GO BIG
SO EVERYONE CAN
GO HOME

2020-2022 STRATEGIC PLAN

MINNESOTA HOUSING

This document is available in alternative formats to individuals with disabilities by contacting Kristy Zack at 651.296.3735.

THE FUTURE: MINNESOTA HOUSING'S 2020-2022 STRATEGIC PLAN

Everyone wants a home they can afford in a community of their choice because it provides the foundation for success, supporting educational achievement, stable employment, health and prosperity. Minnesota Housing is in a strong position to support individuals, families and communities. We are recognized as one of the leading housing finance agencies in the country, with a wide range of effective programs and a strong balance sheet.

We also have great partners and community resources to leverage. We have homeownership advisors, lenders, and real estate agents committed to serving homebuyers of color and from indigenous communities. We have developers and builders who are finding innovative ways to lower the cost of housing construction. We have businesses who invest in housing opportunities for their employees. We have outreach workers who tirelessly find housing for people experiencing homelessness. We have communities of all types with the expertise, insights and commitment to take on the toughest housing issues. We have staff, a Governor and Lt. Governor dedicated to this work.

While opportunities exist, the housing market continues to evolve and produce barriers, so we need to:

With the support of partners, over the last eight years, we have increased our:

Annual program investment from about $700 million to...	**$1.3 billion+**
Home mortgage lending from 2,245 loans to...	**5,100**
Lending to first-time homebuyers of color or from indigenous communities from 549 to...	**1,400**
Financing of new rental housing from 703 units to about...	**1,100**

GO BIG SO EVERYONE CAN GO HOME.

We need to go big because many Minnesotans struggle with housing instability.

- 448,000 lower-income households in Minnesota are spending more than 30% of their income on housing;[1]
- Minnesota has the fourth largest disparity in homeownership rates in the country for households of color and indigenous communities;[2]
- An American Indian is over 20 times more likely to experience homelessness than a person who is white;[3] and
- Research funded by the Family Housing Fund found that the housing shortage in the Twin Cities metro area could limit job growth and result in a loss to the Gross Regional Product of $215 million annually.[4]

While we have done great work over the last several years and our existing vision and mission hold true, we will do even more over the next three years and focus our work on the toughest housing challenges that the state faces.

STRATEGY MANAGEMENT: HOW WE DIRECT AND ALIGN OUR WORK

To go big, we need every Minnesota Housing employee and housing partner working toward the same goals. A set of planning documents and processes direct and align our work. The structure starts with the strategic direction set by the Walz-Flanagan Administration and culminates in the work of every individual employee. The strategic and supporting plans align the work of every employee, and every employee sees how their work supports the strategic plans.

In the following sections, we first present the building blocks of the Walz-Flanagan Administration's One Minnesota Plan and then present Minnesota Housing's strategic plan. The state can accomplish more if all state agencies and employees are focused on and working toward the same goals. To achieve these outcomes, the Walz-Flanagan Administration established mission and vision statements, principles and priorities. We developed our 2020-22 Strategic Plan, with its own mission, vision, principles and objectives, to be aligned with and fulfill this strategic direction. Our Strategic Plan focuses on the housing component of this endeavor and reflects the input we received from across the state as we developed the plan. Our plan also highlights where and how we will work with other state agencies and sectors to achieve the broader vision.

MINNESOTA

ONE MINNESOTA PLAN: BUILDING BLOCKS

MISSION

Improve the lives of all Minnesotans by working collaboratively to implement policies that achieve results.

VISION

Minnesota is the best state in the country for children to grow up in—those of all races, ethnicities, religions, economic statuses, gender identities, sexual orientations, (dis)abilities, and zip codes.

GUIDING PRINCIPLES

- Practice servant leadership
- Treat everyone with respect and dignity
- Do the right thing, especially when it is difficult
- Ask how your actions are reinforcing or removing structural inequity
- Promote the common good over narrow special interests
- Be accessible, transparent, and accountable
- Include voices from communities who will be most impacted

Sets the strategic direction for all state agencies in the Walz-Flanagan Administration for 2020-22

Sets the strategic direction for Minnesota Housing for 2020-22

Two-year business plans to implement the Strategic Plan, which includes key policy, program, and operational initiatives

One-year plans outlining division activities to implement the Affordable Housing Plan and core work

One-year individualized work plans for every employee

ONE MINNESOTA PRIORITIES

Thriving Communities

A key objective of Minnesota Housing is to focus on the people and places most impacted by housing instability (page 8). If we are to achieve the concept of One Minnesota, where everyone thrives, we will:

- Make communities most impacted by housing instability the priority of each program
- Support housing solutions developed by communities
- Finance housing to support economic development and job growth
- Strengthen disinvested communities
- Support Tribal nations and indigenous communities

Equity and Inclusion

Another key objective is to create an inclusive and equitable housing system (page 9). We will:

- Increase Minnesota Housing's diversity and cultural competency
- Empower communities to co-develop solutions
- Address systemic barriers
- Make our programs more inclusive and equitable
- Diversify the partners with which we work

Children and Families

If children and families live in safe, stable homes that they can afford in communities of their choice, they will thrive. Our strategic plan is built to support that goal. We will:

- Emphasize serving children as we focus on the people and places most impacted by housing instability
- Finance the development and preservation of housing with 3 or more bedrooms to serve larger families with children
- Expand the Homework Starts with Home program, which provides rent assistance and other supports to families experiencing homelessness with school-age children
- Collaborate with the Interagency Council on Homelessness and Children's Cabinet to prevent and end homelessness among children, youth and families

Fiscal Accountability and Measurable Results

Minnesota Housing is a financial institution with a mission. We will:

- Maintain a strong balance sheet and increase our assets so that we have the resources to not only address current housing needs but also future needs
- Maintain a strong bond rating
- Track progress on each of our strategic objectives with a set of metrics and develop Specific, Measurable, Achievable, Relevant, and Time-bound (SMART) goals for a set of the objectives to hold ourselves accountable for achieving specific goals

Minnesota's Environment

Sustainable housing that utilizes both energy efficiency and clean energy solutions plays a key role in mitigating climate change, improving Minnesota's environment, reducing utility bills for residents, and providing a healthier place to live (pages 10). We will:

- Actively participate in the Governor's Climate Subcabinet and develop a more comprehensive climate strategy for Minnesota Housing
- Enhance our existing sustainability standards for the buildings we finance, which are primarily based on Enterprise Green Communities, to promote the development and rehabilitation of sustainable and resilient homes
- Work with our asset management team to continue providing sustainability education and supporting owners, managers and residents of existing buildings
- Assess our work with an environmental justice lens, finding equitable housing solutions to minimize the impact of climate change on the most vulnerable populations
- Leverage all available resources, such as utility incentives, city-based sustainability programs, and other partnerships

MINNESOTA HOUSING

OUR VISION: THE BIG, AUDACIOUS GOAL

All Minnesotans live and thrive in a stable, safe home they can afford in a community of their choice

OUR MISSION: THE CORE PURPOSE

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable

OUR PRINCIPLES AND VALUES: HOW WE WORK

How we work and with whom we engage and partner can be as important as what we do. Our processes and partnerships impact not only what housing is built, but also where it is built, for whom, and who benefits from the work. To achieve the concept of **One Minnesota** where everyone thrives, we will reorient how we work and expand who has a voice at the table and who participates in and benefits from the housing economy.

- We will center the **people and places most impacted** by housing instability at the heart of our decision making.
- We will **listen, empower and support**.
- We will be **inclusive, equitable and just** in our actions.
- We will be **innovative and creative** problem solvers.
- We will be **flexible, nimble and responsive**.
- We will make **data-driven and evidence-based** decisions.
- We will pursue **continuous improvement**.
- We will **build and leverage** resources.
- We will be **accountable** for our results.

OUR CORE ACTIVITIES: THE DAY-TO-DAY WORK

Minnesota Housing's core work involves these seven activities:

Promote and Support Successful Homeownership. We finance pre- and post-purchase counseling, education, coaching, and financial empowerment; mortgages and downpayment/closing-cost assistance; and home improvement loans.

Finance New Affordable Rental Opportunities. We finance the construction of new rental housing through amortizing first mortgages, housing tax credits, and zero-interest, deferred loans. We also provide rental assistance.

Preserve the Existing Housing Stock. We provide financing to meet a range of rehabilitation and refinancing needs for both homeownership and rental, provide technical assistance and support to those needing help accessing preservation resources, support effective rental property management after we have financed a property, and manage HUD's Project-Based Section 8 rental assistance contracts in Minnesota.

Support Housing Stability. We fund assistance that helps people find and stay in their housing, finance housing with services, and work with local Continuums of Care to connect people experiencing homelessness to the housing and services they need.

Support Community and Economic Development. We engage communities, provide tools to help assess local needs, and support communities with technical assistance and capacity building resources.

Lead and Take Action on Critical Housing Issues. We identify housing issues and needs, work with community partners to advocate for solutions, and leverage both public and private resources.

Strengthen the Financial and Organizational Capacity of the Agency. We are only as strong as our staff, partnerships, systems and balance sheet. We finance our programs through a combination of state and federal appropriations, tax credits, bonding and Agency earnings. We attract and retain skilled, committed and diverse staff. We partner with over 400 organizations across the state to administer the programs that we finance. We create, maintain and operate systems that effectively manage our programs and finances.

IF WE ARE TRULY TO ACHIEVE THE CONCEPT OF ONE MINNESOTA,

EVERYONE MUST PROSPER, NOT JUST SOME.

OUR STRATEGIC OBJECTIVES

Over the next three years, we will pursue the following 14 strategic objectives, which fall into five areas of focus.

IMPROVE THE HOUSING SYSTEM

- Focus on the people and places most impacted, especially children
- Create an inclusive and equitable housing system
- Finance housing to support all areas of life

PRESERVE AND CREATE HOUSING OPPORTUNITIES

- Preserve the condition and affordability of existing housing
- Increase the development of new housing that is affordable
- Increase access to rental assistance
- Support and preserve manufactured housing

MAKE HOMEOWNERSHIP MORE ACCESSIBLE

- Address homeownership barriers and reduce disparities

SUPPORT PEOPLE NEEDING SERVICES

- Effectively link services with housing
- Prevent and end homelessness
- Support people with disabilities
- Support older Minnesotans

STRENGTHEN COMMUNITIES

- Strengthen disinvested communities
- Support Tribal nations and indigenous communities

STRATEGIC GOALS

What gets measured and tracked gets done. Specific, Measurable, Achievable, Relevant and Time-bound (SMART) goals provide clarity and accountability, inspire action and make a strategic plan tangible. For example, by having a goal of 35% of our first-time homebuyer mortgages going to households of color and indigenous communities, we significantly increased our lending to these communities and are on the cusp of achieving it. Creating SMART goals takes careful analysis, thought and collaboration. We will develop them for a key set of these objectives over the next year. We have also identified one to three key metrics for tracking each of the objectives identified in the plan to drive results and accountability.

IMPROVE THE HOUSING SYSTEM

FOCUS ON THE PEOPLE AND PLACES MOST IMPACTED, ESPECIALLY CHILDREN

Key Metric: *Share of households from these communities that are cost burdened or overcrowded (lowest income, households of color, indigenous communities, seniors, children, large families, and people with disabilities)*

Some people and places are far more likely to be impacted by housing instability, which includes being cost-burdened or homeless, living in overcrowded or substandard housing, moving frequently or not having access to homeownership. Communities facing housing challenges and disparities are our priority because the current market is not working for them. Examples include:

PEOPLE		PLACES
• Lowest Income (e.g. <= 30% of area median income (AMI)) • People of Color • Indigenous Individuals • LGBTQ • People Experiencing Homelessness • People with Disabilities • Immigrants • Large Families • Seniors • Children	People Facing Barriers and/or Limited Choices such as: • Poor Credit • Limited Savings • Criminal History • Evictions • Transitioning Out of Foster Care, Prison, Other Systems	• Disinvested Communities in the Metro Area and Greater Minnesota • Tribal Nations/Indigenous Communities • Manufactured Home Communities • Communities with Job Growth and a Limited Housing Supply

Children are often among those most impacted by housing instability, and the impact can last a lifetime through reduced educational achievement, poor health, and even trauma. If all children were stably housed in a safe, affordable home in a community of their family's choice, Minnesota would be a great place for everyone to live.

MAKE THE MOST IMPACTED THE PRIORITY OF EACH PROGRAM

1. Understand the impact that market conditions and failures have on the people and places most impacted
2. Continually engage these communities
3. Prioritize resources to serve them

ADVOCATE ALONGSIDE COMMUNITIES

1. Be a convener and connector
2. Identify and advocate for new and innovative solutions, particularly when a housing need cannot be met with one of our existing programs

CREATE AN INCLUSIVE AND EQUITABLE HOUSING SYSTEM

Key Metrics:

- *Disparities for housing cost burden, homeownership, poverty, and homelessness, by race*
- *Disparities for housing cost burden, homeownership, poverty, and homelessness, by disability status*
- *Number and share of developments that Minnesota Housing finances that have a minority-owned or women-owned business on the development team*

Minnesota has vibrant, resourceful communities, including people with disabilities who overcome daily barriers, immigrants who are determined to make a new life, communities of color and indigenous populations who have endured generations of discrimination, and the LGBTQ community that is out and proud. These groups have struggled to thrive. Minnesota has some of the worst disparities in the country, including in housing, health, education, income and wealth. If we are truly to achieve the concept of **One Minnesota**, everyone must thrive, not just some. Because the root causes of these disparities are deep and systemic, our strategies will be deep and systemic, starting with Minnesota Housing itself.

INCREASE MINNESOTA HOUSING'S DIVERSITY AND CULTURAL COMPETENCY

1. Increase in the number of our leaders and staff who are from communities most impacted by disparities
2. Continue and enhance our journey to become more culturally competent and incorporate these practices into everything we do

EMPOWER COMMUNITIES TO CO-DEVELOP SOLUTIONS

1. Continually engage and empower communities facing barriers
2. Create more opportunities for participation in program decision making
3. Listen
4. Act on what we learn

ADDRESS SYSTEMIC BARRIERS

1. Identify the systemic barriers creating housing inequities
2. Develop a policy agenda
3. Support solutions that increase housing stability and access, such as renter protections and renter screening that is guided by evidence-based research
4. Support efforts to mitigate displacement
5. Support laws, local ordinances and practices that create a full range of housing options that are affordable in all communities

MAKE OUR PROGRAMS MORE INCLUSIVE AND EQUITABLE

1. Review all program structures, processes, requirements and restrictions with a renewed lens on inclusion and equity
2. Identify programs and processes that are not working for everyone
3. Make programs easier to access and administer so that they better serve households with different needs and different backgrounds

DIVERSIFY THE PARTNERS WITH WHICH WE WORK

1. Invest in organizations led by disproportionately impacted communities, build their capacity and provide more opportunities for them to compete for funding, which will lead to culturally appropriate work and direct benefits to disproportionately impacted communities
2. Encourage program partners to assess their leadership and staff composition, their cultural competency and how they incorporate equity practices into their work, learning from partners who are doing this well

CONTINUALLY ANALYZE OUTCOMES AND PROGRAM PROCESSES

1. Collect and analyze data at the most disaggregated level possibly
2. Thoroughly analyze outcomes and program processes by race/ethnicity, disability status and other characteristics that reflect inequity
3. Adjust and act where populations are not being served equitably

FINANCE HOUSING TO IMPROVE ALL AREAS OF LIFE

Key Metrics:

- *Number of programs that we administer in partnership with other state agencies*
- *Number of households served by Homework Starts with Home*

Stable and affordable homes support educational achievement, stable employment, health, and success in other areas of life. Societal challenges involve complex interactions across issues and sectors, and we need cross-sector solutions. We will act holistically.

BUILD INTERAGENCY AND CROSS-SECTOR RELATIONSHIPS AND PARTNERSHIPS

Build and strengthen relationships with:

1. The Department of Education, school districts, and the Office of Higher Education to improve educational outcomes
2. The Department of Health, the Department of Commerce, the Department of Human Services, the health sector, and community organizations to improve health outcomes
3. The Department of Employment and Economic Development, local community and economic development agencies, the Itasca Project, and employers to improve economic development and employment
4. The Department of Corrections and local correctional facilities to support successful community reintegration and reduce recidivism

ALIGN AND LEVERAGE RESOURCES AND PROGRAMS

1. Create cross-sector programs, such as Homework Starts with Home, which provides housing assistance to support homeless families with school age students
2. Work with the health sector and encourage investment in housing to improve health outcomes

IMPROVE MINNESOTA'S ENVIRONMENT

1. Actively participate in the Governor's Climate Subcabinet and develop a more comprehensive climate strategy for Minnesota Housing
2. Enhance our existing sustainability standards, such as Enterprise Green Communities, to promote the development and rehabilitation of sustainable and resilient homes
3. Work with our asset management team to continue providing sustainability education and supporting owners, managers and residents of existing buildings
4. Assess our work with an environmental justice lens, finding equitable housing solutions to minimize the impact of climate change on the most vulnerable populations
5. Leverage all available resources, such as utility incentives, city-based sustainability programs and other partnerships

ACTIVELY PARTICIPATE IN THE WALZ-FLANAGAN ADMINISTRATION'S INTERAGENCY INITIATIVES

1. Fully engage in the homelessness, equity and inclusion, children, criminal justice, and climate initiatives
2. Take a leadership role in the work to end homelessness

STABLE AND AFFORDABLE HOMES SUPPORT SUCCESS IN OTHER AREAS OF LIFE.

PRESERVE AND CREATE HOUSING OPPORTUNITIES

PRESERVE THE CONDITION AND AFFORDABILITY OF EXISTING HOUSING

Key Metrics:

- *Number of existing rental units affordable to households with an income at or below 50% of the area median income (AMI)*
- *Number of units with federal project-based rent assistance*
- *Number of existing homes valued at $250,000 or less*

Existing housing is typically the most affordable, and preserving it is more cost effective than building new. Segments of existing affordable housing are at risk of being lost, either to rent or price increases or to deterioration. For example, project-based Section 8 units were built about 40 years ago and often have deferred maintenance; and about 10,000 of the 30,000 Section 8 units in Minnesota have contracts that expire in the next four years, when they could convert to market-rate rents. Fortunately, we have had great success in renewing contracts.

We also estimate that Minnesota annually loses about 2,000 units of naturally occurring affordable housing (NOAH) after a sale, rehabilitation, and rent increases occur, which often results in the displacement of lower-income residents. Finally, 18% of the state's owner-occupied homes have a value of less than $125,000.[5] While quite affordable, these homes often need significant repairs.

IDENTIFY THE HOUSING MOST AT RISK OF BEING LOST

1. Use data from our systems, U.S. Department of Housing and Urban Development, U.S. Department of Agriculture – Rural Development, Census Bureau, Minnesota Department of Revenue, HousingLink, CoStar, and local data sources
2. Work with interagency stabilization teams and preservation groups to assess needs and risks

STREAMLINE, SIMPLIFY AND EXPAND PROGRAMS

1. Make programs and funds easier to access and use
2. Increase program flexibility so that they can be used to meet evolving needs in different situations
3. Expand financing options for Naturally Occurring Affordable Housing (NOAH)
4. Expand existing programs, such as the Rehabilitation Loan and Rental Rehabilitation Deferred Loan programs, to better serve communities

MARKET AND PROVIDE INFORMATION ABOUT PRESERVATION RESOURCES

1. Find simple ways to summarize and present the full range of preservation resources that are available
2. Systematically get the information into the hands of the people needing the resources for themselves or their community

INCREASE PRESERVATION CAPACITY ACROSS THE STATE

1. Help communities to identify their preservation needs
2. Support efforts to increase the number of developers in Greater Minnesota and contractors statewide doing preservation work

SECURE ADDITIONAL RESOURCES

1. Advocate for new and/or expanded funding from federal and state sources
2. Encourage localities to invest in housing
3. Explore options for expanding the availability of purchase-rehabilitation loans for owner-occupied homes
4. Make resources available to serve homeowners with extremely-low to moderate incomes

INCREASE THE DEVELOPMENT OF NEW HOUSING THAT IS AFFORDABLE

Key Metrics:

- *Number of new rental units funded by Minnesota Housing with rents affordable to households with incomes (1) at or below 30% of the area median income (AMI), and (2) between 31% and 50% of AMI*
- *Number of new owner-occupied homes funded by Minnesota Housing selling for $250,000 or less*
- *Number of new owner-occupied and rental homes financed by Minnesota in Greater Minnesota communities with substantial job growth*

To create and sustain a healthy housing market, the 2018 Housing Task Force called for the development of 300,000 new housing units in Minnesota by 2030 across all types and price points; however, the greatest need is for housing that is affordable for low-income families. Only 24% of renter households with an income at or below 30% of the area median income are in a home they can afford.[6] The month-supply of homes selling for $250,000 or less is only 1.4 months, when a five-month supply is considered a healthy and balanced market.[7] Expanding the supply of housing that is affordable is critical because most lower-income households just need an affordable place to live.

INCREASE FUNDING

1. Demonstrate the impact that housing investments have on people's lives and community prosperity
2. Work with Congress and the State Legislature to increase funding
3. Encourage localities to invest in housing
4. Partner with and encourage businesses and employers to invest in housing, recognizing that housing affordable for their workforce is a competitive advantage
5. Effectively leverage existing funding

INNOVATE AND REDUCE THE COST OF HOUSING PRODUCTION

1. Partner with others to use technology and innovation to increase housing construction productivity, which could include modular or panelized construction and even 3-D printing
2. Support strategies to increase the number of contractors and people working in the building trades
3. Review and adjust our design and construction standards
4. Encourage local units of government to evaluate their policies and regulatory costs to promote a full range of housing options in their communities, including duplexes, triplexes, quads, condominiums, townhomes, accessory dwelling units and other higher density housing
5. Focus on life-cycle costs, including durability, maintenance and utility costs

STREAMLINE AND SIMPLIFY PROGRAMS

1. Carry out the same actions listed under this strategy in the previous preservation section, with a focus on new construction.

THE GREATEST NEED
IS FOR HOUSING THAT IS AFFORDABLE FOR LOW-INCOME FAMILIES.

INCREASE ACCESS TO RENTAL ASSISTANCE

Key Metrics:

- *Number of rental assistance vouchers or Housing Supports in Minnesota*
- *Share of Housing Choice Vouchers successfully placed*

Rental assistance is the most direct approach to making housing affordable. Renters pay what they can afford, and the subsidies cover the rest. However, demand for the assistance grossly outstrips the supply. Minnesota has only 42,000 vouchers or similar supports for renter households,[8] while another 220,000 households with very-low incomes currently have rents that are unaffordable.[9] In addition, a voucher does not guarantee success in finding a unit in today's competitive rental market. In 2018, 54% of renters served by the Metro HRA who started receiving a Housing Choice Voucher were unable to find a home to use it.[10] With very low vacancy rates and multiple people competing for an available home, landlords can be very selective, and some refuse to rent to people with vouchers.

MANAGE AND TARGET EXISTING ASSISTANCE

1. Better understand the full scope and nature of the assistance that is available, including Housing Choice Vouchers, Housing Trust Fund, Bridges, Section 811, HUD-VASH, Housing Supports, Rapid Rehousing and others
2. Maximize the benefit of existing resources by working with partners to match tenants with the type of assistance that will be most effective for them

INCREASE THE ACCEPTANCE OF VOUCHERS

1. Incentivize landlords to accept households with rental assistance
2. Support solutions that increase acceptance of vouchers and make it illegal to discriminate against individuals and families that have vouchers
3. Advocate for housing navigation services

ADVOCATE FOR ADDITIONAL RENTAL ASSISTANCE

1. Advocate for new and/or expanded funding from federal, state, and local sources
2. Evaluate the effectiveness of rental assistance in improving people's lives, including in the areas of education, employment, and health

SUPPORT AND PRESERVE MANUFACTURED HOUSING

Key Metrics:

- *Number of Minnesota households living in manufactured housing*
- *Number of manufactured home communities lost annually in Minnesota*

Manufactured housing is a critical component of Minnesota's housing supply. The median monthly housing cost for someone owning a manufactured home with a mortgage is only $982, versus $1,502 for other homeowners with a mortgage and $937 for renters.[11] Currently, about 57,000 Minnesota households live in manufactured housing,[12] and Minnesota has 45,000 sites in manufactured home communities where the land is leased.[13] Other homes are on private land. In the last three years, Minnesota has lost 770 manufactured home sites through closures.[14] Manufactured home residents face challenges that are not easily addressed through traditional housing finance tools. The challenges include home conditions and a backlog of infrastructure needs, such as utility and road maintenance, in manufactured home communities.

CREATE A MANUFACTURED HOUSING TEAM AND STRUCTURE

1. Bring together expertise from different parts of Minnesota Housing
2. Deploy resources proactively to address issues as they arise

ENHANCE EXTERNAL PARTNERSHIPS AND COLLABORATE

1. Partner with local governments and communities, Northcountry Cooperative Foundation, All Parks Alliance for Change, ROC USA, the Manufactured and Modular Home Association of Minnesota, Pueblos de Lucha y Esperanza and others
2. Develop and implement cross-sector strategies

CREATE A COMPREHENSIVE STRATEGY

1. Finance manufactured home communities, including purchase and infrastructure improvements
2. Finance individual homes, including purchase, rehabilitation, relocation, and replacement
3. Identify and support regulatory changes and model ordinances that address zoning and the rights of residents
4. Support cooperatively-owned manufactured home communities and build capacity for sustainable management
5. Work with other state and local agencies and community organizations to coordinate funding for community needs, such as storm shelters, community rooms, and playgrounds

MAKE HOMEOWNERSHIP MORE ACCESSIBLE

ADDRESS HOMEOWNERSHIP BARRIERS AND REDUCE DISPARITIES

Key Metrics:

- *Annual number of home mortgages purchased by Minnesota Housing*
- *Minnesota Housing's annual lending to households of color and indigenous communities*
- *Homeownership rates by race and ethnicity by income level*

Homeownership is the primary way that most Minnesotans build wealth. According to the Joint Center for Housing Studies at Harvard University, each year of successful homeownership increases household wealth by about $10,000.[15] However, poor credit, limited savings and income, limited knowledge and trust of the mortgage industry, discrimination, limited access to financing, and other factors create barriers to successful homeownership.

While Minnesota has the third highest homeownership rate in the country, it also has the fourth largest disparity in homeownership rates between white/non-Hispanic households and households of color, and the disparity has been persistent[16] While we have made significant progress in increasing our lending to households of color and indigenous communities, the entire industry needs to do more to reduce the disparity. With about 64,000 renter households of color or from indigenous communities in Minnesota between the ages of 25 and 44 (prime first-time homebuyers) who are potentially income-ready to buy, there is the opportunity for significant improvement.[17]

MODEL WHAT IT WILL TAKE TO SIGNIFICANTLY REDUCE THE HOMEOWNERSHIP DISPARITY

1. Identify how many additional households of color or from indigenous communities would need to become successful homeowners to achieve a homeownership rate goal
2. Determine the share that we will address versus the overall industry
3. Identify the program changes that we will make to achieve the goal
4. Determine how we can support the overall industry to do its part

IMPROVE MARKETING AND OUTREACH

1. Continue to refine and enhance the work of our Business Development (outreach) team
2. Pursue more direct-to-consumer marketing, social media, and events to dispel myths and increase awareness of our programs and that homeownership is possible, particularly for millennials, who are the prime first-time homebuyers
3. Create specific marketing strategies to reach the 64,000 households of color or from indigenous communities who may be ready to buy
4. Increase awareness of our programs among real estate agents and lenders

5. Engage more homeownership advisors, real estate agents, lenders, and other industry professionals to serve more households of color or from indigenous communities
6. Engage employers and community groups with employees and members of color or from indigenous communities

PROVIDE COMPREHENSIVE HOMEBUYER AND POST-PURCHASE SUPPORT

1. Find ways to bring training and education into schools
2. Work with the Homeownership Center and its network of homeownership advisors in providing education, counseling, and financial coaching that meets the needs of homebuyers/owners, particularly households of color and indigenous communities
3. Expand our Homeownership Capacity program, which is intensive and longer-term financial coaching that is effectively reaching and serving households of color and indigenous communities

INCREASE THE INVENTORY OF AFFORDABLE HOMES FOR SALE

1. Support the creation of more affordable options, including manufactured/modular housing, townhomes, condominiums, cooperatives, etc.
2. Advocate for more funding to develop and subsidize owner-occupied housing
3. Work with others to reduce the cost of housing development, which could include reducing regulatory costs and increasing construction productivity
4. Support strategies to increase the number of contractors and people working in the building trades

PROVIDE AFFORDABLE AND ACCESSIBLE FINANCING

1. Continue refining our homebuyer and home-improvement programs each year to match market conditions and borrower needs, particularly for households of color and indigenous communities
2. Build off of our current successes, which includes 65% of our Deferred Payment Plus Loans (enhanced downpayment assistance) going to borrowers of color or from indigenous communities
3. Explore options for expanding the availability of purchase-rehabilitation loans
4. Expand our lender network to support more lending throughout the state, particularly in communities of color and indigenous communities

LEAD THE OVERALL MORTGAGE INDUSTRY

1. Demonstrate to the mortgage industry strategies and programs that successfully serve households of color and indigenous communities
2. Provide leadership for the Homeownership Opportunity Alliance (HOA), an industrywide coalition, to increase homeownership by households of color and indigenous populations

THE ENTIRE INDUSTRY NEEDS TO DO MORE TO REDUCE THE HOMEOWNERSHIP DISPARITY.

SUPPORT PEOPLE NEEDING SERVICES

EFFECTIVELY LINK SERVICES WITH HOUSING

Key Metric: *Share of service providers in our supportive housing portfolio that have the capacity to bill Medical Assistance for housing-related services*

Housing with services is an important part of our work, particularly the interagency work through the Office to Prevent and End Homelessness and the Olmstead Implementation Office, which coordinates state agencies' work to help people with disabilities live, learn and work in integrated settings. For some people, effectively linking services with housing is critical to obtaining and maintaining housing stability. On a given day, 77% of adults experiencing homelessness suffer from a mental illness, chemical dependency, and/or a chronic health condition.[18]

We have contracted with an external consultant to evaluate the portfolio of permanent supportive housing that we have financed, which has reached about 5,000 housing units. The evaluation recommendations, which are due early in 2020, will inform and refine the following strategies and actions.

BETTER ALIGN HOUSING AND SERVICES FUNDING

1. Work with the Department of Human Services (DHS) to better align its service funding and our funding for housing development
2. Collaborate with DHS to promote and implement the new authority that the state received in 2019 from the federal government to use Medical Assistance to pay for certain housing-related services
3. Support efforts to increase the capacity of housing and service providers to access, use and bill for support services, including Medical Assistance and Housing Supports

BUILD THE CAPACITY OF DEVELOPERS TO PROVIDE SUPPORTIVE HOUSING

1. Encourage developers who are new to providing supportive housing to receive training so they can create and manage supportive housing successfully
2. Expand the use of our Supportive Housing Information and Resources guide
3. Provide technical assistance and resources
4. Review Agency assumptions regarding supportive housing financing and cash flow

BUILD THE CAPACITY OF SERVICE PROVIDERS TO DELIVER EFFECTIVE SERVICES

1. Support providers in obtaining training and increasing their service fidelity
2. Provide fidelity standards for supportive housing services
3. Support efforts to increase the cultural competency of service providers and the services they provide
4. Explore the possibility of incorporating technology and telehealth into supportive housing
5. Support efforts to increase the number of people working in supportive services

PREVENT AND END HOMELESSNESS

Key Metrics:

- *Number of people experiencing homelessness, by population (chronic, families with children, veterans, youth, sleeping outside, etc.)*
- *Homelessness disparities by race and disability status*

In Minnesota, roughly 8,000 people are homeless each night. While over 6,000 of them find shelter for the night, an estimated 1,650 people sleep outside without shelter, an increase of 125% since 2015.[19] A person of color or indigenous individual in Minnesota is nearly ten times more likely to experience homelessness than a person who is white/non-Hispanic.[20] Because homelessness can be traumatic for children and have a life-long impact, we will collaborate with the Interagency Council on Homelessness and Children's Cabinet to prevent and end homelessness among children, youth and families. Homelessness is the most severe form of housing instability and encompasses many societal failures – a woefully inadequate supply of housing that is affordable, an unequitable housing system, disparities, trauma, and the intersection of housing, physical and behavioral health, employment, and education. The state has responded, but the severity of the housing crisis remains a significant challenge.

LEAD THE INTERAGENCY COUNCIL ON HOMELESSNESS

1. Implement *Heading Home Together: Minnesota's 2018 – 2020 Action Plan to Prevent and End Homelessness* and subsequent plans
1. Build support to end homelessness across the state
2. Coordinate, align, and leverage work across state agencies, systems, and sectors
3. Make data-driven and evidence-based decisions

CREATE MORE DEEPLY AFFORDABLE HOUSING OPPORTUNITIES

1. Build more permanent supportive housing, especially for populations that have been historically underserved
2. Advocate for expanding the availability of rental assistance, including Housing Trust Fund, Bridges, and Housing Supports
3. Incentivize building more deeply affordable housing that is affordable for those with the lowest-incomes

PRESERVE EXISTING HOUSING THAT IS DEEPLY AFFORDABLE

1. Carry out the actions in the housing preservation section of this plan, prioritizing deeply affordable housing
2. Implement recommendations from the evaluation of our permanent supportive housing portfolio, which will be released early in 2020

FOCUS AND TARGET RESOURCES

1. Prioritize coordinated grant-making by streamlining, coordinating and consolidating homeless funding processes so that community partners can more effectively access resources
2. Improve the effectiveness of Coordinated Entry, which is a process for matching people with available resources
3. Evaluate, improve and expand the homeless prevention targeting tool
4. Continue implementing "Step Down", which is a process of reducing assistance for people who no longer need full supportive housing, freeing up resources for others

REDUCE BARRIERS TO ACCESSING HOUSING

1. Support solutions that increase housing stability and access such as renter protections and renter screening that is guided by evidence-based research
2. Advocate for additional housing navigation services
3. Expand incentives for landlords to house people facing barriers (for example, Landlord Risk Mitigation Funds)

8,000 PEOPLE
ARE HOMELESS EACH NIGHT IN MINNESOTA

SUPPORT PEOPLE WITH DISABILITIES

Key Metric: *Share of people participating in Minnesota Housing programs who have a disability*

The State of Minnesota is committed to ensuring that people with disabilities have meaningful opportunities to live, learn, and work in integrated settings. A crucial component of that commitment is access to affordable, accessible housing that is supported by appropriate services. People with disabilities should have the opportunity to choose where they live, with whom, and in what type of housing. Individuals should have a meaningful opportunity to choose to have a lease or own their own home, and to live in the most integrated setting appropriate to their needs. Supports and services should allow sufficient flexibility to support individuals' choices on where they live and how they engage in their communities.

Minnesota adopted an Olmstead Plan in 2015, which includes measurable goals related to housing, services, transportation, and a number of other factors that impact the ability of individuals with disabilities to live in integrated settings. Progress has been made, and between July 2014 and June 2018, there were an additional 3,852 people with disabilities living in integrated housing of their choice. But much more work needs to be done, and the continued shortage of affordable housing across the state is a barrier that must be addressed.

CREATE MORE HOUSING OPPORTUNITIES FOR PEOPLE WITH DISABILITIES

1. Facilitate the development of affordable housing for individuals with disabilities
2. Identify resources, such as HIB, that can provide supportive housing for individuals with disabilities
3. Identify new models and funding sources that can be used to increase affordable, accessible, and integrated housing options across the state, including both rental and homeownership

LINK HOUSING WITH SERVICES

1. Coordinate with the Department of Human Services and other state agencies to help ensure affordable housing units financed by us can include appropriate services for individuals with disabilities
2. Support and build the capacity of developers to create and operate affordable housing options for individuals with disabilities

REDUCE BARRIERS TO ACCESSING HOUSING

1. Identify opportunities to facilitate accessibility improvements in existing units and promote the development of new accessible units
2. Pursue resources to provide rental assistance and other financial options to make housing more affordable for individuals with disabilities
3. Continue to seek federal Section 811 resources
4. Promote less restrictive tenant screening practices and the landlord risk mitigation fund to increase access to housing options

FACILITATE INTERAGENCY ACTIONS

1. Continue to actively participate in and chair the Olmstead Subcabinet
2. Host and staff the Olmstead Implementation Office, which helps administer the Minnesota Olmstead Plan
3. Seek, and actively participate in, cross-agency initiatives to improve opportunities for individuals with disabilities to live in integrated housing options of their choosing
4. Meaningful engage with individuals with disabilities to identify housing-related needs and propose solutions.

SUPPORT OLDER MINNESOTANS

Key Metrics:

- *Number of senior homes rehabilitated through the Rehab Loan Program, Fix-Up Fund, and Impact Fund*
- *Number of senior rental housing units developed with Minnesota Housing funds*

Over the next 17 years, the number of Minnesotans age 65 or older will increase by about 400,000, which will create new housing challenges.[21] Initially, as baby boomers retire, they likely will live independently and age-in-place, but as they get older and disabilities increase, the housing demands will become more complex. We will take steps to provide older Minnesotans with a range of housing and support options as their needs change.

SUPPORT OLDER MINNESOTANS TO AGE IN PLACE

1. Assist seniors in retrofitting and repairing their homes through the Rehabilitation Loan Program, Fix-Up Fund, and Impact Fund
2. Rehabilitate existing senior rental housing
3. Partner with the Department of Human Services (DHS), Minnesota Board on Aging, Community Action Agencies, and others to assist seniors in receiving the in-home services they need
4. Find innovative models that holistically combine home repair and in-home services

DEVELOP MORE HOUSING FOR OLDER MINNESOTANS THAT IS AFFORDABLE

1. Build more senior rental housing
2. Require the housing to have a services component–at a minimum, a tenant service coordinator
3. Focus on deeply affordable units for the lowest-income seniors
4. Develop smaller, owner-occupied homes with accessibility features to enable seniors to downsize

INVESTIGATE ALTERNATIVE AND INNOVATIVE APPROACHES

1. Support the use of existing housing, including accessory dwelling units (mother-in-law apartments), home sharing (older Minnesotans renting a room to a younger roommate, who can help with household chores), shared housing (seniors living in a home together), and multigenerational housing
2. Examine models that effectively combine housing and health care and lower overall costs, such as the Support and Services at Home (SASH) model in Vermont

PARTNER WITH THE DEPARTMENT OF HUMAN SERVICES (DHS) AND OTHERS

1. Develop a coordinated strategy with DHS that aligns and leverages each agency's expertise and resources
2. Collaborate to address shortages in home improvement contractors and in-home service staff

WE WILL PROVIDE OLDER MINNESOTANS WITH A RANGE OF HOUSING OPTIONS.

STRENGTHEN COMMUNITIES

STRENGTHEN DISINVESTED COMMUNITIES

Key Metrics:

- *Number of RFP development awards going to Greater Minnesota communities that have not received an award in the last five years*
- *Number of census tracts in Minnesota that are classified as Qualified Census Tracts, which are low-income, high-poverty areas*

Some communities in Minnesota struggle to receive the investments they need to thrive, which includes communities with lower incomes, limited job growth, declining populations, market rents that do not support the cost of new construction, a stagnant housing market, and/or a limited capacity to access resources. These communities have housing needs, and the market is not addressing them.

IMPROVE COMMUNITY ENGAGEMENT

1. Engage disinvested communities on a regular and ongoing basis
2. Listen
3. Act on what we learn

ENHANCE CAPACITY-BUILDING EFFORTS

1. Support communities in assessing their housing needs and then develop and carry out solutions
2. Expand our program delivery structure by supporting organizations from disinvested communities in accessing and using housing resources
3. Better coordinate and leverage the work of the housing intermediaries that we fund to build capacity
4. Work with communities to enhance and leverage their resources, including stronger connections, partnerships, and supports

MAKE PROGRAMS EASIER TO ACCESS

1. Simplify and streamline existing programs that serve these communities
2. Explore options for creating programs that work better for smaller organizations and communities and in rural Minnesota

BOLSTER CROSS-SECTOR COMMUNITY DEVELOPMENT WORK

1. Support communities in carrying out comprehensive development strategies that incorporate housing, employment, education, and services by better coordinating our work with the Departments of Employment and Economic Development, Education, Health, and Human Services, as well as the Metropolitan Council
2. Focus investments on benefiting people currently in the communities and minimize gentrification and displacement

SUPPORT TRIBAL NATIONS AND INDIGENOUS COMMUNITIES

Key Metric: *American Indian disparities in housing cost-burden, homeownership, poverty, and homelessness*

American Indians and Tribal nations have the wisdom and commitment to meet their housing needs; however, oppression, historical trauma, discrimination, and disinvestment have held them back. Compared with non-Hispanic whites in Minnesota, American Indians are two times less like to be homeowners, four times more likely to be in poverty, and over 20 times more likely to experience homelessness.[22] Recognizing the sovereignty of Tribal nations, we must do a better job of working with them in meeting the housing needs of American Indians living on Tribal lands and throughout Minnesota.

IMPLEMENT OUR TRIBAL CONSULTATION POLICY AND CREATE AN IMPLEMENTATION PLAN

1. Building off the recently-revised Tribal Consultation Policy, create and implement a plan that focuses on engagement, trust, empowerment, support, action, and outcomes

SUPPORT TRIBAL HOUSING PLANS

1. Understand each Tribe's housing plan
2. On a plan-by-plan basis, work with Tribes to identify ways we can support them

INCREASE TRIBAL ACCESS TO PROGRAM RESOURCES

1. Allocate more resources directly to Tribes (for example, Tribes recently became an administrator of the Family Homelessness Prevention and Assistance Program)
2. Provide Tribes sufficient resources to administer these programs
3. For other programs, contract with administrators with a history of effectively partnering with Tribes and serving American Indians

SUPPORT TRIBES IN BUILDING THEIR PROGRAM CAPACITY

1. Tailor capacity building efforts to the needs of Tribes

INCREASE THE TRIBAL EXPERTISE OF MINNESOTA HOUSING STAFF

1. Increase staff participation in Tribal training
2. Have staff who effectively work with Tribes serve as mentors for other staff
3. Regularly engage and visit Tribes and communities

AMERICAN INDIANS ARE
OVER 20 TIMES MORE LIKELY
TO EXPERIENCE HOMELESSNESS.

CONCLUSION

Minnesota Housing has just over 250 staff. These objectives and actions are a lot for a mid-sized agency to implement, even over the course of the next three years. We believe that if we and our partners do this work together with the right investments, these actions could reverse the growing housing challenges that face Minnesotans in all parts of the state. Collectively, they would correct the inequities that impact communities of color, indigenous populations, and people with disabilities, and anticipate the housing needs of the growing number of seniors. And if we are able to accomplish these objectives, we would help all Minnesotans thrive.

IF WE ARE ABLE TO ACCOMPLISH THESE OBJECTIVES, WE WILL HELP ALL MINNESOTANS PROSPER.

ENDNOTES

1 Minnesota Housing Analysis of data from the U.S. Census Bureau, American Community Survey (1-Year Sample, 20187). Lower-income is defined as less than $50,000 of annual income.

2 Minnesota Housing Analysis of data from the U.S. Census Bureau, American Community Survey (1-Year Sample, 20187).

3 Minnesota Housing Analysis of data from the U.S. Census Bureau, American Community Survey (1-Year Sample, 2017), and HUD's 2018 Point-in-Time count of the homeless population.

4 Family Housing Fund, Housing and Economic Growth in the Twin Cities Region (Minneapolis: Family Housing Fund, 2019), p. 6.

5 Minnesota Housing Analysis of data from the U.S. Census Bureau, American Community Survey (1-Year Sample Microdata, 2017).

6 U.S. Department of Housing and Urban Development (HUD), 2012-2016 CHAS data.

7 Minneapolis Area Association of REALTORS, June 2019 supply.

8 This includes about 38,000 rent assistance vouchers (Housing Choice Vouchers, HUD-VASH, Section 811, Housing Trust Fund, Homework Starts with Home, and Bridges) and 4,000 Housing Supports in a community setting. In Minnesota, another 50,000 households receive project-based rental assistance or are in public housing.

9U.S. Department of Housing and Urban Development (HUD), 2012-2016 CHAS data. "Very-low income" is defined as 50% of the area median income (AMI) or less. Affordability is defined as spending no more than 30% of gross income on housing.

10 Based on vouchers administered by the Metro Housing and Redevelopment Authority (HRA).

11 Minnesota Housing Analysis of data from the U.S. Census Bureau, American Community Survey (1-Year Sample Microdata, 2017). The American Community Survey uses the term mobile home or trailer.

12 Minnesota Housing Analysis of data from the U.S. Census Bureau, American Community Survey (1-Year Sample Microdata, 2017). The American Community Survey uses the term mobile home or trailer.

13 Victoria Clark, Data Matters: Understanding the Role of Manufactured Home Communities in the Affordable Housing Continuum (Northcountry Cooperative Foundation and the Center for Urban and Regional Affairs (CURA) at the University of Minnesota: March 2019).

14 Victoria Clark, Data Matters: Understanding the Role of Manufactured Home Communities in the Affordable Housing Continuum (Northcountry Cooperative Foundation and the Center for Urban and Regional Affairs (CURA) at the University of Minnesota: March 2019), p. 7.

15 Christopher E. Herbert, Daniel T. McCue, and Rocio Sanchez-Moyano, Is Homeownership Still an Effective Means of Building Wealth for Low-Income and Minority Households? (Was it Ever?) (Harvard University, Joint Center for Housing Studies, September 2013), p. 46.

16 U.S. Census Bureau, American Community Survey (20187, 1-yr Sample).

17 Minnesota Housing Analysis of data from the U.S. Census Bureau, American Community Survey (1-Year Sample Microdata, 2017).

18 Wilder Research, Homelessness in Minnesota: Findings from the 2015 Minnesota Homelessness Study (November 2016), p. 33.

19 HUD's 2019 Point-in-Time count of the homeless population

20 Minnesota Housing Analysis of data from the U.S. Census Bureau, American Community Survey (1-Year Sample, 2017), and HUD's 2018 Point-in-Time count of the homeless population.

21 Minnesota Housing analysis of projection data from the Office of the State Demographer.

22 Minnesota Housing Analysis of data from the U.S. Census Bureau, American Community Survey (1-Year Sample, 2017), and HUD's 2018 Point-in-Time count of the homeless population.

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