

Hennepin Program Description - Strategies for Stabilization

Target Area

Hennepin's NSP3 Grant total equals \$1,669,942.00 and is comprised of three target areas, Brooklyn Park, Brooklyn Center and Shingle Creek with a HUD Foreclosure Need Index Score of 19 or higher achievable under the proposed funding terms.

Effective August 2012 an expansion of Hennepin County's Brooklyn Park target area for the purpose of facilitating the selection of foreclosed homes was submitted as part of their NSP3 stabilization plan. The expansion will assist the stabilization work already underway in the expanded area. It further increases the selection of foreclosed homes that may be assisted. Hennepin's stabilization plan has been focused south of 85th Avenue North. The expanded area increases the block groups from two to 32 block groups and extends approximately 3 ½ miles east and south of their current target area providing a high concentration of residential properties. The impact score for the revised target area is 132. Although the impact score increases to 132, the number of foreclosed units assisted in this area is 166. This total already exceeds HUD's required impact score of 132. The layered assistance comes from the City's EDA program, their NSP1, NSP2, NSP3, CDBG and other MN Housing funds. Hennepin NSP3 investment in Brooklyn Park of 11 units will continue to provide stabilization to the area given the vacancy rate of 3-4% and their current rate of loans 90 days delinquent.

To further narrow the targeting, Hennepin County worked with city staff to further evaluate city vacancy figures and other foreclosure recovery expenditures (including NSP1 and NSP2). Based on the analysis, Hennepin County identified 14 target neighborhoods. Hennepin County identified Census Tract 202 Block Group 3 in the city of Brooklyn Center for their NSP3 Substantial amendment. It has identified a 13-story high-rise apartment building that provides 122 units of affordable housing (Shingle Creek Towers, 6221 Shingle Creek Parkway, Brooklyn Center). Hennepin County will invest an additional \$500,000 in this project. The property is located in the Brookdale area of Brooklyn Center, adjacent to a city park, and within three blocks of supermarkets, drug stores, a regional library and county social service agencies. The city of Brooklyn Center's community center is less than one block away. Public transportation is available less than one block away. As a result of the project's financial performance, HUD foreclosed on the first mortgage of the property.

Minnesota Housing's NSP3 funds will be used in target neighborhoods that are in close proximity, adjacent or overlapping HUD-Direct NSP3 target areas. Funding will enable the County program to acquire and rehabilitate a greater number of units and will also leverage work completed under NSP1, NSP2, and other city investments. The city's current low income concentration is 26.41%.

- **Access to transit/jobs/services:** HUD encourages grantees to carry out its NSP3 activities in the context of a comprehensive plan which includes consideration of access to transit, employment and services. The identified neighborhood meets the minimum threshold job count based on the median number of low and moderate wage jobs or provides access to employment via a transit stop within ½ a mile. HUD also encourages grantees to carry out its NSP3 activities near redevelopment anchors or already targeted redevelopment area which are described below:

Additional Local Assets

- **Housing - Stable Neighborhood Action Plan (SNAP)** (planning completed December 2005; implementation ongoing) -the County partnered with Brooklyn Park to create the SNAP plan to address multiple challenges affecting the area surrounding Brooklyn Boulevard and Zane Avenue, including obsolete housing, aging infrastructure, relatively high rates of crime, and ineffective transportation linkages. The County provided \$200,000 in capital funding for the planning effort.

- **Transportation** - The Bottineau Transitway Corridor (ongoing) extends from Downtown Minneapolis through North Minneapolis and the Northwest Suburbs of the Twin Cities including, Golden Valley, Robbinsdale, Crystal, New Hope, Brooklyn Park, Osseo, and Maple Grove, generally following Bottineau Boulevard (County Road 81). In addition, the travel shed for this corridor extends through the rapidly growing communities of Dayton, Rogers, and Hassan Township.
- **Improve Safety** - Village Creek Police Station (Opened August 19, 2010) Acquisition and redevelopment of an existing vacant commercial building providing police, community meeting space and 24-hour a day face-to-face access to city resources. Hennepin County capital funding was: \$872,597 federal CDBG and \$400,000 Hennepin County capital bond funding.
- **Facilities**
 - Hennepin County Medical Center's Brooklyn Park Clinic (Opened November 17, 2010) at the intersection of Zane Avenue and Brooklyn Boulevard. It's the fifth primary care clinic to join Hennepin Health System's network of community clinics outside downtown Minneapolis. The 12,000 square-foot clinic will serve up to 25,000 patients a year and provide services in family medicine, OB/GYN, certified nurse-midwives and pediatrics.
 - Hennepin County Library (site acquired in 2010; construction to begin 2011/2012): This new \$25 million investment will be located at the intersection of West Broadway and 85th Avenue North and will at least double the size of the current 15,183 sq. ft. facility.
- **Improve landscaping, sidewalks and medians**
 - Village Creek Corridor Project (ongoing) - Over \$28 million has been invested in the Project since 2000, including \$2 million from the County for public improvements (new roadway and pedestrian paths, park space, lighting, and improvements to Shingle Creek).
 - Bass Lake Road (County Road 10) Streetscape and Regional Trail Project (construction completed October 2010) - The City of Brooklyn Center is the recipient of \$2 million in federal stimulus funds for the Project, announced by the Metropolitan Council in June 2009. Extending along Bass Lake Road from Brooklyn Boulevard to Highway 100, this project will consist of many design aspects including:
 - Regional Trail Connection. A missing segment of the regional trail system will be constructed, providing a central connection to existing regional trails.
 - Pedestrian Safety. Design elements will encourage safe pedestrian routes and street crossings.
 - Water Quality. Biofiltration systems will enable treatment of roadway runoff that may be contaminated with chloride from de-icing efforts before it discharges into Shingle Creek.
 - Streetscaping. Multi-function aesthetic features will promote safety and beauty, including landscaping, pedestrian plaza and benches, lighting and colored concrete. The look will be coordinated with Xerxes Avenue streetscaping to provide a consistent feel to the area.
- **Engage citizens in neighborhood stabilization** - Northwest Family Service Center (PUD approved April 2010; construction pending final financing commitments) (CEAP, ISD #279, Hennepin County Human Services and Public Health Department, Hennepin County Housing and Redevelopment Authority). 63,362 sq. ft. addition to the Adult Education Building located at 7051 Brooklyn Boulevard. The \$27.03 million project will be financed with a loan from the Hennepin County Housing and Redevelopment Authority (up to \$18.2 million), New Market Tax Credit financing (\$6.8 million), and State bonding (\$2 million).

Partners

Final subsidy amounts will be capped per development agreements. Interim financing is anticipated; interim financing may increase project costs.

Similar to NSP1 and NSP2 Hennepin County proposes to utilize two local subrecipients and developers. Additionally, the Hennepin County Housing and Redevelopment Authority (HCHRA) may engage in a limited amount of programming. The City of Brooklyn Center and Brooklyn Park are named as local subrecipients. They will contract with developers for the acquisition, rehabilitation, and resell of the NSP3 properties under this program. Twin Cities Habitat for Humanity (TCHFH) or West Hennepin Affordable Land Trust (WHAHLT) will be used for homeownership households at or below 50% of AMI.

Subsidy

The amount of subsidy per unit is anticipated to be \$50,000.

Resale/Recapture

Hennepin County will use the recapture provision and provide a soft second mortgage to the homebuyer.

Rental Preference

While a rental preference has not been established, the County has identified two potential strategies should certain opportunities present themselves (these strategies would likely require a substantial amendment).

Possible Rental Strategy 1: Development Financing Single-Family Rental. Hennepin County staff has contacted several Special Needs housing providers (CIP, Task Unlimited, and Minnesota Assistance Council for Veterans (MACV)). Hennepin County would fully-fund the acquisition and rehabilitation of 2 or 3 properties (rehab work may be done by the County's Sentence To Serve (STS) Homes program) and turn over the completed property to the nonprofit service provider debt-free. Note: Single-family rental requires additional city council approvals.

Possible Rental Strategy 2: Development Financing Multifamily Rental. Hennepin County has identified a potential delinquent 13-story high-rise apartment building that provides 122 units of affordable housing (Shingle Creek Towers, 6221 Shingle Creek Parkway, Brooklyn Center). Hennepin County is moving forward with this rental strategy through the March 2012 substantial amendment.

Low Income (Below 50% AMI)

Serving homeownership households at or below 50% of AMI will depend upon who the end developer(s) that Hennepin is able to work with. Most likely, the County will work with Twin Cities Habitat for Humanity (TCHFH) or West Hennepin Affordable Land Trust (WHAHLT) to serve low income buyers. TCHFH will use the recapture provision and provide development gap funding to TCHFH for all or part of the acquisition costs and in addition provide assistance directly to the homebuyer. The Habitat model will be relied upon to ensure affordability long term. WHAHLT will use the resale provision. The land trust model works the best with the resale provision. Both of these organizations have extensive processes of helping potential homebuyers be successful homeowners.

Vicinity Hiring

The County and its subrecipients will implement the following:

- Provide community outreach via city newsletters, etc;
- Advertise, identify and select qualified developers from inside the target area, when possible;
- Require developers to identify and solicit bids from qualified contractors from the target area, when possible;
- Require contractors to hire qualified job applicants from inside the target area, when available.

Marketing Plan

- List and market every home on the Multiple Listing Service (MLS).
- Work with Partner cities to engage the local commercial media which provide information to all residents of the community, including the Sun Post and each city newsletter. It will contain material specific to affordable housing opportunities. Periodically, partners will use Cable 12 and other regional news networks to promote the NSP homes and the foreclosure recovery efforts.
- Hennepin County and its partners will use the existing Housing Resource Guide, brochures, and other valuable information about the Neighborhood Stabilization Program's home buying opportunities. The Housing Resource Guide can be found at City Hall and online.
- Hennepin County and its partners regularly update their websites to promote the addresses of properties for sale, including the developer and staff contact information.
- Information will be provided to outreach and collaborate with community leaders from African-American, Hispanic, Hmong, Liberian, and Somali communities.
- The African American Action Committee and the Emerging Markets Homeowners Initiative will periodically be contacted.
- Brooklyn Park will market their homes at its annual Housing Fair and Real Estate Forum.
- The properties will be held and managed by the developer. They will review the marketing efforts and identify gaps, if any. They will consider price reductions, as necessary, and funds available to cover required increases in subsidy.