



## Entry Form 2018 Annual Awards for Program Excellence

**Entry Deadline: Friday, June 15, 2018, Midnight ET**

Each entry must include a completed entry form. Please complete a form for each entry your HFA is submitting. The completed entry form will become the first page of your entry.

This form is a fillable PDF. Type your information into the entry form and save it as a PDF. Please do not write on or scan the entry form. **Questions: Call 202-624-7710 or email [awards@ncsha.org](mailto:awards@ncsha.org).**

**Entry Title:** Enter your entry's title exactly as you wish it to be published on the NCSHA website and in the awards program.

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**Category:**

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**Subcategory:**

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**Entry Summary:** A 15-word (max) summary of the program, project, or practice you are entering.

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**HFA:**

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**HFA Staff Contact:**

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**Phone:**

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**Email:**

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**Visual Aids:**

Are you mailing to NCSHA 10 copies of any visual aids that cannot be included in your entry PDF?    Yes        No

**Payment:**

My HFA is mailing a check to NCSHA.  
My HFA is emailing the credit card authorization form to [awards@ncsha.org](mailto:awards@ncsha.org).

## **PROGRAM INTRODUCTION AND OVERVIEW**

For more than 40 years, Minnesota Housing has worked to provide access to safe, decent and affordable housing and to build stronger communities across the state. In 2017, Minnesota Housing invested \$1.12 billion and assisted nearly 70,000 households. The Rehabilitation Loan Program (RLP) was originally created in 1971 by the Minnesota Legislature to help the lowest income homeowners repair and remain in their homes and updated in 2017 to reflect feedback from partners and recipients. RLP compliments loan programs available in the private sector and fills the financing gap that exists between low-income homeowners who are able to secure traditional financing for home improvements and those unable to do so. RLP is a zero percent interest, deferred mortgage loan that is forgiven in full at the end of the loan term (15 years for single family homes, 10 years for mobile homes), as long as the homeowner continues to own and occupy the residence. Funds must be used for improvements that directly affect the safety, habitability, livability or energy efficiency of the home. The Emergency & Accessibility Loan Program (ELP) is a sub-category within RLP and is reserved for improvements for emergencies beyond the borrower's control, structural failures, or accessibility needs.

## **EFFECTIVE USE OF RESOURCES**

In 2017, program staff conducted an evaluation of RLP to identify areas in which the program could operate more effectively or efficiently. The previous program process involved several steps and hands-on oversight by Minnesota Housing staff throughout. Lenders provided feedback that this process was cumbersome and costly. Program staff redesigned the loan submission process to reduce the amount of paperwork that the lender needs to submit, which in turn reduces the amount of staff time that lenders need to use for submitting documentation, as well as reduces the time Minnesota Housing staff needs to use for reviewing files. This process redesign will allow Minnesota Housing staff to spend more time providing training and outreach to the lender network, and improve program delivery to underserved areas of the state. Minnesota Housing staff will continue to monitor and manage the program with the intention of identifying additional areas to run the program more effectively, as needed.

## **PROGRAM INNOVATION**

RLP is an innovative program that serves the lowest income homeowners at 30 percent area median income (AMI) or below. It enables homeowners who would otherwise be unable to obtain rehabilitation financing through other means to secure funding to repair their homes. RLP is also one of the few rehabilitation loan programs in the state that is available to mobile home owners, which is a unique and valuable aspect of the program. RLP is delivered to communities across the state through a network of 33 local lender partners, consisting of non-profit organizations and local units of government, which range in size and staff. The lender partners originate and close the loans, as well as guide homeowners through the rehabilitation of the home. The latter is another unique aspect of the program. The lender partners are there with the homeowners throughout the whole process, providing inspections to determine the rehabilitation needs on the front end, securing and working with contractors to fix the home, and finally completing post-rehabilitation inspections to ensure the repairs are complete and of a good quality. These lenders understand the specific needs of their communities, and market the program accordingly, often leveraging funds with additional programs, to address the needs of each individual homeowner.

Funding for the 2017-2018 program year included \$2,772,000 in state appropriations, \$1,000,000 in estimated repayments, and \$5,772,000 in Minnesota Housing's own funds for a total of \$9,494,000. Of these funds, \$750,000 is reserved for extremely low-income borrowers. Layering a variety of funding

sources allows the program to run successfully and continually from year to year. Even though the program is a forgivable, non-interest-bearing loan, the repayments offer a significant portion of continued funding for the program.

### **PROGRAM REPLICABILITY**

Other Housing Finance Agencies (HFAs) can easily replicate RLP. The program outlines specific eligible uses of funds regarding the types of improvements that are allowed, which must address safety, livability, energy efficiency and/or accessibility of the home. The program also outlines specific borrower and property requirements, such as income, assets, and ownership requirements. Minnesota Housing has a robust program procedural manual and training materials to help new lender partners develop their local programs in line with RLP requirements. These materials can be provided to other HFAs interested in developing similar programs.

Minnesota Housing staff works closely with the lender partners to ensure that all program requirements are met. Staff is available to answer questions for lender partners and provides regular trainings and updates on program administration. Staff also audits each loan file and provides onsite program monitoring to ensure lender compliance. Minnesota Housing staff continually oversees the distribution of funds to identify any service area gaps, and works directly with lenders in any areas where there is an identified need to further deliver the program to a particular community. Loan data is tracked through an online loan commitment system, accessed both by lenders and Minnesota Housing staff. This data is used to measure the distribution of funds, the types of homeowners who receive the funds, and the service area where the funds are allocated.

### **RESPONSE TO AN IMPORTANT STATE HOUSING NEED**

As heard through the Minnesota Governor's Task Force on Housing, a key aspect of affordable housing includes enabling existing low-income homeowners to remain in their homes. Many lower income homeowners are older adults and need repairs to age in place. Additionally, many lower-income households own older homes that need repairs to remain livable. RLP allows these aging seniors and low-income households to remain in their homes by making repairs so that the homes are livable and remain affordable. Based on an Assessment of Home Renovation and Rehabilitation Needs of Older Adult Homeowners in Minnesota, conducted by Wilder Research in 2016, an estimated 5,248 extremely-low-income older adult homeowners are in need of home rehabilitation or improvement work in order to remain in their homes for the next five years. An additional estimated 6,265 households in this income category are in need of improvements, although feel they could remain in their homes for the next five years without the improvements. The estimated cost to do this rehabilitation or improvement work is \$15,749 per household, or \$181 million statewide over 5 years. Aging in place for senior homeowners is only one need that RLP addresses for low-income homeowners in the state of Minnesota.

Based on a Minnesota Housing analysis of the American Community Survey 2011-2015 conducted in 2017, there are an estimated 31,000 income-eligible owner-occupied households in the state of Minnesota. There are also 46 counties in which 70-97 percent of the income-eligible housing stock was built prior to 1990 and it is likely many of these households are in need of rehabilitation work. The lenders who administer RLP throughout the state are able to respond to the need of senior homeowners aging in place, low-income homeowners in need of deferred maintenance repairs, and households with disabilities in need of accessibility improvements.

### **DEMONSTRATED BENEFITS TO TARGETED CUSTOMERS**

In the past five years, RLP has served 1,344 households, contributing a total of \$34.2 million into rehabilitating homes across the state of Minnesota. The program has served 164 mobile home owners, 540 senior households, with an average loan amount of \$22,791 and an average household income of \$14,659. Of these loans, \$1.7 million was targeted toward ELP borrowers in need of help with emergency improvements or accessibility needs. The majority of the households served were in Greater Minnesota, with 16 percent serving households in the Twin Cities Metropolitan Area.

### **PROGRAM SUCCESS IN THE MARKETPLACE**

RLP has had a lot of success and there has been high demand for the program. Since 1999, RLP has been operating at full capacity each funding year. Many lender partners continually have waiting lists for their service area and funding for the program often runs out at the end of the fiscal year. The funds remain very limited, but the needs across the state far exceed the resources that are available.

### **PROGRAM BENEFITS THAT OUTWEIGH THE COSTS**

RLP is one of the most mission-based programs offered through Minnesota Housing. Being a forgivable, deferred, non-interest-bearing loan program, a greater dollar amount is dispersed than is recaptured with repayments. However, the benefits of administering the program far outweigh the costs. The program contributes to sustainable housing stock in all areas of the state for homeowners who have no other options for maintaining the health and safety of their homes. More senior homeowners, the fastest growing population in the state, are able to remain in their homes for longer periods of time. Mobile homeowners, who have few other financing options, are able to utilize the program and avoid deterioration of their properties.

### **EFFECTIVE EMPLOYMENT OF PARTNERSHIPS**

Minnesota Housing contracts with 33 different lender partners throughout the state to administer RLP. Three of these lenders were recruited in 2018, after several service area gaps were identified. Program staff regularly conducts surveys and solicits feedback from the lender partners to identify areas in which the program can be better delivered or operated more efficiently. Minnesota Housing also encourages lenders to utilize additional local partners in leveraging other programs and resources with RLP. For example, the Weatherization Assistance Program is a statewide program which provides free home energy upgrades to income-eligible homeowners, for which many RLP borrowers are also eligible. Lenders ensure that all RLP borrowers apply for this program at the time they apply for RLP, and if the homeowner is eligible for both programs they are leveraged together. Minnesota Housing staff regularly attends regional housing conferences and local housing events in order to maintain connections with the lender partners and encourage community partnerships between organizations.

### **ACHIEVEMENT OF STRATEGIC OBJECTIVES**

The mission of Minnesota Housing is “Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.” RLP achieves this mission by collaborating with its lender network to preserve housing for the lowest income homeowners across the state with an affordable loan option. Additionally, one of Minnesota Housing’s strategic priorities is to enable seniors to age in place. RLP has been a primary tool in achieving this strategic priority by helping seniors repair their homes. We believe the 2017/2018 program modifications and addition of lender partners will provide for more effective implementation and execution of these valuable resources and achieve these strategic priorities.

Rachel, who lives in Virginia, MN, was disabled in a terrible accident. Due to her disabilities, she was no longer able to live and function safely in her home. With the help of Minnesota Housing’s Rehabilitation Loan Program and Emergency & Accessibility Loan Program, Arrowhead Economic Opportunity Agency was able to help her build a ramp to access the home, complete accessibility upgrades to the bathroom, as well as other needed safety improvements around the dwelling. Rachel is now able to access the home safely and will be able to remain in her home for years to come.

**Before:**



**After:**



Michael and Amy live in rural Buhl, MN with a small child. Their home was built in 1905 and they had many deferred maintenance issues that were too costly to keep up with, as well as lead-based paint hazards, which are especially harmful to small children. Using the Rehabilitation Loan Program, Arrowhead Economic Opportunity Agency was able to replace the roof, siding and windows, as well as mitigate all of the lead-based paint hazards in the home. This home has been transformed into a healthy and safe environment to raise a family.

**Before:**



**After:**



*Minnesota Housing is a trusted state agency. We believe that housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.*

*Whether you're just starting your home search or ready to tackle home improvements, we've got you covered. Learn more at [www.mnhousing.gov](http://www.mnhousing.gov).*

**Stay safe and secure in  
your home. We can help.**

**mn MINNESOTA  
HOUSING**

Rehabilitation Loan Program

651.296.8215 | 800.710.8871

TTY 651.297.2361

[mnhousing.solution@state.mn.us](mailto:mnhousing.solution@state.mn.us)

[www.mnhousing.gov](http://www.mnhousing.gov)

In connection with Single Family Division loan programs, Minnesota Housing is neither an originator of loans nor a creditor and is not affiliated with any Lender. To find out if you are eligible, or to apply for a loan, please contact a participating Lender.



*Minnesota Housing is a trusted state agency that works with local lenders to provide affordable home improvement loans.*

*The Rehabilitation Loan Program helps low-income homeowners finance important home repair projects.*



## How can the Rehabilitation Loan Program help me?

We'll help you afford the improvements and repairs you need to stay safe and secure in your home.

- Deferred loan up to \$27,000
- Loan term up to 15 years
- Loan is forgiven if you do not sell, transfer title, or cease to occupy the property during the loan term

## What improvements can I make?

Make basic improvements to the safety, livability, energy efficiency and accessibility of your home. Here are some examples - ask your lender if your project is eligible.

- Electrical wiring
- Furnace or boiler replacement
- Windows and doors
- Siding and roofing
- Plumbing
- Septic system upgrades
- Water heater
- Mold and radon mitigation
- Lead-based paint hazards

## Am I eligible?

You may be eligible if you:

- Own and occupy the property
- Are current with your mortgage payments and property tax payments
- Do not have assets exceeding \$25,000
- Have homeowner insurance at loan closing
- Meet our income limits (subject to change):

Household Size	Income Limit	Household Size	Income Limit
1 person	\$19,900	5 people	\$30,600
2 people	\$22,700	6 people	\$32,900
3 people	\$25,500	7 people	\$35,100
4 people	\$28,300	8 people	\$37,400

Contact a participating lender to learn more. Visit [www.mnhousing.gov](http://www.mnhousing.gov) to find a lender near you.



Find a lender near you at [www.mnhousing.gov](http://www.mnhousing.gov) or 651.296.8215