

Saint Paul Program Description - Strategies for Stabilization

Target Area

Saint Paul reviewed the Minnesota Housing-identified block groups to prioritize the areas based on need as well as a desired outcome for neighborhood stabilization. By reviewing and selecting the Minnesota Housing eligible block groups with a high concentration of high-cost mortgages and USPS vacant addresses, as well as low median sales prices of foreclosed and traditional homes, Saint Paul narrowed the block groups down even further. These indicators together suggested a high need for neighborhood stabilization. The following small neighborhood areas were analyzed in even greater detail to explore their possible candidacy as the NSP3 target area.

The decision to select area #7 (outlined above) as the NSP3 target area was supported by the following data: it had the highest concentration of vacant or foreclosed homes as a percentage of total housing units; it had a high number of recent housing acquisitions and rehabilitation activities in it; it has proximity to several transit corridors (Payne, Arcade, and Maryland), several key public infrastructure/investments (Payne-Maryland project; Payne Ave street resurfacing/streetscaping), and strong ongoing community engagement activities/initiatives undertaken by the district council and community development corporation (District 5 Payne Phalen community engagement, and the East Side Neighborhood Development Corporation (ESNDC) Block Transformation Initiative). The proposed NSP3 Minnesota Housing Target Area is a sub-area of Saint Paul's proposed HUD direct NSP3 Target Area. So, from a purely geographic standpoint, the Minnesota Housing NSP3 funds and the HUD direct NSP3 funds will be spent by Saint Paul in a complementary manner. In fact, the distinction between NSP3 HUD and NSP3 Minnesota Housing will be treated as an internal funding distinction only. The overall NSP3 plan has, and will continue to be, presented to the public as one larger overall plan.

Because of the tight geographic concentration of this NSP3 plan (including the HUD direct funds), short term outcomes may include an end to the decline in home values based on the average sales price in the targeted neighborhood, and the control of the future outcome of some key properties. Long term outcomes may include increased sales of residential property in the targeted neighborhood; and increased median market values of real estate in the targeted neighborhood. Work undertaken through NSP3 will complement a host of activity that is either planned or currently underway. The NSP1 and NSP2 activity areas both overlap the NSP3 target area, having the potential to intensify the level of impact within the target geography. Following are ways in which existing and anticipated neighborhood improvement efforts will contribute to the stabilization of the area.

The August 2012 Substantial Amendment expands the NSP3 target area. The purpose is to increase Saint Paul's pool of foreclosed homes and jumpstart their NSP3 program. This proposal includes a change in strategy and a slightly larger target area (high need score at 20) that overlaps their current NSP HUD Direct funds and creates the needed opportunities for Saint Paul to successfully expend their funds within the NSP deadlines. Under the new plan, Saint Paul's unit count increased from nine to 13. It also decreases the city's low income concentration from 42% to 34%. The target area expands several blocks to the north and east. The impact score increases from 13 to 16. Current layered investments have already met this score. The expansion makes it more feasible for Saint Paul to meet their contractual obligations under NSP3. It provides the city a distinct advantage by making available NSP3 projects already under HRA ownership. It further leverages investments in the area, such as other local, State and Federal funding sources (NSP1, 2, 3, ISP and CDBG). It increases the number of foreclosed/vacant properties, making it feasible for Saint Paul to meet their 50% expenditure

requirement. It provides the city a distinct advantage, making available NSP3 projects already under HRA ownership, and it offers an expanded opportunity for vicinity hiring.

Additional Local Assets

- **Transportation** - Payne, Arcade, and Maryland are all existing bus transit routes. The Met Council will be studying E. 7th Street to Arcade as a potential arterial Bus Rapid Transit (BRT) route this year. The Phalen Corridor, to the immediate south of the target area, also has plans as a regional transitway (potentially commuter rail, bus rapid transit, or other transit mode).
- **Employment opportunities** - There are numerous employment opportunities within one mile of the primary block area, located on properties identified as commercial or institutional. The area employment opportunities located along key commercial corridors that run through the target area include Payne Avenue, Arcade Street, and E. 7th Street, as well as additional opportunities along Phalen Boulevard. The area is very close to the downtown job market as well. Below are some projections about the labor force within the larger county.
- **Commercial development** - Payne Avenue is one of Saint Paul's successful commercial corridors and is home to several strong and culturally diverse businesses. Recent improvement activities include the redevelopment of the Swedish Bank building, and the ESNDC who is working on increasing communication and improving relationships with business and property owners. Commercial properties along Payne have been a focal point of ESNDC's Blocks Revitalization Plan project.
- **Improve safety** - Ongoing activities such as the removal of blighted structures, the rehabilitation of the housing stock, increased occupancy of commercial spaces and improved communication with and amongst residents will effectively improve real and perceived safety concerns.
- **Improve schools** - The schools within and close to the target area are already some of the more notable in the city relative to programming and services. The J.A. Johnson school is an achievement plus school and the Farnsworth Aerospace Elementary is noted for its emphasis on science related education and programming. All area schools will benefit from improvements to the housing stock and commercial properties, which facilitate a decline in vacancies and make the neighborhoods more attractive to families with children.
- **Develop and improve parks and recreation** - The Payne-Maryland project is a \$14 million investment that will result in a new multi-use community center at the corner of Payne and Maryland. Construction will begin in spring 2011. Another area recreation center, Wilder, is slated for reprogramming in the near future. The southern end of the target area borders on Eastside Heritage Park, which recently underwent a significant improvement. Part of the Block Revitalization Plan is to improve the connection between area housing and the park, and to promote it as an amenity for residents and visitors alike.
- **Improve transportation and streets** - Saint Paul recently began a reconstruction and beautification effort along Payne Avenue that included resurfacing the road, improving the sidewalks, new traffic controls and street lamps. Construction on this \$3.67 million investment project is expected to be complete by summer of 2011.
- **Improve landscaping, sidewalks and medians** - Improvements to the commercial portions of the target area will be done through the Payne Avenue Street Reconstruction project. On a property by property basis these improvements will take place in the residential portions of the target area.
- **Engage citizens in neighborhood stabilization** - The Payne-Phalen District 5 Planning Council and the ESNDC are both presently working under contracts funded by Invest Saint Paul (ISP) to conduct community engagement activities. These activities are complementary to the proposed NSP3 activities because they are bringing information about NSP activities to the community

and because these activities have now created a feedback loop between city staff and the community.

Partners

The Housing and Redevelopment Authority of the City of Saint Paul will function as developer for most of the housing unit production in this NSP3 program. The exception will be a likely partnership with a collaborating private developer partner to produce some long-term rental. This partner is not identified at this time. Analysis of a potential partner will include assessment of financial capability and experience with similar work.

Subsidy

The amount of subsidy per unit is \$60,000 and \$157,142 for rental.

Leverage

Saint Paul has developed a down payment assistance program that will be available to home buyers in the NSP target areas. The DPA program will incent sales by offering assistance with down payments, closing costs or a reduction in the affordability gap.

Resale/Recapture

For homeownership and rental projects recapture will be used.

Low Income (Below 50% AMI)

Saint Paul's NSP3 program will meet the required 26.4%% at 50% AMI spending requirement primarily through the creation of rental units at 50% AMI.

Vicinity Hiring

The City of Saint Paul vicinity hiring can be coordinated in conjunction with Saint Paul's Section 3 Action Plan. Specific actions may include: advertising contracting opportunities via the City's website that will provide general information about the project and where to obtain additional information; contacting business assistance agencies and community organizations to inform them of contracting opportunities and requesting assistance in identifying vicinity businesses which may solicit bids or proposals for contracts for work; create and maintain a list of vicinity businesses; coordinate pre-bid meetings at which vicinity businesses may be informed of upcoming contracting and subcontracting opportunities; and advertising contracting opportunities through local (neighborhood level) media.

Marketing Plan

The City has a marketing strategy designed to inspire confidence in Saint Paul communities and highlight incremental changes that will improve the daily lives of its residents. It is anticipated that the strategy used for NSP1 and NSP2 will also be used to promote NSP3 activity. The goals of the strategy are to sell rehabilitated homes to qualified homebuyers; inspire confidence in existing residents, future residents and those who want to invest in the community; and promote the benefits of living in Saint Paul. The audience for this message includes homebuyers, contractors, neighborhood organizations and community groups, residents, the media and the general public. The strategy will highlight Saint Paul's involvement in addressing the problem of foreclosures and vacancies, while leveraging additional public and private investment in targeted areas throughout the city. Some of the components of Saint Paul's marketing strategy will include a comprehensive website detailing program requirements; displaying completed homes for sale and broker contact information; promoting rehabilitated homes as being a

good value relative to sales price and long term maintenance expenses, and energy efficient; and neighborhood information and assets. Each property will be identifiable as a NSP home by a yard sign displaying a unique program logo and the web address. Saint Paul has established relationships with neighborhood planning organizations and community development corporations, several of which are already involved in NSP activity and can help promote home ownership opportunities in their neighborhoods. Saint Paul is in the process of developing print ads, a brochure and handouts to promote NSP-related activity and property sales. In addition, Saint Paul will use new and established media and social media outlets to publicize activities, events and milestones.