

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

REPORT TO THE COMMISSIONERS

DATE: APRIL 16, 2025

REGARDING: ACCEPTING \$1,999,991 IN GRANT FUNDS FROM THE MINNESOTA HOUSING FINANCE AGENCY (“MHFA”) THROUGH THE MINNESOTA HOUSING COMMUNITY HOMEOWNERSHIP IMPACT FUND (“IMPACT FUND”) TO OFFER ADDITIONAL RESOURCES TO HOMEBUYERS AND HOMEOWNERS THROUGH THE DOWNPAYMENT ASSISTANCE PROGRAM (“DPA”) AND THE HOMEOWNER REHAB PROGRAM (“HRP”), CITYWIDE.

Requested Board Action

Accept \$1,999,991 in grant funds from the Minnesota Housing Finance Agency (“MHFA”) through the Minnesota Housing Community Homeownership Impact Fund (“Impact Fund”) to offer additional resources to homebuyers and homeowners in the amounts of \$1,476,000 for the Downpayment Assistance Program (“DPA”) and \$523,991 for the Homeowner Rehab Program (“HRP”).

Background

On July 10, 2024, the Housing and Redevelopment Authority (“HRA”) authorized staff to apply for up to \$2,000,000 in grant funds from MHFA’s competitive Single Family Request for Proposals (RFP) for the Community Homeownership Impact Fund ([RES 24-993](#)). The Impact Fund application submitted by the HRA was to provide downpayment and home rehab assistance to low to moderate income homebuyers, generally supplementing the City programs that provide this assistance; while adhering to the specific requirements of Impact Fund dollars and accompanying contractual obligations between the HRA and MHFA.

The contract to provide downpayment assistance anticipates provision of downpayment assistance to 36 households; and contract to provide home rehab assistance anticipates provision of home rehab assistance to 13 households. These lending activities also provide a small administrative fee

to the HRA of \$1,000 per loan which help support staff costs associated with administering these funds.

Budget Action

Allocate \$1,476,000 of the grant funds to DPA activities and \$523,991 of the grant funds to HRP activities.

Future Action

This action is to accept grant funds and sign an agreement with MHFA. The requirements of the Impact Fund allow for up to 3 years to spend the funds.

Financing Structure

DPA will offer forgivable loans of up to \$40,000 to income qualified homebuyers according to the requirements of the funding source and as specified in the Impact Fund contract. HRP will offer forgivable loans of up to \$40,000 to existing income qualified homeowners according to the requirements of the funding source as specified in the Impact Fund contract.

PED Credit Committee Review

Acceptance of these funds does not require credit committee review. All loans will be assigned to MHFA for servicing.

Compliance

HRP loans supported with Impact Fund dollars are subject to the Vendor Outreach Program.

Green/Sustainable Development

N/a

Environmental Impact Disclosure

An environmental review is typically conducted for HRP projects and will be conducted for HRP projects supported with Impact Fund dollars as necessary.

Historic Preservation

A historic preservation review is typically conducted for HRP projects and will be conducted for HRP projects supported with Impact Fund dollars as necessary.

Public Purpose/Comprehensive Plan Conformance:

Downpayment Assistance (DPA) and owner-occupied home rehabilitation activities align with the below list of 2040 Comprehensive Plan policies:

- Policy H-2. Address housing deficiencies and encourage reinvestment in residential properties by supporting maintenance and rehabilitation programs for property owners. (p. 131)
- Policy H-5. Work to reduce lead exposure in homes built prior to 1978 through the support of lead identification and mitigation programs offered by the City of Saint Paul, Saint Paul Ramsey County Public Health, and other partner agencies and organizations. (p. 131)
- Policy H-20. Collaborate with partner agencies, lenders and the real estate industry to reduce racial disparities in homeownership that could be attributed to unequal access to fair lending, intentional steering to specific neighborhoods or historic housing discrimination. (p. 134)
- Policy H-22. Consider a City- or HRA-sponsored down-payment assistance program and support partner organizations' down- payment assistance and first-time homebuyer mortgage programs to help homebuyers invest in Saint Paul. (p. 134)

Statement of Chairman (for Public Hearing)

N/a

Recommendation: Accept \$1,999,991 in grant funds from the MHFA through the Impact Fund for DPA and HRP.

Sponsored by: Chair Johnson

Staff: Danielle Sindelar, 651-266-6684

Attachments

- **Minnesota Housing 2024 Single Family RFP Recommended Applications Summary**
- **MHFA Impact Fund Contract Agreement with the HRA for DPA**
- **MHFA Impact Fund Contract Agreement with the HRA for HRP**