

CITY OF MINNEAPOLIS

# Home Ownership Works (HOW): Providing Feedback

# Agenda

- How to provide feedback
- Minneapolis Homes Overview
- Home Ownership Works Program
- Important dates
- Providing Feedback



# How to provide feedback

- Submit comments to [MplsHomes@minneapolismn.gov](mailto:MplsHomes@minneapolismn.gov) with the subject line “HOW Program” through June 12
- Comments received will be posted on the Home Ownership Works website – go to [www.minneapolismn.gov/HOWprogram](http://www.minneapolismn.gov/HOWprogram)

# How to provide feedback

## **HOW Guidelines - Activity**

What do you like?

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# Minneapolis Homes Overview



# What is Minneapolis Homes?

- Umbrella name for a variety of City of Minneapolis-sponsored scattered site housing programs
  - PROPERTY: City-owned land and buildings that can be used towards housing development
  - FINANCING: Financial tools and assistance to create and sustain housing in Minneapolis
  - EDUCATION: Trainings and educational resources that build capacity to access homeownership and development opportunities

The logo for Minneapolis Homes features the word "Minneapolis" in blue and "Homes" in green, with a stylized blue and green graphic to the left.



# What are we trying to achieve?

## City Goals from Minneapolis 2040

### Eliminate disparities

All communities thrive regardless of race, country of origin, religion, or zip code

### Affordable and accessible housing

All residents will be able to afford and access quality housing throughout the city

### More residents and jobs

more residents and jobs, and all people equitably benefit from that growth

- How we measure success:
  - Producing housing that allow more people of varying incomes to live in the City
  - Rate of service to households and developers of color and indigenous, to eliminate economic and homeownership disparities
- Program adjustments based on data outcomes

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# Home Ownership Works



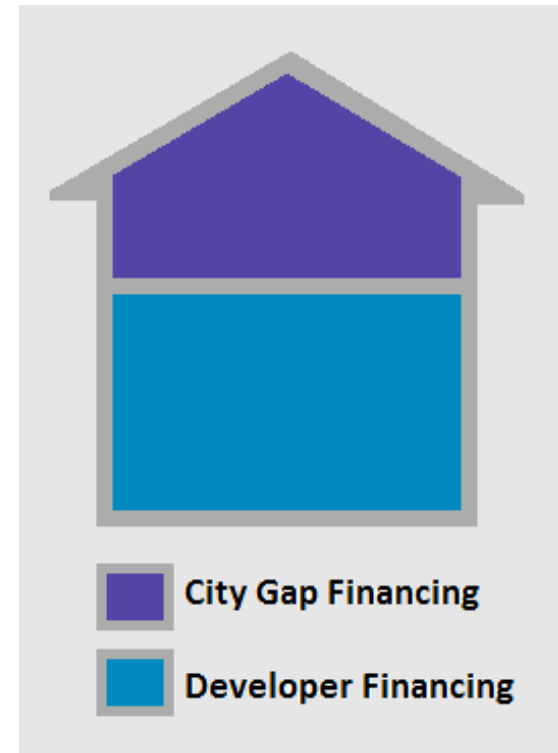
# What is Minneapolis Homes: Home Ownership Works (HOW) Program?

- Purpose is to create affordable homeownership
- Primarily funded through Federal HOME dollars
- Initially approved in 1990 and updated in 2009
- Funds may be used for Project Gap Assistance and Affordability Gap Assistance for rehabilitation and new construction projects
- Homebuyer must be at or below 80% of area median income
- Sales price not-to-exceed 95% of the area median purchase price



# Home Ownership Works Funding

- Project Gap Assistance: funds to help cover the difference between the total development cost of a project and its sale price
- Affordability Gap Assistance: funds to help cover the difference between the sale price and what a homebuyer can afford to pay on a first mortgage



# Home Ownership Works Funding

- Minimum affordability period determined by HOW program funding amount.
- Funding is available as a 0% interest, 30-year deferred, due upon sale loan

Per unit amount of HOW funds	Minimum period of affordability
Under \$15,000	5 Years
\$15,000 - \$40,000	10 Years
Over \$40,000	15 Years

# Home Ownership Works Applicants

- Developers selected through an annual Request for Qualifications (RFQ) process
- Criteria include:
  - Experience with public funding
  - Experience doing similar development
  - Applicant cannot be owner of registered vacant buildings without a restoration agreement
  - Experience marketing and income qualifying households in accordance with federal requirements
- All properties developed are publicly marketed for sale

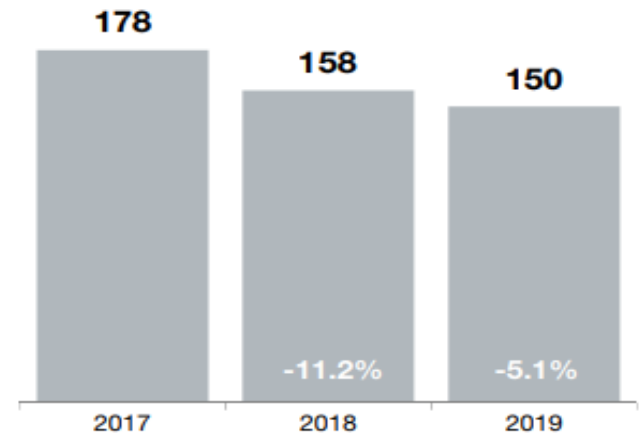
# Housing Market in Minneapolis Today

## Single-Family Property Sales

Sales Price	2018	2019	% Change
Median	\$252,000	\$268,000	+6.3%
Average	\$304,239	\$320,540	+5.4%
Per Sq. Ft.	\$149	\$156	+4.4%

This index measures housing affordability for the region. For example, an index of 150 means the median household income was 150% of what is necessary to qualify for the median-priced home under prevailing interest rates. A higher number means greater affordability.

## Housing Affordability



# Minneapolis 2040 Policy: Access to Housing

- **Increase the supply of housing and its diversity of location and types**
  - Prices increase because of limited housing supply
  - Cost of entry to homeownership is high because of few housing options
  - Fewer housing options prevent people from moving to Minneapolis or staying in the City
  - More residents increase the tax base, visit local businesses, and spend money within the City



# Minneapolis 2040 Policy: Affordable Housing Production

- **Produce housing units that meet the changing needs of Minneapolis residents in terms of unit sizes, housing types, levels of affordability, and locations**
  - Diverse housing options provide for the different housing needs of Minneapolis residents



# HOW Program Proposed Changes

	Current HOW Program Policy	Proposed HOW Program Policy
Eligible Property	one-unit housing (duplexes converted to single family) for owner occupancy	One- to four-unit housing (at least one unit must be owner- occupied)
Eligible Location	Target Community (aligned with Hennepin County Targeted Community)	All of Minneapolis
Eligible Developers	Non-profit developers	Governmental entity or registered Minnesota business (private or non-profit) in good standing that are qualified annually through an RFQ process and certified by CPED Director
Property Status	Vacant	Vacant or occupied (stabilization; no relocation)



# HOW Program Proposed Changes

	Project Gap	Affordability Gap	Combined Loan Cap
Current Program Funding	1 unit: up to \$50,000, 2-4 unit: N/A	1 unit: up to \$14,999 2-4 unit: N/A	\$64,999
Proposed Program Funding	1 unit: Up to \$70,000, 2-4 unit: Up to \$95,000	\$1,000 - \$37,500 based on need	1 unit: Up to \$80,000, 2-4 unit: Up to \$105,000

Project Gap - difference between the total development cost of a project and its sale price

Affordability Gap - difference between the sale price and what a homebuyer can afford to pay on a first mortgage

# Important Dates

- May 30
  - Public comments from info session posted online
- June 12
  - Deadline to submit comments
  - Housing Policy and Development Committee meeting
- 2020
  - Developer request for qualifications (RFQ)



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