

Grantee: St. Louis, MO

Grant: B-08-MN-29-0002

April 1, 2009 thru June 30, 2009 Performance Report

Grant Number:

B-08-MN-29-0002

Obligation Date:**Grantee Name:**

St. Louis, MO

Award Date:**Grant Amount:**

\$5,532,792.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Reviewed and Approved

Submitted By:

No Submitter Found

Disasters:

Declaration Number

NSP

Plan Description:

The City of St. Louis as a whole and particular neighborhoods within the City of St. Louis have been seriously and negatively impacted by foreclosures and subprime mortgages. According to City Assessor foreclosure data, more than 8,000 of the 103,466 residential parcels in the City of St. Louis experienced foreclosure from 2002 through 2008; more than 5,600 of these foreclosures took place between January, 2005, and October, 2008. Bank or other lenders currently own more than 1,100 of these foreclosed properties. According to the Federal Reserve Bank of St. Louis, nearly 6,000 home purchases in the City were financed with subprime mortgages from 2005 through 2008; this total excludes homes where the subprime mortgage has already resulted in foreclosure or REO. When actual foreclosures and subprime mortgages are added together, nearly 11,500 residential parcels, or more than 11% of all of the residential parcels in the City, have experienced either at least one foreclosure or a subprime mortgage. In addition, more than 50% of the City's 480 block groups have been classified by HUD in the highest risk category, 10 for foreclosure and abandonment. An additional 20% of the City's block groups fall into categories 8 and 9. Less than 2% of the City's block groups are classified in the three lowest-risk categories. Clearly, impacts of foreclosure and subprime lending in the City of St. Louis are great.

Recovery Needs:

To determine the target areas for distribution and use of funds in areas of greatest need, the City analyzed foreclosure data and subprime mortgage data by City neighborhood. The City has seventy-nine (79) designated neighborhoods. Combined foreclosures and subprime mortgages as a percentage of residential parcels in the neighborhood are extremely high in many City neighborhoods; in some neighborhoods, the incidence of subprime lending and foreclosures is extremely low. Eleven (11) of the City's seventy-nine neighborhoods have combined subprime mortgage/foreclosure rates of 20% or more; an additional ten (10) City neighborhoods have combined subprime mortgage/foreclosure rates of 14% to 19.9%. These twenty-one (21) neighborhoods include 61% of the City's foreclosures but account for only 31% of the City's residential parcels. These neighborhoods have been designated Target Neighborhoods A and B respectively. An additional twenty-nine (29) neighborhoods account for an additional 33% of the City's foreclosures. These neighborhoods have been designated Target Neighborhoods C and D, with Target C neighborhoods experiencing a combined subprime/foreclosure rate of 10% - 14.9% and Target D neighborhoods experiencing a combined subprime/foreclosure rate of 5% - 9.9%. Together, all of these target neighborhoods include 94% of the City's foreclosures.

Priorities for use of NSP funding for acquisitions will be acquisition of NSP-eligible problem vacant buildings/vacant parcels in Target A and B neighborhoods, NSP-eligible bank-owned problem properties in Target A & B neighborhoods, and acquisition of other eligible properties in Target A and B neighborhoods and in other impacted neighborhoods (Target C and Target D neighborhoods, but only where the HUD risk category is 8, 9 or 10). We are seeking a determination as to whether only bank/lender-owned properties may be acquired or whether other foreclosed properties may also be acquired with NSP funds. It may also be necessary to acquire properties in Target C/D neighborhoods and other neighborhoods in order to obtain properties in Target A/B neighborhoods, if a bank/lender refuses to sell unless all the bank/lenders properties are acquired.

Acquisition/redevelopment will initially focus on eliminating problems in target neighborhoods, addressing relatively isolated specific problems on otherwise stable blocks. Acquisition and redevelopment also will focus on longer-term goals for target neighborhoods and potential for larger-scale redevelopment in areas where opportunities for major sustainable change exist.

Following acquisition of properties, we will first attempt, via an RFP process, to sell all properties acquired to developers or owner-occupants with the capacity and willingness to meet the rehabilitation requirements of the NSP program, including whatever NSP subsidy is necessary with the property. Where it is not possible to sell an acquired property to a developer or owner-occupant who will rehabilitate or redevelop the property, the City will explore City rehabilitation of the property, through the use of City personnel, contractors selected by the City or through subrecipients. The City will also explore demolition of structures determined infeasible for rehabilitation these properties may be redeveloped in the short term or landbanked for future development within the 10-year period specified in the NSP notice.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$6,600,000.00
Total CDBG Program Funds Budgeted	N/A	\$3,300,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$75,499.01	\$75,499.01
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	\$99.99	\$0.00
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$829,918.80	\$0.00
Limit on Admin/Planning	\$553,279.20	\$0.00
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

Overall Progress Narrative:

During the reporting period (3/6/09 through 6/30/09) acquisition of foreclosed properties in the targeted neighborhoods has begun. During this period, 103 property appraisals have been completed and 2 Foreclosed Property Acquisitions have closed.

Project Summary

Project #, Project Title	This Report Period		To Date	
	Project Funds Budgeted	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
09-NSP-33-55, Acquisition	\$1,250,000.00	\$0.00	\$1,250,000.00	\$0.00
09-NSP-33-55-LB, Landbanking of Foreclosed Upon Homes	\$1,000,000.00	\$0.00	\$1,000,000.00	\$0.00
09-NSP-33-55-Rehab, Rehab of Acquired Foreclosed Properties	\$1,250,000.00	\$0.00	\$1,250,000.00	\$0.00
09-NSP-35-02F, Home Ownership Assistance	\$500,000.00	\$0.00	\$500,000.00	\$0.00
09-NSP-35-02R, Redevelop Demolished or Vacant Foreclosed	\$982,792.00	\$0.00	\$982,792.00	\$0.00
09-NSP-Admin, Administration	(\$15,515,584.00)	\$0.00	\$550,000.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00

Activities

Grantee Activity Number: 09-NSP-33-55

Activity Title: LRA/NSP Acquisition Program

Activity Category:

Acquisition - general

Activity Status:

Planned

Project Number:

09-NSP-33-55

Project Title:

Acquisition

Projected Start Date:

01/01/2009

Projected End Date:

12/31/2010

National Objective:

NSP Only - LH - 25% Set-Aside

Responsible Organization:

Community Development Administration

Overall

Apr 1 thru Jun 30, 2009

To Date

Total Projected Budget from All Sources	N/A	\$2,500,000.00
Total CDBG Program Funds Budgeted	N/A	\$1,250,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$75,499.01	\$75,499.01
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

This activity will acquire residential properties that have been abandoned or foreclosed upon, in order to sell, rent, rehab or redevelop such homes. After acquiring the properties, income-qualified persons and families will benefit from the assistance provided as follows. Foreclosed homes and rental properties will be purchased and in some cases rehabilitated using NSP funds in whole or in part. Rehabilitated or redeveloped homes will then be sold or rented to income-eligible buyers or renters by making owner-occupied homes and rental properties available to such persons and families at affordable rates. NSP funds will subsidize the purchase and rehabilitation costs to make the owner- and renter-occupied homes affordable. Funds used for this activity may be used to meet the low income housing requirement for those below 50% of area median income; all funds used for this activity will comply with the 120% of area median income NSP benefit requirements. As required by the NSP Notice, properties will be purchased at discounted prices. The price of each property to be purchased has been estimated as follows, using data from foreclosed properties that have subsequently been resold in the City of St. Louis since 2002: the estimate of purchase price includes the required NSP-mandated discount: Average stated value at foreclosure: \$71,500 Discount from value at foreclosure to true value (to be determined by appraisal estimated at 20% average): (14,300) Estimated average appraised value: \$57,200 Required average discount of 15%: (8,850) Projected average purchase price w/NSP funds: \$48,350 In addition, we anticipate that by working with banks and other lenders that own properties in the target neighborhoods we may be able to achieve further discounts: they may be willing sellers with a desire to dispose of significant portions of their REO portfolios. Where NSP purchase and, in some cases, rehabilitation funding is restructured as a subordinate mortgage, interest rates will range from 0% to LIBOR. Some funding may be structured as shared appreciation mortgages with similar interest rates. Development cost write-downs for homeownership projects will not be structured as subordinate financing; these write-downs will reduce the cost of the home to its appraised value after rehabilitation/redevelopment. For construction write down and permanent financing for rental projects, the interest rates are expected to range from 0% to the LIBOR rate.

Location Description:

Target neighborhoods as described in NSP application. 1st Priority: Acquisition/redevelopment of NSP-eligible problem vacant buildings/vacant parcels in Target A neighborhoods. 2nd Priority: Acquisition/redevelopment of NSP-eligible problem vacant buildings/vacant parcels in Target B neighborhoods. 3rd Priority: Acquisition/redevelopment of NSP-eligible problem bank-owned properties in Target A neighborhoods. 4th Priority: Acquisition/redevelopment of NSP-eligible problem bank-owned properties in Target B neighborhoods. 5th Priority: Acquisition/redevelopment of other eligible properties in the Target A and Target B neighborhoods and in other impacted neighborhoods (Target C and Target D neighborhoods, but only where the HUD risk category is 8, 9 or 10).

Activity Progress Narrative:

During this reporting period, appraisals for 103 foreclosed properties have been completed for a total NSP commitment of

\$10,925 for appraisal costs.

Two foreclosed properties have also been acquired for a total NSP commitment of \$64,574.01. Acquisition of several dozen additional foreclosed properties is in process.

The total commitment of funds for this activity during this reporting period is \$74,499.01.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	0	0/0	0/0	0/50

Activity Locations

Address	City	State	Zip
4753	Michigan	NA	63111
4624	Virginia	NA	63111

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
Neighborhood Stabilization Program	\$1,250,000.00
Total Other Funding Sources	\$1,250,000.00
