

**BILL NO. \_\_\_\_\_**

**AN ORDINANCE ESTABLISHING AN AFFORDABLE HOUSING TRUST FUND**

**THE CITY OF RICHFIELD DOES ORDAIN:**

Section 1. Preamble.

1.01. In order to provide the City of Richfield (the "City") with additional tools to support the rehabilitation and preservation of existing affordable housing within the City, promote the development of additional affordable housing within the City, and assist individuals with rental and down payment assistance, the City has determined to create an Affordable Housing Trust Fund.

Section 2. Definitions.

2.01. *Persons of very low income* means families and individuals whose incomes do not exceed 50 percent of area median income, as median income was most recently determined by the United States Department of Housing and Urban development for the Minneapolis-St. Paul- Bloomington, Minnesota Metropolitan Statistical Area, as adjusted for smaller and larger families.

2.02. *Persons of low income* means families and individuals whose incomes do not exceed 80 percent of the area median income, as median income was most recently determined by the United States Department of Housing and Urban development for the Minneapolis-St. Paul- Bloomington, Minnesota Metropolitan Statistical Area, as adjusted for smaller and larger families.

2.03. *Persons of moderate income* means families and individuals whose incomes exceed 80 percent, but do not exceed 120 percent, of area median income, as median income was most recently determined by the United States Department of Housing and Urban development for the Minneapolis-St. Paul-Bloomington, Minnesota Metropolitan Statistical Area, as adjusted for smaller and larger families.

Section 3. Establishing Affordable Housing Trust Fund.

3.01. Pursuant to the authority granted to the City under Minnesota Statutes Section 462C.16, an affordable housing trust fund is established for the following purposes: provide loans and grants to for-profit and non-profit housing developers for the acquisition and capital and soft costs necessary for the creation of new affordable rental and owner-occupied housing, for the rehabilitation and preservation of existing multi-family residential rental housing including naturally occurring affordable housing and rental assistance and homeownership assistance to persons of very low, low, and moderate income.

#### Section 4. Funding Sources.

4.01. The Affordable Housing Trust Fund shall be funded by an annual budgeted allocation of funds from the Housing and Redevelopment Authority in and for the City of Richfield (HRA) levy and funds from the Richfield Economic Development Authority (EDA) levy, as approved by the City Council. Other sources of funding may include, but are not limited to:

- (a) Private cash donations from individuals and corporations designated for the Affordable Housing Trust Fund.
- (b) Payments in lieu of participation in current or future affordable housing programs.
- (c) Matching funds from a federal or state affordable housing trust fund; or a state program designated to fund an affordable housing trust fund.
- (d) Principal and interest from Affordable Housing Trust Fund loan repayments and all other income from Affordable Housing Trust Fund activities.
- (e) The sale of real and personal property.
- (f) Local government appropriations, development fees and other funds as designated from time to time by the City Council.
- (g) Tax Increment Finance (TIF) pooled funds.

#### Section 5. Purpose of Affordable Housing Trust Fund.

5.01. The City may use money from the Affordable Housing Trust Fund to assist proposed projects or programs to develop or preserve affordable housing for persons of very low, low, and moderate income to include:

- (a) Making loans at interest rates below or at market rates in order to strengthen the financial feasibility of proposed projects;
- (b) Guaranteeing of loans;
- (c) Providing gap financing for affordable housing developments;
- (d) Financing the acquisition, demolition, and disposition of property for affordable housing projects;
- (e) Financing construction of public improvements and utilities to aid proposed affordable residential developments;

- (f) Financing the rehabilitation, remodeling, or new construction of affordable housing;
- (g) Tenant and project based rental assistance;
- (h) Funding for acquisition and rehabilitation in conjunction with or related to affordable housing projects;
- (i) Funding to facilitate affordable homeownership opportunities including down payment assistance, second mortgages, closing costs, etc.;
- (j) Administrative costs associated with affordable housing programs that do not exceed ten percent of the balance fund;
- (k) Interim financing of public costs for affordable housing projects in anticipation of a permanent financing source (i.e. construction financing, bond sale, etc.); and
- (l) Other uses as permitted by law and approved by the City Council.

#### Section 6. Administration of Affordable Housing Trust Fund.

6.01. The Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") shall administer the Affordable Housing Trust Fund on behalf of the City.

6.02 The Authority shall determine the terms and conditions of repayment of loans and grants from the Affordable Housing Trust Fund including the appropriate security and interest, if any, should repayment be required. Interest on loans and grants shall be as established by the Authority from time to time or at the time of approval of a specific project or program.

6.03. The Authority shall report annually to the City on the use of the funds in the Affordable Housing Trust Fund, including the number of loans and grants made, the number and types of residential units assisted, and the number of households for which rental assistance or down payment assistance were provided. The City shall post the annual report on its Website.

6.04. The expenditures of funds from the Affordable Housing Trust Fund to provide assistance for persons of moderate income must be approved by a supermajority of the City Council.

#### Section 7. Council Action.

7.01. The City Council of the City of Richfield hereby ordains the implementation of the Affordable Housing Trust Fund.

7.02. This Ordinance shall be effective on the 30<sup>th</sup> day following the publication of a summary of this ordinance approved by the City Council of the City of Richfield in the official newspaper of the City of Richfield.

7.03. The summary of this Ordinance was reviewed and approved by the City Council of the City of Richfield and the City Council finds that the summary of this Ordinance clearly informs the public of the intent and effect of this Ordinance.

Section 8. This Ordinance will be effective in accordance with Section 3.09 of the City Charter.

Adopted by the City Council of the City of Richfield, Minnesota on \_\_\_\_\_, 2020.

\_\_\_\_\_  
Maria Regan Gonzalez, Mayor

Attest:

\_\_\_\_\_  
Beth Vanhoose, City Clerk

**Action on this ordinance:**

Date of introduction: May12, 2020

Date of adoption: \_\_\_\_\_, 2020

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Ordinance adopted.

Date of publication:

I hereby certify that the foregoing is a true and correct copy of an ordinance adopted by the City Council of the City of Richfield, Minnesota, at a meeting held on May 26, 2020.

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Beth Vanhoose, City Clerk

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