



## **REDWOOD COUNTY MINNESOTA HOUSING TRUST FUND POLICY AND GUIDELINES**

**Updated: 11/5/2025**

### **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 of 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 that 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 March 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 development, redevelopment, or rehabilitation housing projects. Projects can include housing types such as condos, townhomes, apartments, and detached single-family homes

### **CONFLICT OF INTEREST**

- No member of the local unit of government and no official, employee, or agent of the local government, the Redwood County EDA, or other persons who exercise policy, decision-making

function, or responsibilities in connection with the planning and implementation of this program shall directly or indirectly benefit from its implementation. This prohibition shall continue for one year after an individual's relationship with the local government, Redwood County EDA, ends. Applicants must disclose any family members with a business relationship or any other potential conflict of interest.

## **PROGRAMS SUPPORTED BY THE HTF**

### **1. New Development/Redevelopment**

#### **a. Eligibility criteria:**

- i. Public, private, and non-profit housing developers for proposed projects to construct new homes for households earning 115% of the median County for owner-occupied units, and for households earning 80% of the median county income for rental units.

#### **b. Eligible activities**

##### **i. Acquisition of property**

1. 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.

##### **ii. Pre-development costs**

##### **iii. Construction materials and labor**

##### **iv. Infrastructure development costs**

##### **v. Construction materials and labor**

NOTE: If any of the above-listed eligible expenses are started before the loan application has first been approved, these expenses will be considered ineligible.

#### **c. Ineligible activities**

- i. Activities that violate local, state, or federal rules, regulations, and statutes.
- ii. Other expenses not directly related to the development/redevelopment of the property being applied for.
- iii. Redwood County, city or township permit fees
- iv. Variance fees.
- v. Property line surveying costs.
- vi. Special assessment lien agreement recording fee, and satisfaction of lien recording fee.

### **2. Rental Rehabilitation**

#### **a. Eligibility criteria:**

- i. Existing landlords and property owners within Redwood County for proposed projects to rehabilitate existing rental properties to serve households earning 115% of the median County income for owner-occupied units, and for households earning 80% of the median county income for rental units.
- ii. The residential unit does not meet HUD's NSpire Standards.
- iii. 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.

- iv. The residential unit contains health and safety hazards.
  - v. The residential unit lacks safe, reliable water supply or sanitary wastewater disposal.
  - vi. The residential unit does not meet Minnesota Energy Efficiency Standards.
  - vii. The residential unit does not allow its occupants to age in place.
  - viii. The residential unit fails to provide suitable shelter in some other obvious and apparent manner.
- b. Eligible Activities: There will be no work funded through this program for strictly cosmetic purposes or for which the need described above cannot be documented.
- i. Acquisition of property
    - 1. 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.
  - ii. Predevelopment costs
  - iii. Construction materials and labor costs
  - iv. Energy efficiency upgrades (see eligible projects on page 9)
  - v. Repair/replacement of failing/faulty systems
    - 1. Furnace or other heating systems
    - 2. Roof repair/replacement (shingles, soffit, fascia, damaged boards, etc.)
    - 3. Foundation/structural issues
    - 4. Electrical hazards repair/replacement
    - 5. Radon mitigation
    - 6. Mold remediation
    - 7. Asbestos remediation
    - 8. Lead paint remediation
    - 9. Failing roof replacement
    - 10. Plumbing hazard repair/replacement
  - vi. Accessibility projects: any home improvement project that provides necessary accessibility accommodations to the property. These may include:
    - 1. Bathroom modification
    - 2. Kitchen modifications, including lowering cupboards and countertops
    - 3. Lifting devices: elevator, chairlift/stair glide
    - 4. Ramp or other entryway modifications
    - 5. Relocating light switches and electrical outlets
    - 6. Widen doorways, hallways
- NOTE: If any of the above-listed eligible expenses are started before the loan application has first been approved, these expenses will be considered ineligible.
- c. Ineligible activities
- i. Landscaping, seeding, soil, or natural landscape restoration costs
  - ii. Activities that violate local, state, or federal rules, regulations, and statutes.

- iii. Other expenses not directly related to the rehabilitation of the property being applied for.
  - iv. Redwood County, city or township permit fees
  - v. Variance fees.
  - vi. Property line surveying costs.
  - vii. Special assessment lien agreement recording fee, and satisfaction of lien recording fee.
3. Owner-Occupied rehabilitation
- a. Eligibility criteria:
    - i. Existing homeowner(s) within Redwood County who occupy the property as their principal place of residence, who have already applied for and were approved or denied funding through the Minnesota Housing Finance Agency's Fix Up Home Improvement Loan Program, who have household incomes less than or equal to 115% of the Area Median Income of Redwood County, as defined by the US Department of Housing and Urban Development (HUD).
    - ii. The residential unit does not meet HUD's NSpire Standards.
    - iii. 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.
    - iv. The residential unit contains health and safety hazards.
    - v. The residential unit lacks safe, reliable water supply or sanitary wastewater disposal.
    - vi. The residential unit does not meet Minnesota Energy Efficiency Standards.
    - vii. The residential unit does not allow its occupants to age in place.
    - viii. The residential unit fails to provide suitable shelter in some other obvious and apparent manner.
  - b. Eligible activities: There will be no work funded through this program for strictly cosmetic purposes or for which the need described above cannot be documented.
    - i. Energy efficiency upgrades (see eligible projects on page 9)
    - ii. Repair/replacement of failing/faulty systems: Any home improvement project that repairs or replaces a failing/faulty system that is currently presenting as a hazard, danger, or otherwise unsafe/unsanitary condition. These may include:
      - 1. Furnace or other heating systems
      - 2. Roof repair/replacement (shingles, soffit, fascia, damaged boards, etc.)
      - 3. Foundation/structural issues
      - 4. Electrical hazards repair/replacement
      - 5. Radon mitigation
      - 6. Mold remediation
      - 7. Asbestos remediation
      - 8. Lead paint remediation
      - 9. Failing roof replacement
      - 10. Plumbing hazard repair/replacement

- iii. Accessibility projects
  - 1. Bathroom modification
  - 2. Kitchen modifications, including lowering cupboards and countertops
  - 3. Lifting devices: elevator, chairlift/stair glide
  - 4. Ramp or other entryway modifications
  - 5. Relocating light switches and electrical outlets
  - 6. Widen doorways, hallways

NOTE: If any of the above-listed eligible expenses are started before the loan application has first been approved, these expenses will be considered ineligible.

- c. Ineligible activities
  - i. Solar projects (ex., solar arrays, frames, battery storage, etc.)
  - ii. Special assessment lien agreement recording fee, and satisfaction of lien recording fee.
  - iii. Land acquisition or easement costs
  - iv. Landscaping, seeding, soil, or natural landscape restoration costs
  - v. Activities that violate local, state, or federal rules, regulations, and statutes.
  - vi. Other expenses not directly related to the rehabilitation of the property being applied for.
  - vii. Redwood County, city or township permit fees
  - viii. Variance fees.
  - ix. Property line surveying costs.
- d. Income Eligibility and verification
  - i. Annual income will be used to determine eligibility.
  - ii. Annual income will be based on current income.
  - iii. Income includes:
    - 1. Wages or salaries, including commissions, bonuses, overtime pay, and tips
    - 2. Business income for self-employed individuals
    - 3. Rental or real estate income, including payments received from properties being sold or Contracts for Deed
    - 4. Interest and dividends
    - 5. Gains from the sale of property or securities
    - 6. Estate or trust income
    - 7. Pensions and annuities, including PERA, Social Security
    - 8. Any financial assistance, including but not limited to Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), Welfare, Unemployment Compensation, and Worker's Compensation.
  - iv. Child support, alimony, and social security received by the 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.
  - v. Income will be based on the primary wage earners of the household, thus excluding income from dependents.

- vi. If the applicant 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.
- vii. 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 the current income.
- viii. If the applicant 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.
- ix. If the applicant is seasonally employed, current income and any unemployment compensation will be prorated based on the past two years' work history.
- x. Written verification of all sources of income shall be required. Income verification shall be current (within 90 days of initial housing inspection for the rehab program). The following are acceptable:
  1. Third-party income verifications
  2. The previous two years' tax returns
  3. Income verification forms completed by employer, agency, institution (bank, insurance company, etc.)
  4. Visual verification form signed by program administrator
  5. Copy of current savings passbook certificate
  6. Other documentation as appropriate
  7. Combination of the above as needed to verify all income and assets.

### **LOAN AMOUNTS AND TERMS**

- The maximum loan amount available for single-family applications is \$25,000. The maximum loan amount available for multi-family applications is \$50,000.
- Owner-occupied loans must serve households at 115% of the area median income for the lifetime of the loan.
- Multi-family loans must serve households at 80% of the area median income to the first applicable tenants, and may revert to market rate after the first lease(s) expire.
- The HTF must serve as gap financing to fund the shortfall between the total cost of the project and the amount of funding secured from primary sources, such as traditional loans, grants, or investments.
- If the total cost of the project exceeds the maximum loan limits, the applicant will be responsible for securing additional financing beyond the required primary leverage amount for the applicant's income.
- If the applicant is unable to secure the necessary funding, then the scope of the project must be reduced in a manner that is consistent with funding regulations and adopted housing standards.
- All loan terms shall be amortized on a schedule of 120 months (10 years).
- Repayment for the loan shall be twice a year as a special assessment included with the

- property's real estate taxes. Property owners may prepay the loan at any time.
- The interest rate will be fixed at half the current prime rate on the date of the loan approval.
  - If, during the term of any loan, a court determines that a violation of any Ordinance or land use permit or license exists on the property encumbered by a Loan and Special Assessment Agreement, the loan shall become immediately due and payable and the collection schedule for any assessment for the remaining outstanding balance shall be accelerated and shall become payable in full with the following year's property taxes.
  - No project may commence until the Redwood County EDA has approved the loan and required local government approvals have been obtained by the Recipient. Any costs incurred before the loan application has been approved are not eligible expenditures.
  - The applicant will authorize the Redwood County EDA or its designee to obtain verification of any applicable records, including property records, and MFHA Fix Up loan, or any other loan information.
  - If, before the end of the term, the home is sold or otherwise transferred for any reason, ceases to be the primary residence of the applicant, or the primary mortgage is refinanced and the equity taken out, then the remaining balance of the loan will be immediately due and payable in full.

#### **APPLICATION/PROJECT PROPOSAL REVIEW**

- Requests for funding from the HTF shall be made to the EDA Coordinator using the appropriate project type application provided by the EDA.
- Applicants must be current on all property taxes and/or mortgages.
- 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, past-due assessments, or judgments on the property.
- Lien waivers will be required for all work
- 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, the loan must be assessed against the Property as security to ensure that the loan funds are repaid to the HTF, and a lien shall be placed 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 \$500 for all applications, which must be paid at the time of application submission. Applicants are also responsible for all filing fees and title costs.
- Evidence of Permits - Documentation must be provided by the applicant.
- Other documentation- the applicant may be asked to provide other types of documentation at

the request of the EDA Coordinator, Loan Review Committee, or EDA Board.

- 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 an incomplete application. The Applicant must provide these materials for the application to be considered. The failure to submit a complete application will result in a 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.
- Property owners are required to pay filing fees. Failure to make payments will result in enforcement of the provisions of the loan agreement through any legal means available to Redwood County EDA, including, but not limited to, the imposition of a tax lien on the property or foreclosure of the mortgage.

#### **GENERAL CONTRACTORS**

- Fully licensed and insured general contractors or developers must perform all work. Contractors performing specified lead-based paint work must be certified. Contractors or developers shall not be debarred and shall have been determined capable based on past performance and ability to perform successfully.

#### **EXPIRATION OF LOAN APPROVALS**

- Loan approvals issued under this program are conditional and time-limited. Each approval shall have a closing deadline of 12 months from the date of final approval of the county board, and all allocated loan funds must be expended within 6 months of the loan closing date.
- If the applicant fails to close the loan or complete the work within the designated timeframe, the approval shall be considered expired.
- The program reserves the right to rescind any loan approval that has expired or where the applicant fails to meet required conditions prior to closing.
- Extensions may be granted at the discretion of the EDA, subject to documented justification and availability of funds.
- Applicants whose approvals are rescinded due to expiration will be notified in writing.
- Affected applicants may reapply, but must meet all current eligibility and funding criteria at the time of reapplication.

#### **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

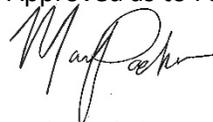
of other financing, other financing commitments, projects that use program funds as a match or leveraging tool to stimulate the use of conventional and below-market resources, including tax credits, state and federal funding programs, and/or other funding sources. Projects that provide the greatest benefit 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.

**ELIGIBLE ENERGY EFFICIENCY PROJECTS**

Programmable Thermostat	Bid must reference programmable thermostat
Heating Systems ( <i>Programmable thermostat required</i> )	Natural gas or propane furnace AFUE >= 95 Oil furnace, AFUE >=85 Gas, propane or oil hot water boiler AFUE>= 90 *Programmable thermostat installation required
Air Source Heat Pump ( <i>Programmable thermostat required</i> )	Split ducted (central system): SEER2 >= 15.2 / SEER>= 16.0, EER2 >= 10.0 / EER >= 10-0, HSPF2 >= 8.1 / HSPF >= 9.5 Non-ducted (mini-split) system: SEER2 >= 16.0 / SEER >=16.0, EER2 >= 9.0 / EER >= 9.0, HSPF2 >= 9.5 / HSPF >= 9.5 Packaged systems: SEER2 >= 15.2 / SEER >= 16.0, EER2 >= 9.0 / EER >= 9.0, HSPF2 >= 9.5 / HSPF >= 10.6
Central A/C or Mini Split	Split systems: SEER >=15, EER >= 13 (for equipment manufactured before 1/1/2023); SEER2 >= 14.3 (for equipment manufactured starting 1/1/2023) Package systems: SEER>= 14, EER >= 12 (for equipment manufactured before 1/1/2023); SEER2 >= 13.4 (for equipment manufactured starting 1/1/2023) Mini-split systems: SEER>= 15, EER >= 13 (for equipment manufactured before 1/1/2023); SEER2 >= 14.3 (for equipment manufactured starting 1/1/2023) *Programmable thermostat installation required
Light Fixtures	Must meet Energy Star requirements (Energy Star CFL fixtures replace less efficient incandescent fixtures, are hardwired and use pin-based lamps).
Window Replacement	Windows must be Energy Star qualified under Federal guidelines. Patio doors are eligible.
Attic Air Sealing	Testing the air tightness of a home using a calibrated door will measure the quantity of air leakage and air sealing effectiveness. Attic air sealing is a prerequisite for wall/attic insulation loan eligibility.
Attic	Attic insulation must be combined with attic air sealing for loan eligibility. Final R-Value >= R-44.
Wall Insulation	All external wall cavities must be filled with insulation. Loan eligibility is conditional on attic air sealing being performed.
Water Heater	Gas storage units >= 0.67 Energy Factor (EF) Gas tankless units >= 0.82 EF with 2.5 gpm @ 77°F rise Electric storage units = 0.95 EF Electric heat pump storage unit >=2.0 EF

Approved as to Form:



Redwood County Attorney's Office

Date: 02.03.2026