



# 2011

## Annual Report

### **GREATER MINNESOTA HOUSING FUND**

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**Community Capital for Greater  
Minnesota's Affordable Housing and  
Community Development Needs**



Strengthening families & communities.

# Letter to the Community

In small cities, towns and rural communities across greater Minnesota, over 10,000 families and individuals will go to bed tonight in a safe, decent and affordable home due to the efforts of Greater Minnesota Housing Fund and over 150 housing development partners who work to create affordable housing in Minnesota. GMHF's role is to provide socially motivated development capital in the form of housing loans, technical assistance and charitable grants, to support nonprofit and public agencies in their affordable housing development work.

Today, more than ever before in GMHF's sixteen year history, there is both the need and opportunity to preserve the affordability of over 80,000 units of existing federal and state supported affordable housing in Minnesota. Preserving these units helps meet the fundamental housing needs of our frail elderly, the formerly homeless, and our lowest paid workforce, and in so doing supports economic and community infrastructure in greater Minnesota.

GMHF's new social enterprise, the Minnesota Equity Fund (MEF), is now capitalized and able to provide low income housing tax credit equity for affordable housing developments across the 87 counties of Minnesota. It will deliver over \$25 million dollars of new investor capital to high priority developments in Minnesota. These funds will support the creation or preservation of nearly 200 affordable rental homes each year.

The foreclosure crisis in many Minnesota communities has resulted in increased homelessness, neighborhood blight and abandonment, placing more homeowners in perilous positions. GMHF continues its support of innovative neighborhood stabilization programs that rely on public and private sector partnerships to address these growing needs.

In other areas of the state, a fragile economic recovery has begun allowing Minnesota's business sector to expand. With business expansion, communities are challenged by workforce housing shortages which threaten to stall job growth. The diverse demands for foreclosure recovery, supportive and workforce housing, and the preservation of low income rental housing must all be addressed to meet our state's housing needs. GMHF remains firmly committed to working with local communities across greater Minnesota as they strive to meet their communities housing needs.

GMHF is grateful for our many investors and funders as well as our national, state and local partners. Each year working together, our efforts translate the vision of safe, decent affordable homes into a reality for thousands of individuals and families in greater Minnesota.

Sincerely,

Karel Weigel  
Board Chair

Warren Hanson  
President & CEO

# Core Activities & Programs

Greater Minnesota Housing Fund focuses on three primary functions. These functions are the foundation upon which we build our program commitments.

1. Investing in the creation of healthy homes and communities.
2. Researching timely affordable housing and community development issues.
3. Responding to local and regional housing and community development needs.

Greater Minnesota Housing Fund Meets Needs Across the Housing Continuum.



very low income , low income , moderate income , middle income and above

# Investments & Impacts

GMHF provides the critical financing needed to create and preserve nearly a thousand affordable housing units across Greater Minnesota each year. In 2011, GMHF provided \$17.9 million in strategic grant, gap and interim financing for affordable housing, making GMHF one of the largest affordable housing intermediaries nationwide that serves rural markets. GMHF's role as an affordable housing lender continues to expand in response to local needs for foreclosure recovery, preservation of existing at-risk affordable housing, and the low-cost of GMHF's gap financing and interim loans. All of GMHF's financial products are designed to improve the affordability of housing – limited gap subsidy loans reduce the purchase price for low-income working families purchasing homes and reduce monthly rents for multi-family projects, while GMHF's interim revolving loan fund offers below-market financing to developers, which reduces construction and preservation costs.

## **GMHF awarded a total of \$17.9 million in gap, interim and strategic grantmaking in 2011:**

Gap financing: Awarded **\$1.4 million** in subordinated gap mortgages. This includes **\$400,000** in single-family gap loans (primarily for acquisition/rehab of foreclosed homes) and **\$1.0 million** in multi-family and supportive housing gap loans with a focus on preservation projects and permanent supportive housing.

Interim Loans: Awarded **\$15.4 million** in affordable revolving interim loans. This included **\$4 million** for single-family foreclosure-related acquisition/rehab, and **\$11.4 million** in multi-family and supportive housing loans.

Grant Making: Awarded **\$1.05 million** in grant funds for program support, technical assistance, value gap and down payment assistance.

In total, GMHF financed **504 affordable homes**, exceeding the 2011 goal of 395 homes and on track toward the 3 year production / preservation goal of **1,180 homes**.

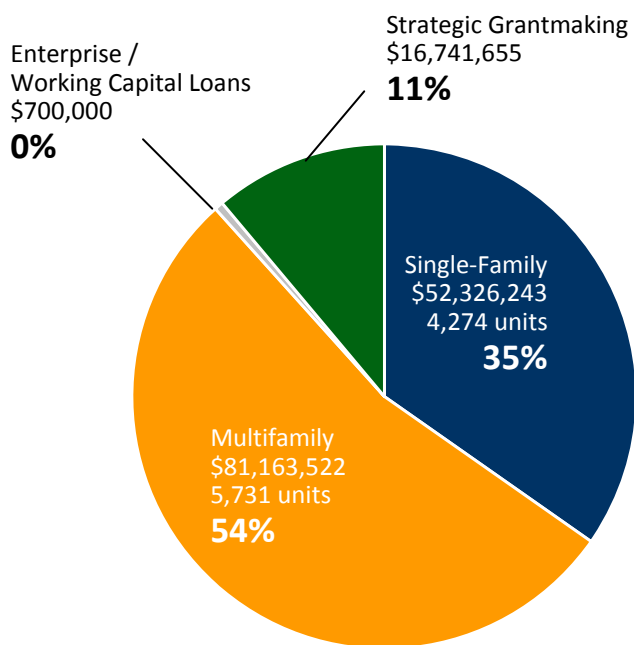
## **Introduced and expanded new loan products in response to borrower needs. These included:**

Enterprise Level Loans: GMHF piloted an Enterprise Level Loan program, developed to provide low-cost, long-term institutional financing to GMHF's highest-performing nonprofit borrowers. These loans are investments in the organizations, much like a PRI, rather than an investment in a particular project, and are designed to support the business growth needs of expanding nonprofits. Northern Communities Land Trust (now One Roof Community Housing) was the first ELLP borrower, and used the loan as working capital and development financing for their homeownership and rental housing development activities.

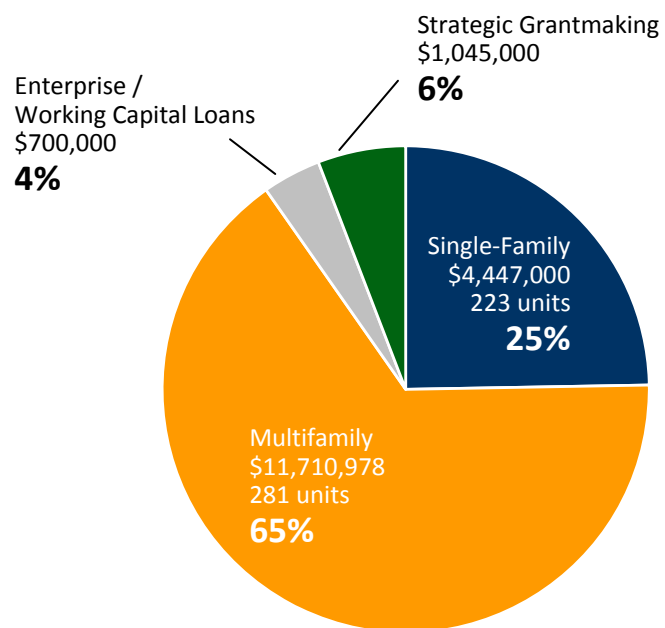
Preservation First Mortgages: GMHF expanded its first mortgage loans for preservation to additional projects in 2011. This amortizing, first mortgage product is a mid-term 3-10 year loan that fills a niche not available from the private market or from Minnesota Housing.

# Investments & Impacts

## GMHF Funding Awarded by Program Area\*

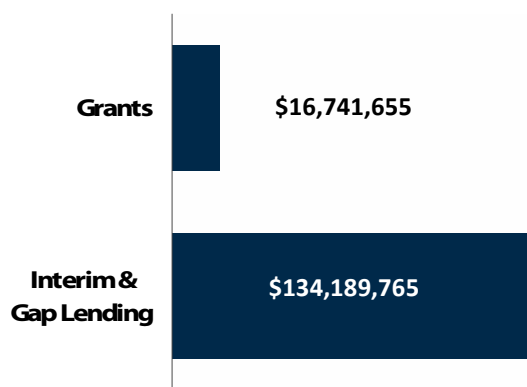


1996 - 2011

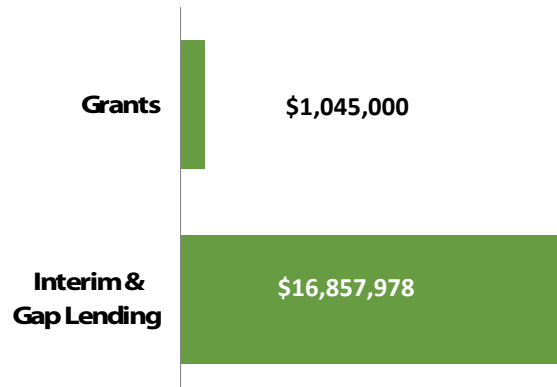


2011

## GMHF Funding Awarded by Loan Type\*



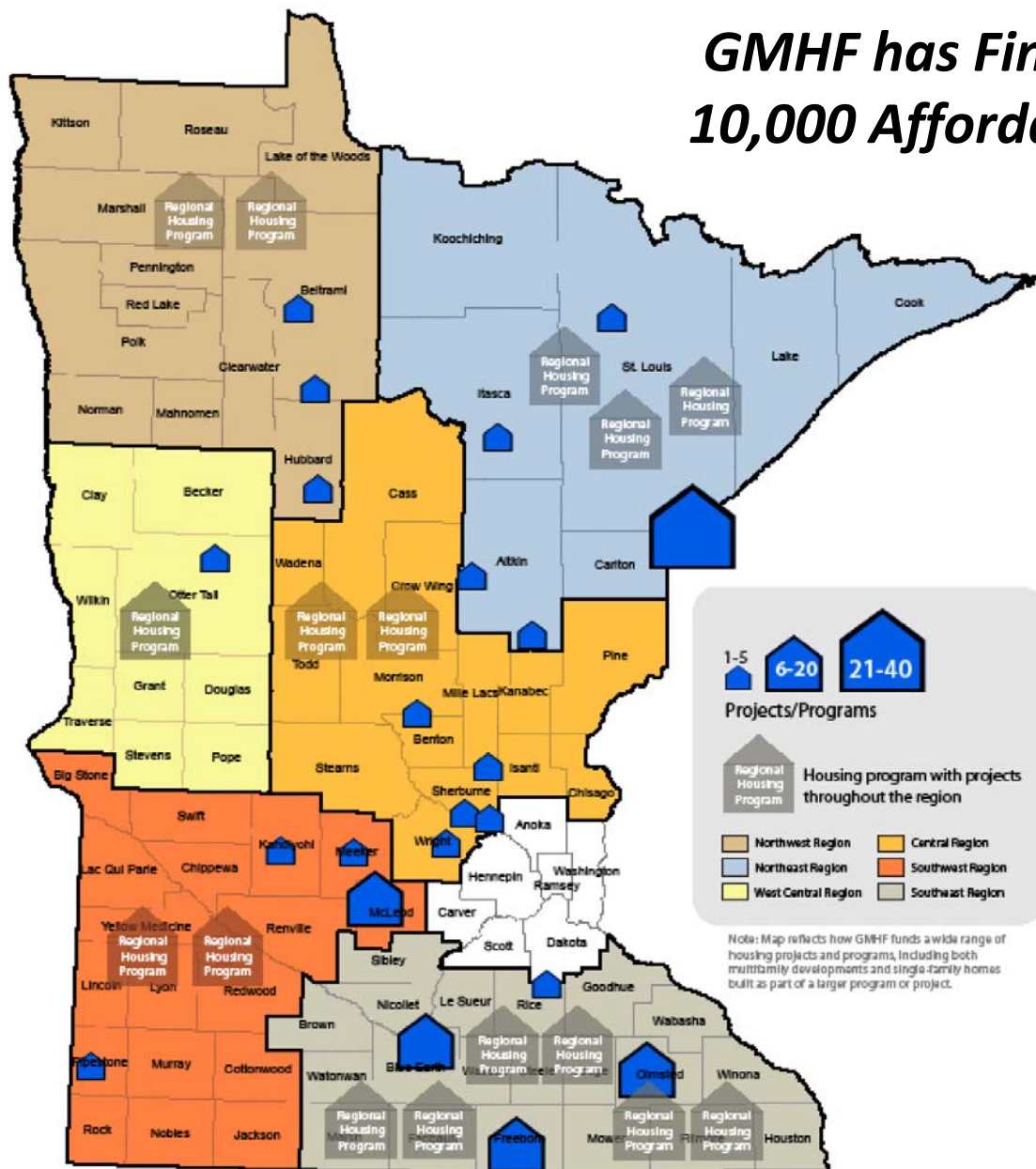
1996-2011



2011

\* GMHF tracks and reports on both loans awarded and loans closed for every calendar year. Due to the nature of real estate development, closings often happen in subsequent calendar years following the date in which a loan is awarded. In total, GMHF closed on \$13,230,191 in lending and 110 loans that provided financing for 740 affordable homes in 2011.

# Investing in Families & Communities Over Time



***GMHF has Financed over 10,000 Affordable Homes since 1996***

## Supporting the Creation of Affordable Homes Throughout Greater Minnesota

Greater Minnesota Housing Fund has supported over 525 developments in more than 150 cities to produce over 10,000 affordable single-family and multifamily homes.

# Financial Statements

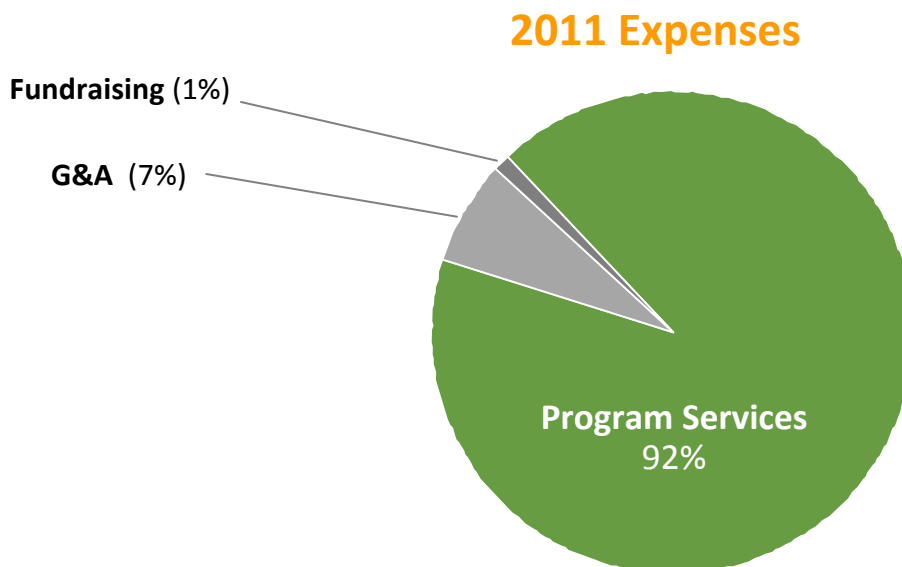
## Balance Sheet

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash	\$ 2,060,403	\$ 4,003,768
Interest Receivable on Investments	\$ 132,123	\$ 150,404
Other Receivables	\$ 68,216	\$ 92,244
Contributions Receivable, Current	\$ 4,229,899	\$ 4,909,634
Loans and Interest Receivable, Current	\$ 4,989,019	\$ 4,471,335
Less: Allowance for Uncollectible Amounts	\$ (380,298)	\$ (498,649)
Property and Equipment	\$ 297,904	\$ 258,422
Less: Accumulated Depreciation	\$ (161,259)	\$ (145,462)
Long -Term Contributions Receivable (Net)	\$ 3,549,518	\$ 7,769,109
Investments	\$ 28,925,962	\$ 22,503,517
Long-Term Loans Receivable	\$ 63,174,131	\$ 63,959,219
Less: Present Value Discount	\$ (37,122,828)	\$ (37,385,290)
Less: Allowance for Uncollectible Amounts	\$ (2,023,904)	\$ (2,440,321)
<b>Total Assets</b>	<b>\$ 67,738,886</b>	<b>\$ 67,647,930</b>
<b>Liabilities and Net Assets</b>		
Accounts Payable and Accrued Expenses	\$ 204,859	\$ 243,135
Unearned Revenue	\$ 65,284	\$ 68,214
Grants Payable, Current	\$ 245,270	\$ 263,685
Notes Payable (Net of Present Value Discount)	\$ 8,988,346	\$ 8,894,873
<b>Total Liabilities</b>	<b>\$ 9,503,759</b>	<b>\$ 9,469,907</b>
<b>Net Assets</b>		
Unrestricted - Undesignated	\$ 1,473,468	\$ 4,922,662
Unrestricted - Board Designated	\$ 45,337,988	\$ 38,618,625
Temporarily Restricted	\$ 11,423,671	\$ 14,636,736
<b>Total Net Assets</b>	<b>\$ 58,235,127</b>	<b>\$ 58,178,023</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 67,738,886</b>	<b>\$ 67,647,930</b>

# Financial Statements

## Statement of Activity

	2011			2010
	Unrestricted	Temporary Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 4,088	1,500,000	\$ 1,504,088	\$ 12,158,479
Program Service Revenues	\$ 1,061,502		\$ 1,061,502	\$ 777,995
Amortization of PV Discount on Loans	\$ 2,041,338		\$ 2,041,338	\$ 1,322,416
Interest and Dividends, Net	\$ 755,631		\$ 755,631	\$ 703,840
Unrealized (Loss) Gain on Investments	\$ 716,209		\$ 716,209	\$ 375,707
Realized (Loss) Gain on Investments	\$ 261,164		\$ 261,164	\$ (58,542)
Miscellaneous	\$ 746		\$ 746	\$ 146,300
<b>Total</b>	<b>\$ 4,840,678</b>	<b>1,500,000</b>	<b>\$ 6,340,678</b>	<b>\$ 15,426,195</b>
Net Assets Released from Restrictions	\$ 4,713,065	(4,713,065)	\$ -	\$ -
<b>Total Support and Revenue</b>	<b>\$ 9,553,743</b>	<b>(3,213,065)</b>	<b>\$ 6,340,678</b>	<b>\$ 15,426,195</b>
<b>EXPENSE</b>				
Program Services	\$ 5,751,439		\$ 5,751,439	\$ 9,452,183
Support Services:				
Management and General	\$ 532,135		\$ 532,135	\$ 517,989
<b>Total Expense</b>	<b>\$ 6,283,574</b>	<b>-</b>	<b>\$ 6,283,574</b>	<b>\$ 9,970,172</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 3,270,169</b>	<b>(3,213,065)</b>	<b>\$ 57,104</b>	<b>\$ 5,456,023</b>
Net Assets - Beginning of Year	\$ 43,541,287	14,636,736	\$ 58,178,023	\$ 52,722,000
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 46,811,456</b>	<b>11,423,671</b>	<b>\$ 58,235,127</b>	<b>\$ 58,178,023</b>





# Board & Staff

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Executive Director, Red Lake Reservation Housing Authority

**Kim Bretheim | Minneapolis**

Architect, Housing Studio Leader, LHB Architects

**Rod Brown | St. Paul**

Vice President Family Services, Lutheran Social Services

**Peter Connor | Owatonna**

Petrus Business Consultants

**Stephanie Cummings | Duluth**

Vice President Retail Banking, Wells Fargo Bank

**Lee Himle | Spring Valley**

Himle Insurance

**Duane R. Lund | Staples**

Senior Consultant, Blandin Foundation

**Steve O'Neil | Duluth**

County Commissioner, St. Louis County

**Dale Roemmich | Pipestone**

President, First Farmers & Merchants National Bank

**Richard Roesler | Mora**

Retired CEO & President, Peoples National Bank of Mora

**George Stone | Minneapolis**

Program Director, Minnesota Corporation for Supportive Housing

**Barbara A. Sanderson | Grand Rapids**

Minnesota Housing Finance Agency Board Representative

**Mark Voxland | Moorhead**

Mayor, City of Moorhead

**Nancy Vyskocil | Bemidji**

President, Northwest Minnesota Foundation

## Board Officers

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Rochester | Former Administrator, Community Relations, Mayo Clinic

**James Solem, Secretary/Treasurer**

Falcon Heights | Former Commissioner of Minnesota Housing

**Warren Hanson, President and Chief Executive Officer**

## Staff 2011

**Robyn Bipes**

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**Hal Clapp**

*Program/Loan Officer*

**Kathy Clouser**

*Finance/Loan Closing Assistant*

**John Harrington**

*Program/Loan Officer*

**Pat Keefe**

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*Officer Manager*

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**Dave Mullen**

*Vice President, Minnesota Equity Fund*

**Julie Pederson**

*Staff Accountant*

**Andrew Schlack**

*Program/Loan Officer*

**Stephanie Omersa Vergin**

*Director, Special Projects*

**Kim Wielinski**

*Office/Program Coordinator*

*Serving Greater Minnesota Since 1996*



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