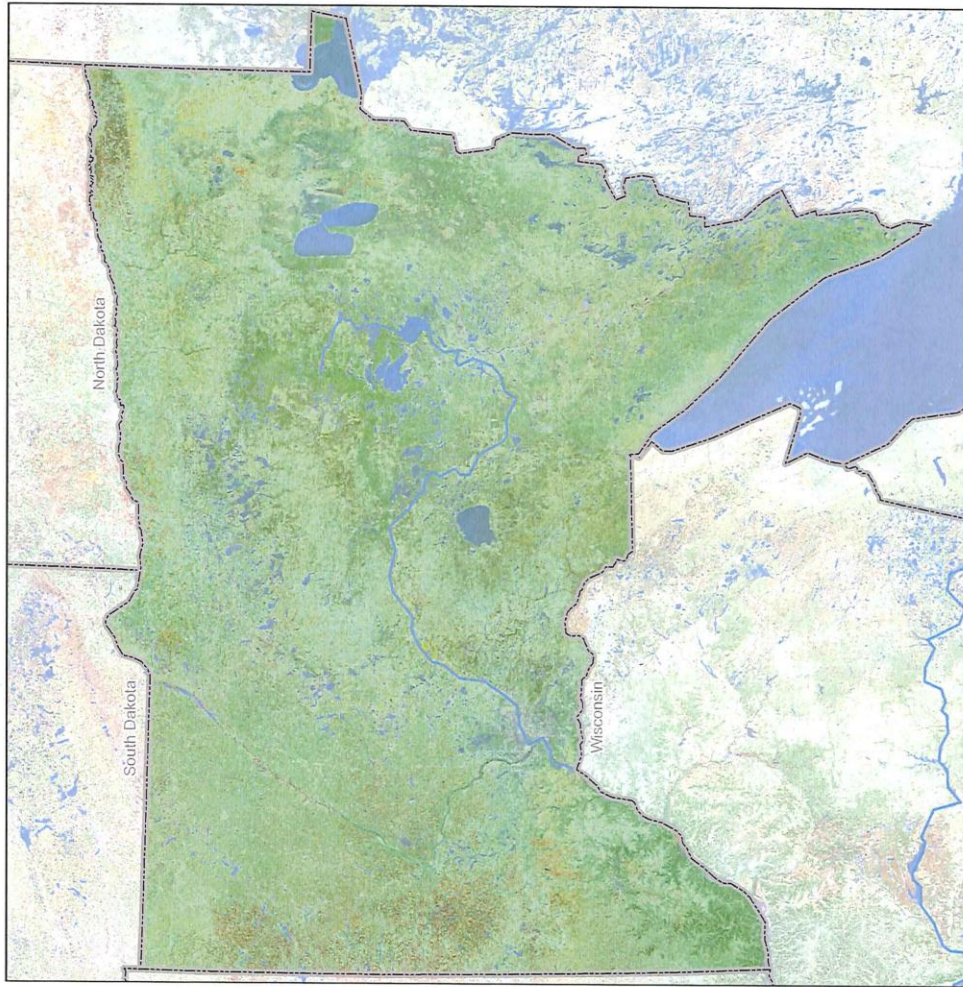


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MINNESOTA ANNUAL ACTION PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT 2013



2013 DRAFT



Executive Summary

ES-05 Executive Summary

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 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.

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Purpose of the Annual Action Plan

The 2013 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. Summary of the objectives and outcomes identified in the Plan Needs Assessment Overview

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. of past performance

The State's evaluation of its past performance has been completed in a thorough Consolidated Annual Performance and Evaluation Report (CAPER), to be published in 2013. 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.[1], available 12/31/2013. Minnesota Housing's 2012 goal for rental rehabilitation was 515 units for a total HOME cost of \$11,610,000. Minnesota Housing actually awarded \$5,965,000 for 129 units in two developments. The projects are underway. Production was less than anticipated because of the late roll out of the program relative to issuance of the RFP. Also, per unit costs were higher than expected so, although only 25% of the expected units will be rehabilitated, the agency still used 51% of the allocated funds. Minnesota Housing 2012 goal for homeownership assistance was 450 units for a total HOME cost of \$4,500,000. Actual production was 245 units totaling \$2,283,065. The reasons for not meeting goals are: (1) The HOME HELP loan amount was too low and not enough lenders were willing to undertake the extra work and risk of making HOME-funded loans, and (2) Minnesota Housing's mortgage rates were either at or near market rates. As of August 31, 2012, HOPWA had provided assistance to 261 households totaling \$120,969. The household count will be adjusted for the CAPER to take into account households receiving assistance more than once over the prior. HOPWA is on pace to meet its goals. For the Emergency Solutions Grant Program (ESG), in the 2012 Action Plan DHS projected serving 12,158 persons with emergency shelter. According to the recently submitted CAPER for this year, DHS met and exceeded this goal and provided shelter to 13,989 persons. For 2012 DHS also projected re-housing 460 individuals and having 350 individuals remain stably housed as a result of ESG prevention and re-housing assistance. Because DHS received the additional ESG funds for prevention and re-housing much later than anticipated, DHS and its sub recipients were unable to meet these goals and did not serve individuals under this goal category during the State's program year. However, now that funds are available (and based on our experience with HPRP funding) DHS anticipated meeting or exceeding the prevention and re-housing goals established for 2013. For DEED, as of September 30, 2012 Owner Occupied rehab goal for 2012 was 500 with actual accomplishments totaling 520 for an amount \$9,583,212. For rental rehab the goal set was 75 with actual accomplishments at 123 totaling 572,000. Commercial rehab's goal was 100 and accomplishments for 146 for 2,410,000. For public facilities the goal was 1,100 with accomplishments of 1490 costing 2,815,755. New construction's goal was 48 with 16 accomplished costing 76,618. Due to the state shut down and economic downturn projects are not progressing as quickly. Additional activities such as clearance and acquisition had high units accomplished but low goals set as this are directly related to tornado and flooding projects which are impossible to predict. DEED intends to maintain the course set in the 5 year and 1 year plans. DEED is pleased to announce that we have exceeded our Economic Development Low to Moderate (LMI) jobs goals. We projected 200 new full time LMI equivalent jobs and we actually accomplished 216 LMI jobs. \$2,352,600 was allocated and

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approximately \$2,000,000 was spent with the remaining balance returned to the Small Cities Development Program.

4. Summary of citizen participation process and consultation process

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 presented in Appendix A of this document.

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 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.

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The availability of a completed draft Plan, how to access a copy of it, and information on public hearings and forums was published in the statewide edition of the Minneapolis Star Tribune on Sunday, Sunday July 8, 2012, and the July 16 and 23, 2012, issues of the State Register. The notices described the purpose of the Plan and directed readers to where the Plan was available. Documentation of this information is included in Appendix A. Furthermore, citizens and groups may obtain a reasonable number of free copies of the proposed Action Plan by contacting DEED at 651-259-7462 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 held in June and September over 150 persons attended. 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

No public comments.

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

No comments or views were voiced.

7. Summary

It appears that citizens are content with the use of funds and the processed in place for distributing funds.

Evaluation of Past Performance Continued:

In 2010 DEED determined to use \$227,900 of its economic development block grant funds to increase the level of technical assistance available to microenterprise owners or potential business owners who are low to moderate income persons. The goal of the program was to serve 290 businesses and persons of which 142 were served. DEED has determined not continue with this activity because the funds were underutilized. Of the \$227,900 allocated budget, \$80,321.22 was disbursed.

PR-05 Lead & Responsible Agencies

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
Lead Agency	MINNESOTA	

Table 1 – Responsible Agencies

Narrative

Lead Agency is The Minnesota Department of Employment and Economic Development. Cannot access table above. See AD-55 grantee contacts for information needed.

Consolidated Plan Public Contact Information

Key Persons

Three state agencies were involved in the 2013 Action Plan process: The Minnesota Department of Employment and Economic Development (DEED), Minnesota Housing (MH) and the Minnesota Department of Human Services(DHS). DEED is the lead agency responsible for oversight and preparation of the Plan.

The following individuals from each of the agencies participated in development of the Consolidated Plan:

CDBG

Christine Schieber, DEED 651-259-7461

Tim Spohn, DEED 651-259-7439

Samantha DiMaggio, DEED 651-259-7426

HOME and HOPWA

Jim Cegla, Minnesota Housing 651-297-3126

ESG

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Isaac Wengerd, Dept. of Humans Services 651-431-3815

AP-10 Consultation

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.

Summary of the jurisdiction'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 2012 draft Action Plan public comment period and public hearing information to over 2,000 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(s) of Care that serves the jurisdiction's area 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

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

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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.

State government has a long standing relationship with the CoC's dating back to their inception in the 1990's. Representatives from the Minnesota Interagency Council on Homelessness subcommittee on Continuum of Care Planning send representatives to all Continuum of Care regional meetings.

Allocation:

The State's competitive RFP process for ESG funds has always included, and will continue 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.

Performance Standards and Evaluation:

The State has initiated several meetings with CoC representatives from within the balance of state to discuss and solicit input for our preliminary ESG performance standards and goals, particularly for the relatively new homelessness prevention and rapid re-housing activities. The initial set of outcomes for these ESG-funded activities are described in the Outcomes Measures and Performance Standards section of this Plan.

The State recognizes that the performance of ESG projects, particularly ESG homelessness prevention and rapid re-housing activities, will affect the performance of the CoC region as a whole. For this reason, the State will continue to engage CoC representatives (particularly after CoC performance standards are published in more detail) about the ways in which individual ESG project outcomes can contribute to the success of the CoC as a whole.

At the same time, the availability of funding, regional economic hardships, system failures of larger Federal and State programs at meeting the needs of homeless or at-risk persons will all collectively impact the region's success at ending homelessness, shortening the average length of time spent homeless, or other proposed performance standards for CoCs.

Policies and Procedures for HMIS:

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The State is an active participant in the HMIS Governing Group, which oversees the operation and administration of Minnesota’s statewide HMIS system. The Governing Group includes representatives from each of the 13 Continuum of Care regions in the state, as well as persons who were formerly homeless, various advocacy organizations, providers serving specific populations such as youth and veterans, and funders. State staff are members on the HMIS Governing Group, 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

Agency/Group/Organization	Agency/Group/Organization Type	What section of the Plan was addressed by Consultation?
THE FAMILY PLACE	Services-homeless	Homeless Needs - Chronically homeless

Table 2 – Agencies, groups, organizations who participated

How was the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination

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

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.
Local Units of Gov't	DEED	Consulted with many units of local gov't when preparing the action plan. All are Ok with process and use of funds. The

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Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
		question above needs to be rewritten or clarified.
Non-profits/for profits.	DEED	Consulted with in June and September, most concern was the reduction in funding from HUD. They like our program as it is easy to administer.

Table 3 – Other local / regional / federal planning efforts

Narrative

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AP-12 Participation

1. Summary of citizen participation process/Efforts made to broaden citizen participation
Summarize citizen participation process and how it impacted goal-setting

Citizen Participation Outreach

Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received
Public Meeting	Affordable housing stakeholders: developers and management companies, local governments, nonprofits	Over 300 representatives from local government, nonprofit organizations, for-profit developers and management companies, supportive housing, social service organizations, lending institutions, reservations, homeless shelters	Minnesota Housing partnered with the Greater Minnesota Housing Fund and USDA Rural Development to carry out Regional Housing Dialogues in five locations around Greater Minnesota between April 4 and 20, 2012. These housing dialogues informed the Minnesota Housing board in formulating its strategic plan and allocating funds in its Affordable Housing Plan and this Action Plan. A summary of the priorities for each region may be found at http://www.mnhousing.gov/idc/groups/administration/documents/document/mhfa_012911.pdf Main priorities identified in the dialogues are consistent with the action plan's allocations of HOME funds.
Public	Non-	No attendance, July	None

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Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received
Meeting	targeted/broad community	24, 4:00 pm at Human Services	
Newspaper Ad	Non-targeted/broad community	none July 8, 2012, Star Tribune	none
Other	Continuum of Care Coordinators	Each month DHS staff meet with representatives of the State's 10 Continuum of Cares to discuss updates in HUD funding, both ESG and CoC. During the October 12, 2012 the State's ESG portion of th 2013 Annual Action Plan and future plans for ESG funding priorities were discussed with CoC Coordinators.	No comments were received regarding the Action Plan at this meeting.

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources

Introduction

Anticipated resources are assumed to equal new appropriations for 2013 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 Reminder 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	16,000,000	1,000,000	0	17,000,000	0	DEED community and economic development.
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement	142,672	0	0	142,672	0	MHFA: Emergency assistance for homeowners and renters

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Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
		Short term or transitional housing facilities STRMU Supportive services TBRA						
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	6,154,415	396,000	9,072,716	15,623,131	0	MHFA: Homebuyer assistance and rental rehabilitation
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services	2,223,294	0	1,940,102	4,163,396	0	ESG resources will be used to provide shelter and rapid rehousing

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Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
		Transitional housing						

Table 1 - 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 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, and The Department of Health's Lead Hazard Control Grant funds. CDBG-Economic Development match is through local initiatives, local banks, owner equity. The ESG match will be met with subgrantee resources. Each program funded is responsible for meeting the match requirement for the amount of funds their agency receives.

Minnesota Housing's HOME HELP program of downpayment assistance leverages Minnesota Housing first mortgage financing. The 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

Not applicable

Discussion

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Not applicable

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
Preserve Existing Affordable Housing Stock	2012	2013	Affordable Housing	TARGET AREA HOUSING REHAB	Housing Rehabilitation Homeowner Housing Rehabilitation Rental Homeownership assistance	CDBG: \$10,000,000 HOME: \$11,007,716	Rental units constructed: 0 Household Housing Unit Rental units rehabilitated: 430 Household Housing Unit Homeowner Housing Rehabilitation: 300 Household Housing Unit Direct Financial Assistance to Homebuyers: 5 Households Assisted
Create Economic Opportunities-Public Facilities	2012	2013	Non-Housing Community Development	CITYWIDE PUBLIC FACILITIES	Public Facilities	CDBG: \$2,000,000	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 500 Households Assisted
Create Economic Opportunities-Jobs	2012	2013	Non-Housing Community Development	Economic Development	Economic Development	CDBG: \$2,000,000	Jobs created/retained: 150 Jobs
Create Economic Opportunities-Commercial	2012	2013	Non-Housing Community Development	SLUM AND BLIGHT COMMERCIAL DISTRICT	Commercial Rehabilitation	CDBG: \$2,000,000	Facade treatment/business building rehabilitation: 50 Business
Enhance	2112	2116	Affordable	Balance of State	Housing	CDBG:	Rental units rehabilitated: 400

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Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
affordable housing opportunities			Housing		Rehabilitation Homeowner Housing Rehabilitation Rental Homeownership assistance	\$500,000 HOME: \$4,000,000	Household Housing Unit Direct Financial Assistance to Homebuyers: 400 Households Assisted
Prevent homelessness	2012	2016	Non-Homeless Special Needs	Balance of State	Homelessness	HOPWA: \$142,672 ESG: \$2,223,294	Tenant-based rental assistance / Rapid Rehousing: 230 Households Assisted Homeless Person Overnight Shelter: 12158 Persons Assisted Homelessness Prevention: 380 Persons Assisted

Table 2 – Goals Summary

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AP-25 Allocation Priorities

Introduction

For the SCDP program 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. It is very difficult to project what future funding will be from HUD given the past couple years in excessive cuts and an uncertain future of the CDBG program. DEED believes that using one year accomplishments and current funding as a source for future planning of funds is more realistic and annual or five goals hold no merit. The SCDP program is highly utilized and very successful in Greater Minnesota and the goals have little to no impact on the decision for the use of future funds.

HOME funds are not allocated to local units of government or to nonprofits to administer. The Minnesota Housing Finance Agency awards HOME funds for rehabilitating privately-owned federally-assisted rental housing, and purchases downpayment assistance loans to first-time homebuyers. The programs are 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 homelessness prevention needs in the state for persons needing assistance with arrears to stay in their housing and avert homelessness.

Funding Allocation Priorities

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Program	Preserve Existing Affordable Housing Stock	Create Economic Opportunities-Public Facilities	Create Economic Opportunties-Jobs	Create Economic Opportunities-Commercial	Enhance affordable housing opportunities	Prevent homelessness	Colonias Set-Aside	Total
CDBG	58	14	15	10	3	0	0	100
HOPWA	0	0	0	0	0	100	0	100
HOME	0	0	0	0	100	0	0	100
ESG	0	0	0	0	77	23	0	100

Table 3 – Funding Allocation Priorities

Reason for Allocation Priorities

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

CDBG: Seventy percent of the HUD funds will serve low to moderate income persons, catagories include housing rehabilitation or public facilities. The remaining thirty percent will be spent on ED for jobs,commercial slum and blight or urgent threat, including administration dollars.

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.

HOME: Many federally assisted housing developments need rehabilitation to preserve their federal rent subsidy and, hence, the affordability of their units. First time homebuyers have difficulty assembling downpayment and closing costs. Supporting first time homebuyers and encouraging them to purchase houses in foreclosure-impacted areas helps support local housing markets and achieves homeownership.

ESG: The majority of shelter beds in the state of Minnesota are located with-in ESG entitlement areas, however, the balance is shifting gradually towards more shelter beds in non-entitlement areas. ESG shelter funds will be targeted to non-entitlement areas, but some ESG fudding of shelters in entitlement reas will continue. ESG rehousing activities will be funded in non-entitlement areas only. Indicators of rehousing need

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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 persons.

For HOME, very low-income renters of every type are a high priority need. Targeting the HOME rental rehabilitation funds to federally-subsidized developments that already are populated with tenants at these income levels ensures that HOME addresses the priority needs of this group. Deferred loan funding enhances affordability by preserving the units through rehabilitation, and reducing the need for amortizing debt, which could force owners to increase rents to repay the loans. Downpayment and closing cost assistance is necessary to help first-time homebuyers overcome entrance cost barriers to homeownership and, with higher downpayments than they may otherwise achieve, require less amortizing debt and a lower mortgage payment. Downpayment assistance is made in conjunction with tax-exempt mortgage financing, which ensures a fixed market or below-market interest rate and a stable principal and interest payment over the mortgage term.

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.

ESG funds will meet the specific objectives of providing shelter to 12,158 individuals and rehousing services to 460 individuals as outlined in the and families as stated in the Goals, Objectives and Strategies section of the Consolidated Plan.

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AP-30 Methods of Distribution

Introduction

Formula grant funds from the CDBG, HOME, HOPWA, and ESG programs may be directed to their highest and best use first, within each set of program guidelines, given the funding of all housing and community development programs throughout Minnesota.

Still, the housing and community development needs statewide far exceed the available resources to address them. Therefore, it is necessary to prioritize needs by type of activity and geography in order to ensure the greatest impact with limited resources. Diversity across the state means that different areas have different housing and community development needs that are best addressed through different types of investment activities. Such activities are guided by selected ranking criteria. Minnesota's experience with these programs shows that these resources are indeed distributed throughout the state. The entire state will be served by HOME and ESG funds, and non-entitlement areas will be served by CDBG and HOPWA funds.

Distribution Methods

State Program Name	Funding Sources
DEED:Small Cities Development Program and ED	CDBG
Minnesota Housing-HOPWA	HOPWA
Minnesota Housing-HOME	HOME
Minnesota Emergency Solutions Grant Program	ESG

Table 4 - Distribution Methods by State Program

State Programs Addressed

Of the amount available for awards, DEED intends to provide SCDP funds in accordance to the following approximate allocations: 30 percent for Single Purpose Applications and 55 percent for Comprehensive Applications. The remaining 15 percent allocation is designated for DEED's federal economic development set-aside. Allocation percentages may be modified by DEED if it determines that there is a shortage of fundable applications in any category. DEED does not distribute funds based on specific geographic area. Applications are competitive in nature.

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Criteria and their importance

Projects are evaluated based on an assessment of need, impact and the capacity of the applicant to complete the project in a timely manner.

SCDP Funds: Up to 240 of the points will be awarded based on evaluation of the proposed project to serve low- and moderate-income persons in relation to housing, alleviate slum and blight in commercial areas, and/or address public facility activities. Up to 180 points will be awarded based on evaluation of need, impact, and capacity for the proposed project.

Need- up to 90 points given for the following: Benefit to low and moderate income persons and are either substandard or pose a threat to the health or safety of the occupants; An inadequate supply of affordable housing for low or moderate income persons; or Other documented condition that gives evidence of the need for improvement or additional units to the housing stock serving low and moderate income persons.

Impact- up to 90 points given for the following: An evaluation of the extent to which the proposed project will eliminate housing deficiencies or improve public facilities services serving low and moderate income persons. Evaluation of administrative capacity to complete the activity in a timely manner. The application must include information documenting an applicant's history in administering prior SCDP funds and/or other programs similar in nature, to determine whether the applicant has the ability to complete the proposed activity. Prior SCDP performance will be taken into consideration for future funding.

Cost-Effectiveness- up to 30 points given for the following: An evaluation of the extent to which the proposed project will make cost-effective use of grant funds, including consideration with, and use of, funds from other public and private sources. Per household benefit is reasonable. Project benefits existing, rather than future, population, unless growth is beyond applicant's control.

State Demographics- Up to 30 points based on: The number of poverty-persons in the area under the applicant's jurisdiction. The percentage of persons residing in the area under the applicant's jurisdiction. The per capita assessed valuation of the area under the jurisdiction of the applicant, such that points are awarded in inverse relationship to the applicant's per capita assessed valuation.

Economic Development Applications must attain at least 400 of the 600 available points for the project to be recommended for funding. Points are broken down as follows:

Community Need and Capacity - maximum of 170 points: Economic Distress Demographics. Up to 70 points may be awarded based on unemployment levels, percent of poverty persons and median income compared to the state averages. Improve Economic Stability. Up to 80 points may be awarded based on economic vulnerability of the community, chronic unemployment and out-migration due to lack of jobs. Consideration of Capacity. Up to 20 points may be awarded based on applicant's ability to properly manage project within state and federal guidelines.

Impact - maximum of 230 points: Impact of Project. Up to 230 points may be awarded based on project's job creation, the ratio of grant funds to each full-time equivalent job, increase in property tax base and the immediacy of impact.

Financial Feasibility and Cost Effectiveness - maximum of 200 points: Financing Gap. Up to 70 points may be awarded based on reasons for financing gap. Investment Analysis. Up to 130 points may be awarded based on ratio of private funds to CDBG/MIF funds, ratio of total leverage funds to CDBG/MIF funds and percent interest rate on CDBG/MIF award.

FINAL

CDBG only: Access of application manuals

http://www.positivelyminnesota.com/Government/Financial_Assistance/Community_Development_Funding/Small_Cities_Development_Program_2.aspx

http://positivelyminnesota.com/Business/Financing_a_Business/DEED_Business_Finance_Programs/Minnesota_Investment_Fund_4.aspx

ESG only: Process for awarding funds to state recipients

ESG???????

HOPWA only: Method of selecting project sponsors

N/A

Resource Allocation among Funding Categories

Of the amount available for awards, DEED intends to provide SCDP funds in accordance to the following approximate allocations: 30 percent for Single Purpose Applications and 55 percent for Comprehensive Applications. The remaining 15 percent allocation is designated for DEED's federal economic development set-aside, which may include \$250,000 for Microenterprise Technical Assistance. Allocation percentages may be modified by DEED if it determines that there is a shortage of fundable applications in any category. DEED does not distribute funds based on specific geographic area. Applications are competitive in nature. Seventy percent of the HUD funds will serve low to moderate income persons, categories include housing rehabilitation or public facilities. The remaining thirty percent will be spent on commercial slum and blight or urgent threat, including administration dollars.

Threshold Factors and Grant Size Limits

The SCDP portion of CDBG funds made is available to the state for distribution to develop viable eligible communities by providing financial

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assistance to address the need for decent, safe, and affordable housing; economic development and public facility needs; and the need for a suitable living environment by expanding economic opportunities that principally benefit low- to moderate-income households. Eligible applicants are cities with a population under 50,000 and counties and townships with an unincorporated population of less than 200,000. Grant size limits are up to \$600,000 for single purpose(housing or public facilities) which includes administration costs, or comprehensive projects(combination of any: housing, commercial, or public facilities) up to 1.4 million including administration.

There are two types of SCDP applications accepted by DEED:

1. The Single Purpose Application is used by a housing project that includes one or more activities designed to increase supply or quality of dwellings suited to the occupancy of the individuals and families or public facilities projects that include one or more activities designed to acquire, construct, reconstruct, or install buildings or infrastructure that serve a neighborhood or community. With the Single Purpose Application, aggregate funding amount cannot exceed \$600,000. Two or more activities cannot exceed \$600,000 in total.
2. The Comprehensive Application is for projects that include a combination of at least two interrelated activities that are designed to address community development needs that, by their nature, must be carried out in a coordinated manner and/or require a coordination of housing, public facilities, or community development/revitalization activities. These projects must be designed to benefit a defined geographical area. Aggregate funding amount cannot exceed \$1,400,000, and each activity within the application is limited to \$600,000.

For Economic Development the grant size limit is 500,000.

Outcome Measures expected as results of Distribution Method

Number of low to moderate households served, number of slum and blight properties brought to code, health and safety and facade improvements. Provide decent and affordable housing and create suitable living that is sustainable. Create economic job opportunities that are sustainable.

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Discussion

Projects

AP-38 Project Summary

Project Summary Information

Project Name	Target Area	Goals Supported	Needs Addressed	Funding

Table 5 – Project Summary

FINAL

AP-35 Projects

Introduction

Not applicable to state CDBG.

#	Project Name

Table 6 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

AP-40 Section 108 Loan Guarantee

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

No

Available Grant Amounts

N/A

Acceptance process of applications

N/A

AP-45 Community Revitalization Strategies

Will the state allow units of general local government to carry out community revitalization strategies?

No

State's Process and Criteria for approving local government revitalization strategies

CDBG-No.

AP-50 Geographic Distribution

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

Formula grant funds from the CDBG, HOME, HOPWA, and ESG programs may be directed to their highest and best use first, within each set of program guidelines, given the funding of all housing and community development programs throughout Minnesota.

Still, the housing and community development needs statewide far exceed the available resources to address them. Therefore, it is necessary to prioritize needs by type of activity and geography in order to ensure the greatest impact with limited resources. Diversity across the state means that different areas have different housing and community development needs that are best addressed through different types of investment activities. Minnesota's experience with these programs shows that these resources are indeed distributed throughout the state. The entire state will be served by HOME, and non-entitlement areas will be served by CDBG and HOPWA funds.

For ESG Shelter funding, the application is open to all areas of the state, but priority is given to applications from the balance of state areas (non-entitlement areas). Within entitlement areas, priority is given to those jurisdictions which have chosen to use their ESG resources for emergency shelter but still demonstrate significant unmet need. For ESG Prevention and Rapid Re-Housing funding, funds will only be awarded to applications from the balance of state areas.

Geographic Distribution

Target Area	Percentage of Funds
SLUM AND BLIGHT COMMERCIAL DISTRICT	
TARGET AREA HOUSING REHAB	
CITYWIDE PUBLIC FACILITIES	
Balance of State	85
Economic Development	15
ED	0

Table 7 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

Of the amount available for awards, DEED intends to provide SCDP funds in accordance to the following approximate allocations: 30 percent for Single Purpose Applications and 55 percent for Comprehensive Applications. The remaining 15 percent allocation is designated for DEED's federal economic development set-aside, which may include \$250,000 for Microenterprise Technical Assistance. Allocation percentages may be modified by DEED if it determines that there is a shortage of fundable applications in any category. DEED does not distribute funds based on specific geographic area.

Applications are competitive in nature. Percentages above are for CDBG only.

The Single Purpose Application is used by a housing project that includes one or more activities designed to increase supply or quality of dwellings suited to the occupancy of the individuals and families or public facilities projects that include one or more activities designed to acquire, construct, reconstruct, or install buildings or infrastructure that serve a neighborhood or community. With the Single Purpose Application, aggregate funding amount cannot exceed \$600,000. Two or more activities cannot exceed \$600,000 in total.

The Comprehensive Application is for projects that include a combination of at least two interrelated activities that are designed to address community development needs that, by their nature, must be carried out in a coordinated manner and/or require a coordination of housing, public facilities, or community development/revitalization activities. These projects must be designed to benefit a defined geographical area. Aggregate funding amount cannot exceed \$1,400,000, and each activity within the application is limited to \$600,000. Economic Development does not allocate geographically.

HOME funds are not allocated geographically because the needs are statewide and the state has chosen to address statewide needs rather than take a targeted approach to specific geographic areas.

HOPWA funds are targeted outside the metropolitan area, as required by federal rules. Since the need for emergency assistance that HOPWA provides is scattered throughout the state, the funds are also available wherever the need is in the federally-mandated target area.

Priority is given to ESG shelter applications from the balance of state areas (non-entitlement areas) in recognition of these areas inability to receive ESG funding directly from HUD. This is the same rationale for limiting prevention and rapid re-housing funding to non-entitlement areas within the state.

Discussion

We did not enter the titles Target area, slum and blight and other titles in this section. The balance of the state (85) includes funds from DEED (not ED), Minnesota Housing, and Human Services. We do not geographically allocate funds to any part of the state. This page does not fit with state programs but as usual for entitlements.

Affordable Housing

AP-55 Affordable Housing

Introduction

The term affordable housing that is used in 24 CFR 92.252 and 92.254 includes several elements that are not requirements of ESG, HOPWA and CDBG. Therefore, the only units that receive federal assistance that can be assured of meeting the standard of "affordable housing" are HOME units.

One Year Goals for the Number of Households to be Supported	
Homeless	12,158
Non-Homeless	0
Special-Needs	0
Total	12,158

Table 8 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	0
Rehab of Existing Units	380
Acquisition of Existing Units	400
Total	780

Table 9 - One Year Goals for Affordable Housing by Support Type

Discussion

HOME: 380 rehabilitated rental units; 400 homeowners assisted, listed under acquisition. (numbers in boxes above)

AP-60 Public Housing

Introduction

Section 91.220 does not apply to states.

Actions planned during the next year to address the needs to public housing

There are no actions planned. Section 91.220 does not apply to states.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

There are no actions planned. Section 91.220 does not apply to states.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Section 91.220 does not apply to states.

Discussion

Section 91.220 does not apply to states.

AP-65 Homeless and Other Special Needs Activities

Introduction

As stated in the 2012 to 2016 Consolidated Plan, Minnesota's goal for the homeless and special needs populations is: - ensure homeless persons and those at-risk of homelessness are stably rehoused or diverted from shelter as quickly and effectively as possible; - provide safe, adequate emergency shelter for those who have not yet been rehoused or diverted from shelter; - ensure homeless families and individuals transition to stable, long-term housing situations; The specific objectives and strategies for addressing homelessness and non-homeless special needs populations that Minnesota will take over the next five years can be found in the Consolidated Plan, Volume 1. The State will fund homeless prevention, shelter, transitional housing programs and rapid rehousing programs to move people from homelessness(or at risk of homelessness) to permanent housing, stable housing. The state will do this using state-appropriated Family Homeless Prevention and Assistance Program, Emergency Services Program, and Transitional Housing Program funding in addition to Emergency Solutions Grant Program and Emergency Food and Shelter Program funding from the federal government. Non-homeless special needs populations in the state include the elderly and frail elderly, persons living with disabilities, persons with alcohol or other drug addiction, victims of domestic violence, persons living with HIV and their families, persons recently released from prison, and veterans. These populations are not homeless but are at the risk of becoming homeless and therefore often require housing and service programs. The needs of special populations are relative to the programs currently provided. More information regarding the State's commitment to ending homelessness is in the Homelessness Prevention Funds section of this plan

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

There were approximately 3,681 unsheltered persons who were turned away from shelter and transitional housing or placed on a wait list in 2011. The State of Minnesota will provide funding to a number of shelters and transitional housing programs across the state with the state and federal funding that has been made available to it. Many of these programs will provide outreach to the unsheltered homeless population. Unfortunately, the amount of resources available through these state and federal programs is not sufficient to meet the needs of all homeless persons in Minnesota. The State of Minnesota will be working in collaboration with the Continuum of Care Committees to develop Coordinated assessment systems in all areas of the state. It is hoped that these coordinated assessment systems will increase the efficiency of rehousing homeless persons, thereby freeing up beds for the unsheltered population.

Addressing the emergency shelter and transitional housing needs of homeless persons

The State of Minnesota will use the resources available to it to provide funding to shelters and transitional housing programs across the state. On a given night, approximately 3,700 persons are staying in emergency shelters in Minnesota and approximately 3,300 persons are staying in transitional housing. The goal for the 2013 year, assuming that no new resources will become available, is to continue to support these capacities at current levels.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

With the creation of the Rapid Rehousing component of the Emergency Solutions Grant Program in FFY 2011, the State of Minnesota has a new tool to assist homeless persons to move from homelessness to permanent housing. Emergency Solutions Grant Program funds will be targeted to provide rehousing assistance and services to families, individuals and youth, many of whom are veterans and some of which are chronically homeless, to move these households from homelessness to housing. In 2013, the ESG-RRH funding hopes to assist 300 households to move to permanent housing. By targeting these funds to persons that currently reside in shelters, the length of time these households are homeless will be reduced. With the provision of supportive services to the rapid rehousing participants, it is expected that permanent housing retention will be improved.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

In Minnesota, the state legislature appropriates approximately 7.5 million dollars per year under the Family Homeless Prevention and Assistance Program which is used mostly for homelessness prevention activities. These funds are available in 82 of the 87 Minnesota counties. The Minnesota Department of Corrections hosts Transitional Fairs at all of the state run correctional facilities. CoC coordinators and state homeless program staff have been active in attending these resource fairs during which they provide information and referrals to inmates who are being released into the community. State staff and CoC's will attend 100% of these transition fairs in 2013. The Department of corrections also has a small pilot program through which they are able to provide transitional housing to persons leaving state run

correctional facilities. This program will assist approximately 200 persons leaving state run correctional facilities.

Discussion

AP-70 HOPWA Goals

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	150
Tenant-based rental assistance	0
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
Total	150

AP-75 Barriers to affordable housing

Introduction

DEED, Minnesota Housing, and DHS will continue to collaborate with other state departments, professional associations, and organizations that have an interest in the State's implementation of HUD-funded programs to strengthen efforts to identify and remove barriers to the development of housing affordable to lower-income Minnesotans. These partnerships maximize resources, promote compatible programming, integrate eligibility requirements when possible, and promote collaboration efforts at the local level.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Actions to Overcome Barriers to Affordable Housing: Regulatory and Policy-Based Barriers: *Land Use and Development Policies:* Minnesota's system of regional planning is designed to provide cooperation and communication among regional partners in solving problems but not controlling the local use of land. For example, in the seven-county metropolitan area, the Metropolitan Council is the regional governance body authorized to exercise certain powers for regulation of the use of metro-wide service systems and policies, such as Minnesota Statute 473.851, which requires local governments to update their comprehensive plans. The Metropolitan Council reviews them for consistency with regional plans.[1] The Metropolitan Council Housing and Redevelopment Authority also serves the region by assisting low-income seniors, singles, families, and persons with disabilities obtain affordable housing.

Other states have created statewide policies that affect all cities' and counties' development policies, but in Minnesota, there are currently no general standards for local policies in state law. On the other hand, there are policy tools the State employs to address the local development barriers that affordable housing providers face.

One step Minnesota has already taken to prevent local restrictive policies is a law against discrimination of manufactured homes. In 1993, the State Legislature placed a moratorium on municipalities adopting any ordinance that would have the effect of prohibiting replacement of a manufactured home in a park with one that conforms to the manufactured home building code standards. However, a unique set of problems surround manufacturing homes. For example, the concentration of manufactured home neighborhoods is often a barrier to fair housing because of the usual geographic placement of these areas on cheaper land rather than near services.

Over the 2013 program year, the State will continue to lessen the barrier of local land use and

development policies by including in its Multifamily Consolidated Request for Proposals a continuation of priority for developments that use land efficiently and minimize the loss of agricultural land and green space.

Discussion

I was not able to put the entire barriers in the text box as it would only allow 4,000 characters. See attachments for entire plan.

AP-85 Other Actions

Introduction

The following sections discuss other actions the state is currently conducting.

Actions planned to address obstacles to meeting underserved needs

See below.

Actions planned to foster and maintain affordable housing

The State has acted to reduce the effects of its tax policies by reducing the tax rate on affordable rental units. Minnesota Housing will continue to give preference points in its RFPs to projects for which concessions are given by local units of government to enhance the affordability of the project. The Low Income Housing Tax Credit Program (LIHTC) is available to owners and investors of affordable rental housing for low-income households to help finance development. The State will mitigate the effects of zoning, land use, and impact fee barriers by giving preference points in its selection process to LIHTC projects that rehabilitate existing housing and to new construction projects that use existing sewer and water lines without substantial extensions. The 2012 Minnesota Legislature appropriated \$5.5 million if General obligation bond proceeds to Minnesota Housing for the purpose of public housing preservation. Troubled PHAs are not eligible to receive these funds. Preference points are also awarded for LIHTC projects for which development-specific assessments or infrastructure costs are donated or waived or that have been approved for reduced setbacks, reduced parking requirements, decreased road widths, flexibility in site development standards and zoning code and other requirements, preservation of affordable housing, WAC/SAC reductions or fast-track permitting and approvals.

Actions planned to reduce lead-based paint hazards

Exposure to lead-based paint is one of the most significant environmental threats posed to homeowners and renters. Housing units built before 1940 are most likely to contain lead-based paint. Units built between 1940 and 1978 have a lesser risk (lead was removed from household paint after 1978), although many older units may have few if any problems depending on construction methods, renovation, and other factors.

DEED's lead hazard reduction policy includes requirements for all pre-1978 residential owners. Grantees must provide notifications, inspection of deteriorated paint, correction, and removal, if applicable, in accordance with HUD/EPA requirements. This policy is distributed to all new grantees at implementation workshops and other sessions as well as through general or specific mailings. Grantees

are required to provide all residential occupants of to-be-rehabilitated units with the publication, “Renovate Right.” In addition, grantees are required to include in all residential rehabilitation contracts language that prohibits the use of lead paint and requires contractors to carry out rehabilitation in accordance with lead-safe work practices where applicable.

The 2012 to 2016 Consolidated Plan presents the goals and actions of the State of Minnesota for addressing the problems caused by lead-based paint. Over the 2013 program year, DEED affirms that it will support its lead hazard reduction policy and will refer to the appropriate agencies any housing units suspected of having lead-based paint hazards. DEED also leverages MN Department of Health Lead Grant funds with its current rehabilitation projects.

In 2011, MDH was awarded \$1.7 million in LHCG funds to remediate 137 properties. This funding also included \$88,637 for Healthy Homes production. The Healthy Homes production will provide Healthy Homes training to building inspectors and rehabilitation specialists and will implement some minor Healthy Homes rehabilitation and education for property owners and tenants who participate in the LHCG program. The State LHCG program has contracts in place with 16 agencies to implement 120 Non-EBL projects. To date we have completed 15 Non-EBL projects and 4 EBL projects, and estimate another 20 projects will be completed by the end of 2012.

The Environmental Health Division of MDH oversees a comprehensive lead program that includes testing, state-wide medical monitoring, health care, elevated blood investigations, compliance assistance, compliance assurance, and environmental remediation of identified lead hazards. The program is largely funded by federal dollars (HUD and EPA), with additional funding provided by the state’s general fund. For more information see: www.health.state.mn.us/divs/eh/lead/index.html”

Actions planned to reduce the number of poverty-level families

In Minnesota, there is a statewide network of Community Action Agencies (CAAs) and tribal

governments with a common purpose: fighting poverty and its effects in Minnesota communities. The goals of these agencies are to better focus available local, state, private, and federal resources to assist low-income individuals and families to acquire useful skills and knowledge, gain access to new opportunities, and achieve economic self-sufficiency. Each agency assesses needs, establishes priorities, determines strategies to respond to local poverty issues, and delivers a broad range of services and activities to strengthen self-reliance.

The specific programs delivered by the CAAs and tribal governments include:

- **Energy Assistance:** Provides financial assistance toward energy bills for low-income households;
- **Weatherization:** Offers weatherization of homes of low-income households to reduce heat loss and increase heating efficiency;
- **Financial Literacy programming:** Includes Family Assets for Independence in Minnesota, a program which matches low-income households' income with state, federal, and private funding for the purpose of buying a home, furthering education, or starting a business. Other forms of financial literacy programming include tax preparation assistance, budget counseling, and general financial education;
- **Food Shelves and various nutrition programs:** Provides food for households experiencing emergencies through the network of locally run foodshelves;
- **Head Start:** Assists low-income families break the cycle of poverty by improving the health and social competence of children up to age 5 and pregnant women and by promoting economic self-sufficiency for parents;
- **Homeless Programs:** Provides assistance to households or individuals who are at-risk of being homeless, who are currently homeless, or who were previously homeless and are receiving follow-up services;
- **Housing Construction, Rehabilitation, and Assistance:** Develops long-term low-income housing, including the rehabilitation of unoccupied housing and the provision of rental housing assistance;

Actions planned to develop institutional structure

The delivery of affordable housing programs authorized by the federal government and Minnesota state legislature is centralized in Minnesota Housing. DEED is the primary administrator and provider of CDBG funds in non-entitlement areas of the state. Minnesota Housing and DHS share the delivery of supportive housing programs for persons experiencing homelessness. DHS is primarily responsible for the delivery of supportive services for persons with special needs because many persons DHS serves are homeless.

Affordable housing assistance in Minnesota depends upon a large network of local lenders, housing authorities, community action agencies, nonprofit and faith-based organizations, homeowner educators and counselors, and local governments throughout the state. The State relies on these entities to administer a number of affordable and supportive housing programs, to identify housing needs at the local level, and to encourage the development of affordable housing.

Recognizing the need to increase both the accessibility and effectiveness of assistance programs for low- and very low-income people, Minnesota Housing has worked to increase the participation of local nonprofits and other nontraditional lenders in delivering its programs. These nontraditional participants provide a greater opportunity to coordinate the delivery of assistance and to better target funds to people with the greatest need.

The State does not have any plans for developing new institutional structures but will continue to participate in the various structures currently in place, supporting the Minnesota Chapter of the National Association of Housing and Redevelopment Officials (NAHRO)'s conferences and the Working Together conference. Minnesota Housing coordinates its RFP selections with other funding partners, including DEED. DEED's CDBG grantees coordinate CDBG funding with Minnesota Housing, Greater Minnesota Housing Fund, DHS, Rural Development, Department of Health, and Weatherization funding. DHS will continue to participate in the various structures currently in place. The State hosts the Minnesota Interagency Council on Homelessness (MICH), through which all state agencies involved in the provision of services to homeless persons meets monthly. Members of the MICH are assigned to all Continuum of Care committees and Family Homeless Prevention and Assistance Program advisory committees to provide technical assistance and attend meetings of these groups. The State also hosts the Interagency Stabilization Group as well as the Greater Minnesota Preservation Work Group and the Stewardship Council to ensure coordination of funding resources.

The State participates in a number of standing meetings with representatives from local government, nonprofit, and private providers of housing and homelessness services

Actions planned to enhance coordination between public and private housing and social service agencies

The delivery of affordable housing programs authorized by the federal government and Minnesota state legislature is centralized in Minnesota Housing. DEED is the primary administrator and provider of CDBG funds in non-entitlement areas of the state. Minnesota Housing and DHS share the delivery of supportive housing programs for persons experiencing homelessness. DHS is primarily responsible for the delivery of supportive services for persons with special needs because many persons DHS serves are homeless.

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authorities, community action agencies, nonprofit and faith-based organizations, homeowner educators and counselors, and local governments throughout the state. The State relies on these entities to administer a number of affordable and supportive housing programs, to identify housing needs at the local level, and to encourage the development of affordable housing.

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The State participates in a number of standing meetings with representatives from local government, nonprofit, and private providers of housing and homelessness services.

The state does not have plans to provide financial assistance to troubled PHAs. Troubled and other PHAs are invited to participate in the "Working Together" conference to receive training on topics relevant to their operations. Because the state is not a public housing owner, it does not have plans to encourage residents to become more involved in management of public housing or have a specific outreach plan to public housing residents to encourage homeownership. Public housing residents are eligible to apply for homeownership assistance and receive the same outreach as other potential first-time homebuyers.

Discussion

Program Specific Requirements

AP-90 Program Specific Requirements

Introduction

CDBG:Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan. The year of 2013.

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220.(I)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	1,000,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	1,000,000

Other CDBG Requirements

1. The amount of urgent need activities	500,000
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income.Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00%

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.220.(I)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

None

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

HOME Homeowner Entry Loan Program (HOME HELP) Recapture Guidelines: HOME HELP will enforce affordability restrictions by a written agreement with the homebuyer and a 0 percent interest rate deferred payment loan note and subordinate mortgage that requires repayment of some or all of the HOME assistance if the home is sold or ceases to be the borrower's principal residence. The amount that is subject to repayment is reduced from 100 percent to 50 percent of the original amount of assistance after the sixth anniversary of the loan.

The amount that is subject to repayment at any time during the term of the mortgage is limited to the amount of net proceeds available (sales price minus payment of superior claims against the property and closing costs). Net proceeds are first used to repay downpayment assistance before distributing the balance to the homeowner or other claimants.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

See 2 above

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

There are no plans for using HOME to refinance existing debt.

Emergency Solutions Grant (ESG)

1. Include written standards for providing ESG assistance (may include as attachment)

All sub-recipients of ESG funding have been required by DHS to establish written standards for the provision of emergency shelter, homelessness prevention and rapid rehousing assistance to homeless persons.

DHS-OEO notified its ESG Shelter sub-recipients of the requirements in a May 17, 2012 memo and included the regulatory language for each standard.

Guidance on required standards for rapid re-housing providers (evaluating eligibility, prioritizing assistance, determining type, amount and length of assistance) was provided in the June 2012 Application Package for Re-Housing applicants.

We have also notified grantees that in the course of our normal monitoring review process, we are reviewing their written standards to ensure that they adequately include the elements broadly outlined in 576.400(e)(3)

It is not possible to upload the May 17th Memo, or the Written Standards requirements from the Application Package (both taken largely verbatim from the ESG Interim Rule) due to the file type limitations of the IDIS upload area below.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

The CoCs represented in the Minnesota Balance of State jurisdiction do not currently have a centralized or coordinated assessment system. One CoC (West Central) has chosen to pilot a coordinated assessment system, and ESG sub-recipients in the area are actively participating in this system.

In addition, with the recent release of CoC regulations, the MN Interagency Council on Homelessness (MICH) has convened a working group to advise and assist in the consistent and timely development of coordinated assessment systems throughout the State. ESG sub-recipients are participating in these planning session, and DHS has informed them that they are required to participate in any coordinated system developed for their CoC.

The State will play an active role in ensuring these systems meet both the requirements and intent of the new HUD regulations, and will describe these assessment system(s) in future ESG Action Plans. The State will also ensure that ESG sub-recipients are involved in this coordinated assessment to the maximum extent practicable, and that such participation requirements do not unintentionally prevent or discourage the most vulnerable homeless populations from receiving the outreach and

emergency shelter they urgently need.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

ESG funds are awarded as part of a funding allocation process that combined the grant with available money from three state-funded programs: the Emergency Services Program (ESP), the Runaway Homeless Youth Act (RHYA), and the Transitional Housing Program (THP).

The application process for ESG funding is open to programs from all areas of the state. Priority will be given to shelter applications from the balance of State areas (non-entitlement areas), and funds for homelessness prevention and rapid re-housing activities will only be awarded to balance of state areas who do not receive their own ESG allocation.

The allocation of funding to specific programs is based on the overall quality of responses to the evaluation criteria and in accordance with regional and local priorities, as established by each Continuum of Care (CoC) committee. Eligible organizations include local government, nonprofit, community, and faith-based organizations such as shelters, transitional housing programs, and emergency service providers.

Requests For Proposals (RFPs) are sent to all current Office of Economic Opportunity homeless programs grantees, all Continuum of Care Committees throughout the state, and all other interested parties who have contacted OEO during the course of the year and expressed interest in the homeless program funding. DHS also publishes the RFP in the State Register and posts the RFP on the DHS website.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

All jurisdictions intend to meet the homeless participation requirement in 24 CFR 576.405 (a).

5. Describe performance standards for evaluating ESG.

The State has initiated several meetings with CoC representatives from within the balance of state to discuss and solicit input for our preliminary ESG performance standards and goals, particularly for the relatively new homelessness prevention and rapid re-housing activities. The initial set of outcomes for these ESG-funded activities are described in the Outcomes Measures and Performance Standards section of this Plan.

The State recognizes that the performance of ESG projects, particularly ESG homelessness

prevention and rapid re-housing activities, will affect the performance of the CoC region as a whole. For this reason, the State will continue to engage CoC representatives (particularly after CoC performance standards are published in more detail) about the ways in which individual ESG project outcomes can contribute to the success of the CoC as a whole.

At the same time, the availability of funding, regional economic hardships, system failures of larger Federal and State programs at meeting the needs of homeless or at-risk persons will all collectively impact the region's success at ending homelessness, shortening the average length of time spent homeless, or other proposed performance standards for CoCs.

For the current Action Plan Year, the following performance standards will be used for evaluating each FY2013 ESG-funded activity:

Emergency Shelter:

of individuals in households receiving safe, adequate emergency shelter.

Prevention (Re-Housing)/Rapid Re-Housing;

of individuals in households who are stably re-housed.

of individuals in households who remain stably housed at program exit.

In addition to these performance standards, on-going evaluation of ESG sub-recipient performance occurs through DHS Grantee Assessment Tool (Risk Analysis) and its bi-annual monitoring process. This monitoring process places a heavy emphasis on program performance and effectiveness as well as ensuring sub-recipients have the technical assistance they need to be successful. ESG Monitoring is described in more detail in the following attachment uploaded below: ESG Monitoring

Discussion