

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

REPORT TO THE COMMISSIONERS

DATE: FEBRUARY 13, 2013

**REGARDING: RESOLUTION AMENDING THE NEIGHBORHOOD STABILIZATION
PROGRAM BUDGETS.**

Requested Board Action

The specific actions being requested of the HRA Board are as follows: approval of Neighborhood Stabilization Program (NSP) Budget Amendment; and authorization to take necessary steps to implement said Budget Amendment.

Background

On 8 July 2009, City Council approved, by Resolution 09-715, authorization to submit an application for the Neighborhood Stabilization Program 2 (NSP2) to the United States Department of Housing and Urban Development (HUD). By that same Resolution, City Council also authorized execution of grant agreements between HUD and the City of Saint Paul. On 16 March 2010, an NSP2 grant agreement between HUD and the City of Saint Paul was executed. The grant amount was \$18,031,623. On 24 March 2010, the Housing and Redevelopment Authority of the City of Saint Paul approved, by Resolution 10-3/24-5, a budget amendment that acknowledged the NSP2 grant and established the NSP2 activities spending plan.

Expenditures of NSP2 grant funds are now reaching the authorized spending plan budget. At the same time, NSP2 activities have started to generate program income. It is anticipated that program income will continue to be generated for some time into the future until all NSP2 properties have been disposed of.

The attached Resolution authorizes an amended spending plan that incorporates program income already received and anticipated to be received through 12/31/13, totaling \$7,000,000.

NSP regulations require that program income be recycled within the NSP. Program income use is restricted to continued NSP activities. Saint Paul's NSP2 plan, as submitted to HUD in the

original application and as approved by the City Council and HRA Resolutions mentioned above, states that program income will be used to continue NSP activities.

Budget Action

Specific Spending Changes are detailed in **Attachment A**. This budget action incorporates the program income and also makes some zero-sum adjustments to re-align the City's financial codes with HUD's activity codes.

Future Action

Public Hearings for consideration of sale of properties will continue as program properties are disposed of/sold. Additional budget amendments will be necessary to incorporate program income beyond 2013.

Financing Structure

The increased spending plan budget reflects program income already received and anticipated to be received through 12/31/13.

PED Credit Committee Review

Individual projects funded with NSP2 are reviewed by the PED Credit Committee.

Compliance

Individual projects funded with NSP2 comply with applicable requirements.

Green/Sustainable Development

Individual projects funded with NSP2 comply with the Saint Paul Sustainable Development Policy and/or the Saint Paul/HRA Sustainability Initiative. Specific sustainable and green elements will be described as future HRA Board action is required.

Environmental Impact Disclosure

Saint Paul's Neighborhood Stabilization Program is environmentally reviewed via a two-tier process. 1st tier approval has been granted by HUD for the overall program. Individual projects funded with NSP2 are 2nd tier reviewed consistent with HUD regulations.

Historic Preservation

HUD requires that all individual projects funded with NSP2 be reviewed by the State Historic Preservation Office to determine potential historic environmental impact as part of the 2nd Tier environmental review.

Public Purpose/Comprehensive Plan Conformance

The following public purposes will be met: Community Development Benefits – Rehabilitate Vacant Structures; Remove Vacant Structures; Improve Health/Safety/Security; and Increase/Maintain Tax Base. Housing Development Benefit – Maintain Housing.

NSP2 activities support all three strategies of the Housing Chapter of the City’s Comprehensive Plan: 1. Build on Saint Paul’s strengths in evolving metropolitan housing market; 2. Preserve and promote established neighborhoods; and 3. Ensure the availability of affordable housing across the city.

Recommendation:

The Executive Director recommends that the Board adopt the attached Resolution which authorizes the amended spending plan.

Sponsored by: Commissioner Thune

Staff: Joe Musolf 266-6594

Attachments

- **Attachment A -- Resolution**