

NCSHA 2008 Annual Program Awards
Executive Summary
Category: Special Achievement
Name of Entry: Minnesota Housing Quick Start Program

On August 18th and 19th 2007, 14 inches of rain fell in the Bluff Country of Southeast Minnesota creating the largest disaster in more than a decade. Seasonal creeks became raging torrents destroying roads bridges and floating homes off their foundations sending them down the valleys. In many areas, the steep bluffs slid down the hill burying homes under several feet of mud. The damage was spread over a large area encompassing seven counties. A number of small towns were heavily damaged. Declared a federal disaster area, eventually the Federal Emergency Management Agency received over 4000 applications for damaged properties, an incredibly large number considering that no major cities were involved.

From early onsite evaluation by Minnesota Housing staff it became evident that from a housing perspective, this was primarily a single family disaster. Because the damage was scattered over a large area, the process of working with families to rebuild their homes would have to be decentralized to be effective.

Within three weeks of the flood, the Minnesota Legislature met in special session and provided special disaster related funding including \$18 million for housing recovery. This response was much faster than in any previous disaster.

In the past, Minnesota Housing awarded block grants to local housing agencies with similar situations which in turn loaned or granted the funds to homeowners. This previous approach had several problems including:

- Slow response time while the agencies set up their own programs
- Inequities in service between delivery agencies
- A general lack of quality control within the agencies
- A high time commitment due to agencies doing all of the steps
- Difficulty in obtaining the loan documents by Minnesota Housing

To overcome these issues and quickly get resources in the hands of families scattered over a large rural area, Minnesota Housing developed a new model of response through the Quick Start program. Within six business days, the program went from a concept to training lenders and taking applications. This was made possible by highly focused and committed staff members working in cooperation to get the product to the families that needed the help.

The foundation of Quick Start was Minnesota Housing's home improvement programs. These programs already have in place a strong lender network, a computer system that manages the commitment and purchase of home improvement loans and the staff expertise at Minnesota Housing to manage high volume home improvement lending.

Focus groups were quickly scheduled and held in the affected regions, where families and service providers shared their stories and helped the Agency determine ways to refine its approach to disaster recovery. Because of the rapid timeline and the consequent lack of complete damage information during the early weeks of the disaster, Minnesota Housing rolled out the Quick Start program in phases. The first phase covered repairs to owner occupied homes including the ability to cover emergency repairs made before an application was made. These repairs stabilized the home and allowed many families to move back in immediately. Later phases for the program allowed for replacement homes and small rental units to be added as the need for these additions became clear.

The Quick Start program is a 0% interest, deferred payment loan that is forgivable after 10 years if the property is still occupied by the borrower. The initial loan amount was capped at \$23,000 per property but when funding appeared adequate later in the recovery, the limit was raised.

Borrowers must utilize the proceeds from insurance, FEMA grants and maximize their use of Small Business Administration, SBA, loans to be eligible for Quick Start loans. Nationally and with this disaster, the SBA denies almost one half of all applications. It was this group that had no other options and would be homeless without the Quick Start program.

Minnesota Housing used two outreach approaches that were new to the Agency in regards to the implementation of a disaster program. During the first four months after the disaster, Minnesota Housing advertised the program in the newspapers and on radio. As the initial applications began to taper off, the Agency worked to identify more targeted avenues for reaching additional families that were eligible for the program, but who may not be accessible to conventional marketing tools due to their living situations.

We compared the list of families denied by SBA to those that had applied for Quick Start assistance. Postcards were sent on two separate occasions over the course of one month to people who had not applied for our assistance, resulting in an upsurge of applications after each mailing. After the mailings, it was determined that 200 families who were eligible for the program had not yet applied. An evening phone bank was set up at Minnesota Housing, with several staff people working to personally call and connect with all 200 families. The concentrated outreach approach of post cards and calls meant that we made contact with virtually every family that was eligible for the program.

With over \$11 million in funds disbursed through the Quick Start's rapid response and innovative outreach, more than 400 families were able to quickly get their lives back together while they continued to live and work in their small towns. The rebuilding activity started very early after the flood spreading hope in these small towns. Unlike many previous disasters where typically 20% of the population leaves permanently, very few families have left the region and because they stayed, the main street businesses were able to rebuild to serve these communities, which was crucial to the area's economic survival.

For Minnesota Housing, a new rapid response system was developed for future disasters that will allow the Agency to provide funding faster and more efficiently than ever before, while providing a proven quality control system that can maintain high standards even with large volumes and trying circumstances.

This new model and commitment to excellent customer services was very well received by the affected communities and prompted many positive responses, including the following from the town of Rushford, a community of people that had more the 400 damaged homes:

Minnesota Housing's Quick Start program has played a key role in the quick recovery of the City of Rushford from the disastrous flooding in 2007. Minnesota Housing's investment of four million dollars through 150 last resort loans in less than one year has allowed Rushford to retain its population, which in turn, has helped revive the local business community. The policy decisions of Minnesota Housing, while certainly not easy ones by any means, were definitely the right ones for assisting us in reviving our devastated community.

Winthro C. Block
Rushford City Administrator
August 11, 2008