A RESOLUTION APPROVING A HOUSING TRUST FUND LOAN TO SUPPORT THE RAD/SECTION 18 SMALL PHA BLEND CONVERSION TO PROJECT-BASED VOUCHERS

WHEREAS, pursuant to Minnesota Statutes, Section 462C.16, The City of Mankato and Blue Earth County created and established the Affordable Housing Trust Fund (the "Housing Trust Fund") administered by the Economic Development Authority of Mankato; and

WHEREAS, the Housing Trust Fund is 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).

WHEREAS, the Economic Development Authority of Blue Earth County (BECEDA) is undertaking the conversion of its public housing portfolio under the RAD/Section 18 Small PHA Blend program to Project-Based Vouchers (PBVs) in order to preserve affordable housing, improve property conditions, and ensure long-term financial sustainability; and

WHEREAS, a Physical Needs Assessment (PNA) and supporting financial analysis have identified necessary rehabilitation work, required Initial Deposit to Replacement Reserves (IDRR), and the need for operating reserves to support stable program cash flows; and

WHEREAS, the BECEDA has committed available Public Housing Capital Funds and Program Reserve Funds toward the conversion; and

WHEREAS, despite these commitments, a cashflow gap of $596,310 remains, which must be addressed to successfully complete the conversion and ensure financial viability; and

WHEREAS, the use of Housing Trust Fund dollars as a short-term financing source will enable the RAD PBV program to complete required rehabilitation, fund reserves, and stabilize operations during the transition period; and

WHEREAS, the requested Housing Trust Fund loan will be in an amount not to exceed $600,000, structured as a zero-interest, repayable cashflow loan over a term of five (5) years; and

WHEREAS, the BECEDA anticipates the RAD PBV Program to repay the loan from stabilized operating revenues following conversion.

NOW, THEREFORE, BE IT RESOLVED the request for a Housing Trust Fund loan in an amount not to exceed $600,000 is hereby approved by the MEDA. The loan shall be provided at zero percent (0%) interest and shall be repayable over a period not to exceed five (5) years from the date of disbursement.

BE IT FURTHER RESOLVED that loan proceeds shall be used for eligible conversion-related costs, including, but not limited to, capital improvements identified in the Physical Needs Assessment and operating reserves necessary to support program cash flow stabilization.

BE IT FURTHER RESOLVED the Executive Director is hereby authorized to execute all necessary documents, agreements, and certifications required to effectuate this loan from the Housing Trust Fund and to ensure compliance with all applicable program requirements.

BE IT FURTHER RESOLVED the MEDA shall review appropriate financial oversight and reporting to demonstrate the proper use and timely repayment of Housing Trust Fund dollars.

Adopted by the Economic Development Authority of Mankato on this 11th day of May 2026.

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Najwa Massad, Board Chair

ATTEST:

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Susan MH Arntz, Executive Director