

REDWOOD COUNTY MINNESOTA HOUSING TRUST FUND POLICY AND GUIDELINES

Updated: 2/10/2025

Adopted by the Redwood County Board of Commissioners 3/18/2025

PROGRAM INTRODUCTION AND PURPOSE

Pursuant to Minnesota State Statute 462C.16 the Redwood County Board of Commissioners authorized a Housing Trust Fund (HTF) that is administered by the Redwood County Economic Development Authority (EDA). The primary purpose for the HTF is to assist in financing the production and preservation/stabilization of housing units within Redwood County. The HTF will be a permanent and continually renewable source of funding to meet the housing needs of Moderate, Low and Very Low-income households within Redwood County. The HTF may 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 preservation of affordable rental and owner-occupied housing. Projects funded by the HTF shall be disbursed throughout Redwood County so no single neighborhood experiences a disproportionate concentration of housing units for Low Income and Very Low-Income households.

HTF PROGRAM BASIS AND POLICY GUIDANCE

Managed by the Redwood County EDA, the HTF Program administration is guided primarily by the following documents:

- Minn. Stat. §462C.16 Housing Trust Funds for Local Housing Development
- Ordinance Establishing a Housing Trust Fund for the County of Redwood MN (Ordinance No. 2025-01), effective 3/18/2025

FUNDING SOURCES

The total available funding may include newly allocated resources or reallocations of existing funds. Primary funding sources for the HTF include principal and interest from HTF loan repayments and appropriations to the HTF as determined by the Redwood County Board of Commissioners. Other funds may come from gifts, grants or donations from corporations, individuals or municipalities, appropriations of state or federal funds, and other funding sources as determined by the EDA.

NEEDS AND PRIORITIES OF THE HTF

Target Population:

- Moderate Income Households: gross household income at or below 115 percent (115%) of the Area Median Income (AMI) but no more than 80% of AMI.
- Low Income Households: gross household income at or below 80% of AMI, but more than 50% of AMI.
- Very Low-Income Households: gross household income at or below 50% of AMI

Housing Type Solutions:

- Single-family and multi-family new construction, redevelopment or rehabilitation housing projects. Projects can include housing types such as condos, townhomes, apartments and detached single-family homes

ELIGIBLE ACTIVITIES

- The maximum loan amount available for single family applications is \$25,000. The maximum loan amount available for multi-family applications is \$50,000.
- Projects that create and/or preserve affordable workforce housing units that serve households at or below 115% AMI are eligible to receive funding.
- Activities eligible for funding include pre-development costs, new construction, acquisition of property, conversion of non-residential to residential use, conversion of rental units to relocation, and rehabilitation costs.
- Funding may also be provided to assist in the creation of space to be used for providing needed onsite services to the residents of the HTF assisted housing units, such as areas to provide services for residents at senior living facilities.
- All reasonable costs associated with acquisition for housing and rehabilitation are eligible for funding. The purchase price of a property to be acquired shall not exceed its appraised value, unless the EDA finds that the project has sufficient merit to justify paying a higher price, in which case the price shall not exceed the appraised value by more than 10 percent.
- Rehabilitation shall include activities to make the building safe, decent and sanitary and to abate lead or asbestos concerns.
- All reasonable costs associated with new construction eligible housing projects are eligible for funding.
- Administrative fees included in project costs must not exceed 10 percent of the total project cost.

Based on local housing needs, the Redwood EDA has selected several housing solutions that the EDA plans to prioritize when allocating Local Housing Trust Fund dollars. These priority housing project areas include:

- New construction of workforce housing units
- Redevelopment of existing sites within Redwood County to create new housing opportunities
- Rehabilitation of existing owner-occupied housing or local rental housing stock

APPLICATION/PROJECT PROPOSAL REVIEW

- Requests for funding from the HTF shall be made to the EDA Coordinator using the application provided by the EDA.
- The EDA Loan Review committee will review all applications and make loan recommendations to the EDA board. The EDA board will present loan proposals to the Redwood County Board of Commissioners for final approval.
- Applicants must have sufficient experience and/or demonstrate sufficient capacity and/or partnerships with experienced housing consultants/experienced developers in the housing project area for which they are seeking funds from the HTF to support.
- Applicants must also demonstrate that they will successfully secure all needed financing, construct, complete and operate (rental), sell or maintain (owner occupied) the proposed project.
- In order to receive assistance a lien shall be placed on the recorded mortgage against the property.
 - Requests to subordinate the lien on an assisted property will be reviewed on a case-by-case basis by the EDA Loan Review Committee.
- All HTF housing projects shall be undertaken and completed by the HTF applicant and no other members of the development team such as contractors, vendors or any parties otherwise ineligible for this program.
- There is a processing fee of \$100 for all applications, which must be paid at the time of application submission. Applicants are also responsible for all filing fees and title costs.
- Notification of loan approval or denial will be made in writing by the EDA within 14 days of the

action made by the Redwood County Board of Commissioners.

- Incomplete applications will not be considered by the EDA. Applicants will be notified of missing materials upon discovery of incomplete application. The Applicant must provide these materials for the application to be considered. The failure to submit a complete application will result in longer processing time.
- Appeals to an application determination must be submitted in writing via email or hard copy to the EDA Coordinator within 60 days of the determination date.
- Awards made through this program will be made on a first come first served basis. Applications for this program will be accepted on an ongoing basis until all funds have been awarded.
- Applicants may be requested to present their project application to the EDA Board for further details regarding the project and are welcome to attend any Redwood County Board of Commissioners meetings relevant to a project application.

SELECTION PROCESS

Priority of development projects will be considered with respect to the criteria listed below:

- Experience of the applicant/developer
- Local impact of the project – number of units/density of the project
- Housing affordability: Provide reasonable rents affordable to households at or below 115% AMI
- Ability to maintain longer periods of affordability
- 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.
- Any other criteria the EDA deems necessary in consideration of an application
- The EDA reserves the right to prioritize projects that it deems will provide the greatest benefit to the residents of Redwood County.