

# Downpayment & Home Rehab Assistance

## Programs Overview



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# Housing Assistance Programs – 2024 Timelines

## Rental Property Owner Programs

- **4d Property Tax:** next round anticipated 10/2024 – 1/2025. Property owners who want to apply for the program should review the requirements and plan on submitting an application this fall.
- **Rental Rehab:** intake forms accepted until 5/13. After 5/13 staff will review each intake form and will ask eligible borrowers/projects to submit a full application.
- **Naturally Occurring Affordable Housing (NOAH) Loan Fund:** application process closed on 4/29. Staff received 6 NOAH acquisition proposals and we are still reviewing them. Staff will provide periodic updates throughout the process and will report back on successful acquisitions at an HRA board meeting in the future.

## Homeownership Assistance Programs

- **Homeowner Rehab:** program is closed to applications, except for emergency home rehab (immediate life safety issues). Working through waitlist, actively closing loans each week with homeowners that have selected contractor bids for their project.
- **Downpayment Assistance:** program is closed to applications. Working through waitlist, actively closing loans each week with homebuyers as they come off the waitlist and find homes to purchase



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[Stpaul.gov/dpa](http://Stpaul.gov/dpa)

# Downpayment Assistance Program (DPA)





## Program Goals & Overview

### Downpayment Assistance Matters!

- Deepen & expand homeownership opportunities to people with lower incomes
- Builds household wealth
- Helps address the racial homeownership gap in Saint Paul
- *Inheritance Fund DPA Layers* offer additional DPA to property owners directly impacted by the construction of I-94, helping to rebuild lost community & household wealth



**Funding source: Housing Trust Fund (most recent allocation was \$2 million in 2023)**





## DPA Loan Terms

**Uses:** downpayment, closing costs, home inspections

**Interest:** 0%

**Term:** 15 years (forgiven at amortized rate of 1/15th annually)

**Repayment:** no repayment is due until the borrower sells, transfers title or no longer lives in home. Fully forgiven if the homeowner remains in the home for the full 15 years.





## Program Requirements

Borrower	Property
Be mortgage ready to obtain preapproval from a lender	Located in the City of Saint Paul
Provide current month's income and bank/investment account statements for all household members along with tax returns, W2s and 1099 tax forms	Residential one-to-two-unit occupancy
Housing to Income Ratio: Minimum 25% & Maximum 50% (waived for Inheritance Fund Layers)	Individual condominium, townhome and Co-op units are eligible
Contribute a minimum of \$1,000 of their own cash funds (waived for Inheritance Fund Layers)	For two-unit (duplex) properties: 1 unit owner occupied & Landlord 101 Certification with Saint Paul DSI must be completed
Complete/receive homebuyer's counseling certificate from a HUD approved Agency	





## Program Layers

### 2023 HUD Income Guidelines

Household Size	80% AMI	100% AMI
1	\$66,300	\$87,000
2	\$75,750	\$99,400
3	\$85,200	\$111,800
4	\$94,650	\$124,200
5	\$102,250	\$134,200
6	\$109,800	\$144,100
7	\$117,400	\$154,100
8	\$124,950	\$164,000

\*AMI (Area Median Income)

DPA Layer	Eligibility	Max Award
Regular	<ul style="list-style-type: none"> <li>□ Earn 80% AMI or less</li> <li>□ Under asset limit of \$25,000 (Excludes retirement accounts)</li> </ul>	\$40,000
First Generation Homebuyer	<ul style="list-style-type: none"> <li>□ Earn 80% AMI or less</li> <li>□ Under asset limit of \$25,000 (Excludes retirement accounts)</li> <li>□ Have never owned a home</li> <li>□ Parents have never owned a home or lost the home to foreclosure</li> </ul>	\$10,000
Inheritance Fund – Generational Wealth	<ul style="list-style-type: none"> <li>□ Earn 100% AMI or less</li> <li>□ Be a direct descendant of a property owner whose land was taken for I94</li> </ul>	\$50,000
Inheritance Fund - Community Wealth	<ul style="list-style-type: none"> <li>□ Earn 100% AMI or less</li> <li>□ Be a direct descendant of a property owner whose land was taken for I94</li> <li>□ Purchase a home in historic Rondo</li> </ul>	\$10,000
Max Available		\$110,000



## Inheritance Fund

- In 2023, Mayor Carter shared his vision for rebuilding family wealth that was lost in Saint Paul's historic Rondo Neighborhood due to the construction of I-94 in 1956
- The Rondo neighborhood was a vibrant and resilient cross-section of Saint Paul, deeply rooted in community and connection
- The 12-year highway construction project decimated the footprint of the Rondo neighborhood, displaced over 600 families and laid to waste over \$100 million in community & household wealth
- The Inheritance Fund DPA layer directs additional DPA support to direct descendants of homeowners whose properties were taken for the construction of I-94, helping those households begin to rebuild wealth through homeownership



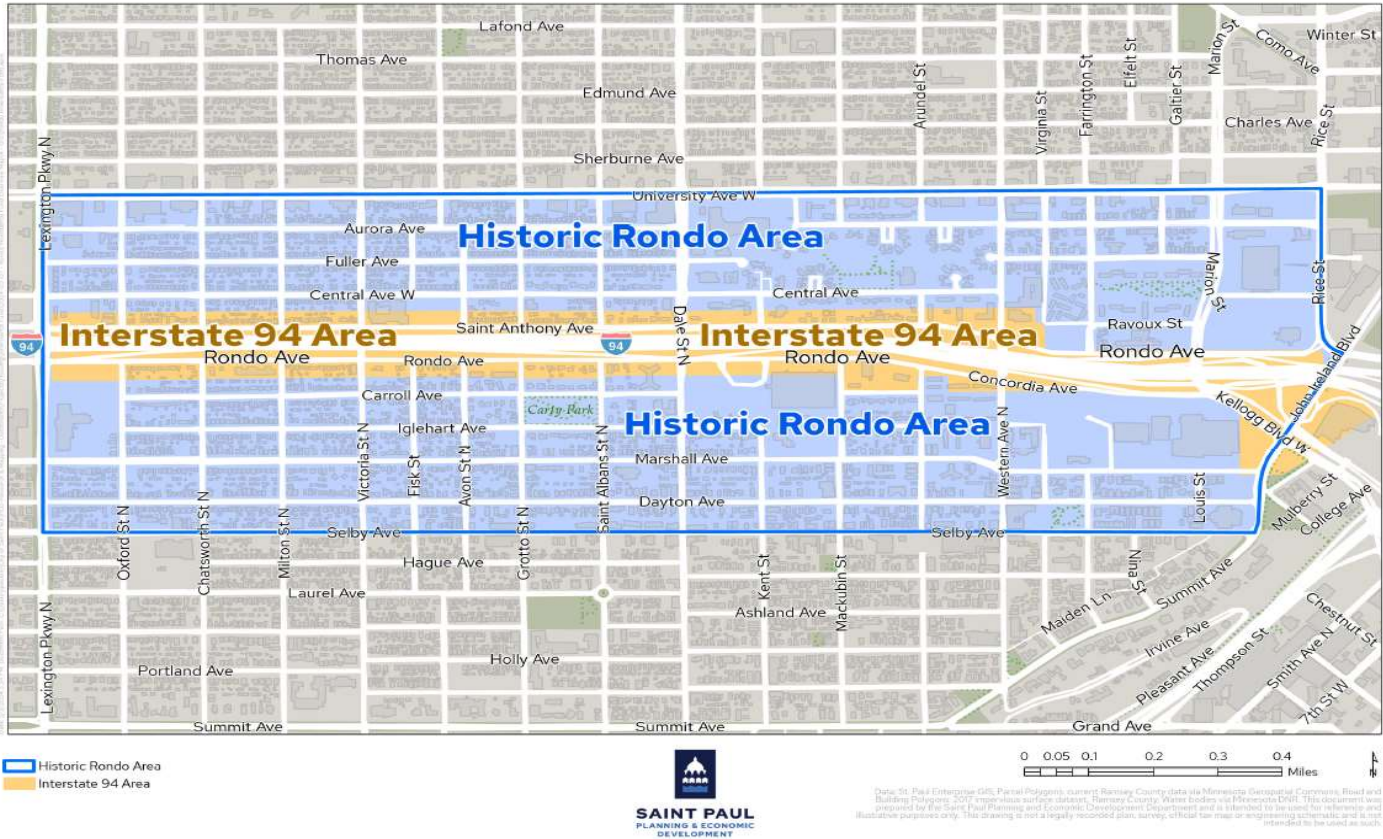
History in the making! First DPA Inheritance Fund closing in 2023





# Rondo Inheritance Fund - Eligibility Areas

March 2024



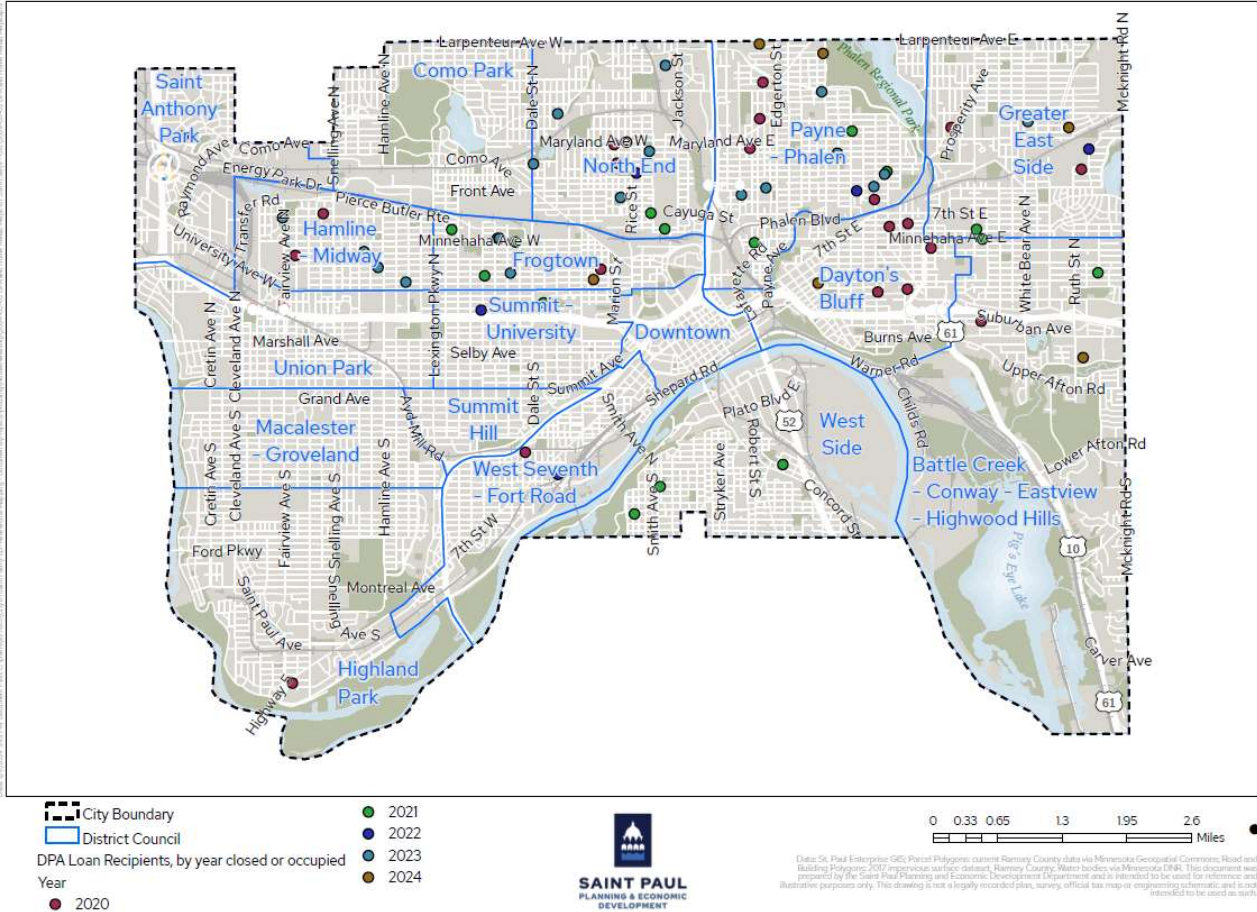
Direct descendants of property owners in the **I-94 impacted orange area** are eligible for additional Inheritance Fund (IF) layers of DPA or Home rehab assistance

If an IF recipient buys or rehabs a home in the larger **Historic Rondo area (blue)**, they receive a slightly higher award overall (\$10,000 more) for investing in community wealth.



Down Payment Assistance Program Loan Recipients, 2020 to April 2024

Monday, May 6, 2024







## Results 2023 – current

- **31 households received assistance utilizing in \$1.5M in DPA**
  - 22 Regular loans (\$800k, average loan of \$36k)
  - 9 Inheritance Fund loans (\$723K, average loan of \$80k)
- **13 households currently house hunting with \$1.05M (All remaining funds are reserved)**
- 150 households remain on waitlist

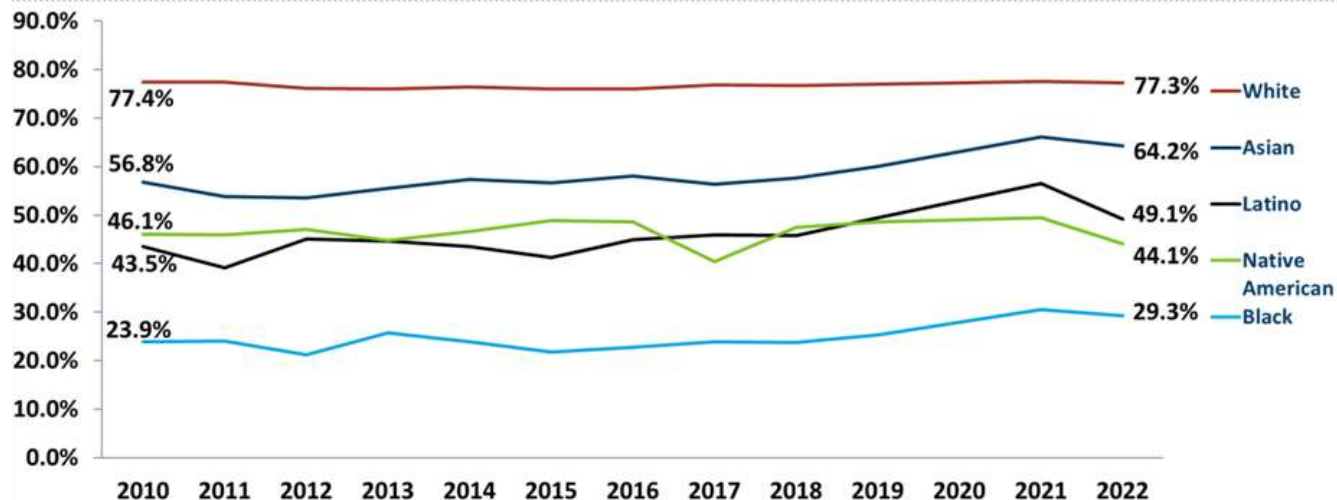
## Overall results since 2020

- DPA Program was approved in 2020
- 72 new homeowners have received a total of \$3.2 million in DPA
- Average DPA loan: \$44,000



# Addressing the racial homeownership gap

## Disparities in Homeownership Rates: Large and Persistent



Source: Minnesota Housing analysis of data from the Census Bureau's American Community Survey

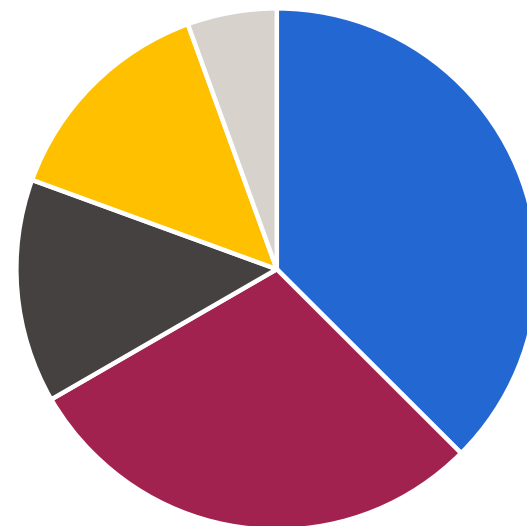
4/24/2024

mnhousing.gov

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*Figures demonstrate the persistence of the homeownership gap statewide, but show some improvements between 2010 and 2022*

## Saint Paul DPA Total Households Served: 72



■ Black: 38%

■ White: 29%

■ Asian: 14%

■ Hispanic/Latino: 14%

■ Other: 5%





**Contact Us:**

**[downpayment@stpaul.gov](mailto:downpayment@stpaul.gov)**

**Or**

**(651) 266-6585**





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[Stpaul.gov/rehab](http://Stpaul.gov/rehab)

# Homeowner Rehab Program (HRP)





## Program Goals & Overview

### Home Rehab Assistance Matters!

- Offers lower income homeowners access to home improvement and maintenance support
- Provides basic and necessary improvements for safety, habitability, energy efficiency, or accessibility
- Acts as a wealth building tool
- Inheritance Fund Home Rehab Layers offer additional levels of support to direct descendants of property owners directly impacted by the construction of I-94, helping to rebuild lost community & household wealth



**Funding source: \$725K annual CDBG (Community Development Block Grant) allocation of federal HUD funds. On 12/13/23, the HRA board approved \$500k from the HTF to support Home Rehab Projects.**





## HRP Loan Terms

**Interest:** 0%

**Term:** 15 year (loan is forgiven at an amortized rate of 1/15th annually)

**Repayment:** No repayment is due until the borrower sells, transfers title or no longer lives in home. Fully forgiven if the homeowner remains in the home for the full 15 years.





## Program Requirements

Homeowner	Property
All owner(s) are required to apply, unless: If another owner does not live in the property, document a different residence using a current utility bill or government issued license/ID	1-4 units, owner must be living in one of the units
Provide current three (3) month's income and bank/investment statements for all household members along with two (2) years tax returns/W2/1099	Detached homes, townhomes, condominiums (mobile homes are not allowed)
Obtain a home rehab loan once every 15 years, per property, per homeowner; subject to lifetime maximum borrowing (waived for Emergency Rehab)	Homestead (Ramsey County property taxes)
Credit report checks (no score required) – confirm mortgage and debts owed have sufficient credit history	Mortgage payments and property taxes must be current



# Program Layers

## 2023 HUD Income Guidelines

Household Size	80% AMI
1	\$66,300
2	\$75,750
3	\$85,200
4	\$94,650
5	\$102,250
6	\$109,800
7	\$117,400
8	\$124,950

HRP Layer	Eligibility	Max Award
<i>Regular</i>	<ul style="list-style-type: none"> <li>□ Earn 80% AMI or less</li> <li>□ Under asset limit of \$25,000 (Excludes retirement accounts)</li> </ul>	\$40,000
<i>Inheritance Fund – Generational Wealth</i>	<ul style="list-style-type: none"> <li>□ Earn 80% AMI or less</li> <li>□ Be a direct descendant of a property owner whose land was taken for I94</li> <li>□</li> </ul>	\$25,000
<i>Inheritance Fund - Community Wealth</i>	<ul style="list-style-type: none"> <li>□ Earn 80% AMI or less</li> <li>□ Be a direct descendant of a property owner whose land was taken for I94</li> <li>□ Property must be in historic Rondo</li> </ul>	\$15,000
<b>Max Available</b>		<b>\$80,000</b>
<b>**Emergency Rehab** (Case by Case)</b>	<ul style="list-style-type: none"> <li>□ Earn 80% AMI or less</li> <li>□ Under asset limit of \$25,000 (Excludes retirement accounts)</li> </ul>	\$40,000

\*AMI (Area Median Income)



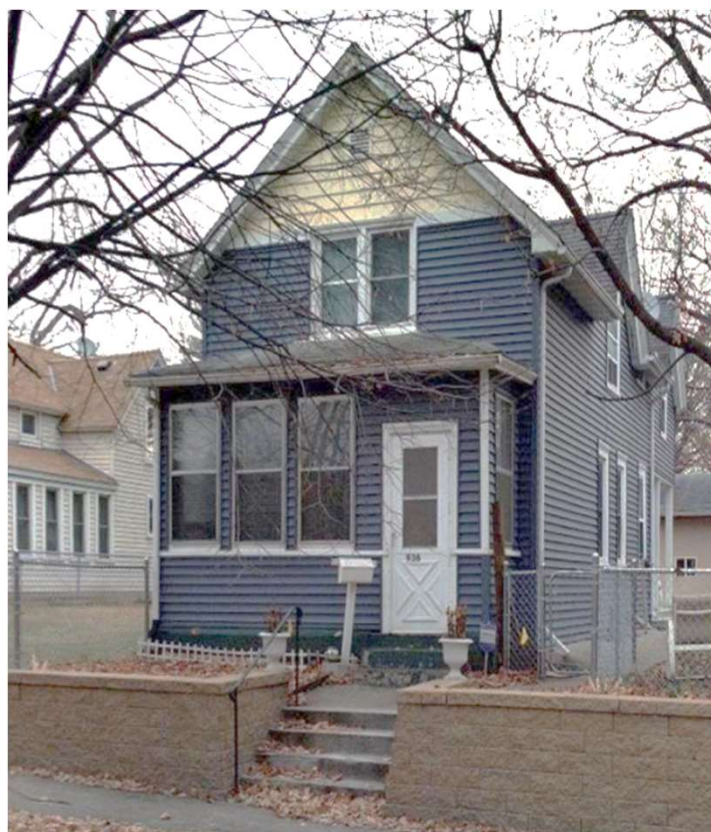


## Results from 2023 - current

- **48 households have closed on home rehab loans utilizing a total of \$1.6M**
  - 45 regular loans (\$1.4 million, average loan \$31,000)
  - 3 Inheritance Fund Loans (\$124,000, average loan of \$41,300)
  - Currently ~36 projects are complete, ~12 projects are in progress
- **8 additional households have reservations**
  - Working through a bidding process with contractors prior to closing on a loan
- \$130,000 in unreserved funds is still available for **emergency home rehab assistance only**
- 200 households are on the waitlist
- Note: the City has provided home rehab assistance to St. Paul homeowners for over 30 years. According to our records, Saint Paul home rehab programs have served at least 750 households during that time frame



**Before**



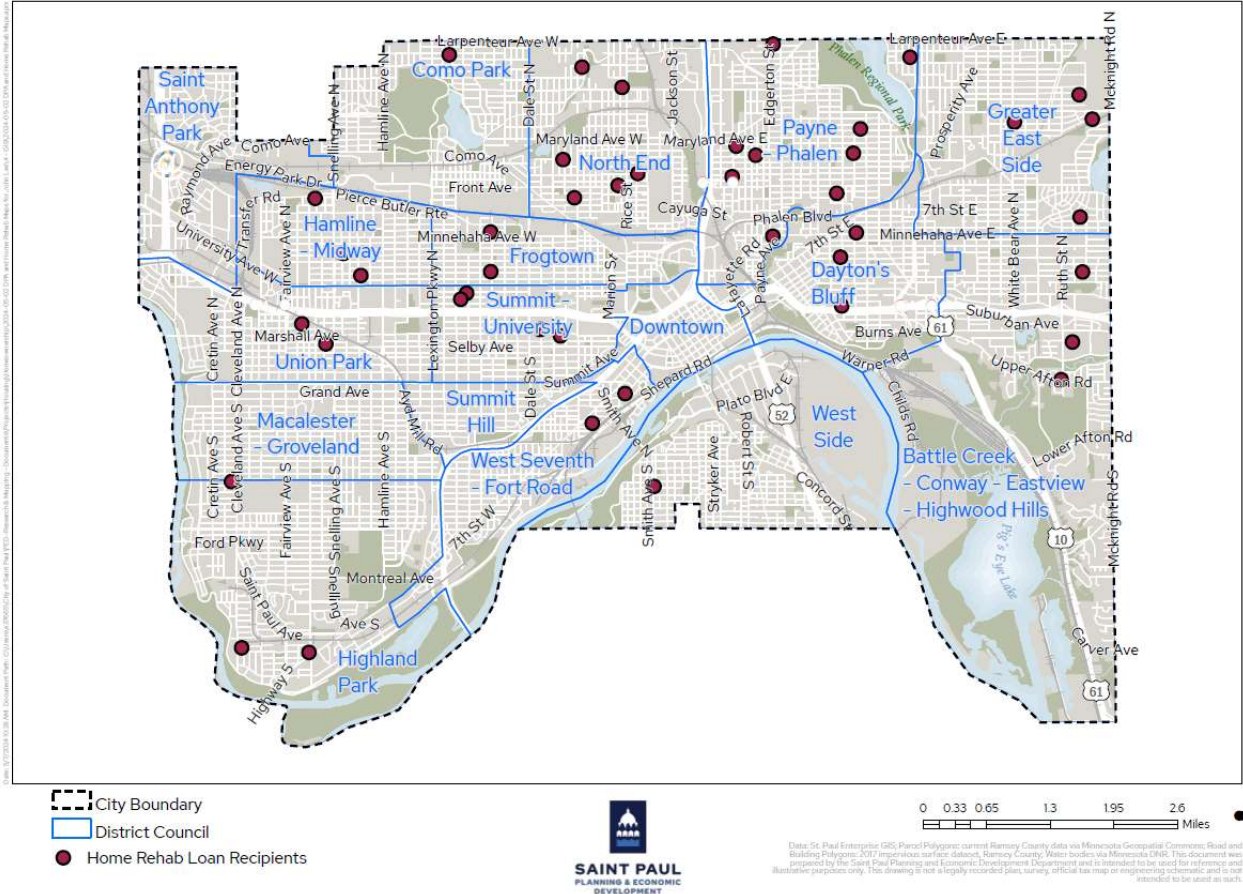
**After**

## **Example of a Homeowner Rehab Project**



Home Rehab Loan Recipients, 2023 to April 2024

Tuesday, May 7, 2024







## Potential changes to consider

Create a contractor suspension procedure so that we can temporarily and/or permanently terminate relationships with contractors with documented performance issues on City rehab loans

- Currently there is no process for contractor suspension, and staff are relying on an ad-hoc suspension procedure to address this occasional need



**Contact Us:**

**[PED-Homeloans@stpaul.gov](mailto:PED-Homeloans@stpaul.gov)**

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**(651) 266-6585**

