



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

**Date:** September 9, 2014

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

**Subject:** Approve contract with Greater Metropolitan Housing Corporation to provide the  
lending services in connection with the home improvement programs

**Recommendation:** Approve the following:

1. Enter into a contract with Greater Metropolitan Housing Corporation to provide lending services  
for the following:
  - a) Senior Citizen Housing Initiative (\$810,000)
  - b) Owner Occupied Rehab (\$305,000)
2. Authorize the appropriate City staff to sign the necessary contracts associated with these two  
initiatives

**Previous Directives:** The City Council approved \$810,000 for the Senior Housing Initiative and  
\$305,000 for Owner Occupied Housing as part of the 2014 CPED budget.

### Department Information

Prepared by: Mark S. Anderson, Senior Contract Management Specialist

Approved by: Charles T. Lutz, Deputy Director

Cathy Polasky, Director, Economic Policy and Development

Presenter in Committee: Mark S. Anderson, x5289

### Financial Impact

- The required funding of \$810,000 is contained in the appropriation for the Senior Housing  
Initiative and of \$305,000 for the Owner Occupied Housing in the 2014 CPED Adopted Budget.

### Community Impact

This action is consistent with the City Goal: "High quality, affordable housing choices exist for all  
ages, incomes and circumstances."

### Supporting Information

During the 2014 budget process, the City Council approved \$810,000 for the Senior Housing  
Initiative and \$305,000 for Owner Occupied Housing. These funds will be used to provide home  
improvement loans and lead hazard grants to current Minneapolis homeowners.

Greater Metropolitan Housing Corporation (GMHC) was the City's previous approved lender and  
last summer the City Council approved GMHC to provide these services on behalf of the City of  
Minneapolis for future programs. Prior to this new funding being made available, GMHC  
maintained a waiting list of potential borrowers that will be contacted.

The City of Minneapolis has previously provided their home improvement assistance using three programs. The three home improvement program types are as follows:

- Code Abatement Program – This program provides up to \$20,000 as a non-interest bearing loan that has no monthly payments. This funding is limited to households with incomes at or below 50% of the area median. The borrower may only receive up to \$20,000 once every ten years. This loan is repaid when the homeowner no longer owns the home or when they move from the residence.
- Home Repair Loan – This program provides up to \$25,000 at one percent (1%) simple interest and it has monthly payments with a maximum term of 20 years. This funding is considered last resort funding to allow people to complete repairs regardless of their credit deficiencies. This is only available to borrowers who are at or below 80% of the area median income. This money revolves so that borrowers may receive additional funds at a later date as long as the combined funding does not exceed \$25,000 at the time the next loan is given. This loan requires the borrower to owner-occupy the home.
- Lead Grant – This assistance is provided to cover the cost of abating or containing lead hazards in the home so the home is safe for families with children. The maximum assistance is \$10,000 and this is not a loan, so there is no repayment.

Staff recommends that the City Council continue these programs going forward. Using these three programs, the borrower may complete the repair of housing maintenance code violations, including repairs associated with lead hazards in the home. The programs do not require the borrower to produce orders for code repairs. Instead the funds are made available with the following general priorities:

1. To correct outstanding orders issued by the Department of Inspections.
2. To complete repairs related to lead hazards.
3. To complete items identified by GMHC's inspections staff as a health and safety hazard.
4. To complete other repairs that are identified by GMHC's inspections staff as being a code violation, but that may not present an immediate health or safety hazard.

Regardless of the type of assistance the borrower receives, the borrowers must maintain the house as their permanent and primary place of residence. If they cease to occupy the house, the City's loan must be repaid.

#### Senior Housing Initiative

With regard to the Senior Housing Initiative funds, staff is proposing that funds be reserved for households where at least one owner occupant in the household is 55 years of age or older.

#### Owner Occupied Housing

The Owner Occupied Housing funds will generally be available to homeowners who do not meet the Senior Housing Initiative age requirement.