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.*

SPECIFIC HOUSING PRIORITIES AND OBJECTIVES

The proposed budget for housing production/acquisition in 2012 is $6,895,900. These funds will support the rehabilitation and construction of housing units in neighborhoods throughout the City.

The following table outlines the specific housing priorities and accomplishment goals that the City of St. Louis plans to achieve through projects supported during the 2013 Program Year.

ACTIVITY	ACCOMPLISHMENT UNITS	GOAL	SOURCE OF FUNDS
Interim Assistance	10-Housing Units		CDBG, Grantee
Rental Housing Subsidies	01-People	168	HOPWA
Short Term Rent, Mortgage, Utility Subsidies	01-People	110	HOPWA
Facility-Based Housing	01-People	250	HOPWA, Other Federal
Rehab, Single-Unit Residential	10-Housing Units		CDBG, HOME, Other Federal, State, Grantee, Local
Rehab, Multi-Unit Residential	10-Housing Units		CDBG, HOME, Other Grantee, Local

A more detailed enumeration of specific objectives is described below.

Rental and Owner-Occupied Housing:

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 2012 are as follows:

- *Encourage/Incent New Construction/Rehabilitation of Affordable Rental/Owner Occupied Housing Units:*

Increase supply of affordable rental housing

The primary thrust of CDA's rental housing production program continues to be the support of low income housing tax credit projects.

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 2013 staff will continue to meet with landlords and property managers to map out corrective actions where needed to address physical deficiencies and management problems. Where necessary, CDA will involve Neighborhood Stabilization Officers, the Problem Property team and Building Division officials, banks, neighborhood organizations and elected officials. Experience has validated the improvements to be gained from this team approach. 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 the availability of affordable owner housing

The Residential Development Division emphasizes home ownership in seeking proposals for new construction and substantial rehabilitation. In 2013 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 acquired with Neighborhood Stabilization Program funding.

- *Encourage/Incent New Construction/Rehabilitation of Market Rate Rental/Owner Occupied Housing Units*

Increase supply of market rate rental housing

Although CDA's rental housing production program largely supports the construction or substantial rehabilitation of affordable rental units, smaller but important investments are occasionally made in market-rate rental housing, most of it in mixed-income and mixed-use settings.

Increase the 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.

- *Increase Homeownership in the City by Providing Downpayment and Closing Costs Assistance to Income Eligible Citizens*

Improve access to affordable owner housing for minorities

CDA will continue rehabilitation of foreclosed houses acquired through the Neighborhood Stabilization Program and has prioritizing those located in minority communities. CDA is providing NSP and HOME funded construction financing. Beginning in 2007 CDA has annually funded a Major Residential/ Commercial Initiative designed to provide financial support to affordable and mixed-income projects of scale primarily on the City's North Side. Additional funding is allocated for 2013 to carry forward the initiative.

- *Maintain/Improve Existing Housing Quality Through Home Repair Activities*

Improve quality of owner housing

In some parts of the City, CDA funds budgeted for home repair are being administered in whole or in part at the neighborhood level. In other parts of the City, home repair application intake is being handled at the neighborhood level, while construction management continues to take place through a centralized program. In still other neighborhoods, CDA is handling application intake while construction management is centralized.

Organizations operating neighborhood-based programs are required to meet specific program criteria where applicable, including lead remediation, lead safe work practices, environmental compliance (including Section 106) and a commitment by the organization to resolve all disputes within its available home repair budget.

- *Make Substantial Progress in Implementing the Mayor's Comprehensive Action Plan to Eradicate Lead Poisoning*

During 2010 a total of 700 lead hazard evaluations were conducted by the Building Division's Lead Inspection Department. Of those inspections, 39% occurred because of an elevated blood-lead level investigation, meaning that a child with lead poisoning had been associated with the unit. This shows that the majority of the referrals fell into the category of primary prevention, which is a positive development in that the occupants of these units have not been lead poisoned. These inspections provided an opportunity to prevent lead poisoning by remediating the units now in order to protect current and future occupants. In addition, the Building Division under the Healthy Home Repair Program conducted 73 risk assessments. Nearly all of these were under the category of primary prevention.

Through various City-funded initiatives, 509 housing units were remediated and cleared of lead hazards in 2011. Several funding sources were used to accomplish the remediation of these units, including federal funds and the Building Division's Lead Remediation fund. Two HUD Lead Grants allowed for the remediation of 202 housing units. Another 35 units were made lead-safe through the Healthy Homes Repair Program, most of which fell into the primary prevention category. Another 35 units were completed and cleared of lead hazards through CDA's Residential Development Section. The owners completed the repairs in another 237 units, and the Building Division conducted clearance testing to determine that the units were lead-safe.

USE OF AVAILABLE RESOURCES

Local Funding - Affordable Housing Commission:

The City's Affordable Housing Commission has completed its tenth 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.

Private Funding:

Private initiatives have involved CDA staff participation in the St. Louis Equity Fund, the Regional Housing and Community Development Alliance, the Homebuilders Association of Greater St. Louis and numerous volunteer neighborhood housing corporations. Led by the Affordable Housing Commission, the St. Louis Alliance for Foreclosure Prevention continues to bring many leaders together from the private for-profit and non-profit sectors to stem the rising tide of foreclosures.

INITIATIVES FOR FUNDING HOUSING

Housing Programs:

Housing to assist low and moderate income families continues to be a high priority. In order to make sure that assistance for the full spectrum of housing needs is addressed, careful planning and assessments are made. Where there are gaps and new needs are identified or new funding opportunities by other sources come to light, CDA has made program modifications or created new programs to meet the need.

Neighborhood Stabilization Program:

With NSP-1 entitlement funds, 87 properties were acquired. Rehabilitation and sale to an owner-occupant is complete for one property. Rehabilitation is now well underway utilizing NSP-1 and NSP-3 funds made available directly from HUD and also from the Sate of Missouri. Sale to owner-occupants is complete for four properties. The Hyde Park South Apartments, where units will be rented to households at or below 50% of area median income, are nearly complete All NSP funds are on target for expenditure deadlines.

CDBG-R:

Three activities selected for CDBG-R funding have resulted in the creation of new and rehabilitated housing.

CDBG-Disaster Funds:

CDA was awarded three grants for affordable multi-family rental housing from the Missouri Department of Economic Development. One project will be complete before 2012 year's end. A second has begun construction, and a third has been stalled due to acquisition problems.

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.*

PUBLIC HOUSING NEEDS/ACTIVITIES

The expectation is that the demand for desirable affordable housing will continue to increase during the 2013 program year. The St. Louis Housing Authority (SLHA) plans to continue to enter into partnerships with the Community Development Administration, 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:

- Closing and construction 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: four percent 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, NSP-3 and Affordable Housing Trust Fund (AHTF); and Affordable Housing Assistance Program (AHAP) funds and HOME from the MHDC. The project is scheduled to close December 2012 and construction completion is scheduled for the Fall of 2014.

- Planning for additional housing development, which may include additional phases of development at North Sarah and Arlington Grove or other suitable sites. The development projects would be funded with future allocations of Capital Fund Program-Replacement Housing Factor Funds, applications for Low-Income Housing Tax Credits, partnerships with CDA for Community Development Block Grant, HOME or AHTF funds as may be available, or other sources that may become available through other funding programs.

- Closing and 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 is scheduled to close early 2013 and construction completion is scheduled early 2014.

- Continued affordable homeownership development plans at Cambridge Heights and the Near Southside. SLHA plans to sell four affordable town homes 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 sell two remaining homes and 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:

  - Euclid Plaza is scheduled to receive an upgrade of mechanical systems and upgrade of building fire protection and elevator systems. A building exterior window flashing replacement project is planned to remediate widespread window leakage.

  - Badenhaus Apartments are scheduled for exterior deck painting and dumpster enclosure construction.

  - Deck sealing and repair, as well as deck structural defect corrections, are planned for California Gardens.

  - King Louis III is scheduled to undergo exterior siding replacement and replacement of exterior stairs and entry doors at the multi-family buildings.

  - The following scattered site developments will undergo complete exterior upgrades and siding replacement as well as attic fire stopping corrections: Folsom; Marie K. Fanger; Cupples: Hodiamont; Samuel Sheppard; Page Manor; McMillian Manor II and Lookaway.

- Continue to engage resident organizations to obtain input regarding management of various public housing developments.

HOUSING AUTHORITY PERFORMANCE

Not Applicable.

BARRIERS TO AFFORDABLE HOUSING

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

REMOVAL OF BARRIERS TO AFFORDABLE HOUSING

An 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 Corporations) 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 INVESTMENT PARTNERSHIP

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 multifamily housing that is 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 multifamily loans made or insured by any federal program, including CDBG.*

FORMS OF INVESTMENT OUTSIDE 24 CFR 92.205 (b)

The City of St. Louis does not intend to invest HOME funds using forms of investment other than those described in 24 CFR 92.205 (b) during the 2012 Program Year.

HOME GUIDELINES FOR RESALE/RECAPTURE

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 that 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:

$$\frac{\text{HOME investment}}{\text{HOME investment + homeowner investment}} \times \text{Net proceeds} = \text{HOME amount to be recaptured}$$

$$\frac{\text{Homeowner investment}}{\text{HOME investment + homeowner investment}} \times \text{Net proceeds} = \text{amount to homeowner}$$

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 PROVISION 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 must be affordable to the new purchaser. In CDA's case, "affordable" means that no more than 30% of the purchaser's income can be used to pay the mortgage, taxes and insurance costs associated with owning a home.