

## **Small Rental Rehab Loan Program**

Draft concept

August 2017

### Source

- \$750,000 proposed from the HRA Loan Enterprise Fund

### Statement of Need

- Approximately 100 single family/duplex rental dwellings in Saint Paul are categorized as Class D by the Department of Safety and Inspections and inspected annually
- The vast majority of these are located in areas of the city with high concentrations of people of color with very low incomes\*
- While these properties need investment and often have health and safety issues, it can be difficult to pay for needed improvements without raising the rents, and rent increases could result in further cost burden to tenants or displacement
- Currently there is no City or State funding to help improve the blighted condition of rental homes.

### Proposal

- Partnership with DSI and neighborhood organizations to finance needed investments in single family and duplex rental housing
- Loans of up to \$30,000 at 0% interest for needed improvements to Class D properties within ACP50 areas
- Landlord match required of at least 20% of the loan amount
- Loans will be incrementally forgiven (10% each year) for each year the property remains clear of code-enforcement orders AND 1) the property rents are maintained at or below Fair Market Rent, 2) the landlord accepts tenants with Section 8 vouchers, OR 3) the property is occupied by tenants earning less than 60% Area Median Income

### Marketing and decision making

- Offered on a pipeline basis reviewed and approved by PED staff
- Deployed in coordination with DSI and neighborhood groups

\* ACP50 areas are defined by the Metropolitan Council as areas where at least 50% of the residents are people of color and at least 40% have family incomes less than 185% of the federal poverty threshold. In 2016, the federal poverty threshold is \$24,036 for a family of four. Therefore at least 40% of the families living in designated ACP50 areas have an income less than \$44,467.

## **Job Opportunity Fund**

Draft concept

August 2017

### Source

- Seeded with \$2 million from the Penfield sale proceeds

### Draft Guidelines

- Targeted to business investment with job creation in areas of concentrated poverty where 50% or more of residents are people of color (ACP50 areas designated by the Metropolitan Council)
- Loan funds tied to job creation – up to \$35,000 per job
- 70-30 mix of loan-grant, to maximize funds revolving back for future investment and to provide a meaningful incentive to bring new jobs to an ACP50 area
- Priority for projects that provide a match, leveraging private investment
- Ask for businesses to post all jobs with community workforce development partners and to report annually on employee place of residence

### Marketing and decision making

- Offered on a pipeline basis reviewed and approved by PED staff rather than a competitive RFP
- Deployed in coordination with the GreaterMSP Center Cities initiative
- Aggressively marketed through community development corporations, business associations, staff business visits, elected officials and on our website