

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CRYSTAL

2013 Work Program

1. **Deferred Home Improvement Loans** (administered by Hennepin County)
\$80,000 planned expenditures (all from Community Development Block Grant)

This ongoing program is administered by Hennepin County and offers no-interest loans to Crystal homeowners below 50% of Twin Cities metropolitan area median income. The anticipated funding level would typically allow four projects in Crystal per year. The loans are 100% forgiven after 15 years provided the homeowner continues to own and occupy the property; if they sell or move, the loan is due and payable in full, and the recaptured funds would be used to assist another homeowner in a similar manner. Also available are deferred loans with a modest interest charge for homeowners between 50% and 80% of AMI. The county's administrative costs are embedded within overall CDBG funding.

2. **Home Improvement Incentive Rebates** (administered by GMHC)
\$267,000 planned expenditures

- \$200,000 from TIF Housing Districts (#2152 & #2153)
- \$67,000 from EDA Fund

This ongoing program offers a rebate for homeowners who complete home improvement projects. The program is administered by the non-profit Greater Metropolitan Housing Corporation ("GMHC") at its Housing Resource Center located at 2148 44th Avenue North in Minneapolis. Homeowners with household income less than 50% of Twin Cities metro area median income ("AMI") qualify for a 20% rebate (TIF-funded); 50%-80% AMI qualify for a 15% rebate (TIF-funded); 80%-120% AMI qualify for a 10% rebate (EDA-funded). Households over 120% AMI are not eligible.

To be eligible for a rebate, the application must be made before beginning the project, and the project must have a total cost of at least \$2,000. No property may receive rebates totaling more than \$10,000 in one year.

3. **Community Fix-Up Fund Interest Rate Buy-Down** (administered by GMHC)
\$25,000 planned expenditures from TIF Housing Districts (#2152 & #2153)

The EDA will provide funds to buy down the interest rate for Crystal homeowners using Community Fix-Up Fund loans from GMHC's Housing Resource Center. Maximum household income is 100% of the Twin Cities metro area median (if a household of 1-2 people) or 115% (if a household of 3+ people). Minimum loan is \$2,000; maximum is \$35,000. Maximum loan-to-value ratio is 110% of the after-

rehab value. Maximum loan term is 10 years (for loans up to \$10,000) or 20 years (for loans over \$10,000). The interest rate, normally 5.75%, will be discounted to 3%. The Minnesota Housing Finance Agency has awarded \$37,500 for this program over two years; these funds will be expended before the EDA's TIF funds are used. There are no administrative costs for the EDA.

**4. Purchase-Rehabilitation Incentive (FHA 203K) (administered by GMHC)
\$11,000 planned expenditures from TIF Housing District #2 (#2153)**

This program was set up in mid-2009 to create an incentive for buyers of foreclosed or vacant houses needing significant repairs, provided that the homebuyer is using the HUD/Federal Housing Administration's "203K" purchase-rehabilitation loan program. The EDA will provide downpayment and closing costs assistance for 3% of the purchase price up to a maximum of \$5,000. The assistance will be in the form of an interest-free deferred loan which will be forgiven if the homebuyer owns & occupies the property for five years. The funding source will be available increment from TIF Housing Districts (#2152 & #2153). This incentive may be used for any vacant single family house in the city. To qualify, the buyer's household income could not exceed 110% AMI for a 1-2 person household or 115% AMI for a 3+ person household. The program will be administered by GMHC's Housing Resource Center; administrative costs will be \$500 for each grant.

**5. Scattered Site Acquisition/Demolition and Lot Sales
\$225,000 planned expenditures (all from EDA Fund)
\$325,000 planned revenues**

This would be a continuation of the city's longstanding acquisition, demolition and lot sale program. The adopted budgets are based on three properties being acquired/demolished and seven lots being sold for new house construction, although actual property purchases and sales would depend on market conditions and each transaction requires specific EDA board approval. As opportunities arise, additional property acquisitions may be authorized by the EDA using the fund balance. The 2013 Notice of Lot Availability is attached.

6. Other Redevelopment

The Cavanagh (5401 51st Avenue North). The EDA will demolish the existing school building in spring 2013 then sell the 4.3 acre school site to Dominion for construction of The Cavanagh. It will be a three story, 130 unit, age-restricted rental building addressed as 5401 51st Avenue North. Unit sizes will range from 1BR-1BA to 2BR-2BA and all units will be affordable to households at or below

60% of Twin Cities metropolitan area median income. Construction of The Cavanagh will begin in summer 2013 and be completed in 2014.

Excess Hwy 100 Property from MnDOT. The EDA obligated available increment from expiring TIF District #1 (#2150) to acquire six parcels of excess MnDOT-owned highway right-of-way left over from the reconstruction of Trunk Highway 100. Three of the acquisitions have closed and the lots are available for construction of new single family homes: 5417 35th, 3548 Welcome and 3556 Welcome. The other three acquisitions will close as soon as specific issues related to each parcel are resolved:

- 5520 34th (single family lot): Prior to MnDOT acquisition, commercial uses including a dry cleaner were located on this site. Hennepin County paid for Phase 1 and Phase 2 environmental investigations which concluded that development may occur on the site. However, a response action plan and construction contingency plan must be prepared to satisfy MPCA. The \$45,000 purchase price proposed by MnDOT will be renegotiated to reflect the results of the environmental investigations.
- 3600 Welcome (1 acre zoned Neighborhood Commercial for office or similar use): Prior to MnDOT acquisition, commercial uses including a gas station were located on the east half of this site. Hennepin County paid for Phase 1 and Phase 2 environmental investigations which concluded that development may occur on the site. However, a response action plan and construction contingency plan must be prepared to satisfy MPCA. The \$127,500 purchase price proposed by MnDOT will be renegotiated to reflect the results of the environmental investigations.
- 5501 32nd (2.6 acres zoned low density residential for up to 14 units). Prior to MnDOT acquisition, a row of single family houses (30xx-31xx Vera Cruz) occupied this site. The \$255,000 purchase will close as soon as Engineering staff and Three Rivers Park District finalize an easement for the Bassett Creek Regional Trail which will be located between this development site and the noise wall.

7. Redevelopment Fund Balance

The EDA board may authorize expenditure of part of its fund balances during the year to respond to unforeseen opportunities. The amount available at any particular time cannot be predicted because the fund balance varies throughout the year depending on expenditures incurred and, especially, revenue from unanticipated property sales. The EDA board would consider the condition of a particular fund balance when considering expenditures from same.