

To: Goodhue County Board

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

Date: September 10, 2024

RE: 2025 HRA Levy Budget Request

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 2024 and new plans for 2025. 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 \$12. 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.

Section 8 – Rental Assistance

The average number of households currently being served is 455 with an average assistance of \$7,440 per household or \$3,270,000 regionwide. The average household income for participants is \$16,870. 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 2024, SEMMCHRA is prepared to administer it only if the administrative funding from the State will provide for additional staffing support. Current rental assistance staffing levels are maximized and operate with a budget we currently do not have to levy for from the counties.

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

The number of people served in 2023 in our rental housing units was 930. The approximate number of elderly or disable households totaled 440. We served 125 households with children and approximately 260 children total. The average household income was \$23,430.

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 \$1.0 million. In addition, SEMMCHRA has applied for over \$2.0 million for publicly owned housing projects through MHFA and \$280,000 through local housing trust funds. SEMMCHRA will apply for 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 \$1,218,000 in capital improvements were completed in 2023 and an additional \$681,000 is planned for 2024.

Overall, SEMMCHRA pays approximately \$190,000 annually for property taxes on the rental properties it owns and operates in the region.

Single-Family Housing Rehabilitation – 11 Cities and 4 more planned

SEMMCHRA staff are working hard to finalize open grants in Kasson, West Concord/Claremont, Cannon Falls, Goodhue/Dennison, Pine Island, Lake City, Mazeppa, Wabasha, Goodview, Rollingstone/Altura and St. Charles. These grants total approximately \$6,460,000.

We are awaiting award announcements totaling approximately \$1.2 million for the City of Zumbrota and Mantorville. SEMMCHRA will be applying for additional grants in 2024/2025 for the City of Wanamingo and Plainview totaling about \$600,000 each.

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. SEMMCHRA will not be levying for this TIF district in 2025!

Southfork in the City of St. Charles continues to be built out by Habitat for Humanity of Winona County. SEMMCHRA will not be levying for this TIF district in 2025!

Wabasha Eagles Basin in the City of Wabasha continues to build out the remaining lots for single-family and potentially twin home building sites in 2024. SEMMCHRA will not be levying for this TIF district in 2025!

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 40-50 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 the HRA levy.

SEMMCHRA
2025 Levy Budget Request
Goodhue County

Total Request: OPTION A: \$379,424 Total Levy Requested for 2025

- *The estimated cost of the 2025 request to a taxpayer with a \$300,000 taxable market value is \$15.81*
- **OPTION B: \$604,424 Total Levy Requested for 2025**
- *The estimated cost of the 2025 request to a taxpayer with a \$300,000 taxable market value is \$25.19*

Uses of Funds:

OPTION A:

- \$75,424 for General Fund Expenditures
 - This represents \$1,989 increase which is attributed to the allocation between the counties and the total levy overhead budget operating at an increase of 2.8% from 2024.
- \$30,000 for Community Development
 - Rental preservation and rehabilitation program for Goodhue County
 - \$10,000 Housing rehabilitation grant leverage – 2025/26 Funding round
- \$50,000 for Housing Services & Development
 - \$30,000 – Housing development, preservation, and trust fund administration for Goodhue County
 - \$20,000 – Housing stabilization and preservation services
- \$124,000 for existing Housing Developments
 - \$124,000 Goodhue Housing Development rental assistance and debt coverage
- \$100,000 – Housing Trust Fund
 - Includes funding for new construction; down payment and emergency housing assistance; and rural housing rehabilitation.

OPTION B:

- Items above plus:
- \$25,000 Additional funding to the Housing Trust Fund from the Countryside Meadow TIF debt service reserve special benefit tax
- \$200,000 – Housing Trust Fund to be used as local leverage when writing grants for housing development. Unused dollars remain in trust fund with local County control.

Levy/Funding Additional Information:

- Return on Levy Investment: 10-year average is \$1.00: \$2.36 or \$900,000 annually.
- SEMMCHRA pays property taxes to Goodhue County of approximately \$50,000 annually.
- Total HRA levy capacity is approximately \$1,331,922 and 28.5% of maximum for option A and 45% of maximum for option B is being requested.

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 2025.

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 2025.

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

Section 1. That the budget for fiscal year 2025 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 2025 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 _____, 2024.

GOODHUE COUNTY BOARD OF COMMISSIONERS

Todd Greseth
Board Chair

Attest:

Scott Arneson
County Administrator