

# HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: NOVEMBER 10, 2010

**REGARDING: AUTHORIZATION TO ACCEPT A GRANT FROM THE MINNESOTA HOUSING FINANCE AGENCY, AND AUTHORIZATION TO PARTICIPATE IN THE FORECLOSURE PREVENTION ASSISTANCE LOAN PROGRAM (FPAP) FOR THE MORTGAGE FORECLOSURE PREVENTION PROGRAM.**

## **Requested Board Action**

1. Authorization to accept a \$60,000 grant from the Minnesota Housing Finance Agency (MHFA) to conduct a housing counseling program.
2. Authorization to participate/access a total of approximately \$265,534 in statewide FPAP loan pool funds for the 2010-2011 program year.

## **Background**

Saint Paul's Department of Planning & Economic Development (PED) has been a HUD-approved Housing Counseling Agency for over 20 years and provides mortgage foreclosure counseling and financial budgeting to Saint Paul residents. For the contract period October 1, 2008 through September 30, 2009, 1,493 families received mortgage foreclosure counseling; for the contract period October 1, 2009 through September 30, 2010, 1,472 families received mortgage foreclosure counseling.

The \$60,000 cash grant from the MHFA FPAP is to help cover PED mortgage foreclosure counseling staff. This is outcome-based funding, meaning we receive 50% of the grant upon execution of the grant agreement. After mid-year analysis of performance is documented, the remaining 50% will be disbursed. The mid-year goal for households counseled is 219 and the annual goal is 625 households.

MHFA has a loan pool of approximately \$265,534 available state-wide for the 2010-2011 program year. There is a maximum one-time loan amount of \$11,470 specifically for borrowers

facing mortgage foreclosure. This loan is only possible after all other options, such as a loan modification, have been exhausted. This funding will be committed on a first-come, first-served basis to counseling agencies across the state selected by MHFA to participate in the loan program. During the contract period October 1, 2008 through September 30, 2009, PED provided five loans ranging from \$4,600 to \$9,100; during the contract period October 1, 2009 through September 30, 2010, we provided three loans – each of the three homeowners received a loan of \$11,470.

**Budget Action**

No budget amendment is required because the funding has been included in the 2010 and 2011 budgets.

**Future Action**

None identified at this time

**Financing Structure**

No financial structure; the funds are for administrative costs.

**PED Credit Committee Review**

No PED Credit Committee Review required.

**Compliance**

No compliance; the grant funds are for administrative costs only.

**Green/Sustainable Development**

N/A

**Environmental Impact Disclosure**

An Environmental Impact Disclosure is not required.

**Historic Preservation**

No review required.

**Public Purpose**

The public purpose is to assist Saint Paul homeowners with mortgage foreclosure prevention counseling and provide one-time loans to help residents stay in their homes.

**Statement of Chairman (for Public Hearing)**

Not applicable.

**Recommendation:**

The Executive Director of the HRA recommends HRA Board approval to accept the funds and access the loan pool.

**Sponsored by:** Commissioner Kathy Lantry

**Staff:** Michelle Vojacek x 66599

**Attachments**

- **Attachment A -- Resolution**
- **Attachment B – N/A**
- **Attachment C – N/A**
- **Attachment D – N/A**
- **Attachment E – N/A**
- **Attachment F – N/A (noted above in the report)**
- **Attachment G – N/A**