

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

REPORT TO THE COMMISSIONERS

DATE: DECEMBER 11, 2024

**REGARDING: APPROVAL OF AMENDED GUIDELINES FOR THE
DOWNPAYMENT ASSISTANCE PROGRAM AND THE
HOMEOWNER REHABILITATION PROGRAM**

Requested Board Action

Approval of the amended Saint Paul Housing and Redevelopment Authority ("HRA") Downpayment Assistance Program guidelines and Homeowner Rehabilitation Program guidelines.

Background

The Downpayment Assistance Program ("DPA") guidelines and the Homeowner Rehab program guidelines were both amended in 2023 with the creation of the Inheritance Fund along with additional updates to both programs at that time to support housing affordability and wealth building for low- to moderate-income households. Since early 2023, the DPA program has helped 37 households purchase a home in Saint Paul; and the homeowner rehab program has provided a total of 60 loans for home repairs to low- and moderate-income households. A total of 17 Inheritance Fund borrowers have received either DPA assistance or homeowner rehab assistance.

At this time, staff recommend amendments to the Downpayment Assistance Program (DPA) and Homeowner Rehab Program guidelines as follows:

- Add a new Inheritance Fund **Generational Wealth** geographic area for both the DPA program and the Homeowner Rehab program defined as the West Side Flats displacement area. The definition of this area is based on the "Flats to the Future" reported as completed by the West Side Community Organization (WSCO) in partnership with a consultant, Research in Action. Applicants seeking homeowner rehab assistance or DPA assistance who are directly descended from property owners in the West Side Flats displacement area whose homes were acquired for the construction of an industrial park will be eligible to apply for the Inheritance Fund layers of assistance under both programs.
- Add a new Inheritance Fund **Community Wealth** geographic area for both the DPA program and the Homeowner Rehab program defined as the West Side Planning District 3. West Side Flats Inheritance Fund applicants who purchase a home within this geography will be eligible to apply for this additional layer of funding
- Amend the Downpayment Assistance Program guidelines to
 - Require a pre-approval from a first mortgage lender as well as borrower income information when applying
 - Reduce regular DPA reservations from 180 days to 90 days, which better aligns with average timelines for DPA programs in Minnesota
 - Extensions of 90 days (180 days total reservation) will be granted to Inheritance Fund recipients who indicate interest in buying a home in

historic Rondo or on the West Side (Planning District 3), recognizing that inventory may be limited if a buyer is attempting to find a home in a specific geographic area

- Amend the Homeowner Rehab Program guidelines to
 - Reflect the standard practice of verifying homeowners' insurance as part of the due diligence process for every loan
 - Increase the minimum loan size for all loan types to \$5,000, recognizing that very small homeowner rehab loan requests are very staff intensive relative to loan size
 - Revise the forgiveness schedule for Homeowner Rehab loans to ensure compliance with federal CDBG dollars and to ensure consistency between the guidelines and current program procedures. The language of this change states that Homeowner Rehab loans are forgiven over 15 years with no forgiveness in years 1-5; and 1/10 forgiveness each year for years 6-15
- Additional clerical updates and additions of clarifying information throughout both the Downpayment Assistance and Homeowner Rehab Program guidelines

Budget Action

None.

Future Action

Staff have previously applied for Minnesota Housing's Impact Fund in July 2024; if funds are received staff will take action to accept funds in support of Downpayment Assistance (DPA) and Homeowner Rehab work.

PED Credit Committee Review

The PED Credit Committee discussed updates to the Program Guidelines for both the Downpayment Assistance and Homeowner Rehab programs on November 26, 2024.

Compliance

- Limited English Proficiency (LEP) applies to both programs.
- The Two Bid rule applies to the homeowner rehab program.
- There are no additional compliance requirements that apply to the DPA program.

Green/Sustainable Development

Not applicable.

Environmental Impact Disclosure

Not applicable.

Historic Preservation

Not applicable.

Public Purpose/Comprehensive Plan Conformance

The guidelines meet objectives of the Housing Plan, adopted as part of the City's 2030 Comprehensive Plan, Section 6.0, Strategy 2: Preserve and Promote Established Neighborhoods and Strategy 3: Ensure Availability of Affordable Housing.

Recommendation:

The Executive Director recommends approval of the recommended amendments to the Downpayment Assistance Program Guidelines and the Homeowner Rehab Program Guidelines.

Sponsored by: Rebecca Noecker

Staff: Dean Porter-Nelson, 651-266-6652

Attachments:

- Downpayment Assistance Program Guidelines 2024 – Proposed Changes
- Downpayment Assistance Program Guidelines 2024 – Proposed Clean Copy
- Homeowner Rehab Program Guidelines 2024 – Proposed Changes
- Homeowner Rehab Program Guidelines 2024 – Proposed Clean Copy