## **City of Saint Paul**

## **NSP3 Application**

#### 1. NSP3 Grantee Information

NSP3 Program Administrator Contact Information		
Name (Last, First)	Musolf, Joseph	
Email Address	joe.musolf@ci.stpaul.mn.us	
Phone Number	Phone: 651-266-6594 Fax: 651-228-3314	
Mailing Address	25 West 4 <sup>th</sup> Street, Suite 1100	
	Saint Paul, MN 55102	

#### 2. Areas of Greatest Need

#### **Map Submission**

The map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website and the data for the area (as generated by the Mapping Tool) are included as attachments. See Attachments A and B.

#### **Data Sources Used to Determine Areas of Greatest Need**

#### Describe the data sources used to determine the areas of greatest need.

#### List of data main sources:

- Minnesota Housing Finance Agency's geographic priorities based on the following criteria: significant foreclosure impact (high need); degree of access to transit or jobs; a residential rental rate exceeding 22.6%; and a housing supply inventory of between 4 and 10 months
- HC rate (High cost rate) from HMDA / HUD = The percentage of primary mortgages executed between 2004 and 2007 that were high-cost. This could be looked at as a proxy for the percentage of subprime mortgage-related loans in an area (though high cost loans are not limited to subprime loans).
- 2009-2010 foreclosure sales, based on data from the Ramsey County Sheriff's Office
- SDQ rate (Serious delinquency rate) from McDash Analytics / HUD = The estimated rate of
  mortgages that were seriously delinquent in June 2010 (90+ days delinquent or in foreclosure.
  These areas were likeliest to face a significant rise in the rate of home foreclosure. In the NSP3
  target area and similar areas, between 15.3-18.4% of mortgages were estimated as being
  seriously delinquent.
- Median sales price levels for foreclosed homes during the 3rd quarter of 2010, based on data from the Minneapolis Area Association of Realtors
- Median sales price levels for traditionally-sold homes during the 3rd quarter of 2010, based on data from the Minneapolis Area Association of Realtors
- Percent of addresses not receiving mail within the last 90 days as of March 2010, based on USPS data. Used as an indicator of vacancy.
- Registered vacant buildings, based on City's Registered Vacant Building List, as an indicator of vacancy.

#### Other sources to further narrow down the size of the target area:

- 2009 property sales (Ramsey County records), the degree to which median sale price was low.
- Homestead/non-homestead property status (Ramsey County records), the degree to which there was a high concentration of non-homestead properties
- HRA properties (acquisitions and rehabilitations), the degree to which these represent leverage
- Habitat for Humanity properties, the degree to which these represent leverage
- Public facilities and infrastructure, the degree to which these represent leverage
- Community engagement areas, the degree to which these represent leverage

#### **Determination of Areas of Greatest Need**

#### Describe how the areas of greatest need were established.

The possible universe from which to select an NSP3 target area included all eligible block groups that HUD indicated had an NSP3 need. However, because Minnesota Housing indicated that it wanted its NSP3 funds to follow the HUD dollars, it narrowed the list of block groups down even further to a subset of the ones HUD had indicated were eligible for funds. Saint Paul then reviewed the MN Housing-identified block groups to prioritize the areas based on need as well as a desired outcome for neighborhood stabilization.

By reviewing and selecting the Minnesota Housing-eligible block groups with a high percentage of primary mortgages executed between 2004 and 2007 that were high-cost, high percentage of vacant addresses as indicated by USPS, a high rate of mortgages that were seriously delinquent in June 2010, as well as areas with low median sales prices of foreclosed and traditional homes, Saint Paul narrowed the block groups down even further. These indicators together suggested a high need for neighborhood stabilization. The following small neighborhood areas were analyzed in even greater detail to explore their possible candidacy as the NSP3 target area:

- 1. Lewis Park NSP2 Target Area
- 2. North Rice NSP2 Target Area
- 3. Railroad Island NSP2 Target Area
- 4. Case NSP2 Target Area
- 5. Payne-Maryland NSP2 Target Area
- 6. Payne-Arcade NSP2 Target Area
- 7. A new area that combined the Payne-Maryland NSP2 Target Area with the Payne-Arcade NSP2 Target area, as well as the area in between them.

Two maps were created for each of the above seven candidate areas, which show:

#### Opportunity map:

- Foreclosures, 2009 and through the third quarter 2010
- · City Registered Vacant buildings as of 12/15/10
- · 2000 property sales
- · Homestead/ Non-homestead status

#### Leverage map:

- Public infrastructure locations
- · Existing schools/parks/recreation centers
- HRA properties (acquisitions/rehabilitations)
- · Habitat for Humanity properties
- · Community engagement areas

The decision to select area #7 (outlined above) as the NSP3 target area was supported by the following data: it had the highest concentration of vacant or foreclosed homes as a percentage of total housing units; it had a high number of recent housing acquisitions and rehabilitation activities in it; it has proximity to several transit corridors (Payne, Arcade, and Maryland), several key public infrastructure/investments (Payne-Maryland project; Payne Ave street resurfacing/streetscaping), and strong ongoing community engagement activities/initiatives undertaken by the district council and community development corporation (District 5 Payne Phalen community engagement, and the ESNDC Block Transformation Initiative).

## 3. Definitions and Descriptions

#### **Definitions**

Term	Definition
Blighted Structure	A structure is blighted when it exhibits signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare, or has serious structural deficiencies and the cost to rehabilitate to property standards will exceeded 50% of the appraised value after rehabilitation. ("blighted structure" is not defined in local codes, but this definition is consistent with the definition of a "dangerous structure" found in local code.)
Affordable Rents	For NSP3, the City of Saint Paul will use the rent limitations guidelines as defined in the HOME Investment Partnerships Program at 24 CFR 92.252

## Descriptions

Term	Definition	
Long-Term Affordability	For all NSP3 –funded activities, the City of Saint Paul will adopt the HOME program standards of continued affordability at 24 CFR 92.252(a), (c), (e), and (f), and 92.254.	
	Affordability requirements for homeownership will be ensured by a Declaration of Covenants, Conditions and Restrictions and a note and mortgage. In most circumstances a direct subsidy to the homebuyer will be part of the deal. The entire direct subsidy will be due payable back to the HRA of the City of Saint Paul (Recapture) if the property is sold prior to the end of the period of affordability. The subsidy will be forgiven if the homeowner stays in the home for the entire period of affordability.	
	Affordability requirements for rental properties will be ensured by a Declaration of Rental Restriction and again a note and mortgage will be in place with the rental developer. In this circumstance, the period of affordability will likely be 15 years, and the developer will be responsible (with our continual monitoring) to maintain the income and rent restrictions.	
Housing Rehabilitation Standards	All Saint Paul NSP3-funded new housing up to three stories must meet the ENERGY STAR Qualified New Homes standard.	
	All Saint Paul NSP3-funded housing rehabilitation must:  - meet all City Code Compliance Inspection Requirements.  - meet the Saint Paul PED / HRA Sustainablity Initiative (as amended October 5, 2010), Attachment C.  - incorporate cost effective green improvements  - use water-efficient toilets, showers and faucets (i.e. WaterSense-labeled)  - be energy efficient per the following standards:  • All gut rehabilitation of residential buildings up to three stories must be designed to meet the standard for ENERGY STAR Qualified New Homes.  • All gut rehabilitation or new construction of mid- or high-rise multifamily housing must meet ASHRAE 90.1-2004, Appendix G plus 20% (which is the ENERGY STAR for multi-family piloted by EPA and DOE).  • Other rehabilitation must meet these standards to the	

## 4. Low-Income Targeting

#### Low-Income Set-Aside Amount

Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.

Total low-income set-aside **percentage** (must be no less than 25 percent): 26.8% Total funds set aside for low-income individuals = \$553,500

#### **Meeting Low-Income Target**

#### Provide a summary that describes the manner in which the low-income targeting goals will be met.

The City of Saint Paul will meet this 50% AMI obligation in the same manner that is being utilized for NSP1 and NSP2. The city will use some combination of partnerships with private rental developers and possibly a partnership with Twin Cities Habitat for Humanity. The rental component is in response to NSP3's required rental housing preference. This rental component has been particularly successful and could expand, even with some of the developer partners already at the table. Habitat for Humanity is delivering Saint Paul NSP-funded homes to households at 50% AMI presently.

#### 5. Acquisition and Relocation

#### **Demolition or Conversion of LMI Units**

Does the grantee intend to demolish or convert any low- and moderate-income	
dwelling units (i.e., ≤ 80% of area median income)?	no

#### 6. Public Comment

#### **Citizen Participation Plan**

Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.

The following is a list of actions taken by Saint Paul to ensure that it's citizen participation plan was followed:

- The proposed action plan is published on the City website at <a href="www.stpaul.gov/nsp">www.stpaul.gov/nsp</a> (under the About the Neighborhood Stabilization Programs section), with an invitation for comments and instructions for their submittal.
- Comments were requested for a period of 15 days.
- Notice was sent out via email to the 17 District Planning Councils across the City, requesting comment and included instructions for their submittal in the 15 day time period. Each District Council has an information distribution protocol to get notice out to their community members
- Notice was sent to the District Council Coordinator in the City Council Office. The Coordinator has a list of community contacts to whom she sent to the information
- City Council Members and their Legislative Aides were consulted and notified.
- Notice of the action plan and a call for public comments was published in the Saint Paul Pioneer Press, with instructions on how to submit comments.

- Notice was sent out via email through the city's Early Notification System listserve, which contains 100's of subscribers.

Community input was solicited and incorporated into Saint Paul's NSP3 Plan in the following manner:

- City staff met with City Council members and the Mayor
- Written comments were accepted either via mail or email for a period of 15 days.
- City staff met with staff of the Payne-Phalen District 5 Planning Council and a gathering of community residents organized by D5
- City staff met with staff of the East Side Neighborhood Development Corporation and a gathering of community residents organized by ESNDC
- City Council adopted a resolution in support of the plan. This action required preparation and presentation of a Staff report, in the public forum of the City council meeting

#### **Summary of Public Comments Received.**

One letter in support of Saint Paul's NSP3 proposed plan was received from the Payne Phalen District 5 Planning Council, and it is included as Attachment D.

### 7. NSP Information by Activity

Activity Number 1			
<b>Activity Name</b>	Administration		
	Select all that apply:		
	Eligible Use A: Financing Mechanisms		
Uses	Eligible Use B: Acquisition and	Rehabilitation	
Oses	Eligible Use C: Land Banking		
	Eligible Use D: Demolition		
	Eligible Use E: Redevelopment		
CDBG Activity or			
Activities			
National Objective	Not Applicable – (for Planning/Admi	nistration)	
Activity Description	Administrative costs associated with	carrying out the activities of the	
•	program.		
<b>Location Description</b>	Saint Paul NSP3 Target Area (see map attached)		
	Source of Funding	Dollar Amount	
Budget	NSP3	\$ 205,987	
Duaget	Program income	\$	
	(Other funding source)	\$	
Total Budget for Activity		\$ 205,987 + program income	
Performance Measures			
Projected Start Date	April 1, 2011		
Projected End Date	March 31, 2014 + program income phases		
	Name	City of Saint Paul	
	Location	25 West 4 <sup>th</sup> Street, Suite 1100	
Responsible		Saint Paul, MN 55102	
Organization	Administrator Contact Info	Joseph Musolf	
		651-266-6594	
		joe.musolf@ci.stpaul.mn.us	

Activity Number 2			
Activity Name	Financing Mechanisms		
	Select all that apply:		
	Eligible Use A: Financing Mechanisms		
Hee	Eligible Use B: Acquisition and	Rehabilitation	
Use	Eligible Use C: Land Banking		
	Eligible Use D: Demolition		
	Eligible Use E: Redevelopment		
CDBG Activity or Activities	24 CFR 570.201 (n) Direct homeown	ership assistance	
National Objective	Low Moderate Middle Income Housi	ing (LMMH)	
Activity Description	The City of Saint Paul will establish a homebuyer assistance incentive program which will be made available to buyers of NSP3-funded rehabilitated homes. The incentive program will be structured in the same way as the city's NSP1/NSP2 Homebuyer Assistance Program, the guidelines for which are included as Attachment E. The city may also include such mechanisms as soft-seconds, contracts-for-deed and/or shared equity loans. This program will benefit LMMI households.		
<b>Location Description</b>	Saint Paul NSP3 Target Area (see ma	p attached)	
	Source of Funding Dollar Amount		
Budget	NSP3	\$ 87,000	
buuget	Program Income	\$	
	(Other funding source)	\$	
<b>Total Budget for Activity</b>	,	\$ 87,000 + program income	
Performance Measures	Including program income assumptions: 12 households will benefit		
Projected Start Date	October 1, 2011		
Projected End Date	September 30, 2012 + program income phases		
	Name	City of Saint Paul	
	Location	25 West 4 <sup>th</sup> Street, Suite 1100	
Responsible		Saint Paul, MN 55102	
Organization	Administrator Contact Info	Joseph Musolf	
		651-266-6594	
		joe.musolf@ci.stpaul.mn.us	

Activity Number 3			
<b>Activity Name</b>	Acquisition LH		
	Select all that apply:		
	Eligible Use A: Financing Mechanisms		
Use	Eligible Use B: Acquisition and Rehabilitation		
ose	Eligible Use C: Land Banking		
	Eligible Use D: Demolition		
	Eligible Use E: Redevelopment		
CDBG Activity or	24 CFR 570.201 (a) Acquisition		
Activities	` , ,		
National Objective	Low-Income Housing to Meet 25% S	• •	
	The City of Saint Paul will acquire pro	, , ,	
	· · ·	nal Community Stabilization Trust's "First	
	Look" process), via direct bulk negot	-	
Activity Description	· · · ·	ners. These homes will be rehabilitated	
	,	ion LH). This activity will benefit 50% AMI	
	households. The required 25% at 509	% AMI investment will be met with a	
	rental housing preference.		
Location Description	Saint Paul NSP3 Target Area (see map attached)		
	Source of Funding	Dollar Amount	
Budget	NSP3	\$ 180,000	
	Program Income	\$	
	(Other funding source)	\$	
Total Budget for Activity		\$ 180,000 + program income	
Performance Measures	Including program income assumptions: 7 housing units will be acquired		
Projected Start Date	April 1, 2011		
Projected End Date	March 31, 2012 + program income phases		
	Name	City of Saint Paul	
	Location	25 West 4 <sup>th</sup> Street, Suite 1100	
Responsible		Saint Paul, MN 55102	
Organization	Administrator Contact Info	Joseph Musolf	
		651-266-6594	
		joe.musolf@ci.stpaul.mn.us	

Activity Number 4			
Activity Name	Acquisition LMMI		
	Select all that apply:		
	Eligible Use A: Financing Mechanisms		
Use	Eligible Use B: Acquisition and Rehabilitation		
ose	Eligible Use C: Land Banking		
	Eligible Use D: Demolition		
	Eligible Use E: Redevelopment		
CDBG Activity or Activities	24 CFR 570.01 (a) Acquisition		
National Objective	Low Moderate Middle Income Housi	ing (LMMH)	
	The City of Saint Paul will acquire pro		
	continued participation in the Natior	nal Community Stabilization Trust's "First	
Activity Description	Look" process), via direct bulk negot		
Activity Description		ners. These homes will be rehabilitated	
	under Activity Number 6 (Rehabilitation LMMI). This activity will benefit LMMI		
	households.		
Location Description	Saint Paul NSP3 Target Area (see ma		
	Source of Funding	Dollar Amount	
Budget	NSP3	\$ 360,000	
	Program Income	\$	
	(Other funding source)	\$	
Total Budget for Activity		\$ 360,000 + program income	
Performance Measures	Including program income assumptions: 12 housing units will be acquired		
Projected Start Date	April 1, 2011		
Projected End Date	March 31, 2012 + program income phases		
	Name	City of Saint Paul	
	Location	25 West 4 <sup>th</sup> Street, Suite 1100	
Responsible		Saint Paul, MN 55102	
Organization	Administrator Contact Info	Joseph Musolf	
		651-266-6594	
		joe.musolf@ci.stpaul.mn.us	

Activity Number 5		
<b>Activity Name</b>	Rehabilitation LH	
	Select all that apply:	
	Eligible Use A: Financing Mechanisms	
Use	Eligible Use B: Acquisition and Rehabilitation	
ose	Eligible Use C: Land Banking	
	Eligible Use D: Demolition	
	Eligible Use E: Redevelopment	
CDBG Activity or	24 CFR 570.201 (b) Disposition and 24 CFR 570.202 Rehabilitation and	
Activities	preservation activities	
National Objective	Low-Income Housing to Meet 25% Set-Aside (LH25)	
	Some of these homes (primarily duplexes) will be rehabilitated as rental for households at 50% AMI in partnerships with private rental developers. The city's preference will be for the development of affordable rental housing with these funds. The required 25% at 50% AMI investment will be met with a rental housing preference.	
	This rehabilitation activity will create opportunities for Section 3 hiring and vicinity hiring. The City of Saint Paul has a comprehensive outreach and compliance mechanism in place to assure Section 3 performance. Vicinity hiring should be achieved in much the same manner and can be coordinated in conjunction with the city's Section 3 efforts. Please see Attachment F for a list of specific vicinity hiring actions.	
Activity Description	Affordability requirements for rental properties will be ensured by a Declaration of Rental Restriction and again a note and mortgage will be in place with the rental developer. In this circumstance, the period of affordability will likely be 15 years, and the developer will be responsible (with our continual monitoring) to maintain the income and rent restrictions.	
	Saint Paul has a development agreement structure presently in use with the NSP1 and NSP2 program that will be the model for this NSP3 program. In this structure, the following goals are met: (1) 50% AMI households are served throughout a 15-year period of affordability; (2) the developer partner gains access to acquisition/rehabilitation financing; (3) risk is shared between the parties; and (4) there is a reasonable chance that most of the NSP investment will return to the City of Saint Paul for recycled reinvestment.	
	The deal is structured in the following (summarized) manner:  - Gap assistance is secured via a note and mortgage. It is a deferred loan with no interest accruing for the length of the NSP affordability period and then forgiven as long as the property is well maintained and managed.  - The rest of the financing will be repaid via two mechanisms: (1) payments via an amortized loan at 4.5% interest over 30 years for as much of the fair	

Location Description	market value as the cash flow will allow (typically around 35% of the fair market value). (2) At the end of the 15 year period of affordability, the developer can refinance and the City will receive 50% of the appraised value. If the developer decides to sell prior to the 15 year affordability period is met, the city will receive 75% back.	
Eocution Description	Saint Paul NSP3 Target Area (see map attached)  Source of Funding  Dollar Amount	
Dudget	NSP3	\$ 373,500
Budget	Program Income	\$
	(Other funding source)	\$
Total Budget for Activity	\$ 373,500 + program income	
Performance Measures	Including program income assumptions: 7 housing units will be rehabilitated	
Projected Start Date	July 1, 2011	
Projected End Date	June 30, 2012 + program income phases	
	Name	City of Saint Paul
	Location	25 West 4 <sup>th</sup> Street, Suite 1100
Responsible		Saint Paul, MN 55102
Organization	Administrator Contact Info	Joseph Musolf
		651-266-6594
		joe.musolf@ci.stpaul.mn.us

Activity Number 6			
Activity Name	Rehabilitation LMMI		
	Select all that apply:		
	Eligible Use A: Financing Mechanisms		
Haa	Eligible Use B: Acquisition and Rehabilitation		
Use	Eligible Use C: Land Banking		
	Eligible Use D: Demolition		
	Eligible Use E: Redevelopment	t	
CDBG Activity or	24 CFR 570.201 (b) Disposition and 2	24 CFR 570.202 Rehabilitation and	
Activities	preservation activities		
National Objective	Low Moderate Middle Income Hous	sing (LMMH)	
Activity Description	Rehabilitation will be carried out primarily by the Housing and Redevelopment Authority of the City of Saint Paul as the developer. The HRA may hire local community development corporations to provide construction management services. In addition, the city may partner with non- and forprofit real estate developers. If so, the city will minimize the risk and capital requirements for these developers in order to expedite this activity. Some of these homes may be rehabilitated via a partnership with Twin Cities Habitat for Humanity, which could result in homeownership for 50% AMI households. But, this activity will primarily benefit LMMI households.  This rehabilitation activity will create opportunities for Section 3 hiring and vicinity hiring. The City of Saint Paul has a comprehensive outreach and compliance mechanism in place to assure Section 3 performance. Vicinity hiring should be achieved in much the same manner and can be coordinated in conjunction with the city's Section 3 efforts. Please see Attachment F for a list of specific vicinity hiring actions.  Affordability requirements for homeownership will be ensured by a Declaration of Covenants, Conditions and Restrictions and a note and mortgage. In most circumstances a direct subsidy to the homebuyer will be part of the deal. The entire direct subsidy will be due payable back to the HRA of the City of Saint Paul (Recapture) if the property is sold prior to the end of the period of affordability. The subsidy will be forgiven if the homeowner stays in the home for the entire period of affordability.		
<b>Location Description</b>	Saint Paul NSP3 Target Area (see ma	ap attached)	
	Source of Funding	Dollar Amount	
Budget	NSP3	\$ 683,890	
Duuget	Program Income	\$	
	(Other funding source)	\$	
<b>Total Budget for Activity</b>		\$ 683,890 + program income	
Performance Measures	Including program income assumpti	ons: 12 housing units will be rehabilitated	
Projected Start Date	July 1, 2011		
Projected End Date	June 30, 2012 + program income phases		

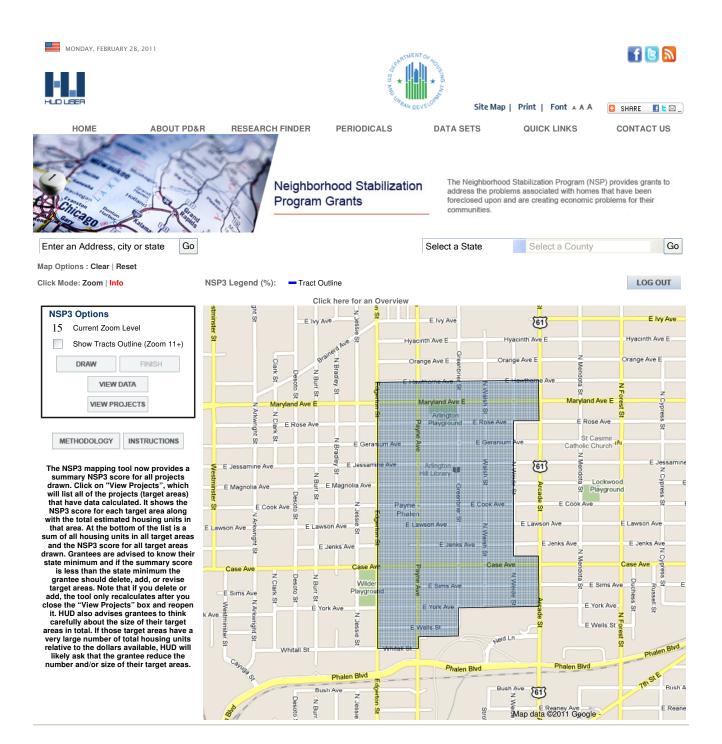
	Name	City of Saint Paul
	Location	25 West 4 <sup>th</sup> Street, Suite 1100
Responsible		Saint Paul, MN 55102
Organization	Administrator Contact Info	Joseph Musolf
		651-266-6594
		joe.musolf@ci.stpaul.mn.us

Activity Number 7				
<b>Activity Name</b>	Land Banking Acquisition			
	Select all that apply:			
	Eligible Use A: Financing Mechanisms			
Use	Eligible Use B: Acquisition and Rehabilitation Eligible Use C: Land Banking			
Ose				
	Eligible Use D: Demolition			
	Eligible Use E: Redevelopment			
CDBG Activity or Activities	24 CFR 570.201 (a) Acquisition and 24 CFR 570.201 (b) Disposition			
National Objective	Low Moderate Middle Income Housing (LMMH)			
Activity Description	The City of Saint Paul will acquire properties via bulk purchases (through continued participation in the National Community Stabilization Trust's "First Look" process), via direct bulk negotiation with Fannie Mae, or via other direct negotiation with property owners. These homes will be demolished under Activity Number 9 (Demolition). Ultimately, this activity will benefit LMMI households via the redevelopment of these lots.			
<b>Location Description</b>	Saint Paul NSP3 Target Area (see ma	p attached)		
	Source of Funding	Dollar Amount		
Dudget	NSP3	\$ 82,500		
Budget	(Other funding source)	\$		
	(Other funding source)	\$		
<b>Total Budget for Activity</b>	\$ 82,500			
Performance Measures	3 properties will be acquired.			
Projected Start Date	April 1, 2011			
Projected End Date	September 30, 2011			
	Name	City of Saint Paul		
	Location	25 West 4 <sup>th</sup> Street, Suite 1100		
Responsible		Saint Paul, MN 55102		
Organization	Administrator Contact Info	Joseph Musolf		
		651-266-6594		
		joe.musolf@ci.stpaul.mn.us		

Activity Number 8				
Activity Name	Land Banking Holding			
	Select all that apply:			
	Eligible Use A: Financing Mechanisms			
	Eligible Use B: Acquisition and Rehabilitation			
Use	Eligible Use C: Land Banking			
	Eligible Use D: Demolition			
	Eligible Use E: Redevelopment			
CDBG Activity or Activities	24 CFR 570.201 (a) Acquisition and 24 CFR 570.201 (b) Disposition			
National Objective	Low Moderate Middle Income Housing (LMMH)			
Activity Description  Location Description	The vacant parcels that are cleared by NSP3 Demolition activity will be held in land-bank status for future reuse (Activity Number 10 (Redevelopment)). The funds in this activity will be used for the ongoing carrying costs and maintenance of the land-banked property. Ultimately, this activity will benefit LMMI households via the redevelopment of these lots.  This property maintenance activity will create opportunities for Section 3 hiring and vicinity hiring. The City of Saint Paul has a comprehensive outreach and compliance mechanism in place to assure Section 3 performance. Vicinity hiring should be achieved in much the same manner and can be coordinated in conjunction with the city's Section 3 efforts. Please see Attachment F for a list of specific vicinity hiring actions.  Saint Paul NSP3 Target Area (see map attached)			
	Source of Funding	Dollar Amount		
Budget	NSP3	\$ 42,000		
Duaget	(Other funding source)	\$		
	(Other funding source)	\$		
Total Budget for Activity	\$ 42,000			
Performance Measures	3 vacant lots will be held			
Projected Start Date	July 1, 2011			
Projected End Date	March 31, 2014			
	Name	City of Saint Paul		
	Location	25 West 4 <sup>th</sup> Street, Suite 1100		
Responsible		Saint Paul, MN 55102		
Organization	Administrator Contact Info	Joseph Musolf		
		651-266-6594		
		joe.musolf@ci.stpaul.mn.us		

Activity Number 9				
Activity Name	Demolition			
	Select all that apply:			
	Eligible Use A: Financing Mechanisms			
Haa	Eligible Use B: Acquisition and Rehabilitation			
Use	Eligible Use C: Land Banking			
	Eligible Use D: Demolition			
	Eligible Use E: Redevelopment			
CDBG Activity or	24 CER EZO 201 (d) Classes of an blight ad atmost was early			
Activities	24 CFR 570.201 (d) Clearance for blighted structures only			
National Objective	3 structures will be demolished			
	The properties that are acquired under Activity Number 7 (Land Bankir			
	Acquisition) will be demolished. Ultimately, this activity will benefit LMMI			
	households via the redevelopment of these lots.			
	This domalition activity will create apportunities for Section 2 hiring and			
Activity Description	This demolition activity will create opportunities for Section 3 hiring and vicinity hiring. The City of Saint Paul has a comprehensive outreach and			
	, ,	•		
	compliance mechanism in place to assure Section 3 performance. Vicinity hiring should be achieved in much the same manner and can be coordinated			
	in conjunction with the city's Section 3 efforts. Please see Attachment F for a			
	list of specific vicinity hiring actions.			
Location Description	Saint Paul NSP3 Target Area (see ma	p attached)		
·	Source of Funding	Dollar Amount		
Dudast	NSP3	\$ 45,000		
Budget	(Other funding source)	\$		
	(Other funding source)	\$		
<b>Total Budget for Activity</b>		\$ 45,000		
<b>Performance Measures</b>	3 housing units will be produced			
<b>Projected Start Date</b>	July 1, 2011			
Projected End Date	December 31, 2011			
	Name	City of Saint Paul		
	Location	25 West 4 <sup>th</sup> Street, Suite 1100		
Responsible		Saint Paul, MN 55102		
Organization	Administrator Contact Info	Joseph Musolf		
		651-266-6594		
		joe.musolf@ci.stpaul.mn.us		

Activity Number 10				
Activity Name	Redevelopment			
	Select all that apply:			
	Eligible Use A: Financing Mechanisms			
Use	Eligible Use B: Acquisition and	Rehabilitation		
Ose	Eligible Use C: Land Banking			
	Eligible Use D: Demolition			
CDBG Activity or	24 CFR 570.201 (b) Disposition and 24 CFR 570.202 Rehabilitation and			
Activities	preservation activities			
National Objective	Low Moderate Middle Income Housing (LMMH)			
	New homes will be built on the vacant parcels produced via demoliti			
	some point in the future. This activity will be funded with program income.			
	This rehabilitation activity will create opportunities for Section 3 hiring and			
Activity Description	vicinity hiring. The City of Saint Paul has a comprehensive outreach and			
	compliance mechanism in place to assure Section 3 performance. Vicinity			
	hiring should be achieved in much the same manner and can be coordinated			
	in conjunction with the city's Section 3 efforts. Please see Attachment F for a			
Lander Barrier	list of specific vicinity hiring actions.			
Location Description	Saint Paul NSP3 Target Area (see map attached)			
	Source of Funding	Dollar Amount		
Budget	NSP3	\$		
	Program Income	\$		
	(Other funding source)	\$		
Total Budget for Activity		program income		
Performance Measures	(Enter all performance measures he	•		
Projected Start Date	program income phase (approximate start date 2014)			
Projected End Date	program income phase			
	Name	City of Saint Paul		
	Location	25 West 4 <sup>th</sup> Street, Suite 1100		
Responsible		Saint Paul, MN 55102		
Organization	Administrator Contact Info	Joseph Musolf		
		651-266-6594		
		joe.musolf@ci.stpaul.mn.us		



Neighborhood ID: 9965942

#### **NSP3 Planning Data**

Grantee ID: 2741640E Grantee State: MN

Grantee Name: ST PAUL

Grantee Address: 25 West 4th Street, Suite 1300 Saint Paul Minnesota 55102

Grantee Email: joe.musolf@ci.stpaul.mn.us

Neighborhood Name: NSP3 Area

Date:2011-01-11 00:00:00

#### **NSP3 Score**

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 20

State Minimum Threshold NSP3 Score: 17 Total Housing Units in Neighborhood: 1680

#### Area Benefit Eligibility

Percent Persons Less than 120% AMI: 92.76 Percent Persons Less than 80% AMI: 77.78

#### Neighborhood Attributes (Estimates)

#### Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 1572

Residential Addresses Vacant 90 or more days (USPS, March 2010): 184

Residential Addresses NoStat (USPS, March 2010): 31

#### Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 643

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 43.68

Percent of Housing Units 90 or more days delinquent or in foreclosure: 17.5

Number of Foreclosure Starts in past year: 81

Number of Housing Units Real Estate Owned July 2009 to June 2010: 46

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 15

#### Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -17.4

Place (if place over 20,000) or county unemployment rate June 2005: 4.2

Place (if place over 20,000) or county unemployment rate June 2010: 6.6

\*Bureau of Labor Statistics Local Area Unemployment Statistics

#### Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

- 1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
- 2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
- 3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
- 4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
- 5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

#### Latitude and Longitude of corner points

-93.066044 44.978415 -93.066001 44.976639 -93.067589 44.976639 -93.067610 44.970703 -93.066044 44.970703 -93.066001 44.968472 -93.071043 44.968426 -93.071043 44.967166 -93.073511 44.967151 -93.073511 44.966620 -93.076043 44.966605 -93.076043 44.978339

#### Blocks Comprising Target Neighborhood

271230310001007, 271230310001008, 271230310001009, 271230310001010, 271230310001011, 271230310001012, 271230310001013, 271230310001014, 271230310002001, 271230310002002, 271230310002003, 271230310002004, 271230310002007, 271230310002008, 271230310002009, 271230310002010, 271230310003001, 271230310003002, 271230310003003, 271230310003004, 271230310003005, 271230310003006, 271230310004000, 271230310004001, 271230310004002, 271230310004003, 271230310004004, 271230310004005, 271230310004006, 271230310004007, 271230310004008, 271230310004009, 271230310005006, 271230310005007, 271230310005008, 271230310005009, 271230315001000, 271230315001001, 271230315001002, 271230315001003, 271230315001004, 271230315001005, 271230315004000, 271230315004001, 271230315004003, 271230315004004, 271230315004005, 271230315004006, 271230315004008, 271230315004004, 271230315004005, 271230315004006, 271230315004008,

## Saint Paul PED / HRA Sustainability Initiative January 30, 2007 (Amended October 5, 2010)

#### **Objective of the Initiative**

To make future development projects in Saint Paul more environmentally and financially sustainable by identifying and incorporating *proven and tested* practices that demonstrate *significant measurable results* and *return on investment*.

#### Requirements for development projects funded, in whole or in part, by the City of Saint Paul PED/HRA:

- 1. All developers who plan to newly construct:
  - a commercial building of 15,000 square feet or greater, or
  - a residential building with common space of 15,000 square feet or greater, or,
  - a residential building of 150,000 square feet or greater (not including the garage)

are required to participate in Xcel Energy's *Energy Design Assistance* program and implement energy-saving recommendations. Initial inquiry should occur during the schematic design phase to maximize energy saving potential.

- ➤ Energy Design Assistance (Xcel Energy will determine the best level)
  - Level 1 (generally for buildings 20,000 square feet or larger) provides a comprehensive approach to energy savings including personalized computer energy modeling for a planned building. This modeling predicts energy use, suggests energy-saving strategies and projects energy-cost savings.
  - Level 2 (generally for buildings smaller than 20,000 square feet) provides a review of preliminary construction documents and recommends energy-saving strategies.
  - Compared to code requirements, participants save an average of 30% on annual energy bills.
  - Follow-up services help ensure that strategies are implemented and working to save on energy bills.
  - Cost:
    - Consultation is free.
    - Xcel Energy pays the architectural and engineering team for their participation in Level 1.
    - Recommended strategies qualify for Xcel Energy's cash incentives, which decrease out-of-pocket cost.

- 2. All developers of new residential buildings that have less than 15,000 square feet of common space are required to participate in the *ENERGY STAR Qualified New Homes* program. All developers of rehabilitated single-family or duplex homes are required to participate in *Home Performance with ENERGY STAR*. New and rehabilitated buildings must receive third-party verification from an accredited organization.
  - The Neighborhood Energy Connection (NEC), a Saint Paul nonprofit organization with independent consultants, can provide these services and help developers access rebates or reduced fees through Xcel Energy.
  - Consultants provide recommendations and projected return on investment for each improvement made.
  - Consultants make site visits to ensure that agreed upon improvements are being made and installed properly.
  - After the consultant's recommendations have been followed and inspection has been passed:
    - newly constructed buildings will receive ENERGY STAR HOMES certification, and
    - rehabilitated single-family or duplex homes will be eligible for rebates.
  - Financing is available. Tax breaks, rebates and other incentives may also be available.
  - Approximate Cost for ENERGY STAR HOMES:
    - ► Consulting services worth \$600.00 per home can be fully recovered through Xcel rebates.
    - Typically the added cost of for improvements is very low or non-existent.
    - Any costs are recovered by the homeowner through lower utility bills.
- 3. On every HRA / City-funded project within the District Energy service area, the developer is required to obtain cost estimates from District Energy and Xcel Energy for the provision of heating and/or cooling services early in the design process.
- 4. On a project by project basis, including new construction, rehab and conversion, PED staff will attempt to negotiate with developers higher standards, which may include, but are not limited to, the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) standards; the Minnesota Sustainable Building Guidelines; and Minnesota Green Communities standards.
- 5. This policy applies to all projects that have not yet reached the design development phase.

City Contact: Kurt Schultz

1100 City Hall Annex 25 West 4<sup>th</sup> Street St. Paul, MN 55102

651-266-6590 kurt.schultz@ci.stpaul.mn.us

# PAYNE PHALEN DISTRICT FIVE PLANNING COUNCIL

STRONG 3





SAFE AD WELCOMING





CONNECTED 38 NEIGHBORHOODS

February 22, 2011

Joe Musolf 1100 City Hall Annex, 25 West Fourth Street Saint Paul, Minnesota 55102

RE: Public Comment on Amendment to the Consolidated Plan, City of Saint Paul, MN regarding Application for Neighborhood Stabilization 3 Funding

Dear Mr. Musolf:

The Payne Phalen District Five Planning Council (District 5) Board of Directors met on February 22, 2011 and unanimously voted to voice their strongest support for the proposed Neighborhood Stabilization Project (NSP) 3 Funding proposal. The Board expressed approval of the defined NSP 3 target focus area and supports the proposed amendment to the Consolidated Plan. This District Council action reflects the voiced support of residents in the area for this plan and NSP3 funding proposal.

District 5 in the Payne Phalen neighborhood is home to some 32,000 residents and has the largest population of the 17 City of Saint Paul's Citizen Participation Planning Districts. Payne Phalen is home to one of the youngest, most diverse and lowest income populations across the City of Saint Paul. The entire area has been hard hit by the foreclosure crisis, widespread economic downturn and vacant housing. At the grassroots community level we see directly the destructive and uprooting impact of the housing crisis on neighborhood families and children. This plan can help to arrest decline and support revitalization in an area that has many assets to build upon. We support the plans for acquisition, rehab, marketing of well-managed, affordable rental and home ownership opportunities. We support the marketing of all related job opportunities to local residents. The District Council and residents are ready to help in whatever ways are most helpful to the support strong, measurable outcomes from this public investment.

The NSP 3 funding plan for this target area will build upon past and current public investments and community engagement efforts. Residents and business owners have expressed strong support for investment in this critical area which combines residential and small business opportunities. We believe this investment will create a "tipping point" positive impact on the District as a whole. The District Council believes that NSP 3 represents a significant opportunity to expand and augment the impact of past investments and that a positive "spillover" impact will have positive impact across the District.

In spite of severe challenges, this neighborhood remains fully engaged, and is both resilient and creative in responding to current issues. The community draws upon strong civic traditions and pride coupled with the vigor and vision of newer residents. The community as a whole has been active in responding creatively to present challenges. Our strong support for this investment is coupled with a commitment to work closely with the City of Saint Paul and resident leaders to support the revitalization of this NSP 3 target area.

Sincerely,

Al Oertwig

**Board President** 

Payne Phalen District Five Planning Council

#### PROGRAM GUIDELINES

January 18, 2011

## **Neighborhood Stabilization Program Homebuyer Assistance Incentive Program**

**Program Administrator** Housing and Redevelopment Authority of the City of Saint

Paul, Minnesota ("HRA").

**Program Overview** All funds will be in the form of five (5) years forgivable

> loan. The program funds will be utilized for down payment and/or closing cost assistance and mortgage affordability enhancement creating an affordability incentive for

> prospective homebuyers to purchase and occupy homes that have been fully rehabilitated under the Neighborhood Stabilization Program (NSP). If the property is sold within five (5) years, then the assistance is to be repaid to the HRA. The maximum amount of assistance is \$14,500.00

per property.

Loan Pool \$ 1,000,000

**Application Process** First-come, first-serve.

**Property Eligibility** 

Geographical Restrictions: Property must be located within the designated NSP areas

in St. Paul, MN.

**Property Type:** Property must have been rehabilitated by the HRA or

> private developer who purchased the property from the HRA, with NSP funds. Property must be residential 1 to 2units that comply with zoning and code requirements. For

2-unit properties, one unit must be owner occupied.

**Borrower Eligibility** 

Owner Occupancy Buyers must intend to occupy the property as their principal

residence for at least five (5) years from date of closing.

Buyer must homestead the property.

<u>First Time Home Buyer</u> Not required. Buyer can have previously owned a home.

<u>Timing of Purchase</u> Home must be purchased and closed on or before

December 31, 2013.

Education Requirement Any home buyer under this Program shall be required to

attend and complete a pre-purchase homebuyer education program provided by an approved HUD Counseling

Agency under the NSP Program, prior to and within twelve

months of closing, that requires eight (8) hours of education. For more information and a link to approved agencies, <a href="http://www.hocmn.org/en/buyahome.cfm">http://www.hocmn.org/en/buyahome.cfm</a> and

http://www.hocmn.org/en/nsp.cfm

Borrower Contribution: Borrower must contribute from Borrower's own funds to

the acquisition of the property a minimum of one percent (1%) of the purchase price. These Borrower's funds cannot be borrowed or granted funds from public or private sources. In addition, the HRA contribution for down payment assistance must be less than 50% of borrower's down payment obligation required by borrower's first

mortgage lender.

Maximum Household Income: 120% of area median income as defined by the Department

of Housing and Urban Development ("HUD")(chart

attached) as of date of closing.

**Loan Product Description** 

Loan Amount: Maximum loan amount is \$14,500.00.

Interest Rate: 0%

<u>Term:</u> Five (5) years of continuous ownership and residency from

date of closing, and upon satisfaction of this term, the loan

will be forgiven.

Housing ratio: 31-38% of gross household income for principal, interest,

taxes and insurance ("PITI").

Eligible Use of Funds: Down payment and/or closing costs assistance, including

pre-pays and/or affordability gap, thereby reducing the

amount of first mortgage.

<u>Loan Security</u> Loans will be evidenced by a promissory note and secured in

the name of the HRA by a mortgage filed against the property.

Other General

Conditions & Procedures See Attachment 1 attached.

These program guidelines may be amended, modified or terminated from time to time and

without notice by the HRA.

#### Attachment 1

#### OTHER GENERAL CONDITIONS AND PROCEDURES

**APPLICATION PROCESS**: The following application procedure shall apply to the Homebuyer Assistance Incentive Program:

- 1. Applicant must apply to the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota ("HRA") at least 30 days prior to the scheduled closing of the property. Applications can be found at (*insert web site*). Initial application must include:
  - Signed application
  - Signed "data release form"
  - Copy of executed Purchase Agreement
- 2. At least seven (7) business days prior to closing applicant must submit to the HRA:
  - Lender letter of acceptance to acknowledge approval of NSP funds
  - Lender to provide updated Good Faith Estimate, Truth in Lending, and final application to show NSP funds and NO cash back to buyer, no exceptions.
  - Home Stretch certificate required for all homebuyers dated within 12 months of closing
  - Copy of title commitment
  - Copy of appraisal

•

• Date of closing, name and contact information of closer (Lender's closer or title company closer).

**DISBURSEMENT PROCESS:** The HRA will provide a list of other requirements to applicants prior to closing.

March 1, 2011 Saint Paul NSP3 application

Attachment F

**Vicinity Hiring Actions** 

- advertising contracting opportunities via the city's website that will provide general information about the project and where to obtain additional information
- contacting business assistance agencies and community organizations to inform them of contracting opportunities and requesting assistance in identifying vicinity businesses which may solicit bids or proposals for contracts for work
- create and maintain a list of vicinity businesses
- coordinate pre-bid meetings at which vicinity businesses may be informed of upcoming contracting and subcontracting opportunities
- advertising contracting opportunities through local (neighborhood-level) media