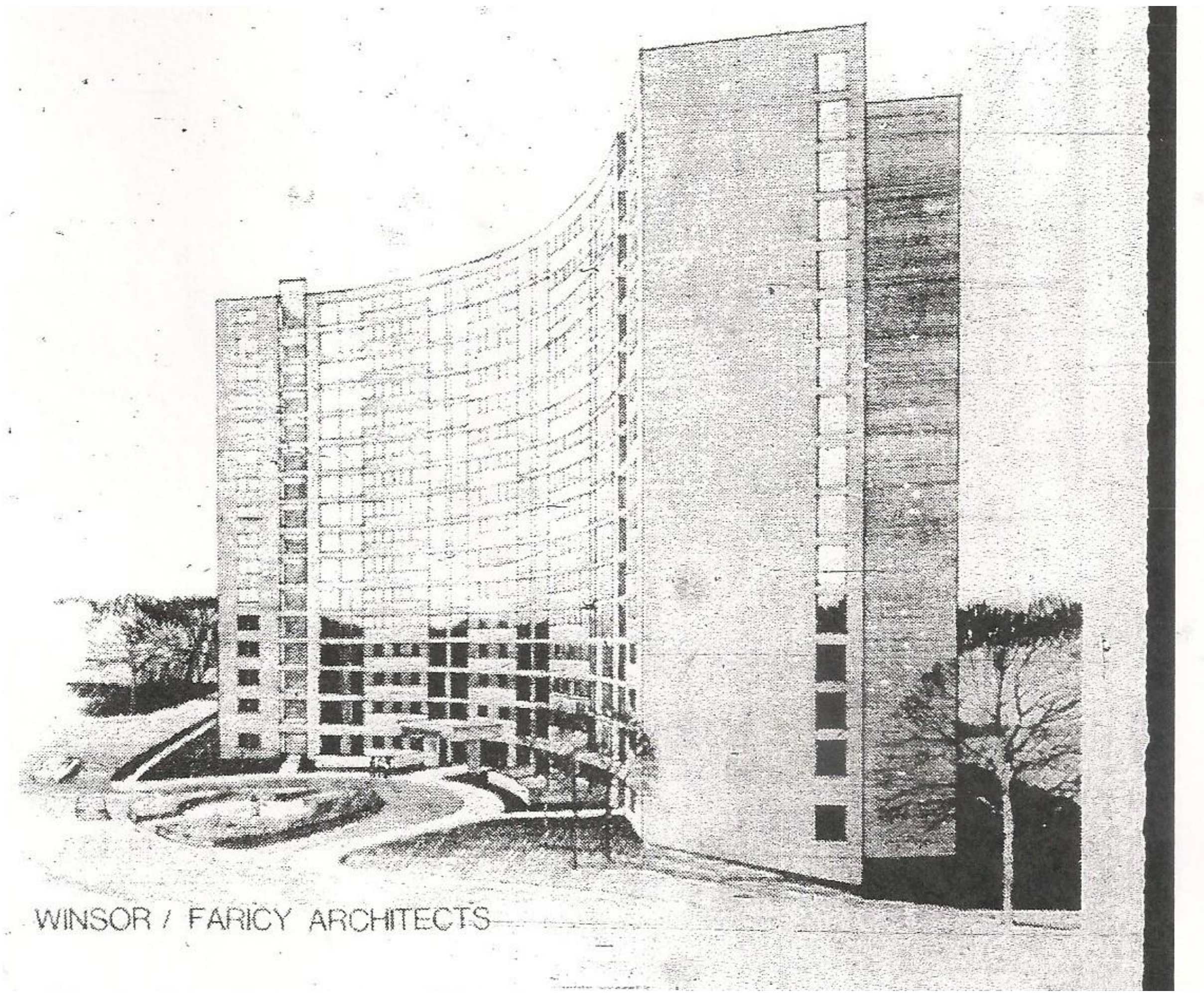
Information for H.F. 4618 (Her) and S.F. 4678 (Murphy)

Preservation of Low-Income Senior Housing at Wilder Park



1978 Rendering

WHY DOES THE WILDER PARK ASSOCIATION NEED HELP TO PRESERVE THEIR AFFORDABLE HOUSING?

The Wilder Park Association in St. Paul includes a 1970s era 17-story senior high-rise condominium tower where the units are currently selling for $60-125,000. From its inception, the Association has been required to maintain at least 25 percent of the units for sale to owners meeting low-income guidelines. Over time, the population has become much poorer than that. <u>A recent demographic survey showed that 94 percent of the owners met HUD low-income guidelines, with most being in the lowest two tiers.</u>

By any standard, the building is affordable housing, and the overwhelming majority of its residents are low-income. However, in seeking assistance for a necessary $6.5 million rehabilitation project to replace windows that are close to 50 years old, Wilder Park has been told that the project does not qualify under any of the current federal, state or local programs. Some programs are only for renters, some programs are only for developers, but none of the programs fit the condominium model even though the needs can be similar or greater.

Put simply, the elderly, low- income unit owners at Wilder Park do not have the financial means to finance a major, critical infrastructure project of this kind and cost. Most of the residents use Social Security for their primary income source. Many are disabled. Most have little equity in their units and are carrying large mortgages, many of which will be underwater because of the windows project. The assessments for the windows project are currently estimated for most units at between $25,000 and $35,000 per unit, if paid up front, or an average of $2500 to $3000 a year every year for 25 years if financed through an association loan. The project cost is simply beyond the reach of most of the residents, but the infrastructure must be maintained to keep the housing safe and habitable. One resident reported: *"Just between the assessment loan, my home loan and the HOA, I will be at just under $3,000 a month. I simply do not know what to do. I am depressed and suffering from panic and anxiety over this. I cannot sleep at night, nor eat. We really need your help."*

There is not a good policy reason why these low-income senior households should be shut out of billions of dollars of housing programs that benefit every other kind of low-income project. They should not be treated differently from developers who receive subsidies for low-income construction and rehabilitation, simply because these low-income seniors own their own units.

WHAT WOULD THIS LEGISLATION DO?

Section 1: Wilder Park has been advised by the City of St. Paul's Housing and Redevelopment Authority that because of Wilder Park's ownership structure, it does not qualify for HRA assistance. Section 1 of the bill would add new authority clarifying that a local governmental housing and redevelopment authority may assist a major infrastructure repair project in an aging building with a low-income population, whether the building is rental- or owner-occupied. The intent is to allow the St. Paul HRA to assist with funding or financing the windows project.

Section 2 of the bill directs $3.25 million – half of the project cost – to be allocated to Wilder Park out of the second year appropriations to the Minnesota Housing Finance Agency.

Wilder Park Tower Owners Income Survey (February 2024)

The Wilder Park Association has concluded a survey of households that own units in the high-rise tower at 1181 Edgcumbe Road, St. Paul, MN 55105. There are 230 units in the building, of which five are not currently occupied. The number of respondents to the survey is 160 (71 percent of occupied units and 70 percent of total units). The results represent a robust response rate.

Tabulated Results:

Category	**Number of Respondents**	**Percentage of Respondents**
HUD 30 % Limits (less than $26,100)	61	38 percent
HUD Very Low Income ($26,100 to $43,500)	63	39 percent
HUD 60 % Limits ($43,500 to $52,200)	9	6 percent
HUD Low Income ($52,000 to $66,300)	18	11 percent
Total units reporting income at or below HUD guidelines	151	94 percent
Mental or physical disability	62	39 percent
Social Security is primary source of income	99	62 percent

About the survey:

The survey was developed using income categories published by the federal Department of Housing and Urban Development for programs assisting low-income housing in the St. Paul/Minneapolis area. See HOME_IncomeLmts_State_MN_2023.pdf (huduser.gov) . The survey was distributed to each owner via hand-delivery and email. The results were tabulated anonymously by an independent third party.

Stories from Wilder Park Tower unit owners on their windows replacement costs

"Just between the assessment loan, my home loan and the HOA, I will be at just under $3,000 a month. I simply do not know what to do. I am depressed and suffering from panic and anxiety over this. I cannot sleep at night, nor eat. We really need your help." A Wilder Park Tower Resident

Case A: A widowed Russian immigrant woman, 86 years old and very hard of hearing, who worked all her life as a pre-school instructor. She purchased her unit outright 6 years ago when her husband was hospitalized, in order to provide him with a ground-floor unit and plenty of room for a wheelchair. However, he never was able to join her, but rather went into assisted living. She paid as much of his fees as she could for 5½ years. The county stepped in to pay the bills when she could no longer do so. But, when she dies, the funds owed will be taken from her estate. Now, she says, she lives on $1385 a month from social security and pays about $800 in monthly dues. She has little left with which to pay her assessment and says she doesn't know what to do. She says, "I worked all my life and do everything right. And now I stay up many nights worrying how to pay. I don't want to leave here and where would I go?"

Case B: A widowed woman age 93. She and her husband moved in about 3 years ago. His health declined, and she nursed him as long as she could until he died. Now she doesn't know what to do. She doesn't want to sell her unit and move at her age. But she can't afford to pay the estimated assessment of over $40,000, or at age 93, take out a loan with payments of over $200/month for 25 years.

Case C: A single woman, age 68+ who suffers from multiple medical conditions, for which the medications cost her $600 a month. Her income and meager savings are not enough to cover living expenses, monthly dues up 11% just this year, plus over $36,000 in a special assessment. She is considering selling her unit.

Case D: A single woman in her early 70s who suffers from a debilitating disease. Her pension is minimal because her employer stopped paying into pensions about 10 years ago, and then her hours were reduced about 5 years ago to less than ½ time, so she had to begin paying for her health care insurance until retirement. Thus, her monthly income is about $2150 and her estimated special assessment is over $36,000. What funds remain from the sale of her single-family home she must save, as the usual course of the disease will most likely require her to move into an assisted housing situation within a few years, which will be costly.

Case E: A single woman in her late 70s with a debilitating disease and a heart condition: She worked all her life, but a hostile takeover of the company she worked for resulted in a substantial loss of her retirement income. Her annual income is under $30,000. Now she is cutting as many expenses as she possibly can, including changing the level of her medical coverage, but is unsure if that will be enough to cover loan payments and interest for her special assessment of about $28,000

Case F: Female owner in her 80s. She has a high mortgage and then took out a second mortgage. Now she has only about 5% equity in her unit and little in savings. Her special assessment is almost $20,000. She says, "God will look out for me."

Case G: Female owner 79 years old. With loan payments starting in January 2025, her housing expenses including the windows assessment will be 56 percent of her monthly income. The few thousand dollars she has in savings pay for property taxes, car and other insurance, car repairs (car is 15.5 years old), and medical expenses not covered by insurance. The windows assessment will create a dire financial situation for her.

Case H: Female owner age 78. Her set costs per month, not including food, run about $1200. She receives a small SNAP payment for food, and currently, 6 months of charity assistance with medical bills. Her estimated windows assessment is $10,650.

Case I: Divorced female age 75. She is now living on her social security payment of $2300/mo. She has large medical bills from a recent appendix removal and hip replacement that didn't go well. Now she has trouble just walking from the garage to the building. Her special assessment for the windows will run about $30,000 and she doesn't know if she will be able to make the monthly payments.