

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

REPORT TO THE COMMISSIONERS

DATE: MAY 22, 2019

REGARDING: APPROVAL OF GUIDELINES FOR HOUSING TRUST FUND
ALLOCATIONS SUPPORTING COMMUNITY LAND TRUSTS AND
INITIAL FUNDING ALLOCATION

Requested Board Action

1. Approval of the Guidelines for the Housing Trust Fund Allocations Supporting Community Land Trusts (the “Guidelines”).
2. Approval of \$1,000,000.00 of the Housing Trust Fund to be allocated to Community Land Trust activity.

Background

The City’s Housing Trust Fund will be capitalized with \$10,000,000, and supported with a \$2,000,000 ongoing annual investment. These resources, combined with existing city and federal resources are anticipated to top \$71 million over three years. The Housing Trust Fund will support housing affordability and wealth building through various initiatives including support for homeownership units created under the Community Land Trust (CLT) model.

Staff has developed the attached Guidelines with the purpose of creating dedicated affordable homeownership units citywide. Staff will rely upon these Guidelines when publicizing opportunities for developers to access Housing Trust Fund resources for CLT activity and subsequently entering into agreements supporting CLT activity.

Eligibility requirements are defined in the attached Guidelines. When using Housing Trust Fund resources, CLTs will meet the following among other criteria:

- Be a nonprofit organization with a CLT program.

- Demonstrate capacity to operate a community land trust long term, either individually or through partnership with other established land trusts with demonstrated long-term capacity.
- Demonstrate commitment to the HRA's equity goals.
- Preference in sale and resale of assisted units must be granted to households under 60 percent of area median income (AMI).
- In no case may sale or resale be made to households with incomes exceeding 80 percent AMI.
- Households purchasing CLT units must have limited assets and must not be current owners of the property.

Budget Action: The attached City of Saint Paul Financial Analysis amends the 2019 HRA budget.

Future Action: Staff will seek HRA approval prior to entering into funding agreements.

PED Credit Committee Review

N/A

Compliance

The following compliance requirements may apply to individual projects funded in accordance with the Guidelines:

Vendor Outreach Program, Two-bid Policy, Living Wage.

Green/Sustainable Development

The following compliance requirements may apply to individual projects funded in accordance with the Guidelines:

Saint Paul Sustainable Development Policy or Saint Paul/HRA Sustainability Initiative.

Environmental Impact Disclosure

An environmental assessment will be completed for each project if required.

Historic Preservation

A historic preservation review will be completed for each project if required.

Public Purpose/Comprehensive Plan Conformance

The Guidelines and requested allocation meet objectives of the Housing Plan, adopted as part of the City's Comprehensive Plan, Section 6.0, Strategy 2: Preserve and Promote Established Neighborhoods and Strategy 3: Ensure Availability of Affordable Housing. More specifically, the Housing Plan recommends support for nontraditional ownership models, including land trusts. It further describes the challenges of an aging housing stock and highlights housing rehabilitation – accommodated in the Guidelines and supported in this requested allocation - as a top-three priority. The Housing Plan also notes the need to address economic distress at a household level; community land trusts provide pre-purchase homeownership education, as well as subsidies, to make homeownership more affordable and sustainable. In providing ongoing support to households, community land trusts are primed to assist and intervene when households experience challenges working with their mortgage servicers or identifying home maintenance needs. Finally, the Housing Plan recommends both encouraging acquisition of privately-owned affordable housing and land for affordable housing by land trusts to protect it from upward pressure on prices and rents and production of new affordable units. These Guidelines and requested allocation, respectively, accommodate and support both activities.

Recommendation:

The HRA's Executive Director recommends approval of the Guidelines for the Affordable Housing Trust Fund Allocation Supporting Community Land Trusts and allocation of \$1,000,000.00 to CLT activity.

Sponsored by: HRA Chair Tolbert

Staff: Nick Boettcher 651-266-6094

Attachments

- Financial Analysis
- Guidelines