



MINNESOTA

NAHRO

SERVING MINNESOTA'S HOUSING &
COMMUNITY DEVELOPMENT NEEDS

LOCAL HOUSING AID

It's Coming & How to Use It

Minnesota NAHRO Fall Conference

September 13, 2023

OUR PANELISTS



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AGENDA

- Overview of Local Housing Aid
- Access and Collaboration
- Where to Start
- Program and Project Ideas



OVERVIEW

- Created by 2023 Minnesota Legislature
 - Housing and Tax Bills
 - Minnesota Statutes Sections 477A.35 and 477A.36
- Aid appropriated directly to Tier 1 cities, counties, and tribal governments based on cost-burdened households
- Cities under 10,000 people can access funds through Minnesota Housing

SAHA and LAHA

- Statewide Local/Affordable Housing Aid:
 - Annual appropriation to 87 counties, 37 Greater Minnesota cities, and 7 tribal governments
 - \$10 million annually
 - Additional \$12.5 million for 2023 and for 2024
- Local Affordable Housing Aid:
 - Metro Sales Tax appropriation to 7 metro counties and 63 Metro cities
 - Projected \$140 million annually
 - Prorated first year, sales tax imposed on October 1, 2023

QUALIFYING PROJECTS

- Emergency rental assistance (80% AMI);
- Support to nonprofit affordable housing providers; and
- Projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing to households that have incomes which do not exceed:
 - For homeownership projects, 115% of state or area median income
 - For rental housing projects, 80% of state or area median income
 - Must be affordable to the local work force

QUALIFYING PROJECTS

- Development of market rate residential rental properties in Greater Minnesota cities and counties, only:
 - Provided area meets certain requirements (same as Workforce Housing Development Program)
 - Average vacancy rate for rentals under 5% for 2+ years within 15 miles;
 - One or more businesses with 20+ full-time equivalent employees within 25 miles attest that the lack of available rental housing has impeded their ability to recruit and hire employees; and
 - Grants or deferred loans will be used for qualified project expenditures.
 - Must submit resolution and documentation with annual reporting



PROJECT PRIORITIES

- Prioritize projects that provide affordable housing to households with lower incomes:
 - For homeownership projects, 80% of state or area median income
 - For rental housing projects, 50% of state or area median income
- Priority may be given to projects that:
 - Reduce disparities in home ownership
 - Reduce housing cost burden, housing instability, or homelessness
 - Improve the habitability of homes
 - Create accessible housing
 - Create more energy- or water-efficient homes

WHAT HAPPENS IF IT'S NOT SPENT?

- Unspent funds returned to Revenue
 - 4 years to spend
 - Returned funds must be used for FHPAP, Challenge, and Workforce and Affordable Homeownership Development programs.
- Funds are considered spent if deposited into a Local Housing Trust Fund
 - Must document inability to spend on qualifying project
 - If you don't already have one – create it now!

REPORTING

- Beginning December 1, 2025
- Recipients must submit a report annually to Minnesota Housing
- The report must document:
 - Location of qualifying projects completed or planned
 - Unspent funds
- Expect Minnesota Housing to issue reporting guidance



ACCESS AND COLLABORATION

HRAs can help cities and counties

Process

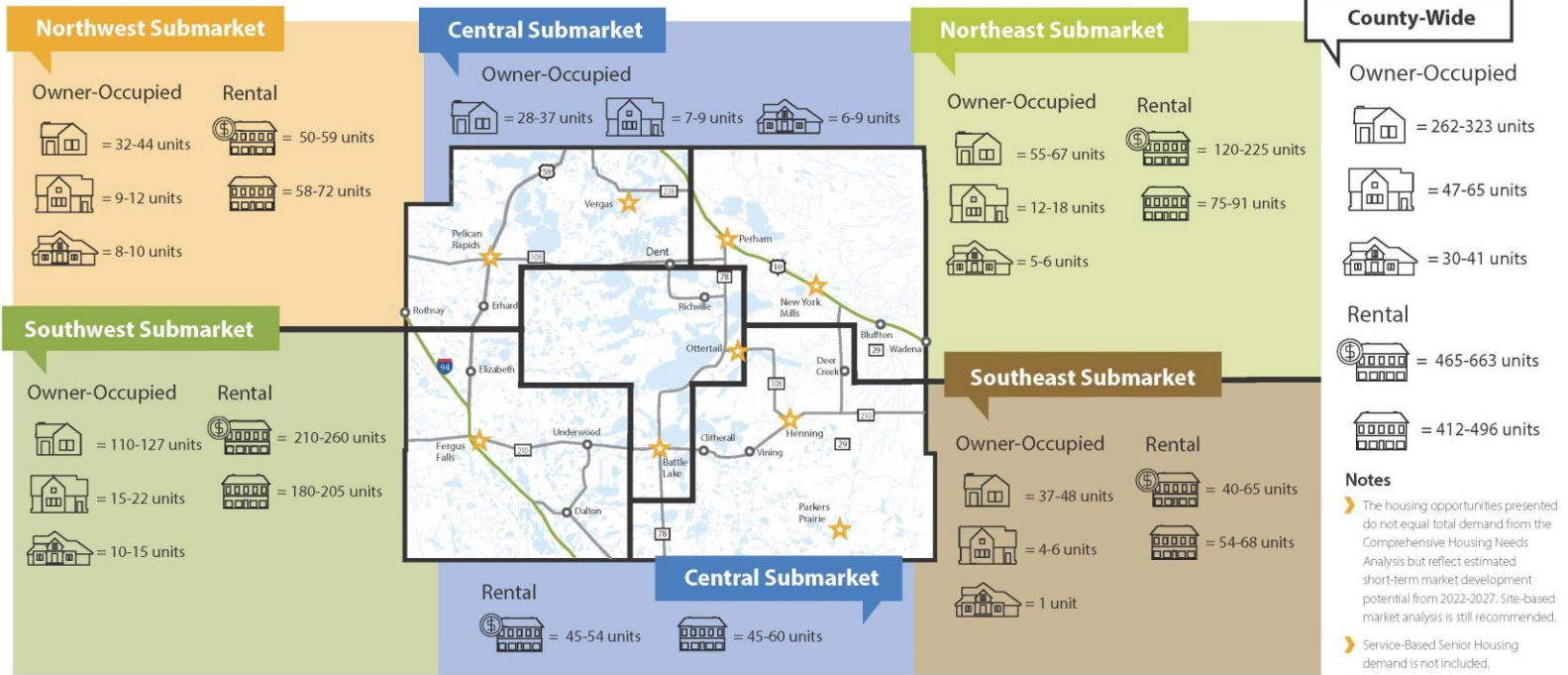
- Participate in the “budget amendment process” for the 2023 aid allocation
- Request participation in 2024 allocation process discussion
- Funding intended to alleviate the affordable housing shortage and should augment existing resources

Otter Tail County HRA

- Virtual "quarterly convenings" with cities and townships
- Regular email updates to community partners
- Housing Summit
- Planning and Due Diligence Grants for Communities
- "Housing Development Opportunities"

HOUSING DEVELOPMENT OPPORTUNITIES | OTTER TAIL COUNTY-MINNESOTA

Building the future begins with expanding the housing opportunities throughout Otter Tail County. The *Comprehensive Housing Needs Analysis for Otter Tail County* prepared by Maxfield Research & Consulting reinforces the Big Build initiative to increase housing choices across the housing continuum. Housing partners now have clarity and direction to take action on the projected housing opportunities in each submarket for the next 5 years.



Legend

Owner-Occupied



= Entry-level Owner & Active Senior | < \$250,000
Single Family & Townhome/Twinhome



= Move-up Owner | \$250,000 to \$400,000
Single Family & Townhome/Twinhome



= Executive | \$400,000+
Single Family

Rental



= Market Rate General Occupancy & Senior Rental | \$850/1BR - \$1,350/3BR
Apartments & Duplex/Triplex/Quadplex




= Affordable General Occupancy & Senior Rental
Shallow-Subsidy and Deep-Subsidy

Notes

- The housing opportunities presented do not equal total demand from the Comprehensive Housing Needs Analysis but reflect estimated short-term market development potential from 2022-2027. Site-based market analysis is still recommended.
- Service-Based Senior Housing demand is not included.
- Affordability according to income guidelines per Minnesota Housing Finance Agency.
- The full version of the Comprehensive Housing Needs Analysis prepared by Maxfield Research & Consulting is available at www.bigbuildotc.com.

WHERE TO START

Community Needs and Capacity



Link Funding to Addressing Housing Problems

- Review recent housing study or commission a study
- Review previous community input
- Revisit existing strategic plan
- Convene board/commissions to prioritize or reset
- Match the new funding programs as potential solutions to housing problems
- Identify leverage opportunities

PROGRAM AND PROJECT IDEAS

Solutions to our community's needs

Carver County CDA Community Growth Partnership Initiative (CGPI)

- The Carver County CDA's Community Growth Partnership Initiative Grant Program was created and funded in January 2016 to assist cities with redevelopment goals.
- The goals of the program are to increase the tax base and improve the quality of life in Carver County through three specific strategies: affordable housing development, job creation and redevelopment.
- Awards up to \$100,000



Carver County CDA



- Land Trust
- MACV (MN Assistance Council for Veterans)
- BNB (Beyond New Beginnings)
- School Units
- Somerset/Arboretum
- SVA (Southern Valley Alliance)
- Transitional Housing

Carver County CDA

- Local Housing Trust Fund
- Initially:
 - Homebuyer Assistance
 - Stability

Otter Tail County HRA

Housing Opportunities

- Communities & Townships
- Homeowners & Homebuyers
- Builders, Developers, and Landlords
- Owner Occupied and Rental

Programs

- Down Payment Assistance
- Owner Occupied and Rental Rehabilitation
- Housing Trust Fund
- Infrastructure Grant Program
- Rental Unit Construction Gap Financing
- Community Homeownership Impact Fund
- HRA Owned Affordable Senior Housing

Austin HRA

- CHIP I & II Loan Program
- CHIP Landlord Loan Program
- CAP (Curb Appeal Project)
- Housing partnership with Riverland Community College
- Transitional Housing



CHIP I Loan Program

- HRA provides loans to owner occupied parcels with the goal to keep residents in their home
- Typical loan is for electrical upgrades, furnace replacement, roof (health and Safety)
- To qualify owner must not exceed established income limits based on family size
- Maximum loan \$10,000.00
- Interest rate 2%
- Up to 5-year term



CHIP II Loan Program

- The HRA expanded its current CHIP loan program designed to focus on helping existing homeowners with potential home remodels.
- The program provides low interest loans to income eligible, owner-occupied homes for property improvement
- Typical loan is for additions, remodels (kitchen, bathroom, basement, etc), decks/patio, new garage, interior/exterior improvements.
- To qualify owner must not exceed established income limits based on family size
- Maximum loan \$25,000.00
- Interest rate 2%
- Goal is to limit loan to 10 years



CHIP Loan Program (Landlords)

- Landlord cannot have owned property for more than 12 months
- Loan is for exterior improvements or life safety
- Maximum loan is for \$10,000.00
- Interest rate 2.5%
- Goal is to limit loan to 5 years



CAP (Curb Appeal Project)

- The intent of CAP is to pay a portion of project costs to Austin property owners who will make qualifying exterior improvements to the front/street side of their home, increasing its curb appeal which benefits the entire Austin community. There are income limits to participate in this program.
- Grant between \$1,000 - \$5,000. Homeowners must pay at least \$4,000 of their own funds to be eligible to receive the minimum grant amount of \$1,000 from the HRA. These dollars do not need to be repaid; this would be a one-time grant.
- Grants will equal 20% of the applicant's individual project, grant amounts not to exceed \$5,000. If work is being done by the homeowner material costs qualify, but any tool costs will not be eligible.

Riverland Community College/Austin HRA Yearly House Project



Washington County and the CDA

Local Affordable Housing Aid and Statewide Local Housing Aid Draft of Proposed Uses

Preserve existing affordable housing (60%)

- Provide loans to acquire/rehabilitate Naturally Occurring Affordable Housing
- Fund, or pledge debt service, for the Agency's immediate capital needs
- Provide home improvement loans for middle income households
- Assist manufactured home developments with infrastructure improvements

Expand supply of affordable housing (25%)

- Provide gap financing to affordable housing through GROW Fund
- Fund, or pledge debt service, to Agency developed affordable housing

Increase access to affordable housing (10%)

- Incent first generation homebuyers through homebuyer grants
- Provide rental support for extremely low-income households

Increase land supply for affordable housing (5%)

- Acquire land to be banked for future affordable housing development

QUESTIONS AND OTHER IDEAS

Thank you!