



# City of Blaine Anoka County, Minnesota

Blaine City Hall  
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## Legislation Details (With Text)

**File #:** EDA RES 16-09    **Version:** 1    **Name:** EDA Home Loan Improve Program - Amend  
**Type:** EDA Resolution    **Status:** Passed  
**File created:** 8/18/2016    **In control:** EDA  
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**Title:** APPROVING MODIFICATIONS TO THE EDA HOME LOAN IMPROVEMENT PROGRAM  
**Sponsors:** Bryan Schafer  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
8/18/2016	1	EDA	Adopted As Amended	Pass

**ECONOMIC DEVELOPMENT AUTHORITY-** *Erik Thorvig, Economic Development Coordinator*

### **APPROVING MODIFICATIONS TO THE EDA HOME LOAN IMPROVEMENT PROGRAM**

The City of Blaine currently has the Home Improvement Loan Program which assists residents in maintaining and improving the quality of Blaine’s existing housing stock. The program was funded in 1996 through the sale of general obligation bonds. In 1998 a resolution was passed outlining specific criteria for approving loans, etc. In general the following are terms of the loan:

- Interest Rate: 5%
- Loan Amount Maximum: \$25,000
- Term: 20 year
- Income Cap: 110% of area median household income (\$91,190)
- Eligible Projects: Most improvements are eligible, interior or exterior maintenance or remodeling

The program currently has 61 outstanding loans totaling \$528,085. The account has \$2,773,500 in cash and investments available. The Center for Energy and Environment (CEE) administers the program and the Community Reinvestment Fund services the loan. Loan approval is not required by the EDA.

Recently CEE approached city staff about marketing efforts for the program as activity has

declined over the past several years. One of the things CEE suggested was modifying the program. Other cities have done this recently and rolled out the new program with fanfare. Staff is proposing two modifications to the existing program. The first is to increase the loan amount maximum from \$25,000 to \$50,000. The second is to remove the income cap. The following table shows other cities programs and the proposed changes to Blaine's.

<u>City</u>	<u>Interest Rate</u>	<u>Loan Amount</u>	<u>Term (years)</u>	<u>Income Cap</u>
Anoka	4%	\$25,000	15	\$99,500
Brooklyn Park	5%	\$25,000	15	115% AMI
Fridley	4.5%	\$50,000	20	None
New Hope	4%	\$10,000	10	None
Coon Rapids	1-5.875%	\$25,000-\$50,000	20	Varies
St. Louis Park	4-5%	\$35,000	20	\$99,500
Blaine (Current)	5%	\$25,000	20	110%
<b>PROPOSED</b>	<b>5%</b>	<b>\$50,000</b>	<b>20</b>	<b>None</b>

The increase in the maximum loan amount would open up the program to individuals looking to do a more extensive remodel or addition to their home. By removing the income cap it allows for every home owner in Blaine to take advantage of the program.

Staff is going to promote the program more aggressively through education and publication.

It is recommended that the EDA approve the proposed changes.

**WHEREAS**, the Blaine EDA established a Home Loan Improvement program in 1998 to assist residents in maintaining and improving the quality of Blaine's existing housing stock; and

**WHEREAS**, certain criteria was created for the program including interest rates, loan amounts, loan terms and income caps; and

**WHEREAS**, proposed changes were discussed at the July 21<sup>st</sup>, 2016 City Council workshop; and

**NOW, THEREFORE, BE IT RESOLVED**, that the Blaine Economic Development Authority hereby approves an increase in the loan amount maximum from \$25,000 to \$50,000 and also approves removing the income cap; and

**NOW, THEREFORE, BE IT FURTHER RESOLVED**, that EDA members are exempt from using the program during their term.

**PASSED** by the Blaine Economic Development Authority this 18<sup>th</sup> day of August, 2016.