

**Washington County
2005 Annual Action Plan for the
Community Development Block Grant (CDBG) and
Home Investment Partnership (HOME)
Programs**

*Annual Action Plan for July 2005 – June 2006
Final Revisions*

**Approved by the Washington County Board of Commissioners
April 26, 2005**

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by

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Introduction

Washington County is eligible to receive Community Development Block Grant (CDBG) funds as an entitlement community, also known as a “participating jurisdiction,” from the US Department of Housing and Urban Development (HUD). Washington County also receives Home Investment Partnership Program (HOME) and American Dream Downpayment Initiative (ADDI) funds through its participation in the Dakota County Consortium (Anoka, Dakota, suburban Ramsey, and Washington counties).

HUD requires that each entitlement community prepare a Consolidated Plan and an Annual Action Plan to meet statutory planning and application requirements for the receipt and use of Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME) and American Dream Downpayment Initiative (ADDI) funds.

The Consolidated Plan includes housing, community development, and public service priorities. The 2005 Annual Action Plan is consistent with the 2005 Funding Priorities of the 2005-2009 Consolidated Plan. The Annual Action Plan describes the resources the county will use and the activities to be undertaken in 2005 to address the priority needs and specific objectives identified in the 2005-2009 Consolidated Plan.

Resources and Geographic Distribution

Resources

Allocations to be received by Washington County to carry out fiscal year 2004 CDBG and HOME program activities include:

FY 2005 CDBG Allocation	\$912,951
FY 2005 HOME Allocation	\$306,098
FY 2005 American Dream Downpayment Initiative	\$ 14,136
<hr/>	
Total	\$1,233,185

Funding Summary

The following summarizes the use of CDBG, HOME and ADDI funds:

<u>Activity Type</u>	<u>CDBG funds</u>	<u>HOME funds</u>	<u>ADDI Funds</u>
Housing/Homebuyer (new construction activities)		\$179,528	
(rehabilitation activities)	\$458,419	\$ 40,096	
(First Time Homebuyer Program)		\$ 55,864	\$ 14,136
Public Facilities	\$135,000		
Public Services	\$136,942		
Administration	\$182,590	\$30,610	
Total	\$912,951	\$306,098	\$ 14,136

Leveraging

With significant demand and limited resources for meeting low-income needs, leveraging becomes a key issue. In most cases, CDBG and HOME funds are not sufficient to fund projects in full, and, as a result, additional sources of funding will be required.

CDBG and HOME dollars are used to leverage needed funding from other sources. Local government and non-profit organization contributions of cash or in-kind services and applications to Federal, state, and private funders, bring additional resources to specific CDBG projects.

Washington County has accessed funding through the McKinney-Vento SuperNOFA process through the Department of Housing and Urban Development (HUD) annually for the past six years. Washington County will continue to participate in this mandated HUD process to access this funding provided there is an appropriate project that fits the priorities established through the Continuum of Care process developed by the Washington County Housing Collaborative. Completing the Exhibit One Continuum of Care also provides an opportunity for agencies and citizens to apply for other funding.

Match

The HOME program requires a 25 percent (25%) non-federal match. The participants in the Dakota County Consortium, which currently has accumulated excess match for HOME funds, meet this collectively. Washington County will contribute to the match requirement by encouraging applicants to bring additional non-federal funds to their HOME projects.

While federal regulations do not require a match for CDBG funds, most CDBG-funded projects will need to bring in additional funding in order to complete the proposed activities.

Income Limits

Participation in CDBG and HOME-funded programs and activities are based on income and household size. Income limits are determined annually by the U.S. Department of Housing and Urban Development (HUD). CDBG and HOME income limits in the Minneapolis-St. Paul Metro Area for 2004 are in the following table.

HUD Income Limits

2005 HUD Income Limits for Minneapolis-St. Paul, MN Metro Area

2005 Income Limits	Household Size							
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Very Low Income (30% of median)	\$16,150	\$18,500	\$20,800	\$23,100	\$24,950	\$26,800	\$28,650	\$30,500
Low Income (50% of median)	\$26,950	\$30,800	\$34,650	\$38,500	\$41,600	\$44,650	\$47,750	\$50,800
HOME Income Limit (60% of median)	\$32,340	\$36,960	\$41,580	\$46,200	\$49,920	\$53,580	\$57,300	\$60,960
Moderate Income Limit (80% of median)	\$40,600	\$46,400	\$52,200	\$58,000	\$62,650	\$67,300	\$71,900	\$76,550
Note: 2005 Median for a Family of Four: \$77,000								

Geographic Distribution

CDBG and HOME assistance is provided on a countywide basis through the Washington County Housing Rehabilitation program, FirstHOME Buyer Assistance program, and Public Services activities. Washington County residents in any of the CDBG/HOME participating communities may be eligible to apply for assistance through these programs. Dellwood, Denmark Township, Grey Cloud Island Township and Marine on St. Croix are the only communities that do not participate in the urban county designation so, therefore, are not eligible for this assistance.

Under Housing activities, the acquisition rehabilitation program through Two Rivers Community Land Trust may acquire properties anywhere in Washington County, with the exception of the aforementioned communities that do not participate in the urban county designation. Also under Housing activities, the City of Lake Elmo will provide housing rehabilitation in the community of Cimarron. Twin Cities Habitat for Humanity and the Woodbury Community Land Trust will construct new units for homeownership in Woodbury.

Under Public Facilities activities, the cities of Landfall and Cottage Grove will benefit from sidewalk improvement projects. In addition, Warner Nature Center, located in May Township, will have a project that benefits persons with disabilities.

Activities Addressing Housing, Homeless, Non-homeless Special Population and Non-housing Community Development Needs

Housing Needs

Homebuyer Activities

Washington County has awarded funds to Woodbury Community Land Trust and Twin Cities Habitat for Humanity to construct new housing for sale to low- and moderate-income (LMI) households. Both of these projects will be located in Woodbury. Also, funds were awarded to the First Time Homebuyer Program which will provide down-payment assistance to LMI households. These projects help fulfill the following goals and objectives in the 2005-2009 Consolidated Plan:

Goal 2: Increase Housing Variety

Strategy: Increase Starter Home Owner Opportunities, Increase funding for First-time Homeownership Opportunities, and Increase Mixed-Income Developments

Rationale: Recent trends indicate that new housing in Washington County has focused on high-end, single-family homes. Providing greater housing variety will assist LMI households find housing to meet their needs. The Maxfield Housing Study projects a demand for 15,975 owner-occupied housing units by 2010, of which 6,750 will need to be starter homes. Similarly, there will be a projected demand of 2,110 renter-occupied housing units, of which 975 will be needed to serve LMI households.

Objective 4 Continue to fund Washington County’s first-time homebuyer assistance program. The program provides down-payment assistance to qualified families as a means to lower their monthly mortgage expenses. In addition, Washington County will regularly adjust the housing price limit to better reflect market changes and comply with HUD guidelines.

Goal 5: Increase Capacity to Provide Long-term Affordable Housing Units

Strategy: Increase Number of Units Permanently Affordable to LMI Persons
Rationale: One of the stated purposes of the National Affordable Housing Act of 1990 is to expand the capacity of nonprofit community housing development organizations (CHDO) to develop and manage decent, safe, sanitary, and affordable housing. Washington County has two CHDOs, the Two Rivers Land Trust and Habitat for Humanity.

Objective 14 Continue to fund organizations such as community land trusts and Habitat for Humanity that are provide permanent long-term affordability of the housing units that they invest in. Washington County currently has two community land trusts: Two Rivers Community Land Trust and Woodbury Community Land Trust.

Housing – Rehabilitation Activities

Funds have been awarded to Two Rivers Community Land Trust for its acquisition rehabilitation program. The City of Lake Elmo has been awarded funds for the Cimarron Gas Service Rehabilitation program in which gas service connections will be replaced in the community of Cimarron in Lake Elmo. Also, funds were awarded to the Washington County Rehabilitation Program which will contract with Greater Metropolitan Housing Corporation in order to provide loans for owner-occupied housing rehabilitation projects. These projects help fulfill the following goals and objectives in the 2005-2009 Consolidated Plan:

Goal 3: Improve Condition of Owner-Occupied Housing Units

Strategy: Maintain a Rehabilitation Loan Program for Qualified LMI Households
Rationale: This program will help residents to maintain housing stock which will preserve property values.

Objective 11 Washington County will continue to allocate funds annually for its owner-occupied rehabilitation loan program for qualified LMI homeowners to make the necessary repairs to their housing units.

Goal 5: Increase Capacity to Provide Long-term Affordable Housing Units

Strategy: Increase Number of Units Permanently Affordable to LMI Persons.

Rationale: One of the stated purposes of the National Affordable Housing Act of 1990 is to expand the capacity of nonprofit community housing development organizations (CHDO) to develop and manage decent, safe, sanitary, and affordable housing. Washington County has two CHDOs, the Two Rivers Land Trust and Habitat for Humanity.

Objective 14 Continue to fund organizations such as community land trusts and Habitat for Humanity that provide permanent long-term affordability of the housing units that they invest in. Washington County currently has two community land trusts: Two Rivers Community Land Trust and Woodbury Community Land Trust.

Homeless Needs and non-homeless special population needs

Public Services Activities

Washington County has awarded CDBG funds for 2005 for activities that address homeless needs and non-homeless special population needs through its allocation of public service dollars. The public services allocation will fund a full-time eligibility technician-housing assistant to provide services to households living in the shelter system; services to those who are homeless and seeking housing; data entry for HMIS compliance and Housing Unit statistics; and, assistance to the Housing Coordinator. In addition, public service funds will be used for direct assistance in the form of “wrap-around service” dollars to homeless individuals and families to stabilize their housing situations. Funds will be available for eviction abatement and foreclosure prevention, rental application fees, first month’s rent and damage deposits, moving costs or storage fees in crisis situations, and educational programs and materials for tenants and landlords. Both the Housing Coordinator and the Housing Specialist work out of the Washington County Housing Unit.

These housing services will be available to assist the chronically homeless population as defined by HUD that includes in the definition individuals with special needs, such as youth, HIV/Aids, and those with physical, chemical, or mental disabilities who experience episodic homelessness. The funding also includes service provision to “other” homeless who are homeless without the “chronic” definition. This population includes families who are experiencing homelessness or who are at risk or in imminent threat of homelessness and those individuals who have not experienced episodic homelessness without disability.

These public services will help to address the following goals and objectives in the 2005-2009 Consolidated Plan:

Strategy: Support the President’s and Governor’s Mission to End Homelessness in 10 Years

Objective 5 Washington County will create prevention strategies to assist with potential housing crisis before homelessness occurs.

Objective 6 Persons defined as chronic homeless being released from correctional institutions will have a housing plan with local assistance from appropriate providers

Objective 10 Washington County will provide services to people who are experiencing homelessness who have a severe and persistent mental illness. This has become a priority not only for the Housing Collaborative, but also for Washington County in trying to provide protection to the most vulnerable citizens.

Objective 13 Continue to allocate the maximum amount of funds allowed from CDBG/HOME funds to the “wrap-a-round” services provided by the county’s housing coordinator. At least 75% of service needs for permanent supportive and transitional housing projects for persons experiencing chronic homelessness will be funded through mainstream state, local, and private service and treatment dollars.

Strategy: Support the Local Mental Health Advisory Council’s Strategies Addressing the Housing Needs of Persons with Severe Mental Illness

Objective 1 CDBG staff will consult with the Local Mental Health Advisory Council to create strategies for addressing housing needs of persons with severe mental illness. The local Mental Health Advisory Council will be making recommendations to the County Board in 2005.

Non-housing Community Development Needs

Public Facilities Activities

Washington County has awarded funds to the City of Landfall for sidewalk, curb, and gutter replacement for a low- to moderate-income community. Funds have also been awarded to the City of Cottage Grove for installation of a sidewalk near Crestview Elementary school that will serve children in a low to moderate income area. Funds have also been awarded to Warner Nature Center in order to remove architectural barriers for better access to their facility by persons with disabilities.

These projects help meet the following strategies from the 2005-2009 Consolidated Plan:

Strategies: For 2005, Washington County will fund projects that 1) support physical improvements in LMI communities and neighborhoods to ensure stability and encourage potential for growth and 2) improve accessibility to public facilities by removing architectural barriers.

Administration Activities

Funds have been awarded to Washington County Community Services to administer the CDBG, HOME, and ADDI programs. For the purposes of defining responsibility, these administrative

staff shall be referred to as the “PJ”—an acronym for Participating Jurisdiction. The PJ is responsible for providing technical assistance to sub-recipients, managing funds, and ensuring compliance with federal regulations. In 2005, staff will also conduct or participate in the following activities:

1. Fair Housing: The PJ, the Dakota County Consortium, and other Metro Area entitlement jurisdictions prepared a Regional Analysis of Impediments to Fair Housing (AI) in 2001. This was followed by preparation of the Fair Housing Action Guide in 2002. The Action Guide is the primary instrument for implementing recommended actions from the AI. For each barrier identified the Action Guide identifies a specific action, the action level or entity with primary responsibility to implement the action (Entitlement jurisdictions, Metropolitan Council, and State or Local government), and priority level (High, Medium, or Low). A Fair Housing Implementation Council (FHIC) was formed to carry out the activities identified in the Action Guide. In 2005, the PJ and the Consortium will continue to implement fair housing strategies and goals identified in the AI and the Action Plan through staff participation on the Fair Housing Implementation Council. The PJ will also provide a Fair Housing display that will travel throughout the county during the month of November. These activities will help address the following goal and objective in the Consolidated Plan:

Goal 4: Increase Knowledge of Fair Housing Laws

Strategy: Develop a “Traveling” Display to Heighten Awareness and Knowledge of Fair Housing Laws

Rationale: To increase community awareness of Fair Housing Laws.

Objective 13 Continue circulating the fair housing laws “traveling” display. The display started at the Washington County County Government Center and is working its way around county and city public buildings, such as libraries and city halls.

2. Barriers to Affordable Housing: In 2005, the PJ will create an informational brochure and distribute to all cities in Washington County. The brochure will focus on the effects of zoning on housing and land prices. This activity will help address the following goal and objective in the Consolidated Plan:

Goal 1: Reduce Regulatory Barriers

Strategy: Encourage Communities to Change Zoning Practices and Other Land Use Practices that Create Barriers to Affordable Housing

Rationale: According to HUD, “Unnecessary, excessive or exclusionary federal, state, and local regulations severely limit housing affordability by increasing costs as much as 35 percent (35%). They also limit the ability of housing providers to build many affordable housing options such as multifamily housing, duplexes

and cost-effective housing rehabilitation.” (FY05 Budget Summary). The lack of personal transportation limits the housing options for LMI persons, particularly the very-low and low-income persons.

Objective 1 Washington County will compile information on how communities can reduce regulatory barriers. The policy guideline will focus on the effects of zoning on housing and land prices. Some zoning practices increase the price of single-family, owner units. Reversing these practices will allow for the development of more starter homes, which will in turn, allow moderate-income households to more readily access and pay for housing in Washington County.

3. Anti-poverty strategy, lead-based paint strategy and other activities: The PJ works in the Community Services Department, which is the County department responsible for the anti-poverty strategy. The PJ also works in the same building as the Public Health Department, which is responsible for the local lead-based paint strategy. The PJ has coordinated with these departments to complete the Consolidated Plan and will continue to monitor their efforts and report on results.
4. Public Housing Authority (PHA) and Continuum of Care (CoC) activities: The PJ recognizes the importance of coordinating the Consolidated Plan with the Continuum of Care plan. Fortunately, the PJ works in the same department with staff who are responsible for the Continuum of Care plan. Additionally, the PJ has developed a good working relationship with the Washington County Housing and Redevelopment Authority (HRA), which is responsible for preparing the PHA plan. There is intentional coordination and common planning efforts such as joint focus groups with the Washington County Housing Collaborative and meetings to discuss consistency between the plans. The PJ, HRA, and COC staff also participate on the Washington County Housing Collaborative in order to coordinate their efforts.
5. Monitoring. Washington County will monitor CDBG and HOME activities in accordance with federal regulations. A new monitoring system was implemented in 2003. Monitoring priorities are developed based upon a risk assessment. Factors to be considered include performance and capacity, program complexity, and recent problems.

Performance and capacity are evaluated based upon efficiency of project implementation, previous experience with the activity, and staff changes or changes in administration of the project. Program complexity factors considered include the amount of CDBG funds involved, number of projects being administered by the sub-recipient, and number of funding sources for the project. Recent problems such as complaints about the contractor or sub-recipient, late or incomplete reports, or failure to comply with the production schedule, are used to determine the level of risk for each sub recipient.

Sub-recipients at highest risk for failure to comply with program requirements are

selected for monitoring. Monitoring visits include review of project performance, record keeping, financial management, and compliance with applicable federal rules and regulations.

6. Outcome and Performance Measurement:

Washington County collects the following key data: new affordable housing units, existing housing units rehabilitated, park improvement projects, infrastructure improvement projects, senior center renovations, low-income households purchasing housing with FirstHome Buyer Assistance, persons who are homeless or may become homeless helped to find housing or keep their housing, homeless households receiving housing-related funding aid, and people attending Tenant Education Training. The county used some of this data in its recent Community Development Block Grant Evaluation Project to determine how well it was doing in reaching the goals of the Consolidated Plan. The project also evaluated whether the program was meeting its intended clientele. The report from this project concluded the following: “Except in a few cases, past funds were awarded to the communities with the most need, and the communities with the largest need received the largest allocation of funds. Also, the county is on pace to meet its goals established in the 2001-2004 Consolidated Plan.” For 2005, Washington County will also measure outcomes and performance using the Performance Measurement System attached as Exhibit D in the 2005-2009 Consolidated Plan.

2005 Activity Detail-Table 3s

CDBG and HOME-funded activities for the 2005 program year are described on pages 12 through 23. As is statutorily required for the CDBG and HOME programs, each activity must meet one of the goals set forth in the Consolidated Plan. Project descriptions note the local objective referenced in the Consolidated Plan.

**Table 3
Consolidated Plan Listing of Projects**

Applicant's Name Washington County

Sub-recipient's Name: Twin Cities Habitat for Humanity

Priority Need: Housing-High; low and very low income renters

Project Title: Retreat at Garden Gate

Project Description: Heritage Development, LLC, is constructing an urban, mixed-residential development on a seventy-acre site north of Eastview Road and west of Settlers Ridge Parkway in the City of Woodbury. As proposed to the city, "The Retreat at Garden Gate" will consist of a 91-unit apartment building, 228 multiple-family condominium units in six buildings, and 40 affordable townhome-style units for a total of 359 new housing units in Washington County. Twin Cities Habitat for Humanity (TCHFH) has a Memorandum of Understanding with Heritage Development, LLC to build and sell ten units of affordable, owner-occupied units to potential buyers earning at or below 50% of the area median income (AMI). The acquisition (including infrastructure construction) cost will be \$40,000 per unit to TCHFH. TCHFH estimates that the site for the units of Habitat homes will be prepared by mid-summer 2005; site acquisition by TCHFH should occur approximately in July 2005. Completion of the project is projected to require approximately one year.

Location: North of Eastview Road and West of Settler's Ridge Parkway

		Funding Sources:	
Objective Number	Project ID	CDBG	
HUD Matrix Code 12-Construction	CDBG Citation 570.201(c)	ESG	—
Type of Recipient Sub-recipient-Nonprofit	CDBG National Objective LMH-low/mod housing	HOME	\$150,000.00
Start date (mm/dd/yyyy) 07/01/05	Completion date (mm/dd/yyyy) 06/30/2006	HOPWA	
Performance indicator Housing units (10)	Annual Units 0	Total Formula	
Local ID wXXXXXX	Units upon completion 10	Prior Year Funds	
		Assisted Housing	
		PHA	
		Other Funding	\$1,615,000.00
		Total	\$1,765,000.00

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3
Consolidated Plan Listing of Projects**

Applicant's Name Washington County

Sub-recipient's Name: Woodbury Community Land Trust

Priority Need: Housing-Medium and High; low and moderate income renters

Project Title: Citywalk

Project Description: This is a four-unit townhome project intending to provide affordable homeownership to families at approximately 60% of area adjusted median income. This project was previously awarded CDBG funds through the City of Woodbury for site acquisition. Woodbury Community Land Trust will construct 34 total units on this property. HOME funds will be used to construct four units within the same building structure. The homeowner and Woodbury CLT enter into a ground lease which defines the relationship between the two owners. The ground lease also records the purchase price, appraised value of the home minus the land, and sets the resale percentage of 25%. The ground lease sets out the method of sale for subsequent buyers as well.

Location: Lot 5, Block 1, Citywalk Development, Woodbury, Minnesota

Funding Sources:

Objective Number	Project ID
HUD Matrix Code 12-Construction	CDBG Citation 570.201(c)
Type of Recipient Sub-recipient-Nonprofit	CDBG National Objective LMH-low/mod housing
Start date (mm/dd/yyyy) 07/01/05	Completion date (mm/dd/yyyy) 06/30/2006
Performance indicator Housing units (10)	Annual Units 0
Local ID wXXXXXX	Units upon completion 4

CDBG	
ESG	—
HOME	\$29,528.00
HOPWA	
Total Formula	
Prior Year Funds	\$2003 funds = \$64,006 \$2004 funds = \$71,195
Assisted Housing	
PHA	
Other Funding	\$6,344,456.00
Total	\$6,509,185.00

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3
Consolidated Plan Listing of Projects**

Applicant's Name Washington County

Sub-recipient's Name: Two Rivers Community Land Trust

Priority Need: Housing-Medium and High; low and moderate income renters

Project Title: Acquisition and Rehabilitation project

Project Description: Acquire and rehabilitate ten (10) houses that will be sold to families who will owner-occupy the homes. Two Rivers Community Land Trust's (TRCLT) goal is to provide permanently affordable housing in Washington County to people making up to 80% of the area median income (AMI). Upon sale, the home is sold to an income-qualified homebuyer and TRCLT retains title to the land. The home is sold at a reduced rate, approximately the value of the house without the land. In exchange for this reduction in cost the buyer agrees to take 25% of the increase in value when they choose to sell the house. The homeowner and TRCLT enter into a ground lease which defines the relationship between the two owners. The ground lease also records the purchase price, appraised value of the home minus the land, and sets the resale percentage of 25%. The ground lease sets out the method of sale for subsequent buyers as well. Approximately 1/2 of the homes identified for acquisition will be determined to be substandard and in need of rehabilitation. These projects will require more substantial rehabilitation and will be held by the TRCLT until completion and sale to an owner-occupant. The other half of the projects will be acquired jointly by TRCLT and a qualified homebuyer. These homes will require less rehabilitation; on average it is anticipated to be \$15,000. Three of the homes will be in the City of Oakdale. The City of Oakdale has also requested funds to be allocated to these three homes. (See also Acquisition and Rehabilitation project for the City of Oakdale)

Location: Countywide

Objective Number	Project ID
HUD Matrix Code 14A	CDBG Citation 570.201(c)
Type of Recipient Sub-recipient-Nonprofit	CDBG National Objective LMH-low/mod housing
Start date (mm/dd/yyyy) 07/01/05	Completion date (mm/dd/yyyy) 06/30/2006
Performance indicator Housing units (10)	Annual Units 0
Local ID wXXXXX	Units upon completion 10

Funding Sources:

CDBG	\$159,904.00
ESG	—
HOME	\$40,096.00
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding	\$2,081,000.00
Total	\$2,381,000.00

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3
Consolidated Plan Listing of Projects**

Applicant's Name Washington County

Sub-recipient's Name: City of Oakdale

Priority Need: Housing-Medium and High; low and moderate income renters

Project Title: Acquisition and Rehabilitation project

Project Description: Oakdale's housing rehabilitation effort would continue a cooperative program with Two Rivers Community Land Trust. The city will rehabilitate 3 homes, purchased by Two Rivers to be resold to low-and moderate-income families, therefore preserving affordability through the community land trust model. Two Rivers CLT-requested funds would also be allocated to these three homes (see also Acquisition and Rehabilitation project for Two Rivers Community Land Trust).

Location: Countywide

Funding Sources:

Objective Number	Project ID
HUD Matrix Code 14A	CDBG Citation 570.201(c)
Type of Recipient Sub-recipient-Nonprofit	CDBG National Objective LMH-low/mod housing
Start date (mm/dd/yyyy) 07/01/05	Completion date (mm/dd/yyyy) 06/30/2006
Performance indicator Housing units (10)	Annual Units 0
Local ID wXXXXXX	Units upon completion 10

CDBG	\$100,000
ESG	—
HOME	
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing PHA	
Other Funding	\$614,300
Total	\$714,300

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3
Consolidated Plan Listing of Projects**

Applicant's Name Washington County

Sub-recipient's Name: Greater Metropolitan Housing Corporation

Priority Need: Housing-High and Medium; moderate-, low-, and very low-income owners

Project Title: Washington County Rehabilitation Program

Project Description: This program provides grants and/or loans to low- and moderate-income households for projects that improve the safety and energy efficiency of houses. Funds were awarded to this program in past years. \$351,536 of the funds was reprogrammed to other projects in an effort to get CDBG funds spent quickly. The county's intention is to restore the reprogrammed funds in future years. \$162,801 of previous funds was earmarked to be spent in the following communities: Afton, Lakeland, May, Oak Park Heights, Newport, Baytown, and Lake St. Croix Beach. The program is currently funded at \$156,836.00. A minimum of \$48,272 is needed to honor these past commitments. A greater amount of funds is desirable to benefit residents countywide. The remainder of the funds could be restored from future year allocations or from freed-up funds throughout the year.

Location: Countywide

Funding Sources:

Objective Number	Project ID
HUD Matrix Code 14A	CDBG Citation 570.201(c)
Type of Recipient Sub-recipient-Nonprofit	CDBG National Objective LMH-low/mod housing
Start date (mm/dd/yyyy) 07/01/05	Completion date (mm/dd/yyyy) 06/30/2006
Performance indicator Housing units (10)	Annual Units 9
Local ID wXXXXX	Units upon completion 18

CDBG	\$118,515.00
ESG	—
HOME	\$
HOPWA	
Total Formula	
Prior Year Funds	2002 CDBG \$27,000.00 2003 CDBG \$52,897.25 2004 CDBG \$76,938.70
Assisted Housing	
PHA	
Other Funding	
Total	\$275,350.95

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3
Consolidated Plan Listing of Projects**

Applicant's Name Washington County

Sub-recipient's Name: City of Lake Elmo

Priority Need: Housing-High; low income and very low income owners

Project Title: Cimarron Gas Service Rehabilitation

Project Description: This project is a continuation of the local grant program to low/mod manufactured housing owners in the Cimarron neighborhood to replace the natural gas service lines under/in their homes from the meter to the appliances. The City of Lake Elmo funded a 2003 inspection of the oldest (200+) of the manufactured homes in Cimarron (some about 40 years old). Nearly all of the homes inspected showed signs of deterioration as well as non-code compliant installations of the gas service lines. The city decided to use its 2004 CDBG funds for a grant program to assist low/mod-income (most were low- or very low-income) homeowners with the cost of replacing the deteriorating gas lines. Vendor proposals for the replacement program will be solicited during the winter 2004-2005 and all work possible within the \$48,000 2004 CDBG allocation will be completed by early summer. Up to 90 homes can be addressed from the 2004 funding. The proposed 2005-2006 CDBG project will continue the grant program for gas service line replacement on the 110+ homes that remain. Since not all homeowners will qualify for/or desire grant assistance, a 2005-2006 grant of \$60,000 should be sufficient to complete the other homes. In addition, the 2005 Program will continue the inspection on the next tier (by age) of 200 manufactures homes.

Location: Cimarron, a manufactured home community at the corner of 10th Street North and Lake Elmo Avenue.

Funding Sources:

Objective Number	Project ID
HUD Matrix Code 14A	CDBG Citation 570.201(c)
Type of Recipient Sub-recipient-public	CDBG National Objective Low-moderate Housing (LMH)
Start date (mm/dd/yyyy) 07/01/05	Completion date (mm/dd/yyyy) 06/30/2006
Performance indicator Housing Units (10)	Annual Units 55
Local ID wXXXXX	Units upon completion 110

CDBG	\$72,000.00
ESG	—
HOME	\$
HOPWA	
Total Formula	
Prior Year Funds	2004 CDBG \$48,200.00
Assisted Housing	
PHA	
Other Funding	\$7,500.00
Total	\$127,700.00

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3
Consolidated Plan Listing of Projects**

Applicant's Name Washington County

Sub-recipient's Name: City of Cottage Grove

Priority Need: Community Development-High; sidewalks

Project Title: Crestview/79th Street Sidewalk Installation Project

Project Description: This project involves installing missing sidewalk segments in the area between City Hall and Crestview Elementary School. The installation will address safety concerns for the large number of children from adjacent multi-family neighborhoods that must walk in the street to get to school.

Location: 79th Street in Cottage Grove near Crestview Elementary school

Objective Number	Project ID
HUD Matrix Code 03L-sidewalks	CDBG Citation 570.201(c)
Type of Recipient Sub-recipient-public	CDBG National Objective Low-moderate Area (LMA)
Start date (mm/dd/yyyy) 07/01/05	Completion date (mm/dd/yyyy) 06/30/2006
Performance indicator People (01)	Annual Units # of people TBD
Local ID wXXXXXX	Units upon completion # of people TBD

Funding Sources:

CDBG	\$30,000.00
ESG	—
HOME	\$
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding	\$48,000.00
Total	\$78,000.00

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3
Consolidated Plan Listing of Projects**

Applicant's Name: Washington County
Sub-recipient's Name: City of Landfall
Priority Need: Community Development-High; sidewalks
Project Title: Sidewalk, curb and gutter replacement

Project Description: This project is to remove and replace 224 feet of sidewalk, curbing, and gutters on the west side of Dellwood Lane, remove and replace 496 feet of sidewalk and curbing on the west side of Linden Lane, remove and replace 522 feet of sidewalk and curbing on the east side of Linden Lane, and remove and replace 507 feet of sidewalk, curb, and gutters on both sides of Evergreen Drive. It would finish a project started with 2004 CDBG funds.

Location: Dellwood Lane, Linden Lane and Evergreen Drive in Landfall.

Funding Sources:

Objective Number	Project ID
HUD Matrix Code 03L-sidewalks	CDBG Citation 570.201(c)
Type of Recipient Subrecipient-public	CDBG National Objective Low-moderate Area (LMA)
Start date (mm/dd/yyyy) 07/01/05	Completion date (mm/dd/yyyy) 06/30/2006
Performance indicator People (01)	Annual Units 214 low mod income households
Local ID wXXXXX	Units upon completion 214 low mod income households

CDBG	\$38,000.00
ESG	—
HOME	\$
HOPWA	
Total Formula	
Prior Year Funds	2004 CDBG \$34,860.00
Assisted Housing	
PHA	
Other Funding	\$38,000.00
Total	\$110,860.00

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3
Consolidated Plan Listing of Projects**

Applicant's Name Washington County

Sub-recipient's Name: Lee and Rose Warner Nature Center

Priority Need: Community Development-High; park and recreational facilities

Project Title: Warner Nature Center Accessibility Improvement Project

Project Description: The Lee and Rose Warner Nature Center is committed to providing accessibility and removing architectural barriers to their Trailside Museum building and grounds. The project includes: 1) Improve ramp and sidewalk from front path.; 2) Install automatic open front & lower entry doors.; 3) Install accessible spur trail off front, front entry sidewalk to upper picnic area and also to the lower picnic and play area.;4) Install accessible hard surface area to upper picnic area.; 5) Install accessible spur trail from front entry sidewalk to amphitheater and bog overlook (include ramp and grade change to overlook).; 6) Install accessible trail from amphitheater to the back (south side) of the building to lower picnic area and raptor mews (housing one barred owl, one American kestrel and one red-tailed hawk). The recommended funding would pay for the accessibility improvements to the building. The trail improvements are not recommended for funding.

Location: The northwest quarter of the southwest quarter of section 15, township 31 north, range 20, parcel #1503120320001, May Township

		Funding Sources:	
Objective Number	Project ID	CDBG	\$75,000.00
HUD Matrix Code 03	CDBG Citation 570.201(c)	ESG	—
Type of Recipient Sub-recipient-non-profit	CDBG National Objective LMC	HOME	\$
Start date (mm/dd/yyyy) 07/01/05	Completion date (mm/dd/yyyy) 06/30/2006	HOPWA	
Performance indicator Public Facilities (11)	Annual Units 1	Total Formula	
Local ID wXXXXXX	Units upon completion 1	Prior Year Funds	
		Assisted Housing	
		PHA	
		Other Funding	\$99,505.00
		Total	\$174,505.00

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3
Consolidated Plan Listing of Projects**

Applicant's Name: Washington County

Sub-recipient's Name: Washington County Community Services

Priority Need: Homeless-High, Non-homeless special populations-High

Project Title: Housing Specialist

Project Description: The housing specialist provides general homeless services throughout the County, including monitoring and case management for families and individuals in emergency housing stays; preparation of ASSURE/EGA applications on individuals referred from financial workers to abate homelessness, eviction and mortgage foreclosure assistance to prevent homelessness; managing housing unit; and general assistance to the housing coordinator.

Location: Countywide

Objective Number	Project ID
HUD Matrix Code 05	CDBG Citation 570.201(c)
Type of Recipient Sub-recipient-public	CDBG National Objective LMC
Start date (mm/dd/yyyy) 07/01/05	Completion date (mm/dd/yyyy) 06/30/2006
Performance indicator People (01)	Annual Persons Served 60
Local ID wXXXXXX	Persons upon completion 60

Funding Sources:

CDBG	\$48,019.00
ESG	—
HOME	
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing PHA	
Other Funding	\$4,500
Total	\$52,519.00

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3
Consolidated Plan Listing of Projects**

Applicant's Name: Washington County

Sub-recipient's Name: Washington County Community Services

Priority Need: Homeless-High; Non-homeless Special Populations-High

Project Title: Wraparound Services

Project Description: Wrap-around services are direct financial assistance to individuals and families who are homeless or are at risk of homelessness. Assistance is in the form of application fees to those on limited incomes; first month's rent and damage deposits; eviction and foreclosure prevention; moving costs and storage fees for crisis situations; and educational programs and materials for tenants and landlords. Wrap-around services provides a gap service for families and individuals who may not be eligible for ASSURE/EGA or are no longer eligible for those services.

Location: Countywide

		Funding Sources:	
Objective Number	Project ID	CDBG	\$88,293.00
HUD Matrix Code 05	CDBG Citation 570.201(c)	ESG	—
Type of Recipient Sub-recipient-public	CDBG Nation Objective	HOME	\$
Start date (mm/dd/yyyy) 7/1/05	Completion date (mm/dd/yyyy) 6/30/06	HOPWA	
Performance indicator People (01)	Annual Units 50	Total Formula	
Local ID wXXXXXX	Units upon completion 50	Prior Year Funds	
		Assisted Housing	
		PHA	
		Other Funding	\$
		Total	\$88,293.00

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3
Consolidated Plan Listing of Projects**

Applicant's Name Washington County

Sub-recipient's Name: Ramsey County Community Development

Priority Need: Housing-High and Medium; moderate, low and very low income renters

Project Title: FirstHOME Buyer Program

Project Description: Assist low-income households to purchase a home. First-time buyers can receive up to \$10,000 in deferred, non-interest bearing second mortgages for closing costs or down payments. The County requires repayment of the principal upon the sale, maturity, or other transfer of the property or when the buyer no longer occupies the property as the principal residence.

Location: Countywide: Exact locations will be determined by FirstHOME program participants and may be located within the cities of Afton, Bayport, Birchwood, Cottage Grove, Forest Lake, Grant, Hugo, Lake Elmo, Lake St. Croix Beach, Lakeland, Lakeland Shores, Landfall, Mahtomedi, Newport, Oak Park Heights, Oakdale, Pine Springs, St. Mary's Point, St. Paul Park, Stillwater, Willernie, or Woodbury, or the townships of Baytown, May, Scandia, Stillwater or West Lakeland.

Funding Sources:

Objective Number	Project ID
HUD Matrix Code Direct Homeownership Assistance- 13	CDBG Citation 570.201(c)
Type of Recipient Sub-recipient-public	CDBG National Objective Low-moderate Housing (LMH)
Start date (mm/dd/yyyy) 07/01/2005	Completion date (mm/dd/yyyy) 06/30/2006
Performance indicator Households (4)	Annual Households 17
Local ID wXXXXXX	Households upon completion 17

CDBG	
ESG	—
HOME	\$55,864.00
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding	American Dream Downpayment Initiative \$14,136.00
Total	\$70,000.00

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3
Consolidated Plan Listing of Projects**

Applicant's Name Washington County
Sub-recipient's Name: Washington County
Priority Need: Planning and Administration-High
Project Title: Planning and Administration

Project Description: Program administration for the CDBG and HOME programs includes, but is not limited to, costs of the following activities: providing information to citizens, staff and elected officials; budgeting and accounting for all funded activities; developing contracts with sub-recipients for projects and administrative assistance; monitoring program activities for progress and compliance; preparing HUD documents; providing technical assistance to sub-recipients; conducting environmental review for all funded projects; fair housing activities; contingency for unexpected costs and all other administrative expenses needed to manage an effective program. The recommended funding is 20% of the CDBG annual allocation and 10% of the HOME allocation. Any surplus will be reallocated to the Countywide Owner-occupied Rehabilitation Program.

Location: County-wide

Objective Number	Project ID
HUD Matrix Code 21A	CDBG Citation 570.201(c)
Type of Recipient Sub-recipient-public	CDBG National Objective NA
Start date (mm/dd/yyyy) 07/01/2005	Completion date (mm/dd/yyyy) 6/30/2006
Performance indicator NA	Annual Units NA
Local ID wXXXXXX	Units upon completion NA

Funding Sources:

CDBG	\$182,590.00
ESG	—
HOME	(Wash Co) \$22,958.00 (Dakota County) \$7,652.00
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding	\$
Total	\$213,200.00

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

Attachment A: Comments **Received / Legal Notices**

A public comment period was open from March 8th through April 26, 2005. Notice was published March 3rd, 2005. A Consortium public hearing was held March 10, 2005, from 5:00 to 7:00 p.m. in the Roseville Public Library. The purpose of the hearing was to provide an opportunity for the public to comment on the housing, community and economic development needs of communities within the Dakota County Consortium. Legal notices were published on March 2nd and March 9th in the Oakdale/Lake Elmo Review.

A Washington County public hearing was held April 26, 2005 at 9:00 a.m. at the Washington County Government Center in Stillwater. The purpose of the hearing was to provide information and solicit comments from the public on the *Washington County 2004 Annual Action Plan* for proposed CDBG and HOME activities. Legal notice was published in the Oakdale/Lake Elmo Review Wednesday, April 13, 2005.

Comments received are summarized below. The Washington County Board of Commissioners approved the plan on April 26, 2005.

Comment #1: See attached letter from the City of Oakdale.

Response: County staff met with city officials to discuss their concerns. In response to some of the city's concerns, funds were reallocated from the Two Rivers Community Land Trust to the City of Oakdale for the acquisition and rehabilitation of three houses in the city. This will enable the funds to be used as a match for other grant funds that the city is seeking.

Attachment B: Certifications

**Attachment C: Application
for Federal Assistance, SF-424**

WASHINGTON COUNTY

FirstHOME Program

**POLICY FOR THE PROVISION OF
FIRST TIME HOMEBUYER ASSISTANCE
WITH THE USE OF
HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS**

Program and Policies Adopted:
December 2002
And
Revised July 1, 2003

Washington County
FirstHOME Program

SECTION I

OVERVIEW

Washington County is committed to assisting low- and moderate-income families with the purchase of affordable housing in suburban Washington County. The Washington County FirstHOME Program enables the County to provide funds to assist first time homebuyers who will live in Washington County eligible communities with costs associated with the purchase of a home.

Funding in an amount up to \$10,000 will be provided as a second mortgage and may be used to pay any or all generally accepted closing costs including loan points, origination fees, appraisals, credit and title examinations, and legal and recording fees. Funds may also be used for down payment costs or principal subsidies.

SECTION II

FUNDING SOURCE

The funds for Downpayment Assistance are being provided by the U.S. Department of Housing and Urban Development (HUD) through the Home Investment Partnership Program (HOME Program). The FirstHOME Downpayment Assistance Program has been approved as an eligible use of HOME funds and is operated within Washington County.

Because the FirstHOME Program provides assistance with HOME Investment Partnership Program funding and where possible, may be used in conjunction with the Minnesota Housing Finance Agency ECHO Program, applicants must meet the eligibility requirements of both programs in order to qualify for both sources of down payment assistance.

SECTION III

DETERMINATION OF ELIGIBILITY

To be eligible to participate in the FirstHOME Program, the following requirements must be met:

1. Maximum Income

Annual household income cannot exceed the maximum income limitation as determined

by Washington County. This limit is based upon 80% of the Minneapolis/St. Paul Metropolitan Statistical Area median income by household size as determined periodically by HUD. A breakout of these figures is attached as Exhibit F in the lender package. Income is to be arrived at using the IRS 1040 Adjusted Gross income for EACH adult living in the household, even if that adult is not listed on the mortgage. The format for calculating household income using this method is enclosed as Exhibit B and must be forwarded at the time that a reservation of funds is requested. Income should be verified by third parties where earnings are irregular or uncertain. In the event that Washington County funds are used in conjunction with Minnesota Housing Finance Agency funding, requirements of both programs must be met.

2. Acquisition Price

The purchase price shall be no more than the Section 203(b) maximum HOME Program purchase price limit as determined by HUD for the Minneapolis/St. Paul Metropolitan Statistical Area (see Exhibit B) or as established by the Minnesota Housing Finance Agency if that agency's ECHO down payment assistance program is also being used to assist with the purchase of residential property. The current maximum acquisition price for properties purchased with Washington County FirstHOME Program assistance is identified in the Fact Sheet.

3. First Time Buyer

The borrower(s) cannot have owned a principal place of residence within the past three years except that displaced homemakers and/or single parents who may have owned a home with a former spouse may also be eligible. Buyer(s) must demonstrate that they have a minimum of three years of continuous employment history.

4. Homebuyer Training

To qualify for participation in the FirstHOME Program, at least one household member must have successfully completed an approved homebuyer education program. Education must be completed prior to closing the loan. Training provided through MHFA sponsored Home Stretch or through the Homeownership Center is acceptable. A list of approved training opportunities is available on the web at www.hocmn.org. Evidence of successful completion of homebuyer training must be provided prior to issuance of the check for FirstHOME down payment assistance.

5. Mortgage Qualification

The borrower(s) must be able to qualify for a VA, FHA, or Fannie Mae approved conventional mortgage as determined by the participating private lender or must meet the requirements of locally approved initiatives designed to meet affordable housing needs in Washington County.

6. Asset Limitations

Borrowers using the Washington County FirstHOME Buyer Assistance Program may have no more than \$5,000 in liquid assets after closing the FirstHOME loan. IRAs, 401Ks and other tax sheltered retirement accounts do not have to be considered in calculating maximum assets.

7. Property Eligibility

The property being purchased must be located in an eligible Washington County community and must be the principal place of residence of the borrower(s). Eligible communities include: Afton, Bayport, Baytown Township, Birchwood, Cottage Grove, Forest Lake, Grant, Hugo, Lake Elmo, Lake St. Croix Beach, Lakeland, Lakeland Shores, Landfall, Mahtomedi, May Township, New Scandia Township, Newport, Oak Park Heights, Oakdale, Pine Springs, St. Mary's Point, St. Paul Park, Stillwater, Stillwater Township, West Lakeland Township, Willernie, and Woodbury. Ineligible communities include Dellwood, Denmark Township, Grey Island Township, and Marine on St. Croix.

Properties must minimally meet Housing Quality Standards (Exhibit G) and must comply with federal lead-based paint and asbestos regulations.

Eligible properties include single family homes, condominiums, townhouses, land trust property where there is a 99-year leasehold interest in the property, and manufactured housing if it meets the following criteria.

Manufactured housing qualifies only if the unit is situated on a permanent foundation, is connected to permanent utility hook-ups, is located on land that is held in a fee-simple title, land trust, or long-term ground lease with a term at least equal to that of the appropriate affordability period. Properties must meet construction standards that are established under 24 CFR 3280 if produced after June 15, 1976. If the unit was built prior to June 15, 1976, it must comply with applicable State or local codes.

A multi-unit, owner-occupied property is not an eligible property. Downpayment assistance will not be provided for the purchase of a property that is primarily occupied by tenants.

The specifics of the above qualifications will undoubtedly change over time and are regulated by state and federal law. The borrower(s) must abide by those requirements in place at the time he/she chooses to participate in the first time homebuyer program.

SECTION IV **FIRST TIME HOMEBUYER PROGRAM /** **HOME INVESTMENT PARTNERSHIP ASSISTANCE**

FirstHOME assistance is available from the HRA on a first come, first served basis to households who meet the income, employment, property, homebuyer education and other criteria established in Section III (qualified borrowers). Washington County will work

with any recognized lender; however, preference will be given to lenders who have attended the county-sponsored information program and those who have been designated as participating lenders through MHFA ECHO Program, which provides down payment assistance funds.

A. DOWNPAYMENT ASSISTANCE QUALIFICATIONS

1. Income/Property

Borrowers must be eligible and the property must meet criteria established under Section III.

2. Housing Quality Standards

The property must minimally meet Section 8 Housing Quality Standards. First time homebuyer mortgages that are FHA insured, VA guaranteed, or Fannie Mae approved conventional and meet the property standards for those programs will also be presumed to meet FirstHOME standards. Lenders must provide evidence that the property has been inspected and meets housing quality and lead standards prior to closing.

All properties constructed before 1978 must pass a visual inspection for lead hazards conducted by an individual trained in visual assessment. Training is available on-line at www.hud.gov/offices/lead/training/index.cfm. Upon successful completion of the hour-long course, the trainee can print out a completion certificate. A copy of the certificate should accompany the visual assessment forwarded to the FirstHOME Administrator (Ramsey County) prior to closing.

3. Minimum / Maximum Downpayment Assistance

The borrower must contribute a minimum equity investment of one (1%) percent of the purchase price of the property or \$2,000.00, whichever is greater. Washington County will fund a second mortgage in an amount equal to the difference between the maximum approvable mortgage based on the buyer paying at least 30% of household income and the current maximum purchase price. This amount includes any funds necessary to facilitate participation in the MHFA programs up to the maximum of \$10,000. The buyer(s) is expected to pay at least 30% of adjusted income for principal, interest, taxes and insurance.

4. Repayment Agreements

The borrower(s) is required to sign a Note and Mortgage (see [Exhibits D](#) and [E](#)) in order to receive down payment assistance. Down payment assistance will be provided in the form of an interest-free loan secured with a Second Mortgage and payable upon sale or transfer of property. The Second Mortgage is not assumable. Full repayment of the principal is due upon the sale, maturity, or other transfer of the property or when the buyer no longer occupies the property as the principal residence. Washington County will subordinate the second mortgage only when the property is being refinanced to secure a lower rate and/or term and no cash is refunded to borrower(s).

B. FIRST MORTGAGE REQUIREMENTS

- The first mortgage will be fixed term, fully amortizing, over a minimum term of twenty (20) years. No rollover, adjustable rate mortgages, or other mortgage loans with principal balloons will be permitted.
- The loan to value ratio may be at least 105 percent (105%), including the Washington County FirstHOME Program loan.
- The loan must meet industry accepted underwriting standards.
- The interest rate in the first mortgage may be no higher than the current market rate in suburban Washington County communities.

C. THIRD MORTGAGE REQUIREMENTS – Minnesota Housing Finance Agency Entry Cost Homeownership Program (ECHO).

- Entry cost assistance (for the down payment and closing costs) is available through the Minnesota Housing Finance Agency ECHO Program in an amount up to \$3000 for existing homes and \$4,000 for new construction. ECHO loans are interest free, third mortgages due upon sale, maturity or when the buyer no longer occupies the property.
- MHFA third mortgages are discounted 26 percent (26%) at loan purchase. Lenders may pay all of the discount or may be reimbursed in part through resources other than from the homebuyer or property seller.
- Other eligibility requirements established by the ECHO Program will apply when used in conjunction with the Washington County FirstHOME Program. For example, ECHO participants may not retain more than \$5,000 in liquid assets upon closing, not including funds invested in tax sheltered retirement programs.

D. DOWNPAYMENT ASSISTANCE PROCEDURES

1. Borrowers wishing to participate in the FirstHOME down payment assistance program must express their interest to the participating lender with whom they are working. The FirstHOME Administrator (Ramsey County) will work with participating lenders, not directly with homebuyers.

The lender will complete a worksheet (see Exhibit A) to determine the amount of down payment assistance for which the borrower qualifies. The lender will then forward the worksheet to the HRA where it will be reviewed for accuracy and eligibility. An authorized HRA staff member will sign the worksheet to indicate that down payment assistance funds in the amount indicated on the worksheet have been reserved for that borrower, and return the signed worksheet to the lender. **The lender must demonstrate or otherwise certify that the borrower is paying at least 30% of income for PITI. The Household Income Worksheet has been provided and must accompany the request to reserve FirstHOME funds.**

3. Two weeks prior to the closing date, the lender will send all necessary documentation required by the HOME Program to the FirstHOME Administrator. Upon receipt of the

required documents, Washington County will prepare a check in the amount approved on the Downpayment Assistance Request Form. Lenders should note FirstHOME Administrator must receive the completed Claim Form (Exhibit F) in order to initiate the financing process. Lenders should allow at least ten days from receipt of the Claim Form to process a check.

4. The lender shall provide the down payment assistance check at closing and will be responsible for having the borrower(s) sign the Second Mortgage and Note at that time.

5. Following the closing, the lender will be responsible for forwarding one copy of the Second Mortgage and the original Note to the FirstHOME Administrator. The lender is responsible for recording the Second Mortgage with the Washington County Recorder's Office and forwarding the recorded document to the FirstHOME Administrator.

SECTION V

RESALE OF PROPERTY PURCHASED WITH HOME OR CDBG PROGRAM FUNDS

At such time as the borrower(s) wishes to resell the home purchased with Washington County FirstHOME Program funds, it is required that the down payment assistance funds provided to the borrower(s) be repaid in full to the FirstHOME Administrator.

SECTION VI **REFINANCING**

Washington County may subordinate the FirstHOME Buyer Assistance loan if refinancing results in greater housing affordability for the participants. Subordinations may be made on a case-by-case basis; however no cash may be taken out as a result of refinancing. Borrowers may need to document continuing income eligibility for the program. The following documentation should be submitted to the FirstHOME Administrator along with a copy of the lender 1003, appraisal, title report, and estimated closing statement.

SECTION VII **CONTINUING AFFORDABILITY**

The aforementioned guidelines will ensure that all borrowers receiving down payment assistance through the Downpayment Assistance Program meet the applicable HOME Program rules and regulations. The HOME Program has established periods of affordability. Properties purchased with assistance from the Washington County FirstHOME program must remain affordable for a period of no less than 5 years. Properties with FHA insured, VA guaranteed, or Fannie Mae conventional mortgages must remain affordable for the longer of the length of the mortgage or FirstHOME affordability period.

Because the use of HOME Program funds as described in these policies requires that borrowers using FirstHOME down payment assistance repay that assistance upon sale or

transfer of the property, all HOME Program funds utilized for FirstHOME down payment assistance will be returned to the FirstHOME Administrator, thereby nullifying the continued affordability requirement. Funds repaid/recaptured during the period of affordability will be used to fund the FirstHOME Program.

SECTION VIII
RE-USE OF HOME AND CDBG PROGRAM FUNDS

Washington County will reinvest returned HOME Program funds for the purpose of assisting other low and moderate-income families to obtain decent and affordable housing within Washington County.

SECTION IX
AFFIRMATIVE MARKETING

Washington County participates in Community Development Block Grant and Home Investment Partnership Programs. Although funding for the FirstHOME program limits the number of participants, marketing efforts will comply with requirements of the Consolidated Plan. Specifically, any entity engaged in marketing Washington County funded programs must not discriminate against households who may be included in protected classes. Furthermore, every effort must be made to engage in inclusionary marketing and to use the HUD fair housing logo whenever feasible.

SECTION X
FirstHOME PARTNERS

The FirstHOME Administrator will work with all suburban lenders to make FirstHOME funding available to eligible buyers. Lenders must agree to comply with requirements of the Washington County FirstHOME Program and make files available for monitoring by the FirstHOME Administrator, Washington County and the U.S. Department of Housing and Urban Development upon request.

SECTION XI
POLICY MODIFICATIONS

The Director, Washington County Community Services shall have the authority to make modifications to this policy as necessary for the continued implementation of the program, including, but not limited to: (1) policy revisions necessary due to a change in design of the FirstHOME Program; and (2) policy changes necessary due to revisions in the rules and regulations of the Home Investment Partnership Program (24 CFR Part 92) Program as administered by the U.S. Department of Housing and Urban Development.

The Director has the right to amend this policy and/or discontinue the HRA homebuyer assistance program at any time.

Attachment E: Affidavits **and Copies of Legal Notices**