

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

Date: November 17, 2009

To: Councilmember Lisa Goodman, Chair Community Development Committee

Referral to: Councilmember Paul Ostrow, Chair, Ways & Means/Budget Committee

Subject: Land Bank Agreement under the Neighborhood Stabilization Program of the U.S. Department of Housing and Urban Development

Recommendation:

1. Authorize the reallocation of \$150,000 of NSP funds allocated to the City of Minneapolis for land banking activities to the Twin Cities Community Land Bank to establish and operate the land bank for homes and residential properties that have been foreclosed upon.
2. Direct staff to negotiate a Land Bank Agreement with the Twin Cities Community Land Bank, a Minnesota nonprofit limited liability company, in compliance with guidance and regulations of the U.S. Department of Housing and Urban Development for the use of Neighborhood Stabilization Program funds awarded to the City.
3. Authorize execution of the Land Bank Agreement between the Twin Cities Community Land Bank, a Minnesota nonprofit limited liability company, and the City of Minneapolis under the Neighborhood Stabilization Program of the U.S. Department of Housing and Urban Development.

Previous Directives: On March 31, 2009 the Community Development Committee received and filed an overview of the Minneapolis Neighborhood Stabilization Program (NSP) and approved the State of Minnesota award of NSP funds to applicants responding to Minneapolis' request for proposals (RFP) for the purchase and rehabilitation of foreclosed and/or abandoned properties. On October 21, 2008, the City Council authorized staff to submit to the Department of Housing and Urban Development (HUD) an amended 2008 Consolidated Plan consisting of an application for Neighborhood Stabilization Program 1 funding.

Department Information:

Prepared by: Cherie Shoquist, Foreclosure Project Coordinator, 612.673.5078

Approved by: Thomas A. Streit, Director of Housing—CPED _____
Charles T. Lutz, Deputy Director—CPED _____

Presenter in Committee: Elfric K. Porte, II., Manager Single-Family Housing Development—CPED

Financial Impact

- No financial impact

Community Impact

- Neighborhood Notification: Each Neighborhood was notified of the NSP funding and afforded an opportunity to partake in the community review process.
- City Goals: A Safe Place to Call Home – In five years, all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city's infrastructure will be well-maintained and people will feel safe in the city.
- Sustainability: Green standards will be employed in acquisition, demolition, construction and rehabilitation of affordable housing units developed under this program.

Supporting Information

The City has allocated nearly \$4.3 million of the \$14.0 million in U.S. Department of Housing and Urban Development Neighborhood Stabilization Program (NSP) 1 funds for Activity C: Land Banking—acquisition of foreclosed properties for future redevelopment. In the next one to four years, NSP resources will provide for the acquisition, demolition, holding for redevelopment or rehabilitation of properties in Minneapolis neighborhoods hardest hit by foreclosures, primarily in North, Northeast and South Central Minneapolis. Foreclosed and/or abandoned residential properties will be acquired strategically near existing public investment and community corridors to maximize the neighborhood and market impact of NSP reinvestment.

NSP funds will be used for acquisition, land banking, rehabilitation, and redevelopment of properties in neighborhoods hardest hit by the foreclosure crisis. The City of Minneapolis is using highly innovative tools to respond to the foreclosure crisis quickly and effectively. Twin Cities Community Land Bank has been established as a medium to assist with the implementation of NSP.

Twin Cities Community Land Bank is designed to operate on a large scale, over a broad geographic area, with a long view toward development and re-building communities, and as a public-private partnership coordinating across multiple communities of interest. It coordinates housing policies and programs with broader community development objectives, including jobs, economic opportunities, transportation, public safety, schools, human services, green design, and homeownership counseling and support. As a non-profit limited liability company, it is designed to be highly flexible and responsive and to leverage public and private dollars to accomplish the goals of neighborhood stabilization and recovery.

Staff proposes reallocation to the Twin Cities Community Land Bank \$150,000 of NSP 1 funds that the City has allocated to NSP Activity C "Establish and operate land banks for homes and residential properties that have been foreclosed upon." With this action, a little over \$4.1 million will remain in the Land Banking Activity to support acquisition, demolition and on-going property management costs of foreclosed properties.

Articles of Organization were filed in late May 2009; activities to establish Twin Cities Community Land Bank occurred in May and in succeeding months. Twin Cities Community Land Bank has been operational since June 1, 2009. Twin Cities Community Land Bank requests that the \$150,000 be available to reimburse the Twin Cities Community Land Bank for its activities relating to the establishment and operation commencing as of May 1, 2009 and continuing through September 20, 2010. Twin Cities Community Land Bank will pay for staff costs for time devoted exclusively to NSP 1 activities in Minneapolis.

Minneapolis NSP 1 activities include the following:

1. Twin Cities Community Land Bank operates the NCST REO Property Acquisition Program for Minneapolis. This program provides for pre- and post-market opportunities to acquire foreclosed properties in NSP 1 areas. Twin Cities

Community Land Bank purchases foreclosed properties for the City of Minneapolis and the 9 non-profit developers selected by the City of Minneapolis to receive NSP development gap subsidy and re-sells these properties to the City and the developers.

2. Twin Cities Community Land Bank operates a loan program in cooperation with the City of Minneapolis for the 9 NSP 1 developers selected by the City of Minneapolis to receive NSP subsidy. The loan is primarily used to support acquisition and interim construction financing.
3. Twin Cities Community Land Bank is developing a land banking program—one that developers and cities could participate in, if deemed more cost effective.