

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

09-0228R

RESOLUTION AUTHORIZING THE ACCEPTANCE OF \$1,600,000 IN NEIGHBORHOOD STABILIZATION PROGRAM (NSP) FUNDING FROM MINNESOTA HOUSING FINANCE AGENCY AND AUTHORIZING CONTRACTS WITH APPROPRIATE AGENCIES.

CITY PROPOSAL:

RESOLVED, that the city council of Duluth hereby accepts \$1,600,000 in neighborhood stabilization program (NSP) funds from the Minnesota housing finance agency to address the negative impact of vacant and foreclosed houses on targeted neighborhoods within the city of Duluth and that the city council also authorizes contracts for implementing the city's program with the Duluth Housing and Redevelopment Authority for \$457,000 and the Northern Communities Land Trust for \$1,006,500, contingent upon the completion of the environmental review process.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

CD KAH/KO:jle 4/2/2009

STATEMENT OF PURPOSE: This resolution authorizes the city to accept a grant from the state of Minnesota to be used to acquire and rehabilitate foreclosed homes, and to contract with the Northern Communities Land Trust (NCLT) and the Duluth Housing and Redevelopment Authority (HRA) to carry out the program activities.

In 2008, Congress enacted the Housing and Economic Recovery Act (HERA), part of which authorized a special community development block grant allocation to be used to redevelop abandoned and foreclosed homes in neighborhoods hard hit by the foreclosure crisis. Minnesota received \$38.8 million of these neighborhood stabilization program (NSP) dollars to distribute throughout the state. The city of Duluth applied for, and has been awarded, \$1.6 million of this allocation.

The goal of Duluth's NSP program is to acquire and rehabilitate 16 properties in areas that are experiencing a concentration of foreclosed homes. The targeted areas are located in West Duluth, Lincoln Park, and the Central and East hillsides.

The city's success in securing NSP funds is due in part to NCLT and HRA's years of experience in operating similar housing acquisition and rehabilitation programs, both of which have received past funding from Minnesota housing. The NCLT and the HRA will carry out program activities under contract with the city. NCLT will receive \$1,006,500 for 11 units, and the HRA \$457,500 for five units, at an average of \$91,500 in NSP dollars per unit. As the rehabilitated homes are sold to new buyers, the funds will be recycled into the purchase and rehabilitation of additional foreclosed properties. The city will utilize \$136,000 of the grant to administer the NSP funds over the coming 18 months.