



Legislation Text

File #: HRA Res. 2023-001, **Version:** 1

Meeting Date: February 2, 2023

To: Members of the Housing & Redevelopment Authority

From: Melissa Hanson, Housing Coordinator

HRA to Approve a \$30,000 Forgivable Loan to Habitat for Humanity of Rice County.

Action Requested:

HRA to Approve the attached Resolution (Att. 1) and Agreement (Att. 2) with Rice County Habitat for Humanity to assist with \$30,000 for the purchase of the vacant lot at 1102 Forest Street, Northfield.

Summary Report:

In October 2022, the HRA heard a funding request from Habitat for Humanity of Rice County. The request of HRA was for \$30,000 to help purchase a lot and \$25,000 in guaranteed down payment assistance. At the October meeting, the HRA board decided to vote down the request. Habitat for Humanity of Rice County submitted a revised financial request to the HRA. The revised request saw the removal of the request for guaranteed down payment assistance from HRA. This does not exclude any eligible family from applying for down payment assistance funds, if funds are available at such a time. Habitat is requesting the HRA provide for \$30,000 to help with the purchase of 1102 Forest Street with the intention of building a Habitat home and providing a homeownership opportunity for a lower-income family. Habitat has provided samples of possible building types that could fit on the narrow lot.

St. Olaf College is the current owner of the vacant lot. The college decided to market the property at what they have determined to be a fair market price. When Habitat reached out to the listing agent, the agent made clear that St. Olaf was interested in making as much profit from the sale of the property and that there was a standing offer from the investor who owns the property next door. The investor in question is a local investor with other properties in Northfield.

After negotiations, St. Olaf College and the Rice County Habitat for Humanity came to a purchase price of \$65,000. The signed Purchase Agreement is attached (Att. 3).

The City of Northfield needs all types of housing, not only rental housing with supportive services, but also homeownership opportunities. If the HRA chooses to assist with the purchase of 1102 Forest Street for Rice County Habitat for Humanity to develop, the HRA would be assisting a low-income family achieve the dream of homeownership, stability and the mechanism to create generational wealth.

Alternative Options:

N/A

Financial Impacts:

Funding for the purchase would be made with reserve funds. HRA reserves are estimated at \$1,045,634.

Tentative Timelines:

N/A