

Effective Date: June 7, 2024
06-07-24 512A

Section 19.1: General

19.1.01 General Provisions.

Subd. 1 Purpose.

- A. The state of Minnesota provides authorizing authority for establishment of a local housing trust fund in Minnesota Statutes, Section 462C.16.

Subd. 2 Aid.

- A. The state of Minnesota is providing Local Affordable Housing Aid (LAHA) to metropolitan communities and Statewide Affordable Housing Aid (SAHA) to outstate communities including counties, tribal governments, and greater Minnesota local governments develop and preserve affordable housing within their jurisdictions to keep families from losing housing and to help those experiencing homelessness find housing. The City of Cloquet has begun receiving bi-annual SAHA payments. Funds distributed under this aid program must be spent on a qualifying project or household that meets the affordability requirements described for this program below. This aid will be placed into the local housing trust fund.

B. Subd. 3 Additional Funding.

- (a) A local government may finance its local housing trust fund with any money available to the local government, unless expressly prohibited by state law. Sources of these funds include, but are not limited to:
 - (1) donations;
 - (2) bond proceeds;
 - (3) grants and loans from a state, federal, or private source;
 - (4) appropriations by a local government to the fund;
 - (5) investment earnings of the fund; and
 - (6) housing and redevelopment authority levies.
- (b) The local government may alter a source of funding for the local housing trust fund, but only if, once altered, sufficient funds will exist to cover the projected debts or expenditures authorized by the fund in its budget.

19.1.02 Qualifying Projects.

Subd. 1 Intent.

- A. Emergency rental assistance for households earning less than 80 percent of area median income as determined by the United States Department of Housing and Urban Development;
- B. Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing; and
- C. Projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing to households that have incomes which do not exceed:
 - a. For homeownership projects, 115% of the greater of state or area median income as determined by the United States Department of Housing and Urban Development

- b. For rental housing projects, 80% of the greater of state or area median income as determined by the United States Department of Housing and Urban Development
- D. Housing developed or rehabilitated with funds under this section must be affordable to the local work force.

Subd. 2 Priority.

- A. Projects are prioritized that provide affordable housing to households that have incomes that:
- a. For homeownership projects, do not exceed 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development;
 - b. For rental housing projects, do not exceed 50 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development.
- B. Priority may be given to projects that:
- a. Reduce disparities in home ownership
 - b. Reduce housing cost burden, housing instability, or homelessness
 - c. Improve the habitability of homes
 - d. Create accessible housing
 - e. Create more energy- or water-efficient homes

Subd. 3 Definitions.

- A. Gap financing. Gap financing is the difference between the costs of the property and either:
- a. The market value of the property upon sale; or
 - b. The amount the targeted household can afford for housing, based on industry standards and practices.
- B. Demolition. If aid received under this program is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits described above.
- C. New or Rehab Construction of more than four units. If an aid recipient uses the aid on new construction or substantial rehabilitation of a building containing more than four units, the loan recipient must construct, convert, or otherwise adapt the building to include:
- a. The greater of:
 - i. At least one unit
 - ii. At least 5% of units that are accessible units, as defined by section 1002 of the current State Building Code Accessibility Provisions for Dwellings Units in Minnesota, and include at least one roll-in shower
 - b. The greater of
 - i. At least one unit
 - ii. At least 5% of units that are sensory-accessible units that include:
 - 1. Soundproofing between shared walls for first and second floor units
 - 2. No florescent lighting in units and common areas
 - 3. Low-fume paint
 - 4. Low-chemical carpet
 - 5. Low-chemical carpet glue in units and common areas
 - c. These guidelines do not relieve a project funded by this aid program from meeting other applicable accessibility requirements.

Subd. 4 Application.

To apply for qualifying project funding, contact Cloquet City Hall.