

To: **Mayor and City Council**  
From: **Ryan Schroeder, City Manager**  
**Jim Hartshorn, Community Development Director**  
Date: **January 27, 2020**

## Community Development Block Grant Housing Rehab Program

### **BACKGROUND INFORMATION:**

For a number of years, Dakota County has been administering the Community Development Block Grant (CDBG) housing rehab program on behalf of West St. Paul. Each year, West St. Paul has been allocated around \$100,000/year from the entitlement dollars the County receives to operate this program. On July 8, 2019, West St. Paul entered an agreement with the County for their continued operation of this program through 2022.

Between 2014 and 2017, West St. Paul was allocated \$352,581 in total entitlement dollars. To that total, the County added Countywide CDBG funds or Community Development Agency (CDA) levy funds such that total spent in West St. Paul over that four-year period was \$703,561. Over that period, there were 36 total rehabs with five of the forgivable 0% loans going to households below 30% of AMI (adjusted median income), another 4 to households between 30% and 50% AMI and the remaining 27 loans to households from 50% to 80% AMI. The City's CDBG funds are used within 12-18 months of allocation. There are typically persons within the community on the waiting list, and the average wait time is 6-8 months.

The rehab program is primarily used for HVAC, roofs, siding, and windows. Usually roofs, siding and windows are done together. They have also used funds to make bathrooms handicapped accessible or update fixtures and plumbing in kitchens. Most of the loans are used for exterior and structural work. With an average loan around \$20,000, they are limited in the amount of work that can be done. The CDBG program only serves income-eligible residents who meet program/federal requirements.

West St. Paul has also collaborated with Habitat for Humanity and the Dakota County CDA with their first time homebuyer programs. Over the past 25 years, there have been about 40 properties that have been purchased in West St. Paul through these programs. West St. Paul also has operated a Housing Replacement Program since 2000 within which 27 properties have been purchased, razed, and resold.

From time to time, members of the Council have expressed an interest in expanding our efforts in housing rehab, housing stabilization and the like. Toward that goal, we have allocated future Housing TIF development funds toward housing rehab from the Winslow Housing TIF District (DARTS/REE building). Also, as part of the 2020 Economic Development Authority (EDA) budget is included an allocation which could be used toward housing rehab. Between 2013 and 2019, our EDA Business Subsidy budget has averaged about \$50,600/year in actual non-reimbursed expenditures (ranging from

an annual low of \$10,000 up to about \$105,000). In 2020, the Business Subsidy budget is at \$150,000 with the intent that \$50,000 or so could reasonably be allocated toward housing rehab or some alternative program.

It has also been discussed in the past that there may be benefits to collaborating with program providers beyond the CDA on housing rehab and/or stabilization programming. To help us understand the potential benefits of working with a non-profit partner, we have invited Jason Peterson, CEO of NeighborWorks Home Partners, to this meeting. NeighborWorks has been providing their housing programming in many cities throughout the Twin Cities metro for the last 40 years and currently formally partners with the central cities and North St. Paul, Shoreview, and Woodbury to administer programs on their behalf. Mr. Peterson intends to talk through their menu of programming and how they might be able to assist West St. Paul with its single family housing goals.

**FISCAL IMPACT: None at this time**

		<b>Amount</b>
<b>Fund:</b>		
<b>Department:</b>		
<b>Account:</b>		

**STAFF RECOMMENDATION:**

Discussion Only

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