

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

REPORT TO THE COMMISSIONERS

DATE: MARCH 12, 2025

**REGARDING: AMENDING THE AFFORDABILITY REQUIREMENT FOR BUYERS OF
OWNER-OCCUPIED DUPLEXES IN THE INSPIRING COMMUNITIES
PROGRAM, CITYWIDE**

Requested Board Action

Approval of an amendment to the Inspiring Communities Homeownership Program Manual regarding income limits of owner-occupied duplex buyers.

Background

On July 13, 2022, by Resolution 22-1072, the Housing and Redevelopment Authority of the City of Saint Paul (“the HRA”) approved key terms of the Inspiring Communities Program (“IC”), which were then memorialized in an updated Inspiring Communities Homeownership Program Manual. These terms are guiding the implementation of current IC projects that originated in Request for Proposals #7. One such key term defines income limits of buyers. Per the above referenced Resolution, all buyers of IC properties must have a household income at or below 80% of the Area Median Income (“AMI”).

Because of significant changes in mortgage interest rates, as well as an increase in market values of homes in the IC neighborhoods, the calculations for affordability, especially owner-occupied duplexes, has evolved. The down payment assistance (“DPA”) offered through the IC program is insufficient to lift most 80% AMI buyers to afford these duplexes. Affordability analysis shows that only a very small specific band of potential buyers could make this work. It requires a balance of larger family size, income up to the maximum allowed by the IC program, access to significant cash downpayment, and little personal debt. Therefore, Staff recommends the IC affordability requirement be amended to allow owner-occupied duplex owners’ household incomes to be up to 115% AMI as defined by Minnesota Housing Finance Agency’s Community Homeownership Impact Fund guidelines.

Budget Action

No budget action is necessary. This amendment will allow for a wider range of potential buyers to afford these owner-occupied duplexes without the need for HRA to increase the amount of DPA offered.

Future Action

The Inspiring Communities Homeownership Program Manual will be modified to reflect this change. There are two IC duplexes currently actively listed and another two are under construction. This change will positively affect the marketing and saleability of these four properties.

Recommendation:

Staff recommends that the allowed income of owner-occupied duplexes in the IC program be increased to 115% as defined by Minnesota Housing Finance Agency's Community Homeownership Impact Fund guidelines.

Sponsored by: HRA Board Chair Johnson

Staff: Joe Musolf, 651-266-6594

Attachments

- **Resolution**