



**Request for City Council Committee Action from the  
Department of Community Planning and Economic Development**

**Date:** February 25, 2013

**To:** Council Member Lisa Goodman, Chair, Community Development and Regulatory Services Committee

**Referral to:** Council Member John Quincy, Chair, Ways & Means/Budget Committee

**Subject:** Acceptance of Community Revitalization Funds (CRV) from Minnesota Housing Finance Agency (MHFA), appropriation of funds, and approval of the Rehab Support Program

**Recommendation:** Approve the following:

- 1) Accept MHFA Single Family Fall 2013 Community Revitalization Funds award totaling \$104,350;
- 2) Increase the 2014 Revenue Budget for the Community Planning & Economic Development Agency Fund 01600-Other Grants – State and Local (01600-8900900-321513) by \$104,350;
- 3) Amend the 2014 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 01600-Other Grants – State and Local (01600-8900230) appropriation by \$104,350;
- 5) Authorize appropriate City staff to execute grant, sub-recipient and/or disbursement and related agreements for these funds;
- 6) Approve the contracts with Greater Metropolitan Housing Corporation and Center for Energy and Environment to allow them to administer and originate loans under this program on behalf of the City; and
- 7) Approve the Rehab Support Program as outlined in this report.

**Previous Directives:** The City Council has approved other phases of the Rehab Support Program over the past several years.

**Department Information:**

Prepared by:	Mark S. Anderson, Senior Contract Management Specialist	
Approved by:	Thomas Streitz, Director of Housing Policy and Development	_____
	Charles T. Lutz, Deputy Director	_____
Presenter in Committee:	Mark S. Anderson x5289	
Funding source and appropriation language review by	Development Finance	_____

**Financial Impact**

- Action requires an appropriation increase to the Operating Budget

Dept Name: Community Planning and Economic Development - 8900220

Fund Name: 01600 - Other Grants – State and Local - \_\_\_\_\_

Amount: \$ 104,350

- Action provides increased revenue for appropriation increase

Dept Name: Community Planning and Economic Development - 8900900

Fund Name: 01600 - Other Grants – State and Local

Amount: \$ 104,350

### **Community Impact**

- Neighborhood Notification: A copy of the report and program information has been sent to the affected neighborhoods.
- City Goals: Livable communities, healthy lives - High-quality, affordable housing for all ages and stages in every neighborhood

### **Supporting Information**

The City Council has approved other phases of the Rehab Support Program (RSP) which provides financing in concentrated neighborhoods to complete valued-added improvements to owner-occupied homes. Value-added improvements are improvements that when completed would provide a potential increase in the value of the home. The hope is that by concentrating the funds in limited areas, the value of that home and other homes in that area would increase which would provide more incentive and opportunity for homeowners to complete home improvements.

As presented to the state, RSP offers homeowners or homebuyers with household incomes that do not exceed 115% of the area median income. The program is focused on neighborhoods that experienced a higher level of foreclosures resulting in a lowering of the property values. The borrowers would receive an interest free loan of up to \$20,000 on a matching funds basis. For every dollar put into a project by the borrower, the City would match it with one dollar of RSP funds. The valued-added improvements permitted by the program are as follows:

- Outstanding code orders and any health and safety hazards
- Floor covering or refinishing
- Kitchen remodeling
- Bathroom remodeling
- New siding
- New or expanded garage
- Permanent functional landscaping
- Replacement of windows and doors
- Insulation and weather stripping
- Addition to home
- Central air conditioning
- Finishing an unfinished basement or attic
- Replacing a furnace
- Repair or replacement of a deck and patio
- Garage not to exceed 24 feet by 24 feet

The following are the neighborhoods MHFA has approved along with their level of foreclosures over a three year period ending in 2012:

Folwell	11.81%
Midtown Phillips	11.53%
Lind – Bohanon	11.20%
Webber – Camden	10.89%
Jordan	10.64%
McKinley	9.92%
Shingle Creek	9.59%
Cleveland	9.59%

Central	9.43%
Willard – Hay	9.40%
Hawthorne	8.42%
Harrison	8.01%
Beltrami	7.56%

The City has agreements with Greater Metropolitan Housing Corporation and the Center for Energy and Environment to provide the administration and loan origination services for home improvement programs like this. Staff is requesting that the City Council give authorization to contract with GMHC and CEE to provide the services for this program.

These loans will be considered as affordable home ownership program and exempt from mortgage registration tax.