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1/28/2020	1	Housing & Redevelopment Authority	approve	Pass

**DATE:** January 28, 2020

**TO:** Members of the Housing & Redevelopment Authority

**FROM:** Janine Atchison, Housing Coordinator

4<sup>th</sup> Quarter Community Development Block Grant Report

**SUMMARY AND ACTION REQUESTED:**

The Housing & Redevelopment Authority (HRA) to review 4<sup>th</sup> quarter Community Development Block Grant (CDBG) report.

**BACKGROUND:**

The City of Northfield received a \$61,591 CDBG allocation in fiscal year (FY) 2019 (July 1, 2019 - June 30, 2020) through the Dakota County Community Development Agency (CDA).

In their annual CDBG application, made in January each year, the City requests funds for the next FY. The application must designate the programs or uses and the amount of funds allocated to that program or use. Once the City receives the FY allocation, unused funds, after 3 years, are subject to recapture and redistribution by the CDA. Any funds, not expended within a period of 4 years, are subject to recapture by the U.S. Department of Housing & Urban Development (HUD).

The HRA currently has funds available for Down Payment Assistance loans, Residential Rehabilitation for owner occupied homes, Rental Rehabilitation for Northern Oaks Townhomes, and Manufactured Home rehabilitation.

**ANALYSIS:**

The CDA anticipates the FY 2020 CDBG allocation at \$65,312.00. As per the HRA recommendation to the City Council, the funds will be divided between the Residential Rehab Program (\$35,840) and the Down

Payment Assistance Program (\$29,472).

#### Down Payment Assistance

The City made only 1 down payment assistance (DPA) loan in 2019. Although there is no lack of interest in homeownership, the purchase price of housing in Northfield is beyond the mortgage capacity of households at 80% or less of the area median income.

Through conversations with other Cities and organizations providing down payment assistance loans, Staff has learned that many organizations now offer DPA loans of \$30,000 to \$60,000 to first time homebuyers. Although, loans at or above \$30,000 also have other special conditions and restrictions. Staff also received encouragement from the CDA to raise the maximum loan amount to \$25,000. The HRA may raise the DPA loan maximum from \$15,000 to \$25,000 without special consent or approval from the CDA. In the application for FY 2020 DPA fund request, the narrative suggests a \$25,000 maximum loan value as was encouraged by CDA staff. A motion and approval by the HRA is required to raise the limit.

#### Residential Rehabilitation Program

The City received 3 residential rehabilitation (res rehab) applications in 2019. One homeowner failed to submit the required income verification and the application was closed. One homeowner was able to secure Section 8 rental assistance and a maintenance free apartment and decided to sell her home.

Staff is working with a homeowner on Linden Street. A new heating and a/c system were installed in December 2019. The scope of work also includes a new roof & gutters. However, this work cannot be completed until spring.

Staff is working with the City's Communications officer, Kara Trygestad, to provide outreach and information regarding the rehab program.

#### Rental Rehabilitation - Northern Oaks

The Northern Oaks Rehab project is in full swing. In late 2019, 8 central a/c units and overhead garage doors were replaced at a cost of \$35,832. The HRA received reimbursement for these costs from the CDA. This effectively utilized all of the 2016 CDBG funds and part of the 2017 funds allocated to this project.

Staff is currently processing an additional payment of \$52,422 for exterior handrails, front entry doors and garage service doors. This payment will utilize the remaining 2017 funds and some of the 2018 funds committed to the project. The project should be complete by spring, 2020.

#### Manufactured Housing Residential Rehabilitation Program-Viking Terrace

Staff has prepared the required applications, policy handbook and other materials to begin taking applications. However, staff is still working to secure the services of an inspector who is knowledgeable and accredited to conduct inspections for income-qualified applicants.

The program policy requires an inspector to conduct an evaluation of the homeowner's manufactured home to determine the repairs needed and estimated costs. Manufactured Housing is built to a HUD standard and not the International Codes (ICC) standards. The City has two ICC certified inspectors on staff. However, manufactured homes inspections are based on the HUD standard and requires inspectors with certification and experience with that standard.

Staff is in discussion with two different manufactured home repair/inspection businesses to provide this service. Current plans are to work with the City's Communications Officer to conduct an outreach program by mid to

late February.

**Recommendation**

Staff recommends the HRA consider a motion to raise Down Payment Assistance maximum loans to \$25,000.