

To: City of Northfield's Housing and Redevelopment Authority
From: Rice County Habitat for Humanity, Dayna Norvold
Date: March, 5, 2021
Re: Requests for our 2021 Builds

As you know, the need for affordable housing remains high in our community. There are some projects in construction and under consideration that will fill the gap for some moderate-income households (60% of AMI, about 47K annually) but it still leaves our lower income folks with no new housing options. Additionally, all the new housing options for low to moderate-income folks are RENTALS.

Habitat for Humanity believes HOMEOWNERSHIP can end generational poverty, address the income inequalities for people of color and help build community that's long-lasting. Homeownership can be a catalyst to wealth building for low-income households and households of color like nothing else can.

Rice County Habitat for Humanity is creating **six homeownership opportunities** in Northfield in 2021. In this document I'll share a bit of our history, our plans for 2021 and a request for partnership with the HRA.

Our History of Builds in Northfield:

1993



Kleeberger Family (1)
315 S. Poplar, Northfield

2000



Palmquist Family (5)
754 Sibley Dr, Northfield

2002



Patzner Family (7)
601 Bunker Dr., Northfield

2004



Warring Family (9)
404 Bunker Dr., Northfield

2007



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

2011



Curci Family (24)
1209 Superior Drive, Northfield
Thrivent Builds

2011



Manderfeld Family (25)
1213 Superior Drive, Northfield

2016



Alexander Family (Partner Family 42, Build 40)
805 1st Street NW, Northfield

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204 7th Street West, PMB 128
Northfield, MN 55057
www.habitatricecounty.org
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We select households that have incomes between 30K – 68K/annually. That's 30-80% of Area Median Income. However, the average income of the households we've selected over the last four years is \$39,635, which is about 50% of AMI. With that income, their housing payment is kept at about \$990/month (that includes principal, interest, taxes and insurance). That's LESS than what Fair Market Rent is for a 3 and 4 bedroom unit in Northfield.

Additionally, all of our homes have at least three bedrooms and we've built up to 6 bedrooms. Our workforce, many of whom have children, need more than a one and two bedroom unit (which is the majority of what's being built with the new developments).

Further, all of our homes are built either fully handicap accessible or to a "visitable" standard (which means a wheelchair can enter on the main level). We've built homes that accommodate people with hearing impairments and physical limitations that require a full wheelchair accessible home and shower/bathroom.

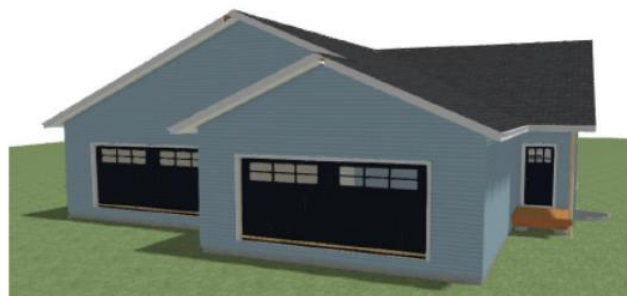
We have not built in Northfield since 2016 because acquiring affordable land is an incredible challenge. That's why, for 2021, we've pivoted to a different build design so that we could acquire land and serve more families. We've moved to building multi-family units, instead of just single family homes.

2021 Build Plans



We will be joining an existing Home Owners Association to build this quad on the south end of town. We were able to acquire two pieces of land that will have four units on each for a total of 8 units for 160K (20K each). We will build the first quad in 2021 and the second quad in 2023 or 2024. These units are all slab on grade. The two end units can have up to three bedrooms and will be fully handicap accessible. The two middle units will also have three bedrooms.

We will also be building a duplex (pictured below) at 1207 Archibald Court in Northfield. This site (which we paid 20K for) had an old farmhouse on it that hadn't been lived in for at least 10 years (pictures below). To rehab this home and make it energy efficient (which means affordable) was too high a price to pay. Instead, we demolished the home for 15K. Removing this blighted property is an improvement in the neighborhood. We are going to build a duplex on this property for two homeowners. These units will have a basement and will each have the capacity for four bedrooms.



STREET (WEST) SIDE



SOUTH EAST SIDE

In total, that will be HOMEOWNERSHIP for six households in Northfield. We don't know what these homes will appraise for, but we anticipate each unit will have an appraisal for at least 225K.

What will the actual costs of these builds be and how will they be financed?

Example:

Land	20,000
Construction	200,000
Operating	20,000 <i>(this does not capture all of the operating costs that include insurance liability, construction loan costs, trailers, tools and staff time. We typically use 10% of the anticipated construction costs to come to this amount)</i>
TOTAL	\$240,000

We may be in a situation where the house costs more than the appraisal result. Nonetheless, we cannot finance the house for more than the appraisal value. So, let's look at how we might finance the houses.

This is the only loan they pay on.

The deeper the investment here, the lower we can go in household income.

These junior mortgages are 0% interest and deferred. They are due in full upon a future title transfer.

	Quad 1	Quad 2	Quad 3	Quad 4
Income that could afford 1 st Mortgage	58,240	52,000	45,760	41,600
1 st Mortgage with USDA's Rural Development	200,000	180,000	160,000	140,000
2 nd Mortgage – hopefully with the HRA DPA Funds	25,000	25,000	25,000	25,000
3 rd Mortgage – Three Rivers potential		10,000		
4 th Mortgage with Habitat MN			20,000	20,000
5 th Mortgage with Rice County Habitat		10,000	20,000	40,000
TOTAL FINANCED	225,000	225,000	225,000	225,000

Questions you might ask: Why can't Three Rivers provide more funding for more units? Their funds are extremely limited. Why can't Habitat MN provide more funding for more units? Their funds are limited as well. Where does Habitat come up with the money? We have mortgage income from previous homes, donors and grants.

Request for Partnership with the HRA

The HRA in Northfield has been a great partner in the past with Habitat and we look forward to that continuing. Examples of support in the past have included the payment of the Building Permit Fees. We anticipate the Build Permit fees for each unit to be about 7K. That's 42K. We anticipate submitting the build permit in mid-March so we will know the exact costs then.

REQUEST 1: to pay the full Build Permit fees for the six units as a grant to Habitat.

The households we select for our Partner Families for these units will all fit the criteria for the Down Payment Assistance program with the HRA. That's six units at 25K each = \$150,000. These funds are, of course, secured by a mortgage, and will be paid back in full upon a future title transfer. This is an investment to six units of homeownership in Northfield for people at 80% of AMI or below.

REQUEST 2: to fully fund the 25K in Down Payment Assistance to each of six applicants for a total of \$150K, either through CDBG funds or levy funds or any other funds you have available!

We'd also like to invite you to join us on the build site! We'd love to have a day where the HRA would initiate a Build Day with Habitat and invite members of the Planning Commission, EDA, members of City Council and City Staff. We'll ensure a meaningful work day and you'll get a chance to get boots on the ground and work site by side with other people from the city who believe affordable housing is a priority in our community.

REQUEST 3: Initiate a Build Day with Habitat

Building affordable housing takes partnerships, investments, generosity and hard work. It takes trust, some accepted level of risk and a belief in the resilience and strength of people who have been underserved and under believed in. We can't just look to the city or the developers or nonprofits to build affordable housing. We must ALL come together in a big way. **Let's go big so we can all go home.**



every parent

wants a better future for their family



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