

To: Budget Committee

From: Patty Heraty, Accountant and Buffy Beranek, Executive Director

Date: May 21, 2025

RE: 2026 HRA Levy Budget

SEMMCHRA's mission is to enhance and strengthen communities through advocacy, collaboration and promotion of self-reliance, housing, and community development. Our goal is to continue to be a recognized advocate and leader in creating housing opportunities and community development solutions. Annually, our Board sets agency standards to ensure we realize that vision and grow our mission.

Our HRA levy is critical for continuing our currently funded programs with baseline customer service. The HRA levy request addresses the economic and housing issues facing our federal, state, and local governments. The need for affordable housing has impacted individuals, families, and businesses. The increasing costs and staffing challenges are resulting in a "survival of the fittest" business model for those trying to obtain and provide our services. The details of our request are attached.

The following is a summary of SEMMCHRA's program accomplishments through 2025 and new plans for 2026. The current average return on investment for each county of the SEMMCHRA levy is included in the itemized levy request. It varies by county depending on the number of programs and services provided. There is also intrinsic value in the housing stability we have created for families in Southeast Minnesota through our work and services. The average cost of the HRA levy to a taxpayer is less than \$15. **The HRA levy for SEMMCHRA is amongst the lowest in the State.** We manage this organization with financial diligence and transparency with our goal of premier public service to those in need of affordable housing solutions. **This year SEMMCHRA is addressing the staffing risk addressed by our external auditors through restructuring. FTEs overall are not increasing. Without the restructuring, SEMMCHRA is at risk of not being able to stay compliant with regulations nor meet funder requirements by having proper staffing competency and experience requirements within each department.**

Section 8 – Rental Assistance

The average number of households currently being served is 403 with average assistance of \$8,208 per household. Our annual utilization is currently averaging \$3,307,824 regionwide. The average household income for participants is \$16,970. Seventy-two percent of all families served by SEMMCHRA's voucher program have been on our program for ten years or less.

As we await the State Rental Assistance program guidelines later in 2025, SEMMCHRA is prepared to administer it to assist in funding overall Section 8 administrative shortfalls. Current rental assistance staffing levels show signs of capacity which is driven by higher rents and lower family incomes. These functions decrease the number of vouchers being utilized but not at a step level to decrease staffing levels.

Public Housing, Rural Development, Low to Moderate, Senior and Market Rate Housing

The number of people served in 2024 in our rental housing units was 917. The approximate number of elderly or disable households totaled 440. We served 120 households with children and approximately 251 children in total. The average household income was \$24,17.

Maintaining our existing housing stock is instrumental in preserving affordable options. SEMMCHRA continues to pursue local, state, and federal funding options that require county and/or city's support to accomplish preservation and affordability goals. SEMMCHRA is working to identify funding solutions and programs to assist with the necessary improvements through the recent, substantial State housing program announcement of \$1.3B. To date, SEMMCHRA has secured funding through the Rochester Coalition and MHFA totaling almost \$2.0 million. In addition, SEMMCHRA has applied for over \$2.0 million for publicly owned housing projects through MHFA and \$500,000 through local housing trust funds. SEMMCHRA has apply for State matching funds for trust funds too.

Maintaining high quality facilities for our properties is a priority as well. SEMMCHRA will continue to update and enhance through capital improvements through available funds on hand and through leverage as well as refinancing when and where possible. Over \$750,000 in capital improvements were completed in 2024 and an additional \$1,500,000 is planned for 2025.

Overall, SEMMCHRA pays approximately \$200,000 annually for property taxes on the rental property it owns and operates in the region.

Single-Family Housing Rehabilitation – 12 Cities and 2 more planned

SEMMCHRA staff have worked hard to finalize open grants in Kasson, West Concord/Claremont, Cannon Falls, Goodhue/Dennison, Pine Island, Lake City, Mazeppa, Wabasha, Goodview, Rollingstone/Altura, Zumbrota, Mantorville and St. Charles. These grants total approximately \$7,550,000. We are awaiting awards for the City of Wanamingo and Plainview totaling about \$900,000. **Annual grant writing awards average \$2.5M for our region!**

Housing Developments – TIF Districts

Countryside Meadow in the City of Kenyon continues to build out the remaining 12 buildable lots. SEMMCHRA has worked diligently with a for-profit developer to strategically build out this development with options for single-family and potential twin homes building sites. No levy in 2026!

Southfork in the City of St. Charles continues to be built out by Habitat for Humanity of Winona County. No levy in 2026!

Wabasha Eagles Basin in the City of Wabasha continues to build out the remaining lots for single-family and twin home building sites in 2025. No levy in 2026!

First Time Homebuyers, Family Self-Sufficiency (FSS) Education

SEMMCHRA will continue to apply for First Time Homebuyer 30-year mortgages and provide opportunities for working families to own their own homes. SEMMCHRA serves 30-50 families annually on the FSS program which enables HUD-assisted families to increase their earned income and reduce their dependency on welfare assistance and rental subsidies.

Please let us know if you have any questions. Thank you for your support through HRA levy.

SEMMCHRA
2026 Preliminary Levy Budget Request
Goodhue County

Total Request: **OPTION 1: \$386,940 Total Levy for 2026**
The estimated cost of the 2026 request to a taxpayer with a \$350,000 taxable market value is \$17.30 or \$.34 cent increase from 2025.

OPTION 2: \$786,940 Total Levy for 2026 – Option to Fund Housing Trust Fund with additional \$400,000.
The cost to a taxpayer with a \$350,000 taxable market value would be \$35.18.

Uses of Funds:

- \$90,940 for General Fund Expenditures
 - Incorporates staffing and auditor risk mitigation restructuring
- \$196,000 for Community and Housing Development
 - Funding of .22 of FTE
 - Grant writing and administration
 - Goodhue County Housing Trust Fund Administration
 - \$10,000 for Community Development grant match for Rental and Single-Family rehabilitation program leverage
 - \$124,000 Goodhue Housing Development rental assistance and debt coverage
- \$100,000 to \$500,000 – Housing Trust Fund
 - Includes funding for new construction; down payment and emergency housing assistance; and rural housing rehabilitation.

Levy/Funding Additional Information:

- **Return on Levy Investment:** 10-year average is \$1.00: \$2.30 or \$947,000 annually.
- **SEMMCHRA pays property taxes to Goodhue County** of approximately \$45,000 annually.
- **Total HRA levy capacity is approximately \$1,448,145 and 27 percent of this maximum is needed.**

Goodhue County
Outside Agency Funding Request Form

Budget		2026	2027
Revenues			
	Fees:		
	Grants:		
	State/Federal Funding:		
	Other Revenue:		
Total Revenues:		\$ -	\$ -
Expenses			
a)	Salaries:	\$ 41,451	\$ 42,902
b)	Benefits:	\$ 15,337	\$ 15,874
c)	Perfessional Services:	\$ 646	\$ 668
d)	Services & Charges:	\$ 20,418	\$ 21,132
e)	Supplies & Materials:	\$ 57,555	\$ 59,569
f)	Other Expenses:	\$ 251,535	\$ 260,338
g)	Capital:	\$ -	\$ -
Total Expenses:		\$ 386,940	\$ 400,483
Requested Funding From County Option B:		\$ 386,940	\$ 400,483
Number of Staff		0.89	0.89

SEMMCHRA
2026 General Overhead Budget (Levy/Program Funded)

	2026		
	TOTAL		
	General Overhead	Levy	Program
1 Other government Revenue	424,372	424,372	
2 Levy Funds Transferred to Projects	(139,000)	(139,000)	
3 Investment income - unrestricted - (interest income)	113,875		113,875
4 Indirect Cost Reimbursement	131,105		131,105
5 Car Reimbursement	10,000		10,000
6 Copy Reimbursement	5,538		5,538
7 Subordination Fees	-		-
8 Recording Fees	-		-
9 Admin Fees	4,000		4,000
10 Investment income - restricted	-		-
11 Admin Fee - FSS	-	-	-
12 Housing assistance payments	-	-	-
13 Ongoing administrative fees earned	-	-	-
14 Administrative Fee	-	-	-
15 Housing Assistance Payment	-	-	-
16 Housing Assistance Payment	-	-	-
17 Administrative salaries	(122,709)	(73,625)	(49,084)
18 Audit	(7,950)	(4,770)	(3,180)
19 Management Fee	-	-	-
20 Advertising and Marketing	(866)	(520)	(346)
21 Employee benefit contributions - administrative	(53,441)	(32,065)	(21,376)
22 Office Expenses	(62,813)	(37,688)	(25,125)
23 Legal Expense	(9,903)	(5,942)	(3,961)
24 Travel	(5,421)	(3,253)	(2,168)
25 Allocated Overhead	-	-	-
26 Other	(10,580)	(6,348)	(4,232)
27 Tenant services - salaries	-	-	-
28 Relocation Costs	-	-	-
29 Employee benefit contributions - tenant services	-	-	-
30 Tenant services - other	-	-	-
31 Water/Sewer (5%)	(548)	(329)	(219)
32 Electricity (5%)	(3,517)	(2,110)	(1,407)
33 Gas (7%)	(479)	(287)	(192)
34 Ordinary maintenance and operations - labor	-	-	-
35 Ordinary maintenance and operations - materials and other	(2,310)	(1,386)	(924)
36 Employee benefit contribution - ordinary maintenance	-	-	-
37 Protective services - other contract costs	-	-	-
38 Protective services - other	-	-	-
39 Property Insurance (12%)	(6,085)	(3,651)	(2,434)
40 Liability Insurance	(5,244)	(3,146)	(2,098)
41 Workmen's Compensation	(35,200)	(21,120)	(14,080)
42 All other Insurance	(7,765)	(4,659)	(3,106)
43 Other general expenses	(29,567)	(17,740)	(11,827)
44 Compensated absences	-	-	-
45 Property Tax/Payments in lieu of taxes	(1)	(1)	(0)
46 Bad debt - tenant rents	-	-	-
47 Interest of Mortgage (or Bonds) Payable	(1,405)	(1,405)	-
48 Interest on Notes Payable (Short and Long Term)	-	-	-
49 Extraordinary maintenance	(6,750)	(4,050)	(2,700)
50 Casualty losses- Non-capitalized	-	-	-
51 Portability IN - HAP Payment	-	-	-
52 Ordinary Maintenance and Operations Contracts - Garbage and Trash R	(1,910)	(1,146)	(764)
53 Ordinary Maintenance and Operations Contracts - Heating	-	-	-
54 Ordinary Maintenance and Operations Contracts - Snow Removal Contr	-	-	-
55 Ordinary Maintenance and Operations Contracts - Elevator Maintenanc	-	-	-
56 Ordinary Maintenance and Operations Contracts - Landscape & Ground	(1,650)	(990)	(660)
57 Ordinary Maintenance and Operations Contracts - Electrical	-	-	-
58 Ordinary Maintenance and Operations Contracts - Plumbing	-	-	-
59 Ordinary Maintenance and Operations Contracts - Extermination Contr	(273)	(164)	(109)
60 Ordinary Maintenance and Operations Contracts - Routine Maintenance	(3,377)	(2,026)	(1,351)

78 Total Expenses/Levy Funded/Program Funded	\$ (474,671)	\$ (285,364)	\$ (189,306)
NOTES:		60%	40%

(a) NET General Fund Levy Allocation (rounded):

5/16/2025

MAXIMUM LEVY CAPACITY - COUNTY	<u>Taxable Market Value *</u>	<u>Max HRA Levy</u>	<u>SEMMCHRA Total Request</u>	<u>% of Max</u>	<u>2025</u>	<u>Increase %</u>	<u>Increase \$</u>
Dodge	5,202,743,350	962,508	89,988	9.3%	55,540	62%	\$ 34,448
Goodhue	7,827,808,212	1,448,145	386,940	26.7%	379,424	2%	\$ 7,516
Wabasha	4,984,100,600	922,059	97,332	10.6%	81,982	19%	\$ 15,350
Winona	4,562,813,692	844,121	144,234	17.1%	126,927	14%	\$ 17,307
	22,577,465,854						
MAXIMUM LEVY CAPACITY - RESIDENTIAL							
Dodge	350,000	64.75	6.05				
Goodhue	350,000	64.75	17.30				
Wabasha	350,000	64.75	6.83				
Winona	350,000	64.75	11.06				

RESOLUTION NO. _____

**RESOLUTION APPROVING PRELIMINARY SPECIAL BENEFIT TAX LEVY OF
SOUTHEASTERN MINNESOTA MULTI-COUNTY HOUSING AND REDEVELOPMENT
AUTHORITY PURSUANT TO MINNESOTA STATUTES, SECTION 469.033, SUBD. 6, AND
APPROVING A BUDGET FOR FISCAL YEAR 2026.**

WHEREAS, the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (the "Authority") was created by action of the Boards of Commissioners of Dodge, Goodhue, Wabasha and Goodhue Counties (collectively referred to as the "Counties") pursuant to Minnesota Statutes, Section 469.004; and

WHEREAS, pursuant to such action on the part of the Counties and Minnesota Statutes, Sections 469.001 to 469.047 (the "Act"), the Authority was granted all of the same functions, rights, powers, duties, privileges, immunities and limitations as are provided for housing and redevelopment authorities created for cities under the Act; and

WHEREAS, Section 469.033, subd. 6, of the Act permits the Authority to levy and collect a special benefit tax of up to .0185% of taxable market value upon all taxable property, both real and personal, within the Authority's area of operation; and

WHEREAS, the Authority has requested that the Board of Commissioners of Goodhue County approve the levy of such a preliminary special benefit tax in the amount of \$_____ to be levied upon all taxable market value of taxable property within the Authority's area of operation contained within Goodhue County; and

WHEREAS, the Board of Commissioners of Goodhue County has considered such request by the Authority and believes that consenting to such a preliminary special benefit tax levy by the Authority is in the best interests of Goodhue County and its residents; and

WHEREAS, the Authority is also required pursuant to Section 469.033, subd. 6, of the Act to, in connection with the levy of such a special benefit tax, formulate and file a budget in accordance with the budget procedures of the Counties in the same manner as required of executive departments of the Counties and the amount of the tax levy for the following year shall be based upon that budget and approved by the Counties; and

WHEREAS, the Authority has presented to the Board of Commissioners of Goodhue County a copy of a proposed budget for its operations for fiscal year 2026.

NOW, THEREFORE, be it resolved by the Board of Commissioners of Goodhue County as follows:

Section 1. That the budget for fiscal year 2026 for the operations of the Authority as presented for consideration by the Board of Commissioners of Goodhue County is hereby in all respects approved.

Section 2. That the levy of a preliminary special benefit tax pursuant to Minnesota Statutes, Section 469.033, subd. 6, is hereby consented to with respect to taxes payable in calendar year 2026 in the amount of \$_____ to be levied upon all taxable market value of taxable property within the Authority's area of operation within Goodhue County.

The above resolution was adopted this _____ day of _____, 2025.

GOODHUE COUNTY BOARD OF COMMISSIONERS

Brad Anderson
Board Chair

Attest:

Scott Arneson
County Administrator