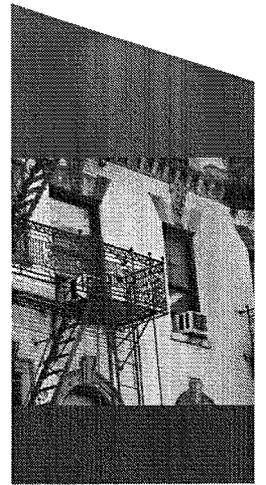
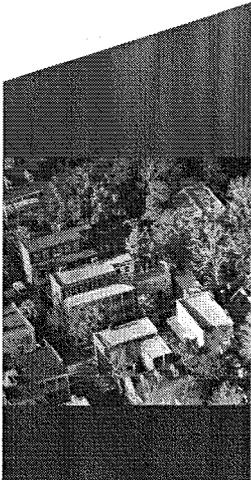


**COMMUNITY
PLANNING
&
DEVELOPMENT**

Minneapolis 2010 Consolidated Plan NSP3 Substantial Amendment



1. NSP3 Grantee Information

NSP3 Program Administrator Contact Information	
Name (Last, First)	Shoquist, Cherie
Email Address	Cherie.Shoquist@ci.minneapolis.mn.us
Phone Number	612-673-5078
Mailing Address	105 South Fifth Street, Suite 200, Minneapolis, MN 55401

2. Areas of Greatest Need

Map Submission

The maps generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website are included as attachments. Minneapolis submits a Minneapolis NSP3 Priority 1 Area Map and 3 Minneapolis NSP3 Priority 2 Area Maps; including:

Priority Area 1—Boundary

- Neighborhood Name: Penn Lowry Ctg Pk
 - West: Western alley of Queen Avenue North
 - East: Eastern alley of Emerson Avenue North
 - South: Mid-block (between Golden Valley Road and 19th Avenue North)
 - North: From Morgan to Russell Avenues—Mid Block (between Lowry and 33rd Avenues)
From Morgan to Dupont Avenues—Mid Block (between 26th & 27th Avenues)

Priority Areas 2—Boundaries

- Neighborhood Name: NE Focus
 - West: Monroe Street (including western side of the street)
 - East: Fillmore (including eastern side of the street)
 - South: 18th Avenue (including south side of the street)
 - North: 28th Avenue (including north side of the street)
- Neighborhood Name: Central
 - West: Interstate 35W
 - East: Portland Avenue (including eastern side of the street)
 - South: 38th Street (including south side of the street)
 - North: 33rd Street (including north side of the street)
- Neighborhood Name: Phillips 2
 - West: Interstate 35W
 - East: Highway 55 (Hiawatha Avenue—including eastern side of the street)
 - South: Lake Street (including south side of the street)
 - North: Interstate 94

If the market changes significantly by the time the NSP3 funds are available to implement the proposed activities, all Priority 2 areas with the greatest need as established by the HUD mapping tool will be considered.

Data Sources Used to Determine Areas of Greatest Need

Describe the data sources used to determine the areas of greatest need.

Response:
 HUD Mapping Tool, PolicyMap, Hennepin County Sheriff Sales and Minneapolis Foreclosures, Minneapolis Vacant and Boarded Registry, Minneapolis Healthy Housing Indicators, U.S. Census, RealtyTrac, Market Activity Reports produced by the Minneapolis Area Association of REALTORS® and Multiple Listing Services (MLS) including sales and listings of foreclosures and short sales, Employment and Income data, and State, County, City and neighborhood level information on existing assets and recent public and private investments, and other sources.

Determination of Areas of Greatest Need

Describe how the areas of greatest need were established.

Response:
 Analysis of the data sources above with input from stakeholders including: neighborhood residents, non profit and for profit developers, philanthropic organizations, realtors, lenders, City Officials and staff. NSP3 funds will give priority emphasis to areas of greatest need in Priority 1 Area North Minneapolis and in the Priority 2 Areas of Northeast and South Minneapolis. Based on our analysis we found that these neighborhoods have the highest percentage of home foreclosures, vacant and abandoned small rental properties (less than 8 units), the highest percentage of properties financed by subprime mortgage related loans, and have been identified as likely to face a significant rise in the rate of home foreclosures.

3. Definitions and Descriptions

Definitions

Term	Definition
Blighted Structure	<p>Blighted structure is defined by the City of Minneapolis Code or Ordinances Chapter 249 standards for nuisance.</p> <p>249.30. "Nuisance condition" defined; waiver of waiting period. (a) A building within the city shall be deemed a nuisance condition if:</p> <p>(1) It is vacant and unoccupied for the purpose for which it was erected and for which purpose a certificate of occupancy may have been issued, and the building has remained substantially in such condition for a period of at least six (6) months; or</p> <p>(2) The building is unfit for occupancy as it fails to meet the minimum standards set out by city ordinances before a certificate of code compliance could be granted, or is unfit for human habitation because it fails to meet the minimum standards set out in the Minneapolis housing maintenance code, or the doors, windows and other openings into the building are boarded up or otherwise secured by a means other than the conventional methods used in the original construction and design of the building, and the building has</p>

	<p>remained substantially in such condition for a period of at least sixty (60) days; or</p> <p>(3) Evidence, including but not limited to neighborhood impact statements, clearly demonstrates that the values of neighborhood properties have diminished as a result of deterioration of the subject building; or</p> <p>(4) Evidence, including but not limited to rehab assessments completed by CPED, clearly demonstrates that the cost of rehabilitation is not justified when compared to the after rehabilitation resale value of the building.</p> <p>(b) When it is determined by the director of inspections or the city fire marshal that a building constitutes an immediate hazard to the public health and safety, and after approval by the city council, the sixty-day waiting period set out in this section may be waived and the other procedures, as set out in this chapter, may be implemented immediately.</p> <p>(c) Notwithstanding the foregoing provisions, accessory buildings such as garages, barns and other similar structures, not intended to be used for human habitation, shall be deemed to constitute a nuisance condition when such buildings are in violation of section 244.1560 of the housing maintenance code which regulates non-dwelling structures or when such accessory buildings are structurally unsound in the opinion of the director of inspections. (76-Or-102, § 1, 7-9-76; 77-Or-226, § 2, 11-10-77; 78-Or-233, § 2, 11-9-78; 79-Or-016, § 1, 1-26-79; 80-Or-181, § 1, 8-8-80; 84-Or-095, § 1, 6-15-84; 86-Or-236, § 1, 10-10-86; 91-Or-157, § 1, 8-9-91; 92-Or-110, § 2, 9-11-92; 93-Or-142, § 1, 10-1-93; 94-Or-123, § 2, 9-16-94; 2006-Or-059, § 1, 5-26-06)</p>
Affordable Rents	Affordable rents are as defined by HOME. See the HUD established Fair Market Rents at: http://www.huduser.org/portal/datasets/fmr.html

Descriptions

Term	Definition
Long-Term Affordability	The affordability period will be determined on the basis of the amount of subsidy, monitored in accordance with HOME regulations. A declaration will be placed with the property. Resale will be used to preserve affordability.
Housing Rehabilitation Standards	See attached Minneapolis NSP Housing Rehab Standards. The rehabilitation standards meet Energy Star requirements and ASHRAE standards, will require Energy Star-46 and WaterSense labeled products as appropriate, and mitigate the impact of disasters.

4. Low-Income Targeting

Low-Income Set-Aside Amount

Enter the low-income set-aside percentage in the first field. The field for total funds set aside will populate based on the percentage entered in the first field and the total NSP3 grant.

Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.

Response:

Total low-income set-aside percentage (must be no less than 25 percent): 25.00%

Total funds set aside for low-income individuals = \$667,820

Meeting Low-Income Target

Provide a summary that describes the manner in which the low-income targeting goals will be met.

Response:

Low-income targeting will be met through redevelopment of affordable rental property. In Minneapolis, the program design calls for any rehabilitation of properties with two or more units to be rental. Additionally, all rental will be affordable to households with incomes at, or below 50% AMI. Minneapolis has experience addressing this, as three of the eight non-profit partners we plan to work with on NSP3 are developers that have assisted us in addressing affordable rental in NSP1 and are poised to do same in NSP2 and 3.

5. Acquisition and Relocation

Demolition or Conversion of LMI Units

Does the grantee intend to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income)?	No.
---	-----

If yes, fill in the table below.

Question	Number of Units
The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.	Not applicable.
The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).	Not applicable.
The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.	Not applicable.

6. Public Comment

Citizen Participation Plan

Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.

Response:

The proposed activities, sources and uses in the Minneapolis NSP3 Action Plan were posted on the City of Minneapolis NSP website on February 1, 2011 at: <http://www.ci.minneapolis.mn.us/foreclosure/nsp.asp>. The public comment period for Minneapolis NSP3 was February 1 – February 15, 2011 with an opportunity for public comment before the City Council Community Development Committee, for Tuesday, February 15, 2011. Thoughtful consideration was given to community input in developing the NSP3 program goals and program design. Community engagement during program implementation and refinement of goals and methods as market conditions change is vital to Minneapolis' foreclosure recovery efforts. The following meetings were held with key stakeholders to form the substance of the Action Plan: NSP Developer Meeting, Friday, January 28, 2011 from 10:30 a.m. – 12:30 p.m. at Minneapolis Community Planning and Economic Development; Minneapolis Realtor Advisory Board, Wednesday February 3, 2011 from 8:30 – 10:00 a.m. at Minneapolis Community Planning and Economic Development, and a Public Information Meeting, Wednesday, February 9, 2011, from 5:30 – 7:00 p.m. at the Glover-Sudduth Center, 2100 Plymouth Avenue North, Minneapolis. All Minneapolis Neighborhood Associations received notice of the public comment period and a summary of Action Plan. The City's Consolidated Plan mailing list was also informed of the Plan's availability and public hearing.

Summary of Public Comments Received.

The summary of public comments received is included as an attachment.

NSP Information by Activity

Enter each activity name and fill in the corresponding information. If you have fewer than seven activities, please delete any extra activity fields. (For example, if you have three activities, you should delete the tables labeled "Activity Number 4," "Activity Number 5," "Activity Number 6," and "Activity Number 7." If you are unsure how to delete a table, see the instructions above.)

The field labeled "Total Budget for Activity" will populate based on the figures entered in the fields above it.

Consult the NSP3 Program Design Guidebook for guidance on completing the "Performance Measures" component of the activity tables below.

Activity Number 1									
Activity Name	NSP3 Demolition & Land Banking for Future Redevelopment								
Use	Select all that apply: <input type="checkbox"/> Eligible Use A: Financing Mechanisms <input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input checked="" type="checkbox"/> Eligible Use C: Land Banking <input checked="" type="checkbox"/> Eligible Use D: Demolition <input type="checkbox"/> Eligible Use E: Redevelopment								
CDBG Activity or Activities	Acquisition, Disposition, and Clearance								
National Objective	Low Moderate Middle Income Housing up to 120% of Area Median Income								
Activity Description	Due to the high foreclosure rates in the priority 1 and 2 areas an unusually large number of properties have been abandoned and left to deteriorate and become a problem due to lack of care and maintenance. This activity will treat 10 vacant or foreclosed blighted properties through acquisition, demolition and will be held for future redevelopment. The City has programs in place to ensure that neighborhood residents, women and minority owned businesses participate in the demolition and redevelopment of NSP properties, meeting vicinity hiring and Section 3 goals. Properties acquired and demolished will be held for a minimum of 12 months to be redeveloped at a time when the housing market is healthy and can absorb new construction homes in the area. Minneapolis has done a great job on NSP1 with Section 3 goals. We plan to employ similar strategies to achieve vicinity hiring requirements in NSP3. This includes, connection with neighborhood organizations to get the word out, identify contractors that are currently on the City's Section 3 list that are located in the project area, advertise in local newspapers that cater to the target area and continue to encourage those contractors that worked on NSP1 projects.								
Location Description	Targeted areas of greatest need with NSP3 Neighborhood need scores between 17-20 as identified by the HUD Mapping Tool. Minneapolis NSP3 Priority 1 Area Map and/or Minneapolis NSP3 Priority 2 Area Maps as identified in Question 2 and attached.								
Budget	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Source of Funding</th> <th style="text-align: left;">Dollar Amount</th> </tr> </thead> <tbody> <tr> <td>NSP3</td> <td>\$657,573</td> </tr> <tr> <td>(Other funding source)</td> <td>\$</td> </tr> <tr> <td>(Other funding source)</td> <td>\$</td> </tr> </tbody> </table>	Source of Funding	Dollar Amount	NSP3	\$657,573	(Other funding source)	\$	(Other funding source)	\$
Source of Funding	Dollar Amount								
NSP3	\$657,573								
(Other funding source)	\$								
(Other funding source)	\$								
Total Budget for Activity	\$657,573								
Performance Measures	10 properties land banked for future redevelopment.								
Projected Start Date	May 2011								
Projected End Date	May 2014								
Responsible Organization	<table border="1" style="width: 100%;"> <tbody> <tr> <td>Name</td> <td>Community Planning and Economic Development</td> </tr> <tr> <td>Location</td> <td>105 South Fifth Street, Suite 200 Minneapolis, MN 55401</td> </tr> <tr> <td>Administrator Contact Info</td> <td>Elfric Porte, Manager Single Family Housing Development - 612 673-5145 Elfric.Porte@ci.minneapolis.mn.us</td> </tr> </tbody> </table>	Name	Community Planning and Economic Development	Location	105 South Fifth Street, Suite 200 Minneapolis, MN 55401	Administrator Contact Info	Elfric Porte, Manager Single Family Housing Development - 612 673-5145 Elfric.Porte@ci.minneapolis.mn.us		
Name	Community Planning and Economic Development								
Location	105 South Fifth Street, Suite 200 Minneapolis, MN 55401								
Administrator Contact Info	Elfric Porte, Manager Single Family Housing Development - 612 673-5145 Elfric.Porte@ci.minneapolis.mn.us								

Activity Number 2		
Activity Name	NSP3 Redevelopment – Single Family Homes - Ownership	
Use	Select all that apply: <input type="checkbox"/> Eligible Use A: Financing Mechanisms <input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input checked="" type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	Acquisition, Disposition, Direct Homeownership assistance	
National Objective	Low Moderate Middle Income Housing up to 120% of Area Median Income	
Activity Description	Development gap funding to be provided as a grant for the rehabilitation of 12 vacant or foreclosed single family homes for homeownership. Provide homeowner incentive (0%) of \$7,500. All households with income at or below 80% AMI will be eligible for an additional \$10,000. Households who acquire properties rehabilitated through the NSP 3 program will be required to remain as owner occupants in compliance with HOME regulations based on the amount of assistance provided to the project or direct assistance to the home buyer. Minneapolis has done a great job on NSP1 with Section 3 goals. We plan to employ similar strategies to achieve vicinity hiring requirements in NSP3. This includes, connection with neighborhood organizations to get the word out, identify contractors that are currently on the City's Section 3 list that are located in the project area, advertise in local newspapers that cater to the target area and continue to encourage those contractors that worked on NSP1 projects.	
Location Description	Targeted areas of greatest need with NSP3 Neighborhood need scores between 17-20 as identified by the HUD Mapping Tool. Minneapolis NSP3 Priority 1 Area Map and/or Minneapolis NSP3 Priority 2 Area Maps as identified in question 2 and attached.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$930,000
	Pending: Unsecured (Minnesota Housing CRV, Private, etc.)	\$280,000
	Pending: Private Investment-Loans	\$2,000,000
Total Budget for Activity	\$3,210,000	
Performance Measures	12 rehabilitated foreclosed homes sold for owner-occupancy.	
Projected Start Date	May 2011	
Projected End Date	May 2014	
Responsible Organization	Name	Community Planning and Economic Development
	Location	105 South Fifth Street, Suite 200 Minneapolis, MN 55401
	Administrator Contact Info	Elfric Porte, Manager Single Family Housing Development - 612 673-5145 Elfric.Porte@ci.minneapolis.mn.us

Activity Number 3		
Activity Name	NSP3 Redevelopment – Rental (2 Units or more)	
Use	Select all that apply: <input type="checkbox"/> Eligible Use A: Financing Mechanisms <input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input checked="" type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	Acquisition and Disposition	
National Objective	Low Moderate Middle Income Housing up to 120% of Area Median Income	
Activity Description	Development gap funding provided as a grant for the rehabilitation of 10 rental units. As a result of the foreclosure crisis, small rental properties which have historically not been an issue have increasingly become vacant. Recognizing this problem we have made these properties a priority for development of affordable rental housing in our priority areas. This activity provides for the development of affordable rental housing and will assist in meeting the requirement that 25 % of the funds be set aside for households with incomes at or below 50% of Area Median Income. Minneapolis has done a great job on NSP1 with Section 3 goals. We plan to employ similar strategies to achieve vicinity hiring requirements in NSP3. This includes, connection with neighborhood organizations to get the word out, identify contractors that are currently on the City's Section 3 list that are located in the project area, advertise in local newspapers that cater to the target area and continue to encourage those contractors that worked on NSP1 projects.	
Location Description	Targeted areas of greatest need with NSP3 Neighborhood need scores between 17-20 as identified by the HUD Mapping Tool. Minneapolis NSP3 Priority 1 Area Map and/or Minneapolis NSP3 Priority 2 Area Maps as identified in question 2 and attached.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$870,000
	Pending: (Minneapolis AHTF, Hennepin County AHIF, Private, etc)	\$870,000
	Pending: Private Investment-Loans	\$2,000,000
Total Budget for Activity	\$3,740,000	
Performance Measures	10 units of foreclosed rental housing rehabilitated to lower the vacancy rate and stabilize and increase neighborhood property values.	
Projected Start Date	May 2011	
Projected End Date	May 2014	
Responsible Organization	Name	Community Planning and Economic Development
	Location	105 South Fifth Street, Suite 200 Minneapolis, MN 55401
	Administrator Contact Info	Elfric Porte, Manager Single Family Housing Development - 612 673-5145 Elfric.Porte@ci.minneapolis.mn.us

7. Certifications

Certifications for State and Entitlement Communities

- (1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
- (3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.
- (6) **Acquisition and relocation.** The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.
- (7) **Section 3.** The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (8) **Citizen participation.** The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (9) **Following a plan.** The jurisdiction certifies it is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]
- (10) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(11) The jurisdiction certifies:

- a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and
- b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) Excessive force. The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

(13) Compliance with anti-discrimination laws. The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

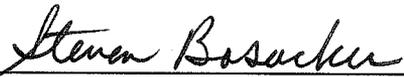
(14) Compliance with lead-based paint procedures. The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) Compliance with laws. The jurisdiction certifies that it will comply with applicable laws.

(16) Vicinity hiring. The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(17) Development of affordable rental housing. The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

Steven Bosacker


Signature/Authorized Official

February 16, 2011
Date

City Coordinator
Title

ATTACHMENTS

Summary of Public Comments Received

The summary below is a compilation of responses received from developers, residents, neighborhood groups and other constituents who responded during the public comment period. These were received via email, phone and during community meetings. No comments were received at the February 15, 2011 City Council Public Hearing.

1. For single family homeownership, provide home buyer incentive financing for each NSP funded rehabilitated home to assist in marketing. Incentive financing of \$5,000 to \$20,000 should be sufficient, depending on the income of the purchaser.
2. Rehabilitation is more flexible under Activity E than Activity B.
3. Demolition of blighted structures and Land Banking of vacant properties continues to be a necessary part of foreclosure recovery. The mix of these activities as proposed makes sense.
4. For rehabilitation and redevelopment of single family homes and rental properties, the amount of subsidy provided should be equal to the actual development gap between the cost of rehabilitation and the sales price. However, \$60,000 for home ownership and \$90,000 for rental is a good estimate of the per unit development gap.
5. Target areas should include every part of the City with a HUD determined foreclosure rate of 18 or higher and strategic targeting should be determined based on the housing market at the time that NSP3 funds are available.
6. Foreclosure prevention continues to be a very important part of foreclosure recovery and has a great impact on the stabilization of neighborhoods.
7. NSP3 and NSP2 funds should be coordinated.
8. NSP3 funds should be targeted to areas that are already determined to be priorities and where there are existing public investments.
9. Continue to employ Section 3, women and minority owned businesses.
10. Consider funding a large multifamily development if timelines allow.

Oliveto-Oates, Edythe J.

From: Wilkinson, James [jewilkinson@midmnlegal.org]
Sent: Tuesday, February 15, 2011 3:21 PM
To: Oliveto-Oates, Edythe J.
Cc: Grundman, Luke; Gaboriault, Genevieve
Subject: FW: Comments on NSP modification
Attachments: shoquist itr 2-15-11.docx

Ms. Oliveto-Oates:

Please find my comments on the NSP modifications, attached.

Thank you.

James E. Wilkinson
Supervising Attorney
Legal Aid Society of Minneapolis
430 1st Av. N. Suite 300
Minneapolis, MN 55401

612 746 3784 (direct dial)
612 334 5755 (fax)

This email may contain confidential and privileged information. If you are not the intended recipient, please destroy this and do not disclose its contents. Call or send me an e-mail to advise of the error. Thank you

From: Wilkinson, James
Sent: Tuesday, February 15, 2011 3:19 PM
To: 'cherie.shoquist@cl.minneapolis.mn.us'
Cc: Gaboriault, Genevieve; Grundman, Luke
Subject: Comments on NSP modification

Greetings Cherie:

Attached please find our suggestions for fair housing related improvements for the City's NSP work. We look forward to continued discussions with you and your colleagues.

A new context for this should be the metro area Sustainable Communities planning process, through which we will work to develop strong fair housing standards.

I am now downtown – we should have coffee some day!

2/15/2011

Jay

James E. Wilkinson
Supervising Attorney
Legal Aid Society of Minneapolis
430 1st Av. N. Suite 300
Minneapolis, MN 55401

612 746 3784 (direct dial)
612 334 5755 (fax)

This email may contain confidential and privileged information. If you are not the intended recipient, please destroy this and do not disclose its contents. Call or send me an e-mail to advise of the error. Thank you

2/15/2011



LEGAL AID SOCIETY OF MINNEAPOLIS
James E. Wilkinson • 612.746.3784 • jewilkinson@midmlegal.org

February 15, 2011

Cherie Shoquist
Foreclosure Recovery Coordinator
City of Minneapolis
105 South Fifth Street, Suite 200
Minneapolis, MN 55401

RE: Minneapolis NSP3 Substantial Amendment or Abbreviated Action Plan

Dear Ms. Shoquist:

The Legal Aid Society of Minneapolis represents thousands of low-income elderly and disabled Minneapolis residents each year, many of whom live in or near the neighborhoods identified as having the greatest need for NSP interventions. These comments focus on ways the City and its partners may affirmatively further fair housing in the implementation of the NSP program generally and in respect to some of the proposed amendments. As a matter of good public policy and in order to comply with federal legal obligations, the City should pay increased attention to the following concerns.

Include Accessibility Goals: On page 4, the Action Plan states that funded projects will meet environmental rehabilitation standards and mitigate the impact of disasters, but fails to include accessibility standards to ensure the creation of housing for people with disabilities. Some standards applicable to the HOME Program—made applicable to housing projects assisted with NSP funding—are mandatory and others are encouraged. We understand that most NSP activity deals with single-family homes and that the strict accessibility requirements for multifamily housing are not directly translated to the rehabilitation of single-family homes. However, especially in projects involving nearly total reconstruction and for new construction, the City should require that some low cost NSP-funded units be made accessible to individuals with mobility limitations. The City would affirmatively further fair housing by adding this to the NSP program.

Increase Low-Income Set-Aside Amount: Legal Aid's clients are among the persons most directly affected by the housing market crisis in the city of Minneapolis. Typically their family incomes are well below the 50 percent area median income standard which is defined as low income for this program. The proposal allocates the minimum 25 percent of the funding for low-income individuals. Minneapolis residents protected under federal and state fair housing laws, in particular families of color, new immigrants and persons with disabilities, are highly likely to have very low incomes. Increasing the NSP allocation to increase the amount aimed at low-income families would benefit the neediest and also address the City's civil rights obligations.

Welcome All New Residents and Insist on Quality Management of Rentals: The Action Plan's Activity 3 (pages 7-8) proposes to acquire and develop 12 units of affordable rental housing. Some areas have not always welcomed new rental properties and the new residents who live there. We acknowledge that exploitative owners may present problems for both communities as a whole and for renters. The City should welcome diverse populations in rental units in all areas while at the same time carefully regulating for quality management of this important resource. There are good models, locally and around the nation, which show how leaders can insure that both of these goals are achieved. See for example, Pratt and Allen, **Addressing Community Opposition to Affordable Housing Development: A Fair Housing Toolkit.** <http://www.knowledgeplex.org/showdoc.html?id=68549>

Affirmatively Market NSP-Assisted Housing: On pages 7 and 8 of the Action Plan, the City sets out strategies relating to single-family home ownership and single-family rental projects. As those rehabilitated homes come back on the market, the owners and managers should adopt, implement and report back to the City on the results of their efforts to market those homes to persons least likely to apply in those neighborhoods. This will promote integrated communities and is another way to further fair housing. This office, Housing Link, and the Fair Housing Implementation Council are developing an affirmative marketing best-practices tool kit which we will be pleased to make available to private and public partners participating in the NSP program.

Require Equal Housing Opportunity Policies: In addition to using affirmative market techniques to decrease segregation in housing, the City should reinforce the civil rights obligations of its NSP housing provider partners. The affirmative fair housing obligation applicable to the City is also a requirement of grantees. We suggest that this be done by asking that each provider, as a condition of participation, adopt an equal housing opportunity policy. A draft of such a policy is attached to this letter.

Include Integration and Opportunity as Criteria for Project Selection: The City should adopt criteria to guide its selection of projects to address both sustainable community and desegregation goals. As the City develops and implements criteria for selecting houses within the priority zones, it should consider the effect its choices will have on residential segregation patterns. Careful attention to this, if paired with effective affirmative marketing, should result in increased integration of the housing market.

The City should also select project homes in high-opportunity areas, including those in proximity to jobs, transit, and good schools. The Action Plan commendably employs cluster strategy to focus its recovery efforts. Yet even within designated clusters, the City should consider employment, education, and transit options available to a home's future residents when selecting it. By doing so, the City will conform its NSP-3 efforts to the goals of the Regional Sustainable Community Planning Grant Program.

Your consideration of these comments is greatly appreciated.

Sincerely yours,

James E. Wilkinson
Supervising Attorney

JEW:nh
Enclosure

0902-0260203--754227.docx

FOR STAFF AND OPERATIONS MANUAL

FAIR HOUSING AND EQUAL OPPORTUNITY POLICY



Owner has a strict policy to treat all customers and tenants with respect and to run our business as an equal opportunity provider. This is the law and our good business practice. We will deal fairly and equally with everyone. No-one will be denied services or treated differently because of:

- race,
- familial status (living with minor children),
- disability,
- color,
- national origin,
- ancestry,
- creed or religion,
- sex,
- sexual orientation,
- status with regard to public assistance,
- marital status,
- age.

Owner is also committed to providing reasonable accommodations in its policies and practices to people with disabilities.

Notice to all employees and agents of _____: If you violate equal opportunity laws you will face disciplinary action. The person responsible for making sure fair housing and equal opportunity laws are followed and responding to requests for reasonable accommodations is: _____, ph.: _____.

For more information see: <http://www.hud.gov/offices/fheo/FHLaws/yourrights.cfm>; www.humanrights.state.mn.us and www.lawhelpmn.org

FOR CUSTOMERS AND POSTING

FAIR HOUSING AND EQUAL OPPORTUNITY POLICY



Owner has a strict policy to treat all customers and tenants with respect and to run our business as an equal opportunity provider. This is the law and our good business practice. We will deal fairly and equally with everyone. No-one will be denied services or treated differently because of:

- race,
- familial status (living with minor children),
- disability,
- color,
- national origin,
- ancestry,
- creed or religion,
- sex,
- sexual orientation,
- status with regard to public assistance
- marital status,
- age.

Owner is also committed to providing reasonable accommodations in its policies and practices to people with disabilities.

If you think you have been discriminated against contact: _____ (above) or:

The U.S. Department of Housing & Urban Development: 1-800-669-9777

The Minnesota Department of Human Rights: 1-800-657-3704, 651-296-5663

The Legal Aid Society of Minneapolis: 612-334-5970

You do not have to worry about retaliation.

For more information see: <http://www.hud.gov/offices/fheo/FHLaws/yourrights.cfm>;
www.humanrights.state.mn.us and www.lawhelpmn.org

FAIR HOUSING BUSINESS PRACTICES

- A. Policy Statement - Publish the statement that your organization offers equal opportunity housing and does not discriminate.
- B. Distribute orientation materials on and provide regular training in fair housing laws for all employees.
- C. Organizational Practices:
 - Give equal opportunity policy to employees, agents and residents
 - Maintain a list of fair housing resources and references
 - Use standardized application and selection criteria for applicants, such as those developed by the Corp. for Supportive Housing:
<http://tinyurl.com/CSHPolicies>
 - Give accurate and timely responses to all inquiries
 - Make reasonable accommodations for disabled persons, using an informed confidential procedure
 - Assign a leader to be responsible for fair housing complaint responses, training, implementation, including reasonable accommodation responses
 - Keep all advertising consistent with fair housing laws
 - Affirmatively market to persons least likely to apply
 - All rental agents must know about vacancies and terms for consistent treatment of applicants
 - Keep accurate record of all calls and walk-in interviews regarding rentals
 - Staff must be required to report cases of discrimination to superiors immediately
 - Assess fair housing knowledge and practices of staff in periodic personnel reviews.

D. How To Respond to A Complaint

1. When someone complains of discrimination, say that you take the complaint seriously and will look into the matter and respond to them. Complaints may be about employees or other tenants.
2. Take a detailed statement from the complaining party asking for a detailed description of the events. Ask about potential witnesses to this or similar events, getting names and contact information.
3. Follow up with a prompt investigation to determine whether a violation of policy occurred.
4. When discussing the allegations with the person against whom the complaint is made, tell them that discrimination and retaliation is not allowed and that you will be fairly investigating the allegation.
5. Document all information gathered in a confidential file.
6. If you are unable to verify a violation of the policy, place a summary of the complaint and results of the investigation in all parties' files.
7. If the investigation finds a violation of this policy, document the complaint and results of the investigation in both the complaining party's and the other person's tenant or employee files. You may wish to consult with a lawyer about your next steps.
8. In the case of a confirmed violation, use progressive disciplinary action up to and including termination or eviction if warranted because of ongoing or serious violations. For example, if the complaint involves an isolated incident or a single derogatory statement, you may use a stern warning that additional incidents could result in termination of tenancy or employment. If there was a highly offensive action or repeated violations of the equal housing policy, a notice to terminate tenancy or an immediate termination of employment may be appropriate. Actions to protect persons' safety may need to be addressed.
9. Inform the complaining party of the results of the investigation and, if the complaint was substantiated, tell them that specific actions have been taken with respect to the offending party. Discuss with them whether there are steps needed to remedy any injury they suffered.
10. If the complaint is not substantiated, or is not found to have been motivated by discrimination, address other causes of the dispute and consider referring to outside mediators or community dispute resolution resources.

This information is not legal advice; for legal advice about a particular situation, contact your attorney.

Housing Discrimination Law Project, The Legal Aid Society of Minneapolis

jewilkinson@midmnlegal.org January, 2011

Neighborhood ID: 5640350

NSP3 Planning Data

Grantee ID: 2731200E

Grantee State: MN

Grantee Name: MINNEAPOLIS

Grantee Address: 105 Fifth Ave. S., Ste 200 Minneapolis MN 55401

Grantee Email: Edythe.Oliveto-Oates@ci.minneapolis.mn.us

Neighborhood Name: Penn Lowry Ctg Pk

Date: 2011-01-31 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 19.99

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 2154

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 94.79

Percent Persons Less than 80% AMI: 74.22

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current or potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 2038

Residential Addresses Vacant 90 or more days (USPS, March 2010): 470

Residential Addresses NoStat (USPS, March 2010): 3

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 1199

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 52.94

Percent of Housing Units 90 or more days delinquent or in foreclosure: 19.38

Number of Foreclosure Starts in past year: 167

Number of Housing Units Real Estate Owned July 2009 to June 2010: 95

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 34

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal

Housing Finance Agency Home Price Index through June 2010): -17.4

Place (if place over 20,000) or county unemployment rate June 2005: 4

Place (if place over 20,000) or county unemployment rate June 2010: 6

*Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

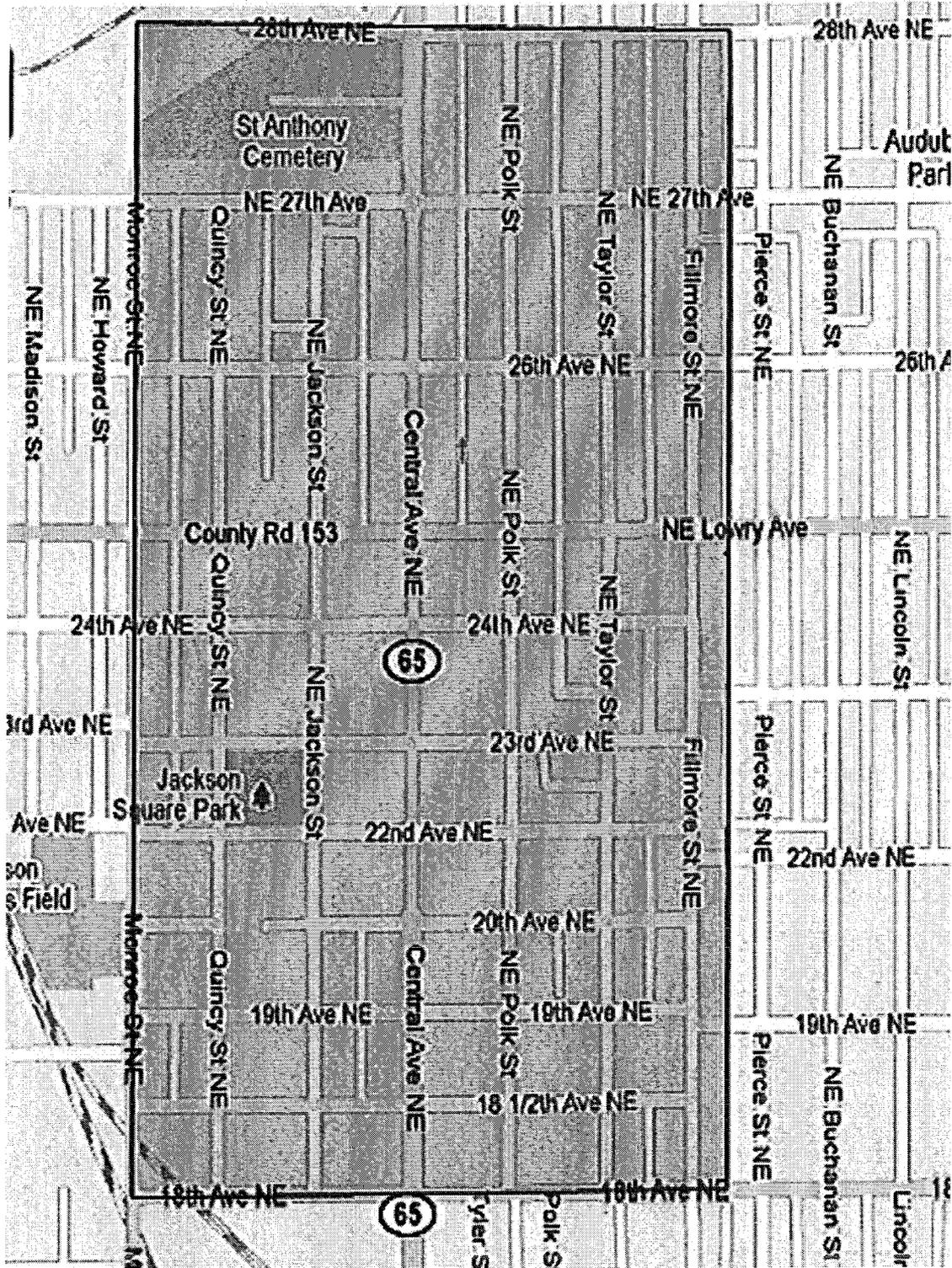
Latitude and Longitude of corner points

-93.310146 45.014149 -93.304567 45.014149 -93.304653 45.006807 -93.293495 45.006746 -93.293495
44.998189 -93.310404 44.998128

Blocks Comprising Target Neighborhood

270531007004008, 270531008003010, 270531008003009, 270531013001000, 270531013001001,
270531013001014, 270531013001013, 270531013002000, 270531013002009, 270531013002008,
270531013002001, 270531014001004, 270531014001006, 270531014001008, 270531014001007,
270531014001005, 270531014001003, 270531014002004, 270531014002008, 270531014002007,
270531014002006, 270531014002005, 270531014002003, 270531020001000, 270531020001001,
270531020001009, 270531020001012, 270531020001011, 270531020001010, 270531020001008,
270531021001000, 270531021001001, 270531021001002, 270531021001004, 270531021001006,
270531021001008, 270531021001016, 270531021001015, 270531021001014, 270531021001013,
270531021001012, 270531021001011, 270531021001010, 270531021001009, 270531021001007,
270531021001005, 270531021001003, 270531021002000, 270531021002001, 270531021002003,
270531021002005, 270531021002007, 270531021002009, 270531021002008, 270531021002006,
270531021002004, 270531021002002, 270531021003000, 270531021003003, 270531021003005,
270531021003010, 270531021003009, 270531021003008, 270531021003007, 270531021003006,
270531021003004, 270531021003002, 270531021003001, 270531028001000, 270531028002000,
270531028002002, 270531028002001, 270531028002003, 270531028002005, 270531028002007,
270531028002009, 270531028002010, 270531028002008, 270531028002006, 270531028002004,
270531029001003,

PRIORITY AREA 2: NE Focus



Neighborhood ID: 3153594

NSP3 Planning Data

Grantee ID: 2731200E

Grantee State: MN

Grantee Name: MINNEAPOLIS

Grantee Address: 105 Fifth Ave. S., Ste 200 Minneapolis MN 55401

Grantee Email: Edythe.Oliveto-Oates@ci.minneapolis.mn.us

Neighborhood Name: NE Focus

Date: 2011-01-31 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 17.55

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 2420

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 90.76

Percent Persons Less than 80% AMI: 68.11

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 2325

Residential Addresses Vacant 90 or more days (USPS, March 2010): 137

Residential Addresses NoStat (USPS, March 2010): 63

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 675
Percent of Housing Units with a high cost mortgage between 2004 and 2007: 26.51
Percent of Housing Units 90 or more days delinquent or in foreclosure: 10.59
Number of Foreclosure Starts in past year: 52
Number of Housing Units Real Estate Owned July 2009 to June 2010: 29

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 10

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -17.4
Place (if place over 20,000) or county unemployment rate June 2005: 4
Place (if place over 20,000) or county unemployment rate June 2010: 6
Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

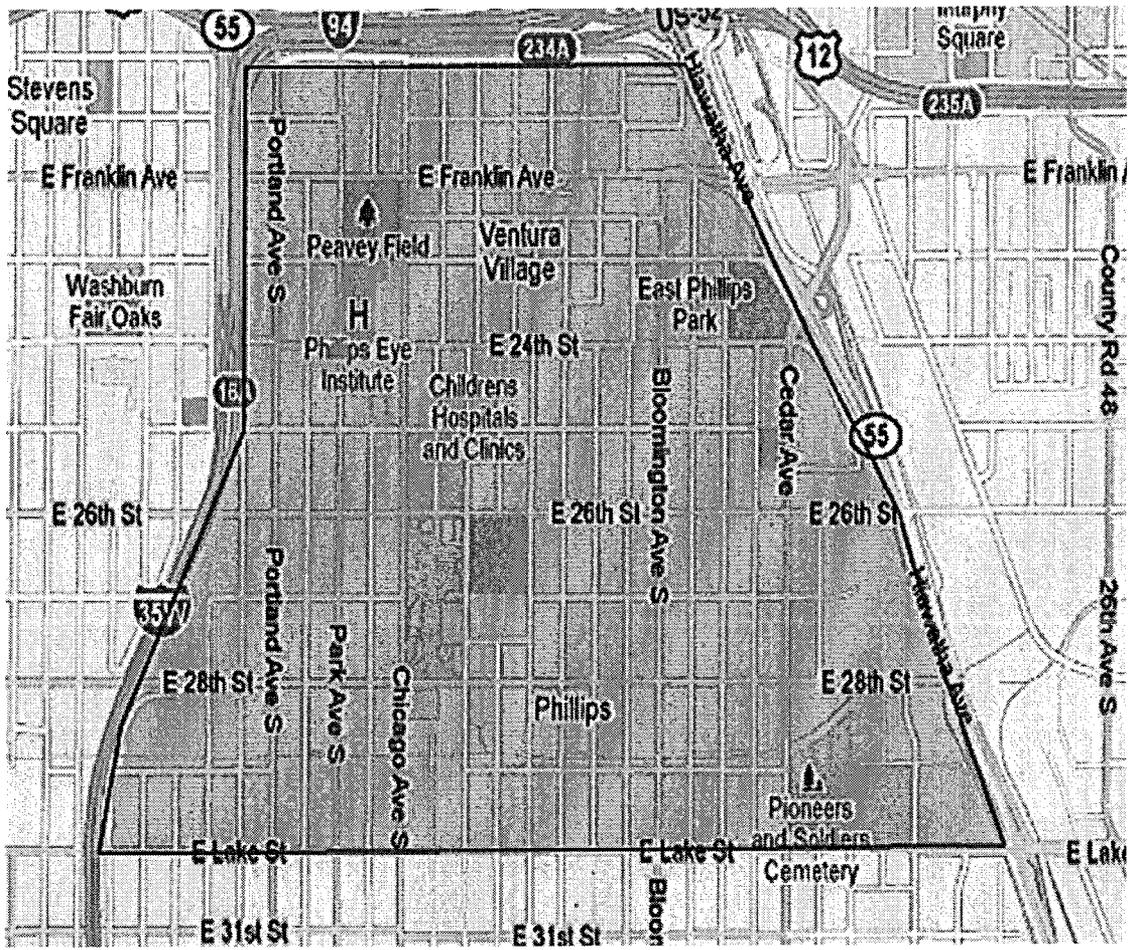
Latitude and Longitude of corner points

-93.252511 45.005927 -93.241653 45.005988 -93.241568 45.018639 -93.252425 45.018760

Blocks Comprising Target Neighborhood

270530011001005, 270530011001006, 270530011001007, 270530011001008, 270530011002004,
270530011002005, 270530011002006, 270530011002007, 270530011002008, 270530011002009,
270531018001000, 270531018001001, 270531018001019, 270531018001018, 270531018001017,
270531018001002, 270531018002000, 270531018002021, 270531018002017, 270531018002016,
270531018002015, 270531018002014, 270531018002013, 270531018002026, 270531018002025,
270531018002024, 270531018002023, 270531018002022, 270531018002012, 270531018002001,
270531018002002, 270531019001003, 270531019002000, 270531019002002, 270531019002004,
270531019002006, 270531019002008, 270531019002007, 270531019002005, 270531019002003,
270531019002001, 270531019003000, 270531019003003, 270531019003005, 270531019003011,
270531019003010, 270531019003009, 270531019003008, 270531019003007, 270531019003006,
270531019003004, 270531019003002, 270531019003001, 270531025001000, 270531025001001,
270531025001003, 270531025001005, 270531025001004, 270531025001002,

PRIORITY AREA 2: Phillips 2



Neighborhood ID: 4617523

NSP3 Planning Data

Grantee ID: 2731200E

Grantee State: MN

Grantee Name: MINNEAPOLIS

Grantee Address: 105 Fifth Ave. S., Ste 200 Minneapolis MN 55401

Grantee Email: Edythe.Oliveto-Oates@ci.minneapolis.mn.us

Neighborhood Name: Phillips 2

Date:2011-01-31 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 18.97

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 7949

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 94.3

Percent Persons Less than 80% AMI: 82.9

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 7845

Residential Addresses Vacant 90 or more days (USPS, March 2010): 451

Residential Addresses NoStat (USPS, March 2010): 263

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 1484

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 36.68

Percent of Housing Units 90 or more days delinquent or in foreclosure: 13.86

Number of Foreclosure Starts in past year: 154

Number of Housing Units Real Estate Owned July 2009 to June 2010: 89

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 30

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -17.4

Place (if place over 20,000) or county unemployment rate June 2005: 4

Place (if place over 20,000) or county unemployment rate June 2010: 6

Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

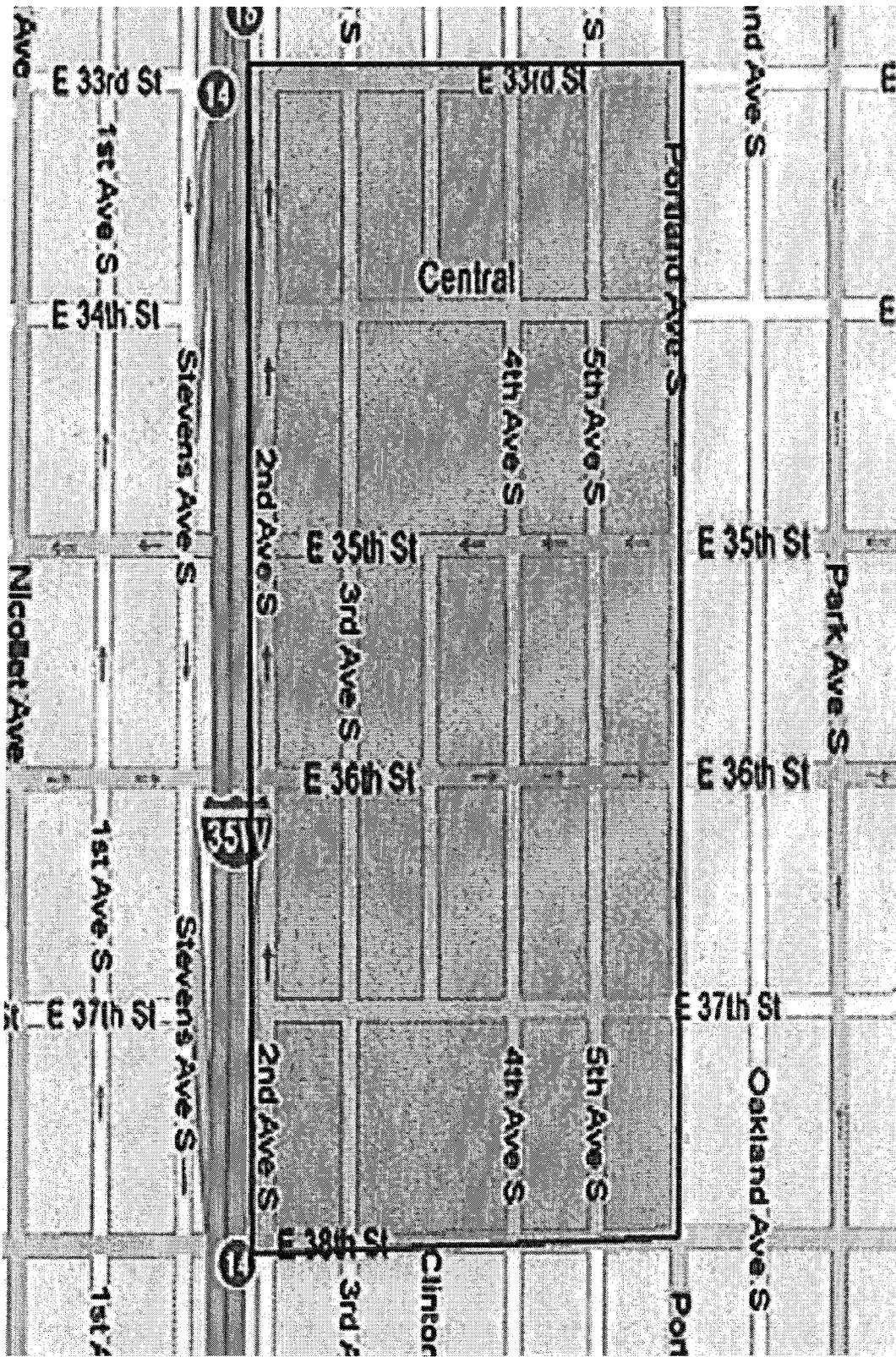
Latitude and Longitude of corner points

-93.268948 44.965041 -93.251524 44.965102 -93.246460 44.959150 -93.243027 44.955566 -93.241138
44.951983 -93.238821 44.948460 -93.274612 44.948338 -93.273754 44.951011 -93.268948 44.957328

Blocks Comprising Target Neighborhood

270530059021004, 270530059021006, 270530059021007, 270530059021008, 270530059021009,
270530059021010, 270530059021011, 270530059021012, 270530059021013, 270530059021014,
270530059022000, 270530059022001, 270530059022002, 270530059022003, 270530059022004,
270530059022005, 270530059022008, 270530059022009, 270530059022010, 270530059022011,
270530073011000, 270530073011001, 270530073011002, 270530073011003, 270530073011004,
270530073011005, 270530073011006, 270530073011007, 270530073011008, 270530073012001,
270530073012002, 270530073021000, 270530073021001, 270530073021002, 270530073021003,
270530073021004, 270530073021005, 270530073022000, 270530073022001, 270530073022002,
270530073022003, 270530073022004, 270530073023000, 270530073023001, 270530073023002,
270530073023003, 270530073023004, 270530073023005, 270530073023006, 270530073023007,
270530073023008, 270530073023009, 270530073023010, 270530078021000, 270530078021001,
270530078021002, 270530078021003, 270530078021004, 270530078021005, 270530078021006,
270530078021007, 270530078021008, 270530078021009, 270530078021010, 270530078021011,
270530078021012, 270530078021013, 270530078022000, 270530078022001, 270530078022002,
270530078022003, 270530078022004, 270530078022005, 270530078022006, 270530078022007,
270530079001000, 270530079001001, 270530079001002, 270530079001003, 270530079001004,
270530079001005, 270530079001006, 270530079001007, 270530079001008, 270530079001009,
270530079001010, 270530079001011, 270530079001012, 270530079001013, 270530079002000,
270530079002001, 270530079002002, 270530079002003, 270530079002004, 270530079002005,
270530079002006, 270530079002007, 270530079002008, 270531060001003, 270531060001005,
270531060001012, 270531060001011, 270531060001010, 270531060001009, 270531060001008,
270531060001007, 270531060001004, 270531060001002, 270531060001001, 270531060002000,
270531060002001, 270531060002002, 270531060002004, 270531060002006, 270531060002008,
270531060002016, 270531060002015, 270531060002014, 270531060002013, 270531060002012,
270531060002011, 270531060002010, 270531060002009, 270531060002007, 270531060002005,
270531060002003, 270531060003000, 270531060003001, 270531060003003, 270531060003002,
270531071001000, 270531071001009, 270531071001008, 270531071001007, 270531071001006,
270531071001005, 270531071002000, 270531071002002, 270531071002003, 270531071002001,
270531071002004, 270531071002006, 270531071002008, 270531071002009, 270531071002007,
270531071002005, 270531071003000, 270531071003001, 270531071003002, 270531071003003,
270531072001000, 270531072001004, 270531072001009, 270531072001008, 270531072001007,
270531072001006, 270531072001005, 270531072001003, 270531072001001, 270531072001002,
270531072002000, 270531072002002, 270531072002003, 270531072002001, 270531072002004,
270531072002005, 270531072003000, 270531072003004, 270531072003005, 270531072003003,
270531072003001, 270531072003002,

PRIORITY AREA 2: Central



Neighborhood ID: 3691650

NSP3 Planning Data

Grantee ID: 2731200E

Grantee State: MN

Grantee Name: MINNEAPOLIS

Grantee Address: 105 Fifth Ave. S., Ste 200 Minneapolis MN 55401

Grantee Email: Edythe.Oliveto-Oates@ci.minneapolis.mn.us

Neighborhood Name: Central

Date:2011-01-27 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 20

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 865

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 91.39

Percent Persons Less than 80% AMI: 80.67

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 826

Residential Addresses Vacant 90 or more days (USPS, March 2010): 55

Residential Addresses NoStat (USPS, March 2010): 8

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 377

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 42.11

Percent of Housing Units 90 or more days delinquent or in foreclosure: 17.13

Number of Foreclosure Starts in past year: 47

Number of Housing Units Real Estate Owned July 2009 to June 2010: 27

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 10

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -17.4

Place (if place over 20,000) or county unemployment rate June 2005: 4

Place (if place over 20,000) or county unemployment rate June 2010: 6

Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

Latitude and Longitude of corner points

-93.274441 44.943296 -93.267574 44.943296 -93.267574 44.934182 -93.274269 44.934061

Blocks Comprising Target Neighborhood

270530083001011, 270530083001012, 270530083001013, 270530084003006, 270530084003007,
270531094001000, 270531094001001, 270531094001002, 270531094001004, 270531094001006,
270531094001008, 270531094001010, 270531094001009, 270531094001007, 270531094001005,
270531094001003, 270531094002000, 270531094002003, 270531094002005, 270531094002009,
270531094002008, 270531094002007, 270531094002006, 270531094002004, 270531094002002,
270531094002001,

NOTE: All details and/or materials listed may be subject to change or deletion, as required by specific location or structure. All changes must be approved in writing by CPED Project Staff.

The City of Minneapolis will adopt the following standards for all rehab projects associated with the Neighborhood Stabilization Program. These guidelines are to be used in conjunction with the minimum code associated with all permits pulled for the completion of the rehabilitation. Additionally, all developers are encouraged to perform sustainability techniques and use Energy Star products and standards.

BASEMENT

1. Basement floors shall be concrete with no tripping hazards or exposed dirt.
2. Replace hazardous or unserviceable stairways
3. All structural concerns need to be addressed, including cracks and limestone foundations must be properly tuck-pointed.
4. Basement walls should be free of scaling or spalling material. Apply two coats of waterproofing.

PLUMBING

1. Provide a minimum of a single laundry tub and washer bib-cocks.
2. Provide one exterior sill-cock centrally located to reach front and rear yards.
3. When the water heater needs to be replaced, install a new *40-gallon water heater in 2 bedroom homes and 50-gallon water heater in 3+ bedroom homes.*
4. Sewer systems must be individual and separate from adjacent buildings / properties. If the existing sewer system is retained, it must be cleaned out to the city sewer main. Install a Clean Out, if there is no Main Clean Out.
5. Provide an exterior vent for clothes dryer through the rim joist area. If rim joist venting is not accessible, alternatives can be discussed. Window venting is not acceptable. Glass block venting may be acceptable as determined by CPED.
6. Replacement of bathtubs shall be restricted to either cast iron tubs or fiberglass tub enclosures. **NO STEEL TUBS!**

HEATING & VENTILATION

1. If an existing heating plant will be retained, general contractor must provide written certification from a licensed heating contractor that the plant is at least 80% efficient, and the existing system meets code. All valves on radiators must be operational.
2. If replacement is required, replacement units shall be a minimum of 90% efficient and be placed on a 2" concrete pad or legs.
3. All kitchens must have a hood fan, which shall be vented to the outside where possible. Where not possible, please notify CPED at the time plans and specs are submitted for review.
4. Bathroom fans will be vented to the exterior.
5. Whole House Ventilation: Provide a low zone ceiling exhaust fan vented to the exterior, and a wall switch set for continuous half speed venting with full speed boost.

ATTIC ACCESS

1. Install attic access with weather-stripping and insulate to code. Attic access must be open at final inspection for verification of insulation.

ELECTRIC

1. Minimum of 100-amp service per unit.
2. Dwelling and garage must be wired to code (Note: all non-grounded outlets shall be changed to grounded type).
3. Dwelling to have a minimum of two exterior receptacles for the (1) front and (1) rear.
4. Each outside entry door to have lighting.

INSULATION

NOTE: Order energy audit and insulate according to energy audit recommendations. In the event of any inconsistencies between the Energy Audit and these Rehab Standards, the Energy Audit shall prevail.

Minimally the following standards shall apply:

1. If rim joist is accessible, insulate to R-19.
2. Insulate sidewalls, if sidewalls are enclosed insulate to R-14 with the "blow-in-blanket" system or R-13 batts to code on all exposed framing areas.
3. Insulate attic to R-44.

4. If sidewall framing is exposed, provide 6-mil poly vapor barrier, otherwise use vapor barrier paint on interior of outside walls.
5. If insulation is exposed at the exterior foundation, it must be covered with a finish approved by CPED.
6. Provide a copy of the cleared Energy Audit final inspection

WINDOWS

1. Existing Windows—Rehab Wood Single Pane: Remove weight hardware and insulate pockets. Install full – tilt jamb liners. Refinish and re-glaze sash as required. Weather-strip sash and plow to fit liners. Include locks and lifts. Install two track aluminum combination windows with full screen.
2. New Windows—Sash kit or Whole Unit: Remove weight hardware and insulate pockets. Insulated low–e glazing. Include locks, lifts, and full screens.
3. All storm/screen window units must compliment the fabric and color of the prime window.
4. All windows must be equipped with locks and lifts.
5. All windows are to be adjusted, weather-stripped, and made weather tight.

DOORS

1. When replacing primary entry doors, install a pre-hung insulated, metal door, include a locking knob set and dead bolt lock keyed alike.
2. For each exterior entry door install a storm door.
3. Interior doors should be serviceable with matching hardware installed.

INTERIOR TRIM

1. When replacing, match existing as close as possible.

FINISH FLOORING

1. Ceramic tile (where used on floors) shall be installed in concrete or on cement board. No vinyl base allowed.

SPECIAL WALLS

1. If new ceramic tile is used in the tub area it will be installed on cement board.

DECORATING

1. No painting over wallpaper.
2. Semi-gloss paint will be used in the kitchen, baths, basement stairwell, attic and rear entry areas. Flat paint or eggshell should be used for all bedrooms, living room, dining room, and stairway to the second floor.

EXTERIOR WALLS

1. Where existing wood siding and trim is retained, the general contractor shall warrant via a written warranty that all painted surfaces will not peel or flake for two years after final payment.
2. Where vinyl siding is installed, it must be .042 mil. When aluminum covering for trim is installed, it must be .019 gauge.
3. All painted stucco shall be sandblasted and re-dashed as needed.
4. When aluminum coil stock is used include covering the window wells and the outside blind stop.
5. Provide a mailbox.
6. Provide front and rear address numbers.

ROOFING

1. Remove and replace any asphalt shingled roof in a deteriorated condition or that cannot be warranted for seven years. All rotted wooden materials must be replaced.
2. Roofing shall be 240#, self-sealing, 3 tab, strip shingles; or appropriate roofing for flat roofs.
3. NO STAPLES shall be used to fasten shingles.
4. When roof is replaced, all roof caps and flashings shall be replaced. All flashing must be metal. Valleys must be metal inverted V type (26 gauge). All vents, flashing, and valleys will match the shingle color.

SITE WORK

1. Existing garages in deteriorated condition that will not be treated will be removed.
2. Existing fences or other exterior amenities, i.e. gaslights, clothes poles in deteriorated condition, that will not be treated, will be removed.
3. If there is no garage, provided there is access, a minimum of one hard-surfaced (bituminous or concrete) off-street parking space must be provided.

4. If there is an existing deck or porch which needs repair or replacement, the ground under the deck or porch must be covered with poly and landscape rock.
5. Remove all foundation growth and outlaw brush and the roots anywhere on the lot.
6. Provide fill and raise the grade around the foundation to provide proper drainage. Install window wells as necessary, with gravel 3+ inches in depth.
7. Repair any bare dirt areas, any bad sections and areas damaged during construction, including the boulevard areas.

MISCELLANEOUS

1. All buildings shall meet all applicable codes.
2. All necessary approvals will be received by CPED prior to the release of the final payment.

LEAD BASED PAINT

1. Developers are required to certify and ensure that their activities comply with the same lead regulatory requirements that apply to Community Block Grant Development programs. These requirements are in the Lead Disclosure Rule (24 CFR part 35, subpart A), and the Lead Safe Housing Rule's provisions for rehabilitation (subpart J), and for acquisition, leasing, support services, or operation (subpart K), and the accompanying procedural requirements in subparts B and R. Developers must provide reports to the lead hazard contractor(s).
2. Developers shall provide the following reports upon completion:
 - Post abatement clearance report
 - Pre-occupancy clearance report
 - Detailed written description of the hazard reduction activities per 35.1340, c, Clearance report, (iii).

GREEN COMMUNITIES CRITERIA

Apply Mandatory items in the 2008 national Green Communities Criteria as modified by the 2009-2010 Minnesota Overlay to the Green Communities Criteria to those improvements enacted upon (replacement of any equipment, system, building components, assembly of components, or appliance) at time of rehabilitation and or new construction. The intended method of satisfying Green Communities Criteria and Certification Form. Sections 1-8 are required to be completed.

RADON

Provide and install Passive/Active radon control system.

HUD HEALTHY HOMES

Dry:

Ensure proper drainage away from housing; clean repair gutters and downspouts, repair leaks seal roofs and windows.

Safe:

Install safety devices on doors, cabinets, window blinds and outlets; store all poisonous items out of reach of children and labeled in the property containers; install smoke detectors and carbon monoxide detectors; have appropriate fire extinguisher available.

Well-ventilated:

Service and maintain heating and cooling systems; provide exhaust fans for kitchens, bathrooms and dryers to the outside to reduce mold; change furnace filter regularly.

Pest-free:

Provide property storage and disposal for food products, caulk and seal holes; use least toxic pest management methods.

Contaminant-free:

Remove lead based paint hazards properly; provide test kits for radon; reduce volatile organic compounds in paint, carpet, etc.

Clean:

Install dust walk-off systems in entry ways; provide smooth cleanable surfaces; provide effective storage space and containers; choose flooring that is easy to clean; provide vacuum with HEPA filters; implement weekly cleaning regimen.

Well-maintained:

Important maintenance calendar for inspecting, cleaning, repairing, replacing housing components/systems.

Upon completion of the property the developer shall ensure the following:

1. That all Truth-in Housing Repairs have been corrected
2. That all Code Compliance finding have been corrected and that the property has a Certificate of Occupancy.
3. That all work indicated in the approved scope of work has been completed.
4. That all work has been completed in workmanship manner per the industry standards.
5. That all property meets the existing MN State Electrical Code, MN State Plumbing Code,
6. City of Minneapolis Housing Maintenance Code and International Residential Code.

