

ORDINANCE NO. O-2024-0826-4

**CITY OF MANKATO MINNESOTA
ORDINANCE ESTABLISHING AN AFFORDABLE HOUSING TRUST FUND**

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

DIVISION 1. GENERALLY

Sec. 2-99. Authority and purpose.

Pursuant to the authority granted to the city 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.

Sec. 2-100. 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 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 authority in and for the city of Mankato.

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 2. HOUSING TRUST FUND ACCOUNT

Sec. 2-101. 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 EDA 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 EDA's tax levy fund as approved by the city council. The Mankato EDA 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.

RESOLUTION CREATING AN AFFORDABLE HOUSING TRUST FUND ADVISORY COMMITTEE

WHEREAS, on August 26, 2024, the City Council adopted the Ordinance establishing the Affordable Housing Trust providing a permanent source of funding and a continually renewable source of revenue to meet housing needs of Moderate, Low-Income, and Very Low-Income households; and

WHEREAS, Chapter 2, Section 2.13 allows the City Council to create boards and/or committees by resolution as may be deemed necessary to advise and assist the City Council, city administration, and the Economic Development Authority of Mankato on city business or current issues related to affordable housing; and

WHEREAS, it is requested that the Housing Trust Fund Advisory Committee be established by resolution.

NOW, THEREFORE BE IT RESOLVED by the City Council for the City of Mankato that the Housing Trust Fund Advisory Committee be and hereby is established as follows:

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.

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.

Vacancies: Vacancies on the committee shall be filled for the unexpired portion of the term by the EDA.

Compensation. The members of the committee shall serve without compensation.

Removal. The EDA, by majority vote, may remove any member of the committee for cause.

Duties:

- The committee shall adopt bylaws for the administration and operation of the committee and their meetings.
- The committee shall conduct meeting for consideration of such matters as referred by the City Council, EDA, or City Manager to the committee for evaluation and recommendation. Meetings will be scheduled as determined by the committee.
- The committee may review and provide recommendations on the strategic long-term planning and priorities of the city and EDA as they relate to affordable housing.
- The committee may shall review and recommend to the EDA 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

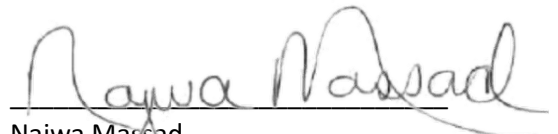
costs necessary for the creation of new mixed income housing (both rental and owner-occupied); (4) the rehabilitation of the existing housing stock; (5) assist with funding of programs that prevent and end homelessness; and (6) other housing expenditures that are consistent with Minnesota Statutes, Section 462C.16 Subd. (3).

- The committee shall assist in the development and review of the affordable housing action plan.

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.


This resolution shall become effective upon its passage and without further publication.

Dated this 26th day of August, 2024.



Najwa Massad
Mayor

ATTEST:



Renae Kopischke, MMC
City Clerk