

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

REPORT TO THE COMMISSIONERS

DATE: JUNE 24, 2020

**REGARDING: APPROVAL FOR THE HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ST PAUL TO PARTICIPATE IN THE MINNESOTA
HOUSING FINANCE AGENCY COMMUNITY HOMEOWNERSHIP
IMPACT FUND AND ACCEPT A GRANT FOR \$1,025,000 FOR THE ST
PAUL DOWNPAYMENT ASSISTANCE PROGRAM**

Requested Board Action

1. Approval of the Housing and Redevelopment Authority of the City of St Paul (HRA) to participate in the Minnesota Housing Finance Agency Community Homeownership Impact Fund program.
2. Accepting a grant in the amount of \$1,025,000 from Minnesota Housing to provide deferred loans to end buyers for the Downpayment Assistance program.

Background

In June 2019, the HRA applied to the Minnesota Housing Finance Agency's Community Homeownership Impact Fund (MHFA Impact Fund) program for \$1,000,000 intended to be matched with City Housing Trust Fund (HTF) dollars for a downpayment assistance program in targeted geographic areas. The HRA received an award notice of \$1,025,000 from MHFA in December of 2019.

At the time of the MHFA Impact Fund application, the HRA identified a target area shown in blue on the attached map. Staff later requested that Minnesota Housing approve the HRA's request to expand the target areas shown in purple as Areas added in Proposed Program Eligibility Area based on further analysis of need, and was granted this expansion. The now-approved target area is the combined blue and purple areas shown on the attached map.

At its November 13, 2019 Board Meeting, the HRA allocated \$1,500,000 of the Housing Trust Fund (HTF) to the Downpayment Assistance Program. The HRA also approved the Downpayment Assistance Program Guidelines at that time.

Budget Action

The attached Financial Analysis amends the 2020 HRA budget to accept the grant from MHFA of \$1,025,000 for a Downpayment Assistance Program.

Future Action

None

Financing Structure

The \$1,025,000 MHFA Impact Funds will be used as follows:

\$1,000,000 for deferred 0% downpayment assistance loans with a maximum loan of \$20,000 per household/buyer. MHFA reimburses the HRA for each of the loans made after closing on the purchase of the home.

\$25,000 for Administrative Fee to the HRA. HRA will receive \$500 per loan closed as part of the reimbursement request.

PED Credit Committee Review

At its September 24, 2019 meeting, the Planning and Economic Development (“PED”)’s Credit Committee voted to approve origination of loans consistent with these Guidelines and with a risk rating of “Vulnerable.”

Compliance

Minnesota Housing requires household demographic forms for each household/buyer after closing and annual reporting of progress on the grant award.

Green/Sustainable Development

Not Applicable

Environmental Impact Disclosure

Not Applicable

Historic Preservation

Not Applicable

Public Purpose/Comprehensive Plan Conformance:

The Guidelines and funding award meet objectives of the Housing Plan, adopted as part of the City's 2030 Comprehensive Plan (still in effect), Section 6.0, Strategy 2: Preserve and Promote Established Neighborhoods and Strategy 3: Ensure Availability of Affordable Housing. More specifically, the Housing Plan recommends engaging in mortgage and personal finance education in the community, marketing programs to new homebuyers and expanding housing choices for seniors.

Recommendation: The HRA's Interim Executive Director recommends approval for participation in the Minnesota Housing Finance Agency Community Homeowners Impact Fund program and acceptance of the \$1,025,000 to fund the Saint Paul HRA Downpayment Assistance Program.

Sponsored by: HRA Chair Tolbert

Staff: Michelle Vojacek 651.266.6599

Attachments

- **Financial Analysis**
- **Combined Map: Original Eligibility Area and Proposed Eligibility Area**
- **Downpayment Assistance Program Guidelines**