



# 2017

annual report

# preserving and improving our communities

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Dear Friends,

As I reflect on 2017, I am amazed at the need for affordable, workforce housing across our region. A growing number of communities are facing a lack of housing, all while employers are expanding businesses and hiring more employees. The lack of housing not only affects current businesses, but is an obstacle for cities trying to lure new employers to their community. This has created a real connection between housing and economic development; a connection that CMHP is using to create new workforce housing in our region.

For the past several years, the City of Princeton has experienced very low rental vacancy rates and an overall lack of rental housing. This created a partnership between the city and CMHP, which has resulted in a funding award to purchase a vacant parcel of land from the city and build a new 16-unit apartment building. Funding will also be provided to renovate our current 24-unit West Birch Townhomes property, which is directly adjacent to the proposed new construction. The new 40-unit property will be named West Birch Estates, and will provide a much needed affordable housing option to the local workforce.

Of course there is a cross-cutting need for affordable housing across all populations, which led us into a partnership with the Region 7E Adult Mental Health Initiative and Canvas Health. The Region 7E Adult Mental Health Initiative had a longstanding vision to create affordable housing for people living with severe and persistent mental illness, providing them with a safe and comfortable space to call home. Hard work and perseverance will finally bring reality to that vision, with a funding award received to build Willow Grove Apartments in North Branch. Willow Grove will be a new 20-unit apartment building that provides permanent supportive housing for people with a severe and persistent mental illness. This is a new adventure for CMHP, and I am excited to expand our knowledge and experience to allow CMHP to assist all those in need of housing.

CMHP continued to administer a variety of housing programs in 2017 even with an overall drop in participation in programs such as Home Stretch, Small Cities Development Program and Rental Rehabilitation Deferred Loan Program. Although numbers may have been down, factors such as community involvement, program changes and market conditions affected participation more than lack of need. In fact, many past participants of these programs have commented on the great job CMHP does and stressed the continued need for these programs in their communities. My goal for 2018 is to work with staff and board members to create a more aggressive marketing plan to increase program participation.

I am excited to continue our work with current partners, and continue to create and grow new partnerships to meet the variety of expanding housing needs our communities are facing. Though the housing landscape and funding availability is ever changing, we will continue to adapt to meet our mission of preserving, improving and increasing the affordable housing stock in Central Minnesota. With that said, I would like to thank our funders, partners and stakeholders; without your support we would not be able to do what we do.

I have high hopes for continued growth in 2018!



**Deanna Hemmesch**

Executive Director

Central Minnesota Housing Partnership, Inc.

## our mission

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*We are committed to assisting underserved communities to preserve, improve and increase affordable housing for low and moderate income families and individuals.*



## board of directors

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LORI SCHULTZ, PRESIDENT

Tri-County Action Program, Inc., Executive Director

JESSE GODZALA, VICE PRESIDENT

Edina Realty, Realtor

NICOLE KLOSNER, TREASURER

Lakes and Pines CAC, Inc., Rehabilitation Specialist

LARRY KETCHUM, SECRETARY

Retired

AMY GRAY

Junior Achievement of The Upper Midwest, Inc., District Manager

CAREY GROETHE

RBC Wealth Management, Financial Advisor

MITCH HOHLEN

Consumer at Large Representative

DOUG JACOBSON

Tri-County Community Action, Executive Director

LUIS ESTEVEZ JIMINEZ

St. Cloud State University, Associate Professor

SYLVESTER AMARA LAMIN

St. Cloud State University, Associate Professor

GENNY REYNOLDS

Mille Lacs County, County Commissioner

CHRIS SMITH

Consumer at Large Representative

DONALD WELKER

American Mortgage & Equity Consultants, Inc., Mortgage Banker

JAY WEATHERFORD

Wright County Community Action, Executive Director

CONNIE CHRISTENSON, EX OFFICIO

Carlton County Economic Development Authority, Economic Development Director

# cmhp office staff

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DEANNA HEMMESCH, EXECUTIVE DIRECTOR

- multi-family development
- community planning & outreach
- asset management

JULIE SCHUELLER, FINANCE DIRECTOR

- finances
- human resources

JENNIFER SKIRROW-REIMANN, PROPERTY DIRECTOR

- asset management
- property management

JASON KREBSBACH, COMMUNITY DEVELOPMENT DIRECTOR

- community planning & outreach
- multi-family development

KETTI GREEN, PROPERTY MANAGER

- property management

TJ EMERSON, OCCUPANCY/COMPLIANCE SPECIALIST

- compliance

AG HUOT, PROGRAM MANAGER

- continuum of care (CoC)
- family homeless prevention

ED ZIMNY, PROGRAM MANAGER

- small cities development program (SCDP)

JO KESLER, PROGRAM MANAGER

- rental rehabilitation deferred loan program (RRDL)

LEA ENGNELL, PROGRAM MANAGER

- homebuyer education & counseling
- MURL program

WILLIE WILLATS, PROPERTY ADMINISTRATOR

- property accountant

HEIDI NEWMAN, COORDINATED ENTRY COORDINATOR

- continuum of care (CoC)
- coordinated entry

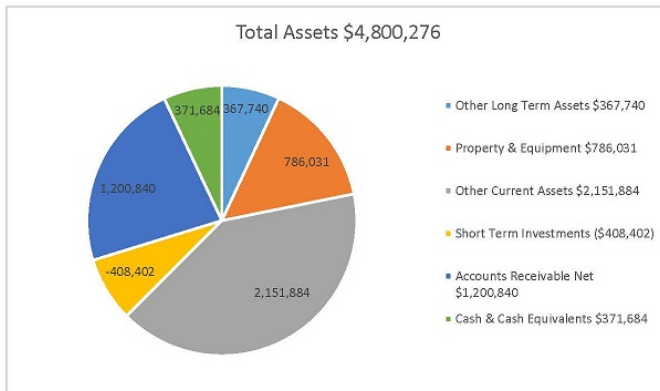
SALLY BATTIG, ADMINISTRATIVE ASSISTANT

- office management
- social media



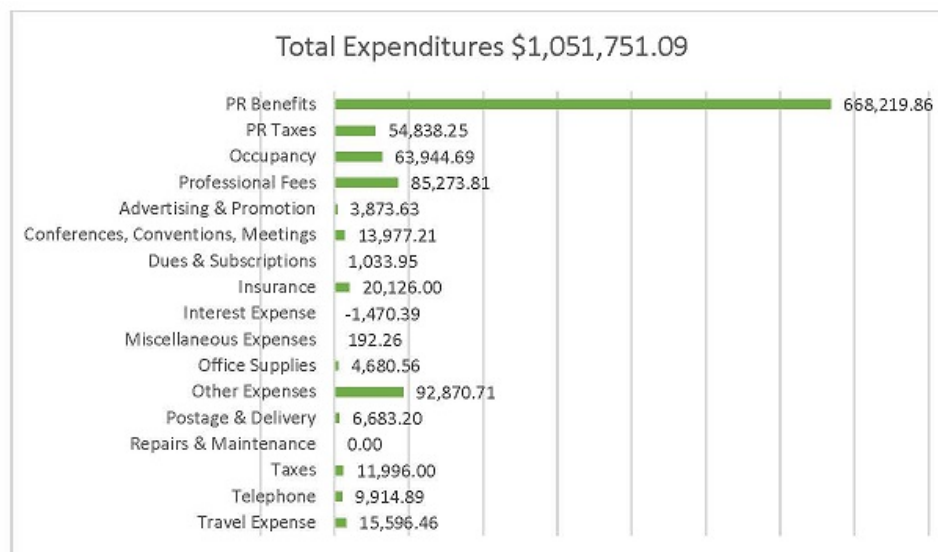
# organizational financials

## statement of revenues, expenses & assets january - december 2017



total liabilities & net assets \$4,800,276

total liabilities	\$573,068
fund balance	\$3,057,412
opening balance equity	\$310,145
change in cumulative effect	\$539,084
unrestricted net assets	(\$11,800)
contributed capital	\$159,156
distributions member	(\$3,049,079)
retained earnings	\$3,145,208
total net assets	\$4,150,126
change in net assets	\$77,082
total net assets	\$4,227,208



\*unaudited

# funding sources

CMHP's work is made possible by a variety of funding sources...



minnesota housing finance agency

- rental rehabilitation deferred loan (RRDL)
- homebuyer education & pre-purchase counseling
- continuum of care
- multi-family housing & development



greater minnesota housing fund

- homebuyer education & pre-purchase counseling
- continuum of care
- multi-family housing & development



housing and urban development (HUD)

- homebuyer education & pre-purchase counseling
- continuum of care



minnesota housing partnership (MHP)

- capacity building



minnesota homeownership center (HOC)

- homebuyer education & pre-purchase counseling



initiative foundation

- preservation & capacity building



department of employment and economic development (DEED)

- small cities development program (SCDP)



elk river HRA

- owner occupied housing rehabilitation



wells fargo foundation

- home stretch program



us bank foundation

- capacity building
- general operating



otto bremer trust

- capacity building
- general operating

*Thank you to all agencies, organizations and foundations who continue to support our work here at CMHP.*

## fundraising & donor spotlight

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CMHP would like to thank the generous donors who have supported our 2017 fundraising efforts. We could not complete our mission or help our communities without your support!

Alpine Cabinetry LLC  
Amazon Smile's  
Aspen Creek Plumbing & Heating  
Rebecca & Brian Anderson  
Blumentals Architecture  
Brutger Equities Inc  
Central MN Credit Union - Melrose  
East Central Energy  
Elk River Heating & A/C  
Lenee & Michael Hoffman  
Mary Alice & Gregory Hohlen  
Sharon & Bill Kemp  
Larry Ketchum  
David Kuefler & Sandy Meyer  
Kuefler Holdings Inc  
John Meuers - Rinke Noonan  
Hank Miller

Jennings Insurance  
Outdoor Enterprizes  
Cherre Palenius  
Project One Construction  
Suzanne & Michael Raasch  
Mary Lou & LeRoy Raden  
Schroeder's Appliance Center  
Charise & Brian Schutz  
Judy Schutz  
Schwan's Cares  
Scott Olson Construction  
Annette & David Stang  
State Bank of Cold Spring  
Cory Stenson  
Tom's Carpet Kingdom  
West Central Sanitation Inc

total raised:

**\$6,002**

DANKE  
OBRIGADO  
TAKK  
THANK  
YOU  
MAHALO  
GRACIAS  
NATICK  
ARIGATO  
DALU  
SUKSAMA  
GRAZIE  
MERC  
DANKU  
TACK  
SEE

# organizational highlights

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- ✓ Received an initial funding award for Willow Grove Apartments, a 20-unit new construction apartment building in North Branch which will provide affordable housing to individuals with severe and persistent mental illness. Construction is scheduled to start summer 2018.
- ✓ Received an initial funding award for West Birch Estates, a combination 16-unit new construction apartment building and rehabilitation of our currently owned West Birch Townhomes in Princeton. Construction is scheduled to start summer 2018.
- ✓ Completed a refinance/rehabilitation of Ridgeview Court Townhomes in Paynesville. Rehabilitation included new asphalt, furnaces, water heaters, appliances, playground equipment and property signs.
- Completed a refinance/rehabilitation of Reichert Place Apartments in Long Prairie. Rehabilitation included a new roof, exterior painting & tuck pointing, new common area flooring and washers & dryers.
- ✓ Administered Small Cities Development Program (SCDP) funding in Deerwood, Moose Lake, Browerville and Howard Lake resulting in the completion of six home rehabilitation projects, five commercial rehabilitation projects and one rental rehabilitation project.
- ✓ SCDP grant applications prepared and submitted by CMHP on behalf of the City of Big Lake and Mille Lacs County were awarded funding totaling \$626,100 for owner-occupied & commercial rehabilitation and administrative costs.
- ✓ Received an invitation to prepare and submit full SCDP applications for 2018 funding on behalf of the cities of St. Joseph, Melrose and Menahga.
- ✓ CMHP continued its administration of the City of Elk River's Owner-Occupied Rehabilitation Program, completing six projects in 2017.
- ✓ The central Minnesota Continuum of Care (CoC) received \$1,383,789 in funding through the Housing & Urban Development (HUD) Exhibit I application, which leveraged an additional \$339,147 for the region. This included planning and coordinated entry funds awarded to CMHP, totaling \$90,963 for CoC and Coordinated Entry Administration.



# organizational highlights

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Home Stretch workshops were attended by 77 households, totaling 98 individuals.

CMHP provided pre-purchase counseling services to 22 households.

**HOME STRETCH**  
Homebuyer Education Workshop

Allocated approximately \$1.5 million in Rental Rehabilitation Deferred Loan Program (RRDL) funding to eight affordable rental properties to address needed building improvements. Projects are slated to begin construction in 2018.



Received a \$7,200 grant from the Wells Fargo Housing Foundation for Home Stretch.

Received a \$4,000 grant from the Initiative Foundation to conduct community meetings to determine the affordable housing needs of community members.

Received \$17,500 in funding from HUD for homebuyer education and pre-purchase counseling.

Received \$21,500 in Housing, Education, Counseling And Training (HECAT) funding from Minnesota Housing and the MN Homeownership Center for homebuyer education and pre-purchase counseling.

Received a \$1,700 grant from the US Bank Foundation for general operating support.

Received a \$60,000 three-year Healthy Homes Grant from the Minnesota Department of Health. Healthy Homes grant activities will start in early 2018.



*"Change your thoughts and you change your world."*

- Norman Vincent Peale



# organizational programs and activities

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## multi-family housing development/ownership

CMHP evaluates potential multi-family development projects to determine funding competitiveness and financial feasibility. Development projects include acquisition and rehabilitation of existing affordable multi-family rental properties and new construction development. Funding for our development projects are requested and secured through a variety of sources, to include: Low Income Housing Tax Credits, Minnesota Housing 1st mortgage financing and deferred financing, Greater Minnesota Housing Fund 1st mortgage financing and deferred financing, Federal Home Loan Bank, as well as other available funding that fits a specific project. CMHP works with cities, counties, local EDA's/HRA's and other parties when researching developments and throughout the development process. CMHP currently owns 28 multi-family rental properties (678 total units) that were either constructed or acquired by the organization.

## property management

CMHP provides in-house property management for 21 of the 28 properties owned by the organization, totaling 418 units. Our staff provide full property management services and work with on-site caretakers to address tenant issues, maintenance and repairs and any other items associated with the daily wellbeing of our properties.

## rental rehabilitation deferred loan program (RRDL)

CMHP is an approved administrator of the Minnesota Housing Rental Rehabilitation Deferred Loan Program (RRDL). The funding program is available to eligible properties and owners in 15 counties of our service area (excluding the city of St. Cloud). The program provides 0%, deferred, partially forgivable loans to be used to address renovations/repair needs of small to moderate sized affordable multifamily rental properties. The goal is to improve the health, safety and basic livability of a property. Typical improvements include roofing, siding, windows, doors, insulation, HVAC, energy efficiency and interior upgrades. Since 2012, CMHP has administered over \$5.3 million in RRDL financing, resulting in the rehabilitation of 21 properties totaling 558 units.

## small cities development program (SCDP)

CMHP provides communities with application writing and grant administration services for the MN Department of Employment and Economic Development SCDP. The program provides grants to smaller communities to address owner-occupied, rental and commercial rehabilitation needs. Funds are provided to eligible owners in the form of 0%, deferred, forgivable loans and low interest loans to address rehab needs. Since 2004, CMHP has administered over \$5.3 million of SCDP funding, resulting in the completion of 162 owner-occupied rehab projects, 69 commercial rehab projects and the rehabilitation of 73 rental units.

## Elk River HRA owner-occupied housing rehabilitation program

CMHP contracts with the city of Elk River/Elk River HRA to provide administrative services for the community's Owner-Occupied Housing Rehabilitation Program. CMHP staff process applications and provide construction management services to eligible homeowners wishing to address needed home improvement items. Loan financing is provided by the Elk River HRA with a maximum loan amount of \$25,000. Since 2014, fourteen owner-occupied rehabilitation projects have been completed.

# organizational programs and activities

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## homebuyer education and counseling

CMHP provides homebuyer education and pre-purchase counseling in 15 counties of our service area. Home Stretch is a homebuyer education workshop with an accredited curriculum overseen by the Minnesota Homeownership Center. Homebuyers are guided through the home buying process from initial budget and credit preparations to maintaining their new home. Local housing professionals volunteer to teach sections of the class such as applying for a mortgage, shopping for a home and loan closing. Since 1996, 8,784 individuals have completed a CMHP Home Stretch workshop.

Pre-purchase counseling services are provided to first time homebuyers looking for a confidential and comfortable setting to discuss home purchase barriers and how to plan for, and ultimately remove barriers to achieve homeownership. Specific topics may include affordability analysis, spending and debt reduction plans, budgeting, evaluation of mortgage products and preparing for a loan application. CMHP submits annual funding applications to HUD and Minnesota Housing HECAT (various funders) to provide homebuyer education and counseling services in our region. To date, CMHP has provided pre-purchase counseling to over 70 individuals/households.

## Minnesota urban & rural homesteading (MURL)

CMHP services a portfolio of homes originally purchased and rehabilitated through the Minnesota Housing MURL program. Homes were sold to eligible low and moderate income households on a 0% interest contract for deed. Monthly contract for deed payments were based on monthly household income. While MURL is no longer an actively funded program, CMHP holds deed to eleven homes being sold on a MURL contract for deed. Staff conduct annual income re-certifications with each homeowner to adjust monthly payments per contract for deed requirements. In the past, CMHP has occasionally received a home back for various reasons. In this instance, CMHP completes an assessment of the home's condition and addresses any necessary repairs. The home is then resold on a contract for deed to an income eligible household. CMHP staff work with homeowners to improve their budgeting skills and overall financial wellness, all while having a stable place to call home.

## continuum of care (CoC)/coordinated entry

CMHP staff coordinate the development and implementation of the regional Continuum of Care (CoC) plan documenting existing services and identifying gaps in service. On an annual basis, CMHP prepares and submits a regional application (HUD Exhibit 1) to HUD requesting McKinney-Vento Homeless Grant funding for regional homelessness assistance agencies and services. The HUD award provided financial assistance to 10 agencies and 17 housing programs in the central CoC 13-county region.

CMHP employs a Coordinated Entry Coordinator to oversee the central CoC Coordinated Entry System. Coordinated Entry is a system created to rank homeless individuals based on an elaborate survey to determine their situation and what specific needs they may have. CMHP staff then provide referrals to regional homeless service providers with available housing.



CMHP OFFICE ADDRESS:  
37 28th Ave North Suite 102  
St. Cloud, MN 56303  
P: 320.259.0393  
F: 320.259.9590  
W: [www.cmhp.net](http://www.cmhp.net)

