



Metropolitan Consortium
of Community Developers

3137 Chicago Avenue
Minneapolis, MN 55407

612-789-7337 voice
612-822-1489 fax

www.mccdmn.org
info@mccdmn.org

July 23, 2008

Council Member Lisa Goodman
350 South 5th Street, Room
Minneapolis, MN 55415

Subject: Proposed changes to the Affordable Ownership Housing Program and Unified Housing Policy

Dear Council Member Goodman,

I am writing on behalf of the Metropolitan Consortium of Community Developers (MCCD) in support of the proposed changes to the City's Affordable Ownership Housing Program (AOHP) and Unified Housing Policy. The proposed changes would increase the affordability limits for the AOHP from 50% to 60% MMI and from 60% to 80% MMI, and increase the definition of affordable ownership housing to 60% in the City's Unified Housing Policy.

While we are supportive of the proposed changes, especially given the current challenging housing market, we encourage the City to continue to target households with lower incomes (less than 50% MMI) through its program guidelines and scoring criteria. MCCD members, including the City of Lakes Community Land Trust, Project for Pride in Living, Urban Homeworks, and Twin Cities Habitat for Humanity, are able to create responsible and sustainable homeownership opportunities for households with incomes at below 30% and 50% MMI. Their work should continue to be supported and encouraged.

Thank you for your continued leadership of the City's efforts to provide quality affordable housing for its citizens and for your consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "JR", is written over a light blue horizontal line.

Jim Roth
Executive Director

cc: Earl Pettiford, CPED Single Family Housing

Porte, Elfric

From: Shirley Heyer [shirleymidtownphillips@msn.com]
Sent: Wednesday, September 24, 2008 8:33 AM
To: Cooper, Bob I.
Cc: Porte, Elfric; Koncak, Bill W.; Butler, Wesley J.
Subject: RE: Request for Neighborhood review comment.doc

Dear all,
 Following is the definition for MMI in Minneapolis:

MMI: Metropolitan median family income, adjusted by household size, as determined annually by the U.S. Department of Housing and Urban Development (HUD). The **2005 MMI for a family of four in the 13-county Minneapolis-Saint Paul metropolitan area is \$77,000. (Note: there is no corresponding HUD figure for Minneapolis alone, although the U.S. Census Bureau, using its own process, shows Minneapolis median incomes as historically lower than metro incomes. The most recent [2003] U.S. Census Bureau estimates of median family income are \$70,662 for the four-county metro area and \$52,661 for Minneapolis.)**

Per your suggested new guidelines:

under 80% but more than 60% MMI for CPED assistance (up to \$30,000) for homeowners is an income of \$42,188

under 60% MMI for CPED assistance (up to \$45,000) for homeowners is an income of \$31,596.

Approximately half the units will go to those below 60% and half to those between 60-80% of MMI. In projects with 10+ units, 20% (or 2 units) must be offered at the below 60% MMI income level. And 51% of the units must be below the 80% MMI income level.

For Rental of 10+ units, 20% (or 2 units) must be for households earning 60% or less of the MMI.

 In reality this is little help to existing residents of Midtown Phillips. Its MMI (2000 census) was \$28,539 or 54% of the MMI. Only a few households of Midtown Phillips' existing residents (rental or owning homes) will benefit by these changes in the MMI for housing assistance in Minneapolis.

The households it will benefit most are those moving into Midtown Phillips because of the lower (in comparison) total house purchase and rehab costs compared with other parts of the metro area. They will be buying properties that were formally rental and turning them into home ownership, thus pushing out existing low-income/poverty families currently living in rental. Or they will be buying foreclosed properties now because we have over 120 by this fall. The city problem properties unit is scheduling many of these for demo because rehab costs are too high (except now certain landlords currently on or in the past on the problem properties' list as "problematic" landlords are buying these up and fixing them to rent now before the city can purchase and/or demo them because the sales prices have come down to the \$30,000-\$50,000 range).

For those who work nearby and want to move into Midtown Phillips, they can find houses to buy (even before the foreclosure issue), but rehab costs are extremely high because most of the properties here are 75+ years old and many have long-deferred maintenance.

If you use the rule that income x 2.5 is the maximum someone pays for home ownership, a \$100,000 (with rehab) house requires an income of \$40,000. This is \$11,461 more than Midtown Phillips median income. It is why extended families double up when buying a house.

A suggestion for Midtown Phillips and similar neighborhoods is an immediate program to buy foreclosed properties without a lot of city process which takes weeks - city can't compete in that atmosphere with problem

9/24/2008

rental owners. It is just this fall that mortgage companies owning foreclosed properties are selling these houses at prices common before 2000 - because they tried public auctions, they tried regular real estate sales prices - and it didn't work. Now they are just clearing their inventories at the lowest price possible.

It would be opportune for the city to help neighborhoods like Midtown Phillips to acquire houses for rehab. If problem rental owners can economically rehab to meet city codes, we would ask the city to do likewise with innovative rehab programs working with the neighborhood organizations.

The city can also develop home ownership programs with 30-year commitments to pay off deferred mortgages which would help existing residents as well as newcomers to the neighborhood. Finally, because much of this can only be obtained with more fully open and active participation by the neighborhood organizations and neighborhood residents, the city's problem properties committee needs to become fully operational with participation by the neighborhood organizations again, rather than the recently adopted closed "administrative" structure.

Housing affects liveability here. We are already seeing a huge increase in neighborhood crime - prostitution, parties, burglaries, robberies this fall because the balance between responsible residents/property owners and irresponsible ones is shifting again to the negative.

Sincerely,
Shirley Heyer, Housing Task Force chair, Midtown Phillips Neighborhood Association, Inc.

> Subject: FW: Request for Neighborhood review comment.doc
> Date: Tue, 23 Sep 2008 12:46:07 -0500
> From: Bob.Cooper@ci.minneapolis.mn.us
> To: Bob.Cooper@ci.minneapolis.mn.us
> CC: Elfric.Porte@ci.minneapolis.mn.us; Bill.Koncak@ci.minneapolis.mn.us; Wesley.Butler@ci.minneapolis.mn.us
>
> <<Request for Neighborhood review comment.doc>> The City of
> Minneapolis Development of Community Planning & Economic Development
> (CPED) sent a letter to your organization on June 6, 2008, seeking
> public review and comment regarding proposed changes to the Affordable
> Ownership Housing Development Program and the City of Minneapolis
> Unified Housing Policy. The extension of the deadline for comment has
> been extended to September 30, 2008. Please see the attached for more
> information.