



# GREATER METROPOLITAN HOUSING CORPORATION

## *2016 Report to the Community*

*December 31, 2016*

### PREDEVELOPMENT REVOLVING LOAN FUND

- GMHC provides technical assistance and high risk predevelopment (seed) loans to organizations to assist in the development of quality affordable housing. These loans cover expenses such as architectural fees, surveys, environmental and soil testing, land costs, consultants, etc., as well as bridge loans. GMHC also administers the funding during the predevelopment phase.
- A large variety of housing is funded under this program including multifamily rental, home ownership, co-op housing, elderly housing, transitional housing and housing for special needs (for the disabled, persons with AIDS, chemical dependencies, mental illness, frail elderly, women and family shelters, etc.). We have also provided this funding for the development of charter schools, as well as commercial developments that enhance inner-city neighborhoods.

#### During 2016:

- **1,982** units of affordable housing for low income persons went under construction or renovation, with a total development cost of **\$181,747,787** creating or retaining **2,180 jobs**. GMHC provided **\$5,271,500** in high-risk front-end loans to these projects. 42% of the units are in Minneapolis, 29% of the units are in St. Paul, 29% in suburban communities. 95% of the people are at or below 50% of area median income & 5% at or below 80% of area median income. 64% are persons of color.
- GMHC approved *new* loan commitments for **\$1,894,300** for the development of **1,032** units. **\$655,000** was provided for increases in existing funding commitments for the development of **331** units.
- **1,421 units** are in some phase of development with GMHC loan commitments of **\$4,207,850** with a development cost of **\$296,909,749**.

#### During the past five years:

- **2,918** units at a development cost of **\$417,314,697** went under construction or renovation creating or retaining **5,007 jobs**. GMHC provided **\$11,212,400** in loans for these units.

*To date, GMHC has provided loan commitments of \$73,595,006 for the development of 26,710 units of affordable housing with development costs of over \$2.3 billion.*

## SINGLE FAMILY HOMEOWNERSHIP PROGRAM

- GMHC builds and/or renovates single family homes in the inner-city of Minneapolis, St. Paul and various suburban communities. The majority of homes are sold to persons with incomes at or below 80% of the median income and first time homebuyers. Financing tools are available to make these homes affordable. This program provides among other things: 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. The homes are built in cooperation with various cities, counties, Minnesota Housing and neighborhood development corporations.

### During 2016:

- GMHC had 184 single family homes in process at a development cost of \$46,000,000. 27 were completed and sold with a development cost of \$6,750,000 creating or retaining 81 jobs, 42 homes sold to other developers, 9 homes completed through GMHC Construction Management Services, 11 were completed and not sold, 16 under construction, 79 in some phase of development such as neighborhood review, plan drawings or out for construction bids, and pre-acquisition. Of the 27 home completed and sold to owner occupants, 56% were persons of color and 74% were first time homebuyers. 59% of the buyers have low to moderate incomes and other 33% of the buyers have children.

### During the past five years:

- GMHC completed and sold 270 homes with a development cost of \$65,830,000 creating or retaining 790 jobs, another 157 in process or sold to other developers/CDC's, for a total of 427 homes, at a development cost of \$105,080,000. GMHC builds the homes 'on spec' (prior to having a buyer), hires the contractors, provides construction management, and finances the construction, as well as the marketing and selling.

*To date, GMHC has constructed or renovated and sold 1,815 homes to owner occupants with a total development cost of \$232,250,000.*

**HOUSINGRESOURCE CENTERS™**  
**North/South/North & East Metro**

- In July 1995 GMHC's initiated the HousingResource Center™ (HRC) program with the opening of the first HRC in Northeast Minneapolis. The HRCs' have now increased from one to three, all at the request of various communities. The three centers serve residents of Minneapolis/St. Paul and several suburban communities.
- The HRC program provides comprehensive free housing services to all residents of participating cities and neighborhoods. This program has proven highly effective in meeting its goal of increasing homeownership, home improvements and redevelopment in areas that are still viable, but showing signs of vulnerability. The HRCs' provide a comprehensive set of housing services, including individual, high quality, assistance through the purchase, financing, refinancing or construction/renovation process.
- GMHC administers over 60 rehab loans programs most of which are currently active. We are a direct lender of 3 MHFA rehab loan programs, and provide rehab-lending services under contracts for various cities for low-income residents at or below 80% of medium in Minneapolis, St. Paul, Brooklyn Center, Coon Rapids, Crystal, Falcon Heights, Minnetonka, Mounds View, Richfield, Robbinsdale, Roseville, St. Anthony, Shoreview, suburban Ramsey, Washington and Hennepin Counties. We administer Community Development Block Grants (CDBG) deferred loans to repair homes not meeting basic code compliance. GMHC HRCs' also administers, on behalf of the City of Minneapolis a variety of down payment assistance programs, including the Minneapolis Advantage program along with special code enforcement loans.
- HousingResource Centers™ work with local and state governments, neighborhood associations, social service providers, lenders, local businesses, and faith and fraternal organizations in the communities served by an HRC. Our role varies, depending on the nature of the relationship. We take great care not to duplicate services, and refer clients to other organizations that can meet their needs more appropriately, such as Lutheran Social Service, Habitat for Humanity, Senior Resource, First Call for Help, HousingLink, Homeownership Center, and Community Action Suburban Hennepin (CASH).

**During 2016:**

- The three HousingResource Centers provided **12,123 services including:**
  - **5,856** construction consultations
  - **497** down payment assistance, rehab loans and grants
- Of the 497 loans closed 69% were persons low to moderate income and 22% were persons of color.

***Since opening in July of 1995, GMHC's HousingResource Centers™ provided 261,005 services including 98,018 construction consultations and closed 10,701 rehab& home buyer assistance loans totaling over \$55 million.***

## SUSTAINABLE HOME OWNERSHIP PROGRAM (SHOP Home Mortgage™)

- In partnership with Dayton's Bluff Neighborhood Services, GMHC created SHOP Home Mortgage™. SHOP's proprietary product was the *Bridge to Success* Contract-for-Deed program, an innovative and flexible credit facility funded by public and socially responsible investors that offered prudent, affordable credit to borrowers no longer served by mainstream credit markets. The Contract-for-Deed was for people who had the financial capacity to purchase a home but who had been unable to qualify for bank financing due to poor credit history, bankruptcy, foreclosure, or not understanding the financial process. The program allowed buyers who had addressed their credit issues to purchase a home then and supported them through a personal financial plan, individual counseling, and home buyer education. The goal for the buyers remaining in a Contract-for-Deed was and still 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. As a result of the efforts of SHOP staff, counselors and our servicer, Community Reinvestment Fund, over 50% of the 156 contract-for deed clients have been able to refinance to market rate mortgage products.
- Extensive outreach with community and faith-based organizations and financial institutions helps us reach and educate families who can benefit from SHOP. SHOP as a nonprofit mortgage broker is able to offer well defined fully credit qualified market rate financial product while a newer version of the Contract-for-Deed program is being developed.
- SHOP works with neighborhood groups, financial institutions, community and faith based organizations, and the cities of Minneapolis and St. Paul. These collaborations are two-way streets. City departments, other mortgage brokers, counseling agencies and past clients refer people to us for early foreclosure intervention, mortgage needs and credit assistance related to pre-qualifying for a mortgage.

### During 2016:

- 1 Community Event was held.
- 252 Program Development and Partnership meetings have taken place.
- 1,124 clients have received consultations
- 180 loan applications have been received with **60 loan closings** -13 of which were contract-for-deed sales. Of the loans closed 51% were persons at or below 80% of area median income & 35% were persons of color.

*Since opening in February of 2008, the Sustainable Home Ownership Program (SHOP) has provided 18,918 services including 290 workshops, seminars & community events; 3,997 program development & partnership meetings; 11,883 consultations; and received 2,359 loan applications closing 389 loans for a total of \$48,000,000+ in loans.*

**GREATER METROPOLITAN HOUSING CORPORATION**  
15 South 5<sup>th</sup> Street, Suite 710 \* Minneapolis, Minnesota 55402  
phone: 612-339-0601 [www.gmhchousing.org](http://www.gmhchousing.org)