

Action Plan

Grantee: Dakota County, MN

Grant: B-08-UN-27-0002

LOCCS Authorized Amount:	\$ 2,765,991.00
Grant Award Amount:	\$ 2,765,991.00
Status:	Reviewed and Approved
Estimated PI/RL Funds:	\$ 875,000.00
Total Budget:	\$ 3,640,991.00

Funding Sources

No Funding Sources Found

Narratives

Areas of Greatest Need:

Dakota County is situated in the southeast corner of the Twin Cities Metropolitan area, it is the third most populous county in the state of Minnesota, at approximately 400,000 persons. Dakota County maintains a land use mixture of 1/3 urban, 1/3 suburban, and 1/3 rural. The median home price in Dakota County has increased 21.7% over a five year period from \$192,000 (2002) to \$233,650 (2006). Dakota County has the second highest number of foreclosures among Minnesota counties. Foreclosure sales have alarmingly increased in the past five years, highlighting the increase in need for mortgage delinquency counseling. There were 222 foreclosure sales in 2002, and the number dramatically increased to 1,610 sales in 2007; a 725% increase in five years. Dakota County is projecting 2,200 foreclosure sales in 2008. Dakota County also has a high number of subprime mortgages. In addition, the FBI has identified the Twin Cities as one of the 10 worst areas of the United States for mortgage fraud and has a number of current investigations underway. In 2007 and 2008, the U.S. Attorney's office charged 23 defendants who have either pleaded guilty or have been sentenced for mortgage fraud and related crimes. Ten percent of homes currently listed for sale in Dakota County are bank owned. While foreclosures have occurred throughout all parts of the county, there are areas with greater concentrations of foreclosed, bank-owned homes. Dakota County has delineated areas of greatest need of stabilization activities, also referred to as target areas, on the map in Exhibit A. This data is set across census tract block groups and zip code areas. In determining the areas of greatest need, Dakota County CDA used data provided by HUD. The CDA mapped the census tract blocks where the foreclosure and abandonment risk score was 6 or greater. The CDA also mapped the census tract block groups where the underlying 18-month predicted foreclosure problem rate was higher than 4%. Since the predicted 18-month values were given by HUD as a percentage, the percentages were divided into ranges (1-10) based on Natural Breaks (Jenks Optimization) method. This gave a single score for each percentage range for the risk score and the problem rate, allowing both data sets to match. The two fields were then added together to get the combined risk score, the 1-10 value from each field, for a total possible score of 20. The areas of highest priority include portions of South St. Paul, Eagan, Burnsville, and Hastings. Areas of medium high priority are portions of Farmington, Lakeville, Apple Valley, and West St. Paul. Portions of Inver Grove Heights, Rosemount, Northfield and small cities in the County have been identified as areas of medium priority. All census tracts which did not meet the criteria set by the Dakota County CDA will not be eligible for Neighborhood Stabilization Funding. All funds have been budgeted for eligible uses and activities as identified in the Activity Type section. Activities will occur from January 1, 2009 to June 30, 2011. The Dakota County CDA will be sole responsible organization in carrying out all activities within the NSP program.

Distribution and and Uses of Funds:

The funds will be used in five primary activities, plus administration: 1. Homeownership assistance for low-, moderate-, and middle-income (120% of area median income, or AMI) households purchasing foreclosed upon homes totalling \$525,000. Twenty-seven home purchases will be assisted for homebuyers at or below 120% AMI. 2. Acquisition of foreclosed and/or abandoned homes and residential properties resulting in the rental or resale to low-income (50% of AMI) households totalling \$462,000. Five homes will be purchased for households at or below 50% AMI. 3. Rehabilitation of acquired foreclosed and/or



abandoned homes and residential properties resulting in the rental or resale to low-income (50% of AMI) households totalling \$230,000. Five homes will be rehabbed for occupancy by households at or below 50% AMI. 4. Acquisition of foreclosed and/or abandoned homes and residential properties for the purpose of establishing a land bank totalling \$1,051,250. Ten foreclosed properties will be acquired and land-banked that will include the demolition of blighted structures totalling \$226,750. Twelve blighted homes will be cleared. 6. Administration of the program will not exceed 10% of the NSP grant and 10% of any program income.

Definitions and Descriptions:

(1) Definition of “blighted structure” in context of state or local law.

Response: A structure is considered blighted when it is detrimental to the safety, health, morals or welfare of the community by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use or obsolete layout, or any combination of these factors.

(2) Definition of “affordable rents.” Note: Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

Response: Maximum rents under NSP shall be established as the current HUD Fair Market Rent adjusted for bedroom size of each rental unit.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response: The term of affordability for each NSP-assisted unit shall be based on HOME Program standards based on the amount of NSP funding per unit, including: (a) \$1,000 - \$14,999 = 5 years; (b) \$15,000 - \$39,999 = 10 years; (c) \$40,000 or more = 15 years; and (d) new construction rental = 20 years. For NSP-funded financing mechanism programs, the HOME Program recapture method shall be used to continue affordability.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response: The housing rehabilitation standards applicable to NSP assisted activities will ensure these activities will result in decent, safe, and sanitary living conditions for households. The specific housing rehabilitation standards are attached as Exhibit C.

Low Income Targeting:

The Dakota County CDA will use at least \$692,000 (25% of its allocation, as required) toward housing households with incomes at or below 50 percent of area median income, adjusted for household size. This will be accomplished through the acquire, rehabilitate, and rent or sell foreclosed and abandoned properties activity.

Acquisition and Relocation:

The Dakota County CDA does intend to demolish a certain amount of dwelling units. Of these, none are anticipated to have had an affordability covenant; however some may have been previously occupied and/or owned by low- and moderate-income households (anticipated 3 units). The land parcels resulting from clearance activities (18 units) will all be made available to low-, moderate-, or middle-income households. The land parcels will be banked for a period of up to ten years and then sold to income eligible households. The Dakota County CDA does not intend to convert any low- and moderate-income dwelling units.

Public Comment:

Public Comments received between November 6, 2008 and November 21, 2008. Previously submitted to HUD.

Project Summary

Project #	Project Title	Grantee Activity #	Activity Title
9999	Restricted Balance	<i>No activities in this project</i>	
NSP 1-6	HUD NSP Program	NSP-1	Homebuyer Financing
		NSP-1a	Homebuyer Financing (for buyers <50%)
		NSP-2	Acquisition for Rehab/Resale/Rental
		NSP-3	Rehab/Reconstruction
		NSP-4	Acquisition for Land Bank
		NSP-5	NSP-5
		NSP-6	Planning & Admin



Activities

Project # / Title: NSP 1-6 / HUD NSP Program

Grantee Activity Number: NSP-1
Activity Title: Homebuyer Financing

Activity Type:
Homeownership Assistance to low- and moderate-income

Project Number:
NSP 1-6

Projected Start Date:
01/01/2009

Project Draw Block by HUD:
Not Blocked

Activity Draw Block by HUD:
Not Blocked

Block Drawdown By Grantee:
Not Blocked

National Objective:
LMMI: Low, Moderate and Middle Income National Objective for NSP Only

Activity Status:
Under Way

Project Title:
HUD NSP Program

Projected End Date:
06/30/2011

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 565,081.77

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 565,081.77

Benefit Report Type:
Direct (Households)

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Owner Households	25		25	100.00
# of Households	25		25	100.00
Proposed Accomplishments				
# of Singlefamily Units	25			
# of Housing Units	25			

Activity is being carried out by Grantee:
No

Activity is being carried out through:

Organization carrying out Activity:
Dakota County CDA

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
--------------------------	-------------------	-----------------



Location Description:

Dakota County will prioritize the use of the NSP funds by targeting foreclosed upon housing units and residential properties in cities with the highest need for stabilization as follows:

- Priority #1 – target first those areas that are identified as having either: (a) a combined score of “medium-high” to “high” or (b) a combined score of “medium” to “medium-high” with the cross-hatched overlay of high subprime loans (see map in Exhibit A).
- Priority #2 – target next those areas that are identified as having a combined score of “medium” to “medium-high” (see map in Exhibit A).
- Priority #3 – target last those areas that are identified as having a high number of subprime loans (cross-hatched) without any additional combined scoring color (see map in Exhibit A).

Activity Description:

Financing mechanisms (zero interest deferred loan) for homebuyers at or below 120% AMI to acquire vacant foreclosed upon homes and residential property.

The HOME Period of Affordability will be followed, as detailed in the attached Resale/Recapture Policy. The Dakota County CDA will utilize the Recapture option for NSP activities.

Environmental Assessment: COMPLETED

Environmental Reviews: None

Grantee Activity Number: NSP-1a
Activity Title: Homebuyer Financing (for buyers <50%)

Activity Type:

Homeownership Assistance to low- and moderate-income

Project Number:

NSP 1-6

Projected Start Date:

01/01/2009

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Activity Status:

Under Way

Project Title:

HUD NSP Program

Projected End Date:

06/30/2011

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 73,440.00

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 73,440.00

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

Owner Households

Total	Low	Mod	Low/Mod%
3	3		100.00
3	3		100.00

of Households

Proposed Accomplishments

of Singlefamily Units

of Housing Units

Total

3

3

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

Dakota County CDA

Proposed budgets for organizations carrying out Activity:

Responsible Organization

Dakota County CDA

Organization Type

Unknown

Proposed Budget

\$ 73,440.00

Location Description:



Dakota County will prioritize the use of the NSP funds by targeting foreclosed upon housing units and residential properties in cities with the highest need for stabilization as follows:

- Priority #1 – target first those areas that are identified as having either: (a) a combined score of “medium-high” to “high” or (b) a combined score of “medium” to “medium-high” with the cross-hatched overlay of high subprime loans (see map in Exhibit A).
- Priority #2 – target next those areas that are identified as having a combined score of “medium” to “medium-high” (see map in Exhibit A).
- Priority #3 – target last those areas that are identified as having a high number of subprime loans (cross-hatched) without any additional combined scoring color (see map in Exhibit A).

Activity Description:

Financing mechanisms (zero interest deferred loan) for homebuyers at or below 50% AMI to acquire vacant foreclosed upon homes and residential property. This activity was added Feb 2010 for the purpose of showing the amount of NSP funds provided as a financing mechanism that assisted buyers of foreclosed properties with incomes at or below 50% AMI. The HOME Period of Affordability will be followed, as detailed in the attached Resale/Recapture Policy. The Dakota County CDA will utilize the Recapture option for NSP activities.

Environmental Assessment: COMPLETED

Environmental Reviews: None

Activity Supporting Documents

Document DC HOME Consortium_Resale Recapture policy_Revised Sept 2017_DRAFT.pdf

Document Exhibit A1 - NSP Co Target Areas Final.pdf



Grantee Activity Number: NSP-2
Activity Title: Acquisition for Rehab/Resale/Rental

Activity Type:

Rehabilitation/reconstruction of residential structures

Project Number:

NSP 1-6

Projected Start Date:

01/01/2009

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Activity Status:

Under Way

Project Title:

HUD NSP Program

Projected End Date:

06/30/2011

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 570,439.25

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 570,439.25

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

	Total	Low	Mod	Low/Mod%
# Renter Households	2	2		100.00
# Owner Households				0.0
# of Households	2	2		100.00

Proposed Accomplishments

	Total
# of Properties	6

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

Dakota County CDA

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
Dakota County CDA	Unknown	\$ 570,439.25

Location Description:



Dakota County will prioritize the use of the NSP funds by targeting foreclosed upon housing units and residential properties in cities with the highest need for stabilization as follows:

- Priority #1 – target first those areas that are identified as having either: (a) a combined score of “medium-high” to “high” or (b) a combined score of “medium” to “medium-high” with the cross-hatched overlay of high subprime loans (see map in Exhibit A).
- Priority #2 – target next those areas that are identified as having a combined score of “medium” to “medium-high” (see map in Exhibit A).
- Priority #3 – target last those areas that are identified as having a high number of subprime loans (cross-hatched) without any additional combined scoring color (see map in Exhibit A).

Activity Description:

Rehabilitation of the vacant, foreclosed properties acquired with NSP funding. The Dakota County CDA will coordinate all rehabilitation activities. Once rehabilitated, the properties will be used either to provide rental housing to households at or below 50% AMI based on family size, or will be sold to income eligible buyers (at or below 50% AMI based on family size). For properties that may be sold as owner occupied, a non-profit may act as owner/developer. Project soft costs are included in budget.

The HOME Period of Affordability will be followed, as detailed in the attached Resale/Recapture Policy. The Dakota County CDA will utilize the Recapture option for NSP activities.

Environmental Assessment: UNDERWAY

Environmental Reviews: None

Activity Supporting Documents

Document DC HOME Consortium_Resale Recapture policy_Revised Sept 2017_DRAFT.pdf

Document Exhibit A1 - NSP Co Target Areas Final.pdf



Grantee Activity Number: NSP-3
Activity Title: Rehab/Reconstruction

Activity Type:

Rehabilitation/reconstruction of residential structures

Project Number:

NSP 1-6

Projected Start Date:

01/01/2009

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

Activity Status:

Under Way

Project Title:

HUD NSP Program

Projected End Date:

06/30/2011

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 125,442.38

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 125,442.38

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

	Total	Low	Mod	Low/Mod%
# Renter Households	1		1	100.00
# of Households	1		1	100.00

Proposed Accomplishments

	Total
# of Singlefamily Units	1
# of Housing Units	1
# ELI Households (0-30% AMI)	
# of Properties	1

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

Dakota County CDA

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
Dakota County CDA	Unknown	\$ 125,442.38



Location Description:

NSP identified target areas.

Activity Description:

Rehabilitation of the vacant, foreclosed properties acquired with NSP funding. The Dakota County CDA will coordinate all rehabilitation activities. Once rehabilitated, the properties will be used either to provide rental housing to households at or below 50% AMI based on family size, or will be sold to income eligible buyers (at or below 50% AMI based on family size). For properties that may be sold as owner occupied, a non-profit may act as owner/developer. Project soft costs are included in budget.

Environmental Assessment: COMPLETED

Environmental Reviews: None



Grantee Activity Number: NSP-4
Activity Title: Acquisition for Land Bank

Activity Type:

Land Banking - Acquisition (NSP Only)

Project Number:

NSP 1-6

Projected Start Date:

01/01/2009

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

Benefit Report Type:

Area Benefit (Census)

Activity Status:

Under Way

Project Title:

HUD NSP Program

Projected End Date:

06/30/2011

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 1,384,659.10

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 1,384,659.10

Proposed Accomplishments

of Properties

Total

10

LMI%:	
--------------	--

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

Dakota County CDA

Proposed budgets for organizations carrying out Activity:

Responsible Organization

Dakota County CDA

Organization Type

Unknown

Proposed Budget

\$ 1,384,659.10

Location Description:

Dakota County will prioritize the use of the NSP funds by targeting foreclosed upon housing units and residential properties in cities with the highest need for stabilization as follows:

- Priority #1 – target first those areas that are identified as having either: (a) a combined score of “medium-high” to “high” or (b) a combined score of “medium” to “medium-high” with the cross-hatched overlay of high subprime



loans (see map in Exhibit A).

- Priority #2 – target next those areas that are identified as having a combined score of “medium” to “medium-high” (see map in Exhibit A).
- Priority #3 – target last those areas that are identified as having a high number of subprime loans (cross-hatched) without any additional combined scoring color (see map in Exhibit A).

Activity Description:

Demolish vacant, foreclosed properties acquired by the CDA as well as other properties deemed appropriate as a way to stabilize a neighborhood. The cleared land will become land bank inventory.

Land Bank is being created so the properties can be redeveloped and sold at a later date when the market has the ability to absorb the additional housing units.

Environmental Assessment: COMPLETED

Environmental Reviews: None

Activity Supporting Documents

[Document](#) Exhibit A1 - NSP Co Target Areas Final.pdf



Grantee Activity Number: NSP-5
Activity Title: NSP-5

Activity Type:

Clearance and Demolition

Project Number:

NSP 1-6

Projected Start Date:

01/01/2009

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

Benefit Report Type:

NA

Activity Status:

Under Way

Project Title:

HUD NSP Program

Projected End Date:

06/30/2011

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 0.00

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 0.00

Proposed Accomplishments

of Properties

Total

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

Dakota County CDA

Proposed budgets for organizations carrying out Activity:

Responsible Organization

Dakota County CDA

Organization Type

Unknown

Proposed Budget

\$ 0.00

Location Description:

NSP identified target areas.

Activity Description:

Demolish vacant, foreclosed properties acquired by the CDA as well as other properties deemed appropriate as a



way to stabilize a neighborhood. The cleared land will become land bank inventory.

Environmental Assessment: COMPLETED

Environmental Reviews: None



Grantee Activity Number: NSP-6
Activity Title: Planning & Admin

Activity Type:

Administration

Project Number:

NSP 1-6

Projected Start Date:

10/01/2008

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

Not Applicable - (for Planning/Administration or Unprogrammed Funds only)

Activity Status:

Under Way

Project Title:

HUD NSP Program

Projected End Date:

12/31/2011

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 327,000.00

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 327,000.00

Benefit Report Type:

NA

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

Dakota County CDA

Proposed budgets for organizations carrying out Activity:

Responsible Organization

Dakota County CDA

Organization Type

Unknown

Proposed Budget

\$ 270,991.00

Location Description:

Dakota County, Minnesota

Activity Description:

General program administration of Dakota County's allocation of NSP funding.



Environmental Assessment: EXEMPT

Environmental Reviews: None

Action Plan Comments:

- MARIA FO review of DRGR entries complete. Information does not conflict with that provided in NSP substantial amendment. Email to transmit the review worksheet sent 2 June 09, with request to unblock grant. MEP 2 June 09
- Reviewer - acceptable
- Reviewer - The grantee transferred \$28,000 from demolition (activity 5) to homebuyer financing (activity 1). This transfer is approved by SJB on 1/29/2010.
- Reviewer - \$15,000 was transferred into activity #1a from activity #1. This was done to accurately report on a household at or beloww 50% ami that received downpayment assistance. The previously funded amount was \$45,940.00
- Reviewer - No problems identified with this plan amendment. SJB 9/17/10.
- Reviewer - I spoke with Stephanie several days after she modified it. She thinks she changed it to remove the projected beneficiaries in either activity #4 or #5. Either way, the proposed activities match what they actually did with the funds. 2/1/2011 SJB
- Reviewer - The anticipated amounts of program income were added to the budgets of activities number 4 and 6.
- Reviewer - Dakota re-opened two activities so that program income that was generated from funds from these activities could be accurately reported to these activities.
- Reviewer - Email from Leah Petricka states "I did not make any changes. I had an issue receipting program income and thought I needed to have an open activity to do so. It was actually a compatibility issue with DRGR and the newest version of internet explorer." No changes made. SJB 1/24/2014
- Reviewer - Approved without complete review so grantee is able to submit their QPR.
- Reviewer - Action Plan was approved without complete review so grantee can submit their QPR.

Action Plan History

Version	Date
B-08-UN-27-0002 AP#1	06/25/2010
B-08-UN-27-0002 AP#2	02/01/2011



B-08-UN-27-0002 AP#3	05/01/2013
B-08-UN-27-0002 AP#4	10/29/2013
B-08-UN-27-0002 AP#5	01/24/2014
B-08-UN-27-0002 AP#6	07/20/2015
B-08-UN-27-0002 AP#7	10/27/2017
B-08-UN-27-0002 AP#8	11/06/2017

