

**Crow Wing County HRA Board Meeting**  
**5:00 p.m. Tuesday, September 8<sup>th</sup>, 2020**  
**Webex Video/Teleconference**

Join from your browser: <https://brainerdhra.my.webex.com.brainerdhra.my/j.php?MTID=mfad7f1bfa0c9ac7963283eda72932866>

Join by phone: 415-655-0001

Meeting number (access code): 126 142 0039

Meeting password: 9820

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*“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. OATH OF OFFICE: RICHARD (GEORGE) BURTON (Attachment 1)**
- 4. REVIEW and APPROVE MINUTES (Attachment 2)**
- 5. REVIEW and ACCEPT FINANCIAL STATEMENTS (Attachment 3)**
- 6. UNFINISHED BUSINESS**
- 7. NEW BUSINESS**
- 8. REPORTS**
  - a. Executive Director (Attachment 4)
  - b. Brainerd HRA/Rehab Programs (Attachment 5)
  - c. BLAEDC/CREDI (Attachment 6)
  - d. CWC
- 9. HRA COMMISSIONER COMMENTS**
- 10. NEXT MEETING AGENDA TOPICS: Tuesday, October 13, 2020**
- 11. 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)

Richard (George) Burton - District 1 (12-31-22)

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



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## Housing &amp; Redevelopment Authority

To: CWC HRA Board Members  
From: Eric Charpentier, Executive Director  
Date: September 3, 2020  
Re: Oath of Office

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At the July 14, 2020, county board meeting, Mr. Richard (George) Burton was appointed to serve on the Crow Wing County Housing and Redevelopment Authority as the representative from County Commissioner District 1 filling a term expiring 12-31-22. Following the official Oath of Office (see Attachment 1a), please join me in welcoming Mr. Burton.

**No Action Requested**

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# Oath

STATE OF MINNESOTA

COUNTY OF CROW WING

ss.

I, **Richard (George) Burton**, do solemnly affirm that I will support the Constitution of the United States, the Constitution of the State of Minnesota, and that I will faithfully and impartially discharge the duties as a commissioner of the **CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY**, to which I have been appointed to the best of my knowledge and ability, so help me God.

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Richard (George) Burton

Subscribed and sworn to before me this 8th day of September, 2020.

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ERIC CHARPENTIER  
Executive Director



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## **Crow Wing County HRA Board Meeting Minutes**

### **from Tuesday, August 11<sup>th</sup>, 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 video/teleconference at 4:30 p.m., Tuesday, August 11<sup>th</sup>, 2020.

- 1. CALL TO ORDER:** Chair Craig Nathan called the meeting to order at 4:31 p.m.
- 2. ROLL CALL:** Those present include Chair Craig Nathan and Commissioners Michael Aulie and Zach Tabatt; Interim Executive Director/Finance Director Karen Young, Rehab Coordinator John Schommer, and Executive Assistant LeAnn Goltz; Tyler Glynn with BLAEDC, and Eric Charpentier. Absent: Michael Morford.
- 3. OATH OF OFFICE:** Mr. Richard (George) Burton was appointed to serve as the District 1 HRA representative filling a term expiring 12-31-22. Due to Burton's absence, the official Oath of Office was not conducted and will be done at the next meeting.
- 4. REVIEW and APPROVE MINUTES**

Moved by Commissioner Aulie and seconded by Commissioner Tabatt to approve the minutes from July 14, 2020. Through a roll call vote, all commissioners were in favor of the motion and none were opposed. The minutes were approved.

- 5. REVIEW and ACCEPT FINANCIAL STATEMENTS:**

**CWC HRA Tax Levy**

Reflected in the July financial statements is the deposit of \$153,391.43 in Property Tax Revenue (levy) for total first half deposits of \$403,634.27. The total levy amount for 2020 is \$729,500. The second half property tax settlement will be in December.

**BLAEDC/CREDI Reporting**

BLAEDC worked with our mutual attorney, Martha Ingram, to establish a reporting tool for tracking eligible initiatives for BLAEDC/CREDI to be reported to the CWC HRA. This will successfully account for the BLAEDC/CREDI funding, which flows through the HRA levy and is limited to eligible initiatives per Statute 469.

**2021 Budget Preparation**

There was a CWC Budget Committee meeting scheduled for August 13<sup>th</sup> but it has been moved to September 10<sup>th</sup>. We have been tentatively added to that agenda to present the 2021 CWC HRA budget to the CWC Commissioners. In addition, staff can submit a letter requesting level funding for 2021 with a zero percent increase.

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



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

7. **REPORTS**

a. Executive Director:

BLAEDC Unified Fund (BUF) Board

Theresa Goble's resignation leaves a vacant seat on the BUF Board. After some discussion, the CWC HRA Board chose to appoint Commissioner Tabatt to represent the HRA.

**Moved and seconded by Commissioners Aulie and Nathan to appoint Commissioner Tabatt as Crow Wing County HRA's representative on the BUF Board with Commissioner Aulie serving as an alternate. Through roll call vote, all commissioners were in favor and none were opposed. The motion was approved.**

Webex Board Meetings

Staff discussed the possibility of meeting in person for the August board meeting with Chair Nathan and the decision was made to continue with Webex meetings at this time. This is due to the increase in COVID-19 cases and not all board members being able to meet for in-person meetings.

Request for Technical Assistance (RFTA)

Staff had a Zoom meeting with Minnesota Housing Partnership (MHP) staff on July 22<sup>nd</sup> and were notified that the HRA was selected for technical assistance for CWC HRA initiatives as related to the Work Force Housing Study, creation of a Housing Trust Fund, and the affordable housing shortage in CWC.

MHP is drafting a Memorandum of Understanding to enter into with the CWC HRA along with a work plan and budget for the engagement. Staff is very excited to enter into an agreement with MHP for technical assistance which is anticipated to last approximately 1.5 to 2 years.

Executive Director Search

The Brainerd HRA Board took action offering the position to Eric Charpentier, contingent on HUD approval. He accepted the offer also contingent on HUD approval. HUD denied the initial waiver request and the Brainerd HRA Board Chair submitted a letter of appeal. The appeal was in review with HUD for several weeks, but last Thursday, August 6<sup>th</sup>, staff was notified that HUD reversed their denial and approved the waiver. Charpentier will start in his position on August 25<sup>th</sup>.

Charpentier was present for the meeting and introduced himself. He expressed his gratitude for the opportunity to serve as the new executive director.

b. **Brainerd HRA/Rehab Programs:** Schommer reviewed the rehab programs report and reported that Level plans to take down five more lots in the near future.

SCDP Preliminary Proposal

Staff will be working with the City of Garrison to submit a SCDP preliminary proposal this fall for single-family owner-occupied and commercial rehab.



### FHLB

Funding decisions will be announced in December.

### Workforce Housing Study and Housing Trust Fund

Schommer presented on the Workforce Housing Study and Housing Trust Fund at BLAEDC's quarterly meeting that was held on Tuesday, July 14<sup>th</sup>. There were approximately 35 people that attended the Zoom meeting including many community leaders and business professionals. BLAEDC received several requests for copies of the slideshow. He also presented to the Pequot Lakes EDC on Tuesday, July 21<sup>st</sup>, and as a result, he was also asked to present at the Crosslake EDA meeting on September 2<sup>nd</sup>. They would like to host a virtual update for the communities of Ideal, Fifty Lakes, Emily, Crosby, Deerwood, Mission Township, and Crosslake.

- c. BLAEDC/CREDI: Glynn informed the Board that he is working on the reporting for January through June. He has been busy with several redevelopment initiatives. In addition, BLAEDC was contracted by Crow Wing County to administer the CARES Act funding. They will begin taking applications on August 17.
- 8. **CWC:** Nothing to report.
- 9. **NEW BUSINESS**

- a. **Adopt 2021 CWC HRA Budget:** Young reviewed the 2021 General Fund Budget and the 2021 TIF Revolving Loan Fund Budget.

Commissioner Tabatt moved to adopt both the 2021 General Fund and 2021 TIF – Revolving Loan Fund Budgets and to authorize staff to submit a letter to Crow Wing County requesting level funding for 2021 with a zero percent increase. Commissioner Aulie seconded the motion. Through a roll call vote, all commissioners were in favor of the motion and none were opposed. The motion passed.

- b. **Approve Revenue Certificate for the West Grove Townhomes:** In 2003, the Crow Wing County HRA issued \$1,280,000 in General Obligation Housing Revenue Bonds, which were used to construct three buildings consisting of eight townhomes in Pequot Lakes. The townhomes provide housing to the elderly who would not be served by the private housing market or to non-elderly persons with incomes at or below 80% of the Area Median Income. These bonds were refunded in 2012 for \$1,290,000 for a lower interest rate.

One of the requirements in the Joint Powers Agreement is that the Pequot Lakes HRA provides to the CWC HRA a cash flow projection for the following year on or before August 1<sup>st</sup> of each year. The CWC HRA must sign the Revenue Certificate indicating there will or will not be sufficient cash flow to pay 105% of the principal and interest on the bonds. If the cash flow is not sufficient enough to pay 105% of the principal and interest on the bonds, the City of Pequot Lakes must approve the HRA's levy to cover the difference.

**Moved by Commissioner Aulie and seconded by Commissioner Tabatt to authorize the Interim Executive Director to sign the Revenue Certificate indicating there will be cash flow sufficient to pay 105% of the principal and interest on the Bonds. Upon roll call, all commissioners voted in favor of the motion and none were opposed. The motion passed.**



10. **COMMISSIONER COMMENTS:** Nothing to report.
11. **NEXT MEETING AGENDA TOPICS:** MOU, WFH Study/HTF Update
12. **ADJOURNMENT:**

Commissioner Tabatt moved to adjourn the meeting. Commissioner Aulie seconded the motion. Via roll call vote, all commissioners were in favor and none were opposed. The motion was approved at 5:51 p.m.



## Housing &amp; Redevelopment Authority

To: CWC HRA Board Members  
From: Karen Young, Finance Director  
Date: September 2, 2020  
Re: Review & Accept Financial Statements

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Please find attached the financial information for August 2020.

**2021 Levy Request Letter**

Per the action taken by the Board at the August board meeting, upon approval of the 2021 budget, staff drafted a letter to the CWC commissioners with our level levy request for 2021 and Chair Nathan signed the letter (see attachment 3a). This was submitted to CWC staff on August 17<sup>th</sup>. There is a CWC Budget Committee meeting scheduled on September 10<sup>th</sup> and we are awaiting further guidance from CWC whether they would like us to present our budget at that meeting.

**Action Requested: Accept the August financial statements as submitted.**



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Date/Time roberta  
9/2/2020 1:04:00 PM

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

**Cumulative**

**ASSETS**

550-000-1129.210	Cash Gen Fund	192,510.79
550-001-1129.210	Cash CWC SCDP	35,491.60
551-002-1129.210	Cash RLF TIF	362,801.84
556-000-1129.210	Cash Development Fund	-36.35
557-000-1129.210	Cash Tax Forf Property	-3,946.27
558-000-1129.210	Cash HTF	278,215.99
551-002-1141.000	Loans Rec RLF TIF	56,238.28
556-000-1450.000	Land Held for Resale	477,711.47
<b>TOTAL ASSETS</b>		<b><u>1,398,987.35</u></b>

**LIABILITIES**

557-000-2115.000	Escrow Account TFP	-1,000.00
556-000-2600.000	Def Inflow of Res - Dev	<u>477,711.47</u>
<b>TOTAL LIABILITIES</b>		<b><u>-478,711.47</u></b>

**SURPLUS**

550-000-2700-000	Net Income	-268,306.92
550-000-2806.000	Retained Earnings	-651,968.96
<b>TOTAL SURPLUS</b>		<b><u>-920,275.88</u></b>

**TOTAL LIABILITIES & SURPLUS**

Proof	0.00
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Date: 9/2/2020  
Time: 1:04:04 PM  
roberta

**Crow Wing County  
CWC HRA Combined Operating Stmt  
August, 2020**

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Rpt File: F:\HMS\REP

	<b>Current Period</b>	<b>Current Year</b>	<b>Year To Date Budget</b>	<b>Variance</b>
<b>INCOME</b>				
550-000-3610.000 Investment Earnings	-31.57	-558.21	0.00	-558.21
550-000-3690.000 Other Revenue	0.00	0.00	-18,000.00	18,000.00
550-000-3691.000 Property Tax Revenue	0.00	-403,634.27	-438,000.00	34,365.73
551-002-3610.000 RLF TIF Interest Rev	-314.48	-10,795.50	-7,446.72	-3,348.78
556-000-3696.000 Development Revenue	0.00	-71,926.09	-127,466.64	55,540.55
557-000-3696.000 TFP Revenue	0.00	-500.00	-6,666.64	6,166.64
<b>TOTAL INCOME</b>	<b>-346.05</b>	<b>-487,414.07</b>	<b>-597,580.00</b>	<b>110,165.93</b>
<b>EXPENSE</b>				
550-000-4110.000 Administrative Salaries	225.00	2,400.00	3,000.00	-600.00
550-000-4130.000 Legal	128.00	809.00	6,666.64	-5,857.64
550-000-4140.000 Staff Training	0.00	0.00	1,000.00	-1,000.00
550-000-4150.000 Travel	0.00	17.26	166.64	-149.38
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	100,000.00	100,000.00	0.00
550-000-4190.000 Other Administrative	0.00	0.00	133.36	-133.36
550-000-4500.000 TIF Expense	0.00	0.00	400.00	-400.00
550-000-4510.000 Insurance	0.00	1,579.00	1,400.00	179.00
550-000-4540.000 Employer FICA	17.20	183.60	233.36	-49.76
550-000-4590.000 Other General Expense	0.00	23,034.40	94,666.64	-71,632.24
550-001-4600.000 CWC SCDP Expense	0.00	10,000.00	18,000.00	-8,000.00
556-000-4600.000 Development Expense	0.00	71,962.44	127,466.64	-55,504.20
557-000-4600.000 TFP Expense	0.00	2,322.70	6,666.64	-4,343.94
<b>TOTAL EXPENSE</b>	<b>12,870.20</b>	<b>219,107.15</b>	<b>366,599.92</b>	<b>-147,492.77</b>
<b>NET INCOME(-) OR LOSS</b>	<b>12,524.15</b>	<b>-268,306.92</b>	<b>-230,980.08</b>	<b>-37,326.84</b>



**Crow Wing County HRA  
August 2020 Payments**

Payment Number	Payment Date	Vendor	Description	Check Amount
23488	8/27/2020	Kennedy & Graven, Chartered	BLADC - Services Agreement	\$ 128.00
<b>Total</b>				<b>\$ 128.00</b>



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Housing & Redevelopment Authority

August 13, 2020

Crow Wing County Commissioners  
Historic Court House  
326 Laurel Street  
Brainerd, MN 56401

Re: 2021 Crow Wing County HRA Levy Request

Dear Crow Wing County Commissioners:

The purpose of this letter is to request the 2021 Crow Wing County Housing and Redevelopment Authority (CWC HRA) operating levy. The CWC HRA levy will go into our General Fund which supports our housing and redevelopment initiatives.

The Mission Statement of the CWC HRA is to support the creation and preservation of affordable housing, economic development, and redevelopment projects towards a more vibrant Crow Wing County. The current goals of the CWC HRA are as follows:

1. Create awareness and visibility of the Crow Wing County HRA through education and collaboration with partners.
2. Explore funding or facilitate redevelopment projects.
3. Improve housing quality and availability in Crow Wing County.
4. Address the workforce housing needs in Crow Wing County.

We have several key initiatives in progress that are in support of our Mission Statement and current goals as referenced above:

**Brainerd Oaks/Serene Pines/Dal Mar Estates**

In 2016 the CWC HRA successfully negotiated a Purchase and Redevelopment Agreement with a developer to purchase 113 lots in three tax forfeited subdivisions (Brainerd Oaks, Serene Pines and Dal Mar Estates). These subdivisions had been tax forfeited for several years. The CWC HRA has continued to oversee this contract and to date, the developer has purchased 43 lots in Brainerd Oaks (40 homes completed and sold and three homes in construction), 13 lots in Serene Pines (12 homes completed and sold and one home in construction) and one lot in Dal Mar Estates (one home in construction).

### **Tax Forfeited Property Policy (TFPP)**

The CWC HRA has successfully used this TFPP to sell two tax forfeited lots in Baxter and four tax forfeited lots in Crosby. The CWC HRA Board recently amended their policy temporarily to offer tax forfeited properties to developers at a discounted rate of zero percent of assessed value plus costs. This is a result of the recently completed Workforce Housing Study recommendation to support the sale of properties to developers to promote the construction of housing units in CWC. The CWC HRA continues to actively market this policy to developers county-wide to promote the return of tax forfeited lots to the tax roll.

### **Small Cities Development Program (SCDP)**

The CWC HRA currently has a SCDP grant in the amount of \$323,000 in progress in the City of Emily in which five owner-occupied projects are complete and three are in progress. In addition, staff plans to submit a preliminary proposal on behalf of the City of Garrison in November. The Local Income that CWC HRA receives annually from CWC will be used as leverage dollars to increase the competitiveness of the Garrison grant application.

### **Minnesota Housing Rehab Loan Program**

In 2020 we have administered a total of eight loans in the amount of \$184,670 for the rehabilitation of single family owner occupied homes in CWC. These loans are limited to homeowners with income limits of 30% of the Area Median Income (AMI).

### **Workforce Housing Study**

In February 2020 the Workforce Housing Study that was conducted by the CWC HRA was completed. This Study was the result of collaboration with many stakeholders and partners within CWC. It includes a thorough review of the county-wide housing market, with specific emphasis on middle-income or "workforce housing". The Study defines this as households making between \$20,000 and \$50,000 per year (or \$10 - \$25/hour). Key findings and recommendations presented in the Study include:

- About 60% of industry average salaries in CWC fall within this workforce range.
- Of workforce households, 36% of owner occupied units with a mortgage and 50% of renter-occupied units are cost-burdened (spending more than 30% of their income on housing).
- The housing stock in CWC is aging significantly, with only 3.4% of units built in 2010 or later and nearly half were built prior to 1980.
- The estimated number of new housing units needed over the next 15 years in the workforce price range is 1,500.
- Leaders should work to create opportunities for affordable workforce housing development within their communities. The CWC HRA can serve as facilitator to host conversations with leaders to discuss possible solutions.

### **Crow Wing County Housing Trust Fund (HTF)**

The HTF ordinance was adopted by CWC Commissioners in February 2020 and became effective in March 2020. The primary purpose of the HTF is to assist in financing the production and preservation/stabilization of affordable and mixed-income housing projects in CWC. The HTF shall be a permanent source of funding and continually renewable source of revenue to meet, in part, the housing needs of Moderate, Low and Very Low Income households in the County. Program guidelines were approved by the CWC HRA Board in May 2020 and established the following programs:

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

Funding became available through the CWC HRA levy in July 2020 and staff is in the process of creating applications and procedures to allow for the disbursement of funds throughout the County to help with the workforce housing needs.

The initiatives referenced above are possible as a result of the CWC HRA levy. Per statute, the maximum CWC HRA levy for 2021 would be .0185% of the estimated market value, which would be approximately \$1,914,894. The CWC HRA is requesting level funding for 2021 with a zero percent increase in our levy request of \$729,500. The funding will be used for general operating expenses, in addition to:

- \$450,000 Housing Trust Fund
- \$112,000 funding for BLAEDC/CREDI
- \$150,000 for the Brainerd HRA Shared Services Agreement

Thank you for your continued support of the CWC HRA and for considering our request for the 2021 levy.

Sincerely,



Craig B. Nathan

CWC HRA Board Chair

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## Housing &amp; Redevelopment Authority

To: CWC HRA Board Members  
From: Eric Charpentier, Executive Director  
Date: September 8, 2020  
Re: Executive Director Report

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**Technical Assistance Grant**

The technical assistance grant that was awarded by Minnesota Housing Partnership (MHP) is moving forward. A Memorandum of Understanding has been entered into between MHP and the Brainerd HRA (see Attachment 4a). The MOU explains that the assistance being given is for the Housing Trust Fund, which is a CWC HRA initiative, but recognizes that the technical assistance will be provided to the staff of the Brainerd HRA, whom will administer the program.

**Action Requested:** No action needed, for informational purposes only



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## Memorandum of Understand Routing Slip

Attach this sheet to final supporting document



### MHP Internal Information

Internal Information for MHP and Funder Records

Engagement Lead:	Elizabeth Glidden	Submission Date:	8/26/20
Funder/Grant:	RCB_16 (Example: RCB-15)	Memorandum or Amendment #:	New MOU Request
Primary Beneficiary:	Brainerd HRA (Example: Two Harbors HRA)	Wkpln/Bgt status:	Pending/In Route
Unanet Project Codes: H016-F-W0076xx-Y17-V20-E; H016-T-W0076xx-Y17-V20-E; H016-T-W0076xx-Y17-V20-L Completed by CDA; TA Labor, Expense, and Match Req'd			

### Beneficiary Information

Applicable MHP Beneficiary (entity MHP is engaged with)

Contact Name:	John Schommer	Position Title:	Rehab Coordinator
Email Address:	john@brainerdhra.org	Phone:	218-824-3432
Postal Address:	324 East River Road Brainerd, MN 56401 (Street, City, State, Zipcode)		

### Routing Process

Engagement Lead begins by drafting and providing MOU to the CD Director for initial preliminary review, before routing begins. Document is then attached with a MOU route slip and emailed to CD Associate.

Step	Initials	Date	Staff Responsible	Action Item Description
1	CO	8/27/20	CD Associate	Review the attached documents for completion. Confirm internal infrastructure is set up in SharePoint and Unanet. Dynamic form created, routing facilitated. Initial/date that steps are accomplished only upon completion. <b>Note:</b> Slip <u>automatically</u> moves onto CD Director upon signature page routing initiation.
2	WK	08/27/20	CD Director (sub: CD Dpty. Director)	Final review MOU, funding source, funder compliance, and staff assignment. Initial/date routing slip confirming approval. <b>Note:</b> Routing <u>automatically</u> moves onto Beneficiary upon signature page submission OR notifies CD Associate of cancelled routes (CD Associate will know to communicate with Engagement Lead to start the process over with corrections.)
3			Beneficiary	Initial/date that you have viewed and approve the document, thereby allowing MOU to forward for final MHP staff signatures. <b>Note:</b> Slip <u>automatically</u> moves onto MHP Engagement Lead upon signature page submission. Final copies emailed after execution of final agreement.
4			Engagement Lead	Initial/date review Beneficiary-signed MOU, thereby allowing signed document to continue routing. <b>Note:</b> Slip <u>automatically</u> moves on to Executive Director for execution.
5			Executive Director	Reviews beneficiary-signed MOU and signs. <b>Note:</b> Slip <u>automatically</u> moves onto CD Associate upon signature submission.
6			CD Associate	Reviews final executed documents. Monthly reports, and activity list is updated. Emails SharePoint Digital HUD Binder link of completed routed packet to G&C Officer and Engagement lead. Lead sends final contract to Beneficiary. Initial/date the route completion.

## MEMORANDUM OF UNDERSTANDING (MOU)

Between

**Minnesota Housing Partnership  
2446 University Ave West, Suite 140  
Saint Paul, MN 55114**

and

**Housing and Redevelopment Authority in and for  
the City of Brainerd, Minnesota  
324 East River Road  
Brainerd, MN 56401**

This is an agreement between "Minnesota Housing Partnership", hereinafter called MHP, and "Housing and Redevelopment Authority in and for the City of Brainerd, Minnesota" hereinafter called Brainerd HRA.

### I. PURPOSE & SCOPE

The purpose of this MOU is to clearly identify the roles and responsibilities of each party as they relate to MHP's HUD Rural Capacity Building 16 award to specifically increase the capacity of Brainerd HRA in its efforts through a Shared Services Agreement with the Crow Wing County HRA, to build organizational capacity and implement a Local Housing Trust Fund to support housing development in the area.

In particular, this MOU is intended to:

- Identify roles and responsibilities of MHP and Brainerd HRA in working together.
- Clarify the time frame and tasks on which to work together.
- Provide a framework on how the two organizations will work together.

### II. BACKGROUND

The Brainerd HRA will receive technical assistance and capacity building for their staff to develop and manage programs funded through the Crow Wing County HRA, which they also staff through a Shared Services Agreement. Brainerd and Crow Wing County are facing a shortage of housing affordable to low- and moderate-income households. The Brainerd HRA seeks technical assistance to help implement the recently-created Crow Wing County Housing Trust Fund, explore affordable housing development opportunities, expand rehabilitation services provided, increase staff capacity, and assess organizational development.



Brainerd is the county seat of Crow Wing County and one of the largest cities in Northern Minnesota. The county has over 65,000 residents, with 13,000 of them residing in Brainerd itself. Median household income in the County was about \$54,500 in 2018, with 12.6% of residents living in poverty. A 2018 Crow Wing County Housing Conditions Survey indicated that in 12 of the County's 18 communities, over 45% of households are low- or moderate-income. The area is a popular vacation destination for visitors who are attracted to its many lakes, golf courses, and resorts. It is also a regional center for medical and healthcare services.

The CWC HRA recently completed a Workforce Housing Study that indicated that 36% of homeowners and 50% of renters in Crow Wing County (CWC) are cost burdened. They will need over 4,800 new housing units, including 1,500 affordable units, in the next 15 years to keep up with housing demand. The study also highlighted the need to rehabilitate older homes, as almost half of homes in the County were built before 1980.

Some critical steps have already been taken to implement the Housing Trust Fund, including the adoption of an ordinance establishing the HTF by the CWC Commissioners in 2020 and the temporary amendment of the CWC Tax Forfeited Property Policy. The CWC Commissioners also approved the CWC HRA budget which appropriated \$500,000 in 2020 to establish the HTF. They have already decided that part of the funds will go toward rehabilitation and part toward new development, but the next step is to implement the guidelines, documents, and processes for the HTF.

The Brainerd HRA is short on staff capacity to implement the HTF because their Executive Director recently left, they staff two other area HRAs (Crosby and Crow Wing County), and they are dealing with COVID-19 challenges. They are in the process of hiring a new Executive Director, and they recognize that this person will likely have a steep learning curve in their new role. They are requesting assistance with organizational development to increase staff capacity, assess priorities, and help develop partnerships and funding sources. They are also requesting assistance in determining priorities based on the Workforce Housing Study, in particular in relation to housing rehabilitation.

### **III. MHP RESPONSIBILITIES UNDER THIS MOU**

The HRA needs assistance in launching the newly-established CWC HTF through the creation of guidelines, documents, and processes that can supplement current rehab programs and help accomplish workforce housing initiatives. They also need help interpreting the recently-completed CWC HRA Workforce Housing Study to determine how to address the needs of low- and moderate-income residents.

Working with Brainerd HRA, MHP shall undertake the following activities (08/15/20 through 11/30/2021):

- **Organizational Development:** MHP staff will provide remote and in-person direct technical assistance to Brainerd HRA to increase staff capacity:



- Assess priorities of the HRAs and make recommendations on priority realignment and refinement, including interpretation of CWC HRA Workforce Housing Study
- Assist in the identification of partners and resources to address housing needs in CWC
- Build the capacity of the staff to administer the CWC HTF and other HRA programs
- Housing Development - Housing Trust Fund Implementation: MHP staff will provide remote and in-person direct technical assistance to implement the existing Housing Trust Fund:
  - Gather input from Brainerd HRA staff and other stakeholders
  - Assist in the development of guidelines, processes (standard operating procedures, etc.), documents (application, developer guide, etc.) for launching the HTF
  - Assist in the development of communications strategies and marketing materials, including public outreach and partner engagement
  - Provide research on additional funding options to complement and increase the impact of the HTF
- Housing Development - Rehabilitation Program: MHP staff will provide remote and in-person direct technical assistance to support the HRA's housing rehabilitation programming:
  - Review existing housing rehab programs
  - Assist in development of HTF-supported rehab program, including the development of guidelines, processes, documents, and marketing materials
- Provide financial assistance
  - At the discretion of MHP (and as resources allow), MHP will provide limited funding to Brainerd HRA toward training.

#### **IV. Brainerd HRA RESPONSIBILITIES UNDER THIS MOU**

Brainerd HRA shall undertake the following activities (08/15/20 – 11/30/2021):

- Brainerd HRA will actively seek the participation of local and regional stakeholders in order to increase partnerships with local government agencies, non-profits and other community groups as needed for implementation of housing development activities.
- Brainerd HRA staff will actively participate with MHP capacity building activities and follow through on recommendations as appropriate.
- Brainerd HRA staff will work with MHP and/or contractor(s) to complete identified activities and mutually agreed upon activity changes.
- Brainerd HRA will provide documentation of non-federal leveraging resource(s) (which are not being used for leverage of other federal grant awards) of at least [\$12,500] as committed in a letter to MHP During the period of performance of



this MOU (08/15/2020 – 11/30/2021). Such leveraging of resources may include in-kind resources of Brainerd HRA and the CWC HRA (including labor and other non- operational expenditures paid for by the HRAs) and third-party expenditures and investments in an approved project that is in support of or initiated under this agreement. (Documentation supporting additional leveraging resources while not required are encouraged.)

- Provide information to MHP as requested to aid in HUD reporting.
- Provide documentation and/or tools and products developed as a result of this TA award to MHP.
- Follow HUD guidelines in use of any funds provided by MHP.
- These include:
  - HUD's FY2016 NOFAs for Rural Capacity Building for Community Development and Affordable Housing Grants (RCB) (Docket No. FR-6100-N-08)
  - Administrative Requirements and Terms for FY16 HUD Assistance Awards United States
  - Office of Management and Budget's Super Circular, as amended (2 CFR Part 200)
  - United States General Services Administration Current Travel Rates (GSA Travel Rates)

#### **V. IT IS MUTUALLY UNDERSTOOD AND AGREED BY AND BETWEEN THE PARTIES THAT:**

1. In the event that the Brainerd HRA's community situation changes and new capacity needs emerge, MHP and Brainerd HRA will meet together and decide together on any modifications to the tasks above, or the creation of new tasks needed to work on. This may require approval of HUD to implement.
2. MHP and Brainerd HRA will adhere to mutually agreed timelines.
3. Either party may terminate this MOU for any reason with a 30-day written notice to the other party at the address above. Work products due or any financial assistance project will also conclude at the end of the termination period.

#### **VI. EFFECTIVE DATE AND SIGNATURE**

This MOU shall be in effect upon the signature of MHP's and Brainerd HRA's authorized officials. It shall be in force from 08/15/20 – 11/30/2021. MHP and Brainerd HRA indicate agreement with this MOU by their signatures below.

*ERIC M CHARPENTIER*  
ERIC M CHARPENTIER Aug 27, 2020 10:32 CDT

Anne Mavity, Executive Director  
Minnesota Housing Partnership  
Date: \_\_\_\_\_

Eric Charpentier, Executive Director  
Brainerd HRA  
Date: Aug 27, 2020



**Signature:** WARREN KRAMER

**Email:** warren.kramer@mhponline.org

**Signature:**

**Email:** john@brainerdhra.org

**Signature:**

**Email:** elizabeth.glidden@mhponline.org

**Signature:**

**Email:** courtney.overby@mhponline.org





## Housing & Redevelopment Authority

To: CWC HRA Board Members  
 From: John Schommer, Rehab Coordinator  
 Date: September 3, 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 <sup>st</sup> Ave. NE	Andrea B.	Owner-occupied	1	Complete
612 2 <sup>nd</sup> Ave. NE	Kelly R.	Owner-occupied	1	Complete
201 & 203 B St.	Travis B.	Rental	2	Bidding
419 3 <sup>rd</sup> Ave. NE	Mary & Richard M.	Rental	3	Bidding
726 4 <sup>th</sup> Ave. NE	John G.	Rental	3	Application Phase
215 Gillis Ave. NE	Cheri S.	Owner-occupied	1	In Work Write-up
	Select Rental Properties	Rental	1	Application Phase
414 3 <sup>rd</sup> Ave. NE	Herbert & Robin J.	Owner-occupied	1	Application Phase

### Emily SCDP

- » 5 owner-occupied projects are complete
- » 3 projects are in construction
- » 1 application is in process

### MHFA

- » 1 project is in construction
- » 1 project is in work write-up
- » 1 application is in process

### BRAINERD OAKS/SERENE PINES

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	47	40	3	7
Serene Pines	23	14	12	0	0
Dalmar Estates	7	1	1	0	1

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



### **SCDP Preliminary Proposal**

We are working with the City of Garrison to submit a SCDP preliminary proposal this fall for single-family owner-occupied and commercial rehab. We are also working with the City of Jenkins to submit a preliminary proposal for owner-occupied and possibly rental or commercial rehab.

### **FHLB**

We are waiting on funding decisions, which are announced in December.

### **Workforce Housing Study and Housing Trust Fund**

We were invited to present on the Workforce Housing Study and Housing Trust Fund at the Crosslake EDA Regional Workshop via a Zoom meeting for the communities of Ideal, 50 Lakes, Emily, Crosby, Deerwood, Mission Township, and of course Crosslake. Eric, LeAnn, and I attended the meeting on Wednesday, September 2<sup>nd</sup> and were able to share the Workforce Housing Study with the group (see attached presentation). There were approximately 15 people that attended the meeting.

### **No Action Requested; Discussion Item**



## Crow Wing County HRA

**“Our mission is to support the creation of affordable housing, economic development, and redevelopment projects toward a more vibrant Crow Wing County.”**

September 2, 2020

John Schommer,  
Rehab Coordinator



## Crow Wing County HRA Background

- A component unit, created in 1986 by Crow Wing County
- Governed by State Statute
- County Board authorizes the HRA's levy annually
- Five-member board appointed by the County Commissioners
- Shared Services Agreement between the Brainerd HRA and the Crow Wing County HRA since 2013
  - » Same staff, separate agencies with separate boards





## Goals for 2019–2020

- 1 Create awareness and visibility of the Crow Wing County HRA through education and collaboration with partners
- 2 Explore funding or facilitate redevelopment projects
- 3 Improve housing quality and availability in Crow Wing County
- 4 Address the workforce housing needs in Crow Wing County



## Programs & Initiatives

- Veterans/Service Member Development
- Comprehensive Needs Assessment for Crow Wing County
- Scattered Sites Replacement Program (SSRP)
- Crow Wing County Local Income
- Brainerd Oaks, Serene Pines, Dalmar Estates
- Tax Forfeited Property Hold Policy
- TIF Revolving Loan Program
- Allocated Non-TIF Revolving Loan funds to BLAEDC Unified Fund (BUF) Rehab Programs
- **Workforce Housing Study**
- **Housing Trust Fund (HTF)**





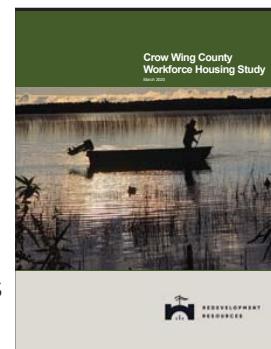
## Workforce Housing Study

- An initiative that the CWC HRA took on last summer
  - » Hired Redevelopment Resources
  - » Assembled a task force with representation throughout the county:
    - Mike Bjerkness, BLAEDC
    - Jennifer Bergman, Formerly Brainerd HRA/ Currently City of Brainerd
    - Patrick Wussow, City of Breezy Point/Brainerd HRA Board
    - Dolly Matten, Greater Lakes Realtors Association (GLAR)
    - Brad Chapulis, City of Baxter
    - Nancy Malecha, City of Pequot Lakes
    - John Andrews, Crosslake City Council
    - Mark Ronnei, Grandview Lodge
    - Craig Nathan, Formerly Rural MN CEP, CWC HRA
    - Bill Brekken, Crow Wing County



## Workforce Housing Study

- Completed February 2020, Presented March 2020
- Includes a thorough review of the countywide housing market, with special emphasis on middle-income, or **“workforce housing.”**
- Refers to households making between \$20k-\$50k/year (or \$10-\$25/hr).
- About 60% of industry average salaries in CWC fall within this workforce range.





## Workforce Housing Study

- Cost-burdened: spending more than 30% of income on housing
  - » Of workforce households, 36% of owner-occupied units with a mortgage and 50% of renter-occupied units are cost-burdened.
  - » Often have to make sacrifices in spending on other important needs such as quality food and healthcare.

A large percentage of county housing units are cost-burdened and **the problem is more significant for renters**, with half being cost-burdened.

Category	All Housing Units	Owner-Occupied with mortgage	Renter-Occupied
% cost-burdened housing units at all income levels (A)	37%	30%	51%
% cost-burdened housing units in middle income range (M)	40%	36%	50%

■ % cost-burdened housing units at all income levels (A)  
 ■ % cost-burdened housing units in middle income range (M)



## Workforce Housing Study

- Housing stock in CWC is aging significantly, with only 3.4% of units built in 2010 or later and nearly half were built prior to 1980
- New housing units needed 2018–2033 in the workforce price range: 1,500\*

\*Based on projected employment growth, anticipated future owners/renters, and current number of cost-burdened residents.






## Workforce Housing Study

- Results offer a basis for formulating community-specific workforce housing priorities, policy alternatives, and strategies.
- Study recommends that leaders should work to create opportunities for affordable workforce housing development within their communities; CWC HRA can serve as facilitator to host conversations with leaders to discuss possible solutions.
- The final study can be found on the Brainerd HRA webpage at [www.brainerdhra.org](http://www.brainerdhra.org)



## Housing Trust Fund

- Initially asked by Co. Administrator Houle & Commissioner Brekken - how could the HRA help with the workforce housing shortage issues?
- What could be done with a levy increase?
- HRA suggested a Housing Trust Fund (HTF)
- Legislature created in 2016; only a few other HRAs have one
- Gives HRAs several options to create programs to address the various housing needs throughout Minnesota
- HTFs created by ordinance by the County Board



## Housing Trust Fund

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## Housing Trust Fund

- CWC Commissioners approved funding for creation of \$500,000 HTF
- HTF ordinance adopted in February and effective in March 2020
- Program guidelines established May 2020



GOVERNMENT AND POLITICS  
Trust fund to support affordable workforce housing in Crow Wing County

Preliminary results of a study show approximately one-third of homeowners in Crow Wing County are cost-burdened, meaning they spend more than 50% of their gross income on housing. Half of all renters in the county fall into that same category.

Written by: Cheleyne M. Perkins | Feb 26th, 2020 - 2pm.



## Housing Trust Fund

- HTF assists in financing the production and preservation/stabilization of affordable and mixed-income housing projects
- 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 HUD. (\$34,800)
    - Low Income: gross household income at or below 80% of AMI but more than 50% of AMI. (\$34,800–\$55,680)
    - Moderate Income: gross household income at or below 115 percent (115%) of AMI but more than 80% of AMI. (\$55,680–\$80,040)

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## Housing Trust Fund

- Programs supported by the HTF
  - » Workforce Housing Assistance Program
  - » Homebuyer Assistance Program
  - » Rehabilitation Assistance Program
  - » New Construction/Development



**Programs supported by the Housing Trust Fund:**

- WORKFORCE HOUSING ASSISTANCE**
  - HRA matches employer contributions toward down payment or closing costs for the purchase of a home (\$5,000 max)
  - Low-interest, five-year installment loan
- HOMEBUYER ASSISTANCE**
  - Up to \$20,000 for homebuyer assistance
  - Acts as a soft second loan at zero percent interest
- REHABILITATION ASSISTANCE**
  - Owner-occupied and renter-occupied assistance available
  - General repairs and improvements that increase the health, safety and energy efficiency of the home
- NEW CONSTRUCTION/ DEVELOPMENT FINANCING**
  - Funding for pre-development costs, new construction, property acquisition, conversion of non-residential to residential use, conversion of rental units to relocation, and rehabilitation costs



## Workforce Housing Assistance

- Designed to promote home ownership in CWC
- HRA will match employer contributions up to \$5,000 towards downpayment or closing costs for purchase of a home
- Low interest (equal to current US Federal Prime Rate) 5-year loan
  - » Meet income requirements (at or below 115% AMI)
  - » Must be primary residence and located in CWC
  - » One member of household working at least 30 hours/week





## Homebuyer Assistance

- Designed to assist very low, low & moderate income families with the purchase of a home
- HRA will lend up to \$20,000 at zero interest that must be paid back upon sale, transfer, no longer being their primary residence or expiration of the 30-year term
  - » Applicants must contribute a minimum of \$1,000 of their own funds
  - » At least one household member must be gainfully employed at time of home purchase
  - » Borrower cannot own other real estate with exception of commercial real estate that generates income for payment of the loan



## Rehab Assistance

- Designed to help maintain existing housing so that it's decent, safe, and sanitary
- Owner-occupied
  - » Must be at or below 115% AMI
  - » Must be their primary residence and classified homestead
  - » Max \$25,000 15-year, zero percent interest deferred loan payable upon sale or transfer of the home, no longer primary residence or primary mortgage is refinanced and equity is taken out
  - » Owner contribution based on income level







## Rehab Assistance

- **Rental**
  - » Minimum of 51% of units must be occupied by tenants at or below 115% AMI
  - » Maximum of 80% of project costs or \$25,000 for single-family home
  - » Multi-family sliding scale as follows:
    - \$12,500 per unit if tenants 81%–115% AMI
    - \$15,000 per unit if tenants 51%–80% AMI
    - \$20,000 per unit if tenants 50% AMI or below



## New Construction/Development

- **Designed to create and/or preserve affordable housing**
- **Rental housing development -**
  - » Must maintain affordability for at least 20 years
  - » 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

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## New Construction/Development

- Homeownership housing development -
  - » Prices must be affordable to households with incomes at or below 115% AMI
  - » Maximum loan term of 55 years with simple interest rate shall be prime minus 1%
  - » Priority for first-time homebuyers
  - » Projects considered based on:
    - Benefit highest percentage of low-, very low-, and extremely low-income persons
    - Longest periods of affordability
    - Greatest percentage of affordable units



## New Construction/Development

- 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.





# Thank you!

**John Schommer, Rehab Coordinator**

Phone: 218-824-3432

Email: [John@brainerdhra.org](mailto:John@brainerdhra.org)



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## Project and Task Summary with Comments

Date Range: 8/1/2020 - 9/1/2020

Project Group	Project	Task	Date	Employee	Comment	Hours	Amount					
<b>Crow Wing County HRA</b>												
<b>CWC HRA-Blighted Projects</b>												
	Impl	Implementation										
	8/4/2020	Tyler Glynn			Toured commercial building in Deerwood with realtors to determine best use of facility.	2.00	\$300.00					
	8/11/2020	Tyler Glynn			Zoom meeting w/developer and builder from metro area about bringing a housing project to Breezy Point and purchasing tax forfeited lots.	1.00	\$150.00					
	8/12/2020	Tyler Glynn			CARES Act grant meetings with city administrators to determine impact of grants on local businesses.	2.00	\$300.00					
	8/14/2020	Tyler Glynn			Meetings with county staff around grant funds and the roll out of the applications. Multiple phone calls with local businesses discussing eligibility and needs for grant dollars to keep their business open	3.00	\$450.00					
	8/19/2020	Tyler Glynn			Meetings with city of Brainerd staff regarding relief grants and the city's need for assistance for downtown business community	2.00	\$300.00					
	8/20/2020	Tyler Glynn			Grant meetings with cities of Brainerd, Baxter and Crow Wing County about each communities involvement in pooling of funds to make largest impact for county businesses.	2.00	\$300.00					
	8/25/2020	Tyler Glynn			Joint meetings w/city administrators in Pequot Lakes, Nisswa and Crosslake regarding CARES Act grant process and their communities involvement in the county program. It is determined by each community leader that without these funds, many of their local businesses will not survive the winter and create multiple blighted buildings.	3.00	\$450.00					
	8/27/2020	Tyler Glynn			tour of empty buildings in Brainerd to asses available space for new development	2.00	\$300.00					
	Blighted Projects Subtotal					17.00	\$2,550.00					
<b>CWC HRA-Redev</b>												
<b>Redevelopment Projects</b>												
	Dev	Development										
	8/4/2020	Tyler Glynn			Working w/local developer in Ironton on redevelopment of multiple properties in the city for new hotel site.	27.00	\$4,050.00					
	8/6/2020	Tyler Glynn			working on CARES Act grants for Crow Wing County to assist businesses located throughout Crow Wing	3.00	\$450.00					



# Project and Task Summary with Comments



Date Range: 8/1/2020 - 9/1/2020

Project Group	Project	Task	Date	Employee	Comment	Hours	Amount
<b>Crow Wing County HRA</b>							
			8/7/2020	Tyler Glynn	Meeting with large builder and developer discussing Housing Study and Housing Trust fund to determine how they can make an impact in the area with regards to work force housing	2.00	\$300.00
			8/11/2020	Tyler Glynn	CWC HRA Board Meeting	1.50	\$225.00
			8/12/2020	Tyler Glynn	Meetings w/Pequot Lakes staff to discuss TIF options for a redevelopment project in their industrial park. Meeting involved city staff and potential owner.	2.00	\$300.00
			8/13/2020	Tyler Glynn	Discussions and tour of Brainerd existing business location that will be vacated in next 12 months for major redevelopment project.	2.00	\$300.00
			8/17/2020	Tyler Glynn	Meetings with local property owner regarding expansion of existing facility.	2.00	\$300.00
			8/19/2020	Tyler Glynn	Discussions with local property owner in Pequot Lakes that is working on a site plans to redevelop existing property to meet his expansion needs.	2.00	\$300.00
			8/21/2020	Tyler Glynn	Developer meeting regarding use of TIF for Ironton projects for redevelopment.	1.50	\$225.00
			8/24/2020	Tyler Glynn	Discussions with builders in Breezy Point about redevelopment of tax forfeited lots.	2.00	\$300.00
			8/27/2020	Tyler Glynn	Meetings in Pequot Lakes with 2 business owners looking to redevelop their existing properties.	2.00	\$300.00
			8/28/2020	Tyler Glynn	Meetings w/Ironton city staff to discuss TIF options for redevelopment projects in their city.	2.00	\$300.00
			8/31/2020	Tyler Glynn	Working with local business owner to complete applications for funding to purchase and redevelop local property.	2.00	\$300.00
					Redevelopment Projects Subtotal	27.00	\$4,050.00
					<b>Crow Wing County HRA Subtotal</b>	<b>44.00</b>	<b>\$6,600.00</b>
					<b>Grand Total</b>	<b>44.00</b>	<b>\$6,600.00</b>

