

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

Date: April 19, 2011

To: The Honorable Lisa Goodman, Chair, Community Development Committee

Subject: Minneapolis Neighborhood Stabilization Program 3 (NSP3)

Recommendation:

Staff recommends that the City Council:

- A. Approves all NSP1 and NSP2 developers as eligible to participate in NSP3;
- B. Authorizes the appropriate City officials to enter into related agreements with the approved NSP3 developers; and
- C. Authorizes the CPED Director to make changes to the awards and funding, if necessitated by refinements made to NSP3 to meet HUD, MHFA or programmatic requirements.

Previous Directives:

February 25, 2011 – Received and filed public comments from the February 15, 2011 public hearing, for the City of Minneapolis' 2010 Consolidated Plan Amendment #1 – Neighborhood Stabilization Program 3 Action Plan application. The City Council directed staff to include a summary of the public comments received during the public comment period into the 2010 Consolidated Plan Amendment #1 – Neighborhood Stabilization Program 3 submitted to the U.S. Department of Housing and Urban Development (HUD) as required.

February 1, 2011 – Set the NSP3 public hearing for February 15, 2011 and the NSP3 public comment period for February 1 -15, 2011; approved and authorized staff to submit 2010 Consolidated Plan Amendment #1 - Neighborhood Stabilization Program 3 Abbreviated Action Plan to the HUD for \$2,671,275 in NSP3 funds, submit an application to Minnesota Housing Finance Agency for \$600,000 in NSP3 funds, and develop and execute related funding agreements; and authorized CPED Director to make changes to the proposed NSP3 activities, if necessitated by refinements made to NSP3 to meet HUD, MHFA or programmatic requirements.

Department Information

Prepared by: Edie Oliveto-Oates, Senior Project Coordinator, 612-673-5229

Approved by: Thomas Streitz, Director, Housing & Policy Development _____

Charles T. Lutz, Deputy CPED Director _____

Presenters in Committee: Cherie Shoquist, Foreclosure Recovery Coordinator

Financial Impact

Other financial impact: None.

Community Impact

- Neighborhood Notification: Not Applicable
- 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.
- Comprehensive Plan: Not Applicable
- Zoning Code: Not Applicable

Supporting Information

Minneapolis applied for and was awarded NSP3 funds in the amount of \$765,804 from Minnesota Housing Finance Agency (MHFA) and \$2,671,275 from HUD. Minneapolis was informed that the grant agreements were signed on March 10, 2011 from both MHFA and HUD. Funds must be 50% expended within two years of HUD signing the grantee agreement and 100% expended within three years of HUD signing the grantee agreement.

The Minneapolis NSP3 Action Plan is posted on the City of Minneapolis' NSP website: <http://www.ci.minneapolis.mn.us/foreclosure/nsp.asp>. The NSP3 funding is a key component of the Minneapolis Foreclosure Recovery Plan based on strategic and timely government intervention for reinvesting and repositioning the market place to the extent necessary to "tip" the market toward restoring a healthy housing market.

Using the HUD's NSP3 funding, the City anticipates the rehabilitation and redevelopment of approximately 12 units of single family housing for ownership and approximately 12 multifamily units for rental. In addition, approximately 10 units of single family housing for ownership and duplexes for rental will be developed using MHFA funding. The amount of funds and number of units dedicated to each activity may change based on input from our development partners and other stakeholders once the feasibility of meeting the housing unit goals in the target areas is determined.

Due to the accelerated timeline for expenditure of NSP3 funds, staff has determined that it is appropriate to forego an RFP process and work with the existing approved developers, as they are most familiar with the program. These developers were chosen through an RFP/RFQ process in both NPS1 and NSP2 and approved by the City Council. Each of them is currently completing NSP1 rental and/or ownership rehabilitation projects and is actively identifying properties to be rehabilitated using NSP2 funds. Contracting for NSP3 will be done on a first-come, first-serve basis as properties for NSP3 are identified by the developers and approved by CPED staff.

The approved developers are:

- Project for Pride In Living
- Powderhorn Residents Group, Inc.
- Twin Cities Habitat for Humanity
- Urban Homeworks
- Neighborhood Housing Services
- Greater Metropolitan Housing Corporation
- City of Lakes Community Land Trust
- Alliance Housing Inc.