

Crow Wing County HRA Board Meeting

5:00 p.m. Tuesday, May 12th, 2020

Webex Video/Teleconference

Join from your browser: <https://meetingsamer8.webex.com/meetingsamer8/j.php?MTID=m6a04e7788d7c6aabe2e35b44ce425818>

Join by phone: (408) 418-9388

Meeting number (access code): 620 193 170

Meeting password: 5712

"Our mission is to support the creation and preservation of affordable housing, economic development, and redevelopment projects towards a more vibrant Crow Wing County."

AGENDA

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. Grand Oaks Satisfaction of Mortgage (*Attachment 3*)
 - b. Discussion on Workforce Housing Study Presentation (*Attachment 4*)
 - c. Approve Revised Tax Forfeited Property Policy (*Attachment 5*)
6. **NEW BUSINESS**
 - a. Consider Draft Housing Trust Fund Guidelines (*Attachment 6*)
 - b. Approve Purchase and Redevelopment Agreement Between CWC HRA and Level Contracting (*Attachment 7*)
7. **REPORTS**
 - a. Executive Director (*Attachment 8*)
 - b. Brainerd HRA/Rehab Programs (*Attachment 9*)
 - c. BLAEDC (*Attachment 10*)
 - d. CWC
8. **NEXT MEETING AGENDA TOPICS:** Tuesday, June 9, 2020
9. **ADJOURNMENT**

2020 Commissioners

Craig Nathan, Chair - District 4 (12-31-20)

Michael Aulie, Vice Chair - District 5 (12-31-21)

Michael Morford, Secretary/Treasurer - District 2 (12-31-23)

Theresa Goble, Commissioner - District 1 (12-31-22)

Zach Tabatt, Commissioner - District 3 (12-31-24)



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Crow Wing County HRA Board Meeting Minutes from Tuesday, April 14th, 2020

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 via Webex teleconference at 5:00 p.m., Tuesday, April 14th, 2020.

1. **CALL TO ORDER:** Chair Craig Nathan called the meeting to order at 5:00 p.m.
2. **ROLL CALL:** Those present via remote video conference include Chair Craig Nathan and Commissioners Michael Morford, Zach Tabatt, Michael Aulie, and Theresa Goble; Interim Executive Director/Finance Director Karen Young, Rehab Coordinator John Schommer, and Executive Assistant LeAnn Goltz; Debby Erickson with Crow Wing County; and Tyler Glynn with BLAEDC.

3. **REVIEW AND APPROVE MINUTES:**

Commissioner Goble moved to approve the minutes from the meeting on March 10, 2020. Commissioner Morford seconded the motion. Through a roll call vote, all commissioners were in favor of the motion and none were opposed. The minutes were approved.

4. **REVIEW AND APPROVE FINANCIAL STATEMENTS:** Reflected in the March Financial Statements is the final payment of \$23,034 to Redevelopment Resources for the workforce housing study. This totals the contract amount not to exceed of \$41,035.

Moved by Commissioner Goble and seconded by Commissioner Tabatt to accept the March 2020 financial statements as presented. Through a roll call vote, all commissioners voted in favor and none were opposed. The motion passed.

5. **UNFINISHED BUSINESS:** Nothing to report.

6. **NEW BUSINESS:**

- a. **Approve Purchase and Redevelopment Agreement Between CWC HRA and Level Contracting:** Level Contracting LLC would like to purchase five additional lots in Brainerd Oaks with a total purchase price of \$22,765.52. Attorney Martha Ingram from Kennedy & Graven drafted a Purchase and Redevelopment Agreement and corresponding resolution, which was provided to the Board.

Moved by Commissioner Goble and seconded by Commissioner Aulie to approve Resolution No. 2020-04, Approving the Purchase and Redevelopment Agreement between the Housing and Redevelopment Authority in and for the County of Crow Wing and Level Contracting LLC. Through a roll call vote, all commissioners were in favor and none were opposed. The motion passed.

- b. **Approve Submission of FHLB Application:** Previously CWC HRA applied for additional funds for owner-occupied housing rehab through the Federal Home Loan Bank's (FHLB) Affordable Housing Program (AHP). We partnered with FHLB member bank Mid Minnesota Federal Credit Union to submit the application last year but unfortunately were not successful.

The HRA would like to submit an application again this year. Applications are accepted May 1st



through May 31st. Schommer reached out to Jon Tomlinson with Mid Minnesota Federal Credit Union to see if they would be willing to partner again to grant us access and they have indicated they would. We anticipate requesting \$175,000, which would allow us to do approximately 5–6 owner-occupied rehabilitation loans in Crow Wing County.

Moved and seconded by Commissioners Aulie and Morford to approve submitting an application to Federal Home Loan Bank for owner-occupied rehabilitation through the Affordable Housing Program. Via roll call vote, Commissioners Nathan, Aulie, Morford, and Tabatt were in favor of the motion and none were opposed. Commissioner Goble abstained from the vote due to her role on the Mid-Minnesota Federal Credit Union Board of Directors. The motion passed.

7. REPORTS:

a. Executive Director:

Executive Director Search

Gary Weiers from DDA reposted the Executive Director position from March 28th through April 15th. The process will be adjusted where needed to accommodate the COVID-19 restrictions. The hiring committee is scheduled to meet on April 20, 2020, to review candidate applications and decide the next course of action.

Workforce Housing Study

Since the COVID-19 pandemic does not allow for actual Workforce Housing Study presentations, staff is considering electronic presentations that could be presented virtually to our partners. Staff reached out to Kristen Fish-Peterson at Redevelopment Resources to ask if she'd be willing to record a video or narrated presentation or even lead a virtual interactive meeting on behalf of the CWC HRA. The Board had a discussion about the possibilities and decided that now would not be a good time considering the current pandemic. They felt it would be best to wait a month and reassess the possibilities in May at the next board meeting.

Staff members are working through the study to set priorities and goals for the CWC HRA to use our available programs and resources to assist in the development and rehabilitation of workforce housing countywide.

MHP Request for Technical Assistance

Young and Schommer recently spoke with MN Housing Partnership (MHP) staff to discuss CWC HRA initiatives as it relates to their Request for Technical Assistance (RFTA) that is currently be offered. MHP offers several rural capacity building programs and recently announced the availability of HUD's Rural Capacity Building 18 (RCB 18) program. The program is designed to build capacity in rural housing/economic development organizations to have greater impact. Much of the \$1.7 MM of RCB 18 will be the organization's staff time to work with program participants (beneficiaries), but there is also financial assistance available through the program that can be used for a variety of costs on locally determined projects. These are typically 1–3 year engagements that would involve MHP staff assigned to the beneficiary working remotely and on site – helping with whatever the locally determined projects or desired outcomes are. There is a match component – beneficiary staff time serves as match – or other nonfederal funding for projects, among other things. Staff has submitted an application on behalf of the CWC HRA. Funding selection will hopefully be made by the end of May.



- b. **Brainerd HRA/Rehab Programs:** Schommer reviewed his report. He added that Level Contracting has several closings coming up on homes in Serene Pines and Brainerd Oaks. He is having such success that he wants to start pre-selling homes.
- c. **BLAEDC:** Glynn reported that it has been busy and chaotic at BLAEDC with all of the changes to programs and businesses due to the pandemic. The BUF Board continues to meet, most recently as last week. Glynn also reported the City of Emily has approximately \$43,000 in a revolving loan fund and they plan on releasing some of those dollars for emergency funding. He informed the Board that BUF funding will remain as intended and will not be available for emergency funding.
- d. **Crow Wing County:** Erickson reported that about 80% of the County's workforce is working remotely. She also shared that the CWC Board of Commissioners voted to approve a proposed property tax hardship penalty waiver process due to COVID-19 for the 2020 Tax Year. In addition, they approved a liquor license relief proposal for liquor establishments within Crow Wing County townships or unincorporated areas affected by the COVID-19 pandemic.

8. **MAY 12TH MEETING AGENDA TOPICS:** Presentation of the housing study.

9. **COMMISSIONER COMMENTS:** Commissioner Aulie shared that the City of Deerwood is working its way through the COVID-19 pandemic and has offered relief for liquor licenses. Commissioner Tabatt reported that the City of Baxter has also made changes including holding remote meetings and not allowing outside traffic into the city buildings. Commissioner Morford, who works for the school district, reported that although the distance learning has been a challenge, they are seeing success with students.

10. **ADJOURNMENT:**

Commissioner Aulie moved to adjourn the meeting. Commissioner Tabatt seconded the motion. Via roll call vote, all commissioners were in favor and none were opposed. The motion was approved at 5:56 p.m.



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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Karen Young, Finance Director
Date: May 6, 2020
Re: Review & Accept Financial Statements

Please find attached the financial information for April 2020.

Action Requested: Accept the April financial statements as submitted.

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Date/Time roberta
5/6/2020 3:01:23 PM

**Crow Wing County
CWC HRA Combined Balance Sheet
April, 2020**

Cumulative

ASSETS

556-000-1120.000 A/R Other - Dev	288.12
550-000-1129.210 Cash Gen Fund	118,628.22
550-001-1129.210 Cash CWC SCDP	35,491.60
551-002-1129.210 Cash RLF TIF	301,189.45
556-000-1129.210 Cash Development Fund	-292.15
557-000-1129.210 Cash Tax Forf Property	-3,870.27
551-002-1141.000 Loans Rec RLF TIF	60,852.94
551-002-1143.000 Loan Rec Grand Oaks	48,000.00
551-002-1153.000 Accrued Int Grand Oaks	7,412.00
556-000-1450.000 Land Held for Resale	549,925.67
TOTAL ASSETS	<u>1,117,625.58</u>

LIABILITIES

550-000-2600.000 Def Inflow of Resources	-7,412.00
556-000-2600.000 Def Inflow of Res - Dev	-549,925.67
TOTAL LIABILITIES	<u>-557,337.67</u>

SURPLUS

550-000-2700-000 Net Income	91,681.05
550-000-2806.000 Retained Earnings	-651,968.96
TOTAL SURPLUS	<u>-560,287.91</u>

TOTAL LIABILITIES & SURPLUS

-1,117,625.58

Proof	0.00
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Date: 5/6/2020
Time: 3:01:38 PM
roberta

Crow Wing County
CWC HRA Combined Operating Stmt
April, 2020

Page: 1
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	Current Period	Current Year	Year To Date Budget	Variance
INCOME				
550-000-3610.000 Investment Earnings	0.00	-398.51	0.00	-398.51
550-000-3690.000 Other Revenue	0.00	0.00	-9,000.00	9,000.00
551-002-3610.000 RLF TIF Interest Rev	-315.89	-1,797.77	-3,723.36	1,925.59
556-000-3696.000 Development Revenue	0.00	0.00	-63,733.32	63,733.32
557-000-3696.000 TFP Revenue	0.00	0.00	-3,333.32	3,333.32
TOTAL INCOME	-315.89	-2,196.28	-79,790.00	77,593.72
EXPENSE				
550-000-4110.000 Administrative Salaries	375.00	1,350.00	1,500.00	-150.00
550-000-4130.000 Legal	0.00	256.00	3,333.32	-3,077.32
550-000-4140.000 Staff Training	0.00	0.00	500.00	-500.00
550-000-4150.000 Travel	0.00	5.18	83.32	-78.14
550-000-4171.000 Auditing Fees	0.00	6,798.75	6,800.00	-1.25
550-000-4172.000 Management Fees	12,500.00	50,000.00	50,000.00	0.00
550-000-4190.000 Other Administrative	0.00	0.00	66.68	-66.68
550-000-4500.000 TIF Expense	0.00	0.00	200.00	-200.00
550-000-4510.000 Insurance	0.00	1,579.00	700.00	879.00
550-000-4540.000 Employer FICA	28.68	103.27	116.68	-13.41
550-000-4590.000 Other General Expense	0.00	23,034.40	47,333.32	-24,298.92
550-001-4600.000 CWC SCDP Expense	0.00	10,000.00	9,000.00	1,000.00
556-000-4600.000 Development Expense	0.00	4.03	63,733.32	-63,729.29
557-000-4600.000 TFP Expense	38.10	746.70	3,333.32	-2,586.62
TOTAL EXPENSE	12,941.78	93,877.33	186,699.96	-92,822.63
NET INCOME(-) OR LOSS	12,625.89	91,681.05	106,909.96	-15,228.91



**Crow Wing County HRA
April 2020 Payments**

Payment Number	Payment Date	Vendor	Description	Check Amount
23242	4/9/20	Kennedy & Graven, Chartered	Crosby Tax Forfeiture Lots	\$ 38.10
Total				\$ 38.10

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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Karen Young, Finance Director
Date: May 6, 2020
Re: Grand Oaks Satisfaction of Mortgage

The \$48,000 Grand Oaks TIF Revolving Loan matures on June 1, 2020. The Satisfaction of Mortgage (Attachment 3a) has been prepared by the General Partner's (Central MN Housing Partnership) attorney and reviewed by our attorney, Martha Ingram. The total payoff amount is \$55,613, which includes \$7,613 of interest. Upon receipt, these funds will be reflected in the TIF Revolving Loan Fund. The Chair and Interim Executive Director will execute the document as authorized by the Board.

Action Requested: Motion to approve execution of Mortgage Satisfaction, subject to pay-off of Note.



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SATISFACTION OF MORTGAGE

DATE: _____, 2020

THAT CERTAIN MORTGAGE owned by the undersigned, dated July 23, 2004, executed by **Grand Oaks Townhomes of Baxter Limited Partnership**, a Minnesota limited partnership (the “**Mortgagor**”), to the **Housing and Redevelopment Authority in and for the County of Crow Wing** a/k/a Crow Wing County HRA, a public body corporate and politic (the “**Mortgagee**”), and recorded on August 11, 2004, as Document Number 0670326, in the Office of the County Recorder, Crow Wing County, Minnesota, and as amended by a First Amendment to Mortgage dated June 11, 2019, between the Mortgagor and the Mortgagee, and recorded on June 26, 2019, as Document Number A-919306, in the Office of the County Recorder, Crow Wing County, Minnesota, is, with the indebtedness thereby secured, fully paid and satisfied.

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE
COUNTY OF CROW WING**
a/k/a Crow Wing County HRA

By _____
Its Chair

and,

By _____
Its Interim Executive Director

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STATE OF MINNESOTA)
) SS
COUNTY OF CROW WING)

On this _____ day of _____, 2020, before me, a Notary Public for this County, personally appeared _____, who, being by me duly sworn, did say that _he is the Chair of the Housing and Redevelopment Authority in and for the County of Crow Wing a/k/a Crow Wing County HRA, duly authorized to sign this instrument by its Board of Commissioners, and acknowledged that _he executed the same on behalf of said Authority, as the free act and deed of the Housing and Redevelopment Authority in and for the County of Crow Wing.

Notary Public

STATE OF MINNESOTA)
) SS
COUNTY OF CROW WING)

On this _____ day of _____, 2020, before me, a Notary Public for this County, personally appeared _____, who, being by me duly sworn, did say that _she is the Interim Executive Director of the Housing and Redevelopment Authority in and for the County of Crow Wing a/k/a Crow Wing County HRA, duly authorized to sign this instrument by its Board of Commissioners, and acknowledged that _she executed the same on behalf of said Authority, as the free act and deed of the Housing and Redevelopment Authority in and for the County of Crow Wing.

Notary Public

THIS INSTRUMENT DRAFTED BY:

Rinke Noonan (HAM/bjs)
1015 West St. Germain Street, Suite 300
P.O. Box 1497
St. Cloud, MN 56302-1497
BP (320) 251-6700
File No. 17681-0001





Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: Karen Young, Finance Director
 Date: May 6, 2020
 Re: Discussion on Workforce Housing Study Presentations

At the April meeting, the Board had a discussion regarding the presentation of the Workforce Housing Study (Study) given the current pandemic. Staff was directed to wait a month and then reassess the possibilities in May.

As we had discussed at the April meeting, Kristen Fish-Peterson from Redevelopment Resources provided costs for her services to present the Study as a 35–40 minute video/narrated presentation for a cost of \$750. Another option for her services would be via interactive/virtual meetings with a one-time preparation cost of \$250 and then an additional \$125/hr. If the Board would like actual presentations of the Study itself, these would be two viable options.

As staff worked through the Study with a CWC HRA focus in mind, we had another approach to consider. Our strategy would be to target various groups in different phases to promote the CWC HRA's resources in relation to the results of the Study. Our first phases of outreach would be as follows:

- » Phase 1 – the 18 municipalities as defined in the Study.
- » Phase 2 – the Study Taskforce participants.
- » Phase 3 – the Study participants who were solicited to participate in the two surveys that were conducted as part of the Study process.
- » Phase 4 – various industry groups as defined in the Study.

Staff has created various marketing tools and resources (see attached) that we would like to e-mail out in phases to the targeted groups to not only promote the Study, but more importantly to promote the CWC HRA resources that are available in partnership to them. Ultimately, we will reach out to our partners to emphasize the CWC HRA's services in response to the workforce housing needs in their cities, industries, etc. We will ask them to reach out to the HRA allowing staff to assist them in addressing their specific needs.

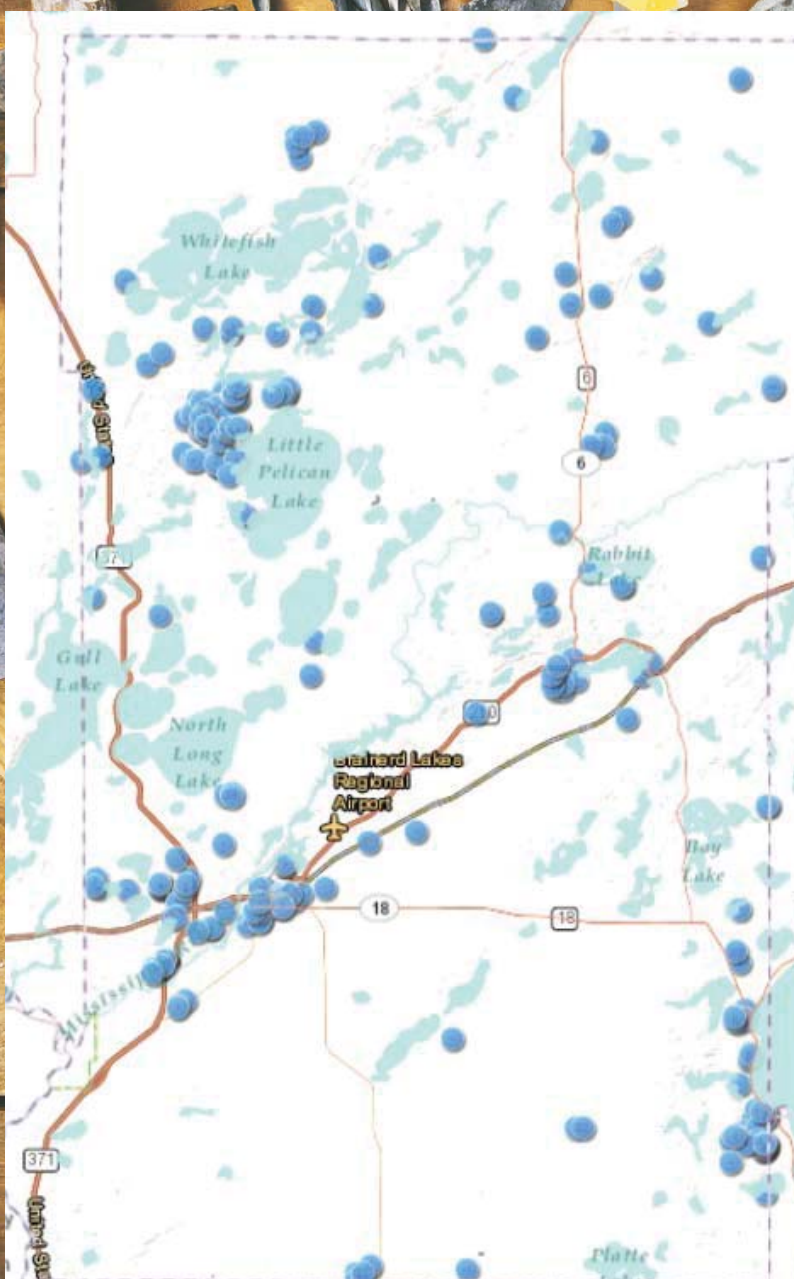
No Action Requested; Discussion Item



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HOUSING DEVELOPMENT OPPORTUNITIES IN CROW WING COUNTY

Tax Forfeited Land (as of 3/3/20)



Through the **Tax Forfeited Property Hold Policy**, the Crow Wing County HRA is able to make tax forfeited properties available to developers at a discounted rate. Information about properties available for sale can be found on Crow Wing County's interactive land sale application or through their complete list of properties at <https://www.crowwing.us/AlertCenter.aspx>.

Are you an interested developer? Contact the Crow Wing County HRA for more information:

John Schommer,
Rehab Coordinator
218-828-3705
John@brainerdhra.org



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RESIDENTIAL FINANCIAL ASSISTANCE PROGRAMS AVAILABLE IN CROW WING COUNTY

PROGRAM NAME	PROGRAM TYPE	ELIGIBLE PARTICIPANTS	WHO OFFERS IT?	WHERE TO FIND MORE INFO
Tax Forfeited Property Policy	Single- and multi-family new construction	For-profit developers; Non-profit developers	Crow Wing County HRA; Brainerd HRA	Brainerd HRA
Tax Incremental Financing (TIF)	Financing assistance for real estate de-velopment costs	Developers	Brainerd HRA; Crow Wing County HRA; cities	Brainerd HRA; http://brainerdhra.org/redevelopment/
SCDP Owner-Occupied Rehab	Single-family, owner occupied rehab	Cities first, then property owners; Income limit: 80% AMI	Cities through the Brainerd HRA	Brainerd HRA
SCDP Renter-Occupied Rehab	Single- and multi-family renter-occupied rehab	Cities first, then property owners; Income limit: 80% AMI	Cities through the Brainerd HRA	Brainerd HRA
Minnesota Housing Finance Agency (MHFA) Rehab Loan Program	Single-family, owner occupied rehab	Homeowners; Income limit: 30% AMI	Brainerd HRA	Brainerd HRA
MHFA Emergency & Accessibility Loan Program	Single-family, owner occupied rehab	Homeowners; Income limit: 30% AMI	Brainerd HRA	Brainerd HRA
USDA RD Single-Family Home Loan	Single-family, owner occupied home purchase including rehab	Low- and very-low-income	BlackRidgeBANK; Wells Fargo Bank, N.A.	https://www.rd.usda.gov/sites/default/files/fact-sheet/508_RD_FS_RHS_SFHGLP_0.pdf



For more information, contact: John Schommer, Rehab Coordinator ■ Email: John@brainerdhra.org ■ Phone: 218-824-3432
324 East River Road Brainerd, MN 56401 ■ www.brainerdhra.org



RESIDENTIAL FINANCIAL ASSISTANCE PROGRAMS (CONTINUED)

PROGRAM NAME	PROGRAM TYPE	ELIGIBLE PARTICIPANTS	WHO OFFERS IT?	WHERE TO FIND MORE INFO
USDA RD Single-Family Housing Direct Loan Program	Single-family, owner occupied home purchase including rehab	Low- and very-low-income	BlackRidgeBANK; Wells Fargo Bank, N.A.	https://www.rd.usda.gov/sites/default/files/fact-sheet/508_RD_FS_RHS_SF502Direct.pdf
USDA RD Single Family Housing Repair Loans & Grants	Single-family, owner occupied rehab	Homeowners; Income limit: 50% AMI		https://www.rd.usda.gov/sites/default/files/fact-sheet/508_RD_FS_RHS_SF504HomeRepair.pdf
MHFA Start-up Loan Program	Owner occupied home purchase	First-time homebuyers: http://www.mnhousing.gov/sites/homebuyers/income	BlackridgeBANK, Bremer, Riverwood, Prosperity Home Mortgage, US Bank, Frandsen, Brainerd Savings & Loan	http://mnhousing.gov/sites/
MHFA Down Payment & Closing Cost Loans	Downpayment & Closing Costs for home purchase	Homebuyers with an existing MHFA loan http://www.mnhousing.gov/sites/homebuyers/income	BlackridgeBANK, Bremer, Riverwood, Prosperity Home Mortgage, US Bank, Frandsen, Brainerd Savings & Loan	http://mnhousing.gov/sites/
MHFA Step-up Program for Repeat Homebuyers	Owner occupied home purchase	Current homeowner (or owned within the last three years) http://www.mnhousing.gov/sites/homebuyers/income	BlackridgeBANK, Bremer, Riverwood, Prosperity Home Mortgage, US Bank, Frandsen, Brainerd Savings & Loan	http://mnhousing.gov/sites/
MHFA Fix-up Loan	Owner occupied home improvement of single family homes, duplexes, triplexes and fourplexes	Current homeowners	Frandsen, Pine River State Bank	http://www.mnhousing.gov/sites/homeowners/



For more information, contact: John Schommer, Rehab Coordinator ■ Email: John@brainerdhra.org ■ Phone: 218-824-3432
324 East River Road Brainerd, MN 56401 ■ www.brainerdhra.org





Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: John Schommer, Rehab Coordinator
 Date: May 5, 2020
 Re: Approve Revised Tax Forfeited Property Policy

The Workforce Housing Study that was recently completed contained several recommendations that can help to further affordable housing. One of the recommendations is to consider amending the Tax Forfeited Property Policy to encourage development and redevelopment by dropping acquisition prices to 10% of market value (or even \$0) plus costs.

In considering the recommendation, we reviewed the policy and found a couple of areas that should be changed to coincide more accurately with the County's policy (as currently proposed) and the way the most recent sales worked out.

We incorporated these changes and asked attorney Martha Ingram from Kennedy and Graven to review and recommend the best way to offer the properties at \$0 plus costs. A copy reflecting the proposed changes is attached. One concern from Martha is that the County policy does not specify the acquisition price of \$1 by the HRA. Her concern is that this leaves the HRA in a position of not having a set acquisition price as we negotiate with a developer. We updated our policy to accommodate this scenario of not having the acquisition price to the HRA set in policy.

Action Requested: Approve Resolution No. 2020-05 amending the CWC HRA Tax Forfeited Hold Policy and Sales Procedure.

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Tax Forfeited Property Hold Policy and Sales Procedure

Tax Forfeited Hold Policy

The purpose of this policy is to ensure tax forfeited property in Crow Wing County is returned to productive use.

Primary goals of this policy are:

- To build Crow Wing County's density and tax base by ensuring that tax forfeited properties are developed
- To eliminate blight and reinvest in our neighborhoods
- To create a clear, straightforward, and efficient procedure for the HRA and developers to act on acquisition of tax forfeited property
- To encourage developer investment to stabilize Crow Wing County neighborhoods and construct affordable housing

Crow Wing County (the "County") maintains a list of tax forfeited properties (each a "Property"). The Crow Wing County HRA ("CWC HRA") may from time to time request that the County convey a Property at a price less than the assessed market value, if the CWC HRA determines that acquisition of the Property is required to achieve commercial or residential redevelopment strategies, or upon request from private developers or community development organizations ("Developers"). The CWC HRA will make such Properties available to Developers utilizing the Tax Forfeited Hold Sale Procedure outlined below.

Tax Forfeited Hold Sale Procedure

The following procedure will apply to the sale of Property to Developers:

1. **Application:** The CWC HRA may solicit proposals from Developers for the purchase of Properties, or will consider proposals received from Developers without solicitation. All interested Developers must submit a proposal in the form of an "Application to Acquire Tax Forfeited Property" (the "Application"). Applications may be for affordable housing or the elimination or prevention of blight on the Property.
 - **Relocation:** If a Property contains an occupied building, relocation costs may apply. The Developer will be responsible for any relocation costs. The CWC HRA will clarify whether relocation costs will apply and assist the Developer to estimate the amount of payment required.
 - **Acquisition Price:** Properties will be made available to Developers at a discounted price targeted at 25% of the assessed market value. "Assessed market value" means the current-year market value of the Property as determined by the Crow Wing County Assessor.
 - Per the March 2020 Crow Wing County Workforce Housing Study recommendations, the acquisition price to Developers is temporarily reduced to 0% of the assessed market value. This change is to support meeting the Workforce Housing Study goals and is in

516839v4CR195-2



effect until the CWC HRA Board amends the policy back to an acquisition price of 25% of assessed market value.

2. **Due Diligence:** Upon receipt of an Application, CWC HRA staff will review title to the Property to determine whether additional action is required to convey marketable title to the Developer, and if so, the approximate cost and time required for such action. CWC HRA staff will provide the Developer with this information upon receipt. The Developer will have 20 days after receipt of this information to confirm its intent to move forward with the approval process for the Application or to withdraw its Application. Developers will be responsible for all costs of obtaining marketable title for the Property.
3. **Contract:** When an Application has been submitted and confirmed, CWC HRA staff will negotiate a purchase and development contract (the "Contract") with the Developer. CWC HRA staff require the following from the Developer before presenting the Contract to the CWC HRA Board for approval:
 - a. Contract signed by the Developer
 - b. Acquisition price ("Acquisition Price"): The Acquisition Price will be targeted at 25% of the assessed market value, plus recording fees and costs
 - c. A check in the amount of the estimated costs of obtaining marketable title as described above ("Title Costs") payable to the CWC HRA; any funds not required for such purposes will be returned to the Developer
 - d. A non-refundable administrative fee of \$500 per application payable to the CWC HRA
 - e. \$1,000 maintenance and holding cost payment (the "Holding Cost Payment") per application payable to the CWC HRA: The Holding Cost Payment will be used to pay the County or the CWC HRA's holding and maintenance costs; any funds not required for such purposes will be returned to the Developer
 - f. A check in the amount of any outstanding special assessments levied against the Property, payable to the County (the "Special Assessments Payment")
4. **HRA Board Approval:** Upon receipt of the items listed above, CWC HRA staff will seek CWC HRA Board approval of the Contract. If approved, the CWC HRA will execute the Contract contingent upon County approval, then proceed to request conveyance of the Property from the County. If the CWC HRA Board denies the Application and Contract, the Acquisition Price, Title Costs, Holding Cost Payment, and Special Assessments Payment will be refunded to the Developer. The CWC HRA may then solicit other proposals for the Property, or will release its hold on the Property.
5. **County Approval:** Once the CWC HRA Board approves the Contract, staff will send the approving resolution, the Developer's Application and the Acquisition Price to the County Board, requesting conveyance of the Property to the CWC HRA. Upon approval by the County and acquisition of the Property from the County, the CWC HRA will schedule closing with the Developer. If the County Board approves conveyance of the Property but denies the CWC HRA's request for a discounted Acquisition Price, the Developer may have the option to pay the remaining balance of the assessed market value to the County or to withdraw its Application and request a refund of its Acquisition Price, Holding Cost Payment, and Special Assessments Payment. If the County denies the Application, the Acquisition Price, Holding Cost Payment, and Special Assessments Payment will be refunded to the Developer.

6. **Closing:** Once the County has recorded the deed for the Property and the CWC HRA has received the recorded deed, the CWC HRA will schedule a closing with the Developer. At the closing, the Developer will be responsible to pay all closing costs, any holding costs in excess of the Holding Cost Payment, actual Title Costs in excess of the estimated Title Costs payment, and any additional fees charged by Crow Wing County. If actual Title Costs or Holding Costs are less than the estimated Title Costs or Holding Costs, any excess will be refunded to the Developer.
7. **Property Management:** After closing, the Developer will be solely responsible for all costs of construction as provided in the Contract, as well as all costs of maintenance. The Contract will require that improvements must be completed within 12 months after closing or as negotiated for multiple dwellings.
8. **Failure to Perform:** If the Developer fails to complete the improvements on the Property within 12 months after closing or as negotiated for multiple dwellings, no additional Property may be acquired by the Developer through the Tax Forfeited Hold Sale Procedure until the default is cured.

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HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE COUNTY OF CROW WING

RESOLUTION NO. 2020-05

RESOLUTION AMENDING THE CROW WING COUNTY HRA TAX FORFEITED
PROPERTY HOLD POLICY AND SALES PROCEDURE.

WHEREAS, the purpose of this policy is to ensure tax forfeited property in Crow Wing County is returned to productive use, and

WHEREAS, the primary goals of this policy are as follows:

- To build Crow Wing County's density and tax base by ensuring tax forfeited properties are developed
- To eliminate blight and reinvest in our neighborhood
- To create a clear, straightforward, and efficient procedure for the HRA and developers to act on acquisition of tax forfeited property
- To encourage developer investment to stabilize Crow Wing County neighborhoods and construct affordable housing, and

WHEREAS, Minnesota Statutes, Section 282.01, subd.1a(d) gives the Crow Wing County Board the authority to sell non-conservation land to a governmental subdivision of the state or a state agency for less than its market value as long as the property will be used to correct blight or to facilitate the development of affordable housing, and

WHEREAS, The Crow Wing County Board adopted a policy describing the terms and conditions under which it will sell non-conservation property for less than market value for affordable housing or correcting blight, and

NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners of Crow Wing County Housing and Redevelopment Authority agrees to amend the Crow Wing County HRA Tax Forfeited Property Hold Policy and Sales Procedure.

Approved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the County of Crow Wing this ___ day of May, 2020.

Chair

ATTEST:

Secretary



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Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: John Schommer, Rehab Coordinator
 Date: May 5, 2020
 Re: Consider Draft Housing Trust Fund Guidelines

The Housing Trust Fund (HTF) Ordinance was adopted unanimously by Crow Wing County commissioners on February 25th. Since then, we have been working to establish guidelines to administer the HTF to ensure it remains a permanent source of funding and a continually renewable source of revenue to meet, in part, the housing needs of Moderate, Low Income and Very Low Income households of the county.

- » **Moderate Income** is defined as gross household income at or below 115 percent (115%) of Area Median Income (AMI) but more than 80% of AMI.
- » **Low Income** is defined as gross household income at or below 80% of AMI but more than 50% of AMI.
- » **Very Low Income** is defined as gross household income at or below 50% of AMI, as determined by the US Dept. of HUD.

We utilized the results of the Workforce Housing Study and also researched and considered other trust fund guidelines to determine what options would help to “move the needle” the farthest on housing needs throughout the county. One key focus was to try to serve the needs of the lowest income population over the longest period of time while leveraging the HTF dollars as much as possible.

We had our attorney, Martha Ingram from Kennedy & Graven, review the draft guidelines and she did provide some comments for the Board’s consideration:

- » Has the Board considered how they would like the HTF dollars allocated between the various programs? If we have a big affordable housing developer who uses up all of the funds, are the other programs not funded?
- » Is there a different pot of money allocated to each program?

In consideration of the allocation of funds to the various programs, another piece of the HTF could be a rating or prioritizing methodology to be utilized if there is more demand for the dollars than available. We all probably agree that we would like to see the funds used for a large affordable housing development that would make a significant impact on the housing gap as defined in the study.

Another area for consideration are the income limits in the current guidelines up to 115% of AMI, which meet the definition of affordable housing. We have not limited the guidelines to 80% of AMI and below which would meet the definition of workforce housing income limits for CWC as defined in the Workforce Housing Study. We wanted to clarify for the Board that the proposed guidelines could be more restrictive to prioritize the



workforce population as defined in the Workforce Housing Study by limiting the income levels to 80% of AMI and below.

There are still many variables that can be considered as we draft the HTF guidelines.

Action Requested: Consider the Draft Housing Trust Fund Guidelines.



CROW WING COUNTY HRA HOUSING TRUST FUND GUIDELINES

PROGRAM INTRODUCTION AND PURPOSE

The primary purpose of the Crow Wing County Housing Trust Fund (HTF) Program is to assist in financing the production and preservation/stabilization of affordable and mixed-income housing projects in Crow Wing County. The HTF shall be a permanent source of funding and a continually renewable source of revenue to meet, in part, the housing needs of Moderate, Low Income and Very Low Income households of the County. The HTF shall provide loans to property owners, homeowners, local units of government, for-profit housing developers, and non-profit housing developers for the acquisition, capital and soft costs necessary for the creation of new Affordable and Workforce Housing (both rental and owner-occupied). Projects funded by the HTF shall be dispersed throughout the County as funds are available.

HTF PROGRAM BASIS AND POLICY GUIDANCE

Managed by the Crow Wing County Housing & Redevelopment Authority (HRA), the HTF Program administration is guided primarily by the following documents:

- Minn. Stat. §462C.16 462C.16 Housing Trust Funds for Local Housing Development
- Ordinance Establishing a Housing Trust Fund in Crow Wing County (Ordinance No. 2001), effective 3/4/20

NEEDS AND PRIORITIES OF THE HTF

Target Population:

- Very Low Income: gross household income at or below 50% of Area Median Income (AMI), as determined by the US Dept. of HUD.
- Low Income: gross household income at or below 80% of AMI, but more than 50% of AMI.
- Moderate Income: gross household income at or below 115 percent (115%) of AMI, but more than 80% of AMI.

Housing Type Solutions:

Single- and multi-family new construction, single- and multi-family rehabilitation, ownership or down payment housing assistance—(such as condos, townhomes, or detached single-family houses).

PROGRAMS SUPPORTED BY THE HTF

1. Workforce Housing Assistance Program
2. Homebuyer Assistance Program
3. Rehabilitation Assistance Program
4. New Construction/Development Financing Program

1. WORKFORCE HOUSING ASSISTANCE PROGRAM

The program is designed to promote homeownership within Crow Wing County. The CWC HRA will match employer contributions up to \$5,000 towards the down payment or closing costs for the purchase of a home. The assistance is in the form of a low-interest (equal to the current U.S. Federal Prime Rate), five-year installment loan. Qualified homebuyers will be served on a first-come, first-served basis.

Homebuyer Qualifications:

- Have a credit score of 640 or higher
- Be pre-approved with a lender
- Meet income limits (at or below 115% of AMI, as determined by the U.S. Department of Housing and Urban Development)
- Be purchasing a home to be used as their primary residence and located in Crow Wing County
- Have one member of household working at least 30 hours per week
- The borrower(s) is required to sign a Note and Mortgage in order to receive homebuyer assistance

2. HOMEBUYER ASSISTANCE PROGRAM

The purpose of the program is to assist very low-, low and moderate-income families with the purchase of affordable housing in Crow Wing County. This program will provide financial assistance to households who have income at or below 115% of the AMI as determined by the U.S. Department of Housing and Urban Development. This program's intention is to empower Crow Wing County households who are on the cusp of homeownership but need financial assistance to secure a home loan from a lender. Eligible households can receive up to \$20,000 for homebuyer assistance based on need. The CWC HRA will fund a second mortgage in an amount equal to the difference between the maximum approvable mortgage (based on the buyer paying 30% or less of household income) and the purchase price of the home. The property being purchased with Homebuyer Assistance funds must be the buyer's primary residence.

The homebuyer assistance will act as a soft second loan at zero percent interest. This means that the borrower will not need to make monthly payments on this loan. The loan is not forgivable. It must be paid back by the homeowner upon the sale or transfer of the house, vacating the house as a primary residence, or at the expiration of the 30-year term.

The program is available on a first-come, first-served basis. Applicants are encouraged to apply for loans funded through Minnesota Housing Finance Agency (MHFA) Home Buyers Programs, the USDA Rural Development Housing programs, and HUD FHA programs. These programs are often available through local lenders or mortgage brokers.

All household members over the age of 18 will have their income reviewed to determine household eligibility even if all members do not sign the mortgage. Households must initially be at or below the maximum income at time of closing; however, income will not be monitored after loan closing.

Mortgage Qualification: Homebuyers shall have prior contact with a lender and secure their conditional approval for a mortgage. A letter from the lending institution is required and must state that your home mortgage application is accepted by the lender contingent on a homebuyer assistance that is at or below \$20,000.

Homebuyer Training: At least one household member must attend a Home Stretch (NSP approved) Homebuyer education course and provide the Crow Wing County HRA with a copy of the completion certificate. Courses can be located at: <https://www.hocmn.org/>

Processing Fees: There is a processing fee of \$100 for all applicants, which can be paid up front or subtracted from the final loan amount at closing. Applicants are also responsible for all filing fees at the court house and title search costs.

Purchase Agreement: Applicants must have a signed purchase agreement for the property. The property must meet the requirements as noted below. If the house is in question to any of the items below, please contact HRA staff before submitting an application. If applicable, the HRA will not inspect any houses until a purchase agreement is signed.

Property Requirements:

- All properties must meet Section 8 Existing Housing Quality Standards; if a home inspection has been completed, it will meet this requirement as long as a copy of the inspection is provided to the HRA.
- House must be 'move-in' condition (no major construction or repairs needed prior to move-in).
- House must be primary residence of applicant(s).
- House must be located in Crow Wing County.
- House must be suitable size for family size.
- House must have an appraised value equal to or greater than all loans.

Priority:

- Applications will be processed in the order in which they were received.
- Applications will be funded as they are completed and approved.
- Applicants DO NOT need to be a first time homebuyer to receive funding.
- Funding is subject to availability.

Household Contribution: Applicants must contribute a minimum of \$1,000 of their own funds toward the purchase of the home (earnest money can make up part or the entire requirement).

Loan Details:

- Interest Rate and Terms: The household's monthly house payment cannot exceed 30% of the gross income. The interest rate will be set at zero percent (0%) for the length of the term. The term is for 30 years or for as long as the original homebuyers own and reside in the home. Loan is due in full upon sale of the house, when it is no longer their primary residence or the end of the 30-year term.
- Lending Institutions: Borrowers may use the lending institution of their choice. Lending Institutions do not have to be located in Crow Wing County.

Other Borrower Requirements:

- At least one household member must be gainfully employed at the time of home purchase.
- Gainful employment is defined as an employment situation where the employee consistently works and receives payment from an employer at 30 hours per week or more.
- Borrower does not own other real estate, such as lakeshore property, farmland or residential property. The only exception is commercial property that generates income for payment of the house loan.
- Applicant does not have ample resources to make the loan without down payment assistance.

- Lender indicates the borrower will not receive the loan without down payment assistance.

Repayment Agreements: The borrower(s) is required to sign a Note and Mortgage in order to receive homebuyer assistance. Assistance will be provided in the form of an interest-free loan payable upon sale or transfer of the property, or when the buyer no longer occupies the property as the principal residence. Full repayment of the principal is due upon the sale, maturity or other transfer of the property or when the buyer no longer occupies the property as the principal residence.

3. REHAB ASSISTANCE PROGRAM

The property must be located within Crow Wing County and meet one of the following:

- The residential unit does not meet HUD's Section 8 Housing Quality Standards.
- The residential unit does not meet applicable and current Minnesota State Building Code, Fire Code, Occupancy Codes, National Electrical Code, Uniform Mechanical and Plumbing Codes.
- The residential unit contains health and safety hazards.
- The residential unit lacks safe, reliable water supply or sanitary wastewater disposal.
- The residential unit does not meet Minnesota Energy Efficiency Standards.
- The residential unit does not allow its occupants to age in place.
- The residential unit fails to provide suitable shelter in some other obvious and apparent manner.

Below are the work items for which the rehabilitation dollars can be used. There will be no work funded through this program for strictly cosmetic purpose and for which the need described above cannot be documented.

- Furnaces or other heating systems
- Roof repair/replacement (shingles, soffit, fascia, damaged boards, etc.)
- Sewer or water repairs
- Foundation/structural Issues
- Energy efficiency improvements (doors, windows, siding, etc.)
- Lead abatement
- Handicap accessibility

Interested applicants will be taken on a first-come, first-served basis. 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 loan. There should be no tax liens or past-due assessments or judgments on the property. For properties built prior to 1978, a risk assessment for lead will be performed prior to the work write-up. Lead clearance, if needed, will be performed at completion. The property owner will sign a Note and Mortgage for the rehabilitation work prior to the clearance being done, which will include the costs for the risk assessment and clearance. If lead is found to be present, lead-certified contractors will be used to perform all lead-related work. Lien waivers will be required for all work.

Owner-Occupied Rehab:

Applicants must occupy the property as their principal place of residence, shall reside in the home at time of application, and the property must be classified homestead. Previous recipients of program benefits are ineligible.

The maximum household income limits for owner occupied rehab is 115% of the AMI as determined by the U.S. Department of Housing and Urban Development. The following table details the income participation.

Income	Homeowner Contribution
101% - 115% of Median	20%
81% - 100% of Median	10%
80% and below	0%

The maximum HTF deferred loan amount extended to any homeowner occupied unit shall not exceed \$25,000. If the total cost of repairs exceeds the maximum loan limits, the applicant will be responsible to secure additional financing beyond the required matching leverage amount for the applicant's income. If the applicant is unable to secure the necessary funding, then the scope of the project will be reduced in a manner that is consistent with funding regulations and adopted housing standards. This is a 15-year, zero percent (0%) deferred loan. This loan is payable upon the sale or transfer of the home, is no longer their primary residence, or the primary mortgage is refinanced and equity is taken out.

Rental Rehab:

- A. **Occupancy Requirements for Property to be Rehabilitated:** A minimum of 51% of the rental units must be occupied by tenants at or below 115% of AMI for Crow Wing County as determined by U.S. Department of Housing and Urban Development. Income of tenants must be verified and must remain throughout the term of the loan. Owner is responsible for certifying annually that at least 51% of the rental units are occupied by tenants at or below 115% of AMI for Crow Wing County as determined by U.S. Department of Housing and Urban Development.
- B. **Program Rent Limits:** All rental units must be within the fair market rent limits established for Crow Wing County by U.S. Department of Housing and Urban Development. Rents must stay within these limits for the repayment term of the program. Rent limits are adjusted annually by HUD and incremental annual rent increases are allowed with HRA approval as long as they do not exceed program rent limits.
- C. **Income Eligibility**
- Annual income will be used to determine eligibility.
 - Annual income will be based on current income.
 - 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.
 - Income will be based on the primary wage earners of household, thus excluding income from dependents.
 - If the tenant 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.
 - 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.
 - If tenant 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.
 - If tenant is seasonally employed, current income and any unemployment compensation will be prorated based on past two years' work history.
- D. **Verification of Income:** Written verification of all sources of income shall be required. Income verification shall be current (within 90 days of the initial housing inspection for the rehab program). The following are acceptable:
- Third-party income verifications
 - Previous two years' tax returns
 - Income verification forms completed by employer, agency, institution (bank, insurance company, etc.)
 - Visual verification form signed by program administrator
 - Copy of current savings passbook or certificate
 - Other documentation as appropriate
 - Combination of the above as needed to verify all income and assets
- E. **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. Contractors shall not be debarred and shall have been determined capable based on past performance and ability to perform successfully.
- F. **Funding:** The maximum HTF deferred loan amount extended to any owner will be based on the following but shall not exceed those available in the HTF or 80% of the project costs, whichever is less.
- Single family rental rehab \$25,000
 - Multi-family rental rehab
 - \$12,500 per unit if at least 51% of the units are leased to tenants with incomes at or below 115% but more than 80% of AMI.

- \$15,000 per unit if at least 51% of the units are leased to tenants with incomes at or below 80% but more than 50% of AMI.
- \$20,000 per unit if at least 51% of the units are leased to tenants with incomes at or below 50%.

If the total cost of repairs exceeds the maximum loan limits, the applicant will be responsible to secure additional financing beyond the required matching leverage amount. If the applicant is unable to secure the necessary funding, then the scope of the project will be reduced in a manner that is consistent with funding regulations and adopted housing standards. This is a 20-year loan term with 0%–1% simple interest and a deferred lump sum repayment of principal and interest. This means that the borrower will not need to make monthly payments on this loan. If affordability is maintained throughout the entire 20-year term the lump sum repayment will be reduced to 50% of the original principal amount. This loan is payable upon the sale or transfer of the property, the primary mortgage is refinanced and equity is taken out or at the end of the term.

4. NEW CONSTRUCTION/DEVELOPMENT FINANCING PROGRAM

Applicants must have sufficient experience and/or demonstrate sufficient capacity and training in housing development and management to successfully secure financing, construct, complete, and operate the proposed project. All HTF affordable housing projects shall be undertaken and completed by the developer (HTF applicant) and not other members of the development team. Applicants without the necessary experience must enter into joint venture agreements with experienced developers.

For projects proposed as limited partnerships, the CWC HRA reserves the right to approve the limited partnership agreement prior to any HTF loan award.

Projects proposed as a Joint Venture shall comply with the following:

If the developer is a joint venture, the HTF Application or project will be assessed based on the experience of the “lead developer.” The “lead developer” is the entity that has the majority interest in the joint venture or partnership. In all joint ventures, a majority control must be held by the development entity meeting the CWC HRA’s approval. The CWC HRA will review and approve all joint venture agreements and decide which joint venture partner has the majority control in the management and operation of the joint venture.

If the proposed project includes a supportive services component designed for very low or extremely low-income families that need services linked to their housing in order to remain stable in the proposed housing project, the property management agent must also provide evidence of managing other housing projects with supportive services from any city or agency from which the agent received funding for providing comparable services.

Development projects that create and/or preserve affordable housing units are eligible to receive funding. The residential portions of mixed-use and live/work projects that meet the affordability requirements of these guidelines shall be eligible for assistance. Funding may also be provided to assist in the creation of common areas, meeting space, and other space primarily for use by the residents of the assisted units, such as rooms to provide onsite medical or counseling services.

Activities eligible for funding include pre-development costs, new construction, acquisition of property, conversion of non-residential to residential use, conversion of rental units to relocation, and rehabilitation costs.

All reasonable costs associated with acquisition for housing or mixed-use purposes and rehabilitation are eligible for funding. The purchase price of a property to be acquired shall not exceed its appraised value, unless the CWC HRA finds that the project has sufficient merit to justify paying a higher price, in which case the price shall not exceed the appraised value by more than 10 percent. Rehabilitation shall include activities to make the building safe, decent and sanitary and to abate lead concerns.

All reasonable costs associated with new construction eligible housing projects are eligible for funding.

Rental Housing Developments:

All applications for funding must meet the minimum requirements below. Applicants may propose to produce units with lower income or affordability ranges than prescribed herein. CWC HRA encourages projects that address chronic homelessness and/or housing for extremely low income households, or households whose income does not exceed 30% AMI.

All HTF-assisted rental units shall be occupied by households with incomes at or below the targeted income category, unless compliance with the federal, state, or local laws requires otherwise.

All HTF-assisted homeownership units shall be sold to households with incomes at or below the targeted income category who agree to occupy the unit as their principal place of residence.

At least 60% of all units in an eligible housing project must have rents as follows:

- Not less than forty percent (40%) of all the units must be affordable to households whose income does not exceed 115% of Area Median Income (AMI);
- Not less than twenty percent (20%) of all the units must be affordable to households whose income does not exceed 80% of AMI.
- Rents on the remaining 40% of the units may be set at market rate.

Affordability Term – Regulatory Period

All newly constructed or rehabilitated housing rental units assisted through the HTF shall be affordable for a period of not less than 20 years from the date of project completion.

Homeownership Housing Developments:

There are no minimum requirements for the number of affordable homeownership units in a project or complex, which can receive assistance from the HTF. Sale prices of affordable units must be set at a price affordable to households with incomes at 115% of AMI. For the purpose of setting a sales price, "affordable" shall be defined as housing costs including mortgage payments, property taxes, insurance, and Homeowner's Association dues (if applicable) that are no greater than 30% of gross income for a household at 115% of AMI.

Priority shall be made to first time homebuyers for affordable homeownership units.

Development Loans (for Construction and/or Permanent Financing):

Construction and permanent financing will generally be provided in the form of a single development loan agreement if the project site has been acquired.

The interest rate shall be prime minus one percent, simple interest, for all loans. The maximum repayment term of all long-term loans from the fund shall not exceed 55 years, unless a longer term is required by other financing. Early repayment of the loan is permitted as long as the affordability requirements included in the HTF regulatory agreement are maintained on the property. Development Loan Agreements shall incorporate penalty and/or other types of provisions to ensure compliance with the affordability terms of the subsidy. Funding shall be no more than 100% of a project's total development cost.

Development projects will be considered with respect to criteria established in the HTF ordinance and the following:

- Housing affordability
- Benefit the highest percentage of low-, very low-, and extremely low-income persons
- Provide the lowest rents
- Include a greater percentage of affordable units
- Maintain longer periods of affordability
- Housing linked with services for families and people with special needs including homeless people, disabled people, seniors and people with HIV/AIDS
- Maximizing accessibility for persons with disabilities
- Cost effectiveness of project including cost per square foot, cost per affordable unit, leveraging of other financing, other financing commitments, projects that use program funds as a match or leveraging tool to stimulate the use of conventional and below-market resources, including tax credits, state and federal funding programs, and/or other funding sources. Projects that provide the greatest benefit per dollar of funds spent and projects that have other funding sources identified and committed.

The applicant must submit information on compliance with federal and state accessibility regulations related to housing. On all new developments, developers are encouraged to maximize accessibility by going beyond the minimum accessibility standards. In rehabilitated developments, developers are encouraged to include accessibility.

All assisted units in a mixed-income project shall be reasonably dispersed throughout the project, generally comparable to the unassisted units and shall have full access to common areas and facilities. Units designed to be accessible to disabled persons shall be dispersed in a manner similar to the assisted units.

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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: John Schommer, Rehab Coordinator
Date: May 7, 2020
Re: Approve Purchase and Redevelopment Agreement Between CWC HRA and Level Contracting

Level Contracting LLC would like to purchase five additional lots, three in Brainerd Oaks and two in Serene Pines, with a total purchase price of \$49,448.69. Since the request was received last minute, Attorney Martha Ingram from Kennedy & Graven is drafting the Purchase and Redevelopment Agreement and corresponding resolution, which will be sent separately prior to the meeting.

Action Requested: Approve Resolution No. 2020-05, Approving the Purchase and Redevelopment Agreement between the Housing and Redevelopment Authority in and for the County of Crow Wing and Level Contracting LLC.

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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Karen Young, Interim Executive Director
Date: May 6, 2020
Re: Executive Director Report

Executive Director Search

The Executive Director position profile was posted for a second time by our consultant and this posting closed on April 15th. We received six applicants as a result of the job posting. The Brainerd HRA hiring committee met and selected three of the six applicants to go through a video interview process. This was not an interactive process but one in which Gary Weiers, our consultant with DDA, selected 6–8 questions in which the candidates had about 1.5 minutes to respond to each question. The hiring committee reviewed the applicant information and interviews and selected one finalist for an interview.

The Brainerd HRA board set May 27th as the interview date. We have reserved the Brainerd Fire Department Training Room for the interviews as it is larger than the HRA conference room and would allow for social distancing.

No Action Requested; Discussion Item

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Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: John Schommer, Rehab Coordinator
 Date: May 7, 2020
 Re: Brainerd HRA/Rehab Programs Report

NE BRAINERD SCDP

Address	Owner	Type of Rehab	Units	Status
707 Laurel St.	Knotty Pine Bakery	Commercial	1	Complete
707 Laurel St.	Sarah H.S.	Mixed-use	9	In Construction
212 1 st Ave. NE	Andrea B.	Owner-occupied	1	Complete
612 2 nd Ave. NE	Kelly R.	Owner-occupied	1	Complete
201 & 203 B St.	Travis B.	Rental	2	Bidding
419 3 rd Ave. NE	Mary & Richard M.	Rental	3	Bidding
726 4 th Ave. NE	John G.	Rental	3	Application Phase

Emily SCDP

- » 4 owner-occupied projects are complete
- » 1 project is in construction
- » 1 project is bidding
- » 1 projects is in work write-up

MHFA

- » 3 projects are in construction
- » 1 project is in work write-up

BRAINERD OAKS/SERENE PINES

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	40	35	0	4
Serene Pines	23	11	11	0	3
Dalmar Estates	7	1	1	0	1

*Originally 83 lots, two have been merged/combined into a single parcel.

(continues on opposite side)



SCDP Preliminary Proposal

We are working with Loren Larson, the mayor for the City of Garrison, to try to determine if we have enough manufactured and stick built homeowners that have a need and would be interested in rehab to have a competitive preliminary proposal. We are scheduled to meet Wednesday May 13th to see if it is viable.

FHLB

We are submitting another application for the Federal Home Loan Bank's (FHLB) Affordable Housing Program (AHP), which opened May 1st. We anticipate seeking approximately \$175,000 for five units of owner-occupied rehab throughout Crow Wing County. Funding awards are announced in December.

No Action Requested; Discussion Item



BUF Loan Portfolio -05/01/2020

2017 BUF Loan Recipient	Industry Type	Location	Loan Type	Primary Lender	Total Project Cost	Total Interest Rate	Jobs Created	Jobs Retained	Funding Partner	BUF Loans	Loan Amount - Direct	Loan Amount - BUF Partners	Terms	Interest Rate to Funding Partner	Scheduled Monthly Payment	IF Service Fees
1. Green Forest Recycling	Other Services	Brainerd	Equipment	Members Coop	\$ 103,330	5.50%	3	5	CTC	\$ 24,500		\$ 24,500	5 years	3.50%	\$ 470.00	1.0%
2018 BUF Loan Recipient																
2. Modified Tool	Manufacturing Trade, Trans., Utilities	Emily Area	Business Acquisition	Bank Vista	\$ 2,570,000	6.25% 6.25%	2	4	CWP BUF Direct	\$ 64,020	\$ 44,020	\$ 20,000	10 years 10 years	4.25% 4.25%	\$ 730.00	1.0% 1.0%
3. Jack Pine Brewery, LLC	Manufacturing Trade, Trans., Utilities	Baxter	Equipment	Bremer	\$ 43,000	5.50% 5.50%	2	12	CTC CWP	\$ 43,000		\$ 21,500 \$ 21,500	6 years 6 years	3.50% 3.50%	\$ 350.00 \$ 350.00	1.0% 1.0%
4. Brainerd Distilling Company	Manufacturing Trade, Trans., Utilities	Brainerd	Real Estate	Riverwood Bank	\$ 305,000	5.50%	6		BUF Direct	\$ 67,500	\$ 67,500		20 yr am/5 yr balloon	3.50%	\$ 464.32	1.0%
5. Dockside Rental, LLC	Leisure and Hospitality	Nisswa	Equipment	BlackRidge Bank	\$ 204,000	6.00% 6.00%	2		CTC BUF Direct	\$ 55,000	\$ 27,500	\$ 27,500	6 years 6 years	4.00% 4.00%	\$ 456.00 \$ 456.00	1.0% 1.0%
6. Gullview Technologies, LLC	Prof. Business Services	Baxter	Equipment Staffing/Onboarding	Riverwood Bank	\$ 318,000	5.50%	12	9	BUF Direct	\$ 50,000	\$ 50,000		5 years	3.50%	\$ 955.00	1.0%
7. Outdoors Insight, Inc. Paid in Full	Manufacturing Trade, Trans., Utilities	Crosslake	Inventory Staffing/Onboarding	MN Bank & Trust	\$ 1,700,000	6.00% 6.00%	7	7	CWP BUF Direct	\$ 200,000	\$ 100,000	\$ 100,000	7 years 7 years	4.00% 4.00%	\$ 2,922.00	1.0%
2019 BUF Loan Recipient																
9. PaulSquared Properties, LLC dba Vidual	Manufacturing Trade, Trans., Utilities	Crosby	Property Improvements	Bremer	\$ 617,712	6.00%	5	-	CWC HRA TIF	\$ 75,000		\$ 75,000	5 Years	4.00%	\$ 1,450.00	1.0%
10. Tri-Axis, LLC. dba Paradigm	Trade, Trans., Utilities	Brainerd	Bus Acquisition	BlackRidge Bank	\$ 303,250	6.50%	5	8	BUF Direct	\$ 80,000	\$ 80,000		20 yr am/5 yr balloon	4.50%	\$ 769.00	1.0%
11. Chickadee LLC	Other Services	Nisswa	Inventory/Improvements	BlackRidge Bank (Participation)	\$ 75,000	7.15%	3	2	BUF Direct	\$ 30,000			5 Years	6.15%	\$ 601.00	N/A
12. Greenheck Auto Glass	Trade, Trans., Utilities	Brainerd	Refinance	Deerwood Bank	\$ 116,000	7.50%	1	5	BUF Direct	\$ 50,000			7 years	5.50%	\$ 767.00	N/A
13. El Tequila Restaurant	Leisure and Hospitality	Baxter	Real Estate	BlackRidge Bank	\$ 1,960,000	6.50%	7	20	CWP	\$ 75,000		\$75,000	20 yr am/10 yr balloon	4.50%	\$ 1,120.00	1.00%
14. Teeny Bubbles Child Care Not yet funded but approved	Daycare	Brainerd	Real Estate	Randall State Bank	\$ 417,000	7.50%	18	24	BUF Direct	\$ 30,000	30,000		5 years	5.50%	\$ 602.00	1.00%
15. Shiner's Bar & Bistro	Leisure and Hospitality	Jenkins	Inventory and Equipment	First National Bank	\$ 445,000	7.50%	10	0	BUF Direct	\$ 100,000	100,000		5 years	5.50%	\$ 2,004.00	1.00%
16. New Heritage Architecture	Architecture & Design	Pequot Lakes	Real Estate	American National Bank	\$ 252,350	4.25%	3	2	BUF Direct	\$ 49,270	49,270		20 yr am/5 yr balloon		\$ 310.00	0.00%
17. WRD Holdings, LLC	Leisure and Hospitality	Brainerd	Real Estate	Riverwood Bank	\$ 993,000	4.85%	7	0	Federal Funds	\$ 117,600	117,600		20 yr am/5 yr balloon		\$ 767.00	1.00%
					\$ 10,422,642	6.09%	93	98		\$ 1,110,890	\$ 665,890	\$ 365,000		4.31%	\$15,543.32	

QUICK FACTS **does not include (PENDING) numbers

Industry Sectors		Geographic Location (8)		Primary Lenders (8)	Loans Made	Avg Direct Loan (7)	Avg Partner Loan (6)
Natural Res. and Mining	0	Baxter	3	Members Coop - Baxter	1	\$95,127.14	\$60,833.33
Construction	0	Brainerd	6	Bank Vista - Sartell	1		
Manufacturing	5	Crosby	1	Bremer	2		
Trade, Trans., Utilities	7	Crosslake	1	Riverwood Bank	4	Smallest Loan	
Information	0	Emily Area	1	BlackRidge Bank	4	\$20,000.00	
Financial Activities	0	Nisswa	2	MN Bank & Trust - Woodbury	1		
Prof. Business Services	1	Jenkins/Pequot Lakes	2	First National Bank	1	Largest Loan	
Educ. and Health Serv.	0			Randall State Bank	1	\$100,000.00	
Leisure and Hospitality	5	Business Acquisition	1	Deerwood Bank	1		
Other Services	2	Equipment	4	American National Bank	1		
Public Admin.	0	Real Estate	7				
		Other	5				
					Total Jobs Created/Retained		
					191		



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	Jan 2020	Feb 2020	Mar 2020	Q1 2020 SubTotals	April 2020	May 2020	June 2020	Q2 2020 SubTotals	Q3 2020 SubTotals	Q4 2020 SubTotals	2020 Total #'s:	2020 Total Revenue
Updated: 5/1/2020												
Meetings with Potential New Members	1	2	0	3	0			0	0	0	3	
Current Open Job Postings	6	7	6		4							
YTD Filled Jobs	2	1	2	5	0		1	1	0	0	6	
Spousal Referrals	0	2	1	3	2			2	0	0	5	
Offers Made/Job Declined	0	0	1	1	0			0	0	0	1	
Total Resumes Received	141	158	104	403	53			53	0	0	456	
Quality Resumes Reviewed	82	97	41	220	22			22	0	0	242	
Interviews Conducted	46	55	30	131	17			17	0	0	148	
Workforce Presentations/Community	0	0	1	1	0			0	0	0	1	
Grant Funding				\$0				\$0	\$0	\$0		\$0
Direct Hire Fees	\$22,670	\$5,800	\$11,000	\$39,470				\$0	\$0	\$0		\$39,470
											2020 Grand Total	\$39,470

