

ORDINANCE NO. 2025-01

COUNTY OF REDWOOD MINNESOTA

AN ORDINANCE CREATING THE REDWOOD COUNTY HOUSING TRUST FUND

SECTION 1: GENERAL PROVISIONS

- 1.1 Authority. This Ordinance is adopted pursuant to Minnesota Statutes, Section 462C.16.
- 1.2 Purpose. Pursuant to Minnesota Statutes, Section 462C.16, there is hereby created and established for the County of Redwood a fund to be known and denominated as the Redwood County Housing Trust Fund (the "Housing Trust Fund"). The Housing Trust Fund shall be a permanent source of funding and a continually renewable source of revenue to meet, in part, the housing needs of Moderate, Low Income and Very Low-Income households, as defined by HUD, of the County. The Housing Trust Fund shall provide loans and grants to property owners, homeowners, local units of government, for-profit housing developers, and non-profit housing developers for the following purposes: (1) acquisition, capital and soft costs necessary for the creation of new Affordable and Workforce Housing (both rental and owner-occupied), (2) acquisition, rehabilitation, capital and soft costs necessary for the preservation of existing Affordable and Workforce Housing (both rental and owner-occupied); (3) acquisition, capital and soft costs necessary for the creation of new Mixed Income Housing (both rental and owner-occupied); (4) the rehabilitation of the existing housing stock; (5) assist with funding of programs that prevent and end homelessness; and (6) other housing expenditures that are consistent with Minnesota Statutes, Section 462C.16 Subd. 3. Projects funded by the Housing Trust Fund shall be dispersed throughout Redwood County.

SECTION 2: DEFINITIONS

Except as otherwise provided or clearly implied by context, all terms shall be given their commonly accepted definitions. For the purpose of this Chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning. Unless specifically defined herein, terms used in this Chapter shall have the same definitions as provided in Minn. Stat. 462C.16. The terms "shall" and "must" are mandatory and the term "may" is permissive."

- 2.1 "Affordable" means a housing unit that has an Affordable Housing Cost.
- 2.2 "Affordable Housing Cost" means an amount satisfied by:
- 2.2.1 For owner-occupied housing, a housing payment inclusive of loan principal, loan interest, property taxes, property and mortgage insurance, and homeowner association dues which allows a moderate, low or very low-income household to purchase a home while paying no more than thirty percent (30%) of their gross household income.
- 2.2.2 For rental or cooperative housing, a housing payment, inclusive of a reasonable allowance for heating, which allow a moderate, low or very low-income household to rent a unit while paying no more than thirty percent (30%) of their

- gross household income.
- 2.3 "Area Median Income" means the income guidelines established and published annually by the U.S. Department of Housing and Urban Development.
 - 2.4 "Assisted Unit" means a housing unit that is Affordable because of assistance from the Housing Trust Fund.
 - 2.5 "Administrator" means the Redwood County Economic Development Authority
 - 2.6 "Housing Trust Fund" means the Redwood County Housing Trust Fund.
 - 2.7 "Housing Trust Fund Board" means the Economic Development Authority (EDA)
 - 2.8 "EDA" means the Economic Development Authority of Redwood County, Minnesota.
 - 2.9 "Jurisdiction" includes the County of Redwood, Minnesota only.
 - 2.10 "Low Income" means gross household income that is at or below eighty percent (80%) of Area Median Income, but more than fifty percent (50%) of Area Median Income.
 - 2.11 "Mixed Income Housing" means a residential structure that comprises differing levels of affordability, with some units at market rate and others available to low- and moderate-income households at below-market rates.
 - 2.12 "Moderate Income" means gross household income that is at or below 115 percent (115%) of Area Median Income, but more than eighty percent (80%) of Area Median Income.
 - 2.13 "Permanent Source of Funding" means once funds are allocated to the Housing Trust those funds can only be expended for purposes outlined in SECTION 4 of this document.
 - 2.14 "Project" may mean a single-family house (attached or detached) or a multifamily property, either as owner-occupied property or rental property.
 - 2.15 "Recipient" means any homeowner, for-profit, non-profit or local unit of government housing developer that receives funds in the form of a loan or a grant from the Housing Trust Fund Account. A Recipient may be an individual, partnership, local unit of government, joint venture limited liability company or partnership, association or corporation.
 - 2.16 "Tax Increment Financing (TIF)" means a public financing method that uses future property tax increases to fund community development projects.
 - 2.17 "Very Low Income" means gross household income that is at or below fifty percent (50%) of Area Median Income.
 - 2.18 "Workforce Housing " means owner-occupied or rental housing units that are provided to households with at least one member per unit who is gainfully employed at the time of entry into the unit.

SECTION 3: HOUSING TRUST FUND ACCOUNT; SOURCE OF TRUST FUNDS

- 3.1 There is also hereby established a Redwood County Housing Trust Fund Account, to be maintained by the Administrator.
- 3.2 All funds received by the EDA on behalf of the Trust Fund shall be deposited in the Trust Fund Account. Principal and interest from loan repayments, and all other income from Trust Fund activities, shall be deposited in the Trust Fund Account. All interest earnings from the Trust Fund Account shall be reinvested and dedicated to the Trust Fund Account.
- 3.3 The Trust Fund shall consist of funds derived from the following, but not limited to:
 - 3.3.1 Private cash contributions designated for the Housing Trust Fund;

- 3.3.2 Payments in lieu of participation in current or future Affordable housing programs;
 - 3.3.3 Grants or loans from the federal or state government;
 - 3.3.4 Principal and interest from Trust Fund loan repayments and all other income from Trust Fund activities.
 - 3.3.5 Budgeted payments made by the County of Redwood or municipalities and townships within County limits.
 - 3.3.6 Employer based funds and matches.
 - 3.3.7 Other sources to be considered include contributions made by local or regional utility companies, specific county departments, specific county program funds, cities and/or townships, and non-profit organizations.
 - 3.3.8 Application Fees - Projects applying for funds.
 - 3.3.9 Appropriations to the Housing Trust Fund by the local government where the project is located.
- 3.4 The Trust Fund may consist of funds derived from any other source, including but not limited to the following:
- 3.4.1 Tax Increment returned to Redwood County after decertification of a TIF district.
 - 3.4.2 Any other appropriations as determined from time to time by action of the Redwood County Board of Commissioners.

SECTION 4: TRUST FUND DISTRIBUTIONS

- 4.1 The Housing Trust Fund is to function as a resource to fund loans and grants in strict accordance with this Section. The Administrator shall review and adopt a policy to establish the process and other administrative parameters of the loans and grants permitted by the Housing Trust Fund. The Housing Trust Fund shall be administered by the Redwood County EDA. No disbursements may be made from the Housing Trust Fund Account without the prior approval of the Redwood County Board of Commissioners
- 4.2 Disbursements from the Housing Trust Fund Account shall be made as loans or grants to assist Recipients in the creation of Assisted Units and administrative fees not to exceed ten percent (10%).
- 4.3 Recipients may use the funds to pay for: capital costs, including but not limited to the actual costs of rehabilitating or constructing Assisted Units; preserving Affordable units; demolishing or converting existing non-residential buildings to create new Assisted Units; real property acquisition costs; down payment assistance; rental assistance; home buyer counseling services; and professional service costs, including but not limited to, those costs incurred for architectural, engineering, planning and legal services which are attributable to the creation of Assisted Units.
- 4.4 Projects funded by the Housing Trust Fund shall be dispersed throughout the County of Redwood, Minnesota.

SECTION 5: APPLICATION PROCESS

- 5.1 All project applications must be submitted to the EDA Coordinator to be reviewed by EDA staff and the EDA board, who will submit comments and recommendations to the Redwood County Board of Commissioners, prior to board action.
- 5.2 Notification of loan approval or denial will be made in writing by the EDA within 14

- days of the action made by the Redwood County Board of Commissioners.
- 5.3 Incomplete applications will not be considered by the EDA. The Applicant will be notified of missing materials upon discovery of incomplete application. The Applicant must provide these materials for the application to be considered. The failure to submit a complete application will result in longer processing time.
 - 5.4 Appeals to an application determination must be submitted in writing via email or hard copy to the EDA Coordinator within 60 days of the determination date.
 - 5.5 Awards made through this program will be made on a first come first served basis. Applications for this program will be accepted on an ongoing basis until all funds have been awarded.

SECTION 6: TERM OF AFFORDABILITY

Preference shall be given to those projects that ensure that the Assisted Units remain Affordable for the longest period possible. Affordability period requirements for Housing Trust Fund programs may be determined by a policy adopted by the Redwood County Board of Commissioners, or Administrator.

- 6.1 In order to receive assistance, a lien shall be placed on the recorded mortgage against the property. Requests to subordinate the lien on an assisted property will be reviewed on a case-by-case basis by the EDA Loan Review Committee.
- 6.2 Assisted Units may be deed-restricted to ensure long-term affordability. Such restrictions may include density limits, rent restrictions, land use restrictions or other restrictions that will ensure long-term affordability.
- 6.3 The Redwood County Housing Trust Fund will enter into loan and grant agreements with the Recipients of the Housing Trust Fund monies. Each agreement will clearly state the conditions and requirements for the Recipient's use of Housing Trust Fund monies, including the term of compliance, transfer or sale requirements and other requirements as specified.
- 6.4 In those cases where an Assisted Unit is sold or transferred prior to the expiration of the agreed-upon term, or where an Assisted Unit is no longer Affordable, the initial Recipient of assistance from the Trust Fund shall be obligated to repay to the Trust Fund the original amount of the loan or grant.
- 6.5 The Redwood County Housing Trust Fund shall enforce all debt and lien instruments to the fullest extent of the law. The Redwood County Housing Trust Fund may recommend debt settlement offers, if it is determined to be in the best interest of the Housing Trust Fund.

SECTION 7: RECORDING

- 7.1 Pursuant to Minn. Stat. 462C.16 subd. 5, the Administrator shall within thirty (30) days following the close of each fiscal year prepare and submit an annual report to the Redwood County Board of Commissioners on the activities undertaken with funds from the Housing Trust Fund. The report shall specify the number and types of units assisted; the amount loaned or granted per Assisted Unit; the amount of state, federal and private funds leveraged; the geographic distribution of Assisted Units; and a summary of statistical data relative to the incomes of assisted households, including their monthly rent or mortgage payments, and the sales prices of owner-occupied Assisted Units. This report shall be published on the Redwood County website.

SECTION 8: SEVERABILITY

- 8.1 If any provision of this Ordinance or the application thereof is held invalid, said invalidity does not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application and for this purpose, the provisions of the Ordinance are severable.

SECTION 9: EFFECTIVE DATE

- 9.1 This Ordinance shall be in effect on the date of its passage by the Redwood County Board of Commissioners and publication according to Minnesota Statutes.

ADOPTED by the Redwood County Board of Commissioners this 18th day of March, 2025.



Jim Salfer, Redwood County Board Vice-Chair

Attest: _____

