



Housing & Redevelopment Authority

Crow Wing County HRA Board Meeting Agenda
5:00pm Tuesday July 25th, 2023
Crow Wing County Land Services Building, Pine/Maple Meeting Room
322 Laurel St. Brainerd, MN 56401

Join from browser:

<https://brainerdhra.my.webex.com/brainerdhra.my/j.php?MTID=mdfe57e1e4c9562794770c600873ada38>

Join by phone: 415-655-0001

Meeting number (access code): 2554 007 8851

Meeting password: Ffp38kwQ3JC

"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 & APPROVAL OF AGENDA**
- 4. UNFINISHED BUSINESS**
 - a. Housing Trust Fund Guideline Revision Request (*Attachment 1*) Pg. 3
- 5. NEW BUSINESS**
 - a. 2024 Budget Discussion (*Attachment 2*) Pg. 13
- 6. COMMISSIONER COMMENTS**
- 7. NEXT MEETING** Tuesday August 8th, 2023
- 8. ADJOURNMENT**

CWC HRA Commissioners

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

Richard (George) Burton, Vice Chair - District 1 (12-31-27)

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

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

Jennifer Bergman, Commissioner - District 4 (12-31-25)

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Housing & Redevelopment Authority

To: CWC HRA Board Members

From: John Schommer, Rehab & Maintenance Director

Date: July 19, 2023

Re: Consider Revision to the Housing Trust Fund Guidelines

Background

The Housing Trust Fund Ordinance was adopted unanimously by the 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 and suggested amendments in April of 2022. Recently when working on an Owner-Occupied rehab loan, staff realized the matching funds requirement from the owner was no longer in line with other rehabilitation programs that we administer. Both the Minnesota Housing Finance Agency (MHFA) and Department of Employment and Economic Development (DEED) programs have done away with the matching requirement several years ago. Based off these factors, we felt it timely to suggest this update to this program to stay in line with what other programs offered as well as keeping in line with the intent of the trust fund in helping individuals with incomes up to 115% of AMI. Staff is recommending that the matching fund requirement for the Owner-Occupied rehab program be eliminated.

Attached is a copy of the Guidelines with the proposed revisions.

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:

- 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 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.
- 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 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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Housing & Redevelopment Authority

To: CWC HRA Board Members

From: Karen Young, Finance Director

Date: July 19, 2023

Re: Adopt 2024 CWC HRA Budget

Attached are three budget options for the board to review:

Budget - Option 1

A total levy request of \$977,880 (30.7% increase and 33.9% of CWC HRA levy capacity), which includes \$118,810 funding to BLAEDC/CREDI, \$259,070 for operations, and \$600,000 funding to HTF. In this scenario, there is a budget surplus of \$19,610 to build up fund balance by one month. (See Attachment 2a).

Budget - Option 2

A total levy request of \$1,377,880 (84.1% increase and 47.8% of CWC HRA levy capacity), which includes \$118,810 funding to BLAEDC/CREDI, \$259,070 for operations, and \$1,000,000 funding to HTF. In this scenario, there is a budget surplus of \$19,610 to build up fund balance by one month. A detailed explanation is provided below for this budget option. (See Attachment 2b).

Budget - Option 3

A total levy request of \$2,377,880 (217.8% increase and 82.5% of CWC HRA levy capacity), which includes \$118,810 funding to BLAEDC/CREDI, \$259,070 for operations, and \$2,000,000 funding to HTF. In this scenario, there is a surplus of \$19,610 to build up fund balance by one month. (See Attachment 2c).

Fund Balance

The Fund Balance Policy recommends 8 to 12 months of unassigned fund balance (reserves not designated for a specific purpose). The fund balance as of 12/31/2022 was \$136,722 or approximately 7.6 months of 2023 operating expenses. Because levy dollars are only received in July and December each year, it is necessary for the CWC HRA to have available fund balance to cover operations for the timing of when levy dollars are received each year.

Below is the detailed explanation for Budget – Option 2:

2024 General Fund Budget - Option 2

Revenues

- A Tax Levy of \$1,377,880. The maximum Tax Levy for the CWC HRA in 2024 would be \$2,882,076. This would equate to approximately 47.8% of levy capacity.
- \$10,000 is anticipated in Tax Forfeit Property revenue generated from the sale of tax forfeited parcels to developers.
- Development Revenue is budgeted for \$86,720. This is pass-through revenue from the sale of lots to Level Contracting and the net effect will be \$0 to the operating budget. It was estimated that 10 lots will be sold at an average price of the remaining lots.
- \$20,000 in CWC Local Income is anticipated that will be used for eligible program costs. Program costs will offset the revenue.

General Expenditures

- Administrative Salaries of \$4,500 for the Board stipend for regular and special meetings.
- Employer FICA is the payroll taxes on the stipends paid to the Board.
- \$10,000 in legal fees is budgeted for potential costs related to CWC HRA programs/initiatives.
- Travel costs consist of staff mileage reimbursement and board mileage reimbursement for approved non-board meeting events.
- Training Expense of \$1,500 was budgeted for CWC HRA initiatives.
- Total audit costs of \$9,850 are included in this budget.
- Management Fees of \$185,160 are for the Shared Services Agreement with the Brainerd HRA.
- The TIF Expense of \$600 is for TIF reporting for the RLF – TIF.
- The Housing and Redevelopment Initiatives are for projects as determined by the board.

Fund Expenditures

- Tax Forfeit Property Expense is for legal and closing costs on the sale of properties.
- Development Expense of \$86,720 is estimated for the sale of 10 lots to Level Contracting. The net effect of these costs will be to reduce the development revenue to \$0 and have no effect on the operating budget. The costs will include any expenses related to the sale of the land such as closing, legal and in lieu of assessments.
- CWC Local Income Expense for eligible program costs.
- Housing Trust Fund appropriation to the Fund.
- The BLAEDC/CREDI funding of \$118,810 is based on the funding request to support economic development for eligible expenses.

Net Operating Income to Fund Reserves

- There is a surplus to the General Fund Budget of \$19,610 which would increase Fund Balance by one month.

2024 Revolving Loan Fund – TIF Budget (See Attachment 2d).

Revenues

- Interest Revenue of \$70 from Victual loan. Interest Revenue of \$2,700 from investments.

Expenditures

- Other General Expense of \$20 for fees paid to Initiative Foundation and BLAEDC for loan servicing.

Action Requested:

Approve a motion to adopt the 2024 General Fund and TIF – Revolving Loan Fund budgets.

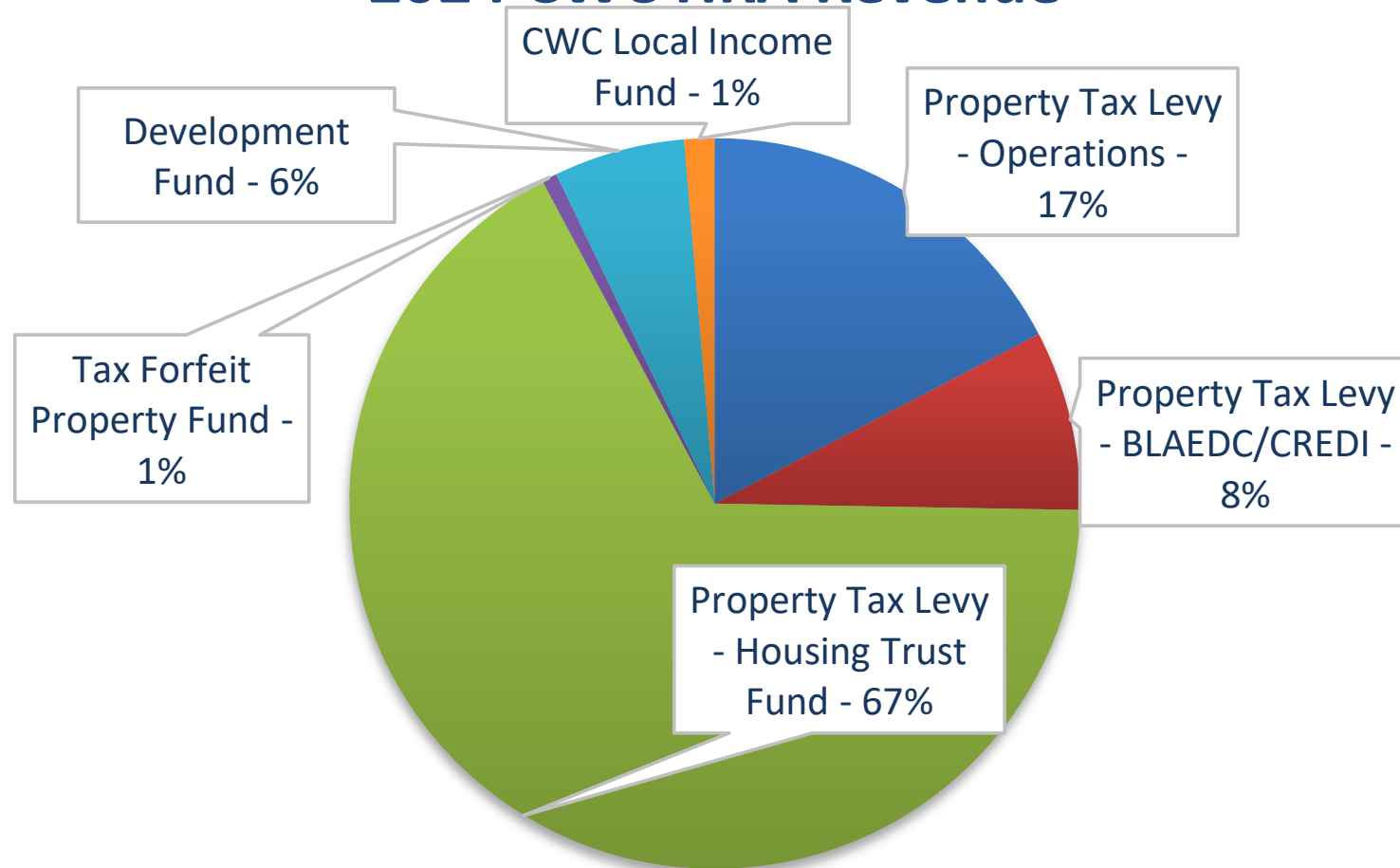
Crow Wing County HRA 2024 Budget Option 1

	2024 Budget	2023 Budget	Difference
Revenues			
Property Tax Levy - Operations	259,070	232,970	26,100
Property Tax Levy - BLAEDC	92,288	89,600	2,688
Property Tax Levy - CREDI	26,522	25,750	772
Property Tax Levy - Housing Trust Fund	600,000	400,000	200,000
Total Property Tax Levy	977,880	748,320	229,560
Interest Revenue	2,000	0	2,000
Tax Forfeit Property Fund	10,000	10,000	0
Development Fund	86,720	191,200	(104,480)
CWC Local Income Fund	20,000	20,000	0
Total Revenues	1,096,600	969,520	127,080
General Fund Expenditures			
Administrative Salaries	4,500	4,500	0
Employer FICA	350	350	0
Legal	10,000	10,000	0
Travel	400	250	150
Training	1,500	1,500	0
Sundry-Admin	200	200	0
Auditing Fees	9,850	7,980	1,870
Management Fee	185,160	162,770	22,390
TIF Expense	600	600	0
Insurance	2,900	2,900	0
Housing and Redevelopment Initiatives	26,000	26,000	0
	241,460	217,050	24,410
Fund Expenditures			
Tax Forfeit Property Fund	10,000	10,000	0
Development Fund	86,720	191,200	(104,480)
CWC Local Income Fund	20,000	20,000	0
Housing Trust Fund	600,000	400,000	200,000
BLAEDC/CREDI Funding	118,810	115,350	3,460
	835,530	736,550	98,980
Total Expenditures	1,076,990	953,600	123,390
Net Operating Income to Fund Reserves	19,610	15,920	3,690

Crow Wing County HRA 2024 Budget Option 2

	2024 Budget	2023 Budget	Difference
Revenues			
Property Tax Levy - Operations	259,070	232,970	26,100
Property Tax Levy - BLAEDC	92,288	89,600	2,688
Property Tax Levy - CREDI	26,522	25,750	772
Property Tax Levy - Housing Trust Fund	1,000,000	400,000	600,000
Total Property Tax Levy	1,377,880	748,320	629,560
Interest Revenue	2,000	0	2,000
Tax Forfeit Property Fund	10,000	10,000	0
Development Fund	86,720	191,200	(104,480)
CWC Local Income Fund	20,000	20,000	0
Total Revenues	1,496,600	969,520	527,080
General Fund Expenditures			
Administrative Salaries	4,500	4,500	0
Employer FICA	350	350	0
Legal	10,000	10,000	0
Travel	400	250	150
Training	1,500	1,500	0
Sundry-Admin	200	200	0
Auditing Fees	9,850	7,980	1,870
Management Fee	185,160	162,770	22,390
TIF Expense	600	600	0
Insurance	2,900	2,900	0
Housing and Redevelopment Initiatives	26,000	26,000	0
	241,460	217,050	24,410
Fund Expenditures			
Tax Forfeit Property Fund	10,000	10,000	0
Development Fund	86,720	191,200	(104,480)
CWC Local Income Fund	20,000	20,000	0
Housing Trust Fund	1,000,000	400,000	600,000
BLAEDC/CREDI Funding	118,810	115,350	3,460
	1,235,530	736,550	498,980
Total Expenditures	1,476,990	953,600	523,390
Net Operating Income to Fund Reserves	19,610	15,920	3,690

2024 CWC HRA Revenue



Crow Wing County HRA 2024 Budget Option 3

	2024 Budget	2023 Budget	Difference
Revenues			
Property Tax Levy - Operations	259,070	232,970	26,100
Property Tax Levy - BLAEDC	92,288	89,600	2,688
Property Tax Levy - CREDI	26,522	25,750	772
Property Tax Levy - Housing Trust Fund	2,000,000	400,000	1,600,000
Total Property Tax Levy	2,377,880	748,320	1,629,560
Interest Revenue	2,000	0	2,000
Tax Forfeit Property Fund	10,000	10,000	0
Development Fund	86,720	191,200	(104,480)
CWC Local Income Fund	20,000	20,000	0
Designated Fund Balance	0	0	0
Total Revenues	2,496,600	969,520	1,527,080
General Fund Expenditures			
Administrative Salaries	4,500	4,500	0
Employer FICA	350	350	0
Legal	10,000	10,000	0
Travel	400	250	150
Training	1,500	1,500	0
Sundry-Admin	200	200	0
Auditing Fees	9,850	7,980	1,870
Management Fee	185,160	162,770	22,390
TIF Expense	600	600	0
Insurance	2,900	2,900	0
Housing and Redevelopment Initiatives	26,000	26,000	0
	241,460	217,050	24,410
Fund Expenditures			
Tax Forfeit Property Fund	10,000	10,000	0
Development Fund	86,720	191,200	(104,480)
CWC Local Income Fund	20,000	20,000	0
Housing Trust Fund	2,000,000	400,000	1,600,000
BLAEDC/CREDI Funding	118,810	115,350	3,460
	2,235,530	736,550	1,498,980
Total Expenditures	2,476,990	953,600	1,523,390
Net Operating Income to Fund Reserves	19,610	15,920	3,690

Crow Wing County HRA 2024 RLF - TIF Budget

	2024 Budget	2023 Budget	Difference
Operating Revenue			
Interest Revenue	2,770	820	1,950
Total Revenue	2,770	820	1,950
Operating Expenses			
Legal	0	0	0
Auditing Fees	0	0	0
TIF Expense	0	0	0
Other General Expense	20	275	0
Total Exp	20	275	0
Net Operating (Income)/Loss	2,750	545	1,950



August 2023

Re: BLAEDC 2024 Funding Support

Dear Mr. Charpentier,

As BLAEDC makes our way through 2023, we want to thank you for your enduring support of our mission. Through your support, BLAEDC can continue to serve our communities and provide resources and support to our local businesses and business leaders. Earlier this year, BLAEDC staff assisted Crow Wing County leadership with childcare assistance grants to address the alarming shortage of available childcare slots in Crow Wing County. BLAEDC also assisted the Initiative Foundation and the state of Minnesota with revitalization grants for downtown Brainerd. We maintain working relationships with leaders at a local, state, and national level to assist our business community and ensure they have access to the most up-to-date resources and information.

BLAEDC staff continues to expand business, build community, and grow jobs in Crow Wing County. In addition to our traditional work, we have been focusing on the area's housing, childcare and employment needs through valuable focus groups, surveys, and grant exploration. Our BLAEDC Unified Fund (BUF) and BLAEDC Recruitment Program have brought a heightened awareness of economic development to our communities that helps us to grow our area economy. BLAEDC's Recruitment Program this year has hired 10 individuals for 8 different companies in the area.

BLAEDC continues to serve with the North Central Small Business Development Center as a satellite location to provide access to the resources that are available through the SBDC for our area businesses. Based on the impact of our work and the need to have a professional economic development organization serving Crow Wing County, the BLAEDC board of directors is focused on the following:

1. BLAEDC's funding from government partners is a critical component of our annual budget. Your continued support allows the organization to retain our professional staff and offer free or low-cost services to the business community located in Crow Wing County.
2. Private sector business membership support is also a key component to our mission to expand business, build community and grow jobs. We continue to move forward with increasing our private sector membership base to strengthen our financial stability into the future.
3. Economic development programs, including our BLAEDC Recruitment Program, BLAEDC Unified Fund and as a satellite location for the North Central SBDC. All BLAEDC programs continue to provide a positive impact on individuals and the business community in Crow Wing County. Fall of 2023 BLAEDC along with the Brainerd Regional Airport will offer a new marketing opportunity for all our partners. More to come as that system becomes operational.

As a result, we are asking the Crow Wing County HRA to consider a funding commitment of \$92,288 for the 2024 calendar year. Please advise if you would like BLAEDC representatives to meet with you to discuss our funding request. Your support and commitment to BLAEDC and economic development is sincerely appreciated.

Sincerely,

Tyler Glynn
BLAEDC Executive Director

Brainerd Lakes Area Economic
Development Corporation
224 West Washington St

Brainerd, MN 56401
Growbrainerdlakes.org
(218) 828-0096

2022
Annual Report





August 2023

Re: CREDI 2024 Funding Support

Dear Mr. Charpentier,

As BLAEDC/CREDI makes our way through 2023, we want to thank you for your enduring support of our mission. Through your support, BLAEDC/CREDI can continue to serve our communities and provide resources and support to our local businesses and business leaders. Earlier this year, BLAEDC staff assisted Crow Wing County leadership with childcare assistance grants to address the alarming shortage of available childcare slots in Crow Wing County. BLAEDC also assisted the Initiative Foundation and the state of Minnesota with revitalization grants for downtown Brainerd. We maintain working relationships with leaders at a local, state, and national level to assist our business community and ensure they have access to the most up-to-date resources and information.

BLAEDC staff continues to expand business, build community, and grow jobs in Crow Wing County. In addition to our traditional work, we have been focusing on the area's housing, childcare and employment needs through valuable focus groups, surveys, and grant exploration. Our BLAEDC Unified Fund (BUF) and BLAEDC Recruitment Program have brought a heightened awareness of economic development to our communities that helps us to grow our area economy. BLAEDC's Recruitment Program this year has hired 10 individuals for 8 different companies in the area.

BLAEDC continues to serve with the North Central Small Business Development Center as a satellite location to provide access to the resources that are available through the SBDC for our area businesses. Based on the impact of our work and the need to have a professional economic development organization serving Crow Wing County, the BLAEDC board of directors is focused on the following:

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2. Private sector business membership support is also a key component to our mission to expand business, build community and grow jobs. We continue to move forward with increasing our private sector membership base to strengthen our financial stability into the future.
3. Economic development programs, including our BLAEDC Recruitment Program, BLAEDC Unified Fund and as a satellite location for the North Central SBDC. All BLAEDC programs continue to provide a positive impact on individuals and the business community in Crow Wing County. Fall of 2023 BLAEDC along with the Brainerd Regional Airport will offer a new marketing opportunity for all our partners. More to come as that system becomes operational.

As a result, we are asking the Crow Wing County HRA to consider a funding commitment of \$26,522 for the 2024 calendar year.

Please advise if you would like CREDI and BLAEDC representatives to meet with you to discuss our funding request. Your support and commitment to CREDI and economic development is sincerely appreciated.

Sincerely,

Tyler Glynn
BLAEDC Executive Director