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August 11, 2005

Mr. Lee Pao Xiong  
 Director of Housing Policy and Development  
 Community Planning & Economic Development  
 City of Minneapolis  
 Crown Roller Mill, Suite 200  
 Minneapolis, Minnesota 55401-2534

Dear Lee Pao:

This is a follow-up to our discussion at the Northside community event on July 26th

As you know, we are the administer for the city's CDBG loans for home improvements and a partner in the Northside community revitalization initiative.

As staff visits with clients, many requesting home repair services have incomes between 30-50% of median income and cannot afford to make another monthly payment and therefore are unable to make improvements on their homes. The CDBG loan program would be very beneficial to these homeowners. Attached is the summary of the incomes other communities are using in their CDBG programs, all of which we administer except the St. Paul program.

As we look to get our Northside initiative program off to a good start and to use the funds in a timely manner, we are requesting that CPED revise the program guidelines for the City Code Abatement Program to include residents with incomes up to 50% of median. I expect this can be accomplished by a recommendation to the council.

Thanks for your consideration of our request, please call me with your questions or concerns.

Sincerely,

Carolyn E. Olson  
 President

✓ cc: Mark Anderson



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**MEMORANDUM**

August 3, 2004

TO: Carolyn E. Olson  
FROM: Jennifer Bergman  
SUBJECT: Increasing Income Limits

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Increasing the income limits for the City Code Abatement program would greatly benefit the residents of Minneapolis. The income limits for the City Code Abatement program are currently \$18,000 or 30% of the area median income whichever is greater. We work with many clients whose incomes are between 30-50% who can not afford to make another monthly payment and would benefit by being able to use this program.

The income limits for this program are low compared to other CDBG loan programs throughout the metropolitan area. Listed below are examples of other CDBG loan programs:

**Coon Rapids CDBG Program:** This program is a 0%, 10 year deferred loan program, 10% forgiven each year up to the 5<sup>th</sup> year at which point 50% is always due payable on sale. Maximum loan \$20,000; Maximum income 80% of area median.

**Ramsey County CDBG Deferred Loan Program:** This program is a deferred loan program, 10% forgiven per year and completely forgiven after 10 years. Maximum loan of \$15,000; Maximum income of 50% of the area median.

**Circle Pines CDBG Revolving Loan Program:** This program is a revolving loan with an interest rate of 2%. Originally the interest rate for this loan was 4% but there was little interest in the program so the interest rate was reduced. Maximum loan is \$12,500; Maximum income is 80% of the area median.

**St. Paul CDBG Deferred Loan Program:** This program is a 0% 30 year deferred loan available to homeowners with incomes of at or below 50% of the area median. The maximum loan is \$25,000.

We would recommend increasing the income limits of the City Code Abatement program to 50% of the area median.