



21 First St. SW, Suite 350
Rochester MN 55902-3007
(507) 287-7117 / fax (507) 282-4938

NEWS RELEASE

Contact: Chuck Gysi, communications officer
Voice: (507) 287-7117, Ext. 104 / Pager: (507) 280-3306
E-mail: Chuck@FirstHomes.org

For immediate release

Aug. 12, 2004

NOTE: This news release was released today at a news conference in Rochester.

First Homes, two organizations announce collaborative effort

Rochester Area Foundation's First Homes initiative has stepped forward with a challenge grant in an effort to raise funds to protect dozens of families who were scheduled to lose federal rent subsidies in the coming months.

The First Homes board of directors has set aside up to \$15,000 if Olmsted County Housing and Redevelopment Authority and Community Housing Partnership can raise additional funds up to \$30,000. The latter two groups will embark on an effort to raise up to \$30,000, which will result in a 1-to-2 match of up to \$15,000 from First Homes.

The effort comes about because of subsidy cuts that affect persons receiving Section 8 Voucher Program rent assistance. Because of changes in practice by the federal Department of Housing and Urban Development, Olmsted County HRA was compelled to eliminate housing assistance payments to 48 households, which house a total of 170 persons.

– more –

Three initial governmental contributions helped stay the cuts from August until October. The Olmsted County Board allocated \$34,000 from its contingency fund, and the Olmsted County Housing and Redevelopment Agency reallocated \$34,000 in mortgage assistance money. At its July 7 meeting, the Rochester City Council approved giving as much as \$44,300 from its Community Development Block Grant fund, however, federal rules on the use of the block grant funds likely will restrict Section 8 aid to about \$34,000.

The Section 8 Voucher Program provides rent subsidies to those who are desperately poor with an average annual income of \$10,820. Payments to families in the program averages about \$465 per month.

First Homes board member Jeff Vert has experienced why any type of housing assistance is vital to those who are trying to advance themselves.

“Several years ago, I was an individual who lived in subsidized housing,” Vert explained. “I was unemployed and receiving Social Security benefits. My housing assistance provided me the opportunity to feel secure that my basic shelter needs were met. I then was allowed to focus on finding employment.

“After a year or so, I found a job and moved from my subsidized apartment to a trailer and just recently purchased a home thru the First Homes program. My housing assistance was a crucial element in my ability to become independent in the community.”

The HUD cuts, which were instituted in April and made retroactive to Jan. 1, are being felt by housing authorities across the nation. HUD has said that the cuts are temporary and funding should be restored in early 2005. The contributions from local governments and the funds granted by First Homes and raised by HRA and CHP are expected to help bridge the gap until full funding is restored so no families lose their subsidies.

First Homes has had several homebuyers in its starter home program who have left Section 8 housing for homeownership. While First Homes is not typically involved with Section 8 and very low income renters, an extraordinary situation was created by recent funding costs and left Olmsted County in a difficult situation.

“First Homes is proud to partner with Olmsted County HRA and CHP to help resolve an emergency funding shortfall that could affect 48 of the lowest income families in Olmsted County,” Sean Allen, First Homes executive director, said.

First Homes will contribute \$1 for each \$2 raised from non-governmental sources to alleviate this problem, to a maximum First Homes contribution of \$15,000.

– more –

“First Homes recognizes the impact of the loss of 48 rental vouchers on the community, including the possibility of an increase in evictions, the need for emergency shelter, and particularly the effect on the many children who could be displaced,” Allen said. “Children affected by displacement not only lose friends when they move, but they also typically are required to change schools, which can cause additional impact in their lives. First Homes is willing to step up to the plate to help resolve this community crisis related to housing.”

First Homes is an initiative of the Rochester Area Foundation and is working to build 875 new starter homes for working families in a 30-mile radius of Rochester.

First Homes single-family homes and rental units have been built or are in the process of being built in Byron, Chatfield, Dover, Grand Meadow, Hayfield, Kasson, Pine Island, Plainview, Rochester, St. Charles and Spring Valley.

For more information on First Homes, call (507) 287-7117 or visit <http://www.FirstHomes.org> on the Web.