

**Affordable Housing Trust Fund
Memorandum of Understanding**

This Memorandum of Understanding (MOU) is made and entered into by and between: The City of Mankato, Minnesota and the County of Blue Earth, Minnesota, collectively referred to as “Parties.”

Recitals

WHEREAS, pursuant to Minnesota Statutes, Section 462C.16, there is hereby created and established for the City of Mankato and the County of Blue Earth a fund to be known and denominated as the Affordable Housing Trust Fund (the “Housing Trust Fund”); and

WHEREAS, the City of Mankato and the County of Blue Earth desire to cooperatively establish goals, policies and programs for affordable housing in Blue Earth County to meet their affordable housing needs. This collaborative action will focus attention on affordable housing issues, encourage sharing of information on successful policies and programs, and provide joint planning for a consistent approach that will help attract public and private resources for developing affordable housing.

WHEREAS, each Party represents that it is duly qualified and willing to participate per the conditions expressed in this MOU, and

WHEREAS, 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 the United States Department of Housing and Urban Development (HUD), using Area Median Income for Blue Earth County adjusted for household size; and

WHEREAS, the Housing Trust Fund shall provide loans and grants to recipients 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).

NOW THEREFORE BE IT ORDAINED by the City Council for the City of Mankato, Minnesota, that Mankato City Code Chapter 2, Article IV, Affordable Housing Trust Fund be and hereby is created on August 26, 2024. Additionally, by the Commissioners for the County of Blue Earth, Minnesota, that Blue Earth County Code of Ordinance Chapter 2, Affordable Housing Trust Fund be and hereby was created on August 27, 2024.

DIVISION 1. AUTHORITY AND PURPOSE

The purpose of the MOU is to establish and formalize a framework for collaboration and coordination among the Parties in mutual interact (affordable housing). It is expected that such collaboration and coordination will improve the efficiency and outcomes related to affordable housing in the targeted communities.

Pursuant to the authority granted to the city and county under M.S.A. 462C.16, an affordable housing trust fund (the “housing trust fund”) is established to support the development, rehabilitation, or financing of housing, support housing projects, to provide payment assistance, rental assistance, and home buyer counseling services, and for any other purposes authorized by law. The housing trust fund contemplates a collaboration between EDAs without creating a new, separate legal entity.

DIVISION 2. DEFINITIONS

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Affordable means a housing unit that has an affordable housing cost which means an amount satisfied by:

- (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) For “rental or cooperative housing”, a housing payment, inclusive of a reasonable allowance for basic utilities, 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.

Area median income means the income guidelines established and published annually by the U.S. Department of Housing and Urban Development for Blue Earth County adjusted for household size.

Assisted unit means a housing unit that is affordable because of assistance from the housing trust fund.

Housing trust fund advisory committee means a committee made up of city staff, county staff, two (2) community members appointed by the EDA of Mankato, and two (2) community members appointed by the EDA of Blue Earth County.

EDA means the economic development authorities in and for the city of Mankato and the county of Blue Earth.

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.

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.

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.

Project may mean a single-family house (attached or detached) or a multifamily property, either as owner-occupied property or rental property or homeless shelter.

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.

Very low income means gross household income that is at or below fifty percent (50%) of Area Median Income.

DIVISION 3. FINANCIAL RESPONSIBILITY

Source of trust funds.

There is hereby established a housing trust fund account, to be maintained by the Mankato EDA. All funds received by the EDAs on behalf of the trust fund shall be deposited in the trust fund account. The housing trust fund shall be funded from multiple sources including but not limited to:

- (1) Private cash contributions designated for the housing trust fund.
- (2) Payments in lieu of participation in current or future affordable housing programs.
- (3) Grants or loans from the federal or state government.
- (4) Principal and interest from trust fund loan repayments and all other income from trust fund activities.
- (5) Budgeted payments made by the EDAs tax levy fund as approved by the city/county boards. The EDAs may fund the trust fund in levy receipts on an annual basis.
- (6) Employer based funds and matches.
- (7) Other sources to be considered include contributions made by local or regional utility companies, local cities and county, city/county departments or program funds, townships, and non-profit organizations, and foundations.
- (8) Application fees made by those applying for funds.
- (9) Appropriations to the housing trust fund by the local government where the project is located.
- (10) Tax increment returned to the city after decertification of a TIF district.
- (11) Any other appropriations as determined from time to time by action of the EDAs or city/county boards.

Trust fund administration.

There is hereby established a housing trust fund account, to be maintained by the Mankato EDA

- (1) The EDAs shall provide shared decision-making regarding the use and policies of the housing trust fund. The EDAs shall approve the HTF annual work plan and budget.
- (2) The housing trust fund advisory committee was established by resolution on August 26, 2024 with the City of Mankato and August 27, 2024 with the County of Blue Earth to advise the EDAs and city/county boards and administrations on business or current issues related to affordable housing.
 - a. Composition. The committee shall consist of one City of Mankato staff, one Blue Earth County staff, two (2) community members appointed by the EDA of Mankato, and two (2) community members appointed by the EDA of Blue Earth County. Committee make up shall reflect the demographics of the community at large specific to race and gender and represent business and community organizations, non-profit service providers, community-based organizations or foundations.
 - b. Terms. Staff shall serve on the committee as directed by the EDA. Members shall be appointed for a term of three (3) years. All terms are staggered and expire on June 30 of the year in which the term expired. No EDA appointed person may serve more than three (3) complete, successive terms as a committee member.
 - c. Vacancies: Vacancies on the committee shall be filled for the unexpired portion of the term by the EDA.
 - d. Compensation. The members of the committee shall serve without compensation.
 - e. Duties:
 - i. The committee shall adopt bylaws and/or policies and procedures for the administration and operation of the committee and their meetings.
 - ii. The committee shall conduct meeting for consideration of such matters as referred by the city/county boards, EDAs, or city/county administration to the committee for evaluation and recommendation. Meetings will be scheduled as determined by the committee.
 - iii. The committee may review and provide recommendations on the strategic long-term planning and priorities of the city/county and EDAs as they relate to affordable housing. This includes the creation of the annual work plan and budget to be recommended to the

EDAs for approval.

- iv. The committee shall review and recommend to the EDAs loans and grants to recipients 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).
 - v. The committee shall assist in the review and revisions to the housing study and affordable housing action plan.
 1. Identify strategies and goals to address identified affordable housing needs that are specific to each participating jurisdiction.
 2. Assist in preparing affordable housing components of comprehensive plans.
 3. Develop regulatory or incentive strategies to encourage development of affordable housing (e.g., bonus densities, fee waivers, expedited permitting, accessory dwelling units, use of public lands, design guidelines, cottage housing, etc.).
 4. Serve as a liaison with nonprofit and for-profit developers of affordable housing.
 5. Conduct grant writing and other forms of fundraising to support affordable housing. Identify and assess appropriate funding opportunities, and work with member communities to pursue these grants.
 6. Develop means of sharing information among jurisdictions about effective affordable housing strategies, as well as potential pitfalls in designing or implementing strategies.
 7. Conduct research on regional and national best practices for affordable housing.
 8. Conduct educational outreach on affordable housing needs and solutions for elected and appointed officials, and the public.
 9. Monitor affordability conditions/restrictions for affordable housing units created through local incentive programs of member jurisdictions.
 10. Explore the feasibility and timing of securing potential resources (from local, state, federal and private sources) to create a local housing trust fund, which could be particularly helpful as economic conditions improve.
 - f. Chairperson. The Housing Trust Fund Advisory Committee shall elect from among its members a chairperson who will serve a one (1) year term. This election will be conducted at the first committee meeting held after July 1.
- (3) The housing trust fund is to function as a resource to fund loans and grants in strict accordance with this article. The advisory committee shall develop the annual work plan and budget to establish the process and other administrative parameters of the loans and grants permitted by the housing trust fund. The EDA shall review and adopt budget and work plan. Each fiscal year shall begin January 1. The annual work plan shall include measurable objectives based on local community need for affordable housing. No disbursements may be made from the housing trust fund account without the recommendation of the housing trust fund advisory committee and prior approval of the EDA.
- (4) 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%). 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; rental assistance; landlord incentives; supportive services to stabilize housing; past due housing expenses; security deposits; down payment and gap assistance; home buyer counseling and educational 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.

- (5) The EDA 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) The EDA shall, within thirty (30) days following the close of each fiscal year, prepare and submit an annual report to the city and Minnesota Housing 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.

DIVISION 4. TERMINATION OF TRUST

In the event Housing Trust Fund is terminated, this agreement shall end at the end of the sixty (60) day notice period. Within thirty (30) days of notice of termination, all authorized expenses associated with the administration of the Trust shall be promptly paid, and a final trust accounting and a proposed distribution of the remainder of the Trust funds assets shall be prepared for the EDA. The EDA shall review and take appropriate action on the proposal and accounting. The administration shall distribute the remaining funds in accordance with direction from the EDA.

Withdrawal of Parties

A Party desiring to withdraw from participating in this MOU shall indicate its intent in writing to the other Parties. Notice must be at least 60 days in advance of leaving the MOU.

DIVISION 5. GENERAL PROVISIONS

Timeliness

The Parties agree to perform obligations under this Agreement in a timely manner and keep each other informed about any delays that may occur.

Records Retention and Data Practices:

The Parties agree that the records created pursuant to the terms of this MOU will be retained and accessible in a manner that meets its records retention schedule that has been reviewed and approved by the Federal, State, and other regulatory agencies.

Data Privacy

The Parties Agree to abide by applicable provisions of the Minnesota Data Practices Act, Minnesota Statutes, Chapter 13, HIPAA requirements, and all other applicable state or federal rules, regulations or orders pertaining to privacy or confidentiality.

Indemnification

Each Party to this MOU shall be liable for the acts of its officers, employees or agents and the results thereof to the extent authorized or limited by law and shall not be responsible for the acts of any other Party to the MOU, its officers, employees, or agents.

Dispute Resolution

The EDA will monitor the implementation of this MOU and propose solutions to any problems that arise. If a solution cannot be reached or the solution needs administrative or financial resources beyond the scope of the EDA's responsibility, the dispute will be referred to the Boards of the City of Mankato and Blue Earth County.

It is recognized that Parties each have agency administrative mechanisms for the timely resolution of internal disputes and that our agencies have specific responsibilities and operating procedures governed by applicable Federal and State laws, rules, and policies. This agreement shall not be interpreted to limit, supersede, or otherwise affect our agencies' normal operations or decisions.

Compliance with Laws/Standards

The Parties agree to abide by all federal, state, and local laws; statutes, ordinances, rules, and regulations now in effect or hereafter adopted pertaining to this MOU or to the facilities, programs, and staff for which the Agreement is responsible.

Amendments

This agreement may be amended only through the advisory committee recommendation and authorized by EDAs, with the same formalities as accompanied by the execution of this document.

Severability.

The invalidity of any clause, sentence, paragraph, subdivision, section or portion thereof, shall not affect the validity of the remaining provisions of this MOU.

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DIVISION 6. TERM AND EFFECTIVE DATE

IN WITNESS WHEREOF, the Parties hereto have agreed and executed this Memorandum of Understanding (MOU) as evidenced by their signatures and dates below. The Memorandum of Understanding is effective upon the date of the final signature and will be formally reviewed every **two (2) years.**

Najwa Massad
EDA Chair
City of Mankato

Date

Susan MH Arntz
City Manager
City of Mankato

Date

Kevin Paap
EDA Chair
Blue Earth County

Date

Robert Meyer
County Administrator
Blue Earth County

Date