

Chapter 7

Affordable Housing

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(Ord. No. 2544-18, 10-15-18)

State law reference(s)--Minnesota Law, M.S.A. Chapter 462C

Sec. 7-1. Definitions.

The following definitions apply to this chapter:

Persons of extremely low income means families and individuals whose incomes do not exceed 30 percent of area median income, as median income was most recently determined by the United States Department of Housing and Urban development for the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin Metropolitan Statistical Area, as adjusted for smaller and larger families.

Persons of very low income means families and individuals whose incomes do not exceed 50 percent of area median income, as median income was most recently determined by the United States Department of Housing and Urban development for the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin Metropolitan Statistical Area, as adjusted for smaller and larger families.

Persons of low income means families and individuals whose incomes do not exceed 80 percent of the area median income, as median income was most recently determined by the United States Department of Housing and Urban development for the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin Metropolitan Statistical Area, as adjusted for smaller and larger families.

Persons of moderate income means families and individuals whose incomes exceed 80 percent, but do not exceed 120 percent, of area median income, as median income was most recently determined by the United States Department of Housing and Urban development for the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin Metropolitan Statistical Area, as adjusted for smaller and larger families.

Sec. 7-2. Affordable housing trust fund established.

Pursuant to the authority granted to the city under Minnesota Statutes Section 462C.16, an affordable housing trust fund is established to provide loans and grants to for-profit and non-profit housing developers for the acquisition and capital and soft costs necessary for the creation of new affordable renter and owner-occupied housing, for the rehabilitation and preservation of existing multi-family residential rental housing including Naturally Occurring Affordable Housing (NOAH) and rental assistance and homeownership assistance to persons of extremely low, very low, low and moderate income.

Sec. 7-3. Funding.

The Affordable Housing Trust Fund shall be funded by an annual budgeted allocation of funds from the city's Housing and Redevelopment Authority (HRA) levy as approved by the city council. Other sources of funding may include, but are not limited to:

- (a) Private cash donations from individuals and corporations designated for the Affordable Housing Trust Fund.
- (b) Payments in lieu of participation in current or future affordable housing programs.
- (c) Matching funds from a federal or state affordable housing trust fund; or a state program designated to fund an affordable housing trust fund.
- (d) Principal and interest from Affordable Housing Trust Fund loan repayments and all other income from Trust Fund activities.
- (e) The sale of real and personal property.
- (f) Local government appropriations, development fees and other funds as designated from time to time by the city council.
- (g) Tax Increment Finance (TIF) pooled funds.

Sec. 7-4. Use of funds.

The city may use money from the Affordable Housing Trust Fund to assist proposed projects or programs to develop or preserve affordable housing for persons of extremely low, very low, low and moderate income to include:

- (a) Making loans at interest rates below or at market rates in order to strengthen the financial feasibility of proposed projects.
- (b) Guaranteeing of loans.
- (c) Providing gap financing for affordable housing developments.
- (d) Financing the acquisition, demolition, and disposition of property for affordable housing projects.
- (e) Financing construction of public improvements and utilities to aid proposed affordable residential developments.
- (f) Financing the rehabilitation, remodeling, or new construction of affordable housing.

- (g) Tenant and project based rental assistance.
- (h) Funding for acquisition and rehab in conjunction with related to housing trust fund projects.
- (i) Funding to facilitate affordable homeownership opportunities including down payment assistance, second mortgages, closing costs, etc.
- (j) Administrative costs associated with affordable housing programs.
- (k) Interim financing of public costs for affordable housing projects in anticipation of a permanent financing source (i.e. construction financing, bond sale, etc.)
- (l) Other uses as permitted by law and approved by the city council.

Sec. 7-5. Terms and conditions of repayment.

The city shall determine the terms and conditions of repayment of loans and grants from the Affordable Housing Trust Fund including the appropriate security and interest, if any, should repayment be required. Interest on loans and grants shall be as established by the city from time to time or at the time of approval of a specific project or program.

Sec. 7-6. Reporting requirements.

The Affordable Housing Trust Fund shall report annually to the city on the use of the Affordable Housing Trust Fund account including the number of loans and grants made, the number and types of residential units assisted through the account, and the number of households for whom rental assistance payments were provided. The city shall post the report on its Web site.

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