

City of Osakis, Minnesota
Community Housing Assistance Program
Policy and Application

Program Overview:

One of the primary objectives of the Comprehensive Plan for the City of Osakis is to assure an adequate and affordable housing supply that provides a convenient, safe, and aesthetically appealing living environment. To accomplish this objective the Community Housing Assistance Program will provide an opportunity for the City to address rehabilitation of existing housing stock to attract and retain single-family home owners.

Program Funding:

The City of Osakis proposes to dedicate increment generated in Tax Increment Financing District No. 1-5 to encourage and aid further affordable housing and rehabilitation of existing housing stock within the boundaries of the Municipal Development District. Tax increments generated from the TIF district would *not* be used to subsidize new subdivision costs, but would be reserved to help fund the costs of acquisition and rehabilitation in the Municipal Development District.

Goals for the Program:

The goals for the Community Housing Assistance Program are as follows:

1. Assist with the rehabilitation of substandard properties where rehabilitation is economically feasible.
2. Provide financial assistance for the demolition and replacement of existing homes not suitable for rehabilitation.
3. Eliminate blighting influences that affect area property values.
4. Make land available for affordable new housing opportunities.
5. Attract and retain single-family homeowners to the City of Osakis.

Eligibility for Program funds:

The following eligibility requirements are established for the Community Housing Assistance Program:

1. Property must be located within the boundaries of the Municipal Development District, **in Douglas County**. Preference will be given to properties in the older, single family residential areas of the City. These areas are roughly defined as:

Area #1: Nokomis Street West, south to Pike Street West, between Central Avenue and 7th Street West

Area #2: Nokomis Street West, north to Main Street, residential properties between 1st Avenue West and 4th Avenue West

Area #3: Nokomis Street East, north to Lake Street, between 4th Avenue East and 8th Avenue East

2. Upon granting of TIF assistance, occupants of the benefitting properties must be income eligible. For owner occupied housing, 95% of the units must be initially purchased and occupied by persons whose income is equal to 115% or less of the area median family income. It must be demonstrated that the buyer receives the benefit of tax increment. The initial buyer must intend to occupy the property for a minimum number of 7 years to avoid repayment.

The following chart shows household income limits to be eligible for TIF assistance:

<u>Maximum Family Size</u>	<u>Household Income Allowed to Qualify*</u>
1 & 2	\$84,200
3 or More	\$96,830

**Income figures are adjusted annually*

Source: www.huduser.org - effective April 1, 2018

Terms of the Program:

For eligible income qualified home owners and buyers, the following terms are established to guide the City in the performance of this program:

1. Demolition - The City will provide 50% of the cost, not to exceed \$5,000 for the demolition of existing substandard housing units through their demolition program. *Demolition costs will be reimbursed at the completion of a new home.* **The City will not participate in demolition where there are no plans for new construction.**
2. Acquisition - Where new homes are constructed, the City will provide 50% of the cost, not to exceed a forgivable loan of up to \$15,000 towards the acquisition of new homes within the Project Area.
3. Exterior Remodel/Improvements – Where a home has an exterior remodel, City will provide 50% of the cost, not to exceed a forgivable loan of up to \$10,000 towards exterior improvements to the home to include: windows, roof, siding, energy upgrades, remodeling, and additions.

NOTE: All remodel projects must be a minimum of a \$10,000 total project.

CITY EXPECTS PROPERTY OWNER'S FUND TO MATCH THE CITY'S FORGIVABLE LOAN AMOUNT

Example: Grants are 50/50 you spend \$5,000 or \$10,000 the city will match that amount

All assistance will be provided in the form of forgivable loans that will have no interest and will be forgiven in 7 years if the applicant retains ownership, otherwise, a pro rata share will be repayable based upon the date of sale of the property.

Application Acknowledgement:

The applicant acknowledges that by making application to the City of Osakis it does not guarantee approval by the City. The dollars available for this program is determined on the number of prior applicants approved by the City and the performance of TIF 1-5. As with all incentive programs, the incentive *is not a right, it is a privilege granted by the City.*

Application:

Anyone interested in applying for the City of Osakis Community Housing Assistance Program should complete the application. The application shall be submitted to:

Angela Jacobson
City of Osakis
PO Box 486
Osakis MN 56360
Phone: 320-859-2150 x 1

PROJECT NEEDS TO BE COMPLETED WITHIN ONE YEAR OF APPROVAL DATE BY THE EDA

**City of Osakis
Community Housing Assistance Program Application**

Name of Applicant: _____
First Middle Initial Last

Name of Co-Applicant: _____
First Middle Initial Last

Home Address: _____
Street P.O. Box City State
Zip

Telephone Number: _____
Home Other (Work/Cell)

Names of all Persons in the household and birth dates:

Name	Birth Date
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

The annual gross income from all persons over age 18 in the household is: \$ _____

Check the box next to all the sources of income of household members: (All income must be listed including Wages, Self Employment, Pensions, Social Security, Rental Income, AFDC, Child Support, Alimony, SSI, or General Assistance)

- | | | |
|--|--|--|
| <input type="checkbox"/> Social Security | <input type="checkbox"/> Pension | <input type="checkbox"/> Self Employment |
| <input type="checkbox"/> MFIP | <input type="checkbox"/> General Assistance | <input type="checkbox"/> Farm Income |
| <input type="checkbox"/> Child Support | <input type="checkbox"/> Rental Income | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Payment from Contract –for-Deed | <input type="checkbox"/> Interest from Savings | _____ |
| | <input type="checkbox"/> Wages | |

Housing Information

I currently (please check the appropriate box):

- Own the property free and clear
- I am buying the property from the Bank or Mortgage Company.
Name of Lender: _____
- I am buying the property on a Contract for Deed
Name of Person Holding CD: _____
- Describe other form of Ownership: _____

Parcel Number: _____

Estimated Market Value: _____

I am applying for (please check the appropriate box):

- Demolition** - The City will provide 50% of the cost, not to exceed \$5,000 for the demolition of existing substandard housing units through their demolition program. Demolition costs will be reimbursed at the completion of a new home. **The City will not participate in demolition where there are no plans for new construction.**
- Acquisition** - Where new homes are constructed, the City will provide 50% of the cost, not to exceed a forgivable loan of up to \$15,000 towards the acquisition of new homes within the Project Area.
- Exterior Remodel/Improvements** – Where a home has an exterior remodel, City will provide 50% of the cost, not to exceed a forgivable loan of up to \$10,000 towards exterior improvements to the home to include: windows, roof, siding, energy upgrades, remodeling, and additions.

NOTE: All remodel projects must be a minimum of a \$10,000 total project.

Grant Matching Project Maximums
\$5,000 towards Tear Down on a Lot
\$10,000 towards Remodeling Costs
\$15,000 to Build a New Home in Osakis

Example: Grants are 50/50 you spend \$5,000 or \$10,000 the city will match that amount

Credit History

Please answer all questions. If the answer to any of the questions is "yes", please attach a written explanation.

- 1. Are there any outstanding financial judgments or liens against you? Yes No
- 2. Have you declared bankruptcy within the last 36 months? Yes No
- 3. Have You lost any property through foreclosure or given title of? deed to anyone to avoid foreclosure? Yes No
- 4. Are you a co-signer on any note or loan? Yes No

Bank Reference

Bank Name: _____ Lender Name: _____

Address: _____
Street City State Zip

Contact Number: _____

Please attach:

- 1. Most recent Federal Tax Return (Form 1040).
- 2. Two competing bids from licensed contractors

Estimate Total of Bid #1: _____

Estimate Total of Bid #2: _____

Acknowledgement:

I/We certify that all statements on this application are true and correct to the best of my/our knowledge. I/We understand that any intentional misstatement will be grounds for disqualification. I/We also agree to provide the City of Osakis with any additional information necessary for approval of the application and will in a timely manner provide such additional information.

Acknowledge that projects need to be completed within ONE YEAR of approval by the EDA

Applicant Signature

Date

Co-Applicant Signature

Date