



COMMUNITY
DEVELOPMENT
AGENCY SCOTT COUNTY

Affordable Housing Aid Local Housing Trust Fund

January 2, 2024



Overview - Affordable Housing Aid SAHA & LAHA

- Statewide Local Housing Aid (SAHA)
 - Minnesota Statutes Section 477A.36
 - State Appropriation
 - Payment in December 2023
 - Scott County Only (\$211K)
- Local Affordable Housing Aid (LAHA)
 - New program in the omnibus housing bill (Laws 2023, Chapter 37)
 - Minnesota Statutes Section 477A.35
 - 0.25% sales and use tax in metropolitan area
 - Tax began collection October 1, 2023
 - Aid first paid in 2024, July and December

LAHA Purpose

Helps metropolitan local governments
develop and preserve affordable housing
within their jurisdictions to keep families from
losing housing and to help those experiencing
homelessness find housing

LAHA Recipients

- Seven counties in the metropolitan area as defined in section 473.121, subdivision 2 (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington)
- Cities of the first, second, and third class (those with a population over 10,000) in those counties
 - Shakopee, Savage and Prior Lake

Projected LAHA Aid Amounts

- Based on available funds collected in June
- Amounts distributed based on the number of cost-burdened households in the community
- Data will be updated annually with most recent census data

County	2021 Population	Cost Burden	Aid
Anoka	366,888	30,323	\$ 6,478,466
Carver	108,891	8,258	\$ 3,123,225
Dakota	443,692	39,240	\$ 7,834,399
Hennepin	1,289,645	147,064	\$ 24,230,295
Ramsey	553,229	64,767	\$ 11,716,077
Scott	153,199	11,888	\$ 3,675,209
Washington	270,805	21,865	\$ 5,192,328
			\$ 62,249,999
City			
Savage	32,516	2,777	\$ 291,237
Shakopee	45,593	3,572	\$ 374,612
Prior Lake	27,832	2,139	\$ 224,327
			\$ 890,176

LAHA Qualifying Projects

- Projects designed for the purpose of:
 - Construction • Acquisition • Rehabilitation • Demolition/Removal
 - Construction Financing • Permanent Financing
 - Interest Rate Reduction • Refinancing • Gap Financing
- Affordable Housing must serve households with incomes which do not exceed:
 - For homeownership projects, 115% of area median income
 - For rental housing projects, 80% of area median income
 - Must be affordable to the local work force
- Emergency rental assistance
- Support to nonprofit affordable housing providers

LAHA Project Priorities



Projects are prioritized that provide deeper affordability:

For homeownership projects, 80% of the area median income

For rental housing projects, 50% of the area median income



Priority may be given to projects that:

Reduce disparities in home ownership

Reduce housing cost burden, housing instability, or homelessness

Improve the habitability of homes

Create accessible housing

Create more energy- or water-efficient homes

CDA Strategic Housing Goal

**Increase supply of affordable housing units in
Scott County**

**Preservation of existing affordable housing units
(Naturally Occurring Affordable Housing-NOAH)**

**Decrease the % of households who are severely
cost burdened**

**Increase homeownership opportunities for high
barrier communities**

Proposed projects

Preservation of existing units

- Rehab of existing rental properties (Naturally Occurring Affordable Housing – NOAH)
- Rehab of existing affordable rental properties
- Rehab of single-family homes in partnership with weatherization program
- Acquisition and rehab of existing rental units

Rental

- Land Acquisition
- Development, redevelopment (blighted areas) and construction of new affordable housing units
- Gap financing

Homeownership

- Downpayment assistance
- Community Land Trust

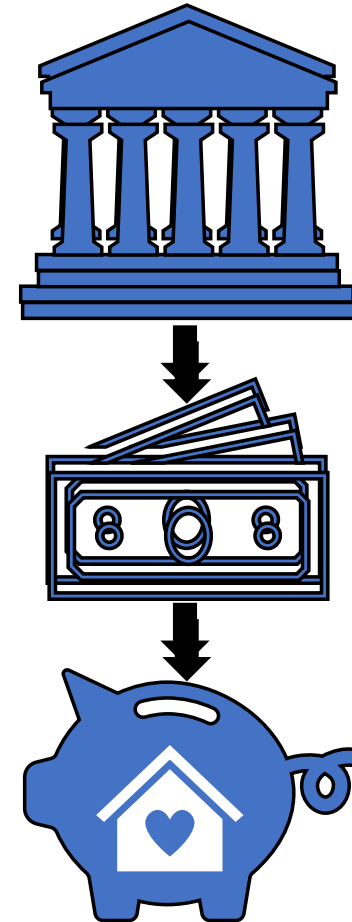


Timeframe to Spend Funds

- Four years to spend
- Funds are considered spent if deposited into a Local Housing Trust Fund
 - Funds must still be spent on projects that meet the affordability requirements of LAHA
- Unspent funds must be returned to the Department of Revenue
- Returned funds will be distributed through other programs
 - Family Homeless Prevention and Assistance Program
 - Economic Development and Housing Challenge Program
 - Workforce and Affordable Homeownership Development Programs

What is a Local Housing Trust Fund?

- Local Housing Trust Funds (LHTF) are **established by elected government bodies** at the city, county, or regional level.
- They **dedicate public revenues** to a **distinct fund** that is used to **address local housing needs**.



What can a LHTF do?

Authorized expenditures

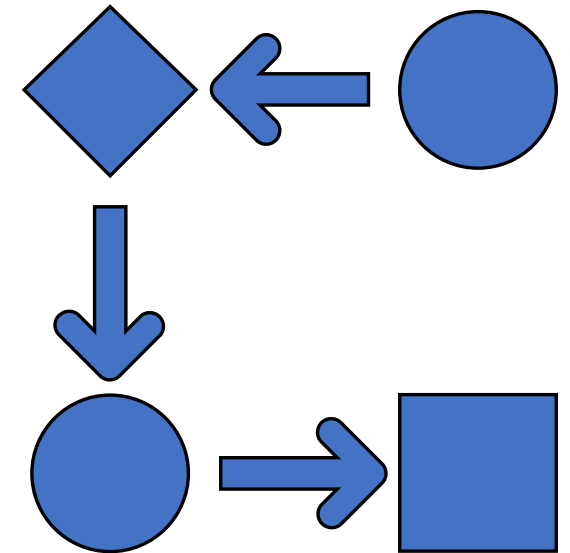
- Make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;
- Match other funds from federal, state, or private resources for housing projects;
- Provide down payment assistance, rental assistance, and home buyer counseling services; and
- Pay for administrative expenses of not more than ten percent of fund balance.

Benefits

- **Dedicated Funds** – once deposited in the fund must be used for eligible LHTF activities.
- **Predictable** – allows for long-term planning for municipalities and developers.
- **Leverages Private Investment** – On average, every LHTF \$1 leverages \$6 of additional funds.
- **Flexible** – can encourage a variety of activities, address changing needs over time, and fill gaps not served by other programs.
- **Promotes** – elevates housing as a local priority and prioritizes developments that maximize benefit to the community.

Establishing a LHTF

- Minnesota Statutes 462C.16
- Establish by local government ordinance
- Identify funding source/s
 - *“... with any money available to the local government, unless expressly prohibited by state law.”*
- Identify an administrator
 - *Government agency or nonprofit organization*



Identify Funding Sources

- LHTFs sources include, but are not limited to:
 - HRA levies,
 - Bond proceeds,
 - Grants and loans from a state, federal, or private source,
 - Appropriations by a local government,
Local Affordable Housing Aid and Statewide Local Housing Aid
 - Investment earnings on the fund, and
 - Donations

LAHA Proposed Partnership

CDA to administer LAHA funds on the City's behalf based on your local housing priorities within the qualifying uses of the funds



Duties, project priorities and responsibilities will be outlined in a joint powers agreement that can be reviewed and renewed annually



The CDA will track the funds received by your community and report annually to your City and Minnesota Housing on the expenditure of LAHA funds



The CDA is working with Scott County to adopt a county wide ordinance establishing a housing trust fund in accordance with MN Statute 462C. 16.

Questions and Discussion

Thank you