



## GREATER METROPOLITAN HOUSING CORPORATION

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### 2010 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.*



## GREATER METROPOLITAN HOUSING CORPORATION

### 2010 ANNUAL REPORT

#### To Our Partners and Stakeholders:

2010 was a year of challenge and change for the Greater Metropolitan Housing Corporation. Throughout the year we were faced with the continuing challenges and economic disruptions brought about by the ongoing mortgage lending crisis, steep declines in residential housing values, high levels of unemployment and unprecedented rates of home foreclosures.

Despite these unprecedented challenges, GMHC continued to hold fast to its mission, innovatively developed ways to expand affordable housing and successfully sought out solutions to the distressing reality of the aging and deteriorating affordable housing stock in our metropolitan area.

Never before has the mission of GMHC been more relevant and important. Our continuing challenge remains securing and developing partnerships that can support our vision; and to become our partners in revitalizing the communities and neighborhoods in the Twin Cities metropolis that we value as our home. We have long succeeded in this regard, and expect to continue to maintain, develop and increase those extraordinarily valuable partnerships in the future. Our ability to be an innovator has never been more important.

As we confronted the challenges of 2010, GMHC moved forward decisively to match our expenses with revenues. We made the decision to consolidate our HousingResource Centers™ to three centers from five, and took steps to reduce overall expense. While these steps were difficult, they were necessary in light of the financial pressures faced by GMHC and by nonprofit organizations locally and nationwide.

Although our community – and, in fact, our Nation – continues to be assailed by financial disruptions,

mortgage defaults and economic difficulties, GMHC has persevered in its efforts to bring affordable housing to Twin Cities metropolitan residents. We have, for example, invested \$2 million to support the refurbishment and preservation of the Riverside Plaza in Southeast Minneapolis. Designed by Ralph Rapson in 1973, this architectural icon has fallen into disrepair, but remains a valuable residential asset that deserves rehabilitation and preservation. By investing in the reclamation and restoration of the Riverside Plaza, GMHC continues to demonstrate, and act upon, its commitment to the expansion and preservation of affordable housing in the Twin Cities metropolitan area.

Overall, our performance in 2010 was strong, despite the financial and economic challenges we faced. We successfully achieved the mission of the Greater Metropolitan Housing Corporation. Our experienced and committed staff, along with our key partners in the affordable housing community, enabled our effective response to the 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 continue to commit our resources to providing benefits to all of our communities, partners, investors and neighborhoods, and remain dedicated to providing Twin Cities residents with affordable, safe, decent and sustainable housing.

Carolyn E. Olson  
President



## 2010 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. The need for affordable housing for low and moderate income families continues to grow, and the demand for GMHC's services in the Twin Cities metropolitan area remains high.

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 445 units of affordable housing and provided assistance to more than 11,000 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 2010, to enhance living conditions and bring additional affordable housing to residents of the greater Twin Cities metropolitan area.

## HOUSINGRESOURCE CENTERS™

In 1995, GMHC opened its first HousingResource Center™ and has since worked with more than 100,000 clients providing them with 178,000 services and 7,500 loans/grants completed. These services have included providing information on home purchases, construction and refinancing consultations, mortgage foreclosure prevention guidance, rental and emergency housing information, home loan and grant applications and home improvement advice.

The HousingResource Center™ program provides its comprehensive housing services to residents of

participating cities and neighborhoods. During 2010, the HousingResource Center™ program continued to actively pursue its goal of facilitating home improvements and redeveloping neighborhoods that are still viable, but showing signs of vulnerability. More than 50 rehabilitation loan programs are administered through the HousingResource Center™ program, providing home improvement lending services under contracts for low and moderate income residents in Minneapolis, Coon Rapids, suburban Ramsey County, Washington County and Anoka County, and down payment assistance programs.



HRC Housing rehab project in South Minneapolis



### In 2010:

#### GMHC's HousingResource Centers™:

- **Provided 21,728 services to 11,072 clients.**
- **Completed 7,681 construction consultations.**
- **Provided 9,504 home improvement and loan information services.**
- **Closed 835 down payment assistance, rehab loans and grants.**



## SINGLE FAMILY HOME OWNERSHIP PROGRAM

In the Twin Cities metropolitan area, including both the inner-cities of Minneapolis and St. Paul and a number of suburban 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 strategies are made available.

Decent, safe and affordable housing promotes family stability and creates a positive environment for nurturing families and children. GMHC's Single Family Home Ownership Program provides homeownership opportunities for individuals and families, who have frequently been excluded from the ownership market, providing them a pathway for a better life and participation in an energized, revitalized community. This program enhances stability and increased property values to neighborhoods, additional tax revenue for the city and county, and jobs during construction.

GMHC builds and renovates single-family homes in cooperation with neighborhood organizations, and many city, county, and state agencies. GMHC hires the contractors, provides construction management capabilities, finances the construction, and provides marketing and sales resources and services.



GMHC home restoration in North Minneapolis

The purchase, renovation, rehabilitation and subsequent sale of foreclosed properties continues to be a priority for GMHC. With home foreclosures remaining at historic highs, the need has never been greater to reduce the number of vacant properties and stabilize metropolitan area neighborhoods. GMHC remains in the forefront of this effort by applying its resources to provide families with the opportunity to own their own home and contribute to improving the well-being of their communities.

Since 1971, GMHC has constructed or renovated and sold 1,521 homes with a total development cost of \$163 million.

### In 2010:

- **GMHC had 235 single family homes in process at a development cost of \$25,033,000.**
- **47 homes were completed and sold, of which 45% were sold to persons of color, 89% were first-time home buyers and 80% of the buyers had incomes below 80% of median income.**
- **31 homes were completed through GMHC's Construction Management Services.**
- **At the beginning of 2011, 122 homes were in some phase of construction or development.**





## SHOP HOME MORTGAGE™ (SUSTAINABLE HOME OWNERSHIP PROGRAM)

In a partnership between the Greater Metropolitan Housing Corporation and Dayton's Bluff Neighborhoods Housing Services (DBNHS), the SHOP™ program was created in 2008 to provide a sustainable home ownership program by offering 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. This mission has never been more critical, and the need for the services provided by SHOP™ continues to grow.

The SHOP™ Contract for Deed program is a successful initiative designed as a financial resource to sell homes in distressed areas and to provide remedial assistance to residents facing the currently restrictive credit market. To meet the needs of buyers for available properties and expand home ownership opportunities, GMHC/DBNHS developed the *Bridge to Success* Contract for Deed program which offers an innovative and flexible credit facility that prudently and affordably offers credit to disadvantaged borrowers and communities. The program allows them to purchase now, and offers them support to be able to bridge over to a standard mortgage product within a few years. Local counseling and home buyer education agencies work in partnership to support the homeowner.

SHOP™ has also established networks with community non-profit agencies, faith-based organizations, and financial institutions to reach families in need or that desire to become homeowners. The program also conducts seminars and workshops to assist families in preparation for homeownership and provides consultation services aimed at early intervention to deal with potential foreclosures. In total, SHOP™ provided more than 900 homeowner and potential homeowner consultations in 2010, an increase of 18% over 2009.

Since opening in February of 2008, SHOP™ has provided 3,477 services including 111 workshops, seminars and community events; 763 program development and partnership meetings; 2,029 consultations; and received 500 loan applications, closing 74 loans for a total of \$9,715,992 in loans.



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

### In 2010:

- **31 workshops, seminars and community events were conducted.**
- **483 program development and partnership meetings were held.**
- **917 clients received consultations.**
- **258 loan applications were received with 42 loan closings – 11 of which were contract-for-deed sales.**



## PREDEVELOPMENT REVOLVING LOAN FUND

GMHC's Predevelopment Revolving Loan Fund, created in 1970, was one of GMHC's first programs. Since its inception, GMHC has provided loan commitments of nearly \$64 million for the development of over 23,000 units of affordable housing. The total investment in affordable housing in the Twin Cities metropolitan area supported by GMHC's Predevelopment Revolving Loan Fund has totaled more than \$1.8 billion.

Through its Predevelopment Revolving Loan Fund, GMHC provides high risk predevelopment (seed) loans and technical assistance to organizations, enabling them to develop quality affordable housing. Under this program, a wide variety of housing is funded including multifamily rental properties, transitional housing, co-op housing and housing projects for special needs individuals – the physically and mentally disabled, persons with AIDS, chemical dependencies and the elderly.



Riverside Plaza, Minneapolis – Riverside Plaza Partnership. GMHC provided a \$2 million loan to the project.

GMHC's predevelopment loans fund the early expenses of affordable housing developments such as land costs, surveys, environmental and soil

testing, architectural fees, consulting expenses and bridge loans. During 2010, GMHC approved new loan commitments for nearly 1,400 housing units, a six-fold increase over 2009.

In the last five years, 2,549 units at a development cost of \$314 million went under construction or renovation. GMHC provided \$16 million in loans for these units.

### In 2010:

- **398 units of affordable housing for low and moderate income persons went under construction or renovation, with a total development cost of \$86.5 million. GMHC provided \$2.4 million in front-end loans.**
- **GMHC approved *new* loan commitments of \$2,038,000 for the development of 1,393 units.**
- **2,919 units are in some phase of development with GMHC loan commitments of \$9.6 million, with a development cost of \$377.9 million.**



Frogtown Square at University & Dale, St. Paul – Developers Aurora St. Anthony, Greater Frogtown CDC, Model Cities & Neighborhood Dev. Corp. GMHC provided a \$650,000 loan to the project.



## STATEMENT OF FINANCIAL POSITION

### STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2010 AND 2009

ASSETS		
	2010	2009
CASH AND CASH EQUIVALENTS	\$ 1,972,806	\$ 2,608,171
Restricted Cash	7,621,604	8,814,485
Receivables:		
Notes, Net	8,892,854	8,041,109
Program Receivables	2,655,080	3,166,889
Contracts for Deed	2,300,348	1,983,323
Interest Receivable	1,164,525	1,121,043
Pledges	54,500	274,870
Reimbursable Project Development Costs	9,267,826	10,342,899
Subtotal	<u>33,929,543</u>	<u>36,352,789</u>
PROPERTY AND EQUIPMENT:		
Office Equipment	422,163	370,568
Transportation	31,347	31,347
Total Property and Equipment	<u>453,510</u>	<u>401,915</u>
Less Accumulated Depreciation	<u>388,866</u>	<u>355,432</u>
Property and Equipment, Net	<u>64,644</u>	<u>46,483</u>
TOTAL ASSETS	<u>\$ 33,994,187</u>	<u>\$ 36,399,272</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Line of Credit - Bank	\$ 1,380,241	\$ 6,175,118
Accounts Payable and Accrued Expenses	384,322	483,400
Project Development Advances	3,349,656	3,228,844
Notes Payable	<u>25,952,717</u>	<u>23,624,061</u>
Total Liabilities	<u>31,066,936</u>	<u>33,511,423</u>
NET ASSETS:		
Unrestricted Net Assets:		
Undesignated	2,766,809	2,491,340
Board Designated - Property and Equipment	64,644	46,483
Total Unrestricted Net Assets	<u>2,831,453</u>	<u>2,537,823</u>
Temporarily Restricted	<u>95,798</u>	<u>350,026</u>
Total Net Assets	<u>2,927,251</u>	<u>2,887,849</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 33,994,187</u>	<u>\$ 36,399,272</u>



## STATEMENT OF ACTIVITIES

### STATEMENT OF ACTIVITIES YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE:</b>						
Public Support: Foundations and Corporations	\$ 400,151	\$ 165,731	\$ 565,882	\$ 925,901	\$ 452,002	\$ 1,377,903
Revenue:						
Real Estate Sales Proceeds	6,842,491	—	6,842,491	14,202,301	—	14,202,301
Program Grant Revenue	6,362,509	—	6,362,509	9,490,335	—	9,490,335
Project Development Fees	2,247,525	—	2,247,525	1,498,880	—	1,498,880
Interest	527,399	—	527,399	452,701	—	452,701
Total Revenue	15,979,924	—	15,979,924	25,644,217	—	25,644,217
Net Assets Released from Restrictions	419,959	(419,959)	—	376,064	(376,064)	—
Total Support and Revenue	16,800,034	(254,288)	16,545,806	26,946,182	75,938	27,022,120
<b>EXPENSES:</b>						
Program Services	15,910,318	—	15,910,318	27,405,600	—	27,405,600
Supporting Services*	596,086	—	596,086	560,752	—	560,752
Total Expenses	16,506,404	—	16,506,404	27,966,352	—	27,966,352
* Includes 2010 – \$50,159 & 2009 – \$49,957 fundraising						
INCREASE (DECREASE) IN NET ASSETS	293,630	(254,228)	39,402	(1,020,170)	75,938	(944,232)
NET ASSETS at Beginning of Year	2,537,823	350,026	2,887,849	3,557,993	274,088	3,832,081
NET ASSETS at End of Year	\$ 2,831,453	\$ 95,798	\$ 2,927,251	\$ 2,537,823	\$ 350,026	\$ 2,887,849





## OUR SPONSORS

The following organizations, along with many others, 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.

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GMHC home restoration in North Minneapolis

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