



GREATER METROPOLITAN HOUSING CORPORATION

2009 ANNUAL REPORT





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To Our Partners and Stakeholders:

Forty years ago, an enlightened group of Minneapolis business executives banded together to create a new organization to preserve, improve and increase affordable housing for low and moderate income individuals and families, and to assist communities with housing revitalization. Over the past four decades, their vision has been realized. The nationally-recognized Greater Metropolitan Housing Corporation (GMHC), has never been more important in developing affordable housing for families, and has never been more involved in responding to the pervasive problem of substandard housing in the Twin Cities.

As we look back on our many accomplishments over the past four decades, we also look forward to the unfinished work ahead. Our mission is clear: we have the skills and experience to continue to increase affordable housing in the Twin Cities; and we fully expect to utilize our talents by responding to the sometimes overwhelming challenges of today's housing crisis.

In 2009 we proved, once again, our ability to surmount the difficulties of the affordable housing market by booking our second-largest year of property sales in our history. And we achieved the highest-ever usage of our Housing Resource Centers™. Families are hungry for affordable housing; we deliver.

Overall, our performance in 2009 was strong. We continued to achieve solid results and success for the Greater Metropolitan Housing Corporation. Our dedicated and experienced staff, together with our valued partners in the affordable housing community allowed us to appropriately respond to the significant challenges of the continuing housing crisis. These challenges, which regularly confront all homeowners and those working diligently on the path toward affordable home ownership, are being addressed, every day and every week, by GMHC.

We look forward to providing continuing benefits to all of our neighborhoods, investors and communities, and are dedicated to providing our neighbors with affordable, safe, comfortable and sustainable housing.

Carolyn E. Olson
President



2009 IN REVIEW

During 2009, despite the severe economic and financial challenges confronting the housing industry, the Greater Metropolitan Housing Corporation (GMHC) was able to further its mission of preserving, improving and increasing affordable housing for low and moderate income families in the Twin Cities metropolitan community. Through its four principal initiatives – HousingResource Centers™, the Single Family Homeownership Program, SHOP™ (Sustainable Home Ownership Program), and GMHC's Predevelopment Revolving Loan Fund – GMHC supported the creation of more than 500 units of affordable housing, and provided assistance to nearly 12,000 homeowners who decided to improve, refresh and rehabilitate their homes.

Within this extremely challenging economic environment, GMHC staff members persisted and performed by bringing homeownership, enhancing living conditions and affordable housing to residents of the greater Twin Cities metropolitan area.

The following overview highlights GMHC's accomplishments in 2009.

HOUSINGRESOURCE CENTER™

GMHC opened its first HousingResource Center™ (HRC) in Northeast Minneapolis in 1995. In subsequent years additional Centers were opened and services expanded to residents throughout Minneapolis/St. Paul and surrounding suburban communities.

The HRC program provides comprehensive free housing services to residents of participating cities and neighborhoods. The HRC program has effectively met its goal of facilitating home improvements and redeveloping neighborhoods that are still viable but showing signs of vulnerability. The HRC's provide individual, high quality services to homeowners undertaking home improvement projects, including affordable financing and assistance throughout the construction/renovation process.

Through its HousingResource Centers™, the Greater Metropolitan Housing Corporation administers more than 50 rehabilitation loans programs for existing homeowners, and down payment assistance for homebuyers. We are a direct lender for the state's housing finance agency, Minnesota Housing, administering four of their home improvement loan programs. We also provide lending services to low and moderate income households under contracts with more than a dozen cities and counties, including: Cities of Minneapolis, St. Paul, Roseville, Shoreview, Coon Rapids, St. Anthony Village, suburban Ramsey County, Anoka County and Washington County.

Since opening in July of 1995, GMHC's HousingResource Centers™ have provided 156,376 services to 89,293 clients. Our construction managers have completed 56,952 consultations, and we have closed 6,146 loans and grants for home improvement projects and down payment assistance, totaling more than \$32 million.



Housing rehab project in South Minneapolis

- In 2009:**
GMHC's HousingResource Centers™:
- **Provided 23,625 services to 11,640 clients**
 - **Completed 7,225 construction consultations**
 - **Closed 875 loans and grants for housing rehabilitation and down payment assistance**



SINGLE FAMILY HOME OWNERSHIP PROGRAM

Within the inner-cities of Minneapolis, St. Paul and a number of suburban metropolitan communities, the Greater Metropolitan Housing Corporation builds and renovates single family homes, the majority of which are sold to people with incomes at or below 80 percent of the median income and first time homebuyers. To make these homes affordable, financing assistance and tools are made available.

The Single Family Home Ownership Program provides homeownership opportunities for individuals often previously excluded from the ownership market. This program enhances neighborhood stability, increases property values, creates additional tax revenue for the city and county, as well as construction jobs, particularly to minority and women owned general contractors.

Homes built new or renovated under this program are done so in cooperation with various city, county, and state agencies. We also work in cooperation with neighborhood development corporations and neighborhood organizations.

Since inception, GMHC has constructed or renovated and sold 1,474 homes with a total development cost of \$155,505,893.



Single-family home restoration in Minneapolis

GMHC builds new or renovates homes 'on spec' (prior to having a buyer), hires the contractors, provides construction management and oversight, finances the construction, as well as the marketing and selling of the property.

A priority for GMHC continues to be the purchase, rehab and sale of foreclosed properties. Working with the National Community Stabilization Trust, a national program, and the Home Prosperity Fund, a partnership with Minnesota Housing, Family Housing Fund and City of Minneapolis, GMHC has purchased over 180 foreclosed properties which will be renovated and sold by GMHC, sold to other developers or demolished.

In 2009:

- **GMHC had 358 single family homes in process at a development cost of \$59,206,000.**
- **85 homes were completed and sold to owner occupants, of which 62 were renovated foreclosures. Of those homes 38% were sold to person of color, 77% were first-time home buyers & 73% of the buyers have incomes below 80% of median income.**
- **34 homes sold to other developers, 23 homes completed through GMHC's Construction Management Services.**
- **Another 216 homes are in some phase of development.**



SHOP™ (SUSTAINABLE HOME OWNERSHIP PROGRAM)

SHOP™ is a program of Greater Metropolitan Housing Corporation in partnership with Dayton's Bluff Neighborhoods Housing Services (DBNHS). The mission of the program is to provide ethically priced and sound mortgage services to underserved people and help revitalize low and moderate income neighborhoods, specifically those that have been affected by high foreclosures.

A new Contract for Deed program, *Bridge to Success*, was created as a financial tool to sell homes in distressed areas and in answer to the tight credit market. In order to meet the needs of buyers for available properties and expand home ownership opportunities presented by lower home values, GMHC/DBNHS developed a product with more liberal underwriting and flexibility for those people with the financial capacity. Working in collaboration with several local financial institutions, the Contract for Deed program is for buyers who need 12 to 36 months to recover from past credit issues.

SHOP™'s second focus is outreach efforts in the communities where financial and home ownership education is emphasized as well as early intervention for homeowners who are having problems with their current mortgages. Here extensive networks are established with community non-profit agencies, faith based organizations, and financial institutions to reach the families in need or that desire to become homeowners. GMHC has also held seminars and workshops to assist families in preparation for homeownership in both Minneapolis and St. Paul.

Since opening in February of 2008, SHOP™ has provided 1,744 services including 80 workshops, seminars and community events; 280 program development and partnership meetings; 1,112 consultations; and received 242 loan applications closing 30 loans.



South Minneapolis home rehabbed by GMHC and purchased through SHOP™ program

In 2009:

- **37 Workshops, Seminars and Community Events were conducted.**
- **129 Program Development and Partnership meetings were held.**
- **774 clients received consultations.**
- **178 loan applications were received with 26 loan closings – 16 of which were contract-for-deed sales.**



PREDEVELOPMENT REVOLVING LOAN FUND

Since its inception in 1970, as one of the first programs initiated by the Greater Metropolitan Housing Corporation, GMHC's Predevelopment Revolving Loan Fund has provided loan commitments of more than \$62 million for the development of over 22,000 units of affordable housing. The total investment in affordable housing in the metropolitan area supported by GMHC's Predevelopment Revolving Loan Fund has totaled more than \$1.7 *billion*.

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.

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 including persons with AIDS, chemical dependencies, mental illness, frail elderly, women and family shelters, etc.



Chancellor Manor, Burnsville
Community Housing Development Company

GMHC has also provided predevelopment funding for the development of charter schools and commercial developments that enhance inner-city neighborhoods.

In the last five years, 3,450 units at a development cost of \$356 million went under construction or renovation. GMHC provided \$20 million in loans for these units.

In 2009:

- **428 units of affordable housing for low and moderate income persons went under construction or renovation, with a total development cost of \$44,903,466. GMHC provided \$2,066,500 in high-risk front-end loans to these projects.**
- **GMHC approved *new* loan commitments of \$716,000 for the development of 224 units.**
- **2,572 units are in some phase of development with GMHC loan commitments of \$10,661,207 with a development cost of \$364,920,702.**



The Lodge – a sober house residence in New Hope
Living Works Ventures Supportive Housing



STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2009 AND 2008

ASSETS		
	2009	2008
CASH AND CASH EQUIVALENTS	\$ 2,608,171	\$ 908,063
Restricted Cash	8,814,485	8,520,201
Receivables		
Notes, Net	8,041,109	9,237,218
Program Receivables	3,166,889	1,493,618
Contracts for Deed	1,983,323	262,897
Interest Receivable	1,121,043	841,462
Pledges	274,870	82,020
Reimbursable Project Development Costs	10,342,899	14,773,890
Subtotal	<u>36,352,789</u>	<u>36,119,369</u>
PROPERTY AND EQUIPMENT		
Office Equipment	370,568	364,269
Transportation	31,347	31,347
Total Property and Equipment	<u>401,915</u>	<u>395,616</u>
Less Accumulated Depreciation	<u>355,432</u>	<u>329,895</u>
Property and Equipment, Net	<u>46,483</u>	<u>65,721</u>
TOTAL ASSETS	<u>\$ 36,399,272</u>	<u>\$ 36,185,090</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Line of Credit - Bank	\$ 6,175,118	\$ 7,046,972
Accounts Payable and Accrued Expenses	483,400	401,415
Project Development Advances	3,228,844	3,741,768
Notes Payable	<u>23,624,061</u>	<u>21,162,854</u>
Total Liabilities	<u>33,511,423</u>	<u>32,353,009</u>
NET ASSETS		
Unrestricted Net Assets:		
Undesignated	2,491,340	3,396,336
Board Designated - Loan Pool	—	95,936
Board Designated - Property and Equipment	46,483	65,721
Total Unrestricted Net Assets	<u>2,537,823</u>	<u>3,557,993</u>
Temporarily Restricted	<u>350,026</u>	<u>274,088</u>
Total Net Assets	<u>2,887,849</u>	<u>3,832,081</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 36,399,272</u>	<u>\$ 36,185,090</u>



STATEMENT OF ACTIVITIES

STATEMENT OF ACTIVITIES YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE:						
Public Support: Foundations and Corporations	\$ 925,901	\$ 452,002	\$ 1,377,903	\$ 636,028	\$ 174,175	\$ 810,203
Revenue:						
Real Estate Sales Proceeds	14,202,301	—	14,202,301	3,830,347	—	3,830,347
Program Grant Revenue	9,490,335	—	9,490,335	4,383,371	—	4,383,371
Project Development Fees	1,498,880	—	1,498,880	1,278,277	—	1,278,277
Interest	452,701	—	452,701	552,609	—	552,609
Total Revenue	25,644,217	—	25,644,217	10,044,604	—	10,044,604
Net Assets Released from Restrictions	376,064	(376,064)	—	488,324	(488,324)	—
Total Support and Revenue	26,946,182	75,938	27,022,120	11,168,956	(314,149)	10,854,807
EXPENSES						
Program Services	27,405,600	—	27,405,600	10,814,190	—	10,814,190
*Supporting Services	560,752	—	560,752	553,709	—	553,709
Total Expenses	27,966,352	—	27,966,352	11,367,899	—	11,367,899
*Includes 2009 – \$49,957 & 2008 – \$81,231 fundraising						
INCREASE (DECREASE) IN NET ASSETS	(1,020,170)	75,938	(944,232)	(198,943)	(314,149)	(513,092)
NET ASSETS at Beginning of Year	3,557,993	274,088	3,832,081	3,756,936	588,237	4,345,173
NET ASSETS at End of Year	\$ 2,537,823	\$ 350,026	\$ 2,887,849	\$ 3,557,993	\$ 274,088	\$ 3,832,081



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Single-family home restoration in Minneapolis

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