

City gets \$1.6 million shot in the housing arm

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A \$1.6 million housing grant will help Rochester combat neighborhood deterioration caused by foreclosures.

The grant came to Rochester through Minnesota Housing from the federal government, where it was part of the 2008 Housing and Economic Recovery Act, enacted by then-President Bush.

The city contracted with First Homes, the housing initiative of the Rochester Area Foundation, to oversee use of the grant. First Homes has a partner in that work, Three Rivers Community Action, and will combine the latest grant with a handful of earlier ones, all totaling \$3.3 million.

Chris Flood, a First Homes program officer, said the money will be spent primarily in four neighborhoods -- Kutzky Park, Eastside Pioneers, Historic Slatterly Park and Northrup -- areas hard-hit by foreclosures.

First Homes will buy, rehabilitate or remove more than 50 foreclosed properties in the next 18 months. In cases where buildings are removed, new developments will go up.

Flood said First Homes also has plans for a second development like Weigel Place, a two-story condominium project recently opened on First Avenue Southwest. The next project will be in the 1100 block of West Center Street. Construction could begin this summer, he said.

In addition, First Homes also plans to buy residential properties near the intersection of Seventh Avenue and Fourth Street Northwest, where the city will restore the bank of Cascade Creek, severely eroded in the August 2007 flood.

A project combining apartments, townhomes, a child-care center and perhaps more neighborhood-focused retail space is planned there, Flood said.

A condition of the grant is that all the money must be spent within 18 months. That's why Three Rivers was brought on as a partner, Flood said. First Homes might hire someone to specially manage work funded by the grant, he said.

"There's a lot more we'd like to do," Flood said, "but given the speed we have to use it, it's surprisingly hard to spend that much money."

Investments from the grant will generate an estimated \$15 million in economic activity, as the homes are rehabilitated and sold, Flood said. First Homes will retain title to the land under the homes through its Community Land Trust program.

Rochester won the grant through a competitive process. It's possible a second round of funding, from President Obama's economic stimulus program, will be issued, Flood said.