Identify top promising opportunities for improving mainstream systems from review conducted in 2014. Prioritize opportunities for mental health and chemical health programs for implementation in 2016-2017.	All	December 2017
b. Expand implementation of <i>Foundational Service Practices</i> to ensure mainstream systems are accessible to people experiencing homelessness.	All	Plan for expansion completed by July 2016

Strategy 2

Maximize the use of health care funds to promote increased health through housing stability.

Action	Lead State Agency	Timeline
a. Develop policy recommendations and strategies to access Medicaid coverage for housing related activities and services for people with disabilities experiencing or at-risk of homelessness. Connect people experiencing homelessness to these and other Medicaid services to help improve housing stability.	Medicaid and Housing Supports Working Group (DHS) MN Housing	March 2016

Strategy 3

Improve stability for people experiencing homelessness by connecting them to federal benefits.

Action	Lead State Agency	Timeline
a. Build statewide capacity of the SOAR (SSI/SSDI Outreach, Access and Recovery) program so that each person with a disability experiencing homelessness has access to an advocate to assist them with the Social Security Application process.	DHS	December 2017
b. Provide information and technical assistance to the Area Agencies on Aging to connect seniors experiencing homelessness to services and resources for housing.	DHS	December 2017

Strategy 4

Support and implement use of evidence-based practices, culturally specific strategies, and other promising approaches in mainstream systems to improve housing stability outcomes.

Action	Lead State Agency	Timeline
a. Connect people with a disability experiencing homelessness with Mainstream Systems to explore opportunities to be in the most integrated setting of their choice.	DHS Olmstead Office OTPEH	December 2017
b. Establish best practice guidelines and provide training on trauma-informed care for domestic and sexual violence victim service providers.	DPS	December 2016

Strategy 5

Increase access to transportation for those experiencing housing instability.

Action	Lead State Agency	Timeline
a. Continue to gather information on transportation barriers by adding transportation-specific questions to HMIS central intake, and analyzing the data received from the newly added transportation related questions in the 2015 Wilder survey.	MnDOT	June 2016
b. Establish policy, develop tools, and train MnDOT staff to have more effective interactions with people experiencing homelessness.	MnDOT	July 2016
c. Include strategies and actions to address transportation barriers in the five-year update to the <i>Greater Minnesota Transit Investment Plan</i> .	MnDOT	December 2016
d. Align work to address transportation barriers for those experiencing housing instability with MnDOT's work on the Olmstead Plan to "expand access to reliable, cost-effective, and accessible transportation choices that support the essential elements of life such as employment, housing, education, and social connections" to people with disabilities.	MnDOT	December 2017

5

Cross-Cutting Priority: Resource Coordination

Because resources must be used effectively to stably house and prevent homelessness for more Minnesotans, the Minnesota Interagency Council on Homelessness will...

- Improve grant making across homeless-specific funding streams.
- Work with local communities to implement a coordinated statewide system to provide the right services at the right time for families and individuals experiencing homelessness.
- Coordinate homeless-specific State and federal legislative efforts.

Strategy 1

Implement coordinated grant making across State-funded homelessness programs.

Action	Lead State Agency	Timeline
a. Refine and implement the Coordinated Grant Making Draft Action Plan which was previously established by the Resource Coordination Working Group in November 2015.	MN Housing DHS	December 2016

Strategy 2

Support establishment and implementation of Coordinated Entry systems statewide.

Action	Lead State Agency	Timeline
a. Support implementation of Coordinated Entry systems in partnership with all 10 Minnesota Continuum of Care Regions across the state, identifying needed governance structure, capacity issues, and communication and coordination processes.	OTPEH MN Housing DHS	January 2016
b. Develop a plan to have a robust analysis of Coordinated Entry and HMIS data, once available, to identify needs and gaps, and to more effectively target investments.	OTPEH MN Housing DHS	December 2017

Strategy 3

Improve homeless-specific legislative coordination (both State and Federal).

Action	Lead State Agency	Timeline
a. Establish and maintain a coordinated legislative agenda across all Council agencies.	OTPEH Olmstead Office	March 2016
b. Engage the Minnesota Congressional delegation in the work of the <i>Heading Home</i> plan to increase the Federal investments being made toward housing stability for all Minnesotans.	OTPEH MN Housing	January 2016

6

Cross-Cutting Priority: Data Quality and Analysis

Because high quality data drives better planning, policy and results, the Minnesota Interagency Council on Homelessness will...

- Strengthen Minnesota's Homeless Management Information System (HMIS).
- Connect HMIS with other data sources that can guide program and policy development, research, and evaluation.

Strategy 1

Maximize use of data to improve systems and responses to people experiencing and at risk of homelessness.

Action	Lead State Agency	Timeline
a. Continue implementing strategic reforms to Minnesota's HMIS to maximize its impact on practice, policy, and targeting of resources.	MN Housing (as HMIS Lead Agency)	Ongoing
b. Continue working with HMIS local system administrators to support access to the HMIS data needed to guide local decisions and efforts.	MN Housing (as HMIS Lead Agency)	Ongoing
c. Working with HMIS stakeholders, review and adopt a sustainable funding plan for HMIS being developed by the HMIS Advisory Task Force.	MN Housing (as HMIS Lead Agency)	August 2016
d. Analyze options and viability to add the HMIS to the data warehouse as administered by the Minnesota Department of Human Services.	DHS MN Housing (as HMIS Lead Agency)	April 2017

7 *Cross-Cutting Priority: Transition from Systems*

Because improving transitions from systems of care is critical to preventing homelessness, the Minnesota Interagency Council on Homelessness will...

- Better coordinate and target existing resources to ensure consistency and effectiveness of transition services.
- Ensure that corrections and child welfare systems are responsive to the needs of individuals and will ensure necessary supports are in place to prevent homelessness upon exit from these systems.
- Have a strong understanding of the relationship between homelessness and discharge from systems.

Strategy 1

Establish better coordination between the three correctional delivery systems to ensure consistency and effectiveness of transition services for youth.

Please note: The three correctional delivery systems in Minnesota are: 1) Minnesota Department of Corrections (DOC), 2) Minnesota Community Corrections Act Counties (MACCAC), and 3) Minnesota Association of County Probation Office Counties (MACPO).

Action	Lead State Agency	Timeline
a. Convene the three correctional delivery systems to develop recommendations on eligibility and standards for receiving transition services, and clarify responsible party in Minn. Stat., section 260B.240.	DOC	December 2016
b. Ensure successful transition from juvenile corrections placements by requiring the development of realistic and viable independent living/transition plans for all youth in juvenile justice placements.	DOC	December 2017
c. Explore data sharing options for youth involved in the juvenile justice, child welfare, and education systems to increase case coordination.	DOC DHS MDE	December 2017

Strategy 2

Increase effectiveness of transitional services for older minor youth.

Action	Lead State Agency	Timeline
a. Develop and enhance training and oversight efforts to make sure extended foster care is available to all eligible youth aging out of foster care, consistent with Fostering Connections to Success and Increasing Adoption Act of 2008.	DHS	December 2016
b. Support the establishment of a committee to develop the foster child/youth bill of rights to incorporate assurances for youth before their foster care exit.	DHS	December 2017
c. Ensure consistent application of Fostering Connections and the provision of notifying youth about their rights to remain in care from age 18-21.	DHS	December 2017
d. Increase connections between juvenile justice, mental health and child protection systems in order to align efforts around transition age youth.	DHS DOC	December 2017

Strategy 3

Ensure that individuals being discharged from correctional facilities have necessary supports in place.

Action	Lead State Agency	Timeline
a. Enhance exit planning processes for offenders identified as homeless at time of entry or at high risk of homelessness upon exit by providing more intensive services to this population prior to release. Connect this work with the Minnesota Statewide Implementation of Recidivism Reduction (MNSIRR) which is focused initially on the highest risk offenders in the 11 most populated counties.	DOC	December 2016
b. Provide training to all staff involved in release planning activities on available programs and resources designed for individuals with disabilities and people experiencing homelessness.	DOC	December 2016

Strategy 4

Establish data collection to show the relationship between homelessness and discharge from correctional placements.

Action	Lead State Agency	Timeline
a. Track and report individuals who are involved in the corrections systems and are discharged into homelessness. Report on outcomes of DOC housing-targeted resources.	DOC	December 2016

8

Cross-Cutting Priority: Engagement of Communities

Because homelessness involves many partners who must collaborate effectively to end homelessness the Minnesota Interagency Council on Homelessness will...

- Engage with Tribal, county, regional, faith and community partners across the state to prevent and end homelessness at all levels.

Strategy 1

Educate the public on the scope, causes, costs and solvability of homelessness.

Actions	Lead State Agency	Timeline
a. Partner with Continuums of Care and private funders to create opportunities at the local level and statewide to educate the public on the state's efforts to prevent and end homelessness.	OTPEH	Ongoing

Strategy 2

Build a shared vision of Housing Stability for all Minnesotans among all 87 Minnesota County Boards of Commissioners and 11 Tribal Councils.

Action	Lead State Agency	Timeline
a. Partner with Minnesota counties through the Association of Minnesota Counties and direct engagement of county leadership to align efforts to achieve housing stability for all Minnesotans.	OTPEH	December 2017
b. Continue partnering with Minnesota Tribes in their efforts to ensure housing stability across Tribal nations in Minnesota. Specifically, continue partnering on the work of examining and addressing barriers that prevent Tribal nations from directly accessing funding designed to end homelessness.	DHS	Ongoing

Strategy 3

Strengthen connections between county, state, and Tribal Governments to ensure alignment of priority and policy direction, shared resources and collaboration.

Action	Lead State Agency	Timeline
a. Work with the DHS County Relations Director to engage and coordinate with county leadership and partners on the work of the Interagency Council.	OTPEH DHS	December 2017
b. Attend monthly MACSSA (Minnesota Association of County Social Service Administrators) meetings to exchange information and facilitate strong partnership.	OTPEH	December 2016
c. Continue building relationships with the Minnesota Association of Community Corrections Act Counties (MACCAC) and the Minnesota Association of County Probation Officers (MACPO) to better align strategies, services, data and outcomes.	DOC OTPEH	Ongoing
d. Engage and explore partnership opportunities with the Minnesota Sheriff's Association on efforts to achieve housing stability for all Minnesotans.	DOC OTPEH	December 2016
e. Explore where toolkits would be beneficial to inform and empower counties, sheriffs, local government and civic bodies on the resources and opportunities they can leverage to increase housing options in their communities and counties.	OTPEH MN Housing DHS DOC	December 2017

Strategy 4

Increase partnerships with regional and metro transportation bodies.

Action	Lead State Agency	Timeline
a. Continue MnDOT's active participation in the Minnesota Council on Transportation Access (MCOTA) which includes engaging with the Regional Transportation Coordinating Councils in their work and adding a Continuum of Care employee to each Council to address barriers to transportation for those experiencing homelessness.	MnDOT	December 2017
b. Engage the Met Council (Metro Transit) in the work of <i>Heading Home</i> in efforts to reduce transportation barriers to accessing supports and resources.	OTPEH	March 2016

1

Population Goal: **Resolve and Prevent Future Veteran Homelessness**

Because Minnesota is poised to end Veteran homelessness and the lessons learned pave the path to ending homelessness among all Minnesotans, the Minnesota Interagency Council on Homelessness will...

- Continue actively identifying Veterans at risk of or experiencing homelessness.
- Sustain resources to prevent Veteran homelessness and to assist Veterans facing homelessness to rapidly connect with housing.
- Develop and apply best practices in targeting homeless prevention resources.
- Apply the lessons learned from ending Veteran homelessness to other populations.

Strategy 1

Expand use of the [Homeless Veteran Registry](#).

Action	Lead State Agency	Timeline
a. Expand the purpose of and partners involved in the Homeless Veteran Registry to support Veterans at risk of homelessness, clarifying the definition of "at risk."	MDVA	December 2016
b. Identify and make changes needed in the Registry to apply its approach to other populations experiencing homelessness.	MDVA	March 2016

Strategy 2

Increase identification of Veterans and rapid connections to appropriate services.

Action	Lead State Agency	Timeline
a. Develop prevention screening questions and referral protocols for Coordinated Entry to identify and link Veterans to appropriate resources.	MDVA	January 2016
b. Scope out and evaluate implementing more effective ways to determine Veteran status from available HMIS data.	MDVA	July 2016

Strategy 3

Increase impact of existing housing resources and enhance capacity.

Action	Lead State Agency	Timeline
a. Monitor improved access to landlords based on Mayoral engagement, and identify alternative or complementary strategies as needed.	MDVA	July 2016
b. Regularly convene VA and public housing agencies (PHAs) delivering HUD-VASH to identify other potential process improvements.	MDVA	December 2016
c. Add SOAR workers to MDVA's portfolio of services and promote this capacity widely.	MDVA	June 2016
d. Engage Veteran Home leadership to explore ways to increase viability of Veteran Homes, especially domiciliary beds, for Veterans with significant barriers to housing.	MDVA	December 2016

2

Population Goal: End Chronic Homelessness in 2017

Because Minnesotans experiencing chronic homelessness are among our most vulnerable people and because ending chronic homelessness is both **compassionate and fiscally responsible**, the **Minnesota Interagency Council on Homelessness** will...

- End chronic homelessness in 2017, meaning that chronic homelessness is prevented wherever possible and when it occurs, it is rare, brief, and non-recurring.
- Sustain an end to chronic homelessness, and apply the lessons learned from ending chronic homelessness to other populations.

Strategy 1

Increase capacity to end chronic homelessness in 2017.

Action	Lead State Agency	Timeline
a. Advocate for Federal investments to end chronic homelessness.	MN Housing	March 2016
b. Implement and pursue reforms to the Group Residential Housing (GRH) program.	DHS MN Housing	March 2016
c. Align chronic homelessness efforts with the Olmstead Plan; explore and develop joint advocacy about people with disabilities experiencing homelessness.	Olmstead Office DHS	July 2016

Strategy 2

Maximize existing resources to end chronic homelessness.

Action	Lead State Agency	Timeline
a. Assess the impact of aligning Minnesota's definition of long-term homelessness with the Federal definition of chronic homelessness; and if appropriate, identify strategies (e.g., prioritization tiers) to mitigate any unintended consequences.	MN Housing DHS	September 2016

Action	Lead State Agency	Timeline
b. Develop unified guidance across State programs about targeting and prioritizing services for the most vulnerable members of eligible populations and provide this guidance to grantees and other relevant stakeholders.	DHS MN Housing	December 2016
c. Determine feasibility of establishing a person-by-person approach for ending chronic homelessness, modeled after the Homeless Veteran Registry and other successful local initiatives.	OTPEH	March 2016
d. Identify and implement approaches to “step-down” housing that will create supportive housing vacancies by moving current tenants to stable independent living.	MN Housing DHS	July 2016

Strategy 3

Prevent chronic homelessness wherever possible.

Action	Lead State Agency	Timeline
a. Identify priorities for data linkages or integration (e.g., HMIS with healthcare data), as well as other strategies to identify most vulnerable populations, including Minnesotans at risk of experiencing chronic homelessness.	OTPEH MN Housing (as lead HMIS entity)	January 2017
b. Explore targeting available rapid re-housing and homeless prevention services to households with multiple episodes of homelessness who may not yet qualify as chronically homeless.	MN Housing DHS	January 2017
c. Reduce the impact of criminal histories on homelessness by exploring policy reforms and providing education and information to landlords and employers about community supervision and working with ex-offenders and supervising agents.	DOC MDHR MN Housing	July 2016
d. Enhance exit planning processes for offenders identified as homeless at time of entry or at high risk of homelessness upon exit. Connect this work with the MN Statewide Implementation of Recidivism Reduction (MNSIRR) which is focused initially on the highest risk offenders in the 11 most populated counties.	DOC	December 2016

3 *Population Goal: Prevent and End Homelessness among Youth Unaccompanied by Parents or Guardians in 2020*

Because more than 900 young people experience homelessness in Minnesota on any given night and because youth experiencing homelessness are often prey to violence and exploitation, the Minnesota Interagency Council on Homelessness will...

- End homelessness among minors unaccompanied by their parents or guardians and youth parenting their own children in 2017.
- Increase the role and impact of youth-serving systems to support young people facing homelessness.
- Better identify and support youth facing homelessness in partnership with our local delivery systems.

Strategy 1

Ensure that the child welfare system has an appropriate response for older minor youth.

Action	Lead State Agency	Timeline
a. Build authority and capacity of child welfare system to assist older minors (age 15-17) who are homeless without parental care.	DHS	December 2017
b. Strengthen the appeal process for eligible youth denied services through the child protection system.	DHS	December 2017
c. Design and establish a response system to meet the specific needs of older minor youth who are homeless without parental support.	DHS	December 2017

Strategy 2

Increase effectiveness of transitional services for older minor youth.

Action	Lead State Agency	Timeline
a. Develop and enhance training and oversight efforts to make sure extended foster is available to all eligible youth aging out of foster care, consistent with the Fostering Connections to Success and Increasing Adoption Act of 2008.	DHS	December 2017
b. Support the establishment of a committee to develop the foster child/youth bill of rights to incorporate assurances for youth before their foster care exit.	DHS	December 2017
c. Ensure consistent application of Fostering Connections and the provision of notifying youth about their rights to remain in care from age 18-21.	DHS	December 2017
d. Increase connections between juvenile justice, mental health and child protection systems in order to align efforts around transition age youth.	DHS DOC MDH	December 2017
e. Establish a provisional discharge option for youth who choose to leave the child welfare system that preserves their eligibility for Fostering Connections supports.	DHS	December 2017

Strategy 3

Increase housing options for youth.

Action	Lead State Agency	Timeline
a. Explore ways to increase support of informal housing options and youth's existing support network (such as informal host homes) by examining current funding and licensing requirements.	DHS	December 2016
b. Increase funding and support services that are available to family/kin and other natural supports that would result in youth being able to remain housed with their family/kin/natural supports.	DHS	December 2016

Strategy 4

Support education systems in identifying and responding to the needs of homeless and highly mobile youth.

Action	Lead State Agency	Timeline
a. Provide and implement consistent expectations and accountability for the McKinney-Vento school liaisons across districts.	MDE	June 2016
b. Establish regional groups of liaisons across the state to provide peer support and troubleshooting, and a venue to share best-practices and trainings.	MDE	December 2016
c. Partner with Superintendents to advance the work of the Minnesota Interagency Council on Homelessness and the important role their districts play in furthering the vision of Housing Stability for all Minnesotans.	MDE	December 2016
d. Strengthen the relationship between Early Education, K-12, and Higher Education Systems in their work with children and families experiencing homelessness.	MDE OHE	December 2017
e. Work with higher education institutions to develop a process to identify homeless students registered at their postsecondary institution, connect them to existing resources and track outcomes.	OHE	December 2016
f. To facilitate retention and completion of a certificate or degree, work with postsecondary institutions to develop policies and procedures to effectively support students who are homeless, or at risk of being homeless, while pursuing postsecondary education.	OHE	December 2017

Strategy 5

Increase incomes for youth who are homeless or at-risk of homelessness.

Action	Lead State Agency	Timeline
a. Expand connection with publicly funded workforce programs in WIOA.	DEED	June 2016
b. Ensure that state-funded job training and employment programs have realistic requirements and outcomes that reflect current job realities and the unique realities of youth who are homeless or at-risk of homelessness.	DEED	December 2016

4 *Population Goal: Prevent and End Homelessness among Families with Children in 2020*

Because families with children comprise more than half of all people experiencing homelessness in Minnesota;

and because these children are more vulnerable to stress, depression, exposure to violence and developmental and educational delays;

and because parents in these families are too often victims of violence and were often homeless as children themselves, the Minnesota Interagency Council on Homelessness will...

- End homelessness among parenting youth in 2017.
- Make Minnesota's mainstream systems and prevention resources more accessible, responsive and impactful.
- Target families vulnerable to falling into homelessness.
- Better coordinate and support the identification, services and aftercare of those families who have experienced or are fleeing from violence.
- Partner with our schools to ensure every child experiencing homelessness and attending school will have help in creating a stable environment for development and learning.

Strategy 1

Create smoother linkages between homeless prevention resources and other available supports.

Action	Lead State Agency	Timeline
a. Streamline emergency economic assistance. Continue exploring ideas presented by the '14-'15 Emergency Assistance Work Group. Consider new opportunities as well as implementing learned lessons.	DHS MN Housing	December 2017

Strategy 2

Target families vulnerable to becoming homeless.

Action	Lead State Agency	Timeline
a. Explore targeting prevention dollars to prioritize families who have demonstrated housing instability within the past two years.	MN Housing	June 2016
b. Analyze where and how targeted elements of the Stable Families Initiative could be implemented in select counties across the state.	OTPEH DHS MN Housing	December 2016
c. Identify and promote best practices for the child welfare system in identifying families at risk of homelessness and protocols for referring these families to appropriate housing and service resources.	DHS	December 2016
d. Develop career pathways models for parenting youth without high school diplomas including credentialing and age-appropriate employment support.	DEED MDH	May 2017
e. Provide a three-month presumptive eligibility period for childcare benefits while verifications are secured for families experiencing homelessness.	DHS	June 2016
f. Analyze WIC data to identify areas with higher rates of reported homelessness and associated health risks among pregnant and postpartum women.	MDH	December 2016

Strategy 3

Make mainstream systems and resources more accessible, responsive and impactful.

Action	Lead State Agency	Timeline
a. Support the recommendations of Minnesota's Child Care Reauthorization Plan and provisions for its prioritization of homeless children and families.	DHS	June 2016
b. Increase the number of child care providers serving children and families who are homeless, taking specific state developed training designed to teach providers how best to serve the needs of these families.	DHS	December 2016
c. Increase the MFIP cash grant and maximize MFIP's impact to provide housing stability for children and families, focusing first on parenting youth.	DHS	May 2016
d. Increase access to high quality early childhood programs for children with the highest needs, specifically targeting homeless children and families.	MDE	March 2016
e. Increase resources to the Family Home Visiting Program, and ensure that staff are trained to address the unique needs of families and children experiencing homelessness, including training on trauma-informed service delivery.	MDH	June 2016

Strategy 4

Support education systems in identifying and responding to the needs of homeless and highly mobile youth.

Action	Lead State Agency	Timeline
a. Provide and implement consistent expectations and accountability for the McKinney-Vento school liaisons across districts.	MDE	June 2016
b. Establish regional groups of liaisons to provide peer support and troubleshooting, and a venue to share best-practices and trainings.	MDE	December 2016
c. Partner with Superintendents to advance the work of the Minnesota Interagency Council on Homelessness and the important role their districts play in carrying-out the vision of Housing Stability for all Minnesotans.	MDE	December 2016
d. Strengthen the relationship between Early Education, K-12, and Higher Ed Systems in their work with children and families experiencing homelessness.	MDE OHE	December 2017
e. Work with higher education institutions to develop a process to identify homeless students registered at their postsecondary institution, connect them to existing resources and track outcomes.	OHE	December 2016
f. To facilitate retention and completion of a certificate or degree, work with postsecondary institutions to develop policies and procedures to effectively support students who are homeless, or at risk of being homeless, while pursuing postsecondary education.	OHE	December 2017

Strategy 5

Better align Minnesota's homeless and domestic and sexual violence systems.

Action	Lead State Agency	Timeline
a. Leverage federal administrative funds to provide cross training and explore collaboration that establishes coordinated services, cross-referral, and increases connections between domestic and sexual violence victim service providers and the homeless and housing response system.	DPS	December 2017

Strategy 6

Focus on aftercare and transition planning for post-domestic and sexual violence shelter placement.

Action	Lead State Agency	Timeline
a. Explore coordinating access to housing resources that provides affordable housing and aftercare for individuals and families that need housing due to domestic and sexual violence.	DPS	April 2016
b. Develop standards on housing advocacy and financially support domestic violence programs to provide housing advocacy, including domestic and sexual violence victim service providers having dedicated aftercare services.	DPS	December 2016

ACKNOWLEDGMENTS

The Council thanks the hundreds of stakeholders throughout Minnesota who have contributed their valuable expertise and insight to creating this plan. In preparation for this update to *Heading Home*, the Council's staff held planning and listening sessions with each State agency on the Council, Tribal leaders, service and housing providers and community partners, those who have experienced homelessness, and communities disproportionately impacted by homelessness. The Council appreciates the insights, ideas and inspirations that all of these participants have provided. The actions in this plan will continue to be refined and updated to reflect new opportunities with the State's partners and lessons learned about how to prevent and end homelessness most effectively.

A Senior Leadership Team developed the plan's objectives, strategies and actions. Collectively, this group operates or oversees most state programs that bear on any aspect of preventing and ending homelessness. They bring a wealth of experience in and outside government, practical knowledge of how programs work, and the commitment to make them work better.

In addition to the information gathered from stakeholders throughout Minnesota, the Senior Leadership Team was informed by many interrelated state initiatives during the creation of this plan. They will continue to coordinate with these efforts as they lead implementation of the Two-Year Action Plan. They include:

- Minnesota's Olmstead Plan;
- The work of the Children's Cabinet
- The Minnesota Council on Transportation Access (MCOTA)
- The Transition from Prison to Community initiative at Department of Corrections (TPC)
- The Minnesota Statewide Implementation of Recidivism Reduction (MNSIRR)
- Minnesota's Safe Harbor initiative for youth who have been sexually exploited
- The Health Equity Initiative
- Adverse Childhood Experiences (ACES) initiative at Department of Health
- State Innovation Model (SIMS) at Department of Health and Department of Human Services
- The Visible Child Initiative
- The Emerging Adult Task Force

The Senior Leadership Team and The State Director to Prevent and End Homelessness will continue to meet regularly to monitor the Plan's strategic indicators and timelines, work through interagency issues and opportunities, report on progress toward the outcome goals, and improve the Plan. They have been and will continue to be assisted by an ongoing Implementation Team of state staff professionals from all participating agencies.

Thank you to the Heading Home Minnesota Funders Collaborative and their Director, Laura Kadwell, for their partnership and support of the statewide work to prevent and end homelessness.

Thank you to the Minnesota Office to Prevent and End Homelessness for their leadership and coordination with the Interagency Council and the broader community in the implementation of *Heading Home*. Thank you, also, to the Pohlad Foundation for their in-kind staff contribution.

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Alignment with Opening Doors and Regional Plans

In June 2010, USICH released *Opening Doors*, the nation's first comprehensive federal strategy to prevent and end homelessness. *Opening Doors* serves as a roadmap for coordinated joint action among the 19 United States Interagency Council member agencies, along with local and state partners in the public and private sectors. Recognizing the power of alignment between levels of government on this effort, the Minnesota Interagency Council on Homelessness intentionally aligned *Heading Home* with the goals and strategies in *Opening Doors*.

The Minnesota Interagency Council on Homelessness also recognizes that partnerships with cities, counties, and other local community stakeholders are paramount to achieving collective success. People experiencing homelessness, housing and service providers, and Continuums of Care and their staff, are vital partners in understanding the experiences of homelessness and the most effective approaches for ending it.

The Council is grateful to all partners, at both the local and federal levels, for informing and shaping this updated *Heading Home* action plan.

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TERMS

Abbreviations

DEED – Department of Employment and Economic Development
DHS – Department of Human Services
DOC – Department of Corrections
DOE – Department of Education
DOH – Department of Health
DPS – Department of Public Safety
GRH – Group Residential Housing
HUD – U. S. Department of Housing and Urban Development
MACCAC – Minnesota Association of Community Corrections Act Counties
MACPO – Minnesota Association of County Probation Officers
MnDOT – Minnesota Department of Transportation
MDVA – Minnesota Department of Veterans Affairs
MNSIRR – Minnesota Statewide Implementation of Recidivism Reduction
MICH – Minnesota Interagency Council on Homelessness
OTPEH – Office to Prevent and End Homelessness
PHA – Public Housing Agency(ies)
PIT – Point-in-Time Count
SNAP – Supplemental Nutrition Assistance Program (formerly Food Stamps)
SOAR – SSI/SSDI Outreach, Access, and Recovery
USICH – United States Interagency Council on Homelessness
WIOA – Workforce Innovation Opportunity Act

Glossary

Chronically homeless (Federal)

Individual or family who is diagnosed with a disability and (a) has been homeless (according to the Federal definition) for one year or more or (b) has been homeless on four or more occasions in the last three years.

Continuum of Care (CoC)

In 1995, HUD established the competitive CoC funding application process to provide resources to communities to implement community-wide, coordinated efforts for assessing and addressing the housing and service needs of individuals and families that were homeless or at risk of homelessness. The CoC is the group that takes on coordination of homeless services and homelessness prevention activities across a specified geographic area.

Coordinated Entry Systems

Centralized intake and program admissions within a region or community. In a coordinated system, each system entry point uses the same assessment tool and makes decisions on which programs people are referred to based on which options will be most effective to end homelessness for the specific individual or family being referred.

Family Home Visiting Program

Administered by the Minnesota Department of Health, the Family Home Visiting Program is a service delivery strategy to improve the health and well-being of families. The program serves families meeting defined poverty and vulnerability guidelines. Home visits are conducted by nurses or trained home visitors.

Fostering Connections

The Fostering Connections to Success and Increasing Adoptions Act of 2008 [Public Law 110-351] ("Fostering Connections") is a federal child welfare law designed to ensure greater permanency for and improve the well-being of children and youth served by the public child welfare system. In Minnesota, regulations allow youth in foster care at age 18 the option to remain in foster care to age 21.

Foundational Services Practices

A series of guiding principles adopted by the Minnesota Interagency Council on Homelessness designed to improve access to mainstream services that can help prevent or end homelessness for families and individuals.

Governor's Workforce Development Board

Leaders from business, education, labor, community organizations, and state and local government appointed by the Governor to forge practical solutions to Minnesota's workforce challenges and provide leadership on initiatives that are of strategic importance to the state.

Homeless (Federal)

The definition of homelessness varies across statute governing Federal programs and agencies. The definition used by HUD's Homeless Assistance Grant programs from the HEARTH Act establishes four categories of homelessness: (1) Individuals and families who lack a fixed, regular, and adequate nighttime residence and includes a subset for an individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or a place not meant for human habitation immediately before entering that institution; (2) Individuals and families who will imminently lose their primary nighttime residence; (3) Unaccompanied youth and families with children and youth who are defined as homeless under other federal statutes who do not otherwise qualify as homeless under this definition; or (4) Individuals and families who are fleeing, or are attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member. A number of other Federal agencies and programs use the HEARTH Act definition. The U. S. Department of Education uses a broader definition of homelessness established in the McKinney-Vento Act, which includes children who are doubled up or living in motels or other temporary habitation.

Homeless (Minnesota)

A household lacking a fixed, adequate night time residence (includes doubled up).

Housing stability

Access to a safe and affordable place to live, as well as the resources and supports (if necessary) to maintain stable housing. People have choices in where they live, and if and when they move.

Long-Term Homelessness (Minnesota)

Persons including individuals, unaccompanied youth, or families with children who lack a permanent place to live continuously for a year or more or at least four times in the past three years. Any period of institutionalization or incarceration shall be excluded when determining the length of time a household has been homeless. Minnesota's definition does not require that the person have a disabling condition.

Mainstream services

Services and programs that are not targeted specifically to people experiencing homelessness, such as mental health services, child care assistance, employment services, Head Start, and public health programs.

Minnesota Correctional Delivery Systems

The state of Minnesota has three correctional delivery systems that have different jurisdiction throughout the state. They are:

1. Minnesota Department of Corrections (DOC)
2. Minnesota Community Corrections Act Counties (MACCAC)
3. Minnesota Association of County Probation Office Counties (MACPO)

Olmstead

The *Olmstead v. L.C.* decision ("Olmstead") is a ruling of the United States Supreme Court requiring states to provide housing and services to people with disabilities in the most integrated setting appropriate to their needs. In 2013, the Governor appointed an Olmstead sub-cabinet to develop and implement a comprehensive plan supporting freedom of choice and opportunity for Minnesotans with disabilities.

Point-in-Time (PIT) Count

A federally required count of sheltered and unsheltered homeless people on a single night in January. The count is required annually for those in shelter and every other year for those not in shelter. Minnesota has opted to do a complete count every year.

State Councils

Councils created by the legislature to represent and advocate for Minnesota's communities of color, American Indians, women, and disability communities. Councils are represented on the Minnesota Interagency Council on Homelessness and include: Council on Asian-Pacific Minnesotans, Minnesota Council on Latino Affairs, Council for Minnesotans of African Heritage, Minnesota Indian Affairs Council, and Minnesota State Council on Disability. The Minnesota Department of Human Rights works with the councils on issues related to diversity and inclusion and encourages collaboration between the councils and other department stakeholders.

Supportive housing

Combines affordable housing with services that help people who face the most complex challenges to live with stability, autonomy and dignity. Sometimes specifically described as permanent supportive housing, to note that there are no fixed time limits for tenancy and to distinguish supportive housing from transitional housing and other time-limited models. Many different models of and approaches to supportive housing exist.

Transitional housing

Programs offering housing and support services, with some time limit on the duration of a resident's tenancy. Many different models of and approaches to transitional housing exist.

Youth unaccompanied by a parent or guardian (Minnesota)

A person 24 years of age or younger who is unaccompanied by a parent or guardian and is without shelter where appropriate care and supervision are available, whose parent or legal guardian is unable or unwilling to provide shelter and care, or who lacks a fixed, regular, and adequate nighttime residence. Parenting youth are included.

Workforce Innovation and Opportunity Act (WIOA)

Signed the into federal law on July 22, 2014, WIOA is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy.

For more information, please contact:

Cathy ten Broeke, State Director to Prevent and End Homelessness
Minnesota Interagency Council on Homelessness
651.248.5799 | cathy.tenbroeke@state.mn.us



Item: Quarterly Status Report, Enhanced Financial Capacity Homeownership Initiative
(Homeownership Capacity)

Staff Contact(s):

Ruth Hutchins, 651.297.3128, ruth.hutchins@state.mn.us

Tal Anderson, 651.296.2198, tal.anderson@state.mn.us

Request Type:

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> Approval | <input checked="" type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input checked="" type="checkbox"/> Information |

Summary of Request:

The information provided is a summary of intake data and outcomes from August 1, 2014 to December 31, 2015 for the Homeownership Capacity program. This is an information item and does not require approval.

Fiscal Impact:

None.

Meeting Agency Priorities:

- Address Specific and Critical Local Housing Needs
- Finance Housing Responsive to Minnesota's Changing Demographics
- Preserve Housing with Federal Project-Based Rent Assistance
- Prevent and End Homelessness
- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Quarterly Update

QUARTERLY UPDATE

A total of 10 agencies have been approved to provide Homeownership Capacity services since the beginning of the program which started August 1, 2014. A total of 726 clients have started receiving Homeownership Capacity services since that date.

The table below identifies additional information about these clients:

	Percent of clients
Identify as a household of color or Hispanic ethnicity	92%
At or below 80% AMI	78%
Credit identified as the primary barrier to obtaining homeownership	69%

As of December 31, 2015, 206 clients have exited the program with the following outcomes:

	Percent of clients that exited the program
Home purchase*	46%
Client is actively pursuing homeownership^	2%
Client is still interested in homeownership, just not at this time	15%
Client is no longer interested in homeownership	12%
Client stopped communication	25%

* A number of clients were already participating in existing financial capability services at the time the program started, resulting in a higher than expected number of clients moving onto homeownership within the first year of the Homeownership Capacity program.

^ This information will be updated if and when the client purchases a home.

The second program year started October 1, 2015 with the goal of serving 580 households. Within the first quarter of the program year, 157 new clients (27% of the total goal) have started receiving Homeownership Capacity services.

Minnesota Housing collects quarterly reports from Homeownership Capacity providers. Staff will provide intake and outcome updates to correspond with the submission of those reports in June, September and December 2016.

Item: Post-Sale Report, Homeownership Finance Bonds, 2016 Series B

Staff Contact(s):

Kevin Carpenter, 651-297-4009, kevin.carpenter@state.mn.us

Terry Schwartz, 651-296-2404, terry.schwartz@state.mn.us

Request Type:

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> Approval | <input checked="" type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input checked="" type="checkbox"/> Information |

Summary of Request:

The Agency sold \$50,970,802 of Homeownership Finance Bonds, 2016 Series B (Non-AMT) on March 10, 2016 which settled on March 23, 2016. Pursuant to the Debt Management Policy, the attached post sale report is provided by the Agency's financial advisor, CSG Advisors. This is an information item and does not require approval.

Fiscal Impact:

None

Meeting Agency Priorities:

- Address Specific and Critical Local Housing Needs
- Finance Housing Responsive to Minnesota's Changing Demographics
- Preserve Housing with Federal Project-Based Rent Assistance
- Prevent and End Homelessness
- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Post Sale Report
- Minnesota Pricing Comps

Via Email Delivery

MEMORANDUM

Date: March 15, 2016

To: Minnesota Housing Finance Agency

From: Gene Slater, Tim Rittenhouse, Eric Olson

Re: Post-Sale Report
\$50,970,802 Homeownership Finance Bonds (HFB)
2016 Series B (Non-AMT)

BOND CRITERIA

The 2016 Series B Housing Finance Bonds were issued under Board's February 2016 authorization for additional single-family monthly pass-through bonds. As with all of Minnesota Housing's bond issues to finance single-family new production, there are four key criteria for issuing the debt.

1. **Avoid major interest rate risk** by continuing to hedge pipeline production until loans are either sold or permanently financed by bond issues.
2. **Maintain high ratings on all Minnesota Housing single-family bonds**, with Series B rated Aaa.
3. **Provide at least a comparable expected level of return to selling MBS**, as measured at a reasonable assumed prepayment speed.
4. **Enhance long-term financial sustainability** through a mix of bond financing and sales of MBS to provide more balanced and financially sustainable results for Minnesota Housing.

KEY RESULTS FOR MINNESOTA HOUSING

Key Measurable Objectives. Minnesota Housing's objectives for the issue are to:

1. Achieve full spread utilizing the least amount of zero participations (or generating zero participations to finance future production).
2. Obtain a present value return for Minnesota Housing at least similar to selling MBS in the secondary market, assuming a reasonable prepayment speed.

Accomplishments. The results were successful:

- **Full Spread.** Minnesota Housing obtained approximately full spread on the transaction, 1.118%, very close to the maximum IRS limit of 1.125% for single-family housing issuers.

- **Attractive Bond Yield.** Bond yield was 2.70% versus a yield of approximately 3.30% on a traditionally structured tax-exempt issue. Pass-through bonds continue to provide better execution than a separate new, traditional all fixed-rate bond issue.
- **Return to Minnesota Housing.** The relative benefits to Minnesota Housing from issuing the bonds depend on how long the mortgages remain outstanding, on average. For bond issues since 2010, the break-even prepayment speed has averaged about 130% of the PSA prepayment standard.
 - The break-even speed on 2016 B was approximately 158% compared to an MBS sale. Thus, the net present value to Minnesota Housing is greater from bonds than from having directly sold the MBS, so long as mortgages prepay no more quickly than 158% of the PSA standard.¹
 - The net present value (after all hedging costs and net service release premiums) is projected to be approximately \$ 1.24 million at the 158% break-even prepayment speed.
- **Zero Participations.** The issue used approximately \$1.2 million of zero participations to help toward getting very close to full spread. Minnesota Housing has approximately \$41 million in zeros remaining for future transactions. (In general over the course of a year, the Agency has been able to create zeros on refunding and other transactions in its RHFB indenture, and deploy such zeros on pass-through bond issues).
- **Hedging.** The loan production pipeline remained fully hedged until bonds were sold. By taking hedge losses into account in bond yield, Minnesota Housing can earn the maximum allowable spread and recover these losses over time.
- **Continuing to Build Investor Demand.** With approximately \$130 million of orders from 9 investors, RBC continued to expand the market and liquidity for future tax-exempt pass-through bond issues.

Implications. Key implications include:

- **Viability of Pass-Through Approach.** Minnesota Housing's pass-through issues since June 2014 demonstrate the renewed viability of this approach for financing production on-balance sheet.
- **Size.** The Agency and RBC as senior manager have approached these transactions cautiously, generally using issue sizes of approximately \$50 million to build up investor demand. The Agency does have some flexibility on future sizing, given the success of 2016 Series A which was almost twice as large.

¹ This break-even prepayment speed differs by issue, partly because the cost of hedge losses is different. The break-even figure was approximately 188% on 2016 Series A, 142% on 2015 Series D, 202% on 2015C, 137% on 2015 B, 160% on 2015 Series A, 165% on 2014 Series D, 130% on 2014 Series B/C and 144% on 2014 Series A. The key criterion is to assure that a bond issue breaks even compared to an MBS issue at a 130% prepayment speed. The break-even speed measures how fast mortgages can prepay while still assuring Minnesota Housing at least the same present value as an MBS sale.

- **Balance Sheet Management.** Minnesota Housing remains the national leader in finding ways to both fully hedge its pipeline while financing more than three-quarters of that pipeline on the Agency's balance sheet. One potential future constraint is that Minnesota Housing's single-family production has increased so much (as well as multi-family issuance in the State), that *private activity volume cap may become a constraint* on tax-exempt issuances for the first time in many years. To help address this:
 - future bond issues can be structured with short taxable bonds, and
 - the Agency can seek to maximize opportunities for recycling past private activity volume cap when old bonds are redeemed.

TIMING AND STRUCTURE

Timing. The issue was priced on Thursday, March 10th, for closing on Wednesday, March 23rd.

Sizing. The sizing was based on specific hedged MBS in Minnesota Housing's pipeline.

Major Design Decisions. Key decisions by Minnesota Housing were to:

- Continue to include a 10-year par call at Minnesota Housing's option so that the Agency can potentially take advantage of interest rates in the future to either refund the bonds or sell the MBS and pay off the bonds.
- Include both Fannie Mae and Ginnie Mae MBS in the issue, with no percentage limit on either. This provides Minnesota Housing the ability to adjust to the actual mix of loans in its pipeline. Ginnie Mae MBS were approximately 70% of this issue, a major increase from earlier in 2015. This is primarily due to up-front FHA insurance premiums being cut in half last year.
- Schedule the closing so as to allow losses on hedges that terminated on March 10th (immediately following the pricing) to be included in the bond yield. (Only hedges which terminate not more than 14 days before closing can be included in bond yield.)

Rating. Bonds under the HFB indenture are rated Aaa by Moody's.

Hedging. Minnesota Housing has remained fully hedged on its pipeline until the bonds are sold or MBS are delivered to mortgage buyers. This protects the Agency from risk if interest rates rise between the time the loans are committed and they are packaged into MBS (for either bond or TBA sale). In this case long-term interest rates had dropped since loans were reserved. Minnesota Housing was able to sell the bonds at a lower yield, offsetting higher costs to terminate the hedges that had protected the Agency in case rates had risen. The result, and the purpose of this strategy, is to help make the Agency largely indifferent to changes in rates.

BOND SALE RESULTS. Key highlights are:

1. **Investor Interest for Series 2016B.** There was good institutional interest, with \$130 million of net investor orders. Nine investors placed orders, including two accounts new to Minnesota Housing, continuing to build a depth of interest in the product.

- 2. Timing.** After the Federal Reserve began to raise short-term rates in December 2015 for the first time in 8 years, short-term Treasury yields increased as expected. However, long-term rates, that had been expected to rise, actually dropped, as declines in the Chinese stock market followed by a more modest decline in the U.S. stock market drove investors toward the safety of bonds. The 10-year Treasury yield is below 2% and the yield curve between short and long bonds has flattened. Municipal bonds outperformed Treasuries late last year, but so far this year, their rates have increased while Treasury rates fell. Municipal bonds are thus cheap to Treasuries. MBS yields, on the other hand, have moved hardly at all over the last several months.
- 3. Successful Sale.** The sale was well-priced. The bonds were initially priced at 2.75%. With strong demand, RBC was able to reprice down by 5 basis points to 2.70%.
- 4. Comparison to GNMA Yields.** Investors compare yields on pass-through issues to current-coupon GNMA's, as well as Treasuries and municipals. Compared to GNMA's, Minnesota bonds provide much less liquidity in the global markets but do offer tax-exemption. On this transaction, Minnesota Housing was able to achieve bond yields approximately 45 basis points lower than GNMA yields – the best performance of any of Minnesota Housing's pass-through sales. Such execution helped make this an extremely successful bond sale.

	2014 C	2015 A	2015 B	2015 C	2015 D	2016 A	2016 B
	October 2014	January 2015	March 2015	May 2015	October 2015	January 2016	March 2016
Minnesota Housing bond yield	2.875%	2.80%	3.00%	3.05%	2.90%	2.95%	2.70%
Yield on GNMA 4.0 current coupon, at 150% prepayment speed	3.12%	3.05%	3.08%	3.04%	3.12%	3.15%	3.15%
Minnesota Housing compared to GNMA yield	24.5 basis points lower	25 basis points lower	8 basis points lower	1 basis point higher	22 basis points lower	20 basis points lower	45 basis points lower

- 5. Comparable Single-Family Pass-Through Bond Transactions:** Other than Minnesota's own prior pass-through issues, there had been few single-family new money tax-exempt pass-through bond issues this year. In January, immediately following Minnesota's Series 2016 A, Texas brought its \$31.5 million issue to market. Texas' pass-throughs are structured slightly differently because of indenture and legal provisions and are rated one notch lower at Aa1 / AA+; their yields are well above Minnesota's.

The most comparable other state issue was Ohio in mid-February. Minnesota substantially outperformed Ohio. Minnesota's 2016B was 25 basis points tighter to the 10-year Treasury, 36 basis points tighter to the 10-year MMD, and about 12 basis points tighter to GNMA yields.

All in all, Series B achieved excellent results.

UNDERWRITING

Underwriters. RBC was the senior manager; regular co-managers were Piper Jaffray and Wells Fargo. Monthly pass-through bonds are sold only to institutional investors, so there was no selling group or rotating co-manager.

Underwriter Fees. Management fees were appropriate, consistent with industry standards and in the same range as fees reported for other housing issues of similar size and structure.

ISSUE DETAILS

Key Dates: 2016 B Bond Pricing under HFB Indenture
Institutional Order Period: Thursday, March 10, 2016
Closing Date: Wednesday, March 23, 2016

Economic Calendar. The calendar of data releases was relatively light for the week of pricing and showed mixed economic signals suggesting moderate growth. On Monday, on Monday, March 7th, the Consumer Credit figure for January of \$10.5 billion was far below the consensus forecast of \$16.5 billion, and up from \$6.4 billion for December. On Wednesday, Wholesale Inventories for January were up 0.3%, compared to a -0.2% market consensus. On Thursday, Initial Unemployment Claims at 259,000 were slightly below the consensus forecast of 277,000 and the prior month. Continuing Unemployment Claims were 2,225,000, down slightly from consensus forecast and the prior month.

Treasuries. The 10-year Treasury bond yield has fluctuated based on perceived strength of the domestic economy, expectations of Federal Reserve rate increases, and overseas conditions. The 10-year Treasury yield started the year at 2.24% and was 2.12% when Minnesota priced Series A in January. This was the lowest level since late October.

Rates briefly touched a low of 1.63% on Feb. 11th before backing up again, especially rising in the week prior to the sale, up to 1.91%, as of Monday March 7. A modest strengthening of oil prices, continuing moderate domestic growth and recent reports of new Chinese efforts to maintain their rate of economic growth have contributed to the rise in rates. The 10 year yield was 1.93% on the date of sale.

From a longer-term point of view, the slowing of economic growth in China, the low price of oil and continuing weak growth in the Eurozone are likely to moderate domestic economic growth and increase international demand for U.S. Treasuries and Agencies. This will likely keep the Fed’s short-term rate increases – and their impact on long-term rates – quite modest. Indeed, the main result since the Fed’s December announcement has been a flattening of the yield curve, with short-term rates rising and long-term rates generally dropping.

Municipals. After significantly outperforming Treasuries in November and December, municipal bonds have underperformed Treasuries this year. In January, when 2016 A was priced, the 10-year MMD was 84% of the 10-year Treasury; it is now up to 97.4%. Similarly, the ratio of the 30-year MMD to the 30-year Treasury rose from 94.5% to 105.9%. These new ratios, with municipals trading cheap to Treasuries, are similar to those that prevailed during most of 2015.

- Supply and Demand. In the last four months of 2015, municipal issuance dropped significantly and there were significant positive inflows to tax-exempt funds. Declines in the stock market led investors to consider fixed income generally, and municipals especially. As a result, there is greater demand related to municipal supply than last spring or summer, despite ongoing news about pending defaults in Puerto Rico. So far in 2016, municipal supply has increased while there have been continuing moderate positive inflows to municipal bond funds.
- Low rates. Recognition that the Federal Reserve's tightening will be quite slow and modest has made investors more willing to shift to longer maturities for higher yields. Despite the absolute low level of rates, there has been ongoing investor interest.
- Credit spreads. Credit spreads widened in 2015, partly as a result of Puerto Rico bankruptcy news. The spread between AAA and A MMD is approximately 55 basis points for both 10 and 30-year bonds, about the same as in January when 2016A was priced. However, among higher quality bonds, the differential between AAA and AA is approximately 22 basis points for both 10-year and 30 bonds, down from 45 basis points when 2016 A was priced.

Issue	Date	10-Year Treasury	10-Year MMD	MMD/Treasury Ratio	30-Year Treasury	30-Year MMD	MMD/Treasury Ratio
2013 RHFB A/B/C	5/14/13	1.96%	1.81%	92.3%	3.17%	2.93%	92.4%
2013 HFB C	6/17/13	2.19%	2.23%	101.8%	3.35%	3.50%	104.4%
2014 RHFB A	2/11/14	2.75%	2.52%	91.6%	3.69%	3.87%	104.9%
2014 RHFB B	4/16/14	2.65%	2.30%	86.8%	3.45%	3.51%	101.7%
2014 HFB A	6/10/14	2.64%	2.33%	88.3%	3.47%	3.36%	98.0%
2014 HFB B & C	8/7/14	2.46%	2.16%	87.0%	3.27%	3.21%	98.2%
2014 HFB D	10/10/14	2.31%	2.01%	87.0%	3.03%	2.92%	96.3%
2014 RHFB CDE	12/3/15	2.28%	2.08%	91.2%	3.00%	2.99%	99.7%
2015 HFB A	1/12/15	1.92%	1.84%	95.8%	2.49%	2.63%	105.6%
2015 HFB B	3/10/15	2.14%	2.18%	102.0%	2.73%	3.0%	110.0%
2015 HFB C	5/13/15	2.28%	2.24%	98.2%	3.02%	3.21%	106.3%
2015 RHFB ABCD	7/30/15	2.28%	2.23%	97.8%	2.96%	3.14%	106.1%
2015 HFB D	10/8/15	2.12%	2.04%	96.2%	2.96%	3.09%	104.4%
2015 RHFB EFG	11/24/15	2.24%	2.04%	91.1%	3.00%	2.98%	99.3%
2016 HFB A	1/12/16	2.12%	1.78%	84.0%	2.89%	2.73%	94.5%
2016 HFB B	3/10/16	1.93%	1.88%	97.4%	2.70%	2.86%	105.9%
Change from 2016 HFB A	n.a.	-19 bps	+10 bps	+13.4%	-19 bps	+13 bps	+11.4%

Municipal Calendar. The 30-day visible supply was \$10.4 billion, up from approximately \$9 billion in February. Very large issues priced earlier in the week include \$2.4 billion of California G.O.'s (upsized to almost \$3 billion) and \$1.25 billion of Empire State revenue bonds. Both were absorbed with markets remaining flat overall.

The Minnesota competitive sale calendar was very light, consisting of only a \$7 million G.O. refunding for Burnsville. In addition to Minnesota Housing, the one other Minnesota negotiated issue scheduled during the week was Higher Education Facilities for \$33.9 million.

No other single-family pass-through issues were being priced during the week of the sale, or in the two weeks prior. Traditionally structured tax-exempt issues during the week of the sale were MassHousing, Michigan and Missouri.

MBS Yields. MBS yields are very relevant because investors can choose between purchasing MBS directly or purchasing Minnesota Housing's bonds backed by MBS. In effect, bond purchasers look as much to the spread between Minnesota Housing's bonds and MBS as they do to the spread between Minnesota Housing bonds and Treasuries.

As can be seen, GNMA yields have remained almost constant since the October pass-through issue and January issue. Since Treasury rates have dropped, the GNMA to 10 year Treasury ratio is higher. In the last 2 months, tax-exempt bond rates increased, so the GNMA yield is a lower percentage of the 10-year MMD.

Type	Delivery	Coupon	Measure	Oct. 10, 2014	Jan. 12, 2015	Mar 10, 2015	May 13, 2015	Oct. 8, 2015	Jan. 12, 2016	Mar. 10, 2016
GNMA	Current	4.0	Price	106.70	107.27	106.97	107.20	106.59	106.48	106.48
			Yield*	3.12%	3.05%	3.08%	3.05%	3.13%	3.15%	3.15%
FNMA	Current	4.5	Price	108.33	108.38	108.59	108.53	108.47	108.20	108.48
			Yield*	3.39%	3.38%	3.35%	3.36%	3.37%	3.40%	3.37%
10-Year Treasury	n/a	n/a	Yield	2.31%	1.92%	2.14%	2.27%	2.12%	2.12%	1.93%
GNMA to 10-Year Treasury	n/a	n/a	Yield*	135.06%	158.61%	144.13%	134.51%	147.82%	148.58%	163.13%
GNMA to 10-Year MMD	n/a	n/a	Yield*	155.19%	165.50%	141.48%	136.31%	153.62%	176.97%	167.47%

*at 150% PSA²

² For consistency of analysis, the MBS yields for each sale date are computed at a 150% prepayment speed, to be similar to that assumed for break-even in the use of bonds compared to outright sales of the MBS.

SINGLE FAMILY TAX-EXEMPT PASS-THROUGH BOND PRICING COMPARABLES, 2015 TO DATE PLUS MHFA 2014

Pricing Date	1/14/16	1/12/16	12/9/15
Amount	\$31,510,000	\$97,273,565	\$15,580,000
Issuer	Texas DHCA	Minnesota HFA	Pinellas Co., Florida HFA
Series	2016 Series A	2016 Series A	2015 Series B
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated
Rating(s)	Aa1 / AA+	Aaa / - / -	Aaa / - / -
Tax Status	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT
Use of Funds	New Money	New Money	New Money
Maturity	2046	2046	2046
Price	100.000	100.000	102.041
Coupon/Yield	3.000	2.950	3.125
Indicator	Indicative	Indicative	Indicative
Yield	1/14/16	1/12/16	12/9/15
Spread	+148	+140	+149
5-Year US Treasury	1.520	1.550	1.640
10-Year US Treasury	2.100	2.120	2.220
GNMA @ 100% PSA	2.779	2.779	2.847
GNMA @ Dir Forecast	2.545	2.694	2.787
10-Year MMD	1.620	1.780	1.970
MBS PREPAY HISTORY (%PSA)	-	-	-
Past 3 months	-	-	-
Past 6 months	-	-	-
Past 12 months	-	-	-
Since issuance	-	-	-
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)			
At 100% PSA	10.8	10.6	10.5
At 150% PSA	8.8	8.6	8.5
At 200% PSA	7.3	7.2	7.0
At 300% PSA	5.5	5.3	5.2
WEIGHTED AVERAGE MORTGAGE RATE	4.60%	3.96%	4.19%
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	4.10%	3.49%	3.69%
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	358	357	353
Notes			3.35% coupon priced at 102.041 to yield 3.125% at the average life at 100% PSA
Sr. Manager	JP Morgan	RBC Capital Markets	RBC Capital Markets

SINGLE FAMILY TAX-EXEMPT PASS-THROUGH BOND PRICING COMPARABLES, 2015 TO DATE PLUS MHFA 2014

Pricing Date	10/15/15	10/8/15	5/14/15	5/12/15	3/10/15
Amount	\$19,870,000	\$52,365,441	\$15,230,000	\$40,225,586	\$54,530,172
Issuer	Texas DHCA	Minnesota HFA	Pinellas Co., Florida HFA	Minnesota HFA	Minnesota HFA
Series	2015 Series B	2015 Series D	2015 Series A1	2015 Series C	2015 Series B
Program	Single Family / Negotiated				
Rating(s)	Aa1 / AA+ / -	Aaa / - / -	Aaa / - / -	Aaa / - / -	Aaa / - / -
Tax Status	Tax Exempt, Non-AMT				
Use of Funds	New Money				
Maturity	2045	2045	2045	2045	2045
Price	100.000	100.000	100.000	100.000	100.000
Coupon/Yield	3.125	2.900	3.150	3.050	3.000
Indicator	Indicative	Indicative	Indicative	Indicative	Indicative
5-Year US Treasury	Yield 1.340	Yield 1.400	Yield 1.510	Yield 1.580	Yield 1.620
10-Year US Treasury	Spread +179	Spread +150	Spread +164	Spread +147	Spread +138
GNMA I @ 100% PSA	2.040	2.120	2.230	2.230	2.140
GNMA I @ DIF Forecast	2.741	2.791	2.806	2.818	2.755
10-Year MMD	2.643	2.711	2.731	2.748	2.663
	2.020	2.040	2.250	2.240	2.180
MBS PREPAY HISTORY (%PSA)					
Past 3 months	-	-	-	-	-
Past 6 months	-	-	-	-	-
Past 12 months	-	-	-	-	-
Since Issuance	-	-	-	-	-
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)					
At 100% PSA	11.0	10.7	10.5	10.6	10.7
At 150% PSA	9.0	8.7	8.5	8.6	8.6
At 200% PSA	7.5	7.2	7.1	7.1	7.2
At 300% PSA	5.6	5.4	5.3	5.3	5.4
WEIGHTED AVERAGE MORTGAGE RATE	4.62%	4.21%	3.99%	4.21%	4.35%
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	4.12%	3.51%	3.49%	3.54%	3.63%
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	-	357	356	355	356
Notes					
Sr. Manager	Morgan Stanley	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets

