



**To:** Mayor & City Council

**Agenda Item #:** VI. A.

**From:** Joyce Repya, Senior Planner

**Action**

**Discussion**

**Date:** February 19, 2013

**Information**

**Subject:** Public Hearing – 2013 Community Development Block Grant, Resolution No. 2013-19.

### Action Requested:

Approve recommended 2013 CDBG budget for submission to Hennepin County

### Information / Background:

The CDBG Community Development Block Grant Program is a federal entitlement program administered by HUD who in turn, charges Hennepin County to oversee the distribution of funds to its communities. These funds are to be directed toward the improvement of housing opportunities and providing a suitable living environment for persons with low and moderate incomes. As a recipient of HUD funds, the County, and each community must affirmatively further fair housing. Hennepin County encourages all communities to be proactive by addressing impediments to fair housing choices.

The use of CDBG funds to address local needs must be consistent with priorities identified in the Consolidated Plan for affordable housing, community development and human services. HUD mandates that no more than 15% of the city's budget may be directed toward funding public service agencies with the remaining 85% addressing community development needs. Edina's preliminary 2013 budget allotment for planning purposes is **\$110,285**, the 2012 approved budget amount. Once HUD establishes the 2013 CDBG budget later this spring Hennepin County and its respective cities will be notified of any changes to the allotments. If a change in the budget occurs, the accompanying Resolution provides for Edina's final 2013 CDBG budget to be readjusted without coming back to the City Council.

The following agencies requesting 2013 CDBG funds are those which the City has supported for many years:

#### Public Services – 15% of total (\$110,285) budget = \$16,543

- **Senior Community Services (H.O.M.E. – Household and Outside Maintenance for the Elderly)** – The mission of H.O.M.E. is to assist older adults to maintain their dignity and live independently by providing accessible, reliable, and affordable homemaker, home maintenance and chore services.
- **Community Action Partnership for Suburban Hennepin (CAPSH)** – Provides full-cycle homeownership services to include foreclosure prevention, first time homebuyer education, reverse mortgage counseling, home repair and maintenance, energy assistance, free legal services and tax preparation, employment counseling and financial/budget counseling.

- **HOME Line** – Provides tenant advocacy services for Edina renters with a Tenant Hotline offering free legal advice to tenants about landlord/tenant law.

The proposed 2013 budget reflects the funds distributed to each agency in 2012.

<u>PROVIDER</u>	<u>2012 BUDGET</u>	<u>2013 REQUEST</u>	<u>2013 PROPOSED</u>
H.O.M.E.	\$ 9,618	\$ 9,618	\$ 9,618
C.A.P.S.H.	\$ 4,700	\$ 5,000	\$ 4,700
HOME Line	\$ 2,225	\$ 3,605	\$ 2,225
<b>TOTAL</b>	<b>\$16,543</b>	<b>\$18,223</b>	<b>\$16,543</b>

<b>Community Development – 85 % of total (\$110,285) budget = \$93,742</b>
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After the \$16,543 distribution for public services, **\$93,742** remains to be directed toward community development projects. Staff recommends directing **\$41,491** of these funds to the **Rehabilitation of Private Property** program which provides deferred repayment loans of up to \$30,000 to make structural improvements to owner occupied single-family homes. Eligibility for the program is based on a household income schedule established by HUD for the Minneapolis/St. Paul area. The income limits may not exceed 80% of the median household income (for FY 2013 a 4 person household = \$64,400). Hennepin County facilitates this program and reports that there are currently 5 households receiving rehabilitation assistance, and 3 households on a waiting list. Staff anticipates that the program will continue to attract income eligible homeowners interested in improving and maintaining their homes.

The remaining **\$52,251** of the community development funds are recommended to be distributed to **West Hennepin Affordable Housing Land Trust (WHAHLT)** for their Homes Within Reach program – to provide an affordable homeownership opportunity using the Community Land Trust model for one income eligible homebuyer.

The Community Land Trust model removes the market value of the land from the mortgage equation, thus reducing the cost of a home for a work-force family by approximately 35-42 percent, making it more affordable than houses on the open real estate market. WHAHLT owns the land and the homeowner owns the home. A Ground Lease signed by both parties defines and secures the roles and responsibilities of both WHAHLT and the homeowner, including, but not limited to a resale/recapture provision, and long-term rights and use of the land.

One of the strategies identified in the Housing element of the Comprehensive Plan calls for the City's commitment to fund and expand its financial and technical support of community land trusts. Attesting to this goal, since 2007, the City has provided \$639,128 in CDBG assistance to WHAHLT - assisting in the purchase, rehabilitation and resale of eight Edina homes to income eligible buyers.

Moving forward, the proposed \$52,251 is to be directed toward assisting WHAHLT to purchase another land trust home, reinforcing the City's commitment to providing and securing affordable housing in the community.

Staff recommends the following distribution of 2013 CDBG funds for community development purposes:

<u>ACTIVITY</u>	<u>2012 BUDGET</u>	<u>2013 PROPOSED</u>
Rehab. Of Private Property	\$ 41,491	\$ 41,491
WHAHLT	\$ 52,251	\$ 52,521
<b>TOTAL</b>	<b>\$ 93,742</b>	<b>\$93,742</b>

Over the past year, a concerted effort has been made to advertise the availability of the aforementioned programs as well as other resources available to Edina residents through the City of Edina's website, "About Town" magazine, as well as programs aired on Edina's Channel 16.

**ATTACHMENTS:**

**\*Resolution 2013-19**

**\*Hennepin County PRELIMINARY 2013 CDBG Allocation**

**\*2008 – 2013 CDBG Budget Breakdown**

**\*Requesting Agencies Funding Requests**



**RESOLUTION NO. 2013-19**  
**APPROVING PROPOSED USE OF 2013 URBAN HENNEPIN COUNTY**  
**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FUNDS**  
**AND**  
**AUTHORIZING EXECUTION OF SUBRECIPIENT AGREEMENT**  
**WITH HENNEPIN COUNTY AND ANY THIRD PARTY AGREEMENTS**

WHEREAS, the city of Edina, through execution of a Joint Cooperation Agreement with Hennepin County, is cooperating in the Urban Hennepin County Community Development Block Grant Program; and

WHEREAS, the city of Edina has developed a proposal for the use of 2013 Urban Hennepin County Community Development Block Grant funds made available to it; and

WHEREAS, the city held a public hearing on February 19, 2013 to obtain the views of citizens on housing and community development needs and priorities and the City's proposed use of \$110,285 from the 2013 Urban Hennepin County Community Development Block Grant.

BE IT RESOLVED, that the City Council of the City of Edina approves the following projects for funding from the 2013 Urban Hennepin County Community Development Block Grant Program and authorizes submittal of the proposal to Hennepin County.

<u>Activity</u>	<u>Budget</u>
Rehabilitation of Private Property	\$41,491
Homes Within Reach – Affordable Housing	\$52,251
Senior Community Services (HOME)	\$9,618
Community Action Partnership for Suburban Hennepin (CAPSH)	\$ 4,700
HOME Line	\$ 2,225

BE IT FURTHER RESOLVED, that the City Council hereby authorizes and directs the Mayor and its City Manager to execute the Subrecipient Agreement and any required Third Party Agreement on behalf of the City to implement the 2013 Community Development Block Grant Program.

BE IT FURTHER RESOLVED, that should the final amount of FY2013 CDBG available to the city be different from the preliminary amount provided to the city, the City Council hereby authorizes the City Manager/Administrator to adjust project budget(s) to reflect an increase or decrease in funding.

Dated: February 19, 2013

Attest: \_\_\_\_\_  
Debra A. Mangan, City Clerk

\_\_\_\_\_  
James B. Hovland, Mayor

STATE OF MINNESOTA )  
COUNTY OF HENNEPIN )SS  
CITY OF EDINA )

CERTIFICATE OF CITY CLERK

I, the undersigned duly appointed and acting City Clerk for the City of Edina do hereby certify that the attached and foregoing Resolution was duly adopted by the Edina City Council at its Regular Meeting of February 19, 2013, and as recorded in the Minutes of said Regular Meeting.

WITNESS my hand and seal of said City this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_

## Hennepin County PRELIMINARY 2013 CDBG Allocation

Community	2013 Preliminary Allocation
Brooklyn Center	\$211,641
Brooklyn Park	\$422,556
Crystal	\$93,846
Edina	\$110,285
Hopkins	\$98,953
Maple Grove	\$118,462
New Hope	\$118,505
Richfield	\$178,369
St. Louis Park	\$173,258
<b>Subtotal</b>	<b>\$1,525,875</b>
Consolidated Pool	\$399,090
<b>Community Allocation Total</b>	<b>1,924,965</b>
Hennepin County Administration	286,600
<b>County Entitlement Total</b>	<b>2,211,565</b>

**CDBG BUDGET  
2008 - 2013**

						<b>PROPOSED</b>
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>CDBG BUDGET</b>	\$158,956 (-4.5%)	\$161,303 (+1.5%)	\$173,786 (+7.7%)	\$145,365 (-16.1%)	\$110,285 (-24.1%)	\$110,285
<b>Public Service: 15%</b>	\$23,843	\$23,843	\$26,067	\$21,805	\$16,543	\$16,543
Sr. Comm. Services - H.O.M.E.	\$12,803	\$12,803	\$17,789	\$14,880	\$9,618	\$9,618
CAPSH	\$3,505	\$3,505	\$5,624	\$4,700	\$4,700	\$4,700
HOME Line	\$988	\$2,030	\$2,654	\$2,225	\$2,225	\$2,225
JVS Career Development	\$5,505	\$5,505				
Edina School Readiness	\$7,494					
<b>Community Development: 85%</b>	\$135,113	\$137,460	\$147,719	\$123,560	\$93,742	\$93,742
Rehab of Private Property	\$53,113	\$55,460	\$65,719	\$55,214	\$41,891	\$41,491
Affordable Housing (WHAHLT)	\$82,000	\$82,000	\$82,000	\$68,869	\$52,251	\$52,251



**Executive Committee**

**Woody Love**  
President

**Dr. Chinyere (Ike) Njaka**  
1<sup>st</sup> Vice President

**Cheryl Fischer**  
2<sup>nd</sup> Vice President

**Dennis Kueng**  
Secretary

**Thad Standley**  
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**Terri Urbaniak**  
Executive Member-at-Large

**Beth Falkenberg**  
Executive Member-at-Large

**Jim Crist**  
Executive Committee Past  
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**Sharon Burnham**  
**David Fisher**  
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**Keith Stuessi**  
**Bruce Thiel**  
**Walter White**  
**Gene Winstead**

**Benjamin F. Withhart**  
Executive Director & CEO.

**Programs**

- \*Caregiver Support Services
- \*Community Senior Centers
- \*Health Insurance Counseling
- \*H.O.M.E.
- \*Senior Outreach
- \*Senior Partners Care



\*Member Eldercare Partners\*

January 18, 2013

Joyce Repya  
Associate Planner  
City of Edina  
4801 West 50<sup>th</sup> Street  
Edina, MN 55424

Dear Joyce,

Thank you for the opportunity to submit a CDBG application to the City of Edina for \$9,618. The H.O.M.E. program's operating budget for the City of Edina is \$26,000. The Edina Housing Foundation has partnered with the H.O.M.E. program in the past to make up the difference in our operating budget for the city.

Thank you for your consideration of our CDBG application to support Senior Community Services' H.O.M.E. program. Senior Community Services, now in its 63<sup>rd</sup> year, is a champion of well-being and independent living for older adults and their caregivers. With the help of thousands of volunteers and dozens of organizational partners, we are making a measureable difference in the quality of life for seniors

Please let me know if you would like more information or to make a site visit. With the support of the City of Edina, the H.O.M.E. program will continue to reach out to Edina seniors with the homemaking, home maintenance and chore support they need to stay in their own homes and in their own communities.

Sincerely,

Deb Taylor  
Chief Operating Officer

**2013**  
**URBAN HENNEPIN COUNTY CDBG PROGRAM**  
**REQUEST FOR FUNDING**

*(fillable form. Use one form per project)*

**A. GENERAL INFORMATION**

1. City: Edina
2. Project Name: H.O.M.E. (Household & Outside Maintenance for Elderly) a program of Senior Community Services
3. Primary Contact Person/ Phone No./Email Deb Taylor/952-541-1019 x317/  
[d.taylor@seniorcommunity.org](mailto:d.taylor@seniorcommunity.org)

**B. PROJECT DATA**

1. **CDBG Funding Requested \$9,618**  
(needs to be same as council resolution)
2. Is this an existing CDBG-funded project? Yes No
3. **Project Location:** Address            or Citywide X
4. **Project Description:** (Describe the project in as much detail as possible, including the local need(s) the project will address.)

The Household & Outside Maintenance for Elderly program known as H.O.M.E. is operated by Senior Community Services (SCS), a well-respected Minnesota non-profit 501(c)(3) organization, now in its 63rd year. The mission of H.O.M.E. is to assist older adults to maintain their dignity and live independently by providing accessible, reliable, and affordable homemaker, home maintenance and chore services.

Provided on a sliding fee scale, services include:

- 1) **homemaking** – housecleaning, laundry, and grocery shopping;
- 2) **home maintenance**, including interior/exterior painting, minor home repairs, minor carpentry, and installing safety grab bars; and,
- 3) **chore services**, consisting of lawn mowing, snow removal, raking, yard cleanup, and window washing.

H.O.M.E. has been serving the community since 1980. These services help seniors stay in their homes and apartments in dignity and safety. H.O.M.E. services meet seniors' special needs because H.O.M.E. is a trusted provider and because our services

are available on a fair and affordable sliding fee scale, while at the same time, preserving Edina's housing stock.

Volunteers are integral to the success of this program; extending the services far beyond what the professional staff alone could provide. Senior Community Services has an extensive and well established volunteer recruitment and training program. Use of trained volunteers keeps program costs down and provides opportunity for community engagement and civic pride.

Participation in the H.O.M.E. program assures access to additional resources and services that would benefit the older adult. Additional services are provided in a seamless manner, consistent with our Mission, as part of our comprehensive approach to helping older adults live independently in their own homes.

We seek partnership with the city of Edina again in 2013/14 to support Edina seniors in need through sliding fee access to Senior Community Services' H.O.M.E. program. This continued partnership will not only enable low to middle income older adults in the community to access reliable and affordable homemaking, home maintenance and chore services by providing a sliding fee scale, it will help keep residents in their homes and communities, leverage additional resources to support residents and foster a positive sense of community.

5. **Consolidated Plan Priorities:** Using the Priority Summary chart below, identify what priority(ies) the project will meet. *(Note: If a proposed project is a low urban county priority, you must explain why it has a higher priority in your community.)*

Priorities	Use X to indicate
Rental Housing	
Existing Housing (Rehabilitation)	
First Time Homeownership	
Homelessness	
Special Needs Housing	
Public Service	X
Neighborhood Revitalization	
Transportation Services	

6. Describe anticipated results/accomplishments the project will have. (number of persons to receive services, number of affordable housing units to be rehabilitated or built, etc.)

Description	2012	Projected 2013
Edina Residents, age 60+	73	80
Jobs	760	832
Hours	2,237	2,448

7. **Implementation Schedule:** (Identify major project tasks to occur during/ within the first 12 months of the 18 month expenditure period. Expenditure period begins July 1, 2013 and ends December 31, 2014.)

Task: Homemaking, Home Maintenance and Painting  
Date: Ongoing – Year Around

Task: Mowing and Snow Removal  
Date: Mowing in the summer and snow removal in the winter

Task: Yard Cleanup (raking, weeding, trimming, etc.)  
Date: Spring and Fall

8. **Budget:** (Specify total project budget by major funding sources. Attach additional listings where appropriate.)

FUNDING SOURCES	AMOUNT
2013 CDBG	\$79,313
Prior Year CDBG Funding (2012 only)	\$
Other Federal Funds (specify) Title III & HRA	\$125,102
Low Income Housing Tax Credits	\$
State (specify)	\$
Municipal	\$27,052
Metropolitan Council	\$
Private (specify) Fee for Service	\$290,000
Other (specify) United Way, Grants & Donations	\$143,300
Project Total	\$664,767

Prior Year CDBG funding (for this project) from the city of Edina was \$9,618



- Energy Assistance
- Homebuyer Education
- Foreclosure Prevention
- Reverse Mortgage
- Home Maintenance & Rehab
- Homeless Services
- Employment Counseling
- Financial Counseling
- Planning & Development
- Community Development
- Tax Assistance
- Voter Education & Registration
- Asset Development

January 22, 2012

City of Edina  
Community Development Department  
4801 W. 50<sup>th</sup> Street  
Edina, MN 55424

Attn: Joyce Repya, Senior Planner

RE: Community Action Partnership of Suburban Hennepin 2013 Application for CDBG Funding

Dear Ms. Repya:

Community Action Partnership of Suburban Hennepin (CAPSH) is pleased to submit its 2013 CDBG Public Service Funding request to the **City of Edina**. We are requesting \$5,000 for the purpose of funding the CAPSH Full-Cycle Home Ownership Program.

CAPSH, as the anti-poverty Community Action agency serving Suburban Hennepin County, has provided residents of Edina with services for over 20 years. CAPSH services to Edina include: full-cycle homeownership, energy assistance, free legal services and tax preparation, employment counseling and financial/budget counseling. We look forward to continuing to partner with the city of Edina and its surrounding communities to ensure access to housing services for low to moderate-income households.

If you have any questions, or need additional information, please do not hesitate to contact me at 952-697-1395, or Marcy Harris, Director of Planning, Development and Legal Services, 952-697-1325, mharris@capsh.org.

8800 Highway 7,  
Suite 401  
St Louis Park, MN 55426  
Tel 952-697-1300  
Fax 952-933-8016

Sincerely,

Carol Watson  
Community Developer  
952-697-1325  
cwatson@capsh.org

Encl:



Our mission: To improve the quality of life in suburban Hennepin County by creating and supporting links between individuals and communities through: service, education, and collaboration.

**2013**  
**URBAN HENNEPIN COUNTY CDBG PROGRAM**  
**REQUEST FOR FUNDING**  
*(fillable form. Use one form per project)*

**A. GENERAL INFORMATION**

1. City: Edina
2. Project Name: Community Action Partnership of Suburban Hennepin (CAPSH) Full-Cycle Home Ownership Program
3. Primary Contact Person/ Phone No./Email: Marcy Harris, Director of Planning, Development and Legal Services, 952-697-1325; mharris@capsh.org

**B. PROJECT DATA**

1. **CDBG Funding Requested \$ \$5,000**  
(needs to be same as council resolution)
2. Is this an existing CDBG-funded project? XYes No
3. **Project Location:** Address \_\_\_\_\_ or Citywide X  
City of Edina and the rest of Suburban Hennepin County
4. **Project Description:** (Describe the project in as much detail as possible, including the local need(s) the project will address.)

CAPSH is requesting CDBG funds to continue partnering with the City of Edina to assure that access to affordable and safe housing and services is attainable to low- and moderate-income households in Edina.

CAPSH's Full Cycle Home Ownership Programs provided direct services to a total of 4,655 households in all of suburban Hennepin County in 2012. In the City of Edina a total of thirty-nine households enrolled in CAPSH'S Full Cycle Home Ownership education and counseling direct programs during program year 2012. The numbers served and projected to be served by individual services are detailed in Section 5.

CAPSH's foreclosure prevention counselors continue to receive a high number of requests for assistance; other CAPSH Full-Cycle Home Ownership services have seen an overall increase in demand (e.g. first-time homebuyer education and counseling). Residents completing these programs are receiving budget counseling and assistance that help them make smart home-buying choices. CAPSH's programs enable Edina's residents to maintain or obtain safe, affordable housing.

CAPSH, as the only certified Foreclosure Prevention Counseling program for suburban Hennepin County, will provide services through its housing programs detailed below. Housing programs include Foreclosure Prevention, First Time Homebuyer Education and Counseling, Reverse Mortgage Counseling and Home Repair and Maintenance.

All the CAPSH Full-Cycle Home Ownership Program services listed below maintain client information in the CounselorMax web-based data-collection system which records clients' demographic information in addition to case notes and activities undertaken by counselors and clients. All clients receive data privacy information and are required to provide sufficient financial information to determine eligibility for services, particularly CDBG-funded services.

Foreclosure Prevention: through its certified program and certified counselors CAPSH will provide foreclosure prevention counseling to Edina residents in danger of losing their homes due to delinquency. Our counselors work directly with clients to resolve their housing needs in a manner best suited to their financial status and other needs.

- Our foreclosure counseling program provides advocacy, referrals to additional resource and other assistance to families at risk of losing their homes.
- Significant counseling time is devoted to reviewing clients' financial situations to evaluate if they are able to maintain their current housing in the long run.
- Counselors work directly with clients and their lenders to renegotiate mortgage terms that allow clients to stay in their homes when feasible.
- Foreclosure prevention counselors work with lenders to negotiate mortgage modifications, refinancing, short sales and other means of resolving the homeowner's housing crisis.
- Counselors are available to work with clients from initial stages of facing foreclosure through sheriff's sales (and even provide counseling up to eviction following the redemption period).

Homebuyer Education: CAPSH provides First-Time Homebuyer workshops using the "Homestretch" curriculum developed by the Minnesota Homeownership Center. Workshops are offered at multiple locations throughout suburban Hennepin County in order to make them easily accessible.

- Workshops are offered in multiple-session evening classes or single-session workshops.
- Participants review budget and financial considerations, what things to look for when purchasing, and options for financing.
- A session is included that addresses home maintenance issues new buyers should be aware of.
- Homebuyer workshops total 8 hours, after which time the clients receive certificates of completion.

Many lenders now require that first-time homebuyers complete the workshop to ensure they understand the lending process and their financial obligations.

Homebuyer Counseling: once participants have completed the Homestretch workshop they are eligible for individual counseling at CAPSH.

- The counselor examines a client's financial status in more detail, and works with them to make the clients mortgage-ready.
- CAPSH has found that counseling is often delayed until some months following workshop completion to allow clients time to work on improving their credit.
- Clients meet with the counselor in 45 minute – 2 hour increments depending on their circumstances.

Reverse Mortgage: CAPSH provides this service to eligible clients (one spouse must be at least 62 years old and meet financial eligibility requirements) in the form of free, in-person counseling.

- The Reverse Mortgage counselor meets with seniors interested in the program to discuss with them the nature and requirements of a reverse mortgage, available options, and provide information about how to work with lenders.
- CAPSH does not endorse taking a reverse mortgage, nor does it endorse particular lenders or products.
- CAPSH is one of the few, if not the only, counseling agency that requires in-person counseling as part of this service (to better gauge whether clients understand the requirements of the program).

Home Repair and Maintenance: the Home Rehab counselor works with low-income clients in need of basic home repairs or maintenance in order to keep their homes habitable.

- Counselor provides advice about what types of repairs are necessary, how to obtain suitable contractors, and how to obtain financial assistance, particularly through municipal programs.
- In some instances, working in conjunction with city housing authorities, the CAPSH counselor may review the work after it has been completed, and certifies its appropriate completion to the city.
- This is a much-needed service for low-income homeowners who may not be able to determine on their own the repair work needed, or how to pick out a legitimate contractor.

CAPSH is committed to continue delivering and expanding these services to help low- to moderate-income Edina residents gain financial security by providing the following:

- An understanding of the home buying process that helps them achieve sustainable home ownership
- Tools that enable them to make informed, fiscally sound decisions about purchasing a home, protecting their investments and maintaining stable, healthy, safe, and livable housing.
- The knowledge and tools needed to keep them in safe, affordable housing and avoid foreclosure or vacant properties.

4. **Consolidated Plan Priorities:** Using the Priority Summary chart below, identify what priority(ies) the project will meet. (*Note: If a proposed project is a low urban county priority, you must explain why it has a higher priority in your community.*)

Priorities	Use X to indicate
Rental Housing	
Existing Housing (Rehabilitation)	X
First Time Homeownership	X
Homelessness	X
Special Needs Housing	
Public Service	X
Neighborhood Revitalization	
Transportation Services	

5. **Describe anticipated results/accomplishments the project will have.** (*number of persons to receive services, number of affordable housing units to be rehabilitated or built, etc.*)

CAPSH's Full Cycle Home Ownership Programs provided direct services to a total of 4,655 households through its Full-Cycle Home Ownership Programs in all of suburban Hennepin County in 2012. In the City of Edina a total of thirty-nine households enrolled in CAPSH'S housing programs during the year 2012.

Program	# Served in FY 2012	# Proposed: FY 2013
Home Repair & Maintenance	1	3
Reverse Mortgage	3	2
Homebuyer Education	4	10
Homebuyer Counseling	0	3
Foreclosure Prevention	31	31

6. **Implementation Schedule:** (*Identify major project tasks to occur during/ within the first 12 months of the 18 month expenditure period. Expenditure period begins July 1, 2013 and ends December 31, 2014.*)

CAPSH Home Ownership Services tasks/activities are ongoing, encompassing Home Ownership workshops, one-on-one counseling, foreclosure prevention counseling and attorney referrals. Foreclosure attorneys and lenders are required to send the contact information on pre-foreclosure clients to CAPSH. In 2012 (January 1 through December 31) CAPSH received 182 referral letters from attorneys for Edina residents facing foreclosure. Our counselors follow up with letters to the homeowners with a description

of our Foreclosure Prevention Counseling program and an offer of our free counseling services.

Beginning January 2013 CAPSH began offering on-site Full-Cycle Home Ownership Program outreach twice weekly at the Hennepin County Northwest Service Hub in Brooklyn Park. In addition, CAPSH makes available information on our Full-Cycle Home Ownership Program through digital advertising on monitors at Hennepin County Service Centers and in-person at our numerous outreach events throughout suburban Hennepin County for Energy Assistance, SNAP (Food Support), and our Legal Services Clinics. Our Outreach Team also attends numerous Community-sponsored events throughout suburban Hennepin County.

Tax Preparation and Legal Services clinics are scheduled throughout suburban Hennepin County and are open to provide services to all low-income residents. Our Energy Assistance program is another significant program that provides critical financial support to eligible low-income individuals and families

Task: Education & Counseling	Date: Ongoing
Task: FP Counseling	Date: Ongoing
Task: Rehab/Maintenance Education/Counseling	Date: Ongoing
Task: Reverse Mortgage Counseling	Date: Ongoing
Task: Reporting	Date: Ongoing

Person Responsible	Amount/Source	Task	Date
Scott Zemke, Dir. of Operations  Marcy Harris, Dir., Planning & Dev.	\$5,000 Edina CDBG	Ongoing full cycle Home Ownership services including: - First-time homebuyer workshops and counseling (financial literacy training also provided) - Foreclosure prevention counseling & loan assistance - Rehab/ home maintenance counseling and education (includes some emergency repair) - Reverse mortgage counseling - Reporting	7/1/2013 to 6/30/2014
Completion Date		Ongoing	

8. **Budget:** *(Specify total project budget by major funding sources. Attach additional listings where appropriate.)*

FUNDING SOURCES	AMOUNT
2013 - CDBG Edina	\$5,000
Prior Year CDBG Funding (2012 only)	\$4,700
Other Federal Funds – HUD, NFMC, CSBG	\$356,837
Low Income Housing Tax Credits	\$0
State – MHFA, MGAG	\$302,195
County – Hennepin Coounty MFPP	155,010
Municipal - Various CDBG including pass-through & program admin, less Edina funding	\$90,475
Metropolitan Council	\$0
Private (specify)	\$48,000
Other (specify)	\$12,850
Project Total	\$975,067



3455 Bloomington Ave  
Minneapolis, MN 55407

Office Phone: 612/728-5770  
Hotline: 612/728-5767  
Fax: 612/728-5761  
[www.homelinemn.org](http://www.homelinemn.org)

Joyce Repya  
Associate Planner  
City of Edina  
4801 West 50<sup>th</sup> Street  
Edina, MN 55424

January 15, 2013

Dear Ms. Repya:

This letter is to request funding in the amount of \$3,605 from the City of Edina's Community Development Block Grant Program to support HOME Line's services for renters.

A copy of the 2013 CDBG Program Request for Funding is enclosed. Along with the CDBG Request Form, I am enclosing summaries of our hotline's service to Edina residents.

In 2012, HOME Line's Tenant Hotline served 96 Edina families, prevented an estimated 6 evictions, and saved Edina residents an estimated \$12,275. HOME Line is working to meet the current challenges facing low-income renters and would like the City of Edina to continue as our partner in meeting these needs.

We thank you for the opportunity to submit this application. If you have any questions or need additional information, please call me at 612/728-5770, extension 107 or Mike Vraa, our managing attorney at extension 113.

Sincerely,

A handwritten signature in cursive script that reads "Beth Kodluboy".

Beth Kodluboy  
Executive Director

enclosures as noted

# HOME Line's Tenant Hotline in Edina: 2012

## Overview

In 2012, 96 Edina renter households contacted HOME Line for Tenant Hotline Services. This represents service to approximately 240 residents when all family members have been counted. The cost to serve Edina in 2013 is \$3,605.

## HIGHLIGHTS

In 2012, HOME Line helped renters from Edina:

- Recover and/or save an estimated \$12,275.
- Prevent an estimated 6 evictions.
- Renters with repair issues who follow our advice are 37% more likely to get their problem fixed than those who don't.
- In landlord foreclosure, the average amount of days stayed after the sheriff's sale by renters we have helped is 180 days, and the amount of money saved by renters in landlord foreclosure is \$1,187 in 2012.

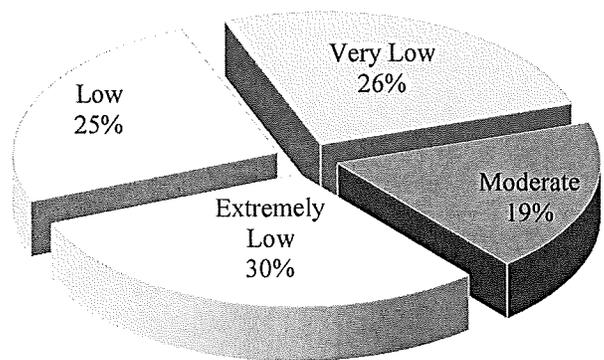
Top Ten Reasons For Calls (2012)	
1. Repairs	23
2. Break Lease	12
3. Security Deposit	11
4. Eviction	9
5. Rent Increase	5
6. Neighbors	5
7. Notice to Vacate	5
8. Leases	4
9. Privacy/Intrusion	4
10. Infestation/Bed Bugs	2

## INCOME BREAKDOWN

The vast majority (81%) of these callers are extremely-low, very-low or low-income. These income categories are those used by the U. S. Department of H. U. D.:

- Extremely Low: Incomes below 30% of metro median.
- Very Low: Incomes between 30% and 50% of metro median
- Low: Incomes between 50% and 80% of metro median.
- Moderate: Incomes above 80% of metro median.

Callers' Income 2012



## RACIAL BREAKDOWN

76% Caucasian  
 11% African American  
 11% Asian  
 3% Hispanic

## GENDER BREAKDOWN

71% Female  
 29% Male

**2012**  
**URBAN HENNEPIN COUNTY CDBG PROGRAM**  
**REQUEST FOR FUNDING**

A. GENERAL INFORMATION

1. Community: Edina
2. Project Name: HOME Line's Tenant Advocacy Services
3. Contact Person/Phone Number/email Mike Vraa, 612 728-5770 x 113, mikev@homelinemn.org

B. PROJECT DATA

1. Funding Request \$ 3,605 is the amount HOME Line is requesting from Edina to pay for the Tenant Hotline Services.

2. Is this request to fund an existing CDBG-FUNDED project?  Yes  No

3. Project Location: Address: 3455 Bloomington Avenue, Minneapolis. 55407.  
HOME Line's tenant services are citywide. Tenants call our free hotline from their homes or email one of our staff attorneys directly through our website.

4. Project Description:

Briefly describe the proposed project. The narrative should include the need or problem to be addressed in relation to the Consolidated Plan (see attached table), as well as the population to be served or the area to benefit. Describe the work to be performed, including the activities to be undertaken or the services to be provided, the goals and objectives, method of approach, implementation schedule and anticipated results/accomplishments.

We anticipate assisting approximately 100 Edina renter households over the hotline during the program year.

Renters make up nearly 4,677 households in Edina, and many of these families have low incomes. When renters have problems involving their homes, those who don't know their rights and responsibilities can end up living in housing that is unsafe, lose security deposits that are rightfully theirs, or make decisions that cost them their home. HOME Line provides renters with the tools necessary to keep their homes safe and affordable.

HOME Line's Tenant Hotline provides free legal advice to tenants about landlord/tenant law. These services prevent problems ranging from homelessness to illness from unsafe living conditions, and result in reducing the use of the city's emergency resources.

The Tenant Hotline began in 1992 as a service to Suburban Hennepin County residents. Today we serve the entire state (excluding Minneapolis) and have recently taken our 148,000th call.

Four staff attorneys and a tenant advocate work full time on the hotline along with 75-100 law student volunteers each year. 96 Edina renter households called in 2012. In 2012, we helped to prevent an estimated 6 evictions of Edina families. The most common reasons Edina residents call our hotline are repairs, break lease questions, security deposits and evictions. The need for this service in Edina is apparent -- Edina residents already rely on this valuable service.

While our services are available to all renters free of charge, 81% of our Edina callers have low incomes; almost three quarters (71%) of these callers are women; 25% are racial minorities. Our programs are aimed at low-income renters. We identify the key demographics at the beginning of each call.

5. Consolidated Plan Priorities: Public Services: Family Services, Senior Services, and Youth Services.

FUNDING SOURCES	AMOUNT
CDBG	72,647
Prior Year CDBG Funding (for this project)	69,121
Other Federal Funds (specify)	150,000
Low Income Housing Tax Credits	0
State (specify) MN DHS	15,000
Municipal	18,456
Metropolitan Council	0
Private (specify) Foundations (attached)	126,000
Other (Training, Interest, Contributions)	61,300
Total	512,524

6. Describe anticipated results/accomplishments projects will have. (i.e.; number of persons/households to be assisted/served, number of housing units to be rehabilitated/built, etc.) We anticipate between 95 and 100 callers utilizing our hotline services, representing 250 residents. Also see the attached page, which covers what HOME Line has accomplished in Edina in 2012.

7. Implementation Schedule: (Identify major project tasks to occur and date anticipated)

Task: Tenant Hotline	Date Ongoing
----------------------	--------------

8. **Budget:** (Specify total project budget by major funding sources. Attach additional listings where appropriate.)

FUNDING SOURCES	AMOUNT
CDBG	72,647
Prior Year CDBG Funding (for this project)	69,121
Other Federal Funds (specify)	150,000
Low Income Housing Tax Credits	0
State (specify) MN DHS	15,000
Municipal	18,456
Metropolitan Council	0



## Transforming lives through home ownership

January 22, 2013

Joyce Repya  
City of Edina  
4801 West 50<sup>th</sup> Street  
Edina, Minnesota 55424-1394

Dear Joyce;

Thank you for the opportunity to submit the West Hennepin Affordable Housing Land Trust (WHAHLT), dba Homes Within Reach (HWR), 2013 Edina CDBG application. The application consists of the fillable form provided by you and four exhibits and a PDF of our Annual Report, completed in November 2012. They include -

- Exhibit 1 – HWR Project Description
- Exhibit 2 – Community Land Trust and How it Works
- Exhibit 3 – Equity Resale Provisions
- Exhibit 4 – Project/Site Information Timeline

WHAHLT is seeking financial support from the City of Edina to accompany other matching funding sources to create another affordable home in the Edina community using the Community Land Trust practice.

This application will enable HWR to continue creating and preserving affordable homeownership in Edina using the community land trust practice, which allows homeownership to be affordable for low/moderate income work-force families.

We appreciate the support the City of Edina has provided to those we serve in Edina. We look forward to continuing our partnership in addressing the needs of affordable ownership housing.

Thank you for taking the time to review and consider our proposal. If you have any questions, please feel free to contact me at (952) 401-7071.

Sincerely,

Janet A. Lindbo  
Executive Director

Private (specify) Foundations (attached)	126,000
Other (Training, Interest, Contributions)	61,300
<b>Total</b>	<b>512,524</b>

<b>Additional Funding sources</b>	<b>Amount</b>
Greater Minnesota Housing Fund	29,000
Hugh J. Andersen Foundation	9,000
McKnight Foundation	75,000
Minnesota State Bar Foundation	1,000
Ramsey County Bar Foundation	2,000
Minnesota Housing Finance Agency	10,000
Family Housing Fund	10,000
Family Homeless Prevention & Assistance Program	22,500
Hennepin County	35,000
DHS Prison Grant	5,000
TRN grant (HUD)	150,000
Bloomington Health & Human Services Grant	7,958
Brooklyn Center CDBG	6,051
Brooklyn Park CDBG	7,000
Crystal	1,000
Eden Prairie	5,000
Edina CDBG	2,225
Hennepin County Consolidated Pool CDBG	8,227
Maple Grove CDBG	3,000
Minnnetonka CDBG	3,213
New Hope CDBG	2,038
Plymouth CDBG	6,210
Ramsey County CDBG	22,488
Richfield CDBG	5,364
St. Paul COPP	4,016
Community Shares	3,000
Contributions	15,000
Hotline Training	22,500
Tenant Rights Book	3,000
Interest Income	200
Miscellaneous Income (Health Care Credit)	1,600
Other (Attorney Fees, etc.)	15,000
<b>Total Income</b>	<b>492,588</b>

**2013**  
**URBAN HENNEPIN COUNTY CDBG PROGRAM**  
**REQUEST FOR FUNDING**  
*(fillable form. Use one form per project)*

**A. GENERAL INFORMATION**

1. City:  
**Edina**
2. Project Name:  
**West Hennepin Affordable Housing Land Trust (WHAHLT) dba Homes Within Reach (HWR)**
3. Primary Contact Person/ Phone No./Email  
**Janet A. Lindbo, 952-401-7071, jlindbo@homeswithinreach.org**

**B. PROJECT DATA**

1. **CDBG Funding Requested \$ 52,251**  
(needs to be same as council resolution)
2. Is this an existing CDBG-funded project?  Yes  No
4. **Project Location:** Address \_\_\_\_\_ or Citywide  
**A specific property address has not yet been determined. Once funding is finalized, HWR will search for property to acquire based on purchase price, condition of property, location matching contributions and applicants' needs as we have done with the past projects we have completed to date in Edina applying CDBG monies.**
4. **Project Description:** (Describe the project in as much detail as possible, including the local need(s) the project will address.)  
  
**Please see Exhibit 1 for project detail.**
5. **Consolidated Plan Priorities:** Using the Priority Summary chart below, identify what priority(ies) the project will meet. *(Note: If a proposed project is a low urban county priority, you must explain why it has a higher priority in your community.)*

Priorities	Use X to indicate
Rental Housing	
Existing Housing (Rehabilitation)	X
First Time Homeownership	X
Homelessness	
Special Needs Housing	
Public Service	
Neighborhood Revitalization	
Transportation Services	

6. Describe anticipated results/accomplishments the project will have. (number of persons to receive services, number of affordable housing units to be rehabilitated or built, etc.)

**The Community Land Trust practice, used by HWR in creating affordable homeownership offers long-term affordability for the home because it provides multiple families an affordable home in the city of Edina through its resale requirements; typically assisting six to ten families over the course of the 99 year lease.**

**In addition, please see Exhibit 1, outlining project details and values and benefits to the city of Edina in partnering with Homes Within Reach in creating and sustaining affordable homeownership.**

7. **Implementation Schedule:** (Identify major project tasks to occur during/ within the first 12 months of the 18 month expenditure period. Expenditure period begins July 1, 2013 and ends December 31, 2014.)

Task:	Date
Task:	Date
Task:	Date

**Please refer to Exhibit 4, which highlights key tasks and objectives of the development, rehab and selling processes creating an affordable home using the Community Land Trust practice. This timeline is based on HWR experience.**

8. **Budget:** (Specify total project budget by major funding sources. Attach additional listings where appropriate.)

FUNDING SOURCES	AMOUNT
2013 CDBG	\$52,251
Prior Year CDBG Funding (2012 only)	\$
Other Federal Funds (specify) HOME	\$55,000
Low Income Housing Tax Credits	\$
State (Minnesota Housing )	\$35,000
Municipal	\$
Metropolitan Council	\$
Private (specify)	\$
Other (AHIF)	\$25,000
Project Total	\$167,251

## **Exhibit 1: HWR Project Description**

Response to questions 4, 6, & 7 in the CDBG application

### **REQUEST:**

West Hennepin Affordable Housing Land Trust (WHAHLT) dba Homes Within Reach (HWR), a non-profit corporation is seeking a minimum CDBG grant of \$52,251 to assist in creating and preserving an affordable home using the Community Land Trust practice, for work-force households (50%-80% of the area median income) in the City of Edina.

### **INTRODUCTION:**

The West Hennepin Affordable Housing Land Trust (WHAHLT) dba Homes Within Reach (HWR) is a Community Land Trust, creating long-term affordable homeownership for workforce families in the western suburban communities in Hennepin County; thereby enhancing community vitality by working in partnership with public agencies and private organizations in addressing the need for affordable homeownership. HWR has served eleven (11) communities in western Hennepin County including the City of Edina.

- West Hennepin Affordable Housing Land Trust **vision** is to transform people's lives through homeownership.
- The **mission** is to use the Community Land Trust Model to provide housing for working families that would be otherwise unable to buy in the West Hennepin suburban communities, offering both communities and homebuyers the ability to sustain permanently affordable homeownership.
- The **goal** is to create and sustain affordable homeownership in the western suburbs of Hennepin County through the implementation of its Homes Within Reach program.

The establishment of WHAHLT, later named Homes Within Reach (HWR) was in direct response to the City of Minnetonka's interest in developing a means of increasing the number of permanent affordable homes in Minnetonka and in the western suburban communities of Hennepin County for low to moderate income households. Thus making efficient use of its financial investment and providing a vehicle to meet the communities' housing goals and objectives.

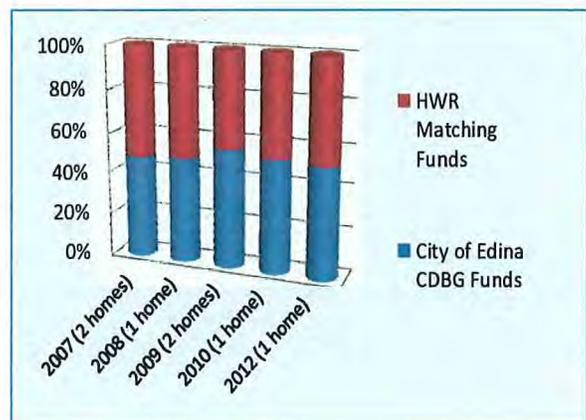
Since 2002 HWR has assisted over 104 families in becoming homeowners, of which seven are families in Edina.

### **CITY OF EDINA:**

Homes Within Reach implemented its homeownership program in Edina in 2007, creating two affordable homes for workforce families. From 2007 through 2012, HWR created seven affordable homes in the city of Edina, using the land trust practice.

To date HWR has acquired eight (8) properties in the community. Our eighth property, a foreclosed property was recently purchased from Fannie Mae and rehabilitation will be within the next 30 days.

The average HWR sales price for the Edina homes using HWR Community Land Trust program over the past five years is \$140,571; serving families with an Area Median Income (AMI) of 57.5%. Please see the HWR Profile Chart on this page, which provides more detail for the homes acquired and sold in Edina using the Community Land Trust practice.



The chart to the right highlights the funds applied to each home in creating and preserving affordable homes in Edina.

The seventh home's CDBG contribution from the City of Edina was \$82,000; the eighth property contribution is \$68,575 and the ninth will be 52,251.

**HWR PROGRAM DESCRIPTION:**

The purpose of this request is to continue offering the HWR program in the city of Edina. With land and housing costs exceeding the means of low to moderate workforce households to purchase a home in Edina, West Hennepin Affordable Housing Land Trust (WHAHLT) through its program Homes Within Reach (HWR), creates and preserves affordable homeownership for families that otherwise would be unable to buy a home in Edina.

• **Population Served:**

- HWR’s target market is households with incomes at 80% or less of Area Median Income (AMI). In practice, HWR has served households between 32% and 79% AMI, the average AMI is 57% program wide and 57.5% in Edina. .
- Average Income for leaseholders is \$41,729 and the average in Edina is \$44,510.

• **HWR & Edina Profile:**

Categories	2002-2012 <u>HWR</u> Totals	2002-2012 <u>Edina</u> Totals	Comments
Total HWR Parcels	100	8	On January 17, 2013, purchased a foreclosed home at 5032 Bedford Ave and in turn HWR will rehab and sell to qualified buyer between 50%-80% AMI
HWR Average Income Served	\$41,729	\$44,510	
HWR Area Median Income Served (%)	57 %	57.5%	Income and family size drives AMI calculation
HWR Average Final Mortgage Amount	\$904	\$1,022	Includes PITI
HWR Average Sale Price	\$125,224	\$140,571	
HWR Resale	7	0	
Household Size	3.40	3.57	
HWR Number Persons Served	354	25	
HWR Households	104	7	
Number of Communities Served	11	1	

**How HWR Community Land Trust Works:**

HWR homes cost less than market rate homes because HWR homebuyers purchase only the house and enter into an agreement with HWR for the use of the land. By taking the cost of the land out of the real estate transaction, land trust homes are more affordable than houses on the open real estate market. By eliminating these costs, homes are purchased at approximately 40% - 50% below the typical market value amount in Edina.

Therefore, HWR acquires single-family properties, retains ownership of the land and sells the homes on the land to qualified income families. Please refer to **Exhibit 2 & 3** for further detail on how the Community Land Trust works.

The homes are made permanently affordable for work-force homeowners through contractual controls embedded in the Ground Lease, even after the resale of the homes. Given that HWR owns the land and the homeowner owns the home, the homeowner and HWR execute a Ground Lease that defines the roles and responsibilities of both HWR and the homeowner. The Ground Lease allows the homeowner to secure, *long-term rights* to the land. In addition, they have full use of the land and responsibility for the property. The homeowner is responsible for the payment of all real estate taxes on the house and on the land.

The homeowner may sell his/her home only to WHAHLT or a qualified buyer. The resale price is limited by a formula which more than likely (based on market conditions) allows the seller to recover

the original cost of the house plus a modest profit. Therefore, assuming the house has retained or increased in value, the homeowner who sells his or her home will get all of their equity (the amount of money that they used as a down-payment as well as all principal that has been paid) plus a percentage (35%) of the home's appreciation (the amount that a home has increased in value since it was purchased).

Thus, subsidies awarded to HWR to purchase the land, stay with HWR and incorporate perpetual affordability using the community land trust practice. Therefore, the home purchased by HWR applicants using the land trust practice are part of the resale-restricted domain of HWR and will remain affordable for low-to-moderate income households, through one resale after another.

The components of permanent housing affordability and subsidy retention create and sustains the affordability of the homes through the HWR program. Therefore, the removal of the market value of the land from the mortgage equation provides initial affordability and permanent affordability is obtained through:

- A pricing formula that provides the owner with an amount of equity while ensuring that the resale price of the home is affordable and
- A resale restriction that requires the homeowner to sell the house to another qualified household.

Therefore, a one-time investment in the cost of the land and other related expenses creates a permanently affordable home and in turn maximizes the effectiveness of the investment in affordable housing while providing the benefits of home ownership to households that are otherwise unable to buy a home in Edina. Again, please refer to **Exhibit 2 & 3** for further detail.

Overall the program offers value and benefits to the families it serves and the community; in promoting stable families and a strong community through housing and economic growth for all.

#### **Method of Approach and Implementation of Schedule:**

With respect to the 2013/2014 proposed activity, a specific location in the City of Edina has not yet been predetermined prior to approving this proposed activity. Properties typically are selected and acquired once the funding commitment has been completed, along with matching funds. Properties are typically acquired as opportunities arise due to market conditions and the requirements of the HWR acquisition process.

In terms of concentration of HWR homes, they will be scattered throughout the Edina community.

Therefore, since HWR does not predetermine specific locations prior to the funding commitment. **Exhibit 4** includes a project timeline and a summary of the program's process, clarifying the timeline. This timeline demonstrates the stages in creating an affordable home. Nevertheless, the list of tasks does not include detail steps, such as income verification and funding requirements; the details not specified in the exhibit are integrated into HWR internal checklists and process.

A point of information when reviewing the timeline, the Application Process can take place at anytime, however once a property is located and acquired, many times applicants need to be reapproved for a mortgage, if their pre-approval is more than 60 days old; especially in these times of changing lending requirements.

Furthermore, HWR adheres to practices of acquiring not more than 3-4 properties before successfully executing sales purchase agreements; hence, minimizing holding costs and making the best use of monies to implement the program.

The homes purchased typically fit well within the neighborhoods they are located; therefore, the development of affordable housing when updating and preserving the integrity of the property provokes less neighborhood opposition, since it fits the neighborhood character and improves its appearance and condition and continues to revitalize the area.

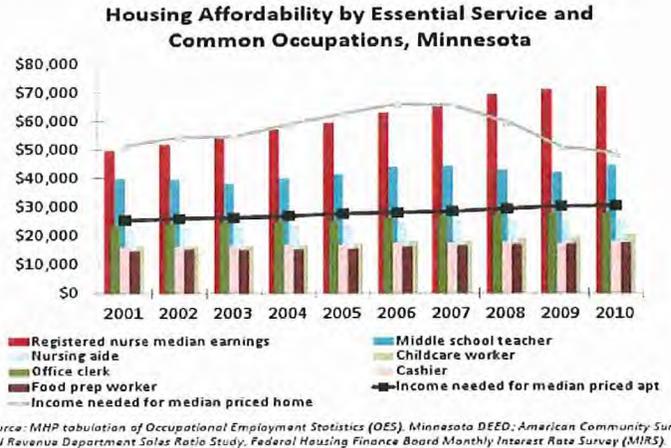
Required repair and rehabilitative work are those renovations that will provide the buyers good operating condition of the home and property, promote a safe environment and permit the reuse of structurally sound buildings, many of which were constructed in a manner that is superior to some of today's housing products.

**COMMUNITY NEED:**

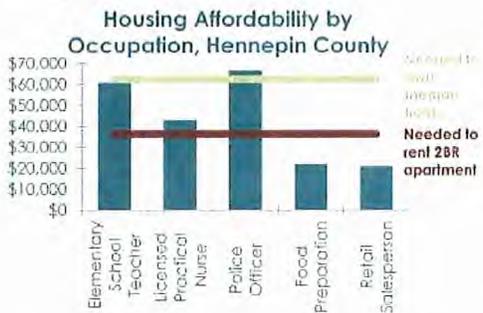
Today, many of the jobs that are available or are being created do not pay wages that are adequate to afford homeownership for the work-force families in Edina and other communities in the western suburbs of Hennepin County; such as custodians, health care workers, clergy, retail staff, office personnel, customer service representatives, chefs, wait staff, education staff and city workers. These workforce families provide essential services to maintain and sustain the infrastructure of Edina. The HWR program assists those households in owning a home and not over burdening their income to do so.

The chart to the right was prepared by Minnesota Housing Partnership comparing earnings across different occupations with income required to afford housing in Hennepin County. As you can see, the income to purchase a home exceeds many of workforce families' incomes and if feasible would consume far more than 30% of their gross income.

In Hennepin County, a family of four with two full-time wage earners needs to earn a combined annual salary of \$61,666 to afford the basic cost of living according the Cost of Living in Minnesota Family Wage & Budget Calculator, JOBS NOW Coalition, 2009. Therefore, lower-income households face affordability challenges when buying a home.



The chart below shows the median earnings for workers in common occupations compared to the cost of housing.<sup>7</sup>



7. OES Wage Data by economic development region, MN DEED, Q1 2012; HUD FMR, 2012; Mn dept of Revenue Sales Ratio Study, 2010-2011

There is a need to support homeownership for essential service workers, because job growth will continue in years to come through new positions and job replacements. According to an article Looking Ahead at the Job Outlook by the Minnesota Department of Employment and Economic Development the sectors that are expected to add the most workers are personal and home care aides, combined food preparation and service workers, home health aides and registered nurses. These are the workers who benefit from the HWR program, since many are unable to purchase a home without burdening their income.

Therefore, HWR average sale price in Edina of \$140,571 contrasts favorably to current average 2012 sales prices in Edina of \$431,962 according to the Minneapolis Area Association Realtors for January through December of 2012. Please keep in mind when comparing average sales

prices the average Edina home sale according to Minneapolis Area Association Realtors includes all price range of properties in Edina and HWR programs purchases only entry-level properties.

**HWR Benefits and Value to the City of Edina:**

Homes Within Reach is a creditable program with eleven years of experience providing scattered site affordable homeownership. Offering communities the opportunity to create and preserve affordable homeownership and enhancing community vitality through collaborating with public and private organizations to address the dreams, goals, and objectives of working families to own their own home.

The benefits and value of HWR to the City of Edina are broken down into the following four categories.

1. Expands Homeownership Opportunities:

The three principal features of the HWR program continue to appeal to the targeted market, they include the cost of homes, the quality of home and their location. Providing a long-term practice for

families to become homeowners, stabilizes families and in turn adds value to the community, where they work and or live.

The HWR program assists in reducing the pressure to build either new housing by preserving existing affordable units or converting existing housing for workforce households.

Additionally, owning a CLT home is a starting point on the homeownership ladder for many of HWR homeowners. A 2010 study<sup>1</sup> found that nearly 80% of Land Trust homeowners go on to purchase market-rate homes.



**Edina home before rehab**



**Edina home after rehab**

## 2. Retains Community Wealth:

The HWR program makes maximum use of existing buildings and the community's infrastructure. The community's infrastructure is a major selling point to the buyer, and in return, the new family provides value and benefits with respect to the following:

- Community's growth,
- Delivery of services,
- Increasing the labor pool available to local businesses,
- Reducing freeway congestion given the opportunity workers can live near their work,
- Adding younger households to the community where the population is often aging and
- Providing the mechanism to invest in affordable housing

## 3. Enhances Residential Stability:

HWR like other CLT organizations support homeowners before and after the purchase of the home. Homeowners are required to attend a homebuyer education class before purchasing their home. Furthermore, HWR continues to support homeowners after they move into their home, especially during times of crisis and change in their lives.

In addition, HWR program provides assistance to neighborhoods in maintaining them as they age. With the aging process taking place there is a need to renew the residential base and support the seniors in moving from their detached home to a suitable arrangement.

## 4. Preserves Housing Affordability:

Community Land Trust homes remain affordable between consecutive generations of homeowners. The resale restriction is the subsidy retention and is tied to the home not the owner. This recycling of funds from owner to owner ensures the home remains affordable for low-to-moderate income families over a long period.

Studies of land trust ownership have found that the income level served remained about the same from one homeowner to the next.<sup>2</sup> This recycling of funds from owner to owner ensures the home remains affordable for low-to-moderate income families over a long period.

For example, if homeowners spend 10-15 years in their home before moving, this would mean 6 to 10 families are served by the CLT during the 99-year lease, thereby spreading the initial investment by 6-10 families.

### **In summary:**

Homes Within Reach is a creditable program with eleven years of experience providing communities the opportunity to create and preserve affordable homeownership and enhance community vitality through collaborating with public and private organizations to address the dreams, goals, and objectives of working families to own their own home.

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<sup>1</sup> Urban Institute, Shared Equity Homeownership Evaluation: Case Study of Northern Communities Land Trust, April 2010 draft (This evaluation is part of a larger study still in progress of CLTs, limited equity co-ops and deed restriction programs)

<sup>2</sup> John Emmenus Davis and Amy Demrowitz (2003) Permanently Affordable Homeownership: Does the Community Land Trust Deliver on Its Promise?



## Community Land Trust – How it Works

West Hennepin Affordable Housing Land Trust dba as Homes Within Reach is a Community Land Trust.

A Community Land Trust organization is a -

- ☑ Nonprofit organization
- ☑ Formed to hold title to land to preserve its long-term affordability
- ☑ Receives public and private donations of land or monies, to purchase land on which housing exists or can be built
- ☑ The homes are sold to low-to-moderate income workforce families
- ☑ The CLT retains ownership of the land and provides a long-term ground lease to homebuyers to secure their rights to use the land
- ☑ The CLT retains a long-term option to re-purchase the homes at a formula-driven purchase price when homeowners later decide to sell & move.
- ☑ Two key components driving the interest in Community Land Trusts are
  - ➔ **A Social Component:** Promoting homeownership for low to moderate income families
  - ➔ **A Financial Component:** Protecting the public's investment in affordable homeownership

The Community Land Trust (CLT) is one vehicle that allows homeownership to be affordable for low-to-moderate income workforce families.

A Community Land Trust (CLT) establishes affordability by removing the value of the land from the mortgage equation to create initial affordability resulting in savings of principal and interest and in down payment and closing costs.

The CLT retains ownership of the land and enters into a 99-year ground lease with the leaseholder-homeowner. Therefore, each affordable home will offer affordable homeownership to 6-9 families throughout the life of the lease.

The CLT leaseholder-homeowner pays property tax on both the home and the land, and secures the rights to use the land via a Ground Lease.

Federal, State, City and private contributions fund project costs - land acquisition, buyer assistance, rehab, and holding costs.

A CLT ensures permanent affordability of the home through two provisions found in the Ground Lease.

- ☑ The first is a pricing formula that provides the owner with a fair amount of equity (25%-35%), while ensuring the sale price for subsequent low-to-moderate income households is affordable.
- ☑ The second provision requires the homeowner to sell either to another low-to-moderate income household. In addition, the provisions ensure the home continues to be affordable with each sale.

A CLT leaseholder-homeowner receives benefits similar to non-CLT homeowners such as the ability to build equity, the federal mortgage interest and property tax deduction and the ability to pass on the lease interest and home to their heirs.

The following Chart provides an example of how a Community Land Trust creates initial and permanent affordability (99 years plus). The example compares the difference in affordability after ten years under the CLT and conventional model.

### Affordability Comparison

Affordability Comparison		CLT Model	Conventional Model
Acquisition costs			
	Market Value Land	\$ 63,000	\$ 63,000
	Market Value Home	\$ 117,000	\$ 117,000
	Total	\$ 180,000	\$ 180,000
Subsidy			
	Subsidy/Affordability Gap	\$ 63,000	\$ -
	Sale Price	\$ 117,000	\$ 180,000
Housing Costs			
	Principal and Interest <sup>1</sup>	\$ 816	\$ 1,255
	Property Taxes	\$ 200	\$ 200
	Mortgage and Homeowner Insurance	\$ 135	\$ 135
	Land Lease Fee	\$ 30	n/a
	Total Monthly Principal, Interest, Taxes, Insurance	\$ 1,181	\$ 1,590
	Down Payment	\$ 5,850	\$ 9,000
	Closing Costs	\$ 2,779	\$ 4,275
Market Value After 10 Years			
	Market Value Home	\$ 157,238	n/a
	Market Value Land and Home	n/a	\$ 241,905
	Increase in Value <sup>2</sup>	\$ 40,238	\$ 61,905
Sale Price Calculation after 10 Years			
	Percentage of Appreciation to Owner	35%	100%
	Owners Share of Appreciation	\$ 14,083	\$ 61,905
	New Sale Price of Home	<b>\$ 131,083</b>	<b>\$ 241,905</b>
<sup>1</sup>	Mortgage Interest Rate 8%, Term 30 years, Loan to value 95%		
<sup>2</sup>	Annual average increase in market value 3%		

The chart above demonstrates that after ten years, the CLT home sells for \$131,083 as opposed to \$241,905 under the conventional model, a difference of \$110,822. There are two primary factors to account for this difference. First, the land has been permanently removed from the speculative market. Secondly, the homeowner receives only a percentage of the appreciation of the home when they decide to sell. In the above example, the owner receives 35% or \$14,083, based on a formula that is standard among CLTs (25-35%) across the United States, where the homeowner receives only a portion of the appreciation in order to make the home affordable for each subsequent sale.

## **Equity Resale Provisions**



The home purchased by HWR applicants in Maple Grove using the land trust practice will be part of the resale-restricted domain of WHAHLT - HWR and will remain affordable for low-moderate income households, through one resale after another, and continue to serve homebuyers without the need of additional subsidies, regardless the number of times the home sells (99-198 years).

The Ground lease (executed between WHAHLT-HWR and the homeowner) protects the assets of the land by providing the land trust certain rights to safeguard the condition and affordability of the home. HWR homes cost less than market rate homes because HWR homebuyers purchase only the house and enters into an agreement with WHAHLT- HWR for the use of the land. By taking the cost of the land out of the real estate transaction, land trust homes are more affordable than houses on the open real estate market.

Given that WHAHLT-HWR owns the land and the homeowner owns the home, the homeowner and WHAHLT-HWR sign a long-term legal document called a Ground Lease that defines the roles and responsibilities of both WHAHLT-HWR and the homeowner. The Ground Lease allows the homeowner to secure, long-term rights to the land. The homeowner is responsible for the payment of all real estate taxes on the house and on the land.

The homeowner may sell his/her home only to a qualified buyer or WHAHLT-HWR. The resale price is limited by a formula which more then likely (based on market conditions) allows the seller to recover the original cost of the house plus a modest profit.

Therefore, assuming the house has retained or increased in value, the homeowner who sells his or her home will get all of their equity (the amount of money that they used as a down payment as well as the entire principal paid to that point in time). In addition, to a percentage (35% for WHAHLT) of the home's appreciation (the amount that a home has increased in value since it was purchased). Please see the attached - How the Community Land Trust Model Works - Exhibit 2

## Project / Site Information Timeline:



Since HWR proposed activity has no current pre-determined sites to assist in providing specific project/site information; the following outline provides a summary of the HWR housing production timeline, tasks and objectives based on HWR housing production experience.

With respect to the applicant process timeline, it can take anywhere from four to nine months to purchase a home if the applicant is credit ready and meets HWR eligibility requirements.

When reviewing the timeline activities, please keep in mind that multiple steps can be completed concurrently or previously – therefore it does not take 12 months to purchase a home, if the applicant is financially ready

There are multiple stages in creating a Community Land Trust affordable home. The graph to the right highlights the stages in creating an affordable home yet, does not include the steps of raising additional resources to benefit the award.

Following the graph is an outline providing a brief summary of the program’s process and guidelines that will further clarify the timeline. Nonetheless, the list of tasks does not include detail steps, such as income verification and funding requirements, which are specified in HWR internal checklists.

		HWR Timeline																	
MONTHS		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
<b>Creation of one Affordable Home</b>																			
<b>1. Application Process</b>																			
	Informational Meeting	█																	
	Application	█	█																
	Orientation & Homebuyer Education		█	█															
	Interviews and Income verification		█	█	█														
	Meeting with Lender process application			█	█														
	Pre-approvals			█	█														
<b>2. Acquisition</b>																			
	Property Search				█														
	Property Selection				█														
	Purchase Offer of Selected Property				█	█													
	Due-Diligence Period & Admin - Determine Scope of Rehab, LC, Finalize offer, remove contingencies					█	█												
	Acquire property						█	█	█										
	Rehab							█	█	█	█								
<b>3. Selling/Closing Process</b>																			
	Mortgage Application and approval							█	█	█									
	Selection of Property									█	█								
	HWR Resident Committee Interview, Finalize income eligibility										█	█							
	Execute PA , home inspection, attorney review										█	█							
	Closing - coordination with funders, buyers, closer											█	█						

A point of information when reviewing the timeline, the Application Process can take place at any time, however once a property is located and acquired, many times applicants need to be reapproved for a mortgage, if their pre-approval is more than 60 days old; especially in these times of changing lending requirements.

Furthermore, HWR adheres to practices of acquiring not more than 2-4 properties before successfully executing sales purchase agreements; hence, minimizing holding costs and making the best use of monies to implement the program.

## **Applications Process**

**2-6 months**

1. Attendance by prospective applicant to a HWR Informational Meeting
2. Submission of HWR application with required financial attachments.
  - a. Approval for HWR to pull credit report
  - b. HWR orientation and compliance with qualifications and criteria
  - c. Applicant meet with HWR staff to review credit reports and assist in meeting qualifications and finalize income verification to ascertain eligibility and determine work plan to be credit worthy to meet with loan officer
  - d. Attendance of a Home Stretch Class sponsored by Minnesota Homeownership Center is required. This education is to provide basic tools to move through the process and own a home.
  - e. Participation in the interviews and working sessions with HWR staff
  - f. Income verification of eligibility per HOME regulations
  - g. Select lender from approved list of CLT lenders and process application
  - h. Pre-approval from one of four lending institutions, Bremer Bank, Alerus Mortgage, US Bank and Wells Fargo

## **Acquisition & Rehab**

**3-6 months**

1. Property Search
  - a. Criteria to Real Estate Agent based on application pool/profile realtor previews
  - b. Inspects multiple properties before selecting one to continue the process
    - i. Initial Inspection - Property Search Criteria
    - ii. Location
      1. Scattered site
      2. Neighborhood setting with close proximity to services and transportation
      3. Structural integrity and conditions of the home and property
  - c. Key areas of inspection
    - i. Adequately functioning plumbing
    - ii. All wells and private sewage system approved by government authority
    - iii. Amp service (min 100 amps)
    - iv. Condition of exterior - siding, soffits, roof, chimney stack,
    - v. Foundation/Structural Integrity

- vi. GFIs in kitchen, baths and garage and grounded circuits for all appliances
  - vii. Ventilation in kitchen and all bathrooms
  - viii. Insulation, doors & windows (Blower Test)
  - ix. Lead base paint - exterior and interior
  - x. Mechanical - HVAC system and hot water heater
  - xi. No hazardous wiring or fixtures
  - xii. Radon Testing
  - xiii. Water intrusion – from what sources
- d. Property Selection
- i. Research Hennepin Property Information
  - ii. Create Preliminary Project Budget to determine if acquisition is feasible
  - iii. Determine affordability gap & funding sources.
  - iv. Acquisition Approval from City
  - v. Initial Offer: Decision Point
- e. Purchase Offer of Selected Property (*foreclosed properties take additional time*)
- i. Multiple offers in negotiating initial purchase price prior to the contingency period.
  - ii. If Applicable: Counter Offer
  - iii. Offer – Accepted / Not Accepted
  - iv. If funded by Home, AHIF, and CDBG funds, send photo to begin SHPO & Environmental Review
  - v. Execute Purchase Agreement - if land funded by HOME or CDBG – prepare
    - 1. Non-profit Purchase Letter and
    - 2. Seller Acceptance of Voluntary Offer
  - vi. Execute Purchase Agreement (PA)
- f. Due-Diligence Period – PA Contingency Period
- i. Includes at least three levels of inspections
    - 1. WHAHLT Contractor
    - 2. House Masters
    - 3. Hennepin County
    - 4. Other – depending on initial inspection
- g. Determine Rehab/Construction Requirements using the three inspections
- i. Complete HWR Inspection Form
  - ii. Request and Finalize Line of Credit for acquisition
  - iii. Finalize Offer and Remove Contingencies if appropriate or renegotiate price or release the PA

- iv. Send Purchase Agreement that includes copies of nonprofit purchase letter and seller's acceptance of voluntary offer along with the Preliminary Sources & Uses, MLS listing and tax statement to HOME, AHIF and CDBG. Title commitment and appraisal with rental determination is submitted at a later date
- v. Implement Pre-closing Action Items
- vi. Pursuant to HWR Property Acquisition Checklist
- vii. Acquire Property
- viii. Pursuant to required real estate transaction – law and lending practices
- ix. When using Home, AHIF, CDBG funds, schedule closing date 60 days from the date of PA execution due to Environmental & SHPO Review
- h. Post Purchase Action Items -
  - i. Ready the property to move to the Selling Home Process & Procedures and Application Checklists.
  - ii. During the selling /selection process, a qualified family is approved and rehab/repair work has begun on the home and completed prior to selling the home.
  - iii. Identify and perform rehabilitation work that is necessary to make the acquired homes hazard free and safe and ready the home for sale to a qualified homebuyer.
- i. Rehab process includes but is not limited to: 1-3 months
  - i. Inspections
  - ii. Radon and Blower Tests
  - iii. Preparation of inspection report
  - iv. Determine scope of work and cost estimates
  - v. Determine rehab work plan, provide written specifications
  - vi. Negotiate and execute scope of work – proposal/contract
  - vii. Commence and complete work
  - viii. Contractor presents to WHAHLT/HWR invoice for work with all permits and required inspections
  - ix. Final inspection of work completed with permits/approvals and lien waivers
  - x. Review and sign off on Green Communities Intended Methods
  - xi. WHAHLT/HWR makes payment to contractor

## **Selling Process**

**3-6 months**

During the selling/selection process, a qualified family receives approval by HWR and a preliminary approval by the lending institution and rehab/repair work has begun on the home and completed prior to selling the home.

- 1. HWR supervises the process to sell the home using the Community Land Trust practice and the funding requirements and when HOME, CDBG or AHIF monies are used, the HOME requirements are applied and followed.
  - a. Mortgage application and request pre-approval for a mortgage

- b. HWR Resident Committee Interview
- c. Selection of Property – show and select a home by a qualified applicant with a mortgage pre-approval by an approved CLT lender
- d. Execution of PA and all attachments and riders necessary
- e. Applicant Inspection of home
- f. Applicant typically is required by lending institution to have a third party inspection and HWR encourages the applicant to engage in a third party inspection - even if it is not required.
- g. Attorney review of documents (including the ground lease) and review with prospective homebuyer
- h. Closing transaction
- i. Selling of the home improvements – submitting documentation to HOME and AHIF for verification and covenants
- j. Execution of the ground lease and mortgage

**2013**  
**URBAN HENNEPIN COUNTY CDBG PROGRAM**  
**REQUEST FOR FUNDING**

**A. GENERAL INFORMATION**

1. City: EDINA
2. Project Name: REHABILITATION OF PRIVATE PROPERTY
3. Contact Person/ Phone No. JOYCE REPYA 952/826-0462

**B. PROJECT DATA**

1. **CDBG Funding Requested \$ 41,491**  
 (needs to be same as council resolution)
2. Is this an existing CDBG-funded project?  Yes
3. **Project Location:** Citywide
4. **Project Description:** (Describe the project in as much detail as possible, including the local need(s) the project will address.)  
**This project provides rehab loans for income eligible Edina homeowners of single dwelling unit properties to make structural improvements to their homes. Edina has funded this project since year 1 of the CDBG program, and depends on this program to maintain the safety and upkeep of its housing stock. Administration of this project is pursuant to Hennepin County Rehab guidelines.**
5. **Consolidated Plan Priorities:** Using the Priority Summary chart below, identify what priority(ies) the project will meet. *(Note: If a proposed project is a low urban county priority, you must explain why it has a higher priority in your community.)*

Priorities	Use X to indicate
Rental Housing	
Existing Housing (Rehabilitation)	<input checked="" type="checkbox"/>
First Time Homeownership	
Homelessness - <b>prevention</b>	
Special Needs Housing	
Public Service	
Neighborhood Revitalization	
Transportation Services	

6. Describe anticipated results/accomplishments the project will have. (number of persons to receive services, number of affordable housing units to be rehabilitated or built, etc.)

The City anticipates assisting five or more eligible Edina homeowners to make structural improvements to their homes.

7. **Implementation Schedule:** (Identify major project tasks to occur during/ within the first 12 months of the 18 month expenditure period. Expenditure period begins July 1, 2013 and ends December 31, 2014.)

Task: <b>Rehab Homes</b>	Date <u>7/13 – 12/14</u>
Task:	Date
Task:	Date

8. **Budget:** (Specify total project budget by major funding sources. Attach additional listings where appropriate.)

FUNDING SOURCES	AMOUNT
CDBG	<u>\$41,491</u>
Prior Year CDBG Funding (for this project)	<u>\$41,491</u>
Other Federal Funds (specify)	\$
Low Income Housing Tax Credits	\$
State (specify)	\$
Municipal	\$
Metropolitan Council	\$
Private (specify)	\$
Other (specify)Repayments 2012	<u>\$80,557</u>
Project Total	<u>\$163,539</u>