

# Action Plan

**Grantee: Anoka County, MN**

**Grant: B-11-UN-27-0001**

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<b>LOCCS Authorized Amount:</b>	\$ 1,226,827.00
<b>Grant Award Amount:</b>	\$ 1,226,827.00
<b>Status:</b>	Reviewed and Approved
<b>Estimated PI/RL Funds:</b>	\$ 1,500,000.00
<b>Total Budget:</b>	\$ 2,726,827.00

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## Funding Sources

Funding Source	Funding Type
NSP3	Other Federal Funds

## Narratives

### Summary of Distribution and Uses of NSP Funds:

After identifying areas of the county that scored at least 17.92 within the NSP3 Mapping Tool we included analysis conducted using past history, current real estate trends and information provided by the Cities in which proposed areas are located. The decision was made to limit our activities to two communities that have historically had the greatest amount of foreclosures, greatest decline in market value and limit our target areas of greatest need to the specific neighborhoods that have not yet achieved stabilization. Maps were established by using the HUDUSER mapping tool.

10/01/2012 Anoka County revised its target area as it has struggled with continued success in the original NSP3 target areas. As the areas data has become outdated and many have resolved the issues previously faced with foreclosure, it was found that the County program was no longer assisting a local need. After a review of market study data a new area was determined where the amount of foreclosures remains high and the condition of the single family properties are distressed, it was determined the program would be of better assistance if amended to identify new targets. Due to the general community make up, Anoka County does not have concentrations of properties within set blocks or neighborhoods, but is required to target areas with scattered sites. Anoka County submitted an Amendment to the target area and notified citizens on the County web page and in local print news of the proposed changes. The new area was identified and outlined on HUDUSER map NSP3 tool. It was verified with HUD HQ that data within the mapping system is from 2010. With the identified area, the target scored a 17.29.

As stated above the following considerations for properties chosen are:

- In a condition in which water, occupancy or other is denied due to code and safety violations, some properties may be condemned or deemed unsafe from local housing officials.
- Is unable to obtain financing, pass FHA, VA appraisal inspections
- Devalued to a distressed level and depressing surrounding market values
- Property is not a townhome, condo, PUD or other association ties
- Not eligible for buyers without cash or ability to complete substantial rehabilitation and or rehabilitation is not affordable.

07/30/2013 increased budgets to reflect program income earned through the sale of remodeled NSP homes. Required that Action Plan be opened and budgets revised for each activity.

### How Fund Use Addresses Market Conditions:

After consulting with the two communities to assure the city's support in the target areas maps created using the NSP3 Mapping Tool we further reviewed market and trend information with our participating Realtor. The maps confirmed that a target goal of creating homeownership opportunities in an estimated 20% of the REO properties was realistic. Delinquency rates are an indicator of high cost and high risk mortgages, including sub-prime mortgages. Information received in the HUD NSP planning data indicate that the neighborhoods selected to receive NSP3 funding have documented need to receive targeted funding. Targeting the two high risk neighborhoods selected will allow intervention intended to stem the rise in the rate of foreclosure.

10/01/2012 Working with the new communities and local market studies we created a target area for the best use of



funds. After a review of the HUDUSER tool information it suggested a total number of properties to be addressed at 58 or 20%. As this information is from 2010 we are uncertain of the current 20% ratio and will use this as a base for the area. Due to the boundaries of the defined area it includes both all single family homes including townhomes and PUD/Condo units. It is the policy of Anoka County not to use NSP funds in properties that hold a pre existing declaration or covenant such as that of those types of single family units holding associations. This will reduce the actual number of properties available to our program to be addressed for impact. Additionally Anoka County does not address properties that are in a condition in which the market would support a buyer receiving financing. Properties in which the County will acquire and rehabilitate are in a condition in which there are structural, health or safety issues such as foundation breaks, mold, asbestos or other hazardous issues. All properties must be in a condition in which the lack of care and dangerous conditions. Anoka County will also work to address eligible single family properties in collaboration with local non profits, affordable housing foundations, and local cities as they are also working to redevelop and address blighted situations due to the affects of foreclosures and vacancies. With the leveraging partnerships and turnover of program income from both NSP1 and NSP3. NSP1 has already worked within the target area boundaries with successful properties and will further this impact with the use of NSP3 funds. The original NSP3 target areas are areas that overlapped our NSP1 grant and were targeted from the beginning of the overall NSP program. Both the NSP1 and ongoing economy have furthered the stabiliation in these areas it is no longer an area in need of assistance from the NSP3 grant. The NSP1 funds are still available for that area if a property was to be identified. There will not be an impact on the original NSP3 target areas if the county no longer administers the program in the area because the market and economy has impacted the areas positively no longer making it possible for NSP3 to have an impact. The newly identified target areas were reviewed with our real estate professional and discussions with the local municipalities and it was found that they are older neighborhoods struggling with vacant homes due to foreclosures. Our realestate professional is able to full data from this area and review the properties that are availale and the lenght of time they are vacant. Additionally with property record information we are able to review the date of the sale and determine through the legal process when and how properties were affected.

### **Ensuring Continued Affordability:**

Anoka County will ensure continued affordability through the use of an enforcement document filed against each piece of real property. HOME guidelines will be considered the standard for assuring long term affordability. Anoka County will place a Declaration of Covenants upon each property for a term of 20 years. If a buyer obtains assistance with the closing costs of an NSP3 property purchase Anoka County will secure the assistance with a five year Purchase Money Mortgage and Promissory Note which will hold a deferred status with zero interest. After a term of five years, and within the sixth year the Mortgage will be forgiven as long as the buyer has not moved from the home. If a buyer is to sell, refinance or no longer occupy the residence as the principal property the Mortgage will be called due in full. Updated to include closing cost assistance terms 10/01/2012

### **Definition of Blighted Structure:**

As defined in the approved Anoka County Action plan: a "blighted" structure will be defined as a structure which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light and sanitary facilities, excessive land coverage, deleterious land use, or any combination of these or other factors, is detrimental to the safety, health, moral or welfare of the community. There is no state or local law that defines "blighted structure". Anoka County has worked with other counties, cities and Minnesota Housing to establish a definition to be used in the NSP action plan to define blight. Cities use a definition most commonly used for Tax Increment Financing, but can also have a separate local definition for codes and ordinances. This definition was used to meet a high housing quality standard, require that all codes and ordnances are met and to meet what other counties and Minnesota Housing have determined to be a complete definition. No change as of 10/01/2012

### **Definition of Affordable Rents:**

The 2010-2014 Anoka County Consolidated Plan defines "affordable rents" as those at or below the applicable Fair Market Rent (FMR) for the Minneapolis/St.Paul Metropolitan Area as defined by HUD. This definition of affordable rents will also be used for any Anoka County NSP-assisted rental units. No change as of 10/01/2012

### **Housing Rehabilitation/New Construction Standards:**

NSP-assisted housing units will be rehabilitated in accordance with IBC Building Codes, State of Minnesota Electrical, and Plumbing Codes and local City codes and ordnances as required based on the City planning and buidling requirements. All properties will receive an energy audit to show the HERS index and the Energy audit will be used to outline necessary energy saving within the construction scope. Anoka County will also test all applicable properties for lead and review existing products wihtin the homes for risks of mercury, mold and asbestos and/or other issues causing an unhealthy structure. Energy standards and Green prodcuts will be reviewed in each property as to not cause unnecessary expenses due to the unblance of the envelope, cost of the product verses its purpose and reasonable change in overall project costs. Updated to further define standards 10/01/2012

### **Vicinity Hiring:**

Anoka County will use local publications and resources to attract interest from vicinity contractors. Through the procurement process we will provide preference to Vicinity Contractors and review each for Section 3, Women and Minority contractors. In all homes applicable the use of MDH lead supervisors will be a requirement in the procurement process to ensure lead safe construction.



## Procedures for Preferences for Affordable Rental Dev.:

### Grantee Contact Information:

Kate Thusntrom, Community Development Manager  
Anoka County, Community Development Department  
2100 Third Avenue, Suite 700, Anoka MN 55303

## Project Summary

Project #	Project Title	Grantee Activity #	Activity Title
1	NSP3 Admin	Admin	NSP Program Administration
2	Ac/Rehab 25% LLI	LMI 25%	Acquisition/Rehab 25% Set Aside
3	Ac/Rehab 120% LMMI	LMMI 120%	Acquisition/Rehab LMMI
9999	Restricted Balance	<i>No activities in this project</i>	



# Activities

**Project # / Title:** 1 / NSP3 Admin

**Grantee Activity Number:** Admin  
**Activity Title:** NSP Program Administration

**Activity Type:**

Administration

**Project Number:**

1

**Projected Start Date:**

03/01/2011

**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)

**Environmental Assessment:**

EXEMPT

**Benefit Report Type:**

NA

**Activity Status:**

Under Way

**Project Title:**

NSP3 Admin

**Projected End Date:**

03/01/2015

**Project Draw Block Date by HUD:**

**Activity Draw Block Date by HUD:**

<b>Total Budget:</b>	\$ 122,682.00
<b>Other Funds</b>	\$ 122,682.00
<b>Total Funds</b>	\$ 245,364.00

**Activity is being carried out by Grantee:**

No

**Activity is being carried out through:**

**Organization carrying out Activity:**

Anoka County Community Development

**Proposed budgets for organizations carrying out Activity:**

**Responsible Organization**

Anoka County Community Development

**Organization Type**

Unknown

**Proposed**

\$ 122,682.00

**Funding Source Name**

NSP3

**Matching Funds**

No

**Funding Amount**

\$ 122,682.00



**Location Description:**

NSP Program administration staff will be located out of the Community Development Department at the Anoka County Government Center.

**Activity Description:**

NSP Program administration to meet all federal and local requirements upon NSP units regarding but not limited to soft costs, direct and indirect administration

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**Project # / Title: 2 / Ac/Rehab 25% LLI**

**Grantee Activity Number: LMI 25%**  
**Activity Title: Acquisition/Rehab 25% Set Aside**

**Activity Type:**  
Acquisition - general

**Project Number:**  
2

**Projected Start Date:**  
03/01/2011

**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.

**Environmental Assessment:**  
UNDERWAY

**Benefit Report Type:**  
Direct (Households)

**Activity Status:**  
Under Way

**Project Title:**  
Ac/Rehab 25% LLI

**Projected End Date:**  
03/01/2013

**Project Draw Block Date by HUD:**

**Activity Draw Block Date by HUD:**

**Total Budget:** \$ 804,107.00  
**Other Funds:** \$ 0.00  
**Total Funds:** \$ 804,107.00

**Proposed Beneficiaries**

	<b>Total</b>	<b>Low</b>	<b>Mod</b>	<b>Low/Mod%</b>
# Owner Households	5	5		100.00
# of Households	5	5		100.00

**Proposed Accomplishments**

	<b>Total</b>
# of Singlefamily Units	5
# of Housing Units	5



**Total acquisition compensation to owners**

# of Parcels acquired voluntarily	5
# of Parcels acquired by admin settlement	
# of Parcels acquired by condemnation	
# of buildings (non-residential)	
# of Properties	5

**Activity is being carried out by Grantee:**

No

**Activity is being carried out through:**

**Organization carrying out Activity:**

Anoka County Community Development

**Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed
Anoka County Community Development	Unknown	\$ 744,107.00

**Location Description:**

After identifying areas of the county that scored at least 17.92 within the NSP3 Mapping Tool we included analysis conducted using past history, current real estate trends and information provided by the Cities in which proposed areas are located. The decision was made to limit our activities to two communities that have historically had the greatest amount of foreclosures, greatest decline in market value and limit our target areas of greatest need to the specific neighborhoods that have not yet achieved stabilization.

**Activity Description:**

Acquisition of vacant/and or foreclosed properties, rehabilitation of properties to meet or exceed local code, disposition to income qualified households at or below 50% AMI. This activity will address the local market by eliminating homes that are not eligible for financing due to health and safety issues. This will also provide an opportunity for households who income qualifies for the NSP program to obtain and secure housing that has few rehabilitation needs in the immediate future. This activity will choose homes that are in need of assistance through issues concerning the neighborhood such as boarded windows, broken or vandalized exteriors and/or outdated or overgrown issues. This activity will be structured to meet a homeowner beneficiary. A Declaration of Covenants will be filed against the property to secure affordability for 20 years.

**Project # / Title: 3 / Ac/Rehab 120% LMMI**

**Grantee Activity Number: LMMI 120%**  
**Activity Title: Acquisition/Rehab LMMI**

**Activity Type:**  
Acquisition - general

**Activity Status:**  
Under Way

**Project Number:**

**Project Title:**



3

Ac/Rehab 120% LMMI

**Projected Start Date:**

03/01/2011

**Projected End Date:**

03/01/2015

**Project Draw Block by HUD:**

Not Blocked

**Project Draw Block Date by HUD:**

**Activity Draw Block by HUD:**

Not Blocked

**Activity Draw Block Date by HUD:**

**Block Drawdown By Grantee:**

Not Blocked

**National Objective:**

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

**Total Budget:**

\$ 1,800,000.00

**Other Funds**

\$ 0.00

**Total Funds**

\$ 1,800,000.00

**Environmental Assessment:**

UNDERWAY

**Benefit Report Type:**

Direct (Households)

**Proposed Beneficiaries**

# Owner Households

**Total**

**Low**

**Mod**

**Low/Mod%**

10

0.00

# of Households

10

0.00

**Proposed Accomplishments**

# of Singlefamily Units

**Total**

10

# of Housing Units

10

Total acquisition compensation to owners

# of Parcels acquired voluntarily

10

# of Parcels acquired by admin settlement

# of Parcels acquired by condemnation

# of buildings (non-residential)

# of Properties

10



**Activity is being carried out by Grantee:**

No

**Activity is being carried out through:**

**Organization carrying out Activity:**

Anoka County Community Development

**Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed
Anoka County Community Development	Unknown	\$

**Location Description:**

After identifying areas of the county that scored at least 17.92 within the NSP3 Mapping Tool we included analysis conducted using past history, current real estate trends and information provided by the Cities in which proposed areas are located. The decision was made to limit our activities to two communities that have historically had the greatest amount of foreclosures, greatest decline in market value and limit our target areas of greatest need to the specific neighborhoods that have not yet achieved stabilization.

**Activity Description:**

Acquisition of vacant/and or foreclosed properties, rehabilitation of properties to meet or exceed local code, disposition to income qualified households at or below 120% AMI. This activity will address the local market by eliminating homes that are not eligible for financing due to health and safety issues. This will also provide an opportunity for households who income qualifies for the NSP program to obtain and secure housing that has few rehabilitation needs in the immediate future. This activity will choose homes that are in need of assistance through issues concerning the neighborhood such as boarded windows, broken or vandalized exteriors and/or outdated or overgrown issues. This activity will be structured to meet a homeowner beneficiary. A Declaration of Covenants will be filed against the property to secure affordability for 20 years.

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**Action Plan Comments:**

- Reviewer - This action plan change was done to correctly allocate NSP3 funds to projects and activities. CD
  
- Reviewer - the grantee has submitted this change to the NSP3 target area for review and supported their request with information that will illustrate how the county will select properties in the new target area. Anoka county states that the initial target area is served by NSP1 funds and will continue to be eligible for program income if a property is identified that should be addressed. The city of Columbia Heights has funds to address foreclosed properties; this will support NSP1 activities. Staff is in support of this change with the additional information provided and will continue to work with the grantee on grant progress. 10/26/12 CD
  
- Reviewer - Anoka County has not had their NSP3 Action Plan set up property in DRGR and is now making changes to revise sections of the plan to add proposed beneficiaries and accomplishments, change the status of activities to *underway*, and in one instance change the accomplishment type from Jobs to Persons. Several of these original descriptors appeared to be preventing accomplishments from showing up in DRGR reports. Below is a full review.  
 Summary of Distribution and Uses of NSP Funds:  
 No changes



How Fund Use Addresses Market Conditions:

Additional information supplied in October 2012 Action Plan Change. The grantee provides information about how program income from the NSP1 grant will continue to address any additional need in the NSP3 Target area that was changed. The county proposes to use Program Income in the Columbia Heights target area.

Ensuring Continued Affordability ζ no change

Definition of Blighted Structure ζ no change

Definition of Affordable Rents ζ no change

Housing Rehabilitation Standards ζ no change

Vicinity Hiring ζ no change

Reviewer - pending other revisions, this request is to increase budgets and units to be addressed through NSP3.

Reviewer - Grantee has not made changes to any of the activities or their management of the NSP3 grant with this Action Plan change. The purpose of the change is simply to increase budgets to accommodate Program Income earned and expected to be earned in the future. The proposed number of units addressed was increased to reflect the additional funds. Staff has reviewed the changes in this submission and with the Grantee and approves the changes. This activity is budgeted to meet the 25% @ 50% AMI expenditures requirements under the NSP program based on the original grant amount and the additional expected program income. CD 9/11/13

## Action Plan History

Version	Date
B-11-UN-27-0001 AP#1	04/08/2015
B-11-UN-27-0001 AP#2	09/11/2013
B-11-UN-27-0001 AP#3	12/18/2012
B-11-UN-27-0001 AP#4	10/26/2012
B-11-UN-27-0001 AP#5	02/28/2012
B-11-UN-27-0001 AP#6	05/09/2011

