

# County OKs first tax increase for affordable housing in decade

by CHRIS ROGERS

In a 3-1 vote late last month, the Winona County Board approved the first tax increase in over a decade for its affordable housing agency. After years of keeping county funding for the agency at \$100,000, the board approved an extra \$90,000 in property taxes next year. The Southeast Minnesota Multi-County Housing and Redevelopment Authority (SEMMCHRA) plans to use the money on grant-writing staff and matching funds to compete for a mass of housing grants recently approved by the Minnesota Legislature.

Winona-based County Board members Chris Meyer, Greg Olson, and Dwayne Voegeli saw the funding boost as an important opportunity to address a dire need in the county: affordable housing. Rural County Board member Marcia Ward raised questions about rural-urban equity, as the new taxes only apply to residents outside the city of Winona.

Affordable housing for low- and middle-income Winona County residents is in short supply, both in Winona and in small cities such as Lewiston or St. Charles. Preliminary data from a housing study the county is conducting found that there is a shortage of homes for sale and apartments for rent; 44% of Winona County renters are “cost burdened,” spending more than 30% of their income on rent; and construction costs make even modest new homes unaffordable for middle-income residents.

In May, the Democratic legislature approved \$1 billion in funding for housing programs, which supporters have called an historic amount of funding. That includes rehabilitation of existing affordable

housing units, construction of new affordable homes and apartments, income-based help for homebuyers, and an income-based state-funded rent assistance program, similar to the federal Section 8, which has often had a months- or years-long waiting list in Winona.

SEMMCHRA Executive Director Buffy Beranek was both thrilled at the opportunity and eager to get started, saying some of the money could go fast. Many of those programs are structured as competitive grants, and to win them, SEMMCHRA needs matching dollars to offer and more staff to write the grant applications, she told the County Board. She asked the county to fund \$40,000 for a grant-writing position — assuming some of SEMMCHRA’s other member counties go in on the expense, or for a contracted position if they don’t — and \$50,000 to start a local housing trust fund. A housing trust fund is a pot of money that could be used for a wide-variety of affordable housing efforts. The state is offering funds specifically to match those raised by local housing trust funds, so to get that money, the county needs a trust first, Beranek said. “The question really is, do we want to try and bring some of this money home?” she asked.

Beranek also asked for an increase to the county’s base funding for SEMMCHRA and its housing developments in Lewiston and St. Charles from \$100,000 to \$110,140.

SEMMCHRA estimated the extra \$90,000 would cost the owner of a \$300,000 home less than \$7 a year in property taxes. Pointing to that figure, Voegeli said, “If we don’t go with [that option], it would be pennywise and pound foolish in terms of ... the most money invested in housing ever in Minne-

sota. We need enough staff to go after that.”

County Board member Marcia Ward said she’s had “heartburn” about funding for SEMMCHRA because only rural residents pay the taxes but the city of Winona benefits from some of its services. The city of Winona has its own housing and redevelopment authority — for which the city does not provide funding — and SEMMCHRA serves the rest of the county, thus taxes for it are only applied to properties outside of Winona. However, a few years ago, SEMMCHRA took over administering Section 8 for the city of Winona at no cost to the city. Beranek said that was cost neutral for SEMMCHRA, so there was no need to charge. Ward said, “I’ve mentioned to Buffy ever since we took over Section 8 that we should be asking the city of Winona to step it up.”

Beranek said in an interview that additional tax levy dollars from rural properties would not be used for projects within the city of Winona.

Ward also criticized the irony of needing more local tax dollars to go after state tax dollars. “Here’s a mixed signal. All this money is coming in, state and federal, and yet I have a feeling Winona County and almost every county in the state is going to have to raise their levy to ... capture these dollars,” she said. “In my opinion, that is just wrong.”

The county hasn’t paid its share for the city of Winona’s senior advocacy program — which helps both city and rural seniors apply for Medicare and other social services — Meyer countered. “To go tit for tat with the city about not paying their share I see as pointless, and I would prefer for our governments to get along. And I would certainly not single them out and say, ‘Oh, ... that

somehow they have not paid their fair share for housing’ ... because they have paid for other things and other services.” She added, “I do see this, as Commissioner Voegeli does, as pennywise and pound foolish. I think we need housing desperately ... This is a once in a lifetime opportunity.”

Meyer and Voegeli proposed giving SEMMCHRA the full increase Beranek sought — both the \$110,000 and the \$90,000 for a total of \$200,000 — but that failed in a 2-2 tie, with Olson joining Ward in opposition. Instead, Olson proposed maintaining SEMMCHRA’s base funding at \$100,000 and approving the \$90,000 in additional funds for the grant-writer and housing trust fund. Meyer and Voegeli joined Olson in approving that, while Ward dissented.

As part of the new state funding, Winona County will receive \$132,000 in “state housing aid.” Meyer raised the possibility of using that money, instead of rural property taxes, to fund SEMMCHRA’s \$90,000 request for grant-writing and a housing trust fund. Beranek noted that, in that case, the money could benefit the entire county, not just areas outside the city of Winona. The County Board’s vote did not execute that plan, but Meyer noted that it’s an option the county could go for before the final levy is set December.

As for the housing trust fund, Beranek said that in the near future she would ask the County Board to approve an ordinance establishing the fund and appoint a committee to oversee the use of the funds. She hopes the county’s \$50,000 will be just the beginning of that pool.

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