

Crow Wing County HRA
AGENDA
5:00 p.m. Tuesday, December 11th, 2018
Jinx Ferrari Meeting Room
(Located on 2nd floor of the Historic Courthouse,
326 Laurel Street, Brainerd, MN)

AGENDA ITEM

- 1. Call to Order**
- 2. Roll Call**
- 3. Review and Approve Minutes** (*Attachment 1*)
- 4. Review and Accept Financial Statements** (*Attachment 2*)
- 5. Unfinished Business**
 - a. Discussion on Workforce Housing** (*Attachment 3*)
- 6. New Business**
 - a. Review and Discussion of Fund Balance** (*Attachment 4*)
 - b. Authorize Participation in Minnesota City Participation Program** (*Attachment 5*)
- 7. Reports**
 - a. Executive Director** (*Attachment 6*)
 - b. Brainerd HRA**
 - c. BLAEDC**
 - d. CWC**
- 8. Meeting Agenda Topics for January 8, 2018**
- 9. Adjourn**

2018 Officers and Commissioners

Chair – Craig Nathan/District 4 (12-31-20)
Vice Chair – Theresa Goble/District 1 (12-31-22)
Secretary – Sharon Magnan/District 3 (12-31-19)
Commissioner – David Kennedy/District 2 (12-31-18)
Commissioner – Michael Aulie/District 5 (12-31-21)



This page intentionally left blank.

Minutes from Tuesday, Nov. 13th, 2018
Crow Wing County
Housing and Redevelopment Authority
Board Meeting

A regular meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the County of Crow Wing, Minnesota, was held at 5:00 p.m., Tuesday, November 13th, 2018.

- 1. CALL TO ORDER:** Vice Chair Goble called the meeting to order at 5:00 p.m.
- 2. ROLL CALL:** Present at the meeting were Vice Chair Theresa Goble and Commissioners Mike Aulie and Sharon Magnan; Executive Director Jennifer Bergman and Executive Assistant LeAnn Goltz; and Bill Brekken, Tyler Glynn, Tim Houle, and Marlee Larson. Absent: Chair Craig Nathan and Commissioner David Kennedy.
- 3. REVIEW AND APPROVE MINUTES:**

Commissioner Aulie made a motion to approve the minutes from the board meeting held on October 9th, 2018. Commissioner Magnan seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.

- 4. REVIEW AND APPROVE FINANCIAL STATEMENTS:**

Commissioner Magnan made a motion to accept the financial statements as presented. Commissioner Aulie seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.

- 5. OLD BUSINESS:** Nothing to report.
- 6. NEW BUSINESS:**

- a. Consider Crow Wing County HRA TIF Revolving Loan Request:** BLAEDC did not have the required materials for a formal loan request. Tyler Glynn will bring the request to December's board meeting for the Board's consideration.
- b. Discussion on Workforce Housing:** One of the goals of the CWC HRA is to improve housing quality and availability in Crow Wing County with one of the objectives being to determine workforce housing needs and create programs to address the need. Prior to the meeting, Chair Nathan and Bergman met to discuss and determine what steps the CWC HRA should take to move that goal forward.

Bergman provided the Board with a report called, "Out of Reach Minnesota 2018: The Statewide Crisis in Workforce Housing", which tracks the growing gap between wages and rent. The Board had a discussion about this information and what it might mean for CWC.

The Board agreed that there is a shortage of workforce housing but expressed the need to assess exactly what the need is. Bergman suggested it might be beneficial to hire a consultant to assist them. The CWC HRA has budgeted \$40,000 in the 2019 budget for other initiatives, some of



which could be used to fund the workforce housing analysis. The Board was in favor of using funds to find a consultant. Bergman offered to look into potential consultants and get recommendations from colleagues. The Board will discuss this topic again in December.

7. REPORTS:

- a. **Executive Director:** Bergman reported on the following topics:

Update on PDA with Paxmar-Brainerd LLC

As a part of the Purchase and Development Agreement (PDA) with Paxmar-Brainerd LLC (Paxmar), we are required to ensure that Paxmar is complying with all of the requirements. One of the requirements is that plans will be submitted to the CWC HRA for each home and that it complies with the covenants and that Paxmar builds the homes according to the plans.

There have been some differing opinions or concerns regarding the covenants and the building products Paxmar has been using. The covenants state that homes shall have stone or brick on the front facade, but we discovered a few homes with an alternative product. This was brought to Kent Roessler's (Paxmar) attention and he explained that the project is a V-stone (vinyl). Bergman and Schommer informed Roessler that because the covenants say stone must be used and the plans specified stone, stone should be used. Paxmar indicated concerns with the building costs associated with stone and expressed that they were considering cancelling the contract.

In the meantime, staff consulted with their attorney, Martha Ingram, to discuss the option of cancelling the contract. The contract cannot just be cancelled; there would have to be an event of default outlined in the PDA. Since the covenants state stone or brick must be used and an alternative product was used instead, that is considered an event of default. Ingram presented three options:

- 1) Continue to work with Paxmar and require compliance of the covenants
- 2) Allow Paxmar to transfer the PDA to another developer
- 3) Cancel the contract and solicit other developers through an RFP process.

Following the consultation with Ingram, Bergman spoke with Roessler and he informed her he would not be cancelling the contract and has agreed to follow the covenants at this time.

The Board had a discussion about the issue and had a number of questions. How was the V-stone represented to the buyers? Were they given the wrong information or plans? The Board expressed the importance of complying with the covenants using real or cultured stone, not faux or alternative products.

Commissioner Aulie made a motion to insist on compliance with the covenants in the PDA and authorized the executive director to negotiate and work with Paxmar to come up with a reasonable solution. Commissioner Magnan seconded the motion. All commissioners voted in favor and none were opposed. The motion passed.

NAHRO Award

Bergman accepted the Award of Excellence from National NAHRO for the Revival of Tax Forfeited Residential Subdivisions at the NAHRO conference in Atlanta. National NAHRO awarded 22 Awards of Excellence from a pool of 193 Awards of Merit recipients.



- b. **Brainerd HRA:** The 2019 budget will be presented for approval at the November meeting. There will also be a discussion on possibly funding a downtown coordinator position.
- c. **BLAEDC:** Glynn shared that Brainerd Hotel project will be moving forward. Also, they had their first non-approved BUF loan request today. Staff has been working on end of year reports. Glynn also reported that Mike Bjerkness has recruited and filled 22 positions so far in the Key Recruitment Program.
- d. **CWC:** Tim Houle shared that they have two new commissioners for 2019: Bill Brekken and Steve Barrows. Crow Wing County has been busy working on 2019 budgets.

8. **NEXT MEETING:** Dec. 11th, 2018

9. **ADJOURNMENT:**

Commissioner Magnan made a motion to adjourn the meeting. Commissioner Aulie seconded the motion. All commissioners voted in favor and none were opposed. The motion was approved and the meeting was adjourned at 6:02 p.m.



This page intentionally left blank.



Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Karen Young, Finance Director
Date: December 7, 2018
Re: Review & Accept Financial Statements

Please find attached the financial information for November 2018.

CWC HRA Tax Levy

Reflected in the November General Fund financial statements is the deposit of \$37,134.57 in property tax and other tax revenue. The tax levy payments received to date for 2018 totaled \$95,313.74.

2018 Audit

The 2018 audit is scheduled with CliftonLarsonAllen (CLA) during the week of February 4th.

Action Requested: Accept the November financial statements as submitted.



This page intentionally left blank.

Date/Time roberta
12/4/2018 10:42:36 AM

**Crow Wing County
CWC HRA Combined Balance Sheet
November, 2018**

Cumulative

ASSETS

550-000-1129.210 Cash Gen Fund	223,797.93
550-001-1129.210 Cash CWC SCDP	53,802.24
551-002-1129.210 Cash RLF TIF	357,880.86
556-000-1129.210 Cash Development Fund	-18.39
570-000-1129.210 Cash Tax Forf Property	358.42
551-002-1143.000 Loan Rec Grand Oaks	48,000.00
551-002-1153.000 Accrued Int Grand Oaks	6,874.30
550-000-1211.000 Prepaid Insurance	149.13
556-000-1450.000 Land Held for Resale	648,843.33
TOTAL ASSETS	<u>1,339,687.82</u>

LIABILITIES

550-000-2600.000 Def Inflow of Resources	-6,874.30
556-000-2600.000 Def Inflow of Res - Dev	-648,843.33
TOTAL LIABILITIES	<u>-655,717.63</u>

SURPLUS

550-000-2700-000 Net Income	-34,362.41
550-000-2806.000 Retained Earnings	-649,607.78
TOTAL SURPLUS	<u>-683,970.19</u>

TOTAL LIABILITIES & SURPLUS

-1,339,687.82

Proof 0.00



Date: 12/4/2018
Time: 10:42:42 AM
roberta

**Crow Wing County
CWC HRA Combined Operating Stmt
November, 2018**

Page: 1
Rpt File: F:\HMS\REP

	Current Period	Current Year	Year To Date Budget	Variance
INCOME				
550-000-3690.000 Other Revenue	-282.00	-27,850.65	0.00	-27,850.65
550-000-3691.000 Property Tax Revenue	-36,242.26	-94,421.43	-48,250.00	-46,171.43
550-000-3692.000 Other Tax Revenue	-892.31	-892.31	-1,000.00	107.69
556-000-3696.000 Development Revenue	0.00	-121,798.04	-175,266.63	53,468.59
570-000-3696.000 TFP Revenue	0.00	-6,325.00	0.00	-6,325.00
TOTAL INCOME	-37,416.57	-251,287.43	-224,516.63	-26,770.80
EXPENSE				
550-000-4110.000 Administrative Salaries	225.00	2,925.00	4,125.00	-1,200.00
550-000-4130.000 Legal	0.00	160.00	4,583.37	-4,423.37
550-000-4140.000 Staff Training	0.00	0.00	1,375.00	-1,375.00
550-000-4150.000 Travel	0.00	135.71	229.13	-93.42
550-000-4171.000 Auditing Fees	0.00	6,650.00	6,500.00	150.00
550-000-4172.000 Management Fees	5,000.00	55,000.00	55,000.00	0.00
550-000-4190.000 Other Administrative	0.00	108.00	183.37	-75.37
550-000-4500.000 TIF Expense	0.00	643.80	550.00	93.80
550-000-4510.000 Insurance	149.17	1,640.87	1,925.00	-284.13
550-000-4540.000 Employer FICA	17.21	223.77	320.87	-97.10
550-000-4590.000 Other General Expense	0.00	21,654.86	37,500.00	-15,845.14
556-000-4600.000 Development Expense	7.64	121,816.43	175,266.63	-53,450.20
570-000-4600.000 TFP Expense	0.00	5,966.58	0.00	5,966.58
TOTAL EXPENSE	5,399.02	216,925.02	287,558.37	-70,633.35
NET INCOME(-) OR LOSS	-32,017.55	-34,362.41	63,041.74	-97,404.15



**Crow Wing County HRA
November 2018 Payments**

Payment Number	Payment Date	Vendor	Description	Check Amount
564	11/9/2018	John Schommer	Brainerd Oaks & Serene Pines Mileage	\$ 7.64
Total				\$ 7.64



This page intentionally left blank.



Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Jennifer Bergman, Executive Director
Date: December 6, 2018
Re: Discussion on Workforce Housing

One of the goals of the CWC HRA is to improve housing quality and availability in Crow Wing County with one of the objectives being to determine workforce housing needs and create programs to address the need.

Chair Nathan and I met in October to determine what steps the CWC HRA should take to move this goal forward. Then, at the November meeting, the Board discussed potential next steps.

Based on last month's conversation and follow up conversations I have had with colleagues and partners, the following is information we would want to gather:

- » Demographic information by city
- » Number of jobs between \$10–\$20 per hour by city
- » Affordable rent/purchase of an apartment/home by hourly wage
- » Where do existing employees live?
- » If outside of the community they work, why? Is it because they don't have access to affordable housing where they work?
- » How much are they paying for rent/mortgage plus utilities?
- » What is available by city affordable to those wage earners?
- » Is there a gap? If so, what is the gap?
- » By city and wage range
- » What programs are available to help fill the gap?
- » Identify housing demands for the next 20 years

Staff would like to discuss with the Board other information to gather and to begin to start drafting an RFP to solicit an individual or a company to complete the study in 2019.

No Action Requested; Discussion Item

This page intentionally left blank.



Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Karen Young, Finance Director
Date: December 7, 2018
Re: Review and Discussion of Fund Balance

The Fund Balance Policy that the Board approved in 2017 sets the recommended unassigned fund balance to be maintained at eight to 12 months of General Fund operating expenses for the year (see Attachment 4a). The following classifications are established for governmental funds and define the constraints placed on the current fund balance.

1. **Nonspendable** - fund balance not expected to be converted to cash such as inventory or prepaid expenses.
2. **Restricted** - fund balance with constraints from an external source such as TIF Revolving Loan Funds and CWC Local Income (SCDP).
3. **Committed** – fund balance constrained for a specific purpose by the HRA board prior to year-end.
4. **Assigned** – fund balance that is intended for a specific purpose by the Board or executive director/ finance director. These funds are neither restricted nor committed.
5. **Unassigned** – General Fund balance that is available for any purpose.

In August, the Board approved the 2019 General Fund budget with \$33,650 designated fund balance to offset the 2019 budget shortfall caused from non-operating expenses.

In prior years the Board assigned funds for Redevelopment and Housing Projects. I would recommend that the Board take action to commit these funds for Redevelopment and Housing Projects with an amount to be determined after year-end. This will reflect our fund balance more closely in line with how the County reflects their fund balance.

In order to change the funds designated as Committed, the Board is required to take formal action prior to year-end.

Action Requested: Discussion of fund balance. Staff recommendation that the Board commit fund balance for Redevelopment and Housing Projects with an amount to be determined after year-end financial statements are finalized.



This page intentionally left blank.

Crow Wing County HRA

FUND BALANCE POLICY

I. PURPOSE

The purpose of this policy is to establish the specific guidelines for the level of fund balances available for current and future spending for the CWC HRA in the governmental funds. The fund balance policy addresses a minimum level of unrestricted fund balance to be maintained, how the unrestricted fund balance can be used or spent down and how that fund balance will be replenished if it falls below the minimum level. The policy also addresses when fund balances will be restricted to specific purposes.

II. BACKGROUND

Government Accounting Standards Board (GASB) Statement No. 54 was enacted to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In governmental funds, a Housing Authority should identify fund balance separately between non-spendable, restricted, committed, assigned or unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

III. CLASSIFICATION OF FUND BALANCE/PROCEDURES

1. **Nonspendable**

- This category includes fund balance that cannot be spent because it is either (i) not in spendable form or (ii) is legally or contractually required to be maintained intact. Examples include inventory, prepaid items, and land held for resale.

2. **Restricted**

- Fund balance should be reported as restricted when constraints placed on those resources are either (i) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (ii) imposed by law through constitutional provisions or enabling legislation. Examples include bond or grant proceeds and tax increments.

3. **Committed**

- Fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to commit those amounts.
- The CWC HRA's highest level of decision making authority (Board of Commissioners) will annually or as deemed necessary commit specific revenue sources for specified purposes by formal action. This formal action must occur prior to the end of the reporting



period, however, the amount to be subject to the constraint, may be determined in the subsequent period. A committed fund balance cannot be a negative number.

4. Assigned

- Amounts that are constrained by the government's intent to use for specified purposes, but are neither restricted nor committed. Assigned fund balance in the General Fund includes amounts that are intended to be used for specific purposes.
- The Board of Commissioners has delegated the authority to assign and remove assignments of fund balance amounts for specified purposes to the Finance Director or Executive Director.

5. Unassigned

- Unassigned fund balance represents the residual classification for the General Fund. Includes amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

IV. RESERVE TARGET LEVELS

The Office of the State Auditor of Minnesota recommends local governments maintain an unrestricted fund balance in their General Fund and Special Revenue Funds of no less than five months of operating expenditures.

This amount of unrestricted fund balance should be assessed based on the CWC HRA's own circumstances and should provide adequate funds until the next property tax revenue collection cycle. The amount of property tax revenue received must be approved by the County Board and the CWC HRA may be unable to increase levy capacity needed due to budgetary shortfalls. There is reasonable concern that this could cause a potential drain on the General Fund and could affect the necessary level of minimum unrestricted fund balance.

It is recommended at the end of the fiscal year, the CWC HRA will maintain Spendable – Unassigned fund balance in a range equal to **8 to 12** months of General Fund operating expenditures for the year.

V. MONITORING AND REPORTING

The CWC HRA Board of Commissioners shall annually review fund balances in relation to this policy in conjunction with the development of the annual budget. At times the Board may deficit budget, by budgeting more expenditures than revenues and drawdown beginning fund balance for the subsequent year. An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget satisfies the criteria to be classified as an assignment of fund balance.

When both restricted and unrestricted resources are available for use, it is the CWC HRA's policy to first use restricted resources, and then use unrestricted resources as they are needed.



When committed, assigned or unassigned resources are available for use, it is the CWC HRA's policy to use resources in the following order; 1.) committed 2.) assigned and 3.) unassigned.

A negative residual amount may not be reported for restricted, committed, or assigned fund balances in the General Fund.

VI. GOVERNMENTAL FUND DEFINITIONS

GASB Statement 54 provides clarification of the governmental funds definitions. The definitions are added to the fund balance policy to clearly define their reporting requirements. It is also important to understand the fund classification when determining the classification of their fund balances.

General Fund – Used to account for all financial resources not accounted for in another fund.

Special Revenue Funds – Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes (other than debt service or capital projects) such as the Revolving Loan Funds.

- One or more specified restricted or committed revenues are foundation for the fund (comprise a substantial portion of fund's inflows).
- Other inflows (i.e. interest and transfers) may be reported in fund, if restricted, committed or assigned to the specified purpose of the fund.
- Restricted or committed proceeds of specific revenue sources should be expected to continue to comprise substantial portion of inflows of the fund.

Debt Service Funds – Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest payments.

Capital Projects Funds – Used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Adopted by the Board on February 14, 2017.

Board Chair

Executive Director



This page intentionally left blank.



Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Jennifer Bergman, Executive Director
Date: December 5, 2018
Re: Authorize Participation in Minnesota City Participation Program

Minnesota Housing sells mortgage revenue bonds on behalf of cities to meet locally identified housing needs. The proceeds of these bonds provide below-market interest rate home mortgage loans for low-and moderate-income first-time homebuyers. The Minnesota City Participation Program (MCP) provides cities throughout the state with a unique opportunity to easily access housing resources to meet the needs of their citizens.

Funds are available to local participating lenders to offer low interest loans to eligible home buyers. The funds are initially available to the specific community. Last year, Crow Wing County was allocated \$1,095,141 and used \$1,395,737, which was up significantly from 2017 (see Attachment 5a). After a period of time, the funds are put into a state-wide pool.

In order to participate in the MCP, we needed to submit the application by Tuesday, January 15th (see Attachment 5b).

This program provides another mortgage option for potential home buyers in Crow Wing County.

Action Requested: Authorize Executive Director to submit the 2019 Minnesota Cities Participation Program application to Minnesota Housing.



This page intentionally left blank.

For Informational Purposes Only

2018 MCPP Usage Report 1.16.2018 - 11.2.2018 (Applies to Start Up Program Loans Only)

Applicant Name	Allocation Amount	Committed Loans	Committed Amount	*Usage Test	% of Usage	**Additional Start Up Loans		Step Up Loans		Total Loan Activity		Downpayment and Closing Cost Loans	
						Committed Loans	Committed Amount	Committed Loans	Committed Amount	Committed Loans	Committed Amount	% of First Mortgage Loans	Total Amount of Downpayment Loans
Albert Lea/Freeborn Co.	\$ 523,204.00	23	\$1,986,800.00	MET	380%	1	\$ 63,050.00	3	\$ 323,466.00	27	\$2,373,316.00	100%	\$ 196,000.00
Alexandria	\$ 232,290.00	2	\$192,771.00	MET	83%	0	\$ -	0	\$ -	2	\$192,771.00	100%	\$ 12,500.00
Anoka	\$ 5,965,985.00	314	\$59,682,983.00	MET	1000%	93	\$ 19,957,473.00	74	\$ 16,750,065.00	481	\$96,390,521.00	100%	\$ 4,390,500.00
Blue Earth	\$ 1,147,964.00	29	\$4,084,200.00	MET	356%	4	\$ 583,750.00	11	\$ 1,973,160.00	44	\$6,641,110.00	95%	\$ 328,100.00
Bluff Country HRA	\$ 679,655.00	9	\$911,836.00	MET	134%	0	\$ -	3	\$ 413,655.00	12	\$1,325,491.00	100%	\$ 98,200.00
Breckenridge	\$ 100,000.00	3	\$194,382.00	MET	194%	0	\$ -	1	\$ 101,035.00	4	\$295,417.00	25%	\$ 2,700.00
Carver	\$ 1,721,784.00	36	\$6,712,212.00	MET	390%	11	\$ 2,581,981.00	13	\$ 3,025,740.00	60	\$12,319,933.00	97%	\$ 543,400.00
Chippewa	\$ 100,000.00	6	\$502,286.00	MET	502%	0	\$ -	0	\$ -	6	\$502,286.00	67%	\$ 32,400.00
Chisago	\$ 937,132.00	49	\$9,250,472.00	MET	987%	9	\$ 1,815,212.00	11	\$ 2,348,635.00	69	\$13,414,319.00	99%	\$ 593,400.00
Clay	\$ 1,076,078.00	21	\$3,232,480.00	MET	300%	10	\$ 1,759,214.00	6	\$ 981,357.00	37	\$5,973,051.00	95%	\$ 251,900.00
Cloquet	\$ 210,489.00	12	\$1,529,344.00	MET	727%	1	\$ 133,000.00	1	\$ 83,000.00	14	\$1,745,344.00	86%	\$ 97,500.00
Crow Wing	\$ 1,095,141.00	11	\$1,395,737.00	MET	127%	2	\$ 298,953.00	2	\$ 295,665.00	15	\$1,990,355.00	100%	\$ 101,800.00
Grant	\$ 100,000.00	1	\$58,484.00	MET	58%	1	\$ 100,000.00	1	\$ 62,700.00	3	\$221,184.00	100%	\$ 15,700.00
Headwaters Regional Dev. Commission	\$ 1,453,611.00	16	\$1,804,378.00	MET	124%	5	\$ 675,747.00	2	\$ 299,090.00	23	\$2,779,215.00	22%	\$ 31,800.00
Hennepin	\$ 13,991,313.00	421	\$77,782,244.00	MET	556%	93	\$ 20,240,565.00	94	\$ 20,338,818.00	608	\$118,361,627.00	98%	\$ 5,403,400.00
Kandiyohi	\$ 726,917.00	17	\$2,295,213.24	MET	316%	7	\$ 988,915.00	0	\$ -	24	\$3,284,128.24	29%	\$ 59,000.00
McLeod	\$ 613,501.00	18	\$2,048,325.00	MET	334%	5	\$ 791,520.00	6	\$ 1,022,518.00	29	\$3,862,363.00	93%	\$ 199,400.00
Mower	\$ 670,637.00	59	\$5,733,436.00	MET	855%	4	\$ 446,275.00	14	\$ 1,655,130.00	77	\$7,834,841.00	100%	\$ 568,400.00
North Mankato	\$ 236,362.00	4	\$572,884.00	MET	242%	0	\$ -	2	\$ 339,524.00	6	\$912,408.00	100%	\$ 40,600.00
NW MN Multi-Co. HRA	\$ 1,468,070.00	15	\$1,514,115.00	MET	103%	3	\$ 368,076.00	3	\$ 389,817.00	21	\$2,272,008.00	100%	\$ 128,600.00
Oakdale	\$ 478,046.00	34	\$6,072,508.00	MET	1270%	7	\$ 1,517,344.00	8	\$ 1,740,472.00	49	\$9,330,324.00	100%	\$ 441,600.00
Olmsted	\$ 2,618,738.00	98	\$15,224,446.00	MET	581%	20	\$ 3,853,095.00	17	\$ 3,159,007.00	135	\$22,236,548.00	99%	\$ 1,117,000.00
Otter Tail	\$ 267,642.00	8	\$963,579.00	MET	360%	2	\$ 289,421.00	3	\$ 447,420.00	13	\$1,700,420.00	100%	\$ 91,900.00
Owatonna/Steele County	\$ 629,107.00	15	\$2,096,674.00	MET	333%	1	\$ 155,200.00	2	\$ 405,105.00	18	\$2,656,979.00	94%	\$ 125,600.00
Ramsey	\$ 4,041,942.00	116	\$20,811,579.00	MET	515%	34	\$ 7,403,038.00	24	\$ 5,345,061.00	174	\$33,559,678.00	99%	\$ 1,573,200.00
Red Wing	\$ 283,111.00	9	\$1,385,502.00	MET	489%	2	\$ 327,283.00	0	\$ -	11	\$1,712,785.00	100%	\$ 87,300.00
Rice	\$ 1,122,639.00	33	\$5,106,880.00	MET	455%	7	\$ 1,238,017.00	6	\$ 1,130,575.00	46	\$7,475,472.00	100%	\$ 367,400.00
Scott	\$ 2,437,304.00	61	\$11,820,794.00	MET	485%	19	\$ 4,117,522.00	23	\$ 5,255,144.00	103	\$21,193,460.00	97%	\$ 957,900.00
SE MN Multi-Co. HRA	\$ 1,280,921.00	13	\$1,714,517.00	MET	134%	7	\$ 1,118,851.00	7	\$ 1,069,376.00	27	\$3,902,744.00	96%	\$ 199,700.00
Sherburne	\$ 1,481,007.00	50	\$9,114,219.00	MET	615%	9	\$ 1,728,239.00	22	\$ 4,896,750.00	81	\$15,739,208.00	99%	\$ 721,600.00
Saint Cloud	\$ 1,152,362.00	78	\$10,504,511.00	MET	912%	7	\$ 1,112,136.00	10	\$ 1,321,153.00	95	\$12,937,800.00	100%	\$ 730,900.00
Saint Louis	\$ 3,417,934.00	70	\$7,375,012.00	MET	216%	12	\$ 1,917,138.00	17	\$ 1,906,407.00	99	\$11,198,557.00	93%	\$ 660,300.00
Stevens	\$ 166,701.00	9	\$859,991.00	MET	516%	0	\$ -	1	\$ 136,262.00	10	\$996,253.00	0%	\$ -
SW Regional Dev. Commission	\$ 869,527.00	23	\$2,298,990.00	MET	264%	4	\$ 436,149.00	3	\$ 435,940.00	30	\$3,171,079.00	87%	\$ 198,200.00
Swift	\$ 160,575.00	3	\$195,327.00	MET	122%	2	\$ 153,888.00	0	\$ -	5	\$349,215.00	40%	\$ 11,200.00
Washington	\$ 3,853,373.00	90	\$17,240,810.00	MET	447%	23	\$ 4,992,016.00	38	\$ 8,185,920.00	151	\$30,418,746.00	98%	\$ 1,388,400.00
Winona	\$ 470,192.00	22	\$2,543,836.00	MET	541%	4	\$ 524,133.00	1	\$ 135,800.00	27	\$3,203,769.00	100%	\$ 205,200.00
Wright	\$ 2,268,961.00	82	\$15,287,203.00	MET	674%	19	\$ 3,986,551.00	24	\$ 4,940,986.00	125	\$24,214,740.00	98%	\$ 1,140,800.00
Totals	\$60,050,215.00	1,880	\$312,100,960.24		520%	428	\$ 85,673,752.00	453	\$ 90,914,753.00	2,761	\$ 488,689,465.24	97%	\$ 23,113,500.00

*Participants must use at least 50% of their allocation by the end of the program year in order to participate next year.

**Not MCPP Eligible. Borrower income is above 80% of Area Median Income.

Minnesota Housing 2019 Minnesota City Participation Program (MCPP) Application

5b
ATTACHMENT

Minnesota Housing must receive your application by email on January 15, 2019 at 5:00 p.m.

Please provide all the information below.

Agency Contact Information

Agency Name: Crow Wing County HRA
Contact Person: Jennifer Bergman
Mailing Address: 324 East River Road Physical Address: 324 East River Road
City: Brainerd State: MN Zip: 56401 Website: www.brainerdhra.org
Phone #: 218-824-3425 E-Mail: jennifer@brainerdhra.org

Administrative Information

1. Check agency type: City City HRA/CDA/EDA County HRA/CDA/EDA Port Authority
 Multi-County HRA: Receive single allocation for all counties within your jurisdiction
 Consortium of local government units applying jointly by agreement (please submit evidence of agreement with this application, even if you provided one in previous years).
2. List the legal name(s) of all cities and counties where the funds will be utilized. For county and multicounty applications, only list the counties.
Crow Wing County
3. Check the box below to confirm this statement:
 MCPP helps the community meet an identified housing need and the program is economically viable.
4. Does your City (or County) offer a down payment program or other homeownership assistance?
 Yes No
If yes, list program names (For informational purposes only; does not impact your application status):

Signature

Provide authorized signature(s) from the organization submitting this application, including printed or typewritten name, title and phone number. Scan original and email application to mn.housing@state.mn.us (Original not needed).

Signature

Name (Print) <u>Jennifer Bergman</u>	Title <u>Executive Director</u>
Phone number or check here if same as above. <input checked="" type="checkbox"/>	E-mail or check here if same as above. <input checked="" type="checkbox"/>

Program and Contact Information

Minnesota Statute sets Borrower Income Limits and House Purchase Price Limits. Minnesota Housing makes final determinations of the total amount of program funds available and individual allotments (in compliance with a per capita distribution method specified in statute).

Questions about MCPP and this application can be directed to Nicola Viana at (651)297-9510 or
Nicola.Viana@state.mn.us





Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Jennifer Bergman, Executive Director
Date: December 6, 2018
Re: Executive Director Report

Emily SCDP Program Guidelines

The City of Emily will be approving the Program Guidelines for the SCDP Owner-Occupied Rehab Program (see Attachment 6a). HUD has released the funds to DEED and we are executing contracts to begin the program in early spring of 2019.

Opportunity Zones

The IRS finally released guidance on the Opportunity Zones in late October. As you recall, Crow Wing County was successful in getting two census tracts designated as Opportunity Zones. I will be attending several trainings over the next couple of weeks to learn how Crow Wing County can benefit from these Opportunity Zones.

TIF Revolving Loan Request

BLAEDC will be presenting a request for the TIF Revolving Loan program at the January Board meeting for a project in Crosby. Since this is the first request of TIF Revolving Funds through the BLAEDC Unified Fund, we are working through some of the details. We anticipate having the application and the draft loan agreements at the January meeting.

No Action Requested; Discussion Item



This page intentionally left blank.

Housing Rehabilitation Guidelines

OWNER-OCCUPIED

City of Emily

6a |
ATTACHMENT

I. PURPOSE

The City of Emily shall assist eligible applicants for rehabilitation of private properties with Small Cities Development Program (SCDP) funds. These funds will be used for housing rehabilitation through deferred loans. These procedures and regulations describe eligibility criteria and program distribution.

II. APPLICANT ELIGIBILITY

Applicant Selection

Those homeowners on the list of interested applicants, as submitted in the SCDP application, will be those selected first. If funds are available, any additional homeowners wanting to participate will be taken on a first-come, first-served basis.

General

Previous recipients of program benefits are ineligible.

Residence

Homes must be located within the Northeast Emily target neighborhood as delineated in the SCDP grant application and must be the applicant's principal place of residence.

Taxes/Insurance/Assessments/Liens

All property taxes must be paid in full prior to application approval and property owners will be expected to carry insurance that, at a minimum, covers the costs of the rehabilitation work over the life of the SCDP loan. There should be no tax liens or past-due assessments or judgments on the property.

Ownership Requirements

- A. The applicant(s) for rehabilitation assistance must possess at least a one-half interest in one of the following types of ownership in the property to be improved:
 1. Fee title
 2. Life estate
 3. Fee title or life estate subject to a mortgage or other lien securing a debt
 4. Mutually binding contract for the purchase of the property where the borrower is rightfully in possession and the purchase price is payable in installments. An applicant purchasing property by Land Sales Contract must provide titleholder's written approval before proceeding.
- B. Ownership includes the titleholders and their spouses.
- C. If an applicant is separated, the spouse must also sign all forms necessary for the completion of rehabilitation.
- D. If an applicant is divorced but the spouse still holds title, the spouse must either quit claim his/her interest or a divorce decree must be provided which states sole ownership (not only occupancy) in the applicant's name.
- E. Property cannot be for sale.

Occupancy Requirements for Property to be Rehabilitated

Applicants must occupy the property as their principal place of residence. Applicants shall reside in the home at time of application and must occupy the property for at least nine months of the year. Property must be classified homestead.

Income Eligibility

- A. Annual income will be used to determine eligibility.
- B. Annual income will be based on current income.
- C. Income includes:
 - Wages or salaries, including commissions, bonuses, overtime pay and tips

- Business income for self-employed individuals
- Rental or real estate income, including payments received from properties being sold on Contracts for Deed
- Interest and dividends
- Gains from the sale of property or securities
- Estate or trust income
- Pensions and annuities, including PERA, Social Security, V
- Any financial assistance including but not limited to AFDC, SSI, Welfare, Unemployment Compensation and Worker's Compensation.

Child support, alimony, and social security received by applicant's children shall not be considered as income. Foster children will not be counted in on family size and the income received for support of foster children will not be used to compute total income.

- D. Income will be based on the primary wage earners of household, thus excluding income from dependents.
- E. If applicant is self-employed and derives income from a business that he/she owns or co-owns, an average of the net income over a two-year period will be evaluated to determine income. Any net loss average for two years will be counted as -0- for eligibility purposes but will be deducted from other income sources for affordability.
- F. If a portion of this applicant's income is from a part-time business operation, the average of the part-time income for the previous two years will be added to current income.
- G. If applicant has been self-employed for less than two years, his/her business income for one year will be used to determine income. Proration will be used for partial years.
- H. If applicant is seasonally employed, current income and any unemployment compensation will be prorated based on past two years' work history.
- I. In order to participate, applicant's annual income cannot exceed the following: Gross income limits for deferred loan assistance are the same as those income limits established by the U. S. Department of Housing and Urban Development (HUD) for low income assisted housing (80% of median income for Crow Wing County). These limits will be updated within 30 days of HUD notification of revised income limits for the area.
- J. Source of income – If an applicant has no verifiable source of income, funding cannot be approved.

Asset Limits

The asset limitation per eligible household is \$50,000.

Assets shall include the following items:

- A. Cash on hand or in checking accounts
- B. Cash in savings accounts, including accounts held in trust
- C. Cash value of securities or U.S. Savings Bonds
- D. Certificates of Deposit and money market certificates
- E. Cash surrender value of life insurance policies
- F. All interests in real estate, excluding the structure to be improved and a parcel of real property of not more than 40 acres on which the structure is located. Included in this determination is any land in which any resident of the household holds title and is selling on Contract for Deed. The value of Contract for Deed property shall be defined as 100% of the outstanding balance on the contract. The asset value of real property will be defined as the estimated market value stated on the current property tax statement minus any indebtedness.
- G. All other personal property, exclusive of household furnishings, clothing, and one automobile. The asset value of other personal property is the current market value of the items minus existing indebtedness.
- H. Real estate, equipment, supplies, and inventory used in a business shall not be considered in the asset determination.

Verification of Income and Assets

Written verification of all sources of income and assets shall be required. The following are acceptable:

- A. Third-party income verifications
- B. Previous two years' tax returns
- C. Income verification forms completed by employer, agency, institution (bank, insurance company, etc.)
- D. Visual verification form signed by program administrator
- E. Copy of current savings passbook or certificate
- F. Other documentation as appropriate
- G. Combination of the above as needed to verify all income and assets

Income and asset verification shall be current (within 90 days of the initial housing inspection for the rehab program).

III. ELIGIBLE IMPROVEMENTS

All improvements eligible for financial assistance under the City's Housing Rehabilitation Program must be physically attached to the property and be permanent in nature. The following types of improvements are eligible:

- A. Clearance of all lead hazards that are reported through the lead risk assessment done on each dwelling.
- B. Any improvement required to bring the unit up to rehabilitation standards of the county and HRA as provided by the grant application. These units will be considered "standard" when completed.
- C. Any improvement necessary to bring the property into conformance with Minnesota Energy Conservation Standards.
- D. Accessibility improvements that accommodate a resident's movement or mobility limitations. Ramps, grab bars, widened doorways, and changes in bathroom fixture types and placement are examples of accessibility improvements. The need for accessibility improvements must be justified according to the type of disability, level of benefit and necessity to meet a priority need such as a safe entry/exit or personal hygiene.
- E. Only those substandard units that can be rehabilitated within the cost guidelines of the program are eligible. If units are not suitable for rehabilitation, other alternatives will be explored by HRA staff (rental assistance, public housing, etc.).

Definition of Suitable for Rehab: It is the policy of all housing programs administered by the HRA that only those dwellings determined to be suitable for rehab will be improved. To be suitable for rehab, the cost of rehabilitating the unit to a standard condition shall not exceed the pre-rehab market value of the dwelling and the total rehab costs shall not exceed \$35,000. For those homes that do not meet the above definition, a case-by-case determination will be made as to whether other housing options are available, or if not, to proceed with rehabilitation of the existing dwelling.

- F. Each property must have at least one first priority improvement from the following priority list to be eligible:

1st PRIORITY – Homes with health or safety problems (faulty heating systems, faulty wiring, lead paint hazard, or other conditions considered hazardous to health and safety).

2nd PRIORITY – Homes in greatest need of insulation and energy conservation measures (lack of insulation, inefficient heating system, excessive infiltration).

3rd PRIORITY – Homes with basic structural deficiencies (foundation work, roofing, siding, windows and doors, inadequate plumbing, heating and electrical systems).

The following improvements are ineligible:

1. Construction or installation of garages, fireplaces, air conditioning, decks, patios, porches, fences, landscaping, sidewalks, and driveways. However, repairs to these items, which would render existing installations free from clear and imminent health or safety hazards, are eligible.
2. Additions unless the unit is overcrowded.
3. Grant funds may not be used for refinancing.

IV. DEFERRED LOANS

Assistance provided with SCDP funds will be in the form of deferred payment loans. In order for this program to be as cost-effective as possible, applicants will be required to have applied for Weatherization Assistance through the local provider. The remaining improvement costs will be funded through a deferred loan using SCDP funds up to a deferred loan maximum of \$20,000.

Repayment

All SCDP funds will be secured with a lien against the property to be rehabilitated. A recipient of a deferred loan shall sign a repayment agreement with the City of Emily. **If the rehabilitated property is sold, transferred, or otherwise conveyed within ten (10) years from the date upon which the loan was issued, then the recipient shall repay all or some portion of their SCDP loan.** The percentage of the loan amount that must be repaid is gradually forgiven over the appropriate lien term according to the following schedule:

- Within a period of **one** (1) year after the date of the deferred loan, owner shall repay to the City a sum equal to the **full** amount of the deferred loan;
- Within the **second** year after the date of the deferred loan; owner shall repay to the City a sum equal to **90%** of the amount of the deferred loan;
- Within the **third** year after the date of the deferred loan; owner shall repay to the City a sum equal to **80%** of the amount of the deferred loan;
- Within the **fourth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **70%** of the amount of the deferred loan;
- Within the **fifth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **60%** of the amount of the deferred loan;
- Within the **sixth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **50%** of the amount of the deferred loan;
- Within the **seventh** year after the date of the deferred loan; owner shall repay to the City a sum equal to **40%** of the amount of the deferred loan;
- Within the **eighth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **30%** of the amount of the deferred loan;
- Within the **ninth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **20%** of the amount of the deferred loan; and
- Within the **tenth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **10%** of the amount of the deferred loan.

After 10 years, no repayment shall be due and the deferred loan will be forgiven. If the recipient sells the property to an LMI household, the buyer may assume the loan and the City shall require no repayment. Income of the buyer must be verified.

Home Improvement Loans

An applicant getting a home improvement loan will arrange appropriate loan terms and conditions with a participating lender. HRA staff will provide assistance in working with local lenders to expedite all required loans. If an applicant is unable to secure the required bank loan, SCDP funds may be used to make the required loan at similar terms to the MHFA home improvement loan program. No loans have been made in the past and the HRA anticipates no need for a direct loan under this program. If such a need arises, the HRA will request approval from the Department of Employment and Economic Development.

V. STANDARD OPERATING PROCEDURES

Administration

John Schommer – Rehab Coordinator
LeAnn Goltz – Executive Assistant
Jennifer Bergman – Executive Director

City staff, under the direction of the city clerk-treasurer, will perform all accounting and financial management.

Homeowner Application

Homeowner application will consist of homeowner/HRA interview and the homeowner's submittal of a complete application, including attachments and verifications.

The interview will cover:

- A. Explanation of the SCDP Rehab Program, including rehab standards, eligible improvements, loan structuring, probable ability to repay a loan, pertinent rehab administrative and loan procedures, and applicant, contract, and City obligations.
- B. Lead-based paint poisoning warning (and signature on form) and brochures.
- C. Applicant comments and questions.
- D. Brief discussion of applicant's home improvement needs.

Data Privacy

Information on program applicants (including, but not limited to, credit reports, financial statements, income calculations, and asset information) is private data, which must be administered in accordance with the Minnesota Government Data Practices Act. Applicants shall be provided with proper written notice as specified under the Act. Solely for the purpose of administering the program, information may be made available to the members of the Emily HRA Board of Directors, HRA staff, and the staffs of participating agencies, organizations, or financing sources.

Application Review

The application will be reviewed for completeness and for income eligibility. All income and asset verifications will be completed. If the applicant is income eligible, he/she may continue with the Rehab Program. If not, the application will be filed under "Ineligible Applicants." Either way, applicants will be notified of their status and ineligibles will be asked to advise us of any future changes in income or family size that could change their income eligibility. They will also be referred to banks for possible low interest loans.

Historical Review

All homes that are to be rehabilitated will be reviewed by the State Historic Preservation Office prior to beginning of construction.

Initial Inspection/Scopes of Work

The HRA rehab coordinator will visit the applicant's property to note existing conditions and determine what improvements are needed to bring the property up to Housing Quality Standards.

For homes built prior to 1978, a risk assessment for lead will be performed prior to the work write-up. Lead clearance will be performed at completion. The property owner will sign a repayment agreement for the rehabilitation work prior to the clearance being done, which will include the costs for the risk assessment and clearance. The costs can only be waived if contractor bids do not allow for a cost-effective rehabilitation to occur.

Upon completion of the initial inspection and lead risk assessment, the rehab coordinator will draft a scope of work and go through it with the homeowner(s), get input on the recommended work, discuss possible alternatives for achieving Rehab Standards, and make any revisions necessary. The rehab coordinator will also complete a preliminary cost estimate.

If lead is found to be present, lead-certified contractors will be used to perform all lead-related work.

Securing Bids

The rehab coordinator will prepare a scope of work describing work specifications and attach a bid form. The applicant will be given the opportunity to secure bids on a competitive basis from at least two local contractors or select bidding contractors from the HRA list of approved contractors. Bids will be submitted directly to the rehab coordinator who will then review all bids with the applicant.

All bids shall relate only to improvements designated by staff in the work write-up. Any changes made in the scope of work by the homeowner after the inspection and work write-up by the rehab coordinator on the scope of work will be prohibited and ineligible for SCDP program funds. **All change orders must be approved by the**

rehab coordinator. The homeowner will be responsible for all costs associated with any extra work done by the contractor that is not in the scope of work.

Generally, the low bid will be accepted. If, for a valid reason, (irresponsible bidding, poor references, etc.) the homeowner does not wish to accept the low bid, the high bid may be accepted. If the accepted high bid is within 5% of the low bid, it will be included in the deferred loan amount. If it is more than 5% higher, the homeowner must pay the difference or the project must be re-bid. The HRA must approve all such changes and provide file documentation. If only one bid is received, it may be compared with the HRA cost estimate and if deemed reasonable, can be approved with agreement by both owner and HRA.

General Contractors

All rehabilitation work must be performed by a fully licensed and insured general contractor. Contractors performing specified lead-based paint work must be certified in accordance with DEED lead policy. Contractors shall not be debarred and shall have been determined capable based on past performance and ability to perform successfully.

Repayment Agreement

A repayment agreement shall be signed by the homeowner(s) before the Proceed to Work Order is issued. The repayment agreement will be filed/recorded either after the project costs are known to be at the SCDP maximum, or after the project is completed to account for any possible change orders that may occur.

Loan Processing (Home Improvement Loan Applicants)

The applicant will visit a local lending institution participating in the program with the cost estimates and bids. The lender shall make the final determination of applicant acceptability based on credit history and repayment ability. For applicants eligible for an MHFA low-interest home improvement loan, the lender shall provide funds to pay the balance of home improvement costs not covered by the deferred loan. The loan obtained shall be payable to the City by the lending institution or the applicant at the loan closing date as indicated by the lending institution. The lending institution shall be solely responsible thereafter for servicing the loan. For applicants who are eligible for a partial deferred loan and will need financing at the current market interest rate for the balance of the rehab cost, the lender will determine appropriate loan terms with the applicant and be solely responsible for servicing the loan.

Rehab Contract

When all necessary funds to complete the rehab project have been committed, a Contractor-Owner Contract will be signed by the contractor and the homeowner. The contract specifies contractor and homeowner terms, conditions, and obligations, including start and completion dates, insurance, lead license number, termination conditions and proceed to work order will then be sent to the approved contractor. No work may begin until such order is issued.

Disbursement of Funds

After being certified as eligible to participate in the Homeowner Rehabilitation Program, the rehab coordinator shall proceed with executing the Deferred Loan Agreement and when executed by the homeowner's matching funds (if applicable) will be deposited with the City and disbursed before any SCDP funds are spent. No disbursement of funds shall be authorized until the rehab coordinator has approved that the work has been completed and all compliance requirements have been met. Approval shall be evidenced by an executed Contractor Payment Request signed by all parties including the owner.

Disbursement of funds shall be authorized by the rehab coordinator with approval by the applicant evidenced by a Contractor Payment Request signed by the applicant, HRA and contractor. Partial payments are allowed based on the amount of work completed to date. Lien waivers will be obtained for all payments made.

Change Orders

All change orders to the scope of work will require the signature of the homeowner, rehab coordinator, and contractor.

Interim Inspections

During the course of a project, the rehab coordinator will inspect ongoing work at least once every two weeks

to ensure compliance with scope of work specifications and contract terms and conditions. Inspections will be required before partial disbursement to ensure that the work, which the partial payment covers, is satisfactorily completed.

Final Inspection and Payment

When the rehab work is completed, the rehab coordinator shall conduct a final inspection to ensure that the work has been completed according to scope of work and contract and that it meets housing rehab standards for the program.

If the rehab is satisfactory, final payment to the contractor will be made. In turn, the contractor will submit to the rehab coordinator and homeowner lien waivers from himself, subcontractors, and material suppliers for the total costs of the rehab and sworn construction statements listing all subcontractors and material suppliers. Lead paint clearance inspections and testing will be done as soon as practical after all lead work is completed.

Rehab Closeout

Upon satisfactory rehab completion and lead clearance, the homeowner, contractor, and rehab coordinator shall sign a Contractor Payment Request. If lead work is involved, the lead clearance report will also be provided to the homeowner. Also, a close-out letter will be provided to the homeowner.

Appeal and Complaint Procedures

Applicants denied program participation or having other complaints concerning the housing rehab program may direct their complaint or appeal to the Emily HRA. The rehab coordinator who found the applicant ineligible for program participation or who is dealing with the rehab will make a written response to the complaint or appeal within fifteen (15) working days. The rehab coordinator will also contact the complainant and attempt to resolve the problem. If the complainant is not satisfied with the response, he/she may file a complaint with the HRA executive director. It will be presented to the HRA Board at its next regular meeting for a final decision. The Board's response will be made in writing to the complainant within five (5) working days. Final appeal may be made to Minnesota Department of Employment and Economic Development.

Conflict of Interest

Any potential conflicts of interest under Minnesota Statutes 471.88 shall be evaluated on the basis of a legal opinion to be requested from the City attorney. Approval must also be obtained from DEED for any and all potential conflicts. No rehab work may begin until such opinion has been made.

Affirmative Action

The HRA shall make available, advertise (through local media and door to door outreach), and disseminate information concerning the degree and forms of assistance available; the regulations governing the program; the eligibility criteria, sources and criteria of other rehabilitation loans available (Minnesota Housing Finance Agency, FHA, etc.); and other relevant information concerning programs to city residents, lenders and local realtors.

It shall be the policy of the HRA that no individual shall be discriminated against with respect to compensation, terms, conditions, or other privileges of employment, because of race, color, religion, creed, sex, familial status, national origin, disability, marital status, age, or status with respect to public assistance.

Fair Housing/Equal Opportunity

It is the policy of the City of Emily to work to further fair housing opportunities in its programs and to administer housing programs in a way that all residents of similar incomes have equal access to programs regardless of race, color, creed, assistance, disability, sexual orientation, or familial status.

No person or business will be denied services, contracts for project services, or access to program information and materials due to race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. There will be no discrimination of persons in the administration of the rehabilitation program.

It is the policy of the City of Emily that marketing efforts will be such that no potentially eligible applicants or

providers of services are excluded from participation. Affirmative marketing will include efforts to reach people who have traditionally not participated in similar programs or have not been aware of available assistance. This includes, but is not limited to, single heads of households, people of color, or people with disabilities.

VI. DISPLACEMENT MINIMIZATION PLAN

Throughout Emily HRA's history of rehab program administration, no displacement due to rehab has ever occurred. Household disruptions from construction or from essential service interruptions have never been great enough to render the housing unit temporarily uninhabitable.

If any improvements involve lead paint surfaces (window replacement, for example), the family will be counseled with regard to vacating the unit temporarily by staying with friends or family. If no such options exist, SCDP funds will be used for temporary relocation at a local motel.

VII. FLOOD PLAIN

No homes in the current target area are located in a flood plain. A flood plain determination will be contained in each applicant file.

VIII. AMENDMENTS

These guidelines may be amended as necessary with City Council approval and will be submitted to the Department of Employment and Economic Development for review.

SCDP REHAB STANDARDS

FOUNDATION - Correct deficiencies such as settling and upheaval caused by frost, straighten crooked floors, replace any severely cracked or crumbling areas of foundation, and caulk all minor cracks.

ROOF - All roofs with wood shingles, with two or more layers of deteriorated asphalt or with leaking and water damage will be re-roofed. All existing shingles will be removed and all worn and rotted roof boards replaced. If numerous roof boards are rotted, new roof sheeting will be applied. All shingles to be at least 25-year laminated with at least 15# felt underlayment, ice and water shield and metal roof edge. Also, all fascia that is worn and rotted will be replaced.

SIDING AND TRIM - All siding and trim that is worn rotted or will no longer hold paint will be replaced, normally with vinyl siding. Siding and trim that is generally in good condition but needs paint will be thoroughly scraped and all scraped and unprimed areas will be primed with quality oil base primer and painted two coats; finish coats may be either oil base or latex.

WATER - Test all water for coliform bacteria and nitrates. If problem exists that cannot be corrected through disinfecting of well or there is no well, a 4" well will be drilled with new pump and pressure system. If existing water problems can be solved with a conditioner, then rental of same will be recommended. For wells with potable water but problems such as lack of pressure or antiquated systems, corrective measures will be taken as necessary. All abandoned wells will be capped as per state requirements.

SEWER - All non-functioning or non-existing systems will be replaced with either a two tank or one tank and drain field system as each particular case dictates. All plugged or slow drain lines will be opened or replaced

ELECTRICAL - All 30-amp systems will be upgraded to at least 100 amp with breakers. All 60-amp systems will be upgraded to at least 100 amp except small houses with few occupants and additional service is not necessary.

- All kitchens to have at least two 20-amp appliance circuits and GFCI outlets.
- All bathrooms to have GFCI outlets and vent fans.
- All floors and all bedrooms to have smoke detectors, battery or electric
- All rooms to have additional outlets as required by code.
- All existing wiring, outlets, and lights checked and corrected or replaced.
- All entrances to have switched lights.
- All knob and tube wiring to be removed and replaced.
- Wire water heater for off-peak as appropriate.

PLUMBING - Replace all inoperable or obsolete fixtures. Repair others as necessary. Install shut-off valves on all supply lines to new fixtures. Install venting in drain lines as needed. All water heaters to be checked for efficiency of operation and repaired or replaced as needed.

HEATING - All homes to be equipped with some form of central heat with at least 80% efficiency.

STAIRWAYS - All interior and exterior stairs of three or more steps will have handrails and will be reconstructed, if necessary, to as close to state building codes regarding stairways as possible.

CHIMNEYS - All chimneys venting gas or wood burning appliances will have Class A liners. All badly deteriorated chimneys will be replaced. All chimneys will be checked and tuck-pointed as necessary.

CARBON MONOXIDE DETECTORS - All units with gas, oil or wood heat to have at least one carbon monoxide detector installed.

KITCHENS - Adequate storage and food preparation space will be provided by installing or replacing cabinets and countertop.

BATHROOMS - All facilities including tub, shower, toilet, sink and vent fan will be repaired, replaced, or

installed as needed. All stools will be equipped with anti-syphon filler assemblies.

LEAD-BASED PAINT - Any interior or exterior paint which is chipped and peeling and which may contain lead will be scraped and repainted or the material will be removed and replaced. Also, lead-safe work practices will be adhered to by all contractors.

NOTE: Procedures or remedies described herein are not intended to replace or mitigate those required by the building code.

REHABILITATION PROGRAMS for LOW-MODERATE INCOME HOMEOWNERS

ENERGY EFFICIENCY STANDARDS

All homes will receive a preliminary inspection relating to energy conservation improvements. Upon completion of rehabilitation, all homes will meet or exceed state energy standards.

Also, for all homes inspected that do not qualify for rehabilitation under this program, the homeowner will receive a report so that he may pursue energy conservation improvements on his own.

All homes will be rehabilitated to the following standards:

I. HEATING SYSTEMS

- A. All heating systems upgraded to at least 80% efficient systems.

II. CAULKING

- A. Caulking of all points of possible air infiltration.
- B. Caulking or otherwise insulating of all points of exfiltration into attic.

III. WATER HEATER

- A. Replace with an energy efficient heater, install insulation jacket, and insulate hot water pipes throughout basement or cellar area.

IV. WINDOWS - DEPENDING UPON CONDITION

- A. If any sign of deterioration exists, replace with double pane insulated glass units.
- B. If replacement is not needed, completely weatherstrip windows, install sash locks, replace broken or cracked glass, and re-glaze.

V. DOORS - DEPENDING UPON CONDITION

- A. Replace all hollow or panel type doors with metal clad insulated pre-hung doors (complete assembly).
- B. If replacement is not needed, tighten or replace weatherstripping and threshold.

VI. ELECTRICAL BOXES

- A. Install gaskets on all boxes located in exterior walls.

VII. STORM WINDOWS AND DOORS – DEPENDING UPON CONDITION

- A. If any deterioration exists, replace windows with combinations and doors with lifetime insulated storm doors.
- B. If replacement is not necessary, tighten and re-glaze.

VIII. ATTIC INSULATION

- A. Insulate entire attic space including any access doors with minimum of R-40 with R-50 wherever possible.

IX. VENTILATION

- A. Install ventilation to code.

X. KNEE WALLS

- A. Insulate to R-19 (5 ½" fiberglass)

XI. EXTERIOR WALLS

- A. Insulate to highest R-factor possible.

XII. CRAWL SPACE OR CELLAR AREA

- A. Insulate entire perimeter to two feet below ground level to R-19.

*NOTE: *Procedures or remedies described herein are not intended to replace or mitigate those required by the building code.*

This page intentionally left blank.