HOUSING

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Specific Housing Objectives

1. *Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.*

2. *Describe how federal, state, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.*

Program Year 5 Action Plan "Specific Housing Objectives" Response:

Priorities and Objectives

The primary goals associated with Rental and Owner-Occupied Housing include increasing the supply and quality of for-sale and rental housing for low income residents, preserving and increasing homeownership, eliminating unsafe buildings and blighted areas, making substantial progress towards achieving the goal of eradicating lead poisoning in St. Louis, supporting the development of targeted neighborhoods with CDBG and HOME funds and effectively deploying the Neighborhood Stabilization Program. Key objectives related to Rental and Owner-Occupied Housing projects for 2014 are as follows:

- Improve Quality of Affordable Rental Housing: CDA conducts rigorous design and budget review processes for new and substantially rehabilitated rental housing and monitors HOME rental projects already complete. In 2014 staff will continue to meet with landlords and property managers to map out corrective actions where needed to address physical deficiencies and management problems. CDA proposes to fund two CBDOs to run a Landlord Training Program that is modeled, in part, after a successful CDBG-sponsored program offered in the City of Milwaukee. More detail about this program may be found in the Public Services section of the Annual Action Plan. Where necessary, CDA will also involve Neighborhood Stabilization Officers, the Problem Property team and Building Division officials, banks, and elected officials. CDA is willing to work with owners to structure refinancing of older projects to allow for the funding of upgrades and needed repairs if warranted.

- Increase Availability of Affordable Owner Housing: The Residential Development Division emphasizes home ownership in seeking proposals for new construction and substantial rehabilitation. In 2014 the staff will continue to package its home ownership projects with buyer affordability second mortgage financing for income-qualified purchasers and mandate that they attend homebuyer counseling programs. A continued focus will be the rehabilitation of properties already acquired with CDBG and Neighborhood Stabilization Program funding.

- Increase Availability of Market Rate For-Sale Housing: The Residential Development

Division's emphasis on affordable home ownership extends beyond the creation of affordable units. The goal is to rebuild economic diversity and economic strength throughout City neighborhoods. The support of market-rate for-sale housing, both new and rehabilitated, is key to the achievement of that goal. CDA will continue limited support for mixed-income rehabilitation strategies in blighted and recovering neighborhoods as identified in the recently-completed Market Value Analysis.

- Increase Rate of Home Ownership through Down Payment and Closing Cost Assistance: As part of CDA's competitive application round for 2014 CDBG funding, non-profit Beyond Housing was selected to operate a down payment and closing costs assistance program for the City. CDA has not offered such a program since the end of the HOME/ADDI program.

- Improve Access to Affordable Owner Housing for Minorities: CDA will continue rehabilitation of foreclosed houses acquired through the Neighborhood Stabilization Program and has prioritized those located in minority communities. CDA is providing NSP and HOME funded construction financing. CDA will also collaborate with the City's Affordable Housing Commission, which has earmarked $500,000 in first-time homebuyer assistance for customers of a new credit union branch to be constructed in north St. Louis.

- Improve Quality of Owner Housing: In 2014, the City is returning to a centralized approach for the Healthy Home Repair Program. The program will be administered on a first-come, first-serve basis. The Community Development Administration will handle intake and application processing. The Building Division will continue to conduct inspections to identify code, health and safety issues. They will also complete lead hazard risk assessments. Home Services will carry out the Construction Management for the program. This centralized approach will have several benefits, including conformity with the original HUD design for the program, significantly decreased time on the waiting lists, increased number of homeowners assisted, additional funds leveraged for home repairs, and more clients assisted in areas of greatest need that have been underserved.

The following table outlines specific housing priorities and accomplishment goals that the City of St. Louis plans to achieve through projects supported during the 2014 Program Year:

Table 6. Outcome Performance Measurement Framework

ACTIVITY	ACCOMPLISHMENT UNITS	GOAL	SOURCE OF FUNDS
Interim Assistance	10 – Housing Units	2,540	CDBG, Grantee
Rental Housing Subsidies	01 – People	168	HOPWA
Short Term Rent, Mortgage, Utility Subsidies	01 – People	110	HOPWA
Facility-Based Housing	01 – People	40	HOPWA, Other Federal
Rehab, Single-Unit Residential	10 – Housing Units	16	CDBG, HOME, Other Federal, State, Grantee, Local

Resources to Address Housing

The City anticipates using primarily CDBG, HOME, NSP and Affordable Housing Commission funds in 2014 to address housing production needs.

CDBG and HOME:

The proposed budget for housing production in 2014 is $1,664,181. Of this amount $1,314,181 is CDBG funding and $350,000 is HOME funding. These funds will be combined with funds already appropriated for housing production in prior program years and remaining uncommitted at December 31, 2013. In April 2013, as part of HUD's OneCPD process, the City was informed that its allocation of housing production and other CDBG and HOME funds by ward and the maintenance of so-called "ward pools" for housing production were no longer acceptable and that such pools could no longer exist. Further, HUD contracted with The Reinvestment Fund to create for the City a Market Value Analysis. HUD expects this Market Value Analysis, to be completed and presented to the City before the end of 2013, to provide important guidance in the awarding of housing production assistance through a competitive process. CDA now anticipates the release of a Notice of Funding Availability as soon as practical after the presentation of the Market Value Analysis and its incorporation into selection criteria for applicants.

In addition to the proposed budget mentioned above, CDA was awarded three grants for affordable multi-family rental housing from the Missouri Department of Economic Development. Two projects are complete. A third has been delayed due to acquisition problems and may be cancelled by the Missouri Department of Economic Development.

Neighborhood Stabilization Program:

With NSP-1 entitlement funds, 87 properties were acquired. All NSP-1 funds, both entitlement and State of Missouri, were expended by deadline. More rehabilitation is underway utilizing NSP-3 funds, augmented with CDBG and HOME funds.

Sale to owner-occupants is complete for ten properties. The Hyde Park South Apartments, where units are rented to households at or below 50% of area median income, are complete and occupied, as are two other single-family units. All NSP funds are on target for expenditure deadlines.

Affordable Housing Commission:

The City's Affordable Housing Commission has completed its eleventh full year of operation. Revenues from a Use Tax on purchases from out of town businesses are placed in a trust fund for the purpose of carrying out the mission of the Affordable Housing Commission. Per the ordinance that established the Commission, 40% of the funds disbursed must go to families earning 20% or below of the area median income.

Many homeless shelters and transitional housing programs benefit from Commission-funded programs and Commission funds have helped to provide critical home improvements and lead abatement in older City homes. AHC funds the rehabilitation of existing housing stock as well as assisting new construction, thereby increasing investment in single family for-sale homes. Such projects extend the housing options available and build wealth for low to moderate income families while stabilizing neighborhoods. Other areas of support include disability modifications and Universal Design inclusion in all new construction projects. The Affordable Housing Commission also leads the St. Louis Alliance for Foreclosure Prevention, which continues to bring many leaders together from the private for-profit and non-profit sectors to stem the rising tide of foreclosures.

Private Initiatives:

In addition to the resources available through CDBG, HOME, NSP and the Affordable Housing Commission, many private initiatives, such as those involving the St. Louis Equity Fund, RISE (formerly the Regional Housing and Community Development Alliance), the Homebuilders Association of Greater St. Louis and numerous volunteer neighborhood housing corporations, will involve significant CDA staff participation.

Needs of Public Housing

1. *Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in homeownership.*

2. *If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation during the next year.*

Program Year 5 Action Plan "Public Housing Strategy" Response:

Public Housing Needs and Activities

The expectation is that the demand for desirable affordable housing will continue to increase during the 2014 program year. The St. Louis Housing Authority (SLHA) plans to continue to enter into partnerships with Community Development Administration (CDA), private developers, investors and public housing residents to develop public housing units in attractive mixed-income communities and to modernize existing developments to improve the quality and energy efficiency of public housing. In addition, SLHA plans to continue to offer homeownership opportunities to low and moderate income families. The plan includes the following activities:

- Completion of North Sarah Phase II, a new family mixed-finance, mixed-income development, which will consist of 103 multi-family rental units in garden apartments, townhouses and mixed-use buildings for both residential and light retail. The project site is located in the 18th Ward. The project is financed using construction and permanent proceeds from: 4% federal and state low income housing tax credits issued by the Missouri Housing Development Commission (MHDC); tax exempt bond issued by the City of St. Louis Industrial Development Authority; HOPE VI and Replacement Housing Factor Funds from the St. Louis Housing Authority and the U.S. Department of Housing and Urban Development (HUD); City of St. Louis sources including HOME, NSP3 and Affordable Housing Trust Fund (AHTF); and Affordable Housing Assistance Program (AHAP) funds and HOME funds from the MHDC. The project closed December 31, 2012 and construction completion is scheduled for the Mid-2014.

- Closing and Construction of North Sarah Phase III, a new family mixed-finance, mixed-income development, which will consist of 76 multi-family rental units in garden apartments, townhouses and mixed-use buildings for both residential and light retail. The project site is located in the 18th Ward. The development projects will be funded with future allocations of Capital Fund Program – Replacement Housing Factor Funds, applications for Low-Income Housing Tax Credits, HOME funds from MHDC or AHAP funds from the City as may be available or other sources that may become available through other funding programs. The project is anticipated to close by December 2014 and construction completion is scheduled for mid-2016.

- Completion of construction for a new Early Childhood Education Facility in Murphy Park. The 23,864 square foot facility, known as the Flance Center, will provide service to children from birth to age five. The facility is funded with a Public Housing Capital Fund Education and Training Community Facilities grant, New Market Tax Credits, private donations and private equity. The project closed March 15, 2013 and construction completion is scheduled early 2014.

- Continue affordable homeownership development plans at Cambridge Heights and the Near Southside. SLHA plans to sell two affordable townhomes constructed at Cambridge Heights and procure a developer to construct and sell eight additional homes on the remaining vacant lots. On the Near Southside site, SLHA plans to procure a developer to construct and sell 10 homes on the remaining vacant lots.
- Continuation of the partnerships with Habitat for Humanity to provide affordable homeownership to Section 8 participants.
- Completion of modernization initiatives at various developments:
  - Clinton Peabody is scheduled for irrigation repairs to improve irrigation system operations.
  - Cochran Plaza is scheduled for irrigation repairs to improve irrigation system operations.
  - La Salle Park is scheduled for limited interior improvements.
  - Euclid Plaza is scheduled for limited interior improvements.
  - Repairs to balconies at West Pine are planned.
- Continue to engage resident organizations to obtain input regarding management of various public housing developments.

SLHA strategic plan contains a goal to increase the availability of affordable housing by increasing the number of public housing unit and the number of Housing Choice Vouchers. However, the implementation of mandatory federal budget cuts, known as sequestration, may prevent SLHA from reaching its goal. The effects of sequestration have been particularly devastating to the Housing Choice Voucher (HCV) program. Because of the budget cuts, SLHA estimates that by December 2013, 300 fewer families will be receiving HCV assistance. Further, if the 2014 appropriation levels remain at 2013 levels an additional 300 households will be eliminated from the HCV program. While SLHA will make every effort to increase the supply of affordable housing, lack of funding from HUD may prevent SLHA from serving additional households.

Barriers to Affordable Housing

1. *Describe the actions that will take place during the next year to remove barriers to affordable housing.*

Program Year 5 Action Plan "Barriers to Affordable Housing" Response:

A draft Analysis of Impediments to Fair Housing is under review at the HUD area office. The work was carried out by staff at the City's Department of Planning and Urban Design assisted by an outside consultant. Until the new Analysis is fully approved, the 2004 document remains in place.

In that analysis, impediments to fair housing are organized into four broad categories. Those categories include affordability impediments, financial impediments, discriminatory impediments and accessibility impediments. For St. Louis, the report focused on two protected classes: individuals with disabilities and African Americans. Central recommendations of the analysis include the following:

- Examine the manner in which CDCs (Community Development Corporation's) are organized and how they receive their funding.
- Continue to support programs that train CDCs and for-profit developers in dealing with protected class members and issues that disproportionately affect them.
- Expand the www.socialserve.com affordable housing database to include accessibility features for those seeking housing.
- Improve accessibility of homeless shelters by seeking federal grants and following Americans with Disability Act requirements when structures are upgraded.
- Improve the neighborhood planning processes so that neighborhood stakeholders feel involved in determining the location of facilities for protected class members.
- Determine if a reference resource for accessible design would be practical to create and, if so, distribute one to St. Louis City developers who face a lack of knowledge concerning what is required to make a housing unit accessible.

HOME/American Dream Downpayment Initiative (ADDI)

1. *Describe other forms of investment not described in §92.205(b).*
2. *If the participating jurisdiction (PJ) will use HOME or ADDI funds for homebuyers, it must state the guidelines for resale or recapture, as required in §92.254 of the HOME rule.*
3. *If the PJ will use HOME funds to refinance existing debt secured by multi-family housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under §92.206(b). The guidelines shall describe the conditions under which the PJ will refinance existing debt. At a minimum these guidelines must:*
   a. *Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.*
   b. *Require a review of management practices to demonstrate that disinvestments in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.*
   c. *State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.*
   d. *Specify the required period of affordability, whether it is the minimum 15 years or longer.*

e. *Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) or a federally designated Empowerment Zone or Enterprise Community*

f. *State that HOME funds cannot be used to refinance multi-family loans made or insured by any federal program, including CDBG.*

Program Year 5 Action Plan "HOME/ADDI" Response:

Other Forms of Investment

The City, as grantee of the HOME funds, does not intend to use forms of investment other than those described in 24 CFR 92.205(b).

Recapture Provisions of HOME and NSP Assisted Units

Recapture provisions ensure that CDA is able to recoup all or a portion of the HOME or NSP assistance in the event the homeowner wishes to sell their unit during the period of affordability. The period of affordability is based upon the total amount of HOME or NSP funds provided directly to the homebuyer to enable them to purchase the unit. This includes any funds provided as down payment assistance or that reduced the purchase price from fair market value to an affordable price but excludes any amount that represents the difference between the cost of producing the unit and the market value of the property (i.e., the development subsidy).

The amount of money subject to recapture is capped at the net proceeds of the sale. Net proceeds are defined as the sales price minus superior private debt and reasonable closing costs.

CDA may structure recapture provisions based on program design and market conditions. One of the following options for recapture requirements will be selected:

1. Owner investment returned first. CDA may permit the homebuyer to recover the homebuyer's entire investment (downpayment and capital improvements made by the owner since purchase) before recapturing the HOME or NSP investment out of net proceeds.

2. Reduction during affordability period. CDA may forgive the direct HOME or NSP investment over the course of the affordability period.

3. Proportionally sharing net proceeds. The net proceeds of the sale will be divided proportionally as set forth in the following formulas:

HOME investment / HOME investment + homeowner investment	**X Net proceeds =**	**HOME amount to be recaptured**

Homeowner investment / HOME investment + homeowner investment	**X Net proceeds =**	**amount to homeowner**

4. CDA is repaid first. CDA can choose to recapture the full amount of the direct assistance out of net proceeds, prior to disbursing any net proceeds to the homeowner.

Resale Provisions of HOME and NSP Assisted Units

In the event that no direct assistance is provided to the homebuyer, CDA will enforce a resale provision in order to insure that the HOME or NSP assisted unit remains affordable for the entire restriction period. If the homebuyer wishes to sell the unit during the restriction period the new purchaser must meet income requirements of either the HOME or NSP program and occupy the unit as their principal residence. In addition the sales price is subject to a maximum limit that gives the current owner a "fair return," but keeps the property "affordable" for the next buyer. In this case, "affordable" shall mean that no more than 30% of the purchaser's income can be used to pay the mortgage, taxes and insurance costs associated with homeownership. CDA will determine the maximum resale price by adding the owner's initial investment, eligible capital improvements, and the fair return to the original purchase price paid by the owner.

Affirmative Marketing Actions

As required by statute and regulations, all projects of five units or more assisted by HOME funds must submit an explicit Affirmative Fair Housing Marketing Plan for funding approval. As a practical matter, CDA works to ensure that all participating developers actively market to the entire community and augments their efforts by maintaining "Homes for Sale" listings on its Community Information Network web page and encouraging developers to maintain ongoing working relationships with local housing counseling agencies and www.socialserve.com. CDA's HOME Affirmative Marketing Plan appears at the conclusion of this chapter.

Minority and Women Owned Business Outreach

The Community Development Administration requires the maximum utilization of minority and women owned businesses in all assisted housing development projects with a goal of at least 25% City of St. Louis certified minority business enterprise participation and five percent City of St. Louis certified women's business enterprise participation taken as a percentage of the total development cost of the project, excluding acquisition. All recipients of CDA housing production funds are required to keep records of participation by certified minority and women-owned businesses. The City's Disadvantaged Business Enterprise Program Division has primary responsibility for outreach and marketing of the certification program and assesses the results of developers' efforts to encourage the use of these businesses.