



Roseville Economic Development Authority (REDA)

Agenda

Monday, October 14, 2024

6:00 PM

City Council Chambers

(Any times listed are approximate – please note that items may be earlier or later than listed on the agenda)

- 6:00 p.m. **1. Roll Call**
Voting and Seating Order: Etten, Groff, Strahan, Schroeder, and Roe
- 6:02 p.m. **2. Pledge of Allegiance**
- 3. Approve Agenda**
- 4. Public Comment**
- 5. Business Items**
- 6:03pm a. Consider replenishment of funds for housing loan programs
- 6: 25 p.m. **6. Adjourn to City Council**

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: 10/14/2024

Item No.: 5.a.

Department Approval

Janice Gundlach

City Manager Approval

Samuel J. Truog

Item Description: Consider replenishment of funds for housing loan programs

Background

On July 19, 2021 the Roseville Economic Development Authority (REDA) adopted a Senior Deferred loan, a Manufactured Home Improvement loan, a Last Resort-Emergency Deferred loan and a First Generation Down Payment Assistance Program. Then, on May 16, 2022 changes were made to the existing Revolving Home Improvement loan, lowering the interest rate from 4% to 3% and moving funding of the origination and administrative fees out of the revolving loan account and on to the EDA levy. All of these home improvement loans were created and/or revised based upon input from the Center for Energy and Environment (CEE), who serves as the loan program's administrator and who has expertise in administering various home improvement loans for municipalities and the state.

The following paragraphs are a summary of each loan program CEE administers on behalf of the REDA. A loan summary report prepared by CEE is provided as Attachment 1, which illustrates the types of improvements that loan recipients are financing via these loans, improvements that contribute to the overall health of Roseville's housing stock.

Residential Revolving Loan Program

This program provides loans from \$10,000 to \$40,000 for home improvements at an interest rate of 3% amortized over 10 years. The program does not have any income qualifications but does require that the home value not exceed the current median value in Roseville. The 2024 median value is \$349,900. The program allows for an adjustment of up to 110% of the median value, which currently equates to \$384,890. The median value is adjusted annually based upon Ramsey County Tax Assessor Records. Since revision of the interest rate, and as of September 30, 2024, the program has closed on twenty-two (22) new loans equating to \$662,598.40 for home improvements. The average loan value is \$30,211.

Last Resort – Emergency Deferred Program

This program funds an emergency, which is defined as a condition that makes the house uninhabitable, extremely dangerous to the occupants, or is capable of causing severe health problems. The loan is deferred, but not forgiven, at an interest rate of 0%. The maximum loan amount is \$10,000. There is no debt-to-income ratio requirement and the loan is due upon sale of the home, or refinancing when taking cash out. Since May 23, 2023 two (2) loans have been closed totaling \$14,500.

Manufactured Home Improvement Program

This program is designed to fund interior or exterior improvements to manufactured homes. The loan is amortized over a maximum term of 10 years at a 4% interest rate. The maximum loan amount is \$10,000. The loan has debt-to-income and loan-to-value requirements. No loans have been originated since the adoption of this program in July 2021. Staff would note that every manufactured home received a letter (in English & Spanish) advertising this loan program shortly after it was created. In addition, staff has talked with the park manager on various occasions about this program and others to support improvements for not only the residents but also infrastructure at the property. Since the adoption of this program, the County has created a program to provide grants up to \$10,000 to

42 manufactured homeowners for critical repairs.

43
44 *Senior Deferred Loan Program*

45 This program is designed to fund interior and exterior improvements. It is targeted to seniors, is deferred,
46 and has a 0% interest rate. The maximum loan amount is \$25,000. There is no debt-to-income ratio
47 requirement, but a loan-to-value of 110% does apply. The loan is due upon sale of the home. CEE
48 conducts an inspection to prioritize improvements that should be made to the home to ensure the loan
49 proceeds fund appropriate/necessary improvements. Twenty-four (24) loans have been closed since the
50 creation of the program in July 2021. The average loan amount is \$20,683.

51
52 *Down Payment Assistance (DPA) Program*

53 The program is designed to help underserved communities who seek to be first generation homeowners
54 with a \$25,000 deferred loan to be used for down payment assistance. One of two qualifiers is that
55 parents have never owned a home or a parent lost a home to foreclosure. In order to meet this criterion,
56 the applicant signs an affidavit representing their parent’s status and if it is found to be a false statement,
57 the charges could result in a felony conviction, imprisonment for up to two years, and a monetary fine of
58 up to \$20,000. Seven (7) loans have been originated since the creation of the program in July 2021. In
59 2023, Ramsey County developed the same program. Then, also in 2023, the state passed legislation
60 providing \$150,000,000 for first generation down payment assistance. While Roseville's program defers
61 funds to the sale or refinance of the home, the Ramsey County and state programs, which are
62 combinable with Roseville's loan, are forgiven over a period of 5–20 years depending on the source.

63
64 All the above-described programs have been funded using the existing account balance in the Roseville
65 Revolving Home Improvement Loan fund (fund 723). This fund last received replenishment on May 23,
66 2023, when the EDA authorized transferring \$200,000 from the EDA operating account (fund 725) and
67 \$300,000 from the multifamily loan program (fund 724) to the Revolving Home Improvement Loan fund.
68 Due to the popularity of the programs and the favorable interest rate for the Revolving Loan program,
69 the existing account balance has been depleted to the point where interest has exceeded available
70 funds. In accordance with the commitments made at the time these loan programs were created, the
71 REDA has been advised by CEE that budgeted funds for some of the programs have been extinguished.
72 Based on original funding amounts, REDA staff and CEE allocated funding levels to individual programs
73 to ensure funds were available for each of the different loans. These allocations were based on CEE's
74 expertise and experience in administering these, and similar loan programs across the state. As of
75 September 30, 2024, the following illustrates what remains in the account balance/budget in each of the
76 programs:

<u>Program/Loan Type</u>	<u>Balance/Funds Remaining</u>
Revolving Home Improvement	\$0
Senior Deferred	\$20,251
First Generation Down Payment Assistance	\$50,000
Manufactured Home Improvement	\$30,000
Emergency Deferred	\$15,500
TOTAL	\$115,751

78
79 If the REDA wishes to sustain these programs, additional funding must be identified. Staff has identified
80 one account that still has excess funds not dedicated to projects or programs, which is the multifamily
81 loan program (fund 724). This fund currently has a balance of \$1,512,333. These were levy funds from
82 the former Roseville Housing Redevelopment Authority (RHRA) that were established to assist with
83 rehabilitation of existing Naturally Occurring Affordable Housing (NOAH). Since inception of the
84 program, only one housing developer has used the funds and has since repaid the loan.

85
86 Based on the existing balance in fund 724, staff suggests utilizing \$500,000 to replenish the Roseville
87 Revolving Home Improvement Loan fund (fund 723), which funds all the programs outlined in this report.
88 The additional \$500,000 should be sufficient funding through at least 2025. After consultation with CEE,

89 staff suggests the following budget, assuming \$500,000 of additional funding is deemed appropriate:

90

<u>Program/Loan Type</u>	<u>Budget</u>
Revolving Home Improvement	\$315,000
Senior Deferred	\$170,000
First Generation Down Payment Assistance	\$0*
Manufactured Home Improvement	\$0 (adequate funds remain from original budget)
Emergency Deferred	\$15,000
TOTAL	\$500,000

91

92 *When Roseville adopted the DPA program in 2021 there were no other organizations that were
93 providing First Generation DPA. As mentioned previously in this report, Ramsey County started a
94 program in 2023, which provides up to 25% of the purchase price not to exceed \$93,150 forgiven over
95 20 years. Additionally, the state's 2023 special appropriation funds for first generation DPA provide
96 \$32,000 forgiven over 5 years. These programs are in addition to existing Ramsey County and MN
97 Housing programs that provide traditional DPA assistance that can be used in combination with first
98 generation DPA. All of these DPA programs are combinable with each other and the REDA's DPA
99 program. To that point, while not a requirement of the REDA's DPA program, CEE does request
100 subordination to any other DPA loan that may be utilized to secure 2nd position on the REDA's funds.
101 However, subordination requests have not been successful. Given the plethora of DPA programs at the
102 county and state, the existing balance/budget of \$50,000, and subordination attempts being
103 unsuccessful, staff do not recommend additional funds be allocated to the First Generation Down
104 Payment Assistance program at this time.

105

106 Jim Hasnik, Director of Lending Services with CEE will be present to address any questions the REDA
107 may have.

108

109

110

Policy Objectives

111 The REDA's role is to coordinate and administer housing, economic development and redevelopment
112 efforts for the City of Roseville.

113

114

Equity Impact Summary

115 There are significant equity impacts related to housing, which is why the REDA has implemented various
116 loan programs that the traditional marketplace doesn't provide.

117

118

Budget Implications

119 There are no budget impacts on the EDA's operating budget/levy with this request. Staff's request
120 includes the use of \$500,000 from the Multifamily Loan Account (fund 724) to replenish the Revolving
121 Loan fund (fund 723), which supports the Roseville Revolving Home Improvement, Senior Deferred,
122 First Generation Down Payment Assistance, Manufactured Home Improvement, and Emergency
123 Deferred loan programs.

124

125

Staff Recommendations

126 Staff recommends the REDA allocate an additional \$500,000 towards the Revolving Loan fund, based
127 on the following conditions:

128

129

130

131

1. Transfer \$500,000 from fund 724 (Multi-Family Loan Program) to fund 723.
2. Budget the newly allocated \$500,000 as follows: \$315,000 to the Revolving Home Improvement program; \$170,000 to the Senior Deferred program; \$15,000 to the Emergency Deferred program.

132

133

Requested Council Action

134

135

136

137

138

By motion, authorize \$500,000 from fund 724 to be transferred to fund 723 to replenish Roseville's revolving loan programs and establish a budget for the additional funds as outlined by staff.

Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager

Attachments: 1. Roseville Loan Summary Report

139

Roseville Loan Summary Report

ATTACHMENT 1



Application packets requested/mailed:	This period:	<input type="text" value="7"/>	Year-to-Date:	<input type="text" value="8"/>
Residential Advisor Visits:	This period:	<input type="text" value="6"/>	Year-to-Date:	<input type="text" value="9"/>
Loans currently in process for residents in your City/Neighborhood:		<input type="text" value="54"/>		

Closed Loans	7/1/21 - 4/30/22		5/1/22 - 9/30/24	
Roseville		Units		Units
Closed End	0.00	0	662,598.40	22
Down Payment Assistance	25,000.00	1	100,000.00	4
Emergency Deferred	0.00	0	14,500.00	2
Manufactured Home Loan		0		0
Senior Deferred Loan	143,311.00	6	353,080.10	18
Total	168,311.00	7	1,130,178.50	46

Leveraged Funds	This period:	Units	Year-to-Date:	Units
CEE	0.00	0	91,347.00	4
MHFA FUF	0.00	0	443,737.00	17
Total	0.00	0	535,084.00	21

Types of Improvements Financed YTD	# of Projects	% of Total
Additions/Finishing off unused space	1	0.99
Air Conditioning	7	6.93
Bathrooms	3	2.97
Deck	4	3.96
Down Payment Assistance	4	3.96
Driveways	1	0.99
Electrical	3	2.97
Flooring/Carpet/Tile	3	2.97
Foundations/Basement	2	1.98
Garage	3	2.97
Heating System	7	6.93
Insulation	12	11.88
Kitchens	5	4.95
Landscaping	1	0.99
Other Exterior Improvements	6	5.94
Other Interior Improvements	6	5.94
Plumbing	5	4.95
Radon Mitigation	1	0.99
Roof	8	7.92
Siding, Stucco, Exterior Paint	4	3.96
Solar-PV	9	8.91
Ventilation/Bath Fans	1	0.99
Water Heater	1	0.99
Windows, Doors, Storm Windows, Storr	4	3.96

Types of Properties Financed YTD	#	% of Total
Condominium	1	1.49
Single Family Residence	66	98.51

ATTACHMENT 1