

To: Northfield HRA
From: Rice County Habitat for Humanity, Executive Director, Dayna Norvold
Date: July 22, 2016 for August 11, 2016 HRA meeting
Re: Request for Funding for 2016 Build

Rice County Habitat for Humanity is appreciative of the financial support from the Northfield HRA for previous builds in Northfield. In the past, the HRA has paid for the building permit and Water/Sewer Hook up fees for Northfield builds. This has ranged from \$4,000 - \$6,000. Additionally, the HRA has provided land to Habitat. The City of Faribault has done the same thing over the years.

**Note: as in the past, when this request is considered Dayna Norvold will recuse herself from the discussion but will be available to answer questions.*

Here are a few pictures of previous builds in Northfield:

1209 Superior Drive, Curci Family in 2011



1213 Superior Drive, Manderfeld Family in 2011



Why are Habitat for Humanity homes important in our community?

1. Habitat partners with families who, without our support, would be unable to achieve the dream of homeownership. These families are burdened by the high cost of rent and do not have any other options.
2. To be selected, families demonstrate a need for housing, an ability to pay a mortgage and a willingness to partner.
 - o Every family needs to pay a mortgage (including taxes and insurance) to Habitat. This is a payment between \$550 – \$850/month
 - o Every family puts in 350 hours of time working on their home



Rice County Habitat for Humanity Mission Statement

Rice County Habitat for Humanity partners with families who otherwise may be unable to achieve the dream of home ownership by establishing partnerships among God's people to build simple, decent, affordable homes.

Habitat provides homeownership in a two particular ways that no other program or the market provides:

1. **The kind of house we build:** We build simple and decent houses. Typically our houses are rambler style with an unfinished basement. About 1,200 square feet are finished. Our standard house includes 3 finished bedrooms, kitchen, dining room, living room and one finished bathroom. The basement includes two egress windows and is plumbed for a future bathroom. Future homes will be split level with the same features. The market is not currently building this style of home.
2. **We control the financing terms:** in 2011, the houses on Superior Drive (pictured above) appraised for \$150,000. That's a very reasonable and one would think, affordable home. However, a household at 26,000 annual income cannot afford that home EVEN AT ZERO PERCENT INTEREST.

Here's the math:

- 26,000 annually = 2,167 monthly gross
- 30% of 2,167 = 650.00 *(it's considered affordable when you pay no more than 30% of your gross income towards housing)*
- Escrow needed = \$300/month
 - Taxes are estimated at 2,400/year = 200/month
 - Insurance is estimated at 1,200/year = 100/month
- That leaves \$350/month left to pay towards principal and interest. Habitat's traditional financing is 0% and typically we do 30 years (360 payments).
 - $\$350 \times 360 \text{ payments} = \$126,000$ would be the max a family at an annual income of 26K could afford
- Habitat controls the financing, so in this example we would do the following:
 - 1st Mortgage, 0%, 30 years = 126,000
 - 2nd Mortgage, 0%, deferred for 30 years = \$24,000 *(difference between appraised and 1st mortgage)*
 - Typically, this second mortgage is forgiven at the term of the 1st
 - This second mortgage exists so families don't move in and turn around and sell the house, pay off their 1st, and pocket the equity.

2016 Build Plans

We are building one house in Northfield at 805 1st Street West and one house in Faribault at 501 Short Street.

805 1st Street West, Northfield Specifics

- Building with Judy Alexander and her four children. Currently she lives in a two bedroom apartment and pays \$850 in rent. She shares a room with her daughter and the three boys share one room.
- The lot is coming from Dakota County Community Development Agency and we are paying \$1.00

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- We expect the house to cost in cash \$120,000. We expect an additional \$30,000 value through in kind donations of labor and materials. We expect the house to appraise at \$150,000 or higher.
- We expect to start building in mid-August, 2016 and be completed by November, 2016
- We are doing a split entry house – see drawing.



Request

- Rice County Habitat for Humanity requests that the HRA pay for the building permit fee and any water/sewer hook up fees. The final amount is not yet known because the building permit application has not been completed as of July 22, 2016. We expect the amount to be between \$4,000 - \$5,000.

Other Attachment:

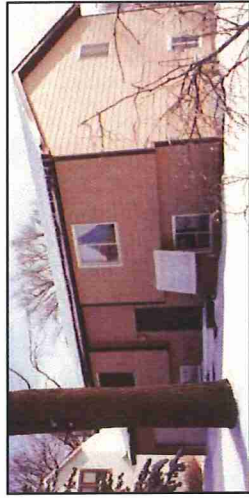
Pictures of all of our houses since 1993.

Thank you for your support of building safe, decent and affordable homes in OUR community.

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1993



Kleeberger Family (1)
315 S. Poplar, Northfield

1995



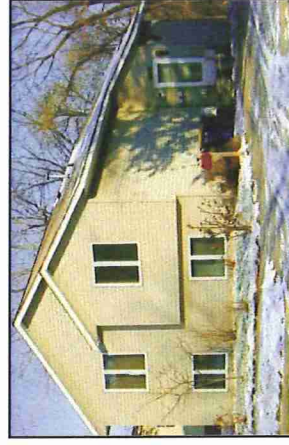
Berg Family (2)
304 7th Ave NW, Faribault

1997



Irwin Family (3)
208 Forest Ave. S., Dundas

1999



Cavin Family (4)
815 Central Ave., Faribault

2000



Palmquist Family (5)
754 Sibley Dr, Northfield

2001



Noel (Morales) Family (6)
309 2nd Ave, SW, Faribault

2002



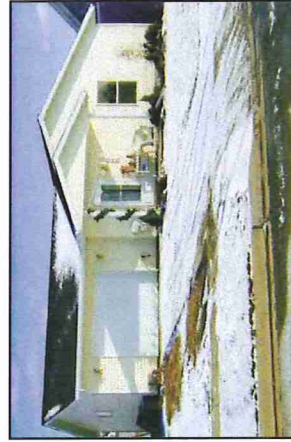
Patzner Family (7)
601 Bunker Dr., Northfield

2003



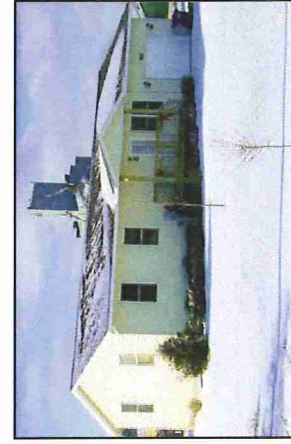
Hardie Family (8)
320 20th St. NW, Faribault

2004



Warring Family (9)
404 Bunker Dr., Northfield

2005



Huffstutter Family (10)
17210 Lamb Ave., Nerstrand

2006



Avalos Family (11)
17208 Lamb Ave., Nerstrand
Thrivent Builds

2006



Blake Family (12)
17206 Lamb Ave., Nerstrand

2007



Cook Family (13)
17204 Lamb Ave., Nerstrand
Thrivent Builds

2007



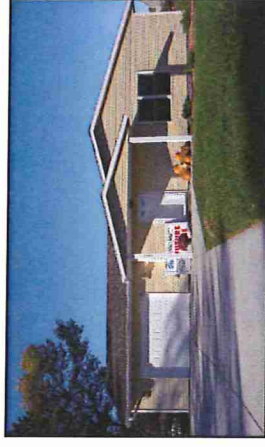
Simonson Family (14)
900 W. 2nd St., Northfield

2008



Juarez Family (15)
314 Erblang Ave., Faribault
Thrivent Builds

2008



Olson Family (16)
321 4th Street, Lonsdale

2009



Rosas Family (17)
118 Miller Lane, Dundas

2009



Keilen Family (18)
106 Miller Lane, Dundas
Thrivent Builds

2009



Erickson Family (19)
222 Irving Ave., Faribault

2010



Reynolds Family (20)
127 Elm Street, Lonsdale
Thrivent Builds

2010



Dolal Family (21)
22nd Street, Faribault

2010



Mazurek Family (22)
Spring Wheat Drive, Dundas

2010



Zoubek Family (23)
15 5th Ave., Faribault

2011



Curci Family (24)

1209 Superior Drive, Northfield
Thrivent Builds

2011



Manderfeld Family (25)

1213 Superior Drive, Northfield

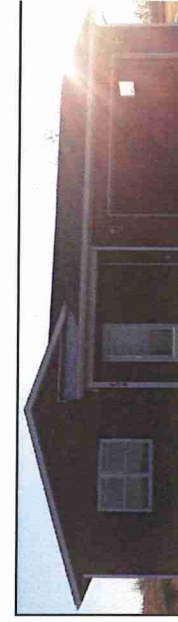
2011



Ali Family (26)

317 23rd St NW, Faribault

2011



Abukaff Family (27)

406 Sidney Street, Morristown

2012



Voegele Family (28)

22865 Dalton Avenue, Faribault
Thrivent Builds

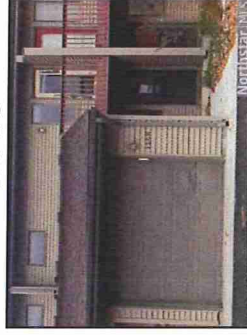
2012



Stanton Family (29)

130 Miller Lane, Dundas

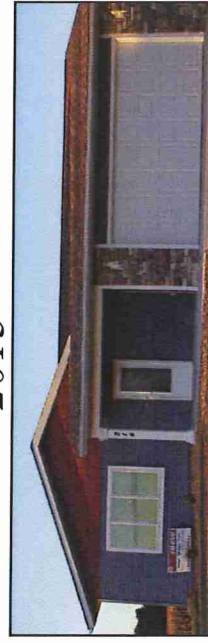
2013



Coy Family (30)

1168 Highland Ave. Nfld

2013



Weed Family (31)

214 Spring Wheat Drive, Dundas
Thrivent Builds

2013



Dalaska Family (32)

1016 1st Avenue NW, Faribault

2013



Zubia Family, Odd Fellows Ln, Nfld

Partner Family 33, ABWK 1

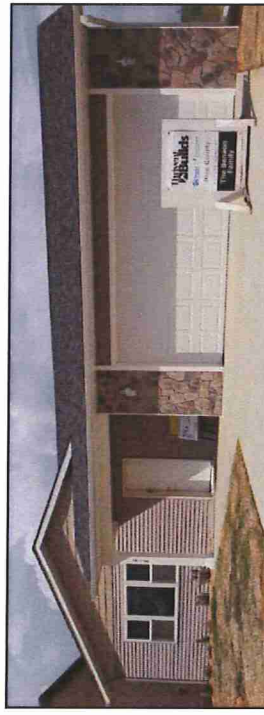
2014



Schwartz Family, Nfld

Partner Family 34, ABWK 2

2014



Benson Family (Partner Family 35, Build 33)

218 Spring Wheat Drive, Dundas

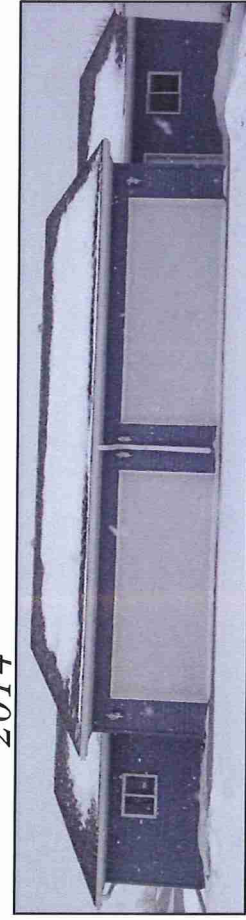
Thrivent Builds

2014



Dominick Family (Partner Family 36, Build 34)

408 Thruen Street, Morristown



Boettcher Family (Partner Family 37, Build 35)

551 4th Avenue, Lonsdale

Swenson Family (Partner Family 38, Build 36)

545 4th Avenue, Lonsdale

2015



Weaver Family (Partner Family 39, Build 37)
216 1st Avenue SW, Faribault

2015



Morris Family (Partner Family 40, Build 38)
408 Thruen Street, Morristown

As of July 2015, 35 of our 38 families are still in their homes! Goes to show that simple, decent and affordable housing creates STABILITY for families and communities!

FUTURE PLANS

2016

2 Families Served

- One in Northfield and one in Faribault

2017

3 Families Served

- Locations to be determined

2018

3 Families Served

- Locations to be determined

