

# Appendix D: Housing

## Introduction

This appendix provides supporting content for the housing polices contained in Chapter 3: Housing. In addition, it satisfies Metropolitan Council requirements related to housing. By law, the comprehensive plan must include a housing element and implementation program that address existing and projected housing needs.

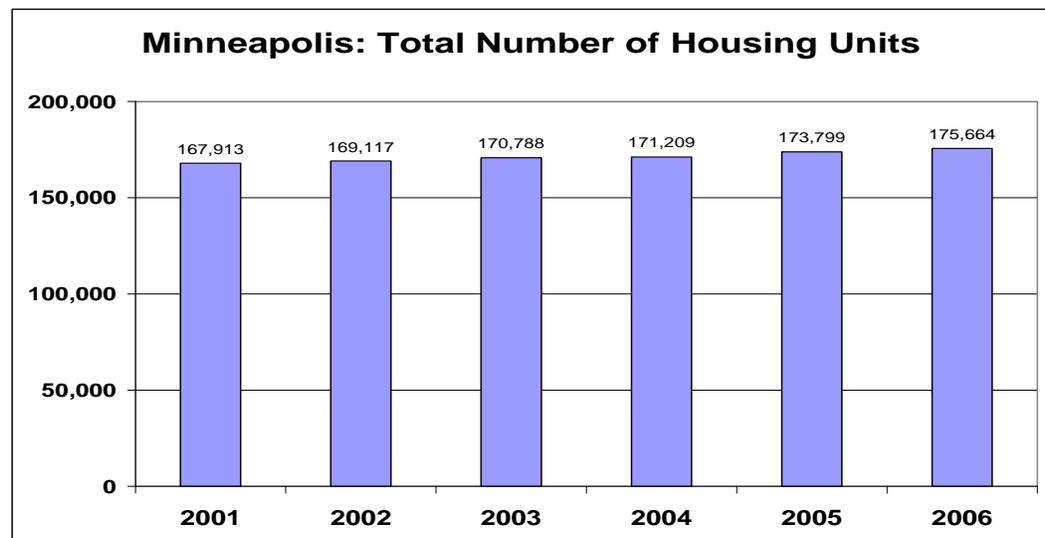
The housing plan must acknowledge the community’s share of the region’s need for low- and moderate-income housing, and include an implementation section identifying the programs, fiscal devices, and official controls the community will use to address their housing needs. These elements are addressed in Chapter 11: Implementation, but also replicated here with additional information included.

The comprehensive plan must also include an assessment of current housing stock, which is included below. Some of the data are given by community, referring to the eleven communities which cover the City. For a map of the community boundaries, see Map 0.4.

## Assessment of Current Housing Stock

As of Jan. 1<sup>st</sup> 2007, the City Assessor’s records show that there are 175,664 housing units in the City, contained within 110,646 buildings.

Figure D.1: Minneapolis Total Number of Housing Units



Source: City of Minneapolis Assessor

Since 2001, the City has added 7,751 housing units or just over 1,500 units annually. This is the highest volume growth of any municipality in this metro area during this same period.

The distribution of housing type varies greatly across the City. The most central communities, such as Central, Calhoun Isle, and Phillips, tend to have fairly high percentages of multi-family buildings and units. Conversely, communities farther out, including Camden, Nokomis, Northeast, and Southwest, tend to be predominantly single family.

Table D.1: Housing Type by Community: Number and Percentage of **Units** by Type, 2006

<b>Community</b>	<b>Single Family</b>	<b>Condo/ Townhouse</b>	<b>Duplex/ Triplex</b>	<b>Four or Five</b>	<b>Six or more</b>	<b>Total Units</b>
Calhoun Isles	3,578	2,815	1,797	922	9,717	18,829
	19%	15%	10%	5%	52%	100%
Camden	9,614	185	1,036	180	954	11,969
	80%	2%	9%	2%	8%	100%
Central	44	6,314	106	81	12,707	19,252
	0%	33%	1%	0%	66%	100%
Longfellow	7,760	630	1,697	315	3,198	13,600
	57%	5%	12%	2%	24%	100%
Near North	5,917	345	2,599	470	2,838	12,169
	49%	3%	21%	4%	23%	100%
Nokomis	13,643	760	1,322	156	750	16,631
	82%	5%	8%	1%	5%	100%
Northeast	8,361	437	4,837	701	3,307	17,643
	47%	2%	27%	4%	19%	100%
Phillips	1,000	839	1,386	529	3,804	7,558
	13%	11%	18%	7%	50%	100%
Powderhorn	8,148	1,861	4,178	1,398	8,104	23,689
	34%	8%	18%	6%	34%	100%
Southwest	15,250	874	2,392	427	2,756	21,699
	70%	4%	11%	2%	13%	100%
University	2,290	1,894	1,465	447	6,529	12,625
	18%	15%	12%	4%	52%	100%

City	75,605	16,954	22,815	5,626	54,664	175,664
	43%	10%	13%	3%	31%	100%

Source: City of Minneapolis Assessor

Table D.2: Housing Type by Community: Number and Percentage of **Buildings** by Type, 2006

Community	Single Family	Condo/Townhouse	Duplex/Triplex	Four or Five	Six or more	Total Units
Calhoun Isles	3,760	2,815	899	282	541	8,297
	45%	34%	11%	3%	7%	100%
Camden	9,703	185	521	45	104	10,558
	92%	2%	5%	0%	1%	100%
Central	376	6,314	49	24	375	7,138
	5%	88%	1%	0%	5%	100%
Longfellow	7,892	630	844	90	192	9,648
	82%	7%	9%	1%	2%	100%
Near North	6,057	345	1,317	122	230	8,071
	75%	4%	16%	2%	3%	100%
Nokomis	13,717	760	660	40	94	15,271
	90%	5%	4%	0%	1%	100%
Northeast	8,478	437	2,420	202	271	11,808
	72%	4%	20%	2%	2%	100%
Phillips	1,102	839	690	147	217	2,995
	37%	28%	23%	5%	7%	100%
Powderhorn	8,430	1,861	2,061	380	684	13,416
	63%	24%	15%	3%	5%	100%
Southwest	15,386	874	1,209	105	207	17,781
	87%	5%	7%	1%	1%	100%
University	2,453	1,894	702	122	492	5,663
	43%	33%	12%	2%	9%	100%
City	77,354	16,954	11,372	1,559	407	110,646
	70%	15%	10%	1%	3%	100%

Source: City of Minneapolis Assessor

## Housing Type

Compared to the region and the state, Minneapolis has a much lower percentage of single detached homes, and a much higher percentage of residential buildings with ten or more units. In fact, 23% of the units regionally in these type of buildings are in Minneapolis. This is understandable, given its role as an urban center. Single family homes still dominate the landscape in many neighborhoods: even though only 45.6% of the units are single family, they are around 70% of the residential structures.

Table D.3: Units in Structure by Area, 2006

Housing Type	Minneapolis		Twin Cities MSA		Minnesota	
	Number	Percent	Number	Percent	Number	Percent
Single Family detached	78,697	45.6%	816,888	62.3%	1,559,108	68.3%
Single Family attached	8,171	4.7%	137,975	10.5%	158,738	7.0%
Duplex	15,454	9.0%	33,724	2.6%	52,911	2.3%
3 or 4 units	8,590	5.0%	27,554	2.1%	47,791	2.1%
5 to 9 units	7,155	4.1%	31,467	2.4%	54,695	2.4%
10 to 19 units	13,462	7.8%	50,960	3.9%	78,203	3.4%
20 to 49 units	16,925	9.8%	81,599	6.2%	113,860	5.0%
50 units or more	23,608	13.7%	106,157	8.1%	127,303	5.6%
Mobile home	527	0.3%	24,228	1.8%	89,891	3.9%
Boat, RV, van, etc.	65	0.0%	268	0.0%	337	0.0%
<b>Total Units</b>	<b>172,654(**)</b>	<b>100.0%</b>	<b>1,310,820</b>	<b>100.0%</b>	<b>2,282,837</b>	<b>100.0%</b>

Source: US Census 2006 American Community Survey (\*)

(\*) The American Community Survey (ACS) is a new nationwide survey designed to provide communities a fresh look at how they are changing. It is a critical element in the Census Bureau's reengineered 2010 census plan. The ACS collects information such as age, race, income, commute time to work, home value, veteran status, and other important data from U.S. households. The ACS collects and produces population and housing information every year instead of every ten years. About three million households are surveyed each year, from across every county in the nation. For further information see: <http://www.census.gov/acs/www/>

(\*\*) There are differences in methodology and timing for counting total housing units: the Census Bureau's estimate of 172,654 units is based on their 2006 survey; and the City Assessor's count of 175,664 units is based on tax records as of January 2<sup>nd</sup> 2007.

## Housing Occupancy

According to the 2006 American Community Survey, the City has a vacancy rate of 9.9%, up substantially from 2000. The vacancy rate is slightly higher than the rate for region. As of 2006, Minneapolis contained about 13.2% of all the housing units in the region.

Table D.4: Housing Occupancy by Area, 2000

	<b>Minneapolis</b>	<b>Twin Cities MSA</b>	<b>Minnesota</b>
Occupied	162,262	1,136,615	1,895,127
Vacant	6,261	33,160	170,819
Percent Vacant	3.7%	2.8%	8.3%
<b>Total Housing Units</b>	<b>168,624</b>	<b>1,169,775</b>	<b>2,065,946</b>

Source: US Census 2000

Table D.5: Housing Occupancy by Area, 2006

	<b>Minneapolis</b>	<b>Twin Cities MSA</b>	<b>Minnesota</b>
Occupied	155,646	1,232,889	2,042,297
Vacant	17,008	77,931	240,540
Percent Vacant	9.9%	5.9%	10.5%
<b>Total Housing Units</b>	<b>172,654</b>	<b>1,310,820</b>	<b>2,282,837</b>

Source: US Census 2006 American Community Survey

## Tenure

The percentage of owner occupied housing units in Minneapolis is around 54.1%, significant lower than the region.

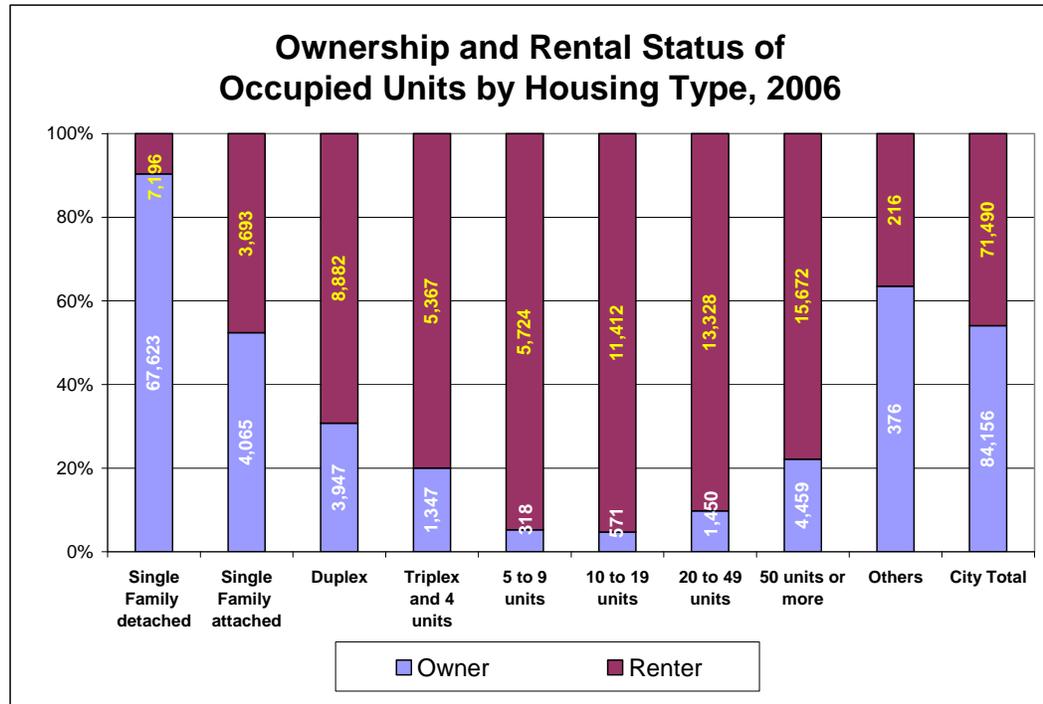
Table D.6: Tenure by Area, 2006

	<b>Minneapolis</b>	<b>Twin Cities MSA</b>	<b>Minnesota</b>
Owner occupied	84,156	927,748	1,558,206
Percent owner	54.1%	75.2%	76.3%
Renter occupied	71,490	305,141	484,091
Percent renter	45.9%	24.8%	23.7%
<b>Total occupied Units</b>	<b>155,646</b>	<b>1,232,889</b>	<b>2,042,297</b>

Source: US Census 2006 American Community Survey

This disparity in owner occupancy compared to regional and state levels is related directly to the high concentration of rental units in the City, particularly in multi-family buildings. Single family detached homes have a rate of ownership over 85.9% - compared to just 18.9% in buildings with 50 or more units. The vacancy rate for single family detached homes is also lower than other types of residential structures.

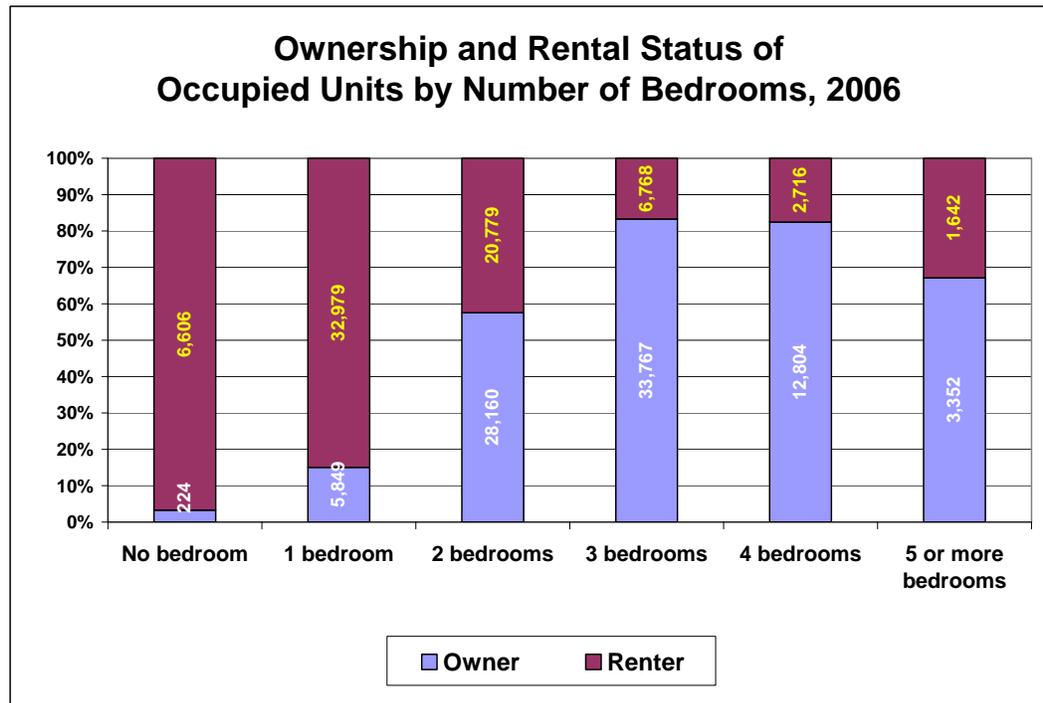
Figure D.2: Ownership and Rental Status by Housing Type



Source: US Census 2006 American Community Survey

Larger units are also more likely to be owner occupied. This is closely related to the fact that many of the larger units are also single family homes.

Figure D.3: Ownership and Rental Status by Number of Bedrooms

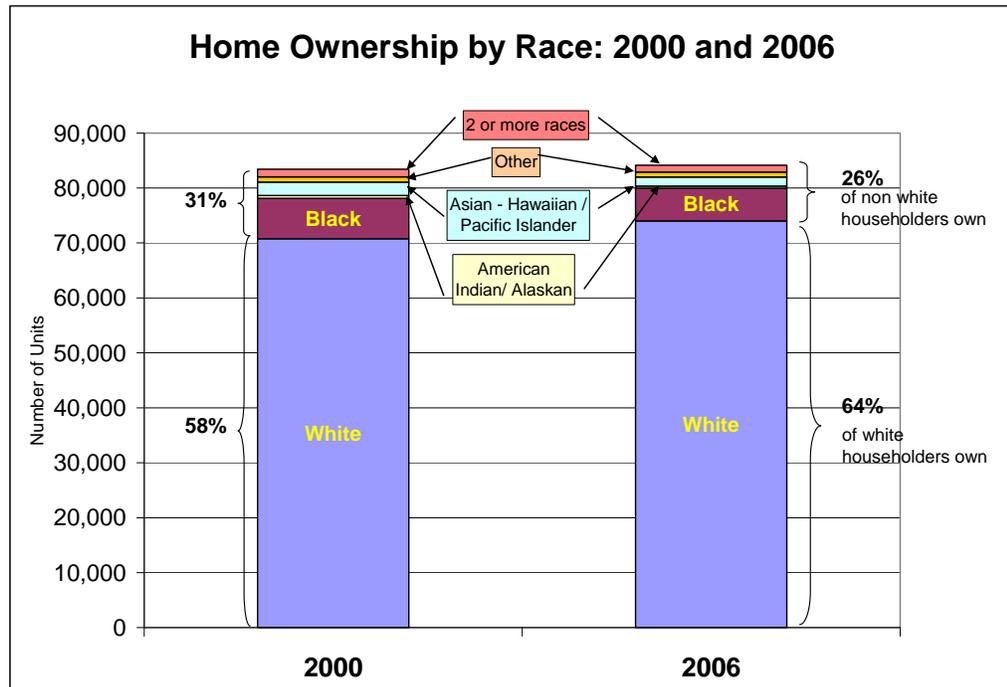


Source: US Census 2006 American Community Survey

Housing ownership also varies by race. In 2000, approximately 58% of white residents owned their homes, while the ownership rates for non-white residents ranged from 13-36%. By 2006, these percentages had changed to 64% for white residents, and 21-43% for non white residents.

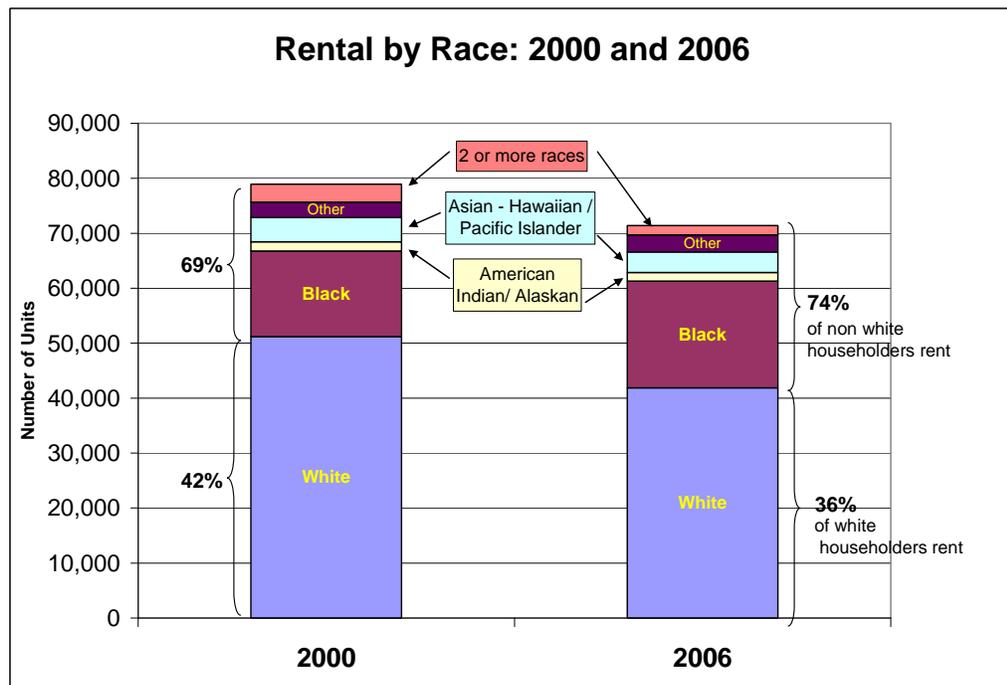
Thus the gap between white and non white home ownership rates increased over this period, from 27 percent in 2000 to 38 percent in 2006. The city has not studied these numbers in detail, but is monitoring this trend and is a supporter of the Emerging Markets Initiative, which is addressing this topic on a state-wide basis. Potential explanations may be found in overall demographic patterns showing that in general, non-white residents are younger than whites, have less household income, and are more likely to be newcomers to this area, or to the country.

Figure D.4: Home Ownership by Race



Source: US Census 2000 and 2006 American Community Survey

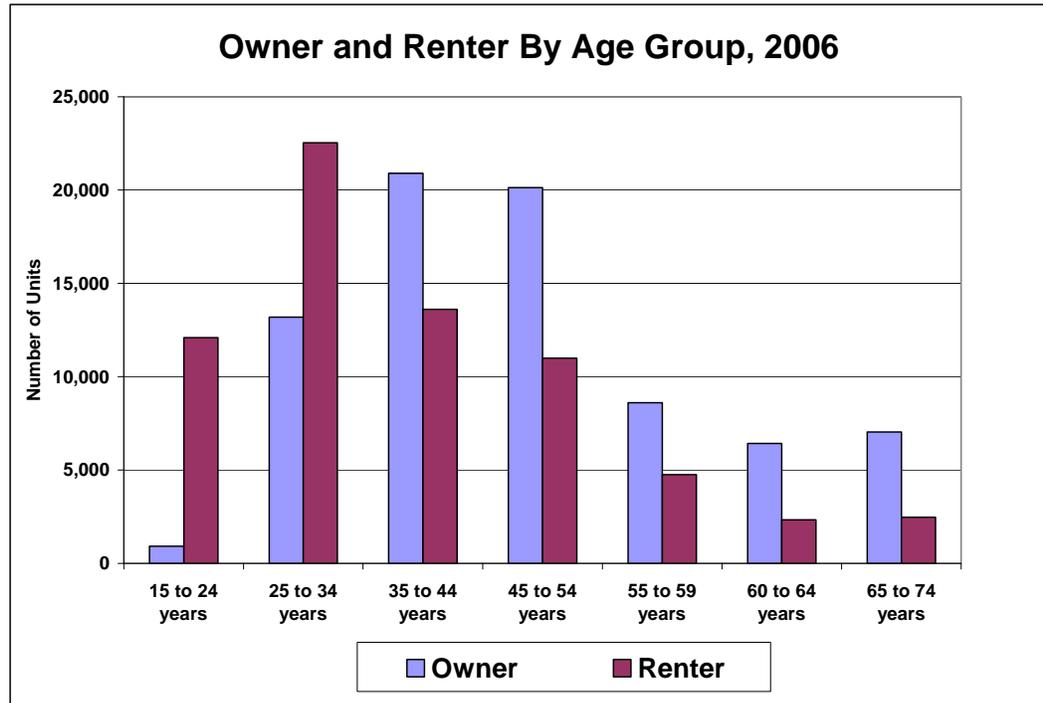
Figure D.5: Rental by Race



Source: US Census 2000 and 2006 American Community Survey

Age is another differentiating factor in owner versus renter occupancy. The rate of ownership generally increases with age. This is tied to race, since non-white residents tend to be younger on average than white residents.

Figure D.6: Owner and Renter by Age Group



Source: US Census 2006 American Community Survey

Additionally, ownership (measured here by homestead status) varies across the City by community. Reflecting the mix of housing types, ownership levels tend to be lower in central neighborhoods and higher in those farther from the center.

Table D.7: Homestead Status by Community, 2006

	<b>Housing Units</b>			
	<b>Homestead</b>	<b>Percent Homestead</b>	<b>Non-Homestead</b>	<b>Percent Non-Homestead</b>
Calhoun Isle	6,691	36%	12,138	64%
Camden	8,342	70%	3,627	30%
Central	4,322	22%	14,930	78%
Longfellow	8,857	65%	4,743	35%
Near North	5,080	42%	7,089	58%
Nokomis	13,916	84%	2,715	16%
Northeast	11,001	62%	6,642	38%
Phillips	2,011	27%	5,547	73%
Powderhorn	11,247	47%	12,442	53%
Southwest	16,167	75%	5,532	25%
University	3,661	29%	8,964	71%
<b>City wide</b>	<b>91,295</b>	<b>52%</b>	<b>84,369</b>	<b>48%</b>

Source: City of Minneapolis Assessor

### Rental Costs

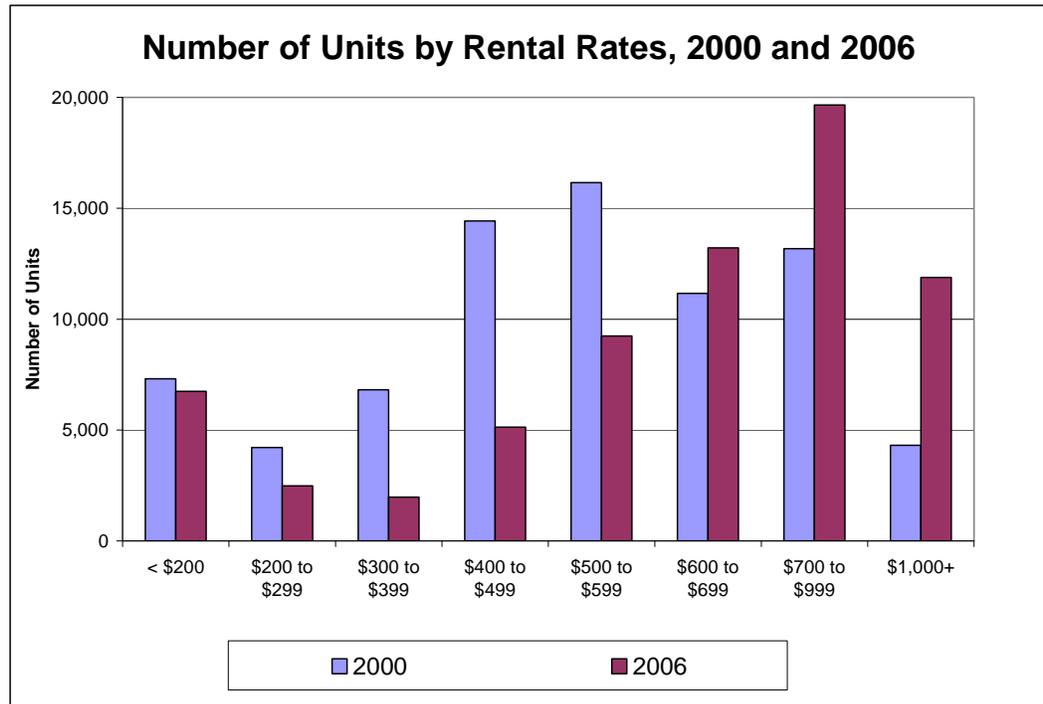
The median gross rent for occupied rental units in the City in 2006 was \$672. This is lower than the regional median, but higher than the statewide one.

Table D.8: Median Rent, 2000 and 2006

	<b>Minneapolis</b>	<b>Twin Cities MSA</b>	<b>Minnesota</b>
2000	\$575	\$641	\$566
2006	\$672	\$724	\$636

Source: US Census 2000 and 2006 American Community Survey

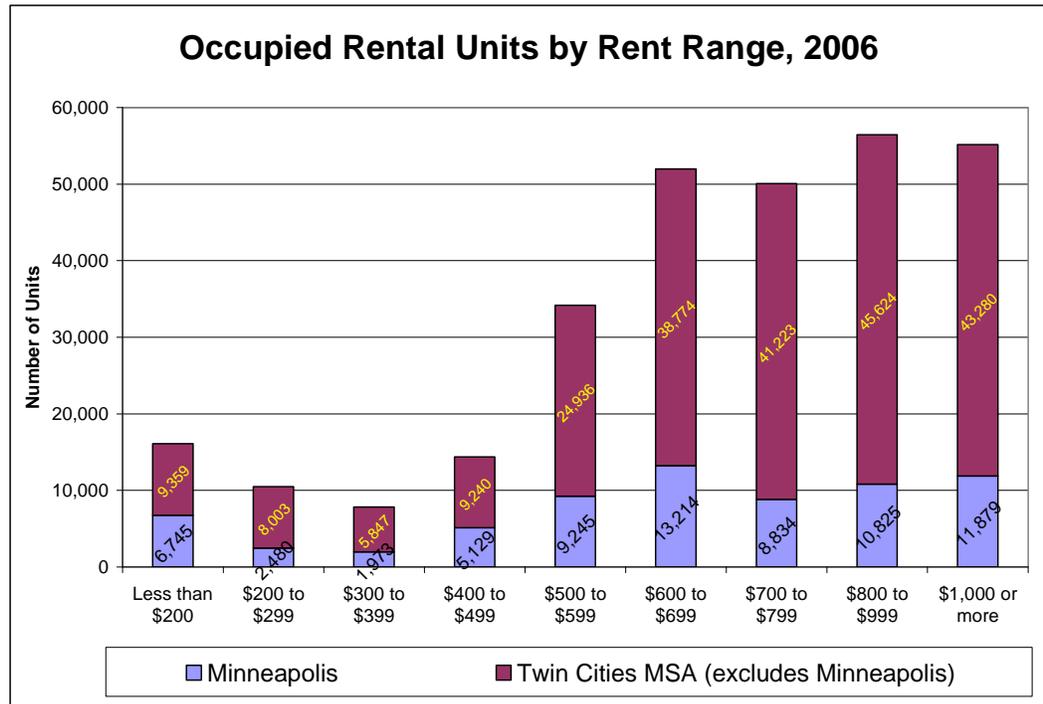
Figure D.7: Number of Units by Rental Rates



Source: US Census 2000 and 2006 American Community Survey

Not surprisingly, rent levels have increased from 2000 to 2006. Though the number of rental units remained decreased during that time period, there are now three times units costing \$1,000 or more for monthly rent.

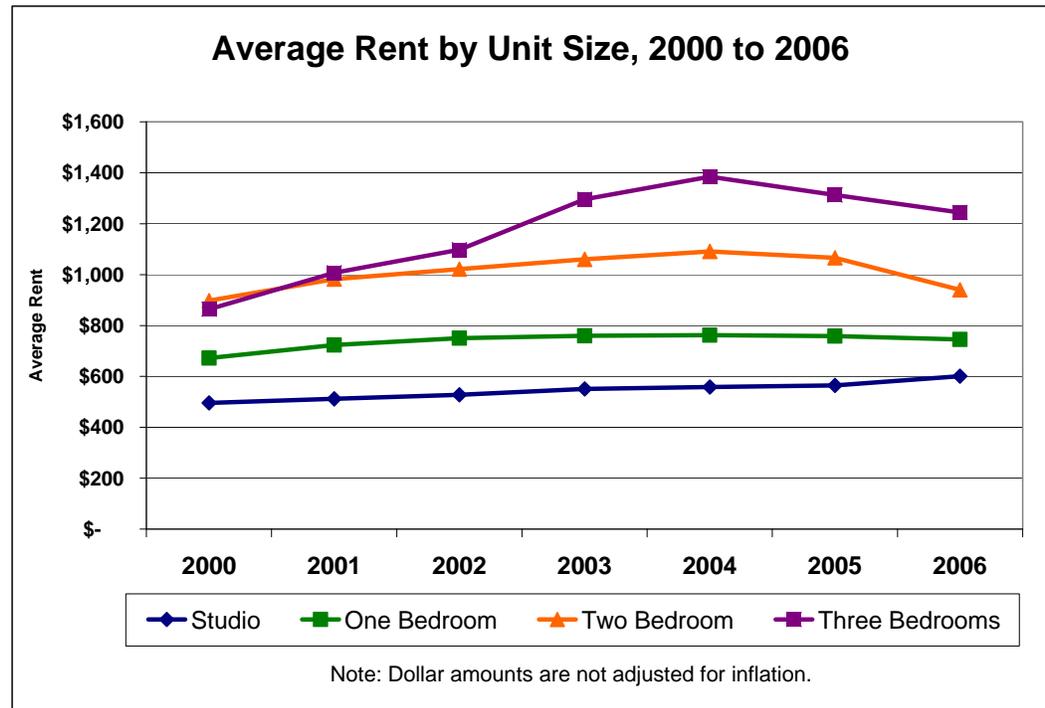
Figure D.8: Occupied Rental Units by Rent Range



Source: 2006 American Community Survey

Rent generally varies directly with unit size. Rental rates from 2006 show that rents have continued to rise since 2003, although they may have declined slightly from 2005 to 2006. In 2006, rent averages ranged from \$601-1,244 depending on unit size.

Figure D.9: Average Rent by Unit Size



Source: GVA Marquette Advisory, Apartment Trends Report

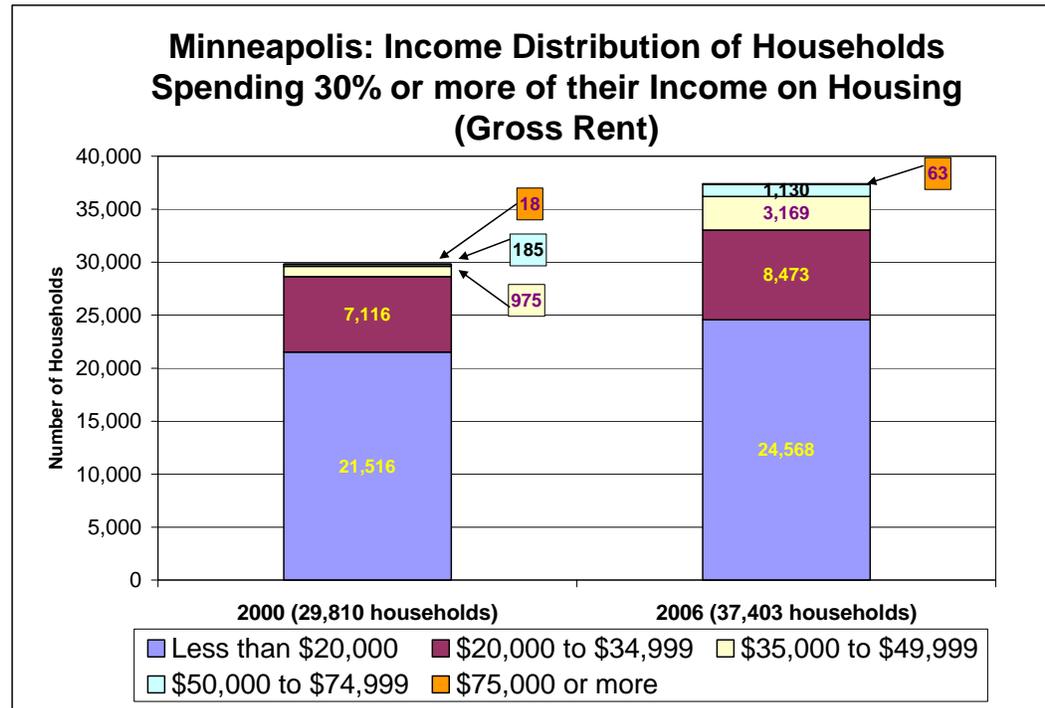
The median percentage of income a renting Minneapolis household paid for rent in 2006 was 32%, slightly higher than the percentages for the region and state. Approximately 52% of renting households in Minneapolis were paying 30% or more for their rent. The numbers were 47% and 44% for the region and state respectively.

Table D.9: Gross Rent as a Percentage of Household Income, 2006

	Minneapolis	Twin Cities MSA	Minnesota
2000	25.7%	25.0%	24.7%
2006	31.8%	29.8%	29.0%

Source: US Census 2000 and 2006 American Community Survey

Figure D.10: Income Distribution of Households Spending 30%+ on Housing



Source: US Census 2000 and 2006 American Community Survey

HUD defines households which spend 30% or more of their incomes on housing costs as “housing cost burdened.” During the past six years, the number of renter householders in this group increased by just over 25%, reflecting the fact that housing costs grew faster than household incomes. As one would expect, there are higher numbers of cost burdened households at lower income levels, but this trend was evident at all income levels.

### Ownership Costs

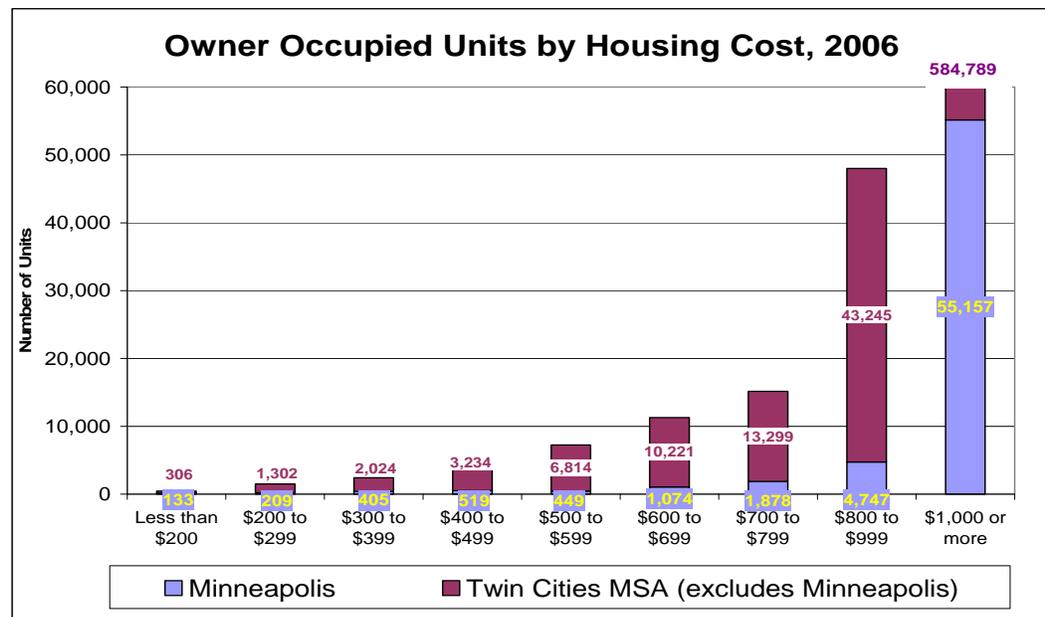
The median monthly costs associated with ownership housing in the City are somewhat lower than comparable values for the region and higher than the state for households with a mortgage. However, as a percentage of household income, they are roughly the same. This reflects the City’s lower median income level. Predictably, households without a mortgage paid significantly lower per month in both amount and percentage than did those with a mortgage.

Table D.10: Median Value and Costs of Owner Occupied Homes, 2006

	Minneapolis	Twin Cities MSA	Minnesota
Median monthly cost with mortgage	\$1,535	\$1,624	\$1,436
Median monthly cost without mortgage	\$497	\$478	\$400
Median monthly costs as percentage of income			
Total	23.3%	23.0%	21.5%
With mortgage	25.0%	25.2%	24.4%
Without mortgage	15.2%	12.4%	12.0%

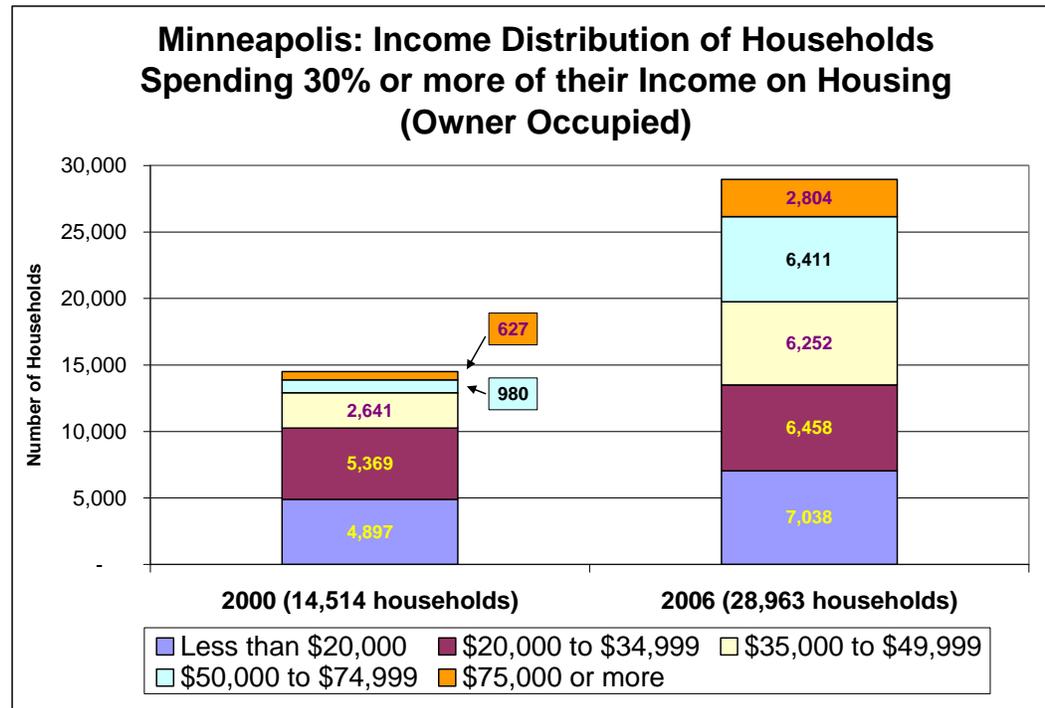
Source: US Census 2006 American Community Survey

Figure D.11: Owner Occupied Units by Housing Cost



Source: US Census 2006 American Community Survey

Figure D.12: Income Distribution of Households Spending 30%+ on Housing



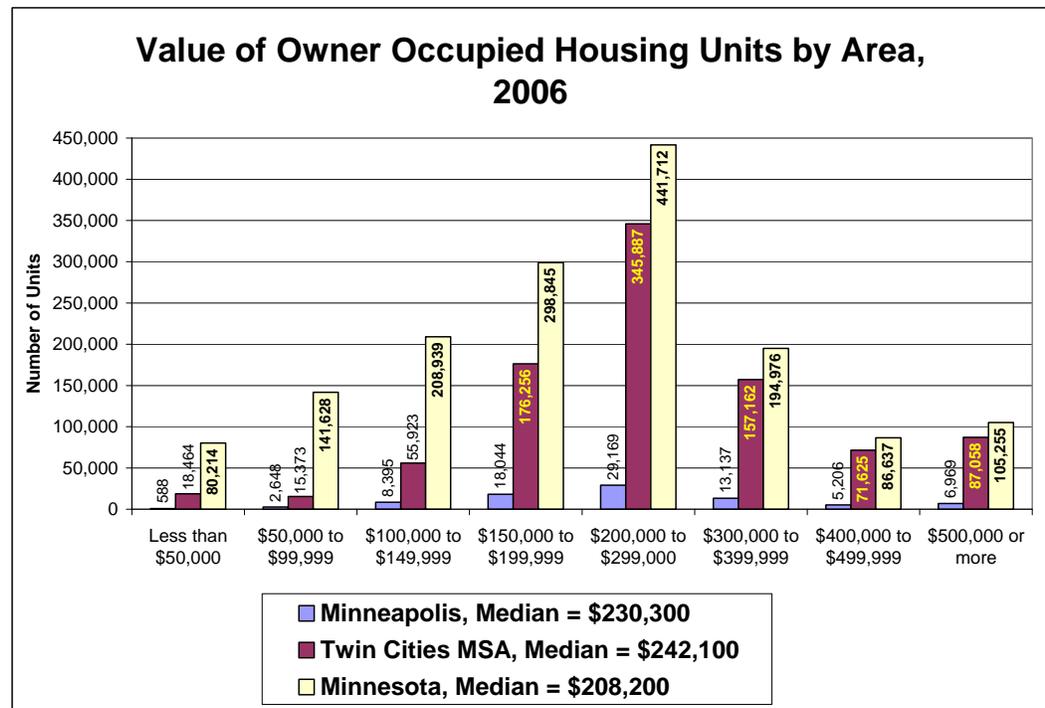
Source: US Census 2006 American Community Survey

The number of ownership householders who spent 30% or more of their income on housing increased at a rate that was four times as fast as renter households, almost doubling from 2000 to 2006. This reflects the larger and growing gap in the costs of ownership compared to household incomes. These costs were driven by both increases in home values, which doubled during this period, [see figure 12\_] and mortgage interest rates, particularly on sub-prime mortgages. As with renters, this increase was evident across all income groups.

## Value

The median housing value for the City in 2006 was lower than that for the region and higher than the state. However, the state as a whole had a higher percentage of the lowest value housing, under \$150,000.

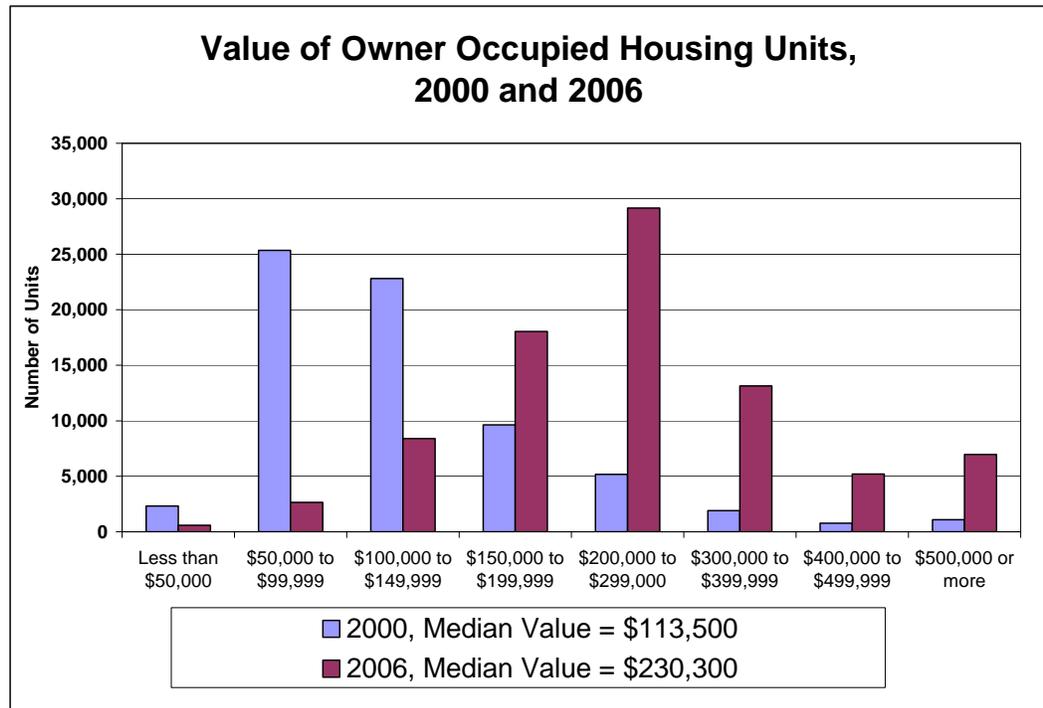
Figure D.13: Value of Owner Occupied Housing Units by Area



Source: US Census 2006 American Community Survey

The value of owner occupied housing increased significantly from 2000 to 2006. While the total number of units increased rather modestly by 18%, there were four times as many units with values over \$150,000. The median value increased 51% during this time period.

Figure D.14: Value of Owner Occupied Housing Units



Source: US Census 2000 and 2006 American Community Survey

Housing value for single family homes ranges quite substantially across the City. The highest values were in Calhoun Isles, Southwest, and University areas. The lowest were in Near North, Camden, and Phillips. These differences largely parallel income levels in the various neighborhoods. Recent data suggest that, overall, the City's housing stock has continued to increase in value, at least through 2006. However, values in some communities actually declined between 2005 and 2006, pointing to the beginnings of a slowdown in the residential market.

Table D.11: Median Estimate Market Value of Residential Units by Community

	<b>2000</b>	<b>2006</b>
Calhoun-Isles	\$ 177,000	\$ 323,750
Camden	\$ 71,750	\$ 157,000
Central	\$ 67,250	\$ 156,500
Longfellow	\$ 99,000	\$ 208,250
Near-North	\$ 58,500	\$ 168,000
Nokomis	\$ 113,000	\$ 231,500
Northeast	\$ 91,500	\$ 202,500
Phillips	\$ 53,250	\$ 180,000
Powderhorn	\$ 83,500	\$ 194,750
Southwest	\$ 178,000	\$ 322,500
University	\$ 111,125	\$ 234,000
<b>City</b>	<b>\$ 101,000</b>	<b>\$ 210,000</b>

*Source: City of Minneapolis Assessor*

## Age

Fitting with its role as a historic urban center, the age of Minneapolis' housing stock is significantly older than the region's or state's. In fact, though it contains just 14% of the region's housing units, Minneapolis is home to 44% of the units in the region built before 1940. In contrast, it has only 4.5% of the units built in the region after 1999.

Table D.12: Housing Units: Year Structure Built by Area, 2006

	<b>Minneapolis</b>	<b>Twin Cities MSA</b>	<b>Minnesota</b>
Built 2005 or later	1,714	25,345	37,713
Built 2000 to 2004	5,415	132,783	206,964
Built 1990 to 1999	4,614	195,586	315,938
Built 1980 to 1989	11,175	198,091	308,031
Built 1970 to 1979	15,436	220,561	380,883
Built 1960 to 1969	13,288	141,418	240,026
Built 1950 to 1959	16,009	132,266	239,460
Built 1940 to 1949	13,990	58,568	123,444
Built 1939 or earlier	91,013	206,202	430,378
Total	172,654	1,310,820	2,282,837
<b>Median year built</b>	<b>1940</b>	<b>1975</b>	<b>1973</b>

*Source: US Census 2006 American Community Survey*

53% of the housing units in the City were built before 1940. Ownership and rental housing have been developed in roughly even proportions in recent years. However, a substantial number of rental units were built in the 1960's and 1970's, some of which reflected urban renewal activities of that time.

Table D.13: Housing Units: Year Structure Built by Ownership status in Minneapolis, 2006

	<b>Total</b>	<b>Owner</b>	<b>Renter</b>	<b>Vacant</b>
Built 2005 or later	1,714	329	1,029	356
Built 2000 to 2004	5,415	1,557	3,341	517
Built 1990 to 1999	4,614	1,741	2,462	411
Built 1980 to 1989	11,175	4,396	5,212	1,567
Built 1970 to 1979	15,436	2,834	10,692	1,910
Built 1960 to 1969	13,288	2,939	8,541	1,808
Built 1950 to 1959	16,009	7,900	6,834	1,275
Built 1940 to 1949	13,990	8,668	4,685	637
Built 1939 or earlier	91,013	53,792	28,694	8,527
<b>Total</b>	<b>172,654</b>	<b>84,156</b>	<b>71,490</b>	<b>17,008</b>

*Source: US Census 2006 American Community Survey*

Looking at housing type by community and era, it is clear that the City has been home to a diversity of housing types for much of its history. However, the type constructed has varied by time. Townhouses, duplexes, and triplexes tend to date from before 1920, single family homes from between 1920 and 1959, and units in buildings of four or more from 1960 to present.

Table D.14: Housing Units: Structures Built Before 1920 by Community, 2006

	<b>Single Family</b>	<b>Condo or Townhouse</b>	<b>Duplex or Triplex</b>	<b>Four or Five</b>	<b>Six or more</b>
Calhoun Isle	2,270	628	1,313	730	2,351
Camden	2,235	24	524	28	60
Central	38	1,133	93	56	4,808
Longfellow	3,343	4	905	157	143
Near North	2,615	156	1,831	258	222
Nokomis	1,425	0	117	7	13
Northeast	2,868	24	3,860	526	549
Phillips	731	211	1,261	365	888
Powderhorn	4,956	428	3,146	935	1,281
Southwest	4,691	95	591	112	219
University	1,183	111	870	280	749
<b>City</b>	<b>26,355</b>	<b>2,814</b>	<b>14,511</b>	<b>3,454</b>	<b>11,283</b>

Source: City of Minneapolis Assessor

Table D.15: Housing Units: Structures Built Between 1920 and 1959 by Community, 2006

	<b>Single Family</b>	<b>Condo or Townhouse</b>	<b>Duplex or Triplex</b>	<b>Four or Five</b>	<b>Six or more</b>
Calhoun Isle	1,097	447	416	173	2,151
Camden	6,672	0	393	99	120
Central	3	476	4	6	1,455
Longfellow	3,966	10	646	131	126
Near North	2,103	15	519	121	246
Nokomis	11,827	29	1,113	93	152
Northeast	4,520	48	607	97	221
Phillips	71	146	36	52	413
Powderhorn	2,791	410	906	403	2,560
Southwest	9,829	405	1,600	306	1,033
University	968	66	333	80	1,281
<b>City</b>	<b>43,847</b>	<b>2,052</b>	<b>6,573</b>	<b>1,561</b>	<b>9,758</b>

Source: City of Minneapolis Assessor

Table D.16: Housing Units: Structure Built Since 1960 by Community, 2006

	<b>Single Family</b>	<b>Condo or Townhouse</b>	<b>Duplex or Triplex</b>	<b>Four or Five</b>	<b>Six or more</b>
Calhoun Isle	211	1,740	68	19	5,215
Camden	707	161	119	53	774
Central	3	4,705	9	19	6,444
Longfellow	451	616	146	27	2,929
Near North	1,198	174	249	91	2,370
Nokomis	391	731	92	56	585
Northeast	973	365	370	78	2,537
Phillips	198	482	89	112	2,503
Powderhorn	401	1,023	126	60	4,263
Southwest	730	374	201	9	1,504
University	139	1,717	262	87	4,499
<b>City</b>	<b>5,402</b>	<b>12,088</b>	<b>1,731</b>	<b>611</b>	<b>33,623</b>

*Source: City of Minneapolis Assessor*

### Condition

As of January, 2007 around 2.6% of the units in the City were considered to be below average condition, while 7.8% were considered to be above average(\*\*\*). A large majority, 89.6%, were classified as average.

Near North has by far the largest percentage of below average units, with 9.3% of its units fitting that description. The lowest percentage of below average units is in University, with only 1.3%. Central has the highest percentage of above average units, with 23.6%, which may reflect a relatively newer housing stock than on average. The lowest percentage of above average units is in Longfellow, with 2.3%.

Table D.17: Number of Housing Units Rated “Below Average” Condition, 2006

	<b>Single Family</b>	<b>Condo or Town house</b>	<b>Duplex or Triplex</b>	<b>Four or Five</b>	<b>Six or more</b>	<b>Total</b>	<b>Percent</b>
Calhoun Isles	70	7	105	74	35	291	1.5%
Camden	221	0	114	12	22	369	3.1%
Central	5	53	4	2	161	225	1.2%
Longfellow	166	0	32	16	42	256	1.9%
Near North	340	0	317	113	357	1,127	9.3%
Nokomis	224	0	16	5	0	245	1.5%
Northeast	125	0	157	56	59	397	2.3%
Phillips	69	0	80	87	241	477	6.3%
Powderhorn	280	1	248	105	163	797	3.4%
Southwest	176	3	29	4	20	232	1.1%
University	57	0	35	23	45	160	1.3%
<b>City</b>	<b>1,733</b>	<b>64</b>	<b>1,137</b>	<b>497</b>	<b>1,145</b>	<b>4,576</b>	<b>2.6%</b>

Source: City of Minneapolis Assessor

(\*\*\*) The City Assessor currently uses a 7 point scale (#1 thru #7):

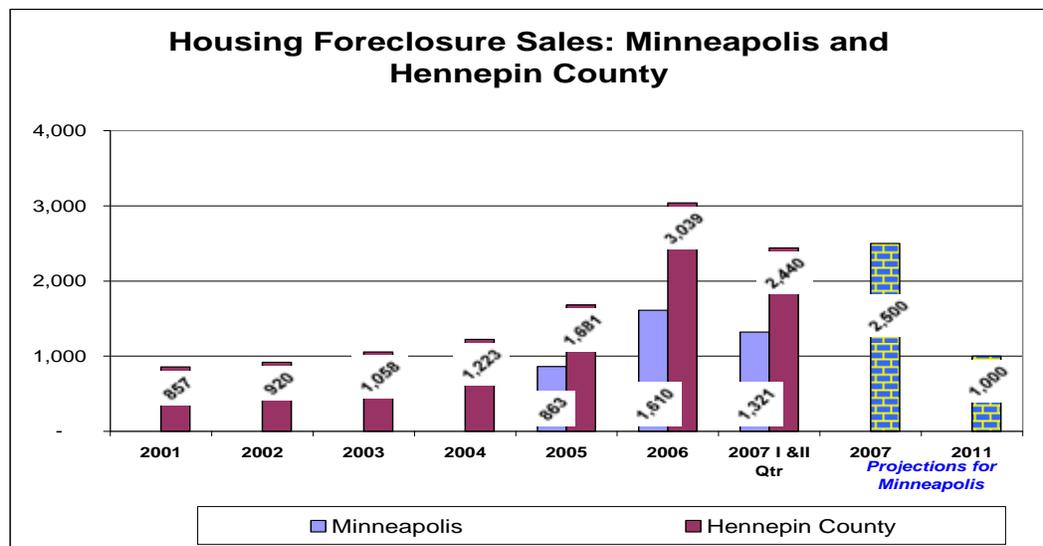
- Condition #1 and #2 are considered “Above Average” condition
- Condition #3, #4 and #5 are considered “Average” condition
- Condition #6 and #7 are considered “Below Average” condition.

## Current Trends Impacting Housing Need

### Foreclosures

Certain neighborhoods, particularly low-income neighborhoods in North Minneapolis, have been targeted by predatory lenders, resulting in sharp increases of foreclosures and vacant/boarded structures. The Federal Reserve performed an analysis of 2002 foreclosure sales in Hennepin and Ramsey Counties. Of 414 Minneapolis foreclosure sales that year, the foreclosed mortgages, particularly compared to typical mortgages in their neighborhoods, were smaller in amount, had higher interest rates, and were more likely to have been originated by a non-bank or sub-prime lender; foreclosed properties in this area were also more likely to have another mortgage on the property as well. (Federal Reserve Bank of Minneapolis Community Affairs Report, Report No. 2006-1, Targeting Foreclosure Interventions: An Analysis of Neighborhood Characteristics Associated with High Foreclosure Rates in Two Minnesota Counties, Grover, Smith, and Todd, Oct. 2006, at 12) Predatory lending appears to be a factor in the rapid rise of foreclosures; this study found 80% of borrowers in foreclosure owed more on their mortgage than the original principal amount. Foreclosed mortgages were disproportionately of recent origin and carried higher interest rates; 46% originated after 1999. Other factors include indicators of credit risk and indicators of high or increasing minority presence. Finding that rising minority homeownership seemed to have a strong association with foreclosure sale rates, this study recommends that foreclosure mitigation efforts will be crucial in preserving gains in promoting minority homeownership; access to timely, accurate and inexpensive data should lead to better monitoring of foreclosure trends and delivery of effective services.

Figure D.15: Housing Foreclosure Sales



Since 2002, this trend has accelerated; Minneapolis had 863 mortgage foreclosure sales in 2005 (Results Minneapolis CPED, CPED, Oct. 26, 2006, at 21). In 2006, 1,610 homes in Minneapolis went to foreclosure sale, over half of them in North Minneapolis (Minneapolis Trends, Fourth Quarter 2006, CPED, Vol. 5, No. 4).

### **Increase in Vacant and Boarded Housing**

This dramatic rise in foreclosures mirrors a sharp increase in vacant and boarded structures. According to statistics maintained by the Minneapolis Inspections Division, at the end of 2005, the City had 163 condemned and boarded homes and 112 homes registered as vacant. By the end of 2007, there were 484 condemned and boarded structures and 285 homes registered as vacant. One hundred and ninety-seven (197) housing units were demolished in 2006. Police reports reflect a growing trend in these structures being stripped of their copper pipe and wiring, increasing the cost of rehabilitation of vacant and boarded homes. Several vacant homes exploded in 2006, due to copper pipe stripping.

While prevention and remedial measures are now pending before the state legislature, these trends threatens to have long term adverse effect on the preservation of affordable owner occupied homes, the housing stock in impacted neighborhoods, and particularly homeownership in minority communities.

### **Condominium Market**

The City has seen an increase of conversion of existing rental units to condominiums, some of which may provide affordable ownership opportunities. However, recent surveys indicate that this trend may have an adverse impact on the available rental housing market, reducing the supply of affordable rental units. Based on information voluntarily provided by property owners of converted developments to the City Assessor, there were 1,252 housing units converted to condominiums from 2001 to 2005. It should be noted that this data is only a sampling, and not all property owners provided this information. Approximately 23 per cent, or 283 units, were previously affordable rental units to those at or below 50% MMI (Minneapolis' Condo Conversion Trend and Its Effect on Affordable Housing, 2001-2005, CPED, 2006). While often there is no public action involved in creating many of these condominiums, nonetheless, their creation can reduce the supply of rental housing in Minneapolis. The popularity of condominiums as a housing option is also increasing the supply of owner occupied housing.

### **Immigration**

Significant increases of immigrants have settled in Minneapolis since 2000. In 2004 alone, 9,814 of immigrants who were granted permanent residence settled in the Minneapolis St. Paul metro area (Immigration totals to United States and Minneapolis-St. Paul metro area, 2004, US Department of Homeland Security's Office of Immigration Statistics, Feb. 16, 2004). This number does not include secondary migration to this area from other states, and does not include illegal

immigrants. (According to the Office of Immigration Statistics, 60,258 legal immigrants established residence in Minnesota between 2000 and 2005.) 2005 population estimates from the U.S. Census Bureau put minority populations in Hennepin County as 23.9 percent of the total; more than half of the statewide total minority populations live in either Hennepin or Ramsey County. Statewide, nonwhite and Latino populations grew 21% (62% of total population gain) between 2000 and 2005, compared to a 2% increase for white population (Population Notes: Nonwhite and Latino Populations in Minnesota Continue to Grow Rapidly, McMurry, Aug. 30, 2006.) More immigrants arrived in Minnesota in the year ending Sept. 30, 2005 than in any of the previous 25 years.

Minnesota ranked second only to California nationwide in the number of refugee arrivals. (Record number of immigrants arrived in Minnesota in 2005, State Demographic Center, July 11, 2006) Almost a quarter of children under age 1 are nonwhite or Latino, compared to only 2 percent of people 85 and older. (Halftime Highlights: Minnesota at Mid-Decade, Minnesota State Demographic Center, Dec. 2006 at 11)

### **Minneapolis Resident Survey**

The City included several questions about housing in its most recent resident survey, taken in the fall of 2005, with results reported in March 2006. Key findings included:

On Housing / Affordability / Availability / Condition questions:

39% of respondents noted housing as a major challenge facing the City. Some described the challenge as 'affordable housing for all incomes' (18%) while others mentioned 'housing in general' as an issue (16%). 2% specifically mentioned 'homelessness.'

When asked whether Minneapolis residents have a good choice of different housing types, 60% agreed or strongly agreed, whereas 35% disagreed or strongly disagreed.

## **Housing Implementation Program**

Like its two predecessors, this update to the comprehensive plan is required to have a housing implementation program, that identifies official controls, programs and fiscal tools the City will use to implement its housing goals and policies. These are outlined below. Similar information is included in the Implementation chapter of the plan.

In its guidance for this round of comprehensive plan updates, the Metropolitan Council has recognized the need for the increased availability of affordable housing throughout the region. In order to ensure an equitable distribution of this housing throughout the region, it has set targets for each municipality to achieve between 2011 and 2020, to meet an overall regional goal of 51,000 newly constructed affordable housing units. The City of Minneapolis' share of this overall goal is 4,088

new affordable housing units. The [full report on housing goals](#) is available online. The allocation of these goals by jurisdiction was determined by three factors:

- Proximity to low wage jobs compared to the number of local low wage workers
- Existing percentage of affordable housing
- Level of transit services

The City of Minneapolis acknowledges its share in the regional need for low- and moderate-income housing. It is committed to achieving the goal as stated above. Additionally, the city is committed to growing its housing stock at all income levels, consistent with Metropolitan Council demographic projections for 2030.

### **Affordable Housing Programs and Fiscal Devices**

Housing policy implementation at the City of Minneapolis is managed primarily through the Community Planning and Economic Development Department's Housing Policy & Development Division, in partnership with Regulatory Services, Health and Family Support, and other departments and partners. The Housing Division administers a range of programs which develop and preserve affordable housing, eliminate blighting influences, encourage private market activities, and assist low income households in purchasing and rehabilitating homes. These include direct assistance programs as well as various fiscal devices, and are funded through a variety of different sources. As of the date of this plan's adoption, these include:

- Affordable Housing Trust Fund Program (AHTF)
- Affordable Ownership Housing Development Program
- Emergency Shelter Grant (ESG) Program
- Higher Density Corridor Housing Program
- Low-Income Housing Tax Credits (LIHTC)
- Multifamily Housing Revenue Bond (HRB) Program
- Nonprofit Development Assistance Program
- Tax Increment Financing (TIF)
- Capital Acquisition Revolving Fund (CARF)
- Century Homes Program

- Distressed Properties - Vacant Housing Recycling Program
- The Home Ownership Program
- Home Ownership Works (HOW) Program
- Housing Replacement Tax Increment Districts
- Senior Housing Regeneration Program™ (SHRP)
- CityLiving – Mortgage Loans
- Code Abatement Loans
- Home Repair Loans
- American Dream Downpayment Initiative - Affordability Loan
- Minneapolis Advantage
- Don't Borrow Trouble
- Five-Point Strategy
- Northside Home Fund

[More information](#) about these programs and fiscal devices is available online. Details about specific progress on program objectives is described in the annual HUD Consolidated Plan for Housing and Community Development, and the [Consolidated Annual Performance Report](#).

## Housing Goals and Policies

The plan is required to include goals and policies addressing the need to add low-and moderate-income affordable housing or other housing to meet special needs, other development and redevelopment expectations, housing maintenance and preservation, density and diversity of housing type. These goals and policies are contained within Chapter 3 – Housing.



## 2007 Housing Development, Rehabilitation and Ownership Resource Guide



## Cover Images

### Top

Project: Greenleaf Lofts  
Address: 2000 Nicollet Ave  
Developer: Master Civil and  
Construction Engineering  
Architect: BKV Group

### Middle

Project: Many Rivers West  
Address: 1400 East Franklin Ave  
Developer: American Indian  
Community Development  
Corporation (AICDC)  
Architect: DJR Architecture, Inc.

### Bottom

Project: Heritage Housing  
Address: 1110 Howell Drive  
Developer: Sienna Corporation & NRRC  
(Northside Residents  
Redevelopment Council)  
Architect: LHB + Madson

# Table of Contents

<b>Multifamily Housing Development Programs</b> .....	2
Introduction.....	2
Affordable Housing Trust Fund Program (AHTF) .....	2
Affordable Ownership Housing Development Program.....	3
Emergency Shelter Grant (ESG) Program .....	3
Higher Density Corridor Housing Program.....	4
Low-Income Housing Tax Credits (LIHTC) .....	4
Multifamily Housing Revenue Bond (HRB) Program .....	5
Nonprofit Development Assistance Program.....	5
Tax Increment Financing (TIF).....	6
 <b>Joint Multifamily Housing &amp; Business Development Program</b> .....	7
Capital Acquisition Revolving Fund (CARF).....	7
 <b>Single Family Housing Development Programs</b> .....	8
Introduction.....	8
Century Homes Program.....	8
Distressed Properties - Vacant Housing Recycling Program.....	9
The Home Ownership Program .....	9
Home Ownership Works (HOW) Program.....	10
Housing Replacement Tax Increment Districts .....	10
Senior Housing <i>Regeneration</i> Program™ (SHRP).....	11
 <b>Mortgage &amp; Home Improvement Programs</b> .....	12
Introduction.....	12
<i>CityLiving</i> – Mortgage Loans .....	12
Code Abatement Loans .....	13
Home Repair Loans .....	13
American Dream Downpayment Initiative - Affordability Loan.....	14
 <b>Glossary of Terms</b> .....	15

If you need this material in an alternate format or language, please contact the Department of Community Planning and Economic Development at 612-673-5095.



# Multifamily Housing Development Programs

[http://www.ci.minneapolis.mn.us/cped/multifamily\\_home.asp](http://www.ci.minneapolis.mn.us/cped/multifamily_home.asp)

## Introduction

The Multifamily Housing Development section of CPED administers financing programs to develop and preserve affordable housing throughout Minneapolis. The programs focus on mixed-income multifamily rental housing and ownership housing projects with 10 or more units.

The City of Minneapolis Unified Housing Policy requires that all projects of 10 or more units receiving assistance under any of these programs set aside 20 % of the units as “affordable.” “Affordable” is defined as housing costs (rent or mortgage payment), which are less than or equal to one-third (30 %) of the gross income of households earning less than 50 % of the metropolitan median income (MMI).

Important note: numerous City and federal funding requirements will apply to the multifamily financing programs. Program applicants will find more detailed information on funding requirements in the respective request for proposals (RFP) and program documents.

## Affordable Housing Trust Fund Program (AHTF)

*Purpose: “...to finance the production and preservation/stabilization of affordable and mixed-income rental housing projects in Minneapolis.”*

## Quick Facts

- **Who is Eligible:** Nonprofit and for-profit developers
- **2007 Budget:** Approximately \$8 million to \$10 million
- **Application Procedure:** Annual competitive request for proposal process
- **Contact Person:** Donna Wiemann, 612-673-5257, [Donna.Wiemann@ci.minneapolis.mn.us](mailto:Donna.Wiemann@ci.minneapolis.mn.us), CPED Multifamily Housing section

## Program Summary

The AHTF Program provides gap financing (the difference between conventional financing and project costs) for affordable and mixed-income rental housing production and preservation projects. Program funds include HOME, Community Development Block Grant (CDBG) and other sources. Minneapolis neighborhoods may elect to dedicate their Phase II Neighborhood Revitalization Program (NRP) funds to the new “Affordable Housing Investment Fund,” which is administered under the CPED AHTF program. CPED makes these funds available through a periodic competitive RFP process that is generally coordinated with Minnesota Housing Finance Agency RFPs. The purpose of this program is to finance the production and preservation/stabilization of affordable and mixed-income rental housing projects in Minneapolis. Program funds are targeted to housing for large families, supportive housing for homeless adults and families, and senior/elderly populations.



# Affordable Ownership Housing Development Program

*Purpose: "...to assist developers in the rehabilitation and construction of new single family, duplex or multi-unit housing for owner occupancy with long-term or perpetual affordability mechanisms, including limited equity cooperatives."*



## Quick Facts

- **Who is Eligible:** Nonprofit developers, for-profit developers, and low- to moderate-income households
- **2007 Budget:** Approximately \$1,000,000
- **Application Procedure:** Competitive request for proposals process
- **Contact Person:** Cherré Palenius, 612-673-5241, [Cherre.Palenius@ci.minneapolis.mn.us](mailto:Cherre.Palenius@ci.minneapolis.mn.us), CPED Multifamily Housing section and/or Earl Pettiford, 612-673-5231, [Earl.Pettiford@ci.minneapolis.mn.us](mailto:Earl.Pettiford@ci.minneapolis.mn.us), CPED Single Family Housing section

## Program Summary

This program is a joint effort between the Single Family and Multifamily Housing sections to create affordable single family, duplex, and multifamily ownership units in Minneapolis. Program funds are available to developers to cover construction gap – the difference between total development costs and the sales price of a completed unit/ home (appraised value) – or affordability gap. Developers must provide documentation that the project will remain affordable to the same income group for more than 30 years. Cooperative funds generally will be structured as long-term, low-interest deferred loans, either as a blanket loans to the cooperative or as individual share loans.

In no case shall CPED assistance exceed \$45,000 per unit for units affordable to households earning 50% or below of the metropolitan median income (MMI) and \$30,000 per unit for units affordable to households earning 60% or below of MMI. For all projects with 10+ units, at least 20% of the units must be affordable to and occupied by households earning 50% or below of MMI. Land trust models or limited equity cooperatives are encouraged to apply.

# Emergency Shelter Grant (ESG) Program

*Purpose: "...to renovate, rehabilitate, and convert buildings for use as emergency shelters or transitional housing for homeless people."*



## Quick Facts

- **Who is Eligible:** Nonprofit and for-profit developers
- **2007 Budget:** \$550,000
- **Application Procedure:** Periodic competitive request for proposal process
- **Contact Person:** Donna Wiemann, 612-673-5257, [Donna.Wiemann@ci.minneapolis.mn.us](mailto:Donna.Wiemann@ci.minneapolis.mn.us), CPED Multifamily Housing section

## Program Summary

Emergency Shelter Grant Program (ESG) funds may be used to renovate, rehabilitate, and convert buildings for use as emergency shelters or transitional housing for homeless people. The properties may be located either in the City of Minneapolis or in an adjacent Hennepin County suburb. These ESG funds, provided to the City by the U.S. Department of Housing and Urban Development (HUD), may not be used for new construction. ESG program funds may be used for furniture, security, and equipment (up to a certain maximum amount) in a new construction project.

## Higher Density Corridor Housing Program

*Purpose: "...CPED acquisition of property for the development of new mixed-income rental and ownership multifamily housing along transit and commercial corridors."*



### Quick Facts

- **Who is Eligible:** Site nominations accepted from neighborhood organizations, nonprofit and for-profit developers, CPED staff and other interested parties. Public (CPED) acquisition required.
- **2007 Budget:** \$943,000
- **Application Procedure:** Site nominations from neighborhood organizations and developers solicited year-round. CPED staff nominations considered year-round.
- **Contact Person:** Kevin Dockry, 612-673-5075, [Kevin.Dockry@ci.minneapolis.mn.us](mailto:Kevin.Dockry@ci.minneapolis.mn.us), CPED Multifamily Housing section

### Program Summary

The program provides a new funding source for public (CPED) acquisition of sites for multifamily housing development on or near community, commercial and transit corridors (defined in *The Minneapolis Plan*). Funds will be used to assemble larger sites for new mixed-income rental and ownership multifamily housing development. CPED solicits site-specific suggestions in the spring via a site nomination form. Leverage/matching acquisition funds encouraged.

## Low-Income Housing Tax Credits (LIHTC)

*Purpose: "...to facilitate the acquisition and rehabilitation or new construction of multifamily rental units for people with low incomes."*



### Quick Facts

- **Who is Eligible:** Nonprofit and for-profit developers
- **2007 Budget:** Allocation of \$1,109,037
- **Application Procedure:** An annual request for proposals (RFP), reflecting designations made in the City's Qualified Allocation Plan (QAP). A non-refundable application fee is required with each application. The fee for for-profit developers is based on the total number of units, with a maximum fee of \$2,000. Nonprofit developers pay an application fee of \$700. Request a LIHTC manual for more details.
- **Contact Person:** Dollie Crowther, 612-673-5263, [Dollie.Crowther@ci.minneapolis.mn.us](mailto:Dollie.Crowther@ci.minneapolis.mn.us), CPED Multifamily Housing section

### Program Summary

CPED is a "suballocator" of Low-Income Housing Tax Credits (LIHTC) for the state. The program offers a reduction in the owners and investors' tax liability for eligible new construction, rehabilitation and/or acquisition of existing rental buildings that offer housing affordable to people earning 60% or below of the metropolitan median income (MMI).

## Multifamily Housing Revenue Bond (HRB) Program

*Purpose: "...tax-exempt financing to facilitate the acquisition and rehabilitation or new construction of low- and moderate-income multifamily rental units."*



### Quick Facts

- **Who is Eligible:** Nonprofit and for-profit developers
- **2007 Allocation:** \$36,848,000
- **Application Procedure:** Applicants for Housing Revenue Bond financing should submit documents to the Project Coordinator assigned to the project. A full and complete application packet must be submitted to the Project Coordinator at least thirty (30) days before the Community Development Committee Meeting at which the project will be considered. The City charges an application review fee of \$3,000.
- **Contact Person:** Dollie Crowther, 612-673-5263, [Dollie.Crowther@ci.minneapolis.mn.us](mailto:Dollie.Crowther@ci.minneapolis.mn.us), CPED Multifamily Housing section

### Program Summary

The Multifamily section administers the City's Multifamily Housing Revenue Bond (HRB) program. Tax-exempt financing is provided for affordable and mixed-income rental housing for families and seniors. The City receives an annual entitlement allocation of Housing Revenue Bonds with automatic 4% Low-Income Housing Tax Credits. The Multifamily section also administers ongoing requests for nonprofit 501(c)(3) and refunding bonds.

## Nonprofit Development Assistance Program

*Purpose: "...to encourage the development of affordable multifamily housing."*



### Quick Facts

- **Who is Eligible:** Nonprofit developers
- **2007 Budget:** Approximately \$213,327
- **Contact Person:** Cherré Palenius, 612-673-5241, [Cherre.Palenius@ci.minneapolis.mn.us](mailto:Cherre.Palenius@ci.minneapolis.mn.us), CPED Multifamily Housing section

### Program Summary

This program provides funding to offset nonprofit housing developers' administrative costs when developing affordable multifamily rental, ownership and cooperative housing projects. Up to \$30,000 is awarded per project, depending on the number of proposed units.

# Tax Increment Financing (TIF)

*Purpose: "...to help finance the development of new affordable rental and ownership housing projects."*

## Quick Facts

- **Who is Eligible:** Nonprofit and for-profit developers with affordable and mixed-income multifamily housing and mixed-use projects
- **2007 Budget:** Project-driven
- **Application Procedure:** Applications for Tax Increment Financing can be submitted at any time. The City charges an initial application review fee of \$3,000 that is due at the time the application is submitted. A staff team will be assigned to review and analyze the application. The team will normally consist of a Project Coordinator, a Development Finance Analyst and an attorney. It may also include other CPED and City of Minneapolis staff.
- **Contact Person:** Kevin Walker 612-673-5236,  
[Kevin.Walker@ci.minneapolis.mn.us](mailto:Kevin.Walker@ci.minneapolis.mn.us), CPED Multifamily Housing section

## Program Summary

Tax Increment Financing (TIF) assists the development of new affordable rental and ownership housing projects. Projects must comply with all requirements of the Minnesota Tax Increment Financing Act, as amended. See TIF policy and TIF application at the links below.

CPED TIF policy: [www.ci.minneapolis.mn.us/cped/tax\\_increment\\_policy.asp](http://www.ci.minneapolis.mn.us/cped/tax_increment_policy.asp)

TIF application: [www.ci.minneapolis.mn.us/cped/docs/tif\\_application.pdf](http://www.ci.minneapolis.mn.us/cped/docs/tif_application.pdf)



# Joint Multifamily Housing & Business Development Program

## Capital Acquisition Revolving Fund (CARF)

*Purpose: "...acquisition funding for housing and economic development."*

### Quick Facts

- **Who is Eligible:** Nonprofit and for-profit developers for commercial and mixed-use development
- **2007 Budget:** \$1,000,000
- **Application Procedure:** Open nomination process via a site nomination form
- **Contact Person:** Kristin Guild, 612-673-5168  
[Kristin.Guild@ci.minneapolis.mn.us](mailto:Kristin.Guild@ci.minneapolis.mn.us), CPED Business Development section

### Program Summary

Loans to finance property acquisition for redevelopment of sites located on commercial and transit corridors and at commercial nodes (designated in *The Minneapolis Plan*) for mixed commercial and residential use. Funds will be used to assemble or aid in assembly of larger sites for new mixed-use and mixed-income rental and ownership multifamily housing and commercial development. At least 20% of the housing units must be affordable at or below 50% of the metropolitan median income (MMI). Loan repayment proceeds and interest will return to the fund.



# Single Family Housing Development Programs

[http://www.ci.minneapolis.mn.us/cped/singlefamily\\_home.asp](http://www.ci.minneapolis.mn.us/cped/singlefamily_home.asp)

## Introduction

The Single Family Housing Development section of CPED facilitates the elimination of blighting influences in Minneapolis through the acquisition of substandard, vacant, boarded, obsolete, or non-conforming structures. The Single Family Housing Development section provides financing and administers programs that promote and facilitate housing development, preservation and rehabilitation for projects less than 10 units.

In addition, the Single Family Housing Development section encourages private market activities through the marketing and disposition of land inventory. The section markets the available inventory through the “Lot List” on the CPED website and via monthly advertisements in the *Minneapolis Star Tribune* and *Finance & Commerce*. Copies of the “Lot List” are also available at the Single Family Housing Development section office at 105 Fifth Avenue South, Suite 450, or by calling the marketing line at 612-673-5225, or by email at [residentiallots@ci.minneapolis.mn.us](mailto:residentiallots@ci.minneapolis.mn.us)

## Century Homes Program

*Purpose: “...to rehabilitate and develop single family homes within the City of Minneapolis.”*

## Quick Facts

- **Who is Eligible:** A partnership between the City of Minneapolis and the Greater Metropolitan Housing Corporation (GMHC).
- **2007 Budget:** \$500,000
- **Estimated Annual Production:** 20 units
- **Application Procedure:** Staff from CPED and GMHC review and discuss development opportunities and select sites to pursue. Public (CPED) acquisition required.
- **Contact Person:** Earl Pettiford, 612-673-5231, [Earl.Pettiford@ci.minneapolis.mn.us](mailto:Earl.Pettiford@ci.minneapolis.mn.us), CPED Single Family Housing section

## Program Summary

The Century Homes Program is a partnership between the City of Minneapolis and GMHC. It was established in 1997 to rehabilitate and develop new homes within the City of Minneapolis. The partnership develops high quality market-rate homes for sale exclusively for owner occupancy. The homes are sold for their full fair market value. The program provides for the partners to share equally in the profits and losses.



## Distressed Properties - Vacant Housing Recycling Program

*Purpose: "...to remove and redevelop blighted properties in Minneapolis neighborhoods."*



### Quick Facts

- **Who is Eligible:** Nonprofit and for-profit developers
- **2007 Budget:** \$600,000
- **Estimated Annual Production:** 30 units
- **Application Procedure:** Developer tenders a completed "Offer to Purchase" document
- **Contact Person:** Elfric Porte, 612-673-5145, [Elfric.Porte@ci.minneapolis.mn.us](mailto:Elfric.Porte@ci.minneapolis.mn.us), CPED Single Family Housing section

### Program Summary

The Distressed Properties - Vacant Housing Recycling Program is a planning and redevelopment mechanism designed to address redevelopment needs within Minneapolis neighborhoods. The program is implemented in partnership with the neighborhood groups, the Council Members, development partners in the Northside Home Fund cluster areas and other partners. It is designed to bring together the expertise of CPED, the NRP and the neighborhood organizations to remove blight and work with the development community in redeveloping the individual properties or assembling more than one property (parcel) through neighborhood-based efforts. This program allows for a matching fund for acquisition and disposition of properties for development through the Lot Redevelopment memorandum of understanding with the neighborhood group.

## The Home Ownership Program

*Purpose: "...to provide affordable home ownership opportunities in non-impacted areas of Minneapolis."*



### Quick Facts

- **Who is Eligible:** A partnership between the City of Minneapolis and the Greater Metropolitan Housing Corporation (GMHC).
- **2007 Budget:** \$1,000,000
- **Estimated Annual Production:** 15 units
- **Application Procedure:** Staff from CPED and GMHC review and discuss development opportunities and select sites to pursue.
- **Contact Person:** Earl Pettiford, 612-673-5231, [Earl.Pettiford@ci.minneapolis.mn.us](mailto:Earl.Pettiford@ci.minneapolis.mn.us), CPED Single Family Housing section

### Program Summary

This program offers affordable home ownership opportunities in non-impacted areas of the city to buyers with incomes at or below 80% of the metropolitan median income (MMI). This program is funded using community development block grant (CDBG) funds with the entire gap covered by the City. In addition to funds available to the developer for the construction gap, the City provides up to \$30,000 per home in affordability gap financing to the homebuyer in the form of a deferred loan due and payable at the time of sale of the property.

# Home Ownership Works (HOW) Program

*Purpose: "...to provide affordable home ownership opportunities to first-time homebuyers."*



## Quick Facts

- **Who is Eligible:**
  - **Development funds:** CPED contracts with nonprofit developers to oversee construction and market the completed projects.
  - **HOW homes:** Moderate and low-income first-time homebuyers
- **2007 Budget:** \$600,000
- **Estimated Annual Production:** 15 units
- **Application Procedure:**
  - **Developers:** CPED is the developer. CPED selects eligible properties with input from neighborhood groups and nonprofit developers.
  - **Potential homebuyers:** Contact the HOW marketing representative who will show available homes and explain the HOW program requirements.
- **Contact Person:**
  - **Developers:** Edie Oliveto-Oates, 612-673-5229, [Edythe.Oliveto-Oates@ci.minneapolis.mn.us](mailto:Edythe.Oliveto-Oates@ci.minneapolis.mn.us), CPED Single Family Housing section
  - **Potential Homebuyers:** Erin Green, HOW marketing representative, 612-721-7556 x12

## Program Summary

Using federal funds, CPED buys older homes in Minneapolis that need moderate to substantial rehabilitation. In 2006, a new construction component of the program was introduced. CPED contracts with nonprofit developers for the construction and rehabilitation of the projects. The homes are then sold to first-time homebuyers with income at or below 80% of the metropolitan median income (MMI). Homebuyers have the luxury of moving into a home that offers the convenience of a newer home

# Housing Replacement Tax Increment Districts

*Purpose: "...a financing tool that allows the City of Minneapolis to be reimbursed for eligible costs incurred in acquiring and preparing blighted properties for redevelopment."*



## Quick Facts

- **Who is Eligible:** Development partners of the Northside Home Fund Clusters
- **Funding:** Tax-generated reimbursements
- **Estimated Annual Production:** 20 units
- **Application Procedure:** The developer notifies CPED of potential acquisition and CPED program manager seeks authorization from the City Council for inclusion in the District.
- **Contact Person:** Edith Johnson, 612-673-5262, [Edith.Johnson@ci.minneapolis.mn.us](mailto:Edith.Johnson@ci.minneapolis.mn.us), CPED Single Family Housing section

## Program Summary

The Housing Replacement Tax Increment Finance (TIF) District is a tool that allows the City of Minneapolis to be reimbursed for costs incurred in acquiring blighted properties and preparing them for redevelopment. Parcels/sites will be redeveloped as market-rate single family housing. Unlike other tax increment districts, the Housing Replacement District's geographic boundary is citywide and allows for the inclusion of properties throughout the city (non-contiguous parcels known as "scattered sites").

# Senior Housing Regeneration Program™ (SHRP)

*Purpose: "...to ensure that the Minneapolis senior population is appropriately housed."*

## Quick Facts

- **Who is Eligible:** Senior homeowners, 55+ years old, living within the City of Minneapolis, whose property is in the lower to median valued range, who are experiencing a need to transition to housing options better suited to accommodate senior living. The homes may need repairs or updates.
- **2007 Budget:** \$300,000
- **Estimated Annual Production:** 10 units
- **Application Procedure:** Staff from CPED and GHMC review and discuss potential program opportunities from referrals and select sites to pursue. The sites may be acquired by CPED or GMHC.
- **Contact Person:** Earl Pettiford, 612-673-5231  
[Earl.Pettiford@ci.minneapolis.mn.us](mailto:Earl.Pettiford@ci.minneapolis.mn.us), CPED Single Family Housing section

## Program Summary

The Senior Housing *Regeneration* Program™ is a partnership between the City of Minneapolis and the Greater Metropolitan Housing Corporation (GMHC) under the Century Homes program. GMHC created the SHRP program in 2003, and in cooperation with CPED expanded the program to Minneapolis in 2006. SHRP assists seniors in their transition to new housing options that better meet their lifestyle such as condos, town homes, or assisted living. SHRP offers to purchase the properties from the owner at fair market value and renovates the home where necessary. The property is then sold to persons earning an income at or below 115% of the metropolitan median income (MMI), adjusted for family size. The program provides for the partners to jointly make important decisions and share in the costs. This program is designed to work in conjunction with other already existing City programs.

\*Universal Design -- For seniors, as well as others, needing special accommodations to make their homes more livable, i.e. accessible bathrooms, wider doorways, etc., free consultation and construction management assistance is available through the Greater Metropolitan Housing Corporation's three HousingResource Centers which can be reached at 612-378-7895 in Minneapolis.



# Mortgage & Home Improvement Programs

[www.ci.minneapolis.mn.us/cped/city\\_living.asp](http://www.ci.minneapolis.mn.us/cped/city_living.asp)

## Introduction

CPED offers special financing to help low and moderate income households purchase a home in the city or if they already own a home, to complete the repair of any housing maintenance code violations.

The *CityLiving* Home Program was created in partnership with the City of Saint Paul to help low and moderate income households buy a home. This innovative program typically offers an interest rate that is ½ percent or more below interest rates normally found in the marketplace. In addition, *CityLiving* provides other assistance that accompanies the primary mortgage that is used to help pay for closing costs and down payment for the home buyer.

For homeowners whose household income is within 80% of the area median, there is help with the cost of completing the repair code violations. The City has arranged for the Greater Metropolitan Housing Corporation to take applications for financing and to even guide the homeowner through the process of obtaining bids for the work to be completed.

## CityLiving - Mortgage Loans

*Purpose: "...to provide mortgage financing and assistance to help low and moderate-income buyers purchase homes."*

## Quick Facts

- **Who is Eligible:** Any homebuyers that meet the income and property sale price guidelines.
- **Application Procedure and Contact Person:** To apply for one of these loans, contact a participating lender. For a list of participating lenders and more program details, visit [www.ci.minneapolis.mn.us/cped/city\\_living.asp](http://www.ci.minneapolis.mn.us/cped/city_living.asp).

## Program Summary

*CityLiving*, a program sponsored by the cities of Minneapolis and Saint Paul, provides mortgage financing and special assistance for down payment and closing costs. *CityLiving* loans offer homebuyers an opportunity to buy Minneapolis homes at an interest rate that historically has been below market. More program details and FAQs can be found at [www.ci.minneapolis.mn.us/cped/city\\_living.asp](http://www.ci.minneapolis.mn.us/cped/city_living.asp).



## Code Abatement Loans

*Purpose: "...to maintain the quality and unique character of the City's housing stock."*



### Quick Facts

- **Who is Eligible:** Low-income owner-occupants of a home with three units or less that needs repairs ordered by the City of Minneapolis Department of Inspections. Funds may only go toward City-ordered repairs.
- **Application Procedure and Contact Person:** To apply for these loans, contact the Greater Metropolitan Housing Corporation at 612-378-7985 or [www.housingresourcecenter.org/default.htm](http://www.housingresourcecenter.org/default.htm).

### Program Summary

The City of Minneapolis offers interest-free loans to owner-occupants of properties with three units or less which have repairs ordered by the City of Minneapolis Department of Inspections. Eligible households must earn 50% or below of the metropolitan median income (MMI). The maximum loan amount is \$20,000. The loan is repaid at the time the house is sold. Loan funds may only go toward City-ordered repairs.

## Home Repair Loans

*Purpose: "...to maintain the quality and unique character of the City's housing stock."*



### Quick Facts

- **Who is Eligible:** Low- and moderate-income households.
- **Application Procedure and Contact Person:** To apply for these loans, contact the Greater Metropolitan Housing Corporation at 612-378-7985 or [www.housingresourcecenter.org/default.htm](http://www.housingresourcecenter.org/default.htm).

### Program Summary

The City of Minneapolis offers amortizing loans for home repairs. Eligible applicants must own and live in the home, whether it is a single family home or a rental property with four units or less. The maximum loan amount is \$25,000, depending upon household affordability guidelines and amount of equity in the home. This program has an interest rate of one percent and the maximum term is 20 years. The maximum household income to qualify for these loans is 80% of the metropolitan median income (MMI). This loan can only be used to complete City-ordered repairs.

# American Dream Downpayment Initiative - Affordability Loan

*Purpose: "... to provide downpayment and closing cost assistance to help low and moderate-income first-time homebuyers, displaced homemakers and single parents purchase homes."*

## Quick Facts

- **Who is Eligible:** First-time homebuyers, displaced homemakers or single parents who earn less than Section 8 limits set by the Department of Housing and Urban Development for the Minneapolis-St. Paul Standard Metropolitan Statistical Area (SMSA). Preference given to applicants who currently reside in government subsidized public housing or who are recipients of Section 8 rental assistance.
- **2007 Budget:** \$552,158
- **Application Procedure and Contact Person:** Must be used in conjunction with a CityLiving mortgage program. To apply, contact a participating lender. For a list of participating lenders and more program details, visit [www.ci.minneapolis.mn.us/cped/city\\_living.asp](http://www.ci.minneapolis.mn.us/cped/city_living.asp).

## Program Summary

American Dream Downpayment Initiative (ADDI) assistance comes in the form of a 0% interest affordability loan with no monthly payments. The maximum loan amount is 6% of the sale price or \$10,000, whichever is greater; the minimum loan amount is \$1,000. The loan will be forgiven over a five year time period from the date of closing with forgiveness occurring at a rate of 20% each year on the anniversary of closing date. The loan is due on sale, transfer of title, or when the primary mortgage is paid off, except in the case of a refinance. The loan may be subordinated subject to the CPED Subordination Policy in effect at the time of the request for subordination.

The funds may be used towards a downpayment or normal and usual closing costs. Eligible properties are located in Minneapolis and have been constructed during or after 1978 or have been newly rehabilitated. The maximum purchase price must be at or below the following limits: \$251,750 for a single family house (including condominium or townhome). If the house is newly renovated, it must have been rehabilitated to a standard that eliminates any health and safety deficiencies and addressed lead abatement or containment according to federal regulations associated with federal funding sources. Existing structures that were not constructed during or after 1978 and have not been renovated recently (including renovation of the common areas of a townhome or condominium) are not eligible.

Applicants must complete home ownership counseling through an approved organization and must provide a certificate indicating completion of the home ownership counseling prior to closing of the loan.

The loan must be secured by a Promissory Note and a Mortgage. The loan may be secured in a lower lien position behind other program funds. No title insurance is required. No mortgagee clause is required in the owner's hazard insurance policy.



# Glossary of Terms

<b>ADDI:</b>	American Dream Downpayment Initiative
<b>Affordability Gap:</b>	The difference between the buyer's mortgage amount and the sales price of a completed unit/home.
<b>AHTF:</b>	Affordable Housing Trust fund Program
<b>CARF:</b>	Capital Acquisition Revolving Fund
<b>CDBG:</b>	Community Development Block Grant
<b>Construction gap:</b>	The difference between total development costs and the sales price of a completed unit/home (appraised value).
<b>CPED:</b>	Department of Community Planning and Economic Development
<b>ESG:</b>	Emergency Shelter Block Grant Program
<b>Gap financing:</b>	The difference between conventional financing and project costs.
<b>GMHC:</b>	Greater Metropolitan Housing Corporation
<b>HOW:</b>	Home Ownership Works Program
<b>HRB:</b>	Housing Revenue Bond
<b>HUD:</b>	US Department of Housing and Urban Development
<b>LIHTC:</b>	Low-Income Housing Tax Credits
<b>MMI:</b>	Metropolitan median income
<b>NRP:</b>	Neighborhood Revitalization Program
<b>QAP:</b>	Qualified Allocation Plan
<b>RFP:</b>	Request for proposals
<b>SHRP:</b>	Senior Housing <i>Regeneration</i> Program™
<b>TIF:</b>	Tax Increment Financing



