

Home Ownership Works (HOW) Proposed Guidelines Summary



Program Goal

The goal of the Home Ownership Works (HOW) program is to provide and sustain affordable, owner-occupied, one- to four-unit housing for low- to moderate-income purchasers throughout Minneapolis and reduce racial disparities in homeownership.

Eligible Applicants

- Developers: Governmental entity or registered Minnesota business (private or non-profit) in good standing may be eligible if they can demonstrate, through a Request for Qualifications (RFQ) process and certified by the CPED Director the following:
 - o Experience successfully completing rehabilitation and new construction of single family homes sold to 80% AMI or below homebuyers within last two years in City of Minneapolis
 - o Current experience and familiarity with:
 - Use of applicable public funding (local, state or federal) to construct housing
 - Minneapolis Civil Rights requirements including Small and Underutilized Business compliance, Section 3 compliance, and affirmative action plans
 - o Sufficient capacity to:
 - Finance and complete one- to four-unit development projects
 - Perform property selection, buyer outreach, marketing, rehabilitation, construction, and income verification of homebuyers
 - o Cannot own a property on the registered vacant building list without a restoration agreement

Eligible Projects

- New construction or rehabilitation of one- to- four-unit properties for sale to a qualified homebuyer for owner-occupied housing on a parcel within the City of Minneapolis

Available Financing

- Financing will include project gap assistance and affordability gap assistance. Funding is secured with a declaration of covenants and/or a 0% interest mortgage.

	Project Gap	Affordability Gap	Combined Loan Cap
Proposed Program Funding	1 unit: Up to \$70,000, 2-4 unit: Up to \$95,000	\$1,000 - \$37,500 based on need	1 unit: Up to \$80,000, 2-4 unit: Up to \$105,000

Home Sale Requirements

- Homebuyers:
 - o Owner-occupy the HOW unit as their principal residence
 - o Be a household at or below 80% Area Median Income
 - o Be eighteen (18) years of age or older or have been declared emancipated by a court having jurisdiction
 - o Complete an eight-hour pre-purchase homebuyer education workshop offered by a [HUD approved Housing Counseling Agency](#)
 - o Utilize a first mortgage product that is considered an “A” or “prime” lending product. It must be a fixed rate FHA, VA, or Conventional loan, unless pre-approved by HOW staff

MinneapolisHomes Overview



Minneapolis Homes purpose is to reduce property vacancy, create new housing units, and sustain homeownership in the City of Minneapolis.

We provide educational, financing, and property opportunities to homebuyers, homeowners, and developers to create and sustain housing in the City of Minneapolis.

Educational Opportunities

- **Newsletter** communicating available opportunities through Minneapolis Homes
- **Information sessions** held throughout the year to communicate program opportunities
- Support to the Minnesota Homeownership Center, which provides **free financial wellness and homebuyer readiness counseling**
- Support to the **Developer's Technical Assistance Training Program (D-TAP)**, which provides training to new and small developers

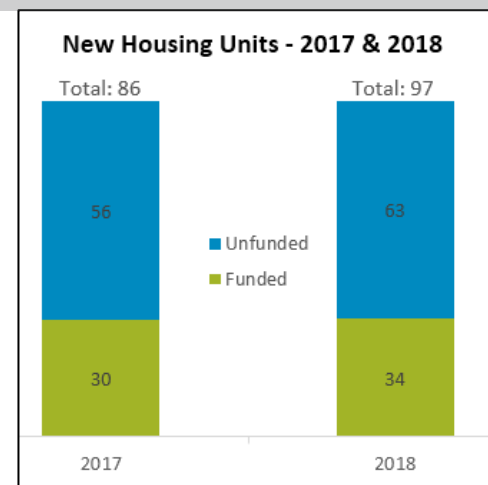
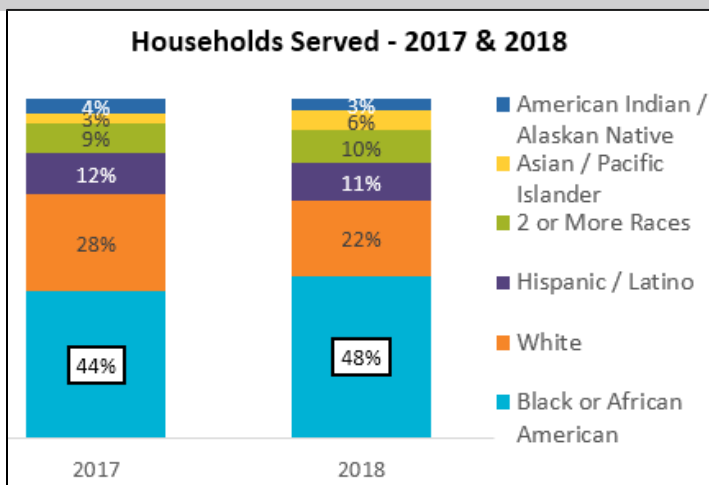
Financing Opportunities

- **Down payment assistance programs** are available to help homebuyers in the City of Minneapolis
- Development assistance programs are available for developers to **rehabilitate or construct homes for sale or rent to income-qualified households**
- Home improvement loan programs for every income are available for Minneapolis **homeowners to afford repairs and improvements** to their owner-occupied home

Property Opportunities

- **Vacant lots** owned by the City of Minneapolis are available for **purchase for new home construction**
- **Vacant structures** owned by the City of Minneapolis are available for **purchase for rehabilitation**
- **Vacant lots** owned by the City of Minneapolis are available for **lease for community gardening**
- Homes that have been developed through City programs are **available for purchase by income-qualified households**

2017 & 2018 Outcomes



Learn more about our programs at:
www.minneapolisishomes.org

Activity Summary

Purpose

The City is seeking feedback from Minneapolis residents, developers, realtors, lenders and contractors regarding proposed changes to the Home Ownership Works Program. Please engage in conversation about this program and share your thoughts and questions through participation in the following activity.

Activity: Home Ownership Works Program

On your chair is a stack of post-it notes. Please answer the following questions by writing your responses on the post-it note (one idea per post-it). When you are complete, place your post-it notes on the corresponding wall of paper.

- **Question #1:**
 - What do you like about the proposed changes to the program?
 - It's good to open the program up to for-profits and private developers
 - There is a clear process for getting qualified for the program
 - Not allowed to own other properties that are tier 3
 - Requirements for rent amounts (affordability)
 - Owner-occupied component
- **Question #2:**
 - What could be improved?
 - If it is a 2-4-unit property, there should be requirements for the rental units
 - Allow each unit to be subsidized
 - Contract for deed
 - Lease with option to buy
 - Considerations for rental amounts
 - Each individual unit for owner-occupancy (condominium structure)
- **Question #3:**
 - What additional information is needed?
 - Are there rent restrictions for more than one-unit buildings?
 - Methods for controlling rents in a 2-4-unit development
 - How does a condo building achieve affordability for each unit
- **Summary**
 - Overall, attendees had positive feedback for the owner-occupancy component of the program. They also liked that the proposed changes to open the program to for-profit developers and the requirement that prevents ownership of tier 3 buildings without an explanation. Attendees suggested improvements in allowing subsidies for additional units and more information on how to control rent in a multi-unit building.