



Housing & Redevelopment Authority

Board Meeting Agenda

5:00pm Tuesday April 12th, 2022

**Crow Wing County Land Services Building, Pine/Maple Meeting Room
322 Laurel St. Brainerd, MN 56401**

**Commissioner Craig Nathan attending via WebEx at 8986 Sugarberry Creek,
Brainerd, MN 56401**

Join from browser:

<https://brainerdhra.my.webex.com.brainerdhra.my/j.php?MTID=m899e13dd0dc31633d5fbe60ce86e72e6>

Join by phone: 415-655-0001

Meeting number (access code): 2553 277 7185

Meeting password: P2PpjJc3u2

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

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. REVIEW & APPROVE AGENDA**
- 4. REVIEW & APPROVE MINUTES (Attachment 1) Pg. 3**
 - a.** Approval of the Tuesday, March 8th Meeting Minutes as presented
- 5. REVIEW & ACCEPT FINANCIAL STATEMENTS (Attachment 2) Pg. 9**
 - a.** CWC HRA Combined Balance Sheet March 2022
 - b.** CWC HRA Combined Operating Statement March 2022
 - c.** CWC HRA March 2022 Payments
- 6. UNFINISHED BUSINESS (Attachment 3) Pg. 15**
 - a.** Amendment to the Purchase and Redevelopment Agreement with Level Contracting, LLC to add Serene Pines tax forfeited lot to the PDA.
- 7. NEW BUSINESS (Attachment 4) Pg. 29**
 - a.** Review Revisions to Housing Trust Fund Guidelines

8. REPORTS/UPDATES:

- a.** Executive Director (*Attachment 5*) Pg. 55
- b.** Housing Trust Fund (*Attachment 6*) Pg. 57
- c.** Brainerd HRA/Rehab Programs (*Attachment 7*) Pg. 59
- d.** BLAEDC/CREDI (*Attachment 8*) Pg. 61
- e.** CWC

9. COMMISSIONER COMMENTS

10. NEXT MEETING Tuesday May 10th, 2022

11. ADJOURNMENT

CWC HRA Commissioners

Michael Aulie, Chair - District 5 (12-31-26)

Zach Tabatt, Vice Chair - District 3 (12-31-24)

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

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

Craig Nathan, Commissioner - District 4 (12-31-25)

**Crow Wing County HRA
BOARD MEETING MINUTES
03/08/2022**

A regular meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the County of Crow Wing, Minnesota, was held at the Crow Wing County Land Services Building, Pine/Maple Meeting Room and via Webex video/teleconference at 5:00 p.m., Tuesday, March 8th, 2022.

1. **CALL TO ORDER:** Chair Michael Aulie called the meeting to order at 5:00 p.m.

2. **ROLL CALL:** Present: Commissioners Craig Nathan (via webex), Michael Aulie, Michael Morford, Richard (George) Burton, and Zach Tabatt.

Others present: Executive Director Eric Charpentier (via Webex), Finance Director Karen Young, Rehab Coordinator John Schommer, Rehab Administrative Specialist Kristin Miller.

3. **REVIEW AND APPROVE AGENDA:**

Moved and seconded by Commissioners Burton and Tabatt to approve the agenda as presented for the March 8th, 2022, board meeting. Through a roll call vote, all commissioners were in favor, and none were opposed. The agenda was approved.

4. **PRESENTATION:** 2021 Crow Wing County HRA Audit: Mary Reedy, Clifton Larson Allen

Commissioner Nathan moved to approve the 2021 Audit as presented, followed by a second from Commissioner Burton. Upon roll call, all commissioners voted in favor of the motion, and none were opposed. The motion carried.

5. **REVIEW AND APPROVE MINUTES:**

Moved and seconded by Commissioners Tabatt and Burton to approve the minutes from the February 8th, 2022, board meeting. Through a roll call vote, all commissioners were in favor, and none were opposed. The minutes were approved.

6. **FINANCIAL:**

a. **REVIEW and ACCEPT FINANCIAL STATEMENTS:**

The financial information for February 2022 was presented.

Commissioner Tabatt moved to approve the February financial statements as submitted, followed by a second from Commissioner Burton. Upon roll call, all commissioners voted in favor of the motion, and none were opposed. The motion carried.

- b. 2021 AUDIT:**
Auditors from CliftonLarsonAllen (CLA) have completed the 2021 audit (electronic copy sent separately). Mary Reedy attended the March meeting to present the audit to the Board.
- 7. UNFINISHED BUSINESS:** None at this time
- 8. NEW BUSINESS:**

Purchase & Redevelopment Agreements Between CWC HRA & Level Contracting

On Monday, February 21st, 2022, Level Contracting LLC requested to purchase a total of ten lots in two different sales. The first sale is five lots in Brainerd Oaks with a total purchase price of \$26,273.43 that he would like to close on in March. The second sale is two lots in Brainerd Oaks and three lots in Serene Pines with a total purchase price of \$59,286.93 that he would like to close on in May. Kennedy & Graven drafted the Purchase and Redevelopment Agreements and corresponding resolutions (see attached).

Moved by Commissioner Tabatt and seconded by Commissioner Morford to approve resolution No. 2022-02, and the Purchase and Redevelopment Agreements 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.

Moved by Commissioner Tabatt and seconded by Commissioner Morford to approve resolution No. 2022-03, and the Purchase and Redevelopment Agreements 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.

Conveyance of Tax Forfeited Property

Kevin Pelkey, Executive Director with LAHFH (Lakes Area Habitat for Humanity), has submitted an application to purchase a tax forfeited lot through the Tax Forfeited Property Policy. The lot is located in Baxter and would have a 4 bedroom, 1 ½ bath home constructed for a LMI family. We have requested the lot from Crow Wing County and Kennedy and Graven, our legal counsel, has drafted a resolution allowing conveyance of the lot to the CWC HRA.

Moved by Commissioner Tabatt and seconded by Commissioner Nathan to approve resolution No. 2022-04, accepting conveyance of a tax forfeited lot from Crow Wing County Housing and Redevelopment Authority. Through a roll call vote, all commissioners were in favor and none were opposed. The motion passed.

9. REPORTS:

a. Executive Director:

Tax Forfeit Lots in Baxter

We received an application for the purchase of one tax forfeited lot in the City of Baxter on 2/28/22 from a local builder. We have started the process of conveying the lot to the County HRA. The interested builder is willing to pay the outstanding assessments on the lot, to the City of Baxter. Per our tax forfeited property policy, we would sell this lot to the builder at the reduced price of \$0 plus the expenses the agency incurs to sell the lot with clear title. We have started this process and we anticipate bringing this back to the board in April to take formal action on the sale of the lot.

There is still interest in purchasing multiple forfeited lots in Baxter from the developer that the agency met with in January. That developer had stated that they were working on a formal letter of intent, but as of the publication of this packet, no such letter had been received. We will continue to follow up with this developer and assist them when we have something formalized.

Strategic Planning Session Updates:

I spoke with Bruce Miles with Big River Group LLC who has worked with several local organizations in goal setting and strategic planning. He helped put together a plan for the Brainerd HRA in 2011 that we have utilized and updated throughout the years. Bruce has proposed a planning session for the CWC HRA in which he would utilize a survey and phone calls with commissioners prior to the planning session, draft an agenda for the in person session and then hold a 3 hour meeting with selected staff and our board to go through planning and goal setting for the agency. We are looking at a session sometime in May to allow time for Bruce to do some pre-session learning from the board and staff. We are still awaiting some pricing numbers, but staff does feel comfortable with Mr. Miles' process and our recommendation would be that we utilize his expertise for our goal setting session. More information to follow in April.

Discussion: Brainerd HRA and Crow Wing HRA to split the cost of the strategic planning guidance agency. Staff was directed to proceed with this agencies guidance.

b. Housing Trust Fund:

John and I recently met with Crow Wing County Commissioner Brekken along and a developer to discuss the Housing Trust Fund and how a new development for multifamily housing could utilize the HTF for gap financing. We provided our procedural document to the developer as well as information on how the process could move forward. The developer is interested in multifamily development in the Northern portion of the County. We will be following up with this entity as they get their concept and plan together and we will provide them with support as we are able. We are excited at the possibility of utilizing these funds, but we are still a ways out on this project. We will provide updates to the board as they occur.

John and I attended a meeting with the Greater Lakes Association of Realtors on March 3rd with the focus on how our realtors can help us get the word out about the HTF in general and specifically the down payment assistance program. We are excited that the organization invited us in to speak to provide more depth and explanation of our programs to the realtor group. Dolly Matten with GLAR has been a strong supporter of the HTF and we thank her for being an advocate for her organization and for the community.

c. Brainerd HRA/Rehab Programs:

Emily SCDD

8 Owner occupied projects complete
2 Project is construction

Garrison SCDD

We are waiting for DEED to finish their review of the environmental review so we can move on to the next step.

Jenkins SCDD

We are waiting for DEED to finish their review of the environmental review so we can move on to the next step.

MHFA

5 Projects are in construction
4 Applications are in process

Housing Trust Fund

4 Application have been sent out

Brainerd Oaks/Serene Pines/Dalmar Estates

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	59	57	0	5
Serene Pines	23	16	16	1	0
Dalmar Estates	7	3	1	0	2

**Originally 83 lots, 2 have been merged/combined into a single parcel*

d. BLAEDC/CREDI:

Glynn presented the staff time billing reports for February 2022.

e. CWC:

10. CLOSED SESSION:

Review the Letter of Intent for the Purchase of Serene Pines Lot 5, Block 3 by Level Contracting, LLC.

A motion was made by Commissioner Tabatt to close the meeting to review the letter of Intent for the Purchase of Serene Pines Lot 5, Block 3 by Level Contracting, LLC. Commissioner Morford seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion was passed and the meeting was closed.

Chair Aulie closed the meeting pursuant to Minnesota Statutes Section 13D.05, subdivision 3(c) at 5:34 p.m.

Chair Aulie reopened the meeting at 5:40 p.m.

Commissioner Nathan made a motion to authorize staff to sell the property located at 16130 Serene Pines Ct, Brainerd, MN 56401, Lot 5 Block 3 Serene Pines, PID 41280507 for the amount of Twenty Thousand and Five Hundred Dollars \$20,500.00 along with the terms in the Letter of Intent to the City of Brainerd. Commissioner Burton seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion carried.

11. HRA Commissioner Comments:

Michael Aulie, Chair –

Zach Tabatt, Vice Chair –

Michael Morford, Secretary/Treasurer –

Richard (George) Burton, Commissioner –

Questioned the Pequot Lakes 8 lots. Young commented that compliance looks to be good.

Craig Nathan, Commissioner –

12. NEXT MEETING: Tuesday, April 12th, 2022

9. ADJOURNMENT:

Commissioner Morford made a motion to adjourn the meeting. Commissioner Tabatt seconded the motion. All commissioners voted in favor of the motion, and none were opposed. The motion was approved, and meeting was adjourned at 5:41 p.m.

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Housing & Redevelopment Authority

To: CWC HRA Board Members

From: Karen Young, Finance Director

Date: April 6, 2022

Re: Review and Accept Financial Statements

Please find attached the financial information for March 2022.

Level Contracting Closing

Reflected in the March financial statements is the closing that took place for the purchase of the five lots in Brainerd Oaks for a total of \$26,273.42 as approved at the March meeting. Of this, \$11,500 went to the City for SAC/WAC/Park Fees, \$11,864.52 went to the City in lieu of assessments, and \$812.50 were for closing costs. We were reimbursed for direct costs of \$2,096.40. With this closing, 74% of the total lots have been purchased by the developer.

Action Requested: Accept the March financial statements as submitted.

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Date/Time joe
4/7/2022 9:15:09 AM

Crow Wing County
CWC HRA Combined Balance Sheet
March, 2022

Cumulative

ASSETS

550-000-1129.210 Cash Gen Fund	38,592.49
550-001-1129.210 Cash CWC SCDP	83,884.51
551-002-1129.210 Cash RLF TIF	388,337.23
556-000-1129.210 Cash Development Fund	1,707.00
557-000-1129.210 Cash Tax Forf Property	-3,544.95
558-000-1129.210 Cash HTF	993,295.23
551-002-1141.000 Loans Rec RLF TIF	32,999.17
556-000-1450.000 Land Held for Resale	295,798.63
TOTAL ASSETS	<u>1,831,069.31</u>

LIABILITIES

550-000-2112.000 A/P Other	-975.00
557-000-2115.000 Escrow Account TFP	-1,000.00
556-000-2600.000 Def Inflow of Res - Dev	-295,798.63
TOTAL LIABILITIES	<u>-297,773.63</u>

SURPLUS

550-000-2700-000 Net Income	-421,741.30
550-000-2806.000 Retained Earnings	-1,111,554.38
TOTAL SURPLUS	<u>-1,533,295.68</u>

TOTAL LIABILITIES & SURPLUS

Proof	0.00
	<u>-1,831,069.31</u>

Date: 4/7/2022
 Time: 9:19:25 AM
 joe

**Crow Wing County
 CWC HRA Combined Operating Stmt
 March, 2022**

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

	Current Period	Current Year	Year To Date Budget	Variance
INCOME				
550-000-3610.000 Investment Earnings	-5.92	-17.56	0.00	-17.56
550-000-3690.000 Other Revenue	0.00	-85.50	0.00	-85.50
551-002-3610.000 RLF TIF Interest Rev	-159.95	-532.68	-445.02	-87.66
556-000-3696.000 Development Revenue	-26,253.02	-26,253.02	-47,799.99	21,546.97
557-000-3696.000 TFP Revenue	-500.00	-500.00	-2,499.99	1,999.99
TOTAL INCOME	-26,918.89	-27,388.76	-50,745.00	23,356.24
EXPENSE				
550-000-4110.000 Administrative Salaries	300.00	825.00	1,125.00	-300.00
550-000-4130.000 Legal	707.50	797.50	2,499.99	-1,702.49
550-000-4140.000 Staff Training	0.00	0.00	375.00	-375.00
550-000-4150.000 Travel	5.86	43.07	62.49	-19.42
550-000-4171.000 Auditing Fees	5,775.00	5,775.00	6,000.00	-225.00
550-000-4172.000 Management Fees	12,500.00	37,500.00	37,500.00	0.00
550-000-4190.000 Other Administrative	0.00	0.00	50.01	-50.01
550-000-4500.000 TIF Expense	30.00	30.00	150.00	-120.00
550-000-4510.000 Insurance	0.00	2,703.00	2,600.00	103.00
550-000-4540.000 Employer FICA	22.94	63.14	87.51	-24.37
550-000-4590.000 Other General Expense	0.00	0.00	6,501.00	-6,501.00
550-001-4600.000 CWC SCDP Expense	0.00	0.00	6,750.00	-6,750.00
556-000-4600.000 Development Expense	24,546.02	24,546.02	47,799.99	-23,253.97
557-000-4600.000 TFP Expense	98.68	98.68	2,499.99	-2,401.31
TOTAL EXPENSE	43,986.00	72,381.41	114,000.98	-41,619.57
NET INCOME(-) OR LOSS	17,067.11	44,992.65	63,255.98	-18,263.33

**Crow Wing County HRA
March 2022 Payments**

Attachment 2c

Payment Number	Payment Date	Vendor	Description	Check Amount
880	3/11/2022	John Schommer	Mileage	\$5.86
24501	3/10/2022	Crow Wing County Treasurer	TIF Audit Confirmation Fee	\$30.00
24508	3/10/2022	Kennedy & Graven, Chartered	Legal-Developments	\$908.50
24509	3/10/2022	Legacy Title	Cert of Completions	\$168.00
24528	3/24/2022	CliftonLarsonAllen LLP	Audit Fees	\$5,775.00
24529	3/24/2022	Crow Wing County Land Services Dept	16130 Serene Pines Ct Tax Forfeit Purchase	\$98.68
Total				\$6,986.04

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Housing & Redevelopment Authority

To: CWC HRA Board Members

From: John Schommer, Rehabilitation Coordinator

Date: April 7, 2022

Re: Approve Resolution 2022-05 Approving the Third Amendment to the Master Purchase and Redevelopment Contract with Level Contracting

Monty Jensen with Level Contracting requested to purchase a tax forfeited lot in Serene Pines that was not available at the time of the original Purchase and Development Agreement and submitted a Letter Of Intent to purchase the tax forfeited lot. At the February meeting, the board approved Resolution 2022-01 accepting conveyance of the lot from Crow Wing County and at the March meeting, the board accepted the offer outlined in the Letter Of Intent. Staff recommends approving Resolution 2022-05 that approves a third amendment to the Master Purchase and Redevelopment Contract that will allow Level Contracting to purchase the lot for the agreed upon price using the same process as the other lots in the contract.

Action Requested: Approve Resolution No. 2022-05, Approving the Third Amendment to the Master Purchase and Redevelopment Contract with Level Contracting

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THIRD AMENDMENT TO MASTER PURCHASE AND REDEVELOPMENT CONTRACT

This Third Amendment to Master Purchase and Redevelopment Contract (“Amendment”) is made this ____ day of _____, 2022 by and between the Housing and Redevelopment Authority in and for the County of Crow Wing, a public body corporate and politic and political subdivision of the State of Minnesota (the “Authority”), and Level Contracting, LLC, a Minnesota limited liability company (the “Redeveloper”).

WHEREAS, the Authority and Paxmar-Brainerd, LLC, a Minnesota limited liability company (the “Prior Redeveloper”), entered into that certain Master Purchase and Redevelopment Contract dated as of September 13, 2016, recorded in the office of the Crow Wing County Recorder on March 17, 2017 as document number A-886215, as amended by a First Amendment to Master Purchase and Redevelopment Contract dated November 8, 2016, recorded in the office of the Crow Wing County Recorder on March 17, 2017, as document number A-886216, as further amended by a Second Amendment to Master Purchase and Redevelopment Contract dated March 14, 2017, recorded in the office of the Crow Wing county Recorder on March 17, 2017, as document number A-886217, as assigned by the Prior Redeveloper to the Redeveloper pursuant to an Assignment and Assumption of Master Purchase and Redevelopment Contract dated as of October 8, 2019, and recorded in the office of the Crow Wing County Recorder on October 17, 2019 as document number A-924227 (as so amended and assigned, the “Agreement”) providing for the conveyance by the Authority to the Redeveloper of certain property located in the City of Brainerd, Crow Wing County, Minnesota (the “Redevelopment Property”); and

WHEREAS, the parties have determined to add certain property located in the City of Brainerd, Crow Wing County, Minnesota described as Lot 5, Block 3, Serene Pines (PID 41280507) (the “Additional Parcel”) to the Redevelopment Property described in the Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

1. Amendment to Section 1.1 of the Agreement. The definition of “Redevelopment Property” in Section 1.1 of the Agreement is amended to include the Additional Parcel as one of the Serene Pines Lots, as follows:

“Redevelopment Property” means the real property so described in Schedule A attached hereto, consisting of eighty-three (83) Brainerd Oaks Lots, twenty-four (24) Serene Pines Lots, and seven (7) Dal Mar Lots.

2. Amendment to Section 3.2(a) of the Agreement. Section 3.2(a) of the Agreement is amended to revise the Purchase Price, as defined therein, to include the purchase price of \$20,500.00 for the Additional Parcel, as follows:

Section 3.2. **Purchase Price.** (a) The total purchase price (the “Purchase Price”) to be paid to the Authority by the Redeveloper in exchange for the conveyance of the Redevelopment Property shall be \$932,800, payable as follows: earnest money of \$125,000 (the “Earnest Money”) will be due and payable at the time of Closing (as defined in Section 3.3(b)) on the first Lot conveyed pursuant to this Agreement. Such Earnest Money shall be placed in escrow with Complete Title (the “Title Company”) and applied to the Purchase Price of each Lot at the time of Closing on such Lot pursuant to the schedule of prices provided in Schedule A. After application in full of the Earnest Money to the Purchase Price of Lots, the Purchase Price for each Lot will be payable at the time of Closing on such Lot.

3. **Amendment to Schedule A of the Agreement.** Schedule A of the Agreement is amended to revise the real property so described therein to include the Additional Parcel and the purchase price therefor, and to revise the total Purchase Price (as defined in the Agreement) for the Redevelopment Property as follows:

SCHEDULE A

REDEVELOPMENT PROPERTY AND LOT PRICES

Legal Description	Price
Lot 2, Block, 2, Brainerd Oaks	\$5,011.28
Lot 3, Block, 2, Brainerd Oaks	4,366.97
Lot 4, Block, 2, Brainerd Oaks	5,154.46
Lot 5, Block, 2, Brainerd Oaks	3,865.84
Lot 6, Block, 2, Brainerd Oaks	5,011.28
Lot 7, Block, 2, Brainerd Oaks	4,796.51
Lot 8, Block, 2, Brainerd Oaks	5,011.28
Lot 9, Block 2, Brainerd Oaks	5,011.28
Lot 10, Block 2, Brainerd Oaks	3,865.84
Lot 11, Block 2, Brainerd Oaks	4,581.74
Lot 12, Block 2, Brainerd Oaks	5,154.46
Lot 13, Block 2, Brainerd Oaks	5,584.00
Lot 14, Block 2, Brainerd Oaks	5,512.41
Lot 15, Block 2, Brainerd Oaks	5,154.46
Lot 16, Block 2, Brainerd Oaks	5,584.00
Lot 17, Block 2, Brainerd Oaks	4,080.61
Lot 18, Block 2, Brainerd Oaks	4,868.10
Lot 1, Block 4, Brainerd Oaks	5,011.28
Lot 2, Block 4, Brainerd Oaks	5,154.46
Lot 3, Block 4, Brainerd Oaks	4,080.61
Lot 4, Block 4, Brainerd Oaks	5,011.28
Lot 5, Block 4, Brainerd Oaks	4,724.92
Lot 6, Block 4, Brainerd Oaks	3,865.84
Lot 7, Block 4, Brainerd Oaks	4,366.97
Lot 8, Block 4, Brainerd Oaks	4,868.10
Lot 9, Block 4, Brainerd Oaks	4,868.10
Lot 10, Block 4, Brainerd Oaks	5,512.41

Lot 11, Block 4, Brainerd Oaks	5,154.46
Lot 13, Block 4, Brainerd Oaks	5,297.64
Lot 14, Block 4, Brainerd Oaks	5,512.41
Lot 1, Block 5, Brainerd Oaks	4,868.10
Lot 2, Block 5, Brainerd Oaks	4,868.10
Lot 3, Block 5, Brainerd Oaks	5,297.64
Lot 4, Block 5, Brainerd Oaks	5,584.00
Lot 5, Block 5, Brainerd Oaks	4,868.10
Lot 6, Block 5, Brainerd Oaks	5,870.36
Lot 7, Block 5, Brainerd Oaks	4,724.92
Lot 8, Block 5, Brainerd Oaks	4,581.74
Lot 9, Block 5, Brainerd Oaks	4,581.74
Lot 10, Block 5, Brainerd Oaks	4,080.61
Lot 11, Block 5, Brainerd Oaks	4,581.74
Lot 12, Block 5, Brainerd Oaks	4,581.74
Lot 13, Block 5, Brainerd Oaks	4,868.10
Lot 14, Block 5, Brainerd Oaks	5,154.46
Lot 15, Block 5, Brainerd Oaks	5,512.41
Lot 16, Block 5, Brainerd Oaks	4,080.61
Lot 17, Block 5, Brainerd Oaks	4,868.10
Lot 18, Block 5, Brainerd Oaks	5,297.64
Lot 19, Block 5, Brainerd Oaks	4,581.74
Lot 20, Block 5, Brainerd Oaks	3,579.49
Lot 21, Block 5, Brainerd Oaks	5,154.46
Lot 22, Block 5, Brainerd Oaks	4,868.10
Lot 23, Block 5, Brainerd Oaks	4,724.92
Lot 24, Block 5, Brainerd Oaks	4,868.10
Lot 25, Block 5, Brainerd Oaks	4,581.74
Lot 26, Block 5, Brainerd Oaks	4,366.97
Lot 27, Block 5, Brainerd Oaks	5,011.28
Lot 28, Block 5, Brainerd Oaks	4,724.92
Lot 29, Block 5, Brainerd Oaks	5,154.46
Lot 30, Block 5, Brainerd Oaks	4,868.10
Lot 31, Block 5, Brainerd Oaks	5,655.59
Lot 2, Block 6, Brainerd Oaks	4,868.10
Lot 3, Block 6, Brainerd Oaks	4,868.10
Lot 4, Block 6, Brainerd Oaks	5,297.64
Lot 5, Block 6, Brainerd Oaks	5,297.64
Lot 6, Block 6, Brainerd Oaks	4,366.97
Lot 7, Block 6, Brainerd Oaks	3,865.84
Lot 8, Block 6, Brainerd Oaks	5,011.28
Lot 9, Block 6, Brainerd Oaks	5,297.64
Lot 10, Block 6, Brainerd Oaks	5,655.59
Lot 11, Block 6, Brainerd Oaks	5,297.64
Lot 12, Block 6, Brainerd Oaks	5,154.46
Lot 13, Block 6, Brainerd Oaks	5,297.64
Lot 14, Block 6, Brainerd Oaks	4,581.74
Lot 15, Block 6, Brainerd Oaks	5,369.23

Lot 16, Block 6, Brainerd Oaks	4,581.74
Lot 17, Block 6, Brainerd Oaks	4,366.97
Lot 18, Block 6, Brainerd Oaks	4,724.92
Lot 19, Block 6, Brainerd Oaks	4,581.74
Lot 20, Block 6, Brainerd Oaks	4,581.74
Lot 21, Block 6, Brainerd Oaks	4,724.92
Lot 22, Block 6, Brainerd Oaks	4,868.10
Lot 23, Block 6, Brainerd Oaks	5,512.41
Lot 1, Block 1, Dalmar Estates	16,405.65
Lot 2, Block 1, Dalmar Estates	15,333.93
Lot 3, Block 1, Dalmar Estates	17,807.14
Lot 4, Block 1, Dalmar Estates	20,775.00
Lot 5, Block 1, Dalmar Estates	21,352.08
Lot 6, Block 1, Dalmar Estates	23,083.33
Lot 7, Block 1, Dalmar Estates	30,667.86
Lot 1, Block 1, Serene Pines	15,448.24
Lot 2, Block 1, Serene Pines	16,231.84
Lot 3, Block 1, Serene Pines	15,784.07
Lot 4, Block 1, Serene Pines	15,784.07
Lot 5, Block 1, Serene Pines	17,351.28
Lot 6, Block 1, Serene Pines	16,903.51
Lot 7, Block 1, Serene Pines	14,328.80
Lot 1, Block 2, Serene Pines	17,127.39
Lot 2, Block 2, Serene Pines	17,015.45
Lot 3, Block 2, Serene Pines	16,231.84
Lot 4, Block 2, Serene Pines	14,888.52
Lot 5, Block 2, Serene Pines	14,888.52
Lot 6, Block 2, Serene Pines	14,888.52
Lot 1, Block 3, Serene Pines	14,888.52
Lot 2, Block 3, Serene Pines	15,000.46
Lot 3, Block 3, Serene Pines	15,336.29
Lot 4, Block 3, Serene Pines	15,112.41
Lot 7, Block 3, Serene Pines	14,888.52
Lot 8, Block 3, Serene Pines	15,000.48
Lot 9, Block 3, Serene Pines	16,679.62
Lot 1, Block 4, Serene Pines	16,007.96
Lot 2, Block 4, Serene Pines	14,664.63
Lot 3, Block 4, Serene Pines	17,799.06
Lot 5, Block 3, Serene Pines	20,500.00
	<hr/>
	\$ 932,800.00

All in the County of Crow Wing, Minnesota.

4. Redevelopment Property. The Redevelopment Property, including the Additional Parcel, is legally described as attached hereto on Exhibit A.

5. **Miscellaneous.** Except as amended by this Amendment, the Agreement shall remain in full force and effect.

(Remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Master Purchase and Redevelopment Contract as of the date written above.

AUTHORITY

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

By: _____
Its Chair

By: _____
Its Executive Director

STATE OF MINNESOTA
} ss.
COUNTY OF CROW WING

The foregoing was acknowledged before me this _____ day of _____, 2022, by Michael Aulie the Chair of the Housing and Redevelopment Authority in and for the County of Crow Wing, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

Notary Public

STATE OF MINNESOTA
} ss.
COUNTY OF CROW WING

The foregoing was acknowledged before me this _____ day of _____, 2022, by Eric Charpentier the Executive Director of the Housing and Redevelopment Authority in and for the County of Crow Wing, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

Notary Public

**REDEVELOPER
LEVEL CONTRACTING, LLC**

By: _____

Montgomery L. Jensen

Its: Chief Manager

STATE OF MINNESOTA

} ss.

COUNTY OF _____

The foregoing was acknowledged before me this _____ day of _____ 2022, by Montgomery L. Jensen, the Chief Manager of Level Contracting, LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public

This document drafted by:

Kennedy & Graven, Chartered
150 S. 5th Street, Suite 700
Minneapolis, MN 55402

EXHIBIT A
REDEVELOPMENT PROPERTY

Lot 2, Block, 2, Brainerd Oaks
Lot 3, Block, 2, Brainerd Oaks
Lot 4, Block, 2, Brainerd Oaks
Lot 5, Block, 2, Brainerd Oaks
Lot 6, Block, 2, Brainerd Oaks
Lot 7, Block, 2, Brainerd Oaks
Lot 8, Block, 2, Brainerd Oaks
Lot 9, Block 2, Brainerd Oaks
Lot 10, Block 2, Brainerd Oaks
Lot 11, Block 2, Brainerd Oaks
Lot 12, Block 2, Brainerd Oaks
Lot 13, Block 2, Brainerd Oaks
Lot 14, Block 2, Brainerd Oaks
Lot 15, Block 2, Brainerd Oaks
Lot 16, Block 2, Brainerd Oaks
Lot 17, Block 2, Brainerd Oaks
Lot 18, Block 2, Brainerd Oaks
Lot 1, Block 4, Brainerd Oaks
Lot 2, Block 4, Brainerd Oaks
Lot 3, Block 4, Brainerd Oaks
Lot 4, Block 4, Brainerd Oaks
Lot 5, Block 4, Brainerd Oaks
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Lot 17, Block 6, Brainerd Oaks
Lot 18, Block 6, Brainerd Oaks
Lot 19, Block 6, Brainerd Oaks
Lot 20, Block 6, Brainerd Oaks
Lot 21, Block 6, Brainerd Oaks
Lot 22, Block 6, Brainerd Oaks
Lot 23, Block 6, Brainerd Oaks
Lot 1, Block 1, Dalmar Estates
Lot 2, Block 1, Dalmar Estates
Lot 3, Block 1, Dalmar Estates
Lot 4, Block 1, Dalmar Estates
Lot 5, Block 1, Dalmar Estates
Lot 6, Block 1, Dalmar Estates
Lot 7, Block 1, Dalmar Estates
Lot 1, Block 1, Serene Pines

Lot 2, Block 1, Serene Pines
Lot 3, Block 1, Serene Pines
Lot 4, Block 1, Serene Pines
Lot 5, Block 1, Serene Pines
Lot 6, Block 1, Serene Pines
Lot 7, Block 1, Serene Pines
Lot 1, Block 2, Serene Pines
Lot 2, Block 2, Serene Pines
Lot 3, Block 2, Serene Pines
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Lot 4, Block 3, Serene Pines
Lot 7, Block 3, Serene Pines
Lot 8, Block 3, Serene Pines
Lot 9, Block 3, Serene Pines
Lot 1, Block 4, Serene Pines
Lot 2, Block 4, Serene Pines
Lot 3, Block 4, Serene Pines
Lot 5, Block 3, Serene Pines

All in the County of Crow Wing, Minnesota.

HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR CROW WING COUNTY

HRA RESOLUTION NO. 2022-05

**RESOLUTION APPROVING A THIRD AMENDMENT TO
MASTER PURCHASE AND REDEVELOPMENT
CONTRACT BETWEEN THE HOUSING AND
REDEVELOPMENT AUTHORITY IN AND FOR THE
COUNTY OF CROW WING AND LEVEL CONTRACTING,
LLC**

BE IT RESOLVED BY the Board of Commissioners (“Board”) of the Housing and Redevelopment Authority in and for the County of Crow Wing (the “Authority”) as follows:

Section 1. Recitals.

1.01. The Authority currently administers its Redevelopment Project No. 1 (the “Project”), pursuant to Minnesota Statutes, Sections 469.001 to 469.047, as amended.

1.02. The Authority and Paxmar-Brainerd, LLC (the “Prior Redeveloper”) executed a Master Purchase and Redevelopment Contract, dated as of September 13, 2016, as amended by a First Amendment to Master Purchase and Redevelopment Contract dated November 8, 2016, as further amended by a Second Amendment to Master Purchase and Redevelopment Contract dated March 14, 2017, as assigned by the Prior Redeveloper to Level Contracting, LLC, a Minnesota limited liability company (the “Redeveloper”), pursuant to an Assignment and Assumption of Master Purchase and Redevelopment Contract dated as of October 8, 2019 (as so amended, assigned, and assumed, the “Contract”), providing, among other things, for the conveyance by the Authority to the Redeveloper of certain property within the Project and legally described within the Contract (the “Property”).

1.03. The parties have negotiated and propose to execute a Third Amendment to the Contract (the “Third Amendment”) to incorporate a parcel, described as Lot 5, Block 3, Serene Pines in the County of Crow Wing, Minnesota, as part of the Property subject to the Contract.

Section 2. Third Amendment Approved.

2.01. The Third Amendment as presented to the Board is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the Chair and Executive Director, provided that execution of the Third Amendment by such officials shall be conclusive evidence of approval.

2.02. The Chair and Executive Director are hereby authorized to execute on behalf of the Authority the Third Amendment and any documents referenced therein requiring execution by the Authority, and to carry out, on behalf of the Authority, its obligations thereunder.

2.03. Authority staff and consultants are authorized to take any actions necessary to carry out the intent of this resolution.

Approved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the County of Crow Wing this ____ day of _____, 2022.

Chair

ATTEST:

Secretary



Housing & Redevelopment Authority

To: CWC HRA Board Members
From: John Schommer, Rehab Coordinator
Date: April 7, 2022
Re: Consider Revisions to the Housing Trust Fund Guidelines

Background

The Housing Trust Fund Ordinance was adopted unanimously by Crow Wing County commissioners on February 25th, 2020. The Crow Wing County HRA board approved the guidelines presented by staff at their May 2020 meeting which determines how the Housing Trust Fund monies can be distributed. Since then, we have been working to establish procedures to coincide with the guidelines that will help in administering the funds and in doing so we have realized some areas that could be changed. Some of these changes will help clarify the programs while others will help in making sure we are protecting the integrity of the intent of the funds and ensure they are 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.

Staff has attached a copy of the Guidelines as proposed and also a copy that shows the revisions from the Guidelines as originally adopted at the May 2020 board meeting.

Action Requested: Consider Adopting the Revised Housing Trust Fund Guidelines.

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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 or rehabilitation of 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 grant or repayment of full amount will be due if any of the property requirements are not met. 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

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 non-refundable processing fee of \$100 for all applicants due with submission of completed application. Applicants are also responsible for all filing fees at the courthouse and title search costs.

All wage earners 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.

Property Requirements: The property must meet the requirements as noted below. Funding will be contingent upon the home passing inspection prior to closing. If any of the requirements below are in question, applicant must contact HRA staff.

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) for five years.
- 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.

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, satisfaction of the primary mortgage, 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 wage earners 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 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 non-refundable processing fee of \$100 for all applicants due with submission of completed application.. Applicants are also responsible for all filing fees at the courthouse 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, the applicant should 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, the primary mortgage is satisfied, 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.

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

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, Mortgage, and Loan Agreement 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 examples of 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 current 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 Mortgage, and Loan Agreement 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%

A. 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, VA benefits
 - 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.

B. 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

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.

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 20-year, zero percent (0%) deferred loan. Full repayment of the principal is due upon the sale, maturity or other transfer of the property, when the owner no longer occupies the property as the principal residence, or the primary mortgage is refinanced and equity is taken out.

Rental Rehab:

- 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 by April 30th of each year 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.
- 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.
- 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, VA Benefits
 - 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 zero percent (0%) 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 upon maturity of the note. If at any time affordability is not maintained throughout the term of the loan, the mortgage will be accelerated and the full balance of principal will become due immediately.

4. NEW DEVELOPMENT/REDEVELOPMENT 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 of eligible applicants 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 new construction, acquisition of property, conversion of non-residential to residential use, 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. Conversion to rental housing units 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.

Priority will be given to the project with the greatest percentage of affordable units. At least 60% of all units in an eligible housing project must have rents as follows:

- Affordable to households whose income does not exceed 115% of Area Median Income (AMI);
- Not less than twenty percent (20%) of the affordable 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 converted affordable rental housing 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:

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.

All HTF-assisted homeownership units shall be sold to households with incomes at or below the targeted income category (at or below 115% of AMI) who agree to occupy the unit as their principal place of residence.

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.

This is a 20-year loan term with 0% interest and a deferred lump sum repayment of principal. This means that the borrower will not need to make monthly payments on this loan. This loan is payable upon the sale or transfer of the property, the primary mortgage is refinanced and equity is taken out or upon maturity of the note. If at any time affordability is not maintained throughout the term of the loan, the full balance of principal will become due immediately. Funding shall be no more than 100% of a project's total development cost. Borrower is required to sign a Note, Mortgage, and Loan Agreement in order to receive a development loan.

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 converted rental housing 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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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 or rehabilitation 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 grant or repayment of full amount will be due if any of the~~

property requirements are not met. 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

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 non-refundable processing fee of \$100 for all applicants due with submission of completed application. Applicants are also responsible for all filing fees at the courthouse and title search costs.

All wage earners 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.

Property Requirements: The property must meet the requirements as noted below. Funding will be contingent upon the home passing inspection prior to closing. If any of the requirements below are in question, applicant must contact HRA staff.

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) for five years.
- 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.

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, satisfaction of the primary mortgage, 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 wage earners 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 non-refundable processing fee of \$100 for all applicants due with submission of completed application, 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, the applicant should 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, the primary mortgage is satisfied, 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.

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

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, and Loan Agreement~~ 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 examples of 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 current 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, and Loan Agreement~~ 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%

A. 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, VA benefits
 - 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.

B. 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

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.

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 2015-year, zero percent (0%) deferred loan. Full repayment of the principal is due upon the sale, maturity or other transfer of the property, when the owner no longer occupies the property as the principal residence, or the primary mortgage is refinanced and equity is taken out. 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 by April 30th of each year 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.

B-

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, VA Benefits
 - 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 upon maturity of the note. If at any time affordability is not maintained throughout the term of the loan, the mortgage will be accelerated and the full balance of principal will become due immediately. ~~at the end of the term.~~

4. NEW ~~CONSTRUCTION~~ DEVELOPMENT/REDEVELOPMENT 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 of eligible applicants 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 Conversion to rental housing units 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.~~

Priority will be given to the project with the greatest percentage of affordable units. At least 60% of all units in an eligible housing project must have rents as follows:

- Anot less than forty,fifty one percent (51.40%) 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 affordable 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-converted~~ affordable rental 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.

All HTF-assisted homeownership units shall be sold to households with incomes at or below the targeted income category (at or below 115% of AMI) who agree to occupy the unit as their principal place of residence.

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.

This is a 20-year loan term with 0% simple interest and a deferred lump sum repayment of principal. This means that the borrower will not need to make monthly payments on this loan. This loan is payable upon the sale or transfer of the property, the primary mortgage is refinanced and equity is taken out or upon maturity of the note. If at any time affordability is not maintained throughout the term of the loan, the full balance of principal will become due immediately. 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. Borrower is required to sign a Note, Mortgage, and Loan Agreement in order to receive a development loan.

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-converted rental housing 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.



Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Eric Charpentier, Executive Director
Date: April 12th, 2022
Re: Executive Director Report

Tax Forfeit Lot in Baxter

This process continues to move forward between the HRA and the developer for the purchase of one lot in Baxter through the Tax Forfeit Property Policy. The County Commissioners had this lot on their agenda today to convey the property to the County HRA. The next step will be to hold a public hearing and finalize a purchase agreement for this lot. The developer is willing to pay the entire balance of the assessment on the property and will then purchase this lot from the County HRA following the policy that was adopted by our commissioners.

This developer has also stated that they are interested in purchasing additional tax forfeited lots in Baxter and we will work on crafting a development agreement to bring forward once we know the additional lot details.

Strategic Planning Session Update:

Bruce Miles has been reaching out to our staff and commissioners and I hope that he has had the opportunity to connect with you all individually. We are planning on this session to be held on May 19th and I am awaiting confirmation on the location. We are looking for a room that has the tech capabilities to host a commissioner virtually as well, so we can get as much participation as possible. I will be connecting with Mr. Miles in the coming weeks to finalize our plans. Thank you all for your participation in the lead up to this session.

Action Requested: No action requested, for informational purposes only

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To: CWC HRA Board Members
From: Eric Charpentier, Executive Director
Date: April 12th, 2022
Re: Housing Trust Fund Report

Momentum is picking up on both the rehab program and our down payment assistance program for the trust fund. Our internal group met on March 31st to discuss updates to our guidelines as well as review 2 applicants for the rehab program. On April 6th we received a message from a mortgage originator stating that they had 3 borrowers that were pre-approved to receive a mortgage while also utilizing our down payment assistance program. Those clients are actively looking for property in Crow Wing County and could be signing a purchase agreement any day. We have also recently finalized our loan documentation for the down payment assistance program. We are optimistic that we will be able to fund our first project out of either one of these programs very soon! We are eager to get our first loan on the books and look forward to sharing that progress with the board as it is happening.

Action Requested: No action requested, for information only.

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Housing & Redevelopment Authority

To: Brainerd HRA Board Members
 From: John Schommer, Rehab Coordinator
 Date: April 6, 2022
 Re: Rehab Programs Report

Emily SCDP

8 Owner occupied projects are complete
 2 Projects are in construction

Garrison SCDP

The Notice of Intent to Request Release of Funds for the Small Cities Development Program was published in the Mille Lacs Messenger and sent to all required on Wednesday, March 16th, 2022. Waiting to receive notice from DEED after our objection period has ended on Monday, April 11th, 2022.

Jenkins SCDP

The Notice of Intent to Request Release of Funds for the Small Cities Development Program was published in the Northland Press and sent to all required on Tuesday, March 15th, 2022. Waiting to receive notice from DEED after our objection period has ended on Friday, April 8th, 2022.

MHFA

5 Projects are in construction
 2 Work Write-up
 8 Applications are in process

Housing Trust Fund

6 Applications have been sent out
 2 Work Write-up

Brainerd Oaks/Serene Pines/Dalmar Estates

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	64	57	0	5
Serene Pines	23	16	16	0	0
Dalmar Estates	7	3	1	0	2

*Originally 83 lots, 2 have been merged/combined into a single parcel

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2022 CWC HRA BLAEDC/CREDI STAFF

Attachment 8

TIME- March

Date Range: 3/1/2022 -
3/31/2022



Project Group	Project	Date	Comment	Hours	Billing Amount
Crow Wing County HRA					
CWC HRA - Redev Redevelopment Projects					
		3/2/2022	Development projects and review of grant applications with Y CEO, Board chair and BLAEDC staff. BLAEDC has assisted with grant applications that would create opportunity for redevelopment of Brainerd building	2.50	\$375.00
		3/3/2022	Site visit to Brainerd existing commercial business that is looking for additional space for expansion. Discussions surrounding available locations for possible redevelopment and expansion. BLAEDC staff toured facility and met with senior leadership to discuss options.	3.00	\$450.00
		3/4/2022	Meeting w/local business owner who is looking for new location for food operations. BLAEDC staff along w/owner reviewed multiple sites for redevelopment of new restaurant in Pequot Lakes or Brainerd.	3.00	\$450.00
		3/8/2022	Crow Wing County HRA meeting, presentation and development of project reports from BLAEDC staff. In person meeting w/individuals who have purchased a Brainerd building for redevelopment near the East Brainerd mall.	4.50	\$675.00
		3/9/2022	Meeting and presentation to local developers regarding available property in Crosslake, Pequot Lakes and Breezy Point for development of housing and apartment options and funding and incentives that are available at state and local level	2.50	\$375.00
		3/10/2022	email, text and phone communication with new business owners regarding redevelopment opportunities with Brainerd building purchase. Business has been sitting empty since foreclosure, building may have water issues as well. Significant redevelopment will be necessary.	2.00	\$300.00
		3/11/2022	BLAEDC staff meeting w/family members who have purchased Brainerd building for redevelopment. Owners are discussion grant opportunities to redevelop building to fit needs. BLAEDC staff attending housing discussion with CLC regarding options for potential student issues.	5.00	\$750.00
		3/14/2022	email and phone conversations around Crosby redevelopment opportunity and discussions regarding use of state funding to assist in project costs	2.00	\$300.00
		3/15/2022	BLAEDC staff attend, prepare reports and	4.00	\$600.00

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	present at the Pequot Lakes EDC meeting. Discussions centered around housing developments and restructuring of Heart of the Good Life development to include mixed use development.		
3/16/2022	Brainerd EDA property discussion meeting with consultant to review available properties in and around Brainerd that are available for purchase, redevelopment and blighted for commercial opportunities. Crosby meeting w/property owners who are redeveloping building in downtown Crosby for new commercial use.	5.00	\$750.00
3/17/2022	phone and email communication with daycare provider in Emily that has yet to receive funding from county to move forward with redevelopment of building in Emily. BLAEDC staff assisted individual with business plan and financing options.	2.50	\$375.00
3/17/2022	Meetings w/city of Crosslake staff and Crosslake EDC members to discuss open properties and housing options w/developers. City has opportunity to determine incentives to provide single family housing along with a developer offered apartment complex. Developer is looking for city to provide options such as TIF.	3.50	\$525.00
3/21/2022	Meeting w/Baxter city administrator, BLAEDC staff and 2 commercial realtors to discuss listing of city owned property for development of commercial footprint inside city of Baxter. BLAEDC currently is working with city staff to highlight property to developers.	3.50	\$525.00
3/22/2022	email communication w/Emily business regarding funding for new project at building that has been redeveloped into a new restaurant, phone call with local lender to provide assistance with project costs	1.50	\$225.00
3/22/2022	Meeting w/crow wing county staff and blaedc staff to discuss funding options for final 3 childcare grant recipients. Grant funding is needed in all 3 grant recipients to fund redevelopment of existing buildings in Emily, Brainerd and Breezy Point.	3.50	\$525.00
3/24/2022	BLAEDC staff phone calls with childcare grant recipients to discuss options for financing while working to redevelop childcare properties. Federal guidelines call for recipients to follow federal davis bacon guidelines to receive funding through program which will drive up costs.	2.00	\$300.00
3/24/2022	Tour of Crosslake business w/BLAEDC and Crosslake EDC members to discuss redevelopment of local business that has now been placed on the market. Crosslake EDC staff wants to list property for redevelopment on their new website that BLAEDC staff manage and update.	4.50	\$675.00
3/28/2022	Phone calls with Pequot Lakes city staff	2.50	\$375.00

discussing development opportunities. Email discussions with developer partners that was to review all available properties for redevelopment and resale in Crow Wing County.

3/29/2022	BLAEDC staff touring redevelopment property with new owners in Brainerd. Review of plans and discussions surrounding future use of building, timelines and total investment being made to bring building up to standards after full redevelopment.	4.00	\$600.00
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CWC HRA - Blight Blighted Projects	CWC HRA - Redev Redevelopment Projects Total:	61.00	\$9,150.00
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3/3/2022	email communication and phone calls with local realtor to define available space for relocation and redevelopment options in Crow Wing County	1.50	\$225.00
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	CWC HRA - Blight Blighted Projects Total:	1.50	\$225.00
	Crow Wing County HRA Total:	62.50	\$9,375.00
	Grand Total	62.50	\$9,375.00

Staff time and notes listed above have been reviewed and approved by BLAEDC Executive Director, Tyler Glynn, upon submittal of this report.



Tyler Glynn, BLAEDC Executive Director

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