

Downpayment Assistance & Homeowner Rehab Program

Proposed Guideline Changes & 2024-2025 Implementation Timeline



Downpayment Assistance Results: 2023 - current

- **Waitlist Progress:**

- Original waitlist: 776 households as of March 2023
- Current waitlist: 0 households remaining, exhausted as of early October 2024 (program is currently still closed for applications)

- **Downpayment Assistance loans closed:**

- 37 total, with 3 reservations currently shopping
- 14 Inheritance Fund borrowers have closed (Rondo descendency), total \$1.163 million, average \$83,000 DPA
- 23 other DPA, including first generation borrowers have closed, total \$970,700 million, \$42,200 average DPA
- 10 First Generation borrowers total (including both Inheritance Fund & other borrowers)

- **Funds Balance:** \$2,133,700 spent (Living Cities Grant helped with \$310,000), \$200,000 reserved, \$570,236 remaining

Demographics

African American – 19 (51%)
Asian – 5 (14%)
Hispanic – 3 (8%)
White – 9 (24%)
Native American – 0 (0%)
Other Race/Ethnicity – 1 (3%)
No response – 3 (8%)
Female head of household – 15 (40%)

Other stats:

Average purchase price: \$233,849
Average Household size: 1.74
Average household income: \$66,756



Downpayment Assistance - Recommended Guideline Changes

- **Application process:**
 - Require pre-approval from a lender & income information (as consistent with other DPA programs), which will address the delays we previously experienced
- **Reduce DPA reservation timeframe:**
 - 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



Inheritance Fund DPA recommended guidelines changes

- **Create 'West Side Flats' generational and community wealth bonus:**
 - Staff will select a community partner to verify descendency from someone who owned property and was displaced from the West Side Flats through acquisition of property to build an industrial park
 - *Note: Rondo CLT remains the community partner for verifying descendency of Rondo/I-94 impacted individuals through 2025*

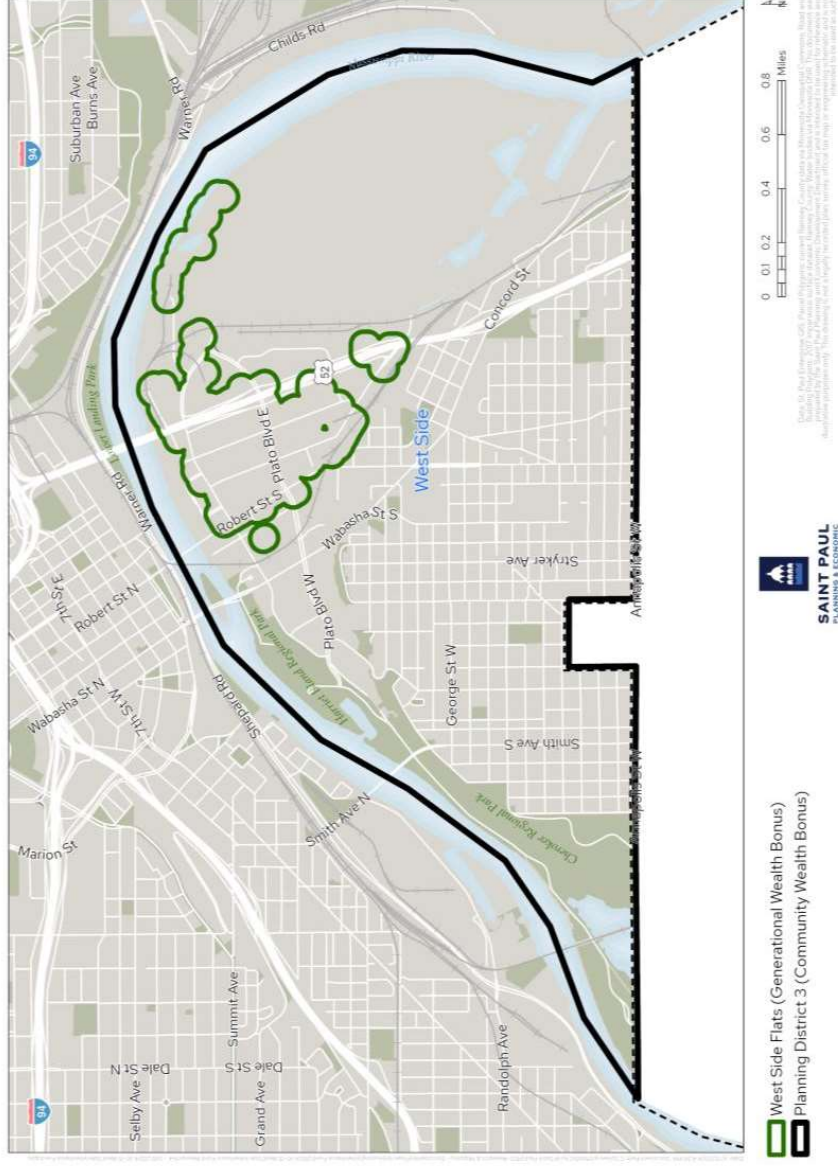
- **DPA Inheritance Fund layers are updated as shown on the following table in red (amounts remain the same)**

DPA Layer & Eligibility Requirements	80% AMI or less	100% AMI or less	Never owned home	Family foreclosed or never owned home	Historic Rondo or West Side Flats Descendant	Purchase a home in historic Rondo or West Side Planning District 3	Max Award per Layer
Regular	X						\$40,000
First Generation	X		X	X			+ \$10,000
Inheritance Fund – Generational Wealth		X			X		+ \$50,000
Inheritance Fund – Community Wealth		X			X	X	+ \$10,000
Max Award per Loan							\$110,000

Inheritance Fund – West Side Flats Geography

West Side Flats Inheritance Fund

- **Generational Wealth bonus of \$50,000:** direct descendants of property owner households who were displaced from the West Side Flats area (as defined in WSCO’s “Flats to the Future” report) will be eligible for Generational Wealth bonus.
- **Community Wealth bonus of \$10,000:** households who qualify for the generational wealth bonus who buy a home anywhere within Saint Paul Planning District 3 (West Side District) will receive an additional community wealth bonus





Downpayment Assistance Program: Anticipated Timeline

Early October 2024: existing DPA waitlist of 776 households was exhausted (due to loan closings & attrition)




11/20/2024: presentation on proposed updates to DPA and Homeowner Rehab programs



12/4/2024: HRA board considers updates to DPA and Homeowner Rehab guidelines

Early 2025: TBD – application could reopen with any available DPA funds on an ongoing first come, first serve basis until funds are fully reserved by qualified homebuyers



Throughout 2025: application may close and reopen periodically if any DPA reservations expire



Homeowner Rehab Results: 2023 – current

- **Waitlist Progress:**
 - Original waitlist from March 2023: 548 households
 - Current waitlist: 100 households remaining (will continue to work through the remaining waitlist in 2025)
 - **Closed loans:** 60 loans, ~\$1.7 million total loan value
 - 3 Inheritance Fund borrowers (Rondo descendency)
 - 57 Other borrowers, including first generation borrowers
 - **Loan Sizing**
 - Average loan: ~\$30,000 (60 loans total)
 - Inheritance Fund Loan Sizing (3 loans total)
 - Two borrowers eligible for up to \$55,000 with “Generational Wealth” bonus only
 - 1 borrower eligible for up to \$80,000 with both “Generational & Community Wealth” bonuses
 - **Pipeline:** 20 loans, value TBD based on bids
 - 11 Loans pre-approved, collecting bids
 - 9 additional applications in underwriting
- Demographics**
- African American – 23 (38%)
 - Asian – 9 (15%)
 - Hispanic – 2 (3%)
 - White – 25 (42%)
 - Native American – 1 (1.6%)
 - Female head of household – 32 (53%)
 - Disabled – 1 (1.6%)



Homeowner Rehab Program – Recommended Guideline Changes

Loan forgiveness policy updates to comply with CDBG:

- Forgiveness period remains at 15 years
- 1-5 years: no loan forgiveness
- 6-15 years: loan will be forgiven at an amortized rate of 1/10th annually



Homeowner Rehab Program - Changes to Max/Min Awards

<i>Loan Type</i>	<i>Home Rehab (Typical)</i>	<i>Home Rehab (Emergency)</i>	<i>Home Rehab (Inheritance Fund Generational Wealth)</i>	<i>Home Rehab (Inheritance Fund Generational & Community Wealth)</i>
<i>Min Loan Amount</i>	\$1,000 \$10,000	\$1,000 \$5,000	\$1,000 \$10,000	\$1,000 \$10,000
<i>Max Loan Amount</i>	\$40,000 \$50,000	\$40,000 \$50,000	\$55,000 \$70,000	\$80,000
<i>Interest Rate</i>	0%	0%	0%	0%
<i>Loan Type</i>	Deferred	Deferred	Deferred	Deferred
<i>Forgiveness Period (years)</i>	15	15	15	15
<i>Forgivable</i>	Yes	Yes	Yes	Yes
<i>Non-retirement asset limit</i>	\$25,000	\$25,000	None	None



Homeowner Rehab Program: Anticipated Timeline

September 2024: \$725,000 in additional CDBG funds available for program

Ongoing: Staff are working through an original waitlist of 550 potential borrowers we have about 100 left.

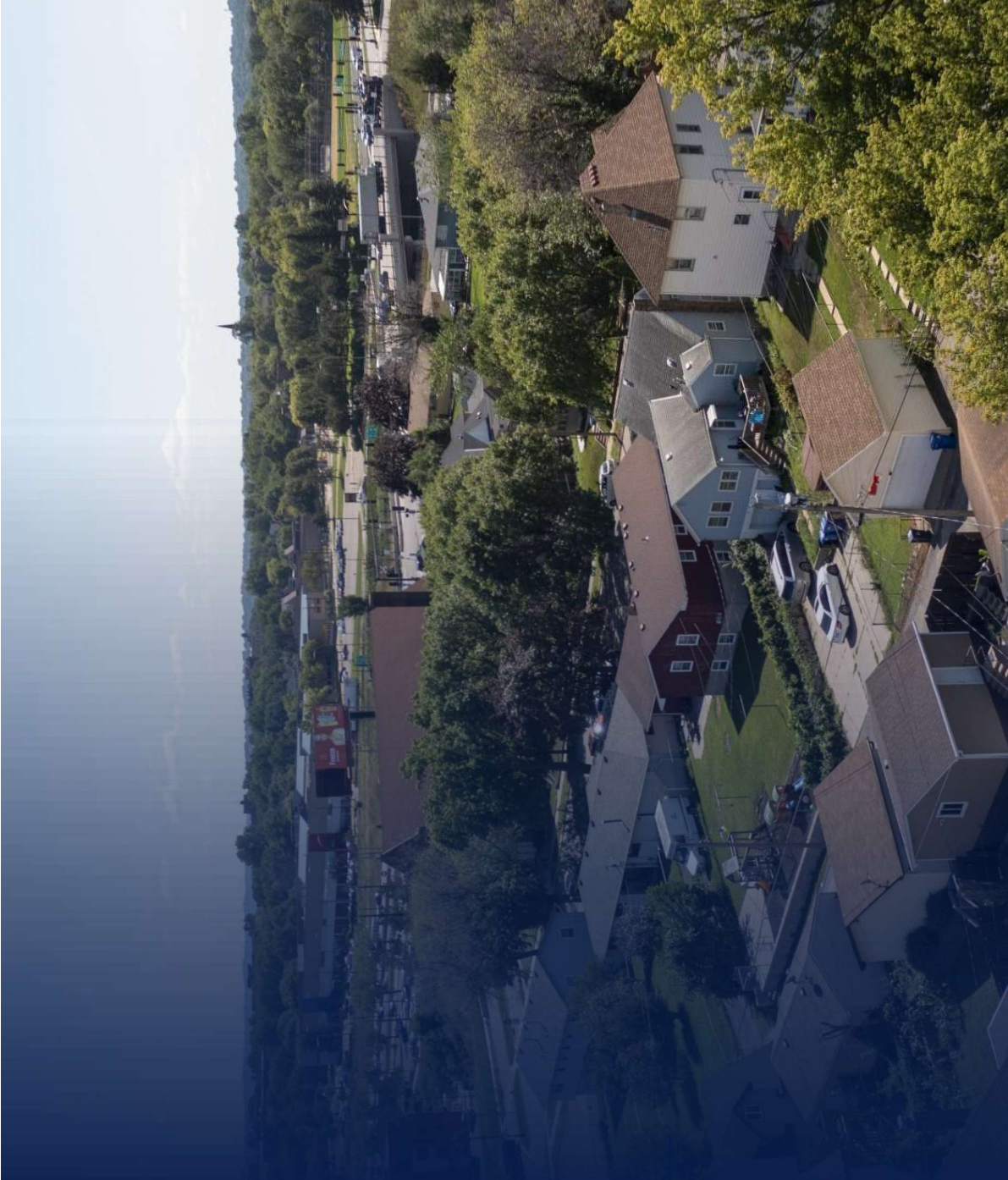
11/20/2024: presentation on proposed homeownership program updates

12/4/2024: updated homeowner rehab program guidelines approved by HRA board

January 2025: availability of new local rehab funds, pending budget process

Mid to Late 2025: projected timeline for exhausting current waitlist

Mid to Late 2025: reopen application



Questions?

