

Congress of the United States
Washington, DC 20515

May 15, 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:

We write to request a meeting to discuss the proposed restructuring of the multi-family housing staff at the Department of Housing and Urban Development. While we recognize and empathize with the dire funding shortages facing the Department as well as a desire to consolidate, improve and streamline operations, we fear that the relocation of the Minneapolis multifamily staff to Chicago and/or Detroit would end a model system for preserving affordable housing.

Over the past two decades a few HUD offices have become important partners in collaborative approaches to preserve affordable housing. In these communities HUD staff work closely with local and state officials and philanthropic organizations to ensure the ongoing viability of affordable rental housing. These offices serve as critical laboratories for federal-local partnerships and should be held up as models for best practices in preservation.

We understand that this collaborative approach is only being demonstrated through the HUD offices in Chicago, Boston, New York and Minneapolis. Of these four, the Minneapolis office is the only one identified for closure.

The Minneapolis office is considered the oldest and best example of this multi-agency collaboration. The multifamily staff in the Minneapolis HUD field office has established strong relationships with state and local government agencies, CDFIs and philanthropic organizations. These relationships have resulted in one of the strongest portfolios of federally-assisted housing and FHA multifamily loans in the country. For more than 25 years, HUD multifamily staff has met regularly with other lenders and investors to monitor affordable housing developments through a group known as the Interagency Stabilization Group (ISG). The ISG has borne numerous collaborative interventions that have prevented troubled properties from going into default or have provided collaborative workout solutions.

Rather than closing the Minneapolis office, this office should be held up as a model for other hubs and satellites to emulate. While this collaborative approach does require the local presence of some HUD multifamily staff, that the cost of maintaining a local presence is more than offset by the superior performance of the affordable housing portfolio. For example, the percentage of Minneapolis office projects with failing REAC scores is 1/3 that of the rest of the country. Foreclosure rates appear to be about 1/2 that of the rest of the country.

Furthermore, Minnesota senior housing cooperatives have been successful and profitable for HUD. However, most HUD offices, including the Chicago office, have little interest or experience in understanding this unique and beneficial housing stock.

We would welcome the opportunity to meet with you to discuss ways to maintain the Minneapolis HUD office as a satellite office. Please contact Dusty Brandenburg on Mr. Ellison's staff at dusty.brandenburg@mail.house.gov or 202.225.4755 to schedule a time that we can meet.

Sincerely,



Keith Ellison
Member of Congress



Betty McCollum
Member of Congress