

Minutes

Prospect Park East River Road NRP - 2 Steering Committee Meeting of March 7, 2005 at Luxton Park

1. The meeting was called to order by Dick Poppele, co-chair of the steering committee, at 7:35 pm in the multi-purpose room at Luxton Park Community Center. There were 14 people present. (See attached sign in sheet and item 10.)
2. Chair asked if there were any changes or corrections to the minutes of the last meeting. There were none. Dean Lund moved to accept the minutes as written. Betts Zerby seconded. The motion passed with no opposition.
3. Chair noted that there are two guest speakers on the agenda (see attached). Don Snyder has arrived, but Elizabeth Lee has not. It appears that no one heard from her and it is unclear whether she will be coming or not. Also presenting will be Ann Munt (committee member), to explain the SWIM proposal. Chair also mentioned the other items on the agenda: the ad to be placed in the SE Angle to announce the upcoming neighborhood meeting and the list of priorities the committee looked at during the last meeting. Translation into Somali was provided at this point.
4. Chair explained the need for Somali translation to Don Snyder and asked him to introduce himself. Don noted that he is actually in the City of Minneapolis Finance Department, not CPED, due to the way the department was restructured recently. He has worked with Prospect Park in the past, notably in the NRP Phase 1 housing programs for Motley. The committee contacted him for assistance and advice on how to contract our NRP Phase 2 housing funds. He received an e-mail from Joyce Barta with the 7 housing proposals received so far from the neighborhood. Translation into Somali was provided at this point.

Don stated that his function is not to give specific proposals but to advise. Chair asked if he could tell us what kinds of programs are available and what NRP has that would match up with the neighborhood proposals. Chair briefly summarized the housing proposals and said the neighborhood has approximately \$244,000 that must be spent on housing.

Don said that with that relatively small amount of money, it should be devoted to probably no more than three ideas. He gave the following information, with questions interjected and with translation into Somali occurring frequently throughout. It was noted that the Phase 1 Motley program fit under categories 2 and 3.

Housing:

1. **Development** – CPED handles these programs.

- **New**
- **Rehab of existing units**

Neighborhood proposals #14 (Steve Ficker's Affordable Housing Proposal and # 3 (Steve Cross's Affordable Housing Demonstration Project) would fall under this category.

2. **Home Improvement** (existing properties) Handled by City Finance – Don would work with us.

- **Loans – revolving** Require monthly payments. Are secured by a mortgage against the property. When payments come in the money can be re-loaned or used for other programs. Ususally 0-4% interest.
 - **deferred** Payments are deferred when conditions (determined by us) are met.
 - **with forgiveness** (under certain conditions)
 - **no forgiveness** but must be repaid at some point.
- **Grants** – Gifts with no repayment strings attached. The neighborhood may put restrictions on how the money may be used.

Neighborhood proposals #4 (Steve Cross’s Neighborhood Housing Revitalization Program, #8 (Dick Poppele’s Stabilize Affordable housing in the Motley Neighborhood and #15 (Steve Ficker’s Home Improvement Loan Proposal) would fall under this category.

Note on conditions: Conditions may be set by the neighborhood. One example: The unit must be owner occupied: conversion to rental would trigger repayment. Another example: The owner (rental or not) must retain ownership for a given number of years or repayment would be triggered.

Notes on loans:

In the case of a deferred loan, if the loan must be repaid when property is sold, this could be 40 years down the road and would put an administrative burden on someone in the future.

A rule of thumb for loan terms is 1 year for every \$1000 borrowed, so 7 years for a \$7000 loan. This would typically recycle once; therefore the term is 15 years. When loans are being repaid, the principle plus interest flows back. This could be used to originate new loans or to fund other, perhaps non-housing programs. One neighborhood wrote into their Action Plan the stipulation that the first \$150,000 that came in would be used for a bike path. Alternatively, that kind of change could be made down the road with a Plan Modification. The interest income is called program income. The Action Plan could state what to do with the retuning principle and/or the program income. The City Council and Mayor could decide in the future to take that money out of the neighborhoods’ hands.

3. **Home Buyer Assistance** Also handled by City Finance – Don would work with us.
 - **Grants** See above.
 - **Loans** See above.

Neighborhood proposal #8 (Dick Poppele’s Stabilize Affordable housing in the Motley Neighborhood) would also fall under this category.

4. **Improve Public Housing** Someone from the City or NRP would work with us. There are currently no proposals from this neighborhood for this category.

5. **SWIM** Someone from the City or NRP would work with us.

Neighborhood proposal #10 (Shukri Dirie’s SWIM: Moving On – Guiding Somali Families Toward Home Ownership) would fall under this category.

6. **Other** Someone from the City or NRP would work with us.

Neighborhood proposal #6 (Joe Ring’s Prospect Park Historic District Phase 2) would fall under this category.

Program Parameters: NRP would like numbers 1, 3 and 5 to be described in the Action Plan.

1. **Income limits** for participants

- **No**

- **Yes** – If so, what limits? Does not have to be decide now.

2. **Maximum amount**

There is a trade-off here – The neighborhood can choose to fund a few people with a larger amount of money, or more people with a smaller amount of money. The neighborhood could also include a match requirement. The amount of the match could be tied to income, for example, the participant could be required to match each NRP dollar with two of there own, one, or for the lowest income, there might be no match required.

3. **Ownership**

- **limited to owner-occupied**

- **limited to rental**

- **either owner occupied or rental**

- **how many units per building**

4. **Loans**

- **revolving** There is a \$6 per transaction fee, which comes to \$72/year for monthly payments.

For this reason, 0% interest loans result in a net loss of funds. The break even point is at 2-3%. Unless the interest rate is higher, there is no program income.

- **deferred** There is no monthly cost, just a one time fee.

5. **Type of work** This should be kept as broad as possible when writing the action plan.

- **interior work** such as plumbing, electrical, furnaces, general remodeling

- **exterior work**

- **both**

5. At this point the presentation ended and discussion continued. The question was asked whether NRP and/or the city require a portion of the money go to “affordable housing” or whether the requirement was simply for housing. Don answered that there is no requirement that the housing money be spent on affordable housing.

The point was made that if there is no income limit on a program, public money would then be used to fund participants who could afford it themselves. It was pointed out that due to fixed incomes, rising property taxes, old homes that tend to need significant repairs, etc., that there are probably a significant number of residents who can afford to stay in their homes but cannot quite afford the repairs. Perhaps the 2:1 match or 1:1 match requirement would be a good option. It was also noted that the income level does not have to be set at 50% of the metro median income. Another idea is to target the homes that need the most repairs. Don said that some neighborhoods have a “scoring sheet”. The program administrator looks at home and rates them – the highest rated (most in need of repairs) are first in line for NRP funds in those programs. If the public purpose is to improve the housing stock, the neighborhood may want to set a higher income limit, but target those structures in need of the most repairs. This would be a benefit to the public.

Another question: Are there more administrative cost associated with programs imposing more requirements or restrictions? Don's answer was no, unless increased monitoring would be needed. For example, if the program loaned or granted money to landlords with the stipulation that rents not be increased, rents would have to be monitored by asking not just the landlord but also tenants. This would increase administrative costs. Most requirement, however, do not.

Another question: How much money is necessary for a program to be effective? Don's answer was \$100,000 for a loan program and \$50,000 for a home buyers assistance program. The administrative cost is 6-8% of the amount in the fund.

Due to time constraints, the committee then moved on to the next item.

6. Ann Munt gave an overview of the SWIM proposal and explained the need for it. (See attachment.) She explained that the Somali immigrant population is not receiving enough help in adapting to the American lifestyle. 85% of the Somali families come from a nomadic lifestyle; city life is quite foreign to them. Public housing shows them a video and gives them a one-time demo on how to use such items as a gas stove, but since the technology is so new to them, this is not enough education. The need education to deal with gas leaks, mice, how to get repairs, etc. If they do not know these things in a rental unit, they could not own their own homes. The SWIM proposal is asking for funds for an additional staff person and to prepare a manual, translated into Somali, with visuals, and in-depth, hands on training. The visuals would have stick people, not people in Somali dress, so that the manual could also be translated into other languages to assist people coming from other cultures. There are immigrants from Somalia, Eritrea, Ethiopia, Hmong, and other languages and cultures at Glendale.

A question was asked – aren't there already programs like this? The Hmong have been here longer and would have had similar problems. There was no clear answer to this, except that each culture is different and the type of education they need also differs.

At this point the Somali women were asked whether the video and other training they received was helpful. Translation from Somali into English was provided. They said it was helpful, but not sufficient. They don't know what to do about gas leaks, mouse holes, etc. Ann said there is a need to develop advocacy – someone to come and help.

7. The committee looked at an ad designed by Dick Poppele. The SE Angle ad is due this week. Also shown was an ad by the Marcy Holmes neighborhood. Several suggestions were made – explain that public input is desired, how much money, etc, while still keeping the amount of text small. Dick and Joyce will put together the ad, using text borrowed from the Marcy Holmes ad as a help.

8. The next meeting will be on Monday, March 21 at 7:30 pm.

9. The meeting was adjourned at 9:30 pm.

10. The meeting attendees were:

Shukri Dirie
Shamso Ahmed
Halimo Elmi Yusulf
Kari Simonson

Dean Lund
Joe Ring
Ann Munt
Betts Zerby
Dick Poppele
Joyce Barta
Amina Mohamed
Ambara Barre
Khadija Sheikh
Don Snyder

The following is from Don Snyder:

I have attached a worksheet to this e-mail that portrays some of the information that I presented last night. Although it is VERY outdated (note the date and references to MCDA), the essential information that it conveys it is still accurate.

INITIATING REHAB OR MORTGAGE RELATED PROGRAMS

There are some procedures that all neighborhoods must follow relative to establishing and managing housing rehabilitation and/or mortgage related programs. The MCDA will counsel neighborhoods to help them get through these procedures.

ESTABLISH THE PROGRAM

decide program guidelines: type of financing to be provided - grant or deferred loan (possibly mat or regular loan....maximum amount of NRP funds to be provided to each recipient....whether there be an incor for recipients....types of properties to be assisted....eligible uses of NRP funds....etc.

decide how program will be marketed? . . . decide how recipients will be selected?

if there will be an income limit, decide how recipients' incomes will be verified?

decide program administrator -- If providing grants, this can be the neighborhood.

decide mechanism for providing rehabilitation counseling (see separate page)...options: use own neighborhood staff or hire outside contractor (person or company, possibly MCDA)

decide mechanism for neighborhood's approval of proposed work / use of funds

design information packet to be provided to interested property owners and design application for

SELECT A PARTICIPATING LENDER [If providing a loan program]

Please refer to the separated, related document "Establishing a Revolving Loan Program" that provides detailed steps regarding this process.

finalize all decisions on loan program guidelines.

decide on lenders to solicit [this *could* include the MCDA]

contact possible lenders to determine their interest

meet with possible lenders to discuss program and procedures and lender's fees to perform the req services (process applications, close loans, disburse funds, service loans)

review written proposals submitted by each possible lender to the neighborhood outlining services

performed and the fees to be charged

FINALIZE CONTRACTS (WITH MCDA AND THE LENDER).

CONDUCT THE PROGRAM

market program

receive and review applications; select recipients

review bids of selected recipients and approve work

"closings" for committed funds

payment for completed work

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