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# Areas of Focus

Research | Policy | Community Development

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## Community Development

Technical assistance and capacity-building from coast to coast, specializing in rural and Native communities.



## Research and Publications

Using a data-driven approach to research housing need, disparities, and solutions for lasting impact.



## Public Policy

Advocating for housing investment and equitable allocation of resources at the federal, state, and local levels.

# Our Mission Statement

MHP expands housing and community development opportunity for those most impacted by economic and racial disparities by leading collaborative work to promote systems change and grow equitable development capacity.



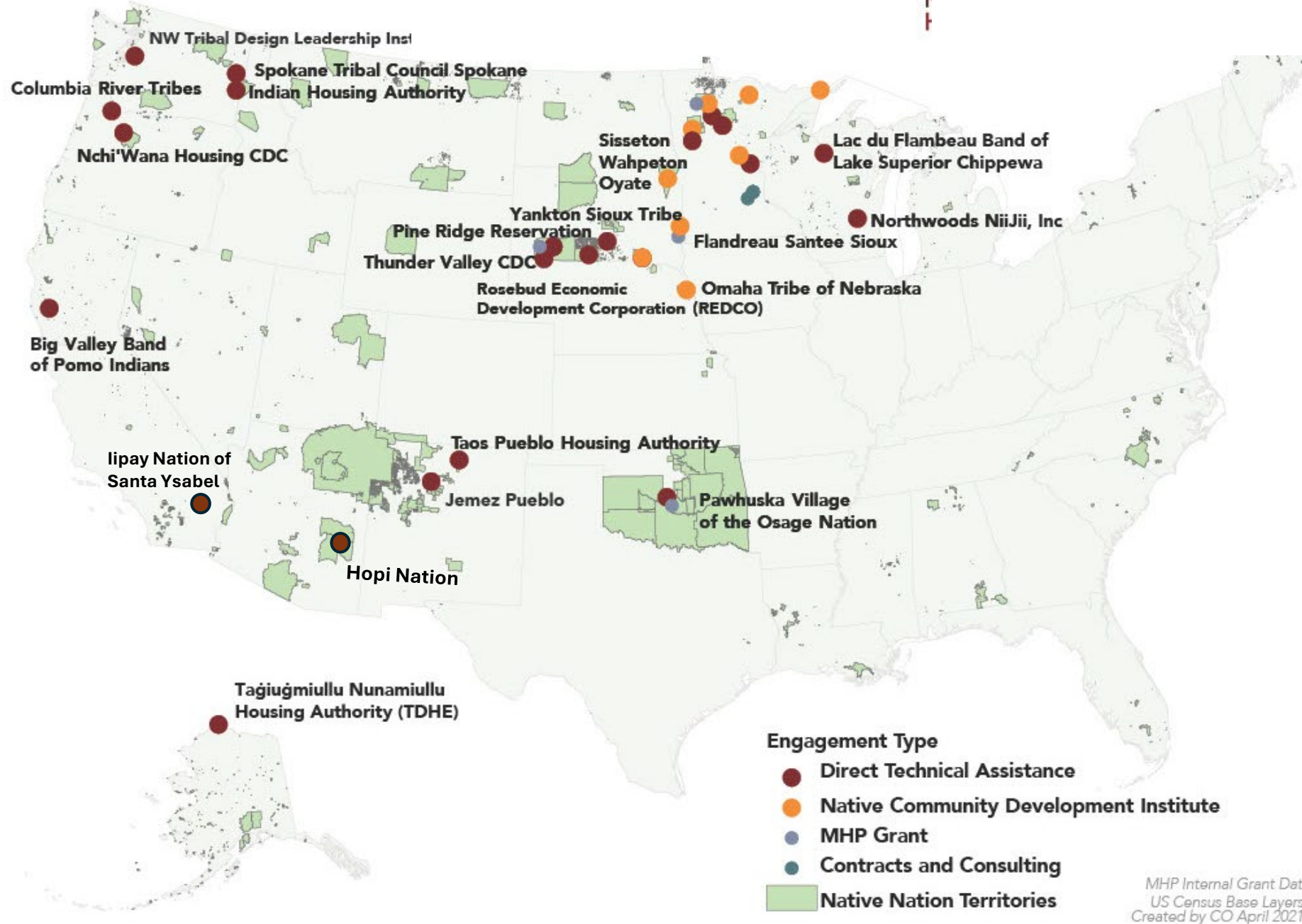
# MHP Technical Assistance Locations, 2018 to 2023



*MHP works across the country with:*

- *Local units of governments*
- *Nonprofits*
- *Native Nations*

# MHP Native Nation Engagements 2009 - 2023



# What Is MHP Doing for the Preservation of 515's?

## Research & Publications:

- Working with U of MN graduate students to research 515s in MN, IA, and WI and write a White Paper focusing on: 1- the history of affordable housing in rural America, 2- the historical context of government intervention, 3- a description of the 515 program and who it serves, and 4- policy recommendations.
- MHP published “*515 Properties in MN: Preserving Affordable Rental Housing in Rural Communities*” in January 2021

## Advocacy:

- *MHP's Public Policy Director is working closely with MN's Congressional delegation to raise awareness about the 515 program and gain support for preserving these properties. Specifically, Senator Tina Smith has been a big supporter in this effort.*
- *We're working with partners such as MHFA, GMHF, and the Housing Justice Center on the preservation of 515s.*

## Technical Assistance:

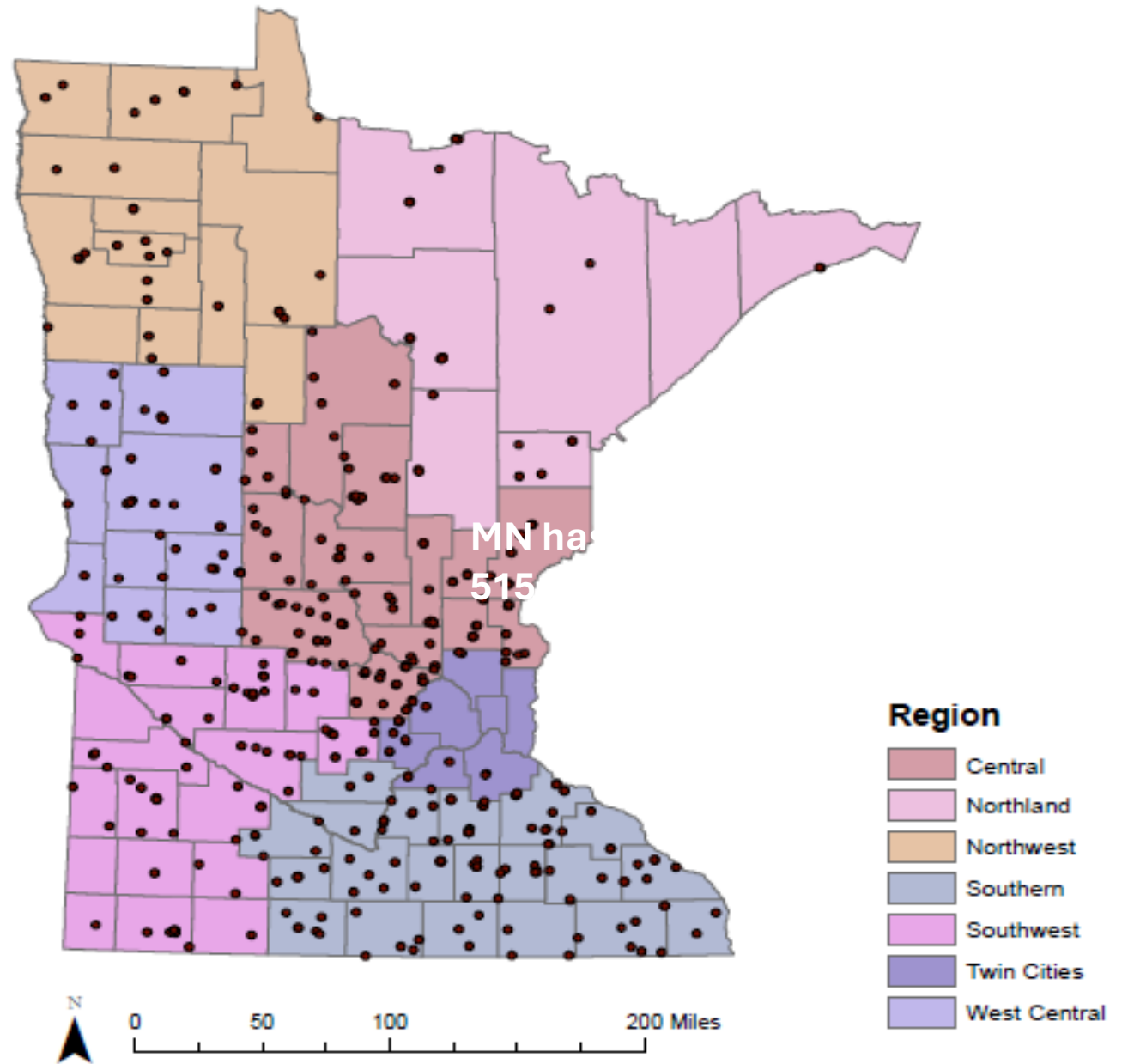
- *MHP is in partnership with Enterprise Communities on a USDA TA grant to help nonprofit and government buyers get through the 515-transfer process to acquire properties, preserving the rental assistance by keeping them in the program. The Transfer process can take more than 2 years, so your patience is definitely required!*



Minnesota has 456 properties in the 515 program. We were an early adopter, and now these properties are maturing earlier than many other states.

We have 9,760 units that house 13,435 residents. 67% are Female Headed Households, 30.4% are Seniors, 16.9% are BIPOC and 17.4% are people with disabilities.

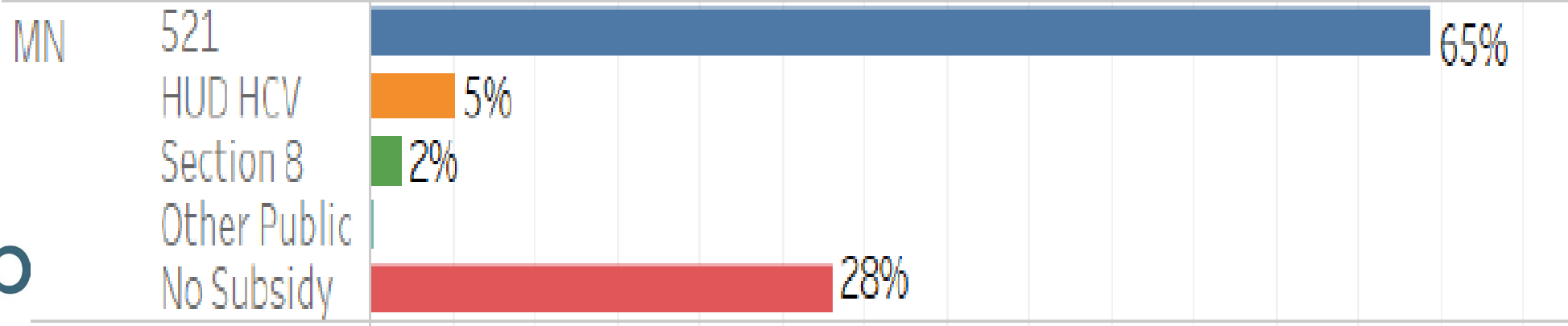
The average annual income for those receiving Rental Assistance is \$11,852



Sources:  
Minnesota Counties: US Census  
Section 515 Properties: USDA\_RD\_MFH\_Active\_Projects-2020-07-17.xlsx  
Regions: Minnesota Housing Finance Authority  
Created: August, 2020

# What the research shows...some troubling findings

- **In MN**, between 2030 and 2040, over 55% of Section 515 properties are expected to mature, removing 56% of the units from supply of affordable housing. That would leave us at 205 properties, compared to 456, and 4,294 units, compared to 9,760. *This could be a significant loss!*
- **In MN**, 75% of 515 properties are more than 30 years old and typically are in need of moderate or substantial rehab. *\*MHFA has RRDL program and FHLB has funding for acquisition and/or rehab for 515s through a competitive process*
- In MN, rental assistance subsidies used in 515 properties include:





## Case Study, GraMar Courts, a 16-unit 515 property built in 1978 in Kerkhoven, MN

# Kerkhoven



MN

★ Designed by TownMapsUSA.com



**Swift County HRA Board Vice President Deb Kneisl** states,

*“I am so proud to have been involved in the rehab project of GraMar Courts as a member of the HRA Board. It has been a huge undertaking, with many roadblocks and setbacks along the way, but the benefit to the city of Kerkhoven and it’s residents has made it worth the efforts put out.*”

*GraMar Courts had become very worn down and outdated over the years of use. No buyer could be found due to the overwhelming expense to renovate the units and the structure overall. The Swift County HRA\RDA Boards stepped in and took on the project because affordable housing is in high demand in Kerkhoven and all of Swift County.*

*The cost of buying and maintaining a home is unattainable for many residents. The cost of average rent is out of reach for many as well. Having the income based option is very important in our community. And having an updated and beautiful apartment to call home is vitally important to many in the area.”*

**Property:** GraMar Courts, Kerkhoven, MN, population 772  
**16 Units:** 4 1-Bedroom units and 12 2-Bedroom Units  
**Built in 1978**, previously had 8 RA & **now has RA for all 16 units!**  
*Owners eligible for **Prepayment**, allowing them to get the full appraised value.*

**Uses**

Purchase Price/Appraised Value:	\$ 650,000
Rehab Costs:	\$1,193,679
Soft Costs:	\$ 69,500
<b>Total Uses</b>	<b>\$1,913,179</b>

**Sources**

USDA RD 515 mortgage balance	\$ 32,422 (30-year term)
Grant from Fed Home Loan Bank	\$ 229,075
MHFA's Rural Rehab Deferred Loan	\$ 700,000
HRA's LHTF contribution	\$ 238,598
Small Cities Dev Rehab Program	\$ 200,000
Swift County 1% Loan for 30 yrs	\$ 513,084
<b>Total Sources</b>	<b>\$1,913,179</b>



Rents were \$350 for 1 BR & \$375 for 2 BR

New rents: \$572 for 1 BR & \$597 for 2 BR

MOU dated January of **2019**- 2.5 years to get their transfer application submitted to RD. Closing was in December **2023**...5 years from our start date!

## GraMar's Transfer Process & Set Backs...

- **Capital Needs Assessment (CNA)**- RD approval for both As-Is & After Rehab- these had to be done again, as RD considered them too old.
- **Cost estimates/bids from local contractors** for work called out in the CNA . We did this initially to get quick estimates for the budget but did not engage an architect early on.
- **Architects Plans/Specs** were initially approved by RD, but later in the process, we were told in underwriting we had to make the laundry room, stairwell, and a unit 100% ADA compliant. The bids had come in higher than originally anticipated- as construction prices had increased significantly, and then on top of that, we needed to include the additional accessibility work. This cost us several months and a lot of money. Thanks to MHFA for more \$!
- **Appraisals**- RD has very specific requirements and needed to meet with the appraiser beforehand. Prepayment allows the seller to get the appraised value. Purchase Agreement executed 3/7/20. Had to do multiple extensions
- **Transfer Application Documents** (40 +). We needed to redo several forms due to staffing changes, rehab numbers changing, tenant changes, ownership changes (last living owner had passed away).
- **PAT**: RD's Preliminary Assessment Tool: For the rehab budget and the operating budgets/proformas, we were doing *constant revisions*...
- **Underwriting**: We were told we couldn't pay the seller the appraised value, and MN Housing found title issues that had to be rectified



*Swift County HRA staff turnover: The current Director Leanna Larson is the 4<sup>th</sup> person we had worked with since the beginning. Because of Leanna's commitment to GraMar, the HRA **closed December 19, 2023** with RD & MN Housing!*

## Rehab Summary

- Wall & ceiling repairs
- Replace flooring
- Replace all appliances in kitchen and bathrooms
- New windows
- New light fixtures
- New hardware on doors
- Plumbing, Electric, and HVAC work
- New exterior siding and trim
- Parking lot improvements
- ADA compliance modifications

## Cost Savings

- Roof was replaced with storm damage funds prior to our project start date!
- Eliminating closet doors
- Repairing existing interior and entry doors, rather than replacing



# Before Photos



## More Before Photos





**Bathroom  
Before  
Photos**



# After Rehab Bathroom Photos







**Beautiful new  
cabinets,  
countertops,  
stainless-  
steel  
appliances,  
and flooring**



**Dining  
Room  
After**



**Bedroom After Rehab: Eliminating  
closet doors helped save money**



# Thank You!

For more information on MHP's Free Technical Assistance opportunity:

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