

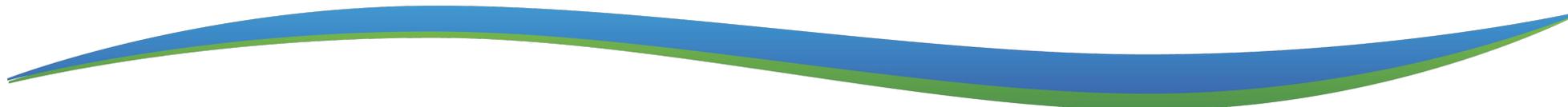


Local Housing Trust Fund Basics

Mitzi Baker, Community Development Director

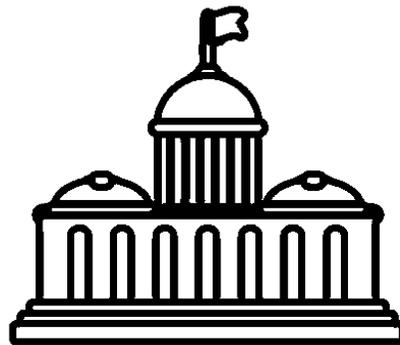
Melissa Hanson, Housing Coordinator

January 18, 2022



What is a Local Housing Trust Fund?

- Housing Trust Funds (HTFs) are **established by elected government bodies** at the city, county, or state level
- They **dedicate public revenues** to a **distinct fund** that is used to address housing needs



MN Statute 462C.16

<https://www.revisor.mn.gov/statutes/cite/462C.16>

The screenshot shows the Minnesota Legislature website. At the top, there is a navigation bar with links for House, Senate, Joint, Schedules, Committees, Bills, Law, Multimedia, and Publications. Below this is a banner image of the Minnesota State Capitol building with the text "Office of the Revisor of Statutes". A search bar is located in the top right corner. Below the banner, there is a navigation menu with options like "Retrieve by number", "Statutes", "Laws", "Rules", "Court Rules", "Constitution", "Revisor's Office", and "Search Law by Keyword". The main content area displays the text of Statute 462C.16, titled "2020 Minnesota Statutes". The statute is titled "462C.16 HOUSING TRUST FUNDS FOR LOCAL HOUSING DEVELOPMENT." and contains several subdivisions. A right-hand sidebar titled "Resources" provides links to search, table of contents, and version lists for the chapter and section.

Minnesota Legislature

House Senate Joint Schedules Committees Bills Law Multimedia Publications

Office of the Revisor of Statutes

Retrieve by number Statutes GO Statutes Laws Rules Court Rules Constitution Revisor's Office Search Law by Keyword

2020 Minnesota Statutes > LOCAL GOVERNMENT POLICE POWERS > Chapter 462C > Section 462C.16

462C.16

2020 Minnesota Statutes [Authenticate PDF](#)

462C.16 HOUSING TRUST FUNDS FOR LOCAL HOUSING DEVELOPMENT.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given to them.

- (b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.
- (c) "Fund" means a local housing trust fund or a regional housing trust fund.
- (d) "Local government" means any statutory or home rule charter city or a county.
- (e) "Local housing trust fund" means a fund established by a local government with one or more dedicated sources of public revenue for housing.
- (f) "Regional housing trust fund" means a fund established and administered under a joint powers agreement entered into by two or more local governments with one or more dedicated sources of public revenue for housing.

Subd. 2. **Creation and administration.** (a) A local government may establish a local housing trust fund by ordinance or participate in a joint powers agreement to establish a regional housing trust fund.

(b) A local or regional housing trust fund may be, but is not required to be, administered through a nonprofit organization. If administered through a nonprofit organization, that organization shall encourage private charitable donations to the fund.

Subd. 3. **Authorized expenditures.** Money in a local or regional housing trust fund may be used only to:

- (1) pay for administrative expenses, but not more than ten percent of the balance of the fund may be spent on administration;

Resources

- [Search Minnesota Statutes](#)
- [About Minnesota Statutes](#)
- [2020 Statutes New, Amended or Repealed](#)
- [2020 Table of Chapters](#)
- [2020 Statutes Topics \(Index\)](#)

Chapter 462C

- [Table of Sections](#)
- [Full Chapter Text](#)
- [Version List](#)

Section 462C.16

- [Version List](#)

Topics

Why a Local Housing Trust Fund?

- Housing Shortage
- Cost-burdened households
- Substandard housing units



Benefits

- 1. Dedicated
- 2. Predictable
- 3. Leverages
- 4. Flexible
- 5. Promotes

Benefits - Dedicated

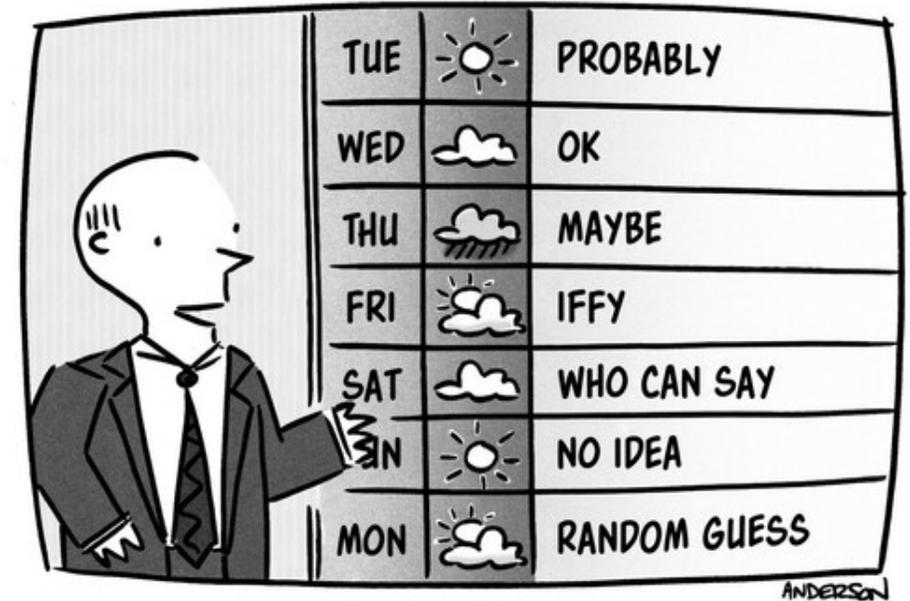
- Best practice recommendation: Recurring funding source, not subject to annual appropriation or budgeting process



Benefits - Predictable

- Allows for long-term planning for municipalities and developers

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"And now the 7-day forecast..."

Benefits – Leverages

- On average, **every \$1** a city trust fund invests in housing **leverages \$6** in additional public and private funds*



– vector –

*MN Housing Partnership, presented
August 19, 2019, mhponline.org

Benefits - Flexible

- Can encourage a variety of activities
- Can address changing needs over time
- Can fill gaps not served by other programs



Benefits- Promotes

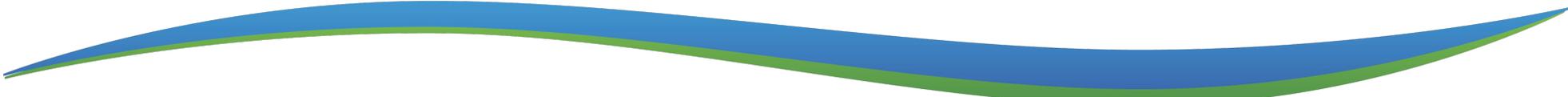
- Elevates housing as a local priority





Adopted Local Housing Trust Funds in Minnesota

Jurisdiction	Year Adopted	Primary Funding Source(s)	Primary Use(s)
Alexandria	2019	<ul style="list-style-type: none"> • TIF pooling • HRA levy • Revolving loan fund proceeds 	<ul style="list-style-type: none"> • Homebuyer assistance • Single Family Rehab • Small rental rehab.
Bloomington	2019	<ul style="list-style-type: none"> • Payment of fees in lieu of opportunity housing units, per the city's inclusionary zoning ordinance • Individual donations • TIF pooling 	<ul style="list-style-type: none"> • New construction • Preservation of Naturally occurring affordable housing (NOAH) • Revolving Loan Fund • Housing Stabilization fund
Edina	2019	<ul style="list-style-type: none"> • Payment in lieu of providing affordable units in Market Rate developments (inclusionary zoning policy) • TIF pooling 	<ul style="list-style-type: none"> • Pilot programs (i.e. 4d program, land trust homes, rehab programs)
Minneapolis	2003	<ul style="list-style-type: none"> • CDBG and HOME program dollars • TIF pooling • Annual appropriations (one time) 	<ul style="list-style-type: none"> • Gap financing for multifamily affordable and mixed-income rental housing production and preservation (rehabilitation)
Red Wing	2016	<ul style="list-style-type: none"> • HRA levy • 25yr TIF 	<ul style="list-style-type: none"> • Single family home downpayment assistance • Financing for multi-family projects • Low to moderate income owner occupied rehab
Richfield	2020	<ul style="list-style-type: none"> • CDBG • EDA levy 	<ul style="list-style-type: none"> • Down-payment assistance • Rental assistance
Rochester	2018	<ul style="list-style-type: none"> • Private donations • City and county contributions 	<ul style="list-style-type: none"> • Create deeper affordability (i.e. 50% AMI) in LIHTC projects.
St Louis Park	2018	<ul style="list-style-type: none"> • HRA levy • TIF pooling 	<ul style="list-style-type: none"> • Preserve naturally occurring affordable housing (NOAH) • Create new affordable units and/or deepen affordability



Adopted Local Housing Funds in Minnesota

St Paul	2019	<ul style="list-style-type: none"> • Parking revenues • Appropriations (one time) 	<ul style="list-style-type: none"> • 4d program costs • Community land trust financing • Down-payment assistance • Rental assistance for families of St Paul public school students ("Families First" program)
Crow Wing County	2020	<ul style="list-style-type: none"> • HRA levy 	<ul style="list-style-type: none"> • Workforce Housing (gap financing, hombuyer assistance) • Employer match for homeownership, rehab (rental & owner-occupied)
Goodhue County	2018	<ul style="list-style-type: none"> • HRA levy 	<ul style="list-style-type: none"> • Down-payment assistance • Multi-Family housing projects • Emergency Housing • Flexible fund (for as needed issues)
Hennepin County	2000	<ul style="list-style-type: none"> • HRA levy 	<ul style="list-style-type: none"> • Loans for affordable housing development serving very low income residents (multi-family, single family; new, rehab, and preservation)
Swift County	2020	<ul style="list-style-type: none"> • HRA levy • Chippewa Valley Ethanol Company shares (distribution from this unique source) 	<ul style="list-style-type: none"> • Housing preservation & redevelopment (including support of a recent purchase of a USDA Rural Development 515 property).



City Council Strategic Planning

OUR VISION

Northfield will be an open safe, welcoming community, recognized for its world-class colleges and historic riverfront downtown, and is dedicated to sustainably enhancing and preserving its vibrant culture, celebrated arts, strong economy and an excellent quality of life where all can thrive.

OUR MISSION

The City of Northfield works for the common good of our residents and businesses and the improvement of our community by providing excellent, innovative municipal services that carry out the City's vision for a high-quality of life for all.

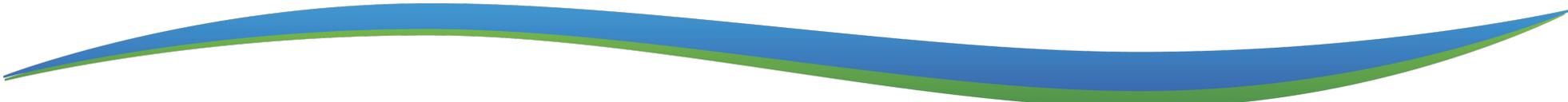
City Council Strategic Planning

STRATEGIC PLAN SUMMARY 2021-2024 City of Northfield

STRATEGIC PRIORITY	DESIRED OUTCOME	KEY OUTCOME INDICATOR (KOI)	TARGET	STRATEGIC INITIATIVES
ECONOMIC VITALITY <i>A Community That's Economically Thriving</i>	Expansion of commercial-industrial tax base consistent with guide plans	- C/I Values permit value increase - # of new infill inventory	From 2021-2024 - C & I permit value increased by \$50M by 2024 - > 50% of new C/I developed on infill sites	a) Implement infill & residential redevelopment strategies b) Implement Tourism recovery strategy c) Deploy Council-Board-Commission economic vitality alignment strategy d) Implement Riverfront Enhancement Plan
	Successful local business recovery	- # new business starts - \$ sales tax growth - Job growth above 2019	From 2021-2024 - New business starts increased by ___ - Increase in sales tax revenue by 10% - Total jobs above 2019 base increased by _#_	
	Successful tourism recovery	- Lodging tax growth - Plan completion % - # new events	From 2021-2024 - > 60% of Riverfront chart actions completed - Lodging tax revenue increased by 10% (2019 to 2024) - Recreation/tourism events increased by _#_	
HOUSING AVAILABILITY <i>A Community Where Everyone Can Afford to Live</i>	Increased availability of housing at all levels	- # of units added above need	From 2021-2024 - Vacancy rate for rentals increased to 6% - Meet or exceed housing supply needs from 2021 housing study	a) Implement rental housing strategy b) Implement housing stabilization program c) Implement a housing expansion strategy
	Increased affordability for cost burdened households	- % decrease in cost burdened HH	From 2021-2024 - Reduce by 5% renters that are cost burdened - Reduce by 5% of owners that are cost burdened	
	Improved housing quality throughout the city	- % of non-compliant rental properties - # properties stabilized	From 2021-2024 - establish baseline of compliance for all licensed rental properties - => 90% compliance rental properties - Assist 12 senior households to facilitate aging in place	
QUALITY FACILITIES <i>A Community Where Infrastructure Supports Its Objectives</i>	Park, recreation and trails exceed community expectations	- % judging facilities satisfactory - % of gaps addressed - condition rating change	From 2021-2024 - All Park and Rec facilities judged satisfactory or above - 50% of the high priority walking and biking system gaps addressed	a) Implement Park & Recreation Capital Investment Plan b) Implement coordinated major facilities strategy c) Implement integrated high-speed internet program
	Resolution of major facility projects	- # decisions made by deadline	By 2024, Go/No Go decisions: - Ice Arena; NCRC/Fifty North remodel & expansion; Liquor Store	
	High speed internet access available to all	- # w/o provider access - % public places w/o free internet	- by 2023 High-speed fiber provider access – all properties - 2023-2024 Free high-speed Wi-Fi in public places	

City Council Strategic Planning

DIVERSITY, EQUITY AND INCLUSION	Staff and volunteers reflect the community	- % increase in racial diversity: staff, volunteers	By 2024: - 50% increase in racial diversity of: - City workforce; Boards and Commissions	a) Implement Board and Commission diversity strategy b) Continue implementation of Racial Equity Action Plan
	Improved access to city services for all demographics	- % improvement in access-target groups	From 2021-2024 - Meet access goals for two targeted groups	
	City is a community leader on DEI	- Race equity action plan targets achieved	From 2021-2024 - DEI Leadership collaboration goals met yearly	
SERVICE EXCELLENCE	Adequate staff to meet demands	- # projects delayed - % service-level staffing ratios not met	From 2021-2024 - Staffing & resource adjustments implements to reconcile staffing & service demands in two services	a) Conduct Annual Department Analyses b) Deploy Board & Commission Governance effectiveness program c) Implement a service excellence program d) Complete updated comprehensive plan
	Improved Board-Staff effectiveness	- % aligned with strategic plan - % rating good/above	By 2024: - >75% rate working relations good or excellent - 90% of Board activities align w/strategic plan	
	Improved service delivery	- % improvement in community satisfaction - % improvement in cycle, response times	- Community satisfaction in two targeted services increased by 10% by 2024 - >80% indicate well informed re: City issues by 2024 - 90% of targeted improvements achieved by 2024	
CLIMATE ACTION	Climate resilience is a priority in plans and budgets	- # climate actions in City plans - # climate actions funded	By 2024: - Emerald Ash Borer plan funded & implemented - Climate resilience standards incorporated into annual budget process and planning decisions	a) Implement Climate Action Plan
	Reduced net carbon emissions	- % reduction in CO2 emissions - % increase – renewable energy use	By 2024: - City renewable electricity is 60% of usage - City CO2 emissions reduced 20% from 2019 levels	



City Council Strategic Planning- Housing Availability

<p>HOUSING AVAILABILITY</p> <p><i>A Community Where Everyone Can Afford to Live</i></p>	<p>Increased availability of housing at all levels</p>	<p>- # of units added above need</p>	<p>From 2021-2024: - Vacancy rate for rentals increased to 6% - Meet or exceed housing supply needs from 2021 housing study</p>	<p>a) Implement rental housing strategy b) Implement housing stabilization program c) Implement a housing expansion strategy</p>
	<p>Increased affordability for cost burdened households</p>	<p>- % decrease in cost burdened HH</p>	<p>From 2021-2024: - Reduce by 5% renters that are cost burdened - Reduce by 5% of owners that are cost burdened</p>	
	<p>Improved housing quality across the city</p>	<p>- % of non-compliant rental properties - # properties stabilized</p>	<p>From 2021-2024: - establish baseline of compliance for all licensed rental properties - =>90% compliance rental properties - Assist 12 senior households to facilitate aging in place</p>	

- a) Implement rental housing strategy
- b) Implement housing stabilization program
- c) Implement a housing expansion strategy

Why Support Establishing a Local Housing Trust Fund NOW? TIMING

- The Omnibus Housing Finance Bill includes \$1 million over the next fiscal year to state matching grants for Local Housing Trust Funds up to \$150,000
- Minnesota Housing Finance Agency will be administering the grants, but has not yet set up the program
- The City of Northfield will need to establish a Local Housing Trust Fund via ordinance **FIRST** in order to apply for matching funds for **NEW** dedicated funding to Local Housing Trust Fund

Proposing an Ordinance

August

- HRA motions support to recommend City Council consider establishing a Local Housing Trust Fund

January
February

- Staff will present item to City Council for consideration
- If Council wishes to proceed, staff has prepared an Ordinance and is coordinating the development of policy for fund use and administration

February
March

- Ordinance will be presented to Council for 1st Reading
- Ordinance will be presented to Council for 2nd Reading

Summary

- LHTFs are established by government through local ordinance.
- Northfield HRA will initially fund the LHTF with Levy funds and is exploring other dedicated sources of revenue, i.e. funds from property sale, grant opportunities, EDA levy, etc.
- The LHTF will disburse funding to those projects or programs specifically designed for income eligible households/families.
 - Programs could be, but not limited to, down payment assistance, rehab loans, winterization, rental assistance, etc.
 - Projects could be, but not limited to, development of housing, NOAH preservation, gap financing for affordable housing, etc.

Council Policy Considerations

If the Council does motion support for adopting a LHTF ordinance,

- Who administers the LHTF? The HRA or City Council?
 - The decided entity determines terms and conditions of repayment of loans and grants from the LHTF including appropriate security. Interest on loans and grants shall be established by the city from time to time or at time of approval of a specific project or program
 - The decided entity will report annually to the Council on the use of the LHTF account
- LHTF Eligibility is based on adjusted Area Median Income. Does the City choose to use the TC Metro Area AMI or Rice County?



Thank you!

- Questions?

