



# Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

**Date:** June 17, 2014

**To:** Council Member Lisa Goodman, Chair, Community Development & Regulatory Services Committee  
Council Member John Quincy, Chair, Ways, Means and Budget Committee

**Subject:** Minnesota Housing Finance Agency (Minnesota Housing) Community Homeownership Impact Fund (Impact Fund) proposals for Rehab Support, Green Homes North, and Homeownership Opportunity Minneapolis programs.

## Recommendations:

1. Authorize staff to submit a proposal to Minnesota Housing requesting \$1,200,000 from the Impact Fund; including \$600,000 for North Minneapolis neighborhoods and \$600,000 for North East and South Minneapolis neighborhoods for the Rehab Support Program.
2. Authorize staff to submit a proposal to Minnesota Housing requesting \$500,000 from the Impact Fund for the Green Homes North Program, Round 4.
3. Authorize staff to submit a proposal to Minnesota Housing requesting \$250,000 from the Impact Fund for the Homeownership Opportunity Minneapolis Program.

**Previous Directives:** None.

Rehab Support Program: The City has had an active Report Support program since 2008.  
Green Homes North: On July 20, 2012, the City Council approved the Green Homes North Program. On October 19, 2012, the City Council approved Green Homes North Round 1. On June 28, 2013, the City Council approved Green Homes North Round 2. On April 25, 2014 the City Council approved Green Homes North Round 3. Homeownership Opportunity Minneapolis: None.

## Department Information

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Approved by: Charles T. Lutz, Interim CPED Director _____
Catherine Polasky, Director, Economic Policy and Development _____
Language Reviewed by: Jeffrey Streder, Development Finance _____
Presenter in Committee: Cherie Shoquist, Principal Project Coordinator

## Financial Impact

None.

## **Community Impact**

- Neighborhood Notification: All affected neighborhoods will be notified of program funding, if awarded.
- City Goals:
  - Living well: Minneapolis is safe and livable and has an active and connected way of life.
  - One Minneapolis: Disparities are eliminated so all Minneapolis residents can participate and prosper.
  - Great places: Natural and built spaces work together and our environment is protected.

## **Supporting Information**

The Minnesota Housing Community Homeownership Impact Fund provides funding for developers and administrators of single-family, owner-occupied affordable housing.

The Rehab Support Program request of \$1,200,000 for home improvement financing includes \$600,000 for North Minneapolis neighborhoods and \$600,000 for North East and South Minneapolis neighborhoods. This financing would assist current Minneapolis homeowners in completing improvements, potentially increasing their home's market value. The program offers loans of up to \$20,000 at zero-percent interest. Funding the City receives from the Minnesota Housing Finance Agency will be matched dollar for dollar by the homeowner from a non-city funded source. The North Minneapolis and North East and South Minneapolis neighborhoods served will be identified using the Minnesota Housing Community Profiles that incorporate data defined as High Need Foreclosure, Community Recovery, Community Economic Integration, Housing-Job Growth Initiative, and Minimizing Transportation Costs and Promoting Access to Transit to identify eligible areas. If funds are granted, approximately 100 households will be served through this program.

The neighborhoods likely to be approved by Minnesota Housing include the North neighborhoods of Cleveland, Folwell, Harrison, Hawthorne, Jordan, Lind-Bohanon, McKinley, Shingle Creek, Webber-Camden, Willard-Hay, and Victory; the Northeast neighborhoods of Beltrami, Holland, and Northeast Park; and the South neighborhoods of Bryant and Central.

The Green Homes North Program—Round 4 (GHN) request for development gap funding of \$500,000 in Minnesota Housing Impact Funds would leverage proposed City of Minneapolis funding of \$500,000 and any additional philanthropic resources to develop approximately 20 additional Green Homes North homes. The Green Homes North (GHN) Program provides home buyers with newly constructed energy efficient and sustainable, green homes on city-owned vacant lots in North Minneapolis to strengthen the sustainability of our communities. GHN incorporates quality green design standards; green, energy efficiency, and sustainability standards; job creation and workforce development; sourcing of local green products; and marketing to meet homebuyer expectations. Homes are constructed to the Minnesota Green Communities Standards as developed by the State of Minnesota. The program's goal is to develop 100 new green homes in North Minneapolis over five years. Through three years, the City has funded 45 homes.

The Homeownership Opportunity Minneapolis (HOM) Program request for affordability gap funding of \$250,000 in Minnesota Housing Impact Funds would be used for down payment and closing cost assistance to 25 homeowners. This would leverage proposed City of Minneapolis funding of \$1,000,000 to assist an additional 100 new home buyers. Additionally, proposed city's resources of \$125,000 will fund homeownership outreach and assistance for five culturally specific organizations to serve homebuyers of color: African American, East-African, Latino, Asian and American Indian. The proposal will incorporate plans to market a Minneapolis homebuyer specific program to fully utilize existing Minnesota

Housing mortgage loan programs. Minneapolis has one of the worst rates of racial disparity in homeownership. According to U.S. Census data, there are over 13,000 Minneapolis households of color with incomes between \$40,000 and \$99,000 that can afford homes priced from \$80,000 to \$200,000. The purpose of the program is to bring households of color into sustainable homeownership in Minneapolis.

Minnesota Housing Impact Funds will be awarded in the fall of 2014.