

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

REPORT TO THE COMMISSIONERS

DATE: May 14, 2014

**REGARDING: APPROVAL OF APPLICATION TO THE FEDERAL HOME LOAN
BANK OF DES MOINES FOR HOMEBUYER AFFORDABILITY
GAP ASSISTANCE**

Requested Board Action

Approve an application to the Federal Home Loan Bank of Des Moines for Homebuyer Affordability Gap Assistance.

Background

On July 24, 2013 the Saint Paul Housing and Redevelopment Authority (HRA) approved a Disposition Work Plan and Budget (DWPB) for property owned by the HRA (Resolution 13-1097). The DWPB identified a three year budget and work plan that sought to focus subsidy within geographically defined cluster areas and to address property with funding obligations. A component of the DWPB included providing ongoing funding for a homebuyer downpayment assistance program. The requested HRA Board action is to approve a funding application to the Federal Home Loan Bank that, if approved, will provide \$90,000 of homebuyer downpayment assistance to ten units of housing created through the DWPB. \$8,000 of assistance would be provided to borrowers at or below 60% of area median income and \$12,000 of assistance would be provided to borrowers at or below 50% of area median income. The ten units will need to be completed and sold within three years of receiving the funding award.

The FHLB application is due on May 15th, 2014. Funding notification from the FHLB will be in November 2014. If funded, the HRA would make the FHLB funds available for all properties awarded in the 2014 Inspiring Communities RFP cycle and for each subsequent Inspiring Communities RFP cycle until the FHLB funds are expended.

Budget Action

There is no budget action at this time.

Future Action

If awarded, the HRA Board will need to take action to amend the DWPB budget to reflect receipt of the funds from the Federal Home Loan Bank

Financing Structure

If funds are awarded through the FHLB application, they will be used to finance homebuyers of property financed through the DWPB and the Inspiring Communities program. Homebuyers at 50% of area median income will be eligible for \$12,000 of FHLB assistance and homebuyers at 60% of area median income will be eligible for up to \$8,000 of FHLB assistance. Funds will be secured with a 0% interest note, which will be forgiven over a five-year affordability period, consistent with the homebuyer assistance program currently offered by the Inspiring Communities program (see **Attachment C**).

PED Credit Committee Review

The financing structure for the FHLB funds is the same as the financing structure approved in the Inspiring Communities Homebuyer Manual, which was approved by the Credit Committee on September 23, 2013.

Compliance

Because FHLB funds will finance properties created through the Inspiring Communities program, the following compliance requirements will apply to the projects:

- Vendor Outreach
- Section 3
- Affirmative Action
- Saint Paul/HRA Sustainability Initiative
- HRA Two-Bid Policy

Green/Sustainable Development

Because FHLB funds will finance properties created through the Inspiring Communities program, the projects will comply with the Saint Paul/HRA Sustainability Initiative and will be required to certify through Enterprise Green Communities, which is consistent with the HRA-approved design guidelines for the Inspiring Communities program (Resolution 13-1592).

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

The FHLB application is consistent with the comprehensive and neighborhood plan documents originally described in the July 24th, 2013 board report for the DWPB. They are attached for reference as **Attachment B**.

Recommendation:

The Executive Director recommends approval of this board action pursuant to the attached resolution.

Sponsored by: Commissioner Brendmoen

Staff: Roxanne Young 651-266-6581

Attachments

- **Attachment A -- Resolution**
- **Attachment B – Comprehensive Plan Conformance**
- **Attachment C – Current Homebuyer Assistance Policy**