

Written by

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Package also funds preservation and new construction of multi-family affordable housing

Help is on the way for St. Paul residents who are experiencing difficulty with their mortgage payments or having difficulty obtaining financing to make needed repairs. At its November 28 meeting, the St. Paul Housing and Redevelopment Authority passed a resolution sponsored by Councilmember Melvin Carter and Councilmember Russ Stark directing \$2.5 million to support the launch of programs to help homeowners who have been impacted by the foreclosure crisis. At the center of their package is funding for a new foreclosure buy back program that will allow homeowners to lower their mortgage payment. The package also includes funding for home improvement assistance for seniors and homeowners with under water mortgages as well as resources for construction and renovation of affordable rental housing.

"Far too many Saint Paul residents are still losing their homes to foreclosure. This money will help seniors and working families stay in their homes, which is critical to stabilizing our neighborhoods," said Councilmember Carter. "This package brings new tools into the amazing toolkit our city already has in place to assist challenged homeowners."

The City of Saint Paul is unique in that it has counselors certified by the US Department of Housing and Urban Development (HUD) on staff working directly with residents. Through this program, the city has directly assisted over 200 homeowners in 2012 alone. The city also already administers several other programs, including down payment assistance loans and deferred payment loans for emergency repairs.

"Our goal is to take an 'all of the above' approach," said Councilmember Russ Stark. "Building neighborhood stability requires that we continue to expand quality housing options for residents with limited incomes by renovating where we can and building new to fill in the gaps."

The HRA package includes funds for:

- Supporting the Sustainable Home Ownership Program™ (SHOPTM) Foreclosure Buyback Program, a new initiative through which qualified homeowners who are behind on their mortgage will be able to sell their home through a short sale and subsequently repurchase it through the Bridge to Success contract-for-deed program. The HRA contribution to this program will go toward financing modest home improvements that are deemed necessary to prepare homes for short sale.
- Renovating existing affordable multi-family housing.
- Constructing new affordable multi-family developments.
- Financing construction of affordable single family homes on parcels purchased by the HRA with funds from HUD awarded in 2010 as part of the Neighborhood Stabilization Program.
- Expansion of the Federal Housing Administration's Title I Home Improvement Loan Program into St. Paul, which offers home repair loans to homeowners who are unable to access traditional home equity financing due to a significant loss in value in their house as a result of

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the ongoing foreclosure crisis.

- Building a pilot program to assist low income seniors who own their homes with making modifications to improve in-home safety and mobility.

The HRA's action on Wednesday was the culmination of work that began in 2010 when it first created the city's Affordable Housing Trust Fund (AHTF). In 2011, the Mayor and HRA board approved the deposit of \$2.5 million in Sales Tax Revitalization (STAR) funds into the AHTF. The HRA Board held two work sessions earlier this year to discuss the use, or allocation, of these funds. At these sessions, Councilmembers Carter and Stark advocated for placing a priority on funding new efforts aimed at foreclosure prevention. The board ultimately adopted three priorities: keeping people in their homes, preserving existing housing, and construction of new affordable housing.

Saint Paul residents who are facing foreclosure should call the Saint Paul Mortgage Prevention Program hotline at 651-266-6626.