

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CRYSTAL

2011 Work Program

1. **Deferred Home Improvement Loans** (administered by Hennepin County)
\$92,874 planned expenditures (all from Community Development Block Grant)

This ongoing program is administered by Hennepin County. It offers no-interest loans to 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)
\$398,000 planned expenditures

- \$365,000 from expired TIF District #1 (#2150)
- \$33,000 from EDA Fund

This ongoing program offers a rebate for homeowners who complete home improvement projects. The program is administered by the GMHC at its HousingResource Center-Northwest. Homeowners with household income <50% of AMI qualify for a 25% rebate, those at 50%-80% of AMI qualify for a 20% rebate, and those at 80%-120% of AMI qualify for a 15% rebate. The maximum rebate is \$10,000 per property per year. Rebates for properties within the TIF Redevelopment Project Area (most of the city) are funded by available increment from expired TIF District #1. Rebates for the small share of properties not within that area are paid out of the Redevelopment fund. As the currently-authorized funds near exhaustion, probably in the 4th quarter of 2011, the EDA may consider reducing the rebate percentages to 20%, 15% or 10%, respectively, to allow the program to continue at a reduced funding level after 2011.

3. **Purchase-Rehabilitation Incentive (w/ FHA 203K)** (administered by GMHC)
\$11,000 planned expenditures (all from TIF Housing Replacement Districts)

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 TIF (Housing Replacement District). 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. Interest in this program is currently very low but may increase if the supply of moderate "fixer-uppers" increases and the overall economy improves.

4. **Scattered Site Acquisition/Demolition and Lot Sales**

\$311,000 planned expenditures (all from EDA Fund)

\$226,000 planned revenues

- \$110,000 to TIF District #1 (#2150)
- \$116,000 to EDA Fund

This would be a continuation of the city's longstanding acquisition, demolition and lot sale program. The adopted budgets are based on four properties being acquired and demolished, and four other, previously acquired lots being sold for new house construction. As opportunities arise, additional property acquisitions may be authorized by the EDA using fund balances. Additional lot sale revenue would be credited to the fund that paid for the original acquisition and demolition of the property.

5. **Other Redevelopment**

\$549,000 planned expenditures (all from EDA Fund)

\$149,000 planned revenues (all to EDA Fund)

Medical Office Building (5700 Bottineau Blvd). The EDA has agreements with Hennepin County and a private developer to act as a pass-through for approximately 2 acres of surplus, vacant land along County Road 81. The developer would combine this land with approximately 2 acres of adjacent private property acquired from willing sellers. The developer would use the assembled site to construct a 40,000 sq. ft., \$12 million medical clinic for Northwest Family Physicians and other medical office tenants. The EDA would assist the project by selling the 2 acres to the developer for \$400,000 less than it paid to the county.

6. **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.

7. Lots for Sale

The EDA expects to have 33 lots available for sale for new house construction in 2011. For more information about each of these lots, please see the Notice of Lot Availability.