

2014 - 2015 Residential & Economic Development Proposals

| Project Title | Proposer | Page # |
|---|--|--------|
| Acquisition Fund for Stabilizing Neighborhoods | PED | 1 |
| Business Expansion Program | Sparc | 4 |
| Citywide Homeowner Improvement Loan Program | PED | 8 |
| Commercial Corridor and Citywide Economic Development Program | PED | 11 |
| East Side Home Improvement Revolving Loan Fund | Dayton's Bluff Neighborhood Housing Services | 14 |
| Energy Efficient West Side Commercial Property | Neighborhood Development Alliance | 18 |
| Facelift and Emergency Assistance Fund | Greater Frogtown CDC & Sparc | 22 |
| Flexible Fund for Redevelopment | Greater Frogtown CDC | 26 |
| Fuller Avenue - Lexington Station Area Phase I | PED | 31 |
| Home Improvement Plus | NENDC | 34 |
| Housing Real Estate Multi-Unit Development Fund | PED | 36 |
| MCASA Old Home Townhomes | Model Cities | 39 |
| Model Cities Redevelopment | Model Cities | 47 |
| NENDC Economic Development Loan Leverage Fund | NENDC | 54 |
| Payne Arcade Business Investment Fund | East Side Neighborhood Development Company (ESNDC) | 58 |
| Single Family Redevelopment Program | PED | 61 |
| St. Paul Home Improvement Loan Fund | Community Neighborhood Housing Services | 65 |
| Vacant and Hazardous Building Demolition Program | DSI | 77 |
| West Side Single Family New Construction | Neighborhood Development Alliance | 80 |

1. Please provide the following information about your organization and proposed project:

Project Title: - Acquisition Fund for Stabilizing Neighborhoods

Proposing Agency or Group: - PED

Proposer's Address: - 1100 City Hall Annex, 25 West Fourth Street, Saint Paul MN

Contact Person: - Allen Carlson, Director of Housing

Phone Number: - 651-266-6616

Email Address: - al.carlson@ci.stpaul.mn.us

Address or Cross Streets of Proposed Project: - Citywide

2. Citizen Participation District(s):

Citywide

3. City Council Ward(s):

Citywide

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

Funds are being requested to enable the HRA to acquire strategic, hazardous and/or blighted properties for reuse as determined by input and support from the applicable recognized community organization representing the neighborhood in which the property is located.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

Funds are being requested to enable the HRA or its partners to acquire strategic, hazardous or blighted properties for reuse as determined by input and support from the applicable recognized community organization representing the neighborhood in which the property is located. The resulting lots may be utilized as follows:

- A. Lots too small for redevelopment may be sold to adjacent property owners or transferred as neighborhood green space.
- B. Vacant lots that could be developed as part of a larger redevelopment will be held as part of site assembly for future redevelopment.
- C. Vacant lots could be redeveloped as in fill new construction of single family housing(In the interim, use of the property could be for community gardening, urban farming and/or green space).
- D. Properties may be acquired with the intent to rehabilitate or preserve the existing structure on the property. Properties with potential for future rehabilitation or preservation will be secured and maintained by the HRA. Properties acquired by

partners will be leveraged with other financing for immediate rehabilitation or preservation.

Funding for the proposed activity may be recaptured upon sale of the property.

January 1, 2013, the City had 1,361 registered vacant buildings, which is considerable less than in 2009 when there were over 2,000. The situation is improving, but still a problem. Pre-housing crash, the normal number of registered vacant buildings was less than 400. The pressures of vacant buildings have resulted in declining property values and visual unattractiveness in neighborhoods. However, the combination of vacant building with low values has also made these properties attractive to investors who put minimal, if any, repairs to these buildings, thus continuing the downward spiral of neighborhood property values, stability and quality of life. This program is one part of a comprehensive program involving a wide range of activities with other funding sources to address this issue.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

This activity provides an opportunity to create/continue collaborative efforts to strategically channel city and private resources into revitalization initiatives. By concentrating on distressed properties or vacant abandoned buildings, the spread of problems associated with these properties will be reduced.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

It is important that neighborhoods have safe decent housing and be void of blight in order to be stable and successful and support the City's business corridors. A primary purpose of this program is to remove the blighting negative influences of vacant structures in neighborhoods when ISP/NSP funds are not eligible or practical. These funds are also crucial to assembling larger tracts of land to be redeveloped for larger housing or commercial uses, which have a catalytic impact on the revitalization of neighborhoods. Lastly, these funds can be combined with other funding sources to acquire and preserve existing affordable housing.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

This citywide program has received CDBG funds through the CIB process since 2002. The HRA is requesting less funds for 2014 and 2015 (\$100,000 per year) than what was previously funded through the CIB process for 2012 and 2013 (\$250,000 per year). The reason for a lower request is because of the substantial inventory of properties currently owned but not yet redeveloped by the HRA. However, the HRA would like to have the ability to acquire properties when opportunity arises that would be critical to implementation of previously approved community plans and redevelopment activities in process.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

Deteriorating and blighting structures have a negative impact on the viability of a neighborhood. Through strategic planning, demolition, rehabilitation, preservation or new infill construction, blight will be removed. Redevelopment of the property will eliminate the source of numerous problems resulting from the blighted property. Redevelopment brings a renewed sense of commitment, accomplishment and pride to the affected communities, thereby adding to the health and well being of our neighborhoods and tax base.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

This activity provides the resources for the City to remove blight and allows for the infusion of new development or the preservation of significant structures. This activity positively affects the quality of life for residents in the neighborhood. This activity preserves the tax base, and assists in the long term sustain ability of the City.

1. Please provide the following information about your organization and proposed project:

Project Title: - Business Expansion Program

Proposing Agency or Group: - Sparc

Proposer's Address: - 855 Rice Street

Contact Person: - Allison Sharkey

Phone Number: - 651-488-1039

Email Address: - allison@sparcweb.org

Address or Cross Streets of Proposed Project: - Citywide

2. Citizen Participation District(s):

Citywide

3. City Council Ward(s):

Citywide

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

The Business Expansion Program will provide financing for business expansion and job creation in Saint Paul neighborhoods. Approximately 72 new jobs will be created and 180 retained through financing to an estimated 12 locally owned businesses.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

This program will further the City of Saint Paul's goal of business retention and expansion. As stated in the City's Economic Development Strategy, "Existing firms are the greatest source of potential growth. Significant resources will be used to retain businesses and to build the systems needed to foster their growth." The problem: Job growth at locally owned businesses is currently hampered by the inability to secure enough bank financing to complete an expansion. Capital needs often exceed banks' loan to value ratios, so banks are unable to make the loans without the borrower bringing additional resources. The proposed solution: With this fund Sparc will provide the needed financing to businesses. On smaller expansions, Sparc may provide the entire loan. But the real goal is to spur larger expansions, and on these projects, Sparc will provide gap financing to leverage bank loans. With a fund of \$650,000, Sparc can provide financing to an estimated 20 businesses. Sparc's goal is to assist businesses with expansion of facilities, equipment, and employees. We estimate the creation of 72 new jobs. It is further estimated that 120 existing jobs in these businesses will be retained. The industries in which we are currently seeing the most demand for gap

financing include light industrial, home health care, food services, and small construction companies. Financing will typically consist of \$20,000 to \$50,000 per project. Typically, 75% of a Sparc financing package will be a loan at a moderate interest rate, and 25% will be a forgivable loan. Financing is paired with technical assistance to help insure that the expansion is successful. Sparc has a history of over 25 years of providing financing for commercial development. Over the last 2 years we have directly invested \$1,060,397 in commercial and housing financing, impacted 200 local jobs, worked with over 300 families and businesses, and leveraged an additional 6.8 million in investment.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

This program will provide incentive to approximately 20 businesses to expand. This will:

- Create an estimated 72 jobs.
- Retain approximately 180 jobs. Retaining businesses is more efficient than attracting new employers.
- Invest in Saint Paul's commercial building stock, an important asset.
 - o Some businesses will invest in the maintenance of their current building.
 - o Some businesses will expand to new space, potentially filling vacant or underutilized spaces, therefore reducing the threat of blighted buildings. Saint Paul's commercial corridors consist of many hundred year old buildings that are expensive to maintain and keep up to code. The longer a building sits vacant, the less financially feasible it becomes for an investor to re-use the building. Eventually no option remains in struggling districts but demolition. This program will help businesses invest in older buildings before they get to that state.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

The proposed economic development program:

- Preserves job opportunities. We project that approximately 72 jobs would be created and 180 existing jobs would be impacted.
- Provides opportunities for around 20 businesses to expand.
- Reduces commercial building vacancy on the City's commercial corridors. Many business districts, including some of those leading to light rail stations, are experiencing an explosion of commercial property foreclosures. This program provides the opportunity to redevelop vacant and/or foreclosed properties. The redevelopment of vacant and foreclosed properties and prevention of blight tends to keep crime down, including both quality of life crime and more serious crime.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of

community collaborations or partnerships • Project demonstrates community support and organizational commitment

Strong commitment exists at all levels for Sparc's commercial investment programs, including the current proposal. • Sparc partners with many entities in the community to provide complimentary financing and technical assistance. These partners include several local banks, The State of Minnesota's Department of Employment and Economic Development, the Minnesota Chamber of Commerce, and Saint Paul-based non-profit organizations like Neighborhood Development Center and WomenVenture. • Sparc has a strong history of utilizing public funds (through the CIB process and other pools of funding) to leverage a much larger amount of private dollars for economic development projects. The ratio of Sparc funds to leveraged funds on our business investment projects in recent years has been about 1:8, and the proposed program will have a similar leverage rate. • Neighborhood support for Sparc's financing programs includes District Councils, business associations, and individual business owners and residents. • City of Saint Paul staff and elected officials, particularly in Wards 1, 4, and 5, regularly refer businesses to Sparc for financing and count on Sparc's commercial financing programs to fill a gap in City services. • Similar proposals have been considered, and awarded to Sparc, in many consecutive CIB rounds. This proposal continues a 25 year history of investment in strengthening Saint Paul businesses. • The City's Comprehensive Plan, as well as neighborhood plans, demonstrates commitment to this type of investment in businesses and jobs.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

• This program benefits the residents of Saint Paul through the addition of an estimated 72 new jobs and retention of around 180 jobs. 20 businesses that provide needed goods and services to Saint Paul residents will be strengthened. • This project provides incentives for private investment in vacant and underutilized properties on our neighborhood commercial corridors. This increases commercial property values, eliminates blight and the risk of demolition, and keeps properties on the tax roll. • The expansion of these businesses on our commercial corridors and business nodes brings life to neighborhoods. More commercial activity results in more eyes on the street, reduced crime, and increased residential desirability. • Sparc will work with business owners to make storefront improvements using Crime Prevention Through Environmental Design Guidelines. • Sparc will ensure that improvements utilize high-quality materials. Architects and / or designers will be utilized to ensure that projects are aesthetically pleasing, will have longevity, and provide a fresh, clean look while fitting in with the existing architecture. Landscaping and an artistic approach will be encouraged. • Local Section 3 vendors will be solicited to complete the storefront build-outs, and workers will be paid prevailing wage.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

This program will have long-term impact for the City of Saint Paul. • This program can help the City meet environmental sustainability goals. Sparc partners with Energy Smart (a project of the Minnesota Chamber of Commerce) and the Center for Energy and the Environment to provide energy audits and financing to improve energy efficiency as part of building expansions. • This program aims to provide a strong return on investment. Historically, Sparc's commercial financing programs have leveraged a match of \$8 for every \$1 invested. • This project helps retain approximately 20 businesses in the City that have often been in operation for decades, and may operate for several decades more. • Several commercial buildings, potentially turn-of-the-century brick buildings, will be maintained. • This program will further the City of Saint Paul's goal of business retention and expansion. As stated in the City's Economic Development Strategy and reiterated on page 6 of the Introduction to the City's Comprehensive Plan, "Existing firms are the greatest source of potential growth. Significant resources will be used to retain businesses and to build the systems needed to foster their growth."

1. Please provide the following information about your organization and proposed project:

Project Title: - City Wide Homeowner Improvement Loan Program

Proposing Agency or Group: - PED

Proposer's Address: - 1100 City Hall Annex, 25 West Fourth Street, Saint Paul MN

Contact Person: - Allen Carlson, Director of Housing

Phone Number: - 651-266-6616

Email Address: - al.carlson@ci.stpaul.mn.us

Address or Cross Streets of Proposed Project: - Citywide

2. Citizen Participation District(s):

Citywide

3. City Council Ward(s):

Citywide

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

The funds are used to assist low income households to rehabilitate their homes by addressing CDBG eligible uses: (i.e. building code enforcement, lead paint abatement, hazardous waste treatment, handicap accessibility, energy improvements and window, roof and siding replacement, etc.). Funds are also used for emergency repair of water/sewer lines, deficient furnaces and broken water heaters.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

This city-wide program has been in existence and funded with CDBG funds since the inception of the program in 1975. Administered by the City's Home Loan Fund staff, the funds are used to assist low income households to rehabilitate their homes by addressing CDBG eligible uses: (i.e. building code enforcement, lead paint abatement, hazardous waste treatment, handicap accessibility, energy improvements and window, roof and siding replacement, etc.). Funds are also used for emergency repair of water/sewer lines, deficient furnaces and broken water heaters. Loans up to \$25,000 are originated for households at or below 50% AMI or up to \$40,000 for households at or below 80%AMI located in targeted ISP neighborhoods. The zero percent deferred payment loans are due on sale of the property or 30 years, which ever is less. A large number of clients are elderly or individuals with accessibility challenges. Historically, the program helps to rehabilitate approximately 70 homes per year.

The primary goal of the program is to maintain the City's older housing stock and more importantly keep people in their homes. Due to the housing crisis and fallen home values, there is a significant number of homeowners that are not able to afford or access traditional lender financing for home improvements. Reasons include lack of sufficient income, credit and/or employment stability and unwillingness of lenders to provide small improvement loans. Many homeowners have lost considerable equity or have an upside down mortgage in their homes, thereby preventing them from obtaining home improvement loans.

Funds are often used to leverage other development activities and make a larger impact in or near ISP/NSP neighborhoods. The program is also important for Saint Paul's stable neighborhoods where one unaddressed deteriorated house on a block can have a negative impact on the rest of the block.

Home improvement is one of three major strategies in the City's Housing Action Plan. It is also identified in the City's Housing Chapter of the Comprehensive Plan, the five year HUD Consolidated Plan and is a major objective of most neighborhood district and small area plans.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

Investing in maintaining a solid stable housing stock is critical to the City as this asset provides a significant monetary basis to generate revenue to the City in the form of property taxes to pay for vitally needed City services. Studies also show that a well maintained housing stock reduces the need for City services such as police and fire. The rehabilitation program is more important than ever, given the number of single family homes that are vacant due to foreclosure. Lastly, the program helps to keep good citizens in their homes. If not for this program, many elderly citizens would be forced into expensive alternative housing.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

The program improves the condition of the City's housing stock thereby improving living conditions, safety, the quality of life for those in their homes and those living around them. The value of the homes increase thereby increasing the value of the neighborhood and acts as an incentive for other homeowners to make repairs to their homes. Specifically, the program addresses, but is not limited to, potential lead poisoning, asbestos removal, structural issues, carbon dioxide poisoning from deficient furnaces and sewer backups. The program also provides job opportunities for residents

through contractors. On the economic development side, residents of successful neighborhoods support and interact with local businesses.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

This city-wide program has been in existence since the beginning of the CDBG program in 1975. Continued funding is needed to fulfill un-met demand in neighborhoods not served by other rehabilitation program providers from a geographical and income perspective. Most other providers limit their programs to specific neighborhoods or higher income households, thus the City's program complements rather than competes with other providers. The City's program also serves the lowest of income households that don't have the financial ability to pay amortized loans.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

The program helps to improve the personal appearance of a neighborhood, the longevity of the housing and its safety to its occupants. This all relates to the quality and financial value of the City's neighborhoods. Home improvement also invites other homeowners in the neighborhood to invest in their homes and make a commitment to their neighborhood.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

Home improvement is one of three major strategies in the City's Housing Action Plan. It is also identified in the City's Housing Chapter of the Comprehensive Plan, the five year HUD Consolidated Plan and is a major objective of most neighborhood district and small area plans.

Improved homes lead to improved neighborhoods, and decrease the need for City services such as fire and police.

Improvement to homes increases the value, thereby increasing property tax revenue for the City.

1. Please provide the following information about your organization and proposed project:

Project Title: - Commercial Corridor and Citywide Economic Development Program

Proposing Agency or Group: - PED

Proposer's Address: - 25 West 4th Street, Suite 1300

Contact Person: - Patty Lilledahl

Phone Number: - 651 266-6593

Email Address: - Patty.Lilledahl@ci.stpaul.mn.us

Address or Cross Streets of Proposed Project: - Citywide

2. Citizen Participation District(s):

Citywide

3. City Council Ward(s):

Citywide

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

The Commercial Corridor program will provide financing to assist businesses with expansion, property acquisition, rehabilitation, energy conservation improvements, leasehold improvements and development citywide.

Funds will be prioritized based on the city's Commercial Corridor Work Plans. Targeting city resources in a coordinated, concentrated and comprehensive manner will improve the lives of all Saint Paul citizens.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

Funds will be used to revitalize commercial corridors and for key development projects. Priority will be given to projects that maximize job creation and retention.

Due to constrictive private financing and high construction costs, small and mid-sized businesses often do not have access to the resources necessary to implement their commercial real estate and business start up or expansion plans. By providing additional financing to fill this gap, businesses are able to purchase and rehabilitate vacant, deteriorated and under-utilized buildings in our neighborhoods, and along our commercial corridors. Funding for energy efficient improvements will increase businesses profitability, growth capacity, and reduce energy consumption. Financial

assistance to businesses located within Saint Paul's neighborhoods will result in job retention and creation in areas where it is most needed.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

The ultimate goal for the use of these funds is to create value in our community where there is a lack of private investment and/or funding availability. This program will help in the creation of new jobs, attraction of new businesses, and assist in maintaining existing employment. It will improve the function and appearance of our commercial building stock, and help put the value back into our commercial corridors.

Investing in Saint Paul's commercial corridors stabilize area businesses, which in turn support the surrounding residential community. The result is an increase in economic health, making Saint Paul a vibrant place to live, work, shop and play. This program compliments the city's Neighborhood Stabilization Program (NSP), Invest Saint Paul (ISP) Program, as well as street and parks improvement programs on and adjacent to our commercial corridors.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

This program accomplishes both. Increasing value in the commercial corridors and business areas has a very direct positive benefit to the surrounding residential community. Stable and successful neighborhoods have safe and decent housing, residents that support their local businesses, and an available labor force within walking distance. Each plays a vital role in the continuing success of the other.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

The Commercial Corridor and Citywide Economic Development Program is the CDBG program's primary economic development activity. Funded for more than 25 years, the program has a continuous successful record of using CDBG funds to serve low to moderate income residents through business development and job creation.

PED is engaged in four initiatives that will leverage commercial corridor investment: 1) Central Corridor Ready for Rail program, which provides business consulting and working capital assistance to businesses on University Avenue; 2) The Corridors of Opportunity, an initiative designed to improve access to regional opportunities; 3) the Entrepreneurial Accelerator, a metro-wide strategy under development that will use our

core strengths to stimulate the formation and growth of new businesses across industries; and 4) Think Green MSP, a partnership between Minneapolis and Saint Paul dedicated to growing the region's economy, create regional distinction, drive demand for green products and services.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

The residents of Saint Paul who live, work and purchase goods and services in our commercial nodes will benefit from the strengthening of small businesses. With a commitment to keeping our urban core vibrant, the program will continue to increase jobs, strengthen businesses, and add value to the tax base.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

A continued commitment to invest in the commercial building stock within our neighborhoods is critical to the health and stability of our urban core. Saint Paul is a city of neighborhoods. If neighborhood main streets are neglected, the entire community feels the impact. By creating vibrancy in our commercial corridors, we secure long term viability, invite new commerce, increase local jobs for local citizens and contribute to a sense of place and safety for all to enjoy.

1. Please provide the following information about your organization and proposed project:

Project Title: - East Side Home Improvement Revolving Loan Fund (East Side RLF)

Proposing Agency or Group: - Dayton's Bluff Neighborhood Housing Services

Proposer's Address: - 823 E 7th Street, St. Paul, MN 55106

Contact Person: - Jim Erchul

Phone Number: - 651-774-2704

Email Address: - jerchul@dbnhs.org

Address or Cross Streets of Proposed Project: - Dayton's Bluff: east of Mounds Blvd, south of the Phalen Blvd, west of Johnson Pkwy and north of the Mississippi Bluffs; Payne/Phalen: east of I35E, south of Larpentour Ave, north of the Phalen Blvd and west of English Street

2. Citizen Participation District(s):

District 4 - Dayton's Bluff Community Council

3. City Council Ward(s):

5, 6, 7

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

The Eastside RLF provides an array of services (including low interest and deferred loans to retain and promote safe, affordable homeownership. Whenever possible, other resources are packaged with RLF funds resulting in added leverage and neighborhood impact. DBNHS' two year request is for \$1,000,000 in CDBG funding.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

The primary purpose of the East Side RLF is to provide low interest and deferred loans, in tandem with expert construction planning and management services, to help income qualified homeowners, in the Dayton's Bluff and Payne Phalen neighborhoods, maintain and improve their homes. Because our neighborhoods have a large aging housing stock (8,835 units built in 1939 or earlier), and a large number of owner-occupied households (approximately 5,365 or 55%) with annual incomes at or below 80% of the AMI, the need for affordable home improvement financing and technical assistance services is ongoing. This need has been further heightened by the foreclosure crisis which left in its wake literally hundreds of vacant houses that need to be rehabilitated, and depressed real estate values which have made it very difficult for existing homeowners to obtain bank loans to maintain their homes. The preservation of existing neighborhoods through

"aggressive housing rehabilitation" is a key strategy in the Housing Chapter of St. Paul's Comprehensive Plan. The Plan recommends neighborhoods, such as Dayton's Bluff and Payne Phalen, with a large number of aging substandard housing units, should be priorities for housing rehabilitation funding. If our East Side RLF request for CDBG funding over the two-year period, DBNHS will rehabilitate approximately 28 owner-occupied and/or vacant houses. DBNHS anticipates 12 more houses will be rehabilitated with program income generated from the loan payments and sales proceeds we receive. To accomplish our goal, DBNHS will engage in a variety of activities and provide an array of services including: neighborhood outreach and marketing, home inspections, lead paint risk assessments, writing rehabilitation specifications, assistance in obtaining construction bids, construction monitoring, construction escrow management, lead clearance testing, loan processing, financial counseling, the rehabilitation and resale of vacant houses and the provision of deferred and low interest rate loans to income qualified owner occupant households. Given DBNHS' successful 30+ year track record of delivering housing rehabilitation services, our ability to recycle City resources and leverage resources from non-City sources, and our emphasis on involving residents and other key stakeholders in planning how financial resources can best be targeted and deployed an investment in the East Side RLF is a prudent and cost-effective means of furthering several of the City's key housing priorities.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

The housing rehabilitation work completed through the East Side RLF will stabilize the structural and mechanical integrity of the East Side's housing stock "assets", as well as improve the functionality of these "assets". Most of housing rehabilitation work financed with RLF resources is for such things as: roof and window replacement; insulation; foundation repair; updating the electrical, plumbing, and heating and cooling systems; lead based paint hazard reduction; improving the functionality of rooms, particularly kitchens and bathrooms; or increasing the livable space in a home by finishing a basement or expanding into an unused attic space.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

The East Side RLF furthers two housing priorities identified in the City's Housing Action Plan 2010-2013 (i.e. Home Improvement and Vacant Housing Acquisition and Rehabilitation). The preservation of existing neighborhoods through "aggressive housing rehabilitation" is also a key strategy highlighted in the Housing Chapter of the City's Comprehensive Plan. According to a study by NeighborWorks® America titled "Estimating the Economic Benefits of Home Ownership", for each \$1,000,000 in

housing rehabilitation construction, 17 FTE local jobs are supported. According to the same study, the local economic impact of \$1,000,000 in housing rehabilitation construction totals \$687,387. DBNHS makes every effort to contract with local small business (particularly with Section 3 and certified minority owned, women owned and small businesses). All health and safety issues identified by our construction specialists, through an initial home inspection, including lead paint, are addressed/corrected in every project we complete. Our construction specialists perform inspections throughout the construction project to ensure the contractors are complying with the construction contract's specifications, including health and safety work practices.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

DBNHS has successfully administered the East Side RLF since 1981 rehabilitating more than 778 housing units with RLF resources. Although most of the East Side RLF resources do revolve back for reinvestment, through payback loans and due-on-sale deferred loans, because the terms of our loans are usually very long (20-30 years) and our interest rates are low (currently 1-3%) the annual principal and interest payments we receive (excluding any payoffs) total between \$120,000 - \$140,000 per year. This is only enough to complete approximately six houses per year. Thus, additional resources are needed to provide an adequate level of services to the neighborhood. DBNHS makes every attempt to leverage other resources with RLF resources. DBNHS currently has a \$160,000 matching grant for homeowner rehabilitation from the Minnesota Housing Finance Agency, and we often piggy back RLF loans with the MHFA deferred loan program. To complete vacant houses, DBNHS currently has two grants from NeighborWorks America totaling \$475,000, two grants from the Minnesota Housing Finance Agency totaling \$275,000, and one grant from the Metropolitan Council totaling \$175,000. DBNHS would have received any of these grants were it not for the fact we had RLF resources to match these funds. Historically, DBNHS has worked closely with the East Side Neighborhood Development Company to deliver our RLF services in the Payne Phalen neighborhood. In particular, ESNDP provides outreach and marketing and they work with us to identify target areas within the broader neighborhood. More recently, both North East Neighborhood Development Corporation and the East Side Neighborhood Development Company have provided brokerage services to help us sell our rehabilitated houses. In general, DBNHS' housing rehabilitation programs have always received strong support from the District 4 and 5 Community Councils.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

The East Side RLF will further neighborhood objectives related to housing including: stemming deterioration; improving property values; increasing resources for housing, rehabilitation and promoting homeownership. Some of the neighborhood plans where these objectives are identified include the Lower Bluff, Railroad Island, Arcade Street and East Consolidated Small Area Plans, the Phalen Corridor Development Strategy; the Northeast Corridor Development Plan, the Dayton's Bluff Community Council Strategic Plan 2010-2015, and the East Side Neighborhood Development Company's Block Based Neighborhood Stabilization Greenewal Plan. DNBHS has always and will continue to work with key neighborhood organizations to target our housing rehabilitation resources in a manner that supports neighborhood based revitalization efforts identified in neighborhood plans.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

Consistently investing City resources in the housing stock, helps to maintain and improve the neighborhood's quality of life. Safe, affordable quality housing contributes to the long-term stability of the neighborhood and to the stability and success of the adults and children who reside in it. Using a neighborhood-based delivery system gives residents the opportunity to develop the skills and expertise necessary to be advocates and stewards for their neighborhood's housing resources. The RLF housing financing resources, managed by residents, enable the neighborhood to respond to changing dynamics and opportunities as they evolve over time. Their involvement and prudent investment, contributes greatly to the sustainability of the neighborhood. The revolving fund feature of the RLF allows funds to be recaptured and reinvested to improve additional housing units over time. Since its inception, RLF funds invested and revolved have improved over 778 housing units.

1. Please provide the following information about your organization and proposed project:

Project Title: - Energy Efficient West Side Commercial Property

Proposing Agency or Group: - Neighborhood Development Alliance

Proposer's Address: - 481 Wabasha Street S

Contact Person: - Karen Reid

Phone Number: - 651-292-0131

Email Address: - kreid@nedahome.org

Address or Cross Streets of Proposed Project: - multi sites

2. Citizen Participation District(s):

District 3 - West Side Community Organization

3. City Council Ward(s):

2

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

The age of West Side commercial buildings range from those built between 1865-1899 (8%) and the 1% built between 2000 and 2012. NeDA seeks to assemble resources to provide building owners with information on cost savings, energy savings, and new technologies that can help reduce overhead (heating, electricity) costs.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

This project's goal is twofold: 1) to insure that all West Side Businesses have access to up-to-date information on commercial business energy resources (technical assistance, information and loan/grant opportunities); 2) To decrease the West Side businesses utility expenses and thus making it more attractive to investors, new businesses, etc. Thus allowing them to increase profits and perhaps expand or just insure long-term business stability. The Project will improve the structural or mechanical integrity of commercial buildings by investing in up-to-date energy efficient heating/cooling systems, lighting systems and water management systems. We do believe that an efficiently run commercial building will increase its ability to attract tenants (especially ones that are required to directly pay utilities). And the investment should increase the value of the building as systems will be new and repairs and operating costs may be reduced. As to the any historical context with regards to building age, NeDA is unsure at this time. Our goal is to assist in the viability of older buildings so they can be used successfully and competitively into the future. This is a phased project: The first part will

be a general outreach with dissemination of materials and resources currently available to assist commercial building owners (and tenants, who make leasehold improvements) that can decrease utility usage, costs, and address phasing out of materials and/or new code requirements. The second part will implement a deferred loan program for building owners where loans to make required or recommended energy efficient upgrades. We wish to focus on 0% deferred loans (with mortgage to building as collateral) to increase the owners cash flow right away. The loan will be due on sale of building and/or transfer of title.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

The Project may improve the structural or mechanical integrity of commercial buildings by investing in up-to-date energy efficient heating/cooling systems, lighting systems and water management systems. We do believe that an efficiently run commercial building will increase its ability to attract tenants (especially ones that are required to directly pay utilities). And the investment should increase the value of the building as systems will be new and repairs and operating costs will be reduced.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

Project can both improve business development by reducing operating costs, and making it easier for small and small start-up businesses to succeed. But is also may have a component to address possible code violations if more federal EPA requirements begin to impact our small commercial buildings. Individual buildings addressed will determine whether it is economic development issue or the program will address a code issue: It could be both. Economically, it could improve job opportunities, if businesses could use more resources on their business, rather than maintaining their building. It certainly improves businesses development by increasing the quality of commercial buildings within the West Side.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

This project is an example of community collaborations or partnerships and support. This is the first step to gathering both financial and technical assistance resources. NeDA has successfully sought foundation dollars to begin outreach to the business community and has brought the Metropolitan Consortium of Community Develops small business loan programs to the West Side. Outside of rebate programs, there are no

specific deferred loan programs for West Side businesses to access. We would like to offer deferred loans to businesses who cannot meet underwriting standards for conventional loans. This is the first time NeDA has proposed this program. The West Side Community Plan, shortly to be adopted by the City Council, states that the “West Side businesses are engines of prosperity - offering needed goods and services, employment, and convenience to residents and visitors. They are activators of public space, and innovative leaders in green and local business startups. They provide a variety of services to the West Side’s diverse communities, and partner to support the educational, recreational and civic institutions. The West Side offers opportunity and support to striving entrepreneurs, recognizing the vital role they play in creating an economically-sustainable community.” As part of their work plan, the community states that it wants to: “E2. Implement programs to create more energy efficient commercial buildings. E2.1 Explore how vacant commercial buildings can receive energy retrofits before they are used for new businesses or community purposes. E2.2 Conduct an assessment of the potential for solar energy use on existing buildings on the West Side. E2.3 Promote existing rebate programs to make businesses more energy efficient.” NeDA has been identified in the plan to take a lead in identifying and bringing resources to the business community. NeDA has long taken a role in increasing energy efficiency in residential homes. We are now expanding to commercial buildings.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

The project benefits the neighborhood by increasing the efficiency of the commercial building stock, reducing energy usage (thus helping to decrease pollutants). And if successful, the program can share information about the success of the program throughout the City. The program could increase property values, if the program assists in making the buildings more attractive to tenants and reduces repair costs. While NeDA believes that beautiful facades make businesses inviting to customers, if it hides leaky windows, drafty doors, and an inefficient heating system, you do the business and the city a disservice. Before a dentist puts a crown in your mouth, you often need a root canal first. We think of our program as a root canal. Let's get the rot out, and then polish up the building.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

The goal of the project is to have a long range impact on West Side business community by assisting in decreasing energy consumption and thus decreasing building operation costs. NeDA wants to make West Side businesses part of the city’s program

to address environmental sustainability. As stated above, the goals of this program matches the community's new 10-year plan: by 1) Implementing programs to create more energy efficient commercial buildings; 2) Explore how vacant commercial buildings can receive energy retrofits before they are used for new businesses or community purposes; 3 Promote existing rebate programs to make businesses more energy efficient.

1. Please provide the following information about your organization and proposed project:

Project Title: - Facelift and Emergency Assistance Fund

Proposing Agency or Group: - Greater Frogtown CDC and Sparc

Proposer's Address: - 533 Dale Street, St. Paul, MN 55103

Contact Person: - Patty Lammers, Lending Programs Manager

Phone Number: - 651-789-7485

Email Address: - patty@greaterfrogtowncdc.org

Address or Cross Streets of Proposed Project: - North End, Frogtown, Summit U, Hamline Midway, Union Park, Como, and St. Anthony.

2. Citizen Participation District(s):

District 6 Planning Council

District 7 - Frogtown Neighborhood Association

District 8 - Summit-University Planning Council

District 10 - Como Community Council

District 11 - Hamline Midway Coalition

District 12 - St. Anthony Park Community Council

3. City Council Ward(s):

1, 4, 5

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

A partnership of Sparc and GFCDC; Facelift helps single-family/duplex homes with up to \$30,000 in funds (1/2 of the funds are forgiven over 5 years, and 1/2 is due upon sale at 0% interest). The program focuses on removing lead hazards and deferred maintenance issues. Also, \$5,000 emergency deferred loans(1/3 forgiven over three years) will be provided. These loans are for true emergencies as are turned around in as little as two days. These two programs are filling a key gap in providing deferred loans to moderate and low-income families in Saint Paul. GFCDC and Sparc have over 50 years of experience doing single family rehabs and providing grants and loans for rehab projects.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

The program will provide a deferred loan of up to \$30,000 (1/2 forgiven over 5 years, and 1/2 due on sale at 0% interest). Families must be at 80% of median or below income (\$64,400 for a family of four). The emergency portion will provide loans up to

\$5,000 with 1/3 forgiven each year over three years. The focus communities have some of the oldest housing in the city of St. Paul. They also have lower median incomes, which mean many families cannot afford to make repairs that are needed. These homes suffer greatly from deferred maintenance issues which often lead to developing home problems. For example: a leaking roof may have been leaking for a year, therefore we not only have the roof that is damaged, but often we have water damage to areas, ruined insulation, and mold build up. The Facelift and Emergency Assistance program will focus on these issues in order to strengthen that house's life span. We will focus on deferred repairs, energy improvements, and the removal of health hazard's such as lead paint, asbestos, and mold to make these homes safe and healthy for families.

Families will complete an application process where they will be reviewed to ensure they meet the following requirements. The family must be 80% or less of area median income (\$64,400 for a family of 4), they must be current on all mortgages and property taxes, the property must be insured. If a applicant is approved then GFCDC/Sparc staff will move forward with property testing and inspections. These will include a lead risk assessment test, an energy audit, radon testing, and a health and safety inspection. Staff will determine if any special testing for mold or asbestos is needed. A scope of work will be prepared that incorporates the needs identified thru the testing and inspection process. The owner will seek bids from licensed general contractors. Owners must obtain 3 bids and the lowest reasonable bid is accepted. They are provided a list of pre-screened contractors and are encouraged to get bids from contractors that are registered thru the city as either a small, women-owned, or minority owned business. They are also encouraged to get bids from those contractors that recognized as section 3 approved. They are free to seek bids from other contractors and staff will work with those contractors to complete the application process for bidding, and help them determine if they would qualify to register with the city under the Vendor Outreach Program and Section 3. We currently have 14 number of contractors on our list, and 57% are St. Paul based, 86% percent are registered as a small business, 7% as a women owned business, 36 as a minority owned business. Once the bid process is complete staff works with the owners to complete contracts with the contractor. Staff monitors the construction process and reviews the contractors work. Once a project is complete staff ensures a final approval from the owner and they are free to enjoy their improved home.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

All homes will have a health and safety inspection, lead testing, energy audits, and other testing as needed. This testing and inspections will identify structural deficiencies, mechanical property needs, and other issues that may harm the health of the family. These items are considered priorities for the loan funds.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

The program improves the city housing stock by extending the life span of older homes by working to repair and improve deferred maintenance items. As stated previously the program seeks to improve the homes safety and works to ensure the home is a healthy place to live.

The open bidding process works to ensure local small and minority owned businesses have opportunities to the contracts so they can build their work portfolios and increase staff.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

The Facelift program has been funded by CIB since 1997 and continues to have a large need. The program regularly runs out of funding and requires a yearly waiting list. The Emergency Assistance program has been running for the past three years. It has helped out countless families make immediate repairs before the situation becomes much worse and would have resulted in a larger financial investment from the family. This proposal differs in years past because it will be a partnership between GFCD and Sparc. We are combining our programs to better streamline the process and make sure we can provide these programs to more families in the City of St. Paul. Both GFCD and Sparc's board are made up of community residents who have consistently recognized the need for deferred loans for families to make needed property repairs.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

The program will focus on Districts 6, 7, 8, 10, 11, 12, and 13. The properties improved will improve the overall quality of housing stock, help stabilize blocks and encourage other investment, which should help to increase the property values in areas of the city that have seen significant reduction in value. Exterior improvements to the properties are eligible such as porch re-building, siding, painting, and window replacements.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved

plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

The need for maintaining the housing stock is identified in the overall city housing plans, as well as the local District plans. The properties improved will ensure less needs for code enforcement services. The Facelift and Emergency Assistance Program have consistently achieved the number of units completed in each of its previous funding rounds.

1. Please provide the following information about your organization and proposed project:

Project Title: - Flexible Fund for Redevelopment

Proposing Agency or Group: - Greater Frogtown Community Development Corporation (GFCDC)

Proposer's Address: - 553 N. Dale Street, St. Paul, MN 55103

Contact Person: - Becky Errigo

Phone Number: - 651-789-7484

Email Address: - becky@greaterfrogtowncdc.org

Address or Cross Streets of Proposed Project: - Neighborhoods: Frogtown (North of University & Dale area), Capitol Heights (Northeast of University & Rice), North End (North of Pierce Butler & Rice area), Summit- University (South of University & Dale area), and Hamline-Midway (North of University & Snelling area)

2. Citizen Participation District(s):

District 6 Planning Council

District 7 - Frogtown Neighborhood Association

District 8 - Summit-University Planning Council

District 11 - Hamline Midway Coalition

3. City Council Ward(s):

1, 4, 5

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

Stabilize neighborhoods and families by improving housing stock and providing "healthy homes". Resources targeted toward vacant/foreclosed properties located on or close to main corridors and areas of other investment. Redeveloped properties will be sold at prices affordable to low and low-moderate income families.

Grant funds: \$480,000 per year.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

The economic collapse & foreclosure crisis has caused instability in our households, our neighborhoods and our City as a whole. For St. Paul to prosper our families and neighborhoods need to be stable. By turning a vacant building or lot into a healthy and safe home, we replace lost revenue to the City which in turn strengthens our public services such as the police and fire departments, schools, parks & recreation centers,

and libraries. The strain on City departments such as the department of safety & inspections, police and fire departments is reduced.

GFCD's Flexible Fund for Redevelopment is critical in alleviating this instability in our neighborhoods and providing healthy, safe housing for families.

This funding will give GFCD the flexibility needed to improve the condition of our housing stock through a variety of methods, including acquisition of vacant property, demolition of dilapidated properties where rehab is financially unfeasible, gap financing for new construction or rehabilitation of existing properties. GFCD targets resources toward vacant/foreclosed properties located on main corridors and areas of other investment as well as preserving the historic qualities of neighborhoods' housing stock. GFCD's redeveloped properties will be sold at prices affordable to low and low-moderate income families.

GFCD will respond to opportunities to redevelop vacant homes within Frogtown, Summit University, the North End and Hamline-Midway; providing quality, energy efficient homeownership. Flexible funding enables GFCD to respond to the economic crisis which has hard hit our neighborhoods.

GFCD is asking for grant funds of \$480,000 for each year, 2014 and 2015 (for a total of \$960,000).

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

The foreclosure crisis has devastated our communities leaving hundreds of foreclosed & abandoned properties. Many of these houses are in severely dilapidated condition and are magnets for criminal activity and further disinvestment. Being able to buy bank owned and privately owned properties located in key redevelopment areas for either renovation or demolition and redevelopment is essential.

Due to the weak real estate market GFCD takes some risks to encourage other private investment, by redeveloping properties that might otherwise stay vacant. Homeowners, who are reluctant to invest in their homes, feel encouraged when vacant neighboring properties are redeveloped into homeownership opportunities and become occupied. This spurs confidence as well as additional investment.

GFCD is mindful of structural, mechanical, energy efficiency and floor plan layout of a home. With renovated properties we address these challenges and build on the existing assets. With new construction we insure that the new home is of quality construction and design, by also being mindful of efficient use of resources.

Neighborhood redevelopment goals depend upon flexible funds that give GFCD the ability to respond to weak real estate markets and buy existing houses for restoration and preservation. Providing healthy, high quality new and renovated homes will

strengthen families along the light rail along the Central Corridor, which runs along the borders of Frogtown, Hamline-Midway and the Summit- University neighborhoods.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

By funding the Flexible Fund for Redevelopment, neighborhood blight and the City's operating budget will be reduced. Currently vacant lots, vacant houses, and dilapidated problem properties cost the city staff time with code enforcement, summary abatement costs, maintenance, boarding, ongoing monitoring, and police resources as well as put strain on the communities by encouraging squatting and illegal behavior in/on vacant properties.

GFCD's housing redevelopment activities will increase the City's tax revenue generated from housing redevelopment and from tax revenue gained from improved market values in surrounding homes.

The Central Corridor runs along the border of 3 of the communities and within proximity to the 4th. The light rail is a huge investment and can potentially be a stabilizing force in the community. For the Central Corridor to be successful, it is imperative that the surrounding communities are places where people want to continue to live and thrive. The Flexible Fund will help to stabilize families and communities, as well as encourage other investment.

GFCD insures that all health and safety issues are taken care of; lead, mold, asbestos, and radon are remediated, as well as address energy efficiency and sustainability in the properties it renovates or builds.

GFCD's homeownership program creates and /or promotes jobs. During the process of development we give our business to local banks that provide private capital for construction. We work with general contractors and sub- contractors to perform construction. Building materials are purchases, many of which from St. Paul vendors, we work with a local insurance company as well as local real estate agents.

GFCD strives to surpass the City's Vendor Outreach and Section 3 goals.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

This program has been funded in previous CIB cycles since 2004.

The Housing Redevelopment Program has been an ongoing program for GFCD since 1995.

GF CDC has relationships with neighborhood banks, which provide private capital for project construction financing.

GF CDC partners with

- Neighborhood Energy Connection to perform energy audits to receive Xcel rebates
- Ramsey County Public Health to perform lead hazard and lead clearance tests
- Greater Metropolitan Housing Corporation (GMHC) on new construction, as GMHC has access to building materials at reduced priced due to the volume of houses they build within the Twin City area.
- Edina Realty, Grand Avenue office, our real estate agents offer us a reduced rate for marketing our properties

GF CDC has been successful in securing Minnesota Housing Finance Agencies, Community Reinvestment funds for single family development and intends to continue to submit homeownership proposals in 2013, 2014, and 2015.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

The slum & blight of vacant lots and vacant houses:

- Diminish property values the whole block not just the neighboring properties
- Decrease the aesthetics of the neighborhood, which cause stress and burden on the homeowners living in the area
- Serve as a gathering spot for criminal activity
- are Health and safety concerns to a community due to illegal dumping of refuse and other debris, proliferation of rodents, and risk of fire

The slum & blight of vacant lots and vacant houses are health & safety concerns to any community with problems of illegal dumping of refuse and other debris, the proliferations of rodents, the risk of fire, and serving as a gathering spot for criminal activity.

Crime prevention through environmental design (CPTED) - is addressed in all properties GF CDC re-develops by addressing such things as lighting, over grown landscaping, window and door placement.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

All surrounding property owners will benefit in their own increased market values and by experiencing a reduction in vacant buildings on their block, reduction in crime and the

accumulation of waste and other debris. The new residents will benefit from the provision of quality, affordable, stable, healthy housing. The City, County, and School District will benefit from increased tax revenue and the reduced need for city and county services. By investing in neighborhoods along and within proximity of the Central Corridor, the investment in the light rail transit line is enhanced.

1. Please provide the following information about your organization and proposed project:

Project Title: - Fuller Avenue - Lexington Station Area Phase I

Proposing Agency or Group: - Planning and Economic Development

Proposer's Address: - 25 West Fourth Street, 1300 City Hall Annex

Contact Person: - Anton Jerve

Phone Number: - 651-266-6567

Email Address: - Anton.Jerve@ci.stpaul.mn.us

Address or Cross Streets of Proposed Project: - Fuller Ave. from Lexington Pkwy to Dunlap St

2. Citizen Participation District(s):

District 13 - Union Park District Council

3. City Council Ward(s):

1

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

Project is funds to purchase private property for right of way to extend Fuller Avenue from Lexington Parkway. This project would implement recommendations from the Lexington Station Area Plan and Central Corridor Bike Walk Action Plan and provide the opportunity for future traffic control that will likely be necessary for future higher density development.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

The project will help the City implement the extension of Fuller Avenue called for in the Lexington Station Area Plan and the Central Corridor Development Strategy, which are adopted as part of the Comprehensive Plan. This project is vital to begin to create a new east-west street between Lexington Parkway and Snelling Avenue. It is important to fund this project now because the parcel is actively being marketed for sale. It is likely that the land for right of way will be more difficult or expensive to purchase in the future as new buildings are developed and property values increase. Furthermore, funds for right-of-way acquisition are often the most difficult funds to identify when trying to fund station area implementation. This new street is needed to provide better access and circulation to redevelopment parcels (Central Medical Building, etc.), existing businesses and residences and planned community green spaces. The area has been

recently planned and zoned for high- to mid-density mixed-use, transit-oriented development. Facilitating new transit-oriented development is important for the city to meet planning goals and to increase the tax base. Though the expectation is for the light rail transit line to carry much of the increased traffic from new development, new public infrastructure is needed to facilitate that development. The extension of Fuller Avenue is one of the most important pieces of infrastructure needed along the Central Corridor. The street is located at the one location between I-94 and University Avenue on Lexington Parkway where a traffic signal could be located to allow better access to north-bound Lexington for existing businesses (Wilder Foundation, TCF Bank, etc.) and also for expected new development on the vacant parcels adjacent to the right-of-way to be acquired. The extension of Fuller Avenue is a long-term plan identified in the Lexington Station Area Plan, which is a 15-20 year vision. Some segments of the avenue will be implemented in conjunction with a master plan as larger parcels redevelop, others will have to be acquired by the City at the appropriate opportunity. Any missed opportunity could result in the delay of the development of Fuller Avenue.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

The project funds the ability for the City to improve the street grid in an area that is planned for some of the most intensive development in the City. Improving the street network provides a framework for future development by creating an asset to meet the demand of future pedestrians, drivers, and cyclists. The project will improve the function of the street network by providing the opportunity for a new traffic signal on Lexington Parkway.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

Without the Fuller Avenue extension circulation to several blocks of higher-density redevelopment be difficult from adjacent streets and will add to the traffic pressures of University Avenue and Lexington Parkway. The extension will provide better access to existing job centers (Wilder, Midway Marketplace, etc.) and housing (Skyline Tower, etc) and planned station area park improvements (future phases of Fuller Avenue). Good access for this area will be vital to facilitate redevelopment that will add businesses and jobs in the area. Finally, the new street is at the correct location for a new traffic signal, which will improve safety for future pedestrians, cyclists, and drivers using the street to access future transit-oriented development.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has

been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

This project builds on all the community-supported partnerships and effort that went into developing and adopting the station area plans and Central Corridor Zoning Study by bringing the plans into the implementation phase and provides a tool to implement a framework of infrastructure that will be the skeleton for future transit-oriented development. Much of the planning work and regulatory work was funded by the Central Corridor Funders Collaborative, which shows multi-organizational (both public and private) commitment. Once the right of way acquisition funds are in place, they can leverage the improvement of the street through other private and public funding sources.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

The project benefits the Lexington Station Area in the short-term and will benefit the Hamline and Snelling station areas as Fuller is extended through those areas to Snelling Avenue. The project builds on investment of the light rail transit line and the rezoning of the area by improving the feasibility of redevelopment in the southwest quadrant of the Lexington Station Area. All these activities are expected to facilitate development and increase property values. Improving the accessibility to redevelopment sites in the station area is a key factor in their marketability. It is also important that these are public streets to ensure multi-modal accessibility and high quality aesthetic and maintenance standards.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

The acquisition funds will leverage construction funds for the improvement of the street. The new Fuller Avenue facilitates future development in an area identified for some of the most intensive development citywide. Increased development in this part of the city will increase the tax base and reduce the overall property tax burden citywide. The project implements specific goals of the Lexington Station Area Plan (Policies 4.1.3.a & 4.2.3.a).

1. Please provide the following information about your organization and proposed project:

Project Title: - Home Improvement Plus

Proposing Agency or Group: - North East Neighborhoods Development Corp

Proposer's Address: - 1212 Prosperity

Contact Person: - Chuck Repke

Phone Number: - 651-771-6955

Email Address: - Chuckrepke@aol.com

Address or Cross Streets of Proposed Project: - East of Johnson Parkway north of I 94

2. Citizen Participation District(s):

District 1 Community Council

District 2 Community Council

3. City Council Ward(s):

6, 7

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

HIP provides home improvement loans to low and moderate income people living on the East Side of Saint Paul. Many home owners have moderate incomes or acquired their homes during the housing bubble; they have limited equity and have difficulty getting financing for home improvements from a private lender.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

As mentioned, HIP provides home improvement loans to low and moderate income people living on the East Side of Saint Paul. Many home owners in the area are seniors on fixed incomes or moderate incomes and would have difficulty getting financing for home improvements from a private lender. Additionally, we have many newer home owners that bought their houses during the housing bubble of the late 1990's and early 2000's and do not have any equity to borrow on for home improvements.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

Home improvement loans go a long way towards stabilizing a neighborhood. People fixing up their houses, leads to neighbors fixing up their houses. Unfortunately, the reverse is equally true, neglect leads to neglect.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

Home improvement loans go a long way towards stabilizing a neighborhood. People fixing up their houses, leads to neighbors fixing up their houses. Unfortunately, the reverse is equally true, neglect leads to neglect.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

NENDC's Home Improvement Plus has been in existence for almost twenty years. It has been an ongoing program supported by the City of Saint Paul and the CIB members in the past. NENDC partners with Dayton's Bluff NHS to reduce costs overhead by having NENDC do the recruitment of clients in the far East Side service area and by having DBNHS do the direct customer service work.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

HIP is the ONLY home improvement program targeted at the District 1 and District 2 neighborhoods. All other targeted housing programs end at Johnson Parkway.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

The Home Improvement Plus program has had a stabilizing impact on the neighborhood. It is a resource that has been available for residents of District 1 and District 2. The proposed funding would assist another 5-10 home owners each year.

1. Please provide the following information about your organization and proposed project:

Project Title: - Housing Real Estate Multi-Unit Development Fund

Proposing Agency or Group: - PED

Proposer's Address: - 1100 City Hall Annex, 25 West Fourth Street, Saint Paul MN

Contact Person: - Allen Carlson, Director of Housing

Phone Number: - 651-266-6616

Email Address: - al.carlson@ci.stpaul.mn.us

Address or Cross Streets of Proposed Project: - Citywide

2. Citizen Participation District(s):

Citywide

3. City Council Ward(s):

Citywide

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

Provide funds to address rental or ownership properties with more than four units as follows:

1. Assist in financing the preservation, rehabilitation or new production of affordable housing.
2. Implement CDBG eligible activities related to acquisition and related costs (e.g. relocation, demolition, site preparation, adjacent public improvements), rehabilitation, new construction and all financing and other related costs that are part of the total development cost of a CDBG eligible housing project.
3. Implement the housing component of larger mixed-use developments as determined by the Mayor, City Council/HRA and neighborhood.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

The well being of the City's multi-unit affordable housing stock is crucial to the success of our neighborhoods. Even in the best of times, public financial assistance is needed for the City to meet its affordable housing objectives as outlined in the Comprehensive Plan (e.g. 10% of the units @30% of AMI, 10%@50% of AMI and 10%@60% of AMI). Unfortunately, the traditional funding sources for these projects (CDBG and HOME) has been cut dramatically. HOME was reduced from \$2.4 million in FY2010 to \$1.3 million in FY2012. CDBG was cut from \$8.6 in FY2010 to \$7.2 million in FY 2011. PED/HRA currently has over 10 affordable housing projects in the pipeline with an estimated gap

in financing of over \$9 million. These projects propose to serve families, seniors, low-income single adults and homeless youth. Some are projects preserving existing affordable housing and many are new construction. A number of proposed projects are along the Central Corridor which is important to insure equitable development along the LRT line for all types of households. The HRA also owns a number of properties purchased with past CDBG dollars which are in need additional financing in order to fulfill the development vision for the properties.

Historically, PED has received through the CIB process about \$1 million per year for multi-family affordable housing which translates into the creation or preservation of about 100 units per year. Since the housing crash the demand for multi-unit rental housing has grown significantly thus the need for gap financing has increased dramatically if the City is to insure that a portion of the housing is affordable.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

CDBG funds for multi-family develop is one of the very few financial resources available to the City to preserve or develop new affordable rental housing. Rental projects simply can not generate sufficient rental income if a percentage of units are to be affordable to persons at or below 80% AMI.

It is difficult to predict when specific development opportunities will mature to a point that committing financing is appropriate. Economic conditions require that the City be in a position to address these needs and opportunities as they materialize.

CDBG funds for multi-family development is important because it leverages other funds to develop projects that act as a catalyst for other development in the applicable neighborhood (e.g. Winnipeg project on lower Rice Street, Frogtown Square and Rondo Library projects at University and Dale, the Schmidt Brewery project on West 7th Street)

These CDBG funds also help to preserve affordable housing such as the Rolling Hills apartment complex on the East Side which serves new immigrants.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

As Saint Paul becomes a more urban city, it is important to maintain the multi-family rental stock in good repair. These projects add value to the neighborhood, tax base and enable area residents to support local businesses. As public transit like the LRT is completed, it is important to develop more multi-family housing along these transit corridors. Access to public transportation significantly increases disposable income to

lower income residents who often spend a disproportionate amount of their income on housing.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

This program has been a core activity of the City and funded through the CIB process as a CDBG activity since 1977. This program meets the requirements of the CDBG program by providing safe, decent and affordable housing to our lower income resident. Using CDBG funds for this activity is a good value to the City as \$1 dollar of CDBG leverages at a minimum \$10 dollars of other outside funding sources to preserve or create new multi-family developments.

Under this activity projects are not brought before the HRA Board of Commissioners without extensive community review and input.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

Development of new units under this activity almost always involves the large scale removal of blight, which in and of itself is a benefit to the surrounding neighborhood. New construction or rehabilitation of existing developments adds improved appearance, value and tax base to the neighborhood.

This activity has successfully been key to adaptive re-use of buildings which have lost their original function and use by redeveloping them into multi-family housing opportunities. For example, converting a vacant brewery into artist housing or vacant obsolete office buildings into affordable housing like the Commerce Building and Minnesota Building in downtown.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

This funding activity is a cornerstone of the City's CDBG program and is an integral part of the City's five year HUD Consolidated Plan which lays out the proposed use of federal funds, and the City's Housing Action Plan pursuant to the City's Comprehensive Plan. These funds will also work in concert with the City's Invest Saint Paul and Neighborhood Stabilization Programs in the city's core neighborhoods.

1. Please provide the following information about your organization and proposed project:

Project Title: - MCASA Old Home Townhomes

Proposing Agency or Group: - Model Cities Community Development Corporation

Proposer's Address: - 839 University Avenue, Saint Paul, MN 55104

Contact Person: - Beverley Oliver Hawkins

Phone Number: - 651.632.8343

Email Address: - bohawkins@modelcities.org

Address or Cross Streets of Proposed Project: - 370 University Avenue, Saint Paul, MN 55103

2. Citizen Participation District(s):

District 8 - Summit-University Planning Council

3. City Council Ward(s):

1

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

The MCASA Homes program proposes to construct nine owner-occupied townhomes and a community pocket park on a 21,000-square-foot portion of the Old Home Dairy site. The townhomes will be affordable for low- to moderate-income households. We are requesting CIB funding to assist in the construction costs.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

WHY IS THIS PROJECT IMPORTANT?: The Old Home Townhomes project is important because it helps accomplish several significant goals including: (1) helping to bring a large, urban parcel back into productive use, (2) increasing housing densities adjacent to a major urban transit route, (3) providing affordable homeownership opportunities in proximity to the Central Corridor light rail transit, and (4) eliminating barriers to homeownership by giving participating families the tools they need to become financially stable and self-reliant. To fulfill its mission of providing homeownership opportunities to low and moderate income households, the MCASA Homes program plans to build nine new construction townhome units on a 21,000-square-foot portion of the Old Home dairy parcel at the corner of University and Western Avenues. The current Old Home parcel is 1.6 acres in size and has been vacant since 2008. Plans exist to redevelop the majority of the parcel (48,000 square feet) with a mixed-use development containing commercial and supportive housing

components. The MCASA program intends to redevelop the remainder of the vacant parcel with nine new construction townhomes. The townhomes themselves will contain approximately 1,600 total square feet of space each and the units will have on-site parking, individual patios, and access to an 8,200-square-foot shared community pocket park. The townhomes will be located less than 500 feet from the Western Avenue station of the Central Corridor light rail line. Increasing housing densities adjacent to transit and commercial corridors is a major housing policy goal of the city's comprehensive plan. The Old Home Townhome development would serve that goal while also remaining compatible with the single-family character that defines the surrounding communities. Additionally, the development would provide a transition between the higher densities found along University Avenue and the single-family housing on the adjacent blocks. The Old Home Townhome development will link quality, affordable homeownership opportunities to fast, reliable light rail transit options, thereby reducing auto-dependency while also enhancing access to employment and essential services. Beyond simply creating transportation options for residents, transit access can also help alleviate budget constraints for the low- to moderate-income homeowners the MCASA program serves. The Bureau of Labor Statistics Consumer Expenditure Survey estimates that in 2011 the average American household spent over \$7,700 per year in vehicle expenses. By reducing auto-dependency, MCASA townhomes can help make the homeowner's budget more flexible by reducing mandatory vehicle expenses and making automobile ownership a choice, rather than a necessity. The townhomes will be available to first-time homebuyers with projected income limits at or below either 115% area median income (AMI) or 80% AMI depending upon the type of funding secured for the project. The MCASA program takes a holistic approach to homeownership by providing first-time homebuyers access to experienced counselors who will provide ongoing, one-on-one, financial case management and assistance in navigating the home buying and home owning process. Case management services typically include financial literacy training, credit rehabilitation assistance, debt reduction strategies, and a financial action plan that transitions participants to a sound financial foundation that helps make homeownership affordable and sustainable. To further assist program participants in overcoming barriers to homeownership, the MCASA townhomes will be available on a contract-for-deed or lease-to-purchase basis for those families who may need time to qualify for a traditional mortgage.

IS THERE ANY HISTORICAL CONTEXT WE SHOULD BE AWARE OF?: For historical context, the proposed site location is adjacent to the former Minnesota Milk Company (Old Home) dairy building. The Minnesota Milk Company building has been determined eligible for listing on the National Register of Historic Places. However, the location of the Old Home Townhome site itself has no historical significance since it occupies a vacant part of the larger parcel.

WHAT DOES THIS PROJECT ACCOMPLISH? WHAT PROBLEM IS IT TRYING TO SOLVE?: In addition to addressing the need for owner-occupied housing for the target population, a major accomplishment of this project will be its role in completing the redevelopment of the 1.6 acre Old Home parcel. As a complement to the Old Home mixed-use redevelopment project on the remainder of the site, the two developments will create a mix of housing types for a variety of income levels on this strategically important parcel. As part of the MCASA Homes program, the goal of the Old Home Townhome development is to provide homeownership opportunities coupled

with financial literacy training for low and moderate income households in Saint Paul's Thomas-Dale and Aurora-Saint Anthony neighborhoods. The MCASA Homes program, founded in 2004, is a partnership between Model Cities Community Development Corporation (Model Cities) and the Aurora/St. Anthony Neighborhood Development Corporation (ASANDC). The MCASA Homes program takes a holistic approach to homeownership by providing participants with quality, transit-accessible homes while eliminating barriers to homeownership by giving participating families the tools they need to become financially stable and self-reliant. Those tools include: 1) individualized financial case management, 2) financial and homeownership training, and 3) a financial action plan that transitions participants onto a sound financial footing that makes homeownership stable and enduring. WILL THIS PROJECT OCCUR IN PHASES OR STAGES? The project will not occur in stages. The Old Home Townhome anticipates that construction will begin in the spring of 2014, with units available for occupancy by the spring of 2015.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

PROJECT IMPROVES OR CREATES AN ASSET TO MEET NEW DEMAND: The Old Home Townhome project will help meet new demand for homeowner housing along the University Avenue corridor. According the City of Saint Paul's Comprehensive Plan, "the University Avenue corridor is anticipated to create a market demand for up to 2,450 new homeownership units by 2030." In addition to helping to meet new corridor housing demands, the Old Home Townhome development can help to achieve a number of other housing needs identified by the city. Those goals include greater housing density, meeting market demand for transit-oriented housing, and supporting low- and moderate-income housing. The City of Saint Paul's Comprehensive Plan states that "Given the anticipated population growth, the demand for smaller one- and two-person units, a built city, and the need to continue to increase the City's tax base, greater housing density will be the hallmark of the next 20-30 years." The Old Home Townhome development will be built to a density not less than 14 dwelling units per net acre—a more than 50% increase above typical single-family densities. The comprehensive plan also points out other benefits to the city from these types of land-efficient housing developments including alleviating rising tax burdens, broadening the tax base, and increasing the customer base for existing businesses. In regards to transit oriented development, the city's comprehensive plan identifies several demographic trends that "suggest a continuing demand for housing that is well-served by transit and amenities." Those trends include households burdened by transportation costs, households looking for housing with lower maintenance demands, households with limited mobility, and increasing numbers of minority homeowners. The Old Home Townhome development will help to meet the needs of the identified demographic constituencies by providing compact housing units adjacent to the Central Corridor that reduces automobile dependence, lowers home maintenance requirements, and improves access to safe, reliable transit. Finally, the city's comprehensive plan states that "three-fourths of the

city's households have incomes that range from extremely-low to middle incomes." The Old Home Townhome development will provide new affordable housing opportunities for low- to moderate-income families while also creating homeownership opportunities for first-time homebuyers. Through pre-purchase counseling and financial literacy training, families participating in the MCASA program become financially independent homeowners who are also able to take advantage of the stability and wealth-generating potential that often accompany homeownership.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

IMPROVES THE CITY'S HOUSING STOCK: The Old Home Townhome development will help improve the city's housing stock by diversifying the age and density of the neighborhood's housing supply through the creation of high-quality, new-construction homeowner units. The moderate density townhome development will also improve the city's housing stock by providing a housing product that is compatible with the transit-oriented nature of its location. Further, by returning a vacant, underutilized parcel to productive use the development will enhance the value and appeal of adjacent residential properties. **PROJECT IMPROVES BUSINESS DEVELOPMENT:** The project improves business development by increasing population densities in proximity to local businesses. According to the city of Saint Paul's Comprehensive plan, "increased population along these corridors would mean a larger customer base for existing businesses and would potentially spur demand for new businesses." **PROJECT IMPROVES SAFETY:** The Old Home Townhomes will improve safety by eliminating a vacant parcel that, left unmonitored, has the potential to host illegal activities. The creation of owner-occupied housing within the community also contributes to improved public safety by providing neighborhood stability and increased informal surveillance ("eyes on the street") by the new residents.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

PROJECT LEVERAGES OUTSIDE FUNDING: A funding commitment from the city's Capital Improvement Budget would help to leverage up to \$3 million in additional funding resources. In order to meet the needs of working families with low to moderate incomes, gap financing will be needed to offset the costs of construction to reduce the sale price to an affordable level. Estimated prices of the townhomes will range from \$130,000 to \$150,000. Currently, the MCASA program has a pending grant application with a private foundation. When appropriate to their funding cycles, other financial commitments will be sought from the Minnesota Housing Finance Agency, the Metropolitan Council, the Federal Home Loan Bank of Des Moines, Family Housing Fund, and various private grant-making foundations. Once the development costs have

been brought to an affordable level, the families purchasing the townhomes will provide the remaining financial resources. PROPOSAL DEMONSTRATES EVIDENCE OF COMMUNITY COLLABORATIONS OR PARTNERSHIPS: The Old Home Townhome project is a partnership between Model Cities Community Development Corporation and the Aurora/Saint Anthony Neighborhood Development Corporation as a part of their MCASA Homes program. Since 2004, the MCASA program has successfully developed 16 single-family homes including six new construction houses and 10 rehabilitated single-family homes. All 16 houses are occupied by first-time home buyers with incomes ranging between 50%-80% AMI. PROJECT DEMONSTRATES EVIDENCE OF COMMUNITY SUPPORT AND ORGANIZATIONAL COMMITMENT: Model Cities has demonstrated its organizational commitment to the project through the use of its own financial resources to fund pre-development activities. That money has been used to develop an overall site plan, create unit layouts, compose architectural renderings, create initial budget projections, and to pay legal fees. Regarding demonstrated community support, the project's initial presentation to the Summit University Planning Council (District 8) received favorable comments. Although we have not been required to seek community votes, the overall desire has been to move forward. Further, the project has the support of Councilmember Melvin Carter. Model Cities will provide letters of support from local representatives and public officials at the appropriate time in the CIB process.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

PROJECT SIGNIFICANTLY BENEFITS A NEIGHBORHOOD, DISTRICT, AREA OR CITY AS A WHOLE: The Old Home Townhome development will significantly benefit the neighborhood by replacing a vacant industrial parcel with high-quality, owner-occupied housing. In addition to the benefits provided to the immediate community, the development will be beneficial to other city initiatives through its location within the Saint Paul Promise Neighborhood and one of the four Invest Saint Paul neighborhoods. Strategically located at a major urban commercial node, the project helps to meet citywide goals of increased density along commercial corridors, while also complementing the planned mixed-use development proposed for the remainder of the Old Home parcel. PROJECT ENHANCES LIVABILITY BY IMPROVING QUALITY OF LIFE OR PROPERTY VALUES, PROVIDING UNMET NEEDS, IMPROVING SAFETY OR ACCESSIBILITY, ETC: The livability of the community will be enhanced through the creation of a shared community pocket park accessible to both residents and members of the surrounding community. The pocket park will offer opportunities for social engagement and community gatherings, while providing a place of respite along a major urban corridor. In addition to the social enhancements, the townhome development and the associated pocket park will help to improve property values by elevating the perception of the block within the community. PROJECT IMPROVES AESTHETIC APPEARANCE OF AN ASSET OR AREA THROUGH LANDSCAPING, PUBIC ART,

LIGHTING, SIGNAGE, OR OTHER DESIGN FEATURES: The aesthetic appearance of the area will be enhanced through the new trees and greenery within the pocket park, new boulevard trees, and the landscaping of the individual townhome units. The productive use of a currently vacant parcel will also improve the aesthetic character of the block. Further, the townhome development will incorporate a public art component at the corner of Western and Aurora helping to further solidify a positive neighborhood identity.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

PROJECT PROVIDES TANGIBLE RETURN ON INVESTMENT: The project's tangible return includes: • Seven new units of affordable 3-bedroom townhomes. • Two new units of affordable 2-bedroom townhomes. • Approximately 8,200-square-feet of accessible green space. • Nine new homeowner households with improved credit, established assets, and the wealth-building potential of home ownership. **PROJECT EXCEEDS STANDARDS IN ENVIRONMENTAL SUSTAINABILITY:** The Old Home Townhome development will meet or exceed the environmental standards for the Minnesota Overlay of the Green Communities criteria. In addition to these environmental benchmarks, the project offers several features that go beyond these requirements. Those features include ready access to public transit for residents that help minimize automobile reliance thereby helping to reduce carbon emissions. The pocket park component of the development will provide water quality enhancements by replacing over 8,200-square-feet of hardscape with trees, vegetation, and other pervious surfaces. Pervious pavers to be used for the shared driveway will also reduce stormwater impacts from existing site conditions. Proposed cool roofs, coupled with the pocket park, and other reduced hardscape areas will serve to lessen the urban heat island effect. Further, as the design of the development proceeds we will be opportunistic in seeking out other cost-effective environmental solutions. **PROJECT IS INCLUDED IN CITY-APPROVED PLAN:** The redevelopment of the Old Home dairy site was identified as a priority in the City of Saint Paul's Western Station Area Plan. The plan itself is not prescriptive, but rather provides a policy direction for the station area defined by character areas that "could take on a variety of forms." This particular parcel is identified as part of the Strengthening the Avenue character area with a built form that "should fit with its surroundings" and "promote transparency and activity at street level." The Western Station Area Plan also states that the redevelopment of the Old Home site represents an opportunity for the incorporation of a "much needed outdoor gathering space." The townhome development meets these objectives while providing a transition from University Avenue to Aurora Avenue that is sensitive to the residential character of the surrounding community. In addition to the Western Station Area Plan, the development helps meet the broader density and transit oriented development objectives embedded within the City of Saint Paul's Comprehensive Plan, the details of which were outlined in Section C, Question 1 of this proposal. Another strategy of the

city's comprehensive plan not previously addressed in this proposal is to "increase housing choices across the city to support economically diverse neighborhoods." The plan states that "these choices should include a mix of rental and ownership units, a range of housing types, and diversity of income levels." By creating new homeownership opportunities with a townhome development that is proximate to public transportation infrastructure and at a price point available to households of moderate incomes, the Old Home Townhome development helps to diversify the age, style, and size of housing stock within the community. It also creates a housing type that is appropriate for a wide range of demographic needs including recent retirees looking to downsize, young couples with a preference for urban living, and families with children looking for convenient, attractive and cost-effective housing options.

PROJECT DEMONSTRATES ABILITY TO ACHIEVE STATED OUTCOMES: Successful outcomes from the MCASA Homes program will be defined by the following achievements:

- The creation of nine high-quality townhome units for first-time homebuyers with incomes at or below either 80% or 115% AMI.
- Improving an area in need of revitalization along a major transit corridor by bringing a blighted property back into productive use.
- Providing a shared community pocket park with opportunities for social participation that will help enrich the residential community and enhance social engagement.
- Providing homeownership opportunities in close proximity to the new Central Corridor light-rail transit line, improving economic vitality while also providing access to employment opportunities and essential services for townhome owners.
- The successful transition of families from rental situations to homeownership by the elimination of barriers to entry for a home mortgage including reduced debt burdens and improved FICO scores.

Model Cities has demonstrated its ability to achieve its stated community development outcomes beginning with the development and new construction of a 10,500 square foot health clinic in 1986. Since that time, Model Cities has completed the following projects:

- New construction of a 5,100-square-foot child development center.
- A new-construction, multi-family apartment building (6 units).
- Six new-construction, single-family homes.
- Rehabilitation of a 7,500-square-foot health clinic.
- Rehabilitation of four multi-family apartment buildings (31 units).
- 33,000-square-foot mixed-use building rehabilitation (office and commercial).
- Rehabilitation of 10 single-family homes.

Partnered with the Neighborhood Development Center, ASANDC, and Greater Frogtown CDC in the development of Frogtown Square, a mixed-use development containing 11,700-square-feet of commercial space and 50 units of affordable senior housing. Aurora/St. Anthony Neighborhood Development Corporation, in addition to its MCASA activities, has successfully completed the following community development projects:

- Purchase, renovation and sale of more than 25 residential properties to low and moderate income families since the late 1980's.
- Establishment of 9 units of housing for underemployed men.
- Purchase and renovation of a 6-plex for low income residents.
- Development (in partnership with Legacy Management and Development) of 98 units of affordable rental housing located over the Rondo Community Outreach Library in Saint Paul.
- Partnered with the Neighborhood Development Center, Model Cities, and Greater Frogtown CDC in the development of the Frogtown Square mixed-use development.

In conjunction with its community development projects, Model Cities has been providing first-time homebuyer education services since 2008, one-on-one case management services to home buyers since 2008, and pre-purchase counseling

since 2009. While these services are essential to the MCASA Homes program, these services are also offered to the general public. Last year alone, Model Cities provided homebuyer education services to over 350 households, and provided over 300 hours of pre-purchase counseling to approximately 100 community members. Model Cities' community development record, its homeownership services history, and its successful organizational partnership with ASANDC provide a strong resume of accomplishment that emphasizes its capacity to meet the stated outcomes of this proposal.

1. Please provide the following information about your organization and proposed project:

Project Title: - Model Cities Redevelopment

Proposing Agency or Group: - Model Cities of St. Paul, Inc.

Proposer's Address: - 839 University Avenue, St. Paul, MN 55104

Contact Person: - Craig Johnson

Phone Number: - 651-632-8354

Email Address: - cjohnson@modelcities.org

Address or Cross Streets of Proposed Project: - 839-849 University Avenue & 771-785 University Avenue

2. Citizen Participation District(s):

District 7 - Frogtown Neighborhood Association

3. City Council Ward(s):

1

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

Model Cities' CIB request is to underwrite construction costs of the Model Cities Redevelopment project's two mixed-use sites: BROWNstone and Central Exchange; both include commercial, affordable workforce housing, urban gardening and public art. Both sites are located on University Avenue, along the Central Corridor, at the Victoria Street Station.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

The project, Model Cities Redevelopment, is a Transit-Oriented development along the Central Corridor on University Avenue in St. Paul at or near the Victoria Street Station. Project elements include construction of two new mixed-use buildings, both incorporating workforce housing plus commercial uses. In addition, the project includes the development of public art and also “green” amenities, including pocket parks at both sites. Model Cities seeks support from the CIB to help fund the construction of these two new buildings. The BROWNstone building, located at the northeast corner of University Avenue and Victoria Street, is situated directly at the Victoria Street Station. Due to building obsolescence and its lack of conformity to TOD design standards and principles, Model Cities will demolish the existing BROWNstone building and construct a new four-story building that incorporates TOD design principles. One block east of BROWNstone, located at 771-785 University, Model Cities will construct Central

Exchange, a 3-story mixed-use building. WHY IS THIS PROJECT IMPORTANT? The project is important for the following reasons: *Expands the City of St. Paul's tax base by providing denser development along University Avenue. *Converts vacant, under-utilized commercial property, which has been a nuisance and a magnet for crime, into productive commercial businesses that will inject income into the community.

*Contributes to the City's affordable housing goals by increasing the number of affordable units by at least 54 new units. *Assists the City in meeting its Section 3 priorities by providing job opportunities for local residents through the creation of at least 30 permanent full-time jobs and approximately 150 construction jobs. *Adds needed green space along University Avenue (e.g. pocket parks on both development sites).

*Incorporates additional public art within the total development along University Avenue.

IS THERE ANY HISTORICAL CONTEXT THAT WE SHOULD BE AWARE OF? There is no historical context of which the CIB Committee should be made aware because the sites on which the new developments will be constructed do not have any known historical significance. In fact, at the Central Exchange site, the City of St. Paul recently demolished the blighted and vacant commercial structures located there due to their status as nuisance buildings. WHAT DOES THIS PROJECT ACCOMPLISH? WHAT PROBLEM IS IT TRYING TO SOLVE?

One of the major problems in the Frogtown/Rondo area has been economic disinvestment due to factors such as the growth in automobile use, interstate construction and an increase in crime. This project aims to reverse that trend by realizing increased development along the Central Corridor, thereby helping University Avenue to reach its economic potential. The project is expected to create at least 30 new FTEs and retain 29 FTEs. It is also estimated to create approximately 150 construction jobs for community residents. In addition, Model Cities estimates that about 15,000 square feet of leased commercial space will be developed, as well as over 9,000 square feet of accessible green space. The new transit line has already spurred development, such as Frogtown Square and the Rondo Outreach Library. BROWNstone and Central Exchange will be a part of this pattern of development and will signal to other developers that University Avenue and Frogtown are good places to live and do business. Over time, University Avenue should begin to resemble the vision outlined in the Central Corridor Development Strategy, consisting of higher-density, mixed-use development that provides ample housing and commercial opportunities. WILL THIS PROJECT OCCUR IN STAGES? WHAT ARE THEY? The construction of both mixed-use sites is expected to take place at the same time. The year 2013 will be dedicated to fund development for the project, and closing on financing is expected in Spring 2014. Model Cities is planning for a Spring 2014 construction start with a 12-month construction period. Construction is expected to be completed in Spring 2015.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

PROJECT IMPROVES OR CREATES AN ASSET TO MEET NEW DEMAND
 BROWNstone and Central Exchange will help meet anticipated demand for new

housing and commercial space on the Central Corridor. According to a recent market study by Joe Urban, Inc., the Met Council projects that 2,625 affordable housing units will need to be provided in St. Paul between 2011-2020. Specifically in the Victoria Station Area, real estate forecasts predict a demand of up to 250-300 rental housing units over the next two decades. On the commercial side, the Joe Urban market study notes that "long term traffic counts and transit riders along University, coupled with increased housing density in the area, will contribute positively to demand for commercial space." PROJECT IMPROVES THE FUNCTIONALITY OF AN ASSET The project improves the functionality of an asset because it replaces a structurally obsolete building at the BROWNstone site with a new structure that is safe and designed for long-term use. The functionality of the Central Exchange site will be improved because it will convert vacant, unused parcels into a productive property that provides jobs and generates more tax revenue. Both sites will allow for increased commercial and TOD uses at or near a very active transit stop.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

IMPROVES THE CITY'S HOUSING STOCK Model Cities Redevelopment will improve the City's housing stock by providing approximately 54 new units of workforce housing between BROWNstone and Central Exchange. BROWNstone is projected to have 26 units of housing, while Central Exchange is estimated to have 28 units. Most units will be one-bedroom, but there will be a few studios and two-bedrooms. Given rising energy costs, Model Cities will focus on making these units as energy-efficient as possible. In addition, the units will be made spacious and comfortable enough (e.g. +/-700 square feet for a one-bedroom) to accommodate smaller households that are projected to make up the bulk of the City's population in the future. Loft-style apartments at BROWNstone, and at least 12 apartments that look out onto a planned rooftop garden at Central Exchange, will enhance the quality of the units. PROJECT CREATES OR IMPROVES JOB OPPORTUNITIES The project will create or improve job opportunities by creating at least 30 new FTEs. It is also estimated that about 29 jobs will be retained. Most of these retained positions will be Model Cities staff members. In addition, approximately 150 construction jobs will be generated, which will serve as employment opportunities for local residents. PROJECT IMPROVES BUSINESS DEVELOPMENT The project improves business development because it is estimated to provide about 15,000 square feet of leased commercial space on the first floors of BROWNstone and Central Exchange. The second floor of BROWNstone will house Model Cities' offices and program space. Also included in the BROWNstone building will be a large community room, and a reading room, that will help bring in customers to the building and be available for public and community activities. The reading room will feature historical items and information for display celebrating the community's historic involvement in the railroad industry. In particular the history of the Pullman Porters of St. Paul and Brotherhood of Sleeping Car Porters, Twin Cities Division, will be highlighted. PROJECT IMPROVES SAFETY The project will improve neighborhood stability and safety by eliminating vacant buildings, which cause blight, depressed property values,

and deviant behavior, in order to bring these parcels back into productive use. Moreover, the presence of new, aesthetically-pleasing buildings will project a sense of safety and security in the neighborhood and will encourage other projects to further develop that image. This will be accomplished through improved lighting, security cameras, a well-built structure, and large windows that provide "eyes on the street." Restaurant and other retail operations, along with well-lit pocket parks, will encourage increased pedestrian activity along the corridor. Sidewalks fronting the developments will provide safe and direct access to multiple modes of transit.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

PROJECT LEVERAGES OUTSIDE FUNDING Model Cities' CIB request is expected to help leverage approximately \$9.5 million in additional funding for construction of the mixed-use sites at BROWNstone and Central Exchange. Already, Model Cities has made substantial progress in securing the financing needed to bring the project to fruition. The organization injected its own funds that helped leverage another \$860,000 in interim financing for acquisition from the Twin Cities Community Land Bank, Neighborhood Development Center, Nonprofits Assistance Fund and the Greater Metropolitan Housing Corporation. A Program-Related Investment (PRI) from the Otto Bremer Foundation has also helped to provide funding for predevelopment expenses. In addition, Model Cities has raised over \$2.9 million in permanent financing for the project from sources such as the Metropolitan Council, the U.S. Department of Health and Human Services, the St. Paul Foundation, the F.R. Bigelow Foundation and Twin Cities LISC. The City of St. Paul has funded the environmental investigative work on both sites as well, which is now complete, through a grant it received from the U.S. Environmental Protection Agency.

PROJECT HAS BEEN PROPOSED IN PREVIOUS CYCLES Model Cities submitted a proposal for the Central Exchange project during the last CIB funding round, which covered the years 2012-2013. Since that time, we have merged two sites to create the Model Cities Redevelopment project. The project has received support from the City of St. Paul PED, which has sponsored several successful funding applications. Additional support is also expected from PED in the form of tax exempt bonds, low-income housing tax credits and TIF.

PROPOSAL DEMONSTRATES EVIDENCE OF COMMUNITY COLLABORATIONS OR PARTNERSHIPS The following collaborations and/or partnerships are integral to this development project --- - Commercial leasing and business development: Model Cities will be collaborating with the Neighborhood Development Center (NDC) to provide commercial tenants in the new buildings with professional development and entrepreneurial training to help ensure their continued success. - Job development and training: Model Cities will work with the YWCA in its YW Works jobs program to assist in the recruitment and training of low-income residents into permanent employment. This will be done through referrals from clients in the YW Works program to job openings at BROWNstone and Central Exchange. In addition, a signed agreement with Lifetrack Resources in St. Paul will also help low-income workers apply for employment opportunities in the new buildings. -

Model Cities, Aurora St. Anthony and NDC have developed an MOU to work in collaboration on development sites, including BROWNstone, Central Exchange and Old Home in regard to marketing, sharing design concepts, commercial leasing and other matters . - To develop the public arts component, Model Cities has had ongoing sessions with local artists, including Seitu Jones. PROJECT DEMONSTRATES COMMUNITY SUPPORT AND ORGANIZATIONAL COMMITMENT Model Cities has been active in community engagement activities related to this project since 2009 when the District 7 Planning Council held visioning sessions at the Rondo Outreach Library and in the BROWNstone community room. Staff has been in touch with District 7 to provide routine updates on development plans at their housing task force meetings and community forums. In addition to District 7, staff has made regular contacts with local businesses and residents within proximity of the two development sites and has received verbal support as a result. Additionally, a business adjacent to the Central Exchange site and a homeowner who lives near the project location have written letters supporting the project. In terms of organizational commitment, Model Cities has been planning to develop this project since it incorporated it into its Strategic Plan in 2009. Evidence of its investment into the project is seen by the fact that it owns the BROWNstone site and has also fully acquired the Central Exchange site. In order to assemble the Central Exchange parcels, the organization injected \$130,000 of its own funds to leverage the interim acquisition funding noted above. It has assembled a development team that has put in countless hours to bring the project to fruition, and it has raised over \$2.9 million for the overall development of the project.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

PROJECT SIGNIFICANTLY BENEFITS A NEIGHBORHOOD, DISTRICT, AREA, OR CITY AS A WHOLE This project benefits the Frogtown/Rondo neighborhoods, Districts 7 & 8, and the City of St. Paul as a whole in several ways. The neighborhoods benefit because the new buildings will provide high-quality housing to meet anticipated housing demand and commercial space that is expected to result in increased business investment and job opportunities in the community. The City will benefit because the buildings will increase the tax base in the area and contribute to the potential new housing demand of between 3,950-5,050 total rental units on University Avenue by 2030. The community overall will also benefit by having a community room to rent for meetings and events and by having added green space along University Avenue. The reading room will provide an opportunity for people to learn about the railroad history of Frogtown and Rondo, thereby enhancing the neighborhood's position as a cultural destination point. All of these benefits will, in turn, have an impact on future development efforts in both Districts 7 & 8. PROJECT ENHANCES LIVABILITY BY IMPROVING QUALITY OF LIFE OR PROPERTY VALUES, PROVIDING UNMET NEEDS, IMPROVING SAFETY OR ACCESSIBILITY, ETC. This project will improve the quality of life in the community because it will provide new housing options and

increased commercial choices for residents. Another benefit to the community is that property values at the sites are expected to increase due to their more intensive and higher uses. The project will improve safety because vacant and blighted parcels will be converted into a well-constructed building that includes features like nighttime lighting, security cameras, and a robust alarm system. Additionally, the project will improve accessibility to the Central Corridor because both buildings will be within a very short walking distance of the LRT. PROJECT IMPROVES AESTHETIC APPEARANCE OF AN ASSET OR AREA THROUGH LANDSCAPING, PUBLIC ART, LIGHTING, SIGNAGE, OR OTHER DESIGN FEATURES Model Cities will improve the aesthetic appearance of the area by including a public art component and green amenities in the project. The public art component will highlight the railroad history of the Frogtown and Rondo communities, particularly the Pullman Porters of St. Paul and Brotherhood of Sleeping Car Porters, Twin Cities Division. The art will come in the form of statues, paintings, reliefs, murals, or other art forms. Model Cities is planning to feature a "Pullman Porters Walk," which will be a walkway through the project's green space that commemorates the legacy of the Pullman Porters. The reading room at BROWNstone will be a place where members of the public can learn about this part of the history of Frogtown and Rondo. To move this effort forward, Model Cities has already begun working with local artists to frame the concept and will be partnering with a local arts-related organization to realize this component of the Model Cities Redevelopment project. The inclusion of pocket parks at both Central Exchange and BROWNstone will also improve the aesthetic appearance of the area because this added green space will help beautify University Avenue. In addition, the pocket parks will incorporate opportunities for urban gardening, which will allow community residents who may not have land of their own to grow their own food, flowers and vegetables. A rooftop garden will be included in the design of Central Exchange, which will function as a community gathering space for residents and allow them additional gardening opportunities.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

PROJECT PROVIDES TANGIBLE RETURN ON INVESTMENT The returns on investment include: * 54 new units of quality, affordable housing * Approximately 15,000 square feet of leased commercial space * Over 9,000 square feet of accessible green space The City of St. Paul will also realize a return on investment due to its tax base being improved through the 1) conversion of vacant parcels at the Central Exchange site into a 3-story, mixed use structure, and 2) increased land use efficiency at BROWNstone by replacing a 1-story building with a 4-story development. **PROJECT'S IMPACT ON FUTURE OPERATING COSTS (BOTH INCREASES/DECREASES)** The project will have a positive impact on future operating costs because operating pro-formas related to the sites are being structured such that ongoing expenses, as well as long-term debt, will be covered by the revenue generated. Both operating and replacement reserves have been included in the pro-formas as well. The construction of

a new BROWNstone building is particularly important in order to lower operating costs for Model Cities long-term. Without a new building, Model Cities will continually have to rely on its reserves to carry out maintenance on the current building that is beginning to outlive its useful life. PROJECT EXCEEDS STANDARDS IN ENVIRONMENTAL SUSTAINABILITY The project will adhere to Green Communities building standards and the St. Paul Overlay sustainability requirements. It will also benefit from the consulting services of the Weidt Group, which will help Model Cities to maximize the energy efficiency of the buildings. As noted above, the sites will include pocket parks that will provide added green space along University for stormwater management purposes and for urban gardening. Central Exchange will feature a rooftop garden terrace for additional gardening opportunities, as well as green roofs for stormwater management. Model Cities also intends to install a geothermal system at Central Exchange that would provide heating and cooling to a portion of this site, and it will explore the use of solar collectors to heat water in the building. An additional feature of the pocket parks will be underground stormwater retention tanks, which will help reduce site runoff not captured by surface level techniques (e.g. native plantings). PROJECT IS INCLUDED IN CITY-APPROVED PLAN The Central Exchange and BROWNstone developments are aligned with the City of St. Paul's long-range development plans for both residential and commercial projects, particularly with their emphases on providing higher-density, mixed-use development as called for in the Comprehensive Plan and the Central Corridor Development Strategy. More than just buildings, both BROWNstone and Central Exchange will assist in the transformation of what will be a very visible stretch of University along St. Paul's flagship LRT line, with a projected exposure of 40,000 riders per day along the entire route by 2030. PROJECT DEMONSTRATES ABILITY TO ACHIEVE STATED OUTCOMES Estimated outcomes of the Model Cities Redevelopment project include the following: *54 units of stable, affordable housing *Approximately 15,000 square feet of leased commercial and retail space *30 newly created full-time jobs and 29 retained full-time jobs in the community The project demonstrates the ability to achieve stated outcomes due to Model Cities' history in developing a wide variety of successful projects over an almost 30-year period. Previous projects have included health clinics, a daycare center, multi-family housing, mixed-use office/commercial space and single-family housing. Each project was planned strategically to meet goals and priorities that were identified in the agency's strategic plan.

1. Please provide the following information about your organization and proposed project:

Project Title: - NENDC Economic Development/Loan Leverage Fund

Proposing Agency or Group: - NENDC

Proposer's Address: - 1212 Prosperity

Contact Person: - Chuck Repke

Phone Number: - 651-771-6955

Email Address: - Chuckrepke@aol.com

Address or Cross Streets of Proposed Project: - East Side of Saint Paul

2. Citizen Participation District(s):

District 1 Community Council

District 2 Community Council

District 5 - Payne-Phalen Planning Council

3. City Council Ward(s):

6, 7

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

Provide business loans and grants, financing for acquisition funds for development and redevelopment projects as well as funding for demolition and preparation for projects located in the City of Saint Paul with a focus on White Bear Avenue and Phalen Village.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

NENDC's Economic Development/Loan Leverage Fund is a tool for both small businesses that are interested in locating or expanding on the East Side of Saint Paul and for developers that are proposing redevelopment projects in the area. Small businesses often lack access to necessary capital, this fund is available for small businesses that otherwise would not be able to finance acquisition or rehabilitation of property. Redevelopment projects require funding for acquisition, demolition and site preparation to enhance development parcels to make them ready for new business development in our business corridors. Gap financing is often required for redevelopment projects. This fund is available to fund the financing gaps experienced by such projects. The goal would be to be able to provide loan capital and/or redevelopment funds to 2-4 projects located in the area benefit map area, within the City of Saint Paul.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

The NENDC EDLL Fund creates the ability for NENDC to aggressively market the East Side and particularly White Bear Avenue and Phalen Village for redevelopment and business improvement. The fund has been used to attract new business and new investment into the area. Examples include: \$200,000 of gap financing was used to complete the financing package that created the new Cub Foods/Phalen Village shopping center, without the gap financing the deal may well have fallen through; \$275,000 of combined loan/grant funding was used to assist 180 Degrees to acquire the Martin Lumber Site, where they have recently announced a successful \$3 million dollar capital campaign and soon will be doing major expansion, without the fund 180 Degrees would have settled on a smaller site and not ventured into the expansion. A \$137,000 loan to a local small business couple to get funding to finally own their own building, without the fund this dream may never have happened; \$270,000 in gap financing to assist the City in bring the Smile Center a large dental clinic to the East Side. This fund is the major asset in NENDC's promotional efforts for business assistance.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

This fund is the major asset in NENDC's promotional efforts for business assistance. From the examples above one can see that the Economic Development/Loan Leverage Fund has had a significant impact in the area in creating significant business development, and job opportunities and we would argue improved community safety by creating a more vibrant business district. Three areas of the East Side have been or are in the process of being greatly improved because of the impact of the fund: the Southeast corner of East Seventh and White Bear was in extreme blighted condition before the development of the Smile Center. NENDC partnered with the City to attract in this business and used the EDLL Fund to do site acquisition and demolition. In fact title was transferred to the land with the buildings and basements removed and the dirt hole waiting to start construction. The fund allows us to work that fast. No one can dismiss the impact that the new Cub Foods/Phalen Village shopping center has had on the East Side. The availability of the fund to be used to fill the funding gap needed to make the project a success was one of the many parts of a successful development package. Currently the redevelopment of the Martin Lumber site has the potential to radically improve that corner from a site with a long closed vacant building to a new office complex.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of

community collaborations or partnerships • Project demonstrates community support and organizational commitment

The NENDC Economic Development/Loan Leverage Fund has been in funded in every cycle since 1996. It is the mainstay program for business development for NENDC. The project has leveraged millions of dollars in outside funding by acting as a stimulant to attract business and by providing gap financing. The \$200,000 of gap financing in Cub secured a multi-million dollar development project. The \$270,000 into the Smile Center help to create a million dollar building. The \$275,000 for 180 Degrees has stimulated a \$3 million dollar building project. The project has enjoyed the support of the local district councils from the East Side in the past and we assume in the future.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

The NENDC EDLL Fund has been used to bring barbers, dentist, lawyers, chiropractors, pet groomers, accountants, counselors, and financial advisors as well as groceries and a bank to the community. We continue to be extremely proud to have been a partner in developing the second “Gold level” green certified grocery store in the nation with the development of Cub Foods/Phalen Village. The project eliminated an urban food desert and built the first full service, affordable grocery store within walking distance of a Public Housing project in Saint Paul. The impact on these residents quality of life is significant. The Smile Center on White Bear Avenue is one of few dentists in the area that service patients on Minnesota Care. They are doing a huge business in the area assisting an underserved population. 180 Degrees offers family council services in Spanish, a growing need in the community. All of our projects bring with them a significant improvement to the physical structures of the buildings, but their impacts are so much more.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

The NENDC EDLL Fund has had a significant return on investment as mentioned above. We did wish to note that their have also been monies that have been used in loans that have been repaid that have had multiple impacts. Tracking one \$125,000 loan that was given to assist a lawyer in buying his office in 2001; that loan was repaid in 2003; the monies were reused that year to assist in site assembly for development on White Bear and Maryland; they were repaid in 2006 when the site was sold to a developer and were then reused one last time as a part of the gap financing of the Smile Center. NENDC's economic development objectives are mentioned in both the White Bear Avenue Small Area Plan, the Phalen Village Small Area Plan and the

RED-NENDC Economic Development-Loan Leverage Fund

District 2 Area plan. We believe that we have a seventeen year track record of demonstrating our ability to achieve the stated outcomes.

1. Please provide the following information about your organization and proposed project:

Project Title: - Payne Arcade Business Investment Fund (BIF)

Proposing Agency or Group: - East Side Neighborhood Development Company (ESNDC)

Proposer's Address: - 925 Payne Avenue #201

Contact Person: - Anne DeJoy

Phone Number: - 651-288-8744

Email Address: - adejoy@esndc.org

Address or Cross Streets of Proposed Project: - Payne Avenue and Arcade Street between East 7th Street and Maryland Avenue

2. Citizen Participation District(s):

District 5 - Payne-Phalen Planning Council

3. City Council Ward(s):

6

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

CDBG funding will be used to leverage private investment in order to complete exterior improvements, code-related improvements and energy-efficiency related rehabilitation to commercial buildings in the proposed project site; as well as parking lot development.

7. Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

The Payne-Arcade Commercial District is one of the most historic in the City of St. Paul with some buildings on Payne Avenue dating back to the late 1800's. Commercial Corridors have long been the pulse of vibrant communities. They help to sustain neighborhoods by promoting local investment, boosting property values, and preserving the urban character of neighborhoods. In order to continue to succeed, commercial corridors must incorporate the demands of the current real estate market by making strategic capital investments. Ensuring that commercial buildings are meeting the aesthetic, safety and environmental demands of today's marketplace have presented challenges for existing building owners in the project area. Owners and prospective owners of these older buildings are grappling with code-related issues, obsolete lighting systems, and find themselves at odds with zoning ordinances that require off-street parking, while at the same time balancing the demand for larger loading docks, and the desire for striking storefronts to attract customers. The project funds requested by this

proposal will provide financing to remediate and rehabilitate the existing buildings and develop new buildings and space for parking.

8. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

Improves or creates asset to meet new demands: ESNDP works to ensure that all commercial properties on Payne Avenue and Arcade Street are occupied and put into their highest and best use by working with owners to rehabilitate current buildings. As the Payne Avenue Commercial District continues to attract new office, retail and residential development projects, the quality and functionality of all commercial properties will need to be assessed as well as the ever-present parking shortage which will continue to grow if the demand is not met. Examples of eligible improvements include storefront windows, replacement or restoration of brick, new awnings, lighting, signage, new doors and entry ways and other visible façade improvements. Land adjacent to the commercial district will also be purchased re-zoned and rehabilitated into attractive, environmentally-appropriate and safe parking areas. For interior improvements – priorities will be given to hard development costs associated with infrastructure activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing commercial buildings.

9. Residential and Economic Benefit Consider criteria such as (but not limited to): • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

Improves business development: The overarching goal will be to provide the Payne-Phalen community with reliable resources that will leverage private investment to create a different type of corridor, from which residents, business owners, the City, and other stakeholders can once again derive value. BIF is a resource for rehabilitation that will improve business recruitment efforts by bringing buildings back into use and engaging in new business development to create new jobs.

10. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

Project leverages private investment: Continued funding is needed to deliver expected services to preserve the commercial corridors: Structured in the form of a loan that requires a minimum of a 1:1 match BIF is a resource that will continue to revitalize the commercial district in order to attain economic growth, re-use land already serviced by existing infrastructure, and reflect the unique character of Payne Avenue and Arcade Street.

11. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

Project significantly benefits a neighborhood, improves property values, and improves safety and accessibility. Project improves aesthetic appearance of assets through landscaping, public art, lighting, signage, or other design features: ESNDC has a demonstrated track record through its Business Investment Fund (BIF) that encourages business and property owners to complete development that they would not otherwise be able to afford. Exterior commercial improvements have a positive effect on the image of the neighborhood by increasing overall property values, deterring vandalism, and reversing blight to create a vibrant commercial corridor.

12. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

Project's impact on future operating costs will decrease due to more energy-efficient systems. Project will meet or exceed City standards in environmental sustainability. ESNDC's track record demonstrates the ability to achieve stated outcomes:

13. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

I am aware of the city resources available to assist me in preparing my project proposal.

1. Please provide the following information about your organization and proposed project:

Project Title: - Single Family Redevelopment Program

Proposing Agency or Group: - PED

Proposer's Address: - 1100 City Hall Annex, 25 West Fourth Street, Saint Paul MN

Contact Person: - Roxanne Young

Phone Number: - 651-266- 6581

Email Address: - roxanne.young@ci.stpaul.mn.us

Address or Cross Streets of Proposed Project: - Numerous addresses

2. Citizen Participation District(s):

District 2 Community Council

District 3 - West Side Community Organization

District 4 - Dayton's Bluff Community Council

District 5 - Payne-Phalen Planning Council

District 6 Planning Council

District 7 - Frogtown Neighborhood Association

District 8 - Summit-University Planning Council

District 9 - West 7th / Fort Road Federation

3. City Council Ward(s):

1, 2, 5, 6, 7

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

Saint Paul PED's Single Family Redevelopment Program requests funding to ensure activities started with the Invest Saint Paul and Neighborhood Stabilization program are completed. This proposal will leverage funds to address vacant lots and buildings currently owned by City that are ready for redevelopment and concentrated in neighborhoods most impacted by the housing and foreclosure crisis from 2005-2010.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

The City of Saint Paul's Single Family Redevelopment Program is focused on stabilizing neighborhoods most impacted by foreclosures, vacancy, and disinvestment. Factors considered for target areas include concentration of high cost and delinquent mortgages, vacant buildings, and low median sale prices. Primary target areas that emerged from analysis of trends included Frogtown, Dayton's Bluff, Payne-Phalen, and West Seventh neighborhoods, with secondary target areas in the West Side, North End,

Greater East Side, and Summit University neighborhoods. The program is important because of its targeted investment in Saint Paul neighborhoods that are struggling; by focusing Saint Paul's resources on renewal and reclamation of deteriorated structures and lots, Saint Paul can reverse trends of abandonment and create healthy neighborhoods of choice.

Guiding principles of the NSP and ISP programs include:

- * Create healthy neighborhoods of choice by providing housing opportunities that are competitive in the market and reflect neighborhood vision and needs
- * Promote and implement sustainable building practices
- * Provide equal access to contracting, leasing, and purchase opportunities

During the first phase of the program, ISP/NSP activities focused on acquisition, demolition of blighted structures, and rehabilitation of salvageable structures. By the end of 2013, the NSP/ISP program will have rehabilitated over 160 units of housing and acquired and demolished blighted structures on an additional 150 parcels. The second phase of the program will focus on redeveloping a majority of NSP/ISP acquired vacant lots into new housing and ensuring highly strategic vacant buildings are rehabilitated to support stabilization efforts. The second phase is planned for 2013-2018 and includes a comprehensive funding strategy that will leverage NSP/ISP program income, CIB allocation, STAR funds, State of Minnesota Community Revitalization Program funds, as well as financing from private developers, non-profits, and banks. It is estimated that City of Saint Paul investment into new construction projects will leverage a minimum of a 2:1 private match.

There are many local benefits to the Single Family Redevelopment Program that impact Saint Paul. Construction activities provide local jobs for contractors, architects, environmental consultants, developers, realtors, and non-profits that have all been adversely impacted by the real estate market's struggles. In addition, a diverse range of housing opportunities are created by the program, providing options for quality rental or supported home ownership for households that make less than \$40,000 a year, as well as, creating competitively marketed housing sold to households making up to \$100,000 a year.* Occupants of NSP/ISP homes have reflected the diversity of Saint Paul, with a broad range of household sizes, incomes, and demographics served.

**Based on a family of four, household limits are adjusted according to family size and are updated annually.*

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

Investing in Saint Paul's neighborhoods through the Single Redevelopment Family Program serves a dual function: it creates new housing units that meet a new demand in the neighborhood and also improves neighborhood market for the benefit of existing

residents. By redeveloping vacant buildings and constructing new housing on vacant lots, Saint Paul is enhancing the quality of its housing choices and building its tax base for residential real estate. As investments occur, there are visible changes in the market of neighborhoods. Single family homes redeveloped by the program serve as comparative properties for appraisals done on other neighborhood sales, thereby stabilizing or increasing values for existing homeowners in the neighborhood.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

Single family redevelopment makes significant impact for Saint Paul. Properties with vacant buildings valued at \$10,000-\$30,000 when acquired are rehabilitated and sold for prices from \$120,000-\$180,000. Construction guidelines include requirements for energy efficiency, water conservation, environmental hazard abatement, and sustainable materials, which reduce utility and maintenance bills. Finally, vacant buildings and lots are opportunity sites for crime; reducing vacancy can reduce actual crime and perceived risk in a neighborhood. The program provides local jobs and local housing opportunity.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

Single family redevelopment work by the City has been coordinated in collaboration with community development corporations, local developers, and district councils. Project designs leverage partnerships and resources from Neighborhood Energy Connection, the Saint Paul Forestry Department, Capital Region Watershed District, and Enterprise Green Communities. Enhancing Saint Paul's housing stock is part of the core work identified in the Saint Paul Comprehensive plan and in neighborhood based small area plans.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

At the intersection of Jessamine and Walsh, four vacant houses are being rehabilitated through NSP. A family of four that live at that intersection thanked the NSP program for bringing people back to the “haunted houses” on their block. In each primary target area, there are blocks where 4-8 houses are being impacted by the Single Family Redevelopment Program. Rather than allowing whole neighborhoods to slide into decay, strategic reinvestment through this program changes negative perceptions of Saint Paul's most challenged neighborhoods and invites new investment and home owners.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

Developing new housing and rehabbing existing housing increases Saint Paul's tax base, which provides funding for essential City services. Selection of sustainable design features reduces strain on storm water, energy, and water utilities. Abatement of lead, asbestos, and radon ensures homes are healthy for families. Houses with historic features are rehabilitated in cooperation with the Historic Preservation Commission, to retain Saint Paul's historic assets. Finally, options for affordable, sustainable, and healthy housing are generated to retain and attract new residents with a secure and comfortable home.

1. Please provide the following information about your organization and proposed project:

Project Title: - St. Paul Home Improvement Loan Fund

Proposing Agency or Group: - Community Neighborhood Housing Services

Proposer's Address: - 35 West Water Street St. Paul, MN 55107

Contact Person: - Jason Peterson

Phone Number: - 651-292-8710 ext. 201

Email Address: - jp@communitynhs.org

Address or Cross Streets of Proposed Project: - Citywide

2. Citizen Participation District(s):

Citywide

3. City Council Ward(s):

Citywide

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

Community Neighborhood Housing Services' St. Paul Home Improvement Loan Fund provides home improvement loans and construction management services for home improvement projects for eligible low-to-moderate income single family owner occupied homes in the City of St. Paul with a focus on underrepresented neighborhoods and overall city-wide coverage and support.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

Community Neighborhood Housing Services (CNHS) has provided over 30 years of vital homeownership services and programs to the residents of St. Paul, MN and the surrounding local communities. CNHS was founded in 1981 to provide affordable home improvement loans to residents of the West End of St. Paul and has since grown into a diverse organization that provides comprehensive homeownership services with the goal of revitalizing neighborhoods through successful homeownership. Despite our growth, CNHS' core service is home improvement lending utilizing City of St. Paul CDBG funds. CNHS has provided and managed a home improvement loan program for 30 consecutive years for the City of St. Paul and would be honored to be able to continue to administer this program well into the future. At this time, CNHS is applying for \$400,000 in CDBG funds for FY14 and \$400,000 in CDBG funds for FY15 to fund our St. Paul Home Improvement Loan Program – for a total of \$800,000. These funds would be used in the form of below market rate amortizing loans, deferred due on sale

and forgiven loans to homeowners in St. Paul for improvements to their owner occupied homes. These funds would be available to eligible owner occupied homeowners residing in the City of St Paul and would not be restricted to a specific neighborhood. While other organizations provide similar services in a specific neighborhood, CNHS is able to provide home improvement loans across the entire City of St. Paul. This distinction is important as CNHS can not only serve City of St. Paul residents who do not live in these designated neighborhoods, but we can also assist and fill in for other organizations serving these neighborhoods when they run out of funds. Over the last several years, CNHS has worked with a number of local CDC's to help fill this gap once their funding has been depleted. In addition, CNHS has forged partnerships with several neighborhoods which do not currently have neighborhood CDC representation. CNHS has been working closely with both the Little Bohemia Neighborhood Association and the Fort Road Federation to provide services within the West 7th neighborhoods and CNHS has also been working closely with Hamline-Midway Coalition to provide larger home improvement loans to their service area. In addition, through our other lines of work including homeownership counseling and education, CNHS has the "on the ground" presence in place to successfully provide this program across the city. Through these and other relationships, CNHS is well positioned to provide city wide coverage for single family home preservation without losing individual neighborhood connections. CNHS currently operates a large revolving loan fund for home improvement loans with multiple funding sources but City of St. Paul CDBG funds have been the foundation of this loan fund for 30 years. CNHS has a strong track record in successfully managing this loan fund including not only getting this money to those residents in St. Paul in need of this service but also in tracking and accounting for these funds entrusted to us by the City. Also, as the majority of CNHS' home improvement loans are amortizing payback loans, this loan fund is somewhat self-funding. Over the last year alone, CNHS received over \$100,000 in payments which we then re-lent to the community. Over the past several years, CNHS has closed between 30-50 loans a year averaging more than a \$1,000,000 a year in loans. CNHS has continually demonstrated the ability to process, close and service home improvement loans to the residents of St. Paul in a professional manner for decades. If approved for this funding, CNHS would use this capital to lend to eligible households who qualify under HUD's definition of low to moderate income, which is less than 80% of the local area median income. This capital would be used to fund loans for households that would likely not be able to receive a home improvement loan from a traditional financial institution and, in order to keep these funds affordable, CNHS would not charge the homeowner any costs, including no closing costs or project management costs for this service. This is critical to preserve the aging housing stock in St. Paul as many houses in need of repairs would not likely be fixed without this program. CNHS provides all of our lending services in English, Spanish and Hmong in a culturally competent manner. CNHS is compliant with the Nationwide Mortgage Licensing System (NMLS) and all HUD Safe Act and RESPA regulations. CNHS is also a certified Community Development Financial Institution (CDFI) as designated by the United States Department of Treasury and is a HUD Approved Counseling Agency. CNHS is also a NeighborWorks America affiliate and has been given the prestigious designation of NeighborWorks Homeownership Center. CNHS provides all of our services in house from our office location conveniently located on a bus line just outside

of downtown St. Paul and right next door to Harriet Island. CNHS handles inquiries via telephone, email and walk-in and works with applicants regarding the application process. CNHS processes and closes all of the loans on-site with CNHS employees. CNHS also services all of the loans after closing which provides a local connection for borrowers. In addition, one service that CNHS provides that I would like to highlight would be the services that our Construction Specialist (CS) provides to homeowners that obtain home improvement loans from us. Once an applicant for a home improvement loan has been pre-qualified by our lending staff, they meet at their residence with our CS. At this time, our CS discusses the projected project with the homeowner as well as completes a visual inspection of the entire home for any other health and safety issues. The CS then writes up a scope of work for the project and sends to the homeowner and 3-4 contractors. Once bids have been received, the CS reviews for financial feasibility of the project. The CS then speaks with the homeowner and, if the homeowner decides to move forward with the project, the loan is then closed. After the loan is closed, our CS meets with the contractor and the homeowner at the property and holds a proceed meeting in which the entire project is discussed. Once the contractor starts work, the CS is available to both parties to answer questions, provide support or mediate if necessary. Contractors can request progress payments during the project but the CS must inspect the work completed and authorize any payment before a check is released to the contractor. Once the project is complete, our CS completes a final inspection and wraps up the project. Our CS is available at all times during and after the project if the homeowner has questions or concerns regarding the project. This guidance and peace of mind is invaluable to many homeowners completing rehab work on their homes.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

CNHS' St. Paul Home Improvement Loan Fund plays a critical role and is of great importance in maintaining and preserving one of the most important assets of the City of St. Paul – the housing stock. CNHS' home improvement loans directly improve the structural and mechanical integrity of single family homes. These projects also improve the functionality of these homes through the various improvements made as a result of these projects. Home improvement projects funded through this program dramatically improve these assets, not only providing a major benefit to the homeowner but also the city, in the form of increased property values. When a home is improved through this program, it helps to improve the entire block or neighborhood. This is not only a benefit for the current residents, but also improves the re-sale value of the home and will likely draw individuals into the city to purchase these renovated houses. CNHS' target market is the City of St. Paul, which, like many cities across the United States, has been hit hard by the recent economic and housing downturn causing a significant amount of economic distress. As will be evidenced by the numbers below, high unemployment and plummeting home values have created a situation in St. Paul where it is challenging, if not impossible, for many very low, low and moderate income households to obtain financial products such as financing for home improvement loans and entry cost

assistance loans. Couple the declining income and higher numbers of families living below the poverty level with the foreclosure crisis and falling home prices and the result is a large percentage of homeowners underwater in their mortgage. In addition, the average age of the housing stock in St. Paul is almost 70 years old and is in need of years of deferred maintenance. When you have a city with a high percentage of aging housing stock and a population of homeowners already struggling with a lack of sufficient income who now find themselves with little to no equity in their home, you have a large demonstrated need for home improvement capital available to this population. Unfortunately, this is precisely the position that St. Paul is in at this time. This is the glaring need that CNHS currently is able to fill for these households. Our current lending program includes home improvement loans and entry cost assistance loans to households that would likely be turned down for the same loan from most traditional lending institutions all while being able to keep delinquency rates low and capital revolving to help more and more families in need. In addition, CNHS works closely with emerging and underserved markets in St. Paul, providing access to capital that they normally might not be able to access. CNHS also utilizes this loan fund to provide loans to bring Category 2 and Category 3 vacant homes up to code. CNHS has worked with several families who have purchased a Category 2 vacant home but have been unable to secure financing for the repairs from another source. Through this program, CNHS is able to offer the project management services as well as the capital to bring the house up to code. In the last year alone, CNHS has assisted in rehabbing and bringing two Category 2 homes up to code and occupied by the owner. As is evidenced throughout this application, the need for lending capital in the City of St. Paul has not been an issue – the issue has been a lack of available lending capital. CNHS is in a strong position to be able to utilize the capital received from this application to invest directly into St. Paul to make a real difference in stabilizing and revitalizing the neighborhoods and communities with a large demonstrated need. Race of St. Paul Residents St. Paul has seen significant growth in its minority populations over the past several years. According to data from the 2000 U.S. Census, between 1990 and 2000, there was only a 5% increase in the number of people in St. Paul, but there was a 65% increase in the amount of African Americans, an 88% increase in the number of Asian, Native Hawaiian, & other Pacific Islanders. Due to the changing population in St. Paul, CNHS has worked to reflect these changes in the races and ethnicities of the clients we serve. Today we nearly mirror the City of St. Paul demographics with our own numbers. As you can see from the data below, “2011 CNHS Clients By Race,” CNHS has steadily increased the number of Asian clients that we serve. In 2011, CNHS’ percentage of Asian clients served is almost equal to that of the City of St. Paul. This is an important statistic as the Twin Cities Metro area has the second largest Hmong population for a metro area in the United States behind Fresno, California. In addition, CNHS served a substantial number of African American clients in 2011 and the percentage of white clients has remained steady and a bit below the percentage in St. Paul. 2011 CNHS Clients by Race--shown here is data for the top three race/ethnic groups in St. Paul. CNHS 2011 clients by race, compared to 2010 St. Paul residents by race are as follows—61% of CNHS’ clients are White, whereas the 61% of St. Paul’s residents are white; 21% of CNHS’ clients are Black, whereas 20% of St. Paul’s residents are Black; 14% of CNHS’s clients are Asian, whereas 5% of St. Paul’s residents are Asian

Income/Employment Demographics According to the City of St. Paul, as of August 2011, St. Paul's unemployment rate was 7.8%. Five years ago, August 2006, the unemployment rate sat at 4.2%. According to MHFA, as of 2009, the poverty rate in St. Paul was 19.8%, almost twice the state level and significantly higher than the national level as well. As you can see, St. Paul and its economy have been hit hard by the recession and unemployment. The HUD designated AMI for the Twin Cities for 2011 is \$82,700. As you can see from "2010 St. Paul Population by Household Income" data paragraph below, according to the City of St. Paul, over 75% of households in St. Paul are under this AMI. According to data compiled but the Minnesota Housing Finance Agency (MHFA), in 2009, over 22% of St. Paul residents had an income below the poverty level and the median household income was \$46,628. In 2008, over 62% of lower income homeowners in St. Paul spent 30% or more of their income on housing and the median monthly homeownership cost for households with a mortgage was \$1,539. 2010 St. Paul Population by Household Income (Source: City of St. Paul)—The income distribution of St. Paul households is as follows: approximately 11% of the population lives in households where income is under \$10,000; 25% of the population lives in households where income ranges from \$10,000 to \$29,999; another 21% of the population lives in households where income ranges from \$30,000 to \$49,999; just under 18% of the population lives in households where income ranges from \$50,000 to \$74,999; and the remaining 25% of the population lives in households where income is over \$75,000. CNHS serves clients of all income levels and our service ratios compare similarly to St. Paul's population distribution based on income. As evidenced from the internally prepared data, 55% of CNHS 2010 clients have household income that falls in the very low and low income range (50% or less of AMI). Of the remaining clients, 29% had household income in the 51% - 80% AMI range; and 16% had household income at over 80% of AMI. Housing Market According to census numbers, of 115,713 housing units in St. Paul for the 2000 census, 112,109 units were occupied. In the Twin Cities Metropolitan Area, an average household size in 2008 was 2.49 people down from 2.53 in census numbers from 2000. Of the housing units in St. Paul, 61,464, or 55% were owner-occupied, 11% lower than the national owner-occupied housing unit rate of 66%. According to the City of St. Paul, in 2011, there were over 8,000 vacant homes in St. Paul in 2011 and over 21,000 foreclosures in Minnesota that year. The Minnesota Housing Partnership reports that it costs over \$30,000 to bring a vacant home up to code in the Twin Cities. According to 2000 census numbers, individuals age 65 and over made up over 20% of owner-occupied housing units even though they made up only 10% of the total population in St. Paul. People under the age of 35 made up 77% of the renter occupied housing units and 18% of the owner-occupied housing units, yet they made up 34% of St. Paul's population. In addition, in 2000 whites made up 86.3% of the owner-occupied housing units, while they made up only 67% of St. Paul's population. African Americans made up 12% of St. Paul's population, but only 5% of homeowners. American Indian & Alaska Natives made up 1% of the population and 0.6% of homeowners. Asians and Pacific Islanders made up 12% of St. Paul's population, but only 5% of homeowners. Residential home values have been dropping all across the nation since 2006 and Minnesota and the Twin Cities Metro Area have been no different. According to Ramsey County records, the tax assessed value of a residential property in the City of St. Paul fell by 7.4% from 2009 to 2010 alone (national

average was -6.3% and Ramsey County average was -5.3%). That is a dramatic decline for a one year period. The median value of a residential home in St. Paul in 2010 was \$154,400 while it was \$180,400 countrywide at that time. As over 1 in 3 households in St. Paul purchased their home since 2005, many St. Paul homeowners have been dramatically affected by this declining market and are losing a great deal of equity in their homes. As is also the case across the United States, it is becoming harder to sell a home and the median sales price has drastically declined. According to the Minnesota Realtors Association, in July of 2005, there were over 9,000 home sales in Minnesota. Five years later, in July of 2010, there were less than half as many sales. The median sales price of a home sold in July of 2005 was over \$205,000. Five years later, in July of 2010, the median sales price of a home sold in Minnesota was under \$185,000. These dramatic declines have had serious adverse effects on the neighborhoods and the communities we serve. From an increase in foreclosures to a lack of available equity to obtain a loan for home repairs, these factors have caused a substantial increase in client requests for our services. Minnesota has faced a substantial number of foreclosures over the last several years. According to the Minnesota Homeownership Center, there were 25,673 foreclosures in 2010, an 11% increase from 2009 and almost as many as 2008 (26,251 – Minnesota's peak year to date). In 2010, 62% of foreclosures occurred in the Twin Cities Metro Area. A recent report by state regulators stated: "Too many homeowners experience foreclosures when finding an alternative solution would be in the best interest of both the homeowner and the mortgage holder. Preventing these unnecessary foreclosures would help not only the struggling homeowners and mortgage investors, but also the neighborhoods and local governments that bear the indirect costs." In addition, a recent study on the success of HAMP stated: "Nearly three years into the foreclosure crisis, we find that more than 60% of homeowners with serious delinquent loans are still not involved in any loss mitigation activity." Amongst all of the other data, these 2 quotes highlight the importance of the services we offer the communities we serve. Many of the homes that have gone into foreclosure were because of the prevalence of sub-prime loans to families. 2009 data from the City of St. Paul show that for subprime loans with a payment 90+ days past due, activity is concentrated in four neighborhoods (Daytons Bluff/Payne-Phalen, Highwood,/Battle Creek/ Greater Eastside, North End, and Hamline/Midway/Frogtown/Merriam Park). Past due and subprime loans for properties in these four neighborhoods represent 70% (or 196 loans) of all past due, sub-prime loans recorded for the entire city. The lending community has reacted by becoming extremely conservative in making mortgages. The Twin Cities Metro Area is generally considered a distressed market by the mortgage insurance companies so families are often being asked to make down payments of 10% or more which is causing affordability issues for many borrowers. The City of St. Paul has a fairly old housing stock which leads to additional repair and maintenance requirements. According to the City of St. Paul, 69% of houses in St. Paul were built before 1960. This supports the continuing need for home improvement capital to stabilize and revitalize these neighborhoods. There have been many changes in the single family housing market over the past few years. As foreclosures have increased, there are now whole neighborhoods with blocks of vacant and boarded houses. New construction has dropped considerably and in some areas is totally non-existent. Building permits issued

in St. Paul dropped 36% between 2008 and 2009; a more severe drop than any other major metropolitan area in the state except for St. Cloud, MN. As with the majority of other metropolitan areas in the United States and in Minnesota, this trend has not improved in the Twin Cities since 2009.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

CNHS is a local leader in the affordable housing industry and has well-established relationships with many partners that share our mission. CNHS works closely with the City of St. Paul to administer CDBG funds to eligible homeowners for home repairs. CNHS is one of the largest and most consistent affordable housing lenders and CDCs in the St. Paul area. As stated above, CNHS currently has a successful Home Improvement Lending Program up and running that, in some form or another, has been successful for 30 years. Thus, CNHS would not need any time to “ramp up” or train or hire staff to utilize this funding and we would have the ability and capacity to begin to lend this money once we are in receipt of it. CNHS’ organizational goals are to revitalize and stabilize neighborhoods. We use an array of innovative financial products and services with flexible terms and features to meet our goals. Our products and services are responsive to our target market, and match the needs of our target market in the current difficult economic condition. To further these goals, CNHS’ home improvement loan program is limited to health and safety related improvements. In addition to lending money to very low, low and moderate income homeowners who likely would not qualify for a loan from a traditional lending institution at a below market rate, CNHS provides guidance throughout the entire process. CNHS’ lending staff walks a client through the application and loan closing process and provides counseling around budgeting and financial fitness issues as necessary. CNHS’ Construction Specialist works with our clients from the planning stages of the project to the contractor selection process all the way through project finalization. CNHS holds all funds in an escrow account and contractors do not receive progress payments until our Construction Specialist approves the request. Our Construction Specialist is available to answer questions, provide advice and, if necessary, mediate issues that arise in all of our home improvement projects. As the credit market remains tight and home values remain low, there is a growing demand in our community for additional capital to borrow, especially for low to moderate income households. Over 62% of lower income homeowners in St. Paul spent 30% or more of their income on housing and the median monthly homeownership cost for households with a mortgage was \$1,539. Home values remain depressed, down 34.5% from their peak in 2007. 22% of homeowners are underwater in Minnesota with over 45% at greater than 80% current loan-to-value. These factors have caused many households in the Twin Cities to be ineligible for loans from traditional sources as their income may be too low or they may lack the necessary equity in their house or a combination of the two. Nearly 65% of houses in St. Paul are 50 years or older with many needing substantial work due to deferred maintenance. The application process for our Home Improvement Lending program is as follows. Interested homeowners contact CNHS and request an application. CNHS mails an application that needs to be

completed and documents that need to be collected and brought to the face to face meeting. When the homeowner calls CNHS, staff sets an appointment to meet face-to-face with the potential borrower. During the face-to-face meeting staff collects documents to substantiate borrower's collateral, credit worthiness, ability and willingness to repay, amount the borrower wishes to borrow and for what type of repairs. CHNS provides services on a first-come-first serve basis and does not maintain a waiting list. CNHS' current deployment ratio is 95%. We project this ratio to remain high due to the high demand for home improvement, health and safety, and second mortgage loans. It is our belief that we currently have the capacity to lend more capital than we have available and that if we have larger amounts of less restrictive lending capital, we would have no issues in utilizing this capital in a timely manner. CNHS' home improvement projects provide work for many contractors and business people involved in the construction field. CNHS utilizes numerous contractors from the CERT and Section 3 lists. Homes are made safe with an improved streetscape. Businesses benefit through the purchase of supplies to fix the homes. Overall, CNHS' activities transform the lives of the people we serve by providing loans and counseling services that lead to safe and affordable residences and the stabilization of neighborhoods in need of these improvements. CNHS' St. Paul Home Improvement Loan Program specifically improves not only the homes of the recipients of the loans but also the neighborhoods and the City of St. Paul as a whole.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

As mentioned above, CNHS has operated a revolving loan fund for over 30 years and we partner and receive capital from a number of entities and organizations. As such, another major benefit that CNHS brings is the amount of capital we are able to leverage utilizing City of St. Paul CDBG funds as a base for our home improvement lending. As CNHS' goal is to lend \$1,000,000 a year in home improvement lending and we receive approximately \$250,000 a year in CDBG funds from the City of St. Paul, we are generally able to leverage these funds on a 4:1 ratio which is an outstanding return on investment for the City of St. Paul. CNHS has administered CDBG funds for the City of St. Paul for 30 straight years. As CNHS revolves these funds, we are constantly taking in payments and payoffs as the program is somewhat self-funded, giving the City of St. Paul a good return on investment. CNHS revolves over \$100,000 a year in CDBG funds for this program. CNHS has received \$600,000 of lending capital from NeighborWorks America over the last two years which we have used as a part of our revolving loan fund for home improvement loans. CNHS also recently received a grant of \$159,000 from the Federal Home Loan Bank for their Affordable Housing Program funding for home improvement lending capital. CNHS is also a certified CDFI (as of 2001) and has received four EQ2 investments from lending institutions over the years. CNHS currently has \$550,000 of EQ2 investments committed to our revolving loan fund. We have a commitment of \$100,000 from US Bancorp, \$100,000 from American Bank and

\$350,000 from Wells Fargo in two (2) separate loans (one for \$200,000 and one for \$150,000). CNHS also recently received a grant of \$1,460,000 from the CDFI Fund for home improvement lending capital for our revolving loan fund. In an effort to reach our target market, CNHS utilizes a comprehensive marketing plan. Also, as CNHS serves clients in a large geographical area and across many different demographics, we have implemented a diverse and individualized marketing strategy based on what we are promoting at that time. The following is a list of ongoing marketing and public relations activities that are part of CNHS' work: web site - www.communitynhs.org, annual report, annual event, press releases, home ownership fairs, flyers and brochures, neighborhood activities/fairs/special projects, radio/TV spots, radio/TV panel participation, outreach activities with partner organizations and a NeighborWorks Week activity. Some specific marketing strategies that we have utilized over the last several years to reach emerging markets include: running a Hmong radio ad campaign, attending resource events at a local high schools, attending resource events at a local churches, running a TV ad on a local cable TV channel, running a radio ad on KMOJ – a predominantly African American radio station, running a radio ad on a local Hmong radio station, staffing a booth and providing information at a local Cinco de Mayo parade and a Hmong New Year event and distributing flyers in targeted neighborhoods. CNHS has also reached out to several predominantly minority attended churches and has created a fledgling partnership that has included container gardening at a local laundry mat, a proposed community garden at a church site and an outreach event with the African American Economic and Cultural Wellness Center. CNHS has also partnered with and/or visited several organizations throughout this past several years including the Cultural Wellness Center and the Eastside Financial Center and has also worked closely with many different industry professionals throughout the Twin Cities. CNHS also works with local city and district councils as well as local neighborhood groups to disseminate information on our financial products. While CNHS strongly believes in the importance of reaching our target market, as evidenced by our historic capital deployment rates, finding eligible households in our target market in need of our financial products has not been an issue. CNHS' target market is the City of St. Paul, which is home to a number of active and vibrant neighborhoods and communities. CNHS has found the most success in expanding our outreach to marginalized and isolated populations (low-income Hmong and African American populations) through on the ground face-to-face communication. CNHS employs a culturally and ethnically diverse staff, many of whom have had years of experience working in the housing profession within their community. CNHS uses these and other connections to reach those in the community in need of our services that main stream advertising likely won't reach. In addition, all 10 of CNHS' staff members live within various neighborhoods throughout St. Paul and utilize their local ties to disseminate information about our services. CNHS prides itself on not only working city-wide but also in having a presence in a number of local neighborhoods. The City of St. Paul has numerous neighborhood based Community Development Corporations that serve geographically restricted areas. CNHS partners and works with all of these local CDC's to support and supplement their work. For example, certain CDC's offer first mortgage programs but not homebuyer education, so CNHS works in these areas to provide the development services. In addition, there are number of neighborhoods that do not have a local CDC.

CNHS has “adopted” two such neighborhoods, St. Paul’s Westside (where our office is located) and the West 7th-Fort Road neighborhood. CNHS concentrates additional work and resources into these neighborhoods to make a measurable improvement. CNHS has also recently forged a relationship with the Hamline-Midway Coalition to provide targeted home improvement lending in their service area. CNHS is proud to serve and supplement the services offered throughout all of St. Paul without losing our neighborhood based focus. CNHS has provided services in Hmong for the past 10 years and we have seen the need for these services increase as the Hmong population has increased in our target area. According to 2010 census numbers, over 12% of St. Paul’s population is Asian and the Twin Cities Metropolitan Area has the second largest Hmong population for any metropolitan area behind Fresno, California. In addition, CNHS has recently begun offering our group homebuyer education workshops in American Sign Language and Karen.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

CNHS’ St. Paul Home Improvement Loan Fund is, at its core, a program that benefits the community. The loans provided by the program significantly benefit many of the neighborhoods located in the City of St. Paul as well as the City as a whole. The program enhances livability by improving safety and increasing property values. Houses that receive loans will also see an improvement in aesthetic appearance and, possibly, other design features. Home repairs funded through this program are limited to health and safety related needs. Interior or exterior repairs are allowed and the repairs must be consistent with needed maintenance and upkeep of the property. Requests for improvements considered extravagant (Jacuzzi, hot tub, out of line with moderate cost hardware) will be considered if they are required for a verifiable medical condition or may create a hazardous condition on another part of the property. Below are some recent client stories from real St. Paul Home Loan Fund clients: Two elderly sisters in St. Paul’s West End were referred to CNHS by the Neighborhood Nurses Block Program. The sisters were on the verge of having the only home they had ever lived in condemned. The sister’s median age was 86 and their combined income was less than \$12,000 per year. By using deferred funds, CNHS was able to dramatically improve the sister’s living situation, save a home from becoming another vacant property in the neighborhood and create a partnership with the West End Block Nurses. A widow who had been diagnosed with Multiple Sclerosis (MS) came to CNHS in hopes of making her home more handicapped accessible. CNHS’ Construction Specialist and a contractor were able to come up with a plan and make changes that should allow this woman to stay in her home as her MS progresses. A single mom with three children were facing the possibility that their home was going to be condemned. CNHS was able to complete enough work on the house to prevent condemnation including replacing all of the lead windows with vinyl windows and upgrading the insulation, furnace and hot water heater. This past winter the family saw a dramatic difference in their gas/electric bill and the

home is now safe from potential lead poisoning. A single grandmother who had adopted a special needs child was in need of minor exterior and interior repairs that would improve the livability of their home. CNHS provided a low interest loan that met the needs of this working single grandma/mom and maintained the integrity of the neighborhood. CNHS was able to provide matching funds to an elderly widow to repair her crumbling chimney. CNHS partnered with the West 7th Fort Road Federation to provide the matching funds. A multi-generational family living in an owner occupied side-by-side duplex was able to improve their home through a combination of low interest loans from CNHS and a grant from St. Paul Public Health for lead abatement. The children, who are cared for by the grandparents, are now safe on both sides of the home. CNHS assisted a borrower who recently purchased a vacant home in a low income census tract in our target market who, primarily due to the fact that the home was not habitable, was unable to secure financing to make the necessary repairs to bring the property up to code. CNHS financed almost \$70,000 in funds and provided construction oversight of the project and, as the borrower's primary language was Hmong, we were able to provide all of these services in a culturally competent way. Once the project was complete and the property passed inspection, the borrower was so excited that he and his family hosted an open house for all CNHS staff to attend and see firsthand the progress. As this property is a duplex, CNHS was able to turn one vacant home on a distressed block into a beautifully remodeled home for not only a homeowner but also a renter.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

CNHS' St. Paul Home Improvement Loan Program is designed to meet the specific needs of the City of St. Paul through below market interest rates, less restrictive credit criteria, increased financial education and ongoing financial education support. In addition, our home improvement loan programs provide support throughout the loan and construction process in the form of education on the lending side and a Construction Specialist who assists the home owner by inspecting the home, writing a project scope, sending the scope out for construction bids, going over the bids with the home owner, assisting in the selection of the appropriate contractor and monitoring and approving payments for work completed and ensuring that all permits are obtained from the city, city codes are complied with and city inspectors are on site to monitor and sign off on projects. CNHS strongly encourages the use of Energy Star products and "green" building materials for all of our home improvement loans with the majority of the projects we fund utilizing these options. CNHS' St. Paul Home Improvement Loan Program provides a tangible return on investment in the form of improved housing stock, increased home values and increased tax base. The preservation of the single family housing stock is very important to a vibrant St. Paul and at the heart of our work. In addition, as CNHS is able to leverage these funds, we are able to multiple this return on investment substantially. Also, many of the homes which CNHS has provided funding to

repair are homes of historical significance. As older homes tend to have more deferred maintenance needs, CNHS finds that we are often working more frequently in these areas. CNHS' home improvement loan program has been thriving for over 30 years, with major foundational support coming from the City of St. Paul through CDBG funding. CNHS has a strong track record of achieving our stated outcomes in our home improvement lending program year after year. CNHS is proud to count the City of St. Paul as a partner in the great work that we do in stabilizing and revitalizing the City of St. Paul and we are hopeful, through this application, that we can continue to count on this vital support in the future.

1. Please provide the following information about your organization and proposed project:

Project Title: - Vacant and Hazardous Building Demolition

Proposing Agency or Group: - St. Paul Department of Safety & Inspections

Proposer's Address: - 375 Jackson St, Suite 220, St. Paul, MN 55101

Contact Person: - Vicki Plaistow

Phone Number: - 651-266-9113

Email Address: - vicki.plaistow@ci.stpaul.mn.us

Address or Cross Streets of Proposed Project: - Citywide

2. Citizen Participation District(s):

Citywide

3. City Council Ward(s):

Citywide

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

Demolition of vacant and hazardous buildings.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

This is a citywide, multi-year program which provides resources to clear buildings which are considered nuisance properties, and/or pose a threat to public health and safety. Properties must have been 1) vacant for at least one year; or 2) vacant and unfit for habitation for at least 90 days. These structures are typically identified on the City's vacant building list. The program is administered by the City's Code Enforcement personnel in the Department of Safety and Inspections.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

The financing that is provided through the CDBG funds are used to remove blighted, nuisance buildings in the City of St. Paul. These structures historically have been a negative influence on an individual block which creates disinvestment and crime in the community. By providing the CDBG funding to remove these properties the City has the

ability to remove many more of these structures than if it used its limited internal resources. As the number of vacant buildings continues to remain relatively constant, at a very high number, and the costs of hazardous waste abatement continue to increase, it is necessary to utilize every funding source available to remove these blighted structures.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

Removal of these blighted structures enhances neighborhood livability and stabilizes the community in general. This stability creates an increase in tax value and a decrease in the need for police and fire services. In addition, future economic development opportunities for stable housing are created.

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

DSI's Code Enforcement has utilized CDBG funding for removal of nuisance properties for more than fifteen years. Prior to 2012 the funding level from the CDBG funds was at \$500,000 per year. For fiscal years 2012 and 2011 the vacant building demolition funding had an additional \$250,000 available from assessment funds to use for removing structures. That funding is not budgeted in 2013, leaving total funding for 2013 for vacant building demolitions down to \$400,000 compared to total funding available in 2011 of \$750,000. Combining this program reduction with the increase in cost we are experiencing for demolitions, our 2013 program has been reduced to about 20 buildings, a fraction of what is needed.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

Currently there are over 1,500 vacant buildings in St. Paul. As part of the nationwide mortgage foreclosure crisis this number peaked at over 2,000 in 2009. Historically there have been fewer than 500 vacant buildings in the City. Vacant and abandoned buildings are an attractive nuisance and havens for criminal activity. By focusing on demolishing problem structures we improve the livability of neighborhoods and make our communities more inviting for future reinvestment. This proposal would allow DSI to get this program back on track and demolish approximately seventy of the worst of the worst buildings each year.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

Provides future opportunity for redevelopment in neighborhoods that have seen decades of disinvestment.

1. Please provide the following information about your organization and proposed project:

Project Title: - West Side Single-Family New Construction

Proposing Agency or Group: - Neighborhood Development Alliance

Proposer's Address: - 481 Wabasha Street S

Contact Person: - Karen Reid

Phone Number: - 651-292-0131

Email Address: - kreid@nedahome.org

Address or Cross Streets of Proposed Project: - multiple sites

2. Citizen Participation District(s):

District 3 - West Side Community Organization

3. City Council Ward(s):

2

4. I am aware of the City's public art ordinance:

Yes

5. Please provide a short description of your project.

In the last five years, the West Side has witnessed single-family home foreclosures scattered across the neighborhood. Immediately (2008) NeDA and the City began assembling land within a defined area. The goal was to focus redevelopment in a small area, making a bigger community impact.

Section B – Narrative/Long Description: • Why is this project important? • Is there any historical context we should be aware of? • What does this project accomplish? What problem is it trying to solve? • Will this project occur in phases? What are they?

NeDA hopes to support past development projects (values) and encourage homeownership on the West Side. One way to attract a wide variety of families is to have a variety of housing options. NeDA's goal has long been to provide both rehabbed homes and new construction homes available for homeownership to low and moderate income families. Most of the single family homes on the West Side were built prior to 1939 (60%). While many have been maintained and reinvested in (over the years NeDA, Community Neighborhood Housing Services and the City have provided low and moderate income homeowners with grants and loans to make health, safety and energy efficient repairs and upgrades), NeDA wants to continue to offer new construction homes. The properties NeDA identified and purchased were vacant, foreclosed and primarily rental property that had suffered from a good deal of deferred maintenance, damage, and just general neglect. While NeDA has always preferred to rehab older homes, on review, the ones NeDA purchased rehab did not appear economically feasible. Even though subsidies will be needed for new construction, demolition and

rebuilding new, energy efficient homes was our preferred strategy, and made most economic sense. None of the homes we purchased had a particular historic interest other than they were part of a block's fabric. When NeDA rebuilds, we build to the blocks style, size, etc. New homes that NeDA builds also have an added advantage, build so that the basement is ready for finishing: ceiling height are 8 feet, egress window(s) are installed, insulation is now furnished, and a bathroom is roughed in. This provides a growing family with the ability to expand their finished living quarters as it grows or space needs change. By assembling property in close proximity to other properties, NeDA hopes to have a bigger financial impact on the surrounding area: increase home values as we turn now vacant parcels into homes, thus increasing the city's property tax base. It took three years to assemble the property. Over the next three years NeDA seeks to build 15 homes. Timing will depend on availability of construction and gap financing. The plan is to revolve construction financing. Continued funding is needed to bridge the value gap between construction and sale price. Essentially, we will build them as fast as we can get construction financing, necessary value gap, and most important build them as fast as we can sell them.

Section C – Fit with Evaluation Criteria

1. Project Importance: • Project stabilizes the structural or mechanical integrity of an asset • Project improves or creates an asset that is currently in high use or demand • Project improves or creates an asset to meet new demand • Project improves the functionality of an asset

Project improves or creates an asset that is in growing demand: homeownership on St. Paul's West Side. The housing market for single-family detached homes is currently undergoing a certain amount of upward movement, including an increase in new housing starts. We have seen housing prices slowly increase and the inventory of single family homes decrease. NeDA has a possible 15 parcels that can be built on thus increasing the variety of West Side housing stock and put property back on the tax rolls. Most of the single family homes on the West Side were built prior to 1939 (60%). While many have been maintained and reinvested in, NeDA wants to continue to offer new construction homes. We feel that this not only helps maintain a successful, desirable neighborhood -- by replacing an aging housing stock -- the visual example of new construction project (and the home itself) will help support the reinvestments other home owners have made over the years. Throughout the housing crises NeDA provided both foreclosure prevention counseling and rehab loans to low/moderate income families. We have worked over the past five years to support and retain the West Side's home ownership community. Now is the time to expand our work back into new construction.

2. Residential and Economic Benefit: • Improves the City's housing stock • Project creates or improves job opportunities • Project improves business development • Project improves safety

This project will increase the range of housing stock available for home ownership. And the project will continue to increase the number of sustainable/energy efficient homes in the City. NeDA has long built solid energy efficient homes. We built the City's first LEED

Gold home(s) for low and/or moderate income families. We will continue to build sustainable homes for moderate income buyers. We believe building and selling quality homes improves a neighborhood's stability. Between 2000 and 2005 NeDA built 19 new homes. Of those, only three have been sold (one was to a family member). The average increase in value -- from date of sale to current (2013) county assessments of market value -- for these new construction homes is \$27,484. And, again as stated above, most of the single family homes on the West Side were built prior to 1939 (60%). While many have been maintained and reinvested in, NeDA wants to continue to offer new construction homes. We feel that this not only helps by replacing an aging housing stock, the visual example of new construction (and the home itself) will support past development projects (values).

3. Demonstrated Commitment: • Continued funding is needed to deliver expected services or to preserve an asset • Project leverages outside funding • Project has been proposed in previous cycles • Proposal demonstrates evidence of community collaborations or partnerships • Project demonstrates community support and organizational commitment

This project will necessarily need to leverage other public dollars. NeDA will look to the State's single-family program, where we have successfully secured construction financings, value gap financing (the gap between cost of construction and market price) and the affordability gap financing (the difference in sales price and ability for a moderate income family to purchase the home) for 20 years. NeDA will be putting an application in to MN Housing for the next three years to support this program. It took three years to assemble the property. Over the next three years NeDA seeks to build 15 homes. Timing will depend on availability of construction and gap financing. The plan is to revolve construction financing. And continued funding is needed to bridge the value gap and affordability gap. Essentially, we will build homes as fast as we can get construction financing, necessary value gap, and most importantly, build them as fast as we can sell them. This project has not been proposed in previous cycles as we have been focused on the acquisition phase (with the City) and both the City and State have focused on rehab over new construction. We now see an interest in reinvesting in building new homes. NeDA's recent housing projects were preservation of rental property and assisting home owners with necessary rehab work. NeDA has support of the community. We have already conducted initial design charrettes for a two block area with five contiguous lots. NeDA has been involved with the community on a variety of planning processes with regards to development of both ownership and rental properties. And we have a history of working with block clubs and the district council (WSCO) on presenting and taking input on building plans. NeDA is charged in the West Side Community Plan with addressing housing needs: "On the West Side, housing initiatives are integrated with thinking and decision-making about business districts, and mobility and transportation corridors. A wide range of incomes, ages, and family sizes, and cultures call the neighborhood home, and can choose to live anywhere in the community because there are a wide variety of housing tenures and styles available within it." The implementation plan calls for NeDA to "Increase the number of units affordable to people at 30-80% of AMI." NeDA is prepared to do this through

development of both rental and ownership housing. NeDA's single-family homes are being built for families at or below 80% AMI.

4. Community Benefit: • Project significantly benefits a neighborhood, district, area, or city as a whole • Project enhances livability by improving quality of life or property values, providing unmet needs, improving safety or accessibility, etc. • Project improves aesthetic appearance of an asset or area through landscaping, public art, lighting, signage, or other design features

NeDA believes that its single family housing construction did and will continue to have not just an aesthetic impact but an economic benefit to the community. NeDA reviewed the 19 new construction, detached houses we previously built from 2000 through 2005. Of the 19, only three have decreased in value, three have been sold and of those three only one went into foreclosure. All still are homesteaded. As stated above, the average value increase from original sale price is \$27,484. (This average includes the three that were sold and/or foreclosed on.) This has helped stabilize the surrounding property values and provides us with an understanding that NeDA's new single family homes will hold their value. And these homes do pay an increase property tax, adding more resources to maintain St. Paul's quality of life. It should be noted that NeDA builds wheel chair accessible homes and several of the floor plans we've utilized have both a first floor bedroom and bathroom with the necessary door widths and supports for handicapped and/or elderly residents. We also believe that NeDA builds attractive homes that fit into the neighborhood. NeDA builds with sustainable material and we have a high standard for energy efficiency.

5. Long-Range Impact: • Project provides tangible return on investment • Project's impact on future operating costs (both increases/decreases) • Project exceeds standards in environmental sustainability • Project is included in City-approved plan • Project maintains an asset with historical significance • Project demonstrates ability to achieve stated outcomes

NeDA builds homes with mechanical systems that are efficient and low cost to run. We achieve the highest standard of environmental sustainability as financially possible. One way we do this is that we build modest size homes: 1,300-1,450 square feet. We allow the home owner to increase finished space, but readying the basement for expansion to family room and/or fourth bedroom. The homes we built are low cost to run and ideal for new families with limited means to make repairs. As stated above, our proposal is part of a City-approved plan. It meets past West Side Community Plans (where NeDA was called out to increase the viability of the West Side's housing stock) and the current 10-year plan moving to the City Council for final approval, either late January or early February 2013. NeDA can't predict the housing market, but we want to build homes that people will need and want, not as a short-term investment, but as a long-term choice to live on the West Side. Many of our long-term residents call the West Side, "The Best Side." Our goal is to support our residents' pride in their neighborhood. Since NeDA's inception in 1989, the agency has developed 200 units of housing: 108 units of multifamily housing and 92 units of ownership (including duplexes designed for owner-

RED-West Side Single-Family New Construction

occupants) housing. We have built and rehabbed homes for a variety of family incomes, sizes, and building styles.