

# Crow Wing County HRA

## AGENDA

5:00 p.m. Tuesday, December 10<sup>th</sup>, 2019

Crow Wing County Jinx Ferrari Room

(Located on 2<sup>nd</sup> floor of the Historic Courthouse, 326 Laurel Street, Brainerd, MN)

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*“Our mission is to support the creation and preservation of affordable housing, economic development, and redevelopment projects towards a more vibrant Crow Wing County.”*

### AGENDA ITEMS

1. **CALL to ORDER**
2. **ROLL CALL**
3. **REVIEW and APPROVE MINUTES** (*Attachment 1*)
4. **REVIEW and ACCEPT FINANCIAL STATEMENTS** (*Attachment 2*)
5. **UNFINISHED BUSINESS**
  - a. Consider Housing Trust Fund Ordinance (*Attachment 3*)
6. **NEW BUSINESS**
  - a. Review & Discuss Fund Balance (*Attachment 4*)
  - b. Authorize Participation in the Minnesota City Participation Program (*Attachment 5*)
7. **REPORTS**
  - a. Executive Director (*Attachment 6*)
  - b. Brainerd HRA/Rehab Programs (*Attachment 7*)
  - c. BLAEDC
  - d. CWC
8. **NEXT MEETING AGENDA TOPICS:** Tuesday, January 14, 2020
9. **ADJOURNMENT**

### 2019 Officers and Commissioners

Chair – Craig Nathan/District 4 (12-31-20)

Vice Chair – Theresa Goble/District 1 (12-31-22)

Secretary – Sharon Magnan/District 3 (12-31-19)

Commissioner – Michael Morford /District 2 (12-31-23)

Commissioner – Michael Aulie/District 5 (12-31-21)



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**Minutes from Tuesday, November 12<sup>th</sup>, 2019**  
**Crow Wing County**  
**Housing and Redevelopment Authority**  
**Board Meeting**

A regular meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the County of Crow Wing, Minnesota, was held at 5:00 p.m., Tuesday, November 12<sup>th</sup>, 2019.

1. **CALL TO ORDER:** Chair Craig Nathan called the meeting to order at 4:59 p.m.
2. **ROLL CALL:** Those present at the meeting include Chair Craig Nathan and Commissioners Sharon Magnan, Theresa Goble, Michael Morford, and Michael Aulie. Also present were Executive Director Jennifer Bergman, Executive Assistant LeAnn Goltz, and Rehab Coordinator John Schommer; Tyler Glynn, BLAEDC; and Commissioner Bill Brekken, Crow Wing County.
3. **REVIEW AND APPROVE MINUTES:**

Commissioner Goble moved to approve the minutes from the regular meeting on October 8<sup>th</sup> and the special meeting on October 15<sup>th</sup>. Commissioner Aulie seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.
4. **REVIEW AND APPROVE FINANCIAL STATEMENTS:**

**CWC SCDP Local Income**  
Reflected in the October financial statements is the receipt of \$23,512 in SCDP Local Income from Crow Wing County. The balance in this account is currently \$45,492 and the Board can use these funds as leverage dollars for future SCDP applications.

**Housing Study Grant**  
Reflected in the October financial statements is the receipt of \$6,000 in grant dollars from Greater Lakes Association of Realtors (GLAR) for \$1,000 and National Association of Realtors (NAR) for \$5,000. These funds will be used to offset the cost of the Workforce Housing Study that is currently underway with Redevelopment Resources.

**Moved by Commissioner Aulie and seconded by Commissioner Morford to accept the October financial statements as presented. All commissioners voted in favor and none were opposed. The motion passed.**
5. **UNFINISHED BUSINESS:** Bergman reported that she sent a draft of the Housing Trust Fund Ordinance to Attorney Martha Ingram and requested her feedback. Bergman then asked staff to review it and will pass it along to the Board when she has incorporated everyone's comments. The ordinance is tentatively scheduled to go before the CWC Committee of the Whole at the December 21<sup>st</sup> meeting.
6. **NEW BUSINESS:** Nothing to report.
7. **REPORTS:**

a. **Executive Director:**

**Workforce Housing Study**

The second survey has been completed and will be sent out to several employers in Crow Wing County. The purpose of this survey is to get opinions from business owners of the housing needs for their employees as well as to see if they have any housing programs available for their employees or have considered creating any. Yesterday, November 11<sup>th</sup>, Mike Bjerkness with BLAEDC sent out the survey to 15 key employers in Crow Wing County. The Board discussed this and suggested also sending to smaller employers with between 20 and 50 employees in addition to the school districts. The next Workforce Housing Task Force meeting is on November 21<sup>st</sup>.

**Destination Downtown Competition**

The Crow Wing Food Co-op, Loide' Oils & Vinegars + Luxury Appliance, and Minnesota Makerspace were selected as the three finalists for the Destination Downtown Brainerd Competition. Finalists and voting info are available on the website [www.downtownbrainerd.org](http://www.downtownbrainerd.org), and the Destination Downtown Brainerd Facebook page will be used to share contest info, previews, voting updates, etc. The voting itself will take place from midnight to midnight, November 11–15<sup>th</sup>.

**Management Agreement**

Bergman and Glynn are working on the management agreement between the CWC HRA and BLAEDC. They hope to have it ready for the Board at the December meeting.

- b. **Brainerd HRA/Rehab Programs:** Schommer reviewed his report and shared that there were not enough interest letters received from owner-occupied properties, so he will not be able submit the preliminary proposal. However, there were three people who may qualify for a MHFA loan, so he will follow-up with them.
- c. **BLAEDC:** Glynn reported that two new BLAEDC Unified Fund loans were approved for El Tequila and Teeny Bubbles Daycare. In the two past years, a total of 15 loans have been given, seven of which were in 2019. These loans have totaled just under a million dollars. Glynn shared that Knute Nelson is going to be building a senior living campus in Baxter and they expect to break ground in 2020 with 116 units. This will create a minimum of 70 jobs. BLAEDC is still in the process of looking for an executive director to fill Haverkamp's position.
- d. **Crow Wing County:** Commissioner Brekken informed the Board that CWC is reinvesting in its staff and they are working hard on improving the culture. Also, CWC purchased the pole building next to the courthouse to use for storage.

8. **DEC. 10TH MEETING AGENDA TOPICS:** HTF Ordinance, BLAEDC Management Agreement

9. **ADJOURNMENT:**

Commissioner Aulie moved to adjourn the meeting. Commissioner Goble seconded the motion. All commissioners were in favor and none were opposed. The motion was approved at 5:39 p.m.



## Housing & Redevelopment Authority

To: CWC HRA Board Members  
From: Karen Young, Finance Director  
Date: December 4, 2019  
Re: Review & Accept Financial Statements

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Please find attached the financial information for November 2019.

### **2019 Audit**

The 2019 audit fieldwork is scheduled with CliftonLarsonAllen (CLA) during the week of February 3<sup>rd</sup>.

### **Level Contracting Closing**

Reflected in the November financial statements is the closing that took place for the purchase of three lots at Brainerd Oaks and one lot at Dalmar Estates for a total of \$36,171.15. Of this, \$9,200 went to the City for SAC/WAC/Park Fees and \$24,580.15 went to the City in lieu of assessments. We were reimbursed for direct costs of \$2,001.

**Action Requested: Accept the November financial statements as submitted.**

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Date/Time roberta  
12/4/2019 7:36:17 AM

**Crow Wing County  
CWC HRA Combined Balance Sheet  
November, 2019**

	<b>Cumulative</b>
<b>ASSETS</b>	
550-000-1129.210 Cash Gen Fund	175,416.97
550-001-1129.210 Cash CWC SCDP	45,491.60
551-002-1129.210 Cash RLF TIF	294,480.86
556-000-1129.210 Cash Development Fund	943.38
557-000-1129.210 Cash Tax Forf Property	-1,767.67
551-002-1141.000 Loans Rec RLF TIF	66,497.52
551-002-1143.000 Loan Rec Grand Oaks	48,000.00
551-002-1153.000 Accrued Int Grand Oaks	7,200.00
550-000-1211.000 Prepaid Insurance	115.13
556-000-1450.000 Land Held for Resale	549,925.67
557-000-1450.000 Land Held for Resale TF	8,000.00
<b>TOTAL ASSETS</b>	<b><u>1,194,303.46</u></b>
<b>LIABILITIES</b>	
557-000-2115.000 Escrow Account TFP	-1,000.00
550-000-2600.000 Def Inflow of Resources	-7,200.00
556-000-2600.000 Def Inflow of Res - Dev	-549,925.67
557-000-2600.000 Defd Inflow of Res TFP	-8,000.00
<b>TOTAL LIABILITIES</b>	<b><u>-566,125.67</u></b>
<b>SURPLUS</b>	
550-000-2700-000 Net Income	42,725.88
550-000-2806.000 Retained Earnings	-670,903.67
<b>TOTAL SURPLUS</b>	<b><u>-628,177.79</u></b>
<b>TOTAL LIABILITIES &amp; SURPLUS</b>	<b><u><u>-1,194,303.46</u></u></b>
Proof	0.00

**Crow Wing County**  
**CWC HRA Combined Operating Stmt**  
**November, 2019**

	Current Period	Current Year	Year To Date Budget	Variance
<b>INCOME</b>				
550-000-3690.000 Other Revenue	-141.00	-29,653.01	-24,750.00	-4,903.01
550-000-3691.000 Property Tax Revenue	0.00	-55,513.13	-60,000.00	4,486.87
551-002-3610.000 RLF TIF Interest Rev	-344.41	-3,097.52	0.00	-3,097.52
556-000-3696.000 Development Revenue	-36,171.15	-98,917.66	-175,266.63	76,348.97
557-000-3696.000 TFP Revenue	0.00	-500.00	-18,333.37	17,833.37
<b>TOTAL INCOME</b>	<b>-36,656.56</b>	<b>-187,681.32</b>	<b>-278,350.00</b>	<b>90,668.68</b>
<b>EXPENSE</b>				
550-000-4110.000 Administrative Salaries	375.00	4,275.00	4,125.00	150.00
550-000-4130.000 Legal	0.00	30.00	4,583.37	-4,553.37
550-000-4140.000 Staff Training	0.00	0.00	1,375.00	-1,375.00
550-000-4150.000 Travel	30.16	87.58	183.37	-95.79
550-000-4171.000 Auditing Fees	0.00	6,650.00	6,650.00	0.00
550-000-4172.000 Management Fees	5,000.00	55,000.00	55,000.00	0.00
550-000-4190.000 Other Administrative	0.00	0.00	183.37	-183.37
550-000-4500.000 TIF Expense	750.00	823.80	550.00	273.80
550-000-4510.000 Insurance	115.17	1,266.87	1,925.00	-658.13
550-000-4540.000 Employer FICA	28.70	327.05	320.87	6.18
550-000-4590.000 Other General Expense	0.00	28,542.27	55,916.63	-27,374.36
550-001-4600.000 CWC SCDP Expense	0.00	31,822.65	24,750.00	7,072.65
556-000-4600.000 Development Expense	34,550.02	97,955.89	175,266.63	-77,310.74
557-000-4600.000 TFP Expense	0.00	3,626.09	9,212.50	-5,586.41
<b>TOTAL EXPENSE</b>	<b>40,849.05</b>	<b>230,407.20</b>	<b>340,041.74</b>	<b>-109,634.54</b>
<b>NET INCOME(-) OR LOSS</b>	<b>4,192.49</b>	<b>42,725.88</b>	<b>61,691.74</b>	<b>-18,965.86</b>





**Crow Wing County HRA  
November 2019 Payments**

Payment Number	Payment Date	Vendor	Description	Check Amount
671	11/7/2019	John Schommer	Mileage-Brainerd Oaks-Serene Pines & Delmar Estab	\$ 8.12
675	11/21/2019	Jennifer Bergman	Meeting with Crosslake EDA-Mileage	\$ 30.16
22938	11/7/2019	Baker Tilly Municipal Advisors, LLC	2018 TIF Reporting	\$ 750.00
22946	11/7/2019	Kennedy & Graven, Chartered	Paxmar to Level Transition Legal Fees	\$ 371.75
Total				\$ 1,160.03



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## Housing &amp; Redevelopment Authority

To: CWC HRA Board Members  
From: Jennifer Bergman, Executive Director  
Date: December 5, 2019  
Re: Consider Housing Trust Fund Ordinance

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We have spent a considerable amount of time researching other housing trust funds and reviewing ordinances. Our attorney, Martha Ingram, also reviewed the draft ordinance and had some recommended changes. We also had a conference call with the Greater Minnesota Housing Fund (GMHF) who published the Local Housing Trust Fund Manual. GMHF was really helpful in making recommendations to our ordinance based on their experience.

Attachment 3a is the Ordinance Establishing a Housing Trust Fund in Crow Wing County. I also provided a copy of it to Debby Erickson for her review.

Upon approval by the CWC HRA Board, the intent is to have this on the Committee of the Whole agenda on January 21<sup>st</sup> and then to the County Board for approval at the February 11<sup>th</sup> meeting.

**Recommendation: Authorize staff to forward the Ordinance Establishing a Housing Trust Fund to county staff to be discussed at the January 21<sup>st</sup> Committee of the Whole.**

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## ORDINANCE NO. XX

**AN ORDINANCE ESTABLISHING A HOUSING TRUST FUND  
IN CROW WING COUNTY**

Section 1: GENERAL PROVISIONS

- 1.1 Authority. This Ordinance is adopted pursuant to Minnesota Statutes, Section 462C.16.
- 1.2 Purpose. Pursuant to Minnesota Statutes, Section 462C.16, there is hereby created and established for the County of Crow Wing a fund to be known and denominated as the Crow Wing County Housing Trust Fund. The Trust Fund shall be a permanent source of funding and a continually renewable source of revenue to meet, in part, the housing needs of Moderate, Low Income and Very Low Income households of the County. The Trust Fund shall provide loans and grants 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 of new Affordable and Workforce Housing (both rental and owner-occupied). Projects funded by the Trust Fund shall be dispersed throughout the County.

Section 2: DEFINITIONS

- 2.1 “Affordable” means a housing unit that has an Affordable Housing Cost
- 2.2 “Affordable Housing Cost” means an amount satisfied by:
- 2.2.1 For owner-occupied housing, a housing payment inclusive of loan principal, loan interest, property taxes, property and mortgage insurance, and homeowners association dues which allows a moderate, low income or very low income household to purchase a home while paying no more than thirty percent (30%) of their gross household income.
- 2.2.2 For rental or cooperative housing, a housing payment, inclusive of a reasonable allowance for heating, which allow a moderate, low income or very low income household to rent a unit while paying no more than thirty percent (30%) of their gross household income
- 2.3 “Area Median Income” means the income guidelines established and published annually by the U.S. Department of Housing and Urban Development.
- 2.4 “Assisted Unit” means a housing unit that is Affordable because of assistance from the Trust Fund.
- 2.5 “HRA” means the Housing and Redevelopment Authority in and for the County of Crow Wing.

- 2.6 “Workforce Housing” means owner-occupied or rental housing units that are provided to households with at least one member per unit who is gainfully employed at the time of entry into the unit.
- 2.7 “Grants Supervisor” means the Crow Wing County HRA Executive Director, or his or her designee.
- 2.8 “Low Income” means gross household income that is at or below eighty percent (80%) of Area Median Income, but more than fifty percent (50%) of Area Median Income.
- 2.9 “Moderate Income” means gross household income that is at or below 115 percent (115%) of Area Median Income, but more than Eighty percent (80%) of Area Median Income.
- 2.10 “Project” may mean a single family house (attached or detached) or a multifamily property, either as owner-occupied property or rental property.
- 2.11 “Recipient” means any homeowner, for-profit, non-profit or local unit of government housing developer that receives funds in the form of a loan or a grant from the Trust Fund Account. A Recipient may be an individual, partnership, local unit of government, joint venture, limited liability company or partnership, association or corporation.
- 2.12 “Trust Fund” means the Crow Wing County Housing Trust Fund.
- 2.13 “Very Low Income” means gross household income that is at or below fifty percent (50%) of Area Median Income.
- 2.14 “Permanent Source of Funding” means once funds are allocated to the Trust those funds can only be expended for purposes outlined in section (4) of this document.
- 2.15 “Assisted Unit” means a housing unit that is Affordable because of assistance from the Trust Fund.

### **Section 3: TRUST FUND ACCOUNT; SOURCE OF TRUST FUNDS**

- 3.1 A. There is also hereby established a Crow Wing County Trust Fund Account, to be maintained by the HRA. All funds received by the HRA on behalf of the Trust Fund shall be deposited in the Trust Fund Account. Principal and interest from loan repayments, and all other income from Trust Fund activities, shall be deposited in the Trust Fund Account. All interest earnings from the Trust Fund Account shall be reinvested and dedicated to the Trust Fund Account.
- 3.2 The Trust Fund shall consist of funds derived from the following, but not limited to:
- 3.2.1 Private cash contributions designated for the Trust Fund;
  - 3.2.2 Payments in lieu of participation in current or future Affordable housing programs;
  - 3.2.3 Grants or loans from the federal or state government;
  - 3.2.4 Principal and interest from Trust Fund loan repayments and all other income from Trust Fund activities.
  - 3.2.5 Budgeted payments made by the HRA’s tax levy fund as approved by County Board.
  - 3.2.6 Employer based funds and matches.

- 3.2.7 Other sources to be considered; local or regional utility companies, specific county departments, specific county program funds (revolving loan fund).
- 3.2.8 Application Fees – Projects applying for funds.
- 3.3 The Trust Fund may consist of funds derived from any other source, including but not limited to the following:
  - 3.3.1 Tax Increment returned to the County after decertification of a TIF district.
  - 3.3.2 Any other appropriations as determined from time to time by action of the HRA or County Board.

#### **Section 4: TRUST FUND DISTRIBUTIONS**

4.1 The Trust Fund is to function as a resource to fund loans and grants in strict accordance with this Section. The Trust Fund shall be administered by the Executive Director of the HRA. No disbursements over \$25,000 may be made from the Trust Fund Account without the prior approval of the HRA's board of commissioners.

4.2 Disbursements from the Trust Fund Account shall be made as loans or grants to assist Recipients in the creation of Assisted Units and administrative fees not to exceed 10 percent. Recipients may use the funds to pay for: capital costs, including but not limited to the actual costs of rehabilitating or constructing Assisted Units; preserving Affordable units; demolishing or converting existing non-residential buildings to create new Assisted Units; real property acquisition costs; and professional service costs, including but not limited to, those costs incurred for architectural, engineering, planning and legal services which are attributable to the creation of Assisted Units.

4.3 All projects exceeding \$25,000 considered for funding will be reviewed by the HRA staff, and the Executive Director shall submit staff comments and recommendations to the HRA's board of commissioners, prior to HRA action.

4.4 The HRA shall within thirty (30) days following the close of each fiscal year prepare and submit an annual report to the County Board on the activities undertaken with funds from the Trust Fund. The report shall specify the number and types of units assisted, the amount loaned per Assisted Unit, the amount of state, federal and private funds leveraged, the geographic distribution of Assisted Units and a summary of statistical data relative to the incomes of assisted households, including their monthly rent or mortgage payments, and the sales prices of owner-occupied Assisted Units.

#### **Section 5: TERM OF AFFORDABILITY**

5.1 The minimum term of affordability for an Assisted Unit shall be fifteen (15) years. The HRA shall give preference to those projects that ensure that the Assisted Units remain Affordable for the longest period possible.

5.2 Assisted Units shall be deed-restricted to ensure long term affordability.

5.3 The HRA will enter into loan agreements with the Recipients of the Trust Fund monies. Each loan agreement will clearly state the conditions and requirements for the Recipient's use of



Trust Fund monies, including the term of compliance, transfer or sale requirements and other requirements as specified.

5.4 In those cases where an Assisted Unit is sold or transferred prior to the expiration of the agreed-upon term, or where an Assisted Unit is no longer Affordable, the initial Recipient of assistance from the Trust Fund shall be obligated to repay to the Trust Fund the original amount of the loan or grant.

5.5 The HRA shall enforce all debt and lien instruments to the fullest extent of the law. The HRA may recommend debt settlement offers, if it is determined to be in the best interest of the Trust Fund.

**Section 6: SEVERABILITY**

6.1 If any provision of this Ordinance or the application thereof is held invalid, said invalidity does not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application and for this purpose, the provisions of the Ordinance are severable.

**Section 7: EFFECTIVE DATE**

7.1 This Ordinance shall be in effect from and after the date of its passage by the Crow Wing County Board of Commissioners and publication according to Minnesota Statutes.





## **Attachment A**

### Housing Trust Fund Funding Priorities

Adopted by Crow Wing County Board of Commissioners on \_\_\_\_\_, 2019

#### **1. Single Family New Home Construction**

- a. Affordability GAP Financing provided to the homebuyer in the form of a low or no interest, forgivable or deferred mortgage loan to be repaid upon the satisfaction of the first mortgage.
- b. Value GAP Financing provided to the developer to bring the sale price of the home to the appraised value.

#### **2. Single Family Rehabilitation**

- a. A low or no interest deferred or forgivable loan provided to a homeowner to assist in renovation of their primary residence. Homeowner financial contribution dependent on homeowner income.
- b. A grant given to an income qualified home owner to assist in the renovation of their primary residence. Homeowner financial contribution dependent on homeowner income.

#### **3. Rental Rehabilitation**

- a. A low or no interest deferred or forgivable loan provided to a property owner to assist in the renovation of rental property owned by the applicant.
- b. Assisted unit/s will be monitored annually for tenant income compliance.
- c. Property owner agrees to comply with income restrictions for at least 15 years.
- d. Property owner will be required to contribute a percentage of the project costs.

#### **4. Multifamily Construction**

- a. Affordability GAP Financing provided to the developer in the form of a low or no interest, forgivable or deferred mortgage loan to be repaid upon the satisfaction of the first mortgage.
- b. Preference will be given to projects not located in a Tax Increment District whose project expenditure period has not expired.

#### **5. Down Payment Assistance**

- a. A grant, low or no interest forgivable or deferred loan provided to a homeowner to assist in purchase of their primary residence. Homeowner financial contribution dependent on homeowner income.

#### **6. Rental Assistance**

#### **7. Homebuyer Counseling Services**



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## Housing & Redevelopment Authority

To: CWC HRA Board Members  
 From: Karen Young, Finance Director  
 Date: December 4, 2019  
 Re: Review & Discuss Fund Balance

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The Fund Balance Policy sets the recommended unassigned fund balance to be maintained at eight to 12 months of General Fund operating expenses for the year. The following classifications are established for governmental funds and define the constraints placed on the current fund balance.

1. **Nonspendable** – fund balance not expected to be converted to cash such as inventory or prepaid expenses.
2. **Restricted** - fund balance with constraints from an external source such as TIF Revolving Loan Funds and CWC Local Income (SCDP).
3. **Committed** – fund balance constrained for a specific purpose by the HRA board prior to year-end.
4. **Assigned** – fund balance that is intended for a specific purpose by the Board or executive director/finance director. These funds are neither restricted nor committed.
5. **Unassigned** – General Fund balance that is available for any purpose.

In August, the board approved the 2020 General Fund budget with \$38,800 designated fund balance to offset the 2020 budget shortfall caused from non-operating expenses and legal expenses for housing and redevelopment initiatives. These funds will be classified as Assigned.

It is recommended that the Board take action to commit funds for Redevelopment and Housing Projects at this time, as it is a GASB 54 requirement that the Board commitments be established prior to year-end. The amount of the commitment will be determined after yearend when the calculation can be finalized.

**Action Requested: Staff recommendation that the Board commit fund balance for Redevelopment and Housing Projects with an amount to be determined after yearend financial statements are finalized.**

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## Housing & Redevelopment Authority

To: CWC HRA Board Members  
 From: LeAnn Goltz, Executive Assistant  
 Date: December 5, 2019  
 Re: Authorize Participation in the Minnesota City Participation Program

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Minnesota Housing sells mortgage revenue bonds on behalf of cities to meet locally identified housing needs. The proceeds of these bonds provide below-market interest rate home mortgage loans for low-and moderate-income first-time homebuyers. The Minnesota City Participation Program (MCP) provides cities throughout the state with a unique opportunity to easily access housing resources to meet the needs of their citizens.

Funds are available to local participating lenders to offer low interest loans to eligible home buyers. The funds are initially available to the specific community. Last year, \$1,049,445 was allocated for Crow Wing County and as of early November, \$2,310,528 in loans have been committed (see Attachment 5a). This equates to a usage rate of 220%, which is excellent. (There is a minimum usage requirement of 50% of the allocation in order to participate the following year.) After a period of time, the funds are put into a state-wide pool.

In order to participate in the MCP, we needed to submit the application by Wednesday, January 15<sup>th</sup> (see Attachment 5b).

This program provides another mortgage option for potential home buyers in Crow Wing County.

**Action Requested: Authorize staff to submit the 2020 Minnesota Cities Participation Program Application and Agreement to Minnesota Housing.**

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2019 MCPP Usage Report 1.16.2019 - 11.5.2019 (Applies to Start Up Program Loans Only)

For Informational Purposes Only

Applicant Name	Allocation Amount	Committed Loans	Committed Amount	*Usage Test	% of Usage	**Additional Start Up Loans		Step Up Loans		Total Loan Activity		Downpayment and Closing Cost Loans	
						Committed Loans	Committed Amount	Committed Loans	Committed Amount	Committed Loans	Committed Amount	% of First Mortgage Loans	Total Amount of Downpayment Loans
Albert Lea/Freedom Co.	\$ 496,931.77	14	\$1,263,969.00	MET	25.4%	1	\$ 87,912.00	3	\$ 414,963.00	18	\$1,766,844.00	100%	\$ 121,500.00
Alexandria	\$ 222,407.46	7	\$1,033,463.00	MET	46.5%	1	\$ 155,138.00	1	\$ 157,712.00	9	\$1,346,313.00	100%	\$ 69,700.00
Anoka	\$ 5,736,658.40	256	\$51,533,403.00	MET	898%	100	\$22,099,132.00	127	\$30,047,467.00	483	\$103,680,002.00	95%	\$ 4,349,900.00
City of Blue Earth	\$ 100,000.00	5	\$993,715.00	MET	394%	1	\$ 73,150.00	1	\$ 138,225.00	7	\$605,090.00	86%	\$ 37,600.00
County of Blue Earth	\$ 1,093,412.55	41	\$6,128,838.00	MET	56.1%	14	\$3,350,376.00	12	\$2,177,550.00	67	\$10,656,764.00	91%	\$ 481,500.00
Bluff Country HRA	\$ 646,417.95	21	\$2,343,807.00	MET	36.3%	4	\$ 560,925.00	1	\$ 188,522.00	26	\$3,093,254.00	100%	\$ 193,900.00
Breckneridge	\$ 100,000.00	2	\$175,178.00	MET	17.5%	3	\$ 440,039.00	1	\$ 237,616.00	6	\$852,833.00	100%	\$ 45,500.00
Carver	\$ 1,673,106.64	24	\$4,946,874.00	MET	296%	9	\$2,003,981.00	21	\$4,883,441.00	54	\$11,834,296.00	91%	\$ 487,720.00
Chippewa	\$ 899,861.29	4	\$312,948.00	MET	102%	0	\$ -	0	\$ -	4	\$312,948.00	100%	\$ 31,800.00
Chicago	\$ 899,861.29	47	\$9,260,294.00	MET	102%	13	\$2,460,844.00	17	\$4,147,289.00	77	\$15,868,427.00	95%	\$ 647,200.00
Clay County/Moorhead	\$ 1,037,603.29	33	\$5,057,777.00	MET	48.7%	11	\$1,756,050.00	16	\$2,677,911.00	60	\$9,489,738.00	90%	\$ 439,222.00
Cloquet	\$ 199,244.43	7	\$870,742.00	MET	43.7%	5	\$ 790,833.00	6	\$ 977,888.00	18	\$2,639,463.00	94%	\$ 150,500.00
Crow Wing	\$ 1,049,445.07	18	\$2,310,528.00	MET	22.0%	8	\$ 703,875.00	8	\$ 1,363,210.00	31	\$4,377,613.00	94%	\$ 204,500.00
Grant	\$ 100,000.00	0	\$0.00	NOT MET	0%	0	\$ -	0	\$ -	0	\$0.00	0%	\$ -
Headwaters Regional Dev. Commission	\$ 1,396,744.25	13	\$1,544,423.00	MET	11.1%	11	\$1,834,866.00	5	\$ 957,843.00	29	\$4,337,132.00	69%	\$ 165,200.00
Hennepin	\$ 13,428,088.58	419	\$84,550,757.00	MET	63.0%	144	\$32,571,199.00	147	\$35,557,502.00	710	\$152,679,458.00	96%	\$ 6,555,350.00
Isanti	\$ 643,376.18	54	\$9,955,255.00	MET	15.4%	15	\$2,996,754.00	16	\$3,687,610.00	85	\$16,639,619.00	98%	\$ 774,600.00
Kandiyohi	\$ 695,671.94	22	\$2,801,882.00	MET	40.3%	10	\$1,487,645.00	8	\$1,355,488.00	40	\$5,645,015.00	65%	\$ 228,400.00
McLeod	\$ 583,695.57	33	\$4,721,108.00	MET	80.9%	11	\$2,043,460.00	7	\$1,198,110.00	51	\$7,962,678.00	84%	\$ 320,300.00
Mower	\$ 644,173.22	40	\$4,503,244.00	MET	69.9%	4	\$ 444,003.00	7	\$ 721,423.00	51	\$5,668,670.00	98%	\$ 401,000.00
North Mankato	\$ 225,920.96	5	\$782,341.00	MET	34.6%	2	\$ 289,254.00	3	\$ 513,940.00	10	\$1,585,535.00	100%	\$ 78,900.00
NW MN Multi-Co. HRA	\$ 1,394,434.46	21	\$2,409,260.00	MET	17.3%	7	\$ 944,497.00	8	\$ 1,242,683.00	36	\$4,596,440.00	92%	\$ 249,700.00
Oakdale	\$ 457,323.62	35	\$6,709,522.00	MET	14.6%	10	\$2,164,609.00	12	\$2,525,516.00	57	\$11,399,647.00	95%	\$ 503,600.00
Olmsted	\$ 2,535,067.72	100	\$17,559,116.00	MET	69.3%	29	\$5,506,558.00	19	\$3,867,394.00	148	\$26,933,068.00	95%	\$ 1,211,750.00
Osakis	\$ 100,000.00	2	\$252,314.00	MET	25.2%	0	\$ -	0	\$ -	2	\$252,314.00	100%	\$ 16,000.00
Otter Tail	\$ 948,789.95	8	\$1,082,818.00	MET	11.4%	6	\$ 723,047.00	0	\$ -	14	\$1,805,865.00	100%	\$ 98,750.00
Owatonna/Steele County	\$ 599,050.84	22	\$3,053,193.00	MET	51.0%	8	\$1,390,862.00	9	\$1,574,633.00	39	\$6,018,688.00	100%	\$ 308,500.00
Ramsey	\$ 3,857,312.88	119	\$23,158,610.00	MET	60.0%	53	\$11,961,009.00	29	\$6,504,940.00	201	\$41,624,559.00	94%	\$ 1,715,200.00
Red Wing	\$ 269,563.12	16	\$2,206,803.00	MET	81.9%	6	\$1,094,088.00	2	\$ 312,397.00	24	\$3,613,288.00	100%	\$ 188,800.00
Rice	\$ 1,072,917.16	30	\$5,284,173.00	MET	49.3%	12	\$2,222,936.00	14	\$2,984,995.00	56	\$10,492,104.00	96%	\$ 462,800.00
Scott	\$ 2,353,992.62	70	\$14,494,877.00	MET	61.6%	40	\$9,069,959.00	40	\$8,800,873.00	150	\$33,365,709.00	91%	\$ 1,310,900.00
SE MN Multi-Co. HRA	\$ 1,218,027.75	24	\$3,409,554.00	MET	28.0%	8	\$1,225,790.00	8	\$1,264,500.00	40	\$5,899,844.00	90%	\$ 265,400.00
Sherburne	\$ 1,425,323.93	97	\$18,786,097.00	MET	13.18%	27	\$ 9,719,129.00	46	\$10,384,566.00	170	\$35,149,792.00	98%	\$ 1,532,700.00
Saint Cloud	\$ 1,104,294.62	12	\$1,803,638.00	MET	16.3%	5	\$ 732,104.00	3	\$ 538,507.00	20	\$3,074,249.00	85%	\$ 135,100.00
Saint James	\$ 100,000.00	1	\$101,850.00	MET	102%	0	\$ -	0	\$ -	1	\$101,850.00	100%	\$ 6,700.00
Saint Louis	\$ 3,251,967.03	74	\$8,266,579.00	MET	25.4%	14	\$1,845,886.00	29	\$4,418,666.00	117	\$14,531,131.00	85%	\$ 755,900.00
Stevens	\$ 158,562.71	7	\$650,823.00	MET	41.0%	2	\$ 201,969.00	0	\$ -	9	\$852,792.00	22%	\$ 14,000.00
SW Regional Dev. Commission	\$ 1,903,240.53	24	\$2,500,361.00	MET	13.1%	8	\$ 959,297.00	6	\$ 693,383.00	38	\$4,153,041.00	76%	\$ 204,300.00
Swift	\$ 153,276.20	4	\$342,088.00	MET	22.3%	0	\$ -	0	\$ -	4	\$342,088.00	50%	\$ 18,000.00
Washington	\$ 3,721,539.08	108	\$22,513,665.00	MET	60.5%	44	\$ 9,728,946.00	49	\$11,573,470.00	201	\$43,816,081.00	97%	\$ 1,847,700.00
Winona	\$ 443,594.97	12	\$1,334,484.00	MET	30.1%	3	\$ 349,398.00	3	\$ 488,579.00	18	\$2,172,461.00	94%	\$ 123,300.00
Wright	\$ 2,185,605.14	76	\$14,906,806.00	MET	68.2%	34	\$ 7,386,218.00	43	\$ 9,443,027.00	153	\$31,736,051.00	96%	\$ 1,363,300.00
<b>Totals</b>	<b>\$60,422,570.00</b>	<b>1,927</b>	<b>\$345,315,177.00</b>		<b>57.2%</b>	<b>680</b>	<b>\$138,635,718.00</b>	<b>727</b>	<b>\$159,021,839.00</b>	<b>3,334</b>	<b>\$642,972,754.00</b>	<b>97%</b>	<b>\$ 28,116,692.00</b>

\*Participants must use at least 50% of their allocation by the end of the program year in order to participate next year.

\*\*Not MCPP Eligible. Borrower income is above 80% of Area Median Income.

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## Minnesota Housing 2020 Minnesota City Participation Program (MCP) Application

**Minnesota Housing must receive your application by email between January 2-15, 2020 at 5:00 p.m.**

Please provide all the information below.

### Agency Contact Information

Agency Name: Crow Wing County HRA  
 Contact Person: LeAnn Goltz  
 Mailing Address: 324 East River Road Physical Address: 324 East River Road  
 City: Brainerd State: MN Zip: 56401 Website: www.brainerdhra.org  
 Phone #: 218-828-3705 E-Mail: LeAnn@brainerdhra.org

### Administrative Information

1. Check agency type:  City  City HRA/CDA/EDA  County HRA/CDA/EDA  Port Authority  
 Multi-County HRA: Receive single allocation for all counties within your jurisdiction  
 Consortium of local government units applying jointly by agreement (please submit evidence of agreement with this application, even if you provided one in previous years).
2. List the legal name(s) of all cities and counties where the funds will be utilized. For county and multicounty applications, only list the counties.  
Crow Wing County
3. Check the box below to confirm this statement:  
 MCPP helps the community meet an identified housing need and the program is economically viable.
4. Does your City (or County) offer a down payment program or other homeownership assistance?  
 Yes  No  
 If yes, list program names (For informational purposes only; does not impact your application status):  
 \_\_\_\_\_

### Signature

Provide authorized signature(s) from the organization submitting this application, including printed or typewritten name, title and phone number. Scan original and email application to [mn.housing@state.mn.us](mailto:mn.housing@state.mn.us) (Original not needed).

Signature <u>Jennifer Bergman</u>	Executive Director
Name (Print)	Title <u>LeAnn@brainerdhra.org</u>
Phone number or check here if same as above. <input checked="" type="checkbox"/>	E-mail or check here if same as above. <input type="checkbox"/>

### Program and Contact Information

Minnesota Statute sets Borrower Income Limits and House Purchase Price Limits. Minnesota Housing makes final determinations of the total amount of program funds available and individual allotments (in compliance with a per capita distribution method specified in statute).

Questions about MCP or this application? Contact Nicola Viana at (651)297-9510 or [Nicola.Viana@state.mn.us](mailto:Nicola.Viana@state.mn.us)



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MINNESOTA HOUSING FINANCE AGENCY  
MINNESOTA CITY PARTICIPATION PROGRAM

PROGRAM APPLICATION  
COMMITMENT AGREEMENT

**THIS APPLICATION AND AGREEMENT** (this "Agreement") is between Crow Wing County Housing and Redevelopment Authority (the "City"), with its office at 324 East River Road, Brainerd, MN 56401 and Minnesota Housing Finance Agency ("Minnesota Housing"), with its office at 400 Wabasha Street North, Suite 400, St. Paul, MN 55102.

**RECITALS:**

A. Minnesota Housing, under the provisions of Minn. Stat. §474A.061, Subd. 2(a) is authorized to issue qualified mortgage bonds, as that term is used in the Internal Revenue Code of 1986, as amended (the "Code"), on behalf of the City, and it will issue bonds for that purpose (the "Bonds").

B. The City applying to participate is a Minnesota city, county, city or county housing and redevelopment authority, economic development authority, port authority or a consortium of local government units, as defined by Minnesota Statutes §474A.061, Subd. 4(c).

C. Minnesota Housing has implemented Minnesota Housing Finance Agency Minnesota City Participation Program (the "Program"), and will use the proceeds from the issuance of the Bonds to fund the Program.

D. The City has requested and received a set-aside of funds from the Program.

E. The City wishes to obtain a commitment by Minnesota Housing to direct Minnesota Housing's designated Master Servicer (the "Master Servicer") to purchase mortgage notes ("Mortgages") that will be originated by a lender or lenders that meet Minnesota Housing requirements for participation in programs funded by qualified mortgage bonds (collectively, the "Lender").

F. Mortgages that the Master Servicer purchases pursuant to the commitment requested by the City must only be for residences located within a geographic area to be established and designated by the City.

G. Minnesota Housing is willing to issue a commitment agreeing to purchase Mortgage-Backed Securities backed by Mortgages that are (i) originated by the Lender; (ii) purchased by the Master Servicer; (iii) in accordance with the terms and conditions of this Agreement, the Program, and the Start Up Procedural Manual to be supplied by Minnesota Housing (the "Procedural Manual"), the provisions of which are hereby incorporated by reference into this Agreement as if set forth in full herein; and (iv) made to borrowers with adjusted incomes not exceeding the greater of 80 percent of statewide or area median income as calculated by Minnesota Housing.

**NOW, THEREFORE**, in consideration of the covenants contained in this Agreement, Minnesota Housing and the City agree as follows:

1. **City Requirements.** All Mortgages submitted to Minnesota Housing for purchase under the Program must comply with all of the requirements of the Program, the Start Up Procedural Manual and this Agreement.

2. **Commitment and Commitment Amount.** The City, which applied in January 2020 for a commitment, hereby requests that Minnesota Housing cause its Master Servicer to purchase Mortgages that have been originated by the Lender and meet the requirements of, and are made in accordance with the provisions of, this Agreement, the Program, and the Procedural Manual. Minnesota Housing, by accepting this Agreement, commits to the purchase of those Mortgages in the aggregate principal amount (the "Commitment Amount") to be determined and allocated

by Minnesota Housing in accordance with Minnesota Statutes §474A.061, Subd. 4(d), and provided to the City.

The Master Servicer will only purchase Mortgages pursuant to this Agreement securing property that, and borrowers who, satisfy the requirements and provisions of this Agreement, the Program, and the Procedural Manual. The City acknowledges that the commitment is effective upon the approval thereof by Minnesota Housing and the delivery of a copy of this Agreement by Minnesota Housing to the City.

3. **Lender Qualifications.** Lenders must meet Minnesota Housing requirements for participation in programs funded by qualified mortgage bonds.

4. **Commitment Term.** The term of this Agreement and the City's participation in the Program (the "Commitment Term") will commence on January 16, 2020, and shall continue through November 30, 2020. This Agreement, and the City's participation in the Program, will automatically terminate, without the need for any action by either party hereto, at the end of the Commitment Term.

5. **Set-Aside Term.** The Commitment Amount will be set-aside and held by Minnesota Housing for the sole use by the City for a period of time to be established by Minnesota Housing, in its sole option and discretion, provided, however, that time period will not be less than six months (the "Set-Aside Term") commencing on a date to be selected and specified by Minnesota Housing. Minnesota Housing will notify the City in writing of the date on which the Set-Aside Term commences.

Any portion of the Commitment Amount not reserved for the purchase of qualifying Mortgages as of the end of the Set-Aside Term shall be canceled and returned to Minnesota Housing for redistribution under the Program. In addition, any portion of the Commitment Amount reserved for Mortgages that are not delivered to the Master Servicer for purchase within the time period delineated in the Procedural Manual for that purchase, will be canceled and Minnesota Housing will redistribute that amount under the Program. Minnesota Housing may make any funds available to the Program at the end of the Commitment Term for mortgage loans that are eligible to be financed with proceeds of the Bonds.

6. **Commitment Fees.** There is no commitment fee payable by the City for the commitment by Minnesota Housing to the purchase by the Master Servicer of qualifying Mortgages.

7. **Purchase Price.** The purchase price of each Mortgage to be purchased by the Master Servicer pursuant to this Agreement will be as set forth in the requirements of the Procedural Manual and posted on Minnesota Housing's website.

8. **Mortgage Terms.** The terms and conditions for all Mortgages, including but not limited to the interest rate, will be set from time to time by Minnesota Housing, at its sole option and discretion, and communicated to the Lender in accordance with the procedures set forth in the Procedural Manual.

9. **Area Limitation.** Minnesota Housing, pursuant to this Agreement, is required to purchase only those Mortgages that are for residences located within a geographic area to be established and designated by the City.

10. **Servicing.** The servicing of Mortgages shall be the sole responsibility of the Master Servicer or one or more other entities that Minnesota Housing may designate in its sole discretion.

11. **Contract Documents.** The purchase by the Master Servicer of each Mortgage pursuant to Minnesota Housing's commitment is a contract consisting of this Agreement and the provisions and requirements contained in the Procedural Manual, with all amendments and supplements thereto in effect as of the date of Minnesota Housing's acceptance of this Agreement.

12. **Paragraph Captions and Program Headings.** The captions and headings of the paragraphs of this Agreement are for convenience only, and will not be used to interpret or define the provisions thereof.

13. **Applicable Law.** This Agreement is made and entered into in the State of Minnesota, and all questions relating to the validity, construction, performance and enforcement hereof will be governed by the laws of the State of Minnesota.

14. **Agreement Conditional Upon Minnesota Housing Approval.** This Agreement will be a binding obligation of Minnesota Housing upon its execution by Minnesota Housing and delivery of a copy of the same to the City; provided, however, Minnesota Housing may, in its sole option and discretion, any time on or after January 16, 2020 revoke such obligation and terminate this Agreement if the City has not fully executed and returned a fully executed original hereof to Minnesota Housing. That revocation and termination will be accomplished and evidenced by Minnesota Housing notifying the City thereof by way of a "Certified Letter - Return Receipt Requested" addressed and delivered to the City. Upon revocation and termination this Agreement will be null and void and of no force or effect.

15. **Issuance of Bonds.** The City hereby authorizes Minnesota Housing to issue, on behalf of the City, qualified mortgage bonds, as that term is used in the Code, in an amount equal to the Commitment Amount, and Minnesota Housing agrees to issue those bonds if and when federal law authorizes and Minnesota Housing deems it is economically feasible to do so.

(THE REMAINING PORTION OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the City has executed this Agreement this \_\_\_\_\_ day of  
(Day)

\_\_\_\_\_, \_\_\_\_\_  
(Month) (Year)

**CITY: Crow Wing County Housing and  
Redevelopment Authority**

By: \_\_\_\_\_  
(Signature of Authorized Officer)

\_\_\_\_\_  
(Name of Authorized Officer)

**Minnesota Housing APPROVAL**

Minnesota Housing hereby accepts the above Program Application-Commitment Agreement and approves and grants participation in the program.

**MINNESOTA HOUSING FINANCE AGENCY**

By: \_\_\_\_\_  
Kasey Kier

Its: Assistant Commissioner, Single-Family Division

Signed this \_\_\_\_ day of \_\_\_\_\_, 2020.





## Housing & Redevelopment Authority

To: CWC HRA Board Members  
 From: Jennifer Bergman, Executive Director  
 Date: December 5, 2019  
 Re: Executive Director Report

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### **Executive Director Search**

The Brainerd HRA Board held a special meeting on December 5<sup>th</sup> to consider next steps in the search for an executive director. The Board agreed to hire Gary Weiers from DDA Human Resources Inc. to conduct the search (the same firm who conducted the city administrator search for the City of Brainerd). The intent is to have the Brainerd HRA Board approve the profile, job description, salary range, and hiring process at their December 18<sup>th</sup> meeting. The tentative schedule is to have the position open from January 6<sup>th</sup> to February 3<sup>rd</sup> and conduct interviews on February 26<sup>th</sup>. The recommendation is to ask a representative from both the CWC HRA and the Crosby HRA to participate in the interviews.

### **Management Agreement with BLAEDC**

We are working on the management agreement between the CWC HRA and BLAEDC with our attorney, Martha Ingram, and Tyler Glenn from BLAEDC. Attorney Ingram has stressed that all of the funds provided to BLAEDC from the CWC HRA must be used on eligible activities in the HRA statute. She will have a draft agreement to us by December 12<sup>th</sup> for us to review. The plan is to have the agreement finalized by the end of the year and on the January CWC HRA agenda for your consideration.

### **Workforce Housing Study**

The Workforce Housing Study is starting to take shape. We have received draft recommendations from Redevelopment Resources. The Workforce Housing Task Force will be meeting on Thursday, December 19<sup>th</sup> to discuss these recommendations and start to review the draft of the housing study. We are anticipating that the final report will be provided to the CWC HRA Board at either the January or February meeting.

**No Action Requested; Discussion Item**

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## Housing & Redevelopment Authority

To: CWC HRA Board Members  
 From: John Schommer, Rehab Coordinator  
 Date: December 4, 2019  
 Re: Brainerd HRA/Rehab Programs Report

### NE BRAINERD SCDP

Address	Type of Rehab	Units	Status
707 Laurel St.	Commercial	1	In Construction
707 Laurel St.	Mixed-use	9	DEED is reviewing
212 1 <sup>st</sup> Ave. NE	Owner-occupied	1	In Construction
612 2 <sup>nd</sup> Ave. NE	Owner-occupied	1	In Construction
201 & 203 B St.	Rental	2	Work Write-up
419 3 <sup>rd</sup> Ave. NE	Rental	3	Work Write-up
726 4 <sup>th</sup> Ave. NE	Rental	3	Application Phase

### Emily SCDP

- » 4 Owner-occupied projects are in construction
- » 1 application is being processed

### FHLB AHP Application

Application for six units of rehab was submitted on May 31<sup>st</sup>. We will find out in December if we were funded.

### MHFA

- » 5 projects are in construction
- » 2 projects are bidding
- » 1 project is in work write-up
- » 1 application is processing

### BRAINERD OAKS/SERENE PINES

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	35	25	6	6
Serene Pines	23	11	8	3	3
Dalmar Estates	7	1	1	0	1

\*Originally 83 lots, two have been merged/combined into a single parcel.



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