

Minneapolis
City of Lakes

Community Planning &
Economic Development

105 5th Avenue South – Suite 200
Minneapolis MN 55401-2534

Office 612-673-5095
Fax 612-673-5100
TTY 612-673-5154

July 15, 2009

NSP 2 Applications Room 7286
Office of Block Grant Assistance
ATTN: Stanley Gimont, Director
451 Seventh St. SW
Washington, DC 20410



3:55 PM
[Handwritten signature]

**RE: City of Minneapolis, City of Brooklyn Park and Hennepin County
Consortium Neighborhood Stabilization Program 2 Application**

Dear Mr. Gimont:

Please find enclosed the City of Minneapolis, City of Brooklyn Park and Hennepin County Consortium Neighborhood Stabilization Program 2 Application.

Thank you.

Very truly yours,

[Handwritten signature: Cherie Shoquist]

Cherie Shoquist
Foreclosure Project Coordinator
City of Minneapolis

NEIGHBORHOOD STABILIZATION PROGRAM 2

City of Minneapolis, City of Brooklyn Park and Hennepin County Consortium Application

a. Application Forms

- X SF – 424 Application for Federal Assistance
- NA SF – 424 Supplement, Survey on Ensuring Equal Opportunities for Applicant
- NA NSP Non-profit Organization Qualification
- X Consortium Agreement
- X Program Summary

Application for Federal Assistance SF-424		Version 02
*1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application		*2. Type of Application * If Revision, select appropriate letter(s) <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision *Other (Specify) _____
3. Date Received:		4. Applicant Identifier: NSP2-PTA-066530411
5a. Federal Entity Identifier: 273120		*5b. Federal Award Identifier:
State Use Only:		
6. Date Received by State:		7. State Application Identifier:
8. APPLICANT INFORMATION:		
*a. Legal Name: City of Minneapolis		
*b. Employer/Taxpayer Identification Number (EIN/TIN): 41-6005375		*c. Organizational DUNS: 066530411
d. Address:		
*Street 1:	<u>350 South Fifth St.</u>	
Street 2:	<u>301M City Hall</u>	
*City:	<u>Minneapolis</u>	
County:	<u>Hennepin</u>	
*State:	<u>MN</u>	
Province:	_____	
*Country:	<u>USA</u>	
*Zip / Postal Code	<u>55415</u>	
e. Organizational Unit:		
Department Name: Office of City Coordinator		Division Name: Department of Community Planning and Economic Development
f. Name and contact information of person to be contacted on matters involving this application:		
Prefix: <u>Ms.</u>	*First Name: <u>Cherie</u>	
Middle Name: _____		
*Last Name: <u>Shoquist</u>		
Suffix: _____		
Title: Foreclosure Project Coordinator		
Organizational Affiliation: Department of Community Planning and Economic Development		

*Telephone Number: 612-673-5078

Fax Number: 612-673-5100

*Email: cherie.shoquist@ci.minneapolis.mn.us

OMB Number: 4040-0004
Expiration Date: 01/31/2009

Application for Federal Assistance SF-424

Version 02

*9. Type of Applicant 1: Select Applicant Type:

C. City or Township Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*Other (Specify)

*10 Name of Federal Agency: U.S. Department of Housing & Urban Development

11. Catalog of Federal Domestic Assistance Number:

14.256

CFDA Title:

Neighborhood Stabilization Program

*12 Funding Opportunity Number:

FR-5321-C-01

*Title:

NSP2- Neighborhood Stabilization Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Cities of Minneapolis, Brooklyn Park, Brooklyn Center, Champlin, Maple Grove, Mound, Plymouth, Rogers; Hennepin County; State of Minnesota

***15. Descriptive Title of Applicant's Project:**

An application by a Consortium of City of Minneapolis (Lead), City of Brooklyn Park and Hennepin County for NSP2 funds under the American Recovery and Reinvestment Act, 2009. Application proposes activities of down payment and closing cost assistance for 385 properties, purchase and rehabilitation for 365 properties, acquisition and land banking of 308 properties, and redevelopment of 17 properties.

OMB Number: 4040-0004
Expiration Date: 01/31/2009

Application for Federal Assistance SF-424

Version 02

16. Congressional Districts Of:

*a. Applicant: MN-005

*b. Program/Project: MN-003; MN-005

17. Proposed Project:

*a. Start Date: 8/1/09

*b. End Date: 9/30/12

18. Estimated Funding (\$):

*a. Federal	<u>48,180,000</u>
*b. Applicant	_____
*c. State	_____
*d. Local	_____
*e. Other	_____
*f. Program Income	_____
*g. TOTAL	<u>48,180,000</u>

***19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on _____
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E. O. 12372

***20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

Yes No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

Authorized Representative:

Prefix: Mr. *First Name: Steven

Middle Name: _____

*Last Name: Bosacker

Suffix: _____	
*Title: City Coordinator	
*Telephone Number: 612-673-5078	Fax Number: 612-673-5100
* Email: steven.bosacker@ci.minneapolis.mn.us	
*Signature of Authorized Representative: <i>Steven Bosacker</i>	*Date Signed: 7/15/09

Authorized for Local Reproduction

Standard Form 424 (Revised 10/2005)

Prescribed by OMB Circular A-102

**CONSORTIUM AGREEMENT
(NEIGHBORHOOD STABILIZATION PROGRAM 2)**

This Agreement is made on July 14, 2009, among the **City of Minneapolis**, a Minnesota municipal corporation ("Minneapolis"), the **City of Brooklyn Park**, a Minnesota municipal corporation ("Brooklyn Park"), and the **County of Hennepin**, a Minnesota political subdivision ("Hennepin").

RECITALS

- A. On May 4, 2009, the federal Department of Housing and Urban Development ("HUD") issued a Notice of Fund Availability for the Neighborhood Stabilization Program 2 under the American Recovery and Rehabilitation Act of 2009 (the "NSP2 Notice").
- B. The NSP2 Notice establishes criteria and requirements for applicants to compete for up to \$1.93 billion of funds ("NSP2 Funds") to carry out neighborhood stabilization activities.
- C. Pursuant to the NSP2 Notice, Minneapolis, Brooklyn Park and Hennepin intend to submit a joint application for \$48,180,000 of NSP2 Funds to cooperatively carry out financing, purchase/rehabilitation, land bank and redevelopment activities in the target geography.
- D. The purpose of this Agreement is to satisfy the requirement in the NSP2 Notice for a consortium agreement to accompany the application.

NOW, THEREFORE, in consideration of the mutual promises set forth below, the parties agree as follows:

- 1. **CONSORTIUM.** Minneapolis, Brooklyn Park and Hennepin agree to establish a consortium, as defined in the NSP2 Notice, for purposes of applying for NSP2 Funds for the activities described in Exhibit A (collectively, the "Program") in the areas described in Exhibit B (collectively, the "Target Geography").
- 2. **LEAD MEMBER.** Minneapolis is hereby designated as the lead member and authorized to act in a representative capacity for all members of the consortium. Minneapolis will submit a joint application on behalf of the consortium and, if approved, execute the NSP2 grant agreement and assume overall responsibility for ensuring that the consortium's NSP2 Program is carried out in compliance with the requirements in the NSP2 Notice.
- 3. **COOPERATION.** The consortium members agree to cooperatively carry out the Program if the NSP2 application is approved.
 - A. Hennepin's Housing and Community Works Department will represent Hennepin in its performance of this Agreement and shall supervise and direct all Hennepin personnel assigned to work on this Agreement.
 - B. Minneapolis' Community Planning and Economic Development Department will represent Minneapolis in its performance of this Agreement and shall supervise and direct all Minneapolis personnel assigned to work on this Agreement.

C. Brooklyn Park's Community Development Department will represent Brooklyn Park in its performance of this Agreement and shall supervise and direct all Brooklyn Park personnel assigned to work on this Agreement.

D. Except as provided herein, no party will have authority to supervise or direct any activities or personnel of the other parties under this Agreement.

4. FUNDING AGREEMENTS. If HUD selects Minneapolis' application on behalf of the consortium for funding, each member must enter into a funding agreement with Minneapolis no later than December 1, 2009. The funding agreement will describe the member's specific NSP2 activities under the Program, including timetables for completion and applicable requirements in Appendix 1 of the NSP2 Notice.
5. ENVIRONMENTAL REVIEW. Each member of the consortium is a unit of general local government and will assume responsibility for environmental review, decision-making and action for activities or projects within its jurisdiction in accordance with the requirements of 24 C.F.R. Part 58.
6. LIABILITY. Except in the case of gross negligence or intentional misconduct, Hennepin and Brooklyn Park will have no right or cause of action against Minneapolis for any liability, loss, costs, claims or damages arising out of or related to this Agreement. Nothing in this Agreement is intended to constitute a waiver by a party of any defenses or limitations on liability provided by common law or Minnesota Statutes, chapter 466.
7. NOTICES. Any notice required or permitted to be delivered in connection with this Agreement must be in writing and may be given by certified or registered mail, facsimile, hand delivery or by overnight courier and shall be deemed to be received (a) if given by certified or registered mail, three (3) days after when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, or (b) if given by facsimile or hand delivery, when such notice is received by the party to whom it is addressed, or (c) if given by an overnight courier or delivery service, when delivered by such courier. Notice shall be sent to Hennepin, Minneapolis and/or Brooklyn Park at the address or telecopy number set forth below. Any party shall have the right to change its address by giving five (5) days' written notice to the other parties.

If to Hennepin: HENNEPIN COUNTY
Hennepin County Housing, Community Works & Transit
417 North Fifth Street, Suite 320
Minneapolis, MN 55401
Attention: Manager, Housing Development and Finance

If to Minneapolis: CITY OF MINNEAPOLIS
105 Fifth Avenue South
Minneapolis, Minnesota 55401-2534
Attention: Director, CPED

If to Brooklyn Park:

CITY OF BROOKLYN PARK

5200 85th Avenue North

Brooklyn Park, MN 55443

Attention: Director of Community Development

8. MERGER AND MODIFICATION. It is understood and agreed that the entire Agreement between the parties is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof. All items referred to in this Agreement are incorporated or attached and are deemed to be part of this Agreement.

Any alterations, variations, modifications or waivers of provisions of this Agreement will be valid only when they have been reduced to writing as an amendment to this Agreement and signed by the parties hereto.

9. MISCELLANEOUS. The laws of the State of Minnesota will govern all questions and interpretations concerning the validity and construction of this Agreement and the legal relations between the parties and performance under it. The appropriate venue and jurisdiction for any litigation hereunder will be those courts located within the County of Hennepin, State of Minnesota. Litigation, however, in the federal courts involving the parties will be in the appropriate federal court within the State of Minnesota. If any provision of this Agreement is held invalid, illegal or unenforceable, the remaining provisions will not be affected. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which taken together constitute one and the same Agreement.

The Remainder Of This Page Was Intentionally Left Blank

COUNTY BOARD AUTHORIZATION

The City of Minneapolis and the City of Brooklyn Park, having signed this Agreement, and the Hennepin County Board of Commissioners having duly authorized this Agreement on the 14 day of July, 2009, and pursuant to such approval, the proper County officials having signed this Agreement, the parties hereto agree to be bound by the provisions herein set forth.

Reviewed by the County Attorney's Office

[Signature]
Assistant County Attorney

Date: 7/13/09

COUNTY OF HENNEPIN
STATE OF MINNESOTA

By: [Signature: Mike Cat]
Chair of Its County Board

ATTEST: [Signature: Y. McCreary]
Deputy Clerk of County Board

Date: 7/14/09

By: [Signature: Richard P. Johnson]
Richard P. Johnson, County Administrator

Date: 7-14-09

By: [Signature]
Assistant County Administrator

Date: 7-13-09

Recommended for Approval

By: [Signature: Kelly Schler]
Director, Department of OHCAT

Date: 7-10-09

(Signature Page to Consortium Agreement)

Department Head Responsible
for monitoring contract

By: [Signature]
Tom Streitz
Director, Housing Policy and Development (CPED)

Date: 7.14.09

CITY OF MINNEAPOLIS

By: Pam Fernandez
PAM FERNANDEZ
(Print Name)

- City wide Contract Administrator
- City Purchasing Agent
- City Finance Officer

APPROVED AS TO FORM:

By: [Signature]
Assistant City Attorney

Date: 7/14/09

(Signature Page to Consortium Agreement)

CITY OF BROOKLYN PARK

By: 

JAMES S. VERBRUGGE
(Print Name)

Its: City Manager

Date: 7/14/09

(Signature Page to Consortium Agreement)

EXHIBIT A
PROGRAM

Neighborhood Stabilization Program 2009 (NSP 2) Foreclosure Recovery Plan Sources & Uses

	Hennepin County		Brooklyn Park		Minneapolis		Total	
	Funds	Units	Funds	Units	Funds	Units	Funds	Units
NSP 2 Eligible Use								
A. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties	\$ 1,350,000	135	\$ 500,000	50	\$ 2,000,000	200	\$ 3,850,000	385
B. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop	\$ 1,200,000	20	\$ 4,200,000	70	\$ 16,500,000	275	\$ 21,900,000	365
C. Establish and operate land banks for homes and residential properties that have been foreclosed upon ¹	\$ 800,000	5	\$ 450,000	3	\$ 15,600,000	300	\$ 16,850,000	308
D. Demolish blighted structures	\$ -	0	\$ -	0	\$ -	0	\$ -	0
E. Redevelop demolished or vacant properties as housing	\$ 500,000	5	\$ 200,000	2	\$ 500,000	10	\$ 1,200,000	17
Subtotal	\$ 3,850,000	165	\$ 5,350,000	125	\$ 34,600,000	785	\$ 43,800,000	1075
Administration ²	\$ 327,250		\$ 454,750		\$ 3,598,000		\$ 4,380,000	
TOTAL³	\$ 4,177,250	165	\$ 5,804,750	125	\$ 38,198,000	785	\$ 48,180,000	1075
25% Requirement⁴	\$ 1,044,313		\$ 1,451,188		\$ 9,549,500		\$ 12,045,000	

Footnotes

- ¹Some of these funds will be used to support the Twin Cities Community Land Bank, subject to each jurisdiction's board approval.
²NSP2 limits administration to 10% of total award. Hennepin County and Brooklyn Park will receive 8.5% of their total award for administration. Minneapolis will receive the remainder for administration as the lead entity.
³There may be duplication in the total unit count (i.e. the down payment program under Activity A could be used to purchase a property rehabbed in Activity B).
⁴NSP2 requires that 25% of the funds received must be targeted to households at or below 50% of area median income.

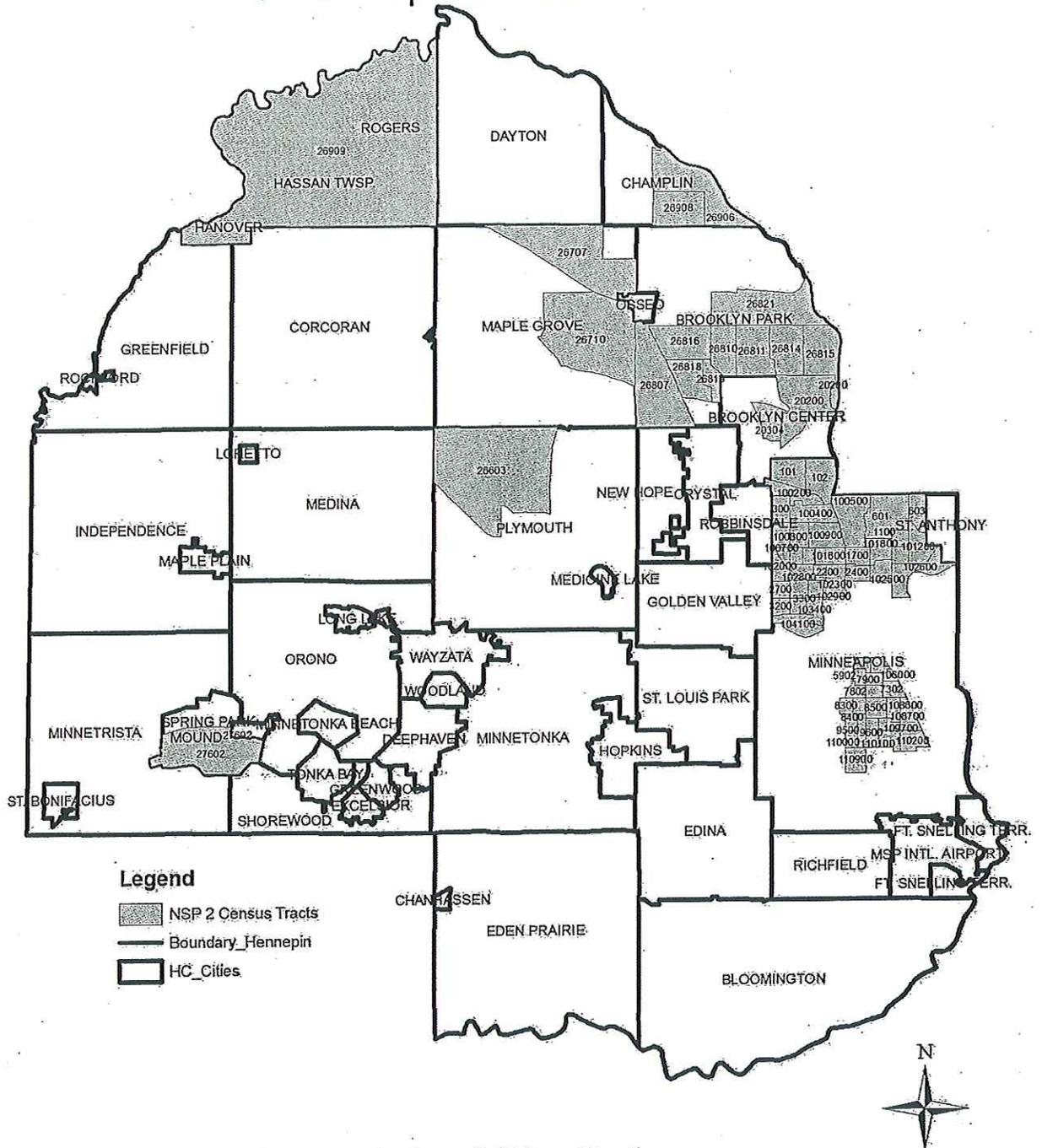
Assumptions

- A. Financing: \$10,000 average per homebuyer for down payment and closing cost assistance.
B. Purchase and Rehabilitate: \$60,000 average per unit for value gap, and in Brooklyn Park for value gap and homebuyer assistance.
C. Land Bank: \$100,000 for Hennepin County and Brooklyn Park and \$50,000 for Minneapolis average per property for acquisition, demolition and holding costs.
D. Demolition: No NSP2 funds are allocated to demolition. In Minneapolis, NSP1 Funds will be recycled for regulatory services demolition.
E. Redevelop: \$100,000 for Hennepin County and Brooklyn Park and \$50,000 for Minneapolis average per property for new construction to assist in meeting low-income requirements.

DRAFT! Subject to Change, based on each jurisdiction's board Approval.

EXHIBIT B
TARGET GEOGRAPHY

NSP 2 Proposed Census Tracts



NEIGHBORHOOD STABILIZATION PROGRAM 2

City of Minneapolis, City of Brooklyn Park and Hennepin County Consortium Application

PROGRAM SUMMARY

Lead Applicant: City of Minneapolis Community Planning and Economic Development (CPED)

Consortium Members: City of Minneapolis, Community Planning and Economic Development (CPED); City of Brooklyn Park; Community Development Department; and Hennepin County Housing, Community Works and Transit Department (HCWT)

Introduction: Minneapolis submits to the U.S. Department of Housing and Urban Development an application for the Neighborhood Stabilization Program 2 (NSP2) funds under the American Recovery and Reinvestment Act, 2009 by July 17, 2009 as lead applicant in a consortium with the City of Brooklyn Park and Hennepin County.

The total NSP2 application is approximately \$48 million and will impact approximately 875-1,075 units. This includes approximately \$38 million for Minneapolis, \$6 million for Brooklyn Park and \$4 million for Hennepin County.

In Minneapolis, Brooklyn Park and Hennepin County neighborhoods hardest hit by foreclosures, NSP2 resources would provide for:

- Down Payment and Closing Cost Assistance - 385 homebuyers,
- Purchase and Rehabilitation - 365 units,
- Acquisition and Land Banking - 308 properties, and
- Redevelopment - 17 units.

The Consortium NSP2 leverage ratio is nearly one-to-one. The Consortium has firm commitments of \$37,450,000 in leveraged funds approaching a match to the \$48,180,000 request for NSP2 funds.

The Consortium application will be one of the most innovative in the United States due to a nation leading pilot community collaboration with National Community Stabilization Trust (NCST) and integrating one of the most robust non-profit development communities in the country. The collaboration has launched the First Look pilot program which provides the opportunity to purchase over 700 foreclosed properties pre-market and at a substantially reduced price.

Additionally, the Twin Cities Community Land Bank, a newly organized nonprofit limited liability company established to assemble, manage and dispose of property and vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or re-development of urban property when the market is ready to absorb new development. The Twin Cities Community Land Bank is poised to assist in advancing and implementing innovative strategies to provide comprehensive housing, employment and transit oriented development.

NEIGHBORHOOD STABILIZATION PROGRAM 2

City of Minneapolis, City of Brooklyn Park and Hennepin County Consortium Application

b. Narrative

FACTOR 1 – NEED AND MARKET CONDITIONS (40 points)

FACTOR 2 - DEMONSTRATED CAPACITY (40 points)

FACTOR 3 - SOUNDNESS OF APPROACH (45 points)

**FACTOR 4 – LEVERAGING, INTEGRATION, REMOVAL OF NEGATIVE EFFECTS
(10 POINTS)**

FACTOR 5 - ENERGY EFFICIENCY (10 points)

**FACTOR 6 - NEIGHBORHOOD TRANSFORMATION AND ECONOMIC
OPPORTUNITY (5 points)**

FACTOR 1 – NEED AND MARKET CONDITIONS (40 points)

A. Target Geography (10 points)

The Consortium is comprised of the governmental entities of the City of Minneapolis, City of Brooklyn Park, and Hennepin County, the three largest units of local government to actively engage in foreclosure recovery efforts within Hennepin County. The highest numbers of foreclosures in Hennepin County occur in Minneapolis and Brooklyn Park. For efficiency in administration, Hennepin County is applying on behalf of the other six cities in suburban and exurban Hennepin County with significant foreclosure problems.

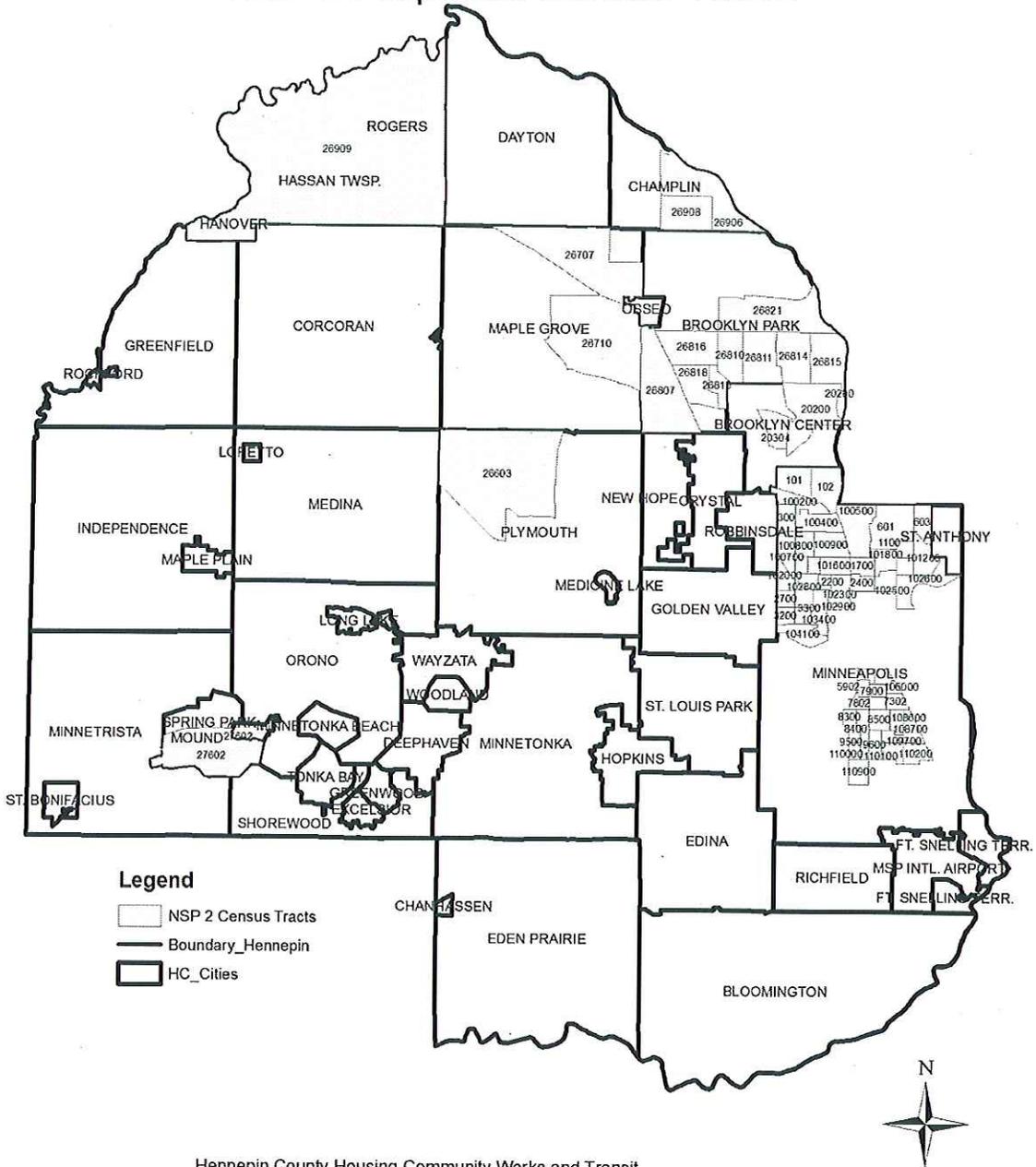
The Consortium's target area includes 73 census tracts (see map 1) in three connected yet distinct areas: (1) **Urban Core-Minneapolis**, 55 census tracts (75%); (2) **Suburban-Brooklyn Park and Hennepin County**, 11 census tracts (15%); and (3) **Exurban and Outer Ring Suburbs-Hennepin County**, 7 census tracts (10%). The Consortium's target area has an average combined index score of 18.12 based on the HUD-provided indices on the estimated number and percentages of foreclosures and estimated foreclosures with vacancy rate. (See APPENDIX 1).

Hennepin County, located within the Minneapolis-St. Paul Metropolitan Statistical Area (MSA), is the largest county in the State of Minnesota. There are 46 municipalities within the county, with an estimated population of over 1.2 million people. Approximately one-third of the county's population lives in Minneapolis and the remaining two-thirds reside in suburban and exurban Hennepin County. The county encompasses 611 square miles.

Consistent with national trends, the cities within Hennepin County have been significantly impacted by high rates of mortgage foreclosure. The number of mortgage foreclosure sales in Hennepin County increased from 920 in 2002 to 7,086 in 2008. The stability of the urban core and suburban census tracts has been significantly and impacted by the drastic decline in property values, the high level of fraudulent mortgage activities, and the disproportionate effect of foreclosures on people of color. The urban core and suburban census tracts, like the entire Twin Cities housing market, experienced significant increases in home values from 2004 through mid-2006, after which home values started to stabilize and then decline in 2007. The rapid rise in home values in 2004 and 2005 caused unrealistic expectations of what could be supported in the market. Home buyers, during this period, bought at the peak of the market with the belief that values would rise even further.

Contrary to expectations, the market plunged and buyers with mortgages at these higher values now have homes where the value, in many cases, is lower than the mortgage amount. If a buyer was experiencing difficulty in paying their mortgage, there was no ready market for these homes at the mortgage price as values had dropped significantly. This situation led to increased foreclosures and abandonment of property as there was little recourse for owners who could not pay their mortgage and did not have sufficient funds to avert a foreclosure.

NSP 2 Proposed Census Tracts



Hennepin County Housing Community Works and Transit
 Data Source: US Department of Housing and Urban Development

Map 1: NSP 2 Proposed Census Tracts

To exacerbate the problems caused by declining property values, subprime mortgages were rampant in the urban core and inner-ring neighborhoods where predatory lending practices unfairly targeted lower income buyers and people of color. The Consortium's target area experienced some of the most concentrated fraudulent mortgage activities and racial disparities in mortgage lending in the Twin Cities region and the entire country. The Twin Cities is in the top 10 highest rated metropolitan area with fraudulent mortgage activity in the country (<http://www.startribune.com/20585019.html>).

The exurban census tracts within Hennepin County are also characterized by subprime mortgages and a housing glut that lured many people to buy bigger homes than they could sustain. Subprime loans accounted for approximately 24.5% of exurban/suburban originations in 2006, resulting in family budgets stretched thin and strained to make monthly mortgage payments on loans whose rates were rising faster than families could afford.

Hardest hit during the national crisis have been areas such as the Consortium's target area, which has high proportions of older and lower-valued homes and higher proportions of households at lower incomes. Many of these households in earlier years took advantage of low mortgage interest rates and what they believed to be highly desirable mortgage terms to move into homeownership. In many cases, homeowners were taken advantage of by unscrupulous lenders and were in somewhat tenuous financial positions prior to the economic slowdown. As discussed above, households most at risk were often those of minority racial and ethnic backgrounds and those with lower household incomes or households with credit scores that would not typically qualify them for a home mortgage based on traditional qualifying levels.

An analysis, performed by the Minnesota Housing Finance Agency, of the Consortium's credit needs shows that the Consortium's census tracts with higher foreclosure and vacancy risk scores have had access to credit, but not on particularly favorable terms. The analysis examined three measures of credit: 1) the number of prime and subprime lenders originating a loan in a census tract per 100 homeowners in the tract, 2) the percentage of mortgage originations in the census tract that were subprime, and 3) the percentage of mortgage applications that result in origination through data provided under the Home Mortgage Disclosure Act (HMDA). Compared with all census tracts that have lower foreclosure and vacancy scores in the Consortium, the target area census tracts have more lenders originating subprime loans. Within the Consortium, foreclosure is concentrated in lower income census tracts. Families living in these areas tend to have less access to low-cost credit than residents in tracts with lower foreclosure rates. As has been documented in many studies, a probable cause of this phenomenon is predatory lending. The Census analysis shows a high correlation between higher foreclosure and vacancy risk scores and the number of subprime lenders and mortgage originations.

B. Market Conditions and Demand Factors (30 points)

Absorption Rate

Maxfield Research Inc. a Twin Cities based research firm estimated the absorption rate for foreclosed/vacant properties in the target area. The methodology they used to determine the absorption rate utilized the number of vacant properties in each of the target areas, the change in monthly sales activity for each of the areas between 2008 and 2009, and the current supply of homes available (vacant and other non-vacant listed properties). Based on most recent market activity including counts of lender-mediated sales in each of the areas and average days on market for single-family and multifamily dwelling units, Maxfield Research Inc. divided the number of vacant units by the average resale market activity as balanced against months of supply. The results are shown on the table below.

ABSORPTION ESTIMATES			
TARGET AREAS			
FORECLOSURES			
2009			
	# of Months		
Absorption Estimates	Suburban HC	Brooklyn Park	Minneapolis
Avg. Total Absorption	24 mos	28 mos	36 mos
<i>Sources: Realty Trac; Minneapolis Area Association of Realtors; Hennepin County Sheriff's Office; Maxfield Research Inc.</i>			

As estimated by Maxfield, the Consortium will see absorption of abandoned or foreclosed homes within two to three years. This absorption rate does not fully demonstrate or account for the dramatic neighborhood instability caused by highly concentrated foreclosures within many of the census tracts of the Consortium’s target area of significant note. In Minneapolis, as well as in inner-ring neighborhoods in suburban Hennepin County, speculators are purchasing a large number of homes as investment property and turning these units into scattered-site rental housing. That while leading to greater absorption may have the long term affect of undermining neighborhood stability. It is of utmost concern that some of these investors are renting these homes with minimal maintenance.

Vacancies have increased in the previous three years in the local housing market in the Urban Core Minneapolis target areas. This is attributable to the high foreclosure rates in this target area. Additionally, Minneapolis has seen a spike in the total number of vacant and boarded properties. Currently, over 855 properties are vacant and boarded in Minneapolis, a number that has nearly tripled from three years ago. In Minneapolis, almost 90% of the vacant and boarded properties are located within the target area. This does not account for all the foreclosed properties that are vacant but not boarded and the properties that have been abandoned that may not be on the vacant and boarded registry.

Based on the 2000 Census and the American Community Survey, the target area residential properties are estimated to account for 34% of all residential properties in Minneapolis. In Minneapolis, the average time a residential property is on the vacant and boarded registry (VBR) in the Minneapolis target area has increased eight times from the first quarter of 2005 through the fourth quarter of 2008. In Brooklyn Park, vacancies in the target area account for 640 of the 785 vacant units city-wide, or 82% of vacant properties in Brooklyn Park.

Over-Valuation

A critical factor causing abandonment and foreclosure in the Consortium target area is that of over-valuation. According to the most recent data released by Standard and Poor’s Schiller Price Home Index as of May 2009, the Twin Cities metro area experienced the largest percentage drop in one month of any metro area in the history of the index. Home prices fell 6.1% from February 2009 to March 2009. The Twin Cities metro area housing market experienced significant increases in home values from 2004 through mid-2006, after which home values started to stabilize and then decline from 2007 to 2009. The Minneapolis Area Association of Realtors reports the median sale price of homes in the Twin Cities decreased from \$227,495 in 2007 to \$165,000 in 2009, a 27.5% decrease. The table below shows the home value decline specific to the Consortium’s target areas.

Decline in home values from 2007 to 2009			
	Average Sales Price		
Geographic area	June 2007	June 2009	Percent Change
Minneapolis	\$ 280,358	\$ 189,455	-32%
Brooklyn Park	\$ 262,920	\$ 144,638	-45%
Hennepin County(*)	\$ 253,700	\$ 218,600	-14%

(*) \$253,700 for 2nd quarter of 2007 and \$218,600 for 1st quarter of 2009

Source: Minneapolis Area Association of Realtors

Since 2007, the average days on the market for Minneapolis properties is 127. The average days on market for a property in Brooklyn Park is currently 75, but depending on the desirability and condition of lender-mediated homes, these homes may remain on the market longer than the average. This situation may cause further risk to the values of existing homes in the target areas that are not foreclosed, effectively reducing all property values.

Unemployment also has contributed significantly to abandonment and foreclosure in the target area census tracts. Employment in Hennepin County declined by over 22,500 jobs in January and February 2009; the job losses brought about an increase in the average monthly unemployment rate from 5.6% in the fourth quarter of 2008 to 7.1%. Minneapolis also has a high unemployment rate at 7.1% as of April 2009 and the rate for Brooklyn Park was 8.6%.

Jobless claims rose consistently from 2007 through April 2009 for the seven-county Twin Cities metro area. As shown in the table below, jobless claims nearly doubled in the first four months of 2009 as compared to all of 2008. The Consortium is concerned that this increasing unemployment trend is threatening to exacerbate the foreclosure problem. Additionally, unemployment, the fear of it and the reduction in income hamper buyer confidence.

**UNEMPLOYMENT INSURANCE CLAIMS
7-COUNTY METRO AND HENNEPIN COUNTY**

	7-County Metro		Hennepin County	
	No.	Chg.	No.	Chg.
2007	8,912	-----	3,470	-----
2008	9,126	2.4%	3,518	1.4%
2009	17,191	88.4%	6,775	92.6%

Source: MN Dept. of Employment & Economic Development

Income Characteristics and Housing Cost Burden

The Hennepin County average per capita income is \$33,000 and median family income is \$74,000, according to 2005 data. Despite the economic successes of most Hennepin County residents, approximately 10.8% of the population – over 117,000 people – had income during 2005 at or below the poverty line. An even greater percentage of children, 14.9%, were in families with incomes at or below poverty. Approximately 24% of single female headed households with children under 18 years of age earned income at or below the poverty line.

The cost of housing is an issue for households in the Consortium’s target areas. The available data on the cost of housing show that one in three Twin Cities metro area families pays more than 30% of their income for housing, as reported by the Wilder Foundation in 2008. That study found that 75% of all low-income households were cost-burdened compared to 33% of all households. It also showed that 10% of Twin Cities’ homeowners were cost burdened in 2008, up from 5% in 2000. Another estimate, prepared by Maxfield Research for this application, shows that between six and seven percent of households in the Consortium’s target areas are cost burdened as detailed in the table below.

ESTIMATED % OF COST-BURDENED HOUSEHOLDS TARGET AREAS

RENTERS AND HOMEOWNERS

2008

Cost-Burdened	% OF HOUSEHOLDS			
	30% AMI	50% AMI	80% AMI	120% AMI
Homeowners				
Target Areas-Mpls South	11%	4%	2%	0.1%
Target Areas-Mpls. NE	10%	3%	1%	0.1%
Target Areas-Mpls. North	14%	4%	1%	0%
Target Areas-Suburban HC	5%	3%	4%	2%
Target Areas-Brooklyn Park	5%	6%	6%	7%
<i>Hennepin County</i>	7%	7%	7%	5%
<i>Twin Cities Metro Area</i>	6%	7%	7%	6%

Renters

Target Areas-Mpls South	35%	12%	6%	1%
Target Areas-Mpls. NE	28%	11%	6%	1%
Target Areas-Mpls. North	45%	7%	1%	1%
Target Areas-Suburban HC	22%	5%	1%	0.2%
Target Areas-Brooklyn Park	34%	12%	7%	2%
<i>Hennepin County</i>	30%	13%	11%	1%
<i>Twin Cities Metro Area</i>	29%	14%	3%	1%

Twin Cities Metro Area Average Rent 2008 = \$906

Twin Cities Metro Sales Price 2006 = \$278,462

Income limits based on a 4-PP household at maximum income limit.

Sources: HUD; American Community Survey; Maxfield Research Inc.

Factors Contributing to Neighborhood Decline

In the Consortium's target areas, other significant factors contributing to neighborhood decline include racial disparities in mortgage lending and a high level of bank-owned properties. In the urban core (Minneapolis) and Brooklyn Park, an aging and under-maintained housing stock, decreasing school enrollment and poverty are also contributing to neighborhood instability.

School Enrollment and Poverty—decreasing school enrollment and poverty also are a significant factor in neighborhood decline in urban Minneapolis and the inner-ring suburban communities in Hennepin County. For examples, within the Minneapolis school district, total enrollment within the target area decreased from 22,307 in 2005 to 18,431 in 2008. Along with decreasing enrollment within the target area schools, there was an increase in the percentage of students who were enrolled in the free or reduced lunch programs from 79% in 2005 to 82% in 2008. As of 2008, 67% of welfare caseloads in Minneapolis as reported by Hennepin County, were residents of the target area census tracts. There has been a 6.2% increase in welfare recipients in the target area since 2006.

Aging and under-maintained housing—of housing units identified in the Minneapolis target area census tracts, 76.6% were built prior to 1960. In the Brooklyn Park target area, 31% were built prior to 1960. These homes provide affordable housing to many of the community's households as these homes have, in general, been priced at moderate levels. With a high rate of foreclosure in these neighborhoods, many of these homes are at risk of being abandoned and are likely to deteriorate further due to increased vacancy and deferred maintenance. Many one-unit owner-occupied structures are at risk of being converted to rental properties, in some cases poorly managed.

Building and remodeling permit activity is a sign of economic trends within a local housing market. From 2005 to 2008, the Minneapolis target area census tracts have experienced a 25% decrease in the number of building and remodeling permits. The number of residential properties within the Minneapolis target area that have undergone rehabilitation investments above \$5,000 has decreased by 18% in the last four years. The **average value of permits** for residential properties for target area census tracts in Minneapolis have decreased, with those in near north and south central neighborhoods experiencing 80% or greater decreases from 2005 to

2008. The target areas in Brooklyn Park have seen similar trends. Between 2005 and 2008 the target areas experienced a 22% decrease in the total number of building permits issued and a 35% decrease in the number of building permits issued that were equal to or greater than \$5,000.

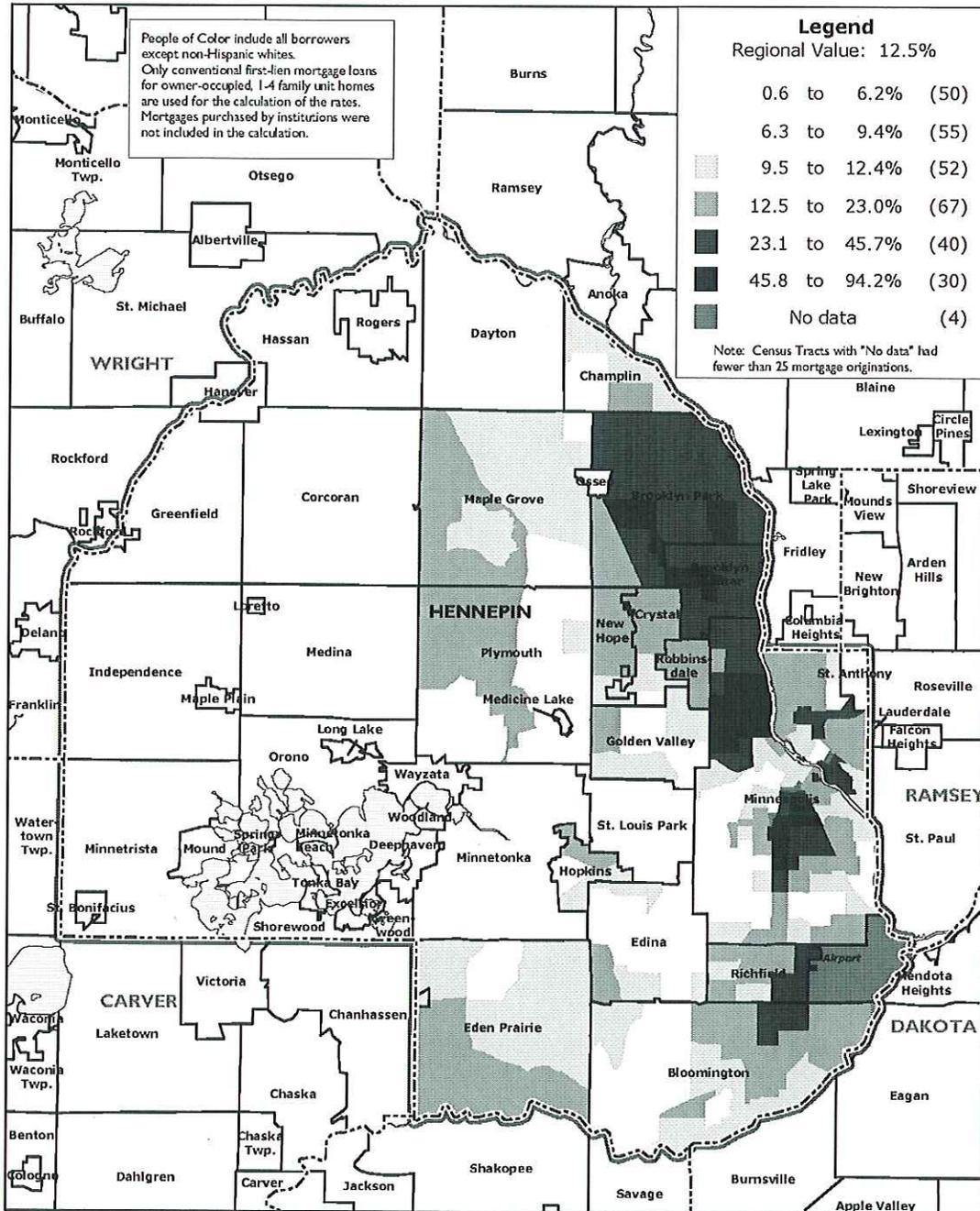
Racial Disparities—the Minneapolis and Brooklyn Park target areas have high proportions of households of color and therefore, these neighborhoods are at greater risk for foreclosure due to discriminating loan practices. As reported by the Institute on Race and Poverty at the University of Minnesota Law School in a report released in February 2009, families of color—even if they have higher incomes—were more likely to receive subprime loans thereby increasing the amount that they pay for loans and increasing their risk of foreclosure. The maps below clearly show the connection between the percentage of mortgage loans acquired by people of color and the location of subprime mortgages. These locations also correlate with the areas in the county most affected by foreclosure and vacancy. These areas mirror the Consortium’s target areas (See Map 2).

Housing code violations are a further sign of neighborhood decline and have increased as Minneapolis has 8,616 properties with housing violations as of May 31, 2009 with 6,604 (77%) of those properties within target area census tracts. During 2008, 19,745 housing violations were issued within the City of Minneapolis, with 13,600 (69%) of those properties within target area census tracts.

The census tracts in the Minneapolis target area have experienced an increase of 5% in the number of residential properties that are defined as having a structural condition that is significantly below average since 2005. These properties may be structurally sound but have a significant amount of deferred maintenance. There may not be significant foundation problems however, the siding, roofing, mechanical systems, etc. are old and show signs of significant wear and are probably at the end of their useful economic life. When accounting for the cost to rehabilitate some of these structures, it is not economically feasible considering that the cost of the home after rehabilitation would probably greatly exceed its market value.

Residential properties within the Minneapolis target area census tracts that have numerous problems in which the cost to cure these problems may outweigh the entire value of the home have increased 11% since 2005. The properties are still inhabitable, but bringing the house up to average condition would require major expenditures. The foundation may have large cracks or substantial settling or most of the building components are in need of repair or replacement such as rotted wood, holes in the plaster or sheetrock, carpets worn through to the backing; tiles are broken or missing in the kitchen or bath. Heating and plumbing systems may be unreliable.

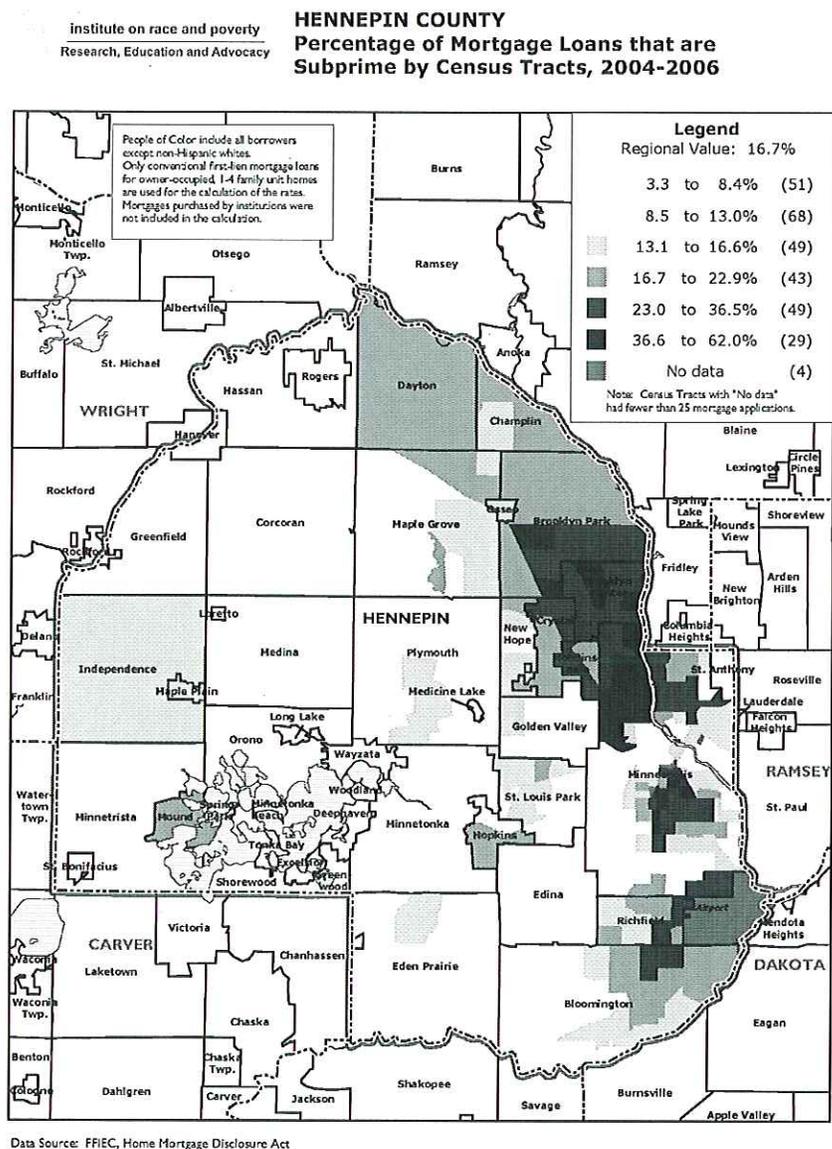
HENNEPIN COUNTY Percentage of Home Mortgage Loans Acquired by People of Color by Census Tracts, 2004-2006



Data Source: FFIEC, Home Mortgage Disclosure Act

Map 2: Percentage of Home Mortgage Loans Acquired by People of Color by Census Tracts 2004-2006

Bank-owned properties—a high level of bank-owned properties significantly hinders economic recovery in the Minneapolis-St. Paul area. The Brookings Institute ranked the Minneapolis-St. Paul Metropolitan Statistical Area (MSA) 92nd out of the largest 100 metropolitan areas for bank-owned property per 1,000 mortgageable properties in March 2009. The Twin Cities, at 7.63 bank-owned properties per 1,000 mortgageable properties, ranked one spot behind the Sacramento CA MSA (7.45) and one spot ahead of the Detroit MI MSA (9.75). The average number of bank-owned properties per 1,000 mortgageable properties for the top 100 metro areas and the U.S. was 3.87 and 3.06 respectively.



Map 3: Percentage of Mortgage Loans that are Subprime by Census Tracts 2004-06

Neighborhood Stabilization Activities

The data presented in this application demonstrate that the high number of vacancies and foreclosures across the Consortium's target areas, in combination with under-maintained housing, and concentrated subprime and fraudulent lending are creating significant neighborhood instability. The data points to a real need to bring homeowners back into these neighborhoods in rehabilitated housing that provides for sustainable long-term homeownership. For this reason, the Consortium will emphasize aggressive acquisition and rehabilitation in combination with homeownership incentives to quickly return stable long term residents to the target area neighborhoods.

The other key component of the Consortium's recovery effort is to gain control of vacant properties and then manage the disposition and redevelopment of these properties at a scale large enough to build confidence and stimulate reinvestment. The need for this activity is demonstrated by the large inventory of bank-owned and investor-owned property, mostly seen in the urban core and suburban census tracts. Properties will be acquired, demolished if necessary, and land banked for future development. With the help of the Twin Cities Community Land Bank, the Consortium will have an effective way to manage the disposition of properties over time to ensure long-term neighborhood stability.

FACTOR 2 - DEMONSTRATED CAPACITY (40 points)

A. Past Experience of the Applicant (30 points)

The City of Minneapolis, in partnership with the Consortium and the community development partners, has significant experience managing NSP activities of financing, acquisition and rehabilitation, land banking, and redevelopment, within the past 24 months (June 2007- July 2009) that exceeds the 75-unit capacity requirement.

The Consortium and Minneapolis is widely regarded as one of the nation's leaders in implementing neighborhood stabilization activities as evidenced by the success of the innovative Strategic Acquisition Fund, which began acquiring foreclosed properties for rehabilitation in June 2007 and the ground-breaking *First Look* Pilot Program, which commenced acquiring foreclosed properties pre-market and at a reduced price in November 2008. For example, under the *First Look* Program in Minneapolis, 552 properties have come through the National Community Stabilization Trust; 123 offers have been made; and 48 offers have been accepted. Foreclosed properties in targeted areas have been purchased and identified for rehabilitation by the non-profit development community in implementing NSP1.

NSP2 resources will maximize the strong collaborative efforts and demonstrated capacity of the Consortium and its community partners, achieving neighborhood stabilization program measurable outcomes and leading to recovery of healthy housing markets in the targeted areas. As the table below clearly demonstrates the consortium members from 2007 to 2009 have acquired, rehabilitated and land banked over 1,000 properties.

Neighborhood Stabilization Program Activity Experience

Entity	Tasks, Skills and Resources	Units 2007-2009
A. Financing		
City of Minneapolis	Implemented a foreclosure homeownership incentive forgivable loan program in target area neighborhoods; \$1.0M Minneapolis; \$1.5M Federal Home Loan Bank Funds.	130
City of Brooklyn Park	Developed and implemented a home improvement loan program in partnership with the Center of Energy and Environment. \$800,000 in EDA funds available.	7
City of Brooklyn Park	Developed and implemented a down payment assistance program to help low-income homebuyers with homeownership. \$200,000 in CDBG funds available.	2
Hennepin County	Developed and implemented a first-time homebuyer loan program. Skills: income qualification, underwriting, contract preparation, and closing. Source \$400,000 in HOME funds.	29
Total—Financing		168
B. Acquisition and Rehabilitation		
City of Minneapolis	Acquired 112 properties designated for rehab since June 2007. \$10 million Minnesota Housing Finance Agency Funds; \$1 million City of Minneapolis Funds.	36
City of Minneapolis	Partnered with developers to rehab 398 units of multifamily rental housing using \$3,810,000 in City of Minneapolis resources combined with resources from Hennepin County, Metropolitan Council, DEED and MN Housing.	398
City of Brooklyn Park	Partnered with developers to purchase and rehab foreclosed and vacant homes. Skills include contract development, contract management, and program administration. Funding source \$600,000 Minnesota Housing and NSPI funds.	5
Hennepin County	Assisted in the rehabilitation of 44 single family homes. Skills include income qualification, underwriting, project scoping, contract development and management, inspection, close-out and administration. Funding source \$1,300,000 in CDBG funds.	44
Hennepin County	Assisted in the acquisition and rehabilitation of 13 multi-family housing projects. Skills include underwriting, contract development and management, inspection, close-out and administration. Funding source \$2,883,380 in Hennepin County funds; \$1,000,000 in HOME funds.	11
Hennepin County	Rehabilitated 5 single family homes and 2 duplexes through its STS Homes Division. Tasks include project bidding, construction, close-out and administration.	5
Total—Acquisition & Rehab		499
C. Land Bank		
City of Minneapolis	Acquired properties to be held until the market recovers. \$10 million Minnesota Housing Finance Agency Funds; \$1 million City of Minneapolis Funds	66
City of Minneapolis	Properties acquired by the City of Minneapolis for blight removal and sale for future housing development. \$500,000 in CDBG funds.	144
City of Brooklyn Park	Acquire homes for demolition and land banking until housing can be redeveloped on the site. Skills include acquisition, demolition, environmental review, and maintenance. Funding source CDBG and NSPI.	2
Total—Land Bank		212
E. Redevelopment		
City of Minneapolis	Ownership housing developed has generated additional market rate and affordable housing units adding market value of approximately \$5 million to the Minneapolis tax base.	25
City of Minneapolis	Partnered with developers to develop 861 units of multifamily rental housing using \$22,353,000 in City of Minneapolis resources combined with resources from Hennepin County, Metropolitan Council, DEED and MN Housing.	861
City of Brooklyn Park	Partnered with Habitat for Humanity to construct homes on redevelopment sites. Skills include contract development and management and program	3

	administration. \$400,000 Minnesota Housing.	
Hennepin County	Assisted in the redevelopment of 7 multi-family housing projects. Skills include underwriting, contract development and management, inspection, close-out and administration. Funding source \$780,000 in Hennepin County funds; \$1,515,000 in HOME funds.	127
Hennepin County	Constructed 2 new single family homes with Habitat for Humanity through its STS Homes Division. Tasks include project bidding, construction, close-out and administration.	2
Total—Redevelopment		1,018
Grand Total		1,897

While acquisition and disposition of foreclosed properties and the rehabilitation of housing are the most likely to achieve neighborhood stabilization in the target area neighborhoods, it is also necessary for all communities and community partners to work together across jurisdictions in carrying out all activities quickly to achieve the greatest impact in stabilizing target area neighborhoods.

City and Regional Planning

Planning and strategic implementation are critical to achieve neighborhood stabilization, The Consortium works in partnership with community organizations, housing developers, funders, lenders and government partners to implement aggressive foreclosure recovery plans to restore healthy housing markets in targeted areas. Collaborative planning with all community partners assists Consortium members in identifying specific neighborhoods and properties within targeted areas for strategic acquisition; raising leverage funding and allocating NSP resources to neighborhood stabilization activities to achieve successful outcomes; and in monitoring foreclosure prevention, housing reinvestment and market repositioning performance to target resources to appropriate activities in areas of greatest need.

The Consortium members are lead agencies responsible for formulating plans and strategies for housing and community development objectives, including preparation and submission of Consolidated Plans, Community Development Block Grant Programs, HOME Investment Partnership Program, Emergency Shelter Grant Programs, Lead Hazard Control programs, Weatherization, Energy Efficiency and Employment Programs and several state and local housing, community development, and transit oriented development programs. The Consortium members set priorities around single family and multifamily development, economic development, and community housing, transportation and commercial corridors.

Other regional planning efforts include:

- Minnesota Foreclosure Partners Council
- Regional Foreclosure Prevention Efforts through the Home Ownership Center
- Ending Homelessness
- Disposition of Tax Forfeited Properties

Acquisition and Disposition

The Consortium has experience with 212 property acquisitions in the past 24 months through land banking programs. Large scale acquisition is key to moving vacant and foreclosed properties in target areas to developers with long term community interests in mind for redevelopment and sale for homeownership or for responsible management of rental properties.

Aggressive property acquisition when the market is low and properties are inexpensive, coupled with strategies to compete with investors in order to prevent the turn-over of single family homes to rental and to improve the quality of the housing stock are key components of the Consortium's strategy.

Rehabilitation of Housing

The Consortium has demonstrated experience with 499 property acquisitions in the past 24 months through purchase and rehabilitation programs. Minneapolis, through its partner the Greater Metropolitan Housing Corporation acquired 112 and has rehabilitated and sold 36 properties. Additionally, the City of Minneapolis has contracted with other developers through its Affordable Ownership Housing Program, providing them development gap financing.

Another example of rehabilitation experience is Brooklyn Park's partnership with Robert Engstrom Companies, LLC, a for-profit company, using funds from the State of Minnesota. Key project elements include: (1) Developed a Master Agreement providing a framework for the program and including program documentation such as mortgages, loan requisitions, restrictive covenants, and repayment agreements. (2) Developed an acquisition and rehabilitation strategy to utilize the funds in the areas of greatest need, targeting areas with the most challenged housing stock and greatest number of vacant units. (3) Implemented rehabilitation, with rehabilitation complete on five units as of July 2009 and four additional units in various stages of the process.

Redevelopment of Vacant Property

The Consortium has demonstrated experience with the redevelopment of 1,018 homes in the past 24 months. Redevelopment of vacant property for new infill housing construction is a longer range strategy when the market is poised for recovery to drive the market in targeted areas back towards a healthy housing market. The tasks undertaken for this activity includes bidding, reviewing plans, selection of contractor/developer, obtaining neighborhood support, construction management overview, approval of change orders and performing final inspection. There are instances where the parcel is a pass-through from one governmental agency to a developer. In other instance, the property has to be purchased, demolished and then sold to an already identified developer for the construction of an affordable housing unit. In the case of rental projects, skills include underwriting, contract development and management, inspection, close-out and administration.

Program Marketing and Management of Waiting Lists for Potential Residents

Program marketing and waitlist management is an area in which the Consortium has extensive experience. These efforts include the managing of marketing of homeownership incentive and financial assistance programs, rehabilitation programs, single family homes for purchase, and multifamily housing rental programs. Marketing activities are carried out by Consortium members and community partners and are achieved through the use of websites, brochures, articles and community outreach.

The Consortium regularly markets housing related programs through the following channels:

- Local media (Star Tribune, Finance and Commerce, Sun Post, Northwest Community TV)
- City media (newsletter, website, brochures, cable TV show, water utility bill inserts)
- Community groups (formal committees and commissions, volunteer networks, formal and informal community and cultural groups)
- Local partners (non-profits, state, county, banks, realtors, etc.)

Accessing Operating and Investment Capital

The Consortium will have immediate access to \$27.45 million in investment capital through the Twin Cities Community Land Bank, thus the Consortium will have significant leisure with which to purchase and compete successfully against investors for foreclosed properties for rehabilitation and disposition. Additionally, the Consortium utilizes tax-exempt bonds, tax increment financing, and other development tools to invest in the community and has a deep history of attracting funds to help meet community priorities.

Working Productively with Other Organizations

The Consortium members are founding members of the Minnesota Foreclosure Partners Council (the private and philanthropic Partners), convened in January 2007 to facilitate a rapid, coordinated response to the mortgage foreclosure crisis affecting the metropolitan area and outstate Minnesota. The goal of the Partners, in collaboration with many other key private, non-profit, and public partners, is to identify, fund, and implement coordinated policies and programs that effectively address the impact of the recent surge in mortgage foreclosures on families and communities. The work of the Council is focused in six areas:

- Data Collection
- Homeowner and Tenant Counseling
- Targeted Outreach
- Product Development
- Neighborhood and Community Recovery
- Legal and Legislative Solutions

It confronts the practice and consequences of predatory lending by taking specific, innovative, and collaborative actions, including changes in policies and practices and the provision of resources. The efforts of the Partners are undertaken both individually as well as in concert with other Partners and the broader prevention and development communities. The Partners is a national model and in 2008, it was recognized with a “Partners in Affordable Housing: Outstanding Collaboration Award”. The Partners’ efforts are described in *The Coordinated Plan to Address Foreclosures in Minnesota* (<http://www.mnforeclosurerecovery.org>).

Other key partnerships include: National Community Stabilization Trust, Family Housing Fund, Local Initiatives Support Corporation, Minnesota Housing Finance Agency, Metropolitan Consortium of Community Developers, Minnesota Home Ownership Center, Neighborhood Housing Services, Northway Community Trust, Tree Trust, Center for Energy and Environment, Fannie Mae, Wells Fargo, Pohlاد Family Foundation, General Mills Foundation, Franklin National Bank, Home Depot Foundation, Minneapolis Association of Realtors, and Neighborhood Associations.

B. Management Structure (10 pts)

Each Consortium member will operate the program through the development arm of the City or County government. The description of the management structure, staff roles, names and positions for Minneapolis, Brooklyn Park, and Hennepin County by activity are as follows:

The City of Minneapolis

Department of Community Planning and Economic Development, Housing Policy and Development Director Thomas Streitz will direct NSP2 activities and Cherie Shoquist, Foreclosure Project Coordinator, will coordinate the day to day management of activities carried out by management and staff. The following describes other key staff and their roles for NSP2:

Mark Anderson, Senior Contract Management Specialist monitors all of the City of Minneapolis loan programs. Mr. Anderson will be responsible for the financing activities under both the NSP 1 and NSP 2 program.

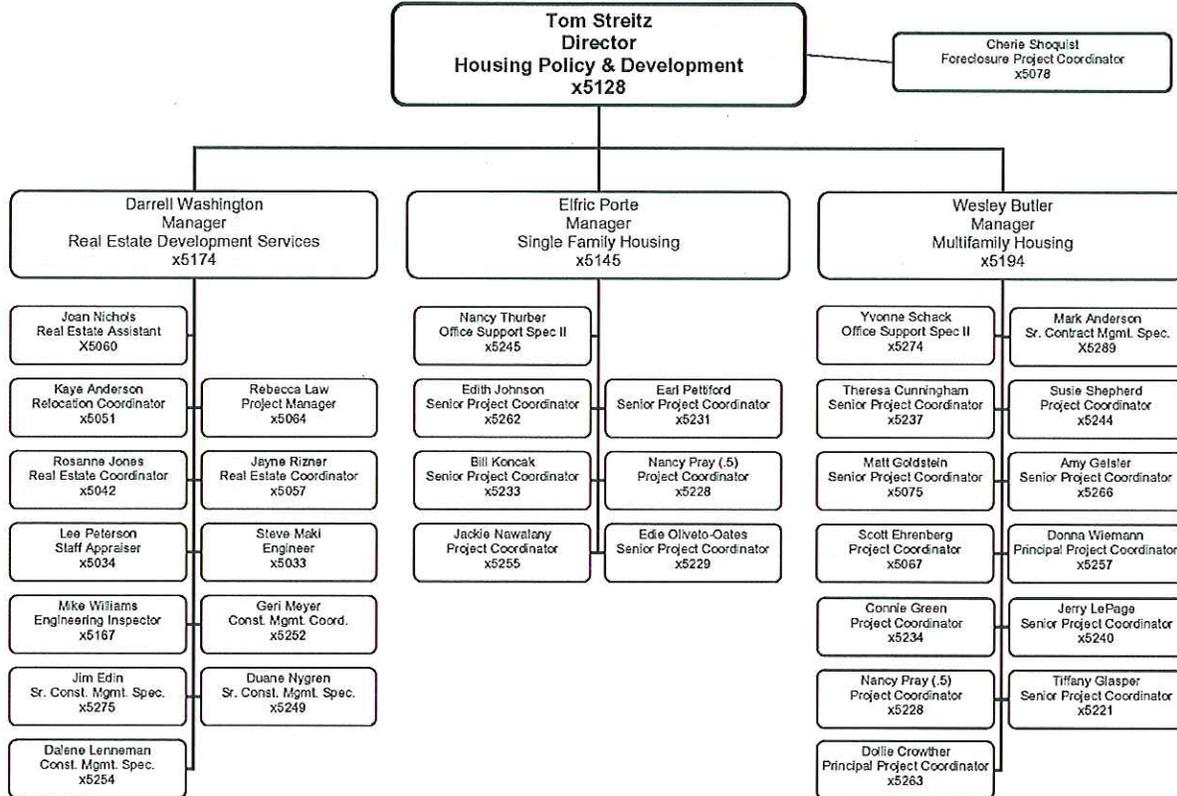
Elfric Porte, Manager of Single Family Housing and Wesley Butler, Manager of Multifamily Housing will be responsible for the monitoring of the implementation of all acquisition, rehabilitation and land bank activities for purchase rehabilitation, redevelopment and land banking.

Darrell Washington, Manager of Real Estate Development Services will be responsible for monitoring and tracking the inventory of properties purchased by the City of Minneapolis through both NSP1 and NSP2.

Eddie Oliveto-Oates, Senior Project Coordinator will be responsible for implementation of the contract with the selected development partners.

Matt Bower, Department of Intergovernmental Relations will be responsible for the administration of the program.

**City of Minneapolis Housing Policy and Development Org Chart
Organization Chart – July 2009**



The City of Brooklyn Park

Community Development Department will administer the NSP2 funds in Brooklyn Park. The management structure includes a department director, three division directors (economic development, planning, and code enforcement), and several project managers, project facilitators, and other supportive staff for a total of 22 staff people in the department. The following describes the key staff and their roles for NSP2:

Robert Schreier – Director of Community Development. Mr. Schreier has ultimate responsibility for the operations of all the various programs managed by the department, including NSP.

Jason Aarsvold – Economic and Redevelopment Director. Mr. Aarsvold will serve as Project Director and will oversee the NSP2 program, similar to his capacity under NSP1. The other key staff working on NSP2 report to Mr. Aarsvold.

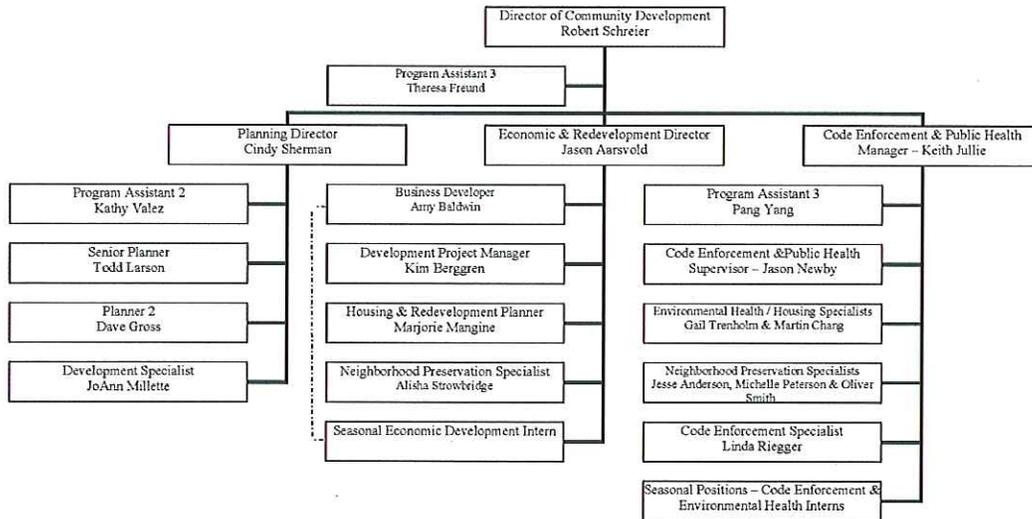
Kim Berggren – Development Project Manager. Ms. Berggren serves as the Project Manager for NSP1 and will manage the City’s day-to-day NSP2 operations. Responsibilities will include managing contracts and coordinating with developers and other agencies related to the expenditure of NSP2 funds and coordinating the work being done by other city staff that are supporting the NSP2 program.

Alisha Strowbridge – Neighborhood Preservation Specialist; Marjorie Mangine – Housing and Redevelopment Planner; and John Greenwood – Economic Development Intern

The Economic and Redevelopment Division staff listed above will be responsible for completing the activities and managing the documentation of the NSP2 program. During this process, they will coordinate with staff, developers (buyers), title companies, buyer’s lenders, real estate agents, sellers (banks) and all other involved parties to ensure complete documentation of the activities to be complete under NSP2.

Support will also be provided by staff from the planning and code enforcement divisions of the community development department, on an as needed basis. In addition, other city departments, including the divisions of building, operations & maintenance, communications, finance, and assessing, will provide support where needed. The City will also receive assistance from Hennepin County staff when obtaining appraisals and environmental reviews.

Community Development Organization Chart



5/29/2009

Hennepin County

HCWT’s management structure includes a director, four senior managers, program specialists in the areas of leasing and land management, engineering and transit planning, community development, and housing development and finance, and a number of program specialists and support staff for a total of 57 full-time employees. The following describes the key staff and their roles for NSP2:

Philip Eckhart – Director, Department of Housing, Community Works and Transit. Mr. Eckhart will serve as Project Director for NSP2 similar to his capacity under NSP1. As HCWT Director, Mr. Eckhart has ultimate responsibility for the operations of all the various programs managed by HCWT, including the Neighborhood Stabilization Program.

Kevin Dockry, Manager of Housing Development and Finance. In addition to managing the CDBG, HOME, and Lead Hazard Control programs, Mr. Dockry serves as the Project Manager for NSP1 and will manage the County's day-to-day NSP2 operations.

Tonja West Hafner, Principal Planning Analyst and Alyce Osborn, Senior Planning Analyst: Serve as the "gatekeeper" of properties acquired under NSP. All properties are first matched with County mapping and records to ensure eligibility. Will review properties to ensure applicability and then assign to the various staff to complete preparation of offers. During this process and when preparation is complete, will coordinate with staff, developers (buyers), title companies, buyer's lenders, real estate agents, sellers (banks) and all other involved parties to ensure complete documentation of the process and smooth transitions occur for the initial acquisition of the property. Reports to the Manager of Housing Development and Finance.

Jim Graham, Principal Planning Analyst and Mark Hendrickson, Principal Planning Analyst: Develop procedures and policies for NSP implementation. Underwrite development proposals and manage NSP redevelopment contracts. Review development budgets, pay requests, progress reports and ultimate sale or rental to eligible occupants. Reports to the Manager of Housing Development and Finance.

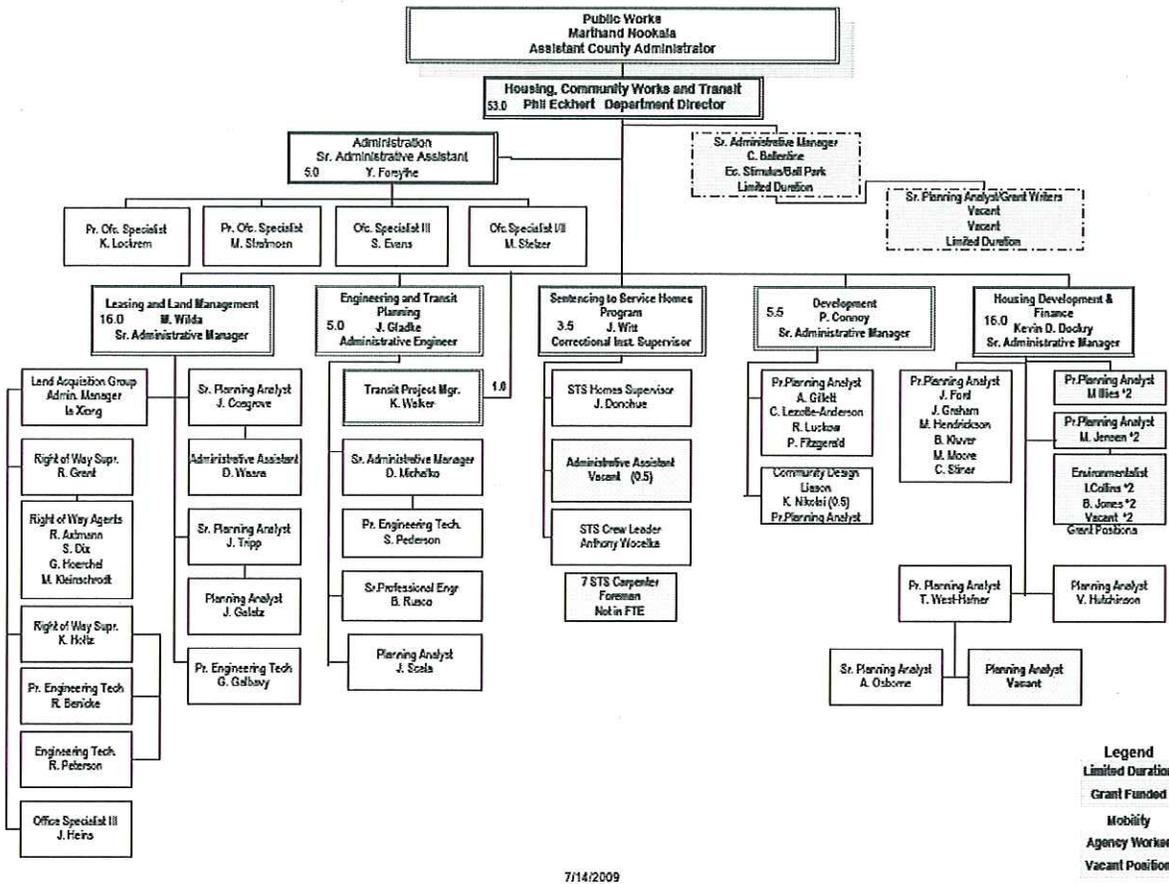
Jim Ford, Principal Planning Analyst: Coordinate environmental review for all NSP properties. Manage third party agreements for appraisal and historic review. Reports to the Manager of Housing Development and Finance.

Brian Kluver, Principal Planning Analyst and Matt Moore, Principal Planning Analyst: Field visit foreclosed and vacant properties that are suitable for the County's NSP program. Inspect potential NSP properties for soundness of construction, needed repairs, and environmental hazards. Reports to the Manager of Housing Development and Finance.

Mike Jensen, Principal Planning Analyst and Melisa Illies, Principal Planning Analyst: Coordinate lead remediation work on NSP properties. Reports to the Manager of Housing Development and Finance.

Valerie Hutchinson, Planning Analyst: Data entry and data base management, including all corresponding information such as 106 reviews, appraisal data, etc. Reports to the Manager of Housing Development and Finance.

Charles Warrington, Senior Accountant: Prepare and request draw downs and approve all pay requests. Reports to the Manager of Housing Development and Finance.



7/14/2009

References

<p>Dan Bartholomay Commissioner Minnesota Housing Finance Agency 400 Sibley Street—Suite 300 Saint Paul, MN 55101 (651) 296-5738 dan.bartholomay@state.mn.us</p>	<p>Thomas P. Fulton President Family Housing Fund 801 Nicollet Mall—Suite 1650 Minneapolis, MN 55402 (612) 375-9644 TFulton@FHFund.org</p>
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“I believe Minneapolis is a model for communities across the country,” Donovan said. **Rebuilding homes and hope**, A Minneapolis tour shows the HUD chief how federal funds are working to repair the damage from the foreclosure crisis, StarTribune, July 11, 2009. (See APPENDIX 3).

FACTOR 3 - SOUNDNESS OF APPROACH (45 points)

A. Proposed Activities (15 points)

Description of Neighborhood Stabilization Program

With NSP2 resources, the Consortium will impact an additional 875-1075 properties in targeted areas. NSP2 resources will provide financing to increase sales of 385 residential properties in targeted neighborhoods. The acquisition for rehabilitation, land banking or redevelopment activities will eliminate at least 690 vacant and abandoned or foreclosed residential properties in targeted neighborhoods. With additional leveraged resources, NSP2 funds will enable the Consortium to impact about 30% of existing foreclosed properties and has the potential to arrest the decline in home values based on average sales price, reduce vacant and abandoned residential property in targeted neighborhoods, increase sales of residential property in targeted neighborhoods, and increase the median market values of real estate in targeted neighborhoods.

Foreclosure Recovery Plan Sources & Uses

NSP 2 Eligible Use	Hennepin County		Brooklyn Park		Minneapolis		Total	
	Funds	Units	Funds	Units	Funds	Units	Funds	Units
A. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties	\$1,350,000	135	\$500,000	50	\$2,000,000	200	\$3,850,000	385
B. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop	\$1,200,000	20	\$4,200,000	70	\$16,500,000	275	\$21,900,000	365
C. Establish and operate land banks for homes and residential properties that have been foreclosed upon ¹	\$ 800,000	5	\$ 450,000	3	\$15,600,000	300	\$16,850,000	308
D. Demolish blighted structures	\$ -	0	\$ -	0	\$ -	0	\$ -	0
E. Redevelop demolished or vacant properties as housing	\$ 500,000	5	\$ 200,000	2	\$ 500,000	10	\$ 1,200,000	17
Subtotal	\$3,850,000	165	\$5,350,000	125	\$34,600,000	785	\$43,800,000	1075
Administration ²	\$ 327,250		\$ 454,750		\$3,598,000		\$ 4,380,000	
TOTAL³	\$4,177,250	165	\$5,804,750	125	\$38,198,000	785	\$48,180,000	1075
25% Requirement⁴	\$1,044,313		\$1,451,188		\$ 9,549,500		\$12,045,000	

Footnotes

¹A portion of these funds will be used to support the Twin Cities Community Land Bank, subject to each jurisdiction's board approval.

²NSP2 limits administration to 10% of total award. Hennepin County and Brooklyn Park will receive 8.5% of their total award for administration. Minneapolis will receive the remainder for administration as the lead entity.

³There may be duplication in the total unit count (i.e. a household could use the down payment program under Activity A to purchase a property rehabbed in Activity B).

⁴NSP2 requires that 25% of the funds received must be targeted to households at or below 50% of area median income.

Assumptions

A. Financing: \$10,000 average per homebuyer for down payment and closing cost assistance.

B. Purchase and Rehabilitate: \$60,000 average per unit for value gap, and in Brooklyn Park for value gap and homebuyer assistance.

C. Land Bank: \$100,000 for Hennepin County and Brooklyn Park and \$50,000 for Minneapolis average per property for acquisition, demolition and holding costs.

D. Demolition: No NSP2 funds are allocated for demolition. In Minneapolis, NSP1 Funds will be recycled for regulatory services demolition.

E. Redevelop: \$100,000 for Hennepin County and Brooklyn Park and \$50,000 for Minneapolis average per property to develop new construction units for low income households.

The NSP2 allocations proposed for these activities are from the Consortium's \$48 million application. To cater to the needs of the target area, where the market differs slightly, this plan has been designed with that in mind. In Minneapolis, the issue is two-fold—getting the blighted foreclosed properties back into circulation (rental and ownership) and removing, through demolition, the blighted structures that have outlived their economic life. The focus in the suburbs is slightly different. Considering the housing stock is not as old and the majority of the foreclosed structures are single-family dwellings, the focus is to maintain, if not secure, the ownership mix, by ensuring that these properties do not end up in the hands of investors for the sole purpose of creating rental income. The intended outcomes are the same in the target area—reduce the number of vacant and blighted units by increasing sales of foreclosed properties and increasing values of the properties.

As was highlighted earlier, the Consortium plans to use two novel concepts in the implementation efforts—*The First Look* and the *Twin Cities Community Land Bank*. The *First Look* launched in 2008 and piloted in the Twin Cities as a testament to the coordinated approach to combating the foreclosure crisis that exists in the Twin Cities. The *Twin Cities Community Land Bank* is a public-private venture with a focus on community re-building objectives. As a non-governmental entity, it is designed to be quicker to respond and more flexible than a government entity, thereby being positioned to compete with undesirable investors whose bottom line is profit to self and not necessarily the community.

It is important to note that housing market conditions in the Consortium's target area are rapidly changing and this change might affect one or more of the proposed strategic activities. Therefore, the Consortium will consider allocation changes to, within and among the NSP2 eligible

activities as non-substantial changes. Any NSP allocation changes will be handled through routine staff review.

Activity A—Financing

NSP2 funds will be used to establish financing mechanisms for the purchase and redevelopment of foreclosed upon homes and residential properties. The Consortium proposes to use \$3,850,000 of NSP2 funds to assist approximately 385 homebuyers in down payment and closing cost assistance.

Program Guidelines:

- Eligible homebuyers with incomes at or below 120% AMI purchasing a foreclosed upon home who can qualify for a traditional fixed-rate first mortgage loan (or an alternative financing program acceptable to the Consortium) will be eligible to receive a \$10,000 forgivable loan. Additional funds may be available to ensure affordability for households below 80% of AMI.
- The loan will be forgiven at the end of the required affordability period, which will be based on the HOME standards.
- The loan will be at a 0% deferred rate; due and payable if the property is no longer owner-occupied, sold, or transferred before the end of the loan term.
- The loan may go toward down payment and closing costs assistance, and any renovation costs.
- The homebuyers must receive eight hours of pre-purchase home ownership counseling through a HUD-approved housing counseling agency as verified by a completion certificate.

The Cities or County will ensure that properties assisted under this activity will be foreclosed upon as described in § 2301 (c), (3), (A) of the HERA Act in performing its due diligence. NSP funds will be a direct subsidy to the buyer. The City or County will use a promissory note and mortgage to impose recapture requirements on the homebuyer. Should the household not meet the five year residency requirement, they will be expected to pay the entire amount of assistance, not to exceed net proceeds, at the sale of the unit.

Activity B—Purchase and Rehabilitation

NSP2 funds will be used to purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell for owner-occupancy or rent. The Consortium proposes to utilize \$21,900,000 in NSP2 funds to provide funding for approximately 365 units at an average cost of \$60,000 per unit in development gap assistance to developers acquiring and rehabilitating single-family or multi-unit housing.

Program Guidelines:

- Proposed developers can be non-profit or for-profit developer.
- The single family units will be directed toward ownership housing and the multi-unit projects will have a rental focus.
- All rental properties will be made available to households below 50% AMI.
- If rental, the NSP funds will be used solely for capital activities and not as rental or operating subsidies.

- An RFP will be used to solicit proposals from developers/contractors in Minneapolis, Brooklyn Park and Hennepin County. When possible, the RFP will give priority ranking to ownership and rental projects that house families at or below 50% AMI.
- The selected developers will be obligated to rent or sell the properties to households whose income is at or below 120% of AMI.
- The developer/contractor will be required to purchase properties that will be in compliance with the discount requirements of the NSP regulations, based on market appraised value.
- In some cases, the assistance will also be used to support the new buyer, up to \$30,000 as a 0% deferred loan.
- The term will mirror the required affordability period.
- Homebuyers must attend at least 8 hours of HUD-certified homebuyer counseling as verified through a completion certificate.
- To comply with the NSP requirements, the property must have been foreclosed upon or abandoned.
- If construction financing is needed for acquisition or rehabilitation, the funds will be structured as a revolving loan to the developer with a term of one year that is deferred with zero percent or low interest. The loan will be replenished by the proceeds received at the sale of the property to the homebuyer. The proceeds would not include any funds needed to pay for a development gap, if any, or to provide direct assistance to the homebuyer will be left in the property. The loan will continued to be reused for additional properties until the end of the term or until the funds are depleted.

Activity C—Land Bank

NSP2 funds will be used for acquisition, land banking, rehabilitation, and redevelopment of properties in neighborhoods damaged the most by the foreclosure crisis. The Consortium is using highly innovative tools to respond to this crisis quickly and effectively. As one tool, the Consortium has established a community land bank that operates across the seven-county metropolitan area of the Twin Cities, covering seven counties and numerous cities, including Minneapolis, Brooklyn Park and Hennepin County.

The Twin Cities Community Land Bank is designed to operate on a large scale, over a broad geographic area, with a long view toward development and re-building communities, and as a public-private partnership coordinating across multiple communities of interest. It coordinates housing policies and programs with broader community development objectives, including jobs, economic opportunities, transportation, public safety, schools, human services, green design, and homeownership counseling and support. As a non-profit limited liability company, it is designed to be highly flexible and responsive and to leverage public and private dollars to accomplish the goals of neighborhood stabilization and recovery.

Twin Cities Community Land Bank's funds will be used for acquisition, holding costs for properties that are banked for varying terms based on market absorption, and rehabilitation or redevelopment. Twin Cities Community Land Bank will be an interim acquisition lender for the Consortium, advancing funds to allow The Consortium to respond quickly and strategically to acquisition and redevelopment opportunities, and a lender to non-profit developers undertaking rehabilitation and new construction. Twin Cities Community Land Bank intends to employ a

state-of-the-art asset management and reporting system developed by Mercy Housing, or a similar system. Finally, the *Twin Cities Community Land Bank* will provide additional community services to address barriers to community revitalization, such as developing creative homeownership financial products and coordinated neighborhood marketing.

A second innovative tool used by The Consortium is the National Community Stabilization Trust's REO acquisition program, also known as *First Look* and *Targeted Bulk Purchase*. The NCST program was launched in the Twin Cities metropolitan area, attesting to the Twin Cities' highly regarded, coordinated, and effective community approach to the foreclosure crisis. The *First Look* program provides an efficient and cost effective mechanism for transferring vacant and foreclosed properties directly from banks and servicers to The Consortium or other approved buyers at an adjusted and highly favorable price and before properties go on the market. The *Targeted Bulk Purchase* program provides an opportunity to purchase clustered properties, thus magnifying the opportunity to radically improve a neighborhood. Two non-profit organizations have been managing this program in the Twin Cities; Twin Cities Community Land Bank will assume the Twin Cities metropolitan-wide role as manager of the NCST program on August 1, 2009.

The Consortium proposes to use \$16,850,000 of NSP2 funds to acquire, demolish and manage (holding costs) approximately 308 properties at an average per property cost of \$100,000 for Hennepin County and Brooklyn Park and an average of \$50,000 per unit for Minneapolis. A portion of the funds will be used to support the operation of the Twin Cities Community Land Bank.

There will be coordination with the National Community Stabilization Trust as described in Activity B. This coordination is expected to assist in satisfying the NSP requirement of getting these properties at a minimum 1% discount from the current market appraised value. The Consortium will keep a central log of all NSP-assisted acquisitions to monitor achievement of the overall portfolio 1% discount.

Program Guidelines:

- The Consortium will only purchase foreclosed properties that are:
 - are vacant and blighted to a degree justifying demolition;
 - are located in the defined NSP2 area; and
 - are available for purchase at least 1% below the current market appraised value.
- It is the Consortium's expectation to hold these vacant parcels (land bank) for an unspecified time period, not to exceed 10 years, until the market is ready to absorb new development of owner-occupied housing units.
- The County and Cities ultimately will redevelop or facilitate redevelopment of these properties for NSP and CDBG eligible uses that meet the LMMH national objective. These objectives will be accomplished through a combination of the Purchase Rehabilitation and Redevelopment activities. Disposition of properties purchased with NSP funding:
 - will be offered to both non-profit and for-profit entities;
 - for uses that benefit households with incomes at or below 120% AMI;
 - will, at a minimum, follow all NSP periods of affordability; and

- if sold for redevelopment of housing occupied by households with incomes at or below 50% AMI within the four-year NSP period, any write-down of NSP funds used for acquisition would be credited to the County and Cities 25% requirement.

Activity D—Demolition

The Consortium requests no funds under Activity D.

Activity E—Redevelop

NSP2 funds will be used to redevelop demolished or vacant properties as housing. The Consortium proposes to use \$1,200,000 of NSP2 funds to acquire and redevelop 17 new construction units, at an average per property cost of \$100,000 for Hennepin County and Brooklyn Park and \$50,000 for Minneapolis, for low-income households.

As the market improves, the Consortium will seek development of single family, owner-occupied housing. However, where density is desirable, the Consortium will support development of multi-unit housing. Development of properties assisted through this activity will be targeted for the creation of affordable housing units for families at or below 50% AMI. This strategy serves a dual function—assist Consortium meet the 25% requirement and assist households at 50% AMI get into home ownership.

Administration—General Administration of the NSP Program

The Consortium proposes to use NSP funds for administration: \$4,380,000; \$327,000 for Hennepin County; \$454,750 for Brooklyn Park, and \$3,598,000 for Minneapolis. As lead the Consortium, the City of Minneapolis will require 1.5% of Hennepin County and the City of Brooklyn Park administrative funds. Pre-award costs are being incurred and will be claimed within regulatory limits issued by the applicable federal financial circulars and regulations. Administrative activities include program design, planning, financial processing and monitoring, program monitoring and reporting, environmental reviews, and citizen participation functions.

The Consortium will use the NSP2 funds to expand its existing foreclosure response efforts. Currently, approximately \$16 million in non-federal assistance have been committed in the target area to assist with neighborhood stabilization as shown in the table below.

Sources	Amount	Uses
Pohlad Family Foundation	\$1,000,000	Homebuyer Assistance
Pohlad Family Foundation	\$625,000	Energy Efficient Upgrades to Rental Units
Hennepin County Affordable Housing Incentive Fund	\$750,000	Affordability and Development gap financing
Minneapolis Vacant & Boarded Program	\$1,200,000	Land Banking Activities
Minneapolis Affordable Ownership Housing Program	\$1,500,000	Purchase/Rehab (0% Loan) Program
MN Housing CASA	\$5,000,000	Homebuyer Assistance
MN Housing Pilot Program	\$600,000	Purchase/Rehab Program
Brooklyn Park EDA Funds	\$800,000	Purchase/Rehab Program
Minneapolis Neighborhood Revitalization Programs	\$3,000,000	Homebuyer Assistance
Federal Home Loan Bank	\$1,500,000	Homebuyer Assistance
Total	\$15,975,000	

Demolition and Preservation

The Consortium is proposing both preservation and demolition of residential properties in the target areas. The housing stock in the Minneapolis target areas is some of the oldest housing in Hennepin County. These areas will not stabilize without demolition of structures that have suffered years of deferred maintenance and structural damage. Though the Consortium would prefer to avoid the demolition of structures as much as possible, in the census tracts hardest hit with foreclosure and abandonment this is not possible. Therefore, a large number of foreclosed and vacant housing structures in the Minneapolis target areas needs to be removed and land banked. The Consortium will exceed the 10% limit on demolition. As a result, we formerly request that a waiver (see APPENDIX 2) be granted to allow for the demolition of properties that are beyond their useful economic life and where demolition is the only feasible alternative.

B. Project Completion Schedule (5 points)

As illustrated in the table below the Consortium plans to have 50% of the funds allocated for each activity within 24 months and the total allocated within 36 months. In some cases, the anticipated time table to allocate these funds is significantly shorter; such as Activity A— Financing, with 50% of the funds being spent within the first year from notification of the award. Based on the significant need that exists it is the intent of the Consortium partners to aggressively implement this program. Activities will be continued to be financed through NSP expenditures and program income through 2013.

Project Completion Schedule

Activities	Date	Consortium	Units			Total	Amount
			City of Brooklyn Park	City of Minneapolis	County of Hennepin		
OVERALL							
Response to NOFA	Jul-09	X					
Notification of Award	Dec-09	X					
Authorization for acceptance and contract of award	Jan-10		X	X	X		
Contracting with HUD	Jan-10	X					
A. Financing mechanisms: Foreclosed home and residential properties							
Drafting of Legal Documents	Jan-10		X	X	X		
Commence Marketing of Program	Jan-10		X	X	X		
Contracting with Administrator	Feb-10		X	X	X		
Percentage of Households Served							
25% of Total	Jan-11		12	50	33	95	\$950,000
50% of Total	Jan-12		25	100	68	193	\$1,930,000
75% of Total	Jul-12		37	150	101	288	\$2,880,000
100% of Total	Jan-13		50	200	135	385	\$3,850,000
B. Acquisition rehab - Homeownership/Rental - City or developer driven Foreclosed or abandoned homes and residential properties							
Identification of Potential Developers	Jan-10						
Selection of Developers	Mar-10						
Authorization from City Council/Board of Commissioners on announcement of awardees	Apr-10						
Drafting of Contracts with the Developers	Jun-10						
Contract Signing	Jul-10						
Commencement of Acquisition	Jul-10						

Percentage of Households Served (Completion Certificate Issued)							
25% of Total	Jul-11		17	68	5	90	\$5,400,000
50% of Total	Dec-11		35	137	10	182	\$10,920,000
75% of Total	May-12		52	206	15	273	\$16,380,000
100% of Total	Dec-12		70	275	20	365	\$21,900,000
C. Land banking (Create & Operate) Foreclosed Homes only							
Create/Operate a Land Bank (3 Years Funding)		X	\$150,000	\$600,000	\$300,000		\$1,050,000
Acquisitions							
25% of Total	Sep-10		0	75	1	76	\$3,850,000
50% of Total	Sep-11		1	150	2	153	\$7,800,000
75% of Total	Sep-12		2	225	3	230	\$11,750,000
100% of Total	Jan-13		3	300	5	308	\$15,800,000
Disposition Commences	Apr-12						
D. Demolition - Blighted properties							
		N/A					
E. Redevelopment							
Identification of Potential Developers	Jan-10						
Selection of Developers	Apr-10						
Authorization to contract with Developer(s)	May-10						
Contract signing with Developers	Jul-10						
Acquisition Commencement	Sep-10						
Percentage of Households Served (Completion Certificate Issued)							
25% of Total	Sep-11		0	2	1	3	\$200,000
50% of Total	Jan-12		1	5	2	8	\$550,000
75% of Total	May-12		1	7	4	12	\$850,000
100% of Total	Dec-12		2	10	5	17	\$1,200,000

C. Income Targeting for 120 Percent and 50 Percent of Median (5 points)

The Consortium is committed to creating strategic affordable housing opportunities within the target areas. The Consortium intends to contract with reputable developers that have a history of good performance in the target area. They will be encouraged to work with local contractors. Within the Twin Cities, the members of the Metropolitan Consortium of Community Developers (MCCD) has been key to the development activities in the target area. The responses received in the NSP1 Request for Proposals were impressive and based on discussions with MCCD, their membership has the capacity to fulfill the obligations in NSP2.

In Minneapolis, the majority of the foreclosures are concentrated in existing low income CDBG target areas where the average median income of the residents is 71% of AMI. Activities performed in these areas will provide both a direct and indirect benefit to residents whose incomes are at or below 120% of AMI and in most areas the average income of the residents is below 80% AMI.

All programs will be targeted to households at or below 120% of AMI. Each Consortium member will use 25% of the total funds they receive to provide housing to households at 50% AMI. The Consortium will partner with non-profit community development organizations to meet the requirement for providing homes to households whose incomes do not exceed 50% of AMI. Examples of models that will be utilized to provide long-term affordable housing to families at or below 50% of AMI include:

- **Reduce home construction costs:** Utilize in-kind services and donations to reduce the construction costs of the homes
- **Specialized mortgage products:** Utilize specialized mortgage products held by non-profit organizations
- **Land trust:** Sell a home to a family at an affordable price, with a non-profit holding the land and offering a 99 year ground lease.
- **Buyer assistance:** Provide affordability assistance to buyers using NSP2 funds to bring the mortgage amount to a level affordable to the family. The loan term will be based on the HOME required periods of affordability.

Additionally, in **Activity A—Financing**, some of the funds that will be used will assist homeowners at 50% AMI experience homeownership. This alone may not be sufficient the suburban Hennepin target area because the sales price may be out of reach for households at this level and may warrant more subsidies. Hennepin County and Brooklyn Park both plan to provide some additional subsidies when applicable to home buyers through **Activity B—Purchase and Rehab**. In Minneapolis all multi-unit projects (2-7 units) that will fall in this activity will be required to be rental projects and serve households at 50% AMI. Additionally, there are other developers who will be required to design their single-family projects to cater to the same audience—households at 50% AMI. Examples include City of Lakes Community Land Trust, West Hennepin Affordable Housing Land Trust and Twin Cities Habitat for Humanity. In **Activity C—Land Bank**, though the intent is to hold on to these properties long term, until the absorption rate reduces and new construction makes becomes appropriate in the market place, some of these units may be developed earlier and households at 50% AMI served will be counted toward the 25% requirement. Lastly, most, if not all of the units produced under **Activity E—Redevelopment**, will be made available to households at 50% AMI.

D. Continued Affordability (5 points)

“Continued affordability” shall be in accordance with the HOME program standards at 24CFR 92.254 for ownership housing and 24CFR 92.252(a), (c), (e) and (f) for rental properties. In the case of rental, “Affordable Rents” shall mean the Maximum Allowable HIGH HOME Rents as published by HUD from time to time. Additionally, it will not exceed 30 percent of the adjusted income of a family whose annual income equals 65% of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. If the tenant pays utilities, a utility allowance would need to be subtracted, as these rents include utilities.

Properties for rental will have affordability periods based on the amount of assistance provided per unit, as shown on the table on the following page. To ensure that developers meet the requirements during the affordability period the requirements and repayment terms would be spelled out in a promissory note, along with a mortgage and declaration or other instrument filed against the property that would require repayment if there is noncompliance

Properties for homeownership developed in partnership with for-profits and non-profits will be sold for their maximum NSP sale price. The developer will be required to repay NSP funding to the extent possible from the sale proceeds. If there are insufficient proceeds to repay the total NSP investment and to ensure that NSP-assisted homeownership properties will remain

affordable to low/moderate /middle-income homebuyers, either a resale provision or a recapture provision will be implemented.

- ◆ Properties where it practical and feasible to ensure resale, like land trust units, will be structure using the resale provision for the required affordability period, which is based on the total amount of assistance provided for the property. The resale provision will be enforced through a Declaration of Covenants and Restrictions (the Declaration). The provisions in the Declaration will include:
 - a restriction on the resale price of the NSP-assisted property to exceed 95 percent of the area median purchase price or after-rehabilitation price for the type of single family housing in this jurisdiction, as determined by HUD; and
 - a clause ensuring the initial purchaser with a fair return on their initial investment; and
 - a clause requiring owner occupancy.

The Declaration will be filed against the property and if a “land trust” property, it will also be included as an addendum to the ground lease.

- ◆ Properties where it is not practical or feasible to ensure resale will use the recapture provision by providing direct assistance to the homebuyer. The direct assistance will be provided as a deferred, zero interest loan due and payable if the property is no longer owner-occupied, sold or transferred before the end of the loan term. The loan term will be five (5) to fifteen (15) years based on the amount of funds given directly to the homebuyer at the property closing. The recapture provisions would be spelled out in a promissory note, along with a mortgage and a declaration that would be filed against the property to ensure the recapture and enforce the owner occupancy requirements.

The affordability period that the Consortium has adopted is based on the HOME affordability period established by HUD as follows:

NSP Affordability Periods

Per unit amount of NSP funds for Rehab or Acquisition of Existing Housing	Minimum Period of Affordability
Under \$15,000	5 Years
\$15,000 - \$40,000	10 Years
Over \$40,000	15 Years

E. Consultation, Outreach, Communications (5 points)

Governmental entities and the non-profit community in the Twin Cities region made a strong effort to coordinate NSP2 planning to ensure strategic targeting of resources to stabilize neighborhoods highly impacted by foreclosure. The State of Minnesota facilitated the early discussions about NSP2 funds and collaborative partnerships. Hennepin County provided information on the NSP2 application to all cities in Hennepin County with HUD eligible census tracts and invited all cities to a meeting held on May 28, 2009. Other potential local partners were also invited to this meeting to discuss the coordination of a neighborhood stabilization plan. After that time, a number of meetings were held with potential regional partners, and it was determined how each of the Consortiums would be established and which organizations would assist the Consortium develop and implement NSP plans and activities. The Minnesota

Foreclosure Partners Council was also instrumental in assisting the Consortium during this process.

Outreach efforts to the community will and have been conducted via media outlets, the internet and public hearings. All NSP2 information will be included on the Consortium's members website.

Affirmative Marketing Actions

Consortium members will follow Affirmative Marketing Plans and Limited English Proficiency Plans to ensure equal participation, including emerging markets.

Continued Communication with Citizens and Stakeholders

The Consortium members regularly communicate with and engage citizens and stakeholders in the Neighborhood Stabilization Program and foreclosure recovery efforts. There is one website, www.ci.minneapolis.mn.us/foreclosure/NSP.asp, from which to access information on the City of Minneapolis, City of Brooklyn Park and Hennepin County NSP activities with links to all key partners. Information on NSP resources, applications, request for proposals, and awards are regularly updated on the website and emailed out to stakeholders, including neighborhood organizations. This information is also advertised and published at the county wide and neighborhood level news media as appropriate. Foreclosed property information is provided monthly by neighborhood. Consortium staff regularly attend neighborhood and community events to promote NSP activities and goals. Consortium members organize and participate in housing fairs. Communication on NSP activities is a collaborative effort involving community developers, housing and service providers, realtors, lenders, and governmental, philanthropic and community leaders to effectively provide information and receive input on and support for NSP activities.

To reposition local housing markets, Minneapolis partnered with St. Paul to launch Live MSP, www.livemsp.org, an informational and marketing initiative that celebrates city living, showcases all of the 100 plus neighborhoods of Minneapolis and Saint Paul, and educates people about the dozens of home purchase and renovation incentives available by neighborhood; including NSP properties and resources. Live MSP's mission is to promote the neighborhoods of Minneapolis and Saint Paul as a premier housing choice. Live MSP's goal is to recruit new and retain current residents in all of the cities' neighborhoods. Achieving this goal will: reduce residential vacancy rates in city neighborhoods; increase the cities' resource base; enhance overall city vitality; and improve environmental outcomes by encouraging homeownership in existing, compact, walkable, and transit-rich city neighborhoods.

F. Performance and Monitoring (10 points)

Based on a Consortium of three jurisdictions, a Consortium agreement has been reached by all parties with the City of Minneapolis being listed as the lead applicant. All of the functions of each of the four activities will be implemented by the appropriate jurisdiction with oversight being performed by the City of Minneapolis.

The City of Minneapolis as the lead Agency for the Consortium will be responsible for performance of the internal audit functions and placing information in the DRGR system as

projects are approved. To ensure that there are no risky areas of program operation and management, missing or ineffectual internal controls, areas that are not in compliance with program requirements and ineffective implementation of established policies, Hennepin County and Brooklyn Park will provide the City of Minneapolis a copy of their implementation plan, a list of all staff responsible for implementation of the program, their process for determining developers to perform NSP2 eligible activities, the names and addresses of the developers, the amount awarded to each developer, their process for determining direct homebuyer assistance, a list of the providers for their homebuyer education program, all documents that will be used to verify and certify compliance, and documents that will be used to ensure that the required affordability period will be met as defined above. Additional required information: use of funds, project name, activity, location, national objective, funds budgeted and expended, fund source, total amount of non-NSP funds, number of properties and housing units, beginning and ending dates of activities and number of low- and moderate-income persons/households benefiting from the activity.

The City of Minneapolis will perform a monthly review of all projects in process and place updates in the DRGR system to determine that they are in compliance with NSP2 requirements. Hennepin County and Brooklyn Park will provide the City of Minneapolis either electronically or via mail all relevant documents as required. The City of Minneapolis will perform quarterly onsite monitoring visits to review all files, processes and documents executed to date on each NSP funded project. Ten days after the 21st month, the City of Minneapolis will submit an official report via DRGR or another approved HUD system of all activities performed to date and all of the Consortium members will publish this report on their official website. Minneapolis will provide quarterly reports to HUD through the 33rd month of the program. These reports are to ensure that NSP funds are being spent in a timely manner and in compliance with the program regulations. Elfric Porte is the City of Minneapolis staff designated to perform the internal audit function for this program.

Home ownership project documents that will be required are, but will not be limited to:

- Documentation that the primary financing is a fixed rate FHA, VA, Fannie Mae or Freddie Mac insured or uninsured loan product that is generally considered in the lending industry to be an "A" or "prime" loan product. (Pending approval by HUD and MHFA, if applicable, and City, a contract for deed financing product may be allowed on a case by case basis.)
- Documentation that the homebuyer has completed 8 hours of homebuyer counseling at HUD-approved pre-purchase and housing maintenance workshops.
- Homebuyer Affidavit
- Homebuyer Note and Mortgage
- Homebuyer Household Characteristics Form
- Homebuyer declaration ensuring owner-occupancy during the required affordability period.

FACTOR 4 – LEVERAGING, INTEGRATION, REMOVAL OF NEGATIVE EFFECTS (10 POINTS)

Measures of leveraged investments and removal of destabilizing influence that will result from the use of the Consortium NSP2 award are identified below.

A. Leverage

The Consortium NSP2 leverage ratio is nearly one-to-one. The Consortium has firm commitments of \$37,450,000 in leveraged funds approaching a match to the \$48,180,000 request for NSP2 funds:

- The Family Housing Fund will provide \$17,950,000 for acquisition of foreclosed and abandoned property under NSP2.
- The Twin Cities Community Land Bank has allocated \$9,500,000 for land banking activities (\$4,500,000 million from the National Community Stabilization Trust and \$5,000,000 from the Community Reinvestment Fund).
- Greater Metropolitan Housing Corporation will contribute \$10,000,000 in the form of a revolving line of credit for acquisition and construction costs.

The nationally recognized and highly innovative Twin Cities Community Land Bank has raised and committed nearly \$46 million (\$27.45 million for Minneapolis, Brooklyn Park and Hennepin County) in a short time frame and has great potential for generating additional resources for neighborhood stabilization activities. This collaborative effort will maximize economies of scale and will advance viable policies and procedures to reduce costs and increase resource for these activities.

As a national leader in piloting the National Community Stabilization Trust First Look Program, the Consortium will continue ongoing successful efforts of acquiring foreclosed properties pre-market and at a substantial discount of appraised market value for rehabilitation, land banking and redevelopment activities. Of the 48 First Look properties purchased to date, the majority were purchased at an estimated 25% discount from the market value. The First Look Program anticipates that participating lending partners (eight national lenders: Wells Fargo, Chase, Citigroup, Fannie Mae, Freddie Mac, U.S. Bank, & GMAC have signed on to date) will control about 80% of the foreclosure market in the target areas in the coming months. The First Look Program is expected to continue to provide considerable leverage through purchase price reductions.

Currently, approximately \$16 million in non-federal assistance has been committed to the target areas to assist with neighborhood stabilization. Additionally, Consortium members and our developer partners are actively pursuing additional funding to further leverage NSP funds. The Consortium offers a unique public, private and philanthropic collaborative with a strong history of innovation in providing affordable housing opportunities and demonstrating success in substantially leveraging federal resources.

B. Value of Destabilizing Influences Proposed for Removal

Where a minimum of 20 vacant properties are planned to be acquired, rehabilitated or demolished, the following is the value of any destabilizing influences as calculating using the value of negative elements rubric.

Consortium Member	NSP Activity	Rubric* $\frac{(1.5 * (XXX) + (YYY))}{(ZZZ)} =$
Minneapolis	Acquire 275 Properties Demolish 310 Properties	$\frac{(1.5 * (275) + (310))}{(1996)} = 0.36$
Brooklyn Park	Acquire 70 Properties Demolish 5 Properties	$\frac{(1.5 * (70) + (5))}{(640)} = 0.17$
Hennepin County	Acquire 20 Properties Demolish 10 Properties	$\frac{(1.5 * (20) + (10))}{(268)} = 0.15$
Consortium Total	Acquire 365 Properties Demolish 325 Properties	$\frac{(1.5 * (275+70+20) + (310+5+10))}{(1996+640+268)} = 0.3$

* XXX= Total of vacant properties proposed to be addressed thru acquisition and rehab
 YYY= Total of vacant properties proposed to be addressed via demolition
 ZZZ = Total of all vacant residential properties in target area

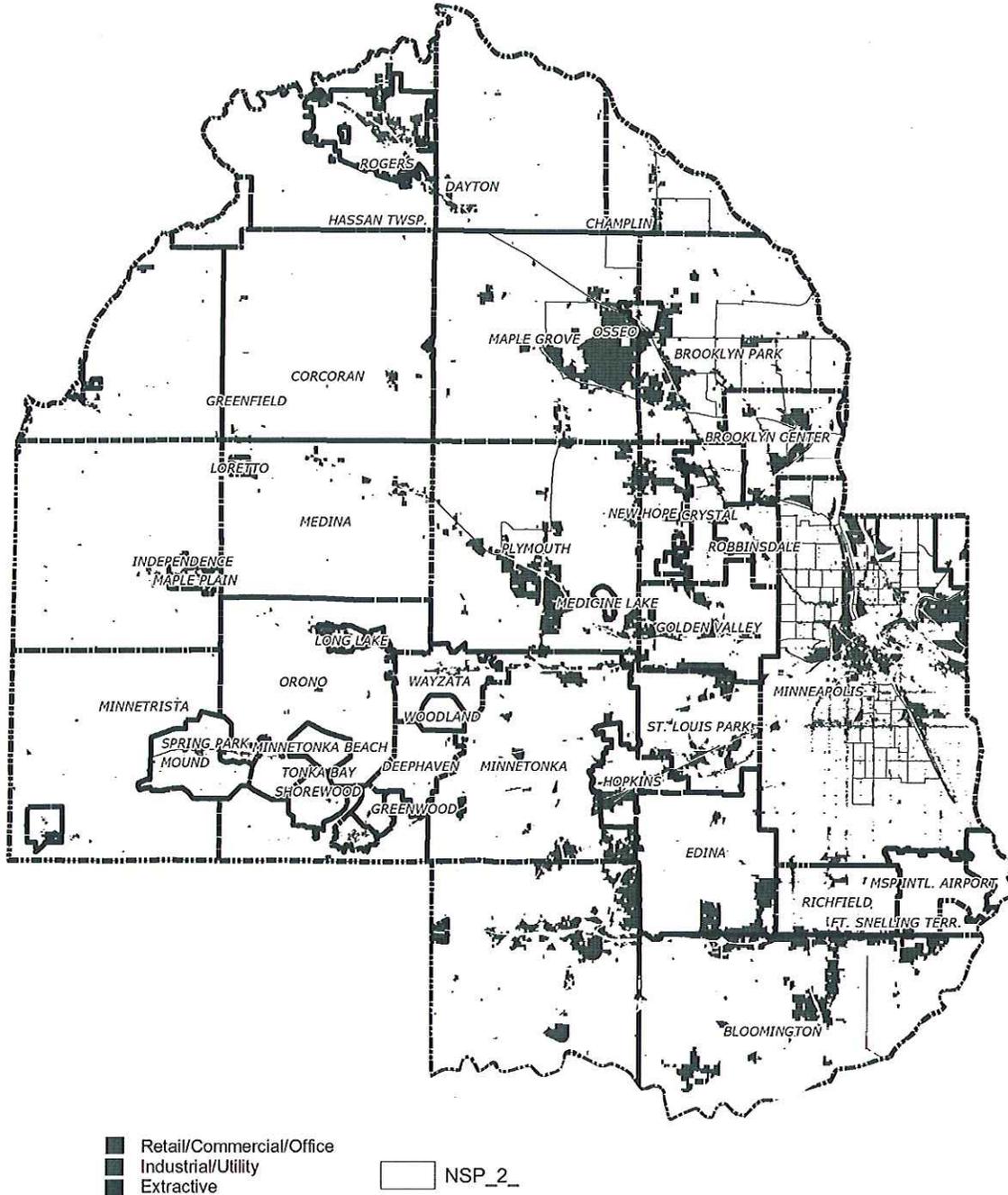
FACTOR 5 - ENERGY EFFICIENCY (10 points)

A. Transit Accessibility (up to 4 points)

Central to sustainable development is the connection between affordable housing, employment and transportation. Target areas are near existing rail transit, major bus line corridors, and planned transit ways and commuter rail metro-wide and between the urban core City of Minneapolis and the suburbs. There are planned metro commuter rails that are connecting most of the target areas with employment opportunities between the urban core and the suburbs (See Maps 4 and 5).

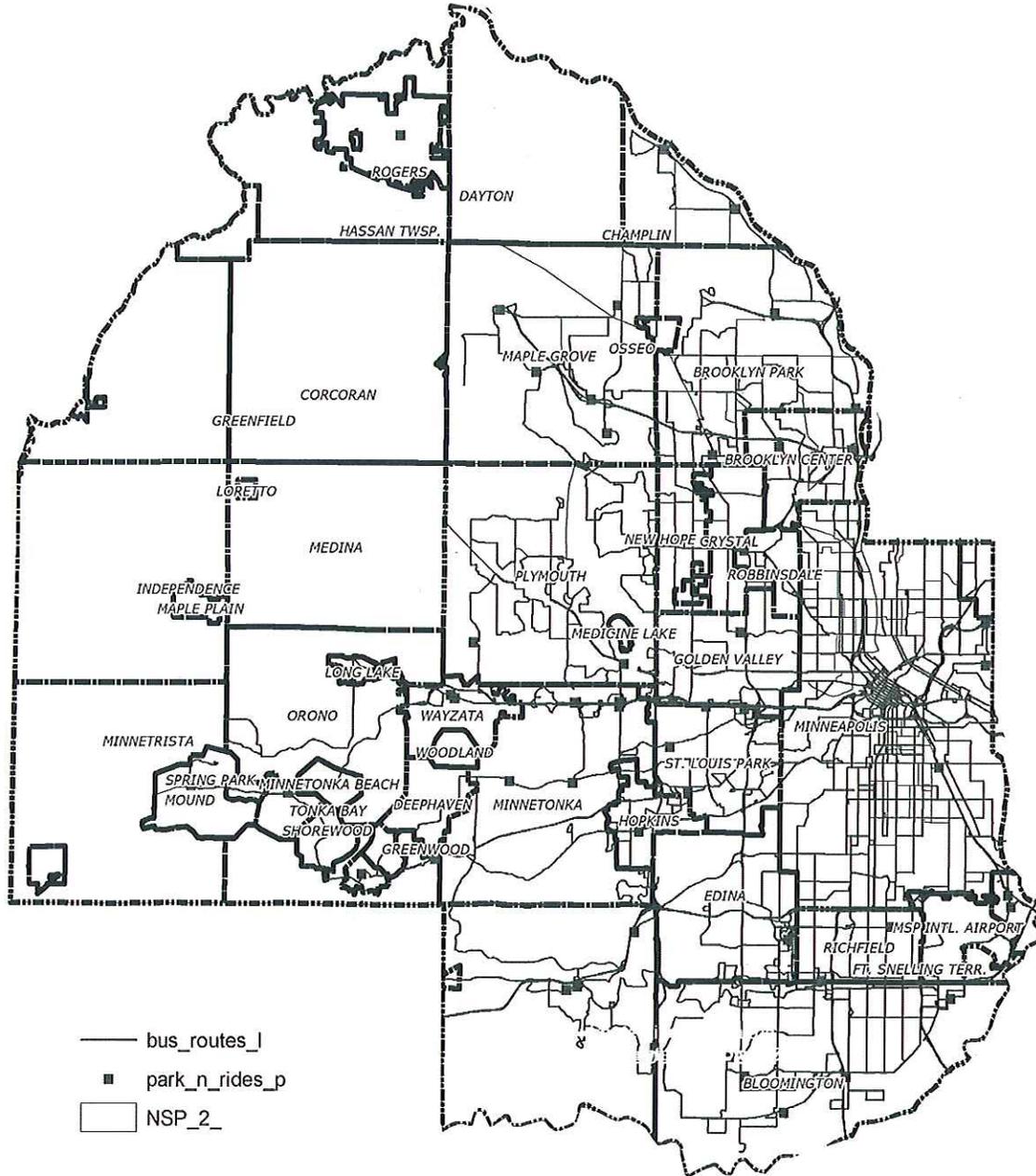
Eight of the nine census tracts in Brooklyn Park’s target area contain at least one express bus line stop. The one census tract (268.19) that does not contain an express bus stop is within three-quarters of a mile of express service and contains local routes with 30 to 60 minute headways to reach express bus service within Brooklyn Park. Large, dedicated Park and Rides are located at three locations in Brooklyn Park and are all in targeted areas. The Park and Ride stops are located in the 268.07, 268.16, and 268.21 census tracts and not only contain express, but local bus service routes as well.

Hennepin County Neighborhood Stabilization Program Employment Sites



Map 4: Hennepin County NSP Employment Sites

Hennepin County Neighborhood Stabilization Program Bus Routes



Map 5: Hennepin County NSP Bus Routes

B. Green Building Standards (up to 3 points)

The Consortium members plan to use the same building standards that are being used in NSP1, which incorporate energy efficient and environmentally-friendly green elements for rehabilitation and new construction activities. Energy Star for New Homes standards will be applicable to all substantial rehabilitation activities, to the greatest extent possible. Energy Star products and appliances will be purchased for moderate rehabilitation and energy retrofit activities, when replacement is necessary. NSP2 homes will achieve Green Rehab Standards and meet the Minnesota Green Communities Criteria for Single Family Rehabilitation, as modified by Minnesota Housing under the NSP1 program.

(www.mnngreencommunities.org/publications/download/Specifications-for-Housing-Rehabilitation.doc).

NSP2 activities will address several goals including preserving and incentivizing the rehabilitation quality, safety and unique character of affected housing stock. Rehabilitation activities will be of high standards and will encourage private reinvestment into neighboring properties. Rehabilitation standards will include housing maintenance standards, energy efficiency, lead abatement, and ease of maintenance and long term maintenance issues.

While the homes will be rehabilitated to be an asset to the neighborhood and to avoid high maintenance costs, some economies will be made to avoid excessive rehab costs. For example, newer roofs, furnaces, water heaters, etc., which function properly and with an expected 7 to 10 year usable life expectancy, would not be replaced. The general rule would be to ensure that the homeowner does not experience major replacement costs for a minimum of the first seven years of ownership, and that the home would be eligible for FHA financing. Additionally, efforts will be made to encourage the developers to institute green and sustainability techniques in the rehab projects. HUD Lead Safe Housing Rule, 24 CFR 35 will be followed in NSP-assisted housing activities.

NP2 proposed activities will occur in neighborhoods that are already receiving a high degree of municipal attention to code enforcement efforts and by its nature is designed to reduce the number of vacant and boarded buildings that is a feature of these highly impacted foreclosure communities.

C. Re-use of Cleared Sites (1 point)

All NSP2 funded demolition sites will be re-used within the term of the NSP2 grant as replacement housing, be land banked for redevelopment at a future date, or be made available for use as a community resource or as a community garden in the interim.

D. Deconstruction (1 point)

The consortium plans to use deconstruction activities of salvage and re-use materials resulting from demolition activities, whenever possible. Many of the community development partners hold accounts at the Re-Use Center in Minneapolis, where they can deposit and withdraw amenities and materials for re-use in rehabilitation projects. In addition, it is the standard practice of the Consortium members to employ salvage and re-use strategies whenever managing demolition of structures.

E. Other Sustainable Development Practices (1 point)

Where possible, passive solar and photovoltaic ready renewable energy will be incorporated in NSP2 activities. The NSP2 rehab activities will incorporate sustainable site design (For example, as feasible in the urban core and suburban target areas, projects will be located within one-quarter mile of at least two or one-half mile of at least four community and retail facilities), water conservation, use of energy efficient materials and promote healthy homes as incorporated in the Minnesota Green Communities Criteria for Single Family Rehabilitation (www.mngreencommunities.org/publications/download/Specifications-for-Housing-Rehabilitation.doc).

FACTOR 6 - NEIGHBORHOOD TRANSFORMATION AND ECONOMIC OPPORTUNITY (5 points)

Certification of Consistency with Comprehensive Plan

The Metropolitan Council is the regional planning agency that serves the Twin Cities seven-county metropolitan area. Every 10 years, all cities in the Twin Cities, including cities in Hennepin County, must prepare comprehensive land use plans and submit them to the Metropolitan Council for review and approval to ensure each jurisdiction's comprehensive plan in the region is complete and is consistent with the regional plan. Hennepin County cities, including Minneapolis and Brooklyn Park, are in the process of updating their comprehensive plans, with the most recent versions submitted to the Metropolitan Council in 2008 or early 2009.

Every city's comprehensive plan provides a statement of community goals and policies that direct the logical and coordinated physical development of the city. With these goals in mind, proposed foreclosure redevelopment activities in this NSP2 proposal are aligned with the components of the comprehensive plans described below. By reference in this application, the City of Minneapolis and City of Brooklyn Park are certifying that proposed NSP2 strategies and activities are consistent with their comprehensive plans. Hennepin County certifies that the proposed NSP2 strategies and activities are consistent with the Comprehensive Plans for the following: City of Brooklyn Center, City of Champlin, City of Maple Grove, City of Mound, City of Rogers, and Hassan Township.

Links to the comprehensive plans may be accessed from the Consortium NSP2 website at http://www.ci.minneapolis.mn.us/foreclosure/NSP_2.asp

The links to specific plans are also available at:

http://www.ci.minneapolis.mn.us/cped/comp_plan_update_draft_plan.asp

www.brooklynpark.org

www.ci.plymouth.mn.us

www.ci.brooklyn-center.mn.us

www.ci.champlin.mn.us

www.cityofrogers.org

www.townofhassan.com

www.ci.maple-grove.mn.us

NSP2 Activities and the Comprehensive Plans

The Consortium's NSP 2 plan increases the effectiveness of the Consortium cities' comprehensive plans referenced above in the areas of housing, transportation, sustainable development, economic revitalization, and floodplain.

Housing

The activities for which NSP 2 funds are requested are consistent with the comprehensive plans because the plans generally call for continuing to work to improve and protect the quality and character of residential neighborhoods and structures. Much of the housing stock in the Consortium's target areas need to be upgraded and the promotion of homeownership is a priority in the various communities to create more stable neighborhoods. NSP 2 increases the effectiveness of the housing goals of the comprehensive plans by providing funding to help preserve the existing neighborhoods.

Transportation

Consistent with regional planning policy, the comprehensive plans support housing density in locations that are well connected by transit, and are close to commercial, cultural and natural amenities; encourage and support housing development along commercial and community corridors, and in and near growth centers, activity centers, retail centers, transit station areas, and neighborhood commercial nodes; and engage in dialogue with communities about appropriate locations for housing density, and ways to make new development compatible with existing structures and uses. As the market improves, NSP2 redevelopment activities will seek development of single family, owner-occupied housing; and, where density is desirable, NSP2 activity will support development of multi-unit housing along transit corridors.

Sustainable Development

In general, the comprehensive plans supports: an increase in housing that is affordable to low and moderate income households; improving the stability and health of communities of concentrated disadvantage through market building strategies, and strategies that preserve and increase home ownership; complete communities by preserving and increasing high quality housing opportunities suitable for all ages and household types; maintaining the quality, safety and unique character of the cities' housing stocks; and preserving and strengthening community livability by enforcing high standards of property management and maintenance.

Reinforcing the goals of the cities' comprehensive plans, NSP2 financing, purchase/rehab, and redevelopment activities prioritize servicing low and moderate income households through subsidy financing and implementation of enforcement tools such as affordability periods, promissory notes, recapture provisions, and restrictive covenants. NSP2 proposed activities also address stable and healthy housing market communities through intense focusing of coordinated investments in targeted areas where the housing markets are experiencing dual effects of foreclosure and housing disinvestment. The Consortium's plan for the NSP2 funds also places special emphasis on green building and sustainable development practices to reinforce the regional and city specific goals of sustainable development outlined in the comprehensive plans.

Economic Revitalization

At various capacities, the comprehensive plans of the cities within the Consortium support pursuing the removal of barriers that prevent residents from holding living wage jobs and achieving economic self-sufficiency by improving the affordability and variety of housing choices for area workers. NSP2 proposed activities support these goals by focusing resources on the housing stock that provides housing options to low and moderate income households.

Flood Plain Management

The Consortium will check NSP2 project properties proposed for treatment against the floodplain zones mapped by the Federal Emergency Management Agency (FEMA). The Consortium will not provide HUD-funded assistance to any structure located within the 100-year flood plain.

NEIGHBORHOOD STABILIZATION PROGRAM 2

City of Minneapolis, City of Brooklyn Park and Hennepin County Consortium Application

c. Disclosures

NA SF-LLL Disclosure of Lobbying Activities

X HUD – 2880 Applicant/Recipient Disclosure Update Report

Applicant/Recipient Disclosure/Update Report

U.S. Department of Housing
and Urban Development

OMB Approval No. 2510-0011 (exp. 8/31/2009)

Instructions. (See Public Reporting Statement and Privacy Act Statement and detailed instructions on page 2.)

Applicant/Recipient Information Indicate whether this is an Initial Report or an Update Report

1. Applicant/Recipient Name, Address, and Phone (include area code): City of Minneapolis, 350 South Fifth St., 301M City Hall, Minneapolis, MN 55415; PH (612)673-2188	2. Social Security Number or Employer ID Number:
3. HUD Program Name Neighborhood Stabilization Program (Recovery Act funded)- NSP2	4. Amount of HUD Assistance Requested/Received \$48,180,000.00
5. State the name and location (street address, City and State) of the project or activity: Cities of Minneapolis, Brooklyn Park, Brooklyn Center, Champlin, Maple Grove, Mound, Plymouth, Rogers; State of MN	

Part I Threshold Determinations

1. Are you applying for assistance for a specific project or activity? These terms do not include formula grants, such as public housing operating subsidy or CDBG block grants. (For further information see 24 CFR Sec. 4.3). <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	2. Have you received or do you expect to receive assistance within the jurisdiction of the Department (HUD), involving the project or activity in this application, in excess of \$200,000 during this fiscal year (Oct. 1 - Sep. 30)? For further information, see 24 CFR Sec. 4.9 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No.
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If you answered "No" to either question 1 or 2, **Stop!** You do not need to complete the remainder of this form. **However,** you must sign the certification at the end of the report.

Part II Other Government Assistance Provided or Requested / Expected Sources and Use of Funds.

Such assistance includes, but is not limited to, any grant, loan, subsidy, guarantee, insurance, payment, credit, or tax benefit.

Department/State/Local Agency Name and Address	Type of Assistance	Amount Requested/Provided	Expected Uses of the Funds

(Note: Use Additional pages if necessary.)

Part III Interested Parties. You must disclose:

- All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity and
- any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds \$50,000 or 10 percent of the assistance (whichever is lower).

Alphabetical list of all persons with a reportable financial interest in the project or activity (For individuals, give the last name first)	Social Security No. or Employee ID No.	Type of Participation in Project/Activity	Financial Interest in Project/Activity (\$ and %)

(Note: Use Additional pages if necessary.)

Certification

Warning: If you knowingly make a false statement on this form, you may be subject to civil or criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosures of information, including intentional non-disclosure, is subject to civil money penalty not to exceed \$10,000 for each violation.

I certify that this information is true and complete.

Signature: X <i>Steven Bosacker</i>	Date: (mm/dd/yyyy) 07/15/2009
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NEIGHBORHOOD STABILIZATION PROGRAM 2

City of Minneapolis, City of Brooklyn Park and Hennepin County Consortium Application

d. Appendices

- X Code of Conduct
- X Leveraging Documentation
- X Signed Certifications
- X Calculation of Removal of Negative Effects Rubric
- X Summary of Citizen Comments
- NA Documentation of Firm Commitment Executed and Dated by Each For-Profit Partner
- X APPENDIX 1 - Census Tracts
- X APPENDIX 2 - 10% Demolition Limitation Waiver Request
- X APPENDIX 3 - Rebuilding homes and hope, A Minneapolis tour shows the HUD chief how federal funds are working to repair the damage from the foreclosure crisis, StarTribune, July 11, 2009.

CHAPTER 15. ETHICS IN GOVERNMENT*

***Editor's note:** Ord. No. 2003-Or-033, § 1, adopted March 21, 2003, repealed former Ch. 15, in its entirety, which pertained to ethics in government. Ord. No. 2003-Or-034, § 1, adopted March 21, 2003, enacted provisions designated as a new Ch. 15 to read as herein set out. See the Code Comparative Table for a detailed analysis of inclusion.

Charter references: Officers, election, Ch. 2; officers not to be interested in contracts, Ch. 2, § 19; giving or taking of money or service for position with city deemed a misdemeanor, Ch. 19, § 21.

Cross references: Campaign contribution limits, Ch. 167.

State law references: Ethics in government, M.S. Ch. 10A; conflicts of interest, M.S. § 471.87.

15.10. Code of ethics; preamble. Minneapolis government exists to serve the people of Minneapolis. In order to do so effectively, the people must have confidence and trust in the integrity of their city government. They deserve elected and appointed officials, city employees and volunteers who maintain the highest ethical principles and avoid misconduct and conflicts of interest, apparent or real. Effective democracy depends on a government that is fair, ethical and accountable to the people it serves.

This comprehensive code of ethics provides an ethical guide and specific rules that reflect the ethical values of our city. It is both inspirational and a basis for disciplinary action. The ethical aspirations that begin each section represent the inspirational objectives toward which each local official and employee should strive. Except for the ethical aspirations set forth in 15.20, 15.130, 15.180, the code of ethics defines levels of conduct below which no local official or employee can fall without being subject to disciplinary action.

The code of ethics is designed to promote high ethical standards and conduct, and to foster a healthy ethical culture throughout city government. It is a touchstone for all who work with and for the city to assist them in fulfilling their responsibilities to the people of Minneapolis. (2003-Or-034, § 1, 3-21-03)

ARTICLE I. TRUST

15.20. Ethical aspiration. We put the public interest ahead of our own personal advancement and financial interests. We disclose conflicts of interest and refrain from participating in decisions where we have a financial interest. We avoid actions that might impair independence of judgment or give the appearance of impropriety or a conflict of interest. We do not use our positions to gain privileges or special treatment and do not use public property or personnel for private or personal purposes. (2003-Or-034, § 1, 3-21-03)

15.30. Fiduciary duty. In the performance of their official duties, local officials and employees shall act for the benefit of the city. (2003-Or-034, § 1, 3-21-03)

15.40. Conflicts of interest. (a) *Definition of conflicts of interest.* A local official or employee, whether paid or unpaid, shall avoid any situation that might give rise to a conflict of interest. A conflict of interest is present when, in the discharge of official duties, a local official or employee participates in a governmental decision, action or transaction in which he or she has a financial interest, except when that financial interest is no greater than that of another member of his or her business classification, profession or occupation or in matters involving city litigation when that financial interest is no greater than that of another member of the public impacted by the litigation. A financial interest is any interest, including loans, which shall yield, directly or indirectly, a monetary or other material benefit to the local official or employee (other than monetary or material benefits authorized by the city). A financial interest of a local official's or employee's employer (other than the City of Minneapolis), his or her associated business, or his or her spouse, domestic partner, or dependent, and their employers or associated businesses shall also be considered a financial interest of the local official or employee. The following assets shall not be considered a financial interest for purposes of this section:

- (1) Ownership of shares in a diversified mutual fund.
- (2) Membership in a pension plan or employee benefit plan.
- (3) Ownership of bonds or publicly traded securities with a market value of less than two thousand five hundred dollars (\$2,500.00).
- (4) Ownership of a whole life insurance policy.

(b) Addressing conflicts of interest. To address conflicts of interest:

- (1) A local official or employee shall not participate in making or attempt to use his or her position to influence any city governmental decision, action, or transaction in which the local official or employee knows or has reason to know that he or she has a conflict of interest. To participate or participation means making the decision, taking action, entering into a transaction, providing advice or a recommendation, introducing, sponsoring, debating, voting on, approving, and investigating the decision, action, or transaction. Participation includes the direct and active supervision of the participation of a subordinate in the matter. Participation is more than official responsibility, knowledge, perfunctory involvement, or involvement on an administrative or peripheral basis.
- (2) A local official or employee may participate in a city governmental decision, action, or transaction involving an organization or entity when the local official or employee, or his or her spouse, domestic partner, or dependent is an officer, director, board member, or trustee, if the local official or employee does not have a financial interest in the governmental decision, action, or transaction. However, the local official or employee must disclose his or her affiliation with the organization or entity as though it were a conflict of interest. A local official or employee may participate in a city governmental decision, action, or transaction when the local official or employee has a financial interest in a matter involving city litigation but that financial interest is no greater than that of another member of the public impacted by the litigation. However, the local official or employee must disclose his or her financial interest in the litigation as though it were a conflict of interest.
- (3) A local official or employee may participate in a city governmental decision involving a related person, other than his or her spouse, domestic partner, or dependent, if the local official or employee does not have a financial interest in the governmental decision, action, or transaction. However, the local official or employee must disclose his or her relationship with the related person as though it were a conflict of interest.

(4) Any lobbyist (other than an employee of the city) who is lobbying on behalf of the city must disclose a complete list of the principals represented by that lobbyist or other lobbyists in the same firm, along with the project or projects on which lobbying is expected to occur on a principal's behalf, to all elected officials of the city and the city clerk. The ethics officer will report to the intergovernmental relations committee on what projects, if any, create, or may create a professional conflict of interest for the lobbyist. A professional conflict of interest is a situation where the interests of a principal of the lobbyist are or may be adverse to the interests of the city. The lobbyist must update the list any time there is a change in his or her list.

(c) Disclosure of conflicts of interest. If a local official or employee, in the discharge of his or her official duties, recognizes that his or her participation would create a conflict of interest, the local official or employee shall disclose the conflict of interest as follows:

(1) The mayor and members of the city council shall disclose the conflict of interest to each other as soon as they become aware of the conflict. If such official becomes aware of a conflict during a meeting of the city council, or one (1) of its committees, or the executive committee, the official shall immediately disclose the conflict of interest orally. The mayor or city council member shall also prepare, on a form prescribed by the city clerk, a written statement describing the matter requiring action or decision and the nature of his or her conflict of interest. The written statement shall be distributed to the mayor and the members of the city council and filed with the city clerk. After the first time the official has orally disclosed a conflict of interest and filed the form, the elected official may subsequently orally disclose a conflict by referring to the form. Because the mayor or city council members may not attend all city council or committee meetings, oral disclosure may consist of the written statement being read into the record by the presiding officer at the first regular meeting of the city council after the form has been filed.

(2) A department head shall disclose a conflict of interest to the mayor and the city council by preparing, on a form prescribed by the city clerk, a written statement describing the matter requiring action or decision and the nature of his or her conflict of interest. The form shall be distributed to the mayor and the members of the city council and filed with the city clerk.

(3) A local official who is not an employee and who is not covered by paragraphs (1) and (2) above shall disclose a conflict of interest to the other individuals on the agency, authority or instrumentality as soon as the local official becomes aware of the conflict. If a local official becomes aware of a conflict during a meeting, the local official shall immediately disclose the conflict of interest orally. The local official shall also prepare, on a form prescribed by the city clerk, a written statement describing the matter requiring action or decision and the nature of his or her conflict of interest. The written statement shall be distributed to the mayor and city council, any department head whose jurisdiction or agency could be affected, and filed with the city clerk.

(4) An employee who is not covered by paragraphs (1), (2) or (3) above shall disclose a conflict of interest (i) orally to his or her supervisor; and (ii) in writing as described below. If there is no supervisor, an employee shall disclose a conflict of interest in writing as described below. An employee who is required to disclose a conflict of interest in writing under this paragraph (4) shall prepare, on a form prescribed by the city clerk, a written statement describing the matter requiring action or decision and the nature of his or her conflict of interest. The written statement shall be distributed to the employee's immediate supervisor and department head, and filed with the city clerk.

(5) All initial written statements required by this section shall be filed not later than June 1, 2003. Thereafter, they shall be filed and distributed within one (1) week after the local official or employee becomes aware of the conflict of interest.

(6) If the local official or employee has a supervisor, the supervisor shall assign the matter, if possible, to another person who does not have a conflict of interest. If they have no immediate supervisor, the local official or employee shall remove himself or herself from participating in the action or decision in question. If the local official is a member of the city council or the mayor, the local official shall not participate in any discussion or vote on any matter involving the conflict of interest. Although the mayor or city council member must abstain from voting on the matter, he or she shall be counted present for purposes of a quorum. (2003-Or-034, § 1, 3-21-03; 2007-Or-066, § 1, 8-31-07; 2009-Or-033, § 1, 4-24-09)

15.50. Soliciting or accepting gifts. (a) A local official or employee shall not solicit or accept any gift from an interested person, lobbyist, or principal who has a direct financial interest in a decision that the local official or employee is authorized to make.

(b) *Exceptions.* The prohibitions in this section do not apply if the gift is:

- (1) A campaign contribution as defined in Minnesota Statutes, Section 10A.01, subd. 11;
- (2) A service to assist an official in the performance of official duties, including, but not limited to, providing advice, consultation, information, and communication in connection with legislation, or services to constituents;
- (3) A service of insignificant monetary value;
- (4) A plaque or similar memento with a resale value of five dollars (\$5.00) or less;
- (5) A trinket or memento costing five dollars (\$5.00) or less;
- (6) Informational material of unexceptional value;
- (7) Food or a beverage given at a reception, meal, or meeting away from the recipient's place of work by an organization before whom the recipient appears to make a speech or answer questions as part of a program;
- (8) Given because of the recipient's membership in a group, a majority of whose members are not officials, and an equivalent gift is given to the other members of the group; or
- (9) Given by an interested person, lobbyist, or principal who is a related person to the recipient, unless the gift is given on behalf of someone who is not a related person.
- (10) A solicitation for city purposes conducted pursuant to a city council approved solicitation policy. Absent a city council approved solicitation policy, a solicitation for city purposes must be pre-approved by city council.

(c) A local official or employee who receives any gift prohibited by this section shall return, dispose of, or request that the city council accept the gift on behalf of the city. (2003-Or-034, § 1, 3-21-03; 2007-Or-066, § 2, 8-31-07; 2009-Or-033, § 2, 4-24-09)

15.60. Outside employment. (a) A local official or employee shall not accept employment or enter into a contract that:

- (1) Interferes with the proper discharge of his or her public duty; or
- (2) Creates a conflict of interest that would materially impair the local official's or employee's ability to serve the city.

Local officials, as defined in section 15.280(m)(3), who are not subject to provisions (c) and (d) of this section must still comply with this provision.

(b) Except for employment with the city, a local official or employee shall not accept employment or enter into a contract with any party or beneficiary to:

(1) A pending or existing city contract if the local official or employee participated in the negotiation, development, awarding, or management of that contract; or

(2) Any other matter involving the local official's or employee's department or agency if the local official or employee participated in that matter.

(c) A local official, as defined in section 15.280(m)(1) or (m)(2) of this ordinance, or an employee shall not solicit or accept any money or other thing of value in return for advice or assistance on matters concerning the operation or business of city government.

(d) A local official, as defined in section 15.280(m)(1) or (m)(2) of this ordinance, or an employee shall not represent any person or organization for a fee or any other thing of value, before the mayor, the city council, any city council committee member, or the executive committee, before any department of the city, or before any city board, agency, commission, or committee of a city board, agency or commission.

(e) An appointed local official, as defined in section 15.280(m)(2) of this ordinance, or an employee shall:

(1) Notify his or her department head before accepting outside employment or entering into a contract for services. Notification shall be in writing on the form prescribed by the city clerk.

(2) Not use city facilities or equipment to solicit or perform outside work. This provision shall not apply to sworn employees of the police or fire department who use city facilities or equipment for outside work in accordance with written department policies.

(3) Not solicit or perform outside work during the local official's or employee's hours of employment. The written permission must address the use of vacation or compensatory time, if applicable. (2003-Or-034, § 1, 3-21-03; Ord. No. 2003-Or-101, § 1, 7-25-03; 2007-Or-066, § 3, 8-31-07)

15.70. Use of official position to solicit privileges or special treatment. A local official or employee shall not use his or her official position to solicit privileges or special treatment, unless the privileges or special treatment are for the benefit of the city. (2003-Or-034, § 1, 3-21-03)

15.80. Statements of economic interest. (a) Minnesota Statutes, Sections 10A.01 and 10A.09 require a local official who holds elective office in the city or who is appointed to or employed in a public position in the city in which the person has authority to make, to recommend, or to vote on as a member of a decision making body, major decisions regarding the expenditure or investment of public money to file a statement of economic interest. In accordance with these statutes and with the provisions of this ordinance, the following persons shall file a statement of economic interest with the city clerk on a form prescribed by the city clerk. The statement of economic interest shall include sections for disclosing sources of compensation, securities, real property, investments in pari-mutuel horse racing, and loans. A loan from a financial lending institution, negotiated by unrelated parties each acting in his or her own self interest, with an interest rate of at least a market rate, does not need to be

reported. The statement shall include the economic interests of the person filing the statement and his or her spouse or domestic partner, if any.

(1) A candidate for the office of mayor, city council member, or board of estimate and taxation member within fourteen (14) days after filing an affidavit of candidacy or petition to appear on the ballot for an elective city office; and

(2) An elected local official, as defined in section 15.280(m)(1) of this ordinance, within sixty (60) days after commencing his or her term of office; and

(3) Appointed local officials, as defined in section 15.280(m)(2) of this ordinance, or employees, within sixty (60) days of accepting appointment or employment as a local official or employee in a position which the city council has determined has authority to make, to recommend, or to vote on as a member of a decision making body, major decisions regarding the expenditure or investment of public money. The list of these positions shall be maintained by the department of human resources; and

(4) Individuals appointed or designated by the mayor or appointed by the city council to the following agencies, authorities, or instrumentalities, within sixty (60) days of accepting appointment or employment as a local official:

Bassett Creek Watershed Management Commission

Family Housing Fund, Minneapolis/St. Paul

Planning Commission, Minneapolis

Public Housing Authority, Minneapolis

Shingle Creek Watershed Management Commission

Sports Facilities Commission, Metropolitan.

(b) Each individual who is required to file a statement of economic interest shall file a supplementary statement on April 15 of each year that he or she remains a local official if information on the most recently filed statement has changed. A local official shall file a supplementary statement within ten (10) days after becoming aware of an inaccuracy in any previously filed statement.

(c) Within thirty (30) days after leaving office, a local official shall file a statement of economic interest covering the period from the end date of the most recent statement through the last day of service as a local official if information on the most recently filed statement has changed.

(d) Individuals required to file a statement of economic interest are subject to the penalty provisions of Minnesota Statutes, Section 10A.09 and this ordinance. All statements filed with the city clerk shall be public data. (2003-Or-034, § 1, 3-21-03; 2007-Or-066, § 4, 8-31-07)

15.90. Post employment restrictions. (a) A former local official or employee shall not disclose or use any confidential, private, nonpublic, privileged or proprietary information gained by reason of his or her city employment.

(b) During the period of one (1) year after leaving city office or employment:

(1) A local official, as defined in section 15.280(m)(1) of this ordinance, shall not represent or lobby on behalf of any person or organization on any matter before the city.

(2) A local official, as defined in section 15.280(m)(2) of this ordinance, or an employee shall not represent or lobby on behalf of any person or organization on any matter before the city in which the former local official or employee participated. A local official, as defined in section 15.280(m)(3) of this ordinance, may only represent or lobby on behalf

of a person or organization on a matter before the city in which the former local official participated when that participation was only advisory in nature.

(3) A local official or employee shall not participate as a competitor in any competitive selection process for a city contract, nor shall any city contract be awarded to such a former local official or employee, in which they assisted the city in recommending or approving the project or work to be done or recommending or approving the process to be used.

(c) The prohibitions of this section shall not apply to a former local official or employee acting on behalf of the city, its departments, independent boards and commissions, or another governmental agency unless such assistance or representation is adverse to an adopted policy or position of the city. (2003-Or-034, § 1, 3-21-03)

15.100. City property. A local official or employee shall not engage in or permit the unauthorized use or destruction of city property. (2003-Or-034, § 1, 3-21-03)

15.110. Political activity. (a) A local official or employee shall not use his or her official authority or influence to compel any person to apply for membership in or become a member of any political organization, to pay or promise to pay a political contribution, or to take part in political activity.

(b) A candidate for, or holder of, elective office is subject to the campaign finance and public disclosure provisions of Minnesota Statutes, Chapter 10A and Chapter 383B. (2003-Or-034, § 1, 3-21-03)

15.120. Loans. (a) A local official or employee, or the spouse or domestic partner of the local official or employee, or any entity in which the local official or employee or his or her spouse or domestic partner has a financial interest, shall not apply for, solicit, accept or receive a loan of any amount from any person, organization, or entity that is either doing business with or seeking to do business with the city. However, this section shall not prohibit application for, solicitation for, acceptance of or receipt of a loan from a financial lending institution if the loan is negotiated by unrelated parties, each acting in his or her own self interest and the interest rate charged is at least a market rate.

(b) This section shall not prohibit a local official or employee, or the spouse or domestic partner of a local official or employee, from applying for, soliciting, accepting, or receiving a loan from an entity such as an employer-sponsored credit union, insurance provider or deferred compensation plan that does business with the city or is seeking to do business with the city.

(c) This section shall not prohibit an appointed local official or employee, or the spouse or domestic partner of an appointed local official or employee, from applying for, soliciting, accepting, or receiving a loan from the Minneapolis Community Development Agency (MCDA), the Neighborhood Revitalization Program (NRP), or another city-sponsored or city-administered loan program. (2003-Or-034, § 1, 3-21-03)

ARTICLE II. FAIRNESS

15.130. Ethical aspiration. We act honestly, fairly, and openly so that others can rely in good faith on our words and actions. We do not engage in or tolerate any act of discrimination, retaliation, harassment or abuse. We maintain and respect confidentiality and decide all matters based on their merits, free from improper influences (2003-Or-034, § 1, 3-21-03)

15.140. Required reporting of fraud; unlawful use of public funds or property. Whenever a local official or employee discovers evidence of fraud, theft, embezzlement, forgery, or unlawful use of public funds or property, the local official or employee shall promptly report the discovery in writing to the city coordinator and the internal auditor or to the confidential reporting line. If necessary under state law, the city coordinator shall forward the report to the Minnesota State Auditor. (2003-Or-034, § 1, 3-21-03; 2007-Or-066, § 5, 8-31-07)

15.150. Discrimination or harassment. A local official or employee shall not engage in discrimination or harassment in the workplace based on race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, sexual orientation or age. (2003-Or-034, § 1, 3-21-03; 2006-Or-063, § 1, 6-16-06)

15.160. Nepotism. (a) No local official or employee shall be the immediate supervisor, or that supervisor's immediate supervisor, of a related person. The human resources department will work with the affected related persons to resolve violations of this provision that exist because of existing supervisory relationships. All such violations must be resolved by June 1, 2005.

(b) A local official or employee of the city shall not influence or attempt to influence the hiring, transfer, suspension, promotion, discharge, reward, discipline or the adjustment of grievances of a related person.

(c) A local official or employee of the city shall not influence or attempt to influence the awarding of a city contract to a related person. No local official or employee shall be responsible for managing a city contract with a related person. (2003-Or-034, § 1, 3-21-03; 2005-Or-010, § 1, 2-11-05)

15.170. Use or disclosure of information. (a) A local official or employee shall not use or disclose any information gained in the course of or by reason of his or her official position in any way that violates his or her fiduciary duty to the city or the Minnesota Government Data Practices Act.

(b) A local official or employee shall not use or disclose privileged, nonpublic, confidential, private, or proprietary information gained in the course of his or her official duties in any way that could result in financial gain for the local official or employee, or for the spouse, domestic partner, or dependent of the local official or employee, or for a person in a committed relationship with the local official or employee, or for any associated business of the local official or employee, or his or her spouse, domestic partner, dependent, or person with whom he or she has a committed relationship. (2003-Or-034, § 1, 3-21-03)

ARTICLE III. ACCOUNTABILITY

15.180. Ethical aspiration. We comply with both the letter and the spirit of applicable federal and state law and regulations, the city charter, the Minneapolis Code of Ordinances and city policies and procedures. (2003-Or-034, § 1, 3-21-03)

15.190. Avoiding bias or favoritism. When making decisions, a local official or employee shall act for the benefit of the city, avoid bias or favoritism, and shall respect cultural differences. (2003-Or-034, § 1, 3-21-03)

15.200. Inappropriate influence. (a) The role of a local official or employee is to exercise his or her judgment to further the best interests of the city. For an appointed local official or employee this includes making recommendations to elected officials and providing elected officials with multiple policy options and the advantages and disadvantages of these options. Once the city council and/or the mayor officially sets policy, the job of a local official, as defined in section 15.280(m)(2) of this ordinance, or an employee is to implement the policy in good faith, regardless of his or her personal views.

(b) An elected local official or the employee of an elected local official shall not inappropriately influence the exercise of professional judgment by the city's staff. Examples of inappropriate influence by an elected official, or the employee of an elected official, include asking or ordering an appointed local official or employee to:

- (1) Violate this code of ethics or an applicable code of professional responsibility under which the local official or employee operates; or
- (2) Do a special favor or make an exception for a constituent or other individual or organization contrary to existing law or adopted city policy; or
- (3) Misrepresent that local official's or employee's recommendation to other elected officials. (2003-Or-034, § 1, 3-21-03)

15.210. Ethical practices board. (a) The ethical practices board will be composed of three (3) members appointed by an appointing committee. The members of the appointing committee shall be the Chief Judge of Hennepin County District Court, the Dean of the University of Minnesota Law School, and the Dean of the University of St. Thomas School of Law. In making the appointments, the committee shall follow the city's open appointments process, supplemented by the following:

- (1) The ethics officer shall notify non-partisan civic and community groups, colleges and universities of any openings on the board.
- (2) At least thirty (30) days prior to making an appointment, the committee shall submit the names of the finalists for the position to the mayor and the city council for comment.
- (3) Upon receiving the names, the city council shall schedule a public hearing to solicit public input on the finalists.

(b) One (1) member of the ethical practices board will be appointed for an initial term to expire on January 2, 2005; two (2) members will be appointed for an initial term to expire on January 2, 2006. All subsequent appointments will be made for three (3) year terms. All members shall serve until their successors have been appointed and qualified. The appointing committee may

remove a board member for cause at any time during the board member's term of office. The chair of the board shall be elected by the membership from among its members.

(c) No member of the ethical practices board may be a local official or city employee; the related person of a local official or city employee; a candidate for elected public office; a person who, for compensation, represents the private interests of others before the city council or mayor; or a paid campaign worker or political consultant of a current local official.

(d) The ethical practices board shall have jurisdiction to review and make findings concerning any alleged violation of this ethics code by any person subject to those provisions, including but not limited to a current or former elected or appointed local official who is a member of an agency, authority, or instrumentality listed in section 15.280(m)(3) of this Code. The ethical practices board may not consider any alleged violation that occurred before the adoption of this Code or more than one (1) year before the date of the filing of a complaint.

(e) The ethical practices board has the following powers only:

(1) To establish, amend and repeal rules and procedures governing its own internal organization and operations in a manner and form consistent with this Code.

(2) To meet as often as necessary to fulfill its responsibilities.

(3) To request from the mayor and city council the appointment of such staff as is necessary to carry out the duties of the board.

(4) To make notifications, extend deadlines and conduct investigations.

(5) To respond to local official and employee complaints and questions regarding this Code.

(6) To give opinions on the interpretation of this Code.

(7) To make findings of fact as necessary.

(8) To make recommendations of discipline for violations of this Code by elected and non-employee local officials.

(9) To review, index, maintain on file and dispose of complaints.

(10) Such other powers as are specifically granted in this Code.

(f) The ethical practices board shall prepare and submit an annual report to the mayor and the city council detailing the ethics activities of the board and the city during the prior year. The format of the report must be designed to maximize public and private understanding of the board and city ethics activities. The report may recommend changes to the text or administration of this Code. The city clerk shall take reasonable steps to ensure wide dissemination and availability of the annual report of the ethical practices board and other ethics information reported by the board. (2003-Or-034, § 1, 3-21-03; 2007-Or-066, § 6, 8-31-07; 2009-Or-033, § 3, 4-24-09)

15.220. Ethics officer. The city attorney shall designate an assistant city attorney as the city's ethics officer. The ethics officer shall respond to local official and employee questions about this Code, give opinions on interpretation of this Code, and serve as the staff to the ethical practices board. The ethics officer shall work with the human resources department to design the ethics education seminars required by this Code. The ethics officer shall also work to promote the city's ethics program and high ethical standards in city government. (2003-Or-034, § 1, 3-21-03)

15.230. Code of ethics violations. (a) A local official or employee must report any conduct by other local officials or employees that he or she believes violates this Code of ethics.

(1) The suspected misconduct of a non-appointed employee must be reported to either the alleged violator's supervisor or department head or to the ethics officer or to the confidential reporting line. Conduct reported shall be referred to the appropriate official for investigation.

(2) The suspected misconduct of an appointed employee who is not a department head must be reported to either the alleged violator's supervisor or department head or to the ethics officer or to the confidential reporting line. Conduct reported shall be referred to the appropriate official for investigation.

(3) The suspected misconduct of a department head, an elected official, or an appointed local official who is a member of an agency, authority, or instrumentality listed in section 15.280(m)(3) must be reported to either the ethical practices board or the confidential reporting line.

(b) Once a situation is reported under clause (a)(1) or (a)(2) above, the supervisor or department head has a duty to immediately investigate the alleged violation.

(c) When a situation reported under clause (a)(1) or (a)(2) above is resolved, the supervisor or department head must notify the ethics officer of the report and resolution. (2003-Or-034, § 1, 3-21-03; 2007-Or-066, § 7, 8-31-07)

15.240. Sanctions. (a) An appointed or classified employee who violates the code of ethics may be subject to disciplinary action, up to and including termination of city employment.

(b) The ethical practices board shall review allegations of violations of this Code of ethics by an elected official, a department head, or an appointed local official who is a member of a city agency, authority or instrumentality listed in section 15.280(m)(3) of this Code. Once the review is complete the ethical practices board shall report its findings regarding an elected official to the mayor, the ways and means/budget committee and the city council. The ethical practices board shall report findings regarding a department head to the appropriate appointing authority. The ethical practices board shall report findings regarding an appointed local official who is a member of a city agency, authority or instrumentality listed in section 15.280(m)(3) of this Code to the appropriate appointing authority.

(c) The statement of economic interest required by this Code of ethics shall be signed and certified as true by the person required to file the report. Any person who signs and certifies that a report or statement is true, which he or she knows contains false information or knows omits required information is guilty of a misdemeanor. (2003-Or-034, § 1, 3-21-03)

15.250. City contract compliance. All city contracts shall include a provision requiring compliance with this code of ethics. Any contracts negotiated, entered into or performed in violation of any of the provisions of this Code shall be voidable as to the city. Any permit, license, ruling, determination or other official action of the city applied for or in any other manner sought, obtained or undertaken in violation of the provisions of this Code may be invalidated or rescinded. (2003-Or-034, § 1, 3-21-03)

15.260. Ethics education. Each local official or employee shall attend an ethics education seminar within twelve (12) months of the effective date of this ordinance. New employees and

local officials shall attend an ethics education seminar within six (6) months of becoming a local official or employee. Employees shall attend ethics education seminars every three (3) years thereafter. Non-employee local officials and elected local officials shall attend an ethics education seminar every four (4) years thereafter. The seminar shall educate persons as to their duties and responsibilities under this Code. The human resources department shall design and implement the ethics education seminars. Department heads are responsible for ensuring that all of their employees attend this training. (2003-Or-034, § 1, 3-21-03; 2009-Or-033, § 4, 4-24-09)

15.270. Additional ethical standards permitted. The code of ethics defines standards of conduct below which no local official or employee should fall. A city department, agency, authority, or instrumentality may adopt and enforce additional ethical standards as needed. (2003-Or-034, § 1, 3-21-03)

15.280. Definitions. (a) *Associated business* means any association in connection with which the individual is compensated in excess of fifty dollars (\$50.00) in any month, except for actual and reasonable expenses, as a director, officer, owner, member, partner, employer or employee, or is a holder of securities worth two thousand five hundred dollars (\$2,500.00) or more at fair market value.

(b) *Candidate* means any individual who files an affidavit of candidacy or petition to appear on the ballot for the offices for mayor, city council member or board of estimate and taxation member.

(c) *Confidential information* means information that is not accessible to the public or to the subject of the information, if any.

(d) *Conflict of interest* means a situation where a local official or employee, in the discharge of official duties, participates in a governmental decision, action or transaction in which he or she has a financial interest, except when that interest is no greater than that of another member of his or her business classification, profession or occupation.

(e) *Department head* means:

Assistant city coordinator, chief information officer

Assistant city coordinator, city finance officer

Assistant city coordinator, communications

Assistant city coordinator, director, intergovernmental relations

Assistant city coordinator, director of human resources

Assistant city coordinator, emergency communications director

Assistant city coordinator, Minneapolis Convention Center

Assistant city coordinator, regulatory services and emergency preparedness

City assessor

City attorney

City coordinator

Commissioner of health

Chief of fire

Chief of police

City clerk

Director of the department of civil rights

Director of the department of community planning and economic development director of public works.

(f) *Election* means a general, special, primary or special primary election.

(g) *Employee* means a person who holds a civil service title or position in the city. The term "employee" shall not include a local official, anyone in the hire of the park and recreation board or library board, or any independent contractor.

(h) *Financial interest* means any interest, including loans, which shall yield, directly or indirectly, a monetary or other material benefit to the local official or employee (other than monetary or material benefits authorized by the city). A financial interest of a local official's or employee's employer (other than the City of Minneapolis), his or her associated business, or his or her spouse, domestic partner, or dependent shall also be considered a financial interest of the local official or employee. The following assets shall not be considered a financial interest for purposes of this section:

- (1) Ownership of shares in a diversified mutual fund.
- (2) Membership in a pension plan or employee benefit plan.
- (3) Ownership of bonds or publicly traded securities with a market value of less than two thousand five hundred dollars (\$2,500.00).
- (4) Ownership of a whole life insurance policy.

(i) *Gift* means money, real or personal property, a service, a loan, a forbearance or forgiveness of indebtedness, or a promise of future employment, that is given and received without the giver receiving consideration of equal or greater value in return.

(j) *Interested person* means a person or a representative of a person or association that has a direct financial interest in a decision that a local official or employee is authorized to make.

(k) *Lobby* means to attempt to influence any city council or mayoral action, city administrative action, or city proceeding by communicating or urging others to communicate with local officials or employees.

(l) *Lobbyist* means an individual engaged for pay or other consideration, or authorized to spend money by another individual, association, political subdivision, or public higher education system, or an individual who spends more than two hundred fifty dollars (\$250.00) in any year, for the purpose of attempting to influence legislative or administrative action, or other city action, by communicating or urging others to communicate with public or local officials.

(m) Local official means a person holding the following elected or appointed positions:

- (1) The following elected officials: city council members; the mayor; and elected members of the board of estimate and taxation; and
- (2) Persons employed by the city in appointed positions, or holding the title of an appointed position. A list of the city's appointed positions shall be maintained by the department of human resources.
- (3) Individuals appointed or designated by the mayor or appointed by the city council to agencies, authorities, or instrumentalities including, but not limited to, the following:

Arts Commission, Minneapolis

Bassett Creek Watershed Management Commission
Central Avenue Special Service District Advisory Board
Citizen Environmental Advisory Committee (CEAC)
Civil Rights Commission, Minneapolis
Civil Service Commission, Minneapolis
Civilian Review Authority, Minneapolis
Community Development Agency, Minneapolis
Dinkytown Special Service District Advisory Board
Disabilities, Minneapolis Advisory Committee on People With
Downtown Skyway Advisory Committee
Family Housing Fund, Minneapolis/St. Paul
Forty-Third Street West and Upton Avenue South Special Service District
Franklin Avenue East Special Service District Advisory Board
Hennepin Theatre District Special Services District
Heritage Preservation Commission, Minneapolis
Housing Board of Appeals
Latino Community Advisory Committee to the Mayor and City Council
Nicollet Avenue South Special Services District
Nicollet Mall Advisory Board
Planning Commission, Minneapolis
Public Health Advisory Committee
Public Housing Authority, Minneapolis
Real Estate Advisory Board
Rental Dwelling License Board of Appeals
Riverview Special Service District Advisory Board
Senior Citizen Advisory Committee to the Mayor and City Council
Shingle Creek Watershed Management Commission
South Hennepin Avenue Special Service District
Sports Facilities Commission, Metropolitan
Stadium Village Special Service District Advisory Board
Telecommunications Network, Minneapolis, (MTN)
Truth in Sale of Housing Board of Appeals
Uptown Special Service District Advisory Committee
Urban Environment, Committee on (CUE)
Workforce Investment Board (formerly Private Industry Council)

Zoning Board of Adjustment

The term local official shall not include individuals appointed to the following agencies, authorities, or instrumentalities:

Metropolitan Airports Commission

Capital Long Range Improvements Committee

Empowerment Zone Governance Board

Homelessness, County Advisory Board

(n) *Nonpublic information* means information that is not accessible to the public, but is accessible to the subject of the information, if any.

(o) *Official* means a public official, an employee of the legislature, or a local official of a metropolitan governmental unit.

(p) *Participate* or *participation* means making a decision, taking action, providing advice or a recommendation, introducing, sponsoring, debating, voting on, approving, or investigating the decision, action, or transaction. Participation includes the direct and active supervision of the participation of a subordinate in the matter. Participation is more than official responsibility, knowledge, perfunctory involvement, or involvement on an administrative or peripheral issue.

(q) *Principal* means an individual or association that:

(1) Spends more than five hundred dollars (\$500.00) in the aggregate in any calendar year to engage a lobbyist, compensate a lobbyist, or authorize the expenditure of money by a lobbyist; or

(2) Is not included in clause (1) and spends a total of at least fifty thousand dollars (\$50,000.00) in any calendar year on efforts to influence city council action, administrative action, or other city action.

(r) *Private information* means information that is not accessible to the public but is accessible to the subject of the information.

(s) *Privileged information* means information that is learned by a local official or employee in the course and scope of his or her duties, and includes information that the law protects from forced disclosure because of a protected relationship, such as the attorney-client relationship.

(t) *Professional conflict of interest* means a situation where the interests of a principal of the lobbyist are or may be adverse to the interests of the city.

(u) *Proprietary information* means information belonging exclusively to the city.

(v) *Related person* shall mean a person in a marital relationship, a domestic partner relationship or other committed relationship with a local official or employee, or in a significant familial relationship with a local official or employee.

(w) *Significant familial relationship* means:

(1) By blood or adoption: parent, child, grandparent, grandchild, brother, sister, half-brother, half-sister, uncle, aunt, nephew, niece, first cousin.

(2) By marriage: husband, wife, stepparent, stepchild, stepbrother, stepsister, brother-in-law, sister-in-law, father-in-law, mother-in-law, son-in-law, daughter-in-law, uncle, aunt, nephew, niece. Divorce terminates a significant familial relationship by marriage. (2003-Or-034, § 1, 3-21-03; 2005-Or-010, § 2, 2-11-05; 2007-Or-066, § 8, 8-31-07)

5-101 CODE OF CONDUCT DEFINED

The code of conduct of the Minneapolis Police Department is promulgated by the Chief of Police by authority of the City Charter, Chapter 6, Section 1, as amended. This code is established to promote efficiency, discipline, and good public relations in setting forth policy governing the conduct of all Department employees.

The conduct of police officers is governed by the MPD Policy and Procedure Manual and applicable State and Federal law. All employees of the Minneapolis Police Department are required to maintain a working knowledge of and to obey the code of conduct, civil service rules, Departmental rules, policies, procedures and orders, ordinances of the City of Minneapolis, the laws of the State of Minnesota and the United States. The failure of an MPD employee to comply with the standards of conduct set forth in the Manual and in law will subject the employee to discipline and/or legal action. All disciplinary actions taken will be in accordance with Civil Service rules and provisions. (10/20/88) (12/01/08)

5-101.01 TRUTHFULNESS (01/26/05)

(D)

The integrity of police service is based on truthfulness. Officers shall not willfully or knowingly make an untruthful statement, verbally or written, or knowingly omit pertinent information pertaining to his/her official duty as a Minneapolis Police Officer.

MPD employees shall not willfully or knowingly make an untruthful statement or knowingly omit pertinent information in the presence of any supervisor, intended for the information of any supervisor, or before any court or hearing. Officers shall not make any false statements to justify a criminal or traffic charge or seek to unlawfully influence the outcome of any investigation. (12/14/07)

These requirements apply to any report, whether verbal or written, concerning official MPD business including, but not limited to, written reports, transmissions to MECC and officers via radio, telephone, pager, e-mail or MDC.

MPD employees are obligated under this policy to respond fully and truthfully to questions about any action taken that relates to the employee's employment or position regardless of whether such information is requested during a formal investigation or during the daily course of business. (12/14/07)

5-101.02 VIOLATIONS OF THE CODE OF CONDUCT (03/13/07)

(A-D)

Any member of the Department who violates the code of conduct is subject to discipline. Discipline may range from an oral reprimand to termination. Discipline shall be imposed

following a sustained violation. Refer to Civil Service Rule 11.03 regarding discipline. (11/16/94) (03/08/95) (03/13/07)

The Chief of Police may relieve a departmental employee with pay pending an investigation of an alleged violation of criminal law, or a violation of the code of conduct. Administrative leave is not discipline. (03/08/95) (03/13/07)

Probationary employees may be dismissed from service for failing to meet minimum performance standards or probationary training standards for violations of the code of conduct or for any other legal reason. There is no right of appeal for probationary employees unless the probationary employee is a veteran as provided by Civil Service Rules 11.06 and 11.07. (03/13/07)

Employees who no longer meet minimum job qualifications or who are no longer able to perform the essential functions of their job, for a period of 90 days or more due to a criminal conviction, court ordered restriction, driver's license restriction, POST license restriction or other adverse legal action due to criminal behavior are subject to termination from employment. (03/13/07)

5-102 CODE OF ETHICS (08/01/91)

(A-D)

All sworn and civilian members of the department shall conduct themselves in a professional and ethical manner at all times and not engage in any on or off-duty conduct that would tarnish or offend the ethical standards of the department. Employees shall abide by the City's Ethics in Government Policy, Chapter 15. (05/23/07)

5-102.01 MINNESOTA LAW ENFORCEMENT CODE OF ETHICS (08/01/91)

(A-D)

MINNESOTA LAW ENFORCEMENT CODE OF ETHICS:

"As a Minnesota Law Enforcement Officer, my fundamental duty is to serve mankind; to safeguard lives and property; to protect the innocent against deception, the weak against oppression or intimidation, and the peaceful against violence or disorder; and to respect the Constitutional rights of all to liberty, equality and justice.

I will keep my private life unsullied as an example to all; maintain courageous calm in the face of danger, scorn, or ridicule; develop self-restraint; and be constantly mindful of the welfare of others. Honest in thought and deed in both by personal and official life, I will be exemplary in obeying the laws of the land and the regulations of my department. Whatever I see or hear of a confidential nature or that is confided to me in my official capacity will be kept ever secret unless revelation is necessary in the performance of my duty.

I will never act officiously or permit personal feelings, prejudices, animosities or friendships to influence my decisions. With no compromise for crime and with relentless prosecution of criminals, I will enforce the law courteously and appropriately without fear of favor, malice or ill will, never employing unnecessary force or violence and never accepting gratuities.

I recognize the badge of my office as a symbol of public faith, and I accept it as a public trust to be held so long as I am true to the ethics of the police service. I will constantly strive to achieve these objectives and ideals, dedicating myself before God to my chosen profession...law enforcement."

5-103 USE OF DISCRETION

(A-D)

The police profession is one that requires officers to use considerable judgment and discretion in the performance of their daily duties. Officers have a large body of knowledge from Department policies and procedures, training, their own professional police experience and the experiences of their fellow officers to guide them in exercising proper judgment and discretion in situations not specifically addressed by Department rules and regulations. In addition, officers must always adhere to the following principles in the course of their employment with the Minneapolis Police Department:

POLICE ACTION - LEGALLY JUSTIFIED: Officers must act within the limits of their authority as defined by law and judicial interpretation, thereby ensuring that the constitutional rights of individuals and the public are protected.

EQUALITY OF ENFORCEMENT: Officers shall provide fair and impartial law enforcement to all citizens.

LOYALTY: Officers shall be faithful to their oath of office, strive to uphold the principles of professional police service, and advance the mission of the Department.

5-104 IMPARTIAL POLICING (06/27/01)

(A-D)

The MPD is committed to unbiased policing and to reinforcing procedures that ensure that police service and law enforcement is provided in a fair and equitable manner to all.

1. All investigative detentions, pedestrian and vehicle stops, arrests, searches and seizures of property by officers will be based on a standard of reasonable suspicion or probable cause in accordance with the Fourth Amendment of the U.S. Constitution and statutory authority. Officers must be able to articulate specific facts, circumstances and conclusions that support reasonable suspicion or probable cause for a pedestrian or

vehicle stop, investigative detention, arrest, non-consensual search or property seizure.
(12/24/01)

Except as provided below, officers shall not consider race, ethnicity, national origin, gender, sexual orientation or religion in establishing either reasonable suspicion or probable cause:

Officers may take into account the reported race, ethnicity, gender or national origin of a specific suspect or suspects on credible, reliable, recent, locally-based information that links specific suspected unlawful or suspicious activity to a particular individual or group of individuals of a particular race, ethnicity, gender or nationality. This information may be used in the same way officers use specific information regarding age, height, weight, etc. about specific suspects. (12/24/01)

2. No person shall be singled out or treated differently as a consequence of his/her race, ethnicity, national origin, gender, sexual orientation or religion.

5-104.01 PROFESSIONAL POLICING (12/24/01) (12/01/08)

In an effort to prevent perceptions of biased law enforcement, officers shall utilize the following practices when conducting pedestrian and vehicle stops:

- Be courteous, respectful, polite and professional.
- Introduce or identify themselves to the citizen and explain the reason for the contact as soon as practical, unless providing this information will compromise the safety of officers or other persons.
- Ensure that the length of detention is no longer than necessary to take appropriate action for the known or suspected offense.
- Attempt to answer any relevant questions that the citizen may have regarding the citizen/officer contact, including relevant referrals to other city or county agencies when appropriate.
- Provide name and badge number when requested, preferably in writing or on a business card.
- Explain and/or apologize if you determine that the reasonable suspicion was unfounded (e.g. after an investigatory stop).
- If asked, provide the procedures for filing a complaint about police services or conduct.

5-105 PROFESSIONAL CODE OF CONDUCT

(A-D)

1. All officers are required to take appropriate police action toward aiding a fellow officer exposed to danger or in a situation where danger may be impending.

2. On-duty officers shall, at all times, take appropriate action within their jurisdiction, to protect life and property, preserve the peace, prevent crime, detect and arrest violators of the law, and enforce all federal, state and local laws and ordinances. (02/28/93)

3. Officers shall use reasonable judgment in carrying out their duties and responsibilities. They need to weigh the consequences of their actions. (04/01/05) (05/03/05)

4. Employees shall not interfere with any criminal investigation being conducted by this department or any other law enforcement agency. Employees shall not knowingly communicate in any manner, either directly or indirectly, any information that may assist persons suspected or accused of criminal acts to escape arrest or punishment or which may enable them to dispose of evidence.

Employees shall not recommend a dismissal, reduction of charges, or other disposition of a pending criminal case which has been previously filed in any criminal court or before a grand jury except by written approval of their division commander. A copy of the approval will be kept in the case file.

Employees shall not interfere with the attendance of witnesses or their testimony through coercion, bribery or other means.

5. Employees shall not attempt to have any traffic citation reduced, voided, or stricken from the calendar for personal or monetary consideration. (See Dismissal of Traffic/Parking Charges and Citations)

6. Employees shall immediately report any violation of rules, regulations, or laws that come to their attention to the Internal Affairs Unit, regardless of the violator's assignment or rank within the Department.

7. Any employee charged, arrested, or cited for Driving Under the Influence (DUI) or a non-traffic violation, or notified they are being investigated for a criminal offense, shall immediately notify their chain of command and Internal Affairs or an on-duty supervisor, who will notify the Internal Affairs Unit. Notification shall consist of personal telephone communication (no voicemail messages) or written contact. Required information is the formal charge or allegation, date, time, and jurisdiction of alleged occurrence, and any special or relevant factors. (4/1/05)

Employees will also notify the Internal Affairs Unit of the disposition at the time the charge or case is disposed. (10/28/94) (03/12/99)

When an employee is notified that an Order for Protection (OFP), Restraining Order (RA), or a Harassment Order (HA) has been filed against him or her, the employee shall immediately notify Internal Affairs and provide a copy of the OFP, RA, or HA, and the date scheduled for hearing the allegations made in support of the request for the order. The information is required for department compliance with Federal Law 18 U.S.C. Sec. 922 (g)(8). (01/05/2000)

8. Officers shall maintain a valid driver's license that is accepted by the State of Minnesota at all times as a condition of employment. Employees shall promptly report loss or limitation of driving privileges to MPD Human Resources.

9. Employees shall give their name and/or badge number to any person upon request.

10. Employees shall not use indecent, profane or unnecessarily harsh language in the performance of official duties or in the presence of the public.

11. Soliciting or accepting personal gifts: 05/23/07)

(a) Employees shall not solicit or accept any gift from an interested person, lobbyist or principal who has a direct financial interest in a decision that that the employee is authorized to make.

(b) Exceptions. The prohibitions in this section do not apply if the gift is:

- 1) A campaign contribution as defined in Minnesota Statutes, Section 10A.01, subd 11;
- 2) A service to assist an official in the performance of official duties, including, but not limited to providing advice, consultation, information and communication in connection with legislation, or services to constituents;
- 3) A service of insignificant monetary value;
- 4) A plaque or similar memento recognizing individual services in a field of specialty or to a charitable cause;
- 5) A trinket or memento of insignificant value;
- 6) Informational material of unexceptional value;
- 7) Food or a beverage given at a reception, meal or meeting away from the recipient's place of work by an organization before who the recipient appears to make a speech or answer questions as part of the program;
- 8) Given because of the recipient's membership in a group, and an equivalent gift is given to the other members of the group; or

9) Given by an interested person, lobbyist, or principal who is a related person to the recipient, unless the gift is given on behalf of someone who is not a related person.

c) An employee who receives any gift prohibited by this section shall return, dispose of, or request that the city council accept the gift on behalf of the city.

12. Employees shall treat all fellow employees with respect. They shall be courteous and civil at all times with one another. When on duty in the presence of other employees or the public, officers should be referred to by rank.

13. Employees shall not publicly criticize or ridicule the Department, its policies or other employees as to the performance of their duties in a manner which is defamatory, obscene, unlawful, or in any other manner which impairs the effective operation of the Department or in a manner which displays a reckless or knowing disregard for the truth. This regulation shall not be construed so as to impair the exercise of free speech by employees on matters of public concern.

14. Employees shall not use any derogatory language or actions which are intended to embarrass, humiliate, or shame a person, or do anything intended to incite another to violence.

15. Employees shall be decorous in their language and conduct. They shall refrain from actions or words that bring discredit to the Department. They shall also not use words or terms which hold any person, group or organization up to contempt. The use of such unacceptable terms is strictly forbidden. (04/01/93)

Employees shall not display material that may be considered discriminatory, derogatory, or biased in or on City property. Specifically, discriminatory, derogatory or biased materials regarding race, color, creed, religion, ancestry, national origin, sex, affectional preference, disability, age, marital status, public assistance, or familial housing are prohibited. Such materials include, but are not limited to, calendars, cartoons, and posters. (10/18/92)

16. Employees shall conduct themselves in the buildings and offices of the Department in a manner which would not discredit the Department.

Employees shall not bring to or keep any dangerous drug, narcotic, or alcohol beverage on departmental premises except for evidentiary purposes.

17. Any money other than that received from unclaimed properties paid or sent to any employee as a result of on-duty police action shall be promptly forwarded to MPD Finance. (03/21/97)

All property received as a result of on-duty police action shall be forwarded to the Property and Evidence Unit. The Property and Evidence Unit shall dispose of unclaimed property according to their policy and procedure manual. The property shall be disposed

of by being sent to the City Store or to the Minneapolis Police Relief Association in accordance with state law. (03/21/97)

Employees shall not act as an intermediary in the payment of a reward for the return of stolen property without written authorization by the Chief of Police or his/her designee.

18. Employees shall avoid regular or continuous associations or dealings with persons whom they know, or should know, are under criminal investigation or indictment or who have a reputation in the community or Department for present involvement in criminal behavior, except as necessary in the performance of official duties, or when unavoidable because of family ties to the employee.

19. Employees shall not engage or participate in any form of illegal gambling at any time except in the performance of duty under specific orders of a superior officer.

20. Off-duty employees shall not carry any firearm or ammunition while using drugs or controlled substances, or while using or under the influence of alcohol. (05/05/89)
(04/01/93)

21. Employees shall never be under the influence of alcohol while on duty. A reading of .02 blood/alcohol concentration is considered under the influence of alcohol. Employees shall not consume alcoholic beverages while on duty or in uniform unless it's necessary in the performance of a non-uniformed officer's undercover work. (3/12/99)

Employees shall not consume alcoholic beverages while off-duty to the extent that they are considered under the influence of alcohol when reporting for duty.

No employee shall be under the influence of any drug while on duty. When an employee is prescribed medication that may affect an employee mentally or physically, that employee will notify his/her supervisor and MPD Human Resources.

22. Uniformed officers shall render a military salute to the National Anthem, United States Flag or ceremonies at appropriate times. Officers in civilian dress shall render proper civilian honors to the United States Flag and National Anthem at appropriate times.

Uniformed officers at parades need salute only the massed national colors at the head of the parade. When the flag is six paces from the officer, the flag shall be faced and a hand salute rendered until the flag is six paces beyond the officer. Other United States Flags may be saluted if the officer's immediate attention to duty is not necessary.

23. Employees shall pay all debts when due and shall not undertake any financial obligations which they know or should know they will be unable to meet. An isolated instance of financial irresponsibility will not be grounds for discipline except in unusually severe cases. However, repeated instances of financial difficulty may be cause for disciplinary action. Filing for a voluntary bankruptcy petition shall not, by itself, be cause

for discipline. Financial difficulties stemming from unforeseen medical expenses or personal disaster shall not be cause for discipline provided that a good faith effort to settle all accounts is being undertaken. (10/20/88)

24. Employees shall not purchase, or have purchased for them, any auto/property sold at a city auction. Employees are also prohibited from owning any such auto/property purchased at a city auction for one year after the date that the auto/property is sold at the city auction. (01/10/97)

5-105.01 PROFESSIONAL CODE OF CONDUCT – DEPARTMENT-SANCTIONED SOCIAL EVENTS (02/22/05)

(A-D)

In an effort to remain professional at all times, including department-sanctioned social events, the following guidelines shall be followed:

- Officers are not allowed to solicit door prizes while on-duty or in the name of the Minneapolis Police Department for an event.
- Attendance at off-duty events is optional.
- Awarding alcoholic beverages as door prizes is prohibited.
- Complimentary alcoholic beverages are prohibited.
- If the event is not held on police department property, advertising at a public establishment connecting the gathering to the MPD is prohibited.
- Officers drinking alcoholic beverages at any department-sanctioned event are prohibited from carrying any firearms.
- Supervisors, while in attendance at said events, are reminded that they are responsible for the actions of officers under their command at an event.
- Inappropriate behavior at an event should immediately be reported to a supervisor.

If security is needed for an event, arrangements should be made by the organizer.

5-106 ON-DUTY CODE OF CONDUCT

(A-D)

1. Officers shall respond without delay to calls for police service unless otherwise directed by proper authority. Emergency calls for service shall take precedence.

However, all dispatched calls shall be answered as soon as possible consistent with departmental procedures. If officers need to temporarily go out-of-service on a detail or otherwise be unavailable for calls, they shall notify their immediate supervisor and request permission for such details. (03/25/08)

2. Officers shall provide emergency medical care when necessary. The care provided shall be consistent with their EMS training. The protocols found in the handbook "Effective First Response" provided by the Hennepin County Medical Center should be used as general guidelines for administering emergency medical care. (08/31/93)

3. Employees shall remain alert, observant, and occupied with police business during their tour of duty. When on duty, employees shall devote their entire attention to the business of the Department. It is a violation of this order for employees to conduct personal or private business while on duty or for officers to engage in policing for private interests while on duty.

4. Employees shall not make referrals to any attorney or other business from on-duty contacts.

5. On-duty officers shall be armed at all times in the City of Minneapolis except where prohibited. Weapons must conform to Department specifications.

6. All sworn personnel shall carry their badge, handcuffs, and identification card at all times while on duty or in uniform unless the nature of the assignment would dictate non-police identification.

7. Officers shall have prior approval of a supervisor before initiating undercover investigations while on duty.

8. Employees shall not allow anyone not employed by the Department to enter a police facility without permission of a supervisor.

Employees shall not permit any person to enter a police facility to sell goods, offer them for sale, or to canvas or solicit for any purpose without authorization from the facility's acting commander.

9. Officers working uniformed patrol or in a marked squad who wish to go out of service for a meal break shall request OTL status from the MECC dispatcher. The request must include the requested OTL location. The dispatcher may grant or deny OTL status based on call load and staffing levels. (9/7/05)

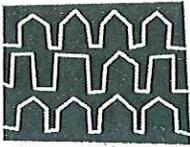
Employees shall not take excessive time for meals and officers working two-officer squads must take OTL at the same time. (9/7/05)

No more than three marked or unmarked squads may be OTL at the same public location unless officers are also participating in a community event. (9/7/05)

5-107 PROCEDURAL CODE OF CONDUCT

(A-D)

1. No officer shall arrest any person or search any premises except with a warrant or where such arrest or search is authorized without warrant under the laws of the United States.
2. No officer shall falsely arrest, or direct any malicious prosecution against any person.
3. No employee shall willfully mistreat or give inhumane treatment to any person held in custody.
4. Officers shall not render aid or assistance in civil cases except to prevent an immediate breach of the peace or to quell an existing disturbance. Officers may inform any citizen of the steps necessary to institute a civil suit or advise citizens on protecting their rights.
5. Employees shall not willfully misrepresent any matter, sign any false statement or report, or commit perjury before any court, grand jury or judicial hearing.
6. Employees shall not knowingly remove or destroy, or cause such action, to any report, document, or record without authorization.
7. Employees shall not give any lawyer, bondsman, agent of either, or any other person unauthorized or confidential information regarding prisoners in confinement, suspects in a case, property held, or records of the Department.
8. Employees shall not make known any information concerning the progress or future actions to be taken on an open investigation to any person not authorized to receive such information by the case investigator or the commanding officer of the investigating unit.



**FAMILY
HOUSING
FUND**

SUITE 1650
801 NICOLLET MALL
MINNEAPOLIS
MINNESOTA 55402

PHONE: 612-375-9644
FAX: 612-375-9648

URL: WWW.FHFUND.ORG

July 9, 2009

Mayor R.T. Rybak
City Hall, Room 331
350 South 5th Street
Minneapolis, MN 55415

Thomas A. Steitz
Director, Housing Policy and Development
City of Minneapolis
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401

Re: Letter of Commitment to the City of Minneapolis, the City of Brooklyn Park and Hennepin County Consortium in support of the U.S. Department of Housing and Urban Development Neighborhood Stabilization Program 2 (NSP2)

Dear Mayor Rybak and Mr. Steitz:

This letter demonstrates the firm commitment of Twin Cities Community Land Bank, a nonprofit limited liability company and a wholly owned subsidiary of the Family Housing Fund, to provide funds to support the purchase, land banking, and rehabilitation/redevelopment activities of the City of Minneapolis, City of Brooklyn Park, and Hennepin County Consortium application for the Neighborhood Stabilization Program 2.

Twin Cities Community Land Bank commits to an allocation of approximately \$9.5 million of non-federal monies to support neighborhood stabilization and redevelopment in the targeted areas of Minneapolis, Brooklyn Park, and Hennepin County. Financing from Twin Cities Community Land Bank will be made available via its leveraged private capital and available philanthropic monies. Twin Cities Community Land Bank has firm commitments from National Community Stabilization Fund (\$10 million) and Community Reinvestment Fund (\$10 million) to fund the activities of Twin Cities Community Land Bank in support of the Minneapolis/St. Paul metropolitan area. Of the \$20 million committed to Twin Cities Community Land Bank, Twin Cities Community Land Bank has determined that the preliminary allocation to Minneapolis, Brooklyn Park, and Hennepin County is \$9.5 million of the \$20 million. In addition, the Family Housing Fund has provided to the Minneapolis, Brooklyn Park, and Hennepin County Consortium its commitment letter for an addition allocation of \$10 million to Twin Cities Community Land Bank for neighborhood stabilization

and recovery, approximately \$5 million of which will be allocated to Minneapolis, Brooklyn Park, and Hennepin County. The \$5 million from the Family Housing Fund is in addition to the \$9.5 million commitment addressed in this letter.

Twin Cities Community Land Bank funding will be leveraged by (a) a portion of the City of Minneapolis, the City of Brooklyn Park, and Hennepin County Consortium's expected NSP2 allocation, (b) additional philanthropic monies and private capital available to Twin Cities Community Land Bank, and (c) monies raised by the Family Housing Fund.

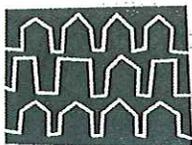
Sincerely,

FAMILY HOUSING FUND



Thomas P. Fulton
Chair, Twin Cities Community Land Bank

fb.us.4152622.02



**FAMILY
HOUSING
FUND**

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MINNEAPOLIS
MINNESOTA 55402

PHONE: 612-375-9644
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July 9, 2009

Mayor R.T. Rybak
City of Minneapolis
City Hall, Room 331
350 South 5th Street
Minneapolis, MN 55415

Thomas A. Streitz
Director, Housing Policy and Development
City of Minneapolis
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401

Re: Letter of Commitment to the City of Minneapolis, the City of Brooklyn Park, and Hennepin County Consortium in support of the U.S. Department of Housing and Urban Development Neighborhood Stabilization Program 2 (NSP2)

Dear Mayor Rybak and Mr. Streitz:

Established in 1980, the Family Housing Fund (the Fund) is a nonprofit organization whose mission is to provide safe, affordable, sustainable housing for families and children in the Twin Cities seven county metropolitan area (Hennepin, Ramsey, Dakota, Washington, Scott, Carver, and Anoka Counties) through ongoing partnerships with the public and private sector. The Fund raises money from foundations and corporations and uses those funds to make targeted grants and loans for the creation and preservation of quality affordable housing. Since 1980, Fund investments of \$182.5 million have helped finance more than 31,700 units of affordable housing and leveraged an additional \$2.6 billion from government sources, private lenders, investors, and other contributors.

In 2007, the Fund launched the Home Prosperity Fund (HPF). The HPF was established by the Fund to foster affordable housing opportunities for low and moderate income persons and persons in the Twin Cities seven county metropolitan area by providing low-interest loans to local nonprofit organizations, public entities, and select for-profit developers. In early 2009, the Fund created the Twin Cities Community Land Bank. These two entities, together with their partners, will work to address the impact of the mortgage foreclosure crisis on low and moderate income homeowners, renters, and communities.

The City of Minneapolis, the City of Brooklyn Park, and Hennepin County Consortium's proposed NSP2 activities include the acquisition and rehabilitation of foreclosed or abandoned property and other strategic/underutilized properties in the Cities of Minneapolis and Brooklyn Park and suburban Hennepin County.

In response to the foreclosure crisis, the Fund has made an allocation of \$7.95 million for foreclosure remediation efforts in the Minneapolis, Brooklyn Park, and Hennepin County, Minnesota metropolitan area. The Fund has already made available \$10 million for neighborhood recovery in Minneapolis; the Fund intends to make this recycle fund available for NSP2. The allocation will be applied as follows:

The Fund intends to provide Twin Cities Community Land Bank \$10 million for neighborhood stabilization and recovery activities, approximately \$5 million of which will be dedicated to activities in Minneapolis, Brooklyn Park, and Hennepin County. The Fund intends to provide an additional allocation in the approximate amount of \$2.95 million of HPF monies to neighborhood stabilization and recovery in targeted areas of Minneapolis. Through these two allocations, it is the Fund's intention to provide a new combined allocation of approximately \$7.95 million of HPF monies to be used to carry out neighborhood recovery in Minneapolis, Brooklyn Park, and Hennepin County.

In addition, the Fund has provided \$10 million for neighborhood recovery for NSP1 and commits to recycle this funding for neighborhood stabilization and recovery in Minneapolis for NSP2.

In total, it is the Fund's intention to provide \$17.95 million of non-federal monies for neighborhood recovery and stabilization for neighborhoods in Minneapolis, Brooklyn Park, and Hennepin County, Minnesota. This funding will be leveraged by (a) a portion of the City of Minneapolis, the City of Brooklyn Park, and Hennepin County Consortium's expected NSP2 allocation, (b) additional philanthropic monies available to the Fund, and (c) monies raised by Twin Cities Community Land Bank. The Fund commitment will be subject to final documentation and due diligence and will be available via its leveraged private capital and available philanthropic monies, all of which are from non-federal sources.

Sincerely,



Thomas P. Fulton
President, Family Housing Fund



Greater Metropolitan Housing Corporation

15 South Fifth Street, Suite 710
Minneapolis, MN 55402
phone: (612) 339-0601
fax: (612) 339-0608
info@gmhchousing.org
www.gmhchousing.org

July 9, 2009

Mayor R.T. Rybak
City of Minneapolis
City Hall, Room 331
350 South 5th Street
Minneapolis, MN 55415

Thomas A. Streitz
Director, Housing Policy and Development
City of Minneapolis
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401

Re: Letter of commitment to the City of Minneapolis, the City of Brooklyn
Park, and Hennepin County Consortium in support of the
U.S. Department of Housing and Urban Development Neighborhood
Stabilization Program 2 (NSP2)

Dear Mayor Rybak and Mr. Streitz:

Established by the Minneapolis business community in 1970, the Greater Minneapolis Metropolitan Housing Corporation (GMHC) is a nonprofit organization whose mission is to preserve, improve and increase affordable housing for low and moderate income individuals and families, assist communities with housing revitalization and create and carry out demonstration projects.

Since 1970 GMHC has provided nearly \$62 million dollars in predevelopment loan funds for the development of 22,611 units of affordable housing in the Metropolitan Area. We have also completed and sold 1,429 single family homes (either new construction or renovation) with another 150 in process. Our Housing *Resource* Centers have served nearly 78,000 clients, provided nearly 50,000 rehab management services, and closed on the financing of over 6,000 rehab loans. These services are provided free to our clients. Last year we created a mortgage lending program, the Sustainable Home Ownership Program (SHOP) and are now an FHA approved lender as well as a NeighborWorks lender. Last year SHOP created our own short-term Contract for Deed program which

also comes with supportive services working with the buyers over three-years to become mortgage ready.

In 1992 U.S. Bank (one of our founding sponsors) provided a revolving line of credit to GMHC to fund the purchase and construction costs for our single family homeownership program. Since that time, we have built or renovated 770 units with a development cost of \$106 million. 344 of the homes have been built since 2000.

Currently we are also using this line of credit to finance homes purchased and renovated under NSP 1. This U.S. Bank line of credit has been in place with GMHC for the last 17 years, and we expect it will continue into the future. We are pleased to provide our \$10 million U.S. Bank line of credit to assist with the purchase and renovation of properties under HUD's Neighborhood Stabilization Program 2 (NSP2).

Sincerely,

A handwritten signature in black ink, appearing to read 'Carolyn Olson', with a long, sweeping flourish extending to the right.

Carolyn E. Olson
President

State and Unit of Local Government Certifications

Each NSP2 state or unit of local government applicant will submit the following certifications:

1. Affirmatively furthering fair housing. The applicant certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

2. Anti-displacement and relocation plan. The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.

3. Anti-lobbying. The applicant must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

4. Authority of applicant. The applicant certifies that it possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

5. Acquisition and relocation. The applicant certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP2 program published by HUD.

6. Section 3. The applicant certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

7. Citizen participation. The applicant certifies that it is carrying out citizen participation in accordance with NSP2 requirements.

8. Use of funds. The jurisdiction certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

9. The applicant certifies:

a. that all of the NSP2 funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and

b. The applicant will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other

than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

10. Excessive force. The applicant, if an applicable governmental entity, certifies that it has adopted and is enforcing:

a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and

b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

11. Compliance with anti-discrimination laws. The applicant certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

12. Compliance with lead-based paint procedures. The applicant certifies that its activities concerning lead-based paint will comply with the requirements of 24 CFR part 35, subparts A, B, J, K, and R.

13. Compliance with laws. The applicant certifies that it will comply with applicable laws.



7/15/2009

Signature/Authorized Official

Date

Steven Bosacker

Name

City Coordinator

Title

Calculation of Removal of Negative Effects Rubric

Value of Destabilizing Influences Proposed for Removal: Where a minimum of 20 vacant properties are planned to be acquired, rehabilitated or demolished, the following is the value of any destabilizing influences as calculating using the value of negative elements rubric.

Consortium Member	NSP Activity	Rubric* = $\frac{(1.5 * (XXX) + (YYY))}{(ZZZ)}$ =
Minneapolis	Acquire 275 Properties Demolish 310 Properties	$\frac{(1.5 * (275) + (310))}{(1996)} = 0.36$
Brooklyn Park	Acquire 70 Properties Demolish 5 Properties	$\frac{(1.5 * (70) + (5))}{(640)} = 0.17$
Hennepin County	Acquire 20 Properties Demolish 10 Properties	$\frac{(1.5 * (20) + (10))}{(268)} = 0.15$
Consortium Total	Acquire 365 Properties Demolish 325 Properties	$\frac{(1.5 * (275+70+20) + (310+5+10))}{(1996+640+268)} = 0.3$

- * XXX= Total of vacant properties proposed to be addressed thru acquisition and rehab
- YYY= Total of vacant properties proposed to be addressed via demolition
- ZZZ = Total of all vacant residential properties in target area

Summary of Citizen Comments

Notice of Public Comments for the proposed Neighborhood Stabilization Program 2 Consortium application was published in Finance and Commerce June 5, 2009. A public hearing was held at the Minneapolis City Council on June 16, 2009 and a written public comment period was provided from June 16, 2009 to June 26, 2009. Additionally, the NSP2 proposal was presented formally to the Brooklyn Park City Council and the Hennepin County Board of Commissioners. No written comments were received. The public hearing comments are provided below.

**PUBLIC HEARING MINUTES
REGULAR MEETING
STANDING COMMITTEE OF THE MINNEAPOLIS CITY COUNCIL
COMMUNITY DEVELOPMENT COMMITTEE
June 16, 2009**

Committee Members Present: Council Members Goodman, Benson, Samuels, Remington, Gordon, Lilligren (quorum 4). Chair Goodman called the meeting to order at 1:30 p.m. in Room 317, City Hall, a quorum being present.

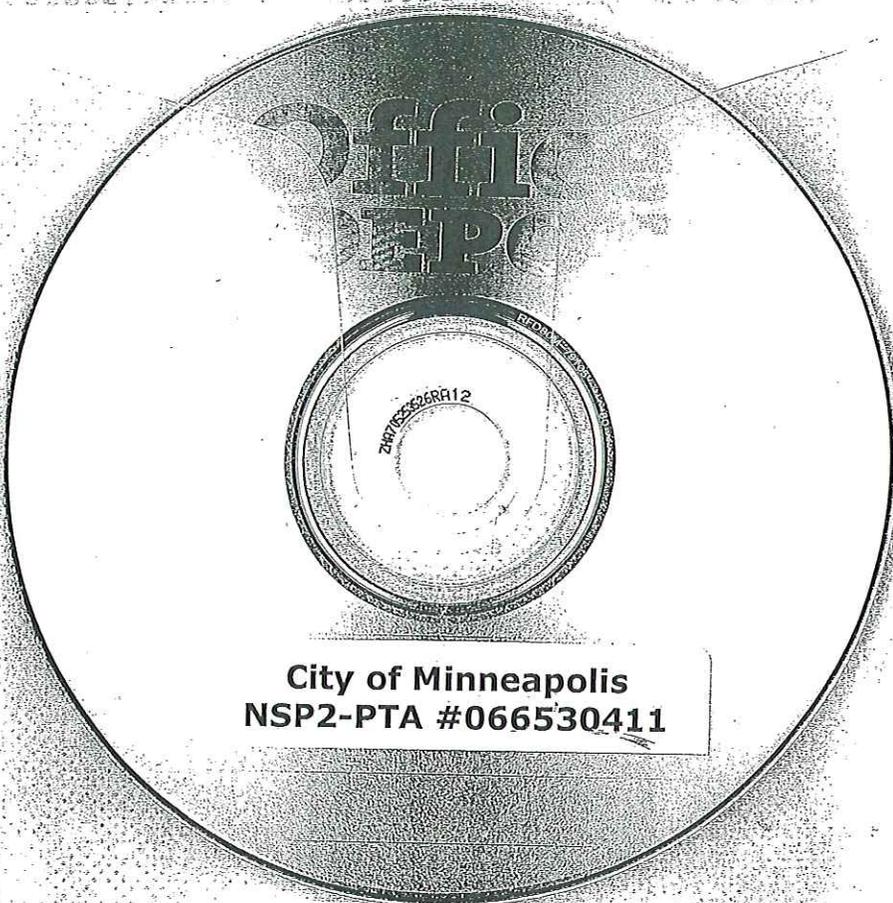
1. Minneapolis Neighborhood Stabilization Program 2 (NSP2): a) Authorize staff to submit to the Department of Housing & Urban Development an application for NSP2 funds under the American Recovery and Reinvestment Act, 2009 by 7/17/2009 as lead applicant in a consortium with Hennepin County and the City of Brooklyn Park; b) Authorize staff to develop and execute consortium agreements with Hennepin County and the City of Brooklyn Park as required by the NSP2; c) Set the public comment period for NSP2 for 6/16/2009-6/26/2009; d) Receive & file public comments received 6/16/2009.

Cherie Shoquist, Community Planning & Economic Development (CPED) staff, reviewed the report and recommendations. Distributed and shown on the overhead projector was Appendix one, showing NSP2 proposed census tracts and a comparison sheet with NSP1 and NSP2 funds. As there were no questions of committee members, Chair Goodman opened the public hearing.

Jeff Washburn, Director of the City of Lakes Community Land Trust, thanked CPED staff for the involvement in this organization as well as other CDCs in Minneapolis and moving forward with the framework for the NSP2 proposal. He addressed the land bank portion of this proposal and realized there's a lot of things ahead to be flushed out; encouraged **the land bank governing board to be representative of low income communities that will be impacted by NSP; and felt longer term affordability restrictions should be imposed.**

As there were no further speakers, Chair Goodman closed the public hearing. Goodman moved approval, and spoke in support. Adopted upon a voice vote.

Irene M. Kasper, Council Committee Coordinator



City of Minneapolis
NSP2-PTA #066530411

Appendix 1

List of Census Tracts in NSP2 target area

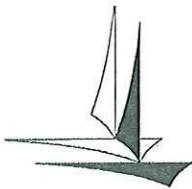
City	Census Tract	Mpls uses Foreclosure combined with vacancy but Hennepin and Brooklyn Park use Foreclosure only rates				
Mpls	27053000101		18	Mpls	27053102300	20
Mpls	27053000102		20	Mpls	27053102500	18
Mpls	27053000300		17	Mpls	27053102600	18
Mpls	27053000601		16	Mpls	27053102800	20
Mpls	27053000603		12	Mpls	27053102900	20
Mpls	27053001100		18	Mpls	27053103400	7
Mpls	27053001700		18	Mpls	27053104100	19
Mpls	27053002200		20	Mpls	27053106000	19
Mpls	27053002400		16	Mpls	27053107100	18
Mpls	27053002700		20	Mpls	27053107200	20
Mpls	27053003200		20	Mpls	27053108600	17
Mpls	27053003300		20	Mpls	27053108700	14
Mpls	27053005902		18	Mpls	27053109400	20
Mpls	27053007301		18	Mpls	27053109700	17
Mpls	27053007302		20	Mpls	27053110000	19
Mpls	27053007802		18	Mpls	27053110100	15
Mpls	27053007900		18	Mpls	27053110200	14
Mpls	27053008300		19	Mpls	27053110900	16
Mpls	27053008400		19	Brooklyn Park	27053026807	17
Mpls	27053008500		18	Brooklyn Park	27053026810	18
Mpls	27053009500		19	Brooklyn Park	27053026811	19
Mpls	27053009600		16	Brooklyn Park	27053026814	20
Mpls	27053100200		19	Brooklyn Park	27053026815	19
Mpls	27053100400		20	Brooklyn Park	27053026816	20
Mpls	27053100500		19	Brooklyn Park	27053026818	17
Mpls	27053100700		19	Brooklyn Park	27053026819	16
Mpls	27053100800		20	Brooklyn Park	27053026821	20
Mpls	27053100900		20	Brooklyn Center	27053020200	18
Mpls	27053101200		14	Brooklyn Center	27053020304	18
Mpls	27053101300		20	Champlin	27053026906	19
Mpls	27053101400		20	Champlin	27053026908	19
Mpls	27053101500		20	Maple Grove	27053026707	18
Mpls	27053101600		20	Maple Grove	27053026710	18
Mpls	27053101800		18	Mound	27053027602	18
Mpls	27053101900		15	Plymouth	27053026603	18
Mpls	27053102000		20	Rogers	27053026909	18
Mpls	27053102100		20	Average		18.12

Affirmation

In accordance with section II.B.7. of the May 4, 2009, Notice of Fund Availability (NOFA) for the Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act, I state that I am the official representative for an applicant for NSP2 funds and I affirm that the applicant has successfully carried out and completed activities 1) relevant to each NSP2 activity it proposes to carry out and 2) involving at least 75 units of housing within the 24-month period immediately preceding May 4, 2009.

Signed: Steven Bosacker Date: July 15, 2009

Steven Bosacker, City Coordinator



Minneapolis
City of Lakes

**Community Planning &
Economic Development**

Michael Christenson
Director

105 5th Avenue South - Suite 200
Minneapolis MN 55401-2534

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Appendix 2

July 15, 2009

NSP 2 Applications Room 7286
Office of Block Grant Assistance
Attn: Stanley Gimont, Director
451 Seventh St. SW
Washington, DC 20410

RE: **NSP2-PTA #066530411**
10% Demolition Limitation Waiver Request
City of Minneapolis, City of Brooklyn Park and Hennepin County
Consortium Neighborhood Stabilization Program 2

Dear Mr. Gimont:

The Consortium of the City of Minneapolis, the City of Brooklyn Park and Hennepin County, through Activity C—Land Bank is requesting an exception to the 10% limitation on the use of NSP2 funds for demolition. This exception request is exclusive to the City of Minneapolis census tracts.

The rationale for this exception is as follows:

- ♦ The housing stock in the Minneapolis census tracts is aging (over 75% were built prior to 1960) and has experienced significant deferred maintenance, especially in the cases of the abandoned properties that have remained in that state for years and have experienced significant vandalism and theft (i.e. copper and aluminum siding) and the building condition does not support rehabilitation.
- ♦ The Census tracts in the Minneapolis target area have experienced an increase of 5% in the number of residential properties that are defined as having a structural condition significantly below average since 2005. Additionally, residential properties within the Minneapolis target area census tracts that have numerous problems in which the cost to cure these problems out weigh the entire value of the home, have increased 11% during the same time period.
- ♦ A critical factor causing abandonment and foreclosure in the consortium target area is that of over-valuation. According to the most recent data released by Standard and Poor's Schiller Price Home Index as of May 2009, the Twin Cities Metro Area experienced the largest percentage drop in one month of any metro area in the history of the index. Home prices fell 6.1% from February 2009 to March 2009.



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NSP Acquisition Waiver

June 5, 2009

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- ◆ During 2008, 19,745 housing violations were issued within the City of Minneapolis, with 13,600 (69%) of those properties within target area census tracts. The City is currently on track to outpace this rate of violations in 2009.
- ◆ Minneapolis has seen a spike in the total number of vacant and boarded properties. Currently, over 855 properties are condemned vacant and boarded, a number that has nearly tripled from three years ago. Almost 90% of the vacant and boarded properties in Minneapolis are located within the target area census tracts.
- ◆ Vacancies in the Minneapolis target area has increased eight times from the first quarter of 2005 through the fourth quarter of 2008.

Aggressive and large scale property acquisition when the market is low and properties are inexpensive combined with strategies to compete with unscrupulous investors in order to prevent a continued downward trend neighborhood stability is paramount to the success of the recovery effort Over half of the foreclosed properties in Minneapolis target areas in 2008 were non-homesteaded. Without the demolition and land bank activity, the number of substandard foreclosed properties purchased as rental property by investors will continue to increase.

The Land Bank activity is designed to purchase and demolish those foreclosed properties that are vacant and blighted to a degree justifying demolition and are located in the defined NSP high risk service area.

The ultimate goal is to redevelop or facilitate redevelopment of the acquired properties. This goal can be accomplished through a combination of land banking and redevelopment activities. Disposition of properties purchased with NSP funding:

- will be offered to both non-profit and for-profit entities;
- for uses that benefit households with incomes at or below 120% AMI;
- will, at a minimum, follow all NSP periods of affordability; and

The Consortium has a strong desire to preserve our housing stock where feasible; however realistically, it is understood from our experience in our community that some of these properties must be demolished in order to realize a successful recovery effort.

Should you have any questions, please contact Elfric Porte the City of Minneapolis Single Family Housing Manager at 612.673.5145.

Sincerely,



Thomas Streitz
Director of Housing
City of Minneapolis

Appendix 3

Minneapolis StarTribune.com Last update: July 11, 2009 - 9:40 AM

Rebuilding homes and hope



Star Tribune Seven-year-old Onea Miller demanded the attention of leaders including from left, Minneapolis Mayor R.T. Rybak, Minnesota Senator Amy Klobuchar, and U.S. Department of Housing and Urban Development (HUD) Secretary Shaun Donovan, as they were led through her neighborhood in the Jordan area during a tour to assess the foreclosure crisis in North Minneapolis.

A Minneapolis tour shows the HUD chief how federal funds are working to repair the damage from the foreclosure crisis.

The nation's top housing official saw Friday how federal funds are working to put Minnesotans back to work and back into foreclosed homes in Minneapolis.

More than \$17 million is putting hard hats and backhoes to work purchasing and refurbishing local sites -- but getting funds from the U.S. Department of Housing and Urban Development is still a process, and the rest of the money will trickle in to state and city hands as soon as this fall.

HUD Secretary Shaun Donovan touted the benefits of the stimulus bill at a north Minneapolis news conference after he toured a foreclosed home and a recently refurbished neighborhood with Minneapolis Mayor R.T. Rybak and U.S. Sen. Amy Klobuchar, D-Minn. The area is one of the hardest-hit in the state by the foreclosure crisis.

The first 75 percent of the federal stimulus money was doled out within eight days of passage of the American Recovery and Reinvestment Act. The other 25 percent will be given to applicants

through competition, according to the HUD website. So while some projects are in the works, future funding is key in the city's attempts to turn foreclosed houses into owner-occupied homes.

The secretary's first stop was a home on Lyndale Avenue N. What could be a charming two-level house from the outside has broken windows and exposed wires and pipes within: This building is foreclosed. But through the First Look program, Minneapolis used state and local funding to buy the house for \$28,000 before it went on the market, and the city hopes to use stimulus money to fix it up and resell it to a low-income family.

The second stop was in a redeveloped neighborhood on James Street N., an area City Council Member Don Samuels said used to be "ground-zero for drug dealing."

Now, dozens of children were playing in Cottage Park, surrounded by streets with new speed bumps and homes with government-funded improvements. Seven-year-old Onea Miller took a break from playing to meet the tourists in suit-coats. She thanked them for making her neighborhood better and said she loved the playground. The renovations on this street were not part of the stimulus bill, but from Bush administration funding. Rybak and Donovan said the neighborhood is an example of government money put to good use.

The last stop was a construction zone at the Cedar High apartment complex, complete with a view of a construction worker tearing up land with a backhoe. The news conference was part of a symbolic groundbreaking celebrating the energy-efficient improvements and jobs the \$3.3 million of stimulus money are bringing to the Cedar and public housing complexes.

"I believe Minneapolis is a model for communities across the country," Donovan said.

Donovan said stimulus money is more accessible to cities than previous funding that was routed through the state or other agencies.

"Minneapolis can apply directly for that funding instead of having to go through a different level of government," Donovan said. "We think we found a way to get that money out, not only faster, but more effectively."

But big checks still take time, said Cherie Shoquist, Minneapolis foreclosure project coordinator, which is why programs such as First Look are integral to making changes happen before federal funding.

"All of this is a six- to nine-month time line, which is fast for HUD," she said. "Everything is expedited, but the funds aren't out yet because of the bureaucracy."

Minneapolis is applying for \$38 million in stimulus funds for its Neighborhood Stabilization Program to add to the \$14 million it received during the Bush administration.