



**2013 Annual Awards Entry Form**  
(Complete one for each entry.)

**Entry Name** Filling the Gap when Responding to Natural Disasters

Fill out the entry name *exactly* as you want it listed in the awards program.

**HFA** Minnesota Housing

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Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013**.

Use this header on the upper right corner of each page.

**HFA** Minnesota Housing

**Entry Name** Filling the Gap when Responding to Natural Disasters

Communications	Homeownership	Legislative Advocacy	Management Innovation
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Federal Advocacy <input type="checkbox"/> State Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs	<input checked="" type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO



## **Minnesota Housing**

### **Filling the Gap when Responding to Natural Disasters**

#### **Special Achievement: Filling the Gap when Responding to Natural Disasters**

After years of responding to damage to homes incurred because of natural disasters, Minnesota Housing created Quick Start – a home improvement program that can be rolled out quickly to homeowners and fill the gap left by other disaster assistance programs

When natural disasters occur in Minnesota, help comes from a variety of sources. Receipt of a Federal Disaster Declaration from Washington will result in a number of potential disaster recovery options. Federal resources can include FEMA and Small Business Administration (SBA), but both organizations have specific levels of damage thresholds that need to be met before they will offer their recovery assistance programs. Private resources include homeowner’s insurance and funding from public and private organizations through donations. Regardless of the availability of these resources, federal funding isn’t always guaranteed, and the level of assistance is limited to basic repair (for FEMA) and by the ability of the homeowner to afford new debt payments (for SBA). This “patchwork” of recovery funding results in serious gaps for affected homeowners, jeopardizing their ability to stay in their home. The Quick Start Disaster Recovery Program (Quick Start) was developed by Minnesota Housing to help fill these gaps.

Minnesota Housing created the Quick Start program in 2006. In previous disaster response efforts, Minnesota Housing awarded block grants to local housing agencies, which in turn loaned or granted the funds to homeowners. This approach resulted in problems such as slow response time due to a lack of local program structure, inequities in service between agencies, and a general lack of program and quality control. To overcome these issues and quickly get recovery resources into the hands of the victims, Minnesota Housing developed a new model of response which used the structure of an existing lending process and lender network to execute outreach to disaster victims and deliver funds. As a result, Minnesota Housing has been able to typically move from program launch to taking applications in six business days.

The Quick Start program provides a 10-year deferred loan for Minnesota disaster victims who have repair needs that exceed insurance proceeds and funding from FEMA and/or SBA. The program does not require a credit check, employment verification or loan-to-value calculation. There are no monthly payments or interest rate charge for the loan. Loan eligibility requirements include:

- A. Victims own the damaged home and use as their principal residence
- B. Real-property damage was caused by the natural disaster
- C. Damage caused is eligible under the program guidelines

If homeowners meet these guidelines, they receive funding to repair their homes. The repayment of the loan to Minnesota Housing is very simple. The victims simply must live in the home as their principle residence for 10 years. In the 11th year the loan is fully forgiven.

#### **Key Partners and Program Operation**

Funding for Quick Start comes to Minnesota Housing from the Minnesota Legislature in the form of a disaster relief appropriation. Because it is a program established in the Minnesota Housing statute, appropriations for Quick Start are easily included in disaster appropriations bills without lengthy debate. Minnesota Housing selects non-profit lending partners in the impacted areas to serve as Administrators for the program. These non-profits (Community Action Program agencies, Housing and Redevelopment

## **Minnesota Housing Filling the Gap when Responding to Natural Disasters**

Authorities, etc.) are already under contract with Minnesota Housing to originate other Agency lending programs. That familiarity with Agency systems allows for fast deployment of the program in the disaster areas. The primary job of the Quick Start Administrators is to originate, process and close the Quick Start loans for the victims.

The Disaster Services Division of Lutheran Social Services (LSS) is also a valuable partner with ties to Quick Start. While LSS is not under contract as a Quick Start Administrator, they do provide important case management for the disaster victims. Their direct involvement with victims has been a valuable resource to the Quick Start Administrators on many fronts including property inspections by their construction manager. Their involvement with victims who are mentally and physically challenged has assisted Administrators in timely processing and closing of Quick Start loans for this segment of the population. LSS does receive funding from Minnesota Housing for technical assistance in the disaster area.

Minnesota Housing's strong relationship with SBA staff in Washington, D.C., and at their underwriting center in Dallas has been key to coordinating benefits and to leveraging funds for maximum impact. Under Duplication of benefits provisions (DOB), Federal and State law generally prohibit victims from receiving disaster assistance from both organizations, unless there is an unmet need not covered by SBA funding. Minnesota Housing has a data-sharing agreement with SBA to ensure compliance with DOB provisions. The agreement also allows for a flow of important victim information to ensure effective outreach to all victims, and maximum eligibility for Quick Start funding. SBA has been able to adjust their program protocol to respond to special needs associated with several Minnesota disasters.

### **Disaster Performance**

No two disasters are alike and the need for disaster assistance varies within the impacted communities with each disaster that has occurred since Quick Start was established. Each disaster brings more expertise for the Minnesota Housing Disaster Response Team, which includes program staff as well as policy and communications.

Since 2006, Minnesota has experienced five disasters—four by flood and one by tornado. For the three most recent, no FEMA individual-assistance was available, magnifying the reliance on assistance from SBA loans, and from the Quick Start program. Over this six year period, Quick Start has provided approximately \$24 million in recovery assistance to more than 1,000 homeowner and rental property owners. The flexibility of the Quick Start program in addressing all types of repair needs to households of almost all income levels and debt profiles has been key to a quick recovery for impacted communities.

### **Program highlights:**

- **SE Minnesota flood, Summer, 2007:** A major flood event with over \$11 million appropriated to Quick Start, serving almost 500 homeowners. The level of damage to individual homeowners was severe, requiring an increase in the maximum assistance levels, and extended outreach, application and counseling efforts.
- **NE Minnesota Red River Valley flood, Spring, 2009:** While FEMA, SBA and individual flood insurance covered most damages, nearly \$1 million in Quick Start funds were essential to cover the final repair gaps and help late applicants.

## Minnesota Housing

### Filling the Gap when Responding to Natural Disasters

- **Southern Minnesota Flood, Fall, 2010:** A significant flooding event impacting 17 counties. With no FEMA declaration and little flood insurance coverage, over \$2 million in Quick Start funds were used to help 115 households throughout the region. Funding to assist local communities with some home buyouts and resident relocation were an addition to this recovery.
- **Minneapolis Tornado, Spring, 2011:** Tornado damage was focused in some of the poorest and economically hardest hit areas of the Twin Cities. With most victims ineligible for SBA loans, \$1 million of Quick Start funding was provided to address storm damage. This freed up City, County and foundation funds to address long standing non-flood property condition issues, property tax delinquencies, and other social service needs. Given the concentration of smaller rental properties in damaged areas, and issues with tenant displacement, Quick Start eligibility was expanded to assist with repair of those properties.
- **NE Minnesota flood, Summer, 2012:** A historically large rain event impacted homes over a 6 county region, including lower lying sections of the City of Duluth. Recovery is still underway, with usage of \$10 million to more than 420 homeowners and rental properties anticipated. Following the spring thaw in 2013, many impacted homeowners have discovered additional serious foundation damage, leading to program changes to allow higher loan amounts and second loan applications.