



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

Date: November 8, 2011

To: Lisa Goodman, Chair, Community Development Committee

Subject: Approval of the Rehab Support Program Emergency Relief Fund

Recommendation: Approve a \$240,000 addition to the Rehab Support Program to create an emergency relief fund and authorize the CPED Director to approve minor changes to the program to adjust for constructions costs and timing conditions.

Previous Directives: There have been no prior actions relating to the creation of an emergency roof repair relief fund.

Department Information

Prepared by: Mark Anderson, Senior Contract Management Specialist

Robert Thompson, Neighborhood Support Specialist

Approved by: Director, Housing Policy and Development _____

CPED Deputy Director _____

Presenters in Committee: Mark Anderson

Financial Impact

- No financial impact

Supporting Information

Early this year the City restarted the Rehab Support Program with Community Revitalization Program funds from the Minnesota Housing Finance Agency to help improve housing in foreclosure distressed neighborhoods. Subsequent to this restart the City obtained approval from MHFA to modify the program and set aside a portion of that funding to be directed to housing in north Minneapolis that was damaged by the May 22, 2011 tornado.

The north Minneapolis tornado left 3,600 houses damaged with many of the homeowners having little or no resources to complete repairs and improvements to bring them back to the pre-tornado conditions. As of September 30th approximately 500 had exterior repairs remaining to be done and 232 roofs still had tarps. City staff successfully obtained \$1 million in Quick Start Disaster Recovery funding from the State of Minnesota which will help to restore 33 – 50 of the damaged properties.

Unfortunately, however, there are many homeowners that for varying reasons are unable to get the help they need. Some of those reasons include:

- They do not have homeowner's insurance and will not be able to afford homeowners insurance in the near future;

- They are behind on their house payment or property taxes;
- They have credit problems;
- They did not get their application in on time for Small Business Administration funds or were rejected because they couldn't meet the SBA's lending requirements.
- They have damages that are related to, but are not a direct result of the tornado.

The most urgent need at this time is roofs that were damaged and presently remain with tarps until financial help can be located. The Minneapolis Department of Regulatory Services re-inspected the exterior of the tornado impacted homes September 15th – 30th and identified 232 properties with tarps on their roofs. If the roofs are not repaired, the homes will continue to be a blighting influence on the neighborhood and will further deteriorate due to rain and the coming winter weather conditions. Replacing the roof will help to stabilize the property thereby limiting any further damage to the home.

The Neighborhood Community Relations staff has received many requests from the affected neighborhoods to locate assistance that will address this immediate need. They have been able to identify \$240,000 which was formerly approved by the City Council for the Rebuilding Our Communities Fund that could be directed to this specific emergency. Staff has determined that the quickest way to get these funds into the community and get repairs accomplished is to make this funding a component of the Rehab Support Program and earmark it to address this specific need.

After consulting with the neighborhoods, staff is proposing the following program requirements:

- The funds could only be used for roof repair or replacement, chimney repairs, roof vents, and other roofing related repairs, including rafters and overhang, but only if the repairs are to damage caused by or connected to the May 22nd tornado;
- The maximum loan amount would be \$12,000;
- The loan would be forgiven over five years with 20% forgiven each year;
- The loan recipient must not be able to obtain help from another source including the MHFA Quick Start Program, Small Business Administration, or insurance proceeds.
- The loans would be limited to the following neighborhoods which were impacted by the tornado: Cleveland, Folwell, Harrison, Hawthorne, Jordan, Lind-Bohanon, McKinley, Near North, Shingle Creek, Victory, Webber-Camden, and Willard-Hay.
- Applications would be funded on a first come-first served basis with priority given to applications that are currently on hand with the program administrator, Greater Metropolitan Housing Corporation (GMHC).

Staff requests that the City Council authorize the CPED Director to approve minor changes to the program in response to changes in constructions costs and timing of repairs.

The funds would be available through June 30, 2012, except that, subject to the approval of the CPED Director, the program may be extended for an additional six months if funding remains available; the need for roof repair assistance still exists; and, if extending this program will, in the judgment of the neighborhoods and the City staff, be deemed beneficial for the overall preservation and stabilization of housing in the tornado damaged communities. NCR staff will continue to communicate with the neighborhoods concerning the roof repair needs.

Staff may return to the City Council to obtain approval to utilize the funds for tornado repairs beyond the above roof repairs if funding is still available at the end of the program.

The City currently has an agreement with GMHC to administer programs on behalf of the City. These funds would be added to their existing contract and would be paid out under the existing appropriation in fund 01800-8450100 (NCR Special Revenue Fund-Neighborhood Comm Relations Admin). GMHC's administrative costs along with other program related costs would be paid out of the \$240,000.