

MEMORANDUM

TO: Northfield HRA
FROM: Northcountry Cooperative Foundation
RE: New Leaf legislative and project update
DATE: May 25, 2024

We appreciate the HRA Board's consideration of housing solutions to serve workforce families in the Northfield community. The community engagements earlier this year demonstrate the magnitude and severity of the housing need and we look forward to being a part of the solution.

Legislative Update

We'd like to update the board with several significant positive outcomes from the 2024 state legislative session:

1. HF 3800 - Minnesota Cooperative Housing Act (308C) - Signed by Governor Walz on 5/15/24

This was bipartisan legislation that passed the legislature overwhelmingly (House vote: 128-1; Senate vote: 53-12). It consolidates and streamlines the process for housing cooperatives incorporating in the State of Minnesota. In particular, it establishes, for the first time in Minnesota law, "housing cooperatives" as their own corporate form, separate from agriculture and utility cooperatives.

2. HF 5247 - Omnibus Supplemental Budget Bill - Passed the Senate and House on 5/19/24

Lines 237.22-238.10 modified the Manufactured Home Lending Grants program to be a \$10 million direct appropriation to NCF's partner, NeighborWorks Home Partners (NWHP). NWHP will use these funds to develop an affordable personal property mortgage product for manufactured homeowners. This will help existing and future manufactured home cooperatives fill vacant lots in their communities and sell vacant homes, as NCF hears consistently from our current partner cooperatives that the biggest challenge to selling new manufactured homes is access to affordable financing.

Lines 250.16-250.18 added the financing of construction costs, acquisition, rehabilitation, and/or conversion of housing cooperatives (those formed under 308A, 308B, or 308C) that serve low to moderate income households as an eligible use for Housing Infrastructure Bonds (HIBs). In HF 5247, an additional \$50 million in HIBs were authorized. NCF and others can apply for HIB funding under this new eligible use.

Lines 255.5-256.13 modified the Greater Minnesota Housing Infrastructure Grant program to include the funding of municipally owned infrastructure for new manufactured housing cooperatives. Municipalities (counties and cities) can apply for up to \$60,000 per lot with no limit on the amount a single municipality may receive. The grant may cover up to 50% of capital costs of public infrastructure and a non-state match is required. In 2023, \$8 million was allocated to this program as a whole.

We are evaluating how these additional legislative tools can best be deployed in Northfield and other communities for proposed New Leaf projects.

Geotechnical Analysis

We reviewed geotechnical analyses from past developments in the Southbridge area. While those analyses showed no major concerns, we do not have data specific to the HRA-owned parcel nor the other nearby City-owned parcels. We have heard concerns that have not been field-verified about the depth of water table, especially at Outlot B.

We recommend that the HRA or the City undertake geotechnical analyses on all the publicly-owned parcels in the Southbridge area to fully inform constructability as well as any options for additional affordable housing solutions in this area including:

- Parcel 22.07.3.27.001, HRA owned, 7.27 acres
- Parcel 22.07.3.01.002, City owned “Outlot C”, 0.72 acres
- Parcel 22.07.3.01.003, City owned “Outlot D”, 2.21 acres
- Parcel 22.07.3.03.004, City owned “Outlot B”, 6.25 acres

Thank you for your consideration.