

Vergas EDA/HRA
Vergas EDA/HRA
Vergas Event Center and Zoom Id number 267-094-2170 (password 56587)
2:00 PM on Tuesday, March 7, 2023

1. **Call to Order**
2. **Agenda Additions and Deletions**
3. **Minutes**
February 7, 2023
4. **Status of Recommendations to City Council**
None.
5. **Financial Update**
2023 Income and Expenses Update
6. **Old Business**
 - a. 2023 Housing Goals Timeline
 - b. 2023 Economic Goals Timeline
 - c. CEDA (Community and Economic Development Associates)- Guest Ron Zeigler, CEO/President of CEDA
7. **New Business**
 - A. Tax-Foreited Land in Vergas
 - B. Housing Incentives - Otter Tail County

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4. Minutes

February 7, 2023

Files Attached

- 02-07-2022 EDA_HRA Agenda and Minutes.pdf

**Vergas EDA/HRA
Vergas State Bank Meeting Room
2:00 PM on Tuesday, January 7, 2023**

The City of Vergas Economic Development Authority (EDA) and Housing Redevelopment Authority (HRA) met on Tuesday, January 7, 2023 at 2:00 pm at the Vergas State Bank meeting room with the following members present: Bruce Albright, Joy Summers, Vanessa Perry, Duane Ditterich and Julie Lammers. Absent: Kevin Zitzow. Also present: Joe Clauson.

Call to Order

Meeting was called to order by Vice President Bruce Albright.

Agenda Additions and Deletions

Motion by Perry, seconded by Ditterich to approve agenda with the following additions: Rental Properties, Eva and Diane properties and THC. Motion carried.

Minutes

Motion by Albright, seconded by Perry to approve minutes for the December 6, 2022 meeting. Motion passed unanimously.

Status of Recommendations to City Council

None.

Financial Update

Lammers provided financial information for EDA/HRA.

Old Business

2023 Housing and Economic Goals.

Albright reviewed goals and timeline.

CEDA (Community and Economic Development Associates)

Lammers reviewed the organization CEDA, and members discussed pros and cons of hiring this firm to work with the City to enhance the EDA. Motion by Perry, seconded by Summers to invite a CEDA representative to our March meeting. Motion passed unanimously.

New Business

Rental Properties

Joe Clausen, owner of the Pelican Motel asked members if there would be interest in a motel, cabins and campground in Vergas. Members stated the housing study and the comprehensive plan have both supported a hotel in Vergas. The need is from rentals at event center, tourists, property owners not having enough room for guests, snowmobilers and fisher people (both winter and summer). Discussed properties in Vergas large enough and encouraged Clausen to proceed with plans for lodging. Albright encouraged him to return to the EDA/HRA with any questions or if we can provide any support or assistance.

THC

Otter Tail County has put a pause on the sale of THC products for up to 12 months to allow for adequate time to study this issue and develop ways to address public health and safety concerns. It also allows the legislature time to give additional direction at the state level. This may lead to restrictions like requiring a license to sell, who can sell THC products, where THC products can be displayed and regulations that could limit where THC products can be purchased. The City is allowed to approve an ordinance to sell THC with licensing and requirements, two cities who have done so are Otter Tail and Perham. The City of Vergas Council reviewed an ordinance to allow the sale of THC in Vergas and voted against it due to the inability to regulate the sales. Committee members agreed with Council this issue will need to be reviewed by the County before Council should enact an ordinance to sell THC. We need to protect our businesses and we do not have viable resources to do so at this time.

Eva Street and Diane Avenue Properties

Lammers provided financial data regarding tax forfeited lots and Albright explained he would be meeting with Lammers to write letter. Perry stated she has contact with representatives and will also look into getting information on how the EDA/HRA could obtain the lots.

Meeting adjourned at 3:05 p.m.

Julie Lammers

City Clerk-Treasurer

City of Vergas

Council Recommendations

None.

Follow up Actions.

Lammers with assistance from Albright will construct a letter to Senate, House and MN Tax Exempt regarding tax forfeited lots on Eva and Diane.

Lammers to add Give to the Max Fundraiser to the August meeting agenda.

Lammers invite CEDA Representative to March meeting.

DRAFT

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5. Status of Recommendations to City Council

None.

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6. Financial Update

2023 Income and Expenses Update

Files Attached

- 2023 EDA_HRA Revenue and Disbursements.pdf

2023 EDA-HRA Income-Expense Sheet

Beginning Balance			\$18,336.36	
Revenue:				
	City	7,000.00		
Total Revenue			<u>\$7,000.00</u>	
Expenses:				
Total Expenses:			<u>\$0.00</u>	
Balance of Checking Account as of 11/30/2022			<u>\$25,336.36</u>	
Savings Account				
	* West Central Initiative	15,306.40		
Veteran's Memorial	Total in HRA/EDA Account			<u>\$40,642.76</u>
Income				
Total Income			<u>0.00</u>	
Expenses				
Total Expenses			<u>0.00</u>	
Balance of Account				<u>\$0.00</u>
Pickle Ball				
Income				
Total Income			<u>\$0.00</u>	
Expense				
Total Expenses			<u>\$0.00</u>	
Balance of Account				<u>\$0.00</u>

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7. Old Business

- a. 2023 Housing Goals Timeline
- b. 2023 Economic Goals Timeline
- c. CEDA (Community and Economic Development Associates)- Guest Ron Zeigler, CEO/President of CEDA

Files Attached

- 2023 EDA-HRA Goals with timeline.pdf
- CEDA Brochure.pdf
- 2023 CEDA Rate document.pdf

2023 EDA Goals

<u>Goal</u>	<u>March</u>	<u>June</u>	<u>December</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Meet with business owners, determine how things are going for them, or if they need our assistance to stay in business or to expand their business..Survey businesses regarding staffing needs.	10%	50%		90%			
Support current commercial businesses with training and information on available or upcoming funding in order to help them maintain and grow at a successful rate.				100%			
Work with Planning and Zoning to review areas within current city limits and within a one-mile radius for potential future business development/growth.	on going						
Encourage well planned quality development of commercial areas	add zoning map to EDA agenda			-renew every December			
Continue to work on parking issues within business district (availability/handicap), identify solutions, both short-term and long-range. Solutions might involve buyout of existing businesses, identify funding sources.		County Garage	Plan	On going add handicapped spots on end of Railway			

2023 EDA Goals

<u>Goal</u>	<u>March</u>	<u>June</u>	<u>December</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Continue to be involved with City Comprehensive Planning process, focusing on business issues/concerns within said study.			Align with Comp Plan and review every Dec.				
Meet with Commercial Club to review each other's goals, common interests, and where interests may overlap. Work together to enhance each other's missions.	Hold with Annual meeting	Meet with VCC and discuss goals					
Update website page.			review updates every December				

2023 HRA Goals

<u>Goal</u>	<u>Items to attain Goals</u>	<u>March</u>	<u>June</u>	<u>December</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Identify buildable lots: Review housing study determine the types of housing needed, work with City and private development to furnish said housing.								
	Identify lots within current city limits, who owns said lots, their price, and whether they have City services (water/sewer), or their potential for said services.	Print map Joy will highlight lots		Discuss with owners				
	Identify potential building lots within a one-mile radius of Vergas, who owns the lots, and their selling price. Assess potential of providing City services.			*				
	Work with developer of Lawrence Lake Lots, as well as owners of other available lots within City limits on a marketing campaign to help sell said lots.			Dec. 13, 2022				
Determine interest and availability of grant or low interest housing program to repair or improve existing housing.	If yes - interior or exterior project Programs and Interest			Survey in Utility bill				
Assisting current residents in retaining and maintaining their properties through knowledge of available programs.								
Aid residential developers by making new housing more available through support of waived permitting fees; tax abatements or tax increment financing; etc.		on going						

2023 HRA Goals

<u>Goal</u>	<u>Items to attain Goals</u>	<u>March</u>	<u>June</u>	<u>December</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Convey the message that all aspects; live, work, and play contribute to the existing high quality of life in our community	Put our marketing brochure on the web.			*				
Update Web page.								
Look at grants, loans, programs, at the local, state, and federal levels to make city services (water/sewer) available and affordable for new developments	Policy							
Continue to be involved with City Comprehensive Plan, focusing on housing issues/concerns within said study.				every December				
Continue to collaborate with Otter Tail County on their “The Big Build” project.								

L

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CEDA IS ONE OF THE BEST INVESTMENTS ANY CITY COULD MAKE. THEIR STAFF HAS THE KNOWLEDGE AND SKILLS NEEDED TO MAKE NAVIGATING THE WATERS OF ATTRACTING BUSINESSES TO OUR CITY COME TRUE! THEY WOULD BE AN ASSET TO ANY TOWN.

— MAYOR JIMMIE-JOHN KING,
CITY OF STEWARTVILLE, MN



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Follow Us



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@cedausa



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WHO WE ARE

We are a 501 (c)(3) non-profit organization that has been dedicated to the progression of economic vitality in rural communities for over 30 years.

Our team works closely with cities, counties and organizations to understand their priorities and help them to strategically establish and actualize goals.

We also develop relationships with new and existing businesses to assist with any challenges in startup, operation and expansion.

As a non-profit, all of CEDA's services are provided at or below cost. Donations from our generous partners help to keep our services affordable for our communities and contracts.

COMMUNITY SUPPORT PROGRAM

As an alternative to difficulties of directly hiring staff, CEDA presents communities with the option to contract for a team of highly-skilled professionals!

CEDA's structure allows communities to be proactive about economic development by:

- **Providing a dedicated team member to serve on location in the community.**
- **Allowing communities to contract for the amount of time/week that accommodates their budget.**
- **Collaboratively developing a yearly work plan to meet the goals of the community.**
- **Ensuring accountability with the standard 30-day-out clause included in every contract.**



CEDA OFFERS THE CITY OF ST. CHARLES BOTH A COST EFFECTIVE AND EFFICIENT APPROACH TO ECONOMIC DEVELOPMENT. THE NETWORKING AND PARTNERSHIPS THAT OUR CEDA REPRESENTATIVE MAKES GO WELL BEYOND THE CITY LIMITS.

— CITY ADMIN NICK KOVERMAN,
CITY OF ST. CHARLES, MN



COMMUNITY AND REGIONAL MARKETING

CEDA launched its Expanded Marketing Program in 2016, which allows our communities to promote themselves in unprecedented ways:

- **Representation at international trade shows.**
- **Access to a database of over 2,000 site selectors.**
- **Knowledge of best practices in economic development across the country.**
- **Increased access to local, state and national government officials.**
- **Memberships to several nationally recognized organizations.**
- **Unique approaches to exposing people to the areas that CEDA serves.**

GRANT WRITING

We have a team with diverse knowledge and experience that will improve your community's applications for grant dollars.

- **Over \$40 Million of private, state and federal grant dollars have been secured by staff since 1986.**

SMALL BUSINESS COUNSELING

CEDA is a satellite office for the Rochester Small Business Development Center (SBDC). We work directly with your new and existing businesses to provide expertise and resources to encourage their long-term success.



1500 South Hwy 52
PO Box 483
Chatfield, MN 55923

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www.cedausa.com

Rate Schedule Economic/Community Development Staffing 2023

Per project hourly rate: \$93.50 per hour

Client in-house staffing:

One day every other week	\$14,475 annually
One day per week	\$29,150 annually
One day per week plus one additional day per month	\$34,750 annually
One day per week plus two additional days per month	\$41,025 annually
Two days per week	\$48,600 annually
Three days per week	\$65,830 annually
Four days per week	\$81,640 annually
Five days per week	\$94,120 annually

Other options available upon request

Benefits of contracting with CEDA:

- Professional, cost effective team members
- All team members are available to assist in projects that a community/county may encounter
- Results driven, non-profit organization
- Stable, 36 year-old company
- 30 day contract termination clause
- Ability for the community to meet with team member(s) prior to commitment to assist with team member decision making process.
- References available

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Files Attached

- 20230215 Housing Convening.pdf
- 2022-Term-Sheet-Summary.pdf

Otter Tail County Housing Convening

February 15, 2023

AGENDA



- Welcome
- Big Build Action Strategy
- Greater Minnesota Housing Fund
 - Introduction & Overview
 - Financing Programs
 - Housing Initiatives
- 2022 Big Build Progress
- Q&A and Discussion

INFRASTRUCTURE STRATEGIES

Housing, broadband, childcare, and outdoor recreation.



The Big Build

ACTIONS



Increase the construction of new housing units to meet the various needs of household types and income levels



Build partnerships with and expand the capacity of non-profit organizations, community partnerships, private developers to collectively respond to the housing challenge



Seek funding opportunities to support new housing development, ownership opportunities and reinvestment



Advocate for increased funding and support of housing at the state and federal levels

GREATER MINNESOTA HOUSING FUND



Mission



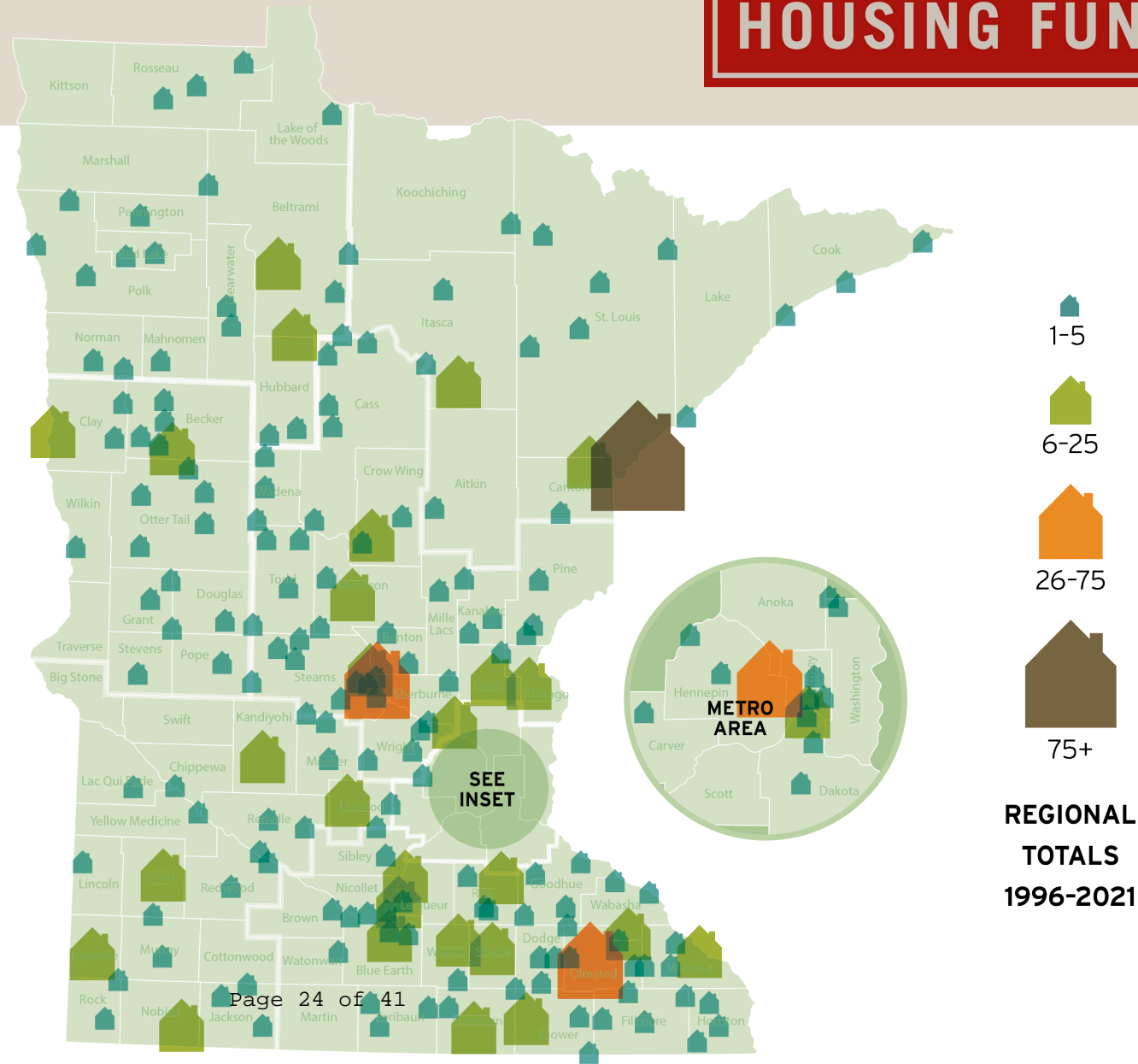
The mission of Greater Minnesota Housing Fund is to **support the creation of strong communities and affordable homes** by making strategic investments and forming effective partnerships.

History of Success



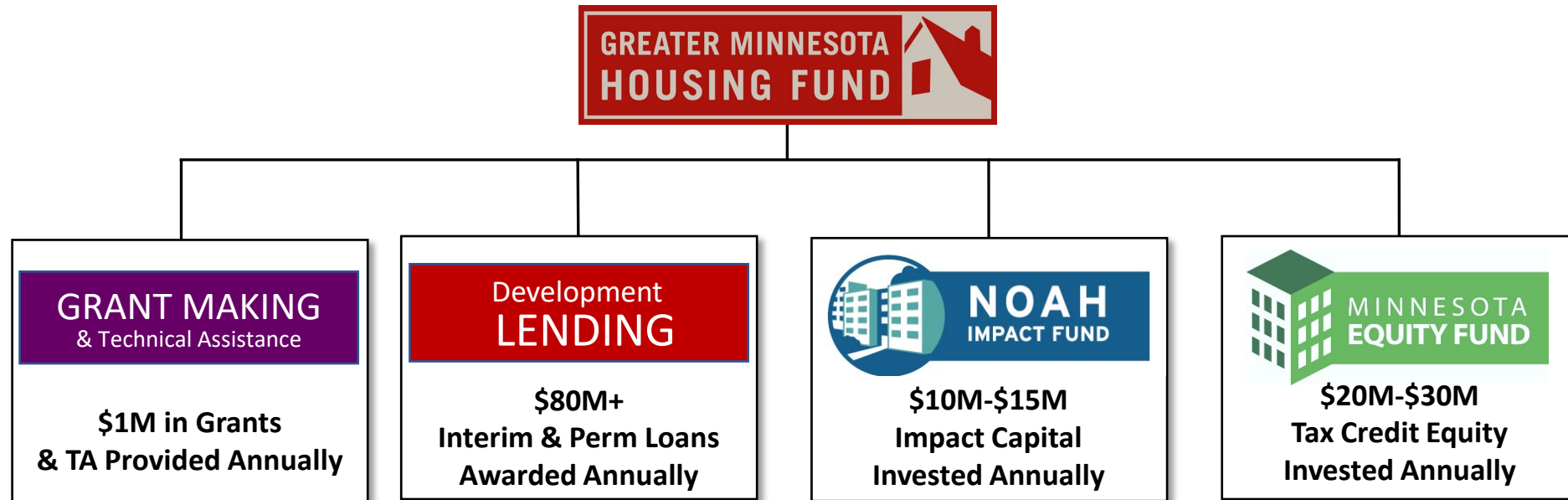
Impacts

Since 1997, GMHF has **invested \$736.8M** in the Twin Cities and across the state, creating **18,522 homes** for families, children, and individuals with low incomes, of which approximately **3,600 units** have combined housing with services.



**REGIONAL
TOTALS
1996-2021**

Funding Structure & Tools



Combined \$110M+ lending and investment awarded annually



Affordable Housing Loan Products

GREATER MINNESOTA
HOUSING FUND



Multifamily

- Predevelopment Loan
- Acquisition Financing
- Construction / Bridge Loans
- Permanent First Mortgage
- Construction to Permanent First Mortgage
- Mezzanine 2nd Mortgage
- Tax Increment Financing (TIF)
- State Historic Tax Credit bridge Loan
- Equity from MEF

Single Family

- Construction Loan Line of Credit
- New Market Tax Credit (NMTC)
Source Loan

Emerging Developers of Color Program



In November 2021, GMHF launched a program to increase the number of developers of color engaged in affordable housing development.

Support for Developers

- ❖ Technical assistance
- ❖ Flexible project financing options
- ❖ Training resources
- ❖ Predevelopment financing
- ❖ Grant funding opportunities

Program Accomplishments

- ❖ Awarded \$13.9M in flexible, Low-cost loan capital
- ❖ \$475K in predevelopment grants
- ❖ Financed 23 Affordable Housing developments led by emerging developers of color
- ❖ Preserved 480 units of housing

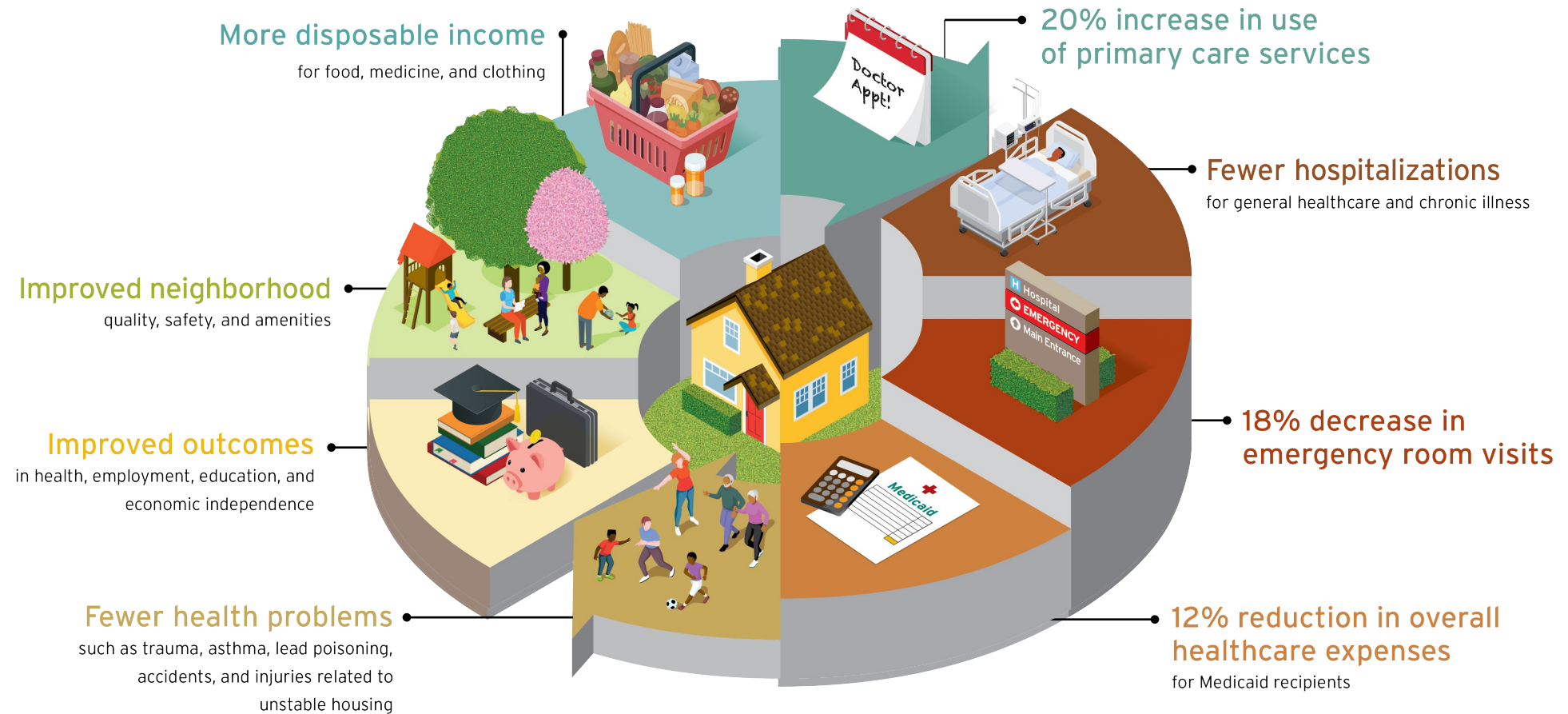
Minnesota Housing & Health Equity Initiative Goals



1. **Health & Housing Projects:** Create a **pipeline of** innovative developments that create stable housing and improve community health.
2. **Community of Practice:** Build networks to share learnings, advance opportunities and provide peer support for creating upstream solutions to community health.
3. **Research Best Practices:** Document case studies, best practices and lessons learned to share knowledge and foster strong partnerships.
4. **Catalyze Investment:** Expand access to impact capital that supports the creation of innovative housing and health equity projects and programs.
5. **Systems Change:** Advocate for policies and system change that will effectively link housing and health services.

Health Equity means all people, regardless of race, income, or ZIP code have opportunities to live their healthiest life possible.

Housing & Health Equity Initiative

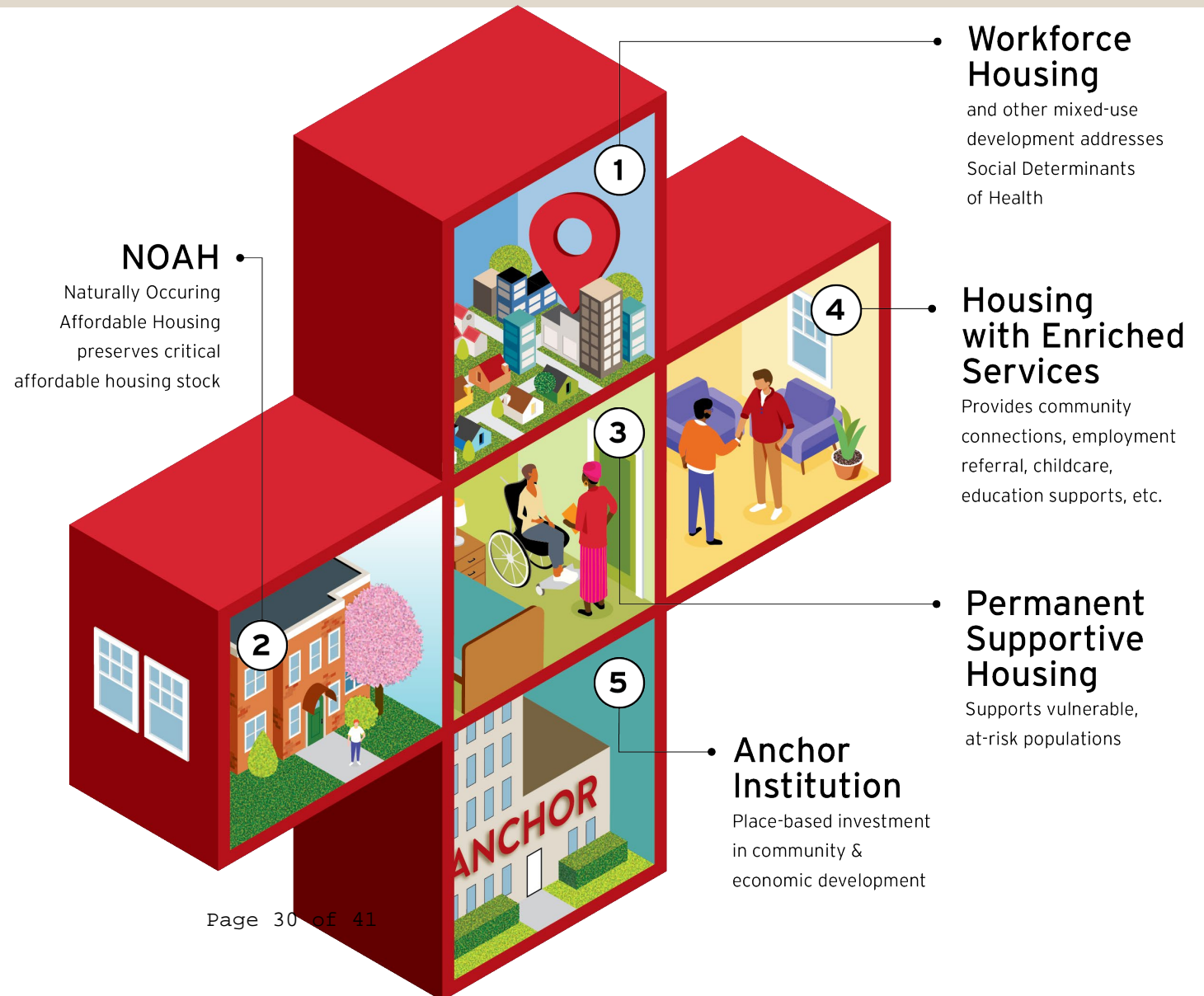


Housing & Health Equity Initiative



DEVELOPMENT TYPES

While Housing & Health Equity developments can vary widely and include a broad range of strategies, there exists five core types that increase housing stability – the foundation for multiple social determinants of health. GMHF's Housing & Health Equity Initiative works with healthcare partners, developers, and community-based institutions to translate complex goals and siloed efforts into tangible, aligned developments.



H&HE Case Studies & Projects



Families find security and chance to rebuild lives

Duluth's Steve O'Neil Apartments provides homes & coaching to stabilize homeless families

The opening of Steve O'Neil Apartments marked a new chapter in the lives of 44 formerly homeless families who now have safe, affordable homes with on-site support services to help them live healthier lives and break the cycle of long-term homelessness.

The development is located in the heart of downtown Duluth, close to jobs and public transportation, and offers family life skills coaching, an on-site early childhood center, and shared meals. Residents pay no more than 30% of their income for rent.

The 44-unit permanent supportive housing community and six-room emergency homeless family shelter is named for homeless advocate, St. Louis County Commissioner and GMHF board member Steve O'Neil, who passed away in 2013.

Homeless service provider, Churches United in Ministries (CHUM) saw a tremendous need for a family-centered residential community in Duluth when demand at its emergency shelters doubled between 2009 and 2013, with 75 families seeking shelter, including 141 children. Many of the families seeking shelter were headed by single mothers who had also experienced homelessness as a child.

Steve O'Neil Apartments Duluth, Minnesota

GMHF Predevelopment Loan:	\$1M
GMHF Construction Loan:	\$9.9M
GMHF Gap Loan Financing Contribution:	\$500K
Minnesota Equity Fund (MEF) Investment:	\$10.5M
MEF Impact Investor: UnitedHealth Group (UHG)	
Total Development Cost:	\$12.9M

Community Partners: Center City Housing Corp., Churches United in Ministry (CHUM), City of Duluth, Duluth HRA, Duluth LISC, Duluth Superior Area Community Foundation, Greater Minnesota Housing Fund, Minnesota Equity Fund, Minnesota Housing, Northland Foundation, One Roof Community Housing, United Health Group

Greater Minnesota Housing Fund (GMHF) provides development loans, grants and equity investments for affordable housing throughout Minnesota, and is a certified Community Development Financial Institution (CDFI). Minnesota Equity Fund (MEF) is a subsidiary of GMHF and works with investors to provide equity capital to affordable housing developments.







Health & Housing
CASE STUDIES

Hotel to Housing

Duluth Inn, Duluth, Minnesota
A Housing & Health Equity Prototype



Duluth Inn was converted to Permanent Supportive Housing by Churches United in Ministry (CHUM) in 2021.

Duluth Inn provides 43 living units with services and technology for telehealth appointments for residents.

CHUM was initially leasing rooms to provide a safe environment for homeless senior citizens during the COVID-19 pandemic.

St Lukes Hospital will acquire and operate the housing with CHUM providing services.

GMHF provided \$1.6M permanent 30 year first mortgage financing



A History of Innovation

Employer-Assisted Housing Resource Guide

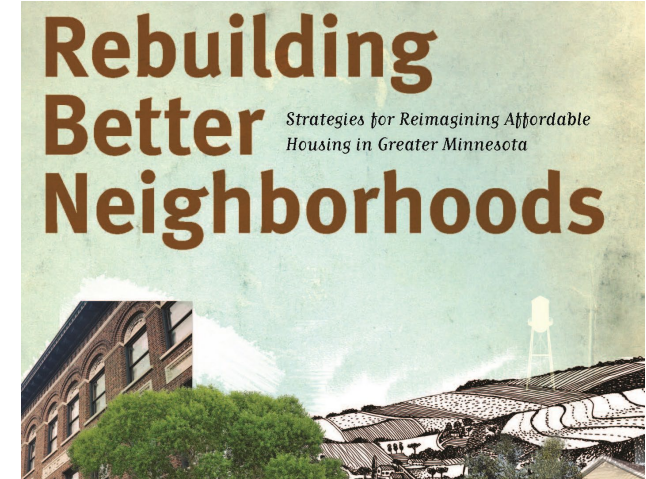
A primer for employers and community leaders

GREATER MINNESOTA
HOUSING FUND

- ❖ Employer-Assisted Housing
- ❖ Green and Sustainable Communities
- ❖ Workforce Housing
- ❖ Community & Neighborhood Design
- ❖ Community Capacity Building



Page 32 of 41



The mission of Greater Minnesota Housing Fund is to **support the creation of strong communities and affordable homes** by making strategic investments and forming effective partnerships.



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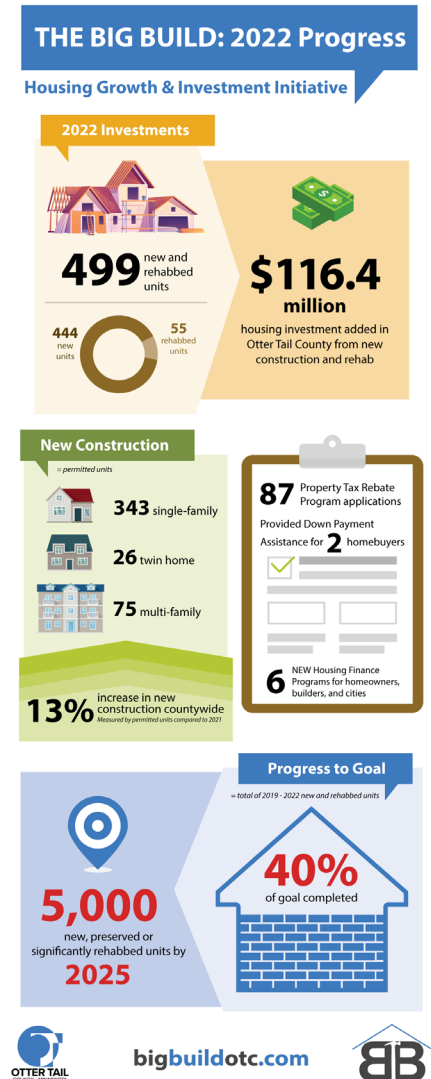
INFRASTRUCTURE STRATEGIES

Housing, broadband, childcare



The Big Build

- › 499 new and rehabbed homes
 - › 444 new units (13% increase from 2021)
 - › 55 rehabbed units
- › 87 tax rebate applications
- › \$116.4 million housing investment from new construction and rehab
- › Completed County Housing Needs Analysis
- › Invested \$2 million to develop 6 new and expand existing housing finance programs
- › Approved 3 Community Growth Partnership Grants



INFRASTRUCTURE STRATEGIES

Housing, broadband, childcare



Project Support and Assistance Programs

- › Housing project support for:
 - › Battle Lake Blue Spruce rental town homes
 - › Battle Lake Hidden Meadows
 - › New York Mills South Point apartments
 - › Pelican Rapids County highway garage redevelopment
 - › North Fields of Dalton affordable senior rental homes

- › First full year of Housing Choice Voucher Program and Public Housing Program administration



Outreach & Communications

- › 200+ people attended housing and workforce events
 - › Housing Summit
 - › Pelican Rapids Housing Summit
 - › Quarterly housing convenings
- › 16 press releases issued to local and regional media
- › 163 social media posts
- › 21 email newsletters
- › Housing webpage redesign
- › Presentations to city council, township, chamber, industry associations, and community organizations



Community & Economic Development Annual Report



2022 Community & Economic Development

ANNUAL REPORT SUMMARY

Housing

The need to expand housing opportunities is critical in addressing the county's workforce needs. The Big Build housing growth and investment initiative continued to show progress in 2022 to increase the construction of new housing units, build partnerships to expand capacity, seek funding opportunities, and advocate for increased funding and support of housing.

200+ people attended housing events to learn, engage, and activate housing growth and partnerships. Events included:

- Housing Summit
- Pelican Rapids Housing Summit
- Quarterly housing convenings

444 new housing units and 55 rehabbed units adding up to \$116.4 million of housing investment.



\$2 million invested to develop 6 new and expand existing housing finance programs providing support for owner-occupied and rental construction and rehabilitation.

- Provided Down Payment for 2 homebuyers
- Approved 87 Property Tax Rebate Program applications

9 first time homebuyers purchased homes with lower interest rate mortgages and down payment assistance through the Minnesota Cities Participation Program, a partnership between local lenders, Otter Tail County, and Minnesota Housing Finance Agency.

Completed Housing Needs Analysis that demonstrated a need for over 4,500 housing units by 2036.

Housing Project Support

- **Battle Lake Blue Spruce rental town homes**
Approved tax abatement for the construction of 12 rental town home units that are currently under construction.
- **Battle Lake Hidden Meadows single-family homes**
Construction underway on two new affordable single-family homes that will be sold to eligible homebuyers.
- **New York Mills South Point apartments**
Approved tax abatement and awarded public infrastructure grant for the construction of 60-unit market rate rental apartment building, which is anticipated to start construction in spring 2023.

- **Pelican Rapids County Highway Garage redevelopment**
Prepared concept site layout and completed the redevelopment tax increment financing district qualifications report.

- **North Fields of Dalton affordable senior rental homes**
Prepared preliminary development plan.



Housing Choice Voucher Program

Otter Tail County's Housing Choice Voucher Program is a partnership between the Housing & Redevelopment Authority (HRA) and local residential property owners. The purpose of the program is to provide rental assistance to eligible households throughout the County, excluding Fergus Falls and Wadena, to lease an existing rental unit.

100 households served monthly and 10 new vouchers are issued on average each month to eligible residents to look for housing. Program participants include families, elderly, and disabled households, with two-thirds being single member households.

- Quarterly workforce convenings

Developed in-demand skills training partnership with M State, starting with leadership training in January 2023.

Provided \$2,500 to 5 Otter Tail County employers to participate in the Racial Equity Dividends Index, helping them better prepare for and understand diversity in their workforce.



Workforce Navigation Program

Workforce Navigation Program launched in 2022 to build relationships between Otter Tail County employers and create a pipeline of highly skilled students in the workforce.

Grant awarded from the Minnesota Department of Labor & Industry Youth Skills Training

Expanded the K12 Navigator online tool to allow schools and students to connect with employers willing to offer career exploration and learning activities.

Increased Otter Tail County employers registered on the K12 Navigator directory.

REGISTER TO ENGAGE WITH THE FUTURE WORKFORCE
[K12Navigator.org](https://www.k12navigator.org)

65 students from 1 school districts field trips to 6 businesses representing the agriculture and manufacturing industries. Students explore career pathways in these high-demand industries.

Workforce Steering Committee was organized to provide guidance to the Youth Skills Training fund disbursement among school districts.

- Identify challenges and strategize solutions for schools and businesses doing work-based learning and career exploration
 - Build sustainable relationships between schools and businesses to become Youth Workforce Navigation champions for the long term future
- Membership includes school and business partners representing a range of geographies and industries.

Will build out 323 miles and serve 1,500 households with a total investment of \$11.3 million.

INFRASTRUCTURE STRATEGIES

Housing, broadband, childcare, and outdoor recreation.

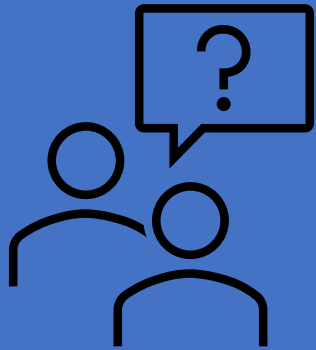


Don't Forget About Our Housing Programs!



ottertailcountymn.us/housing

QUESTIONS



› Eric Muschler

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› Amy Baldwin

abaldwin@co.ottertail.mn.us

› Tanya Westra

twestra@co.ottertail.mn.us

› Barbara Dacy

bdacy@co.ottertail.mn.us

GMHF LOAN PRODUCTS



	MULTIFAMILY				
	Predevelopment	Acquisition	Construction/ Bridge	Permanent 1 st Mortgage	Construction-to-Perm 1 st Mortgage
Purpose	Financing for project-related hard and soft costs prior to closing on construction or permanent financing	Financing for acquisition of land or buildings prior to closing on construction or permanent financing	Financing for new construction or rehabilitation of existing apartments	Long-term first mortgage financing for multifamily properties	Long-term first mortgage financing at start of construction for multifamily apartments
Term	Up to 36 months	Up to 36 months	Up to 36 months	Up to 30 years	Up to 30 years
Amortization				Up to 40 years	Up to 40 years
Fixed Interest Rate	10-year Treasury + 3.0% if not secured by real estate	2-year Treasury rate + 2.0%	4.0% if paired with other GMHF/MEF financing; 4.5% without	Corresponding Treasury + 2.0%	Corresponding Treasury + 2.0%; may equal GMHF bridge loan rate during construction
Origination Fee	1% of loan amount (minimum of \$5,000)				
Loan-to-Value		65% for land & vacant buildings 80% for existing apartments	80% of as-stabilized value + 80% of capital contributions for tax credit projects	80% as-stabilized value	80% as-stabilized value
Debt Coverage Ratio				1.15 for new construction 1.20 for rehabilitation (min 1.10 for at least 15 years)	1.15 for new construction 1.20 for rehabilitation (min 1.10 for at least 15 years)
Repayment	Interest payments due monthly with principal due at maturity	Interest payments due monthly with principal due at maturity	Interest payments due monthly with principal due at maturity	Amortizing with principal and interest due monthly and any outstanding balance due at maturity	Amortizing with principal and interest due monthly and any outstanding balance due at maturity
Interest Only Period	Term of loan	Term of loan	Term of loan	Up to 36 months	Up to 36 months
Security	Security may be required based on project underwriting and borrower	1 st lien position	1 st or 2 nd lien position and/or assignment of capital contributions for LIHTC projects	1 st lien position	1 st lien position
Operating Reserve				3 months	3 months
Debt Service Reserve				3 months	3 months
Replacement Reserve				Min \$350/unit per year for new; based on CNA for rehabs	Min \$350/unit per year for new; based on CNA for rehabs
Guarantee	May be required based on underwriting	May be required based on underwriting	Required	Non-recourse	Required until stabilization, then non-recourse
Affordability	At least 75% of units must be income- and rent-restricted at 80% AMI, including either 40% of units at 60% AMI or 20% of units at 50% AMI. Up to 25% of units may be market rate				
Other Fees	Borrower is responsible for GMHF legal fees, closing costs and the cost of any third-party reports				

All terms are subject to change based on project underwriting and credit approval

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GMHF LOAN PRODUCTS



	MULTIFAMILY			SINGLE FAMILY	
	Mezzanine 2 nd Mortgage	Tax Increment Financing	State Historic Tax Credit Bridge	Construction Loan Line of Credit	NMTC Source Loan
Purpose	Subordinate second mortgage financing for multifamily properties	Financing to capitalize pay-as-you-go tax increment financing (TIF)	Financing to bridge five-year pay-in schedule of MN State Historic Tax Credit for multifamily properties	Financing for new construction or rehabilitation of existing single-family homes	Financing for construction of new single-family homes using New Market Tax Credits (NMTC)
Term	Up to 15 years, coterminous with first mortgage	Up to 26 years to match duration of TIF	Up to 5 years	Up to 5 years	Up to 24 months
Amortization	Up to 35 years or interest only depending on the project	Up to 26 years to match duration of TIF	Up to 5 years		
Fixed Interest Rate	Corresponding Treasury + 3.0%	Corresponding Treasury + 2.0% if combined with GMHF first mortgage	5-year Treasury + 2.50%	10-year Treasury + 3.0%	10-year Treasury + 3.0%
Origination Fee	1% of loan amount (minimum of \$5,000)			1% + 0.5% per home	1% of loan amount
Loan-to-Value	Up to 95% as-stabilized value including all superior debt	Up to 100% of TIF income stream assuming no increase in payments	Up to 100% of total amount of state historic tax credits	Up to 85% as-completed value	Up to 100% of required source loan amount
Debt Coverage Ratio	1.05 combined for first and second mortgage	1.10, or 1.00 if minimum payment agreement			
Repayment	Interest only or amortizing monthly payments depending on project	Amortizing with monthly interest and principal payments	Interest due monthly with principal due in equal annual installments	Interest paid monthly with principal repayments due upon sale of each home	Interest due monthly with principal payments due upon sale of each home
Interest Only Period	Up to 15 years	Up to 36 months if part of construction-to-perm loan		Term of loan	Term of Loan
Security	2 nd lien position	2 nd lien position if not part of GMHF first mortgage	Subordinate lien; Assignment of state historic credits	1 st lien position	Pledged Collateral Account and Control Agreement
Operating Reserve	3 months	3 months		Interest reserve may be required	Interest reserve may be required
Deb Service Reserve	3 months	3 months			
Replacement Reserve	Min \$350/unit per year for new; based on CNA for rehabs				
Guarantee	Non-recourse	Non-recourse	Non-recourse	May be required	
Affordability	At least 75% of units must be income- and rent-restricted at 80% AMI, including either 40% of units at 60% AMI or 20% of units at 50% AMI. Up to 25% of units may be market rate			Up to 115% AMI	
Other Fees	Borrower is responsible for GMHF legal fees, closing costs and the cost of any third-party reports				

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