



Request for City Council Committee Action
From the Department of Community Planning & Economic Development

Date: May 18, 2004

To: Council Member Lisa Goodman, Community Development Cmte

Prepared by: Mark S. Anderson, Senior Contract Management Specialist, Phone 612-673-5289

Presenter in Committee: Mark S. Anderson

Approved by: Lee Pao Xiong, Director, Housing _____
Jack Kryst, Director, Development Finance _____

Subject: Approval of grant to Home Ownership Center to support the Mortgage Foreclosure Prevention Program

RECOMMENDATION: Staff recommends the approval of a \$250,000 CDBG grant to the Home Ownership Center for the operation of the Foreclosure Prevention Program.

Previous Directives: The City has provided funding for this program since 1992. Appropriation for this grant was approved as part of the 2004 budget process.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)

Ward: Citywide

Neighborhood Notification: Not applicable

City Goals: Foster the development and preservation of a mix of quality housing types that is available, affordable, meets current needs, and promotes future growth

Comprehensive Plan: Not applicable

Zoning Code: Not applicable

Living Wage/Job Linkage: Not applicable

Background/Supporting Information

The Mortgage Foreclosure Prevention Program was developed in 1992 in cooperation with the Family Housing Fund and the City of Saint Paul to provide an additional level of support for home ownership programs in the two Cities. The purpose of this program is to assist current homeowners who are behind on their house payments so that they can stabilize their financial situation and bring their house payments current. The homeowners receive extensive counseling and budgeting assistance and if necessary they also receive financial assistance to bring their house payments current.

A study from the Family Housing Fund conducted early in the program demonstrated that this program saves the City and lending community millions of dollars each year by avoiding foreclosure and the associated legal fees. In addition, the City benefits by maintaining an owner occupied property and avoiding the property becoming vacant and boarded during the foreclosure and resale process.

Attached is a report from the Home Ownership Center that summarized the activity for this program for 2003.

Staff is recommending the continued support for this program and requests that the City Council authorize a \$250,000 grant to the Home Ownership Center. The City Council is also requested to authorize the execution of the necessary documents.