

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

REPORT TO THE COMMISSIONERS

DATE: JANUARY 25, 2012

**REGARDING: AUTHORIZATION TO ACCEPT GRANT AND ADOPT BUDGET AMENDMENT FOR \$100,000.00 FROM WELLS FARGO FOR HOMEOWNERSHIP DOWN PAYMENT ASSISTANCE AND/OR REHABILITATION GAP FINANCING ASSISTANCE ON VACANT OR FORECLOSED HOUSES IN ISP/NSP AREAS, CITYWIDE**

## **Requested Board Actions**

The specific actions being requested of the HRA Board are as follows:

Approve resolution accepting grant and budget amendment of \$100,000 from Wells Fargo for home ownership down payment assistance and/or rehabilitation Gap financing assistance on vacant or foreclosed houses in ISP/NSP areas and/or in combination with the City Living Mortgage Program.

## **Background**

Wells Fargo staff let us know in June, 2011 about funding being provided through the Wells Fargo Housing Foundation. We participated with Wells Fargo in submitting an application for down payment assistance and/or value gap assistance for rehabilitation to help with the purchase of vacant/foreclosed houses for home ownership.

Wells Fargo Housing Foundation recently announced their decision to award the City of St. Paul a Priority Markets grant in the amount of \$100,000. The grant is part of the company's Leading the Way Home Priority Markets initiative, a nationwide effort to increase the availability of affordable housing while stabilizing. The purpose of the grant is to assist the city in selling ISP/NSP properties in distressed areas by providing an incentive for prospective homebuyers to reduce the cost of buying a home and make homeownership opportunities available for low-income families (80% of median income or below).

The contribution will continue to help the city revitalize neighborhoods affected by home foreclosures and provide additional leverage to both federal neighborhood stabilization funding and other city funds.

### **Budget Action**

Approve Budget Amendment for HRA Fund 117 to accept funds under the HRA/City's current City Living Mortgage Program which provides for down payment and/or value gap assistance. These funds will be used for the same activities but only to assist in the purchase/rehab of vacant and foreclosed ISP/NSP properties. **(See Attachment A – Resolution)**

### **Future Action**

N/A

### **Financing Structure**

Use of the funds will be underwritten in accordance with the Neighborhood Stabilization Program (NSP) Homebuyer Assistance Guidelines.

### **PED Credit Committee**

N/A

### **Compliance**

All loan recipients will comply with all required compliance which will vary depending upon the loan amounts.

### **Green/Sustainable Development**

All ISP/NSP properties comply with the Saint Paul Sustainable Development Policy. The properties rehabilitated also need to meet the following NSP requirements:

1. Minnesota Green Standards for Rehab
2. HUD Healthy Home Requirements
3. Lead Base Paint and Hazardous Waste
4. All local and State building codes together with HRA's NSP guiding principles adopted

February 24, 2009: “provide healthy, affordable and quality housing, improving the housing stock above minimum standards by addressing lead, mold, radon, energy efficiency and curb appeal elements.”

### **Environmental Impact Disclosure**

All properties addressed under the existing NSP program, the Tier 1 environmental review determined that all activities were either exempt or categorically excluded.

### **Historic Preservation**

Each property was subject to a Tier 2 environmental review, which included consultation with the State Historic Preservation Office. All properties have received the appropriate sign-offs.

### **Public Purpose/Comprehensive Plan Conformance**

This action supports all three strategies of the Housing Chapter of the City’s Comprehensive Plan: 1) Build on Saint Paul’s strengths in the evolving metropolitan housing market; 2) Preserve and promote established neighborhoods; and 3) Ensure the available of quality and affordable housing across the City.

The financing assistance also supports the goal of the ISP/NSP Program and Plan to strategically channel resources into neighborhoods being challenged by recent economic and social downturns and persistent disinvestment including: 1) creating working partnerships among private developers, CDCs, District Councils and neighborhood residents; 2) bringing together resources, time, talent and funding in neighborhoods poised to prosper after a prolonged period of disinvestment; 3) reducing the number of vacant houses; 4) rehabilitating or addressing housing units to strengthen the housing stock; 5) improving stability and quality of life in neighborhoods; 6) building on strengths in St. Paul’s neighborhoods.

### **Recommendation:**

The Executive Director recommends approval of the attached HRA resolution which amends Fund 117 to bring in additional funding to provide down payment and value gap assistance in the

purchase of vacant and foreclosed houses for home ownership and continue implementation strategies in the ISP areas.

**Sponsored by: Commissioner Thune**

**Staff: Sheri Pemberton-Hoiby, 651-266-6615**

**Attachments**

- **Attachment A -- Resolution**