MINNESOTA HOUSING FINANCE AGENCY

920344

Date: January 31, 1992

To: THE MINNESOTA STATE LEGISLATURE

From: Minnesota Housing Finance Agency

Subject: The Minnesota Rural and Urban Homesteading Program

During the 1990 and 1991 legislative sessions Minnesota Statute §462A.057 was passed establishing The Minnesota Rural and Urban Homesteading Program. Under the statute, the Minnesota Housing Finance Agency (MHFA) is authorized to make grants to selected organizations to acquire, rehabilitate and sell, vacant, condemned and abandoned single family dwellings, to persons and families who were deemed to be "at risk" under the program. MHFA drafted a program concept and adopted Minnesota Rules PT.4900.24002 to 4900.2600 (1990) which specifies the administrative procedures pertaining to the program.

Pursuant to administrative procedures, MHFA drafted a Request for Proposal (RFP) to be completed and submitted by organizations wishing to participate in the program. MHFA published notices regarding the availability of the RFP in the Minnesota State Register.

Evaluation teams comprised of personnel from both inside and outside MHFA evaluated submitted proposals for each of the two funding phases. In accordance with the statute and administrative rules, organizations were selected to receive grants, one each from a "rural" and an "urban" area for each phase.

The grant funds available under Phase I and Phase II of the program were divided evenly.

Phase I organizations selected to receive grant funds were the Housing and Redevelopment Authority of the City of Faribault (Rural) and a joint proposal submitted by the St. Paul Housing and Redevelopment Authority and Thomas-Dale District 7 Planning Council (Urban).

Four properties have been acquired and rehabbed under the Faribault grant which meet the eligibility criteria for the program. Three of those properties have been sold by way of a Contract-for-Deed to at-risk borrowers. Attached is information pertaining to those homebuyers. The forth home is currently being marketed to eligible home buyers in the Faribault area.

Three properties have been acquired under the St. Paul grant. Rehabilitation is currently in progress on all three.

Pursuant to Mn Stat 462A.057

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Phase II grant recipients selected to receive grant funds under the program were the Minnesota Valley Action Council on behalf of the City of Mapleton (Rural) and the Northside Neighborhood Housing Services for a neighborhood in Minneapolis, (Urban).

The Phase II grants were awarded more recently, and at this point the organizations have yet to acquire properties under the program.

MHFA has established methods for reporting, by the selected organizations regarding the program. Additional information regarding the program is available upon request.

City of Faribault

Minnesota Rural and Urban Homestead Program

Homebuyer Profile

FAMILY #1

Number in Household:	5
Household Income:	$21,500 year
Age of Borrower/ Co-borrower:	32 / 30
Prior Residence:	Faribault
Reason for at risk:	Unable to qualify for regular mortgage financing living in overcrowded condition

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FAMILY #2

Number in Household:	4
Household Income:	$19,400 year
Age of Borrower/ Co-borrower:	29 (single female head of household)
Prior Residence:	Faribault (living with parents in a mobile home)
Reason for at risk:	Unable to qualify for regular mortgage financing (homeless)

FAMILY #3

Number in Household:	4
Household Income:	$20,400 year
Age of Borrower/ Co-borrower:	28 / 25
Prior Residence:	Faribault
Reason for at risk:	Unable to qualify for regular mortgage financing and living in overcrowded condition.