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CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

May 22, 2013

The Honorable Shaun Donovan
Secretary
U.S. Department of Housing and Urban Development
451 Seventh Street, S.W.
Washington, DC 20410

Dear Secretary Donovan:

I write in advance of tomorrow's meeting with Deputy Secretary Maurice Jones and Marie Head, Deputy Assistant Secretary for Multi-Family Housing, FHA regarding the Minneapolis HUD Multi-family housing field office. This office has proven that it is worthy of being a model for the nation, with high rates of success, innovation, and specialized expertise. Instead of closing the successful Minneapolis HUD Multi-family housing field office, it should be the foundation for a newly restructured Multi-family program in order to enable HUD to meet its stated goals.

Minneapolis should be retained as a multi-family housing satellite due to its success and innovation, especially in preserving affordable housing.

The Minneapolis HUD Multi-family housing field office is the fourth largest loan producer in the country with a model system for preserving affordable housing. This office builds more than 6,000 units a year with FHA foreclosure rates that are half that of the rest of the country. This local presence means that Minnesota and local governments have invested more than \$200 million in stabilization and preservation of HUD properties.

The Minneapolis office processes a high volume of projects relative to its overall size with 9% of national origination volume, based on production numbers in the past 3 years. Importantly, 24% of that volume is for affordable projects. As a result of its phenomenal work, this office has a reputation nationally as "the most productive HUD office" and was held up as an example at the 2010 White House conference entitled "Aligning Federal Rental Housing Funding Streams at the State and Local Level."

The Minneapolis office offers additional specialized expertise. It is a model to expand, not to eliminate.

The Minneapolis has specialized expertise in working with Native American projects, such as Little Earth, and on a large portfolio of limited-equity Elderly Cooperatives. There is a growing interest in Elderly Cooperatives for developing affordable senior housing; the Minneapolis office excels in this niche product. The Minneapolis

portfolio in Elderly Cooperatives includes 4,050 units in 70 developments. These units generated \$15 million in FHA fees over the past 10 years. There has never been an insurance claim on any of these units since inception., There is no expertise or interest in Elderly Cooperatives in the Chicago office.

The Minneapolis office also has a statewide Interagency Stabilization Group (ISG) that is one of the best in the nation with more than 5 years in existence. Working together on a continual basis, not just on an occasional severely troubled property, allows for progressive ideas and for such great success. This has resulted in effective workouts for rural projects as ISG partners closely with Minnesota Housing, Greater Minnesota Housing Fund, and USDA.

I welcome the opportunity to meet with Deputy Secretary Maurice Jones and Deputy Assistant Secretary Marie Head tomorrow and thank you for the opportunity to expand on the letter sent by me and Representative Betty McCollum on May 15, 2013.

Sincerely,



Keith Ellison
Member of Congress