

Grantee: St Paul, MN

Grant: B-08-MN-27-0002

July 1, 2009 thru September 30, 2009 Performance Report

Grant Number:

B-08-MN-27-0002

Grantee Name:

St Paul, MN

Grant Amount:

\$4,302,249.00

Grant Status:

Active

Submitted By:

No Submitter Found

Obligation Date:

03/20/2009

Award Date:

03/20/2009

Contract End Date:

03/27/2013

Review by HUD:

Reviewed and Approved

Disasters:**Declaration Number**

NSP

Plan Description:**Recovery Needs:****Overall****Total Projected Budget from All Sources****Total CDBG Program Funds Budgeted****Program Funds Drawdown****Obligated CDBG DR Funds****Expended CDBG DR Funds****Match Contributed****Program Income Received****Program Income Drawdown****This Report Period**

N/A

N/A

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

To Date

\$4,302,249.00

\$4,302,249.00

\$0.00

\$0.00

\$0.00

\$0.00

\$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	\$645,337.35	\$0.00
Limit on Admin/Planning	\$430,224.90	\$0.00
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

Overall Progress Narrative:

10/6/08 – 11/26/08: Staff worked on the Neighborhood Stabilization Program (NSP) Amendment to the Consolidated Plan.

12/1/08: Submitted NSP Action Plan/Amendment to Department of Housing and Urban Development (HUD)

12/4/08: Publication Date of Notice of Intent to Request A Release of Funds & Notice of Finding of No Significant Impact on the Environment NSP Amendment

12/4/08 to 12/18/08: Comment Period for the Public to respond to Release of Funds and NSP Amendment

12/18/08: Letter was sent to Cindy Behnke, Office of Community Planning & Development, HUD, Minneapolis, MN. with a Request for Release of Funds and copy of public notice for City of Saint Paul NSP activities.

12/19/08: City of Saint Paul (City) under the entity of the Housing and Redevelopment Authority of the City of Saint Paul (HRA) entered into a Memorandum of Understanding (MOU) with Dayton's Bluff Neighborhood Housing Services (DBNHS), community development organization. DBNHS entered into an agreement with the National Community Stabilization Trust (NCST) to allow them to participate in their First Look/Targeted Bulk Purchase Program. This MOU with DBNHS allowed City/HRA to utilize them as an agent in taking advantage of acquiring foreclosed properties through the NCST program. This put the City/HRA in a position to quickly expend NSP funds as well as being made aware of properties being offered that may be considered for other revitalization opportunities under ISP or other program initiatives.

1/6/09: Received approval of Authority to Use Grant Funds (NSP) from Michele K. Smith CPD Division Director with the Effective Date of January 5, 2009

1/30/09: Received letter from Nelson R. Bregon, General Deputy Assistance Secretary informing the City of Saint Paul that HUD approved the City's jurisdiction's NSP Action Plan/Amendment and is awarding \$4,302,249

3/20/09: HUD sent executed copies of Funding Approval and Grant Agreement for NSP funding. Grant Agreement was executed by the City of Saint Paul and sent back to HUD on March 27, 2009. Effective date of Grant March 20, 2009. Funds must be expended and/or obligated by September 20, 2010. The City shall have 48 months from Grant date or March 20, 2013 to expend the NSP amount.

5/4/09 to 7/17/09: City/HRA staff worked with community groups, residents and City Council members to submit a Neighborhood Stabilization Program 2 application by July 17, 2009.

3/20/09 Ongoing: City/HRA staff, CDCs, District Councils and neighborhood residents have reviewed almost 1000 properties that have been identified as foreclosures/vacant and have come through various sources i.e.: National Community Stabilization Trust First Look/Bulk Program; Fannie Mae; Wells Fargo, IndyMac, other national banks or mortgage trustees, and some of our local community banks. 95% of these properties were located within the targeted areas. The conditions of the properties vary greatly and need ofir. Many were overpriced and lenders being unreasonable with pricing. City/HRA currently owns 175 properties in ISP/NSP targeted neighborhoods. These properties have been purchased with City local funds (ISP), NSP, donations and State funds. In addition to City/HRA purchases, our partners (CDCs, Habitat, Model Cities and others) have purchased, developed and/or provided financing assistance in the sale of 49 previously vacant and/or foreclosed properties of which 43 were located within our NSP targeted areas.

City/HRA entered in appraisal contracts with 5 different appraisers to insure the quick turn around time needed to meet acquisition of properties. The City has a Targeted Vendor Outreach requirement to insure that opportunities are provided to small and minority owned businesses. The selected appraisers are small business and/or small business and minority owned.

City/HRA staff is working with Ramsey County on developing demolition specifications for deconstruction. We are looking to develop 6-12 properties to be demolished using deconstruction methods to determine costs differential in deconstruction and cost savings in not deposing in land fill. Also we are looking at this type of activity to also be a training ground for hiring low income workers.

City/HRA initially approved \$550,000 under ISP to provide financing to 5 District Councils and 6 neighborhood community development corporations to work with neighborhood residents and develop work plans. Work plans were created and approved with much of this first phase funding being used for information gathering and building community buy-in for long term activities that will be needed to stabilize these neighborhoods and that would complement the bricks and mortar activities that were being funded. All their hard work has resulted in joint activities with the HRA/City as outlined below in the Outcomes. These work plans identified certain neighborhood project (small development activities) like retaining wall work on blocks, fencing improvements, open space improvement, providing water service for community gardens, etc. The communities have been fully engaged and have requested additional funding to continue building on these resident activities. City/HRA approved additional funding of \$600,000 in September to fund continued neighborhood engagement; this engagement is a critical element in moving community-identified plans, consistent with overall ISP goals, forward. The use of these resources will be driven by community-identified activities that support ISP/NSP programs/plans.

The City/HRA approved funding to the Metro Paint-A-Thon program which selects homes of low income seniors and people with disabilities for its painting projects. Volunteer teams are recruited from corporations, churches, and civic groups to paint the homes. This program has helped to keep low income senior homeowners independent and in their homes. The HRA/City provided \$25,000 to Metro Paint-A-Thon in 2008 and they addressed 22 homes. It is anticipated that this funding will address an additional 10 homes primarily within the ISP areas. Staff is recommending \$10,000 in funding from the ISP budget for this activity.

City/HRA staff is developing a Procedural Manual icuigRehabilitation Guidelines on how all rehabilitation and/or new construction will be undertaken on acquired properties to insure that all requirements are being met in relation to bidding, compliance, rehabilitation scope of work (energy efficiency, lead, radon, mold, marketability, affordability, etc), construction and draw processes, contractor requirements, insurance and workmanship and many other components. This manual has been drafted and meetings are starting to be scheduled with CDCs and others that will go over each of the sections so everyone is operating from the same information. These training sections will include compliance with AAP/EEO, Section 3, Target Vendor Outreach, LEP offering and others that are required under City/HRA compliance.

City/HRA staff is working on a Marketing Plan with the St. Paul Board of Realtors to develop and overall strategy and branding for the houses that will be available for sale after the rehabilitation is completed. This includes identifying the various financing mechanisms and their structure to encourage purchases as well as address long term affordability where needed.

City/HRA staff is working with neighborhood organization and residents in discussing the area of rental housing within 1-4 unit foreclosed buildings. Rental in these size units have not been a success in many of the targeted neighborhoods and in many cases has been source of instability. The neighborhoods look at this foreclosure

problem as an opportunity to change the face of some of these neighborhoods where single family and/or other size buildings have been converted to many apartments for the size and should be down sized to appropriate size. They also see this as an opportunity to secure good landlord ownership and management of the buildings that will be rental. We have been working with several developers (private and Public Housing Agency) in developing some type of scattered site rental housing component.

City/HRA staff and neighborhood organizations are working to develop a data base on tracking foreclosures and what is happening to these properties. We will be going over the 2007 foreclosure list of 1,819 properties and then moving to 2008 list of 2,289 properties. This will help both the City and neighborhood residents determine if the private sector is at all helping in the stabilization of these neighborhoods. What we find out may assist us in a marketing plan and/or show that the private activities are having a positive or detrimental effect on the community overall, which data could assist in developing other policies and/or programs that could assist in improving the activities.

The City/HRA issued \$25.0 million in bonds late in 2007 to start the Invest Saint Paul Initiative. This was the impetus that sent the message that in order for the overall City to prosper and do well we needed to start to concentrate work in the neighborhoods that have been the hardest hit by the economic downturn and foreclosures. We also would need to continue to provide opportunities to keep the other neighborhoods stable. We identified that just a portion of the hardest hit neighborhoods would need upward of \$300.0 million to make a difference. To date the City/HRA action has brought upward of \$56.0 million to the ISP/NSP neighborhoods on housing concerns and noh \$1,900,213 in business loans from private lenders to the neighborhood commercial corridors. Please see information below under Outcomes for more information on the work that has been ongoing.

Neighborhood Partners (partial list)	Financing Partners (partial list)
Greater Frogtown/Thomas-Dale CDC	University Bank
North East Neighborhood Development Corporation	Western Bank
East Side Neighborhood Development Company	Twin City Federal
Dayton&rsquo Bluff NHS	Pohlad Foundation
SPARC	Minnesota Housing
Habitat for Humanity	Cherokee Bank
Neighborhood Development Alliance	Family Housing Fund
West 7th/Fort Road Federation	Bremer Bank
Model Cities	&sp;ns;&sp;ns; Wells Fargo
Aurora-St. Anthony Area CDC	
District Councils & Residents	
Hmong American Partnership	
Urban League	
Project for Pride In Living	
Public Housing Agency	
Business Associations within targeted neighborhoods	
for profit developers	

Breakdown of NSP funding to date:

\$4,302,249.00	City Direct NSP
- 430,224.00	Administration 1/1/09 to 8/14/09 \$68,751.84
- 961,495.10	Sent to Accounting 10/19/09 (Acquisition, Holding Costs)
- 607,656.01	processing additional properties purchased for reimbursement *
- 420,000.00	demolition estimated on 28 properties (secure contracts & obligate funds) **
-1,882,873.89	funds need to be obligated for rehabilitation on 17 properties ***
-0-	Balance

Note: * additional property reimbursements by November 14, 2009
 ** demolition contracts will be let over the next 4-5 months
 *** rehabilitation contracts will be secured over the next 2-6 months

Number of properties identified with City Direct NSP:
 24 Acquire/Demo and land bank- all foreclosed residential properties

- 8 at 50% AMI or below (\$93,365.37)
- 16 at 120% AMI or below (\$242,581.84)

25 Acquire and Rehab for sale and/or rental

- 6 at 50% AMI or below (\$217,795.81)
- 8 at 120% AMI or below (\$278,307.76)
- 11 properties have been acquired (currently deciding the AMI breakdown)
- 18 Acquire/Hold until Market changes
- 18 properties acquired (currently deciding the AMI breakdown)

Note: We are working on 20 more possible acquisitions that qualify in these categories. The City/HRA has also purchased foreclosed properties using local funds that will qualify to be rehabilitated using NSP funds.

The City/HRA is receiving a number of foreclosed properties from lenders that are being donated because of condition and/or unwillingness to invest in improvements. This provides the City/HRA with the ability to address more properties and they qualify to go into NSP.

City Direct NSP funding will also be needed for the following:

(1) as we purchase properties we need to plan for demolition costs and rehabilitation costs

(2) to meet the short time line on disbursing NSP funds and the unknown subsidy amount that may be needed for each property, the NSP plan identified up front that we would

 rehabilitation and the properties are sold the funds that come back can be used over the longer period of time and is treated as program income and can address more properties.

Current Update on Vacancies/Foreclosures in St. Paul

1/1/09 to 9/30/09: 1,379 Foreclosures in St. Paul

As of 9/30/09: 1,728 Registered Vacant Buildings in St. Paul

1/1/09 to Present: 3,300 Pre-foreclosure Notices in St. Paul

Outcomes 1/08 through 8/09 "ISP/NSP Overview of Goals, Objectives and Outcomes"

Overarching Goal

To strengthen and revitalize our most vulnerable neighborhoods which in turn support the City as a whole by strategically channeling resources into neighborhoods challenged by recent economic and social downturns, and persistent disinvestment.

Objectives:

- create working partnerships among banks, the HRA, local CDCs, District Councils and neighborhood residents
- bring together resources, time, talent and funding in neighborhoods poised to prosper after a prolonged period of disinvestment
- reduce vacant houses
- rehabilitate or address housing units thereby strengthening the housing stock
- work to grow new, stabilize and/or expand existing businesses
- develop major gateways and nodes that will grow jobs and provide opportunity for new types of improvements
- improve the stability and quality of life in the neighborhoods
- grow stable and racially and economically diverse neighborhoods, with well-maintained owner-occupied and rental housing
- build on the strengths of St. Paul's neighborhoods, by insuring that neighborhoods remain strong, and strengthening those where confidence is clearly declining

Description of Activities:

Outlined below is a description of ISP/NSP activities.

1. Organizational Support/Community Outreach

Related to "Feet on the Ground," organizing neighborhood residents to help address neighborhood issues and develop work plan.

Progress to Date:

- Neighborhood meetings were held in which information on foreclosure, financing, landlord training, homeownership pre- and post-purchase counseling, youth activities, and workforce training was provided and

discussed.

- Seven contracts were executed with four District Councils and three CDCs. These contracts led to specific work plans being developed in neighborhoods and a number of neighborhood activities were identified and completed. More activities have been identified and communities have asked for consideration of another round of funding to continue activities.
- There were initially over 60 meetings during the first eighteen months with neighborhood task forces and community residents. This continues on a monthly basis.
- Community groups established vacant building committees working with PED/DSI on vacant properties. As vacant properties move through the process, some are removed and new ones are identified.
- Communities completed assessment surveys in their neighborhood, have disseminated the information and created rehab programs or changed guidelines on loan and grant programs to provide assistance to more families.
- An ongoing process was established in communities to identify vacant housing and commercial properties for rehabilitation or removal; this process is ongoing.
- PED/HRA and communities continue to identify properties for strategic acquisition.
- Communities have developed acceptable neighborhood appearance criteria to ensure curb appeal is maintained which is necessary to keep and attract homeowners, businesses, and renters, and other private investment.
- Work with lenders continues in an effort to develop financing products for refinancing, purchase, and rehabilitation. Several partners continue to work with us on this very challenging issue.
- Direct work with families continues to determine property rehabilitation needs.
- Direct work with businesses along neighborhood commercial corridors continues on a rehabilitation improvement and/or expansion program, as well as marketing initiatives to attract new businesses/jobs.
- DSI continues to work with residents to ensure a clear, consistent, and understandable interpretation of inspection standards.
- Public works, parks and recreation, and neighborhood organizations were successful in creating summer youth jobs for kids from these areas to work on neighborhood projects. Work is underway to secure financing to continue for next summer.
- District 6 just completed their "Project Blue" community building and sustainability plan that addresses the three most critical gaps between that district's current conditions and future success envisioned by neighborhood residents and other stakeholders: youth development, home ownership and Rice Street business development.

2. Rehabilitation

Concentrated rehabilitation efforts to assist families with both retaining and improving their homes are underway. Rehabilitation ranges from minor repairs to major undertaking of improvements in addition to addressing curb appeal, energy efficiency, and cost feasibility, etc. We continue to work to tweak certain programs to fit the residents' needs. A big issue is educating residents to improve their property even with the loss of value. Residents are hesitant to consider putting on additional financing even when it is deferred or a grant.

Progress to Date

- CDCs and City assisted in 134 owner occupied residential rehab projects:
 - 111 in ISP/NSP areas (\$2,669,185)
 - 23 outside ISP/NSP areas (\$395,626)
- Surveying by the community identified the need for rehabilitation funds for people with credit issues and incomes over the CDBG guidelines. Some CDCs have amended existing programs to address the tight credit market and declining home values offering some of the needed flexibility; more work is continuing.
- PED, other City staff, and CDC staff continue to discuss the use of the Tenant Remedy Act and rental rehab. The issues surfacing include owners that do not want to comply with City regulations or only want to consider grants even if the property could afford a low interest loan with no restrictions.

3. Mortgage Financing/Incentives (including foreclosure prevention activities)

Provide mortgage financing and refinancing tools that will assist new buyers in purchasing for sale vacant and foreclosed properties. Develop financing assistance to help with interest write-down assistance, affordability financing gap, and entry cost assistance funds all necessary to sell and keep mortgages affordable for families.

Progress to Date

- City Living, Take Credit and Heroes Programs have assisted in the sale of 63 properties with another 33 properties with Purchase Agreements in underwriting/reserved.
 - 47 properties located in ISP/NSP areas

35 were vacant/foreclosed properties

\$6,232,973 represents the sale prices

- 16 properties located Outside ISP/NSP areas

6 were vacant/foreclosed properties

\$2,936,533 represents the sale prices

These financing assistance programs require home owner occupancy.

- CDC's, Habitat for Humanity and PED have assisted in the development and/or sale of 49 properties utilizing the Make It Possible Program (MIP), Bridge to Success Home Ownership Program (SHOP), Pohlad Foundation Funds and Neighbor Housing Services of America program Just Price.

- 43 properties located in ISP/NSP areas

 - 27 vacant/foreclosed properties in ISP/NSP areas

 - 7 new constructions

 - \$7,088,345 represents sale prices/development costs

- 6 properties located outside ISP/NSP areas

 - 2 vacant/foreclosed properties Outside ISP/NSP areas

 - \$834,600 represents sale prices/development costs

- 901 Foreclosures between January 1, and June 30, 2009

Foreclosure Prevention - Early Intervention Activities

- Employees of DSI, Public Works, PED, Libraries and other City of Saint Paul departments have mortgage foreclosure prevention brochures readily available for distribution.

- Foreclosure prevention information continues to be mailed with delinquent water bills and property tax statements.

- A direct mail campaign was completed to homeowners with sub-prime and Alt A loans with rate changes or balloon payments occurring at future dates.

 - Information is sent to all households for which PED receives a pre-foreclosure notice.

- Pre-purchase education sessions were conducted and continue with more emphasis on sub-prime products and the foreclosure process with potential homebuyers.

 - Information sessions on available city programs/assistance were held with all City of Saint Paul employees.

Home Ownership Center of Minnesota held several mini workshops on foreclosure training at major locations like the Wellstone Center where both City and County staff have been in attendance. These meetings continue as requested.

Foreclosure - Actions to Address Current Foreclosures

- Dedicated call lines were established for homeowners facing foreclosure.

- Mortgage Foreclosure Prevention Counselors counseled 2801 households from October 1, 2007 to June 30, 2009. As of June 30, 2009, PED counseling staff were working with 685 households.

- Via Minnesota Housing Finance Agency, the City received \$455,873 from NeighborWorks America. These funds continue to allow the City to maintain additional staff of two and one-half positions for housing counselors, half-time clerical and other equipment and supply costs.

- The City received an additional \$63,804 from HUD and \$75,000 from MHFA to continue foreclosure counseling and \$33,000 to provide loan assistance to help clients catch up on delinquent payments. The City has submitted applications for additional funding to both HUD and MHFA. Awards will be made at the end of September, 2009.

- The City also has access to funds under the Commitment Pool of \$500,000 through Marquette Bank Foreclosure Prevention program to provide loan assistance funds to help clients catch up on delinquent payments. Between the MHFA and Marquette funds, the City has provided five loans totaling \$33,580.69.

- Analytical homebuyer data continues to be gathered in working with lending partners to assist in refinance and new mortgage product development.

- Participated in drafting Legislative changes to insure protection and rights of homeowners and tenants which was approved during the 2008 session.

- Foreclosure counselors continue ongoing negotiations for loan modifications with lenders of current homeowners.

- St. Paul foreclosure prevention staff began having office hours in June 2008 at Rondo and Rice street libraries on a weekly basis.

Marketing St. Paul

- Provided expanded homebuyer assistance (with more flexible income restrictions) with STAR funds (down payment assistance, closing cost grants, equity participation loans) for new homeowners interested in purchasing vacant/foreclosed houses, CDC-owned homes, and City-financed housing in purchasing property in ISP areas.
 - five vacant/foreclosed properties in ISP areas were provided down payment assistance totaling \$128,400
- CDC's, District Councils and PED met with St. Paul Area Association of Realtors to continue to schedule vacant house tours and educate realtors on various new programs that may assist them in the sales and marketing communities.
 - To achieve the City's goal of energy efficiency/green building in connection with acquisition and rehabilitation, the HRA passed a resolution requiring that all vacant houses owned or assisted with City funds should have an energy audit to determine the most beneficial energy improvements.

4. Strategic Acquisition

ISP/NSP areas were designated through a process of identifying vacant and foreclosed buildings as well as other quality of life issues. The acquisitions of properties in these areas are being undertaken to help stabilize deteriorating areas. Acquisition can occur through a number of processes including owner donation, tax forfeiture and direct acquisition. These properties will (1) be acquired and rehabilitated using CDC's, RFP offering and/or direct rehabilitation by HRA/City; (2) be demolished and held for future development; and (3) be secured and held for rehabilitation until the market changes.

HRA currently controls 157 properties in ISP/NSP areas.

- 43 parcels are being held for site assembly activities
 - 15 properties are being held for neighborhood commercial corridor developments
 - 6 properties are completed condominiums and being offered for sale
 - 22 properties have been or are being advertised for sale
 - 5 properties have tentative developers esigatd
- p> - 66 properties are in various stages of evaluation for rehab and/or demolition

Progress to Date

- HRA approved \$700,000 in CDBG funds and \$5,350,000 from ISP for Strategic Acquisition for a total of \$6,050,000. \$4,752,467.32 has been expended on the purchase of 65 properties. 10 additional properties have been identified for acquisition.
 - 15 vacant commercial properties (parking or business development)
 - 26 vacant/foreclosed residential for demolition for new construction
 - 24 vacant/foreclosed residential for rehab
- HRA approved the NSP Program and Rebuilding Plan which is acquisition of vacant and foreclosed properties to be demolished, rehabilitated and/or held until the market conditions change. 48 properties have been acquired. Acquisition costs total \$1,161,068. An additional 12 properties have purchase agreements and 91 properties are being reviewed. We are moving forward to obligate funds for holding costs, demolition costs and rehabilitation costs.
 - 17 vacant foreclosed residential for demolition
 - 15 vacant/foreclosed residential for hold/demo and/or rehab
 - 16 vacant/foreclosed residential for rehab within the next year
- NSP funding is a new federal program and has numerous compliance requirements. Changes to the program have been ongoing even after awards were made. Contracts were executed March 20, 2009 with all funds to be expended and/or obligated under contract for specific properties by September 20, 2010 with all improvements to be completed within a 4 to 10 year period. HUD continues to make changes related to discount values on purchases and process requirements which have slowed the expenditure of funds provided directly to HRA as well as those received vi Minnesota Housing. HRA received approval on release of funds from Minnesota Housing in July. As part of the PED reorganization, a separate ISP division was created in PED to focus efforts on acquisition, rehabilitations and other work that will be needed to insure expenditure of the \$10.0 million NSP award to the City and continue moving ISP/NSP activities forward.
 - HRA has received seven donated properties from various lenders and is working with lenders on seven more.
 - Minnesota Housing approved \$500,000 for Strategic Acquisition. These funds have been matched with ISP funds and with CDCs that have been acquiring vacant houses using other resources to acquire 22 vacant/foreclosed houses.
 - PED staff, Dayton's Bluff NHS and other nonprofits working with National Community Stabilization Trust

(NCST) have reviewed 585 properties under First Look and Targeted Bulk Program. The lenders pulled 341 from the process. These properties were either sold, outside of the designated IP/NS area, ineligible property type or were not priced by lenders. Of the remaining 244 properties 56 have been acquired, 18 are under purchase agreements, 1 are in process and 79 were rejected due to pricing, location or condition.

- CDCs and PED/HRA have also looked at an additional 200 properties provided from FannieMae and other local lenders.

- Fourth Street Preservation Project offered 11 properties for sale. Open houses were held on August 25 and 27. Over 55 people visited the open houses. Proposals are due September 30th with tentative developer designation expected in October.

- PED will be advertising 11 vacant houses within various ISP/NSP areas under the Houses to Homes Reoccupancy Program the 3rd week of September.

- PED staff may request that HRA consider undertaking the rehabilitation of several houses in ISP/NSP neighborhoods using our CDCs to write the scopes of work, handle bidding/compliance process and work with staff to oversee the rehab. These properties would then be offered for sale at the appraised value. This is another alternative in offering vacant houses that have been completely rehabilitated for sale.

5. Neighborhood Commercial Corridors

Vacant commercial buildings will be evaluated for functional and economic obsolescence within the Neighborhood Commercial Corridor areas. We will work to grow new, and stabilize and/or expand, existing businesses.

Progress to Date

- CDCs, PED/City and Banks under the City's Socially Responsible Investment Fund have provided investment to a number of businesses (Bank information is collected by census tract only). 242 loans have been provided in ISP areas for an investment of \$31,900,213.

- 15 commercial properties have been acquired under the Strategic Acquisition activities.

- PED and East Side Neighborhood Development Corporation (ESNDC) hired a consultant to undertake a parking study for Payne Avenue to assist in identifying need and how parking affects the marketability of properties and their long term viability. Numerous neighborhood meetings were held during the process. The parking study is complete and the recommendations will be implemented as properties become available.

- Analyzed the parking opportunities to enhance business growth and expansion.

- ESNDC working with PED staff hired a consultant to provide analysis of vacant properties along Payne Avenue to determine functionality or obsolescence in today's market.

- District 6 and the Rice Street Business Association are requesting a parking study to assist in identifying need and how parking affects the marketability of properties and their long term viability as well as affect the neighborhood.

6. Large Redevelopment Areas

Major redevelopment activities will be undertaken for commercial gateways; major commercial and/or residential sites/nodes; and other mixed use developments. These will be Council and Mayor priority projects.

Progress to Date

- The 56-unit, 6000 sf commercial space Winnipeg project closed in December, 2007. Development cost was \$13.0 million with \$3.85 million from HRA/STAR. Lease-up of the units is almost complete with 10 remaining; half of the commercial space is occupied with a grocery store.

- Frogtown Square Project at University and Dale with its partner Episcopal Homes received HUD 202 financing for a 50 unit senior housing complex. The project also includes seven commercial bays for which they have received four letters of intent and two firm leases. Overall estimated project cost is \$13.0 million.

- West 7th/Fort Road Federation has acquired 13 properties in the Smith Development site area. West 7th/Fort Road Federation is requesting consideration of additional acquisition funds to continue purchase of vacant buildings and site assembly.

- HRA will be considering the acquisition of the Saxon Ford site at University and Galtier as a potential development site along the light rail corridor line.

- Clean-up of contaminants on the Hospital Linen site at East 7th and Bates has been completed. Site has been graded and seeded and will be ready for development as the market improves.

7. Regulatory Services - Enforcement

Department of Safety and Inspections (DSI) activities are an essential component of addressing vacant/foreclosed properties

- 2,058 properties have been reoccupied

- 167 have been razed by the City
- 74 have been razed by the Owners
- 3,042 new vacant houses have been added
- 1,811 current number of vacant buildings

HRA has provided \$1,140,000 to DSI to assist with demolition costs of properties that DSI may undertake in ISP areas of which \$640,000 has already been expended.

Background of Invest Saint Paul incorporating Neighborhood Stabilization Program

The City/HRA had identified a growing problem in 2007. A report was presented to the HRA Board that provided an overview of the Invest Saint Paul Initiative. The information for the report was gathered over many months through various neighborhood meetings. Additional data was gathered concerning the city as a whole including income, jobs, education, housing conditions, vacant buildings, foreclosures, neighborhood commercial corridors, etc. This information helped inform the identification of four, large concentrated areas of concern and four smaller areas where these issues were starting to balloon. Based on this information, a preliminary list of proposed goals, work strategies and financial strategies were identified. These strategies would only work if collaboration between city departments, neighborhood residents and outside agencies could be brought together. To that end, City/HRA actively worked with community organizations and residents to target activities in these Priority Areas to move to achieve the identified goals. Financing needs, budget assumptions, and numbers of properties that could be addressed were preliminarily identified with atners. PE staff worked with neighborhood partners to finalize work plans and budgets.

As of July 1, 2007, the City of Saint Paul had 1,12 vacant properties, with nearly 80% located within the Invest St. Paul areas. In addition to the vacancies, there were over 2,000 foreclosure notices listed in the Legal Ledger for Saint Paul between March, 2005 and December, 2006; over 1,100 notices for the first seven months of 2007. These foreclosures were concentrated in the same areas.

Along with rehabilitation and stability of existing occupied housing stock, the City/HRA needed to take advantage of opportunities being offered through vacancy/foreclosures to identify strategic acquisitions. These acquisitions, along with subsequent rehabilitation, also stabilize neighborhoods by improving the viability of the housing stock, improving the quality of life, and creating a more healthy and livable environment. City/HRA staff had been working with various community partners in developing work plans for the Invest Saint Paul areas. Again, all the areas face similar challenges. Seven activities were identified to comprehensively impact these neighborhoods:

- “Feet on the Ground” Activities –community outreach/housing assessment (door to door gather information) which will help inform investment and program design decisions. Other activities may include homebuyer training, financial counseling, tenants and landlord training, community organizing training, etc.)
- Rehabilitation
- Mortgage Financing/Incentives
- Strategic Acquisition
- Neighborhood Commercial Corridors
- Projects – Major redevelopment priority nodes in these neighborhoods.
- Regulatory Services – Enforcement

This overall initiative provides for growth and opportunity to create collaborative efforts to strategically channel city and private resources into revitalization strategies into the City’s most distressed neighborhoods which are being challenged by economic and social down turns and persistent disinvestment.

Inherent in this overall ISP work plan was the need for funds and a variety of different kinds of funds to meet the need for flexibility to address a variety of activities and incomes. In trying to address the magnitude of these issues and encourage private investment, a variety of resources will be needed. Without these various resources that provide differing options, the impact of our work will not be comprehensively realized. The City started the funding process by issuing \$25.0 million of bonds. The City hoped that these funds would encourage other public and private partnerships to bring the much needed resources which will be necessary over the long term to assist with these efforts. The proposed ISP work plan identified the need for over \$66.0 million to start to address some of the issues.

This forward thinking and partnership with the neighborhoods put the City in a strong position to respond to the Neighborhood Stabilization Program in 2008 and apply for funding what will grow the resources needed to address this sometime overwhelming foreclosure and economic crisis. The funding allows the City to build the resources to address the foreclosure issues and start to stabilize these neighborhoods.

Project Summary

Project #, Project Title	This Report Period		To Date	
	Project Funds Budgeted	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00
ACQ-DEMO, Acquisition/Demolition	\$947,000.00	\$0.00	\$947,000.00	\$0.00
ACQ-FUT-RESALE, Acquisition for Future Resale	\$1,305,000.00	\$0.00	\$1,305,000.00	\$0.00
ACQ-RESALE, Acquisition and Resale	\$1,189,801.00	\$0.00	\$1,620,025.00	\$0.00
ADMIN, Administration	\$430,224.00	\$0.00	\$430,224.00	\$0.00

Activities

Grantee Activity Number: AD-001

Activity Title: ACQ-DEMO 50%

Activity Category:

Land Banking - Acquisition (NSP Only)

Activity Status:

Planned

Project Number:

ACQ-DEMO

Project Title:

Acquisition/Demolition

Projected Start Date:

10/01/2008

Projected End Date:

09/30/2018

National Objective:

NSP Only - LH - 25% Set-Aside

Responsible Organization:

City of St Paul

Overall

Jul 1 thru Sep 30, 2009

To Date

Total Projected Budget from All Sources	N/A	\$200,000.00
Total CDBG Program Funds Budgeted	N/A	\$200,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Vacant residential properties that have been foreclosed upon will be acquired by the City in a bulk purchase or other negotiations, and the structures will be cleared by the City. Some of the vacant lots will be sold and have new homes constructed on them when the housing market improves. The homes will be developed by Habitat for Humanity, neighborhood CDCs, or other contractors/developers. All NSP-assisted homebuyers are required to have a Certificate of Homeowner Training, and will have received at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

The lots which are not suitable for new construction will become neighborhood open spaces or community gardens.

The ongoing costs of maintaining the lots will be paid with NSP funds, NSP program income, and local funding sources.

Location Description:

NSP funding will be primarily targeted to HUD block group areas with 7-10 risk scores (orange and red areas), with the majority of funding allocated to ISP Priority and Focus Areas.

Activity Progress Narrative:

The City/HRA has purchased 9 properties.

Performance Measures

	This Report Period		Total	Cumulative Actual Total / Expected		
	Low	Mod		Low	Mod	Total
# of Properties	0	0	9	0/0	0/0	9/5

Activity Locations

Address	City	State	Zip
717 Desoto St	St Paul	NA	55130
938-940 Desoto St	St Paul	NA	55130

295 Charles Ave	St Paul	NA	55103
712 Magnolia Ave E	St Paul	NA	55106
947 Sylvan St	St Paul	NA	55117
598 Maryland Ave E	St Paul	NA	55130
437 York Ave	St Paul	NA	55130
595 Sims Ave	St Paul	NA	55130
730 Jessamine Ave E	St Paul	NA	55106

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number: AD-002

Activity Title: ACQ-DEMO 120%

Activity Category:

Land Banking - Acquisition (NSP Only)

Activity Status:

Planned

Project Number:

ACQ-DEMO

Project Title:

Acquisition/Demolition

Projected Start Date:

10/01/2008

Projected End Date:

09/30/2018

National Objective:

NSP Only - LMMI

Responsible Organization:

City of St Paul

Overall

Jul 1 thru Sep 30, 2009

To Date

Total Projected Budget from All Sources	N/A	\$747,000.00
Total CDBG Program Funds Budgeted	N/A	\$747,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Vacant residential properties that have been foreclosed upon will be acquired by the City in a bulk purchase or other negotiations, and the structures will be cleared by the City. Some of the vacant lots will be sold and have new homes constructed on them when the housing market improves. The homes will be developed by Habitat for Humanity, neighborhood CDCs, or other contractors/developers. All NSP-assisted homebuyers are required to have a Certificate of Homeowner Training, and will have received at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

The lots which are not suitable for new construction will become neighborhood open spaces or community gardens.

The ongoing costs of maintaining the lots will be paid with NSP funds, NSP program income, and local funding sources.

Location Description:

NSP funding will be primarily targeted to HUD block group areas with 7-10 risk scores (orange and red areas), with the majority of funding allocated to ISP Priority and Focus Areas.

Activity Progress Narrative:

The City has purchased 15 properties.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	15	0/0	0/0	15/22

Activity Locations

Address	City	State	Zip
1195 Bush Ave	St Paul	NA	55106

907 Burr St	St Paul	NA	55130
667 Lawson Ave E	St Paul	NA	55106
938 York Ave	St Paul	NA	55106
1082 Galtier St	St Paul	NA	55117
443 York Ave	St Paul	NA	55130
904 Geranium Ave E	St Paul	NA	55106
6 W George St	St Paul	NA	55107
301 Sturgis St	St Paul	NA	55102
930 York Ave	St Paul	NA	55106
899 Sims Ave	St Paul	NA	55106
587 Reaney Ave	St Paul	NA	55130
437 Mt Ida St	St Paul	NA	55130
115 W Magnolia Ave	St Paul	NA	55117
1082 7th Street E	St Paul	NA	55106

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number: AFS-001

Activity Title: ACQ-RESALE 50%

Activity Category:

Acquisition - buyout of residential properties

Activity Status:

Planned

Project Number:

ACQ-FUT-RESALE

Project Title:

Acquisition for Future Resale

Projected Start Date:

10/01/2008

Projected End Date:

09/30/2018

National Objective:

NSP Only - LH - 25% Set-Aside

Responsible Organization:

City of St Paul

Overall

Jul 1 thru Sep 30, 2009

To Date

Total Projected Budget from All Sources	N/A	\$400,000.00
Total CDBG Program Funds Budgeted	N/A	\$400,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Vacant residential properties will be acquired by the City in a bulk purchase or other negotiations, and will be held for future disposition to income eligible homebuyers, or owner occupants of small rental properties. It is anticipated that these properties will require fairly substantial rehabilitation, and will not be sold to end buyers until the housing market improves and other negative influences begin to change.

The homes will most likely be developed by Habitat for Humanity. All NSP-assisted homebuyers are required to have a Certificate of Homeowner Training, and will have received at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

The ongoing holding costs of these properties will be paid with NSP funds, NSP program income, and local funding sources.

Location Description:

NSP funding will be primarily targeted to HUD block group areas with 7-10 risk scores (orange and red areas), with the majority of funding allocated to ISP Priority and Focus Areas.

Activity Progress Narrative:

The City did not acquire any properties under this activity during this quarter.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/6

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number:	AFS-002
Activity Title:	ACQ-RESALE 120%

Activity Category:

Acquisition - buyout of residential properties

Project Number:

ACQ-FUT-RESALE

Projected Start Date:

10/01/2008

National Objective:

NSP Only - LMMI

Activity Status:

Planned

Project Title:

Acquisition for Future Resale

Projected End Date:

09/30/2018

Responsible Organization:

City of St Paul

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$905,000.00
Total CDBG Program Funds Budgeted	N/A	\$905,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Vacant residential properties will be acquired by the City in a bulk purchase or other negotiations, and will be held for future disposition to income eligible homebuyers, or owner occupants of small rental properties. It is anticipated that these properties will require fairly substantial rehabilitation, and will not be sold to end buyers until the housing market improves and other negative influences begin to change.

The homes will most likely be developed by the City, with neighborhood CDCs, or private contractors acting as contractors. All NSP-assisted homebuyers are required to have a Certificate of Homeowner Training, and will have received at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

The ongoing holding costs of these properties will be paid with NSP funds, NSP program income, and local funding sources.

Location Description:

NSP funding will be primarily targeted to HUD block group areas with 7-10 risk scores (orange and red areas), with the majority of funding allocated to ISP Priority and Focus Areas.

Activity Progress Narrative:

The City did not acquire any properties under this activity during this reporting period.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/20

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: AR-001

Activity Title: ACQ SALE 50%

Activity Category:

Acquisition - buyout of residential properties

Activity Status:

Planned

Project Number:

ACQ-RESALE

Project Title:

Acquisition and Resale

Projected Start Date:

10/01/2008

Projected End Date:

09/30/2013

National Objective:

NSP Only - LH - 25% Set-Aside

Responsible Organization:

City of St Paul

Overall

Jul 1 thru Sep 30, 2009

To Date

Total Projected Budget from All Sources	N/A	\$475,562.25
Total CDBG Program Funds Budgeted	N/A	\$475,562.25
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Vacant residential properties will be acquired by the City in a bulk purchase or other negotiations, rehabilitation specifications will be completed, and the properties will be sold to income eligible homebuyers using non-NSP purchase/rehabilitation financing. It is anticipated that these properties will not require substantial rehabilitation, and will be sold to end buyers relatively quickly. Holding costs will be paid with NSP funds. All NSP assisted homebuyers are required to have a Certificate of Homeowner Training, and will have received at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

Location Description:

NSP funding will be primarily targeted to HUD block group areas with 7-10 risk scores (orange and red areas), with the majority of funding allocated to ISP Priority and Focus Areas.

Activity Progress Narrative:

The City acquired 6 properties during this reporting period. 49 Manitoba and 337 Goodrich are duplexes. One unit at each address will be at 50%, the other will be at 120%.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	6	0/0	0/0	6/6

Activity Locations

Address	City	State	Zip
761 Rose Ave E	St Paul	NA	55106
49 Manitoba Ave	St Paul	NA	55117
337 Goodrich Ave	St Paul	NA	55102
506 Hopkins St	St Paul	NA	55130

765 Edgerton St	St Paul	NA	55130
1053 Charles Ave	St Paul	NA	55104

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number: AR-002

Activity Title: ACQ SALE 120%

Activity Category:

Acquisition - buyout of residential properties

Activity Status:

Planned

Project Number:

ACQ-RESALE

Project Title:

Acquisition and Resale

Projected Start Date:

10/01/2008

Projected End Date:

09/30/2013

National Objective:

NSP Only - LMMI

Responsible Organization:

City of St Paul

Overall

Jul 1 thru Sep 30, 2009

To Date

Total Projected Budget from All Sources	N/A	\$1,144,462.75
Total CDBG Program Funds Budgeted	N/A	\$1,144,462.75
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Vacant residential properties will be acquired by the City in a bulk purchase or other negotiations, rehabilitation specifications will be completed, and the properties will be sold to income eligible homebuyers using non-NSP purchase/rehabilitation financing. It is anticipated that these properties will not require substantial rehabilitation, and will be sold to end buyers relatively quickly. Holding costs will be paid with NSP funds. All NSP assisted homebuyers are required to have a Certificate of Homeowner Training, and will have received at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

Location Description:

NSP funding will be primarily targeted to HUD block group areas with 7-10 risk scores (orange and red areas), with the majority of funding allocated to ISP Priority and Focus Areas.

Activity Progress Narrative:

The City acquired 8 properties during this reporting period. 2 additional properties, 49 Manitoba and 337 Goodrich are duplexes and are included with the property count on activity AR-001 as one unit at each address will be at 50%, the other will be at 120%.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	8	0/0	0/0	8/21

Activity Locations

Address	City	State	Zip
49 Manitoba	St Paul	NA	55117
1390 Charles Ave	St Paul	NA	55104
1215 Sherburne Ave	St Paul	NA	55104

501 Magnolia Ave E	St Paul	NA	55130
826 Blair Ave	St Paul	NA	55104
767 E 4th St	St Paul	NA	55106
1284 Woodbridge St	St Paul	NA	55117
629 Sherburne Ave	St Paul	NA	55104
687 Edmund Ave	St Paul	NA	55104
337 Goodrich	St Paul	NA	55102

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	
