Draft August 8, 2007

PED Invest Saint Paul Initiative Seven Step Approach – Work in Progress

- 1. Regulatory Services Action Steps
 - Work with DSI, District Council, CDCs and residents to prioritize vacant buildings into catagories:
 - 1. immediate demolition (district wide)
 - 2. questionable (determine demo or not)
 - 3. needs to be rehabilitated (determine work and cost)

For items #2 & #3 breakdown:

- review ones first in focus areas
- second in Invest St. Paul area
- third district wide
- Work with DSI, District Council, CDCs and residents to understand interpretation of inspection standards and process for applying:
 - 1. minimum property standards interpretation (Chapter 34)
 - 2. Certificate of Occupancy for 1 & 2 units (new)
- 2. Rehabilitation
 - house by house research in the smaller focus areas to identify need
 - house by house research in the RSVP areas in priority areas for need
 - research in priority & district area where smaller distress items will have major impact
- 3. Mortgage Financing (Buyers, Refinancing, Rehab)
 - information will be gathered from rehabilitation process
 - information will be gathered through mortgage foreclosure counseling
 - information will be gathered through outreach

Note: this process is to help slow mortgage foreclosures; keep families in homeownership, where feasible; provide for more affordability so homes can be maintained, etc. Different product needs will be identified as families are worked with.

- 4. Strategic Acquisition
 - within concentrated areas of instability
 - within areas of identified redevelopment
- 5. Neighborhood Commercial Corridors
 - analysis vacant buildings for functional and economic obsolesce (use to determine if buildings can be reused or need to be demolished)
 - develop a marketing program to push vacant and/or vacant sites
 - analysis of existing businesses (strengths and weakness) how to grow
- 6. Projects (designated areas for larger redevelopment opportunities)
 - Winnipeg/Rice Site
 - Hospital Linen Site
 - Hamms
 - Northeast University/Dale
 - As may be identified under Invest St. Paul Inititative
- 7. Soft Cost Side Activities
 - Prevention Counseling Activities
 - Jobs Youth training, volunteers, apprenticeship programs, etc
 - Research and analysis of properties and financing needs

Step 1: Draft 8/8/07

Regulation Services Action Steps

Vacant Buildings

- 1.) prioritize vacant buildings between demolition & rehabilitation
 - Demolition community support a must for process
- 2.) rehabilitation
 - categorize from outside major, moderate, minor
 - categorize from worst to ok (allow the inspectors to do team inspections on worst and work forward) this will help to determine if any of them might then move to the demolition category
 - Should houses continue to be used as multi-family or coverted back to single family or originally built

Property Maintenance Standards (all properties)

- 1.) what is an acceptable exterior bldg. conditions (community)
- 2.) what is an acceptable alley appearance
- 3.) what is an acceptable fence appearance
- 4.) what is an acceptable business corridor appearance
- 5.) what is an acceptable retaining wall appearance

Comments assist the inspectors in enforcing the standards removing some of the subjectivity and the community learns what is not enforceable and why. These standard also apply as inspections for 1& 2 units start-up.

Certificate of Occupany

- 3+ Units Rental
- 1 & 2 Units Rental know

1.) It is very possible that some of the neighborhoods 1 & 2 unit rental buildings are not registered and unknown for inspection. Reviewing the list and letting the City or District Council

if properties are missing would be helpful

Licensing How does this activity affect Invest St. Paul Initiative?

Building Permits How does this activity affect Invest St. Paul Initiative?

Zoning How does this activity affect Invest St. Paul Initiative?

Step 2: Rehabilitation Fund

Funding Request: \$9.8 million for 3 years – more funds from partners will raise the outcomes

Draft: 8/8/2007

Purpose: Assisting property owners in the rehabilitation of existing houses. These houses could be owner occupied, rental and/or vacant. The rehabilitation could range from minor to major undertaking of improvements. Assistance would need to consider a variety of factors including curb appeal, energy efficiency and affordability.

Background: The City Council undertook an extensive research project concerning vacant buildings and foreclosures. The City currently identifies over 1124 vacant buildings of which 95% are residential buildings. In addition, to the vacant buildings, foreclosures have reached epidemic levels in our neighborhoods having a devastating effect on stability and quality of life. The lack of access to sufficient rehabilitation funds, the increase in taxes, utility bills, insurance, transportation, health care, and family's wages not going up have all led to the vital need of more extensive resources to address these higher needs.

Outcome: Save up to 157 + properties that provide families with housing and start to improve the stability and quality of life in the neighborhoods.

Grow stable neighborhood that maintain racially and economically diverse families with healthy, well-maintained houses both in ownership and rental.

To build on the strengths of St. Paul's neighborhoods, by insuring that neighborhoods remain strong and that those where confidence is clearly declining we all work to stimulate changes that restore and build confidence and sustainable neighborhood pride.

As neighborhoods get healthier the City and all its neighborhoods together become stronger and call for more government services and assistance will be maintained at a level that will minimize tax increases.

Step 3: DRAFT: 8/8/2007

Mortgage Financing Fund

Funding Request: \$21.59 million this includes HRA single family mortgage program, but will need to be enhanced by outside lenders

Purpose: Reduce foreclosures by providing affordable mortgage financing to families that have predatory or sub-prime loans that are or could result in the loss of their home; provide interest write-down assistance, affordability financing gap and entry cost assistance (ie. closing costs and down payment) funds all to keep mortgages affordable for families.

Background: The City Council undertook an extensive research project concerning vacant buildings and foreclosures. The City identified over 1124 vacant buildings of which 95% are residential buildings. In addition, to the vacant buildings, foreclosures have reached epidemic levels in our neighborhoods having a devastating effect on stability and quality of life. They arise from some of the same sorts of economic circumstances (loss jobs, health care, limited job income growth), but are often the product of equity stripping, predatory lending practices, and more subtly legitimate but abusive sub-prime lending. The same social and economic characteristics that put a neighborhood at risk of rising vacancy rates are used to target areas for illegal and questionably legal lending strategies. Foreclosure information shows over 2000 notices sent out between March, 2005 through December, 2006 and an additional 1,189 between January and July, 2007 in Saint Paul. These properties are also more concentrated in the same areas of vacant properties which represents major stress factors for these focus areas.

Outcome: Address 100-150 + properties keeping families in their homes with affordable mortgages.

Need changes by the Federal Government under federal IRS rules under tax exempt mortgage revenue bonds:

- 1. Remove first time home buyer requirement,
- 2. Remove substantial rehab requirement so straight refinancing can be down to allow for affordable financing options to take out predatory and/or abusive subprime lending loans.

Need local and national lenders to participate in developing different mortgage products to assist in keeping families in homes and offering a better alternative than subprime lending.

Reduce the number of foreclosures by 20%.

Reduce vacancy and homeownership loss by 20%.

To build on the strengths of St. Paul's neighborhoods, by insuring that neighborhoods remain strong and that those where confidence is clearly declining we all work to stimulate changes that restore and build confidence and sustainable neighborhood pride.

As neighborhoods get healthier the City and all its neighborhoods together become stronger and call for more government services and assistance will be maintained at a level that will minimize tax increases.

Step 4: Draft: 8/8/2007

Strategic Acquisition and/or Investment Fund

Funding Request: \$11.514 million for 3 years

Purpose: Acquisition, rehabilitation, demolition of deteriorated residential/commercial properties, deconversion of residential structures not built of multiply units and/or redevelopment. Strategically acquiring these identified properties will be used to establish stability in blocks by acquiring properties that will have a visible and quality of life effect on these blocks. These properties will either (1) be demolished and sites held for future development, (2) secured and hold until the market changes, and/or (3) the property needs to be held and deconverted back to single family use. These activities will occur where a number of them are strategically clustered and activities will provide for stabilization and improvement.

Background: The City Council undertook an extensive research project concerning vacant buildings (commercial and residential) and foreclosures. The City currently identifies over 1124 vacant buildings of which 95% are residential buildings. The neighborhood commercial corridors within the target ISP areas have 20-30 vacant and run down commercial structures which also lead to decline in both residential and business along the avenue.

Outcome: Address 32-40 properties per year that will improve both families and neighborhoods' living environment.

De-convert residential buildings that have been divided up into numerous small units that do not provide a healthy living environment.

Grow stable neighborhood that maintain racially and economically diverse families with healthy, well-maintained houses both in ownership and rental.

To build on the strengths of St. Paul's neighborhoods, by insuring that neighborhoods remain strong and that those where confidence is clearly declining we all work to stimulate changes that restore and build confidence and sustainable neighborhood pride.

See Step 6 – Neighborhood Commercial Corridor Strategies

Step 5: DRAFT: 8/8/2007

Neighborhood Commercial Corridor Strategies Funding Request: \$6.053 million for three years

Most of our neighborhood type commercial corridors are spread out for a mile or more. It has been discussed in many studies that stringing commercial development out over blocks or even a mile hinders the advantage that businesses that may thrive from building off each others clientele or enticing shoppers to the area because of a concentrated group of shopping opportunities.

- 1. Identify the use of the corridor (i.e. destination corridor or walkable retail/commercial corridor, mix, etc.)
- 2. Community residents and businesses identify the main focal area on each of the neighborhood commercial corridors:
 - if it is a walking corridor, where should the concentration of businesses be and after that where are the nodes that can be held by commercial/retail and then what can be in filled)

Vacant buildings

Undertake building analysis along the corridors, means evaluating each an every building as to condition and what repairs would be needed to allow them to compete in today's market or whether it should be removed (this should be done by a consultant familiar with this type of analysis).

Undertake an economic market analysis. This includes looking at the costs and prices on the buildings and what type of income a business would need to make in order to carry these costs? What type of businesses might be attracted to the area? How do we address parking? Do we have ready/qualified employees to work?

Develop a sales program for these avenues which will require someone to do cold calling to potential clients, pushing the area, offers great opportunities; work directly with brokers from all over; chum with developers.

Existing businesses

Analysis of existing businesses along these corridors. Break them into categories, (businesses that strengthen the corridors; businesses that can be built on from the standpoint of attracting other businesses; businesses that need to moved off the corridors (i.e. like automotive businesses and car lots – we need to be willing to look at potential alternatives for these uses like a condominium type repair shops that could be attractive and still provides the needed services and jobs to the community.

Need to meet with those businesses and evaluate the building for the specific use, does it allow for room to grow if that is projected; does the building flow for that type of use or does it limit the businesses opportunities; evaluate the business itself-do they have a business plan? How are the finances? Would the business be more successful with a different financial structure? Would they fit better on another part of the avenue for business attraction?

This is a more project by project approach and would need individuals, knowledgeable about these issues and enthusiastic about the business and the area.

Step 6: Draft: 8/8/2007

Projects

Funding Request: \$12.4 million

Purpose: Site assembly for major redevelopment activities that are setting the stage for new gateway entrances; addressing major commercial and/or residential sites/nodes; properties and/or areas are changing in reuse. These are projects that have been on Commissioners' priority lists and action will need to be taken by HRA Board as each project may move forward.

Background: These activities are the result of City and neighborhood planning processes and come out of Small Area Plans and/or District Plans which are all part the City's overall Comprehensive Plan. The projects are all within the ISP areas.

Outcome: Need to include indicators that can be measured (jobs, housing units, preservation, growth, etc.) as each project moves forward.

To build on the strengths of St. Paul's neighborhoods, by insuring that neighborhoods remain strong and that those where confidence is clearly declining we all work to stimulate changes that restore and build confidence and sustainable neighborhood pride.

As neighborhoods get healthier the City and all its neighborhoods together become stronger and call for more government services and assistance will be maintained at a level that will minimize tax increases.

Listing of projects:

Winnipeg
Smith Development
Hamms
Hospital Linen
208 Bates
Payne/Maryland
NE corner Payne/Phalen Blvd.
NE corner University/Dale

Step 7: Draft: 8/8/2007

Jobs, Prevention, Administration

Funding Request: \$1.641 million for 3 years

Prevention

- 1.) mortgage foreclosure assistance
- 2.) counseling
 - Financial
 - Homeownership maintenance
 - Landlord maintenance
 - Landlord management
 - Good neighbor training

Administration Analysis

- **Demolition/Vacant Lots Analysis** 1.) should these lots be part of a larger strategy and held
 - 2.) should they be for open space or side yard, etc
 - 3.) should they just be for private development

Property Analysis

- 1.) is there a higher standard when funds come from City and/or with CDC involvement then just basic minimum property standards. (this is also controlled by funding source)
- 2.) is there a need to have more exterior emphasis with rehab for neighborhood appearance?
- 3.) cost analysis on rehabilitation when does it become infeasible.
- 4.) needed financial products to assist private owners and vacant buildings.
- 5.) deconversion of properties
- 6.) identify assets and challenges for each block (conflict between housing and commercial, inadequate parking, public safety, design, mature trees, architectural gems, etc.)

- **Rehabilitation/Mortgage Product** 1.) develop initial concept for community outreach for gathering family information
 - 2.) identify and train staff for one-on-one outreach and technical training
 - 3.) develop block by block implementation strategy on each property needs
 - 4.) determine family need for both financing product and property product

(activities that neighborhood groups and youth may volunteer for with funds for purchase of materials, some supervision and volunteer labor)

- **Jobs Neighborhood Appearance** 1.) repair of retaining walls in full block areas
 - 2.) vacant lot clean-up and flower gardens, etc.
 - 3.) alley and block clean-ups
 - 4.) minor paint up fix up areas
 - 5.) assistance for elderly in yard maintenance

Commercial Corridor Analysis

1.) evaluate both functional and economical obsolence of Vacant buildings