



GREATER METROPOLITAN HOUSING CORPORATION

2011 ANNUAL REPORT



Our Mission

To preserve, improve and increase affordable housing for low and moderate income individuals and families, assist communities with housing revitalization as well as create and carry out demonstration projects.



2011 IN REVIEW

Although the Twin Cities metropolitan area continued to face the severe economic and financial challenges affecting the housing industry, services provided by the Greater Metropolitan Housing Corporation (GMHC) remained in high demand for affordable housing for low and moderate income families.

Four principal program areas – HousingResource Centers™, the Single Family Homeownership Program, SHOP Home Mortgage™, and GMHC's Predevelopment Revolving Loan Fund – supported the creation of 2,091 units of affordable housing and provided assistance to more than 8,500 homeowners who decided to improve their homes.

The GMHC staff continues to focus on its mission to preserve, improve and increase affordable housing for low and moderate income individuals and families, despite the significant ongoing challenges confronting the housing industry. The following overview summarizes how GMHC continued, in 2011, to enhance living conditions and bring additional affordable housing to residents of the greater Twin Cities metropolitan area.

HOUSINGRESOURCE CENTERS™

Since 1995 GMHC has assisted thousands of individuals and families to improve their housing situation through its HousingResource Centers™ (HRC). In partnership with neighborhood organizations, cities, county governments and state agencies, the HousingResource Centers have provided 7,479 loans and grants to homeowners to make their homes more livable, safe and energy efficient.

Approximately \$55 million has been reinvested in aging housing stock in Minneapolis and St. Paul neighborhoods and many suburban communities.

In addition to making resources available for home improvements, GMHC has been the “go to” organization to put down payment assistance funds to work. When the foreclosure crisis hit and threatened the viability of Minneapolis neighborhoods, public officials and neighborhood leaders responded quickly.

They created down payment assistance programs to incentivize qualified home buyers to take advantage of the inventory of affordable homes on the market. The city relied on the expertise of the HousingResource Centers to work with Realtors, mortgage companies and home buyers to create a new generation of homeowners, many who had been priced out of homeownership before the housing bubble burst. Since 2008, the HousingResource Centers have assisted 605 Minneapolis homebuyers to become proud homeowners, thus avoiding the decline of many housing units and helping to rebuild distressed neighborhoods.

Soon a number of suburban communities created similar programs and they too brought these to the HousingResource Centers to administer. Today the HRC's are assisting home buyers in the cities of Brooklyn Center, Crystal, Minnetonka and Woodbury.

In 2011 when the May tornado devastated North Minneapolis, the HousingResource Center located at 44th and Penn was at the center of rebuilding efforts. HRC staff helped tornado victims sort through and make sense of federal SBA requirements, insurance documents, the state's disaster relief program and city emergency programs to piece together the maximum assistance available to repair their homes. This was a long painstaking process that sometimes included partnering with other nonprofits and volunteer efforts. To date 34 households have received some form of financial assistance. And, even though more than a year has passed since the tornado touched down, the HRC is still working with homeowners who are struggling yet to put their homes and lives back together.



Rehab of kitchen in North Minneapolis

In 2011:

GMHC's HousingResource Centers™:

- Provided 17,483 services to 8,577 clients
- Completed 6,097 construction consultations
- Closed 564 loans and grants



SINGLE FAMILY HOME OWNERSHIP PROGRAM



GMHC Home Restoration in North Minneapolis

Attractive, well-maintained housing that offers value for its cost is the foundation of productive lives and stable neighborhoods. Stable housing improves a child's chance for school success. A vibrant economy depends on a workforce that has stable, affordable housing according to Minnesota Compass. Over the 41 years of GMHC's existence, financing affordable housing has become more complex and changes in credit and capital markets present new challenges to both homeowners/homebuyers and neighborhood stability. Greater Metropolitan Housing Corporation's strength is designing and delivering creative, efficient solutions to the challenges of affordable housing.

In the Twin Cities metropolitan area, including both the inner-cities of Minneapolis and St. Paul and a number of suburban communities, GMHC builds and/or renovates single-family homes, the majority of which are sold to people with incomes below 80% of area median and first-time homebuyers.

GMHC partners with the National Community Stabilization Trust (a national program), the Family Housing Fund's Home Prosperity Fund, Minnesota Housing, City of Minneapolis, Hennepin and Ramsey counties, many suburban communities, community development corporations and neighborhood organizations to make these homes affordable. The new or rehabbed homes are sold for appraised value. The difference between the sales price and the cost (the "value gap") is paid by funds from various sources including Minnesota Housing, Hennepin County, participating cities, corporations and foundations.

In 2011:

- **GMHC had 192 single family homes in process at a development cost of \$19,122,418.**
- **24 homes were completed and sold, of which 50% were sold to persons of color.**
- **88% were first-time homebuyers and 96% of the buyers had incomes below 80% of the median income.**
- **31 homes were completed through GMHC's Construction Management Services.**

Financing tools "affordability gap" include due-on-sale second mortgages with no monthly payments, which allow these homes to be affordable to lower income households. The second mortgage funding is recaptured and used for future affordability for the same income level. A priority during 2011 continued to be the purchase, rehab and sale of foreclosed properties.

During 2011 GMHC continued its effort to provide homeownership opportunities for individuals often previously left out of the ownership marketplace, stability and increased property values to neighborhoods, additional tax revenue for the city and county, and jobs during construction including a positive solution to ebb foreclosures. In addition, there was an increase in the number of low-income families living in affordable housing meeting MFHA "Green" criteria. Our homeowners would see reduced cost in energy and increase in a livable home environment. GMHC continues to be seen as a leader in providing "green" homes, expecting to keep up-to-date on new products and initiatives through design and innovation in this growing field.

Since 1971, GMHC has constructed or renovated and sold 1,545 homes with a total development cost of over \$167 million.



SHOP HOME MORTGAGE™ (SUSTAINABLE HOME OWNERSHIP PROGRAM)

In 2008 GMHC developed the Sustainable Home Ownership Program (SHOP Home Mortgage™) in response to the foreclosure crisis. In partnership with Dayton's Bluff Neighborhood Services, GMHC provides socially responsible mortgage services to underserved and disenfranchised people and to help revitalize low and moderate income neighborhoods, specifically those that have been affected by high foreclosures. SHOP™ is a financial resource for communities by helping to finance homes in distressed areas and for prospective buyers by offering remedial assistance in today's restrictive credit market.

SHOP's primary product is the Bridge to Success Contract-for-Deed program, an innovative and flexible credit facility that offers prudent, affordable credit to borrowers no longer served by mainstream credit markets. SHOP is for people who have the financial capacity to purchase a home but who have been unable to qualify for bank financing due to poor credit history, bankruptcy or foreclosure. The program allows buyers to purchase a home now and supports them through a personal financial plan, individual counseling, and home buyer education. The goal for these buyers is to restore their credit and improve their financial habits so that the Contract-for-Deed can be refinanced into a FHA or conventional fixed-rate loan product within ten years. Extensive outreach with community, faith-based organizations and financial institutions helps us reach and educate families who can benefit from SHOP. SHOP is a nonprofit mortgage broker and is able to provide market rate financial products as well as our Contract-for-Deed program.



North Minneapolis home rehabbed by GMHC and purchased through SHOP Home Mortgage™



North Minneapolis home rehabbed by GMHC and purchased through SHOP Home Mortgage™

In total, SHOP provided more than 1,200 homeowner and potential homeowner consultations in 2011, an increase of more than 20% from 2010. The demand for our services continues to grow. Since opening in 2008, SHOP has provided 5,993 services including 165 workshops, seminars and community events; 1,595 program development and partnership meetings; 3,317 consultations, and received 803 loan applications, closing 113 loans for a total of \$14,353,489.

In 2011:

- **54 workshops, seminars and community events were conducted.**
- **832 program development and partnership meetings were held.**
- **1,288 clients received consultations.**
- **302 loan applications were received with 39 loan closings, 10 of which were contract for deed sales.**



PREDEVELOPMENT REVOLVING LOAN FUND

GMHC's Predevelopment Revolving Loan Fund, one of our first programs created in 1970, funds the early and often high risk expenses of affordable housing development. These costs include land purchases, surveys, environmental and soil testing, architectural fees, consulting expenses, and bridge loans. GMHC's early investments leverage construction and preservation of many types of affordable housing, including multifamily rental properties, elderly housing, transitional and supportive housing for families with histories of homelessness, and housing for people with special needs.



Sienna Green, Roseville - GMHC provided a \$300,000 loan commitment to Aeon for this project.

GMHC loans, which range in size from \$10,000 to \$2,000,000, are available to both nonprofits and for-profit housing developers. The results of our work provides families and individuals with secure, safe affordable housing, often with access to services such as employment resources, child care, English language classes and other services.



Higher Ground - GMHC provided a \$500,000 loan commitment to Community Housing Development Corporation (CHDC) for this project.



American Indian Community Development Corporation- GMHC provided a \$210,000 loan commitment to this project.

The Predevelopment Revolving Loan Program provides upfront financing to developers at a low interest rate and acts on loan requests quickly. A sample of organizations that have received GMHC predevelopment loans include Neighborhood Development Alliance, Catholic Charities, CommonBond Communities, PPL, American Indian Housing & Community Development Corporation, Aeon, Community Housing Development Corporation (CHDC), and Hope Communities. Two new St. Paul projects include the Old Home Dairy project at Western & University for 50 units and Central Exchange project also on University Avenue for 30 units.

Since 1971, 22,470 units of very-low income housing were completed with \$58,858,864 in loans for a development cost of \$1,642,272,114.

In 2011:

- 2,028 units of affordable housing for low and moderate income persons went under construction or renovation, with a total development cost of \$208,721,656. GMHC provided \$4,625,633 in front-end loans.
- GMHC approved *new* loan commitments of \$800,000 for the development of 136 units. \$489,000 was provided for increases in existing funding commitments for the development of 300 units.
- 1,197 units are in some phase of development with GMHC loan commitments of \$6,476,844 with a development cost of \$266,188,300.



CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2011

PUBLIC SUPPORT AND REVENUE:		Total
Public Support:		
Foundations and Corporations		<u>\$ 1,348,429</u>
Revenue:		
Real Estate Sales Proceeds		3,495,298
Program Grant Revenue		5,233,407
Project Development Fees		1,556,982
Interest		<u>446,528</u>
Total Revenue		<u>10,732,215</u>
Net Assets Released from Restrictions		<u>--</u>
Total Support and Revenue		<u>12,080,344</u>
EXPENSES:		
Program Services:		
Predevelopment		430,109
Housing Resource Center		4,272,248
Single Family Homes		7,145,968
Total Program Services		<u>11,848,325</u>
Supporting Services:		
General and Administrative		522,732
Fundraising		<u>46,729</u>
Total Supporting Services		<u>569,461</u>
Total Expenses		<u>12,417,786</u>
INCREASE (DECREASE) IN NET ASSETS		<u>(337,442)</u>
NET ASSETS at Beginning of Year		<u>2,927,251</u>
NET ASSETS at End of Year		<u>\$ 2,589,809</u>

- For complete audit contact our office at 612-339-0601.



OUR SPONSORS

The following organizations continue to provide needed funds to enable the Greater Metropolitan Housing Corporation to successfully achieve its mission. We are grateful for their partnership and are committed to providing the results that they generously support.

GREATER METROPOLITAN HOUSING CORPORATION 2011 Sponsors

- American Family Mutual Insurance Company
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- The Jay and Rose Phillips Family Foundation of Minnesota
- The McKnight Foundation
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North Minneapolis home rehabbed by GMHC

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GREATER METROPOLITAN HOUSING CORPORATION Staff

CONTACT US

	ADDRESS	PHONE	FAX
DOWNTOWN MINNEAPOLIS HQ OFFICE	15 South Fifth Street Suite 710 Minneapolis, MN 55402	612-339-0601	612-339-0608
HOUSINGRESOURCE CENTER™-NORTH	2148-44th Ave. North Minneapolis, MN 55412	612-588-3033	612-588-3028
HOUSINGRESOURCE CENTER™-SOUTH	3749 Cedar Ave. South Minneapolis, MN 55407	612-722-7141	612-722-6367
HOUSINGRESOURCE CENTER™- NORTH & EAST METRO	1170 Lepak Courth Shoreview, MN 55126	651-486-7401	651-486-7424
SHOP HOME MORTGAGE™	823 East 7th St. St. Paul, MN 55106	651-793-8900	651-744-0445

WWW.GMHCHOUSING.ORG

WWW.SHOP-MORTGAGE.ORG