



REQUEST FOR GRAND RAPIDS EDA ACTION

AGENDA DATE: July 27, 2023

STATEMENT OF ISSUE: Consider approval of a resolution and letter in support of an application by the Itasca County HRA to the Minnesota Housing Finance Administration for the development of eight additional affordable, owner-occupied, single-family homes in Forest Lake Addition.

PREPARED BY: Rob Mattei, Executive Director

BACKGROUND:

The Itasca County HRA, in partnership with KOOTASCA Community Action and One Roof Community housing are requesting the support of GREDA for another application to Minnesota Housing Finance Administration (MHFA) for the development of an additional eight affordable, owner-occupied, single-family homes on the former site of the Forest Lake Elementary School.

GREDA has completed the subdivision of the property as Forest Lake Addition which is comprised of a total of twenty-two single family home lots. The City has contracted for the addition of sanitary sewer and water. This infrastructure, which was funded with allotted ARPA funds and an IRRR grant, is under construction.

Under a CLT model, a family or individual purchases a house that sits on land owned by the CLT, thus the purchase price is more affordable because the homeowner is only buying the home and not the land. The homeowner leases the land from the CLT in a long-term, usually renewable, lease. Through the purchase of the home, the buyer agrees that when they eventually sell the home, the price is restricted to keep it affordable in perpetuity, however, they may be able to realize appreciation from improvements they make while they live in the house.

This proposed project has come to us with a short timeline for the GREDA's consideration. Applications for gap funding through the MHFA Community Homeownership Impact Fund are due on July 31. The HRA is preparing to submit for this project and has requested and received support from the City to consider the use of TIF if necessary. As is always the case with MHFA funding, an endorsement and financial support from the community are necessary to be competitive.

As stated within the draft resolution, GREDA's commitment to the project would be to consider the sale of 8 additional single family home sites, at a price of \$6,300/lot.

As you may recall, prior to GREDA receiving title to the former Forest Lake School property it was owned by the City, which resulted from a land swap with ISD #318. The assigned value of the Forest Lake School in that exchange was \$133,555. The price of \$6,300.00 per site is roughly based on that value divided by the 22 platted lots, which is more precisely \$6,070.68. It is our intent that MHFA will view the price of \$6,300 per lot as a discounted price and a contribution to the project by GREDA.

For the City to consider the approval of TIF, ICHRA will apply to the City, if they are successful with their MHFA application, and the normal TIF process will follow.

We anticipate that MHFA awards will be made in December, but in some cases that has carried over until January or February.

RECOMMENDATION:

REQUIRED ACTION:

Adopt a motion approving a resolution and letter supporting an 8-unit owner occupied community land trust single-family housing development.