Housing and Redevelopment Authority

Monday, October 7, 2024
5:30 PM
Elk River City Hall

Regular Meeting
&
Work Session
Agenda

- Regular meeting in Council Chambers
- Work Session meeting in Upper Town Conference Room immediately following regular meeting

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1. CALL MEETING TO ORDER

2. PLEDGE OF ALLEGIANCE

3. CONSIDER AGENDA

4. CONSENT AGENDA
   Considered to be routine and noncontroversial and will be approved by one motion. There will be no separate discussion of these items unless there is a request to remove the item from the consent agenda to the regular agenda.

   4.1 Draft Special HRA Minutes - August 20, 2024

   4.2 Draft HRA Minutes - September 3, 2024

   4.3 Check Register

   4.4 Balance Sheet

   4.5 Revenue/Expenditure Reports

5. OPEN FORUM
   An opportunity to provide comments and feedback regarding items not on the agenda. Information provided in Open Forum will not be discussed at this meeting; rather, the information will be referred to staff and/or scheduled for discussion at a future meeting.

6. GENERAL BUSINESS
   Items in which the information is presented by city staff or consultants, then deliberation and action occur. General Business items are not opportunities to receive or provide public input. However, the presiding officer may, at its sole discretion, solicit public feedback.

   6.1 Housing Rehabilitation Loan Program Update

   6.2 General Updates

7. MOTION TO ADJOURN REGULAR MEETING

8. WORK SESSION
   Work Sessions are less formal meetings to encourage dialog. Official action or votes are not typically taken. At the conclusion of a discussion, a simple consensus provides staff direction for execution of the item. This portion of the agenda is audio recorded but not video recorded or broadcast. Work Sessions are open to the public; however, visitors who wish

to provide input must be invited by the presiding officer, assume a seat at the discussion table and provide their full name and address for the official record.

8.1 Statewide Affordable Housing Aid

9. MOTION TO ADJOURN

Meeting of the Housing and Redevelopment Authority
Held at the Elk River City Hall
Tuesday, August 20, 2024

Members Present:	Councilmember Jennifer Wagner, Commissioner Dennis Chuba, Commissioner Nate Ovall, Commissioner Lynn Caswell
Members Absent:	
Staff Present:	Economic Development Director Brent O'Neil, Economic Development Specialist Joshua Mollan, and Recording Secretary Jennifer Green

1. CALL MEETING TO ORDER

1.1 Special HRA Meeting Notice

Pursuant to due call and notice thereof, the meeting was called to order at 2:30 p.m.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

3. AMEND MAIN AND GATES PROPERTY PURCHASE AGREEMENT

3.1 Consider Amendment Four to Main and Gates Purchase Agreement

Mr. O'Neil presented the staff report. Mr. Touchette arrived at 2:32 p.m.

The HRA reviewed each request to amend the purchase agreement as outlined in the staff report. Regarding the Onsanger property at 425 3rd St. NW, which has not been acquired as part of this project, Mr. O'Neil explained the encumbrance of the water pipe which staff believes runs underneath the adjacent corner parcel from Gates. Mr. Touchette has asked the city to warranty that pipe if at a future time, he develops the parcel, that he is not responsible for the cost of the pipe.

Secondly, Mr. Touchette is requesting that if there were any utilities (water and sewer) left in the ground during the demolition phase that he not be responsible for them. Mr. O'Neil explained the difficulty in confirming these types of details with records. He states that they strongly believe they have been disconnected and removed, but there was a small chance they have not, and Mr. Touchette is requesting this is also warrantied. Mr. O'Neil stated both issues could cost the HRA upwards of $25,000.

Commissioner Caswell asked whether there was water service available along 3rd Street. Mr. O'Neil confirmed there was.

Thirdly, the 90-day cure period, which is tied to the statutory reversion clause and the language outlined in the draft amendment included in the staff report, is supported by the city attorney. Lastly, the buyer is requesting the buyer's right to extend due diligence through the building permit application and approval process.

Mr. O'Neil added that initially a Development Agreement was considered to be a requirement for this project but has since concluded that it won't be necessary. This requirement can be removed from the agreement or a statement of affirmation can be agreed to that either both parties decline it or feel this provision has been met.

Mr. O'Neil noted the quote that Mr. Touchette obtained for restoration of non-compacted soils should be discussed.

Ron Touchette, Rock Solid Companies, stated it was his understanding, based upon documents obtained from the city and his own soil samples, that where the four basements were excavated was where the fill was needed. He stated he felt when the basements were removed, it was cheaper to fill in with construction debris and leave the sites uncompacted.

Chair Chuba asked if in the original agreement with Veit, who was the contractor who removed these buildings, was it noted how the sites would be left.

Mr. O'Neil stated in a follow-up with Veit, the scope of work did not call for compacting the soils.

Chair Chuba stated a project called for underground parking it wouldn't be an issue, but with the proposed slab on grade, it is problematic.

Mr. Touchette explained the building was proposed to be on the corner but was moved due to project timelines and other circumstances.

Commissioner Beaudry asked Mr. Touchette if these concerns could have been brought up sooner.

Mr. Touchette stated he didn't have the soil report. He had requested all the reports and documents, but they weren't all available and felt it was because of a change in staff.

Commissioner Ovall stated the HRA now knows it's a learning curve.

Commissioner Caswell asked when the report was sent to Mr. Touchette. Mr. O'Neil stated he felt it was last summer prior to the first amendment during due diligence.

Mr. Touchette stated it wasn't a new issue as it was brought up when discovered.

The HRA discussed the previous soil borings.

Commissioner Wagner stated she could support the warranties in the amount of $25,000. She stated she came onto the HRA after this project had started. She felt the HRA has been willing to work with the seller and agreed it was a unique site but also had to look at it from the point of the taxpayers. She wondered if the seller and HRA could share in the cost of the soil repairs.

Mr. O'Neil asked if the soil repairs quote included all seven basements.

Mr. Touchette stated the quote is to correct the problems on the entire site and he can't make it work economically if they only build one building. He stated they are paying for a shovel-ready site that isn't shovel-ready.

Commissioner Wagner wondered about the meat market site.

Mr. O'Neil stated initially one proposal for the Main and Gates properties was for a building with underground parking. He stated when the meat market site was demolished, they discussed the same thing, thinking there was a very good chance the site would be dug up.

Commissioner Ovall stated he wasn't sure if the HRA was selling this as a shovel-ready site or rather a 'clean canvas.'

Commissioner Caswell asked if any other city staff were involved in this project.

Mr. O'Neil stated staff included the city engineer as well as utilities, Elk River Municipal Utilities, and a consultant who did the inspections. He stated they were who they were trying to get better records from the consultant. He stated he sent the soil report to Mr. Touchette in July 2022.

Mr. Touchette discussed the finances of his project and the hope of seeing the benefits of the recent highway projects.

Mr. O'Neil stated per Mr. Touchette's proposal that the quality and scope of this project will be very nice for this site, and price per square foot will be above the norm of what would normally be placed here. He stated he has thought of different scenarios to address these requests.

Commissioner Caswell stated he felt a conversation between the city attorney and the company that did the inspection.

Mr. O'Neil stated the soil issue was more based upon the scope of the project and how staff addressed it at the time. He does recall a conversation on the Elk River Meats property about how to fill in the excavated portion.

Commissioner Caswell asked if all the sites had full basements.

Mr. Touchette stated the 414 address had a half height basement. The rest were full basements.

Commissioner Ovall stated he would have to look back at meeting minutes, but he had a hard time believing Veit wouldn't have brought up compaction options. But because they didn't know what would building be proposed, he stated they probably went with a blank slate, free of debris.

Chair Chuba recalled the vision for this corner was substantial and included apartments, which would have necessitated an excavation, but for whatever reason based upon the economy or the pandemic, that has changed. If the HRA denies the additional costs to mitigate this, he wasn't sure if Mr. Touchette would walk away from this project, but felt the six years these properties have been evolving, it would be nice to get it wrapped up. He wondered if there could be some compromise.

Mr. Touchette proposed the HRA agree to the seller credit of $53,939.00, and he would worry about the utility connections. He stated he would also deal with the water pipe at 425 3rd Street and accept it with the encumbrance.

The HRA discussed where the utilities were shut off from the curb stop, the city felt highly confident event without evidence, that they were removed from the properties; but they could have been abandoned under the road. Mr. O'Neil stated that per utility standards, water would be disconnected at the main and sewer at the property line.

Commissioner Caswell wondered if the HRA would be willing to agree to a sum up to a certain dollar amount.

Commissioner Wagner asked Mr. Touchette if he'd ever bought a property where he hasn't had to do some remediation.

Mr. Touchette discussed his experience with a building in Maplewood and the proposed language in the draft amendment is directly from that project.

Commissioner Wagner stated she would be willing to share in the costs of remediation but not fully at the expense of the taxpayers. She appreciated what Mr. Touchette was negotiating and didn't feel he would have any trouble filling the second building when built.

Commissioner Ovall agreed with Commissioner Wagner's comments and while it was an inherent nature of these projects, he also had sympathy for the current dynamics. He stated he wouldn't blame Mr. Touchette if the economics didn't work out, but the city needs to consider the constituents with reasonable accomodation.

Mr. O'Neil provided some suggestions for negotiating a resolution and the HRA discussed the language.

Commissioner Ovall suggested a $40,000 seller credit in exchange for removing the representations and warranties from Amendment 4.

Commissioner Wagner agreed with Commissioner Ovall's suggestions, noting it makes sense to do a credit..

Mr. Touchette suggested a seller credit of $46,000.00.

Commissioner Ovall noted $45,000 would be 10% of the purchase price.

Moved by Commissioner Ovall and seconded by Commissioner Wagner to approve the following proposed amendments to the purchase agreement for the sale of the Main and Gates Property:
-A seller credit of $45,000.00 to repair and restore non-compacted soils and buried debris associated with demolition and fill of former structures on the properties.
-The buyer is aware of the existing water service at 425 3rd St. NW and accepts the encumbrance.
Motion carried 4-0.

Mr. O'Neil stated with the HRA's motion that staff would work with Mr. Touchette to draft an updated Amendment 4 document with the agreed upon terms, including the known water utility encumbrance on the property and potential remaining other utilities being the responsibility of the buyer, for the himself, Chair Chuba, and Mr. Touchette to execute.

4. MOTION TO ADJOURN MEETING

Moved by Commissioner Ovall and seconded by Commissioner Caswell to adjourn the meeting. Motion carried 4-0.

The meeting adjourned at 3:19 p.m.

Minutes prepared by Jennifer Green.

____
Denny Chuba, Chair

____
Tina Allard, City Clerk

Meeting of the Housing and Redevelopment Authority
Held at the Elk River City Hall
Tuesday, September 3, 2024

Members Present:	Councilmember Jennifer Wagner, Commissioner Dennis Chuba, Commissioner Nate Ovall, Commissioner Lynn Caswell
Members Absent:	Commissioner Mel Beaudry
Staff Present:	Economic Development Director Brent O'Neil, Economic Development Specialist Joshua Mollan, and Recording Secretary Jennifer Green

1. CALL MEETING TO ORDER

   Pursuant to due call and notice thereof, the meeting was called to order at 5:31 p.m.

2. PLEDGE OF ALLEGIANCE

   The Pledge of Allegiance was recited.

3. CONSIDER AGENDA

   Moved by Commissioner Wagner and seconded by Commissioner Ovall to approve the agenda. Motion Carried 4-0.

4. CONSENT AGENDA

   Moved by Commissioner Caswell and seconded by Commissioner Wagner to approve the following consent items as outlined in their respective staff reports. Motion Carried 4-0.

   4.1 HRA Draft Minutes - August 5, 2024

   4.2 Check Register

   4.3 Balance Sheet

   4.4 Revenue/Expenditure Reports

5. OPEN FORUM

   No one appeared for Open Forum.

6. GENERAL BUSINESS

6.1 Housing Rehabilitation Loan Program Update

Mr. Mollan presented the staff report. He noted a recent loan request resulted in the property being outside of the Urban Service District and therefore ineligible for the Rehab Loan Program.

6.2 2025 Budget Adoption and Levy Recommendation

Mr. O'Neil presented the staff report. He noted the work session discussion regarding commission compensation would need to be approved by the city council, and the council has been made aware of the request. He noted a future meeting to discuss this with the council, and the enabling resolution would need to be updated, and suggested the decision be discussed at the HRA annual meeting. He suggested leaving the request out of the budget and then if a commission compensation plan is approved at the annual meeting next year, the fund balance could cover any budget cost during 2025.

Moved by Commissioner Caswell and seconded by Commissioner Wagner to approve the 2025 HRA budget and goals as outlined in the staff report, and recommend to the City Council that $439,950 be included in the Preliminary Levy. Motion Carried 4-0.

6.3 General Updates

Mr. Mollan reported the fall flower baskets had been installed downtown. He noted a hit-and-run on a light pole, and ERMU had reinstalled the light pole. The basket survived but new flowers were needed, which Yardworx was working on replacing. Commissioner Wagner noted her positive contact with staff from Yardworx, and offered them her compliments on this year's flowers and how the city is pleased to continue working with them for the next few years.

Mr. O'Neil noted the property at 555 Railroad drive may again be up for discussion and will keep the HRA posted.

Mr. O'Neil stated the downtown steering committee meeting was held with Commissioner Caswell and Councilmember Wagner in attendance. He indicated a survey is available for people to weigh in on the downtown vision.

Mr. O'Neil discussed the sale of the Daddy O's site to the owner of The Tipsy Chicken; a downtown loan program was available but the owner stated during a recent DERBA meeting that the HRA application process was too onerous, and therefore, he decided not to proceed with the application and apply for traditional bank financing.

Mr. O'Neil noted the Troy Street property up for condemnation was on the agenda for tonight's City Council meeting for formal consideration.

Mr. O'Neil noted there will be an update from Sherburne County on the housing study and will discuss at a future work session how to use the state aid award for housing opportunities that align with the study results.

Commissioner Ovall asked Mr. O'Neil if the updates tonight were asking for a position from the HRA members or just updating them.

Mr. O'Neil stated he likes to share and relay information when things happen downtown, especially when strong comments are made regarding something like a city loan program and to DERBA group, not to just staff. He stated he was looking forward to putting funds to use through that loan program and staff did not feel the application asked for items outside a normal loan application. Mr. O'Neil stated with Ehlers on board, the city's financial advisor, they wish to look at all the programs available and see if there's room to tweak the applications.

Commissioner Ovall encouraged staff to review any of the loan programs and offer their recommendations.

Commissioner Caswell asked if the applications were available online.

Mr. O'Neil stated they are, and clearly outlines the materials needed to submit. He stated there are 4 different loan programs bundled into one loan packet.

Commissioner Wagner stated when you're using taxpayer dollars, providing documentation is an expectation.

6.4 Main and Gates Properties Update

Mr. O'Neil presented the staff report. He noted the HRA may have seen the letter to the editor in the local newspaper from a neighboring property owner and his disagreement about the process used to receive the variance. Mr. O'Neil wanted to make the board aware the adjacent property owner has been actively disputing this approval.

Mr. O’Neil stated that following the special HRA meeting, he had not received an update of Amendment Four from Ron Touchette. He stated he understood Mr. Touchette would have a proposed document to review and execute and this has not happened. Contractually, Amendment Four was approved, which gives due diligence by September 27, and a closing date prior to October 28. As of now, executed Amendment Four has not been reviewed since a document has not been submitted to review.

Chair Chuba felt it quite troubling and was surprised and concerned.

Commissioner Ovall stated he could take it either way; he was surprised but not concerned. He thinks if there’s time to get it done, we have the time and would be shocked if there was any additional negotiating.

Mr. O’Neil noted the HRA won’t have another board meeting until due diligence expires.

7. MOTION TO ADJOURN REGULAR MEETING

Moved by Commissioner Ovall and seconded by Commissioner Caswell to adjourn the meeting. Motion carried 4-0.

The meeting adjourned at 5:54 p.m.

Minutes prepared by Jennifer Green.

Denny Chuba, Chair

Tina Allard, City Clerk

Report Criteria:

Detail report.

Invoices with totals above $0.00 included.

Paid and unpaid invoices included.

Description	FUND	DEPARTMENT	Net Invoice Amount
CITY OF ELK RIVER			
REIMB SUPPLIES - MENARDS/J	HRA	HOUSING & D	2.65
REIMB SALARIES - AUG 24	HRA	HOUSING & D	9,595.30
REIMB SALARIES - AUG 24	HRA	HOUSING & D	719.65
REIMB SALARIES - AUG 24	HRA	HOUSING & D	594.91
REIMB SALARIES - AUG 24	HRA	HOUSING & D	139.13
REIMB SALARIES - AUG 24	HRA	HOUSING & D	1,594.80
REIMB SALARIES - SEP 24	HRA	HOUSING & D	6,396.86
REIMB SALARIES - SEP 24	HRA	HOUSING & D	479.76
REIMB SALARIES - SEP 24	HRA	HOUSING & D	396.61
REIMB SALARIES - SEP 24	HRA	HOUSING & D	92.75
REIMB SALARIES - SEP 24	HRA	HOUSING & D	1,594.80
REIMB POSTAGE FOR METER	HRA	HOUSING & D	10.69
Total CITY OF ELK RIVER:			21,617.91
TYLER CHESEMOVE			
AUG 24 LAWN SERVICE	HRA	HOUSING & D	400.00
SEP 24 LAWN SERVICE	HRA	HOUSING & D	400.00
Total TYLER CHESEMOVE:			800.00
Grand Totals:			22,417.91

BALANCE SHEET

AS OF: SEPTEMBER 30TH, 2024

910-HRA

ACCOUNT #	ACCOUNT DESCRIPTION	BALANCE		
ASSETS				
======				
910-1010	Cash - HRA	867,432.63		
910-1190	Loans Receivable	206,054.01		
910-1193	Forgivable Loan	75,000.00		
910-1194	Allow for Forgivable Loan	(75,000.00)		
910-1195	Note Receivable	400,000.00		
910-1310	Due From Other Funds	157,254.48		
910-1610	Land Held for Redevelopment	382,000.00		
			2,012,741.12	
	TOTAL ASSETS			2,012,741.12
				==============
LIABILITIES				
===========				
EQUITY				
======				
910-2400	Fund Balance	1,924,693.80		
	TOTAL BEGINNING EQUITY	1,924,693.80		
	TOTAL REVENUE	232,783.34		
	TOTAL EXPENSES	144,736.02		
	TOTAL REVENUE OVER/(UNDER) EXPENSES	88,047.32		
	TOTAL EQUITY & REV. OVER/(UNDER) EXP.		2,012,741.12	
	TOTAL LIABILITIES, EQUITY & REV.OVER/(UNDER) EXP.			2,012,741.12
				==============

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: SEPTEMBER 30TH, 2024

910-HRA

FINANCIAL SUMMARY 75.00% OF YEAR COMP.

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY					
HRA	445,100.00	701.96	232,783.34	52.30	212,316.66
TOTAL REVENUES	445,100.00	701.96	232,783.34	52.30	212,316.66
EXPENDITURE SUMMARY					
Economic Development					
Housing & Redevelopment	445,100.00	4,480.01	144,736.02	32.52	300,363.98
TOTAL Economic Development	445,100.00	4,480.01	144,736.02	32.52	300,363.98
TOTAL EXPENDITURES	445,100.00	4,480.01	144,736.02	32.52	300,363.98
REVENUES OVER/(UNDER) EXPENDITURES	0.00	(3,778.05)	88,047.32		(88,047.32)

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: SEPTEMBER 30TH, 2024

910-HRA

75.00% OF YEAR COMP.

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
HRA					
===					
Taxes					
910-3-0000-3111 Property Taxes	440,100.00	0.00	226,137.69	51.38	213,962.31
TOTAL Taxes	440,100.00	0.00	226,137.69	51.38	213,962.31
Intergovernmental Rev					
Charges for Services					
Other Revenue					
910-3-0000-3621 Interest Income	5,000.00	701.96	6,645.65	132.91	(1,645.65)
TOTAL Other Revenue	5,000.00	701.96	6,645.65	132.91	(1,645.65)
Other Financing Sources					
Transfers In					
TOTAL HRA	445,100.00	701.96	232,783.34	52.30	212,316.66
TOTAL REVENUE	445,100.00	701.96	232,783.34	52.30	212,316.66
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REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: SEPTEMBER 30TH, 2024

910-HRA

Economic Development 75.00% OF YEAR COMP.

Housing & Redevelopment

DEPARTMENTAL EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
Personal Services					
910-4-6100-4101 Regular Pay	82,600.00	0.00	44,188.27	53.50	38,411.73
910-4-6100-4104 PERA	6,200.00	0.00	3,314.11	53.45	2,885.89
910-4-6100-4105 FICA	5,100.00	0.00	2,750.39	53.93	2,349.61
910-4-6100-4107 Medicare	1,200.00	0.00	643.23	53.60	556.77
910-4-6100-4108 Insurance	16,200.00	0.00	11,163.60	68.91	5,036.40
910-4-6100-4109 Workers Comp	350.00	0.00	339.75	97.07	10.25
TOTAL Personal Services	111,650.00	0.00	62,399.35	55.89	49,250.65
Supplies					
910-4-6100-4219 Operating Supplies	500.00	0.00	0.00	0.00	500.00
TOTAL Supplies	500.00	0.00	0.00	0.00	500.00
Services & Charges					
910-4-6100-4304 Legal Fees	8,000.00	130.00	947.00	11.84	7,053.00
910-4-6100-4319 Professional Services	32,000.00	0.00	800.00	2.50	31,200.00
910-4-6100-4322 Postage	50.00	0.00	0.00	0.00	50.00
910-4-6100-4331 Travel, Conferences & Schools	200.00	0.00	0.00	0.00	200.00
910-4-6100-4349 Advertising/Marketing	9,200.00	549.41	7,525.91	81.80	1,674.09
910-4-6100-4359 Publishing	350.00	0.00	77.40	22.11	272.60
910-4-6100-4401 Bldg Repair/Maint Services	4,000.00	400.00	1,200.00	30.00	2,800.00
910-4-6100-4404 Software Services	9,100.00	0.00	4,713.36	51.80	4,386.64
910-4-6100-4409 Contractual Services	27,750.00	3,400.60	29,573.00	106.57	(1,823.00)
910-4-6100-4433 Dues & Subscriptions	800.00	0.00	0.00	0.00	800.00
910-4-6100-4440 Miscellaneous	200,000.00	0.00	0.00	0.00	200,000.00
TOTAL Services & Charges	291,450.00	4,480.01	44,836.67	15.38	246,613.33
Capital Outlay					
Debt Service					
Transfers Out					
910-4-6100-4721 Transfer-General Fund	37,500.00	0.00	37,500.00	100.00	0.00
910-4-6100-4735 Transfer-EDA	4,000.00	0.00	0.00	0.00	4,000.00
TOTAL Transfers Out	41,500.00	0.00	37,500.00	90.36	4,000.00
TOTAL Housing & Redevelopment	445,100.00	4,480.01	144,736.02	32.52	300,363.98
TOTAL Economic Development	445,100.00	4,480.01	144,736.02	32.52	300,363.98
TOTAL EXPENDITURES	445,100.00	4,480.01	144,736.02	32.52	300,363.98
REVENUES OVER/(UNDER) EXPENDITURES	0.00	(3,778.05)	88,047.32		(88,047.32)

Request for Action

To Housing and Redevelopment Authority	**Item Number** 6.1
Meeting Date October 7, 2024	**Prepared By** Joshua Mollan, Economic Development Specialist
Item Description Housing Rehabilitation Loan Program Update	**Reviewed by** Brent O'Neil Cal Portner

Action Requested
Receive updates on the Housing Rehabilitation Loan Program

Background/Discussion
CEE reports that all accounts are current, the HRA's portfolio is performing as expected with no delinquencies or late payments, and $97,710 remains available for new loan disbursements in 2024.

Staff published an ad for the program in the Fall Home Improvement Section of the September 14 issue of the Star News.

We have also received notice from CEE regarding their desire to continue working with the city in 2025. The present fee of $5,000 would remain intact. The contract extension will be brought forward in November or December.

Financial Impact
N/A

Mission/Policy/Goal
Improve housing stock by offering incentives or programs to repair or maintain residential properties.

Attachments
1. CEE Monthly Loan Servicing Report
2. CEE Monthly Loan Activity Summary
3. Home Improvement Ad

CITY OF ELK RIVER LOAN SERVICING REPORT

August 2024

Data Set: September 1st, 2024

LOAN SERVICING DEPARTMENT

Center for Energy and Environment

CONTENTS

CITY OF ELK RIVER

INVOICE SUMMARY

Detail for August 2024

POOL	TOTAL COUNT OF ACTIVE LOANS	COUNT OF NEW LOANS	COUNT OF ACTIVE AMORTIZING LOANS	COUNT OF ACTIVE DEFERRED LOANS	COUNT OF ACTIVE DELINQUENT LOANS	COUNT OF PAYOFFS RECEIVED	TOTAL AMOUNT RECEIVED	PRINCIPAL RECEIVED	INTEREST RECEIVED	LATE FEES AND OTHER FEES RECEIVED	3RD PARTY FEES COLLECTED	NEW LOAN FEES	DELINQUENCY MANAGEMENT FEES	SATISFACTION DRAFTING FEES	SERVICING FEES	TOTAL FEES TO SERVICER	FUNDS TO THE CITY OF ELK RIVER
HRA REHAB	11	0	11	0	0	0	$2,373.81	$1,678.93	$693.88	$0.00	$1.00	$0.00	$0.00	$0.00	$66.00	$67.00	$2,306.81
Grand Total	**11**	**0**	**11**	**0**	**0**	**0**	**$2,373.81**	**$1,678.93**	**$693.88**	**$0.00**	**$1.00**	**$0.00**	**$0.00**	**$0.00**	**$66.00**	**$67.00**	**$2,306.81**

CITY OF ELK RIVER

PAYMENT BREAKDOWN PER LOAN

Detail for August 2024

Source Company	Loan #	Address	TOTAL AMOUNT RECEIVED	PRINCIPAL RECEIVED	INTEREST RECEIVED	LATE FEES AND OTHER FEES RECEIVED	3RD PARTY FEES COLLECTED
ELK RIVER	19-015204	1420 5TH ST NW	$208.04	$195.33	$12.71	$0.00	$0.00
	19-015209	609 GATES AVE NW	$187.63	$171.95	$15.68	$0.00	$0.00
	19-015215	606 JEFFERSON LN NW	$192.33	$188.42	$3.91	$0.00	$0.00
	19-015217	1811 MAIN ST	$162.79	$110.82	$51.97	$0.00	$0.00
	19-016564	403 3RD ST NW	$154.43	$125.93	$28.50	$0.00	$0.00
	23-028654	13222 179 1/2 AVE NW	$300.00	$192.94	$107.06	$0.00	$0.00
	23-029012	18990 TWIN LAKES RD NW	$260.00	$149.47	$110.53	$0.00	$0.00
	23-029085	17931 GARY ST NW	$306.00	$212.57	$93.43	$0.00	$0.00
	23-029618	13366 181ST LN NW	$201.00	$111.94	$88.06	$0.00	$1.00
	24-032189	14270 191ST AVE NW	$142.69	$78.02	$64.67	$0.00	$0.00
	24-033299	17812 CONCORD CT NW	$258.90	$141.54	$117.36	$0.00	$0.00
Grand Total			$2,373.81	$1,678.93	$693.88	$0.00	$1.00

CITY OF ELK RIVER

TRIAL BALANCE REPORT

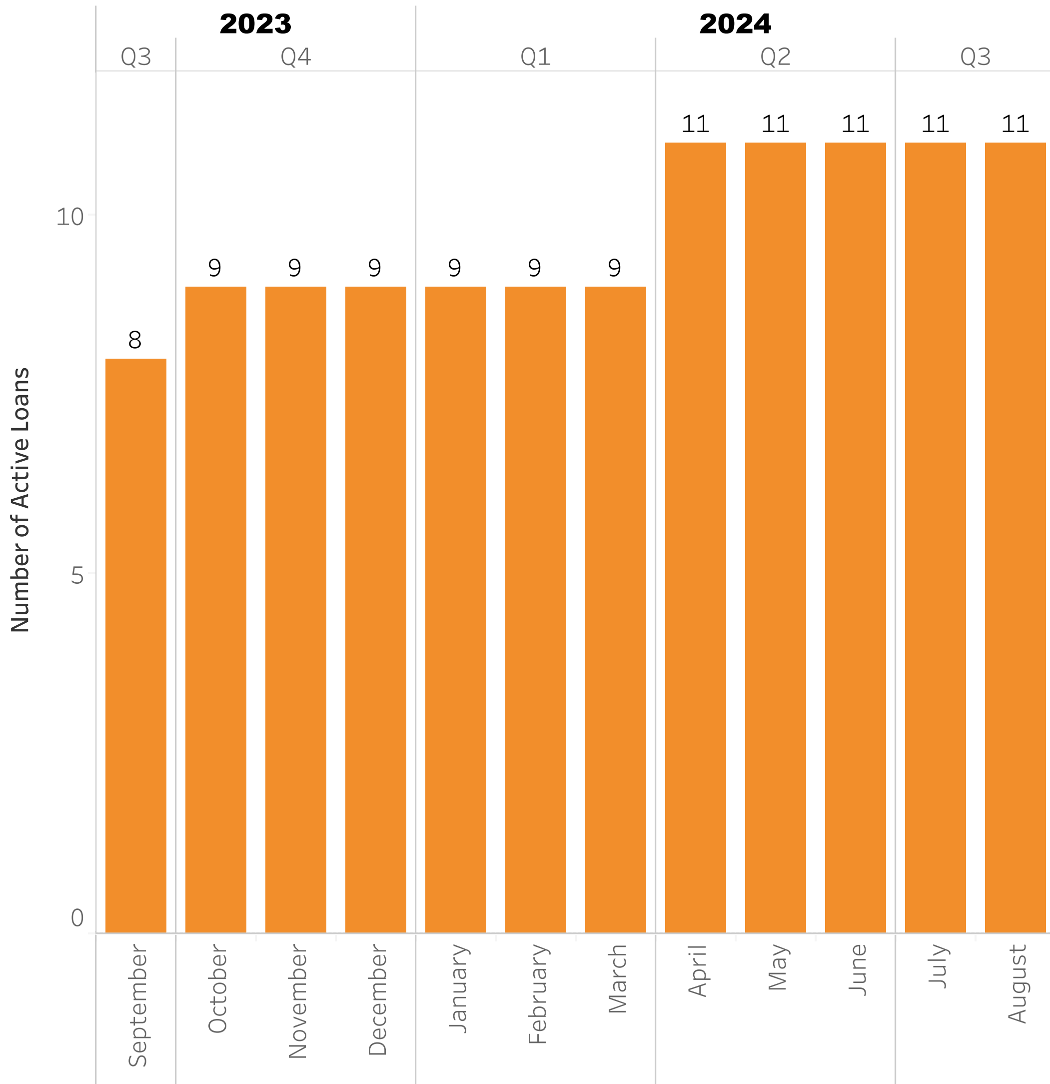
Monthly Detail

		2023				2024							
		Q3	Q4			Q1			Q2			Q3	
Loan #	Address	September	October	November	December	January	February	March	April	May	June	July	August
19-015215	606 JEFFERSON LN NW	$4,122.69	$3,938.49	$3,753.69	$3,568.52	$3,383.23	$3,196.74	$3,010.52	$2,823.57	$2,636.64	$2,449.34	$2,261.84	$2,073.42
19-015204	1420 5TH ST NW	$7,920.95	$7,729.18	$7,537.55	$7,345.00	$7,152.56	$6,959.71	$6,765.50	$6,571.82	$6,377.29	$6,182.79	$5,987.46	$5,792.13
19-015209	609 GATES AVE NW	$8,416.57	$8,247.97	$8,079.60	$7,910.24	$7,741.08	$7,571.53	$7,400.44	$7,230.10	$7,058.81	$6,887.67	$6,715.60	$6,543.65
19-015217	1811 MAIN ST	$15,492.24	$15,383.57	$15,276.30	$15,166.87	$15,058.82	$14,950.39	$14,838.09	$14,728.86	$14,617.52	$14,507.49	$14,395.37	$14,284.55
19-016564	403 3RD ST NW	$9,630.02	$9,507.25	$9,385.12	$9,261.55	$9,138.58	$9,015.20	$8,889.42	$8,765.19	$8,639.58	$8,514.50	$8,388.06	$8,262.13
23-029012	18990 TWIN LAKES RD NW	$34,022.23	$33,874.08	$33,729.16	$33,580.05	$33,434.13	$33,287.72	$33,133.51	$32,986.07	$32,834.52	$32,686.06	$32,533.52	$32,384.05
23-028654	13222 179 1/2 AVE NW	$33,429.04	$33,238.94	$33,051.86	$32,860.52	$32,672.16	$32,483.16	$32,286.40	$32,096.08	$31,901.60	$31,709.98	$31,514.23	$31,321.29
23-029085	17931 GARY ST NW	$29,607.61	$29,398.95	$29,192.83	$28,982.81	$28,775.27	$28,567.03	$28,351.82	$28,142.14	$27,928.66	$27,717.54	$27,502.67	$27,290.10
23-029618	13366 181ST LN NW		$23,780.00	$23,552.47	$23,432.49	$23,012.09	$22,587.75	$22,362.01	$22,362.01	$22,013.60	$21,581.15	$21,145.00	$21,033.06
24-032189	14270 191ST AVE NW								$19,290.00	$19,176.91	$19,118.28	$19,038.44	$18,960.42
24-033299	17812 CONCORD CT NW								$35,000.00	$34,856.17	$34,690.65	$34,545.81	$34,404.27
Grand Total		**$142,641.35**	**$165,098.43**	**$163,558.58**	**$162,108.05**	**$160,367.92**	**$158,619.23**	**$157,037.71**	**$209,995.84**	**$208,041.30**	**$206,045.45**	**$204,028.00**	**$202,349.07**

CITY OF ELK RIVER

TOTAL LOAN COUNT

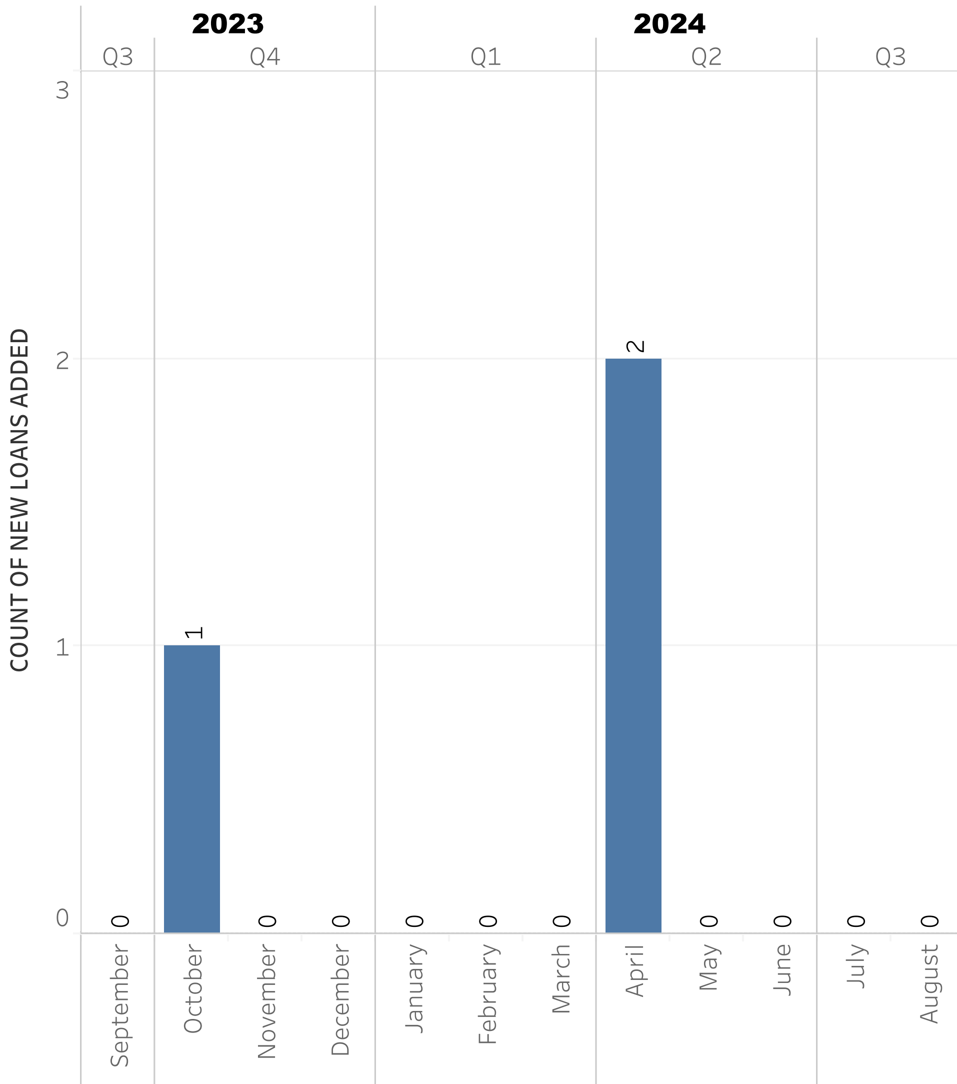
Monthly Detail



CITY OF ELK RIVER

NEW LOAN COUNT

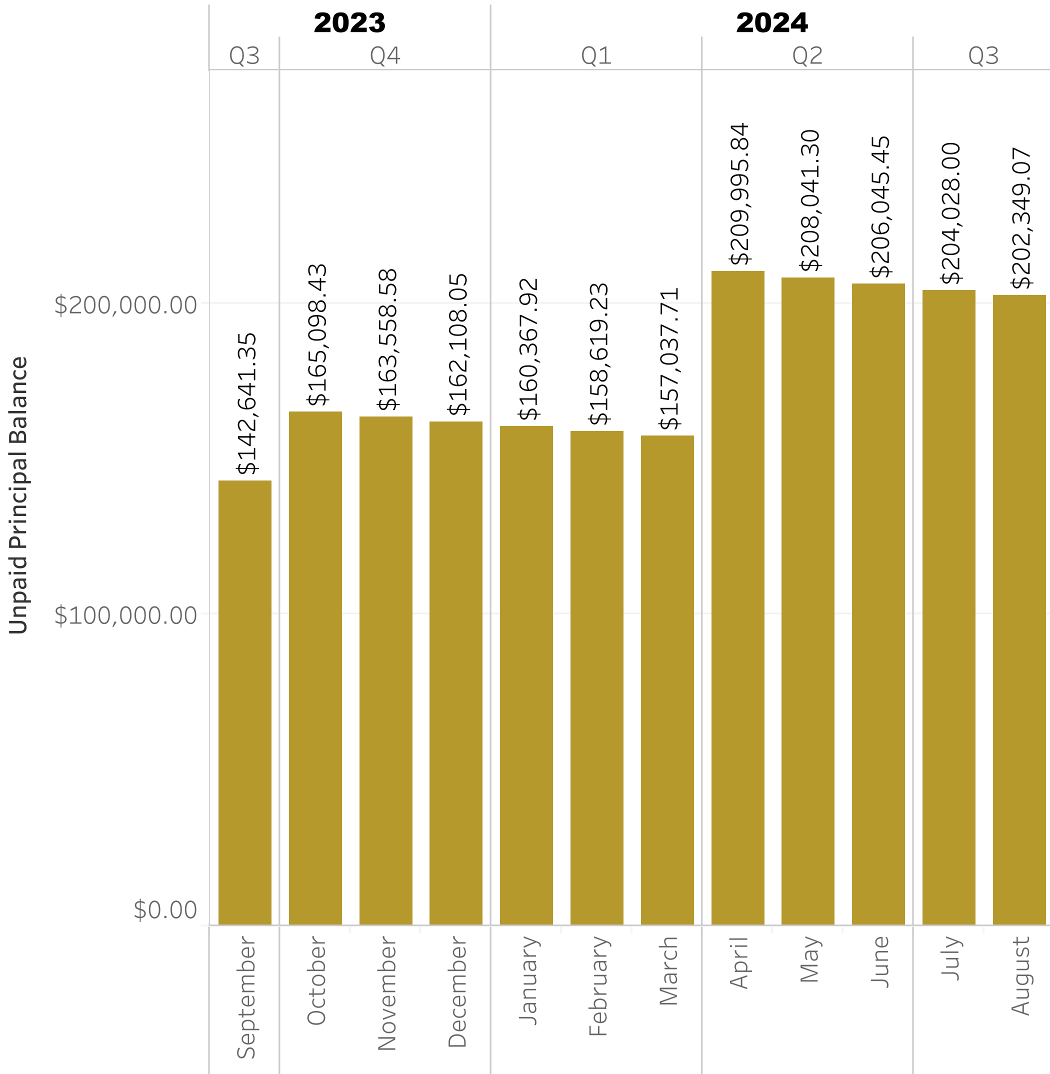
Monthly Detail



CITY OF ELK RIVER

TRIAL BALANCE

Monthly Detail in USD



CITY OF ELK RIVER

PAYMENT COLLECTION PER LOAN

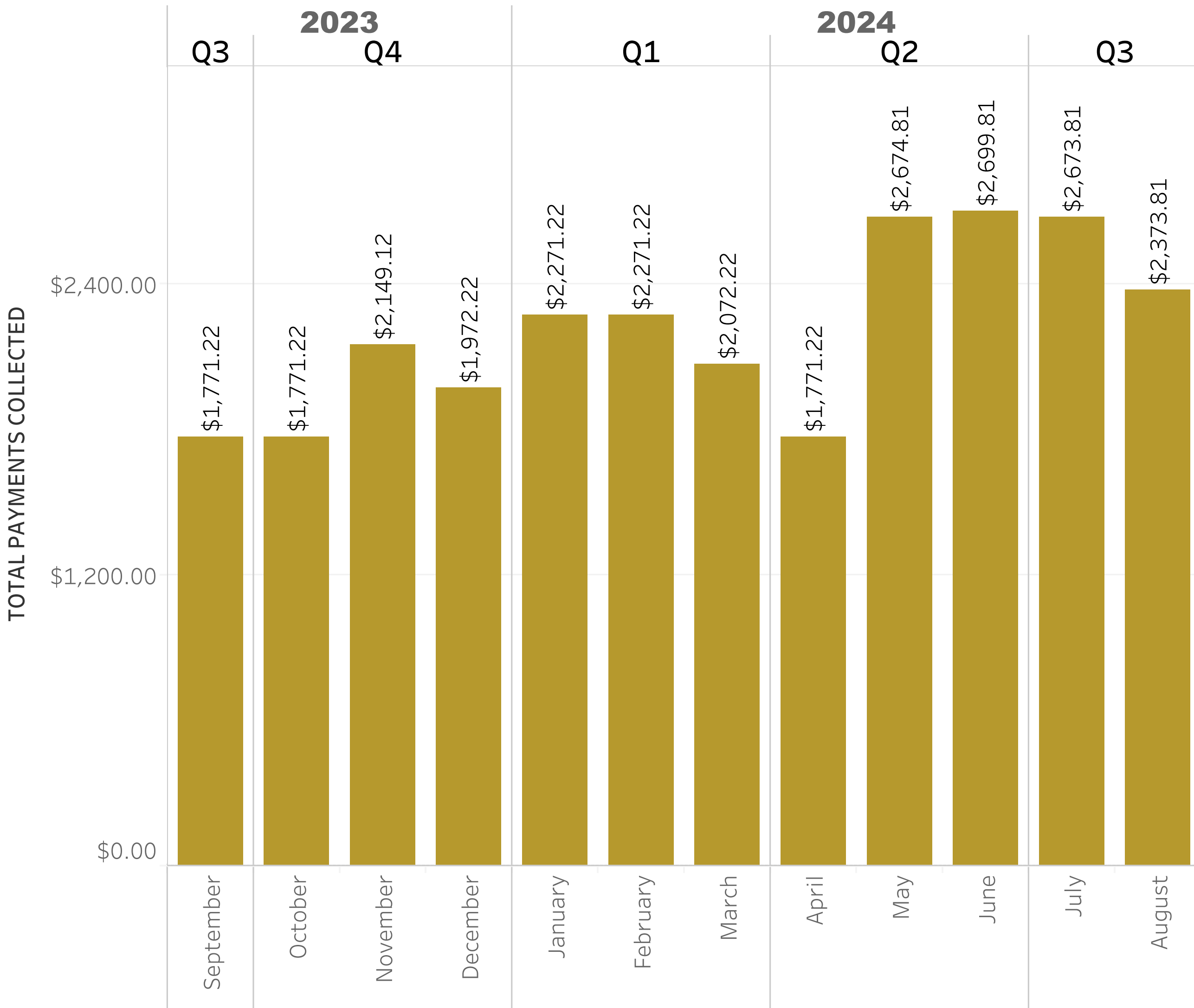
Monthly Detail

			2023				2024							
			Q3	Q4			Q1			Q2			Q3	
			Septemb..	October	Novemb..	December	January	February	March	April	May	June	July	August
ELK RIVER	19-015204	1420 5TH ST NW	$208.04	$208.04	$208.04	$208.04	$208.04	$208.04	$208.04	$208.04	$208.04	$208.04	$208.04	$208.04
	19-015209	609 GATES AVE NW	$187.63	$187.63	$187.63	$187.63	$187.63	$187.63	$187.63	$187.63	$187.63	$187.63	$187.63	$187.63
	19-015215	606 JEFFERSON LN NW	$192.33	$192.33	$192.33	$192.33	$192.33	$192.33	$192.33	$192.33	$192.33	$192.33	$192.33	$192.33
	19-015217	1811 MAIN ST	$162.79	$162.79	$162.79	$162.79	$162.79	$162.79	$162.79	$162.79	$162.79	$162.79	$162.79	$162.79
	19-016564	403 3RD ST NW	$154.43	$154.43	$154.43	$154.43	$154.43	$154.43	$154.43	$154.43	$154.43	$154.43	$154.43	$154.43
	23-028654	13222 179 1/2 AVE NW	$300.00	$300.00	$300.00	$300.00	$300.00	$300.00	$300.00	$300.00	$300.00	$300.00	$300.00	$300.00
	23-029012	18990 TWIN LAKES RD NW	$260.00	$260.00	$260.00	$260.00	$260.00	$260.00	$260.00	$260.00	$260.00	$260.00	$260.00	$260.00
	23-029085	17931 GARY ST NW	$306.00	$306.00	$306.00	$306.00	$306.00	$306.00	$306.00	$306.00	$306.00	$306.00	$306.00	$306.00
	23-029618	13366 181ST LN NW		$0.00	$377.90	$201.00	$500.00	$500.00	$301.00	$0.00	$502.00	$501.00	$501.00	$201.00
	24-032189	14270 191ST AVE NW								$0.00	$142.69	$142.69	$142.69	$142.69
	24-033299	17812 CONCORD CT NW								$0.00	$258.90	$284.90	$258.90	$258.90
Grand Total			**$1,771.22**	**$1,771.22**	**$2,149.12**	**$1,972.22**	**$2,271.22**	**$2,271.22**	**$2,072.22**	**$1,771.22**	**$2,674.81**	**$2,699.81**	**$2,673.81**	**$2,373.81**

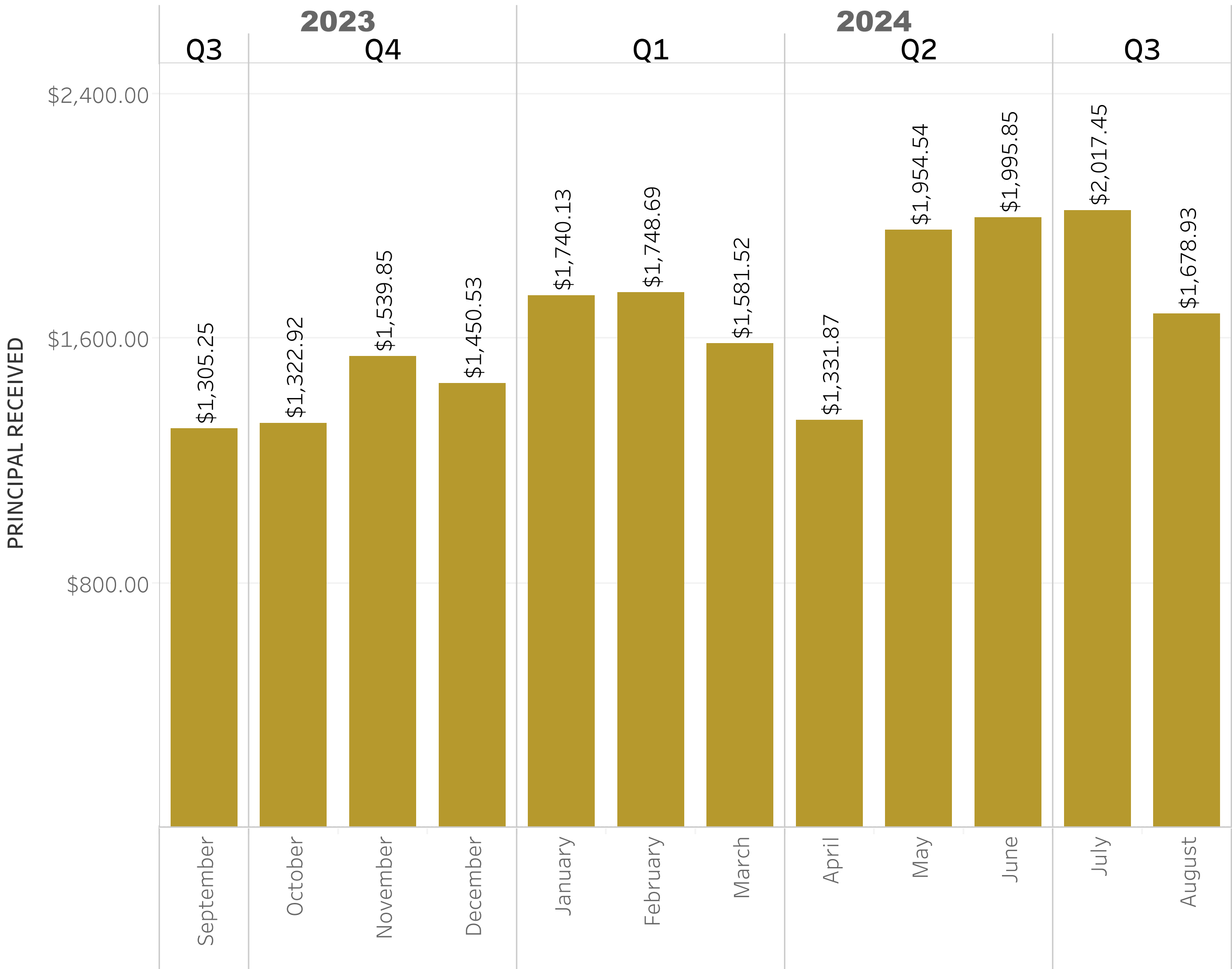
CITY OF ELK RIVER

TOTAL PAYMENT COLLECTION (USD)

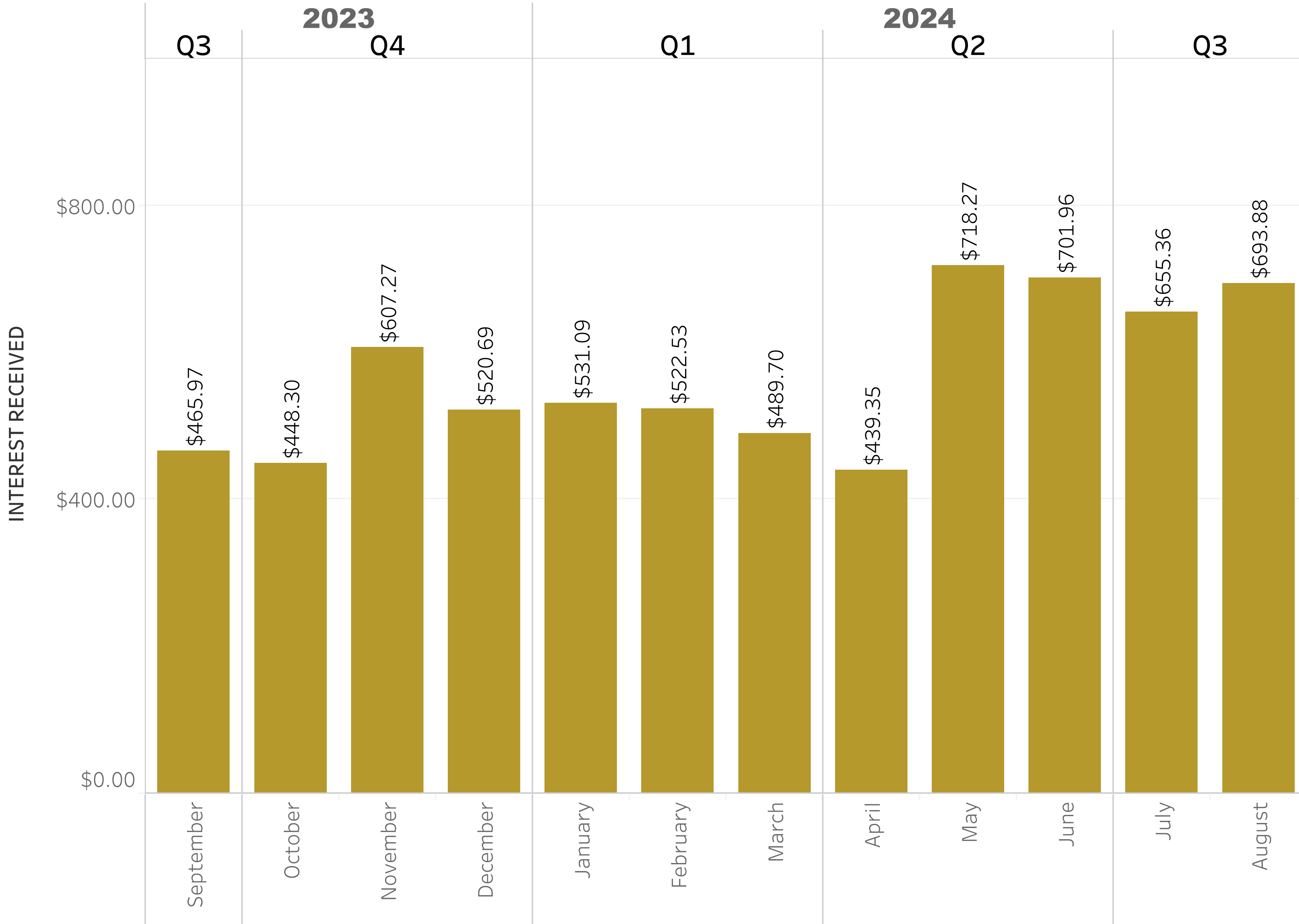
Monthly Detail



CITY OF ELK RIVER
TOTAL PRINCIPAL COLLECTION (USD)
Monthly Detail



CITY OF ELK RIVER
TOTAL INTEREST COLLECTION(USD)
Monthly Detail



CITY OF ELK RIVER
AGING DELINQUENCY
Detail for August 2024

Source Company	Loan #	Address	DAYS PAST DUE	AMOUNT DUE 30+ DAYS	TOTAL AMOUNT DUE
ELK RIVER	19-015204	1420 5TH ST NW	0	$0.00	$0.00
	19-015209	609 GATES AVE NW	0	$0.00	$0.00
	19-015215	606 JEFFERSON LN NW	0	$0.00	$0.00
	19-015217	1811 MAIN ST	0	$0.00	$0.00
	19-016564	403 3RD ST NW	0	$0.00	$0.00
	23-028654	13222 179 1/2 AVE NW	0	$0.00	$0.00
	23-029012	18990 TWIN LAKES RD NW	0	$0.00	$0.00
	23-029085	17931 GARY ST NW	0	$0.00	$0.00
	23-029618	13366 181ST LN NW	0	$0.00	$0.00
	24-032189	14270 191ST AVE NW	0	$0.00	$0.00
	24-033299	17812 CONCORD CT NW	0	$0.00	$0.00
Grand Total			**0**	**$0.00**	**$0.00**

CEE Monthly Loan Activity Summary

10/7/24

Loan #	Loan Amount	Contract	Maturity	Status	Rate	Jul Pymt	Aug Pymt	Balance
19-015215	$ 20,650.00	8/3/2015	8/1/2025	Current	2.25%	$ 192.33	$ 192.33	$ 2,073.42
19-015204	$ 22,069.00	1/25/2017	1/1/2027	Current	2.50%	$ 208.04	$ 208.04	$ 5,792.13
19-015209	$ 19,665.00	9/22/2017	9/1/2027	Current	2.75%	$ 187.63	$ 187.63	$ 6,543.65
19-015217	$ 21,640.00	5/4/2018	5/1/2033	Current	4.25%	$ 162.79	$ 162.79	$ 14,284.55
19-016564	$ 15,252.22	7/15/2019	7/15/2029	Current	4.00%	$ 154.43	$ 154.43	$ 8,262.13
23-029012	$ 34,749.06	4/21/2023	4/21/2038	Current	4.00%	$ 260.00	$ 260.00	$ 32,384.05
23-028654	$ 33,925.67	6/16/2023	6/16/2038	Current	4.00%	$ 300.00	$ 300.00	$ 31,321.29
23-029085	$ 30,223.00	6/20/2023	6/20/2033	Current	4.00%	$ 306.00	$ 306.00	$ 27,290.10
23-029618	$ 23,780.00	10/2/2023	10/2/2038	Current	4.00%	$ 501.00	$ 201.00	$ 21,033.06
24-032189	$ 19,290.00	4/22/2024	4/22/2039	Current	4.00%	$ 142.69	$ 142.69	$ 18,960.42
24-033299	$ 35,000.00	4/22/2024	4/22/2039	Current	4.00%	$ 258.90	$ 258.90	$ 34,404.27
Total	**$ 276,243.95**					**$ 2,673.81**	**$ 2,373.81**	**$ 202,349.07**

FALL FIXES

Is your home ready for winter?

These updates could help lower your energy bills, increase your home's value, and beautify your property.

- **Roofing & Siding**
- **Doors & Windows**
- **Flooring**
- **Insulation**
- **HVAC**
- **Solar Energy**
- **Additions**
- **Driveway & Garage**
- **Sidewalk & Steps**
- **Landscaping**

ELK RIVER HOME REHAB LOAN

One financing option is to use the City of Elk River Home Rehabilitation Loan. All updates listed above, and more are eligible.

4% INTEREST | **UP TO $35K** | **UP TO 15 YEAR TERM**

To learn more and apply, visit:

MNcee.org/ElkRiver

Center for Energy and Environment

City of Elk River

Request for Action

To
Housing and Redevelopment Authority

Item Number
6.2

Meeting Date
October 7, 2024

Prepared By
Brent O'Neil, Economic Development Director

Item Description
General Updates

Reviewed by
Cal Portner

Action Requested
Item presented for information and discussion purposes.

Background/Discussion
This item is an opportunity to discuss relevant topics and other non-action items of the board.

Financial Impact
N/A

Mission/Policy/Goal
The goal of the HRA is to promote certain housing and redevelopment projects.

Attachments
None

Request for Action

To
Housing and Redevelopment Authority

Item Number
8.1

Meeting Date
October 7, 2024

Prepared By
Brent O'Neil, Economic Development Director

Item Description
Statewide Affordable Housing Aid

Reviewed by
Cal Portner

Action Requested
Item presented for information and discussion purposes.

Background/Discussion
In 2023, the state legislature adopted a new program to support housing throughout the state by providing funding to local communities. Elk River received an allocation of $95,000 in 2023 and will receive a similar allocation in 2024. Thereafter, the annual allocation is projected at $42,000. Additionally, Sherburne County has received funds and there may be opportunities to partner with the county on joint efforts in Elk River.

The City Council has designated the HRA to be responsible for developing programs to utilize these funds, which must be spent within four years of receipt or be subject to recapture. Program guidelines are attached. Staff would like to discuss some ideas with the board and receive feedback ahead of drafting a program for consideration.

Financial Impact
N/A

Mission/Policy/Goal
Help citizen quality of life

Attachments
1. State FAQ Sheet

Local and Statewide Affordable Housing Aid Frequently Asked Questions

June 14, 2024

In 2023, the Minnesota Legislature authorized aid payments to counties, cities and Tribal Nations and in 2024 the legislature adopted changes to the aid programs. The goal is to fund affordable housing projects and help organizations provide affordable and supportive housing.

Local Affordable Housing Aid (LAHA) is aid to metropolitan local governments of seven counties and 63 cities. LAHA is funded through a new dedicated sales tax in the seven-county metropolitan area. As sales taxes will vary, the amount of LAHA distributed will also vary.

Statewide Affordable Housing Aid (SAHA) is funded by state funds appropriated to the Department of Revenue. All Minnesota counties, Tribal Nations and 37 cities will be eligible to receive this aid.

Aid payments are made directly to local governments. In the metro, aid is funded by the sales tax for housing. Statewide, aid is funded by state appropriations.

Throughout the document, “housing aid” is used when the response applies to both LAHA and SAHA.

The information provided in this document does not constitute legal advice and is subject to change. If there are questions regarding how program requirements or criteria apply in specific circumstances, please consult with your own legal counsel.

Overview and Requirements

Why is there a difference between SAHA and LAHA?

The primary differences between LAHA and SAHA are the way they are funded, when funding will be disbursed and to whom.

Both aid projects have the same eligible uses and requirements except for market rate housing. This is only available in certain non-metropolitan areas using SAHA.

What are the eligible uses of housing aid programs?

Qualifying projects for aids payable in 2023 are:

- Emergency rental assistance for households earning less than 80% of area median income (AMI) as determined by the U.S. Department of Housing and Urban Development (HUD)
- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing
- Development of market rate residential rental properties outside of the metro area if certain conditions are met
- Projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing and gap financing of affordable housing

For aids payable in 2024, qualifying projects are those listed above plus:

- Financing the operations and management of financially distressed residential properties
- Funding of supportive services including staffing for supportive housing, which includes financial support to nonprofit services providers and capitalized reserves
- Costs of operating emergency shelter facilities, including services

For more information, read the complete list of LAHA qualifying projects and SAHA qualifying projects.

What is gap financing?

Gap financing is the difference between the property costs (including acquisition, demolition, rehabilitation and construction) and

- The market value of the property upon sale

OR

- The amount the target household can afford for housing (based on industry standards and practices)

What are the affordability requirements of LAHA and SAHA?

Specific income requirements are provided for:

- Emergency Rental Assistance
  - Less than 80% of AMI
- Homeownership
  - At or below 115% of the greater of state or area median income
  - Priority for those at or below 80%
- Rental Housing
  - At or below 80% of the greater of state or area median income

- Priority for those at or below 50%

State and area median incomes are determined by HUD.

While there are no income requirements or income qualification for projects supporting nonprofits, organizations should be providing affordable or supportive housing.

Some non-metropolitan communities may be eligible to spend aid on market rate developments. There are no income requirements for market rate housing under this category.

Are there other requirements if using these funds?

Yes. If LAHA or SAHA is used for new construction of a building with more than four units, the building must be constructed, converted or otherwise adapted to include accessibility features, such as sensory-accessible (see subd. 4). Documentation will be required for reporting and compliance.

State Agency Roles and Reporting Requirements

What roles do the Department of Revenue and Minnesota Housing play in distributing and tracking local housing aid?

The Department of Revenue calculates and distributes the amount of aid available to each government. Revenue also accepts applications from eligible Tribal Nations.

Minnesota Housing's statutory role relates to reporting and compliance. First reports are due by December 1, 2025. While not required by the legislation, Minnesota Housing is hiring staff to support housing aid programs with technical assistance and coordination.

Does a city, county or Tribe need to apply to receive the funds?

For cities and counties there is no application process. Revenue will distribute aid according to statutory requirements.

Tribal Nations must apply to receive funds annually. Tribes should work with Revenue to meet this annual requirement.

Does a city, county or Tribe need to seek preapproval before spending the funds?

No. Approval is not needed before spending funds. However, funds must be used on qualifying projects and expenditures should be documented to avoid repayment or recapture.

Will Minnesota Housing be developing a program guide for housing aid?

No. Housing aid is not a grant or loan program and is not subject to a program guide.

Minnesota Housing will support housing aid programs through guidance and staff support.

What are the reporting requirements for the funds?

Beginning in 2025, housing aid recipients must submit a report to Minnesota Housing every year by December 1.

The report must include documentation of:

- Certification that the aid recipient will use the aid funds to supplement and not supplant its existing locally-funded housing expenditures
- Qualifying projects completed or planned with the funds
- Location of unspent funds
- Inability to spend on a qualifying project prior to the deadline (if funds deposited into a local housing trust fund)
- Accessibility requirements (for project of four or more units)
- Relevant resolution and certifications for market rate developments in non-metropolitan communities
- Relevant documentation of locally-funded housing expenditures in prior years, including public notice requirements

Additional guidance on the report's format will be provided in the future.

Do metropolitan counties need to submit a report for LAHA and one for SAHA?

Minnesota Housing is determining if the reports must remain separate. However, if they do, the report format will be the same or substantially similar for LAHA and SAHA.

What happens if a city, county or Tribal Nation does not submit a report or does not spend the funds?

Reports are due by December 1 every year. The first report is due on December 1, 2025.

If the aid recipient fails to submit a report, does not spend funds during the required timeframe, or spends funds on an ineligible project, they must repay the funds. Revenue may also suspend payments to these entities.

Detailed information can be found in 477A.35, Subd 6 and 477A.36, Subd. 6.

What happens to the aid funds if they are returned or recaptured?

If returned, aid funds would be deposited with one or more of Minnesota Housing's programs. This includes Family Homeless Prevention and Assistance Program (FHPAP), the Economic Development and Housing Challenge Program (Challenge), and the Workforce and Affordable Homeownership Development Program as specified in law.

Will Minnesota Housing be monitoring the use of housing aid prior to the reporting deadline for cities and counties?

Minnesota Housing will not require reporting prior to December 1, 2025, when the first report is due from cities and counties.

However, Minnesota Housing will be checking in with local governments to offer support and track spending progress.

Definitions and Clarifications

What is a Tier I and a Tier II city?

The terms Tier I and Tier II are used to determine cities that will receive aid.

A Tier I city is a statutory or home rule charter city that is a city of the first, second or third class. For LAHA, it must be in a metropolitan county. For SAHA, it must not be in a metropolitan county. Read the full definition of cities and classes.

A Tier II city is a statutory or home rule charter city that is a city of the fourth class and not located in a metropolitan county (see subd. 4).

The bill requires aid be spent on a qualified project. What is the definition of spent? If a project is started but not completed, are the funds considered to be spent?

The definition of spent was clarified in 2024 session law. Funds must be committed to a qualifying project by December 31 in the third year following the year the aid was received (for aid received in 2024, this would be December 31, 2027) and expended by December 31 the fourth year after the aid was received.

Is SAHA funding from appropriations ongoing?

The following table reflects amounts appropriated to SAHA through the fiscal year ending in 2027. The appropriations are set at a base level with one-time increases in the first two years.

SAHA Appropriations	Fiscal Year Ending 6/30/24	FYE 6/30/2025	FYE 6/30/2026	FYE 2027 and each year after
To the 87 counties in Minnesota	$ 13,050,000	$ 13,050,000	$ 5,550,000	$ 5,550,000

SAHA Appropriations	Fiscal Year Ending 6/30/24	FYE 6/30/2025	FYE 6/30/2026	FYE 2027 and each year after
To the 37 cities in Greater Minnesota	$ 4,500,000	$ 4,500,000	$ 2,000,000	$ 2,000,000
To the 7 eligible Tribal Nations	$ 2,700,000	$ 2,700,000	$ 1,200,000	$ 1,200,000
To Minnesota Housing for the Tier II Cities Grants program	$ 2,250,000	$ 2,250,000	$ 1,250,000	$ 1,250,000
TOTAL	$ 22,500,000	$ 22,500,000	$ 10,000,000	$ 10,000,000

How were the funding allocations determined?

Revenue determined allocations based on distribution formulas.

For counties and cities, these formulas consider cost-burdened households and total population. For Tribal Nations, funds are distributed to Tribes that apply by the deadline.

Will Tier II cities receive a disbursement of SAHA?

Tier II cities will not receive a direct disbursement of SAHA.

However, the Legislature appropriated $4.5 million for Tier II cities. Funds will be available as grants in the competitive process for a range of rental, homeownership and housing stability activities with a minimum award size of $25,000.

Minnesota Housing will be preparing a program guide, a list of eligible Tier II cities and a request for proposals (RFP) in 2024.

Qualifying Projects and Expenses

What portion of the housing aid funds can be used for staffing costs and administrative costs?

Administrative costs and staffing costs are not listed as an eligible project. Therefore, the funds are not able to be used for these costs.

If funds are used for Emergency Rental Assistance (ERA), what portion can be used for navigation, services and administration related to ERA provision and programs?

Navigation and services related to providing ERA are eligible aid expenses. However, there is no allowance for administrative costs using housing aids. .

If aid funds are used for demolition or removal of existing structures, does affordable housing need to be constructed on the site?

Yes. The expense must be tied to affordable housing for eligible households. Demolition or clearing of land alone, including for speculative or future development of eligible housing, is not an eligible project.

Can funds be used for planning activities (soft costs) for new construction and preservation affordable housing projects?

Soft costs are only eligible as part of a qualifying project. General or speculative planning activities unrelated to a qualifying project are not an allowed use of funds.

Can funds be used for downpayment assistance for homebuyers?

Qualifying projects include homeownership projects for income-eligible households.

Downpayment assistance may be provided as permanent financing or gap financing, depending on program requirements established by the aid recipient.

Can the housing aid funds immediately be deposited into a Local Housing Trust Fund?

Funds can be held in a local housing trust fund while recipients determine if a project qualifies.

Funds must be spent on a qualifying project by the deadline in statute. Funds remaining in a local housing trust fund past the deadline will only be considered “spent” on a qualifying project if the aid recipient demonstrates that it could not spend funds by the deadline due to factors outside their control.

Can funds be transferred to a county or regional Housing and Redevelopment Authority (HRA) if they are spent on qualifying projects?

Yes. Funds can be transferred to a county or regional HRA if they are spent on qualifying projects.

The original aid recipient is still responsible for all requirements related to the funds, including reporting.

Can funds be used for developing new infrastructure, such as utilities and roads, or upgrading existing infrastructure if the infrastructure serves affordable housing?

Potentially. The infrastructure would need to be part of a qualifying project. All requirements related to project type, income affordability and other accessible requirements would also need to be met. Speculative site and infrastructure development would not be eligible.

Infrastructure development or improvement for sites that include development uses not allowed under this aid program would not be eligible.

What are some examples of expenditures ineligible for housing aid?

Housing aid should be used for projects that create and preserve affordable housing or stabilize the housing of low-income people. This does not include:

- Conducting a housing or zoning study
- Costs to create a Housing Improvement Area
- Staff and services related to general housing quality and licensure, such as code enforcement
- Staff and administrative costs for operation of an HRA or county or city housing department
- Commercial, industrial or public space development projects
- Projects located outside of Minnesota

Housing aid received by Greater Minnesota counties, cities and Tribes in 2023 cannot be used for emergency shelter. However, for aid received in 2024 and after, shelter is an eligible project type.

If funds are used to support a nonprofit organization, do they need to be tracked to qualifying projects?

Housing aid can be used to provide financial support to a nonprofit affordable housing provider in their mission to provide safe, dignified, affordable and supportive housing.

If aid is used in this manner, providing support to the eligible nonprofit is the qualifying project. The aid recipient should document that the funds were used to support the organization’s mission.

Can a county or city use other state or federal funding as part of a development financing package that includes housing aid funds?

Yes. State and federal funding can be used as a part of the project’s development financing package.

If the funds are held in a Local Housing Trust Fund, can they be used as a match in Minnesota Housing’s Local Housing Trust Funds Matching Grants program?

No. Housing aid cannot be used as matching funds in the Local Housing Trust Fund Grants program. Only new public revenue, defined as local income committed to the Local Housing Trust Fund on or after June 29, 2021, can be used as matching funds.

Can a county use its funds within cities that have also received housing aid?

Yes. Counties can spend the funds on qualifying projects anywhere in the county, including cities that directly receive aid. Regional collaboration is encouraged to maximize the aid’s impact.

A county receiving aid should consult with the cities where projects are planned (see subd. 7).

Can aid funds be used to reimburse prior expenditures on eligible projects?

No. An aid recipient may not use aid money to reimburse itself for prior expenditures.

Will the aid funds trigger other state funding requirements, such as prevailing wage?

For questions on labor and wage requirements, contact the Department of Labor and Industry.

For questions on the use of sales tax proceeds, contact the Department of Revenue.