

**Immigrant housing in Northfield and Faribault: Rental and  
homeownership options**

*A community-based research project in conjunction with Growing Up Healthy*

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## **Abstract**

*This project provides a brief synopsis of the Federal, state, and local housing programs available to the immigrant population of Northfield and Faribault. The report first outlines the rental and homeownership options in both cities provided by the Rice County, Northfield and Faribault Housing and Redevelopment Authorities, Three Rivers Community Action, Inc., and USDA Rural Development. Following these descriptions, derived from online documents and interviews, are a series of recommendations about how this information illuminates areas of immigrant housing still in need of attention. Hopefully this document provides a starting point for conversations between Growing Up Healthy, local housing authorities, and Three Rivers about how to better advertise current programs within the immigrant community and how to accommodate undocumented residents or those individuals who do not qualify for the available programs.*

## Rental Programs

Program Name and website	Description	Contact
Section 8 Rental Vouchers (Rice County HRA) <a href="http://www.ci.faribault.mn.us/departments/communitydev/housing/rentalassistance">http://www.ci.faribault.mn.us/departments/communitydev/housing/rentalassistance</a>	Individuals obtain privately owned housing and pay 30% of their income in housing costs. Rental properties must comply with the Payment Standard requirements. – Must be a citizen	Kim Clausen <a href="mailto:kclausen@ci.faribault.mn.us">kclausen@ci.faribault.mn.us</a> 507-333-0375
Housing Rehabilitation Loans (Faribault HRA) <a href="http://www.ci.faribault.mn.us/departments/communitydev/housing/rehab">http://www.ci.faribault.mn.us/departments/communitydev/housing/rehab</a>	Low-income residents and landlords can apply for loans to bring housing into compliance with standards or fund repairs. Maximum loan amount is \$15,000 with a 20-year term. – Must be a citizen	Kim Clausen <a href="mailto:kclausen@ci.faribault.mn.us">kclausen@ci.faribault.mn.us</a> 507-333-0375
Rental Rehabilitation Program (Northfield HRA) <a href="http://www.ci.northfield.mn.us/housing/rentalhousingprograms">http://www.ci.northfield.mn.us/housing/rentalhousingprograms</a>	Provides rental property owners with grants to improve safety of housing. Grants awarded based on the income of renters (must be <80% of the median area income). Maximum grant amount is \$10,000. – Must be a citizen	Michele Merxbauer <a href="mailto:michele.merxbauer@ci.northfield.mn.us">michele.merxbauer@ci.northfield.mn.us</a> 507-645-3047
Manufactured Home Rehabilitation Grant (Northfield HRA) <a href="http://www.ci.northfield.mn.us/housing/housingprograms">http://www.ci.northfield.mn.us/housing/housingprograms</a>	Provides up to \$2,000 for manufactured home repairs, paying down an insurance deductible, or supplementing funds received from the Energy Assistance program. – Must be a citizen	Michele Merxbauer <a href="mailto:michele.merxbauer@ci.northfield.mn.us">michele.merxbauer@ci.northfield.mn.us</a> 507-645-3047
Section 521 Rental Assistance (USDA Rural Development) <a href="http://www.rurdev.usda.gov/MN/MFH/rental.htm">http://www.rurdev.usda.gov/MN/MFH/rental.htm</a>	Participants pay no more than 30% of their income toward a unit in a qualifying multi-family housing complex. Qualifying complexes are listed online. – Must be a citizen	Carol Horstman <a href="mailto:carol.horstman@mn.usda.gov">carol.horstman@mn.usda.gov</a> 507-332-7418 x115
Direct Rural Rental Housing Loans (USDA Rural Development) <a href="http://www.rurdev.usda.gov/MN/MFH/Direct.htm">http://www.rurdev.usda.gov/MN/MFH/Direct.htm</a>	Provides money for projects increasing the supply of low-income housing in rural areas, or used toward the purchase or restoration of existing housing. – Must be a citizen	Carol Horstman <a href="mailto:carol.horstman@mn.usda.gov">carol.horstman@mn.usda.gov</a> 507-332-7418 x115

## Homeownership Programs

Program Name and website	Description	Contact
Emerging Markets (Three Rivers) <a href="http://www.threeriverscap.org/programs_hd_services.html">http://www.threeriverscap.org/programs_hd_services.html</a>	Provides down payment assistance and financial literacy classes through a community-oriented approach to homeownership. Participants contribute 30% of income toward housing costs. – Must be a citizen	Jenny Larson <a href="mailto:jenny.larson@threeiverscap.org">jenny.larson@threeiverscap.org</a> 507-732-8510 Umbelina Cremer <a href="mailto:umbelina.cremer@threeiverscap.org">umbelina.cremer@threeiverscap.org</a> 507-421-1214
Housing Assistance (Northfield HRA) <a href="http://www.ci.northfield.mn.us/housing/housingprograms">http://www.ci.northfield.mn.us/housing/housingprograms</a>	First-time homebuyers receive up to \$5,000 toward down payment or closing costs on either a “traditional” or manufactured home. Housing must meet standards and applicants must complete a homebuyer education course. – Must be a citizen	Michele Merxbauer <a href="mailto:michele.merxbauer@ci.northfield.mn.us">michele.merxbauer@ci.northfield.mn.us</a> 507-645-3047
Manufactured Home Acquisition (Northfield HRA) <a href="http://www.ci.northfield.mn.us/housing/housingprograms">http://www.ci.northfield.mn.us/housing/housingprograms</a>	Supplies \$5,000 toward purchase of a new manufactured home if current housing does not meet standards. Funds can also be used toward the down payment of a “traditional” home. – Must be a citizen	Michele Merxbauer <a href="mailto:michele.merxbauer@ci.northfield.mn.us">michele.merxbauer@ci.northfield.mn.us</a> 507-645-3047
Minnesota Urban and Rural Homesteading – MURL (Faribault HRA) <a href="http://www.ci.faribault.mn.us/departments/communitydev/housing/homeownership">http://www.ci.faribault.mn.us/departments/communitydev/housing/homeownership</a>	Provides a contract for deed with no down payment and a zero-interest loan for residents who have lived in Faribault for at least one year. – Must be a citizen	Kim Lang <a href="mailto:klang@ci.faribault.mn.us">klang@ci.faribault.mn.us</a> 507-333-0376
Single-family housing direct loans (USDA Rural Development) <a href="http://www.rurdev.usda.gov/MN/SFH.htm">http://www.rurdev.usda.gov/MN/SFH.htm</a>	Provides down payment assistance to individuals with income below 80% of the area median income. Loans may meet total property value with fixed interest rates and available subsidies. – Must be a citizen	Carol Horstman <a href="mailto:carol.horstman@mn.usda.gov">carol.horstman@mn.usda.gov</a> 507-332-7418 x115

## **CBR Project Rationale**

The arena of immigrant housing stretches far and wide. In researching rental and homeownership options for Northfield and Faribault, I came across private grant and loan programs and public ones; partnerships between departments and agencies, and privately managed buildings funded through federal or state grants. I combed City of Northfield and City of Faribault websites and searched both academic and non-academic online sources for successful models in comparable immigration climates. Quite quickly, I realized my limited ability to fully grasp the entirety of the options available to immigrants and the nuances and complexities of the various programs.

Through correspondence with Janet Muth, director of Growing Up Healthy (GUH), I determined that composing a report detailing the current state of housing options for immigrants in Rice County, and specifically in Faribault and Northfield, and further dividing the elements of this report into sections on rental options, homeownership programs, and the safety and standards associated with this housing would fill a useful role. Although the format of my report is less accessible to community members than I might have envisioned, my hope is that in practice, one might easily navigate the subsections according to city of residence and interest in either renting or purchasing a home. In an interview, Jim Blaha of the Northfield Community Action Center reaffirmed the use for this type of report in mentioning that some members of the targeted immigrant communities do have the resources to look toward homeownership, but others simply do not have the financial capital (Blaha 2008). Thus, I present this as the first step in identifying how immigrant housing needs might be better served. This report details those programs administered through federal, state, and local government,

which are applicable to immigrants (some caveats apply in regard to documentation) in the realm of rental housing and homeownership.

In order to compile such a report, my most critical element of research required interviews with members of housing programs, such as Three Rivers Community Action, Inc. (Cremer, Larson) and the Minnesota Urban and Rural Homesteading (MURL) program (Lang), as well as local housing and redevelopment authorities (HRAs) (Clausen, Merxbauer). In addition to detailing the relevant aspects of their housing programs, these individuals supplied me with data and/or anecdotal evidence as to the number of minority participants.

Due to the challenge of contacting persons involved in housing programs, little of my time, and subsequently, my report, focused on safety and standards. However, learning from Ms. Muth that the weatherization needs of both the Viking Terrace and Hulett neighborhoods are being met appeared to make this issue somewhat less pressing. In addition, when asked about the need for higher quality housing, Mr. Blaha stated that the issue faced by the Northfield Latino community is not how to winter-proof a trailer, but rather a more pervasive lack of affordable housing options (Blaha 2008). Despite these justifications, ideally I would continue to contact building inspection departments and attempt to ascertain how closely the HUD Housing Quality Standards are followed. Realistically though, the timeframe in which I can complete the project is drawing to a close.

This report does not necessarily cover everything I might have hoped it would encompass. Furthermore, in speaking with Mr. Blaha, I realized (what I had already feared), that much of the homeownership information is less relevant for a large proportion of my target population. However, for those individuals who do qualify for

local, state, or federal programs, the hope is that presenting the information about rental or homeownership options in this format will make the programs more accessible.

## **Immigrant housing in Northfield and Faribault: Rental and homeownership options**

Two areas of immigrant housing will be addressed in the following document: rental housing and associated programs and homeownership programs. The programs can be either specifically targeted toward immigrant populations or more generally available for low-income residents. These topics have emerged from my research on immigrant housing as two discrete areas into which many of the Federal, state, and local programs can be classified. Although some concern centers around whether immigrants can feasibly expect to fully participate in some of these programs due to citizenship requirements, inability to contribute 30% of their income toward housing, or lack of a stable and secure income source, the rationale is that in creating such a report, lack of information about housing programs available through the Northfield, Faribault, and Rice County Housing and Redevelopment Authorities, or Three Rivers Community Action, Inc. will not be a barrier to immigrant participation in and access to these programs.

### **Rental housing and programs**

Both the Northfield and Faribault Housing and Redevelopment Authorities (HRA) work to provide affordable housing within their respective communities. One manner in which they accomplish this is through rental vouchers; providing assistance to low-income individuals and families either through publicly owned units or subsidies applicable to privately managed buildings. The Rice County HRA operates the federal Section 8 housing voucher program of the U.S. Department of Housing and Urban Development (HUD), with residents of both Northfield and Faribault receiving some of these vouchers. Another federal program, that of the USDA Rural Development, provides loans and grants for low-income United States citizens in communities of less than 20,000 people. However, none of these government plans, whether local, countywide, or federal, explicitly target or accommodate the unique needs of immigrants.

#### ***Rice County Housing and Redevelopment Authority (HRA)***

The Faribault Community Development Department administers federal Section 8 rental assistance through the Faribault HRA. In Rice County, 329 vouchers are available for very low-income individuals and families (Merxbauer 2008). Qualifying individuals must have a maximum income of 50% of the Rice County median area income depending on the size of the household. For four people, this number is currently \$34,450 (City of Faribault, "Rental assistance"). Individuals obtain privately owned housing and pay 30% of their income in housing costs (rent and utilities), with the Section 8 voucher program and the Rice County HRA (RCHRA) paying the remainder. Rental properties must comply with the Payment Standard requirements, meaning that the total cost of the property, including utilities, must not exceed certain limits. For a two-bedroom unit, the maximum monthly cost is \$778. Applicants are processed on a first-come, first-serve basis. Families, the elderly and disabled individuals are given preference above single individuals when distributing these vouchers (City of Faribault, "Rental assistance").

Another program implemented through the Community Development Department, but actually a part of the Faribault HRA, provides housing rehabilitation loans. Both low-

income residents and landlords can apply for this money to fund repairs, particularly those which would bring the units into compliance with standards. A maximum loan amount of \$15,000 is available with a 20-year term. The MN Department of Employment and Economic Development, the MN Housing Finance Agency, Rice County Environmental Services, and local financial institutions financially support the program (City of Faribault, “Housing rehab”).

While these two options might apply to some members of the immigrant population, they are not specifically targeted, and the pertinent materials are not necessarily available in multiple languages. According to Community Development Housing Coordinator Kim Clausen, of the 640 individuals and families served with Section 8 vouchers, 206 consist of minority heads of household: of these, 138 are Black, 50 are Hispanic, ten are Asian, and seven are American Indian (Clausen 2008). Ms. Clausen also notes that the waiting list for Section 8 housing is so long that on Dec. 1, the list will temporarily be closed in order to purge it and attempt to accommodate those applicants currently awaiting action, as well as decreasing the overall wait for federal vouchers to a shorter amount of time. The typical wait at this time is between 12-18 months depending on the type of housing desired (Clausen 2008).

### ***Northfield Housing and Redevelopment Authority (HRA)***

Rental oriented programs include the Rental Rehabilitation Program and the Manufactured Home Rehabilitation Grant Program, administered through the Northfield Housing and Redevelopment Authority. However, the Northfield HRA is small in that it does not manage properties (unlike the Faribault HRA). Federal Section 8 rental housing vouchers are administered through the Rice County HRA.

The Rental Rehabilitation Program provides grants to rental property owners in order to maintain or improve the safety and quality of their housing. Funded by a Community Development Block Grant (CDBG) from the HUD, these grants are awarded according to the income of the renter (not the property owner). To qualify, the tenant’s income must be 80% or less of the area median income, dependent upon the number of individuals living in the household. The maximum grant amount is \$10,000. Additionally, the rental property to which the funds are to be applied must conform to the affordable rent limits of Section 8 Voucher Payment Standards (City of Northfield, “Rental rehabilitation program”).

The Manufactured Home Rehabilitation Grant provides up to \$2,000 for repairing some aspect (windows, doors, roof, floor, heating system, etc.) of a manufactured home. Additionally, this money can be used to pay down an insurance deductible or to supplement Weatherization funds received from the Energy Assistance program (City of Northfield, “Manufactured Home Repair”). Applicants must have at least one-third interest in the property and income within the published HUD limits based on household size (\$59,600 for a family of four).

### ***Faribault Housing and Redevelopment Authority (HRA)***

In addition to the federal Section 8 vouchers distributed throughout Rice County, the Faribault HRA manages 49 low-rent units including single-family homes, duplexes, and

townhouses. Similar to the Northfield and federal program, tenants are expected to pay 30% of their income toward housing and utilities. Additionally, the Faribault HRA built and manages a 51-unit apartment complex geared toward low-income residents (City of Faribault, “Property management”).

### *USDA Rural Development*

In addition to programs issued through the HUD, another federal department, the US Department of Agriculture (USDA), provides housing grants and loans through the Rural Development subsidiary. Two USDA Rural Development programs enhance access for low-income, elderly, and disabled residents, including immigrants, to rental housing. The Section 521 Rental Assistance program expects participants to pay no more than 30% of their income in housing costs for a unit in a multi-family housing project. USDA Rural Development pays the property owner the remainder of the rent (USDA Rural Development, “Multi-family housing: Rental assistance program”). Carol Horstman in the Faribault office explains that the funding stays with the building rather than the individual (Horstman 2008). Eight apartment complexes in Faribault and six in Northfield meet these criteria<sup>1</sup>.

Direct Rural Rental Housing Loans constitute the other USDA Rural Development program applicable for rentals. These loans are used to fund projects that will increase the supply of low-income housing for residents of rural areas. Money from this program can also be used toward the purchase or restoration of existing housing (USDA Rural Development, “Multi-family housing: Direct rural rental housing”).

In order to qualify for either of the USDA Rural Development programs, individuals must meet income-eligibility requirements; have a good credit history and a secure and stable source of income. During last year, Rice County received five loans and two repair loans (Horstman 2008). According to Ms. Horstman, the programs do not specifically target the immigrant population, but some Somali and Latino families have participated in the past. Materials and interpreters are available in Spanish and Russian, suggesting that regional demographics could be more effectively accommodated. (Horstman 2008).

The single-family housing program supplies low-interest loans and grants for home improvement costs including basic repairs and alleviating health and safety hazards. In order to qualify, applicant income must be 50% or below the county median. A good credit history is also important. An individual’s current housing must be deemed in need of repair, and the homeowner must be unable to obtain other sources of credit. Grants are only available for those 62-years or older. The maximum one-time loan is \$20,000 with one-percent interest and a 20-year loan repayment maximum (USDA Rural Development, “Single-family housing: Direct loans”).

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<sup>1</sup> This website delineates those multi-family rental housing complexes which are eligible for USDA Rural Development Section 521 Rental Assistance:  
<http://rdmfhrentals.sc.egov.usda.gov/RDMFHRentals/projectervlet?state=MN&st=27&cnty=131&propertytype=#form.PropertyType%23>.

## **Homeownership**

One solution to some of the difficulties associated with immigrant housing comes from programs promoting homeownership. Down payment assistance is offered through both the Northfield Housing and Redevelopment Authority and the Faribault Housing and Redevelopment Authority as well as through the collaborative efforts of non-governmental organizations like Three Rivers. Although homeownership requires more initial capital on the part of the immigrant, benefits include greater stability and support from immigrant-oriented programs such as the Emerging Markets project.

### ***Emerging Markets – Three Rivers Community Action, Inc. and Southwest MN Housing Partnership***

Three Rivers Community Action, Inc., in conjunction with the Southwest Minnesota Housing Partnership, is working to respond to the unmet needs of immigrants – particularly the Latino and African populations – across Southern Minnesota, including Rice County. A grant-based “Emerging Markets” program has the goal of placing 400 families in homes within three years (Cremer 2008). The Greater MN Housing Fund is providing funding for staff and administration of the program, while Neighborworks America supplies money for programming, down payment assistance, loans, and Spanish-language homebuyer education (Larson 2008). Yet in order to ensure these immigrant families participate in successful homeownership, the program requires financial literacy classes through a University of Minnesota Extension Program, and a homeownership class including information about the roles of realtors and lenders, as well as information on home maintenance. The goal of the financial literacy class is to make prospective homeowners aware of the U.S. financial system before they apply for credit, the premise being that more education will promote more responsible and successful homebuyers. Recognizing the target demographics, many of these classes are offered in Spanish (although not Somali) (Larson 2008).

Umbelina Cremer, the implementer of the two pilot programs (one in Rochester and one in Faribault) associated with the Three Rivers Emerging Markets, discussed the process through which she formed a “Cultural Working Group” in Faribault. Her emphasis is on providing the community with the resources they desire. Initially, Ms. Cremer visits lenders and realtors to gather information pertaining to the target population in the particular city. Part of her role is in encouraging these individuals within the local financial institutions to take an interest in attracting and working with the immigrant population: viewing them as an untapped market, which, once incorporated into the realm of homeownership, will prove economically advantageous for the banks, lenders and realtors (Cremer 2008).

From this basis, Ms. Cremer organizes a meeting of broadly relevant community leaders, including Spanish-speaking bankers and mortgage lenders, an individual involved with church-outreach, and an individual from the Headstart program. This first meeting occurred over lunch as an introduction of these five individuals to the idea of an Emerging Markets program. Ms. Cremer shared her personal background, five years as a loan officer, and learned about the perceived problems and challenges of the local immigrant community. It was a “simple, honest conversation,” Ms. Cremer said.

During the course of the lunch, the five community members became excited by the project potential. Feedback included critiques such as, some immigrants don't understand the banking system or that undocumented migrants go to banks to figure out where they fit into the system and for what types of programs they qualify. Health insurance discrimination was also identified as a problem. Building off of this conversation, Ms. Cremer asked the individuals at the lunch meeting to introduce her to other community members interested in participating in the group or project, thereby creating a network. At the second Cultural Working Group meeting, each of the original parties chose another community member to participate, although two were unable to attend (Cremer 2008).

In expanding the reach of this program, Faribault entertained a Cultural Community Class to discuss barriers in the local community. Sixty people participated, however, to the disappointment of Ms. Cremer, only a few Latino and African immigrants engaged. Yet this is not indicative of interest in the Emerging Markets program. Ms. Cremer says that prospective immigrant homebuyers are very receptive to the project and the educational classes included. According to Ms. Cremer, one participant asked, "Can people who already have homes attend this [homeownership] class?" Since he claimed that a friend who currently owns a home could benefit from much of the knowledge conveyed. Ms. Cremer assures classes will be offered at convenient times – Saturdays, Sundays, or evenings – depending on the needs of the affected individuals (Cremer 2008).

Despite the anticipated success of the Emerging Markets program, some people who inquire about the program do not qualify. These include individuals on an immigration waiting list, undocumented migrants, or those with poor credit. However, Ms. Cremer describes her approach as encouraging them, "Never give up." For those with bad credit, it might take a couple of years, but "Let's work on it." To this end, Ms. Cremer helps them to make a budget plan or a spending plan. She views these not merely as skills in working toward homeownership, but also in providing these individuals with the tools to improve their lives.

Two specific challenges to the Emerging Markets program occur: one within the Latino community, and other among Somali immigrants. Ms. Cremer notes that many Latinos seem particularly hesitant to participate in homeownership when compared to rentals. Whether this reluctance is caused by a lack of documentation or intention to return to country of origin, Ms. Cremer explains the ways in which she reaffirms the importance of owning a home: "security, ownership, [and] individuality." Homeownership provides "a sense of belonging" for children and it signals a longer-term commitment to employers. Also, frequently newcomers are unaware of the financial benefits whereby one can write-off the interest when paying taxes (Cremer 2008).

Within the Somali community, Three Rivers identified a barrier to homeownership in that paying interest is against the Muslim faith (Larson 2008). Therefore, those devout to their religion cannot use a typical mortgage. In response, the state of Minnesota is working to create a new mortgage product that would allow families to pay the principal and additional profit, thereby eliminating the language of interest and lending. According to Emerging Markets coordinator, Jenny Larson, 70 Somali families in Rochester are

awaiting this new mortgage product; having already been cleared by Three Rivers to purchase a home.

Another concern with homeownership is the current state of the credit markets and the ramifications of the sub-prime mortgage crisis. Ms. Larson notes that in some ways, the current market actually works in the favor of new homeowners – particularly immigrants. Home prices are lower, interest rates are good, down payment assistance is available, and realtors are more interested in meeting the unmet needs of the Latino and Somali communities than they had been during the real estate boom. The drawback is that individuals need much better credit scores than they might have needed previously. However, even the stringency of credit requirements might be easing somewhat (Larson 2008).

Even with the support – logistically and educationally – of the Emerging Markets program, individuals and families still must possess the capital to purchase a home. Ms. Larson describes the lowest purchasing price she has seen is \$24,000 to purchase a \$100,000 house. This is possible with relatively good credit and not a great deal of debt, in addition to the down payment assistance. Three Rivers, like many other programs, and according to what Ms. Larson distinguished as the industry standard, provides infrastructure such that families are not obligated to pay more than 30 percent of their monthly income in house payments. Acknowledging that many immigrants, particularly Latinos, send portions of their income abroad or to countries of origin, Three Rivers is trying to provide provisions for that within agreements, to ensure that individuals are only expected to contribute 30 percent of their actual monthly income, after these monies have been deducted (Larson 2008).

### ***Northfield Housing and Redevelopment Authority (HRA)***

The Northfield HRA implements two specific programs that emphasize homeownership among first-time homebuyers. Both of these programs operate using subsidies, with an emphasis on the quality of the housing either in “traditional” homes or manufactured housing units. The Housing Assistance Program provides a maximum loan of \$5,000 toward down payment or closing costs for eligible individuals (City of Northfield 2007, “Housing assistance program”). Successful applicants must show that their income does not exceed 80% of the county median income based on the number of persons within the household. Additional constraints exist in the type of housing permitted: only single-family homes, condominiums, or townhouses qualify for housing assistance, while multi-family housing units and duplexes are not eligible. Homes must also comply with health and safety standards, including a lead-based paint inspection if the building was constructed before 1978. Individuals who currently own and reside in manufactured homes, including those in Viking Terrace, are eligible as long as they meet the income requirements. Prior to receiving the monetary assistance, prospective homeowners are required to complete a Home Stretch homebuyer education class, to expose them to specific ideas about budgeting, as well as providing information about the financial system and process involved in homeownership (City of Northfield 2007, “Housing assistance program”).

Another program administered by the Northfield HRA is the Manufactured Home Acquisition Program. This plan provides up to \$5,000 to enable individuals or families to purchase a new manufactured home in the case that their existing unit does not meet local, state, and federal standards. If desired, the allocated money can also be used to offset the down payment or purchase of a traditional rather than manufactured home. Only residents who own and reside in units in one of the two Northfield manufactured home parks, Florella's Manufactured Home Park or Viking Terrace, are eligible. Furthermore, only those units where the cost of bringing them into compliance with code surpasses 25% of the value of the home qualify for this program. The Building Inspection Division assesses the unit to determine whether it meets the appropriate threshold (City of Northfield 2006, "Manufactured home acquisition program"). A potential drawback to this program is that if a unit violates the housing code, but the cost of repair would not exceed 25% of the total value, homeowners are obligated to bring the manufactured home into compliance without financial assistance from the acquisition program. Yet, in this case, the unit might qualify for the Manufactured Home Rehabilitation Program.

### ***Faribault Housing and Redevelopment Authority (HRA)***

Minnesota Urban and Rural Homesteading (MURL), a program operated through the Faribault HRA, works to ease exclusively Faribault residents into homeownership. Aimed at low-income individuals and families, MURL constitutes a contract for deed, with no down payment and a zero-interest loan (Lang 2008). However, participants must have steady and reliable income, as well as having lived in Faribault for at least one year. These requirements, while not intended to exclude immigrants, have not previously encouraged them to apply. "Traditionally, we haven't had a whole lot of minority applicants," says Faribault Community Development Coordinator and MURL staff contact, Kim Lang. Currently there are 11 homes in the program, but the number varies depending on MURL funding. Many families progress from living in a MURL home to purchasing a bigger home later. Occasionally, individuals are unable to make the necessary payments and lose their MURL home (Lang 2008).

### ***USDA Rural Development***

Single-family housing direct loans provide down payment assistance, thereby enabling an individual to use a private lending source or partake in homeownership if the USDA Rural Development program is their "sole source of assistance." In qualifying for this program, applicants must have a reasonable credit history and stable income not exceeding 80% of the county median income (USDA Rural Development 2007, "Single-family housing: Direct loans"). Along with the income source, individuals must possess the capacity to repay the loan, need adequate permanent housing and live in a community with a population of 20,000 or less. Faribault's population is over this limit, making USDA Rural Development programs more applicable to Northfield residents. Loan amounts are dependent upon the total program allocation, with the potential for meeting 100% of the property value. Interest rates for this loan are fixed with subsidy provisions available to increase affordability. While the subsidy is subject to change based on the financial status of the individual, the maximum loan repayment is typically 33 years (USDA Rural Development 2007, "Single-family housing: Direct loans").

## **Recommendations**

From this document, the numerous opportunities for grants, loans, and support for low-income housing needs within Northfield and Faribault become evident. However, with the exception of the Three Rivers Emerging Markets program, none are specifically targeted toward the immigrant populations, and all exclude non-US citizens. Furthermore, the Section 8 Voucher program maintains such popularity that the anticipated waiting time before receiving aid is over one-year. Funding, in the form of Community Development Block Grants from the HUD, or the grants provided to Three Rivers from Neighborworks America and the Greater MN Housing Fund, is needed to sustain these types of programs and allow them to fulfill the need of both immigrants and native-citizens within Rice County.

The premise behind this report is to articulate what current programs are available in order to better understand where additional funding and programs could serve to benefit residents of Northfield and Faribault. A deficit of immigrant-specific opportunities appears to exist, particularly in the realm of rental housing if one anticipates the Emerging Markets program to succeed (and continue receiving funding through grant renewal). Yet one manner in which access to current programs could be improved is by translating the briefing sheet at the end of this document into Spanish (and possibly Somali), and distributing it to Neighborhood Leaders with instruction as to how certain programs are more applicable in either Hulett or Viking Terrace. Translating the entirety of this report seems unnecessary. Aided by this information, Neighborhood Leaders could make landlords or property owners aware of grant programs, like, for example, the Northfield HRA Rental Rehabilitation Program. Additionally, comments from Ms. Lang that MURL does not typically receive applicants from minorities suggest that knowledge of this program might increase its use for the immigrant community.

Further research stemming from this project could investigate issues surrounding safety and standards for rental housing and manufactured homes. An additional project might work to facilitate a conversation between the respective HRAs, Three Rivers, and GUH. Collaboration on grants for immigrant-specific housing options could begin with a discussion of the ways in which available programs, such as those outlined in this report, are not successfully meeting the housing needs of immigrant populations in Rice County.

## **Contacts**

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