



GREATER METROPOLITAN HOUSING CORPORATION

2017 Report to the Community

December 31, 2017

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 2017:

- **304** units of affordable housing for low income persons went under construction or renovation, with a total development cost of **\$44,753,250** creating or retaining **537 jobs**. GMHC provided **\$707,908.07** in high-risk front-end loans to these projects. 24% of the units are in Minneapolis, 232% of the units are in St. Paul, and 45% are 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.
- **1,132 units** are in some phase of development with GMHC loan commitments of **\$3,594,942** with a development cost of **\$261,303,845**.

During the past five years:

- **3,071** units at a development cost of **\$433,102,390** went under construction or renovation creating or retaining **5,197 jobs**. GMHC provided **\$9,612,408** in loans for these units.

To date, GMHC has provided loan commitments of \$73,690,006 for the development of 26,725 units of affordable housing with development costs of over \$2.3 billion.

SINGLE FAMILY HOMEOWNERSHIP PROGRAM

- GMHC builds and 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 2017:

- GMHC sold **38 homes** to owner occupant homebuyers with a development cost of **\$9,500,000** creating or retaining **114 jobs**. An additional 4 homes were completed and pending resale, and 70 properties were in some phase of development such as neighborhood review, plan drawings or out for construction bids, and pre-acquisition. Of the 38 homes completed and sold to owner occupants, 42% were persons of color and 39% were first time homebuyers. 63% of the buyers have low to moderate incomes and other 29% of the buyers have children.

During the past five years:

- GMHC completed and sold **264 homes** with a development cost of **\$65,210,000** creating or retaining **783 jobs**, another 75 in process, for a total of 339 homes, at a development cost of \$84,750,000. 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 1,853 homes to owner occupants with a total development cost of \$242,444,016.

HOUSINGRESOURCE CENTERS™

- In July 1995 GMHC's initiated the HousingResource Center™ (HRC) program with the opening of the first HRC in Northeast Minneapolis. Currently two HRCs' serving residents of Minneapolis/St. Paul and several suburban communities. However due to costs the HRC closed at the end of 2017.
- The HRC program provided 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' provided a comprehensive set of housing services, including individual, high quality, assistance through the purchase, financing, refinancing or construction/renovation process.
- GMHC administered over 60 rehab loans programs most of which are currently active. We were 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 administered Community Development Block Grants (CDBG) deferred loans to repair homes not meeting basic code compliance. GMHC HRCs' also administered, 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.

During 2017:

- The two HousingResource Centers provided **6,131 services including:**
 - **2,927** construction consultations
 - **335** down payment assistance, rehab loans and grants
- Of the 335 loans closed 73% were persons low to moderate income and 23% were persons of color.

Since opening in July of 1995, GMHC's HousingResource Centers™ provided 267,136 services including 100,945 construction consultations and closed 11,036 rehab& home buyer assistance loans totaling over \$59 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.

During 2017:

- 3 Community Events were held.
- 24 Program Development and Partnership meetings have taken place.
- 56 clients have received consultations
- 32 loan applications have been received with **18 loan closings**. Of the loans closed 55% 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 19,051 services including 293 workshops, seminars & community events; 4,021 program development & partnership meetings; 11,939 consultations; and received 2,391 loan applications closing 407 loans for a total of \$50,000,000+ in loans.

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Contact GMHC for 2016 Audit