

## **Attachment B:**

### **NSP Marketing Process and Procedures/Homebuyer Incentive Guidelines**

#### **Overview**

Members of the Neighborhood Stabilization Program (NSP) Team met early on in the project to develop a comprehensive marketing strategy for advertising and publicizing program activities and to explain the potential impact in Saint Paul neighborhoods. The purpose was to identify marketing goals and needs, frame the message, determine who the audience should be, and develop a strategy to execute the plan. Two of the main elements identified up front were the needs to hire professional real estate services to aid in the marketing and advertising for property disposition services; and, to come up with a marketing strategy to develop the message, guide the strategy, and develop a medium to convey project information.

The marketing and publicity work was divided into two categories: contractors, developers, community members and those in the real estate business; and, home buyers. Initially the push was to publicize pre-bid meetings where general contractors were invited to bid on projects, learn about the program, and learn about the various certification opportunities including Section 3, Affirmative Action and the Vendor Outreach Program. This was done through a partnership with the Minnesota Multicultural Media Consortium (MMMC), and a combination of web and print advertisements. Through these meetings a list of approximately 100 contractors was generated; those contractors now receive an email when new bidding opportunities arise. This approach has led to a significant increase in the number of Section 3 general and sub-contractors certified by the city, as well as several new certifications in the Vendor Outreach Program as well.

The message and marketing for home buyers required a different approach than that for contractors, along with a more specialized branding effort.

#### **Branding efforts**

In cooperation with a local advertising agency, a brand and logo for activities carried out under the Neighborhood Stabilization Program was developed. The Inspiring Communities campaign came out of a need to consolidate a message to the public about the activities taking place under ISP/NSP1/NSP2/NSP3 with the ultimate goal being to get vacant and foreclosed properties re-occupied. The initiative was designed with goals of selling single family homes, inspiring confidence in communities, spurring incremental changes that improve the daily lives of residents, and promoting the benefits of living in Saint Paul. The strategy included the development of a website ([www.stpaulcommunities.com](http://www.stpaulcommunities.com)), separate from the existing city site, aimed at potential buyers to display available homes, explain program requirements and the city's down payment assistance program. The intent is to develop yard signs for those properties under rehab or on the market to clearly identify properties that are energy efficient, have low maintenance costs and are an excellent value for the buyer and an asset to the neighborhood. In addition, the city will be doing a press release to help get the information out to a wider audience. The city currently manages a contract with the Minnesota Multicultural Media Consortium (through an ISP2 community engagement grant) and will be using this contract to reach populations that may be more likely to read a neighborhood or cultural newspaper rather than the Star Tribune or Pioneer Press. Listing agents currently working with the city have developed their own outreach techniques that include presentations to other real estate offices, social media, fliers, open houses and word-of-mouth. One rehabilitated property was featured on the Minneapolis-Saint Paul Home Tour on April 30 and May 1, which generated a significant amount of traffic and resulted in a qualified offer.

Project staff will continue the marketing and sales efforts by maintaining the Inspiring Communities website and working with real estate agents to effectively market available properties and promote living in Saint Paul neighborhoods.

#### **Hiring Real Estate Brokers through the RFP for Professional Real Estate Services**

It was determined by Planning and Economic Development (PED) and Contract & Analysis Services (CAS) staff that doing a RFP would be the best way to solicit proposals from a variety of real estate brokers, and that using a master contract would allow us some flexibility relative to which broker is selected to work where and when. In cooperation with CAS, an RFP was drafted and was released on July 19, 2010, it was followed by a press release on July 26, 2010.

CAS received 12 responses and, according to the criteria in the RFP, 6 were selected. All proposals were scored based on their approach to marketing; qualifications of sales team members and areas of expertise relative to geography, working with home buyers from diverse economic statuses and those who may be unfamiliar with the process of buying a home, and references; their approach to reducing language barriers; and their fee structure/costs. There was a total of 80 points associated with the aforementioned criteria, as well as an additional 20 points if the broker was Section 3 certified. Three PED staff members reviewed and scored all 12 proposals, the scores were averaged, and any broker scoring 68 points or more was automatically accepted. Those scoring between 60 and 68 points were interviewed, and those scoring below 60 were not selected.

Five of the six brokers who were accepted through the RFP process have successfully executed a contract, one sales team is Section 3 certified. Brokers have been and will be assigned properties primarily based on geographic areas of specialty as noted in their proposal.

Staff meets with brokers at the time the initial listing is offered to give background information on the Invest Saint Paul and Neighborhood Stabilization Programs. A PowerPoint that was presented to CDCs and community members in the summer of 2010 is used as the outline for the discussion in order to give the sales team a comprehensive view of what Saint Paul is doing, will do, and has done to address the issues of vacancy and foreclosure in Saint Paul neighborhoods. The presentation sums up the city's response to the issue, its role in securing and administering Federal stimulus grant money and the activities that are either directly or indirectly related to those grants, as well as the work being undertaken by our partners in the community to address the same or similar issues.

#### **Property Sales**

As a matter of city policy, the sale of each home is contingent on there being a public hearing before the Housing and Redevelopment Authority (HRA). The hearing is required by the HRA disposition policy and is not an opportunity to determine buyer acceptance or eligibility. The timing of the sale process, from the acceptance of the offer to closing, will fall within the 30 to 60 day market standard.

#### **Fair Marketing Requirements**

City of Saint Paul staff have followed the Department of Housing and Urban Development's Fair Housing Advertising policy (Part 109) and fair marketing practices. The Equal Housing Opportunity logo appears on the Inspiring Communities website, where homes are being offered for sale, and properties are being marketed without using terms that indicate a preference in regards to race, color, religion, sex, handicap, familial status, or national origin. In addition, the real estate brokers assigned to listings are required by their contract to employ fair marketing strategies. To date, those strategies have included door-knocking, posting fliers, speaking at real estate offices or events, listing the property on the Multiple Listing Service (MLS), using social and electronic media, and web and print advertising.

**Neighborhood Stabilization Program**  
**Homebuyer Assistance Incentive Program**  
**PROGRAM GUIDELINES**  
June 6, 2013

**Program Administrator**

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Housing and Redevelopment Authority of the City of Saint Paul, Minnesota ("HRA").

**Program Overview**

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All funds will be in the form of a five (5) year forgivable loan and will be recorded subordinate to primary financing. The program funds will be used for mortgage affordability enhancements or principal reductions in the form of a deferred mortgage, creating an affordability incentive for prospective homebuyers to purchase and occupy homes that have been fully rehabilitated under the Neighborhood Stabilization Program (NSP). The loan will be forgiven at a rate of 20% each year beginning from the date of closing. If the property is sold within five (5) years, then the remaining assistance is to be repaid to the HRA. The maximum amount of assistance is \$5,000 per property.

**Loan Pool**

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\$ 1,000,000

**Property Eligibility**

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Geographical Restrictions: Property must be located within the designated NSP areas in Saint Paul, MN.

Property Type: Property must have been rehabilitated by the HRA or private developer who purchased the property from the HRA, with NSP funds. Property must be residential 1 to 2-units that comply with zoning and code requirements. For 2-unit properties, one unit must be owner occupied.

**Borrower Eligibility**

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Owner Occupancy: Buyers must occupy the property as their principal residence for at least five (5) years from date of closing. Buyer must homestead the property.

First Time Home Buyer: Not required. Buyer can have previously owned a home.

Timing of Purchase: Home must be purchased and closed on or before December 31, 2013.

**Education Requirement:** Any home buyer under this Program shall be required to attend and complete an eight (8) hour pre-purchase homebuyer education program provided by a NSP and HUD approved Counseling Agency, prior to and within twelve months of closing. For more information, and a link to approved agencies visit: <http://www.hocmn.org>.

**Borrower Contribution:** Borrower must contribute from Borrower’s own funds to the acquisition of the property a minimum of one percent (1%) of the purchase price. These funds cannot be borrowed or granted funds from public or private sources. This is a seller/program required contribution.

**Note:** When the HRA is the seller, the HRA *cannot* contribute to the minimum lender-required investment. For example, on FHA loans this amount is typically 3.5% of the purchase price, which will need to come from either the borrower or another FHA approved source (City Living, MHFA, etc.). *This is an FHA regulation: [12 U.S.C 1709(b)(9)].*

**Household Income Limit:** 120% of area median income as defined by the Department of Housing and Urban Development (“HUD”)(chart attached) as of date of closing. Note: *total gross* household income is used in the calculation.

**Loan Product Description**

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**Loan Amount:** At or below 80% AMI: \$5,000  
 Above 80% and at or below 120% AMI: \$2,500

**Interest Rate:** 0%

**Term:** Five (5) years of continuous ownership and residency from date of closing. Upon satisfaction of this term, the loan will be forgiven.

**Housing ratio:** 31-38% of gross household income for principal, interest, taxes and insurance (“PITI”).

**Eligible Use of Funds:** Affordability gap or principal reduction, thereby reducing the amount of the first mortgage. Funds may also be used to augment a borrower’s down payment for anything over and above the lending program’s minimum required investment. (See Borrower Contribution for restrictions related to down payment assistance).

Loan Security: Loans will be evidenced by a promissory note and secured in the name of the HRA by a mortgage filed against the property.

## **Other General Conditions and Procedures**

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Application Process: Applicant's lender must contact the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota ("HRA") following submission of the purchase offer and at least 30 days prior to the closing of the property. Materials required include but are not limited to:

- Copy of executed purchase agreement
- Preliminary Income Calculation Worksheet
- Income documentation in accordance with the *Neighborhood Stabilization Program Income Verification and Documentation Policy for the Purchase of Property Rehabilitated by the City of Saint Paul Housing and Redevelopment Authority* (see [www.stpaulcommunities.com](http://www.stpaulcommunities.com))

Conditions: Prior to closing the applicant or their lender must submit to the HRA:

- Lender letter of acceptance to acknowledge approval of NSP funds
- Lender to provide updated Good Faith Estimate, Truth in Lending, and final application to show NSP funds and NO cash back to buyer, no exceptions.
- Homebuyer education certificate from an approved counseling agency required for all homebuyers dated within 12 months of closing
- Copy of title commitment
- Copy of appraisal
- Date of closing, name and contact information of closer (Lender's closer or title company closer).
- The HRA must be listed as an additional insured party on the borrower's homeowners insurance binder

*These program guidelines may be amended, modified or terminated from time to time and without notice by the HRA.*