

## Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: May 20, 2008

To: Council Member Lisa Goodman, Chair, Community Development Committee

**Subject:** Minneapolis Advantage Demonstration Loan Program Evaluation

**Recommendation:** Authorize staff to conduct a program evaluation in coordination with Results Minneapolis and direct staff to return to the Committee in six months.

**Previous Directives:** On April 4, 2008 the Council approved the Minneapolis Advantage demonstration loan program and directed staff to report back to the Community Development Committee after six months on utilization of the program. The Council also directed staff to return to the Community Development Committee with a specific plan to evaluate the program including measurable outcomes aligned with the Results Minneapolis process and measurable goals for changes in the eligible neighborhoods through a process including key stakeholders.

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Approved by: Tom Streitz, Director of Housing Policy and Development _____ Charles T. Lutz, Deputy CPED Director _____
Presenters in Committee: Tom Streitz

### Financial Impact

No financial impact

Action is within the Business Plan

### Community Impact

Neighborhood Notification: The Minneapolis Advantage program received the 45-day review and comment period.

City Goals: In five years, all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy life styles; the city's infrastructure will be well-maintained and people will feel safe in the city.

### Supporting Information

The Minneapolis Advantage Demonstration Loan Program (MAP) was approved by Council on April 4, 2008. MAP is a down payment, closing cost and rehabilitation assistance program. It offers fifty loans of \$10,000 at 0% interest. The loans are forgivable over five years as long as the homebuyer maintains the home as their primary residence during the five-year time period. It is available to anyone within the 18 eligible neighborhoods, if they purchase a single family detached home or duplex on a block with a foreclosed or vacant and boarded structure.

At the time the program was approved, the Council directed staff to report back to the Community Development Committee on a specific plan for program evaluation, which will be presented in October. Program evaluation will be undertaken with the assistance of the Center for Urban & Regional Affairs (CURA). CURA is willing to help the City analyze the program's impact so as to inform future housing program decisions. All of the data gathered will be tabulated to determine if the program caused greater investment, stabilized the housing market and/or leveraged other home purchasing.

The evaluation team will also be comprised of the Greater Metropolitan Housing Corporation (GMHC), the Minnesota Home Ownership Center (HOC), eligible neighborhoods, realtors, lenders and other participating non-profits. Paul Sigurdson of Counselor Realty is GMHC's marketing agent. Mr. Sigurdson was on the City's Real Estate Advisory Board for 12 years. He has agreed to assist the City with its six-month analysis of MAP's impact on the market in the eligible neighborhoods with particular emphasis on market values. To assist the evaluation various metrics will be collected.

First, all MAP buyers are required to attend a Home Stretch homebuyer educational workshop sponsored by HOC before they close on their home purchase. Staff has asked HOC to track the number of attendees who attend workshops because of their interest in MAP. These sessions are designed to prevent future foreclosures by educating the homeowner.

Second, GMHC is the MAP administrator for the City and will provide the following information: 1) number of applications distributed; 2) number returned for processing; 3) number of final approved/closed loans; 4) number remaining on the waiting list; 5) loan amounts as to usage between down payment assistance, closing costs and rehabilitation; and 6) the leveraging of the MAP loan with other available resources from the City and the eligible neighborhoods. This information will measure the demand for the program.

GMHC will also collect demographic information for the City at the time of closing (see attached data sheet). In addition to standard demographic, employment, race and income data the following information will also be collected:

- ✓ Property type purchased (single family, duplex, boarded, foreclosed)
- ✓ Purchase Price/Appraised value
- ✓ Homestead or non-homestead status
- ✓ Current residence of purchaser
- ✓ Employer of purchaser

These data will be correlated and reported referencing the appropriate section of the Five Point Housing Strategy. For example, if a vacant building is purchased for rehabilitation it will be reported under Strategy 3: Rehabilitate or Remove Boarded & Vacant Buildings. The demographic information will be utilized in the six month program evaluation and future market analysis.

The Council direction also requested measurable outcomes aligned with Results Minneapolis, goals for changes in the target neighborhoods and a process to include key stakeholders. On May 6, 2008 there was a special Results Minneapolis cross-departmental session held on the topic of Healthy Housing (Foreclosure Prevention). The information for this session was organized using CPED's Five Point Housing Strategy with a dedicated section for each strategy.

Along with other City loan information, MAP was added under Strategy 5: Attract & Retain a Healthy Mix of Stable Residents.

Future Results Minneapolis reports will include a quarterly map showing:

- ✓ # of MAP loans closed
- ✓ Distribution by eligible neighborhoods

MAP program measures will initially be available in the second quarter and included in the Results Minneapolis report issued in July. Several of these MAP measures relate to key CPED departmental performance measures. They will also be highlighted in the second quarterly CPED performance measures report.

A follow-up survey will be prepared for the new MAP homeowners. In particular information will be gathered on permit improvements to their properties and involvement in their neighborhood associations.