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To: Representative Pat Garofalo , Chair, Job Growth and Energy Affordability
Representative Karen Clark, DFL Co-Lead, Job Growth and Energy Affordability
Senator Torrey Westrom, Chair, Agriculture, Rural Development and Housing Finance
Senator Kari Dziedzic, DFL Lead, Rural Development and Housing Finance
Senator Jeremy Miller, Chair, Jobs and Economic Growth
Senator Bobby Joe Champion, DFL Lead, Jobs and Economic Growth

From: Mary Tingerthal, Commissioner, Minnesota Housing Finance Agency

Subject: Workforce and Affordable Homeownership Development Program

Pursuant to Minnesota Statutes 462A.38, Subdivision 6, Minnesota Housing is required to report on the projects that receive funding awards under the Workforce Affordable Homeownership Program.

Summary of Program

In the 2016 Supplemental Budget, the Legislature authorized Minnesota Housing to establish the Workforce Affordable Homeownership Program. The Legislature approved one-time funding of \$750,000. The funds may be used for the development of homeownership opportunities and can be used for development costs, rehabilitation, land development, and residential housing. In addition, the legislation allows for manufactured home park infrastructure development and repair and storm shelter development. Eligible program applicants are nonprofit organizations, cooperatives and community land trusts.

Funding Awards

Minnesota Housing's board approved funding selections for the Workforce Affordable Homeownership Program in April 2017. The selection of recommended projects was implemented in a two part process. The process was developed by meeting with stakeholder organizations and getting feedback for how the application process should move forward. First, organizations submitted letters of interest (LOIs) which were evaluated for program eligibility, target area, project design, partnerships, and leverage. Second, select organizations were invited to submit full applications that were evaluated for project feasibility, organizational capacity, and community need.

The Agency received 27 LOIs requesting a total of \$6,466,510. We received 15 LOIs from the Twin Cities Metropolitan area requesting \$3,161,510 and 12 LOIs from Greater Minnesota requesting \$3,305,000. Of the LOIs received, two projects were ineligible for funding due to the proposed housing activity and 16 were eligible for funding under other Minnesota Housing programs. Staff reviewed the LOIs and invited five organizations to submit full applications. Four applicants were chosen for funding.

The table below includes the names of the applicants, the amounts of funding awarded and the purposes for which the funding was awarded.

Applicant	Project Title	Location	Amount Awarded	# of Units
Park Plaza Cooperative	Park Plaza Cooperative Shelter	Fridley	\$350,000	89
Rebuilding Together	Youth Workforce Training Program	Twin Cities Metro Area	\$25,000	8
Headwaters Housing Development Corporation	Blackduck New Construction Project	Blackduck	\$40,000	2
Northcountry Cooperative Foundation	Zumbro Ridge Infrastructure Improvement Project	Rochester	\$335,000	119
Total			\$750,000	218

The purpose of the each funding award is explained below.

Park Plaza Cooperative – Park Plaza Cooperative Shelter

Park Plaza Cooperative will use the funds for the construction of a storm shelter at the cooperatively-owned Park Plaza manufactured home park in Fridley. The storm shelter will provide refuge for 89 households during times of severe weather and will also serve as a community center and meeting space. Currently, in times of severe weather, Park Plaza residents must walk or drive to seek shelter at Unity Hospital. The existing office space in the community is also too small to host large community events so many events are held off-site. As a result, many Park Plaza residents who have limited physical mobility and/or lack transportation have difficulty accessing shelter at Unity Hospital and attending community events.

Rebuilding Together – Youth Workforce Training Program

Rebuilding Together Twin Cities will implement a pilot program modeled after a very successful program developed by Rebuilding Together NYC. The Youth Workforce Training Program is an apprenticeship program that will provide hands-on training to homeless youth in the construction trade. This program addresses three distinct needs in the community. First, it will provide hands-on job training to at-risk, homeless youth. Second, it will address the need in the Twin Cities for skilled construction workers. Finally, it will make repairs for homeowners currently on Rebuilding Together’s waitlist whose needs are not met by its current program design. This program is unique and innovative because it not only rehabilitates owner-occupied homes, but also grows the construction workforce. Funds will cover hard costs of the repair such as construction materials and tools.

Headwaters Housing Development Corporation – Blackduck New Construction Project

Headwaters Housing Development Corporation (HHDC) will construct two single family homes in the City of Blackduck targeting households with incomes at or below 80 percent of area median income (AMI). The project will address the local workforce housing needs of the community by increasing the supply of affordable homes.

Anderson Fabrics, based out of Blackduck, hopes to expand its local workforce to meet its sales demands. It currently employs 300 people and has reported that it needs to add 20-25 new jobs for its manufacturing facility in Blackduck. It reports that the lack of adequate, affordable housing has hampered its ability to expand. This project will create affordable housing opportunities that will help keep jobs in Minnesota.

Northcountry Cooperative Foundation – Zumbro Ridge Infrastructure Improvement Project

The Northcountry Cooperative Foundation (NCF) will use the funds to assist in connecting Zumbro Ridge Estates to the City of Rochester’s sewer system and water mains. Zumbro Ridge Estates is a manufactured home park community that is home to 119 units. It currently operates a private sewer and well system. The proposed connection to the City of Rochester’s sewer system will deliver reliable and cost-effective utility service to Zumbro Ridge Estates. Currently, it costs \$2700 per month to maintain the sewer system for the community, putting pressure on lot rents. The cost drains resources that would otherwise allow the community to make capital investments for long-term preservation. The project will save the community approximately 60 percent of its current sewer expense. The resources saved will be invested into the community to create greater operational efficiency and stabilize lot rents for the long term.

If you have any questions, please contact Ryan Baumtrog, Assistant Commissioner for Policy at 651-296-9820 or ryan.baumtrog@state.mn.us or Katie Topinka, Legislative Director, at 651-296-3706 or Katie.topinka@state.mn.us.