



GREATER METROPOLITAN HOUSING CORPORATION

2012 Annual Report



**Providing Affordable Housing and
Revitalizing Twin Cities Communities.**

Greater Metropolitan Housing Corporation (GMHC)

was created in 1970 with the following mission:

To preserve, improve and increase affordable housing for low and moderate income individuals and families, and assist communities with housing revitalization.



GMHC Main Office

15 South 5th Street, Suite 710
Minneapolis, MN 55402
ph: 612-339-0601
fax: 612-339-0608

SHOP Home Mortgage™

823 East 7th Street
St. Paul, MN 55106
ph: 651-793-8900
fax: 651-744-0445

HousingResource Center™ North

2148-44th Ave. North
Minneapolis, MN 55412
ph: 612-588-3033
fax: 612-588-3028

HousingResource Center™ North & East Metro

1170 Lepak Court
Shoreview, MN 55126
ph: 651-486-7401
fax: 651-486-7424

HousingResource Center™ South

3749 Cedar Ave. South
Minneapolis, MN 55407
ph: 612-722-7141
fax: 612-722-6367

www.gmhchousing.org
www.shop-mortgage.org

To Our Partners and Stakeholders:

While 2012 started to see improvement to the economy, affordable housing still faced challenges as the fallout from the financial crisis and recession is taking time and ingenuity to resolve.

GMHC continues to hold fast to its mission and has never been more involved in responding to the pervasive problems of substandard housing in the Twin Cities. Our goals are to serve more people annually and to harness the power of housing to catalyze visible change in neighborhoods hard-hit by foreclosures and disinvestment.

Affordable housing is the foundation of productive lives, school success, asset building, and stable communities. Yet the development and preservation of affordable housing and purchasing and financing homes have never been more difficult in GMHC's forty-two year existence. Financing affordable housing has become more complex and changes in credit and capital markets present new challenges to both homeowners/home buyers and neighborhood stability.

The number of families and single people who need affordable housing continues to grow. The number of homeless families in Hennepin County shelters in the third quarter of 2012 reached a 12 year high. Minneapolis and St. Paul public schools together identified 8,200 homeless kids, up 8% compared to a year ago. The Twin Cities rental vacancy rate is at 2.9% in 2012. A tight market means higher rents, adding to the burden already borne by low-income Minnesotans.

GMHC's programs increase and provide homeownership opportunities for individuals often left out of the ownership marketplace, promote stability and increase property values to neighborhoods, create additional tax revenue for the city and county, as well as provide jobs during construction. In addition, our programs increase the number of low-income families living in affordable housing meeting MHFA "Green" criteria. Our homeowners would see reduced cost in energy and a healthy livable home environment. We are seen as a catalyst for neighborhood revitalization by keeping seniors in their homes, improving the housing stock, increasing homeownership resulting in substantial reinvestment in neighborhoods. By providing the necessary upfront financing for very low-income multi-family housing projects, very low-income individuals and families, homeless and those with disabilities have secure safe affordable housing. In addition, many of these developments provide a variety of services to meet client needs such as education and employment counseling.

GMHC will continue to innovate and deliver effective solutions to the challenges of affordable housing for families, individuals, and communities as it has done since its inception in 1970. Please enjoy the following report to the community and find out in detail our results and what our clients have to say about our programs.

Sincerely,



Carolyn E. Olson
President



Carolyn E. Olson, President



HousingResourceCenters™

Through GMHC's three HousingResource Centers:

Since 1995:
76,951 construction
consultations
provided

8,665 Rehab and
Home buyer
Assistance loans
closed since 1995

208,024 services
provided
since 1995

During 2012:
6,221
construction
consultations
provided

525 loans and
grants closed

15,228 services
provided

GMHC created the HousingResource Center™ program in 1995 to provide an array of services to homeowners and prospective homeowners in participating cities and neighborhoods. Our three HousingResource Centers™ offer homeowners and homebuyers free services, loans & grants to maintain the stock of affordable single family homes and rejuvenate declining neighborhoods, such as:

- Extensive, high quality, individualized home improvement and financing advice.
- Construction management, including home inspections to prioritize improvement projects, written scopes of work, contractor referrals, bid evaluations, and other assistance throughout the renovation.
- Home loan and grant applications, processing, and underwriting for more than 50 rehab loan/grant programs in more than 20 communities.
- Housing information and referrals covering a wide variety of services including home buyer training, energy conservation, maintenance and safety information.

This program is seen as a catalyst for neighborhood revitalization by improving the housing stock, keeping seniors in their homes and increasing home ownership, all resulting in substantial reinvestment in neighborhoods.

The following pages provide just a few of the thousands of people this program has touched in a major, positive way. They are clients, but they are also our friends.

RIGHT: The porch light shines bright in the Hayne's family home. The HousingResource Center programs allowed them the opportunity to make many improvements to their home. (See South Housing Resource Center page for their story)



North & East Metro

Vu Xiong is a professional photographer, which is evident as you walk into his home and see the many beautiful, stunning photographs adorning the walls. He and his wife Lao Lee Xiong, along with their children have lived in their White Bear Lake home since 1998. Prior to moving, they lived in an older St. Paul home, and were very excited about their new home. As you drive into the neighborhood, there is a strong sense of pride in homeownership. Across the street is a community garden where Lao Lee grows many vegetables and the back yards are filled with flowers, plants and green grass. It's a cheerful neighborhood and the Xiong family represent their neighborhood well.



The Xiong Family

Photo Courtesy of Vu Xiong

While the Xiong's love their new home, Vu says, "It was very drafty and cold in the house. We needed new windows, but weren't sure where to start." They contacted the HousingResource Center and discussed financing options with Sue Schirmers who suggested they apply for the Ramsey County Residential Rehabilitation Loan Program. Once they qualified for the deferred loan, they were contacted by Paul Soenneker, the HRC Construction Manager. Paul provided recommendations on window replacements and guided them through the entire rehabilitation process, which also included minor plumbing repairs. These improvements have helped to reduce their energy bills and provide a warm, comfortable more livable home.



HousingResource Center North & East Metro- Staff

Left to Right: Paul Soenneker - Construction Manager,
Marie Malrick - Program Administrator,
Sue Schirmers - Program Representative,
Curt Bennett - Construction Manager

"The staff at the Housing Resource Center really helped us with the entire process. It was especially helpful to have Paul, the construction manager walk us through the process of making improvements."

~Vu Xiong

North

In August of 2000, due to civil unrest, James Kpoto, his wife and four of his five children moved from Liberia to the United States. For a family of six just entering America, James worried that finding an apartment was going to be a big challenge, almost impossible. Nevertheless, James did everything in his power to work and save money.

James recalls the year 2001 as a 'year of big change' for his family, a year in which the Kpoto family was able to purchase a home in North Minneapolis. James remembers bringing the house keys to show his uncle. His uncle asked if he got an apartment and James said "No, I got a home. I am a homeowner." Despite the excitement of owning a home, James and his family were presented with many challenges. This led James to get involved and organize a neighborhood block club. Currently, his neighborhood hosts one of the biggest block club parties in the area. Over 150 people come to the party, including the Chief of Police and many other community members. James says his involvement in community initiatives has led him to wonderful resources, including GMHC.

About GMHC, James says, "GMHC changed me. There were homes being built all around me by GMHC and other organizations, and my home didn't look right in the neighborhood. GMHC helped me to make my house into a home." Through a City of Minneapolis deferred loan and combined City/Hennepin County lead grant, James was able to complete extensive improvements to his home. According to James, "The lead was everywhere in my home. Inspectors came in and checked the windows, even the yard outside. They found lead throughout the property." James was able to get all the lead removed from his home and the soil, in addition to completing safety improvements, such as replacing crumbling stairs and a deteriorated retaining wall in addition to getting a new roof. James says, "Squirrels were chewing through my home and getting into my attic. Now it is beautiful and nothing can get in."

He thanks Bob Schmotter of GMHC's Housing Resource Center for working with him to make these improvements. James says, "GMHC was a blessing. They are good people. I believe they helped change me. My house looks good in my neighborhood now."



James Kpoto

"GMHC changed me. There were homes being built all around me through GMHC and other organizations, and my home didn't look right in the neighborhood. GMHC helped make my house into a home."

~James Kpoto



HousingResource Center North- Staff

Left to Right: Janet Lauseng - Construction Manager, Bob Schmotter - Construction Manager, Brenda Ray - Program Representative, Jenny Camacho- Program Administrator

South

HousingResourceCenters™



The Haynes Family

Left to Right: Shane-12, Santino-14, Sakai-9, Shannon, Ronald - 1 1/2, Ron and Semira-7

“We have had some times of disparity, and without these programs, the improvements to our home would not have been possible.”

~Shannon Haynes

When Ron and Shannon Haynes purchased their South Minneapolis home in 2009 they did not anticipate all of the issues they would have with it. Shannon remembers removing one tile from the bathroom, only to discover a much larger mold issue. “I just kept removing the tiles, but underneath them it was black and moldy,” says Shannon. The home had water leaks, electrical issues, and may code and safety issues. The Haynes family first learned of the Housing Resource Center through their neighborhood organization, the Central Area Neighborhood Development Organization (CAN-DO). The HRC helped them to access a \$5,000 emergency grant from the neighborhood as well as affordable loans from the City and the neighborhood, so that they had the resources to make their home safe, livable and pleasant. Ron said, “These programs made it possible for us. We can now live within our means.”



HousingResource Center South - Staff

Left to Right: Megan Brown - Program Representative,
John Hott - Construction Manager,
Denise Eloundou- Program Administrator

Single Family Home Ownership Program



ABOVE: GMHC Single-family home at 1348 Sheridan Avenue North, Minneapolis



Photo Courtesy of TCT Photography

ABOVE: GMHC Single-family home at 3605 17th Avenue South, Minneapolis

Since 1971:

GMHC has built or renovated and sold 1,589 homes.

The total investment in these homes has been more than \$177 million.

During 2012:

44 homes were built and renovated and sold for an investment of over \$10 million, with another 148 homes in some phase of development.

In partnership with public agencies and neighborhood organizations in Minneapolis, St. Paul and suburban communities, GMHC's Single Family Home Ownership program builds and renovates single-family homes for sale with the majority to first-time home buyers and people with incomes below 80% of the area median. This program provides homeownership opportunities for individuals often left out of the ownership marketplace, provides stability and increases property values to neighborhoods, additional tax revenue for the city and county, and jobs during construction. In addition, our homes meet "Green" criteria resulting in reduced costs in energy and a healthy livable home environment for our homeowners. During 2012, we continued to emphasize the purchase, rehab, and sale of foreclosed homes. GMHC's pioneering work around foreclosure and community stability was the model for the National Community Stabilization Trust, the primary federal program addressing disinvested communities. GMHC continues to provide construction management services to Two River Land Trust, City of Lakes Land Trust and Homes for All in rehabilitation of single family homes.

Supporting Job Creation

GMHC partners with Hennepin County Sentencing to Service (STS) program, a structured work program that provides a sentencing alternative for low-risk adult and juvenile offenders. In addition, we partner with several minority contractors to work on rehabs and new construction. Following is a story on how our program works:

Henry Ford of Ice Cold Construction shared his experience in working as a contractor with GMHC in conjunction with the Hennepin County STS crew. Sentencing to Service (STS) Homes is a one-year carpenter training program for men and women, primarily from Hennepin County, who are incarcerated. This program is a joint venture between Hennepin County and the State of Minnesota Department of Corrections.

Henry said he feels very connected to the Hennepin County STS program and the people who are a part of it. He said, "I was lucky to have a positive male role model in my life growing up. When my dad was a landlord, I started out on the paint crew, then I started remodeling projects with my dad. Later, I got my contractor's license and started building in North Minneapolis." Working with the Hennepin County STS program has allowed Henry to pass on his skills and expertise to others.

Through GMHC, Henry has also had the opportunity to build homes for their Little Earth Housing Initiative. Henry has built 5 homes along EM Stately blocks located east of Little Earth. This housing initiative was launched in 2010 which will support Native American families through the process of affordable homeownership. Homeowners will have access to all services through Little Earth of United Tribes, such as youth and elders programming, resident advocacy, maintenance assistance, and day labor jobs. This initiative is comprised of a variety of partnerships, including development assistance from GMHC and with City of Lakes Community Land Trust (CLCLT) to hold the lots in Little Earth's name while the individual homeowners retain the equity of the houses themselves.

Over the course of Henry's career he has built new or renovated over 35 GMHC homes. He was able to learn and implement various construction methods being used across the country. He traveled to Arizona to look at luxury homes, then applied those concepts to homes he built in Minnesota. While that experience was rewarding, **Henry said, "I really enjoy building affordable housing for families right here in my own community."**



"The Sentencing to Service program is incredible. It gives the opportunity to learn the trade on-site. It's like school. It's very hands-on, and the quality and craftsmanship is amazing."

**~Henry Ford,
Ice Cold Construction**

SHOP Home Mortgage™

“The staff were great and really helped us through everything.”

~Heidi Ritchie

RIGHT: The Ritchie Family

Mike & Heidi with Carmen, Ethan and Elan in the backyard of their current home



The Ritchie family talks about how relieved they are to not be living in their previous home; a 1901-built house in South Minneapolis. Living in the home 14 years, the family experienced many health and safety issues. Between mold, rotting wood in the bathroom, kitchen plumbing issues, elevated lead levels and ice dams that caused the roof to cave in, the home became unsafe and unlivable. Due to allergies to mold, the boys, Ethan and Elan, had to sleep in an upstairs room on the floor. Heidi says, “Living in an unsafe environment creates a high level of stress on personal relationships, and we are so relieved not to be there.” The staff at SHOP Home Mortgage™ assisted them with financial & budget counseling, and they were able to partake in SHOP’s Bridge to Success Contract-for-Deed program.

In partnership with Dayton’s Bluff Neighborhood Services, GMHC provides socially responsible mortgage products and home financing tools to people shut out of the credit market in neighborhoods with high foreclosure rates through SHOP Home Mortgage™ created in 2008.

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.

Since 2008:

4,752 consultations, and closing **147** loans for a total of **\$19,000,000+** in loans.

During 2012:

1,435 client consultations, and they closed **33** loans, **22** of which were contract for deeds.



SHOP Staff

Left to Right: Chuck Evans, Robin Asfeld, Chris Fullerton, Marcus Manning, Lynda Duncan, Sounthana “At” Senevisai, Howard Bailey III & Gary Beatty

Predevelopment Loan Program

GMHC has been providing front-end predevelopment loans to developers of affordable housing over the last 43 years. Our front-end loans cover costs such as land purchases, appraisals, taxes and insurance coverage, zoning and site control fees, environmental and soil testing, architectural fees, consulting expenses, and bridge loans.

GMHC's predevelopment loans 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.

GMHC has earned a local reputation as the best lender for reasonably priced, hard-to-find capital, and creative solutions for supporting affordable housing projects. Following are some organizations that have received GMHC predevelopment loans include Aeon, American Indian Housing & Community Development Corporation, Artspace, Catholic Charities, CommonBond Communities, Community Housing Development Corporation (CHDC), Hope Communities, Neighborhood Development Alliance, PPL, and Powderhorn Residents Group.

Loan commitments totaling **\$1,706,000** for the development of **859** units were approved in 2012, leveraging a total development cost of **\$199,709,409**.

In the last 42 years, GMHC has loaned more than **\$67 million** for the construction or rehab of almost **24,000** units of very low income housing, leveraging a total development cost of over **\$1.9 billion**.

Each GMHC dollar invested was leveraged 30 times. In addition, for every \$100,000 of development .78 jobs have been created.

RIGHT:
Powderhorn Residents Group - Spirit on Lake, Minneapolis, MN
GMHC provided \$225,000 in predevelopment funds to Powderhorn Residents Group for this project



ABOVE: Artspace- Jackson Flats, St. Paul, MN
GMHC provided \$825,000 in predevelopment funds to Artspace/ Northeast Community Development Corporation



GMHC Downtown Staff



Left to Right: Yu Fang (Tracy Chen), Laney Barhaugh, Julia Spencer, Eden Spencer, Louis Dunbar, Janet Pierce, Sally Krusell, Suzanne Snyder, Bill Buelow, Carolyn Olson, Glenda Ware, Orlena Iverson

GMHC Officers and Directors

Officers:

Chair

Sue Knight
Senior Vice President
Chief Financial Officer
MTS Systems Corporation

President

Carolyn E. Olson
Greater Metropolitan
Housing Corporation

Vice Chair

James F. Clifford
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Corey Haaland
Senior Vice President, Finance
Target

Jay Kiedrowski
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University of Minnesota
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School of Public Affairs

Robert Odman
Retired/
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Division Manager
Wells Fargo

James J. Solem
Retired/Community
Representative

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President
Children's Home Society
& Family Services

Scott Weatherby
Vice President
Nuclear Finance
Xcel Energy

Maureen O'Brien Wieser
Chief Operating Officer
MidCountry Bank

Laura Waterman Wittstock
President & Chief Executive Officer
Wittstock & Associates



"In my role as GMHC board chair during the last three years, I continue to be impressed by the dedication and performance of our organization. Their ability to manage complex projects and programs, successfully work with a large number of clients to provide them with affordable housing and do so while maintaining a financially strong organization is outstanding." ~ Sue Knight, Chair

Corporate Sponsors

Six corporations (denoted below by a star) were among the business organizations that formed the Greater Metropolitan Housing Corporation in 1970. Those organizations along with many others have continued to provide sponsorship funds for the past 43 years and have been joined by many others listed below. In 2012, these sponsors provided \$808,553 to enable GMHC to successfully achieve its mission to preserve, improve and increase affordable housing for low and moderate income individuals, and assist communities with housing revitalization.

- American Family Insurance
- Architectural Alliance
- Aspen Waste Systems Inc.
- Associated Bank
- B.C. Gamble and P.W. Skogmo Fund of the Minneapolis Foundation
- BMO Harris Bank
- ★CenterPoint Energy
- Coloplast
- Ecolab Foundation
- Faegre Baker Daniels Foundation
- Fannie Mae
- Finance & Commerce
- ★General Mills Foundation
- Heartland Realty Investors, Inc.
- Kevin Filter & Rosemary Kessler
- MidCountry Bank
- Minneapolis Area Association of Realtors Foundation
- Nancy Hallman Pinzka
- Opus Foundation
- Rita Wilczek
- ★Target Foundation
- TCF Foundation
- The Dorsey & Whitney Foundation
- The Hubbard Broadcasting Foundation
- The Jay and Rose Phillips Family Foundation of Minnesota
- The McKnight Foundation
- Thrivent Financial for Lutherans Foundation
- University Bank
- ★US Bancorp Foundation
- Valspar Foundation
- W.C. Rasmussen - Northwest Bank Foundation
- ★Wells Fargo Foundation Minnesota
- Western Bank
- ★Xcel Energy Foundation

★ Founding Sponsors



Financial Statement

Consolidated Statement of Activities Year Ended December 31, 2012

PUBLIC SUPPORT AND REVENUE:	TOTAL
Public Support:	
Foundations and Corporations	<u>\$ 808,553</u>
Revenue:	
Real Estate Sales Proceeds	5,832,842
Program Grant Revenue	6,423,906
Project Development Fees	2,384,642
Interest	<u>463,260</u>
Total Revenue	<u>15,104,650</u>
Net Assets Released from Restrictions	--
Total Support and Revenue	<u>15,913,203</u>
EXPENSES:	
Program Services:	
Predevelopment	615,903
Housing Resource Center	4,051,938
Single Family Homes	<u>10,190,449</u>
Total Program Services	<u>14,858,290</u>
Supporting Services:	
General and Administrative	482,054
Fundraising	<u>47,299</u>
Total Supporting Services	<u>529,353</u>
Total Expenses	<u>15,387,643</u>
INCREASE (DECREASE) IN NET ASSETS	525,560
NET ASSETS at Beginning of Year	<u>2,589,809</u>
NET ASSETS at End of Year	<u>\$ 3,115,369</u>

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



ABOVE: GMHC Single-family home at
1128 Vincent Avenue North, Minneapolis



ABOVE: GMHC Single-family home at
1651 Sheridan Avenue North, Minneapolis



15 South Fifth Street,
suite 710
Minneapolis, MN 55402
ph: 612-339-0601
fax: 612-339-0608

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