FAMILY HOUSING FUND

1996 ANNUAL REPORT
SUPPORTING AFFORDABLE HOUSING THROUGH THE FAMILY HOUSING FUND

The Family Housing Fund offers an array of programs for supporting affordable housing in the Twin Cities community. The Fund raises money from the private sector, couples it with public funding, and then uses this pool of funds to provide loan and grant assistance to local nonprofit housing organizations. This role of raising funds and channeling them to qualified organizations throughout the community is often referred to as a “housing intermediary.”

By linking private sector contributions with public sector funds, the Fund leverages considerable resources for affordable housing. The Fund’s investments in affordable housing developments and activities have leveraged approximately $14 in other investments for every one dollar contributed by the Fund. The impact of this leverage is tremendous. Since the Fund began, its housing investments of approximately $70 million have leveraged more than $1 billion in investments from other public and private sources.

“The Fund is probably the most important link in the chain we have here in the Twin Cities,” said Shawn Huckelby, Director of Community Planning and Development for the U.S. Department of Housing and Urban Development. “They are a source of private capital that serves as a bridge to the kinds of public dollars available. As a nonprofit, they are not bound by the very structured rules that are attached to federal dollars...It’s vital money.”

The Fund’s assistance is used to help finance the purchase, development or rehabilitation of affordable housing— both rental housing and single family homes. In some cases, the Fund provides funding to nonprofit housing organizations to enable them to provide special financing or counseling to low income home buyers and owners. The Fund also provides assistance to help increase the capacity and effectiveness of nonprofit organizations in the local affordable housing community. (See page 18 for a complete listing of all organizations that have received support from the Fund to date.)

To help enhance the overall system of affordable housing in the Twin Cities, the Fund supports research, public information and education efforts to provide local decision makers with reliable information on affordable housing issues and concrete solutions to housing needs.

The Fund works with a variety of partners to implement its programs. Nonprofit housing organizations, neighborhood-based groups, local and state government agencies, area businesses and corporations, and private foundations all help in specific ways.
Local nonprofit housing organizations implement a majority of the affordable housing programs and developments that the Fund finances. Since many of these organizations are neighborhood-based, they provide an important link to neighborhood-level concerns and needs throughout the Twin Cities. These organizations are able to draw from their extensive experience in providing affordable housing to help the Fund improve current programs and identify new needs.

State and local government agencies provide support for affordable housing by helping to fund affordable housing developments and programs, and by creating policies that enhance the ability of the affordable housing sector to provide safe, quality housing at an affordable price to low income residents. The Fund works closely with these agencies to help improve housing-related policies and to ensure that the programs and developments the Fund supports also seek appropriate funding from public sector sources.

Area businesses, corporations and private foundations provide support for the Fund in two primary ways: by working together on a joint program or effort, and by providing grants to help support the Fund’s work. An example of a joint activity undertaken by the Fund and private organizations is the Home Ownership Center. This nonprofit organization was formed as a result of meetings involving local private lending institutions, public lenders and the Fund. Together, the group created the concept for a center that would provide training and support to the nonprofit organizations that counsel low income home buyers. For the private lending institutions, this new center has helped to enhance the quality of counseling services being provided to the low income buyers participating in special mortgage lending programs and thus has resulted in better prepared homeowners.

Businesses, corporations and private foundations can also support the affordable housing work of the Fund by providing a grant for the Fund’s work overall, or by targeting their grant funds to a specific area of the Fund’s work. There are five primary areas in which private funders can target their support of the Fund:

- General Operating Support
- Home Ownership Program
- Rental Housing Program
- More than Shelter Program (Housing and Human Services)
- Research and Public Education Program

If a funder has an interest in a particular aspect of any of these five areas of work, the funder can designate its grant funds especially for that specific component of the Fund’s program activity.
SUPPORTING AFFORDABLE HOUSING THROUGH THE FAMILY HOUSING FUND

GENERAL SUPPORT provides funds for:
- Facilitating and coordinating local housing efforts involving diverse public and private organizations;
- Developing and maintaining strong working relationships with community and nonprofit groups, private institutions and government agencies to enhance housing production and programs;
- Operating the Fund’s office.

HOME OWNERSHIP provides funds for:
- Affordable financing — loans and grants to low income families for home purchase;
- Financial counseling and support services, including:
  — Assistance to home owners in danger of losing their homes through foreclosure.
  — Support for public housing tenants to help them purchase their own homes, and
  — Support for nonprofit organizations that provide counseling services to low income home buyers.

RENTAL HOUSING provides funds for:
- Building new affordable rental housing for low income families with children;
- Rehabilitating existing affordable housing that is in deteriorating condition;
- Helping nonprofit housing developers enhance their ownership and management capacities;
- Helping revitalize neighborhoods by removing blight and creating or improving housing options.

MORE THAN SHELTER provides funds for:
- Rental housing for low income single adults and families that provides support services designed to promote economic self-sufficiency;
- Transitional housing for single adults and families providing a short-term residence while personal or financial issues are resolved through appropriate support services;
- Permanent housing for very low income single adults on the verge of homelessness, with support services and counseling on-site.

RESEARCH & EDUCATION provides funds for:
- Public education initiative to inform public and private decision makers about affordable housing issues;
- Action-oriented research projects that explore options for meeting housing needs more effectively.
SUPPORTING AFFORDABLE HOUSING HELPS FAMILIES ACHIEVE THEIR
FINANCIAL, EDUCATIONAL, EMPLOYMENT AND PERSONAL GOALS

Throughout its 17 years of work, the Fund has found that a decent, safe, affordable home provides
a critical foundation for families to achieve stability and security in their lives. The lack of afford-
able housing can often be a significant impediment to individuals and families seeking education,
job training, or counseling services. When quality, affordable housing is provided in conjunction
with appropriate support services, families and individuals have a good chance at making perma-
nent changes that improve their lives.

The financial counseling and support programs the Fund supports in the area
of home ownership provide one example of this important link between hous-
ing, services and families’ successes. Through the Home Ownership Made
Easy (HOME) Program—implemented in partnership with the Minneapolis
and Saint Paul Public Housing Agencies and Thompson Associates—public
housing residents receive financial and home purchase counseling coupled
with financial assistance for home financing. The counseling services are a
vital component of the home purchase process and help prospective buyers
obtain the information and skills to become successful home owners.

Similarly, counseling and support services in the rental housing area help boost
the success of low income residents in attaining their personal and economic
goals. The Fund makes it a priority to encourage the affordable rental housing
developments it funds to incorporate appropriate support services into their
housing development plans. For housing targeted to single individuals on the
verge of homelessness, support services may include chemical dependency
counseling, counseling for victims of domestic abuse, or job search or training
assistance. For housing designed for families, support services may also
include child care to enable the head of household to participate in education-
al or employment training programs.

SUPPORTING AFFORDABLE HOUSING HELPS MEET LOCAL COMMUNITY AND
ECONOMIC DEVELOPMENT NEEDS

In older Twin Cities communities suffering from blighted, deteriorated buildings, the development
of affordable housing can serve as a critical component of an overall neighborhood development
plan. A newly completed housing facility not only provides much needed affordable housing, but
also helps to revitalize a neighborhood by removing blight and adding an attractive, high quality
building to the community that will be an asset for many years to come.

Many Twin Cities communities are also finding that affordable housing is an important part of their
long-term economic development strategies. With the tremendous growth in job opportunities in
many local communities, affordable housing has become a valuable asset by offering quality, low-
cost housing conveniently located near newly created low and moderate wage jobs. Thus, afford-
able housing is one option for helping a community provide local employers with access to a low
and moderate wage workforce.
NEED FOR AFFORDABLE HOUSING IN THE TWIN CITIES

DRAMATIC INCREASE IN THE NEED FOR AFFORDABLE HOUSING FROM THE 1970S TO THE 1990S

Over the last two decades, the need for affordable housing in the Twin Cities metropolitan area has grown dramatically. For example, from 1974 to 1993 (the most recent year for which comprehensive housing data is available), the shortage of affordable rental housing almost doubled. In 1974, approximately 20,000 new units of affordable housing were needed to accommodate very low income households. By 1993, this shortage had grown to 37,700 units.

An important part of the explanation for this trend is that the income of renter households has fallen significantly during the past twenty years while the cost of rental housing has continued to rise. From 1974 to 1993, the median cost of a rental housing unit rose by 8 percent, while the median income of renter households declined by 13% when adjusted for inflation.

APPROXIMATELY 185,000 HOUSEHOLDS CURRENTLY IN NEED

In 1993 in the Twin Cities metropolitan area, there were approximately 185,000 households with incomes below $30,000 a year that were living in housing they could not afford. This means that they paid more than 30 percent of their monthly income for housing, leaving very limited funds for other household needs such as food, clothing, child care and transportation. Of these households, 97,800 were renters and 87,200 were home owners.

THE NUMBER OF POOR HOUSEHOLDS IN THE METRO AREA CONTINUES TO GROW AT A FASTER PACE THAN THE OVERALL POPULATION.

THE COST OF RENTING COMPARED TO RENTER INCOME 1974-1993

Since 1974, incomes of Twin Cities renter households have declined by

-9
-6
-3
0
3
6
9
12
15
INCOMES

RENTS

-8%
-3%
13%

8 percent while rents have increased by 13%, when adjusted for inflation.

RENTAL HOUSING SHORTAGE IN THE MINNEAPOLIS/ST. PAUL AREA 1974-1993

Note: Low Rent Unit = $250 per month or less, in 1989 constant dollars.
Low Income Renter = $10,000 per year or less, in 1989 constant dollars.
CURRENT SHORTAGE OF AFFORDABLE HOUSING

These numbers reflect only those Twin Citians who are fortunate enough to have some type of housing, even if it costs more than they can afford or is in physically deficient condition. There are several thousand Twin Citians who are without any homes at all. Families and individuals in this situation must live with friends and family members, in emergency and transitional housing, other temporary shelters, or even on the streets to survive.

The number of poor households in the metro area continues to grow at a faster pace than the overall population. From 1989 to 1993, the number of poor households in the Twin Cities increased from 69,100 to 74,600—an 8 percent increase. Meanwhile, the overall population of the Twin Cities metropolitan area grew by six percent. In addition, anecdotal evidence from the last several years strongly suggests that the affordable housing situation locally is worsening. Organizations in the affordable housing community have reported a sudden drop in rental housing vacancy rates and have noted sharp increases in rents recently. These factors seem to indicate that affordable housing is now in more demand and is costing significantly more than in the recent past. With new efforts at welfare reform underway, it is predicted that poor households in the Twin Cities will encounter more even obstacles in their efforts to obtain decent, safe affordable housing.

POOR QUALITY OF HOUSING FOR THE LOWEST INCOME HOUSEHOLDS

An affordable unit of housing does not always guarantee a decent, safe unit of housing. Older rental buildings frequently have significant maintenance needs. If a building's owner does not have the funds to keep the housing in good condition, tenants must suffer the consequences or move. Poor households in the metro area are more than three times as likely as non-poor households to live in physically deficient housing. Almost 8 percent of poor households live in substandard housing while only 2.5 percent of non-poor households live in such circumstances. Problems encountered by these households include holes in floors, open cracks in interior walls, and broken plaster. In more extreme cases, exposed electrical wiring, failing heating systems, and lack of hot water may be experienced. Further, many families with low and moderate incomes often must live far from employment opportunities, making it difficult if not impossible for them to reach potential new jobs, and frequently they must live in overcrowded conditions.
MOST SEVERE IMPACT FELT BY COMMUNITIES OF COLOR AND SINGLE PARENT HOUSEHOLDS

The need for affordable housing is felt by households of all racial and ethnic backgrounds in the Twin Cities. However, people of color and single parent households are more likely than other households to be impacted by the problem because they are more likely to be poor. For example, while 8 percent of all households in the Twin Cities are poor, 32 percent of African American households are poor, and 43 percent of single parent households are poor.

Even among poor households, people of color are more drastically impacted by affordable housing problems. For example, poor African American households are more than twice as likely as poor white households to be living in physically deficient or deteriorated housing. In 1993, some 19 percent of poor African American households lived in substandard housing compared with 9 percent of poor white households.

SUBURBAN COMMUNITIES PREDICTED TO HAVE A SIGNIFICANT INCREASE IN NEED

There are currently 90,000 suburban households with incomes below $30,000 per year that are living in housing they can not afford. Over the next 15 years, the Metropolitan Council predicts that approximately 90,000 new jobs will be created in the suburbs that pay less than $22,000 per year (or $10.50 per hour). To provide suburban affordable housing options for these new workers, it is estimated that 67,000 affordable units of housing will be needed in suburban communities. When added to the 90,000 households that are already in need, the suburban metro area faces significant increases in demand for affordable housing in the coming years.
IMPACT ON INDIVIDUAL HOUSEHOLDS

Families headed by a single parent often live in a state of economic crisis that severely undermines the stability of the family. Extreme poverty forces the parent into a perpetual preoccupation with economic survival issues, making it very difficult to improve family life through education or job training. Too often, children are reared in severely substandard, overcrowded, and unsafe housing, sometimes interspersed with periods of homelessness. These circumstances can have a devastating impact on a child’s development.

A family of four living on a typical service sector income of about $15,000 per year must cope with constant economic strain. With the cost of decent housing (3 bedrooms) consuming nearly half of the family’s monthly income, these families are faced with the choice of paying less and living in substandard, overcrowded housing, or paying more for adequate housing and doing without other necessities. Most families are forced to live paycheck to paycheck, with no hope of saving enough to meet emergencies or buy a home of their own.

The reality for single individuals who are unemployed is fraught with severe economic crisis and chronic homelessness. Those who do secure housing usually exist in severely substandard, overcrowded, and dangerous conditions.

Note: The figures in these two charts reflect public assistance levels just prior to welfare reform measures that were taking effect as this report was being prepared. Unless otherwise noted, the data in this section comes from the 1993 American Housing Survey, conducted by the U.S. Census Bureau. Analysis of this data was done for the Fund by the Center for Urban and Regional Affairs.
THE FAMILY HOUSING FUND: WHO WE ARE AND HOW WE WORK

HISTORY OF THE FUND

The Family Housing Fund is a nonprofit organization created in 1980 by the Cities of Minneapolis and Saint Paul in partnership with The McKnight Foundation. The Fund was established originally to provide a vehicle for the two central cities to address affordable housing issues and needs jointly. The Fund works closely with city governments, neighborhood groups, private institutions and nonprofit organizations to accomplish its work. These strong and ongoing partnerships provide the foundation for the Fund’s achievements.

Since 1980, the roles that the Fund plays in this community have grown to help address new and emerging housing needs in the most effective manner possible. Originally, the Fund’s main role was to provide financing for affordable housing—both single family homes and rental housing. In the mid 1980s, as the problem of homelessness reached the forefront of public concern, the Fund joined forces with Hennepin and Ramsey Counties and the Cities of Minneapolis and Saint Paul to provide financial assistance for housing developments with support services designed to serve people vulnerable to homelessness.

During the late 1980s and into the 1990s, the Fund has gradually added an important role to its functions to serve as a facilitator and coordinator of collaborative housing solutions when many, diverse public and private partners are involved in addressing a problem together. Today, the Fund is adding yet another important dimension to its work in the community by playing a lead role in informing key public and private decision makers about affordable housing issues and needs.

THE FUND EXPANDS ITS MISSION TO SERVE THE METROPOLITAN REGION

Since 1980, the Fund has gradually expanded from serving the two cities of Minneapolis and Saint Paul to serving the seven county metropolitan area. In 1996, the Fund officially expanded its mission to become a supporting organization not only of the Cities of Minneapolis and Saint Paul, as it has been since its establishment, but also of the Metropolitan Council and the Minnesota Housing Finance Agency. The Fund made this change to be more effective in responding to
affordable housing needs on a metropolitan-wide basis. As part of this expansion, the Fund has added new members to its Board of Directors to include representatives of suburban communities.

Through its programs, the Fund strives to help bridge the gap between the housing that low income people need and the housing they can afford. In its five-year strategic plan for 1995 - 1999, the Fund identified its priorities as follows:

- Emphasize help for low income families with children;
- Provide resources for new affordable rental housing development;
- Support the preservation of existing affordable rental housing units and the redevelopment of deteriorated neighborhoods;
- Continue to provide financing and support services to make home ownership achievable and sustainable for low and moderate income families;
- Assist programs and projects that involve communities of color in planning and design and that meet the affordable housing needs of communities of color;
- Encourage housing designs that are innovative and energy efficient;
- Develop new sources of funding and support for affordable housing.

THE FUND'S HOME OWNERSHIP PROGRAM

Affordable Financing: Provide loans and grants to qualified low income home buyers through the Fund’s Home Ownership Loan & Grant Program to assist buyers in purchasing their own homes.

Counseling & Support Services: Provide funding for financial and home ownership counseling and support services to assist low income households in purchasing and maintaining a home.

Support for Other Home Ownership Activities: Provide specially-tailored support to assist other housing organizations in meeting home ownership needs. Assistance has been provided for activities such as vacant home recycling and new home construction in the central cities.

THE FUND'S RENTAL HOUSING PROGRAM

Development of New Rental Housing: Provide financing for new rental housing developments that add affordable housing units to the Twin Cities area supply of housing.

Preservation of Existing Affordable Housing: Provide financing to preserve the existing supply of affordable rental housing to ensure that the current supply of housing does not decrease.
Capacity-Building Support for Nonprofit Housing Developers: Support management, efficiency and skill enhancement activities to help improve the ability of nonprofit developers to acquire, construct, rehabilitate, own and operate affordable rental housing.

THE FUND'S MORE THAN SHELTER PROGRAM

Support for Developments that Combine Housing and Human Services: Provide financial assistance to nonprofit housing developers or human service providers for housing that is connected to support services specially tailored to residents' needs.

THE FUND'S RESEARCH AND PUBLIC INFORMATION PROGRAM

Action-Oriented Research that Helps Improve Affordable Housing Industry: Support research and public information activities to educate the public and policy makers about affordable housing issues and to devise action-oriented plans for improving the affordable housing system.

THE FUND'S IMPACT ON THE COMMUNITY 1980 - 1996

- Over $1 billion leveraged for affordable housing locally;
- Over 16,000 units of affordable housing financed;
- Collaboration fostered among local, state and federal government agencies to help share resources and expertise;
- Assistance provided to help create other organizations that enhance the provision of affordable housing in the Twin Cities;
- Support provided to enhance the skills of the nonprofit housing development community through organizational planning and development activities;
- Public/private partnerships facilitated to help address affordable housing needs more effectively;
- Research and analysis supported to help improve housing policies and programs.
THE FUND’S 1996 ACCOMPLISHMENTS

PUBLIC EDUCATION INITIATIVE LAUNCHED IN 1996

In 1996, the Fund developed a major new initiative to provide information on a variety of issues related to affordable housing in the Twin Cities metropolitan area. The Public Education Initiative was established in response to the need to broaden the base of support for affordable housing development and programs in the Twin Cities community. As the Fund expanded its own mission and geographic service area, it became apparent that a targeted public education effort would be critical to the success of both the Fund and its public and private sector partners in accomplishing the metropolitan-wide affordable housing agenda that has developed locally over the last several years.

The Public Education Initiative is targeted to reach groups that have particular influence over the development of affordable housing, including business and corporate leaders, private funders, elected officials, suburban residents, and neighborhood leaders. The initiative seeks to connect community leaders with quality, public education materials and provide them with concrete options for supporting affordable housing.

Activities launched by the Public Education Initiative in 1996 include:

- **Fact Sheets on Affordable Housing Issues & Inventory of Public Education Resource Materials** to help enhance understanding of affordable housing needs and solutions.

- **Business Education Project**, to provide educational materials and promote discussion on the links between business concerns and affordable housing.

- **Funder Education Project**, to provide educational materials and promote discussion about ways that philanthropic organizations can contribute to affordable housing programs.

- **Suburban/Neighborhoods Education Project**, to educate suburban residents and elected officials about the need for affordable housing throughout the metropolitan area.

- **Documentary Film Project & Discussion Forum**, a one-hour public television program on community development corporations nationally entitled “Block by Block” accompanied by a local documentary and discussion forum on affordable housing in the Twin Cities area.

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THE EDUCATION INITIATIVE SEEKS TO PROVIDE COMMUNITY LEADERS WITH BOTH EDUCATIONAL MATERIALS AND CONCRETE OPTIONS FOR SUPPORTING AFFORDABLE HOUSING.

OBJECTIVES OF THE PUBLIC EDUCATION INITIATIVE

- Encourage the production and preservation of quality, affordable housing throughout the entire metropolitan area;

- Influence policies and programs to create a more hospitable environment for affordable housing development;

- Increase the amount of public and private support available for affordable housing.
NEW INITIATIVE TO ADDRESS RACE AND AFFORDABLE HOUSING

In recent years, the Fund has focused some of its support on initiatives that address issues of race and affordable housing. Evidence documenting the need for a special focus on these issues can be found both in statistical data on the quality and affordability of housing to various income and racial groups and in stories about the situations encountered by people of color in seeking decent, safe, affordable housing. During 1996, the Fund’s Board of Directors approved a Diversity Statement and Plan to help formalize and focus the Fund’s efforts in this area.

As part of the implementation of the diversity plan in 1996, the Fund helped to support the Urban Coalition’s 50/30 Plan, which is aimed at increasing the percentage of home owners among African Americans, American Indians, Asians, and Chicanos/Latinos in Minnesota. The Fund also provided assistance to the Asian Mutual Assistance Association, a coalition of organizations serving Southeast Asian families living in public housing projects in North Minneapolis. These public housing buildings are being demolished as part of the settlement of a discrimination lawsuit against the Department of Housing and Urban Development under which new units of affordable housing will be provided throughout the metropolitan area to replace the units in the old public housing buildings. The Fund’s assistance helped the Association play an active role in planning for the resettlement of the buildings’ residents. Further, the Fund is supporting the Association’s efforts to develop plans for housing to serve the Southeast Asian community. Also in 1996, the Fund held meetings with four emerging nonprofit organizations based in the African American community to explore possible roles for the Fund to support their work.

ACCOMPLISHMENTS IN HOME OWNERSHIP PROGRAMS

AFFORDABLE FINANCING

In 1996, the Fund continued to provide financial assistance to low income home buyers through its Home Ownership Loan & Grant Program. Assistance was provided in the form of special loans and grants to borrowers participating in city-sponsored mortgage loan programs. Since 1980, the Fund has spent a total of $18,609,363 to help 2,338 low income families become home owners.

The Fund has also assisted 663 borrowers participating in the Minnesota Housing Finance Agency’s Entry Cost Home Ownership Program by contributing $278,379 to the total amount of their loans. Finally, the Fund has provided $298,657 of buyer assistance to 161 borrowers participating in special lending programs sponsored by private lending institutions.

FINANCIAL COUNSELING & SUPPORT SERVICES

The Fund continued to support the Home Ownership Made Easy (HOME) Program, which provides borrower counseling and affordable financing to help public housing residents purchase homes. As of December 31, 1996, 180 families had become home owners through the HOME program in its seven-year existence.

The Fund has continued to support the Mortgage Foreclosure Prevention Program (MFPP), which it helped to establish in 1991. The program provides information, referral, counseling and support services to home owners in danger of losing their homes through foreclosure. The Fund serves as
program administrator, while three agencies provide program services: Northside Residents Redevelopment Council, Twin Cities Habitat for Humanity, and the Saint Paul Housing Information Office. Since 1991, the program has served 3,654 households, with 1,574 receiving intensive counseling and, in some cases, emergency financial assistance, and 2,080 receiving information and referral only. Of the households receiving intensive counseling and/or emergency financial assistance, a total of 813 foreclosures have been prevented.

**SUPPORT FOR OTHER HOME OWNERSHIP ACTIVITIES**

The Fund provided support in 1996 for several home ownership activities initiated by other organizations. For example, the support provided to the Urban Coalition for its 50/30 Plan — mentioned previously as part of the Fund’s efforts to address issues of race and diversity — is an important home ownership initiative supported by the Fund. The Fund also provided funding to Northside Neighborhood Housing Services (NNHS) for a vacant home rehabilitation program which resulted in the purchase and rehabilitation of 33 homes in the northside neighborhood.

The Fund helped to support the HOMS Initiative which is working to increase home ownership in four south Minneapolis neighborhoods. Ten homes were constructed or rehabilitated as a result of the Fund’s support. The Fund also provided support for the Home Ownership Center, which provides training and support for nonprofit organizations that counsel prospective home buyers. Finally, the Fund help to fund the Saint Paul HOMEWARD Program, an effort of the Saint Paul Public Housing Agency to create home ownership opportunities for low-income families living in public housing.

**ACCOMPLISHMENTS IN RENTAL HOUSING PROGRAMS**

**NEW RENTAL HOUSING**

The Fund continued to help metropolitan area cities and nonprofit developers to produce affordable rental housing for lower income families, most of whom were employed, but earning relatively low wages. Since 1980, the Fund has spent a total of $23,040,505 to help develop 120 new family rental projects containing a total of 2,914 units.

At the Fund’s request, the MHFA and the Metropolitan Council established a task force known as the Metropolitan Housing Interagency Group (MHIG). Chaired by MHFA Commissioner Kit Hadley, the MHIG met regularly throughout 1996 and helped to streamline the funding process for rental housing developments by establishing a joint funding system including the resources of the MHFA, Met Council, the Fund and the Minneapolis Public Housing Agency. The MHIG has provided funding to 13 suburban housing developments to date, resulting in a total of 465 new housing units. The MHIG has also been instrumental in producing commitments for 41 public housing units and in implementing the resettlement of north Minneapolis public housing residents as a result of the lawsuit against HUD.
PRESERVATION OF EXISTING AFFORDABLE HOUSING

The Fund continued to help the cities and nonprofit developers preserve the livability and affordability of existing low income housing projects. In 1996, the Fund provided a total of $527,941 of assistance to 7 projects containing a total of 400 units. All seven projects had been previously assisted by the Fund. Since 1980, the Fund has spent a total of $6,092,669 to preserve multi-family housing projects. Of that amount, $3,137,926 has been used to preserve 26 new projects not previously assisted by the Fund. The 26 projects contained 1,733 units of affordable multi-family housing.

In 1996, the Fund continued to work with the Inter-Agency Stabilization Group (ISG) to review stabilization needs of all low income housing projects for families in Minneapolis and Saint Paul. The task force has approved specific stabilization plans for 72 projects containing a total of 3,816 units. As part of the stabilization effort, the Fund established a $200,000 flexible stabilization pool of funding available to projects involved in the stabilization process. The funds are used for emergency situations and to cover legitimate stabilization needs in excess of the amount approved for a specific project. A total of $132,277 in assistance has been provided through this pool to date.

CAPACITY-BUILDING SUPPORT FOR NONPROFIT DEVELOPERS

During 1996, the Fund administered a Rental Asset Management Support Program to provide assistance to nonprofit housing developers in covering asset management deficits for the year. In 1996, the program provided support totaling $242,000 to six different community development organizations in Minneapolis.

The Fund also worked in partnership with the Local Initiatives Support Corporation (LISC), the Minnesota Housing Finance Agency (MHFA) and the Multi-Housing Association to provide asset and property management training to nonprofit developers. Five classes were held in 1996.

Other organizations or initiatives funded by the Fund in 1996 for capacity-building purposes include: Whittier Housing Corporation, South Saint Paul Residential Property Owners, and the Phillips Place Initiative.

ACCOMPLISHMENTS IN THE MORE THAN SHELTER PROGRAM: COMBINING HOUSING AND HUMAN SERVICES

The Fund continued to help the cities and the counties meet the needs of special populations vulnerable to homelessness through the More Than Shelter Program. In 1996, the Fund provided a total of $1,649,801 to 17 projects. These projects resulted in 135 new units of housing and rental subsidies for an additional 337 families. Since 1980, the Fund has spent $14,391,128 to assist 82 More Than Shelter projects, resulting in 2,182 new supportive housing units and 337 rental housing subsidies.

ACCOMPLISHMENTS IN THE RESEARCH AND PUBLIC EDUCATION PROGRAM

During 1996, the Fund continued to support research and analysis efforts that help measure the effectiveness of Twin Cities housing approaches, explore new options for meeting housing needs more effectively, and educate the public and policy makers on critical issues affecting the afford-
able housing community. The Public Education Initiative, mentioned earlier, was a major new addition to the Fund’s work in this program area in 1996.

The Fund, in partnership with the Fannie Mae Foundation, also initiated a study to evaluate programs currently available to home owners for purchase and rehabilitation of older homes or refinancing and rehabilitation of such homes. Work on this study and the implementation of the study’s recommendations will continue in 1997. Also in the area of home ownership, the Fund administered and provided support for the Mortgage Foreclosure Prevention Collaborative, which is studying and refining methods for improving the system of mortgage foreclosure prevention by providing counseling and emergency assistance. The Fund continued its support for data collection and analysis on participants in its Home Ownership Loan and Grant Program, to help monitor the effectiveness of the program in reaching targeted groups of people in need.

The Fund continued its work in the area of rental housing, implementing a variety of research and public information initiatives designed to help improve the current system of financing, owning and operating affordable rental housing. The Fund also continued to support the maintenance of a database on the operating costs of low income rental housing. This database has been valuable to developers and owners of affordable housing developments to enable them to plan more effectively for their housing projects.

In 1996, the Fund also helped to support a conference on homeless youth sponsored by the Wilder Foundation.

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**THE FUND’S SUPPORT FOR OTHER HOUSING EFFORTS**

The Fund provides targeted assistance to housing-related programs and activities of other organizations to help improve the efficiency and effectiveness of the overall affordable housing development system. In the past, the Fund has provided significant support to help establish new organizations in the Twin Cities that bring additional resources and expertise to the local affordable housing system. For example, the Fund provided support to help establish an office in Saint Paul of the Local Initiatives Support Corporation (LISC), a national organization with offices around the country that provides support to community development corporations. Many of these community development corporations are the key developers of affordable housing locally. More recently, the Fund provided assistance to help establish a Twin Cities office of the Corporation for Supportive Housing (CSH). CSH is a national nonprofit that supports the development of housing linked with supportive services. Both of these organizations have brought significant new resources to the Twin Cities affordable housing community since they were established locally. The Fund has also played an important role in helping to support the Metropolitan Interfaith Council for Affordable Housing (MICAH), which mobilizes the religious community to support affordable housing.

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**SINCE 1980, THE FUND HAS SPENT $14.4 MILLION TO ASSIST 82 MORE THAN SHELTER PROJECTS, RESULTING IN 2,182 NEW SUPPORTIVE HOUSING UNITS AND 337 RENTAL HOUSING SUBSIDIES.**

During 1996, the Fund provided critical support to the following organizations or activities:

- Cooperative Training Program (Meridian Training Network)
- Corporation for Supportive Housing (CSH)
- Home Ownership Center
- Interagency Stabilization Group (ISG)
- Metropolitan Housing Implementation Group (MHIG)
- Metropolitan Interfaith Council for Affordable Housing (MICAH)
- Minneapolis/Hennepin County Implementation Committee for Homelessness
- Saint Paul Local Initiatives Support Corporation (LISC)
- Saint Paul Ramsey Homeless Task Force
- Twin Cities Housing Development Corporation (TCHDC)
ORGANIZATIONS
THAT HAVE RECEIVED
SUPPORT FROM THE
FAMILY HOUSING FUND
1980-1996

Artspace, Inc.
Ascension Place
Asian Mutual Assistance Association
Catholic Charities
Central Community Housing Trust
(CCHT)
Central Neighborhood Improvement
Association (CNIA)
Church of St. Stephen
CommonBond Communities
Common Space
Community Action for Suburban
Hennepin
Community Involvement Programs
Cooperative Training Program
(Meridian Training Network)
Corporation for Supportive Housing
(CSH)
Development Corporation for
Children
East Side Neighborhood
Development Corporation
(ESNDC)
Eden Programs
Farview Development Corporation
Freeport West
Greater Minneapolis Metropolitan
Housing Corporation (GMMHC)
Guild, Inc.
Home Ownership Center
Incarnation House
Lake Nokomis Homes, Inc.
Lexington-Hamline Community
Council
Local Initiatives Support
Corporation (LISC)
Luther Place Corporation
Lutheran Social Services
Metropolitan Interfaith Council on
Affordable Housing (MICAH)
Minneapolis YMCA
Minnesota AIDS Project
Minnesota Indian Women’s
Resource Center
Minnesota Student Cooperative
Mother Cabrini House
Neighborhood Development
Alliance
Neighborhood Improvement
Company
Northside Neighborhood Housing
Services
Northside Residents
Redevelopment Council (NRRC)
Perspectives East
Phillips Neighborhood Housing Trust
Phillips Neighborhood
Improvement Association
Phillips Place Initiative
Phoenix Group, Inc.
Powderhorn Community Council
Powderhorn Residents Group
Project for Pride in Living (PPL)
Saint Anthony Block Club
Saint Paul Housing Information Office
Saint Paul YWCA
Salvation Army
Selby Area Community
Development Corporation
Seward Redesign
South Saint Paul Residential
Property Owners
St. Joseph’s House
Sustainable Resource Center
The Shelter at Our Savior’s
Theresa Living Center
Twin Cities Habitat for Humanity
Twin Cities Housing Development
Corporation (TCHDC)
Urban Coalition
Vail Place
Varied First Avenue Cooperative
West Bank CDC
West Seventh Street Federation
West Side Neighborhood Housing
Services
Whittier Alliance/Whittier Housing
Corporation
Wilder Foundation
Women’s Community Housing, Inc.
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Energy Consortium

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Minneapolis City Council

Elwyn Tinklenberg
Goff & Howard

Beverly Turner
Insurance Federation of Minnesota

Sandra L. Vargas
Minnesota Department of
Transportation

"THE STORY OF
THE FUND IS ABOUT
A SUCCESSFUL
COLLABORATION OF
PUBLIC, PRIVATE AND
NONPROFIT SECTORS
IN CONSISTENT,
WELL-INFORMED
SUPPORT OF AFFORD-
ABLE HOUSING NEEDS."

—A. William Sands, Chairman,
Family Housing Fund
# Family Housing Fund
## 1996 Budget

### Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td></td>
</tr>
<tr>
<td>Staff salaries/benefits</td>
<td>$268,446</td>
</tr>
<tr>
<td>Professional service</td>
<td>$188,281</td>
</tr>
<tr>
<td>(legal, loan servicing &amp; other)</td>
<td></td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$109,438</td>
</tr>
<tr>
<td>Annual Report/Communications</td>
<td>$1,892</td>
</tr>
<tr>
<td>Contingency</td>
<td>$3,174</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>$571,231</td>
</tr>
<tr>
<td>Research &amp; Public Information</td>
<td>$433,336</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$6,031,385</td>
</tr>
</tbody>
</table>

### Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Contributions</td>
<td>$3,730,000</td>
</tr>
<tr>
<td>Corporations</td>
<td>$511,000</td>
</tr>
<tr>
<td>Government</td>
<td>$621,079</td>
</tr>
<tr>
<td>Loan Repayments</td>
<td>$478,367</td>
</tr>
<tr>
<td>Earned Income</td>
<td>$249,462</td>
</tr>
<tr>
<td>Other Income</td>
<td>$327,184</td>
</tr>
<tr>
<td>Carry Over</td>
<td>$114,293</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$6,031,385</td>
</tr>
</tbody>
</table>

### Program Activity

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Ownership Program</td>
<td>$1,895,785</td>
</tr>
<tr>
<td>Rental Housing Program</td>
<td>$1,431,232</td>
</tr>
<tr>
<td>More Than Shelter Program</td>
<td>$1,699,801</td>
</tr>
<tr>
<td><strong>TOTAL PROGRAM ACTIVITY</strong></td>
<td>$5,026,818</td>
</tr>
</tbody>
</table>

---

These numbers are unaudited figures from the Fund's fiscal year ending December 31, 1996 and are compiled on a cash accounting basis.
FAMILY HOUSING FUND CONTRIBUTORS

The Family Housing Fund has received grants and contributions from the following organizations since it was established:

Hugh J. Anderson Foundation
Anonymous
F.R. Bigelow Foundation
Otto Bremer Foundation
The Cargill Foundation
The Croixwood Trust
Dain Bosworth, Inc.
Faegre & Benson
Fannie Mae Foundation
First Bank System Foundation
Firstar Bank of Minnesota, N.A.
H.B. Fuller Company Foundation
General Mills Foundation
Honeywell Foundation
Emma B. Howe Memorial Foundation
Lutheran Brotherhood
The McKnight Foundation
The MAHADH Foundation
The Mardag Foundation
The Carl & Eloise Pohlad Family Foundation on behalf of Marquette Banks

Miller & Schroeder Financial, Inc.
The Minneapolis Foundation
Minnegasco
Northern States Power Company
Northwest Area Foundation
Northwestern National Life Insurance Company
Norwest Foundation on behalf of Norwest Bank Minnesota,
Norwest Investment Management & Trust and Norwest Capital Advisers
Piper Jaffray & Hopwood, Inc.
Ramsey Action Program
Residential Funding Corporation
Saint John’s Abbey
The St. Paul Companies
The Saint Paul Foundation
TCF Foundation
Westminster Presbyterian Church

PRIVATE CONTRIBUTORS PROVIDE CRITICAL SUPPORT FOR THE FUND’S HOUSING PROGRAMS, RESEARCH AND PUBLIC EDUCATION EFFORTS AND GENERAL OPERATING COSTS.
CONTRIBUTORS TO COLLABORATIVE PROJECTS THROUGH THE FUND

The Fund periodically serves as the lead organization for public/private initiatives involving a variety of community partners. In this role, the Fund collects contributions from private funders for a particular project and disburses those funds for the specified project. Examples of such initiatives include: Opportunity Housing, a 130-unit single room occupancy (SRO) project in downtown Minneapolis that provides housing and support services for very low income people; and The Glenwood, an 80-unit housing and support service facility in Minneapolis for chronic alcoholics.

Contributors to these collaborative projects through the Fund include:

- Anonymous
- Best & Flanagan
- Brookfield Development Company
- The Bush Foundation
- The Cargill Foundation
- Carlson Real Estate Company
- Carmichael Lynch
- Coopers & Lybrand
- Cowles Media Foundation
- Dain Bosworth, Inc.
- Dayton Hudson Corporation
- Doherty, Rumble & Butler
- Dunbar Development Corporation
- Faegre & Benson
- Federal Home Loan Bank Board
- First Bank System Foundation
- Franklin National Bank
- General Mills Foundation
- Great Lakes Management Company
- Mr. & Mrs. John S. Holten
- Honeywell Foundation
- David Hyslop
- KPMG Peat Marwick
- Le Jeune Investment, Inc.
- Loop Parking
- Lutheran Brotherhood
- Marquette Bank Minneapolis
- Minnegasco
- Minnesota Orchestral Association
- Minnesota Professional Basketball Limited Partnership d.b.a.
- Minnesota Timberwolves
- National Alliance to End Homelessness
- National City Bank
- Northern States Power Company
- Norwes Trust Foundation on behalf of Norwest Bank Minnesota, Norwest Investment Management & Trust and Norwest Capital Advisers
- NWC Ltd. Partnership
- 100 E. 22nd Association
- Oppenheimer Wolff & Donnelly
- Opus Corporation
- Pan-O-Gold Baking Company
- Jay & Rose Phillips Family Foundation
- Piper Jaffray Companies Foundation
- Price Waterhouse L.L.P.
- David M. Sanders
- Short Executives, Inc.
- Tennant Foundation
- Towle Real Estate Company
- TCF Foundation
- Waldorf Paper Corporation
- Archie D. & Bertha H. Walker Foundation
- Whitney Foundation
- David E. Willette
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Pamela J. Zagaria, Vice President
Anita Pierce, Office Manager
Anne Ray, Program Associate
Amarech Wolde-Michael,
Administrative Assistant

LEGAL COUNSEL & CORPORATION SECRETARY

John E. Harris, Faegre & Benson

ANNUAL REPORT PREPARED BY

Lucy Mathews Heegaard

GRAPHIC DESIGN

Janet Leadholm,
Kittelson & Leadholm
Advertising Design

"THE FAMILY HOUSING FUND IS A UNIQUE RESOURCE...WITHOUT THEM, WE'D WORK A LOT HARDER AND GET A LOT LESS DONE."

— Jim Selby, Regional Administrator, Metropolitan Council