



**State of Minnesota
Analysis of Impediments to Fair Housing
Fiscal Year 2001**

**Minnesota Housing Finance Agency
Minnesota Department of Trade and Economic Development
Minnesota Department of Children, Families and Learning**

Table of Contents

| | <u>PAGE</u> |
|---|-------------|
| INTRODUCTION TO THE HUD ANALYSIS OF IMPEDIMENTS REQUIREMENTS TO FAIR HOUSING CHOICE. | 1 |
| INTRODUCTION TO THE MINNESOTA STATEWIDE ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE 2001..... | 2 |
| BRIEF OVERVIEW OF MHFA’S APPROACH TO FAIR HOUSING..... | 3 |
| RACE AND ECONOMIC STATISTICAL BACKGROUND INFORMATION. | 4 |
| SUMMARY OF MHFA STATISTICS ON SERVICE TO UNDERSERVED COMMUNITIES. | 14 |
| PROCESS BACKGROUND INFORMATION..... | 20 |
| FAIR HOUSING ISSUES IN GREATER MINNESOTA..... | 22 |
| I. HOMEOWNERSHIP | 22 |
| IMPEDIMENT A: CREDIT ISSUES..... | 22 |
| IMPEDIMENT B: LACK OF INFORMATION..... | 28 |
| IMPEDIMENT C: LACK OF AFFORDABLE HOUSING. | 32 |
| IMPEDIMENT D: LACK OF HOMEOWNERSHIP-RELATED RESOURCES. | 35 |
| II. PRIVATE RENTAL HOUSING..... | 37 |
| IMPEDIMENT A: LACK OF AFFORDABLE HOUSING EXACERBATES HOUSING DISCRIMINATION..... | 37 |
| IMPEDIMENT B: ENTRY BARRIERS..... | 40 |
| IMPEDIMENT C: SUBSTANDARD HOUSING..... | 42 |
| IMPEDIMENT D: TERMS OF THE LEASE..... | 43 |
| IMPEDIMENT E: LACK OF ADEQUATE OUTREACH TO COMMUNITIES OF COLOR..... | 45 |
| III. SUBSIDIZED RENTAL HOUSING. | 46 |
| IMPEDIMENT A: SECTION 8 HOUSING ISSUES..... | 46 |
| IMPEDIMENT B: TAX CREDIT BUILDING ISSUES. | 49 |
| IMPEDIMENT C: PUBLIC HOUSING ISSUES..... | 51 |
| IMPEDIMENT D: RURAL DEVELOPMENT HOUSING ISSUES..... | 52 |
| IMPEDIMENT E: 4(D) HOUSING ISSUES.) HOUSING ISSUES. | 52 |

| | | |
|-------|---|----|
| IV. | MANUFACTURED HOMES..... | 53 |
| | IMPEDIMENT A: LACK OF INFORMATION..... | 54 |
| | IMPEDIMENT B: REPAIRS AND REHABILITATION..... | 55 |
| | IMPEDIMENT C: SEGREGATION..... | 55 |
| | IMPEDIMENT D: TAX ISSUES..... | 55 |
| | IMPEDIMENT E: ACCESSIBILITY ISSUES..... | 56 |
| V. | EMERGENCY AND TRANSITIONAL HOUSING..... | 56 |
| | IMPEDIMENT A: LACK OF HOMELESS SERVICES RESOURCES FOR UNDERSERVED COMMUNITIES..... | 56 |
| | IMPEDIMENT B: ADMINISTRATIVE BARRIERS..... | 59 |
| | IMPEDIMENT C: MIGRANT HOUSING..... | 60 |
| | IMPEDIMENT D: COST OF HOMELESSNESS..... | 60 |
| VI. | FAIR HOUSING AND ECONOMICS..... | 61 |
| VII. | FAIR HOUSING AND PLANNING..... | 65 |
| VIII. | FAIR HOUSING RESOURCES..... | 66 |
| | APPENDIX X..... | 69 |
| | APPENDIX I..... | 72 |
| | APPENDIX II..... | 74 |

INTRODUCTION TO THE HUD ANALYSIS OF IMPEDIMENTS REQUIREMENTS TO FAIR HOUSING CHOICE.

The Analysis of Impediments to Fair Housing Choice (AI) is one of three parts of the statewide Consolidated Plan. This Plan is a requisite to obtain funding from the U.S. Department of Housing and Urban Development (HUD). The Consolidated Plan combines applications for several federal grants and the requirements of the Comprehensive Housing Affordability Strategy (CHAS).

The Consolidated Plan for the State of Minnesota is a document jointly prepared by the Minnesota Department of Trade and Economic Development (DTED), the Department of Children, Families, and Learning (CFL), and the MHFA, as the lead agency. The Consolidated Plan serves as: a housing and community development planning document for non-entitlement areas of the state; an application for several HUD grants; a strategy to be followed in carrying out HUD programs; and, an action plan that provides a basis for assessing performance.

The Consolidated Plan serves as an application for non-entitlement regions of the state for the following HUD grants:

- The Community Development Block Grant (CDBG) programs;
- The Emergency Shelter Grants (ESG) program; and
- The HOME Investment Partnerships (HOME) program.

The Consolidated Plan regulation (24 CFR 91) requires each state and local government to submit a certification that it is affirmatively furthering fair housing. This means that the entitlement jurisdiction will conduct 1) an analysis of impediments to fair housing choice, 2) take appropriate actions to overcome the effects of impediments identified through that analysis, and 3) maintain records reflecting the analysis and actions.

The resulting Analysis of Impediments to Fair Housing Choice document has been defined as being a comprehensive review of a state's or entitlement jurisdiction's laws, regulations, and administrative policies, procedures and practices. The AI involves an assessment of how these laws, regulations, policies, and procedures affect the location, availability, and accessibility of housing and how conditions, both private and public, affect fair housing choice.

In its "Fair Housing Planning Guide" manual, the procedural manual clearly outlining HUD's guidelines regarding the Analysis of Impediments to Fair Housing Choice, HUD emphasizes that "although the grantee's AFFH (Affirmative Further Fair Housing) obligation arises in connection with the receipt of Federal funding, its AFFH obligation is not restricted to the design and operation of HUD-funded programs at the State or

local level. The AFFH obligation extends to all housing-related activities in the grantee's jurisdictional area whether publicly or privately funded." (Office of Fair Housing and Equal Opportunity. *Fair Housing Planning Guide*. Washington, D.C.: US. Department of Housing and Urban Development, March 1996, p. 1-3) That statement reinforces the mandate set out in 24CFR 91.325(a), which does not limit the scope of the analysis to identify impediments to fair housing choice within the State. In compliance with that directive, this Analysis of Impediments to Fair Housing document presents concrete actions steps that the MHFA, CFL, and DTED are committed to work on and examples of suggestions/activities that state government agencies cannot undertake given current circumstances.

[Back to Table of Contents](#)

INTRODUCTION TO THE MINNESOTA STATEWIDE ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE 2001.

Since the metropolitan area HUD jurisdictions elected to produce a joint analysis of impediments to fair housing choice, MHFA has focused the scope of the statewide analysis of impediments on Greater Minnesota.

In terms of process, data was collected from all regions through formal meetings with the six regional Economic Vitality and Housing Initiatives (EVHI), which are regional networks of professionals and policy-makers from the private, public, non-profit and community sectors intended to collaborate on regional economic and housing development planning. Then, several community meetings were held with different underserved communities in Greater Minnesota. Finally, more MHFA program-centered meetings were conducted: a focus group with homebuying counselors and lenders, a focus group with tax credit residents, and phone interviews with Section 8 housing development administrators and managers.

The comments were organized into impediment themes by housing types. Each section first presents the bare facts and concerns stated during the data collection process. Next, impediments identified from those comments are laid out with concrete action steps that MHFA and other state agencies can and are committed to take, followed by examples of suggestions that cannot be pursued at the present, due to lack of further discussion, resources, or jurisdiction over those issues. The purpose of those last parts is to have a record of all possibilities within an ideal context, even though they are not feasible in the current context.

Before the analysis of impediments itself, a brief overview of the MHFA's approach to fair housing is being submitted and a few statistics are presented, to provide some frame of reference as to the housing and economic situations of underserved communities in Minnesota. Since the analysis of impediments is one of three parts of the state Consolidated Plan, it is also relying on general demographic, income,

employment, and housing profiles data included in the Consolidated Plan. However, most of the Consolidated Plan's statistics are still based upon Census '90 data, which raise issues of obsolescence. Finally, the Census Bureau recently released the updated poverty estimates that will be used to allocate federal funding to schools with a high poverty level. Those statistics indicate that Minnesota is highly segregated by income, and the highest-poverty level school districts are those with the highest concentration of people of color.

[Back to Table of Contents](#)

BRIEF OVERVIEW OF MHFA'S APPROACH TO FAIR HOUSING

Since the past Fair Housing Director retired in 1997, MHFA has restructured and re-assigned the duties attached to that office with the vision that fair housing should be integrated and shared at all levels of the agency. In the past, three main areas of issues were quartered within the Fair Housing Director's office: equal employment opportunity, contract compliance, and fair housing. Subsequently, equal employment opportunity issues were assigned to the office of the Director of Human Resources. Contract compliance is now the primary responsibility of the Director of the Multifamily Division. In terms of fair housing, responsibilities were redistributed among program staff, as the agency clearly did not see itself as a regulatory agency but was committed to meeting its fair housing obligations. The two housing division directors are responsible for overseeing that fair housing is properly addressed in their departments. Program staff persons are responsible for the fair housing requirements attached to the programs they administer or manage. The Homes Division assigned a workgroup, the Outreach Coordination Team (OCT), the duty to assist the whole division with outreach and marketing to underserved communities. The OCT tries to be a resource to Homes Division program managers, who are responsible to meet definite outreach goals. The Multifamily Division has formed ad-hoc committees to develop procedures around fair housing program requirements. A policy staff person under the Government Relations subdivision of the agency's Administrative Division serves as an internal fair housing resource person when called upon by the housing divisions, and keeps the agency engaged in furthering fair housing in the external arena, among other tasks.

In terms of fair housing program compliance, MHFA staff first tries to resolve the issues with or between the parties, which results in positive outcomes most of the time. If the conflict or problem cannot be resolved through staff intervention, the matter is referred to a fair housing enforcement agency, such as HUD or the Minnesota Department of Human Rights.

As a finance agency, MHFA realizes that fair housing issues arise in the housing planning and development phases, as well as get played out in the policy arena. Therefore, a great emphasis is placed upon interagency, intergovernmental, and community relations.

RACE AND ECONOMIC STATISTICAL BACKGROUND INFORMATION.

The following statistics provide cross-reference on issues of race, income, poverty, and homelessness, which will further establish a context to consider housing issues for communities of color in Minnesota.

Table 1 shows the percentage of people below the poverty level within their own racial category. It demonstrates that more than 1/3 of people from communities of color are below the poverty line and that people from communities of color are three to four times more likely to be below the poverty line than people from the white community.

Table 1: State Poverty Statistics, MHFA, November 2000

| Race | Above Poverty Level | Below Poverty Level | Percent Below Poverty Level |
|----------------------------|----------------------------|----------------------------|------------------------------------|
| White | 2,675,599 | 351,324 | 8.7 |
| Black | 56,803 | 33,141 | 36.8 |
| American Indian, Eskimo | 26,705 | 20,730 | 43.7 |
| Asian and Pacific Islander | 51,331 | 23,783 | 31.7 |
| Total | 3,810, 441 | 428,978 | 10.1 |

Table 2 shows the percentage of people on MFIP in relation to their total population number in the state and how it compares with other communities. Basically, 1 out of 100 white persons on MFIP in the state, whereas, 1 out of 3 black persons is on MFIP, 1 out of 5 Asian and Indian persons is on MFIP, and 1 out of 7 Hispanic persons is on MFIP.

[Back to Table of Contents](#)

Table 2: Characteristics of MFIP Recipients, DHS, October 1999

| | Estimated MN Population CY 1995 | Number of MFIP Recipients July 1999 | Recipients as a Percent of MN Population |
|-----------------|---------------------------------|-------------------------------------|--|
| White | 4,226,100 | 59,294 | 1.4 |
| Black | 141,900 | 41,850 | 29.5 |
| Asian | 112,100 | 20,622 | 18.4 |
| American Indian | 61,300 | 13,347 | 21.8 |
| Hispanic | 85,100 | 11,164 | 13.1 |
| Unreported | | 202 | |
| Total | 4,626,500 | 146,479 | 3.2 |

Table 3 comes from another source showing once again income disparities based upon racial factors.

Table 3: Household Incomes by Race for MN, MHFA, April 2000

| | White (%) | African American (%) | American Indian (%) | Asian American (%) | Other Race (%) |
|-----------------|-----------|----------------------|---------------------|--------------------|----------------|
| Below \$5,000 | 4.0 | 11.0 | 12.5 | 10.5 | 10.5 |
| \$5,000-9,999 | 9.0 | 20.0 | 23 | 13.0 | 14 |
| \$10,000-14,999 | 8.5 | 10.5 | 12.5 | 12.5 | 10 |
| \$15,000-24,999 | 17.0 | 18.5 | 19.0 | 17.0 | 19.0 |
| \$25,000-34,999 | 17 | 13.5 | 12.0 | 13.0 | 13.5 |
| \$35,000-49,999 | 20 | 13 | 11.5 | 12.5 | 19.5 |
| \$50,000-74,999 | 16 | 9.0 | 6 | 13 | 9.5 |
| \$75,000-99,999 | 4.5 | 2.5 | 2.0 | 4.5 | 2.5 |
| Above \$100,000 | 4.0 | 2.0 | 1.5 | 4.0 | 1.5 |

Table 4 shows the disproportionate numbers of people of color who are homeless (except for Asian Pacific Americans). Black people make up half of the homeless population in the metro area and in the state. There are five times more black people who are homeless in the metro area, than there are black people in the general population of the metro area. There are 24 more times black people who are homeless in the state than there are black people in the whole state. There are three times more American Indian people who are homeless in the metro area, than there are American Indian people in the metro area. There are 10 times more American Indian people who are homeless in the state, than there are American Indian people living in the state. There are two times more Hispanic people who are homeless in the metro area, than there are Hispanic people in the metro area. There are 8 times Hispanic people who are homeless in the state, than there are Hispanic people living in the state. Asian or Pacific Islanders are the only people of color who are not disproportionately represented in the homeless community, in comparison to the population number. In contrast, whites are three times less likely to be homeless compared to their population numbers both in the metro area and in the whole state.

Table 4: Racial and Ethnic Background of Minnesota Homeless Population, Wilder Survey '97.

- The homeless population consists of people in emergency shelter, battered women's shelter, transitional housing, and on the street.
- ** From MHFA Research Division, April 2000.

| Race | Percentage of homeless people in Metro area | Central Cities Percentage of Population** | Percentage of homeless people in Minnesota | Minnesota Percentage of Population** |
|---------------------------|--|--|---|---|
| Black or African American | 50.5 | 11 | 42.0 | 2 |
| American Indian | 7.1 | 2 | 9.5 | 1 |
| Asian or Pacific Islander | 1.4 | 5 | 1.2 | 2 |
| White or Caucasian | 32.7 | 80 | 38.8 | 94 |
| Multi-racial | 8.2 | N/A | 8.6 | N/A |
| Total | 100 | | | |

Add-on to Table 4, to include the Hispanic, which can be of any race:

| | | | | |
|----------|-----|---|-----|---|
| Hispanic | 7.4 | 3 | 8.2 | 1 |
|----------|-----|---|-----|---|

Observations from those statistics:

- There is a disparity of income along racial lines.
- Communities of color tend to have more households in the moderate and low income economic classes than the non-white communities.
- Communities of color are disproportionately represented in the MFIP and the homeless populations, which would indicate that communities of color are disproportionately represented in the very low income segment of the population in Minnesota.
- The disproportionate number of people of color who are homeless is an indicator of the housing situation of communities of color in Minnesota.
- Although fair housing issues are distinct from affordable housing issues, economic factors cannot be separated from racial equality issues and ability of communities from racial minorities to have equal housing options.

[Back to Table of Contents](#)

Table 5 summarizes the list of fair housing complaints filed with HUD in Greater MN, during the five year period from 1996 to 2000.

There were 57 cases filed. In terms of outcomes: 10 were closed because the complainant either did not cooperate or could not be located; 12 were closed because of no cause; 14 were pending; 5 were withdrawn after resolution; 3 were withdrawn without resolution; and 1 was dismissed because of lack of jurisdiction. In terms of basis of discrimination: 20 were based on race; 11 based on family status; 14 based on disability; 6 based on national origin; 3 based on sex; 1 based on religion; 1 based on color; and 1 based on retaliation. It should be noted that overall, the complaints were filed in the urban centers of Greater Minnesota and many did not have a city locator. The two rural counties with the most fair housing claims filed with HUD were Clay County (10) and Winona County (9).

TABLE 5: SUMMARY OF FAIR HOUSING COMPLAINTS FILED WITH HUD, FOR THE FIVE PERIOD '96-'00.

| County | Date filed | City | Basis | Why closed |
|----------|------------|------|-------|---------------------------------|
| Beltrami | 2-28-97 | NA | Race | Complainant failed to cooperate |
| | 12-10-98 | NA | Race | Unable to locate complainant |

| | | | | |
|------------|----------|--------------|-----------------|------------------------------------|
| Benton | 1-9-96 | NA | Family status | No cause |
| | 9-29-98 | NA | Disability | pending |
| | 8-17-99 | St. Cloud | Sex | No cause |
| | 9-21-00 | St. Cloud | Race | pending |
| Blue Earth | 4-8-98 | NA | Family status | Unable to locate complainant |
| Clay | 1-30-96 | NA | National origin | Withdrawn without resolution |
| | 2-23-96 | NA | Religion | Conciliation/settlement successful |
| | 3-18-96 | NA | Race | Complainant failed to cooperate |
| | 3-21-96 | NA | Sex | No cause |
| | 8-21-96 | NA | National origin | Withdrawn after resolution |
| | 4-16-98 | NA | Sex | Withdrawn after resolution |
| | 10-21-98 | NA | Disability | No cause |
| | 11-6-98 | NA | Family status | Conciliation/settlement successful |
| | 4-30-99 | Moorehead | Disability | Withdrawn after resolution |
| | 9-29-99 | NA | National origin | Complainant failed to cooperate |
| | 3-3-00 | Moorehead | Race | pending |
| Goodhue | 11-3-98 | Wanamingo | Disability | pending |
| | 9-29-99 | Cannon Falls | Race | pending |
| Houston | 7-31-97 | NA | Race | No cause |
| | 12-4-97 | NA | Race | Conciliation/successful settlement |
| Le Sueur | 9-27-96 | NA | Race | Withdrawn after resolution |
| Meeker | 4-11-97 | NA | Race | Conciliation/successful settlement |
| Morrison | 12-30-98 | NA | Race | Conciliation/successful settlement |
| Olmsted | 12-4-95 | NA | Family status | No cause |
| | 11-19-96 | NA | Race | No cause |
| | 7-10-97 | NA | National origin | No cause |
| | 3-24-00 | Rochester | Race | No cause |

| | | | | |
|-----------|----------|------------------|-----------------|---|
| Pine | 10-5-95 | NA | Disability | Withdrawn without resolution |
| Pipestone | 10-16-95 | NA | Disability | No cause |
| Polk | 2-8-96 | NA | National origin | Conciliation/settlement successful |
| | 2-1-00 | East Grand Forks | National origin | pending |
| Rice | 4-28-98 | NA | Disability | Conciliation/settlement successful |
| Sherburne | 5-6-99 | St. Cloud | Family status | Conciliation/settlement successful |
| | 7-12-00 | St. Cloud | Disability | pending |
| St. Louis | 3-11-97 | NA | Race | No cause |
| | 8-26-97 | NA | Disability | Unable to locate |
| | 10-16-98 | Duluth | Color | Complainant failed to cooperate |
| | 11-10-98 | NA | Disability | No cause |
| | 1-13-99 | NA | Disability | Dismissed for lack of jurisdiction |
| | 12-17-99 | Virginia | Race | Unable to locate complainant |
| | 9-11-00 | Duluth | Race | pending |
| Stearns | 9-30-96 | NA | Family status | Withdrawn by complainant after resolution |
| | 6-11-99 | St. Cloud | Family status | Conciliation/settlement successful |
| Steele | 2-24-00 | NA | Family status | Conciliation/settlement successful |
| Winona | 4-10-98 | NA | Disability | Withdrawn by complainant without resolution |
| | 9-16-98 | NA | Race | pending |
| | 11-19-98 | NA | Disability | Conciliation/settlement successful |
| | 5-24-99 | Altura | Family status | Complainant failed to cooperate |
| | 5-26-99 | Altura | Family status | Complainant failed to cooperate |
| | 6-9-99 | Altura | Family status | pending |
| | 8-11-99 | Winona | Race | pending |
| | 4-24-00 | Winona | Retaliation | pending |

| | | | | |
|--------|---------|-------------|------------|------------------------------------|
| | 7-21-00 | Minneapolis | Race | pending |
| Wright | 11-8-96 | NA | Disability | Conciliation/settlement successful |
| | 9-21-98 | NA | Sex | pending |

[Back to Table of Contents](#)

Table 6 summarizes the list of fair housing complaint files closed by the Minnesota Department of Human Rights (MDHR) during the period 1996 to 2000.

There were 61 cases filed in Greater MN. In terms of outcomes, 25 were dismissed due to a finding that the claim did not warrant resources (DNWR); 10 were closed because of no probable cause; 8 were dismissed because of lack of cooperation from the complainant; 6 went through successful conciliation facilitated by the Attorney General’s Office; 3 were withdrawn to pursue a private right of action; 2 were withdrawn for ADR purposes; 2 were closed because of a denial of a request to re-open the file; 1 was up for review to re-open; 1 affirmed the DWR; 1 was withdrawn for unknown reasons; 1 was withdrawn because the issue was resolved; and 1 was withdrawn because of lack of jurisdiction. In terms of basis of discrimination, claims could be based on multiple bases. A summary of the primary bases is as follows: 18 were based on race; 15 based on disability; 12 based upon public assistance; 5 were based on familial status; 4 were based upon national origin; 3 were based upon marital status; 2 were based upon sex; and 2 were based upon reprisals. The two rural counties with the greatest number of fair housing complaints filed and closed by MDHR were Saint Louis County (9) and Clay County (6).

TABLE 6: FAIR HOUSING COMPLAINTS FILED WITH THE MN DEPT. OF HUMAN RIGHTS.

| County | Date filed | City | Basis | status |
|------------|------------|---------------|--------------------------------------|--|
| Becker | 2-16-99 | Detroit Lakes | Race | Dismissed (DIS), does not warrant resources (DNWR) |
| | 10-19-99 | Detroit Lakes | 1) disability; 2) race | No cause |
| Beltrami | 11-21-98 | Bemidji | Reprisal | DIS- DNWR |
| | 11-21-98 | Bemidji | Reprisal | DIS- DNWR |
| | 11-21-98 | Bemidji | 1) Public assistance status; 2) race | DIS- DNWR |
| | 11-21-98 | Bemidji | Race | DIS- DNWR |
| Blue Earth | 7-15-96 | Mankato | Familial status | DIS- DNWR |

| | | | | |
|-----------|----------|---------------|---|---|
| | 8-13-96 | Mankato | 1) disability; 2) race | No cause |
| | 10-19-99 | Detroit Lakes | 1) race; 2) disability | No cause |
| Clay | 9-11-96 | Moorhead | Race | DIS- lack of cooperation |
| | 6-18-97 | Dilworth | Disability | DIS- DNWR |
| | 3-30-98 | Moorhead | Race | Withdrawn- private right of action |
| | 8-3-98 | Moorhead | Disability | Review of re-open request |
| | 12-29-97 | Moorhead | Race | No cause |
| | 4-19-99 | Moorhead | Disability | Conciliation settlement - AG |
| Douglas | 3-10-99 | Alexandria | Disability | DIS- DNWR |
| Faribault | 6-8-00 | Elmore | Race | DIS- DNWR |
| Freeborn | 9-22-97 | Albert Lea | Familial status | DIS- DNWR |
| Goodhue | 2-16-96 | Red Wing | Public assistance status | DIS- DNWR |
| Hubbard | 1-31-00 | Laporte | Public assistance status | DIS- lack of cooperation by complainant |
| Kanabec | 7-15-97 | Mora | 1) marital status; 2) sex | Withdrawn- private right of action |
| | 7-15-97 | Mora | 1) marital status; 2) sex | No cause |
| Kandiyohi | 12-15-97 | Willmar | National origin | No cause |
| | 3-29-99 | Willmar | 1) public assistance status; 2) disability | DIS- DNWR |
| Mahnomen | 4-2-96 | Winsted | Race | DIS- DNWR |
| | 9-25-97 | Hutchinson | Disability | ADR withdrawal |
| | 9-25-97 | Hutchinson | Disability | ADR withdrawal |
| Mower | 7-21-97 | Austin | 1) marital status; 2) race | No cause |
| Nicollet | 4-14-99 | St. Peter | Disability | Conciliation settlement- AG |

| | | | | |
|-------------|----------|-------------|--|---|
| Nobles | 11-3-98 | Worthington | Race | DIS- DNWR |
| | 11-3-98 | Worthington | Race | DIS- DNWR |
| Olmsted | 9-4-97 | Rochester | 1) public assistance; 2) familial status | DIS- DNWR |
| | 3-22-00 | Rochester | Disability | DIS- lack of cooperation by complainant |
| Polk | 1-26-96 | Crookston | National Origin | DIS- DNWR |
| | 8-6-98 | Crookston | 1) disability; 2) reprisal | DIS- DNWR |
| Rice | 7-24-97 | Northfield | 1) familial status; 2) reprisal | DIS- DNWR |
| | 7-7-99 | Morristown | National origin | DIS- lack of cooperation by complainant |
| Saint Louis | 4-4-97 | Saginaw | Race | No cause |
| | 4-4-97 | Saginaw | Race | No cause |
| | 8-17-98 | Duluth | 1) public assistance status; 2) disability | Request to re-open denied |
| | 9-2-98 | Duluth | Race | DIS- DNWR |
| | 11-4-98 | Duluth | Disability | No cause |
| | 5-24-99 | Duluth | Public assistance status | Affirm DWR |
| | 10-13-99 | Duluth | Disability | Withdrawn-private right of action |
| | 4-28-00 | Duluth | Public assistance status | Withdrawn- reason unknown |
| | 9-11-00 | Eveleth | Disability | DIS- lack of jurisdiction |
| Stearns | 10-21-96 | St. Cloud | Disability | DIS- DNWR |
| | 6-26-97 | St. Cloud | Race | No cause |
| | 4-3-00 | Melrose | 1) Familial status; 2) marital status | DIS- lack of cooperation by complainant |
| | 4-3-00 | Melrose | 1) familial | DIS- lack of |

| | | | | |
|----------|----------|--------------|--|---|
| | | | status; 2) marital status | cooperation by complainant |
| Stevens | 8-7-96 | Morris | Race | Conciliation settlement- AG |
| Wabasha | 1-13-97 | Plainview | 1) national origin; 2) religion | DIS- DNWR |
| Waseca | 10-7-96 | Waldorf | Race | Withdrawn-situation resolved |
| | 7-26-99 | New Richland | 1) public assistance status; 2) familial status; 3) race | Conciliation settlement- AG |
| | 7-30-99 | New Richland | 1) public assistance status; 2) familial status; 3) race | Conciliation settlement - AG |
| | 7-30-99 | New Richland | 1) public assistance status; 2) familial status; 3) race | Conciliation settlement - AG |
| Watonwan | 12-20-99 | St. James | Race | DIS- DNWR |
| Wilkin | 2-28-00 | Breckenridge | Race | DIS- lack of cooperation by complainant |
| | 2-28-00 | Breckenridge | Public assistance status | DIS- lack of cooperation by complainant |
| Winona | 9-2-98 | Winona | Race | Request to re-open denied |

[Back to Table of Contents](#)

SUMMARY OF MHFA STATISTICS ON SERVICE TO UNDERSERVED COMMUNITIES.

The following statistics highlight MHFA programs that were deemed to most likely served communities of color, based upon low income and section 8 housing program requirements.

Table 1 is a summary of MHFA programs best serving communities of color, as reported in the MHFA 2000 program assessment.

In response to concerns that there may be disparities in terms of amounts of assistance provided to households from underserved communities and income levels of households from underserved communities participating in MHFA programs, a rough analysis does not show blatant differences between households from underserved communities and households from the mainstream. Without counting the two Indian Housing programs and the not-applicable columns, 10 programs were providing higher average MHFA assistance to households of color as opposed to 8 providing lower average assistance; and 10 programs were serving households of color with median average income higher than white households' median average incomes as opposed to 9 programs serving households of color with median average income lower than white households'. Finally, overall, the percentage of households of color served roughly correlated with the percentage of MHFA assistance provided to households of color. No conclusion can be drawn from the currently available data to evaluate disparities in terms of total assistance provided to households from underserved communities as compared to total assistance provided to households from the mainstream, and in relation to their population numbers.

Table 1 shows that the lowest median annual income households of color served are in programs addressing disability issues (accessibility loan program, \$6,576, and Bridges, \$6,888). The highest median annual income households of color served is in the Community Fix-Up Fund (\$62,840). The highest percentage of households of color served is in the ECHO program, an entry costs loan for non-MHFA first time homebuyers (37.9%). The next two programs serving the most households of color are RAFS (37.4%) and Shelter Care Plus (34.6%), two rental assistance programs. The highest average amount of MHFA assistance is in the Purchase Plus Program (\$87,030) and the lowest is in the Home Equity Conversion Counseling (\$612), which appears to be a standard rate. The highest percentage of MHFA assistance to households of color within programs is in the Shelter Plus Care (39.88%), RAFS (37.64%), and ECHO (34.66%). The three first time homebuyer programs are showing a wide range of success: CASA, the program most expected to reach out to underserved communities, included 26.1% households of color, whereas the two more general programs, MCPP (5.9%) and MMP (11.5%), respectively were about 3% below and above the state minority population of 8.4%. However, it should also be noted that in terms of

numbers of households of color served, the statistics were as follows: CASA, 30; MCPP, 22; and MMP, 169.

[Back to Table of Contents](#)

Table 1: MHFA 2000 PROGRAM ASSESSMENT, 10-1-98 to 9-30-99

The following code is being used, due to the lack of space on the table:

\$\$\$: MHFA Assistance

Av.: average

HH: household

Program name codes:

A: home Improvement/Rehabilitation (Homes Division)

- A1: accessibility loan program
- A2: HOME deferred loan program
- A3: home energy loan program
- A4: rehabilitation loan program
- A5: Revolving loan program
- A6: The Great MN Fix-Up Fund
- A7: Community Fix-Up Fund
- A8: Fix-Up Fund, Access

B: Home Mortgages

- B1: Community Activity Set-Aside program
- B2: Entry Cost Homeownership Opportunity Program (ECHO)
- B3: Flood Recovery Mortgage Program
- B4: Foreclosure Prevention and Assistance Program
- B5: Home Equity Conversion Counseling
- B6: Homeownership Assistance Funds
- B7: Minnesota City Participation Program
- B8: Minnesota Mortgage Program
- B9: Purchase Plus Program
- B10: Tribal Indian Program
- B11: Urban Indian Program

C: Rental Housing

- C1: Bridges
- C2: Rental Assistance for Family Stabilization (RAFS)
- C3: Section 8 Housing Assistance Payment Program
- C4: Shelter Plus Care

[Back to Table of Contents](#)

Table 2 shows that MHFA section 8 units are relatively (about 1 to 2 % below the minority population numbers) adequately serving minority households, in relation to their population numbers, except for Fargo-Moorhead and Clay County area (6% difference). Two questions would be whether the demographic statistics may have changed and whether there is an adequate correlation between the percentage of people served in each racial group and the percentage of eligible households (low income) in each racial group, due to the fact that the 1990 Census data used for measurements has long become outdated.

| Program | \$\$\$ | HHs/ Units Assisted | Av. \$\$\$ per HH or unit | Median Annual HH income | % Female - headed HH | % HHs of color | \$\$\$ for HHs of color | # of HHs of color assisted | Av. \$\$\$ per HH of color | Median Annual HH Income for HH Of color | % of \$\$\$ for HHs of color |
|---------|------------|---------------------------|--|----------------------------------|----------------------------------|-------------------------|-------------------------------|-------------------------------------|---|---|---|
| A1 | 149,602 | 17 | 8,800 | 10,812 | 11.8 | 12.5 | 20,000 | 2 | 10,000 | 6,576 | 13.37 |
| A2 | 718,218 | 95 | 7,560 | 18,217 | 9.6 | 4.5 | 17,389 | 4 | 4,347 | 21,643 | 2.42 |
| A3 | 3,663,410 | 864 | 4,240 | 53,443 | 4.7 | 5.0 | 169,409 | 42 | 4,034 | 49,9993 | 4.62 |
| A4 | 2,841,833 | 322 | 8,826 | 9,126 | 14.6 | 8.7 | 212,583 | 27 | 7,873 | 10,068 | 7.48 |
| A5 | 2,031,499 | 255 | 7,967 | 15,392 | 20.4 | 12.4 | 249,239 | 31 | 8,040 | 16,401 | 12.27 |
| A6 | 21,009,923 | 2,143 | 9,804 | 20,524 | 11.4 | 3.7 | 705,822 | 78 | 9,049 | 33,155 | 3.36 |
| A7 | 1,193,068 | 96 | 12,428 | 56,263 | 7.5 | 4.3 | 59,511 | 4 | 14,878 | 62,840 | 4.99 |
| A8 | 114,407 | 6 | 19,068 | 52,078 | 0.0 | 16.7 | 13,318 | 1 | NA | NA | 11.64 |
| B1 | 9,659,146 | 129 | 74,877 | 29,000 | 29.5 | 26.1 | 2,141,309 | 30 | 71,377 | 25,098 | 22.17 |
| B2 | 1,176,121 | 614 | 1,916 | 28,110 | 17.9 | 37.9 | 407,642 | 227 | 1,796 | 28,314 | 34.66 |
| B3 | 1,857,076 | 28 | 66,324 | 38,689 | 14.3 | 3.6 | 39,851 | 1 | NA | NA | 2.15 |
| B4 | 380,675 | 135 | 2,820 | 23,519 | 26.7 | 11.3 | 38,189 | 14 | 2,728 | 25,740 | 10.03 |
| B5 | 65,484 | 107 | 612 | 13,440 | 0.00 | 3.0 | 1,224 | 2 | 612 | 23,915 | 1.87 |
| B6 | 1,019,874 | 532 | 1,917 | 25,542 | 28.4 | 25.9 | 250,658 | 131 | 1,913 | 25,440 | 24.58 |
| B7 | 24,765,012 | 378 | 65,516 | 27,879 | 16.5 | 5.9 | 1,531,538 | 22 | 69,615 | 32,250 | 6.18 |
| B8 | 90,188,406 | 1,500 | 60,126 | 25,812 | 18.7 | 11.5 | 11,438,677 | 169 | 67,684 | 27,084 | 12.68 |
| B9 | 1,471,486 | 18 | 81,749 | 46,408 | 16.7 | 22.2 | 348,120 | 4 | 87,030 | 43,488 | 23.66 |
| B10 | 2,542,235 | 64 | 55,347 | 32,538 | 15.6 | 100 | 3,542,235 | 64 | 55,347 | 32,538 | |
| B11 | 549,343 | 7 | 78,478 | 27,531 | 57.1 | 100 | 549,343 | 7 | 78,478 | 27,531 | 100 |
| C1 | 1,366,950 | 519 | 2,634 | 6,924 | 13.5 | 12.5 | 184,745 | 65 | 2,842 | 6,888 | 13.52 |
| C2 | 1,865,182 | 1,164 | 1,602 | 7,452 | 85.7 | 37.4 | 702,009 | 424 | 1,656 | 7,452 | 37.64 |
| C3 | 63,320,093 | 13,025 | 4,861 | NA | NA | NA | 6,405,375 | 1,303 | 4,916 | NA | 10.12 |
| C4 | 336,042 | 130 | 2,585 | NA | 15.5 | 34.6 | 134,004 | 45 | 2,978 | NA | 39.88 |

[Back to Table of Contents](#)

TABLE 2: HOUSEHOLDS OF COLOR IN MHFA SECTION 8 UNITS.

* Based upon 234 Agency Section 8 developments with 12,242 occupied units (6,605 elderly and 5,437 non-elderly households.)

| | White% | Minority% | **Minority population estimate in those cities' county, Fannie Mae, 9-00 |
|----------------|--------|-----------|--|
| Duluth | 96.6 | 3.4 | St. Louis, 4.3 |
| Mpls/St. Paul | 79.8 | 20.2 | Hennepin//Ramsey, 18.1 |
| Fargo-Moorhead | 99.4 | 0.6 | Clay, 6.7 |
| St. Cloud | 94 | 6.0 | Stearns, 2.5 |
| La Crosse | 100 | NA | NA |
| Grand Forks | 100 | NA | NA |
| Non-MSA | 97.6 | 2.4 | NA |
| Over All | 88.6 | 11.4 | NA |

Table 3 shows that, overall, the central cities are serving greater numbers of households of color as compared to their population numbers and that the Greater MN numbers match the state demographics. Here again, an interesting question would be whether the percentage of households served from each racial group correlates with the percentage of eligible households in each racial group.

[Back to Table of Contents](#)

TABLE 3: SUMMARY OF MHFA TAX CREDIT SURVEY, APRIL 2000.

Abbreviations:

W: white

B: black

H: Hispanic

APA: Asian Pacific American

| | # of MHFA units | W | B | H | Am. Indian/ Alaska Native | APA | % of total W Pop. | % of total B Pop. | % of total H Pop. | % of total Am. Ind. Pop. | % of total APA Pop. |
|-------------------------|-----------------|-----|-----|----|---------------------------|-----|-------------------|-------------------|-------------------|--------------------------|---------------------|
| Central Cities | 2% (192) | 22% | 65% | 2% | 1% | 10% | 80% | 11% | 3% | 2% | 5% |
| Central Cities' Suburbs | 47% (3658) | 84% | 12% | 3% | 0.5% | 1% | NA | NA | NA | NA | NA |
| Outstate Cities | 7% (500) | 79% | 8% | 4% | 2% | 7% | NA | NA | NA | NA | NA |
| Greater MN | 44% (3397) | 87% | 3% | 6% | 4% | 1% | NA | NA | NA | NA | NA |
| State | 100% (7747) | 83% | 9% | 4% | 2% | 2% | 94% | 2% | 1% | 1% | 2% |

Table 4 shows that in comparison to other low income and underserved homebuyers' secondary financing agencies such as Fannie Mae and Freddie Mac, MHFA is consistently serving lower income and more underserved households, except for the numbers of borrowers in the Mpls-St. Paul and the St. Cloud areas. However, even when serving average household incomes of low to high twenties, when compared to the statewide income distribution by race, it still means that 41.5% of African Americans, 48% of American Indians, and 34% of Asian Pacific Americans fall under \$15,000/year income and may not be able to achieve homeownership based on their incomes and the existing low income homebuyer programs.

[Back to Table of Contents](#)

**TABLE 4: MHFA AND GSE BORROWERS COMPARISON, MHFA
SEPTEMBER 2000**

Abbreviations:

MI: median income

MB: minority borrower

NMB: non-minority borrower

MP: minority participation

GSE: government sponsored enterprises (Fannie Mae and Freddie Mac)

| | MHFA, MI, MB | GSE, MI, MB | MHFA, MI, NMB | GSE, MI, NMB | MHFA, MP % | GSE, MP % | MHFA, MB % | GSE, MB |
|--------------------|-----------------|-------------------|---------------------|--------------------|---------------|--------------|---------------|------------|
| Mpls-St.Paul | 26,602 | 38,765 | 27,960 | 48,492 | 26.3 | 9.0 | 85.5 | 89.7 |
| Rochester | 23,232 | 59,544 | 23,880 | 43,572 | 17.3 | 6.3 | 3.0 | 2.3 |
| St. Cloud | 22,220 | 43,920 | 23,607 | 41,148 | 4.0 | 3.0 | .7 | 1.1 |
| Duluth | 20,508 | 33,084 | 23,610 | 38,628 | 2.6 | .9 | 1.3 | .3 |
| Fargo- Moorhead | 30,525 | NA | 23,080 | 40,482 | 2.4 | NA | .3 | NA |

[Back to Table of Contents](#)

TABLE 5: MHFA INCOME AND HOUSING PRICE GUIDELINES.

| | HH income | House price or rent price |
|-------------------------------|---|---|
| Community Activity Set Aside | 80% of the state or median area income (MAI) adjusted for family size <ul style="list-style-type: none"> • 1-8 person, \$50,020 to \$66,250 in 11 county metro area • 1-8 person, \$46,250 to \$61,050 in Olmsted • 1-8 person, \$44,150 to \$58,300, balance of state | |
| MN City Participation Program | <ul style="list-style-type: none"> • 1-8 person, \$35,150 to \$66,250 in Twin Cities area • 1-8 person, \$32,350 to \$61,050 in Olmsted County • 1-8 person, \$30,900 to \$58,300 for balance of state | From \$149,485 in 11 county metro area to \$77,540, with several variations in Greater MN |
| MN Mortgage Program | | |
| Tax Credit | <ul style="list-style-type: none"> • 20 % units at 50% MAI or 40% of units at 60% of MAI | |
| 4 (d) | <ul style="list-style-type: none"> • no higher than 60% of MAI | |

[Back to Table of Contents](#)

PROCESS BACKGROUND INFORMATION.

The data from which recommendations emerged were gathered through the following process:

- meetings with the six Economic Vitality and Housing Initiatives regions (EVHI regions, which were created as an attempt to regionally plan and implement housing and economic development throughout the state)
 1. NW EVHI in McIntosh, 15 participants
 2. SW EVHI in Walnut Grove, 20 participants

3. NE EVHI in Duluth, 15 participants
 4. SE EVHI in Owatonna, 25 participants
 5. Central EVHI in Little Falls, 15 participants
 6. WC EVHI in Fergus Falls
- Meetings with underserved communities
 1. Pelican Rapids, 14 participants, mostly Hispanic and Bosnian
 2. Duluth, six participants, Hmong public housing residents
 3. Worthington, 4 participants, including Hispanic
 4. Owatonna, 40 participants, mostly Hispanic
 5. Granite Falls, Upper Sioux Housing Program, 6 participants
 6. Mahnommen, Chippewa Tribal Housing Development Corporation, 15 participants
 7. Rochester, Rochester Intercultural Mutual Assistance Agency, 15 participants representing Sudanese, Cambodian, Somali, Vietnamese, Hmong, and other refugees and immigrants
 - Housing type meetings and data gathering
 1. Greater MN homeownership focus group, 12 participants
 2. St. Cloud, tax credit housing development residents, 5 participants
 3. interviews with MHFA Section 8 HRA administrators and management companies
 4. conversations with legal aid
 5. meetings with housing advocates
 6. conversation with MHFA staff with expertise in accessible housing issues

[Back to Table of Contents](#)

FAIR HOUSING ISSUES IN GREATER MINNESOTA.

Fair housing issues are being addressed by housing types.

I. HOMEOWNERSHIP

In the NE region the homeownership rate is 82%, except for the City of Duluth, where it is 46%. The Central region noted that MN has a 75% homeownership rate, and therefore, homeownership is still the preferred kind of housing. The Greater Minnesota Housing Fund reported that it has looked at the way rental housing prices have been going up and has concluded that homeownership may be a better option, although it will continue to support rental housing. All the regions proudly pointed out to examples of homeownership by newcomers of color as signs of stabilization and successful integration.

IMPEDIMENT A: CREDIT ISSUES

Access to credit is a barrier to homeownership in underserved communities.

Underserved communities cannot achieve homeownership when lending institutions and programs are not available to them. In some communities, whether in a rural community, on a reservation, or in a neighborhood of color, there is either no or a limited number of lending institutions. As a result, communities of color in those areas have no or limited access to credit. The MN Fair Housing Center conducted a study which demonstrated that there is up to an 80% level of discrimination in lending, including steering borrowers of color to certain kinds of loans generally offered to those communities and not telling them about conventional loan opportunities. In terms of cultural differences, the HR Director at Swift was concerned about how to help Muslim employees finance homeownership, as there are religious prohibitions about interest (SW).

Communities of color are more likely to have no prior credit history and experience difficulties establishing a credit history. Members of underserved communities with low wages and a very tight cash flow cannot comply with some of the banking institutions' rules. People of color have reported that they cannot meet the bank's requirement to have a saving account with a minimum of \$5 deduction per paycheck and therefore, cannot cash their paychecks at the bank. That is affecting their credit history. (Pelican Rapids)

Underserved communities feel that lenders are less likely to work out credit problems with them, whereas they would provide more assistance to mainstream applicants. Both members from communities of color and non-members from communities of color have reported that credit issues are barriers for people of color seeking to achieve

homeownerships. Community members felt that African Americans seem to be specifically targeted for credit history, criminal records, and arrest reports. It was suggested that non-approval of the applications was based more upon the kind of people who usually apply than upon regulations. (Central)

People of color are disproportionately represented in the low-income class, with little education, low paying-jobs, heavy debt loads, no history of having money and knowing how to manage money. Many members of the underserved communities are interested in homeownership but feel that they cannot find a job and they have no credit history. They have very little education and make \$4-5 per hour in temporary jobs with no benefits. They cannot save for a home when they hardly have enough to eat. (Duluth)

Impediment A1: Communities of color and the disabled community feel they have limited access to banking institutions.

Action Step 1: MHFA staff regularly visits with lenders and provide them with technical assistance regarding MHFA products and programs. Members from the MHFA Outreach Coordinating Team have committed to travel throughout the state with other Homes Division staff to clearly articulate MHFA's strategic directive to serve traditionally underserved communities and provide technical assistance on marketing and outreach methods.

2001 Update: In 2001, program managers made over 100 visits to lender partners and other administrators as part of regular monitoring and to update their understanding of our loan programs. During these visits, program managers made sure they discussed access to MHFA programs with all members of the communities the lenders served. In all cases, the availability of translations services, translated brochures and the importance to MHFA of reaching these underserved populations were emphasized during the visits.

As an additional effort to create awareness and accessibility for underserved populations, MHFA now requires lenders to fill out a Marketing/Outreach Plan each year (at contract renewal) to indicate their awareness of the existing underserved populations in their service area and how they will attempt to serve them. (Outline below)

Additional examples of single event and ongoing efforts by the Homes division and the Outreach Coordination Team to further open access to all communities include:

- Inclusion of Underserved population initiatives in the RFP process asking all applicants to describe how they will serve these communities.
- 30th Anniversary Homes Tour which included underserved population information and a round table discussion of reaching underserved populations.

- Real Estate Partner Cultural Competency training. Over 1000 Real Estate Partners were exposed to our products and how different populations can access these products.
- Regular Lender, realtor and other partner contact through e-mail notices regarding funds availability, rate changes or program changes and offers for technical assistance.
- When lenders asked for co-op marketing opportunities with MHFA, past marketing and outreach were reviewed to assure that appropriate direction was taken with these partnerships resulting in a greater emphasis of the message of service availability to underserved populations.
- The promotion and delivery of the Lender Outreach Awards was a major success among lenders who won the awards and as a benchmark for lenders who fell short of the award criteria. This enabled additional discussion with lenders about the methods to reach these populations and sharing ideas to achieve this success.
- MHFA implemented a lender requirement to provide a yearly plan to reach underserved populations which will be reviewed by the lead of the Outreach Coordination Team, who provides further marketing suggestions and area population awareness to the lender.

Example of a suggestion that could be provided through technical assistance:

- 1) Lending institutions, real estate companies, nonprofits, and local units of government could pool their resources to send homeownership teams to visit with communities of color and the disabled community in different parts of the state.

Impediment A2: Communities of color who have traditionally been disenfranchised from the economic and financial systems and communities of color who are recent immigrants and refugees have limited knowledge and familiarity with the lending process, lending products, and credit issues.

Action Step 1: MHFA staff will work with the Home Ownership Center to assure that comprehensive homeownership training efforts, including the Home Stretch program, which is being transitioned out of the state agency, can meet the needs of communities of color and new immigrant and refugee populations in terms of financial management and credit education.

2001 Update: With the one-time appropriation of \$250,000 from the Legislature intended to expand homebuying counseling services to traditionally underserved communities, more resources were secured for Home Stretch, including issues related to financial management and credit education.

[Back to Table of Contents](#)

Action Step 2: MHFA staff will compile an inventory of existing resources, and will explore other resources and options to provide more financial management and credit education specifically targeting communities of color, and new immigrant and refugee populations.

2001 Update: Will be reviewed further in the future.

Examples of suggestions of other options to explore:

- 1) Fannie Mae, USDA, MHFA, the Family Housing Fund, and other funders can explore how to generate more resources for that purpose.
- 2) Agencies serving communities of color and new immigrants and refugees are often the first or the only resources that those underserved communities interact with. Those agencies serving communities of color can be linked with entities, which provide financial management and credit education. Resources would be needed both to train them and to enable them to provide the services.
- 3) There could be more collaboration with agencies providing welfare-to-work and self-sufficiency resources, either at a state interagency level or at a community level.

Impediment A3: Communities of color and new immigrant and refugees feel that they experience greater scrutiny with regard to their credit and other background histories, which may limit their access to lending products.

Action Step 1: As part of their technical assistance to lenders, to help them with marketing and outreach to underserved communities, MHFA staff will review customer services issues and emphasize referrals to credit counseling and repair for unsuccessful applicants.

2001 Update: As the first contact point for many people seeking home loans, the real estate agent is a key gatekeeper of information about the homebuying process, including the loan and credit portions. MHFA continues to train Real Estate Agents through the Real Estate Partners program with one of the classes providing 3 hours of cultural competency with guest speakers who detail their culture and how best to work with their communities in financial and real estate transactions.

Continuing efforts will be made to impress upon lenders, real estate agents and underserved populations that the homebuying process, especially the lending portion, is an intense process of scrutiny that everyone in the process goes through. Disclosure and education of the process to underserved populations in Home Stretch classes or through readily available printed materials will assist them to become more familiar with and more knowledgeable about navigating the homebuying financing process.

In addition, Home Stretch will let people unfamiliar with the American loan system know that they have the right and the option to find another lender if they feel they are not being treated in a manner they are comfortable with. They will also be told of basic fair lending issues and resources.

MHFA staff is continuing to educate themselves about marketing to and working with underserved communities, so that they will be better able to serve as a bridge between lenders and underserved communities. Furthermore, MHFA, as an agency, continues to highlight and encourage the importance for lenders to find successful ways to work with underserved communities, through its Annual Lender Awards.

Finally, this past year, MHFA staff assisted in securing \$1 million for the Department of Commerce and the Minnesota Realtors Association to promote and implement more fair housing education and awareness in the homeownership area.

Other examples of other available options to explore:

- 1) Lending discrimination, especially disparate impact lending discrimination, is not well understood. There needs to be more education both for members from the underserved communities and lenders about lending discrimination. Resources should be provided to the MN Fair Housing Center or a similar agency to develop a curriculum and provide training.
- 2) As part of developing better marketing practices, MHFA, through its participation in the 50/30 project can encourage lending institutions to train their staff to provide the same quality of service to clients regardless of their race or disability status, in terms of professional and courteous behavior, information about products and programs, credit screening, working out credit problems, and approving a loan application.
- 3) Because bad credit or insufficient credit history is often raised as the economic reason why minority and new immigrant/refugees' loan applications are denied, there should be special attention paid to that part of the loan application process. A model can be developed as to how the applicant should be informed about existing resources to help repair or build their credit history, and encouraged to apply again when the situation has been improved. An alternative would be to conduct a campaign about credit repair and building, to inform the general public about that option. MHFA can integrate that as an effective marketing practice, as it is working with the 50/30 project to develop better marketing and outreach efforts to underserved communities.

Impediment A4: Communities of color and new immigrant and refugees do not have the same experiences with financial institutions as the mainstream population, as they have cultural and religious barriers to conventional lending and homeownership systems.

Action Step 1: MHFA staff will continue to be part of discussions with other institutions regarding lending products that are respectful of cultures with religious prohibitions against interest.

2001 Update: MHFA is an active participant in a group looking at home ownership and small businesses loan programs that would be acceptable to communities who have religious prohibitions against interest. The work group consists of a number of representatives from the Muslim community in the Twin Cities, lending institutions, and government agencies (local, state and federal). Currently, the group is studying a number of local and national lending programs that have been used within these communities. The group is currently focusing on identifying existing programs that can be used more effectively in Minnesota, as well as possibly develop new loan programs.

Action Step 2: There needs to be more education for lenders about other cultural practices and beliefs, as well as a focus on practical lending practices that serve the purpose of successful business relationships with underserved communities. The Homes Division at MHFA has an Outreach Coordination Team (OCT) that is currently sending its members with Homes Division program managers when they visit with lenders throughout the state and take that opportunity to highlight marketing and outreach efforts to underserved communities in their areas.

2001 Update: (See A1 Section Step 1) In addition, this year, discussions have continued with the St. Paul Urban League, to explore how they can become an MHFA lender and help better serve the many communities that may be less likely to walk into conventional financial institutions.

Action Step 3: MHFA, through its participation in the 50/30 workgroup, will work on hiring and training more staff in the real estate and mortgage industries from underserved communities.

2001 Update: The 50/30 group postponed further action and decision on issues of hiring and training more members from communities of color in the real estate and mortgage industries, until the selection of a minority-run organization, that would more effectively and appropriately spear-head such efforts. As of December of 2001, the Urban Coalition has been selected as the lead organization. However, plans are underway to fundraise and establish a new staff position to focus on the 50/30 Initiative.

[Back to Table of Contents](#)

Impediment A5: Communities of color, new immigrants/refugees, the disabled community, and single-headed households are generally disproportionately represented in the low and very-low income categories, are therefore are disproportionately ineligible for mortgage assistance.

Action Step 1: There needs to be more homebuying resources for low and very-low income households from underserved communities, as well as very large size households. MHFA staffs are currently working on re-designing the Home Steps program, a program aimed at enabling public housing and section 8 residents to become homeowners. New and basic features of the program are as follows: mandatory home-buying counseling; \$1,500 contribution from the family toward the down payment; rehab, entry costs, and equity loans wrapped into one loan, and expansion to the 7 county metro area. Expansion to additional areas in Greater Minnesota is also planned. That program is expected to better serve that specific segment of the population. Furthermore, MHFA staff will continue to provide support for Habitat for Humanity.

2001 Update: Since the redesign and expansion occurred in the past 6 months, this program, as it is designed will not show results for at least a year. Anecdotally, MHFA staffs are confident that the enhancements have made the program more realistic for people to use with the hopes of achieving homeownership by the time they have completed the counseling/homebuyer clubs.

IMPEDIMENT B: LACK OF INFORMATION.

Homebuyer training is a critical tool to provide education and information. The Wadena program reported that through outreach done through press releases and by contacting professionals, they were able to serve 5 Hmong families. Most other programs reported that they had no special advertising to underserved communities and felt that there appeared to be no interest in homeownership in those communities. At the present, the Home Stretch program does not track which program trainees successfully achieved homeownership and their racial/ethnic background. (NE) Native American people noted that they had never seen bankers or real estate agents coming to the reservation to do outreach. Many members from communities color reported not feeling comfortable walking into a bank and not trusting the banking system both to respect their privacy and to not discriminate.

Some homebuying professionals expressed that they felt the homebuying training was not as useful to communities of color when it was provided directly prior to the closing of a transaction, as opposed to earlier in the homebuying process (NW).

Another reported barrier for members from communities of color was the lack of comprehensive homeowner training programs in other languages (WC). The only homebuying program in Spanish is in Fargo, several miles away (NW). It was noted

that children from families of color with English as a second language end up having to translate legal documents for their parents and therefore, there was concern about how much the parents really understood (NW). The cost of translation services is often borne by service providers who cannot stretch out scarce resources further and by community volunteers who are not compensated for time taken off from work. Members from the Native American communities reported that they take applications for homebuyer information and trainings, but many times it is difficult for Native American families to bring their children with them (as they have no daycare) or to take time off from work, as they cannot afford to not be working. They suggested that Home Stretch should come with resources for childcare, transportation, and compensation for lost wages.

[Back to Table of Contents](#)

Impediment B1: Home Stretch, the primary program to provide information, education, and resources to first-time homebuyers in the state, is not accessed as often as it should be, by communities of color.

Action Step 1: MHFA staff will work with the Home Ownership Center to increase making the Home Stretch program more successful in serving underserved communities.

2001 Update:

1. MHFA and HOC have been working with the Hispanic Housing partnership, that currently provides Home Stretch in Spanish, to find a way to effectively expand the program and workshops to the Minnesota Latino population. MHFA has committed to translating the new Minnesota Home Stretch manual into Spanish.
2. MHFA has been working with a Native American organization, through the program manager here at MHFA, to determine a way to expand homebuyer education opportunities within their community, through the use of partnerships and existing networks.

Examples of suggestions that could be implemented:

- 1) Home Stretch programs could track demographic data related to who attended the trainings and follow-up data about who actually achieved homeownership.
- 2) Existing Home Stretch programs could establish partnerships with existing organizations primarily serving the underserved populations, so that both sides would maximize their resources, pool resources and overall, increase their capacity to serve underserved populations.

Impediment B2: Homebuying training is not useful to communities of color when it is provided directly prior to the closing of a transaction as earlier in the homebuying process.

Action Step 1: Real estate agents and community organizations serving underserved communities can play a critical role in marketing the Home Stretch program to members of underserved communities who are just starting in their homebuying process. The OCT is planning to hold 4 training sessions for real estate agents from January to April of 2001, where 5,000 real estate agents are expected.

2001 Update: Over 1000 real estate agents attended training sessions in 2001, which emphasized the importance and benefits to, not only the homebuyers, but also the agents themselves. The Homebuyer Support Team and program managers support Home Stretch in every visit with lenders, real estate agents and the public, to whom they emphasize the importance of beginning Home Stretch as early in the homebuying process as is possible.

The Homebuyer Support Team also designed and implemented an insert for our brochures, which encourages a first step of homebuyer training before or at the same time someone visits a lender for the first time.

Impediment B3: The lack of availability of Home Stretch in other languages in Greater Minnesota is a barrier to homeownership for communities of color living in Greater Minnesota.

Action Step 1: MHFA staff will work with the Home Ownership Center to assist in making the Home Stretch program more successful in reaching out to underserved communities.

2001 Update: MHFA staff has worked extensively with the Homeownership Center to secure a one-time appropriation of \$250,000 to expand homebuyer counseling services to traditionally underserved communities, especially those with language and culture barriers. Next, staff from both agencies were involved in the development of a special request for proposals for those funds, that would both encourage existing homebuyer counseling services to increase their capacity to serve underserved communities, as well as should enable organizations run by communities of color to gain expertise in providing homebuying counseling services to their constituents. That two-pronged approach should effectively increase access to homebuying counseling services in underserved communities, and is hoped to build and sustain real capacity within the housing industry and the traditionally underserved communities.

Example of a suggestion for more effective outreach to underserved communities:

- 1) More bilingual/bicultural “cultural consultants” or staff or Home Stretch trainers have to be trained and utilized in the Home Stretch programs, to ensure better outreach and accurate translation as well as concept translation.

[Back to Table of Contents](#)

Impediment B4: Communities of color may be less able to participate in Home Stretch programs because they have less resources for childcare, transportation, and cannot afford to take time without pay off from work.

Action Step 1: MHFA will continue to work on making comprehensive homeownership resources and training more accessible to all Minnesotans.

2001 Update: HOC has had discussions with providers on a statewide basis to attempt to coordinate the scheduling of workshops to provide for the greatest variety in workshop availability. For example, working with a region to have some Saturday classes, some daytime classes, some evening classes and more locations. They have also been meeting with providers to find out and share options providers have for addressing childcare, transportation and other issues. Some ideas have been to use volunteer senior organizations to provide on-site childcare. Also, rather than having scheduled workshops in one location, holding education sessions on an "as needed basis" where the location can travel to the recipient. Most of these activities are being talked about or are at the beginning of being tried.

Example of a suggestion for more effective outreach to underserved communities:

- 1) Exploring the nonprofit trend to make programs financially self-sustaining, by maximizing support from those who benefit from these services, both in the lender and the consumer sectors.

Impediment B5: Communities of color overwhelmingly reported a lack of outreach efforts from lenders.

Action Step 1: In order to increase resources to underserved borrowers, MHFA will set and meet aggressive goals for single-family programs.

2001 Update:

Goals have yet to be set for this year due to workplans remaining unfinished.

MHFA has identified many lenders who are doing great jobs with outreach, whether they are making an effort or not. MHFA will continue to support these lenders through

co-op advertising opportunities and other partnerships that are effective in attracting underserved communities.

MHFA marketing resources will continue to be used predominantly to promote awareness in underserved communities. Examples include targeted TV stations (BET, WB, Lifetime), targeted shows (NBA, NFL, Local News), targeted radio (MIX, B96, Radio Rey) and print media (La Prensa, Asian Pages).

(See A1 Section Step 1)

Action Step 2: The 50/30 workgroup is working on a marketing campaign, as a major outreach effort to underserved communities.

2001 Update: The 50/30 group postponed further action and decision on issues of marketing more aggressively to communities of color, until the selection of a minority-run organization, which would more effectively and appropriately spearhead such efforts. As of December of 2001, the Urban Coalition has been selected as the lead organization. However, plans are underway to fundraise and establish a new staff position to focus on the 50/30 Initiative.

IMPEDIMENT C: LACK OF AFFORDABLE HOUSING.

Communities of color reported that it is harder for members from underserved communities to achieve homeownership because of the lack of owner-occupied start up houses that they, as first-time buyers with lesser resources, can afford. A number of factors were identified as contributing to increased house prices:

- lake area home prices are driving the prices for area homes and making homeownership unattainable for people with low income,
- too much frontage drive up the price and is an exclusionary policy, and
- lot sizes, utility costs, infrastructure, and land costs are impediments to building affordable homes.

Some employers have taken leadership to offer down payment assistance and other tools, but most are not actively involved (SW). It was noted that leadership should come from the top down and that the MN Chamber of Commerce should become involved in homebuying training and homeownership programs, to help provide housing for the Minnesota Workforce. It was noted that large employers who pay \$7-9/hr are not looking at the issues. But a few, such as Golden Plump, have programs that offer \$5,000 in down payment, as long as the buyers agree to stay a minimum of 5 years. (Central)

[Back to Table of Contents](#)

Impediment C1: There is a lack of affordable homes that low and very-low income households from underserved communities can purchase.

Action Step 1: The 50/30 group is looking at how housing affordability can be addressed in an inflationary housing environment.

Action Step 2: There needs to be more affordable home resources. MHFA has re-designed its Homeownership Assistance Fund (HAF) program to help address the gap between what lower income households can afford and the purchase price of even entry-level homes.

2001 Update:

With housing prices rising at a faster pace than salaries, first time homebuyers were being priced out of starter homes. HAF was redesigned to feature a \$10,000 equity contribution option as part of the HAF loan. This contribution enabled the gap between home prices and household income for many low-income buyers. The equity contribution piece of HAF is only used with the Community Activity Set-Aside (CASA) program, as these borrowers are the most targeted customers that we serve.

While existing housing stock dwindles and prices rise, discussions have been taking place to direct more efforts to setting up Community Activity Set-Asides through the CASA program, along with partners who can help and possibly subsidize low-cost, new construction to continue to increase the housing stock; some of which will be targeted for low to very low income households.

Action Step 3: The Minnesota Urban and Rural Homesteading Program (MURL) is another MHFA program aiming at providing homeownership opportunities for lower income households needing more affordable homes. Increased resources are anticipated for the MURL program.

2001 Update: In its Consolidated Housing and Community Development Plan, FFY 2001-2005, MHFA allocated \$3,200,000 in HOME funds to the MURL program.

Impediment C2: There are limited resources to assist low and very-low income households from underserved communities to achieve homeownership.

Furthermore, members and service providers from underserved communities report that they feel there is often a time lag between the time when funds become available and the time they learn about those opportunities.

Action Step 1 MHFA staff will assist the Home Ownership Center and other MHFA program administrators in establishing partnerships with agencies serving underserved communities, to ensure that underserved communities learn about opportunities.

2001 Update: MHFA has started to work on establishing such relationships between existing homebuying counseling services providers and the Hispanic and the Native American communities. However, this is only the beginning. There are expectations that the one-time appropriation for HECAT targeting traditionally underserved communities will further create or strengthen ties between the existing network of housing services providers and organizations run by communities of color who have access to and the trust of their constituents.

Action Step 2: Habitat for Humanity is a good resource for helping communities of color achieve homeownership. MHFA will continue to support the work of Habitat, throughout the state.

2001 Update: During the past year, the Bruce F. Vento Year 2000 Affordable Housing Program was implemented on behalf of Habitat for Humanity Chapters throughout Minnesota. Under this program, \$20 million was provided for Habitat for Humanity Minnesota in the form of an interest free revolving loan. Habitat for Humanity chapters may sell interest free loans to homebuyers incident to this loan and use the proceeds to construct more homes.

Examples of suggestions of partnership activities:

- 1) Routine outreach and marketing efforts to make limited resources known to underserved communities, before funds run out.
- 2) Long-term homebuying training for people who may not be ready now to buy a home but may want to own in a few years, such as Somali refugees, need to be maintained.
- 3) The Family Assets for Independence in MN (FAIM) is a good program to help low income families, many of whom are from communities of color, get into homeownership; however, it was capped at 460 + participating families statewide due to legislative funding limit..

Impediment C3: Employers' participation in housing development is critical to enable people of color, their employees, to achieve homeownership, but employers' participation has been inconsistent.

Action Step 1: MHFA has proposed consolidating several of its programs to increase opportunities for leverage from employers, by creating an economic development challenge fund as a permanent base program.

2001 Update: MHFA consolidated most of its homeownership development programs into the Economic Development and Housing Challenge Program. This became part of

the MHFA's base budget during the 2001 legislative session. Since that time, MHFA has been developing administrative rules to provide for full program implementation.

Action Step 2: Do more outreach to employers to educate them about the benefit of providing affordable housing to their workforce. MHFA staff will continue to promote the challenge fund in its present and soon-to-be adopted form, which involves encouraging partnerships with the private sector in housing development.

2001 Update: MHFA staff has had a number of meetings with employers to educate them about the benefit of providing affordable housing to their workforce. MHFA has also been promoting the Economic Development and Housing Challenge Fund, though much of the focus for the promotion has been with developers of and advocates for affordable housing, as it is fundamentally their responsibility to put together proposals meeting program requirements.

Action Step 3: MHFA will continue to engage the private sector in the development of affordable homeownership.

2001 Update: Ongoing. Specific activities to report for the past year have consisted of: re-structuring and drafting new rules for the Economic Development and Housing Challenge Fund, a major change which was the subject of a feature article in the Star Tribune over the Labor Day weekend; re-designing the program brochure to better engage the private sector; and meetings between the MHFA Commissioner and the Greater Minneapolis Chamber of Commerce.

[Back to Table of Contents](#)

IMPEDIMENT D: LACK OF HOMEOWNERSHIP-RELATED RESOURCES.

Residents of the Red Lake Reservation remarked that it has a public housing to homeownership program to provide homeownership opportunities, but repairs are not covered (NW). The Minnesota Chippewa Tribal Housing Corporation pointed out that it provides home mortgages, but no home equity or reverse equity loans, and expressed that they felt that conventional banks may be more reluctant to provide those on trust land. As a result, Native American homeowners do not have the same access to products as the rest of the population. Asian community members have also expressed concerns that old houses in disrepair are not the preferred choice of housing and have a depressive effect on households, who take no pride in their home.

Impediment D1: Due to their economic circumstances, a substantial number of households from underserved communities buy older homes or deteriorated homes, however, there are no or limited resources to help with the repairs.

Action Step 1: MHFA will implement changes to the Community Fix-Up Fund to require better targeting of resources to underserved populations. In addition,

borrowers with poor credit histories will be required to obtain budget counseling. The non-traditional lender network will be expanded.

2001 Update: A core issue in achieving better outreach to underserved communities relates to making the right connections with entities actually working with the targeted population. MHFA staff has diligently identified organizations that already provide services in underserved communities, such as energy assistance, and has enlisted them in its network of non-traditional lenders. Those new non-traditional lenders are nonprofits and government agencies using CDBG or their own funds or credits with banks (MHFA can buy their loans in a matter of days, so they would only need to use their line of credits to make advance loans for a really short time period) to make Community Fix UP loans that MHFA buys on the secondary market. The non-traditional lenders consulted and trained with existing conventional lenders or in other ways, to develop capacity to provide this lending service. They then designed their own criteria for primarily subprime community fix-up loans that are needed by segments of the underserved communities who may not have access to conventional loans due to credit history issues and other barriers. Those subprime community fix-up loans charge 1% interest higher than the regular community fix up loan interest rates of 5.5% for households with incomes under \$35,000 and 7.5% for households with incomes over \$35,000. In addition, nonprofits and government agencies taking on the responsibility to provide this service are granted a slightly higher processing fee, \$650 instead of \$550 per loan, as those applications may require more intensive work to address barriers. Currently, there are 41 non-traditional lenders, plus two in the process of becoming lenders, serving Minnesota. These lenders provide services in the eleven county metro area and 46 counties in Greater Minnesota.

Examples of suggestions for outreach and marketing outreach efforts:

- 1) Strengthen the home maintenance-related training portion of the Home Stretch program.
- 2) Compile and distribute lists of existing low-cost home repairs classes provided by home improvement stores.

Impediment D2: Native American homebuyers do not have access to the same lending products as the rest of the population, as the tribal housing programs currently do not provide home equity loans and conventional banks currently do not provide those for homes on trust land.

Action Step 1: Tribal housing corporations/programs should be given the opportunity and the capacity to provide home equity loans. MHFA is working on developing those options.

2001 Update: MHFA staff will continue to work in collaboration with the tribal housing corporations to expand their capacity to provide home equity loans and refinancing of existing mortgages, which would include a review of statutory restrictions.

Action Step 2: MHFA will continue to encourage tribal housing corporations and conventional lenders to develop partnerships.

2001 Update: MHFA staff will conduct an assessment related to barriers and possible solutions for better partnerships and business relationships between tribal housing corporations and conventional lenders.

[Back to Table of Contents](#)

II. PRIVATE RENTAL HOUSING.

IMPEDIMENT A: LACK OF AFFORDABLE HOUSING EXACERBATES HOUSING DISCRIMINATION.

The shortage of affordable housing is making things worse for protected classes. Because landlords have a long list of applicants from which to choose, households of color can be passed over without the appearance of discriminatory intent. As demonstrated by tables 1 and 2, households of color tend to have lower incomes than white households. Lack of financial resources is not the only barrier faced by people of color in obtaining affordable housing. MHFA recognizes that increasing the supply of affordable housing is only part of the solution.

Impediment A1: In the existing housing crisis, landlords are able to be highly selective which may disguise some illegal discrimination.

Action Step 1: MHFA will continue to use its resources as effectively as possible to increase the production of affordable housing, to alleviate the vulnerable position of underserved households seeking rental housing in the private market.

2001 Update: The MHFA continues to work on creating more affordable housing opportunities. In the past few years, the MHFA financed new construction (rental housing) as follows:

| | |
|------|-------------|
| 1999 | 667 units |
| 2000 | 549 units |
| 2001 | 1,260 units |

(this includes 228 units for which we did **not** provide financing, but did allocate tax credits. We have not been able to report on these tax credit units in the past because data were not available until this year.)

Action Step 2: MHFA will provide housing opportunities to households of color at least in proportion to their share of the state’s population that is eligible for Agency programs.

2001 Update: In the MHFA 2001 Annual Performance Report, rental housing statistics for underserved households show the following results, which basically demonstrate that all rental housing actual outcomes were above the 13.3% benchmark.

| | Benchmark 1990 Census Data | Rental Assistance | New Construction | Rehabilitate/ Preserve Existing Housing |
|--------------------------------|----------------------------|-------------------|------------------|---|
| Rental Housing Programs | 13.3% | 21.8% | 27.1% | 24.1% |

Note: the 1990 benchmark census data is an estimated percentage of the total households eligible for MHFA assistance, e.g., 13.3% of households eligible for rent assistance are of a race other than white/Caucasian.

Action Step 3: MHFA will implement the Minnesota Families Affordable Investment Fund program to provide affordable rental housing to MFIP recipients and families who have recently left MFIP.

2001 Update: MHFA selected 31 MARIF developments this year, 10 of which have project-based Section 8. This combination of MARIF and project-based Section 8 appears to maximize the availability of affordable rental housing for very low income families, MARIF households included. It should be noted that while the MARIF program is a statewide program, only the Metro HRA, the St. Paul PHA, and the Minneapolis PHA experienced a short-term underutilization of Section 8 vouchers, which they opted to use for project-based Section 8 units in MARIF developments. At the present, those HRAs have resolved their underutilization problem and have closed their lists.

Action Step 4: MHFA will encourage the Minnesota Department of Human Rights (MDHR) and the United States Department of Housing and Urban Development (HUD) to conduct more testing and enforcement of housing discrimination in the private rental market.

2001 Update: Not started this year, to be addressed in the coming years.

Action Step 5: MHFA will develop a uniform process for responding to fair housing complaints received by the agency. The process will be included in the manual used by housing management officers.

2001 update: MHFA has established the following procedures, applicable to developments in which MHFA has a first mortgage (1st Mortgage) interest and to developments to which MHFA has provided a deferred loan (Deferred Loans):

- 1) in response to an individual fair housing complaint, the Housing Managing Officer ((HMO), in the case of a 1st Mortgage development) or the HMO EVHI (Economic Vitality and Housing Investment) representative (in the case of a Deferred Loan development) responsible for tracking administrative issues related to the development in question will request a written complaint;
- 2) that staff person will review the complaint and consult with other MHFA staff regarding the past history with the management company/owner in question;
- 3) that staff person will take appropriate action, based upon that internal review;
- 4) the management company/owner in question will be given the opportunity to submit a written response within 21 days on how, when, and if the issues will be resolved;
- 5) the HMO will follow up with a written response within 14 days;
- 6) if the matter is not satisfactorily resolved, the HMO will refer the complainant to an appropriate fair housing enforcement agency;
- 7) fair housing complaint documentation will be kept at the MHFA office for the required length of time.

MHFA will refer fair housing complaints on non-MHFA properties to the appropriate fair housing enforcement agency.

Action Step 6: MHFA will continue its role as the lead agency in Governor Ventura's Big Plan initiative on Partnerships for Affordable Housing.

2001 Update:

MHFA is the lead agency on Partners for Affordable Housing. We have identified the following performance indicators as the measures for success on this initiative:

Indicators:

- Leverage of non-state resources in affordable housing development projects.
- Investment in affordable housing development projects by businesses and employers both in amounts and in numbers.
- Cost reductions in affordable housing development projects due to local regulatory relief.

Table 1- Leverage of non-state resources in affordable housing development projects.

| Time Period | MHFA Funding | Overall Outside Funds | Total | Leverage Ratio |
|---------------------------|--------------|-----------------------|---------------|----------------|
| Baseline 6 mos. | \$19,661,000 | \$84,589,000 | \$104,250,000 | \$4.30 |
| 1 st half 2000 | \$27,540,000 | \$127,994,000 | \$155,534,000 | \$4.65 |
| 2 nd half 2000 | \$29,005,000 | \$162,906,000 | \$191,911,000 | \$5.62 |
| 1 st half 2001 | \$34,564,739 | \$105,542,196 | \$140,106,935 | \$3.05 |
| 2 nd half 2001 | \$33,469,237 | \$180,209,158 | \$213,678,395 | \$5.38 |
| 1 st half 2002 | \$26,074,810 | \$122,000,000 | \$148,000,000 | \$4.68 |

We have reported on our performance on these measures at six-month intervals starting January 2000 through June 30, 2001.

Action Step 7: MHFA will continue to collaborate with the Minnesota Housing Partnership in its “Housing Minnesota” campaign to improve attitudes about affordable housing and the people who need and live in affordable housing.

2001 Update: MHFA is working actively with the Housing Minnesota campaign on its outreach to employers and businesses on the workforce housing issue. Along with the National Housing Conference (NHC), we reshaped the agenda of an NHC regional roundtable on September 6th to focus on the issues of workforce housing and business involvement in housing development. We participated in the Housing Minnesota’s housing convention in November.

Action Step 8: MHFA will consult with the Family Housing Fund and others about how to best use the findings of the recent Maxfield Research, Inc. study on the effects of affordable housing on property values of surrounding single-family homes.

2001 Update: The Maxfield Research/GVA Marquette Advisor’s study on workforce housing in the metro area was released. The report received coverage from the St. Paul Pioneer Press, the Minneapolis Star Tribune, City Business, and Minnesota Public Radio.

[Back to Table of Contents](#)

IMPEDIMENT B: ENTRY BARRIERS.

Everywhere in MN, rental housing seekers are reporting huge amounts of entry expenses that are disproportionate to their incomes and that become real barriers to securing housing. Protected classes are particularly impacted as they are either newcomers, not-yet established, or low and moderate-income individuals/households. For example, a newly arrived migrant family that wants to permanently settle in MN has to come up with \$250 for a security deposit, \$250 for the first month rent, and a \$100

utility deposit fee. Since they cannot secure a job before they have an address and they are spending all their existing resources on temporary housing at a motel, those entry costs may bar them from obtaining housing, which would bar them from being able to settle in town (Pelican Rapids). Application fees are of concern for families from communities of color. Due to the tight rental market, households of color must apply for a number of apartments in order to secure housing and pay multiple application fees. Application fees are also burdensome for households with several adult family members needing to pay for individual screening reports or adult workers from communities of color (migrant, immigrant, and refugees) sharing an apartment. See appendix X for additional comments and examples made at the various meetings outlined in the Introduction.

Participants in the meetings and discussions identified several remedies to these entry barriers, including:

- a tenant screening clearinghouse where tenants could pay one fee for a tenant report that could be used by several landlords over a period of time;
- a requirement that landlords provide a receipt from the screening company when they reject an applicant and will not refund the application fee, to demonstrate that the application fee was properly used to evaluate the prospective tenant's application;
- promotion of best practices regarding reasonable and consistent entry fee costs.

Impediment B1: Unlimited entry costs (application fees, security deposits, utility deposits) are a barrier for communities of color with limited income and limited access to local resources, to secure a rental unit.

Action Step 1: MHFA will participate in discussions about possible mechanisms to limit excessive application fees.

2001 Update: In 2001, in response to a session fraught with application fee system reform proposals and counter-proposals, the Legislature directed the MHFA to convene a study group on application fees. MHFA staffs have worked on compiling data related to the issues surrounding application fees and tenant screening processes. A committee consisting of representatives from all stakeholders has met to further review and discuss the issues, and come up with recommendations.

Action Step 2: The Family Housing Fund has convened a group to look at the issue of tenant training and certification. RHAM has also studied the possibility of using tenant training and certification as a mechanism for overcoming bad tenant credit histories.

2001 Update: The 2001 legislature appropriated \$357,000.00 for the Rental Housing Pilot Program, which purpose is to develop and evaluate a tenant applicant training and certification initiative, which would include specific curriculum and limited landlord financial protection for renting to an at-risk tenant. The Family Housing Fund

(FHF) has made an additional contribution of \$143,000.00 for utilization in the seven-county metropolitan area. An RFP was issued, with applications due on December 28, 2001. If deemed to be effective, the program could be expanded statewide in the future, utilizing multiple providers. This would require legislative action and funding from the legislature.

[Back to Table of Contents](#)

IMPEDIMENT C: SUBSTANDARD HOUSING.

Minority people are disproportionately low income and as a result disproportionately live in substandard housing. Several participants noted that people of color are often the newest residents in the area and the lowest income, and therefore, they end up in the worst housing until they can find better housing. (NE) Housing is eventually lost when the housing stock is not maintained. Housing shortages increase a landlords' ability to discriminate and increases homelessness. Participants in various meetings commented on the need for better enforcement of local housing codes and for a statewide housing code to serve the many areas of the state that currently lack any housing code. See appendix X for additional comments and examples made at the various meetings outlined in the Introduction.

Impediment C1: Underserved communities, especially new refugees and immigrants, lack knowledge of what constitutes substandard housing and that they have a right to decent and safe housing.

Action Step 1: MHFA will continue to market and distribute its videotape that addresses tenant rights and responsibilities. The videotape is available in 5 languages.

2001 Update: Ongoing.

Action Step 2: The state Attorney General's office publishes a handbook entitled "Landlord and Tenants: Rights and Responsibilities".

2001 Update: Ongoing.

Impediment C2: Members from communities of color live in substandard housing owned by landlords who may not want to participate in fix-up/rehab programs, as they would then be bound by regulations.

Action Step 1: MHFA will continue to encourage its HOME rental rehab program grantees to widely market the program, which is intended to assist landlords of smaller buildings to maintain and improve their rental housing units.

2001 Update: This past year, MHFA provided a training for HOME administrators including distribution of a web resource list and underserved communities' business directories, as well as a section on affirmative fair housing marketing. In the coming year, the HOME team is planning to revise the monitoring checklist, which determines which data will be collected from administrators and which issues will be raised with administrators. The revisions can incorporate more focus on affirmative fair housing marketing. In terms of marketing to potential HOME landlords, that issue will be revisited in the coming year, such as reviewing the current outreach and identifying what would effectively encourage landlords to participate in the HOME program.

Action Step 2: MHFA will continue its efforts both on its own and in conjunction with the MHA to increase participation in the 4(d) rental property tax classification as a means of improving landlords' ability to properly maintain their property.

2001 Update: The 2001 legislature took action to eliminate the 4(d) classification, effective by 2004. The last new application period for properties not yet classed 4(d) ended February 28, 2001, and no additional applications will be accepted. Reapplication and reporting of 4(d) compliance, and compliance monitoring for existing 4(d) properties will continue.

[Back to Table of Contents](#)

IMPEDIMENT D: TERMS OF THE LEASE.

Length of lease, occupancy standards, and limitations on activities in housing developments are sometimes applied in a manner that discriminates against persons of color. In many parts of the state, Hispanic migrant workers who come for seasonal work cannot find housing, as landlords require a one-year lease. The lack of larger rental units results in large families from communities of color either being split up and having to spend more than they can afford on housing when they have to rent 2 to 3 apartments or violate the occupancy standards of the lease. Cultural differences such as decoration of the rental unit, child rearing practices, or food preparation have caused lease terminations and reluctance to rent to households of color. See appendix X for further comments and examples of how lease terms have been a barrier to housing for households of color.

Impediment D1: Length of the lease: Migrant workers are only offered one-year leases.

Action Step 1: Organizations for fair housing will consider recommending that the Minnesota Department of Human Rights examine the extent to which lease terms are applied in a discriminatory manner.

2001 Update: To be worked on in the coming years.

Action Step 2: Migrant housing options, which would meet that population's needs, and could be used during the off-season as transitional housing should be explored.

2001 Update: To be considered as part of the Hispanic housing issues.

Impediment D2: Occupancy standards. Families from underserved communities tend to be larger either because of the number of children or extended family members. Occupancy standards frequently preclude more than two persons per bedroom resulting in a denial to rent to the large family. If the family does not disclose the number of persons who will be occupying the unit, they may subsequently be evicted for violating the occupancy standard.

Action Step D1: MHFA will continue to give a priority to housing for larger families in the allocation of federal low income housing tax credits.

2001 Update: Large family housing proposals score an additional 10 points in the tax credit developments' selection process, when at least 75% of the total tax credit units must contain two or more bedrooms and at least one-third of the 75% must contain three or more bedrooms. In addition, the project must meet the minimum design features for family projects, as evidenced by a certification of compliance executed by the owner or architect.

Action Step D2: MHFA will develop a plan for regularly collecting information about the utilization of large family units in tax credit buildings.

2001 Update: Data collection on large family units will be part of the comprehensive tax credit development survey every three years, which MHFA is in the process of developing. Although there are no details yet, there are many expectations that the survey will capture the many layers of information related to fair housing issues.

Action Step D3: MHFA housing management officers will work with owners to minimize the underutilization of large family units.

2001 update: MHFA experience is that the section 8 program does not see much underutilization of units due to section 8 regulations that require minimum numbers of tenants based on the number of bedrooms. More underutilization has been seen in the agency's tax credit portfolio. Since the 2000 tax credit development survey, greater attention has been paid to underutilization issues in those developments, as reflected in changes made in the tax credit handbook regarding the number of persons in large family units, as found on page 5-2 of the tax credit owner compliance manual. There, MHFA highlights its recommendation for maximum occupancy: a minimum of 1 person per bedroom and a maximum standard of no fewer than 2 persons per bedroom.

Furthermore, in situations with multiple applicants, MHFA recommends that “preference be given the household that is most suitable to the unit size.”

Impediment D3: Cultural differences are a cause of tension and conflict between tenants from communities of color and landlords, or tenants from different racial or ethnic backgrounds, which often are labeled as lease violations and can result in evictions of the minority households.

Action Step 1: MHFA and the Multi-Housing Association will explore the possibilities for cultural sensitivity and awareness training as a regular part of the spring training conference.

2001 Update: MHFA and MHA co-sponsor working together conferences that typically feature a few fair housing sessions, including sessions dealing with increased diversity awareness and capacity to work with different populations. At the last working-together-conference, two fair housing training were offered for management staff and maintenance staff. Additionally, a session on the Analysis of Impediments to Fair Housing Choice was also scheduled. The last MHA breakfast meeting of the year focused specifically on working with diverse residents.

[Back to Table of Contents](#)

IMPEDIMENT E: LACK OF ADEQUATE OUTREACH TO COMMUNITIES OF COLOR.

Some landlords lack information about their responsibilities related to fair housing and /or the knowledge of how to effectively conduct outreach. The Affirmative Fair Housing Marketing Plans (AFHMPs) are still the main tool to ensure that inclusive outreach and marketing be done to underserved communities and provide them with housing opportunities. Unfortunately, there are no state regulations to ensure consistency and enforcement of the AFHMPs. The lack of readily available resources to ensure enforcement of the AFHMPs is a barrier to the promulgation of the AFHMPs state regulations.

Impediment E1: There are no AFHMPs state statutes or regulations and there is no enforcement of AFHMPs.

Action Step 1: MHFA is in the process of establishing training for its staff, and reviewing how the MHFA Section 8 project based housing developments are successfully and properly using AFHMPs to reach out to underserved communities.

2001 Update: Policies were put in place for the AFHMPs for MHFA-financed amortizing development to be reviewed annually by staff with the owner/agent at the annual management review, to ensure that the AFHMP is followed by the owner/agent. We review samples of advertisements and letters of outreach to ensure

that the owner/agent is appropriately advertising the development and making a reasonable effort to reach persons eligible to apply for housing in their development. Every three years, we ask the owner/agent to provide MHFA with an updated and/or revised AFHMP that is reviewed by MHFA staff to ensure the development's fair housing goals coincide with current city and county demographics.

[Back to Table of Contents](#)

III. SUBSIDIZED RENTAL HOUSING.

Subsidized rental housing is a primary housing option for underserved and protected-class populations, which experience a higher level of economic impoverishment. However, there is not enough subsidized housing in general and community-based subsidized housing units are not available in some areas. (WC)

IMPEDIMENT A: SECTION 8 HOUSING ISSUES.

Section 8 is another primary housing option for protected classes, many of whom are low-income. In some areas of the state, Section 8 certificates go unused. The number of units available to a section 8 voucher holder is severely limited in some areas of the state because rents exceed the HUD established fair market rent (FMR). Only 25% of the apartments surveyed by Homeline, a housing advocacy nonprofit, met the rent requirements of the Section 8 program (Vouchers to Nowhere Diminished Choices 6: The Ever Shrinking Market for Section 8 in Suburban Hennepin County, MN, October '00). Despite federal law changes intended to improve landlord acceptance of the section 8 program, landlord participation continues to decline. Twenty-eight percent (28%) of the rent-eligible units in suburban Hennepin County accept section 8 vouchers; this represents only 7.1% of all of the units surveyed (Vouchers to Nowhere Diminished Choices 6: The Ever Shrinking Market for Section 8 in Suburban Hennepin County, MN, October '00). All avenues to increase participation in the Section 8 program should be explored.

Impediment A1: There are thousands of Section 8 vouchers going unused because landlords will not accept them. Members from underserved communities are severely impacted as they are disproportionately represented in the section 8 program.

Action Step 1: MHFA will continue to closely monitor compliance with the 4(d) rental property tax classification requirement for participation in the section 8 program..

2001 Update: 4(d) compliance monitors review the owners' 4(d) records to determine if qualifying units have been made available to Section 8 voucher holders. Furthermore, 4(d) staff has included specific information about Section 8 issues in each mailing of 4(d) Reapplication and Compliance Report (RCR) forms for compliance years 2000, 2001 and

2002, as well as with 2001 application and Reapplication acceptance letters. The acceptance letters themselves have included revised, specific Section 8 requirement information, starting with the mailing in May 2000. Section 8 requirements have been explained in detail in each of the nearly 100 Compliance Training sessions offered to 4(d) owners around the state in the last three years.

Action Step 2: MHFA will continue to encourage the use of project based rental assistance by awarding priority points in the federal low income housing tax credit allocation process for projects in which the owner has entered into negotiations with the local housing authority for project based assistance.

2001 Update: As of May 2001, in the tax credit selection process, owners who have entered into negotiations to receive project-based rental assistance are eligible for up to 14 points: 10 points for setting aside at 20% of the units for project-based rental assistance (PBA), 6 points for setting aside between 10% and 20%, and 4 points if other rental assistance, such as Section 8, Shelter Plus Care, etc, are planned for.

For 2002 Minnesota received 8.6 Million Total Tax Credit Authority = about \$ 60.2 in syndication

6.4 Million authority for MHFA (Including 876,000 JPA- joint powers agreements)

2.2 Million authority for Subs

52 applications were submitted to MHFA requesting a total of 15 Million credits

23 developments submitted applications including at least 20% PBA units.

13 provided letters of intent to coordinate with the local PHA to support other rental assistance within the development.

26 developments were recommended for selection

18 developments included at least 20% PBA units

8 provided letters of intent to coordinate with the local PHA to support other rental assistance within the development

Impediment A2: FMRs are not keeping up with actual market rents, so that units are not eligible for Section 8, which means that communities of color relying on Section 8 housing choice vouchers to find housing cannot be eligible for those units.

Action Step 1: MHFA will continue its policy of requiring that in the Twin Cities metro area a portion of the units in a building financed through the ARIF program have rents that do not exceed the lesser of the FMR or 30% of 50% of the metro area median income. This policy adds to the supply of units in which a Section 8 voucher may be used.

2001 Update: The ARIF program was consolidated into the new Housing Trust Fund, where rent limits no longer refer to the FMRs but are limited to 80 % of the median area income. However, priority to underserved populations is still a selection criteria factor. With regard to the Metropolitan Housing Implementation Group (MHIG), in December of 2001, MHFA adopted the MHIG changes to the Metropolitan Housing Investment Policy, including the deletion of income thresholds. Now the application guide for MHIG refer to “Individual Funder’s Criteria”, as both the Metropolitan Council and the Family Housing Fund have different and lower income maximums.

Action Step 2: MHFA will advocate for the continuation of HUD’s recent decision to raise the FMR standard in the Minneapolis-St. Paul Metropolitan area to the 50th percentile of all rents.

Impediment A3: There was a concern about criminal background checks for Section 8, which exclude people, especially people of color.

Action Step 1: MHFA will continue to discuss with the managers of buildings it has financed the need to consistently and uniformly apply screening standards.

2001 Update: Ongoing, will need more details/evaluation in the coming years.

Impediment A4: Minimum income restrictions or rent-income ratio requirements impact Section 8 renters as many rental properties have rent-income ratio rules that screen out lower income applicants, many of whom belong to underserved communities.

Action Step 1: In 1999 Governor Ventura proposed funding for and the MHFA is now implementing a program to provide rental housing for families who are current or recent recipients of MFIP. The housing that will be developed with the new funding will be accessible to section 8 voucher holders.

2001 Update: MHFA selected 31 MARIF developments this year, 10 of which have project-based Section 8. In FY 2001, MHFA closed on or disbursed loans for a total of \$2,979,887 in MARIF assistance for **26 units of MARIF housing** affordable to people with incomes at MFIP levels. It should be noted that while the MARIF program is a statewide program, only the Metro HRA, the St. Paul PHA, and the Minneapolis PHA experienced a short term underutilization of Section 8 vouchers, which they opted to use for project-based Section 8 units in MARIF developments. At the present, those HRAs have resolved their underutilization problem and have closed their lists.

Action Step 2: With regards to section 8 issues in 4(d) buildings, staff is currently informing and will continue to inform owners that they need to base income tests on the tenant’s portion of the rent and not the total rent.

2001 Update: For as long as 4(d) remains, the Section 8 information noted above includes guidance to base any income test on the tenant portion of the rent rather than total rent.

[Back to Table of Contents](#)

Impediment A5: Section 8 project-based housing developments have time-limited low income housing requirements and then can revert to market rate.

Action Step 1: MHFA and other partners are continuing to work on preserving those low income housing resources, through negotiations and refinancing.

2001 Update: Since 1998, a total of 4,334 federally-assisted units have been preserved with MHFA resources. In FY 2001 (10-1-00 to 9-30-01), MHFA preserved 830 units at a cost of \$7,653,987 in MHFA deferred loan resources.

Action Step 2: Housing advocates are continuing to work on educating and organizing residents of those kinds of housing developments, to prevent market rate conversions.

IMPEDIMENT B: TAX CREDIT BUILDING ISSUES.

Tax credit buildings have been a primary source of low income housing in the state and are specifically subject to fair housing requirements. Several participants commented that tax credit buildings are becoming less integrated, both racially and economically. Some tax credit buildings are the only affordable housing in the community and therefore have long waiting lists. Further examples and comments made on this issue at the various meetings can be found in Appendix X.

Impediment B1: Tax credit units for low income and large families may be the only housing that households from communities of color can find, as they encounter racial discrimination or cannot find housing they can afford.

Action Step 1: MHFA's housing management officers will be provided with data on occupancy of rental developments it has financed in order to better monitor the effectiveness of outreach efforts and assist in improving outreach marketing.

2001 Update: For properties reporting in the first year of their credit period, MHFA Tax Credit Compliance staff collects a report entitled "Characteristics of Tenant Households". This report collects demographic information, including but not limited to household composition, income, rent, racial composition, homelessness and disability status, on first occupants of newly-placed-in-service tax credit properties. These reports are given to MHFA's Market Analyst and Research Department for dissemination. The tax credit survey still in the process of being developed will incorporate many monitoring factors, including outreach evaluation.

Action Step 2: MHFA new selection criteria for tax credit housing incorporates the directive to serve more underserved communities, as there is greater emphasis on the requirement for affirmative fair housing marketing plans, on units that could accommodate larger size families, projects serving populations with special needs, and maximizing occupancy capacity. There can be evaluation about whether those new guidelines effectively result in greater numbers of underserved households living in tax credit units.

2001 Update: All of the above directives were emphasized or added to the 2002 procedure manual as a requirement of allocation.

Action Step 3: When making funding decisions, MHFA staff will be provided with more demographic information about the area in which the proposed housing will be located, including information about targeted populations.

2001 Update: Prior to each funding meeting, the MHFA Research Division supplies the selection committee with demographic information about the specific cities and communities requesting assistance. In addition, MHFA now gives priority to applications located in cities and communities in counties with significant job and population growth.

Action Step 4: The priority points awarded to tax credit proposals that project base Section 8 assistance should provide more affordable housing opportunities for households from communities of color with lower income, larger families, and a higher rate of participation in the Section 8 voucher program.

2001 Update: In the last funding cycle, 26 developments were recommended for selection

- 18 developments included at least 20% PBA units

- 8 provided letters of intent to coordinate with the local PHA to support other rental assistance within the development.

Impediment B2: Members from communities of color lack basic and correct information about tax credit housing.

Action Step 1: MHFA will monitor the effectiveness of affirmative fair housing marketing plans in reaching out to underserved communities, in existing and proposed MHFA tax credit housing developments.

2001 Update:

1. In 2001, MHFA changed its Qualified Allocation Plan to require submission of an Affirmative Fair Housing Marketing Plan. MHFA staff reviews the AFHMP to ensure properties are marketed to underserved population(s).

2. MHFA will be conducting a survey in 2002, similar to the survey done in 1999, to monitor the effectiveness of such plans.

[Back to Table of Contents](#)

Impediment B3: There needs to be a balance between the need for low income families from underserved communities to find affordable housing and the benefit of mixed income environments.

Action Step 1: MHFA will continue its policy of promoting economic integration by giving funding priority to developments that increase the range of incomes of households residing in a community or developments that are affordable to a range of incomes.

2001 Update: MHFA increased the preference awarded to developments blending affordable and market rate units. In the last funding cycle, 15 of the 26 selected tax credit developments included a mix of market and affordable rental units.

Impediment B4: Tax credit units are some of the few low income units that directly prohibit exclusion of section 8 voucher holders, however, because the rents may be higher than the FMRs, those units are in practicality ineligible for section 8 housing.

Action Step 1: MHFA will continue its practice of combining federal and state resources in order to produce housing with rents at the FMR level when resources permit.

2001 Update: In its 2001 Annual Performance Report, MHFA reported producing the following rental housing units below at and above the HUD FMR.

| Fair Market Rents | Below HUD FMR | Above HUD FMR |
|--|----------------------|----------------------|
| New Construction | 83.6% | 16.4% |
| Rehabilitate/Preserve Existing Housing | 97.3% | 2.7% |

Furthermore, in the most recent funding cycle, 25 of the 26 selected tax credit proposals included funding from either local, federal, private, employer, or philanthropic contributors.

IMPEDIMENT C: PUBLIC HOUSING ISSUES.

Note: MHFA has no jurisdiction over this type of housing; therefore there are no concrete action steps and only recommendations.

There are 800 names on the waiting list at the Fond du Lac Reservation HRA. (NE)
There are public housing units, but there is a waiting list. (Worthington). Scott County remarked that it was half urban and half rural, and its efforts to place Hollman units in its area are more successful in attracting families of color but less successful in retaining them. Some of the barriers came from neighborhood resistance. Others involved the lack of community resources and the challenges of transitioning from apartment to single house living, for the families from communities of color.

Impediment C1: There is not enough public housing, a primary housing resource for low income communities of color.

Recommendation: Other low income housing options must be generated.

[Back to Table of Contents](#)

IMPEDIMENT D: RURAL DEVELOPMENT HOUSING ISSUES.

Note: MHFA has no jurisdiction over this type of housing; therefore there are no concrete actions steps and only recommendations.

RD has 40 multifamily units in the region. They have AFHMPs and make special efforts to educate landlords and managers about AFHMPs, such as telling them it is not necessary to market to a population that is not present in the area. Landlords and managers are required to do a self-evaluation of accessibility. (SW)

Impediment D1: There are vacancies, but those are 1 bedroom units, which are not suitable for families from protected classes.

Recommendation: There was a study done of why those units were left vacant. There should be some follow up as to how those units could become usable for large families.

Impediment D2: There are regulations limiting migrant housing to agricultural workers, which excludes Hispanic workers who found a job in manufacturing and other industries.

Recommendation: There needs to be a recognition that housing for the Hispanic community in Greater Minnesota may have changed and that housing options other than migrant housing should be available.

IMPEDIMENT E: 4(D) HOUSING ISSUES.) HOUSING ISSUES.

MHFA administers the Minnesota 4(d) Property Tax Classification, which provides property tax reductions to rental property, whose owners voluntarily apply for the benefit. In return, these owners commit to restrict rents and tenant income for a five-

year compliance period. Additional requirements include a physical inspection of the property once every three years, making units available to Section 8 voucher households and audits of owner records to verify 4(d) compliance. As a low-income housing resource, it has the potential to be a housing resource for low income communities of color. Housing advocates have reported concerns about 4(d) issues.

Impediment E1: Landlords may be unwilling to participate in the 4(d) classification, due to program requirements.

Action Step 1: MHFA will continue its efforts both on its own and in conjunction with the MHA to increase participation in the 4(d) rental property tax classification

2001 Update: The 2001 legislature took action to eliminate the 4(d) classification, effective by 2004. The last new application period for properties not yet classed 4(d) ended February 28, 2001, and no additional applications will be accepted. Reapplication, reporting of 4(d) compliance, and compliance monitoring for existing 4(d) properties will continue.

Impediment E2: Housing advocates have reported concerns that 4(d) buildings may not be meeting their Section 8 make-available requirement.

Action Step 1: MHFA staff will continue to be diligent about responding to concerns and making it a priority to investigate reports of non-compliance.

2001 Update: 4(d) staff has, and will continue, to include accurate information about 4(d)-related Section 8 voucher make-available compliance requirements, in remaining training sessions and mailings (see above).

[Back to Table of Contents](#)

Action Step 2: Another way to expand the program would be to add Bridges and Shelter Plus Care to the types of housing assistance that would meet the Section 8 make-available requirement.

2001 Update: No updates on this action step, since the legislature discontinued the 4(d) program.

IV. MANUFACTURED HOMES.

Note: Manufactured homes, many of them in trailer parks, must be included in this analysis of impediments to fair housing choice, as a substantial number of households from underserved communities live in those housing options. However, MHFA has

limited experience with that type of housing. Therefore, instead of action steps that MHFA staff are already working on or could work on, there are only recommendations.

An African American woman reported that she was going to buy a manufactured home and move into a trailer park, but her aunt told her it was not a good housing option. On the other hand, Cambodian, Hmong, and Somali refugees and immigrants have taken that option, as manufactured homes were an affordable housing resource, but they later found out about the drawbacks of trailer parks. Many Asians and Hispanics are living in trailer court parks, because they have extended families and because they concentrate for increased affordability. Members from communities with disabilities are not clear about their rights in trailer parks. The ADA does not apply to mobile/manufactured homes, as those are single housing units. Trailer park owners do not have to maintain sidewalks inside the lot, because those are not required accessible routes. There are 3 to 4 trailer parks in St. Cloud. They are full. Employers have started to open some of the companies' lands to manufactured homes. Employers bus their employees from trailer courts (Central). As only the manufactured homes are owned, but the land on which they sit must be leased, manufactured home owners are restricted by the trailer park owners' rules who can dictate color and type of materials of the homes, how many people can live there, or who can buy the homes. Except for weatherization, there are no resources to rehabilitate old manufactured homes; therefore, substandard housing issues plague trailer parks. If a current manufactured home owner wants to move out and cannot find a buyer that the trailer park owner will approve, the current owner will have to pay \$700 to destroy the home. Another major issue with manufactured homes would be that in, all practicality, they may not be that mobile, as moving them costs \$3,000 to \$5,000. Finally, there are issues of faster deterioration rates and lack of appreciation in value.

[Back to Table of Contents](#)

IMPEDIMENT A: LACK OF INFORMATION.

Impediment A1: Immigrants and refugees lack information about the advantages and disadvantages of living in mobile homes and renting space in trailer courts. Language barriers present additional challenges.

Recommendation 1: Their needs to be more education about rights and responsibilities of mobile home owners and trailer court owners targeting immigrants and refugees.

Recommendation 2: Their needs to be translation services available, especially in the areas of understanding rules and in manufactured home buying and selling negotiations.

Impediment A2: People with disabilities lack knowledge about their rights as mobile home owners and trailer park owners.

Recommendation 1: There needs to be more education about rights and responsibilities of mobile home owners and trailer park owners targeting issues of people with disabilities.

IMPEDIMENT B: REPAIRS AND REHABILITATION.

Impediment B1: Except for weatherization, there are no resources for repairs and rehabilitation for mobile homes.

Recommendation 1: There should be rehabilitation resources available to mobile home owners, as mobile homes are the homes of many families, especially households from underserved communities.

2001 Update: Currently, manufactured homes sited on fee simple real estate are eligible for home improvement loans from the Minnesota Housing Finance Agency, but manufactured homes sited on leasehold land (i.e. in mobile home parks) are not. However, the Minnesota Housing Finance Agency has funded a proposal from Faribault, MN under its Community Revitalization Fund that provides for the rehabilitation or replacement of substandard manufactured homes sited on leasehold properties.

IMPEDIMENT C: SEGREGATION.

By city ordinance, mobile homes are confined to certain districts, unless they become bolted down and become permanent housing. (Worthington)

Impediment C1: Mobile home ordinances result in concentration of poverty, segregation, and trailer park abuses.

Recommendation 1: There should be alternatives to trailer park homes, maybe more opportunities to make them become permanent housing.

[Back to Table of Contents](#)

IMPEDIMENT D: TAX ISSUES.

Impediment D1: communities disfavor Trailers/mobile homes because they do not add to the tax-base, as they are not classified as real estate. Those laws may have changed. (Central)

Recommendation 1: Mobile homes that are permanent housing could be re-classified as real estate, so that they will have tax-base value and homestead tax status.

Recommendation 2: Mobile homes could be constructed to be more sturdy, which may raise their prices but would still be more affordable than building a home, so that they have more value as a personal asset or may be more desirable to be classified as real property, and could appreciate over time.

IMPEDIMENT E: ACCESSIBILITY ISSUES.

Impediment E1: As more affordable housing options, mobile homes/manufactured homes in trailer parks are likely housing units for members from the disabled community, however, they are not covered by the ADA.

Recommendation 1: There could be legislation to offer protection similar to the ADA to people with disabilities who end up with a mobile/manufactured home as the housing they can afford.

Recommendation 2: There could be accessibility loans to build/rehabilitate mobile/manufactured homes, so that they would be suitable to owners with disabilities.

V. EMERGENCY AND TRANSITIONAL HOUSING.

It was noted that there is a disproportionate number of members of the protected classes in emergency shelters (Wilder Survey). It was noted that there is a discrepancy between the number of members from protected classes in emergency shelters and the number of members from protected classes in transitional housing (CFL). A recent survey of homeless youth indicated that a majority of homeless youths are people of color. It was noted that some students were recruited for the football season, but dropped out after the season. It was noted that many people of color in the area are students, the drop-out rate for students of color has been high, despite the fact that the college has some support services, such as a brochure on how to survive as a student of color. (NE)

IMPEDIMENT A: LACK OF HOMELESS SERVICES RESOURCES FOR UNDERSERVED COMMUNITIES.

Migrant workers in Pelican Rapids had no resources for emergency services locally, but Migrant workers in Pelican Rapids had no resources for emergency services locally, but noted that there were resources 40 miles away in Breckenridge. There, food stamps, gas, interpreters, school buses to pick up migrant workers' children are available, although there does not appear to be a large Hispanic community (Pelican Rapids). The closest emergency shelter is in Fergus Falls and is a battered women's shelter (Pelican

Rapids). The community has been supporting a privately operated emergency shelter, open to all but primarily serving people of color, however community support is thinning down. Now they need more information about state and federal resources (Worthington). Native American communities noted that they are not included in Continuum of Care planning. Hispanic communities noted that sometimes they fall in between the cracks as migrant services agencies are set up to help migrant workers and homeless services agencies are set up to help people who intend to permanently stay in the area, and both types of agencies think Hispanic families have the other intention. The Minnesota Interagency Task Force noted that there was a lack of interpreters during the survey night for the Wilder survey, and therefore, it was harder to include the non-English-speaking homeless. Furthermore, there too, providers raised the question about who met the definition of "homeless." There were several concerns raised regarding the disproportionate number of members from underserved communities among the homeless population. More specifically a concern was raised that there is a discrepancy between the number of people/households from underserved communities and their number in transitional housing.

Impediment A1: Locations of resources and types of resources do not match locations and needs of the homeless from underserved communities.

Action Step 1: Underserved communities should be included in Continuum of Care planning and implementation, so that their needs and resources for their needs be taken into consideration. The Interagency Task Force will assist the Continuum of Care networks in establishing partnerships with local underserved communities.

2001 Update: Not undertaken this year, will be addressed in the coming years. It should be noted that several staffing restructuring may bring more opportunities for greater attention to underserved communities needs, as MHFA now has a full-time staff for the Family Homeless Prevention Assistance Program and the ITF will be assisted by a circuit rider housed at the Minnesota Housing Partnership.

Action Step 2: MHFA staff will work with agencies focusing on Hispanic housing needs and will further evaluate how to best serve homeless Hispanic people who fall in between definitions for services, but do need services and resources.

2001 Update: Not undertaken this year, will be addressed in the coming years.

Action Step 3: The Department of Children, Learning and Families will consider targeting of operating funds for temporary housing to programs that serve communities of color.

2001 Update: CFL is amending this action step to the following two new action steps.

Action Step 4: CFL will continue to provide training to its shelter and transitional housing grantees regarding fair housing issues. Training will include information to increase the capacity of shelter and transitional housing grantees to help program residents know how to file fair housing complaints, should they feel they are facing discrimination in their attempts to acquire permanent housing. Grantees will also be informed about practices their own agencies should follow when acting in the role of landlord.

Action Step 5: CFL will add links on its' web page for parties seeking fair housing information.

[Back to Table of Contents](#)

Examples of suggestions for partnership activities between CoC networks and underserved communities:

- 1) Include and plan for resources for homeless persons from underserved communities who have language and cultural barriers.
- 2) Capacity building efforts to service providers aiming to serve homeless people and families in the underserved communities.

Impediment A2: There is a discrepancy between the number of people/households from underserved communities in emergency shelters and their number in transitional housing.

Action Step 1: In its transitional housing selection process, MHFA will prioritize applicants with a demonstrated record of service to the underserved communities or applicants with a demonstrated commitment to serve the underserved communities.

2001 Update: Priorities for underserved communities in transitional housing selection processes are incorporated in the new rules governing the Housing Trust Fund, which were drafted this past year.

Action Step 2: CFL has funded the MN Fair Housing Center (MHFC) to conduct fair housing related activities in Minneapolis, St. Paul, Mankato, St. Cloud, Rochester, Duluth, and Moorhead. The MFHC project will consist of four components:

- a) in-depth interviews to identify perceived disparate treatment, rejections, and the identities of housing providers engaged in unlawful discrimination;
- b) fair housing testing based on the factors identified in the interviews;

- c) training workshops will be held at various shelters and transitional housing programs on housing discrimination;
- d) handouts for home seekers will be distributed to various shelters and transitional housing programs.

[Back to Table of Contents](#)

IMPEDIMENT B: ADMINISTRATIVE BARRIERS.

Homeless services have too many hoops to jump through before assistance is provided. The community action council, MET (a Hispanic service provider based in Moorhead), all the service providers require tax return forms and a letter from the landlord saying that s/he is willing to rent. (Pelican Rapids) The application process for assistance takes 3 days, as several workers must be met. (Pelican Rapids) There is a 30 day residency requirement, during which newcomer families have no resources, such as assistance with the security deposit. (Pelican Rapids and Worthington)

Impediment B1: The time that it takes to get through the paperwork does not meet homeless families' needs for immediate assistance.

Action Step 1: MHFA continues to strive to promote flexibility and innovation in its Family Homelessness Prevention Assistance Program, to provide effective and timely assistance to homeless households and individuals.

2001 Update: No report this year.

Action Step 2: CFL will continue to work on streamlining application processes for persons seeking emergency shelter from CFL funded agencies.

2001 Update: CFL will not pursue this action step.

Examples of areas to inquire into:

- 1) Evaluate what is causing delays and see what can be done to improve processes.
- 2) Evaluate whether processes can be streamlined, so that there would be a limited set of paperwork to complete and only one staff person doing intake.
- 3) Evaluate whether some basic needs can be met without waiting for the verification of homelessness status, such as food and baby diapers, etc.

[Back to Table of Contents](#)

IMPEDIMENT C: MIGRANT HOUSING.

With no emergency or transitional housing resources, migrant families must stay in motels, a housing option they can only afford for a short period of time. Without access to homeless services, families are unable to secure housing or a job, and therefore are effectively precluded from settling down. (Pelican Rapids, around the state)

In Cold Springs, about 50 to 60 families come to work with sugar beets and asparagus during the summer. About 2 to 3 families stay year-round. The migrants live in migrant housing in Brooten, a migrant camp that closes during the off-season. (Central)

With no local housing, companies such as Fingerhut from the metro area bus Hispanic workers from a 50 mile radius, which reaches into the Central region. (Central)

Migrant housing will not accept workers who have found jobs in manufacturing. (SE)

Employers tend to provide housing for single male workers, whereas those workers may come with their families. There is no housing for their families. (SE)

Seneca Foods in Rochester has a building for men and a building for women, as a result, families are separated and must pay twice as much for rent. (SE)

Impediment C1: There is a lack of attention and clarity surrounding migrant and Hispanic housing needs in Greater Minnesota, while the need for housing for those populations is growing as that community is growing.

Action Step 1: MHFA staff will continue to learn more about migrant and Hispanic housing needs, through participation in migrant and Hispanic housing needs task forces and collaborations with UMOS, a Hispanic service provider.

2001 Update: MHFA staffs are keeping track of UMOS' activities and attending UMOS meetings, to build better working relationships and get a better sense of what the Hispanic community housing needs are. This year, MHFA staffs have been particularly engaged in discussions and technical assistance activities with UMOS, regarding the special HECAT (homebuying counseling services) funds specifically targeting expansion to traditionally underserved communities.

IMPEDIMENT D: COST OF HOMELESSNESS.

Homeless families in motels spend more money they can't afford to spend on motel rooms and eating out (Pelican Rapids). After house fires displaced three renter families, DHS paid \$690/room/family for a few days. Instead of wasting those resources on hotel expenses, it was suggested that those funds would be sufficient for a

down payment for a home. If the families were able to pay rent for years, they would certainly be able to make mortgage payments (SE).

Impediment D1: There needs to be more visibility, discussion, and action to end homelessness as an unacceptable housing situation.

Action Step 1: MHFA will continue to promote homelessness prevention and rapid exit out of the shelter system in its Family Homelessness Prevention Assistance Program.

2001 Update: The Minnesota Housing Finance Agency convenes monthly meetings with 10 other state agencies to consider and recommend policies and actions to best utilize available resources, and to access new funding sources for ending homelessness.

The MHFA administers funding for the Family Homeless Prevention and Assistance Program and promotes sharing of best practices among the grantees. Those grantees with homeless shelters in their areas are encouraged to assess prospective applicants' needs and resources and make every effort to either avoid placement in the shelter or provide assistance that will allow the household to shorten the stay in shelter. This year, the FHPAP service providers' network was expanded with two new FHPAP grantees. Furthermore, MHFA successfully lobbied for more funds to be allocated to establish more coordination within the 7 county-metro area Continuum of Care, which will achieve greater efficiency.

Examples of areas to review:

- 1) More pro-active resources to prevent homelessness.
- 2) More permanent, affordable housing options.

[Back to Table of Contents](#)

VI. FAIR HOUSING AND ECONOMICS.

The following is a summary of comments regarding fair housing and economic issues gathered from visiting with all the communities referred to in the process section of this document. Actions steps that MHFA is already or will be taking in the near future and suggested recommendations (other which MHFA has no direct control) related to those comments are enclosed.

- In Greater Minnesota, many members of the underserved communities, especially refugees, immigrants, and migrants, stated that the connection between jobs and housing is critical. They were all enthusiastic about the fact that there were many job opportunities, however, there was no housing to enable them to settle down in those areas of economic growth. Many times, people had to leave because no housing was

available. Most of the time, members from the underserved communities manage as best they can to find some housing options. They may live two or three towns, 15 to 40 miles away, from the job location. They may pile up in overcrowded conditions. They may stay in motels and spend huge amounts of money in lodging and take-out food, while desperately looking for housing. The lucky ones can find jobs and enroll their kids in school while technically homeless. Some less fortunate ones cannot even get a job, because they do not have an address. In some areas, longtime residents, housing advocates and officials are working hard to find solutions to their housing and their labor shortage, understanding that the economic vitality and the long-term prosperity of their regions may depend on those newcomers from traditionally underserved communities. In other areas, there appears to be less interest in addressing the housing shortage situation. One housing advocate bluntly stated the problem: restricting the availability of affordable housing is a way to control who gets in and gets out of town.

Action Step: Given the fact that economic growth is intricately connected to new workers coming in and given the fact that a substantial number of those newcomers are from underserved communities, housing development proposals linked to economic growth cannot ignore the need to consider and ensure equal opportunity housing. MHFA will be closely looking at fair housing issues in challenge fund proposals. Those fair housing considerations would include looking at the workforce demographics, unit sizes that would match the workforce demographics, location of sites in proximity to economic growth and sustainable family lifestyle issues as well as transportation options, level of wages offered to the workforce.

2001 Update: No update/assessment this year.

Action Step: MHFA will continue to encourage and prioritize applications that engage employers in becoming involved in the issues of housing and economic development in their localities and regions.

2001 Update: MHFA consolidated several programs into one major Economic Development and Housing Challenge Program. This became part of the MHFA's base budget during the 2001 legislative session. Since that time, MHFA has been developing administrative rules to provide for full program implementation. 50% of the program dollars must be used on projects with employer contributions. In addition, the rules provide that priority be given to projects with employer contributions.

Action Step: MHFA will continue to prioritize housing development proposals that support economic growth.

2001 Update: See above.

Recommendations:

- 1) Fair housing should be an integral part of CDBG small cities grant selection processes and economic development activities by DTED.
 - 2) Homeless services appear to be critical in stabilizing the new workforce, which once again may disproportionately consist of members from underserved communities. Therefore, there should be consistency between populations served by homeless services and the statistics about who is homeless.
- The next nexus between fair housing and economics relates to the issues of the kinds of jobs and the kinds of wages that members from underserved communities are able to find and keep. Members from the underserved communities pointed out the standard practice in some manufacturing industries: the plant has 700 employees, 500 of whom have English as a Second Language. When people start, they make \$7.30/hr, maybe up to \$7.50. However, there is a no-fault point system. When people are late, are sick, or cannot be at work for any reason, they accumulate points. After so many points, they can no longer work there and get fired. However, they can go to the temp agency and get rehired, at \$5.15/hr with no benefits. With wages at the bare minimum wage level and no benefits, those refugee, immigrant, and migrant workers remain at below the poverty level, which affects whether they can aspire to better housing options.

Recommendations:

- 1) Either wages have to increase so that people can afford housing or housing has to be at the affordability level of the prevailing wages.
 - 2) There should be more monitoring of fair labor rights in employment companies with non-English or limited English speaking workforces.
 - 3) Unions should do more outreach to non-English or limited English speaking workforces in Greater Minnesota.
- Many members both from the underserved and the mainstream communities commented that without better English or better job skills, it is impossible for refugees, immigrants, and migrants to get better jobs and better wages. One advocate observed that refugees and immigrants who came from Eastern Europe appeared to be getting better jobs in construction for roads and carpentry, because they could speak better English.

Recommendations:

- 1) There should be English learning opportunities for adults in Greater Minnesota, either through social services agencies, school systems, university extension services, or employer-sponsored classes.
- 2) Employers in Greater Minnesota should be encouraged to provide job development and advancement opportunities to members from underserved communities.
- 3) DTED could assist in the previous recommendation.

- Furthermore, government officials and nonprofit advocates from rural areas bluntly stated that it may be harder for members from communities of color to get into and remain in higher-paying industries in the rural areas, such as mining or government, because longtime residents help each other but that network is not available to newcomers from underserved communities.

[Back to Table of Contents](#)

Recommendations:

- 1) Employers and employee associations could do more outreach to their workers and co-workers from underserved communities.
- 2) There could be more employment discrimination education, monitoring, and enforcement, such as from the Minnesota Department of Human Rights or the Minnesota Department of Labor.

- As indicated by statistics at the beginning of this document, people of color are disproportionately represented in the MFIP recipient population. In Greater Minnesota, MFIP recipients from underserved communities face challenges to becoming self-sufficient and getting out of poverty. For example, families from underserved communities with many children cannot find appropriate childcare, as they cannot find providers who can take all the children at the same time and find it a hardship to find several childcare providers. Another barrier would be the lack of appropriate MFIP and job trainings for non-English speaking recipients. The issue of finding culturally appropriate jobs and job trainings impacts MFIP recipients' ability to successfully exit the program and overcome poverty. For households that are transitioning, they encounter the problems of the working poor. For example, it was noted that because of the shortage of workers, the salary base went up by 70 cents to \$1. As a result working families are above eligibility for assistance but still cannot afford market rate housing.

Action Step: MHFA will closely look at fair housing issues when reviewing MARIF (special appropriation from the Legislature to provide housing for households on MFIP or transitioning from welfare to work) proposals.

2001 Update: Nothing this year, especially as those were relatively new funds, with no resident statistics yet. But this action step will be revisited in the coming years.

Recommendations:

- 1) DHS and CFL can ensure that culturally and linguistically appropriate services and resources are available for MFIP recipients from underserved communities in Greater Minnesota.

- Finally, two separate issues were identified as critical to the ability of underserved communities in Greater Minnesota to improve their economic conditions: 1) transportation, as the lack of housing may lead people to live in communities far away from where the jobs are; and 2) the gap in services and resources when refugee resettlement funds end but the resettled refugee communities are not yet self-sufficient in communities in Greater Minnesota.

Action Step: Housing development, economic development, transportation planning should incorporate fair housing considerations. MHFA has started to implement smart growth considerations in its proposal selection process, to coordinate development in all those areas.

2001 Update: Priorities for projects meeting the needs of underserved populations have been incorporated in the new rules governing the Economic Development and Challenge Fund and the Housing Trust Fund.

Recommendations:

- 1) DHS and local communities should address the gap in services and resources for refugees.

[Back to Table of Contents](#)

VII. FAIR HOUSING AND PLANNING.

The following narrative summarizes concerns from Greater Minnesota regarding fair housing problems and the lack of fair housing considerations in economic and housing development planning. Suggestions of action steps are enclosed.

Small cities and rural areas do not have the administrative capacity and the housing development expertise to apply for housing development funds and carry out projects, let alone work on fair housing issues. Local officials in Greater Minnesota either drive the Not In My Back Yard (NIMBY) attitudes or are constrained by constituents'

NIMBYism. Finally, local officials and housing advocates appeared to be unsure about what the needs of underserved communities might be in their communities.

Recommendations:

- 1) There needs to be more capacity building in Greater Minnesota on housing development and planning that would integrate fair housing considerations.
- 2) There needs to be more integration of underserved communities in Greater Minnesota, so that they become an integral part of local officials and service providers' work.
- 3) All housing development funds should be tied to fair housing requirements, including all public funds from local and state governments, as well as funds from foundations.

[Back to Table of Contents](#)

VIII. FAIR HOUSING RESOURCES.

The following is a list of fair housing resources identified through the data gathering process.

It was noted that the only fair housing resource might be the legal aid office in Moorhead. (Pelican Rapids). Actually, it would be the Alexandria office.

St. Cloud has been part of the CFL's race and family statewide testing. 20 to 30 tests were conducted there. That testing demonstrated that more testing needed to be done. As a result, the city has allocated more funds to increase the enforcement capacity of the human rights commission, \$30,000, which will go toward more testing and enforcement.

It was noted that education is important, especially for the smaller landlords and tenants, as well as larger landlords. (Central)

In terms of fair housing resources, the SW Housing Partnership had been told to do fair housing work. However, there is no support and there are no resources for education. Legal aid would be the only place and their resources are already scarce. There is a human rights coalition which travels and hears complaints, but not on a regular basis. It was concluded that the first priority should be do some testing, because as long as there are no numbers, everything is only anecdotal and is not taken seriously. (SW)

In terms of fair housing resources, the staff person from St. Louis County brought a list of resources. There is a committee in St. Louis County, which meets monthly. There is a new fair housing center, the Fair Housing Access Center, which is primarily working on education and outreach for landlords and tenants. The state legislature has given permission to the City of Duluth Human Rights Department to become a fair housing enforcement agency certified by HUD. This is the only one in the state. This was pursued because of the 12 to 16 months it usually took to hear back from the HUD office in Chicago or the MN Dept. of Human Rights. People stated that kind of delay did not encourage people to be willing to file complaints and therefore, there were not many fair housing complaints. There is a Center for Independent Living, which is Duluth-based. (NE)

Overall, people did not see major issues with housing for people with disabilities. There was more concern about assisted housing, housing with services for people with specific needs such as homeless people, dual diagnosed people, and people with chemical dependency. Note: at the end of the meeting, the woman from the fair housing program confided that people might think that the housing needs of people with disabilities are being met, but things are not fine yet. (NE)

[Back to Table of Contents](#)

In terms of resources, there is a fair housing program in Rochester. There is Legal Aid. There is a cultural diversity network in the region. Each community has its own nonprofit, grassroots diversity group, to promote dialogue. The Migrant Housing Partnership provides advocacy. (NW)

The City of Northfield has a cultural diversity liaison. The City of Faribault is advertising for a similar position. (SE)

Available resources that address housing issues, human rights office or advocacy groups include Family Services in each region, Otter Tail County Advocacy, Morris Human Rights Commission, Aging and Fair Housing and Legal Services. A "Right to Know" brochure is also available that addresses housing issues. (WC)

Diversity training and life skills training are part of the curriculum in several K-12 schools throughout the region. The region also has two universities, one junior college, and several technical colleges that also offer cultural diversity classes. (WC)

Local service clubs, the ministerial associations, local citizen support and leadership provide the backdrop to combat NYMBY and NYMTO attitudes in the region. (WC)

All Parks Alliance for Change is a resource for manufactured home renters and owners.

Need for testing

There were concerns about the fact that there has been no testing done in rural areas, and therefore, although there is anecdotal evidence of housing discrimination, there are no hard figures to back up those allegations.

[Back to Table of Contents](#)

APPENDIX X

Comments from data gathering process, from which impediments, action steps, and examples are derived.

Comments from p. 26:

The application fees impact immigrants, such as migrant workers, as for example, if 4 workers want to rent one apartment, each applicant will be charged \$50 and the landlord will collect \$200 in nonrefundable application fees from them. Application fees are in an area where abuses occur, as many times, the landlord is taking the applications from members from underserved communities, but s/he already knows that s/he will not accept them. Several people have asked whether it is illegal for landlords to accept 15 to 20 applications when they know that they will not seriously consider the applicant and the application fees are nonrefundable. (SE)

Comments from p. 27:

It was noted that people of color usually live in the worst housing. It was noted that legislators might not be supportive of statewide standards, as several legislators are landlords. Statewide standards would also raise the costs of being a landlord. It was noted that almost everyone owns rental properties and therefore, landlords tend to be supportive of each other. There is also a concern that cities and towns want landlords to stay involved in housing, due to the lack of housing. There are political issues, as city officials may not want to upset the people who constitute the tax-base. It was noted that even Hispanic landlords are taking advantage of Hispanic tenants (SW). It was noted that there are no housing inspections and the public health inspector will not condemn because of fear of setting precedents (Pelican Rapids). When people of color are more likely to be living in substandard housing, they are also more likely to end up homeless when there is a condemnation. It was noted that instead of housing inspections, if conditions are really bad, there are health inspections, after which families must move from unsafe housing, and find themselves homeless (NW). Rental housing tends to be in poor conditions because landlords may not want to participate in fix-up/rehab programs, as they would then be restricted by a schedule to change rents. HQS required by HUD are the reasons why the city is not going after a HUD grant (SW and Worthington). It was noted that landlords are taking advantage of minorities who may be in housing that is better than what they had in their country of origin, but is substandard housing in the US (SW). Since inspections are complaint-based, unless tenants know how to file a complaint, there won't be an inspection. Newcomers, refugees, immigrants, and migrants may not know how to file a complaint. It was noted that substandard housing happens in student housing (Central) and that college

housing is an area of concern (SW). This could be an issue of age discrimination, as landlords are taking advantage of young renters.

Comments from p. 28:

With the rental properties, landlords are concerned that Native American families tend to have too many people coming in to live there later, which leads to overcrowding. Landlords understand that there are cultural differences issues, but it is a breach of the lease and creates more wear and tear on the property. (NW) Overcrowding is a concern. (SE) It was noted that sometimes Somali families have to rent 2 to 3 apartments to accommodate their large families. There is a lack of larger size units. (SE).

Hmong people have had tenant-landlords' disputes over cultural differences issues, such as extended families being too numerous or slaughtering livestock in their homes (NE). Somali families have been accused of lease violations because they were putting colorful "dahs", curtains with some religious significance, on their windows. It was noted that tensions were rising. It was noted that landlords and owners need to be trained on how to work on race relations because racial tensions are increasing as minority populations are increasing. When there used to be a white majority, there was no tension, because it was a white supremacy. It was noted that white families are moving out when black families move in (Central). It is difficult for white people who did not grow up with minority people to know how to live with them. Race relations are huge concerns precisely because there are few minorities and people have to make the transition to learning how to live with minorities. On the other hand, people also acknowledge that they have been living with the Native American community for a long time and there are still racial tensions (NE). It was noted that it is one thing to teach people how to interact with each other in the workplace and at school, but no one is teaching people how to live side by side. There are tensions about cultural differences, such as food smell and childrearing practices (Central). The lack of knowledge and understanding of cultural differences results in prejudice and results in housing discrimination, as landlords become unwilling to rent to people from different cultures. It was noted that there is prejudice on the parts of the landlords who may not want to rent to Southeast Asians because of the smell of the spices they use in their cooking. Landlords are concerned about their properties. There needs to be more landlords' education (SW). Underserved communities can be different in each community. The "We don't want those people here" attitude may be present, but the community will not act upon it (WC). It was noted that a lot of places are looking for a quick fix to discrimination issues, as opposed to addressing the belief system that is at the heart of the problem (SE). Hmong people were worried about being discriminated against. On the other hand, they felt safer about the fact that there was less diversity in Duluth and therefore less racial tensions and fighting among different ethnicities/races. They had good and bad experiences with Caucasian people. They sometimes get mistaken for Vietnamese and are despised for that (Duluth).

Comments from p. 30:

Because landlords are not willing to accept them (SE). Landlords' unwillingness to accept Section 8 may be caused by the perception of restrictive regulations, but landlords may also not want to accept Section 8 housing choice vouchers, because of the kinds of people that usually use Section 8 (Central). People have reported that people of color, especially new immigrants and refugees, are interested in becoming landlords but are deterred by unfamiliarity with rules and regulations. People have also reported that landlords from communities of color may actually like to rent to section 8 tenants, as they feel more secure about the rental subsidies coming from the government. On the other hand, other people expressed that there are less concerns about landlords not accepting Section 8 certificates. It was noted that the issue is more about being able to get and keep the Section 8 certificates. When more landlords wanted to meet the requirements for 4(d) tax status, it also made them meet the requirements for the Section 8 program, which resulted in more landlords being able to participate in the Section 8 program. However, it was also noted that people were losing their Section 8 certificates because rents were above the Section 8 guidelines (NE). 75% of 43,000 rental units surveyed by Homeline, a housing advocacy nonprofit, had rents higher than the qualifying Fair Market Rent (FMR) set up by HUD (Diminished Choices: The Ever Shrinking Market for Section 8 in Suburban Hennepin County, MN, October '99). Minimum income restrictions impact Section 8 renters, as 58% of the less than 10% qualifying and accepting Section 8 units belong to properties with income restrictions resulting in the exclusion of almost all Section 8 renters (Homeline). There is a tax credit development in town, but there is a 3-month waiting list and the units are always full (Pelican Rapids).

Comments from p. 31:

24 unit tax credit buildings used to have 24% minority occupants 2 years ago, now 70% of the residents are minorities. Mostly African Americans and Hispanics. (Central) There is a tax credit development in town, but there is a 3 month waiting list and the units are always full. (Pelican Rapids) All the units in the tax credit housing development are subsidized at 100%. There is no mixed income. (Worthington) The tax credit units were the only housing that households could find because of their limited income or their race. (St. Cloud)

[Back to Table of Contents](#)

APPENDIX I

DTED FAIR HOUSING POLICIES, ACTIVITIES, AND STATISTICAL INFORMATION FOR FY 2001.

MN DTED administers the HUD Small Cities Development Program for non entitlement areas of Minnesota. As part of the administration of this program, DTED requires the following.

- All grantees must develop and submit a Fair Housing Plan of Action. The actions proposed must be over and above those already in place, and the grantee must conduct at least one fair housing activity for each year that the grant is open.
- SCDP funds are not released until the Fair Housing Plan is submitted and receives approval.
- All grantees are required to submit a Fair Housing Equal Opportunity Summary Sheet which describes the community in terms of demographics, subsidized housing, organizational entities for fair housing and equal opportunity. Questions relating to a local analysis of impediments and fair housing and equal opportunity complaints are also included in this document.
- Applicants to the DTED Small Cities Development Program are requested to incorporate into their applications issues of fair housing and their efforts at identifying resolutions to problems or concerns that exist in the community.

Action Steps: Each year DTED conducts an activity to assist grantees in developing and carrying out their fair housing activities. Recent activities included the following:

- In 2000, DTED requested and received HUD Technical Assistance funds to contract with the Minnesota Fair Housing Center to develop Three "Sample Small City Fair Housing Plans" as models for grantees with populations sizes of (a) less than 500 people, (b) between 500-2500 people, and (c) more than 2500 people. The cities chosen by the Fair Housing Center and DTED to gather data was the city of Woodstock (pop. 132), city of Glenwood (pop. 2594) and the city of Albert Lea (pop. 18,356). The report was completed and distributed to DTED grantees in April 2001.

- In 2002, DTED proposes to work with the League of Minnesota Cities and its “Pilot Program for Diversity Training.” This four-hour training mixes classroom style with group participation to discuss demographics that drive increasing diversity in the community and workplace.

BENEFICIARIES BY RACE/ETHNIC CATEGORY

Following is summary of Small Cities Program beneficiaries by race/ethnic category. It must be noted that Small Cities Program funds are eligible only to non-entitlement areas of the state, and by definition these are cities below 50,000 and counties below 200,000 in population. Historically, minority groups have tended to locate in larger communities and it is to be expected, therefore, that the total number of minority persons living in the areas eligible for and awarded Small Cities Program funds will be less than statewide or by entitlement area.

| DTED, 2001 Performance Evaluation Report (from IDB) dated 1/17/02 | | | | | | | |
|---|---------|-------|----------|-----------|-----------|---------|-------|
| | White | Black | Hispanic | Asian/Pac | Ind/Alask | Total | FFH |
| 1992 | 16,960 | 34 | 270 | 109 | 363 | 17,736 | 1,504 |
| 1993 | 17,099 | 9 | 102 | 22 | 91 | 17,323 | 1,197 |
| 1994 | 18,219 | 24 | 81 | 60 | 103 | 18,487 | 1,003 |
| 1995 | 39,216 | 58 | 281 | 100 | 184 | 39,839 | 1,744 |
| 1996 | 12,427 | 24 | 161 | 29 | 42 | 12,683 | 727 |
| 1997 | 16,335 | 23 | 151 | 56 | 58 | 16,623 | 2,321 |
| 1998 | 8,889 | 58 | 102 | 62 | 110 | 9,221 | 597 |
| 1999 | 10,548 | 57 | 141 | 21 | 194 | 10,961 | 590 |
| 2000 | 1,198 | 5 | 27 | 6 | | 1,236 | 212 |
| 2001 | 224 | | 1 | | 6 | 231 | 14 |
| | | | | | | | |
| Total | 141,115 | 292 | 1,317 | 465 | 1,151 | 144,340 | 9,909 |
| | | | | | | | |
| | 97.77% | 0.20% | 0.91% | 0.32% | 0.80% | | 6.87% |

EDUCATION/AWARENESS

DTED conducts an annual implementation workshop for new grantees at which information about fair housing laws and assistance on complying with those laws is presented. A Fair Housing/Equal Opportunity Handbook is distributed to grantees (with resource materials, including web sites, seminars, workshops, etc.) and it is also available to all interested individual, groups and organizations.

APPENDIX II

PUBLIC COMMENTS AND RESPONSES TO THE 2001 ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE UPDATES/PROGRESS REPORT.

The 2001 Analysis of Impediments to Fair Housing Choice updates were made available for public comments from January 15 to January 31, 2002. Two sets of public comments were received from Elim Transitional Housing, Inc., and the Metrowide Engagement on Shelter and Housing.

Following are copies of the comments and responses from MHFA, CFL, and DTED.

Public Comments from Elim Transitional Housing, Inc.,and Responses.

Comment 1:

Suggested outcomes:

1. 30% of all homeownership assistance will be provided to people of color.
2. 50% of all rental units created, rehabbed, converted will be provided to people of color.
3. 50% of all transitional and supportive housing will be provided to people of color.
4. Any community receiving any investment of government financing into housing or jobs must pay a livable wage indexed to housing, provide affordable housing to those on fixed incomes and working in their community, and an appropriate transportation system is available to assist people to get to work.

Response: The first comment would be that MHFA, CFL, and DTED's funds have never been set aside for specific populations, unless by legislative mandate. MHFA either sets internal goals that it tries to meet (which are only desired, and not guaranteed as actual) and/or makes sure that anyone who wants to access the programs has an opportunity, people of color included through special outreach and all the fair housing marketing efforts.

[Back to Table of Contents](#)

The MHFA is committed to meeting housing needs in Minnesota and to assisting underserved households – people with disabilities and female-headed families, as well as households of color. Assistance is documented in the MHFA’s Annual Assessment, which shows that in 2001, under some programs, the percentage of assisted households who are in underserved groups was high, e.g., 55% of all the households assisted under the Housing Trust Fund, Transitional, in Minnesota were households of color. Participation rates of households of color are even higher in the cities of Minneapolis and St. Paul, e.g. 91% of households purchasing property in Minneapolis under the Bruce Vento Affordable Housing Program, were households of color. In virtually all of our programs in FY 2001, the percentage of MHFA-assisted households who are of color exceeds the estimated percentage of households of color who may be eligible for assistance based on income and housing tenure, as discussed above. Incidentally, the MHFA establishes targets for assistance based – among other things – on estimates of the eligible populations. On what does Elim base its suggested outcomes? How could we achieve these outcomes when only 7.5% of Minnesota’s households, according Census 2000, are households of color?

MHFA assistance to households of color exceeds benchmarks, e.g., in FY 2001 25% of MHFA-assisted households purchasing a newly constructed home were households of color, 27% of renters occupying MHFA-assisted units of newly constructed rental housing were households of color, and 22% of renters receiving voucher assistance were households of color. Based on data from the 1990 Census, the MHFA has estimated that 8.9% of households eligible for a mortgage loan were households of color and 13.3% of renters eligible for rental assistance were households of color. (The MHFA will update estimates when detailed data from Census 2000 become available later this year.)

#4. That is a great broad statement, the problem appears to be that, at this point of time, no single entity and certainly not MHFA/no system has been set up to achieve all those goals at the same time. At best, MHFA follows the smart growth principle factoring in transportation issues in the selection process, and promotes economic growth by requiring that proposed rents should match the area income levels

Comment 2: The other major concern we have is the description of people who have faced these impediments to Fair Housing. We believe we need to describe ourselves as a community with diverse populations and income levels and that everyone needs an affordable place to live and a livable income indexed to housing, affordable health care, and their civil rights protected.

Comment 3: The document in its present format appears to blame the people experiencing discrimination because of their limited income, credit issues, lack of education and /or knowledge of systems and resources, race, and the amount of time they have lived in this state and /or our country.

Response: I am responding to these two comments together. These two comments are being understood as relating to style, as opposed to substance. Of course, the MHFA will not promote negative perceptions of the people who experience fair housing impediments. There are some sections where the language may appear unsympathetic. The document will be reviewed and stylistic changes will be made where necessary.

Comment 4: To address many of these impediments it will require a significant increase in the accountability of our financial institutions, employers, landlords, service providers and State agencies to our obligation to provide for the needs of all the people in our community.

Response: This appears to be more a general comment than a request for specific action. MHFA has been working on improving its tracking systems over the years and regularly produces a few performance and activity reports that are available to the public. The agency is open to concrete feedback related to its performance and concrete recommendations related to its programs regarding how to better meet the needs of all the people in our community. As an agency, MHFA continues to be committed to meeting the needs of all Minnesotans.

Comment 5: We strongly encourage that the agency accepts comments by mail and fax too. The inability to access email to provide comments on this plan may be an impediment for some people to provide comments.

Response: Upon review of the public notice that was sent out, it appears that there could have been some confusion if the public literally followed the directions provided, i.e., call a certain number or send a request to a certain address for hard copies of the document itself, whereas only email addresses were provided as forwarding addresses for public comments. Future notices will be much more explicit about the options to call in, fax, mail, or email public comments. On the other hand, the state also clearly said it would consider all written comments made during the comment period. The notice specifically states that "Written public comments on the APR can be submitted to: Heidi, Whitney, MHFA, 400 Sibley, etc." We also provided a toll-free and a local telephone number from which people could obtain hard copies of the report--and could have called if they were confused about how to comment on the report.

[Back to Table of Contents](#)

Public Comments and Proposed Responses, from the Metrowide Engagement on Shelter and Housing (MESH).

Comment 1: Monitor the racial and incomes of homebuyers who are able to access MHFA products at each of the lenders.

Response: As a general policy, MHFA does not engage in monitoring of lenders. However, MHFA lenders are required to provide some demographic data on loan recipients as part of their regular reporting. Those statistics are available in several MHFA reports, such as the annual assessment report.

Comment 2: MHFA should be reviewing Home Mortgage Disclosure Act data directly or working with a group like ACORN to ensure that MHFA is using lenders who have a positive record of lending and marketing to communities of color and low income communities.

Response: MHFA does compile the HMDA data primarily to track what lending records and the volume of the lending industry in the area are. That information is used to compare how the agency is doing with the rest of the lending industry. Other than that, MHFA is keeping track of its lenders with positive records of lending and marketing to communities of color, culminating with annual lender awards to the lenders with the best outreach performance.

Comment 3: MHFA should be encouraging lenders it works with to initiate self-testing programs. This enables lenders to self-test its branches and internally correct any potential discriminatory practices by individual loan officers or underwriters.

Response: As a general policy, MHFA has declined to become involved in issues of self-testing by lenders, as monitoring lenders is being considered beyond the scope and authority of the agency. However, in its program selection processes and in its general agency directives, MHFA promotes and rewards fair lending practices.

Comment 4: MHFA should be working closely with either the US Department of Housing and Urban Development, the Minnesota Department of Human Rights and non-profit enforcement agencies to ensure that lenders using MHFA products are complying with state and federal Fair Housing Laws.

Response: At this point, most of the above-mentioned agencies have reported that there has been a scarcity of complaints in the lending discrimination area. However, MHFA staff emphasizes fair lending and outreach to underserved communities during its technical assistance visits. The Homes Division does not currently have an official lending discrimination referral procedure, but staff recently put together a list of fair lending resources that callers could be directed to. Up to this point, MHFA has hardly

ever received fair lending complaints, and if it did, referrals would have been made to the Attorney General's office.

Comment 5: MHFA should mandate that any affordable housing project using MHFA funds, Housing Trust Funds, Bond Revenue funds or any other funding must comply with the state and federal fair housing laws, and risk losing funding or tax incentives for the project if violations are found.

Response: All MHFA programs require that fair housing and EEO laws be complied with, although different programs may have different levels of compliance requirements. As a general policy, MHFA is committed to meet the required fair housing and EEO obligations. Defunding is the last resort that MHFA usually tries to avoid by addressing issues before defunding becomes the only option left and would have to involve some really severe fair housing violations.

Comment 6: MHFA should be working with other state agencies and non-profits to monitor affordable housing projects to ensure that violations of fair housing laws are not occurring.

Response: MHFA regular monitoring of its developments includes a review of fair housing issues. Letters noting the non-compliance areas and asking for remedial actions are sent to developments where violations are found. MHFA staff persons are assigned the task to try to resolve the issues. When internal intervention is unsuccessful, the matter is referred to appropriate enforcement agencies.

Comment 7: MHFA, in conjunction with other state agencies and local jurisdictions, should conduct studies to analyze patterns of occupancy standards and minimum income requirements, and employment requirements used by owners of properties to determine whether the policies are uniformly applied or operate to exclude protected class members.

Response: MHFA currently reviews tenant selection criteria for all first mortgage developments, to ensure that the tenant selection process is fair and equitable; however this does not constitute an actual tracking and analysis of occupancy standards, minimum income requirements, and employment requirements. At this point in time, there does not appear to be immediate plans for the systemic and collaborative analysis suggested.

Comment 8: MHFA should encourage local units of government to adopt policies that are designed to ensure the production of units affordable to low and very low-income households.

[Back to Table of Contents](#)

Response: As part of its program guidelines and selection criteria, MHFA does promote policies prioritizing housing for low and very very-low income households, so that any local unit of government applying for MHFA funds would have incentives to increase the affordable housing supply. It should be noted that 92% of the units of new rental housing that the MHFA financed in 2001 were affordable to people with incomes at 50% of area median income, i.e., very low income as defined by HUD. One hundred percent of the units of existing housing for which the MHFA contributed rehabilitation or preservation funding in 2001 were affordable to people with incomes at 50% of area median income. The state's ability to fund housing for low and very low income rental housing is affected by the availability of feasible development proposals. It also is affected by the ability of partners – nonprofit agencies and others – to participate in the funding of development proposals, i.e., to enable rents that are at levels affordable to people with very low incomes.

Comment 9: MHFA should, in partnership with jurisdictions and HUD, evaluate current educational activities that inform homebuyers of their rights under the fair housing laws and identify additional areas for outreach, education, and enforcement activities within each jurisdiction.

Response: MHFA recently completed a study of the Homestretch homebuyer counseling program, the primary homebuyer's education training which includes a section on fair housing. However, there has been no comprehensive, interjurisdictional and interagency evaluation of all homebuyer educational activities. As a participating jurisdiction in the metrowide analysis of impediments to fair housing choice process and implementation, MHFA will be interested in being involved in regional activities, such as this specific one, if the metro jurisdictions decide to pursue that collective action.

[Back to Table of Contents](#)