

City of Canby

HRA/EDA Residential/Commercial Rehabilitation Program

Program Purpose:

This program is formed as a result of receiving loan repayments from the Small Cities Development Program (SCDP) grant funding. The Minnesota Department of Employment and Economic Development (DEED) through the Federal Department of Housing and Urban Development (HUD) granted funds to the City of Canby as part of the Small Cities Development Program. The Small Cities program is intended to assist low to moderate income residential property owners and commercial property owners rehabilitate their buildings.

The grant funds were disbursed to local projects which, depending on their income eligibility, included low interest repayable loans. These loan repayments return to the Housing and Redevelopment Authority (Canby HRA or HRA), if housing, or the Economic Development Authority (Canby EDA or EDA), if commercial. DEED and HUD regulations state the funds accumulated must be reinvested into the community in a like manner as they were originally disbursed. This internal program, set up using said regulations, acts as the guideline document for both the HRA and the EDA to reinvest those funds.

General Program Requirements:

Federal Program Requirements (Page 29 of SCDP A-Z Guide). Items 1, 2, and 4 must be met to qualify. Item 3 is only used in disaster situations (see A-Z Guide for further details):

1. Low to Moderate Income – 80% of Area Median Income (housing projects only)
 - a. HUD 2015 80% of Area Median Income for Yellow Medicine County:

Family Size	1	2	3	4	5	6	7	8
80% Income	\$35,750	\$40,850	\$45,950	\$51,050	\$55,150	\$59,250	\$63,350	\$67,400

2. Slum and Blight designation required (Small Cities or TIF definition)
 - a. MN HRA Definition. Stat 469.002, subd. 11.
“Blighted area” means any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.
 - b. TIF Definition. Stat 469.174. See statute.
3. Urgent Threat (only used in disaster situations)
4. Must be a rehabilitation project

Residential Rehabilitation Program Requirements:

1. Application
 - a. An applicant must fill out the prescribed application, full and complete, to be considered for the program. Any applicant who does not fill out the application completely, omits information, or provides false information will be grounds for revocation.
2. Applicant Eligibility
 - a. Current on property taxes
 - b. Current on utility bills; no history of lateness
 - c. Must meet required General Requirements
3. Eligible Projects
 - a. Repair or replacement of essential components of the structure i.e.: roof, windows, siding, insulation, foundation, doors, HVAC systems, plumbing, electrical systems), etc.
4. Ineligible Projects
 - a. Demolition
 - b. Projects determined to be primarily aesthetic in nature.
 - c. Projects where the requested improvements are determined not necessary upon review and inspection.
5. Project Review and Selection
 - a. During the initial release of the program it is anticipated several applications will be received. This first batch will be gathered and evaluated as a group. Projects will be selected based on all factors under the program guidelines. Priority will also be given to projects which demonstrate urgency to the safety and welfare of the occupants and structure. Priority will also be given based upon the type of rehabilitation taking place (example: A major structural repair would gain priority over replacement of siding).
 - b. After the initial release and group selection has taken place; projects will be funded on a first-come-first-serve basis.
 - c. All applications will be initially reviewed by the Executive Director of the HRA to determine eligibility. Once eligibility is established, the application will then be presented to the Board of the HRA for review. Inspections may be conducted to verify the validity of an application. The final selection will be performed by the Board of the HRA.
 - d. The Board of the HRA, after review and inspection, may determine other conditions of a structure be prioritized over the applied for rehabilitation (example: Applicant wishes to replace worn siding but clear and obvious major structural deficiencies exist. The Applicant may be forced to remediate the major structural deficiencies to receive funding).

6. For Rental Property – Must be at or below HUD Fair Market Rent (FMR) Limits
 - a. HUD 2015 FMR Limits for Yellow Medicine County:

Unit Type	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Rent Limit	\$428	\$484	\$643	\$946	\$1,118

7. Prevailing wage and other similar labor standards do not apply.
8. Program Funding Terms and Allocation
 - a. Terms – Eligible projects selected for funding will be subject to a 5 year term on the length of the loan.
 - b. Interest Rate – The interest rate on the loan will be 2% per annum.
 - c. Loan/Grant Allocation – Eligible projects selected for funding will be funded 50% by a deferred forgivable grant and 50% by loan. The deferred forgivable grant will be a 5 year period with 1/5th of the grant amount forgiven each year. Should the property be sold, transferred, or put to another use other than what it was funded for prior to the 5 year mark, the remaining balance shall become immediately due and payable. In this event, the remaining balance will be pro-rated to the month in which such event occurs.
 - d. Maximum Project Cost – No project may exceed \$20,000 in total cost.
9. All work performed under the Residential Program must be done by a licensed contractor. Contractors must submit proof of insurance for commercial liability, workmen’s compensation, and any others as prescribed in amounts determined by State law.

Commercial Program Rehabilitation Requirements:

1. Application
 - a. An applicant must fill out the prescribed application, full and complete, to be considered for the program. Any applicant who does not fill out the application completely, omits information, or provides false information will be grounds for revocation.
2. Applicant Eligibility
 - a. Current on property taxes
 - b. Current on utility bills; no history of lateness
 - c. Must meet required General Requirements
3. Eligible Projects
 - a. Repair or replacement of essential components of the structure i.e.: roof, windows, siding, insulation, foundation, doors, HVAC systems, plumbing, electrical systems, etc.
4. Ineligible Projects
 - a. Demolition
 - b. Projects determined to be primarily aesthetic in nature.

- c. Projects where the requested improvements are determined not necessary upon review and inspection.
5. Project Review and Selection
 - a. During the initial release of the program it is anticipated several applications will be received. This first batch will be gathered and evaluated as a group. Projects will be selected based on all factors under the program guidelines. Priority will also be given to projects which demonstrate urgency to the safety and welfare of the occupants and structure. Priority will also be given based upon the type of rehabilitation taking place (example: A major structural repair would gain priority over replacement of siding).
 - b. After the initial release and group selection has taken place; projects will be funded on a first-come-first-serve basis.
 - c. All applications will be initially reviewed by the Executive Director of the EDA to determine eligibility. Once eligibility is established, the application will then be presented to the Board of the EDA for review. Inspections may be conducted to verify the validity of an application. The final selection will be performed by the Board of the EDA.
 - d. The Board of the EDA, after review and inspection, may determine other conditions of a structure be prioritized over the applied for rehabilitation (example: Applicant wishes to replace worn siding but clear and obvious major structural deficiencies exist. The Applicant may be forced to remediate the major structural deficiencies to receive funding).
6. Prevailing wage and other similar labor standards do not apply.
7. Program Funding Terms and Allocation
 - a. Terms – Eligible projects selected for funding will be subject to a 7 year term on the length of the loan.
 - b. Interest Rate – The interest rate on the loan will be 2% per annum.
 - c. Loan/Grant Allocation – Eligible projects selected for funding will be funded at a 10%/45%/45% ratio. The applicant will supply 10% of the program eligible costs. The program will supply 45% by a deferred forgivable grant and 45% by loan. The deferred forgivable grant will be a 7 year period with 1/7th of the grant amount forgiven each year. Should the property be sold, transferred, or put to another use other than what it was funded for prior to the 7 year mark, the remaining balance shall become immediately due and payable. In this event, the remaining balance will be pro-rated to the month in which such event occurs.
 - d. Maximum Project Cost – No project may exceed \$20,000 in total grant/loan combinations.
8. All work performed under the Commercial Program must be done by a contractor. Contractors must submit proof of insurance for commercial liability, workmen's compensation, and any others as prescribed in amounts determined by State law.