

FYI on NDR

National Disaster Resilience

August 2021



Resilient Homebuyer Program Celebrates 50th Closing, additional \$1.5 million allocated towards successful program

The success of the CDBG-NDR Resilient Homebuyer program, which provides financial assistance to low-to-moderate income (LMI) Minot households affected by the 2011 flood, has resulted in an additional \$1.5 million committed to the program by the City of Minot after the original \$3 million was utilized. This reinvestment comes just as the City celebrates the 50th closing for the program.

The Resilient Homebuyer program is funded through the National Disaster Resilience Competition, a grant awarded to the City of Minot in 2016 by the U.S. Department of Housing and Urban Development (HUD). The program works with Minot real estate brokers and financial institutions to provide gap financing in the form of a forgivable second mortgage up to \$60,000 to enable LMI households in Minot to purchase an affordable home. Qualified buyers must demonstrate they were living in a home significantly damaged or destroyed by the flood or live in a home being purchased for the flood control project. Homes must be located outside of the 100-year flood plain and buyers must meet eligibility criteria. The second mortgage is forgiven on the 15-year anniversary of the recipient living in the house.

The first \$3 million assisted 51 households in buying a home, with an average second mortgage of \$57,000. It is projected that the additional \$1.5 million will help another 25 to 30 LMI households buy homes outside the flood zone.

"This program has been a tremendous success," Minot Mayor Shaun Sipma said. "It has helped people whose homes were damaged or destroyed by the flood buy a home and continue to be part of our community. The City Council is pleased to have played a role in this process, and we continue to be supportive of the program."

City Manager Harold Stewart said the program highlights the strategy of the NDR program, which is to make wise investments in the community to promote sustainable growth while addressing lingering effects from the 2011 flood. He also noted that it is an example of the value of collaboration with experienced agencies in the state. The program is supported by the North Dakota Housing Financing Agency, which serves as underwriter for the second mortgages.

"The Resilient Homebuyer Program made it significantly more attainable for me to purchase a home in Minot, the city where I grew up. It is important to me to be able to stay close to my family in the Minot area and be part of the future of this community," said Alex Gorze, the 50th buyer.

"We are pleased with the results we are seeing with this program. More families are qualifying and purchasing homes that they might not have been able to buy without this assistance. As a result, the community of Minot continues to strengthen its tax base and retain residents," said Resilience Program Manager John Zakian. "This program has helped the City of Minot become more resilient and provide home ownership opportunities for some residents impacted by the flood, which is an important goal of the NDR program."

The primary qualification requirements for the Resilient Homebuyer Program are:

- Buyer must be able to provide proof of residency at time of flood in a flood-inundated property or live in a home being acquired by the City for flood control.
- Buyer's household income must be at or below the current low- and moderate- income limits based on the family size for Ward County.
- Homes must be located within the City of Minot, within a designated resilience area, and outside of FEMA's proposed 100-year flood plain.
- The purchase price of the home may not exceed the current maximum price reviewed annually by NDHFA, which is \$311,979.
- The property must pass a HUD Housing Quality Standards inspection to be eligible for the program.
- Buyers must secure a 30-year fixed rate first mortgage from a participating lender.
- Buyers must complete and secure a certificate of completion from an approved Homebuyer Education course.

To receive additional information about the program or discuss the requirements and submit an application, contact Tammy Small at the Minot Disaster Recovery Office, 701-837-5813, smallt@cdmsmith.com

PROJECT HIGHLIGHTS

Acquisition Program

- Overall, the City of Minot has acquired 195 properties to date: 81 properties using NDR-CDBG funds and 114 properties using State Water Commission Funds; 7 properties included in the 81 NDR properties were partially funded with State Water Commission funds. These properties are needed for on-going or upcoming flood mitigation projects.
- The City has demolished 147 properties in the first four buyout areas. The demolition contractor is continuing with demolition activities on assigned properties.
- The City's structure and salvage auctions continue, and all sales generate program income which will be fed directly back into acquisition program future purchases.

Affordable Housing

- 176 people have applied to the Resilient Homebuyer Program (RHP): 52 RHP applicants have purchased a home under the program; 47 RHP applicants are in the project pipeline (i.e., working with lender or realtor, looking for a property, etc.), 77 RHP applicants have withdrawn their application (i.e., moved away, lender determined they were not eligible, etc.). The program continues accepting applications.
- Milton Young Towers (MYT) renovation project continues. After experiencing some material delays during Phase I, the contractor was motivated to order materials from vendors for future phases. The housing authority continues to communicate with tenants for temporary relocation activities: Phase I tenants have started to return to their renovated apartments, while Phase II tenants were informed of their impending relocation by letters distributed at the end of July. Even with material delays, a late 2022 completion is still anticipated.
- Construction is almost completed on the Blu on Broadway mixed-use affordable rental housing facility, which will provide rental units above a ground-level commercial space; residential occupancy is slated for October. Future commercial tenants have already signed leases on ground-level units.
- Construction resumed in the spring on Park South II, a 22-unit affordable housing development; contractors are making progress.
- Construction is underway on Souris Heights, a 54-unit affordable senior housing complex.

Family Homeless Shelter

- The property for the Family Homeless Shelter was conveyed back to the City and a subrecipient agreement has been drafted for Project Bee to take over the project.

City Hall

- The purchase of the Wells Fargo property for the new city hall was completed earlier this spring. The City procured an A/E firm to conduct a space analysis study and provide design services; a contractor for the required renovations is expected to be procured and on board by the end of the year. A schematic design of the new city hall complex was presented to Council at the June 21st meeting; environmentally friendly and efficient design will be a component of the future location. An open house of the Wells Fargo building was held in July. A substantial amendment was approved by HUD, adding relocation services to the project to assist existing month-to-month tenants in their relocation.

Center for Technical Education

- Minot State University, Dakota College at Bottineau, and Minot Area Development Council are working to move the purchase of the Trinity building forward, anticipating an agreement later this summer.

PROJECT OVERVIEW

Reduce Flood Risk/ Improve Water Management

A. Buyouts / Acquisitions / Demolitions / Relocations

- a. Total Budget - \$20,055,768
- b. Spent to Date - \$18,506,650

Build Affordable Resilient Neighborhoods

A. Multi-Family Affordable Housing

- a. Total Budget - \$20,897,000
- b. Spent to Date - \$7,850,869

B. Single-Family Affordable Housing

- a. Total Budget - \$12,807,750
- b. Spent to Date - \$3,903,326

C. Family Shelter

- a. Total Budget - \$3,052,260
- b. Spent to Date - \$811,715

Foster Economic Resilience and Diversification

A. Center for Technical Education

- a. Total Budget - \$3,540,000
- b. Spent to Date - \$30,190

B. Relocate City Hall

- a. Total Budget - \$7,750,000
- b. Spent to Date - \$2,717,207

Completed Projects

- Affordable Housing Supply & Demand Study
- Souris River Decision Support Tool
- Park South Renovations