

# **Downpayment Assistance & Homeowner Rehab Program**

## **Proposed Guideline Changes & 2024-2025 Implementation Timeline**



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# 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 5 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 and Process 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)**

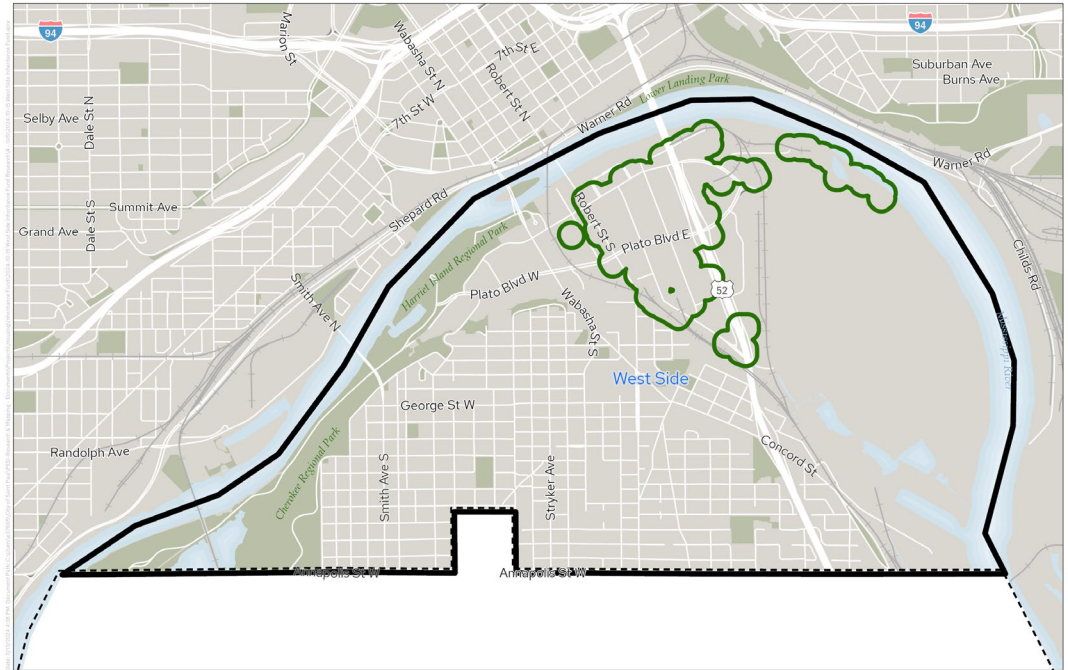
<i>DPA Layer &amp; Eligibility Requirements</i>	80% AMI or less	100% AMI or less	Never owned home	Family foreclosed or never owned home	Historic Rondo or West Side Flats Descendant	Purchase a home in historic Rondo or West Side Planning District 3	Max Award per Layer
Regular	X						\$40,000
First Generation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



- West Side Flats (Generational Wealth Bonus)
- Planning District 3 (Community Wealth Bonus)



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0 0.1 0.2 0.4 0.6 0.8 1 Miles

Date: St. Paul Enterprise GIS; Parcel Polygons: current Ramsey County data via Minnesota Geospatial Commission; Road and Building Polygons: 2007 impervious surface dataset, Ramsey County; Water bodies via Minnesota DNR. This document was prepared by the Saint Paul Planning and Economic Development Department and is intended to be used for reference and illustrative purposes only. This drawing is not a legally recorded plan, survey, official tax map or engineering schematic, and is not intended to be used as such.



## 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



**12/2024:** 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 Loans (3 loans total)
  - Two borrowers eligible for up to \$55,000 with "Generational Wealth" bonus
  - 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

## **Homeowners insurance requirement**

- Currently we require that borrowers have homeowners insurance, which is a standard lender requirement
- Our prior guidelines did not mention this, so we have updated the current version to reflect this existing requirement





# Homeowner Rehab Program - Changes to Max/Min Awards

<i>Home Rehab Layer &amp; Eligibility Requirements</i>	80% AMI or less	\$25,000 non retirement asset limit	Historic Rondo <i>or</i> West Side Flats Descendant	Own a home in historic Rondo <i>or</i> West Side Planning District 3	Min Award per Layer	Max Award per Layer
Regular or Emergency	X	X			\$5,000 (\$1,000)	\$40,000
Inheritance Fund - Generational Wealth	X		X			\$15,000
Inheritance Fund - Community Wealth	X		X	X		\$25,000
<i>Max Award per Loan</i>						\$80,000

*Notes: all loans are 0% interest and are forgiven over a 15 year period*



## 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

**12/2024:** 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

An aerial photograph of a suburban neighborhood. In the foreground, several houses are visible, including a prominent white two-story house with a brown roof and a blue house. The middle ground is filled with green trees and more residential buildings. In the background, there is a commercial area with a large parking lot, a red billboard, and a church steeple in the distance. The sky is clear and blue.

Questions?