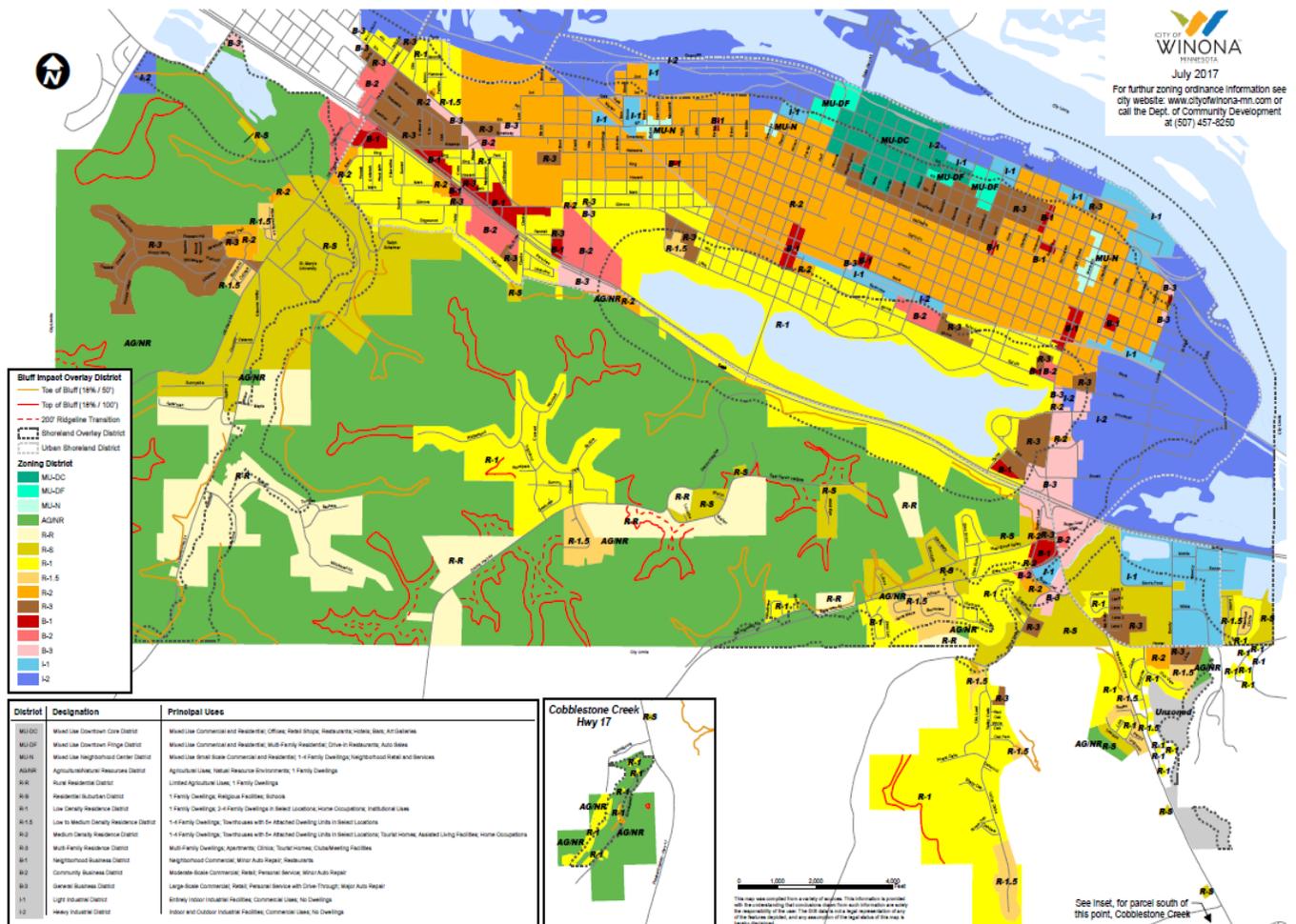


CITY OF WINONA HOUSING TASK FORCE

Recommendations to the Winona City Council



ACKNOWLEDGEMENTS

City of Winona Council

Mark Peterson—Mayor
Allyn Thurley—First Ward
Gerry Krage—Second Ward
Pamela Eyden—Third Ward
George Borzyskowski—Fourth Ward
Michelle Alexander—At-Large
Paul Schollmeier—At-Large

Port Authority

Mary K . Glubka
Michael Hansen
George Borzyskowski
Al Thurley
Michael Cichanowski
Dana Johnson
Laurie Lucas
Stephen T. Sarvi:
Executive Secretary

Housing Task Force Members

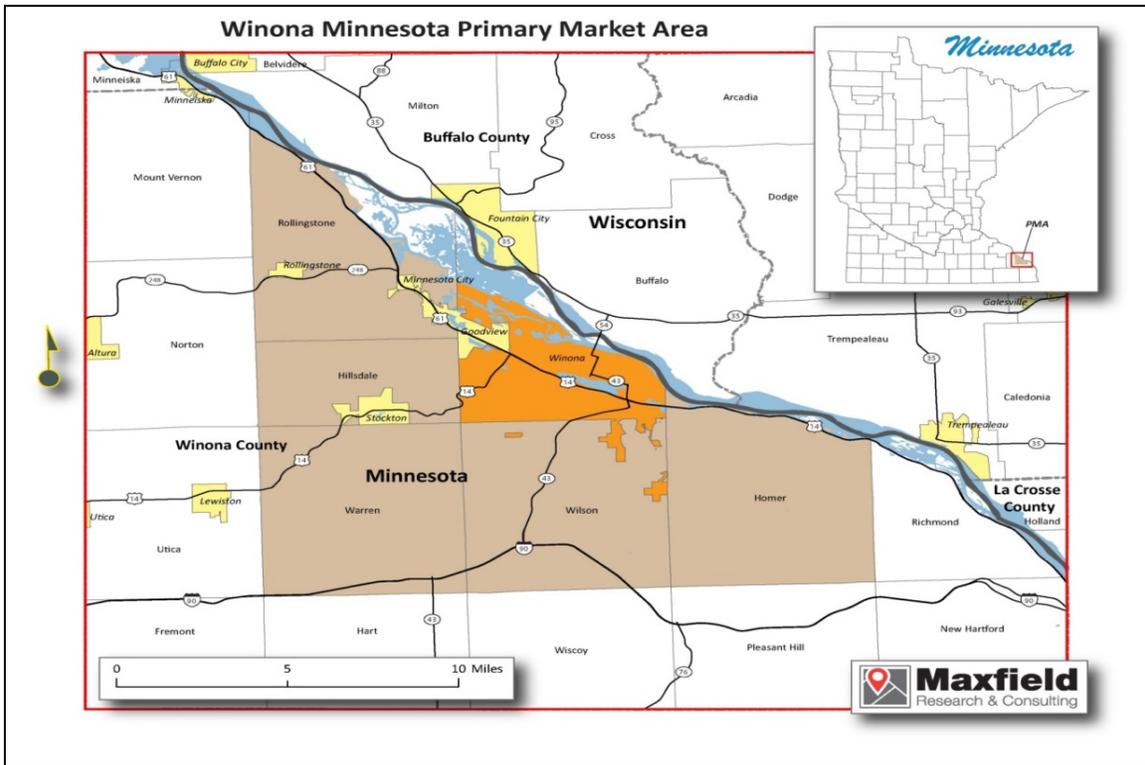
Chair: Jim Vrchota, Vice President and Commercial Banker, Merchants Bank
Betty Thilmany, Realtor, Coldwell Banker River Valley Realtors
Cheri Eddy Crigler, Realtor, Keller Williams Realty
Dan Weis, Vice President and Marketing Manager, Bremer Bank
Jack Richter, Chief Executive Officer and President, Winona National Bank
Brad Ballard, President, Gordian's Knot
Dave Pringle, Owner, Pringle Properties
Jim Murphy, Co-owner, Off Center Properties
Linda Bedtka, Executive Director, Housing and Redevelopment Authority
Dan Matejka, City Administrator, City of Goodview
Bob Bambenek, Recorder, Winona County
Della Schmidt, President, Winona Area Chamber of Commerce
Amanda Hedlund, Executive Director, Habitat for Humanity Winona-Fillmore Counties
Jon Krofchalk, Owner, Eco Water Systems
Jerry Papenfuss, Co-owner, AmericInn

Housing Task Force Staff

Stephen Sarvi, City Manager
Lucy McMartin, Director of Community Development
Rebecca Rowe, Human Resources Generalist
Nick Larson, Community Development Specialist

Special Thanks to the following community members for their hard work and contributions:

Leon Bowman, Chairman, Wilson Township
Justin Green, Deacon, St. Stanislaus Church
Mike Rivers, Rivers Development and Construction, Inc.
Danny Rivers, Rivers Development and Construction, Inc.
Margaret Kaplan, Community Development Director, Minnesota Housing Finance Agency
Nick Boettcher, Community Development Program Manager, Minnesota Housing Finance Agency



Housing Demand in the Winona Market Area: provided by Maxfield Research and Consulting.

- Based on calculations, demand exists in the Winona Market Area for the following general occupancy product types between 2016 and 2031:
 - Market rate rental 333 units
 - Shallow subsidy rental 134 units
 - Deep subsidy rental 142 units
 - For-sale single-family 261 units
 - For-sale multifamily 131 units
 - Transitional supportive 25 units
- In addition, demand for multiple senior housing product types. By 2031, demand in the Winona Market Area for senior housing is forecast for the following:
 - Active adult ownership 44 units
 - Active adult rental 96 units
 - Active adult deep subsidy 79 units
 - Active adult shallow subsidy 18 units
 - Congregate 118 units
 - Assisted Living: 10 units
 - Memory Care: 82 units

Executive Summary

The City of Winona is in an exciting position of population and household growth. After decades of limited growth, the City and region are poised for this growth due to our diversified manufacturing, higher education institutions, vibrant art, theatre, outdoor recreation and music economies, which retain and attract seniors and millennials; along with our continued success of accommodating and recruiting prosperous entrepreneurs. In addition, the regional growth of La Crosse, Onalaska, Holmen, along with Destination Medical Center (DMC) adding 60,000 jobs in the region, will have a tremendous impact on the City of Winona. Having a healthy economy and tremendous growth opportunities are significant positives for Winona, but these positives also present housing challenges.

To begin the process of meeting these challenges, the Port Authority and the City of Winona contracted Maxfield Research and Consulting, LLC on April 15, 2016 to conduct a Comprehensive Housing Needs Assessment. Based on the findings of the Comprehensive Housing Needs Assessment, Mayor Peterson appointed community members to the City of Winona Housing Task Force (HTF), during the February 6, 2017 City Council meeting. The City of Winona Housing Task Force is composed of diverse stakeholders and leaders representing businesses, real estate, lending, development, landlords, property management, subsidized housing, non-profits, and local government. The HTF was tasked with identifying and prioritizing current and future housing needs by analyzing community growth trends, economic and employment characteristics, income levels, commuting patterns, housing data, and the scarcity of buildable land in Winona.

The HTF was charged with making recommendations to the City Council for ways in which housing could be maintained and expanded in our Community. This has been done in an effort to promote diversity with an emphasis on workforce housing to ensure a more sustainable housing market for our community by developing housing affordable to all households. Following their appointment, the HTF first met on February 23, 2017 and continue to meet monthly.

Through research and discussion utilizing the 2007 Comprehensive Plan, 2016 Comprehensive Housing Needs Assessment, and a presentation from Minnesota Housing Finance Agency, the HTF examined:

- an overall vacancy rate of 1.4%
- the 3.3% unemployment rate
- the average earned income level of Winonans is 37.5% below the state average, which is skewed due our large college student population
- that 64.5% of employees commute into Winona
- the low inventory of for-sale housing stock
- the projected population and household increases to 2031
- financing strategies to develop actionable objectives to address the housing needs of our community

Additionally, the HTF understands the vital importance of maintaining our rich heritage by preserving the integrity and character of the existing affordable housing stock and to also harness our thriving economy to spur additional affordable housing for our community. The HTF's recommendations are driven by the goal to maintain and create neighborhoods providing safe, decent, and affordable housing for all adults and children, which would allow the opportunity for all citizens to reach their potential within our community. Ultimately, by meeting this goal the City's tax base will grow, single family homes in older neighborhoods will be maintained and their viability will be enhanced. We will become a more vibrant and resilient community by maintaining and creating mixed-income neighborhoods. The creation of mixed-income developments and neighborhoods will offer differing levels of affordability to Winonans, along with providing additional benefits to our community. Being a community with mixed-income housing will allow Winona to be more economically stable, reduce income segregation, and address gentrification.

Through the course of its work, the Housing Task Force determined that to meet the community's greatest housing need the priority of HTF's efforts shall be focused on "workforce housing". As defined by the HTF, "workforce housing" is *affordable* to households earning a maximum of 115% of the Area Median Income (AMI) or an annual income of \$81,880 for a household of four (Appendix A, Table A). Minnesota Housing Finance Agency uses 115% of AMI as an income benchmark to allow funding sources to reach a wide range of income levels and have a greater community impact by serving occupations such as; teachers, police officers, nurses, and frontline professionals. *Affordable* is defined as a household not spending more than 30% of its' gross income towards housing (Appendix A, Table D).

As a result of this process, the HTF established and recommends the following objectives to address our workforce housing shortage to the Mayor and City Council:

- 1) Preserve the traditional, older neighborhoods in Winona to maintain the current workforce housing stock, which will allow the homeowner to continue to live in their own home and community safely regardless of age, income, or ability.
- 2) Create incentives for developers to encourage the rehabilitation and construction of workforce housing; resulting in a rich diversity of housing types and sizes, ensuring safe, decent, and affordable housing is available to a broad range of income levels and will allow citizens to age in place.
- 3) Increase community and business awareness of the workforce housing shortage and promote existing programming and efforts administered by the City of Winona, Winona Housing and Redevelopment Authority, Habitat for Humanity, SEMCAC, SEMMCHRA, Volunteer Services, Xcel Energy, and Minnesota State College Southeast serving low-to-moderate income households.
- 4) As Legislation approves financing tools, establish a funding source to sustain workforce housing initiatives to leverage federal, state, and private funding.
- 5) Encourage the collaboration of City staff, citizens, educational institutions, businesses, community organizations, and developers to meet our workforce housing needs.
- 6) Engage and partner with local employers to establish an Employer Assisted Housing (EAH) Program for their employee base.

The HTF understands the City Council has final approval of the recommendations put-forth by the HTF.

The recommendations contained in this report represent the hard work of the HTF members and are presented to the Mayor and City Council as a three-pronged approach designed to meet our current and future workforce housing needs.

- Multi-Family Preservation and Construction
- Owner-Occupied Home Rehabilitation
- Single-Family Construction

Section 1: Multi-Family Workforce Housing Recommendations:

1. Local Multi-Family Housing Preservation and Construction Resources:

Contact: [City of Winona Community Development Office](mailto:NLarson@ci.winona.mn.us) (507)457-8250 or email to

NLarson@ci.winona.mn.us

- a. Reduce set-back requirements to provide more land to be developed, allowing for density bonuses to developers partnering with the City to construct workforce housing and who provide a commitment to preserve affordability for a negotiable term.
- b. Encourage staff to collaborate with the local school district to convert vacant district buildings, if building(s) become available into multi-family housing and to then communicate the building plan to the public.
- c. Encourage staff to collaborate with the political subdivisions within the PMA to attract multi-family developers to create the housing needed to fulfill the demand levels stated within the housing study.
- d. Encourage staff to work with local businesses to establish and maintain an Employer Assisted Housing ([EAH](#)) program. Examples in other communities include:
 1. Direct payment to the employee or landlord for rental assistance.
 2. Use as a recruiting/retention tool to finance the employee's security deposit and/or provide rental assistance to maintain affordable rents to the employee.
 3. Donate land to a developer who will guarantee availability and controlled rents to the employer's workforce.
- e. Allocate funding from Local Government Aid (LGA), existing general funds, and/or levy funds to establish a funding source to leverage federal, state, and private funding in order to sustain workforce housing initiatives. These initiatives would create jobs in the construction industry, preserve existing multi-family workforce housing stock, and aid in the development of new workforce housing, which would allow employees to live in the community they work in, and benefit the community as whole. A commitment to maintain affordability will be determined on a project-by-project basis.
- f. Establish a pool of funds from private business to leverage grant funding.

- g. Waive or reduce building permit fees, land use fees, financial fees, park dedication fees, water and sewer connection fees, etc. for workforce housing developments with the commitment to preserve affordability for a negotiable term.
- h. When annexation is occurring, where appropriate allow for zoning changes to allow for multi-family and mixed-used developments.
- i. Encourage staff to collaborate with Winona County staff and other local organizations, such as Habitat for Humanity and Minnesota State College Southeast to develop tax-forfeited lands into affordable housing.
- j. When developing the next Comprehensive Plan, encourage staff to examine parcels currently zoned industrial/manufacturing and explore opportunities for other uses, including multi-family housing where appropriate.
- k. Create a [Housing TIF District](#) to have an available gap funding source for workforce housing developers who make the commitment to preserve affordability for a negotiable term in order to be considered to receive funding from a Housing TIF district. Developments are required to meet either of the following goals:
 - A) 40% of the units to households earning 60% or less of AMI; or
 - B) 20% of the units to households earning 50% or less of AMI. A Housing TIF District can have a maximum duration of 25 years.
- l. Encourage staff and workforce housing developers to apply for [Challenge Funds](#) provided by Minnesota Housing Finance Agency to be utilized with Housing TIF funds. The utilization of Challenge Funds with Housing TIF funds increases the income level of households being served to 80% or less of AMI determined by the State.
- m. Create a [Workforce Housing TIF](#) to have an available gap funding source for workforce housing developers who make the commitment to preserve affordability for a negotiable term in order to be considered to receive funding from a Workforce Housing TIF district. A Workforce Housing TIF District does not have income or rent restrictions and have a maximum duration of 8 years.
- n. Provide [tax abatement](#) as a gap funding source to developers of workforce housing who make the commitment to preserve affordability for a negotiable term meet the “but for test” in order to be considered for tax abatement. The duration of tax abatement varies by approval of the governing boards of: the City, County, and School District.
 - 1. Approval by all 3 entities would allow for a period of 15 years;
 - 2. Approval by 1 or 2 would allow for a period of 20 years;
 - 3. If term is silent within the resolution the period of tax abatement would allow 8 years.

2. **Other Multi-Family Housing Preservation and Construction Resources:**

Encourage staff and workforce housing developers to create or rehabilitate dwellings with energy smart initiatives by utilizing a variety of funding sources:

- a. Property Assessed Clean Energy (PACE)
<http://www.cleanenergyresourceteams.org/pace>
 1. PACE can be used for multi-housing rehabilitation energy upgrades (solar, LED, etc.)
 2. PACE eliminates up-front costs, reduces the need for credit, and the financing is paid as a special property tax assessment at a rate of 4-6% over 20 year period. Case studies show the revenues retained from energy savings are more than the assessment cost; resulting in the energy improvements being cash-flow positive.
- b. Trillion BTU: <https://www.sppa.com/energy-financing/trillion-btu>
 1. Funds are used for multi-housing rehabilitation energy upgrades. The term of the loan is up to 5 years at an interest rate of 4.5 – 6%.
- c. Rental Energy Loan Program available through Center for Energy and Environment:
<https://www.mncee.org/find-financing-incentives/rental-energy-loan-program/>
 1. Funding is available to rental property owners who make energy improvements, such as HVAC, insulation, windows, doors, and lighting.
 2. Funding is available at 5.5% interest rate over a 10 year term.
- d. Energy Smart: <http://www.mnenergysmart.com/business-services/>
 1. The Minnesota Chamber of Commerce provides help to identify energy-efficiency upgrades and rehabilitation opportunities for multi-family housing and then locates grants, low-cost loans, and utility rebates.
- e. Utility Rebates: <http://www.dsireusa.org/>
- f. Xcel Energy Design Assistance (EDA)
 1. EDA is a free, comprehensive approach to energy and cost-savings for multi-family new construction or rehabilitation.
 2. Included to ensure energy savings is consulting and modeling services, construction rebates, construction document review, on-sit walkthroughs, and design team reimbursement.
- g. Xcel Energy Efficient Buildings (EEB)
 1. EEB is designed to ensure construction and rehabilitation takes full advantage of energy saving opportunities and rebates by offering a construction review document.
- h. Guaranteed Energy Savings Program (GESP)
<https://mn.gov/commerce/industries/energy/technical-assistance/gesp/>
 1. Publicly owned housing can qualify for energy efficiency upgrades and rehabilitation which will be guaranteed to return the proposed cost savings by using the State of Minnesota's GESP master contract. Technical, conceptual, and financial assistance are provided to public entities for upgrades that are performed by pre-qualified Energy Service Companies.

- i. Xcel Energy Income Qualified Multi-Family Energy Savings Program
 - 1. Installation of LED light bulbs
 - 2. Appliance replacement and recycling
- j. [Federal Home Loan Bank of Des Moines](#)
 - 1. Rental Competitive Application
 - a. Funds are awarded a sponsor having a controlling interest in the project.
 - b. A maximum subsidy of \$750,000 for a project and up to \$40,000 per unit.
 - c. Funds can be used for new construction, acquisition-rehabilitation, rehabilitation, or rental preservation.
 - d. Funding is to serve households earning 80% of AMI or less, of which at least 20% of the households earn 50% of AMI or less.
 - e. Affordability must be maintained for 15 years.

3. State Multi-Family Housing Preservation and Construction Resources:

- a. When applicable, encourage staff and workforce housing developers to apply for [State Historic Tax Credits](#), which equal 20% of qualified rehabilitation expenditures over a 27.5 year depreciation period. The use of Historic Tax Credits can be used with Low Income Housing Tax Credits, which do have income and rent restrictions.
- b. Encourage staff and workforce housing developers to apply for the highly competitive Low Income Housing Tax Credit ([LIHTC](#)) to [Minnesota Housing Finance Agency](#) to receive a 10-year reduction in tax liability. The purpose of LIHTCs is to leverage private capital and investor equity to support the development of new and rehabilitation of affordable rental housing.
 - 1. 4%: Applications are accepted throughout the year in conjunction with 50% or more of the eligible construction costs are financed with tax exempt bonds. Tax exempt bonds are limited.
 - 2. 9%: Applications are accepted only by Minnesota Housing Finance Agency through their annual RFP and Supplemental Round 2. The following are general dates based on past programming schedules: the RFP application will be available April 2018, Intent to Apply is due June 1, 2018, the full application is due June 15, 2018, and selections to be announced October 19, 2018. Round 2 application dates: Intent to apply is due January 17, 2019, the full application is due January 31, 2019, and selections to be announced April 26, 2019.
 - 3. Terms of 4% and 9% LIHTCH come with a commitment to ensure affordability for 35 – 40 years.
 - 3. Funds can be used for acquisition with rehabilitation or new construction of eligible rental housing. The project must reserve a minimum number of units that meet both HUD FRM and household income limits. (Appendix A, Table B).
 - a. 20/50 Test: A minimum of 20% of the residential units must be both rent restricted (FMR) and occupied by households whose income is at or below [50% HUD AMI](#). (Appendix A, Table A).

- b. 40/60 Test: A minimum of 40% of the residential units must be both rent restricted (FMR) and occupied by households whose income is at or below [60% HUD AMI](#). (Appendix A, Table A).
- c. Encourage staff and workforce housing developers to apply to Minnesota Housing Finance Agency for funding through the [Workforce Housing Development Program](#), whereas there are not income limits or rent restrictions. Awards are generally 25% or less of the total development costs and require matching funds of \$1 for every \$2 of grant funds. Matching funds can be provided by government, non-profits, and/or businesses, but not the developer.
- d. Minnesota Housing Finance Agency: [Impact Fund](#)
 - 1. Funds are awarded to the City for multi-family construction, rehabilitation, and workforce housing activities to households earning 115% (Appendix A, Table A) or less of AMI
 - 2. Acquisition, rehabilitation and resale of existing housing
 - 3. New Construction or demolition of existing structures with rebuild.
- e. Minnesota Housing: Economic Development and Housing Challenge ([EDHC](#)) Program
 - 1. Funds are provided through a zero percent interest, 30 year deferred loan for the construction, acquisition, and rehabilitation of workforce housing serving households earning greater than 80% of AMI. Rents cannot exceed the Affordable to Local Workforce rent limits for a minimum of 15 years.
 - a. 2017 Affordable to Local Workforce Rent Limits, for Economic Development Housing Challenge and Rental Rehabilitation Deferred Loan funds.

Winona	0BR	1BR	2BR	3BR	4BR	5BR	6BR
County	\$758	\$811	\$974	\$1,125	\$1,255	\$1,385	\$1,514

- f. Minnesota Housing: [HOME Investment Partnerships](#)
 - 1. Provides a zero percent interest, 30 year deferred loan for new construction, rehabilitation or acquisition and rehabilitation of federally funded multi-family housing serving households earning 50% or less of AMI.
- g. Minnesota Housing: Housing Trust Fund ([HTF](#)), Housing Infrastructure Bonds, & [501 \(c\)\(3\) Bonds](#)
 - 1. All three funding strategies can be used to finance the cost of construction, acquisition, preservation, and rehabilitation.
 - a. Funds are used to serve households earning 60% or less of AMI and funding priority is given to proposals serving households earning [30% or less of AMI](#). (Appendix A, Table A).
 - b. HTF and HIF funds are issued as a zero percent interest deferred loan to be repaid at the end of a 30 year term.
 - c. 501 (c) (3) bonds proceeds loans are deferred and forgiven at the end of the 30 year term.

- h. Minnesota Housing: Ending Long Term Homelessness Initiative Fund ([FHPAP](#))
 - 1. Funds established for direct assistance (rent, utilities, housing search, support services or other services/expenses) to households earning no more than 200% of federal poverty guidelines (Appendix, Table C). The goal of the program is to prevent homelessness, minimize number of days homeless, and to eliminate repeated episodes of homelessness.
- i. Minnesota Housing: Low and Moderate Income Rental ([LMIR](#)) Program
 - 1. First mortgage fixed rate amortizing debt for the construction or rehabilitation of multi-family complexes with 24 or more units, which serve low-to-moderate income households.
- j. Minnesota Housing: Preservation Affordable Rental Investment Program ([PARIF](#))
 - 1. Provides a zero percent interest, 30 year deferred loan payable at the end of the term.
 - 2. Funds are used for acquisition, rehabilitation and/or debt restructuring of federally assisted rental housing or supportive housing units serving households earning 80% or lower of statewide median income and income levels are not adjusted for family size, and the housing units are at risk of becoming market rate.
- k. Minnesota Housing: Rental Rehabilitation Deferred Loan Pilot Program ([RRDL](#))
 - 1. Funds used for rehabilitation of rental dwellings (single family rentals, duplexes, larger rental housing) serving households earning \$62,000 or less annually.
 - 2. Provides funding up to \$300,000; at a rate of zero percent interest for a deferred loan term of 10 – 30 years.
 - 3. Large apartment units: up to \$25,000 per unit.
 - 4. Single family rental or duplex: up to \$35,000.
 - 5. 51% of floor space must be used for residential purposes.
 - 6. SEMMCHRA would be the administrator for PARIF funds.

4. Federal Multi-Family Housing Preservation and Construction Resources:

- a. MN DEED: Small Cities Development Program ([SCDP](#))
 - 1. Funds are granted to the City, which, in turn, lends funds for the purpose of rehabilitating rental housing stock serving households earning 80% or less of AMI (Appendix A, Table A). The maximum award for rental rehabilitation is \$600,000. The preliminary application is due in November, if the preliminary application is approved, the full application is due in February, and the award announcement will occur in June.

Winona	Efficiency	1BR	2BR	3BR	4BR
County	\$453	\$537	\$714	\$942	\$1,047

- b. When applicable, encourage staff and workforce housing developers to apply for [Federal Historic Tax Credits](#), which equal 20% of qualified rehabilitation expenditures

over a 27.5 year depreciation period. The use of Historic Tax Credits can be used with Low Income Housing Tax Credits, which do have income restrictions.

- c. Federal New Market Tax Credits ([NMTC](#))
 - 1. New Market Tax Credits can be used for over a 7 year period yielding a 39% tax credit:
 - a. Mixed-Use Developments
 - 1. 20% or more of the revenue generated from the building has to come from commercial sources or less than 80% of generated revenue can come from rental housing.
 - b. Residential Rental Property
 - 1. Typically, NMTCs are used in an approved low-income census tracts as defined by U.S. Census data as 20% of households are in poverty or where the median family income does not exceed 80% of AMI (Appendix A, Table A).
 - a. Competitive application process
 - b. Typically, NMTCs are used in approved low-income communities as defined by U.S. Census data.
 - c. Better suited for phased projects
 - d. Where sale proceeds can be recycled into subsequent phase development.
- d. Federal Home Loan Mortgage Corp (Freddie Mac) [Small Balance Loan](#)
 - 1. For mixed-use developments. SBL is designed to provide approval of commercial loans for projects with up to 40% of their income or up to 40% of their space. SBL does not provide financing for construction, but SBL makes local banks more likely to provide the construction financing for mixed-use projects.
 - 2. SBL is an additional funding source to promote infill housing. Ideal areas in Winona would be zoning districts: mixed-use downtown core (MU-DC), mixed-use downtown fringe, and the newly created mixed-use neighborhood districts.

Section 2: Owner Occupied Rehabilitation: To preserve the integrity and character of housing by maintaining the current stock of workforce housing to ensure our heritage-rich neighborhoods remain attractive and viable for families.

1. Local Owner Occupied Rehabilitation Resources:

- a. Encourage staff collaborate and layer City resources with SEMCAC, Habitat for Humanity Winona-Fillmore Counties, the Department of Corrections, and Minnesota State College Southeast to help provide workforce housing to the community.
- b. Allocate funding from Local Government Aid (LGA), existing General Funds, or levy funds to leverage private funding into a newly created funding source to sustain workforce housing initiatives, which will create jobs in the construction industry, allow homeowners to maintain a safe and decent dwelling, and benefit the neighborhood.
- c. Inform citizens of low interest loans and grants that support owner-occupied housing rehabilitation.
- d. Encourage staff to explore, identify, and apply for state, federal, private funding sources and to work with local organizations to support the workforce housing initiatives.
- e. Encourage staff, citizens, organizations, and businesses to create Neighborhood Adopt-a-Block committees to identify and help owner-occupied properties in need.
- f. Encourage staff to collaborate with Winona County staff and other local organization(s) to develop tax-forfeited lands into affordable housing, where appropriate.

2. State Owner Occupied Rehabilitation Resources:

- a. Minnesota Housing Finance Agency: [Impact Fund](#)
 1. Funds are awarded to the City for single-family, owner-occupied affordable and workforce housing activities to households earning 115% or less of AMI (Appendix A, Table A)
 2. Acquisition, rehabilitation and resale of existing housing
 3. Owner-occupied rehabilitation
 4. New Construction, including demolition or removal of existing structures with rebuild
- b. Minnesota Housing Fix-Up Program:
 1. Minnesota Housing provides funds to local lenders to provide home improvement funds with longer repayment terms, and lowering monthly payments.

3. Federal Owner Occupied Rehabilitation Resources:

- a. MN DEED: Small Cities Development Program ([SCDP](#))
 1. Funds are granted to the City, which, in turn, lends funds for the purpose of rehabilitating owner-occupied housing stock serving households earning 80% or less of AMI (Appendix A, Table A). The maximum award for owner-occupied rehabilitation is \$600,000. The preliminary application is due in November, if the preliminary application is approved, the full application is due in February, and the award announcement will occur in June.

4. Other Owner Occupied Rehabilitation Resources:

- a. Habitat for Humanity Winona and Fillmore Counties
 - 1. A Brush With Kindness ([ABWK](#))
 - b. Exterior maintenance for low – to – moderate income homeowners.
- b. [SEMCAC](#)
 - 1. Weatherization Assistance Program
 - a. Exterior wall and attic insulation
 - b. Air infiltration and bypass sealing
 - c. Repair or Replacement of mechanicals
 - 2. Community Fix-Up Fund Loan Program
 - a. \$2000-\$15,000 loans are available to homeowners to improve or preserve their home.
 - 3. Rehab Loan Program
 - a. Provides a 15 year forgivable loan to homeowners for make plumbing, electrical, roofing, heating, accessibility and energy improvements.
- c. [Otto Bremer Trust](#)
 - 1. Grant funding is prioritized to organizations who beneficiaries reside in Bremer Bank communities
- d. Greater Minnesota Housing Fund ([GMHF](#))
- e. Xcel Energy Residential Programs, Rebates, and Energy Audits
- f. Xcel Energy Income Qualified Home Energy Savings Program
 - 1. Energy savings advice to lower energy bills
 - 2. Weatherization:
 - a. Wall and attic insulation
 - b. Air sealing
 - 3. Appliance replacement and recycling of:
 - a. Natural gas furnace or water heater
 - b. Refrigerator, freezer, or window/wall air conditioner
- g. [Federal Home Loan Bank of Des Moines](#)
 - 1. Owner-Occupied Rehabilitation-Competitive Application
 - a. Funds are awarded to the City and are used to financially assist owner-occupied rehabilitation to households earning 80% or less of AMI and maintain affordability for a period of no less than five years.
 - b. Applications dedicating funds to 20% of the rehabilitation activities to households earning 60% or less of AMI are given priority.
 - c. A maximum subsidy of \$750,000 for a project and up to \$40,000 per unit.
 - d. This program encourages partnerships between financial institutions and housing providers to secure funds the purchase, construction or rehabilitation of affordable homeownership or rental housing.

Section 3: Single Family Home Construction

1. Local Single Family Home Construction Resources

- a. Reduce set-back requirements to provide more land to be developed, allowing for density bonuses to developers partnering with the City to construct workforce housing and who provide a commitment to preserve affordability for a negotiable term.
- b. Encourage staff to collaborate with the local school district to convert vacant district buildings, if buildings are available, into single family housing to then communicate the building plan to the public.
- c. Encourage staff to collaborate with the political subdivisions within the PMA to attract single family developers to create the housing needed to fulfill the demand levels stated within the housing study.
- d. Encourage staff to work with local businesses to establish and maintain an Employer Assisted Housing ([EAH](#)) program.
 1. Direct payment to the employee or lending institution for down payment and/or closing costs.
 2. Use as an employee recruiting/retention tool.
 3. Donate land to a developer who will guarantee availability and affordability to the employer's workforce.
- e. Allocate funding from Local Government Aid (LGA), existing general funds, and/or levy funds to establish a funding source to leverage federal, state, and private funding in order to sustain workforce housing initiatives. These initiatives would create jobs in the construction industry, preserve existing single family workforce housing stock, and aid in the development of new workforce housing, which would allow employees to live in the community they work in, and benefit the community as a whole. A commitment to maintain affordability will be determine on a project-by-project basis.
- f. Establish a pool of funds from private business to leverage grant funding.
- g. Waive or reduce building permit fees, land use fees, financial fees park dedication fees, water and sewer connection fees, etc. for workforce housing developments with the commitment to preserve affordability for a negotiable term.
- h. When annexation is occurring, where appropriate, allow for zoning changes for single family and mixed-used developments.
- i. Where appropriate, encourage staff to examine parcels currently zoned industrial/manufacturing and explore opportunities for other uses, including single family housing when developing the next Comprehensive Plan.
- j. Encourage staff to collaborate with Winona County staff and other local organizations, such as Habitat for Humanity and Minnesota State College Southeast to develop tax-forfeited lands into affordable housing.
- k. [Community Land Trust](#) (CLT)
 1. Homebuyers purchase only the house – and enter into a long term agreement with the CLT to lease the land, making the real estate transaction more affordable. CLT homes are sold to families with limited incomes. These homes cost less than market rate homes because CLT homebuyers purchase only the house and enter into a

long-term agreement – a 99-year ground lease – with the CLT for the use of the land. When a family decides to sell a CLT home, they sell only the house to another family with a limited income for the price that is determined by the resale formula in the ground lease. The home stays affordable for future generations.

- I. Provide tax abatement as a gap funding source to developers of workforce housing who make the commitment to preserve affordability for a negotiable term in order to be considered for tax abatement. The duration of tax abatement varies by approval of the governing boards of: the City, County, and School District.
 1. Approval by all 3 entities would allow for a period of 15 years;
 2. Approval by 1 or 2 would allow for a period of 20 years;
 3. If term is silent within the resolution the period of tax abatement would allow 8 years.

2. Other Single Family Home Construction Resources

- a. Federal Home Loan Bank of Des Moines
 1. [Affordable Housing Program](#)-Competitive application
 - a. Funds are awarded for acquisition/rehabilitation for resale and for new construction for resale for households earning 80% or less of AMI (Appendix A, Table A).
 - b. Homeownership projects where at least 20% of the households are at or below 60% of AMI (Appendix A, Table A) are given priority.
 - c. A maximum subsidy of \$750,000 for a project and up to \$40,000 per unit.
 - d. This program encourages partnerships between financial institutions and housing providers to secure funds the purchase, construction or rehabilitation of affordable homeownership or rental housing.
 2. [Home\\$tart and Home\\$tart Plus](#)
 - a. Member lenders may provide funds to households earning 80% or less of AMI (Appendix A, Table A) in amounts up to \$7,500 for Home\$tart or \$15,000 for Home\$tart Plus.
- b. Xcel Energy: Efficient New Home Construction
 1. Incentives to builders to build homes exceeding energy code and baseline requirements by at least 10%.
 2. Rebates range from \$500 - \$2000

3. State Single Family Home Construction Resources

- a. Minnesota Housing
 1. [Impact Fund](#)
 - a. Funds are awarded to the City for single-family home construction and workforce housing activities to households earning 115% or less of AMI (Appendix A, Table A).
 - b. New Construction, including demolition or removal of existing structures with rebuild.

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