

NSP3 PROGRAM DESCRIPTION

SECTION 1: GENERAL INFORMATION

1. The preliminary program description application is considered part of your NSP3 plan.
2. Complete the Activity Worksheets (A, B, C).
3. Confirm that the neighborhood area was delineated correctly as provided in the site map(s).

A. Applicant Information

1. Name of Applicant/Organization

City of Minneapolis

a. Address

Community Planning and Economic Development

105 South Fifth Street, Suite 200, Minneapolis, MN 55401

b. Contact Person

Cherie Shoquist, Foreclosure Recovery Coordinator

c. Applicant state ID, federal ID, Organizations DUN's number

State ID: 8023907

Federal ID: 41-6005375

DUN's number: 066530411

B. Definitions and Requirements

1. Definitions:

a. Define affordable rents, if applicable.

Affordable rents are as defined by HOME. See the HUD established Fair Market Rents at:

<http://www.huduser.org/portal/datasets/fmr.html>

b. Define blighted structure and indicate if this is your local jurisdiction's definition or Minnesota Housing's.

Blighted structure is defined by the City of Minneapolis Code or Ordinances Chapter 249 standards for nuisance.

249.30. "Nuisance condition" defined; waiver of waiting period. (a) A building within the city shall be deemed a nuisance condition if:

- (1) It is vacant and unoccupied for the purpose for which it was erected and for which purpose a certificate of occupancy may have been issued, and the building has remained substantially in such condition for a period of at least six (6) months; or
- (2) The building is unfit for occupancy as it fails to meet the minimum standards set out by city ordinances before a certificate of code compliance could be granted, or is unfit for human habitation because it fails to meet the minimum standards set out in the Minneapolis housing maintenance code, or

the doors, windows and other openings into the building are boarded up or otherwise secured by a means other than the conventional methods used in the original construction and design of the building, and the building has remained substantially in such condition for a period of at least sixty (60) days; or

(3) Evidence, including but not limited to neighborhood impact statements, clearly demonstrates that the values of neighborhood properties have diminished as a result of deterioration of the subject building; or

(4) Evidence, including but not limited to rehab assessments completed by CPED, clearly demonstrates that the cost of rehabilitation is not justified when compared to the after rehabilitation resale value of the building.

(b) When it is determined by the director of inspections or the city fire marshal that a building constitutes an immediate hazard to the public health and safety, and after approval by the city council, the sixty-day waiting period set out in this section may be waived and the other procedures, as set out in this chapter, may be implemented immediately.

(c) Notwithstanding the foregoing provisions, accessory buildings such as garages, barns and other similar structures, not intended to be used for human habitation, shall be deemed to constitute a nuisance condition when such buildings are in violation of section 244.1560 of the housing maintenance code which regulates non-dwelling structures or when such accessory buildings are structurally unsound in the opinion of the director of inspections. (76-Or-102, § 1, 7-9-76; 77-Or-226, § 2, 11-10-77; 78-Or-233, § 2, 11-9-78; 79-Or-016, § 1, 1-26-79; 80-Or-181, § 1, 8-8-80; 84-Or-095, § 1, 6-15-84; 86-Or-236, § 1, 10-10-86; 91-Or-157, § 1, 8-9-91; 92-Or-110, § 2, 9-11-92; 93-Or-142, § 1, 10-1-93; 94-Or-123, § 2, 9-16-94; 2006-Or-059, § 1, 5-26-06)

SECTION 2: ACTIVITY INFORMATION / NSP3 BUDGET / FEASIBILITY AND DEGREE OF READINESS

Please complete the Activity/Budget, leverage, and timeline charts below:

Middle Income Households being served	Grant Total Funds	Grand Total Count of Properties and units	Total count of homeownership Properties and units	\$ Amount to be used for homeownership	Total count of Rental Properties and units	\$ Amount to be used for rental (not multifamily rental)
Financing mechanisms		/	/		/	
Purchase rehab		/	/		/	
Land banking		/				
Demolition		/				
Redevelopment	\$252,000	2/4	0/4	\$0.00	2/4	\$252,000
Total		/	/		/	
Low Income Households being served	Grant Total Funds	Grand Total Count of low income Properties and units	Total count of low income homeownership Properties and units	\$ Amount to be used for low income homeownership	Total count of Rental Properties and units	\$ Amount to be used for low income rental (not multifamily rental)
Financing mechanisms		/	/		/	
Purchase rehab		/	/		/	
Land Banking		/				
Demolition		/				
Redevelopment	\$300,000	5/5	5/5	\$300,000	0/5	\$0.00
Administration**	\$48,000	N/A	N/A	N/A	N/A	N/A
Total	\$600,000	7/9	5/9	\$300,000	4/9	\$252,000
Grand Total Funds						

% of funds to be used for households at or below 50% AMI						
--	--	--	--	--	--	--

****ADDED NEW ROW: This includes \$48,000 of administration based on 8% of the total award.**

Leverage Source	Committed	Pending	Activity	TOTAL	Anticipated Commitment Date
City of Minneapolis AHTF	N/A	\$200,000	Redevelopment	\$200,000	2011
Hennepin County AHIF	NA	\$200,000	Redevelopment	\$200,000	2011
City of Minneapolis Advantage Program	\$50,000	NA	Minneapolis Set Aside for down payment and closing cost assistance to the buyers that purchase five homeownership units	\$50,000	Secured
City of Minneapolis	\$360,000	NA	0% interest on interim construction financing (up to \$40K per unit)	\$360,000	Secured
Twin Cities Community Land Bank	\$1,000,000	NA	Access to funds for acquisition and interim construction financing	\$1,000,000	Secured

Development Schedule:	9 Month		15 Months		20 Months		24 Months		36 Months	
	#	\$	#	\$	#	\$	#	\$	#	\$
Financing mechanisms										
Purchase rehab										
Land banking										
Demolition										
Redevelopment			2	\$120,000	4	\$240,000	6	360,000	9	600,000
Total										

SECTION 3: CAPACITY

1. Direct Experience with Federal Funds

Responsible Party	Contact Name	CDBG/NPS	Phone/Email
NSP Project Manager	Cherie Shoquist	Yes	612.673. 5078 cherie.shoquist@ci.minneapolis.mn.us
Development Manager	Elfric Porte	Yes	612.673.5145 elfric.porte@ci.minneapolis.mn.us
Contract Manager	Edie Oliveto-Oates	Yes	612.673.5229 edythe.oliveto-oates@ci.minneapolis.mn.us
Federal Program Administration / Recordkeeping	Matthew Bower	Yes	612.673.5188 matthew.bower@ci.minneapolis.mn.us
Uniform Relocation Act	Edie Oliveto-Oates	Yes	612.673.5229 edythe.oliveto-oates@ci.minneapolis.mn.us
Davis Bacon Labor Standards	Edie Oliveto-Oates	Yes	612.673.5229 edythe.oliveto-oates@ci.minneapolis.mn.us
Environmental Review Certifying Officer	Edie Oliveto-Oates	Yes	612.673.5229 edythe.oliveto-oates@ci.minneapolis.mn.us
Lead Risk Assessments and Inspections	Geri Meyer	Yes	612.673.5252 geri.meyer@ci.minneapolis.mn.us
Rehabilitation/HQS Inspections	Geri Meyer	Yes	612.673.5252 geri.meyer@ci.minneapolis.mn.us
Section 3	Johnnie Burns	Yes	612.673.2583 johnnie.burns@ci.minneapolis.mn.us
Energy Audits	Geri Meyer	Yes	612.673.5252 geri.meyer@ci.minneapolis.mn.us

2. Partners' Experience

1. Identify collaborating partners to complement and supplement expertise and neighborhood stabilization strategy and/or to enhance capacity to execute the strategy. Be specific about the partner role and specific activities.

Minneapolis non-profit community development partners, Alliance Housing, City of Lakes Community Land Trust, Greater Metropolitan Housing Corporation, Northside Neighborhood Housing Services, Powderhorn Residents Group, Twin Cities Habitat for Humanity, Project for Pride in Living. and Urban HomeWorks have great capacity to execute the rehabilitation and redevelopment activities of NSP. The Twin Cities Community Land Bank acts as an intermediary is acquiring properties through the First Look Program.

2. Indicate what procedure you followed to determine that collaborating partners have capacity to undertake additional development activity.

Minneapolis Community Planning and Economic Development (CPED) issues Requests for Proposals for NSP and other rehabilitation and redevelopment activities addressing capacity. The close working relationship between CPED and our development partners in implementing NSP provides clear understanding of the ability to undertake the additional development activities proposed. CPED staff discussed the specific development activities proposed with our developers in preparation for this application.

3. Describe the monitoring plan to ensure accurate and timely quarterly reporting to Minnesota Housing on sub-grantee activities.

Reporting procedures to ensure accurate and timely quarterly reporting for NSP1 and NSP2 (including training, direction, reminders and review of data) are in place and will continue with NSP3.

SECTION 4: IMPACT/STABILIZATION PLAN ON TARGETED NEIGHBORHOODS/PRIORITY-BLOCK GROUPS

1. Is the site map provided by Minnesota Housing correctly describing your target area?

Yes.

2. Describe the rationale used to select the targeted neighborhoods, as compared with other areas that were eligible for NSP3. What criteria were used to select the area based on need and desired outcome?

The Hawthorne Eco Village Cluster was selected for our targeted neighborhoods because of existing strategic development and to achieve NSP3 outcomes including: lower vacancy rates; better property maintenance; stabilized population and property values; increase in assessed valuations; increased median market values; increased level of homeownership and increased home sales.

The Northside Home Fund Cluster Developments removed the blighting influence of more than 100 properties previously boarded and vacant in the clusters through property acquisition, demolition, and working with property owners to bring their buildings up to code for re-sale to stable owner-occupants.

Crime decreased in all of the active clusters. Removal of boarded and vacant properties (which harbor illegal activity such as prostitution and drug activity) combined with targeted redevelopment in high crime areas contributed to a decrease in crime on the north side. Total Part One Crime is down 39.5% year to date (compared to City Wide rate 17.11%), and total Property Crime is down 33.77% year to date (compared to City Wide rate 10.18%).

Foreclosures decreased in North Minneapolis approximately 5% between 3rd Qtr 2009 and 3rd Qtr 2010, while they increased approximately 6% citywide. Foreclosures in the geographic area in North Minneapolis called Near North (which includes 5 of the 6 NHF cluster locations) decreased approximately 16% in the same period.

Median sales price increased 43.5% in Camden and 46.7% in Near North between 2009 and 2010 YTD. However, prices remain far below the city average.

The number of boarded and vacant properties on the city's 249 list decreased 16% in North Minneapolis in 2010. Of these properties, we are seeing a higher percentage of properties that are vacant, but not boarded. This is likely due to the combination of the City's demolition of blighted properties strategy and the increased capacity of development partners to acquire and rehab foreclosed homes before they become boarded.

The City of Minneapolis strengthened standards for rental licenses and the Department of Regulatory Services initiated 125 rental license revocations citywide for noncompliance as of 3rd Qtr. 2010 (*North Minneapolis-specific data not available*).

3. Describe how you plan to complement stabilization with your NSP3 Direct grant, if applicable.

NSP3 Direct as well as NSP2 will likely also focus rehabilitation and redevelopment in and around the Northside Cluster developments.

4. Indicate your procedure for creating affordable rental preferences, if applicable.
NSP rental properties will be affordable to low-income households.

5. Describe the methods you will utilize to ensure cost effectiveness of your projects.

Our pro-forma requirements and construction management review insures cost effectiveness.

6. Describe how the activities will contribute to the stabilization of the target area; develop new housing opportunities in the targeted area.

NSP3 activities will achieve the following outcomes: lower vacancy rates; better property maintenance; stabilized population and property values; increase in assessed valuations; increased median market values; increased level of homeownership and increased home sales. NSP3 activities will develop the following new housing opportunities: 4 vacant and dilapidated units redeveloped; 6 homes repaired or reconstructed; 4 units with increased average property value; 6 homes with increased average property value and/or sales price; and 6 sustainable home purchases.

7. Describe in detail your procedures for vicinity hiring. Please indicate in a list form 4-5 actions you will take.

Procedures for vicinity hiring include:

- City of Minneapolis outreach and engagement and guide to assist residents in completing necessary State and local qualification requirements for construction work.
- Developer outreach and engagement to hire residents in the neighborhoods and blocks they are working in.
- Collaboration with Summit Academy OIC, Dunwoody and Minneapolis Community College construction training programs serving residents in impacted areas.
- Collaboration with neighborhood groups to connect with neighborhood residents; including block parties.

8. Is interim financing anticipated? Yes or no.

Yes.

9. To what extent will individual properties be maintained as affordable over the long-term to encourage neighborhood stabilization?

a. Affordability period

Determined on the basis of the amount of subsidy, monitored in accordance with HOME regulations; with \$60,000 per unit subsidy the affordability period is 15 years. Either a declaration of restrictive covenants for rental properties or a promissory note and mortgage recapture model for homeownership will be placed with the property as the continuing affordability mechanism.

b. Preservation of affordability – be specific as to whether resale or recapture will be used;

Recapture is the preferred model, but resale may be used.

c. If homeownership units will be targeted to households earning 50% or less of AMI, describe the mechanism by which the long-term success of homeowners will be supported. Provide programmatic details, including information on program support costs and financial resources to support homeownership at this income level.

We do not anticipate 50% AMI household for homeownership. However; our home buyers participate in Homestretch homebuyer education; many of our lower income households receive assistance from BuildWealth Minnesota in achieving long term financial stability and sustainable housing.

d. If there is a higher subsidy, will you implement resale restrictions? If no, please explain why.

See response to a. and b. above.

10. For units resulting in homeownership, describe the marketing plan that includes specific tools, techniques and sales methods to reach the target income homebuyers. Elaborate on your Marketing plan submitted in the preliminary application, as applicable. How will you target 25% of NSP resources to households earning 50% of AMI or less?

Our 25% requirement will be met through rental units.

a. List specific financial products, services and assistance that may be used in conjunction with NSP requested activities to initiate home sales.

NSP Financing; CityLiving; and other financial incentives as available based on individual household need as determined by housing finance experts at the Housing Resource Center.

b. Describe the experience of the end developer with home sales.

Our NSP developers have years of experience in selling rehabilitated homes in North Minneapolis; many of the Strategic Acquisition Fund and NSP1 funded rehabbed homes have sold.

c. Is a contract for deed included in your plan? If so, describe in detail the contract for deed program that will ultimately secure homeownership.

Yes. We have approved contract for deed programs created by Greater Metropolitan Housing Corporation and Urban Homeworks operating successfully for NSP1 and NSP2. We intend to allow these programs for NSP3 as well.

d. Describe in further detail your Plan B should homeownership units not sell. Indicate at least three actions to be taken.

Not applicable to the rental properties. In the unlikely event that the home ownership properties do not sell additional home buyer outreach and assistance would be targeted specifically to the NSP3 homes in the EcoVillage, potentially including down payment and closing cost assistance and access to City Living and other mortgage loan programs. The City of Minneapolis along with our NSP developers and other community partners have the expertise to anticipate and respond to market conditions. A temporary rental strategy in single family properties would only be considered as a last result. In planning for NSP1, discussions were held with NSP developers, for profit developers and Minneapolis Public Housing

Authority to identify strategies for a single family rental program based on the scattered site public housing model. The City of Minneapolis does not wish to pursue single family rental in foreclosure impacted neighborhoods even though the capacity to do so exists.

11. Does the stabilization plan support households with a range of incomes? How will the NSP activities for which funds are requested promote economic diversity in the target area? Describe programmatic goals that have purposefully been incorporated to promote economic diversity.

The NSP stabilization plan programmatic goals supports households with ranges of incomes between less than 50% AMI to 120% of AMI, or 115% as required by Minnesota Housing. A mix of incomes in the homeownership units will continue to support the economic diversity in the Eco Village.

12. For all acquisitions that result in displacement, specify procedures in place which ensure compliance with URA requirements.

Not applicable.

13. Elaborate/describe the characteristics of the neighborhoods or blocks and include the following information:

a. Describe neighborhood boundaries; confirm the map of your target area provided by Minnesota Housing is correct.

The boundaries of our target area are from 26th Avenue North to Lowry Avenue North and from Dupont Avenue North to 4th Street North in North Minneapolis. The target area map provided is correct.

- b. Median income for the targeted area based on census block data**
- c. Median age of the housing stock (as of an identified date)**
- d. Change in housing prices in the last five years**
- e. Distance to existing or planned transit routes (bus routes or transit, commuter rail)**
- f. Employment opportunities within the target area or within one mile**

Blockgroup	type	Median Households income	Median age of Housing stock	Change in housing price in the last 5 years	Distance to existing or planned transit route	Employment opportunities within the target area or 1 mile
270531016001	P	\$ 35,045	60	\$ 123,700		
270531016002	P	\$ 35,417	60	\$ 123,700		
270531016003	P	\$ 22,833	60	\$ 123,700		
270530022001	S	\$ 31,050	17	\$ 123,700		
270530022002	S	\$ 24,722	27	\$ 123,700		
270531023001	S	\$ 18,456	52	\$ 123,700		

270531016004	S	\$ 11,184	26	\$ 123,700		
			(*1)	(*2)	(*3)	

(*1) -\$187,100 in 2006 and \$63,400 in 2010 (Hawthorne Neighborhood)

(*2) – Public transportation is within one or two blocks of the target area. See attached NSP3 Target Area Bus Route map.

(*3) – Within a one mile radius of the Eco Village, there are 700 total businesses, 9,010 total employees, and an employee to residential population of 43%.

14. Describe existing or anticipated neighborhood improvement efforts which will contribute directly to the stabilization of the selected target areas:

a. Encourage commercial development,

The market in the Eco Village will continue to prosper as new residents move in. See the map of Northside Development Projects 2005-2011 provided in the Preliminary Application.

b. Improve safety,

The Hawthorne Eco Village public safety collaboration between residents, developers, and City housing development, regulatory services and police department staff is award winning. This partnership continues in the EcoVillage and surrounding neighborhoods. Crime decreased in all of the active clusters. Removal of boarded and vacant properties (which harbor illegal activity such as prostitution and drug activity) combined with targeted redevelopment in high crime areas contributed to a decrease in crime on the north side. Total Part One Crime is down 39.5% year to date (compared to City Wide rate 17.11%), and total Property Crime is down 33.77% year to date (compared to City Wide rate 10.18%).

c. Improve schools,

Housing stability provided by homeownership opportunities in the Hawthorne Eco Village will assist families in supporting the academic success of their children.

d. Develop and improve parks and recreation,

New residents will benefit by and improve the park and recreation programs at nearby Folwell Park.

e. Improve transportation and streets,

New resident utilization of the nearby bus lines will improve transportation ridership.

f. Improve landscaping, sidewalks and medians, and

NSP developers follow Minnesota Green Communities criteria for landscaping and sidewalks. The Hawthorne EcoVillage is the site of the Home Depot sponsored tree trust and benefits by the availability of the tree farm.

g. Engage citizens in neighborhood stabilization.

The Hawthorne Area Community Council is a strong organization with active participation from all residents in the EcoVillage in promoting neighborhood stabilization. New residents will be welcomed.

SECTION 7: ATTACHMENTS

- A. Neighborhood revitalization site map(s)
- B. Preliminary program description, only resend if corrections were made
- C. Activity worksheets (A, B, C, D) (Attached).
- D. Housing rehabilitation standards; indicate whether local standards or HQS if local standards do not exist. (Attached).
- E. Uniform Relocation Act Plan (Attached).
- F. Limited English Proficiency Plan (Our contracts require NSP developers to follow Affirmative Marketing and Limited English Proficiency Plans).
- G. Affirmative Fair Housing Plan (Attached).
- H. Certification, please enclose signed copy (Attached, Worksheet D referenced above).
- I. Leverage commitment letters / letters of support (\$1.8 million in leverage identified in table above).

SECTION 8: DELIVERY METHOD

PROGRAM DESCRIPTION DUE:

MONDAY, JANUARY 24, 2011

5:00 PM

PLEASE SEND TWO COPIES:

- i. Electronic copy to the NSP mail box at:
Nsp.mhfa@state.mn.us
- ii. Signed original sent through the mail to :
Minnesota Housing
400 Sibley Street Suite 300
St Paul, MN 55101