The Family Housing Fund
Annual Report to the Community

2015
Dear Friends and Colleagues,

The Family Housing Fund (FHFund) entered its 35th year with an eye toward the future. In 2015, the FHFund staff and Board celebrated the leadership of retiring President Tom Fulton, developed a new five-year strategic plan, and hired Ellen Sahli as FHFund President. We are proud of the FHFund’s visionary work to ensure that every family has a home they can afford and a place from which they can prosper and contribute to the larger community.

The 2015-2019 Strategic Framework that was adopted in 2015 established a new mission statement: to help the affordable housing network meet the needs of families in complex and constantly changing conditions. The mission roots the FHFund in its role as an intermediary:

• Drawing on networks of relationships to identify emerging issues and impending crises that affect housing for families,
• Consolidating and interpreting data to inform decision making,
• Recommending adaptive policy, process, practice,
• Convening stakeholders (within and beyond the affordable housing network) for collective action on urgent and emerging issues,
• Leveraging existing and building new financial, social, political, and information capital for flexible and risk-tolerant investments, and
• Testing promising ideas and sharing results.

For the FHFund, these strategies are critical to building on our success and those of our partners, and will enable us to support regional work to address serious inequities, market pressures that lead to the loss of naturally occurring affordable housing and policies that impede affordable housing, and a continued disconnect with the labor market as rents rise faster than income. In 2016 and beyond, we are prepared to build on the unique, collaborative affordable housing system in the Twin Cities to provide options for family housing choice, build communities with opportunity for all residents, and test innovative solutions to housing challenges.

We want to extend our deepest gratitude to our partners and funders that have supported the FHFund during this exciting time of change. We look forward to continuing to work together to provide system level solutions to support the needs of families across the Twin Cities region.

Sincerely,

Maureen Warren
Family Housing Fund Board Chair

LETTER FROM MAUREEN WARREN, BOARD CHAIR
As a housing intermediary, the Family Housing Fund explores market driven, innovative solutions to challenges facing the affordable housing system and makes targeted investments in data driven system interventions that create options for housing choice for families and build communities that provide opportunity for everyone.
Testing Innovative Solutions

The Family Housing Fund identifies emerging and urgent issues facing the affordable housing system, and develops and tests innovative and collaborative solutions to support data driven decision making for ongoing system interventions.

OWNERS/MANAGERS CREATING OPPORTUNITY

The Federal Housing Choice Voucher Program, one of the country’s major rental assistance programs, provides the greatest range of housing choice for low-income families. A critical bottle neck in the process of a family utilizing this form of rental assistance is finding property owners/managers to accept the voucher. It is critical that the system address this bottle neck as public housing authorities and the housing community explore mobility programs to assist families in moving to areas with low rates of poverty and high quality schools.

In late 2015, the Family Housing Fund launched the Owners/Managers Creating Opportunity Project to understand owners’/managers’ experiences with the Housing Choice Voucher Program and explore marketing/outreach efforts, create support for participating owners/managers, provide learning opportunities for owners/managers and public housing authorities, and analyze regional mobility to drive future decision making.

“The Family Housing Fund understands and respects the needs of property owners/managers and is also a trusted partner of municipalities and the public housing agencies (PHAs). Their unique position creates the opportunity for low-income Twin Cities families to be better served by the private housing market and Housing Choice Voucher Program. The Family Housing Fund’s market oriented approach to the problem will strengthen the partnership between the owners/managers and PHAs and create more housing choice for families.”

MARY RIPPE, President, Minnesota Multi Housing Association
The Family Housing Fund’s Visible Child Initiative piloted a second intervention in 2015: a pre-financial literacy curriculum, entitled Making Ends Meet. Nationally, the curriculum is the first of its kind to address the financial literacy needs of families in extreme poverty, with little to no income. Four supportive housing sites piloted the curriculum in both individual and group settings. An evaluation found that the curriculum had positively influenced parents’ understanding of financial concepts and their financial habits, leading to enhanced housing stability for families. Before sharing the curriculum broadly, the Visible Child Initiative staff will revise Making Ends Meet to incorporate recommendations established through the evaluation.
Addressing Trauma in Children Who Have Experienced Homelessness

The Family Housing Fund and its partners are successfully working to prevent and end childhood homelessness, resulting in a seven percent decrease in childhood homelessness since 2012. Nevertheless, on any given night, nearly 3,300 children experience homelessness in Minnesota, according to Wilder Research’s triennial survey. Therefore, the Family Housing Fund continues to test innovative solutions to end generational homelessness by supporting the thousands of children who have experienced the trauma of homelessness.

The chronic stress that accompanies homelessness reduces children’s overall health, limits short-term memory, and sets children up for life-long challenges, including homelessness in adulthood. The National Center on Family Homelessness reports that children experiencing homelessness exhibit four times the developmental delays and three times the rate of behavioral and emotional problems as their peers. The Family Housing Fund’s Visible Child Initiative piloted the Children’s Mental Health project to test the theory that the supportive housing system can work with the healthcare system to improve social emotional outcomes for children who have experienced homelessness.

Mental health services address the effects of trauma, and homeless families can access standard services for their children through existing Medical Assistance programs. However, in practice, there are many barriers to homeless families and children accessing mental health services, including cultural stigma, finding a provider, and transportation. The goal of the 2015 Children’s Mental Health pilot was to overcome these barriers. The Family Housing Fund leveraged existing Medical Assistance payments with its own resources to connect families with culturally appropriate clinicians, who are trained in infant and early childhood mental health, and would meet with the families at the supportive housing sites where they lived.

Through their sessions with families, clinicians focused on teaching positive, supportive, and developmentally-appropriate parenting skills. Following this work, 58 percent of participating parents saw positive behavioral changes among their children. This anecdotal evidence is confirmed by pre- and post-assessments of participating children that showed 40 percent fewer children needed additional support to reach healthy social emotional development after the pilot. The majority of participating parents also gained confidence in their parenting skills, had increased empathy for their children, and better understood their developmental and emotional needs.

“Following the Children’s Mental Health Pilot, I saw dramatic improvements in the behavioral and emotional wellbeing of the parents and children who participated. Very young children whose development was impaired by the toxic stress of homelessness and instability are now achieving important social emotional milestones with the support of their parents. Providing early childhood mental health services onsite was critical to families overcoming barriers.”

CASE MANAGER, Model Cities
Creating Options for Housing Choice

Using a market informed and data driven approach, the Family Housing Fund supports the development and preservation of supportive housing, rental housing, and homeownership opportunities for families across the seven-county Minneapolis-Saint Paul Region.

In 2015, the Family Housing Fund pursued two strategies to create options for housing choice for families: financing and influencing the public will to support policies promoting affordable housing and maximize the financial resources available for construction and preservation of affordable housing.

CONSOLIDATED RFP

Since 1994, the Family Housing Fund has participated in the Consolidated Request for Proposals (RFP), a collaborative funding process facilitated by Minnesota Housing that ensures high quality, sustainable, and energy efficient standards for affordable housing and alignment among several public and philanthropic funders. In 2015, the Family Housing Fund committed $227,000 to Beacon Interfaith Housing Collaborative’s 66 West youth supportive housing project in Edina. The project, a first of its kind in the City, will create a housing option for underserved homeless young adults, ages 18-22, in a community with low rates of poverty, access to jobs, and high performing schools (see story on page 6).

PREDEVELOPMENT FUNDERS ROUNDTABLE

The Family Housing Fund also promotes alignment among funders by convening the Predevelopment Funders Roundtable. The roundtable provides an opportunity for developers to present projects and requests to funders at a single meeting—saving time and money. Funders also have time to ask questions, and discuss, and align their strategies for supporting affordable housing projects that complement city and county development goals. In 2015, the Family Housing Fund hosted two roundtables, one for senior housing in Minneapolis within the University Avenue District and a second for a mixed-use project in Richfield.
The Twin Cities' southwestern suburbs offer almost no services for youth experiencing or at risk for homelessness, yet service providers estimate that close to 300 youth are currently homeless in the area. While research shows that providing supportive housing – affordable housing with support services – is an effective and cost-efficient way to end homelessness, creating supportive housing opportunities can present many challenges.

As a housing intermediary, the Family Housing Fund helps make that process less complicated by acting as an educator and funder. Through its many partnerships, the organization works with public officials, developers, and service providers to identify and create housing options that meet the needs of families.

In 2014-2015, the Family Housing Fund helped influence the public will, funded construction, and supported human service planning for a suburban youth supportive housing facility in Edina. Beacon Interfaith Housing Collaborative’s (Beacon) 66 West project is designed to support young adults in the southwestern suburbs who have experienced homelessness.

In 2014, Beacon began its effort to build 39 supportive studio apartments for homeless youth by seeking approval for the project from the Edina City Council. Hundreds of people encouraged the Edina City Planning Commission to recommend the project and the Family Housing Fund worked through partners to provide the City Council with the necessary information to make a decision in support of a full range of housing choices for residents.

Supporting the Urban Land Institute Minnesota (ULI MN) and the Regional Council of Mayors (RCM) is one of the Family Housing Fund’s primary strategies to create options for housing choice for families. ULI MN/RCM provides technical assistance to cities to implement strategies that support a full range of housing choices; these services were central to the City of Edina approving the 66 West project.

“ULI MN's support of the RCM, along with its advisory services program, has provided invaluable benefit to the City of Edina, resulting in a deeper understanding of the importance of providing a full range of housing in our community,” said Edina Mayor Jim Hovland. “The expert content, data driven presentations, and connections to private sector market information all contributed to the City’s unanimous decision to support the Beacon Homeless Youth project and to adopt a new housing policy.”

Once the City of Edina approved the 66 West project, Beacon faced the challenge of assembling financing for construction. Beacon applied for funds through the Consolidated RFP and was awarded more than $8.3 million during the process, including a $227,000 deferred loan from the Family Housing Fund.

With construction expected to begin in the summer of 2016 and the project slated to open to residents in mid-2017, Simpson Housing Services (Simpson) has begun planning for the services they will provide the young residents. Simpson is a leader in integrating evidence-based, trauma informed approaches into supportive services and will need to further develop the model to work with young adults in a suburban environment.

To support quality services that will create opportunities for the young adults, the Family Housing Fund provided a $38,000 grant to Simpson for human service planning.

“66 West is a unique project for the Family Housing Fund, in which we worked with partners at each phase of the project to positively influence the creation of housing options in a community that connects its residents to opportunity,” said Family Housing Fund President Ellen Sahli. “Through partnerships, we’ve ensured that homeless young adults from the southwest suburbs will be able to stay in their community to receive support and services, which will help launch them towards stability and success.”
URBAN LAND INSTITUTE MINNESOTA & REGIONAL COUNCIL OF MAYORS HOUSING INITIATIVE

Since 2008, the Family Housing Fund has supported the Urban Land Institute Minnesota and Regional Council of Mayors’ (ULI MN/RCM) Housing Initiative. In that time, the Family Housing Fund has made a $2 million investment in the Housing Initiative that has helped connect public officials with private sector talent and thought leaders, provided opportunities for public officials to learn from each other, and advised on major regional planning projects, such as the Southwest Corridor Light Rail Transit Project. The cities that have participated in these learning opportunities have produced or preserved nearly 3,000 units of affordable housing, creating choice for their residents.

In 2015, with support from the Family Housing Fund and Minnesota Housing, ULI MN held nine *Navigating Your Competitive Future* workshops, creating a dialogue between policy leaders and real estate professionals that strengthened a mutual understanding of today’s economic environment and challenges facing development and redevelopment. The workshops engaged officials from cities and counties representing over 319,000 Twin Cities residents. ULI MN also completed full-day technical assistance panels for two station areas along the Southwest Corridor. The Family Housing Fund sponsored additional learning opportunities for local leaders in affordable housing through conference sponsorships, including the Housing Opportunity 2015 conference hosted in Minneapolis by the ULI Terwilliger Center and Enterprise Community Partners, which attracted more than 350 housing and development professionals from across the country.

“*The Family Housing Fund’s support of the Housing Initiative at the Urban Land Institute Minnesota (ULI MN) and Regional Council of Mayors (RCM) has created invaluable tools and resources for cities as they plan for a full range of housing choices. ULI MN/RCM leverages private sector expertise to encourage market-driven and data-informed solutions to challenges facing cities in a way that we cannot as a public agency and that leads to greater affordable housing options throughout the Region.*”

*BETH REETZ, Director of Community Development, Metropolitan Council*
HOME PROSPERITY FUND

The Family Housing Fund’s Home Prosperity Fund fosters affordable housing opportunities for low-income and working families in the Minneapolis-Saint Paul Region, while at the same time provides a tool to help stabilize and revitalize communities hardest hit by the foreclosure crisis. The private and philanthropic investment that makes up the $32.9 million Home Prosperity Fund is fully deployed as loans to development partners. In 2015, the Home Prosperity Fund support to partners enabled 13 households to purchase homes or close on homes under contract-for-deed programs. Additionally, development partners rehabilitated 44 properties, including 22 foreclosed properties, helping stabilize neighborhoods across the Minneapolis-Saint Paul Region and create new, quality housing opportunities for families.
TWIN CITIES COMMUNITY LAND BANK

The Family Housing Fund formed the Twin Cities Community Land Bank (Land Bank) in 2009 as a strategic tool to further community-based economic development and affordable housing goals. In 2015, the Land Bank purchased and resold 35 single family properties to qualified developers at a reduced price, made 39 loans to developers, and closed four strategic acquisitions and two commercial project loans. This work significantly reduced the overall development cost of projects that create options for housing choice for low-income families and projects that are a part of larger community development plans. After seven years as a limited liability corporation of the Family Housing Fund, the Land Bank matured as an organization and achieved independent financial stability. At the close of 2015, the Land Bank formally separated from the Family Housing Fund to become its own nonprofit corporation. The Family Housing Fund and the Land Bank will continue to work together as partners in the future.

PUBLIC EDUCATION

In addition to financing, the Family Housing Fund worked to create opportunities for housing choice by influencing the public will. In 2015, the Family Housing Fund’s public education initiative maintained an online presence to provide relevant data and information to drive public policy conversation. Nearly 11,500 visitors explored the Family Housing Fund website, viewing fact sheets like Working Doesn’t Always Pay for a Home and Affordable Housing Does Not Lower Property Values, and the data set Housing Counts, which provides a consistent measure of the net gain in affordable housing across the Minneapolis-Saint Paul Region. In an effort to influence public will, the Family Housing Fund’s Visible Child Initiative also researched and published a report on the state and needs of homeless adolescent parents that drives policy recommendations consistent with Heading Home: Minnesota’s Plan to Prevent and End Homelessness.

HOMES FOR ALL

The Family Housing Fund leverages its efforts to drive public policy conversations and support policies promoting affordable housing development and preservation by participating in the Homes for All Coalition’s advocacy at the State Legislature. In 2015, Homes for All advocacy efforts helped pass $10 million in Housing Infrastructure Bonds to support the production and preservation of affordable housing and helped secure a $25.5 million boost for housing and homeless services funding. Combined with the public education efforts to promote affordable housing, the added financial resources for affordable housing will help ensure that families have quality housing choice.
Creating Communities with Opportunities for All Residents

The Family Housing Fund invests in place-based initiatives and strategies that align affordable housing with other community development efforts to create vibrant communities that offer opportunities for all residents.

Understanding that a safe, stable place to live is the foundation for family success, the Family Housing Fund invested in three place-based initiatives in 2015.

FROGTOWN RONDO HOME FUND

The Frogtown Rondo Home Fund (FRHF), a partnership of the Family Housing Fund and the City of Saint Paul, acts as the housing component of the Saint Paul Promise Neighborhood (SPPN) initiative, makes targeted investments in three housing focus areas, and funds strategic opportunities that arise through the work of the nearly 30 FRHF partners. In 2015, the FRHF partners coached and helped secure $1 million in ongoing rental assistance for 50 SPPN families, promoting the educational success of children through housing stability. Within the housing focus areas, 11 income-qualified homebuyers purchased homes and 19 new construction and rehabilitation projects to produce and preserve housing for low-income families were underway in 2015. The continued investment in affordable housing is critical to ensuring that the significant transit, education, and green space investment in the Frogtown and Rondo neighborhoods benefit low-income families. In 2015, the FRHF also funded five grant requests totaling $84,500 to support neighborhood driven solutions, including a construction job training program open to residents that rehabilitates the neighborhood housing stock.

“...the unprecedented public and philanthropic investments in the Frogtown and Rondo neighborhoods has significantly improved access to housing, transit, green space, and education for residents. The Frogtown Rondo Home Fund partnership with the Family Housing Fund is a grassroots collaborative process through which the City can stay involved at the neighborhood level and build opportunity within the community.”

PATRICIA LILLEDAHL, Director of Housing, City of Saint Paul

Photo courtesy of Frogtown Rondo Home Fund
**NORTHSIDE HOME FUND**

A partnership of the Family Housing Fund and the City of Minneapolis, the Northside Home Fund aims to reestablish attractive, safe neighborhoods with a healthy housing market, adding value to existing neighborhood, city, and private efforts to support a vibrant Northside community. The Family Housing Fund and the Northside Home Fund have supported the City’s Green Homes North program, which had 11 homes under construction and approved the development of 12 additional homes in 2015. The Green Homes North homes sold for an average of $182,000 in 2015, $56,000 more than the average sale price across North Minneapolis. These homes are helping support a healthy housing market as valued comparable sales, attracting new buyers that value green building and creating a more diverse income mix in the neighborhood.

“"The partnership with the Family Housing Fund on the Northside Home Fund is central to our ability to identify and address housing challenges for families. It was central to our ability to respond to the foreclosure crisis in North Minneapolis neighborhoods, continues to support the rebuilding effort, and will continue to be the collaborative forum from which we monitor housing and market trends and implement proactive strategies.”

ANDREA BRENNAN, Director of Housing Policy and Development, City of Minneapolis

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**UNIVERSITY AVENUE DISTRICT**

In 2015, Minneapolis place-based effort the Prospect North Partnership grew to include the City of Saint Paul and, thus, changed its name to the University Avenue District. Since 2013, the Family Housing Fund has provided leadership and financial support to demonstrate a transit oriented district development model at a light rail station area, driven by affordable housing, and incorporating district wide green and sustainable infrastructure. The Family Housing Fund’s investment includes funding Prospect Park 2020, the visionary neighborhood group that helped launch and continues to drive the work. The area’s unique position straddling the Cities of Minneapolis and Saint Paul has always one of its strengths. The formal partnership that emerged in 2015 will allow the University Avenue District partnership to fully realize opportunity for all residents. A 2015 analysis of the economic impact of the partnership’s goals found that achieving the district vision will generate $347.1 million in new property taxes and create more than 4,000 new, permanent jobs.

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**VISIBLE CHILD INITIATIVE**

In addition to creating opportunity through place-based initiatives, the Family Housing Fund’s Visible Child Initiative worked to ensure that services within supportive and affordable housing promote opportunities for families and children. In 2015, the Visible Child Initiative trained 800 frontline staff from more than 50 organizations on evidence based, trauma informed tools and practices that support the needs of families, including sessions on generational trauma and supporting parents with mental illness and chemical dependencies.
Thank you

The Family Housing Fund would like to thank its generous funders and public and private partners. Please read ahead for acknowledgements and financial statements.

“The collaborative environment of the Twin Cities affordable housing system works to the benefit of the region’s families. The Family Housing Fund is committed to leadership in the system to test innovative ideas and make targeted investments in market oriented, data driven interventions that help the affordable housing network better meet the needs of families.”

ELLEN SAHLI, President, The Family Housing Fund
2015 ACKNOWLEDGEMENTS: GRANTS AND CONTRIBUTIONS

Grants and Contributions Received

Patrick and Aimee Butler Family Foundation
Charlson Foundation
F.R. Bigelow Foundation
Frey Foundation
Margaret A. Cargill Foundation
The McKnight Foundation
Otto Bremer Foundation
The Saint Paul Foundation
Securian
Sheltering Arms Foundation
Smith Family Foundation
Target Foundation
TCF Bank
Thrivent Financial Foundation
U.S. Bank Foundation
Archie D. and Bertha H. Walker Foundation
Wells Fargo Foundation - Minnesota

Note: this list does not include organizations that funded projects for which the Family Housing Fund is the fiscal agent.

Grants and Financial Assistance Awarded

Emma Norton Services
Housing Justice Center
HousingLink
Lutheran Social Service of Minnesota
Minneapolis Public Housing Authority
Minnesota Coalition for the Homeless
Minnesota Home Ownership Center
Minnesota Housing Finance Agency
Model Cities, Inc.
People Responding in Social Ministry
Project for Pride in Living
Prospect Park 2020, Inc.
Simpson Housing Services
St. Stephen’s Human Services
Stepping Stone Emergency Housing
The Family Place
The Link
University of Minnesota Foundation Real Estate Advisors
Urban Land Institute Minnesota
Youthlink
YWCA of Saint Paul

Community Lending and Home Prosperity Fund Investors

The Family Housing Fund is grateful to the following organizations that have invested (restricted and unrestricted) in its community lending and Home Prosperity Fund loan pools.

John D. and Catherine T. MacArthur Foundation
The McKnight Foundation
Minnesota Housing Finance Agency
Pohlad Family Foundation
TCF Bank
Thrivent Financial for Lutherans
U.S. Bank
Wells Fargo

Photo courtesy of Frogtown Rondo Home Fund.
### 2015 CONSOLIDATED FINANCIAL STATEMENTS

#### Statement of Financial Position

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<th>Assets</th>
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#### Statement of Activity

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<p>| Transfer of Net Assets of Previously     | 2015 | 2014 |</p>
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<th>Controlled Entity</th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$(3,585,893)</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Net Assets—End of Year</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>$36,250,245</td>
<td>$41,261,470</td>
<td></td>
</tr>
</tbody>
</table>

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Financial Position December 31, 2015. Please Note: The full audited financial statements are available by calling the Family Housing Fund at 612.375.9644.
2015 BOARD OF DIRECTORS AND STAFF

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Miko Salone
Office Manager & Executive Assistant

Emily Seddon
Development & Management Specialist

Board of Directors and Staff at December 31, 2015
* Member of Finance Committee
**We are grateful to Elizabeth Ryan who served as Interim President in 2015.
The Family Housing Fund’s vision is that all families in the Minneapolis-Saint Paul metropolitan area will have a home they can afford and a place from which they can prosper and contribute to the larger community.