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

Date: June 2, 2009

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Approval an amendment to the Greater Metropolitan Housing Corporation (GMHC)

contract

Recommendation: Approve the following:

- An amendment to the GMHC contract to increase it by \$1,020,200
- Authorize staff to reallocate any remaining uncommitted funds previously dedicated to the north and northeast exterior code enforcement sweeps and allow the funds to instead be used for the regular Code Abatement and Home Repair Loan programs.

Previous Directives: On August 18, 2006 the City Council approved the use of funds to provide financing to homeowners who were impacted by the exterior code enforcement sweep conducted in north and northeast Minneapolis.

Approved by: Mark S. Anderson, Senior Contract Management Specialist Approved by: Tom Streitz, Director of Housing Policy and Development Charles T. Lutz, Deputy CPED Director
Presenter in Committee: Mark Anderson
Financial Impact
X_ No financial impact
Action requires an appropriation increase to the Capital Budget or Operating
Budget
Action provides increased revenue for appropriation increase
Action requires use of contingency or reserves
Action is within the Business Plan
Action requires a change to the Business Plan
Other financial impact
Request provided to the Finance Department when provided to the Committee
Coordinator

Community Impact

Neighborhood Notification: Not required

City Goals: 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.

Supporting Information

The City of Minneapolis has historically provided home improvement assistance to borrowers with incomes at or below 80% of the area median to help them accomplish home repairs to maintain their home in a safe and sanitary condition. It provides resources to lower income homeowners that allow them to stay in their home versus selling it and trying to locate

Page 2

affordable rental housing. Completing these home repairs is not only beneficial to the recipient of the assistance, but it also provides an incentive to their neighbors who are more inclined to invest in their home if others in the neighborhood are also doing so.

The amount of resources the City Council has approved for home improvement programs during the City's annual budget process has significantly declined in recent years. In an effort to obtain additional dollars for these program, with the Council's approval, CPED staff used funds budgeted for home improvement programs as part of the leverage in an application for state funding through the state's consolidated RFP process. Unfortunately, in spite of our best efforts, the competition for those funds has been significant and the City has not received state funds.

At the direction of City staff, the City's lender, Greater Metropolitan Housing Corporation (GMHC), coordinates the use of the City's resources with those of Hennepin County and the state of Minnesota wherever possible. This allows the City's resources to go as far as possible and in some cases to accomplish more of the needed work which presents a health and safety hazard in the home. Nevertheless, the funds are never enough to cover all the demand.

At the present time, GMHC has approximately 155 applications on hold for home improvement services. The average application will use between \$20,000 and \$25,000 depending upon the condition of the home. As a result of this number of pending home improvement applications, staff is now recommending to the Council that we combine last year's budgeted amount of \$500,000 with this years budgeted amount of \$445,200 and amend the GMHC lending contract to allow them to start home improvement lending on applications they currently have on hold.

In addition, there are funds that were designated for the exterior code enforcement sweeps of north and northeast Minneapolis residential housing. City staff received some state funds which have all been committed for that purpose, but only a small amount of the local funding has been committed. The exterior code violation sweeps are not continuing at this time so the demand for these resources has diminished. There is still approximately \$344,000 of City funds remaining in that budget. Staff is requesting approval to allow this funding to be used to cover the regular home improvement applications that are now on hold.

Finally, during discussions with the Regulatory Services staff, CPED staff has become aware of the Regulatory Services budget for lead abatement home repair work for homes with children in them. To more efficiently deliver these funds and allow them to be used with existing CPED home improvement programs CPED and the Regulatory Services staff is recommending that the current budget of approximately \$75,000 also be added to the GMHC contract.