



**MINNESOTA
HOUSING
FINANCE
AGENCY**

910303

DATE: February 20, 1991

TO: Minnesota Legislators

FROM: James J. Solem
Commissioner

SUBJECT: The Minnesota Rural and Urban Homesteading Program

The 1990 Minnesota Legislature established the Minnesota Rural and Urban Homesteading Program, Minnesota Statute §462A.057. Under the program, the Minnesota Housing Finance Agency (MHFA) was granted the authority to make grants totalling \$375,000 to selected organizations which would use the proceeds of such grants to acquire, rehabilitate and sell certain single family dwellings to those persons and families who were deemed to be "at-risk" under the program.

This memo is in response to the reporting requirement in section 462A.057.

Pursuant to administrative procedures, MHFA drafted a Request For Proposal (RFP) to be completed and submitted by organizations wishing to participate in the program. MHFA conducted a series of meetings throughout the state at which organizations were provided information regarding the program. MHFA also published a notice regarding the availability of the RFP in the Minnesota State Register on April 16, 1990. Numerous inquiries were received regarding the program and approximately 90 RFPs were mailed to potentially eligible organizations. Eight eligible organizations completed and submitted the RFP to MHFA, five of the them from "rural" areas and three from "urban" areas.

An evaluation team comprised of personnel from both inside and outside MHFA evaluated all proposals submitted. Two organizations were selected to receive grants under the program, one each from a "rural" area and a "urban" area. The "rural" grant recipient was the Housing and Redevelopment Authority of the City of Faribault and the "urban" grant recipient was a joint proposal submitted by the St. Paul Housing and Redevelopment Authority and the Thomas-Dale District 7 Planning Council. The grant funds available under the program were divided evenly between the two organizations, with each of them receiving \$187,500. A complete description of the two projects which received grant funds attached.

As of this date, two properties have been acquired under the Faribault grant which meet the eligibility criteria for the program. Rehabilitation is currently in progress on both properties.

The St. Paul grant was awarded more recently and, at this point, they have not yet acquired any properties under the program.

MHFA has established a method for reporting by the organizations regarding the program. Additional information regarding the program will be available as the selected organizations continue to purchase and rehabilitate the properties under the program and market them to eligible homebuyers.

Minnesota Urban Rural Homesteading Program Selected Projects

District 7 Planning Council/St. Paul HRA. The Thomas-Dale District 7 Planning Council and St. Paul Housing and Redevelopment Authority received a MURL grant for \$187,500. Of that amount, \$170,500 is to be provided for housing acquisition and rehabilitation and \$17,000 is to be provided for administrative expenses.

The two organizations propose to acquire five properties in the area of St. Paul just north of the State Capitol. The proposal demonstrated the availability of properties that meet program parameters.

More than any of the other organizations that had submitted a proposal, these two organizations have developed a proposal that enlists the support and participation of the surrounding community. The neighborhood advisory board for this project is already in place, and the cooperation of Habitat for Humanity, Wilder Foundation, St. Adalberg's Church, the Local Initiatives Support Corporation and Western State Bank has been enlisted and received.

City of Faribault: The City of Faribault received a MURL grant for \$187,500. Of that amount, \$169,600 is for the purchase and rehabilitation of housing and \$17,900 is for administrative costs. Under this proposal, the City of Faribault will purchase and rehabilitate five properties.

The City of Faribault proposal calls for the purchase and rehabilitation of single family residences in the "North End" neighborhood of Faribault. In addition to MURL funds, the City has secured commitments from the City itself, a local church, and the Knights of Columbus for \$89,000 in additional funds for the program, and a commitment of up to \$50,000 in additional loan funds at 2 1/2% from the Housing and Redevelopment Authority for rehabilitation loans.

The City documented the need for the program by submission of a local housing study and a record of good experience in similar programs.

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