

Grantee: St Paul, MN

Grant: B-09-LN-MN-0038

January 1, 2020 thru March 31, 2020 Performance Report

Grant Number:	Obligation Date:	Award Date:
B-09-LN-MN-0038	02/11/2010	02/11/2010
Grantee Name:	Contract End Date:	Review by HUD:
St Paul, MN		Reviewed and Approved
Grant Award Amount:	Grant Status:	QPR Contact:
\$18,031,623.00	Active	Joseph Musolf
LOCCS Authorized Amount:	Estimated PI/RL Funds:	
\$18,031,623.00	\$7,000,000.00	
Total Budget:		
\$25,031,623.00		

Disasters:

Declaration Number

NSP

Narratives

Executive Summary:

The City of Saint Paul received \$18,031,623 of grant funds from the United States Department of Housing and Urban Development through the Neighborhood Stabilization Program 2 (NSP2) under the American Recovery and Reinvestment Act of 2009.

The NSP2 Target Geography has been selected in a manner that will allow NSP2 activities to holistically build upon and leverage the successes of recent and current neighborhood stabilization efforts undertaken by the City: the Invest Saint Paul Initiative and NSP1. Within the NSP2 Target Geography, use of these funds will help stabilize these neighborhoods and position them for a stabilized role in a revitalized community.

The NSP2 program has a tightly defined short list of eligible activities. Saint Paul's NSP2 plan is structured around this list and may be summarized as follows:

The City will undertake the following activities in the following approximate quantities over three years:

- Financial incentives for buyers: for 86 buyers
- Acquisition and rehabilitation: 85 homes
- (B, D) Acquisition and demolition of blighted structures: 28 structures
- Land-bank vacant lots for future re-use: 28 parcels
- In addition, the City will use NSP2 program income for (E) Redevelopment activities in future years.

Target Geography:

The Saint Paul Target Geography is comprised of 18 census tracts with an average "foreclosures with vacancy risk index score" of 19.44. A map of these census tracts and a listing of their scores can be seen at www.stpaul.gov/nsp. The NSP2 Target Geography closely mirrors a subset of the City's NSP1 area referred to as the "Market Collapse Area." These neighborhoods have the largest concentration of vacant homes and foreclosures in the City. Though occupying only 13 percent of the citywide land area, NSP2 Target Geography contains over 55 percent of the vacant homes and 40 percent of the foreclosed homes in the city. There are many blocks in this area containing more vacant houses than occupied houses. These were the first neighborhoods in Saint Paul hit by the housing collapse starting in 2006. Investor foreclosures started initially, followed quickly by many single-family homeowner foreclosures. Many properties in these neighborhoods have been haphazardly converted from original single-family and duplex structures to multi-family buildings that are operated as sub-par rental units. There are many blighted properties unfit for habitation that should be demolished. The values in these neighborhoods continue to deteriorate as low-value investors continue to buy cheaply and fix cheaply. Minnesota Housing Finance Agency data suggests a greater availability of credit with unfavorable terms in the NSP2 Target Geography perhaps leading to a higher number of foreclosures and vacancies. MHFA data also indicates that the NSP2 Target Geography census tracts have lower mortgage loan approval rates than tracts in other parts of Saint Paul.

Program Approach:

(A) Financial Incentives. 86 buyers @ \$15,000 average = \$1,290,000
The City will establish financial incentive programs for purchasers of foreclosed upon homes and residential properties. These programs may be available for buyers of either rehabilitated NSP2-funded properties or other eligible foreclosed or abandoned properties.

(B) Acquisition and Rehabilitation. 85 homes @ \$57,000 average acquisition + \$100,000 average rehabilitation = \$13,345,000
The City will acquire and rehabilitate approximately 85 abandoned or foreclosed upon homes during the first three years of NSP2. The City will acquire properties either via bulk purchase (through continued participation in the National Community stabilization Trust's "First Look" process) or via other direct negotiations with property owners. Rehabilitation activity will be carried out primarily by Community Development Corporations and other non- and for-profit development partners in the community. The City will minimize the risk and capital requirements of our development partners to expedite this activity.

(B, D) Acquisition, Demolition and Land Bank. 28 homes @ \$27,500 average acquisition + \$15,000 average demolition + holding costs = \$1,593,461
The City will acquire approximately 28 blighted structures and will remove these destabilizing influences via demolition. Acquisition will be either via bulk purchase (through continued participation in the National Community stabilization Trust's "First Look" process) or via direct negotiations with property owners. The 28 vacant parcels will then be held in land-bank status for future re-use. NSP2 funds will be used to cover the ongoing carrying costs and maintenance of land-banked property.

(E) Redevelopment to be funded with program income in future years
NSP2 program income will be generated by future sales of rehabilitated homes and cleared lots available for redevelopment. These proceeds will fund redevelopment of vacant lots.

Administration = \$1,803,162
Ten percent of the NSP2 grant is available to cover administrative costs associated with carrying out the activities of the program.

Consortium Members:

None.

How to Get Additional Information:

Please see www.stpaul.gov/nsp or call Joe Musolf, Senior Project Manager, Department of Planning and Urban Development, City of Saint Paul at 651-266-6594.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$25,031,623.00
Total Budget	\$0.00	\$25,031,623.00
Total Obligated	\$0.00	\$21,843,165.15
Total Funds Drawdown	\$0.00	\$21,655,088.63
Program Funds Drawdown	\$0.00	\$18,031,623.00
Program Income Drawdown	\$0.00	\$3,623,465.63
Program Income Received	\$0.00	\$3,623,465.63
Total Funds Expended	\$0.00	\$24,328,169.29
Most Impacted and Distressed Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Target	Actual
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$0.00	\$0.00
Limit on Admin/Planning	\$1,803,162.30	\$1,650,834.28
Limit on Admin	\$0.00	\$1,650,834.28
Most Impacted and Distressed Threshold (Projected)	\$0.00	\$0.00
Progress towards LH25 Requirement	\$6,257,905.75	\$5,820,116.94

Overall Progress Narrative:

The City of Saint Paul is taking a holistic approach to reconciling all 5 NSP grants (3 HUD and 2 State) at once. We have substantially completed the expenditure reconciliation and have verified the expenditures charged to each property address. We are currently moving some expenditures between grants that were miscoded. Our grant numbers are all one number off which led to some typos during the expenditure processing. That clean-up should be completed within the next couple of weeks. We anticipate being able to receipt program income received under the appropriate grants and make a draw for the verified expenditures upon completion of this benchmark.

The NSP staff is currently in the process of verifying property eligibility, demographic information on end buyers, and sustainability information on each property to ensure each property is classified correctly and properly documented. We anticipated this work to be completed by mid 2nd quarter but we will need to push that timeframe back. All of our staff is currently working remotely due to COVID-19 and does not have access to the physical files necessary to complete the review and verification work. As the timing for staff to be back in the office keeps getting pushed backed, we will have to leave the timeframe for completion of this this piece as TBD.

Due to COVID-19, we will be revamping our work plan a bit in order to still make progress on reconciling even though we lack access to files. We are currently working on an inventory list of properties and status of development.

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
001, Admin	\$0.00	\$2,500,000.00	\$1,622,921.82
002-A, Financing Mechanisms	\$0.00	\$0.00	\$0.00
003-B, Acquisition and Rehab	\$0.00	\$15,227,623.00	\$11,330,956.84
004-C, Land Bank	\$0.00	\$1,800,000.00	\$1,281,003.23
005-D, Demolition	\$0.00	\$320,000.00	\$320,000.00
006-E, Redevelopment	\$0.00	\$5,184,000.00	\$3,476,741.11

