



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

**Date:** January 20, 2015

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

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

**Subject:** Accept \$200,000 from Minnesota Housing Finance Agency (MHFA), appropriate these funds, and approve the Rehab Support Program

**Recommendation:** Approve the following:

- 1) Accept MHFA Single Family Fall 2014 Community Revitalization Funds award totaling \$200,000
- 2) Increase the 2015 Revenue Budget for the Community Planning & Economic Development Agency Fund 01600-Other Grants – State and Local (01600-8900900-321513) appropriation by \$200,000
- 3) Amend the 2015 General Appropriation Resolution by increasing the Community Planning & Economic Development Agency Fund 01600-Other Grants – State and Local (01600-8900230) appropriation by \$200,000
- 4) Authorize appropriate City staff to execute grant, sub-recipient and/or disbursement and related agreements for these funds
- 5) Approve a contract with Greater Metropolitan Housing Corporation in the amount of \$230,000 of which \$200,000 is for program loans and \$30,000 is for administrative costs

**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:	D. Craig Taylor, CPED Director	_____
	Sandra Christensen, Deputy Chief Financial Officer	_____
Presenter in Committee:	Mark S. Anderson x5289	
Funding source and appropriation language reviewed by	Development Finance	_____ X _____

**Financial Impact**

- The \$30,000 for administrative costs was previously appropriated in the 2015 Adopted Budget for the Department of Community Planning & Economic Development fund 01SRF-Residential Finance (01SRF-8900220).

- Action requires an appropriation increase to the Operating Budget

Dept Name: Community Planning and Economic Development - 8900230  
Fund Name: 01600 - Other Grants – State and Local - \_\_\_\_\_  
Amount: \$ 200,000

- Action provides increased revenue for appropriation increase

Dept Name: Community Planning and Economic Development - 8900900  
Fund Name: 01600 - Other Grants – State and Local  
Amount: \$ 200,000

### **Community Impact**

- Neighborhood Notification: A copy of the report and program information has been sent to the affected neighborhoods.
- City Goals: This action is consistent with the City Goal: “High quality, affordable housing choices exist for all ages, incomes and circumstances.”

### **Supporting Information**

The Minnesota Housing Finance Agency approved the City of Minneapolis to receive \$200,000 to support a new phase of the Rehab Support Program. Staff is requesting that the City Council accept this funding and approve the necessary budget actions to allow the funds to be loaned out to qualified borrowers.

The City Council has approved a number of previous phases of the Rehab Support Program which provides home improvement financing for owner-occupied homes in selected neighborhoods. The types of improvements are those that have the potential to increase the value of the home. By concentrating the program in selected neighborhoods, the value of the homes in those neighborhoods should increase.

Rehab Support will be available to homeowners or homebuyers with household incomes that do not exceed 115% of the area median income. The borrowers would receive an interest-free loan of up to \$20,000 on a matching funds basis which means that for every dollar the borrower puts into the home improvement project, the City would match it with one dollar of Rehab Support funds. The eligible improvements 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 program is focused on neighborhoods that experienced a higher level of foreclosures which has resulted in lower property values. In addition, most of these neighborhoods have higher

levels of properties with substandard conditions. The following are the neighborhoods that fell in these categories:

Jordan	Ventura Village
McKinley	Central
Hawthorne	Midtown Phillips
Folwell	Bryant
Harrison	Longfellow
Willard - Hay	Beltrami
Webber - Camden	Holland
Cleveland	Whittier
Shingle Creek	Northeast Park
Victory	Phillips West
Lind - Bohanon	

The lending for this program will be handled through an agreement with Greater Metropolitan Housing Corporation. These loans will be considered as affordable home ownership program and exempt from mortgage registration tax.