



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 11/08/2021
Item No.: 5.a

Department Approval

Executive Director Approval

Janice Gundlach

Randy Trueman

Item Description: Consider a Resolution adopting guidelines and authorizing a Master Agreement for a Land Trust Partnership Program with Twin Cities Habitat for Humanity

BACKGROUND

On September 20, 2021, the Roseville Economic Development Authority (REDA) provided staff direction on the development of a Housing Land Trust Program with Twin Cities Habitat for Humanity (TCHH). Staff has developed the following guidelines based upon direction from the REDA (Attachment A):

Use of Funds

Funds from the REDA may be used to cover a portion of the purchase price of property for a single-family home or townhome, either through a traditional sale or through tax-forfeiture. Three primary scenarios are anticipated:

- For properties purchased directly by TCHH for inclusion in the land trust, and if using funds other than Community Development Block Grant (CDBG) funds, the REDA will contribute an amount representing the assessed value of the land only, up to a maximum of \$80,000.
For properties purchased directly by TCHH for inclusion in the land trust, and if using CDBG funds, the REDA will contribute an amount not to exceed 25% of the purchase price of the property, up to a maximum of \$80,000.
REDA acquisition via tax-forfeited properties for inclusion in the land trust. The REDA will purchase such properties pursuant to Ramsey County's Tax Forfeited Land Policies & Procedures for 25% of market value, plus maintenance costs and recording fees, up to an aggregate maximum amount of \$80,000 per property, regardless of the funding source.

Funding sources for the REDA's contribution will include:

- existing CDBG funds,
Affordable Housing TIF, and
Housing Replacement Program funds.

Use of funds are subject to applicable federal, state, and/or local rules governing such funds. Future funding resources may also include Ramsey County, Metropolitan Council and Minnesota Housing depending on the REDA's success in applying for and receiving said funds.

General Conditions of Purchase

- TCHH will inspect potential properties in partnership with the REDA and City staff to determine home eligibility and level of rehabilitation that may be required (if any). Depending on level of rehabilitation, TCHH will be responsible for finding resources to complete the home improvements identified.

- The partnership will actively pursue 1-4 homes per year priced at \$300,000 or below through either private sale or listings on the NorthstarMLS.
- Tax-forfeit properties will be made available for consideration by the community's land trust (CLT).

Eligible Households

- Assets not to exceed \$25,000 (subject property and retirement funds excluded).
- Eligible households must be first time homebuyers, unless a previous home was lost due to foreclosure.
- Sale and resale of CLT properties must be limited via a ground lease to low-to-moderate income households, meaning those households with incomes not exceeding 80 percent AMI, as determined by the U.S. Department of Housing and Urban Development (HUD), amounts which are updated annually.
- A member of the homebuyer household must commit to occupy and maintain an ownership interest in the property after acquiring the property, but no member of the homebuyer household may have had an ownership interest in the property at any time prior to acquisition.
- At least one homebuyer must, prior to purchase, complete homebuyer education or counseling, and/or financial education or counseling, from a member of the Minnesota Homeownership Center's Homeownership Advisors Network.
- Potential homeowners can utilize the REDA's down payment assistance funds if they meet the qualifications.

In order to formalize this partnership, REDA attorney Martha Ingram has drafted a Master Long-Term Affordability Gap Assistance Grant Agreement (Attachment B). Adoption of a resolution is necessary, providing approval of the guidelines outlined herein and authorization of the Master Grant Agreement (Attachment C). In addition, the resolution allows for the President and Executive Director to approve modifications to the Master Long-Term Affordability Gap Assistance Grant Agreement that doesn't alter the substance of the guidelines and/or agreement. Given this is a new venture, there may need to be minor revisions to the guidelines and agreement as we work through the process of acquiring homes with TCHH. Any substantive changes will be brought before the REDA for authorization.

BUDGET IMPLICATIONS

The REDA funds identified for such a program include CDBG funds of \$302,310, affordable housing TIF pooling funds of \$67,770, and Housing Replacement Program funds of \$478,760, totaling \$848,840. Some of these funds will grow over time, such as affordable housing TIF pooling funds. Staff will pursue other funding opportunities as they arise, namely grant funds through the Met Council, Minnesota Housing, and the County.

STAFF RECOMMENDATION

Adopt a resolution approving Guidelines for Allocation of REDA Funds for Community Land Trust Properties and authorizing the President and Executive Director to execute a Master Long-Term Affordability Gap Assistance Grant Agreement.

REQUESTED EDA ACTION

By motion, adopt a resolution approving Guidelines for Allocation of REDA Funds for Community Land Trust Properties and authorizing the President and Executive Director to execute a Master Long-Term Affordability Gap Assistance Grant Agreement.

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Attachments: A: Guidelines for Allocation of REDA Funds for Community Land Trust Properties
B: Master Long-Term Affordability Gap Assistance Grant Agreement
C: Resolution approving Guidelines for Allocation of REDA Funds for Community Land Trust Properties
and Authorizing Execution of Master Grant Agreement