

Request for City Council Committee Action from the Department of Community Planning & Economic Development – CPED

Date: November 30, 2010
To: Councilmember Goodman, Chair, Community Development Committee
Referral to: Councilmember Hodges, Chair, Ways & Means/Budget Committee
Subject: **Twin Cities Community Land Bank Agreement Under Neighborhood Stabilization Program 2 (NSP2)**

Recommendation: Authorize execution of a contract for acquisition intermediary services in support of NSP2 activities between the Twin Cities Community Land Bank LLC, a Minnesota nonprofit limited liability company, and the City of Minneapolis under the Neighborhood Stabilization Program 2 (NSP2) of the U.S. Department of Housing and Urban Development (HUD).

Previous Directives: On April 16, 2010, the City Council authorized execution of a contract for acquisition intermediary services in support of NSP2 activities between the Twin Cities Community Land Bank LLC, a Minnesota nonprofit limited liability company, and the City of Minneapolis under the Neighborhood Stabilization Program 2 (NSP2) of the U.S. Department of Housing and Urban Development (HUD). The City Council also authorized the CPED Director to make changes to the proposed NSP2 activities if necessitated by refinements made to NSP2 to meet HUD or programmatic requirements.

On March 12, 2010, the City Council accepted the award of \$19,455,156 in NSP2 funds; authorized execution of the NSP2 grant between HUD and the City of Minneapolis as lead in a Consortium with the City of Brooklyn Park and Hennepin County with HUD approved allocations of \$15,424,156 to the City of Minneapolis, \$2,344,000 to the City of Brooklyn Park and \$1,687,000 to Hennepin County; and authorized the execution of related NSP2 Consortium agreements. On June 16, 2009, the City Council authorized staff to submit to the Department of Housing and Urban Development (HUD) an application for Neighborhood Stabilization Program 2 (NSP2) funding as lead applicant in a Consortium with the City of Brooklyn Park and Hennepin County.

Department Information

Prepared and Presented by: Cherie Shoquist, Foreclosure Project Coordinator, 612.673.5078
Approved by: Thomas Streitz, Director, Housing & Policy Development _____ Charles T. Lutz, Deputy CPED Director _____
Language Reviewed by: Development Finance: _____

Financial Impact: No other financial impact.

Community Impact

- Neighborhood Notification: Each Neighborhood was notified of the NSP2 application and afforded an opportunity to partake in the community review process.
- City Goals: Livable Communities, Healthy Lives

- Our built and natural environment adds character to our city, enhances our health and enriches our lives
- High-quality, affordable housing for all ages and stages in every neighborhood.
- Sustainability: Green standards will be employed in construction and rehabilitation of affordable housing units developed under this program.

Supporting Information

MINNEAPOLIS NEIGHBORHOOD STABILIZATION PROGRAM

The Minneapolis Consortium, including Hennepin County and Brooklyn Park, was awarded \$19,455,156 in NSP2 funds. Nearly \$15.5 million in United States Department of Housing and Urban Development (HUD) NSP2 funds will support the reinvestment strategy of the Minneapolis Three Point Plan for foreclosure recovery.

In the next three years, Minneapolis NSP2 resources will provide for the financing of 70 homes, acquisition and demolition of 56 blighted properties, and rehabilitation and redevelopment of 134 properties in Minneapolis neighborhoods hardest hit by foreclosures, primarily in North, Northeast and South Central Minneapolis. Foreclosed and/or abandoned homes and residential properties will be acquired strategically near existing public investment and community corridors to maximize the neighborhood and market impact of NSP2 reinvestment.

Twin Cities Community Land Bank. CPED will continue to use the services of the Twin Cities Community Land Bank (TCCLB) to facilitate the acquisition of vacant or foreclosed properties on behalf of the Minneapolis Consortium for NSP2 purchase and rehabilitation, land banking, or redevelopment activities.

The budgeted funds for the TCCLB NSP2 activities over the three year life of the program are: Minneapolis, \$600,000; Brooklyn Park, \$150,000; and Hennepin County, \$120,000.

Recent HUD guidance requires costs to be tied to appropriate NSP2 activities, but not to a particular NSP2 address. The TCCLB contract scope of services will not be tied to a per-property allocation, as was originally proposed in April, 2010. Rather, we will reimburse the TCCLB for its NSP-related staff and overhead costs on a monthly basis.

TCCLB will provide acquisition intermediary services, temporary property management and disposition assistance to the consortium members in connection with the implementation of the NSP2 Activity C—Land Banking program; and acquisition intermediary services and other assistance to the NSP2 developers in connection with the implementation of the NSP2 Activity B—Purchase-rehab and Activity E—Redevelopment programs, including but not limited to property research, assembly, Google docs management, pricing negotiations, offer documentation, closings, maintenance, marketing, financing, and NSP compliance monitoring.

The TCCLB greatly enables the City of Minneapolis to strategically respond to the foreclosed and at-risk housing markets to effectively compete with investors who do not have community interests in mind. The TCCLB has the ability to purchase properties quickly, provide acquisition resources, and coordinate the National Community Stabilization Trust First Look Program which provides access to foreclosed properties from major lenders pre-market and at a discount.

The work of the TCCLB extends well beyond the parameters of Neighborhood Stabilization Program in its impact on the housing market in our NSP target areas. It brings significant leverage to our NSP strategies, including the nearly \$37,450,000 identified in our application to HUD for NSP funds. These funds are available with a priority to our non-profit NSP developers and are also available to other developers that meet community standards. Expanding the work of the TCCLB is the next step in our successful neighborhood recovery

efforts, building on the successes of the Strategic Acquisition Fund and the First Look Program. The work of TCCLB supports jobs, housing and transportation goals in the City of Minneapolis.