



March 21, 2020

The Honorable Tim Walz  
The Honorable Peggy Flanagan  
Office of the Governor Tim Walz and Lt. Governor Peggy Flanagan  
130 State Capitol  
75 Reverend Dr. Martin Luther King Jr. Blvd.  
Saint Paul, MN 55155

Commissioner Jennifer Ho  
Minnesota Housing Finance Agency  
400 Wabasha Street N  
#400  
Saint Paul, MN 55102

RE: Prioritize preserving homeownership and ensuring equitable access to homeownership

Dear Governor Walz, Lieutenant Governor Flanagan, and Commissioner Ho:

We acknowledge the extraordinary efforts that you, the Legislature, and the broader team at Minnesota Housing are demonstrating in response to the COVID-19 pandemic. We are grateful for your thorough and thoughtful leadership.

As practitioners dedicated to producing, preserving, and preparing households for sustainable homeownership, we ask that you commit to implementing measures that prioritize homeownership preservation and equitable access to sustainable homeownership.

The Great Recession was a harsh teacher. Our collective organizations were frontline responders during the height of the crisis and in its aftermath as we worked to quickly raise and deploy resources to support foreclosure prevention, advocacy, housing development, and community healing. Even with extraordinary efforts for prevention and loss mitigation, Minnesota experienced a staggering 135,000 foreclosures from 2008 to 2014.

As tens of thousands of Minnesotans face prolonged income loss, foreclosures and the resulting homelessness will increase--homeownership preservation is homelessness prevention. The lower income homeowners and homebuyers we serve, many earning between 35-50% of the area median income, are most at risk, including: those who



have a history of homeownership, those who are a mere weeks or months away from achieving their dream, and those who recently moved to homeownership. Perhaps what is most threatening is what this crisis will mean for households of color who were disproportionately wiped out during the Great Recession and have still not yet recovered. Clearly, consumer needs for support and opportunity will dramatically increase in response to the pandemic. And as we've already experienced, the crisis and its impact will evolve. Therefore, we recommend a phased approach to protecting homeowners and homeownership.

### **Immediate Response**

We ask that you support these immediate solutions:

- Institute a statewide moratorium on foreclosures and evictions.
- Join us as we convene a cross-sector task force to develop a collective, cooperative approach that supports consumers and practitioners alike. We did this successfully during the Great Recession, amassing resources and deploying foreclosure solutions in ways that were replicated nationally.
- Double the funding for the Homeownership Education and Training (HECAT) fund to build capacity for those advising homebuyers, homeowners, seniors and victims of scams during this crisis and after.
- Work with us to challenge private funders and philanthropy to join us.
- Simplify agency-funded down payment programs, making them available to every low- to moderate-income homebuyer regardless of geography or lender.
- Create a grant pool and lines of credit to help stabilize non-profit developers who are key to providing affordable homeownership to those who otherwise wouldn't be able to access it. Many developers face immediate concerns about sustaining operations to serve not only future consumers, but existing clients.

### **Longer Term**

The economic and social fall-out of this crisis will impact the mortgage landscape for the foreseeable future in ways that we cannot yet fully identify. We must be prepared to intensify approaches and secure resources that ensure equitable access to homeownership. To start, we anticipate and ask your support for:

- Transforming Minnesota Housing's approach to down payment assistance with a significant infusion of down payment capital. Access to down payment post-crisis will be the most significant barrier to homeownership for lower income households as they begin to recover.



- Using the agency's expertise and solid financial standing to establish a risk pool that will incentivize lenders to adopt underwriting standards that are responsive to the financial realities of families impacted by the crisis. Many households have been working for months to prepare for homeownership only to find their new economic reality is no longer supported by traditional underwriting.
- Continue aggressively funding HECAT and nonprofit developers to ensure a healthy affordable homeownership market.

We look forward to working with you and your team as we respond to this unprecedented challenge in homeownership. Thank you.

Sincerely,

Chris Coleman, President and CEO, Twin Cities Habitat for Humanity  
Julie Gugin, President and CEO, Minnesota Homeownership Center  
Cristen Incitti, Executive Director, Habitat for Humanity of Minnesota

#### Endorsers

Jim Nelson, Executive Director, Lake Agassiz Habitat for Humanity  
Rev. Dr. Richard Nelson, Executive Director, Central Minnesota Habitat for Humanity  
Geri Hickerson, Executive Director, Northwoods Habitat for Humanity  
John Tramm, Executive Director, Habitat for Humanity of Redwood River  
Lori Anderson, Executive Director, Douglas County Habitat for Humanity  
Kahya Fox, Executive Director, Habitat for Humanity of La Crosse Area  
Kevin Pelkey, Executive Director, Lakes Area Habitat for Humanity  
Ryan Kling-Punt, Volunteer and Family Services Manager, Two Rivers Habitat for Humanity  
Amanda Hedlund, Executive Director, Habitat for Humanity Winona-Filmore Counties