

DOUGLAS COUNTY MINNESOTA
ORDINANCE No: 121923

AN ORDINANCE CREATING THE DOUGLAS COUNTY HOUSING TRUST FUND

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 Douglas a fund to be known and denominated as the Douglas County Housing Trust Fund (the "Housing Trust Fund"). The Housing 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 Housing 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 following purposes: (1) acquisition, capital and soft costs necessary for the creation of new Affordable and Workforce Housing (both rental and owner- occupied), (2) acquisition, rehabilitation, capital and soft costs necessary for the preservation of existing affordable housing needs (3) acquisition, capital and soft costs necessary for the creation of new Mixed Income Housing (both rental and owner- occupied); (4) the rehabilitation of the existing housing stock; and (5) other housing expenditures that are consistent with Minnesota Statutes, Section 462C.16 Subd. (3). Purposes are not listed in order of priority.

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 homeowner association dues which allows a moderate, low 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 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 Housing Trust Fund.
- 2.5 "Grants Supervisor" means the Douglas County Housing and Redevelopment Authority Executive Director, or their designee.
- 2.6 "Housing Trust Fund" means the Douglas County Housing Trust Fund.
- 2.7 "DCHRA" means the Housing and Redevelopment Authority in and for the County of

Douglas.

- 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 "Mixed Income Housing" means a residential structure that comprises differing levels of affordability, with some units at market rate and others available to low and moderate income households at below-market rates.
- 2.10 "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.
- 2.11 "Permanent Source of Funding" means once funds are allocated to the Housing Trust those funds can only be expended for purposes outlined in section (4) of this document.
- 2.12 "Project" may mean a single-family house (attached or detached) or a multifamily property, either as owner-occupied property or rental property.
- 2.13 "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 Housing Trust Fund Account. A Recipient may be an individual, partnership, local unit of government, joint venture limited liability company or partnership, association or corporation.
- 2.14 "Very Low Income" means gross household income that is at or below fifty percent (50%) of Area Median Income.
- 2.15 "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.

Section 3: HOUSING TRUST FUND ACCOUNT; SOURCE OF TRUST FUNDS

- 3.1 There is also hereby established a Douglas County Housing Trust Fund Account, to be maintained by the DCHRA. All funds received by the DCHRA 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 Direct Local Housing Aid;
 - 3.2.2 Private cash contributions designated for the Housing Trust Fund;
 - 3.2.3 Payments in lieu of participation in current or future Housing Trust Fund programs;
 - 3.2.4 Grants or loans from the federal or state government;
 - 3.2.5 Principal and interest from Trust Fund loan repayments and all other income from Trust Fund activities.
 - 3.2.6 Employer based funds and matches.
 - 3.2.7 Other sources to be considered include contributions made by local or regional utility companies, specific county departments, specific county program funds, cities and/or townships, and non-profit organizations.

- 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 DCHRA or County Board.

Section 4: TRUST FUND DISTRIBUTIONS

- 4.1 The Housing Trust Fund is to function as a resource to fund loans and grants in strict accordance with this Section. The DCHRA shall review and adopt a policy to establish the process and other administrative parameters of the loans and grants permitted by the Housing Trust Fund. The Housing Trust Fund shall be administered by the Grants Supervisor of the DCHRA. No disbursements over \$10,000 may be made from the Housing Trust Fund Account without the prior approval of the DCHRA's Board of Commissioners.
- 4.2 Disbursements from the Housing 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; down payment assistance; rental assistance; home buyer counseling services; 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 \$10,000 considered for funding will be reviewed by the DCHRA staff, and the Executive Director shall submit staff comments and recommendations to the DCHRA's Board, prior to DCHRA action.
- 4.4 The DCHRA shall within thirty (30) days following the close of each fiscal year prepare and submit an annual report to the County on the activities undertaken with funds from the Housing Trust Fund. The report shall specify the number and types of units assisted; the amount loaned or granted 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.
- 4.5 Projects funded by the Housing Trust Fund shall be dispersed throughout the County.

Section 5: TERM OF AFFORDABILITY

- 5.1 The DCHRA shall give preference to those projects that ensure that the Assisted Units remain Affordable for the longest period possible. Affordability period requirements

for Housing Trust Fund programs may be determined by a policy adopted by the DCHRA Board of Commissioners.

- 5.2 Assisted Units shall be deed-restricted to ensure long-term affordability.
- 5.3 The DCHRA will enter into loan and grant agreements with the Recipients of the Housing Trust Fund monies. Each agreement will clearly state the conditions and requirements for the Recipient's use of Housing 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 DCHRA shall enforce all debt and lien instruments to the fullest extent of the law. The DCHRA may recommend debt settlement offers, if it is determined to be in the best interest of the Housing 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 on the date of its passage by the Douglas County Board of Commissioners and publication according to Minnesota Statutes.

Adopted by the Douglas County Board of Commissioners on December 19, 2023.



Charlie Meyer, Douglas County Board Chair

ATTEST



Heather H. Schlagen, Coordinator
Clerk of the Board
Douglas County, Minnesota