Board of Commissioners Packet

September 17, 2019
3:30 p.m. - Regular Meeting
CDA Office, 1228 Town Centre Drive, Eagan
# BOARD MEETING
September 17, 2019 – 3:30 p.m.
Dakota County CDA, 1228 Town Centre Drive, Eagan, MN 55123

## AGENDA

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<thead>
<tr>
<th>PAGE#</th>
<th>1. ROLL CALL</th>
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<tbody>
<tr>
<td>A. Audience</td>
<td>Anyone in the audience wishing to address the CDA Board on an item not on the agenda or an item on the consent agenda may come forward at this time. Comments are limited to five minutes.</td>
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<tr>
<th>2. APPROVAL OF AGENDA AND MEETING MINUTES</th>
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<tr>
<td>August 20, 2019 CDA Board Meeting Minutes</td>
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<tr>
<th>3. FEDERAL PUBLIC HOUSING AND HOUSING CHOICE VOUCHER AGENDA</th>
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<tr>
<td>CONSENT</td>
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<tr>
<td>A. Approval Of The 2020 Utility Allowance Schedule For The Public Housing Program</td>
<td>11</td>
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<td>B. Approve Amendments To The Housing Choice Voucher Administrative Plan</td>
<td>15</td>
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<tr>
<td>C. Approve Updated Payment Standards Schedule For The Housing Choice Voucher Program</td>
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<th>4. CONSENT AGENDA</th>
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<tr>
<td>A. Approve Record Of Disbursements – August 2019</td>
<td>35</td>
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<tr>
<td>B. Approve Administrative Amendments To Existing Housing Opportunities Enhancement (HOPE) Program Loan Documents</td>
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<tr>
<th>5. REGULAR AGENDA</th>
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<tr>
<td>A. Extend Maturity Date Of A Housing Opportunities Enhancement (HOPE) Program Loan To Scott-Carver-Dakota CAP Agency, Inc.</td>
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<td>B. Approve Forgiveness And Conversion Of Housing Opportunities Enhancement (HOPE) Program Loan To Dakota County CDA For Lincoln Place</td>
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<td>C. Update On DARTS Service Coordinator Pilot Program – Informational Only</td>
<td>44</td>
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<td>D. Review Of Home Improvement Loan Program And Authorization To Continue Loan Limit At $35,000</td>
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<td>E. Executive Director’s Update – Informational</td>
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<th>6. INFORMATION</th>
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<th>7. ADJOURNMENT</th>
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For more information, call 651-675-4432.

Dakota County CDA Board meeting agendas are available online at:
http://www.dakotacda.org/board_of_commissioners.htm

Next CDA Board Meeting:
October 15, 2019 – Regular Meeting starting at 3:30 p.m.
Dakota County CDA Boardroom, 1228 Town Centre Drive, Eagan, MN 55123
Commissioner Gerlach called the meeting to order at 3:30 p.m.

COMMISSIONER ROLL CALL

<table>
<thead>
<tr>
<th>Present</th>
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<tbody>
<tr>
<td>Commissioner Slavik, District 1</td>
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<td>Commissioner Gaylord, District 2</td>
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<td>Commissioner Atkins, District 4</td>
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<td>Commissioner Workman, District 5</td>
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<td>Commissioner Holberg, District 6</td>
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<td>Commissioner Gerlach, District 7</td>
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<tr>
<td>Commissioner Cummings, At Large</td>
<td>X – arrived at 3:32 p.m.</td>
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CDA staff in attendance:
Tony Schertler, Executive Director
Kari Gill, Deputy Executive Director
Sara Swenson, Director of Administration and Communications
Kaill Braa, Assistant Director of Administration and Communications
Lisa Alfson, Director of Community and Economic Development
Maggie Dykes, Assistant Director of Community and Economic Development
Kathy Kugel, Housing Finance Coordinator
Karly Schoeman, Housing Finance Coordinator
Lisa Hohenstein, Director of Housing Assistance
Anna Judge, Director of Property Management

Others in attendance:
Jay Stassen, Dakota County
Steve Mielke, Dakota County

AUDIENCE

No audience members addressed the Board at this time.

APPROVAL OF AGENDA AND MEETING MINUTES

19-6162 Approval Of Agenda And Meeting Minutes

BE IT RESOLVED, by the Dakota County Community Development Agency Board of Commissioners that the agenda for the August 20, 2019 Regular CDA Board meeting be approved as written.

BE IT FURTHER RESOLVED, by the Dakota County Community Development Agency Board of Commissioners that the minutes for the July 23, 2019, Annual and Regular CDA Board meetings be approved as written.

Motion: Commissioner Slavik    Second: Commissioner Egan
Ayes: 7    Nays: 0    Abstentions: 0

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Authorize Application For Mainstream Voucher Program

WHEREAS, the U.S. Department of Housing and urban Development (HUD) has made $150 million available to provide housing assistance to non-elderly persons with disabilities through the Mainstream Voucher Program; and

WHEREAS, the Dakota County CDA meets the eligibility requirement to apply for the mainstream Voucher Program.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That staff is authorized to submit an application for funding under HUD’s Mainstream Voucher Program.

Approve Amendments To Housing Choice Voucher Administrative Plan

WHEREAS, the Dakota County Community Development Agency (CDA), as an administrator of the federal Housing Choice Voucher (HCV) program, is required to adopt and maintain an administrative plan to delineate the mandatory and discretionary policies used to govern the program; and

WHEREAS, the Dakota County CDA’s HCV Administrative Plan includes policies for other Stat and locally funded renal assistance programs; and

WHEREAS, the Dakota County CDA has added a levy funded temporary tenant-based rental assistance initiative and is proposing amendments to the HCV Administrative Plan to provide policy guidelines for this new program.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the amendments to the Housing Choice Voucher Administrative Plan are approved.

Motion: Commissioner Cummings  Second: Commissioner Slavik

Ayes: 8  Nays: 0  Abstentions: 0

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CONSENT AGENDA

Approve Record Of Disbursements – July 2019

BE IT RESOLVED, by the Dakota County Community Development Agency Board of Commissioners, That the July 2019 Record of Disbursements is approved as written.

Authorization To Execute Partnership Agreement For CEO Next Business Institute Programming With Hennepin County Housing And Redevelopment Authority
WHEREAS, CEO Next Business Institute Programming (CEO Next), formerly known as the regional economic gardening program, is a program aimed at helping second stage businesses grow; and

WHEREAS, this activity supports agency economic development strategies, and

WHEREAS, the CDA has included $30,000 in its FYE20 budget to participate in CEO Next; and

WHEREAS, this funding will allow three Dakota County businesses the opportunity to participate in the program; and

WHEREAS, the Hennepin County Housing and Redevelopment Authority (HRA) manages the regional contract for CEO Next.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the Executive Director is authorized to execute a partnership agreement with Hennepin County HRA for the CEO Next Program.

Authorization To Execute A Housing Trust Fund Tenant-Based Rental Assistance Program Grant Agreement Between The Dakota County Community Development Agency And Minnesota Housing Finance Agency

WHEREAS, Minnesota Housing Finance Agency has combined the Housing Trust Fund, Housing Trust Fund Long-Term Homeless and Housing Trust Fund Re-entry Assistance Programs into one grant (Housing Trust Fund Tenant-Based Rental Assistance Program), effective October 1, 2019; and

WHEREAS, Minnesota Housing Finance Agency has awarded the Dakota County Community Development Agency $1,028,357 for the Housing Trust Fund Rent Assistance Program for the biennium period of October 1, 2019 to September 21, 2021; and

WHEREAS, this funding will assist 56 households who have experienced homelessness, with a priority for serving those with the greatest barriers to housing stability.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the Executive Director is hereby authorized to execute the grand agreement for the Housing Trust Fund Tenant-Based Rental Assistance Program in the amount of $1,028,357; and

BE IT FURTHER RESOLVED, that the Executive Director is authorized to execute any additional, or future, documents related to the Housing Trust Fund Tenant-Based Rental Assistance Program grant

Designate Dakota County Community Development Agency As Contract Manager And Fiscal Agent For Fair Housing Implementation Council And Authorize Executive Directo To Execute Amended Cooperative Funding Agreements

WHEREAS, the Fair Housing Implementation Council (FHIC) was established July 2002 to facilitate and initiate implementation of affirmative activities having metro-wide significance identified in regional Analyses of Impediments to fair housing choice (AI) and the related Fair Housing Action Guide; and

WHEREAS, each FHIC participating member, Anoka county HRA, Carver County CDA, Dakota County CDA, Hennepin County, Ramsey County, Scott County CDA, Washington County CDA, the City of Coon Rapids, the City of Minneapolis, the City of St. Paul, the City of Woodbury (collectively referred to as the Jurisdictions), is a grantee of certain federal funding from the U.S. Department of Housing and Urban Development (HUD), or is acting on behalf of one or more federal grantees that is required to submit a Consolidated Plan to HUD and/or a certification that it will affirmatively further fair housing by assuming the responsibility of fair housing planning; and

WHEREAS, the FHIC Cooperative Funding Agreement, effective December 21, 2015, and subsequent amendment to the Agreement, was by the Jurisdictions with Ramsey County serving as contract manager and fiscal agent, and the FHIC Cooperative Funding Agreement, effective December 21, 2015, was by the Metropolitan Council with Ramsey County serving as the contract manager and fiscal agent (collectively the Agreements); and
WHEREAS, the period of the Agreements is from July 1, 2015 through June 30, 2020 and is intended to run concurrently with the period covered by each Jurisdiction’s Consolidated Plan; and

WHEREAS, the Dakota County CDA has agreed to replace Ramsey County as contract manager and fiscal agent for work to be contracted with funds provided through these Agreements and subsequent amendments to implement actions approved by the FHIC to address impediments to fair housing in the seven-county metropolitan area; and

WHEREAS, the City of Coon Rapids has officially elected to rejoin the Anoka county Consolidated Plan program and is consequently removed as a Jurisdiction; and

WHEREAS, the Jurisdictions and the Metropolitan Council agreed to contribute funds to facilitate and initiate implementation of affirmative activities having metro-wide significance identified in the FHIC’s AI and related Fair Housing Action Guide; and

WHEREAS, the Jurisdictions and Metropolitan Council also agree to contribute to the cost of a consultant retained by FHIC to produce an AI.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the Agreements are amended to replace Ramsey county with the Dakota County CDA to serve as contract manager and fiscal agent, remove the City of Coon Rapids as a Jurisdiction, add the hiring of the consultant to produce an AI as approved by the FHIC, and update Attachment A to show the minimum contributions made and committed by each Jurisdiction and the Metropolitan Council.

WHEREAS, Dakota County has an agreement with the U.S. Department of Housing and Urban Development (HUD) to execute and implement the HOME Investment Partnerships Program (HOME Program), with a goal of expanding the supply of decent, safe, affordable housing for those of very low and low income; and

WHEREAS, Dakota County has a subrecipient agreement with the Dakota County Community Development Agency (CDA) to administer the HOME Program and has delegated to the CDA the rights, duties and obligations to disburse, monitor and administer funds under the HOME Program, in a manner consistent with the terms and conditions imposed on the CDA by said agreement, Dakota County resolution, HUD regulations and the HOME Program; and

WHEREAS, the HOME Program requires that 15 percent of a jurisdiction’s HOME allocation be used for eligible HOME activities by nonprofit organizations that qualify as a Community Housing Development Organizations (CHDO); and

WHEREAS, the commitment of a HOME CHDO funds is contingent upon the Scott Carver Dakota CAP Agency (SCDCAP) being certified as a CHDO for the Dakota County HOME Consortium, which is expected to occur soon after the SCDCAP Board meeting on August 13, 2019; and

WHEREAS, the Dakota County Board approved the 2019 Annual Action Plan allocating 2017 ($210,809.20), 2018 ($376,939.05) and 2019 ($371,417.06) HOME CHDO funds to SCDCAP for the purpose of rehabilitating three rental properties located at 1011 Bryant Avenue, 541 12th Avenue and 215 South Street in South St. Paul; and

WHEREAS, the SCDCAP is requesting the HOME CHDO funds of an amount up to $425,000 for the rehabilitation of 1011 Bryant Avenue in South St. Paul; and

WHEREAS, the HOME Program requires the execution of a HOME agreement that outlines the terms, conditions and restrictions of the HOME assisted activities; and

WHEREAS, the loan(s) will be structured at a 1.0% annual interest rate with full forgiveness after the 15-year period of affordability; and
WHEREAS, the activity has been determined to be exempt per Section 58.34(a)(12) and the HOME funds may be committed to the activity.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That an award of HOME CHDO funds to the SCDCAP in an amount up to $425,000 is approved for the rehabilitation of 1011 Bryant Avenue in South St. Paul.

BE IT FURTHER RESOLVED, That staff is authorized to prepare, execute, and deliver all documentation necessary or convenient to provide for the commitment of the HOME CHDO funds between the Dakota County CDA as a sub-recipient of Dakota County and the SCDCAP as the owner of the property, and the CDA Board Chair and the Executive Director are authorized to execute said documents upon such release.

Motion: Commissioner Egan  Second: Commissioner Slavik

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REGULAR AGENDA

19-6170  Authorize The Levy Of A Special Benefit Tax Pursuant to Minn. Stat. 469.033, Subd.6 And 383D.41

Karly Schoeman presented.

WHEREAS, the Dakota County Community Development Agency (CDA) is organized and existing under Minnesota Statutes, Section 383D.41, as amended (Enabling Act); and

WHEREAS, pursuant to the Enabling Act, the CDA has all the powers and duties of a housing and redevelopment authority under the provisions of the Municipal Housing and Redevelopment Act, Minnesota Statutes, Sections 469.001 to 469.047 (HRA Act), those powers of an Economic Development Authority under Minnesota Statutes, Sections 469.090 to 469.1081 (EDA Act) expressly granted by the Dakota County Board, and the authority to levy the special benefit tax with the approval of the Dakota County Board as permitted under the HRA Act at such higher limits as may be permitted under either the HRA Act of the EDA Act; and

WHEREAS, pursuant to the Enabling Act, for the purpose of applying the provisions of the HRA Act to the CDA, Dakota County (County) is deemed to have all powers and duties of a municipality under the HRA Act and the Board of Commissioners of the County is deemed to have all powers and duties of a governing board of a municipality under the HRA Act; and

WHEREAS, by Resolution 94-926, dated December 6, 1994 the Dakota County Board authorized the CDA to levy and collect the Special Benefit Tax Levy authorized by the HRA Act without subsequent annual approval of the County; and

WHEREAS, the HRA levy limit at the time of Resolution 94-926 was 0.0144 percent of estimated market value and the CDA has subsequently requested approval by the County Board of Commissioners for any levy request above 0.0144 percent of estimated market value; and

WHEREAS, the CDA is required pursuant to Section 469.033, Subdivision 6, of the HRA Act to formulate and file a budget with the County, and the amount of the Special Benefit Tax levy for the following year shall be based on that budget; and
WHEREAS, the CDA Board has before it, for its consideration, a copy of an initial budget for the use of 2020 levy proceeds, based on a Special Benefit Tax of 0.0176 percent of estimated market value, for the payment of debt service for the CDA’s Senior Housing Program and other CDA initiatives.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Board of Commissioners, That:

Section 1. The Year 2020 levy budget of $8,786,895 presented for consideration by the Board of Commissioners of the CDA is hereby in all respects approved.

Section 2. Staff of the CDA are hereby authorized to forward the budget of the CDA to the County as required by Section 469.033, Subdivision 6 of the HRA Act, and to request approval by the County of the $1,597,617 portion of the levy allocable to the difference between 0.0144 percent and 0.0176 percent of estimated market value.

Section 3. There is hereby levied pursuant to Minnesota Statutes, Section 469.033, Subdivision 6 a special benefit tax in the amount of the sum of (a) the lesser of 0.0144 percent of the estimated market value within the County or $7,189,278 and (b) subject to approval of the County, an additional levy in the amount of the lesser of 0.0032 percent of the estimated market value within the County or $1,597,617 for the total of 0.0176 percent of the estimated market value within the County or $8,786.

Motion: Commissioner Egan
Second: Commissioner Atkins

Ayes: 7  Nays: 0  Abstentions: 0

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Adoption Of Dakota County Community Development Agency Fair Housing Policy

Lisa Alfson presented.

WHEREAS, the Dakota County Community Development Agency (CDA) is the recipient of intergovernmental funds that require the CDA to affirmatively further fair housing; and

WHEREAS, Affirmatively Furthering Fair Housing (AFFH) is a legal requirement that obligates federal agencies and federal grantees to further the purposes of the Fair Housing Act; and

WHEREAS, the obligation to affirmatively further fair housing has been in the Fair Housing Act since it was signed into law in 1968; and

WHEREAS, the CDA implements a variety of external and internal practices in our various roles as developer, landlord, and funder to comply with AFFH and the Fair Housing Act; and

WHEREAS, the CDA Fair Housing Policy is a centralized location for all CDA fair housing practices.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the CDA Fair Housing Policy is adopted

Motion: Commissioner Slavik
Second: Commissioner Gaylord

Ayes: 7  Nays: 0  Abstentions: 0
Yes No Absent Abstain
Slavik X
Gaylord X
Egan X
Atkins X
Workman X
Holberg X
Gerlach X

INFO Discussion Of Admissions Requirements For Proposed CDA Housing Developments
Tony Schertler and Karly Schoeman provided information.

INFO Quarterly Update On The 2019 Economic Development Workplan
Lisa Alfson provided information.

INFO Housing Development Update
Kari Gill provided updates.

INFO Executive Director’s Update
Tony Schertler provided updates.

ADJOURNMENT

19-6172 Adjournment

BE IT RESOLVED, that the Dakota County Community Development Agency Board of Commissioners hereby adjourns until Tuesday, September 17, 2019.

Motion: Commissioner Egan Second: Commissioner Slavik

Ayes: 8 Nays: 0 Abstentions: 0

Yes No Absent Abstain
Slavik X
Gaylord X
Egan X
Atkins X
Workman X
Holberg X
Gerlach X
Cummings X

The CDA Board meeting adjourned at 4:43 p.m.

CDA Board Chairperson

CDA Board Secretary
Approval Of The 2020 Utility Allowance Schedule For The Public Housing Program

Meeting Date: 9/17/2019
Department: Property Management
Prepared By: Anna Judge
Contact: Anna Judge
Contact Phone: 651-675-4501

Fiscal/FTE Impact:
☒ None
☐ Amount included in current budget
☐ Budget amendment requested
☐ FTE included in current complement
☐ New FTE(s) requested
☐ Other:

PURPOSE/ACTION REQUESTED
• Approve the 2020 Utility Allowance Schedule for the Public Housing Program.

SUMMARY
The U.S. Department of Housing and Urban Development (HUD) requires that utility allowances for resident paid utilities in the Public Housing Program be reviewed annually and revised, if necessary. The utility allowance amount is subtracted from the resident’s gross rent calculation to arrive at the net rent payable to the CDA and is supposed to represent the amount an “energy conservative” household would spend for utilities. This is done so the amount a resident pays for rent and utilities is not likely to exceed 30% of their income. Residents in family units pay for their electricity and natural gas while residents at Colleen Loney Manor pay for their electricity. The CDA pays for water, sewer and trash collection at all public housing locations. Phone and cable are not included in the utility allowance.

The method for calculating the allowance is the engineering method. This method considers the physical characteristics of the units and the utility rate to arrive at an allowance amount. Some of the characteristics considered are construction type, location, size and type of heat source. This approach removes the variable of individual consumption habits from the equation and more accurately reflects the costs of utilities for an “energy conservative” household. The CDA provided our unit and utility provider information to The Nelrod Company, a firm that works with housing authorities throughout the country, including several in Minnesota, and has a database of over 17,000 units. The Nelrod Company calculated utility allowances based on the engineering method.

The current and proposed allowance amounts are in Attachment A. The new proposed amounts vary slightly from last year. The changes are mainly due to decreases in rates and/or service charges.

RECOMMENDATION
Staff recommends approval of the proposed utility allowances for the Public Housing Program to be effective for re-certifications and interim rent changes occurring January 1, 2020 and later.

EXPLANATION OF FISCAL/FTE IMPACT
None.
Resolution No. 19-XXXX

Approval Of The 2019 Utility Allowance Schedule For The Public Housing Program

WHEREAS, the Dakota County Community Development Agency (CDA) administers the federal Public Housing Program; and

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) requires all housing authorities to review and revise, as necessary, allowances for resident paid utilities in Public Housing properties on an annual basis; and

WHEREAS, the Dakota County CDA has contracted with The Nelrod Company to conduct a review of utility allowances and make recommendations based on an engineering method.

NOW, THEREFORE, BE IT RESOLVED, by the Dakota County Community Development Agency Board of Commissioners, That the updated Utility Allowance Schedule in Attachment A is approved effective January 1, 2020 for the Public Housing Program.
# COMPARISON OF PREVIOUS AND PROPOSED UTILITY ALLOWANCES

**Chart 2**

<table>
<thead>
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<th>Development</th>
<th>Bedroom Size</th>
<th>Previous Allowance</th>
<th>Proposed* Allowance</th>
<th>Difference**</th>
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*Proposed allowances include the average for electric and natural gas summer and winter months.

*Proposed allowances were rounded to the nearest dollar.

**After rounding.

RH= Row House/Townhouse           DH= Detached House
SD= Semi-Detached/Duplex          NG= Natural Gas
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DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY

REQUEST FOR BOARD ACTION

Approve Amendments To The Housing Choice Voucher Administrative Plan

Meeting Date: 9/17/2019
Department: Housing Assistance
Prepared By: Sarah Rensenbrink
Contact: Lisa Hohenstein
Contact Phone: 651-675-4543

Fiscal/FTE Impact:
☒ None
☐ Amount included in current budget
☐ Budget amendment requested
☐ FTE included in current complement
☐ New FTE(s) requested
☐ Other:

PURPOSE/ACTION REQUESTED
• Approve amendments to the Housing Choice Voucher Administrative Plan.

SUMMARY
The Dakota County Community Development Agency (CDA), as an administrator of the federal Housing Choice Voucher (HCV) program, is required to adopt and maintain an administrative plan to delineate the mandatory and discretionary policies used to govern the program. Periodically, the plan needs to be updated as the U.S. Department of Housing and Urban Development adopts new or revised regulations and as the agency determines a need to revise its policies.

Attached is the edited chapter of the CDA’s HCV Administrative Plan with highlighted proposed changes that clarify practices related to the Housing Choice Voucher waiting list.

These changes are recommended due to the change to the agency’s new housing software program (Yardi) that allows applicants to utilize an online web-based portal. The portal has resulted in the centralization of application processing. Additionally, due to a change in applicant response, in an attempt to streamline the eligibility process, the CDA is now verifying residency preference prior to waiting list selection.

RECOMMENDATION
Staff recommends adopting the proposed revisions to ensure the waiting list policies align with the agency’s practice.

EXPLANATION OF FISCAL/FTE IMPACT
N/A
Resolution No. 19-XXXX

Approve Amendments To The Housing Choice Voucher Administrative Plan

WHEREAS, the Dakota County Community Development Agency (CDA), as an administrator of the federal Housing Choice Voucher (HCV) program, is required to adopt and maintain an administrative plan to delineate the mandatory and discretionary policies used to govern the program; and

WHEREAS, the Dakota County CDA has made clarifications to the HCV Administrative Plan.

NOW THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, that the amendments to the Housing Choice Voucher Administrative Plan are approved.

Executive Director’s Comments:
- Recommend Action
- Item Type-Consent
- Do Not Recommend Action
- Item Type-Discussion
- Reviewed-No Recommendation
- Item Type-Informational
- Reviewed-Information Only
- Submitted at Commissioner Request

Strategic Plan Priorities:
- Focused Housing Programs
- Collaboration
- Development/Redevelopment
- Financial Sustainability
- Operational Effectiveness

______________________________  ________________________________
Executive Director                  Department Director
CHAPTER 4

APPLICATIONS, WAITING LIST AND TENANT SELECTION

INTRODUCTION

When a family wishes to receive assistance under the HCV assistance, the family must submit an application that provides the CDA with the information needed to determine the family’s eligibility. HUD requires the CDA to place all eligible (income, residency, have social security numbers) families that apply for assistance on a waiting list. When HCV assistance becomes available, the CDA must select families from the waiting list in accordance with HUD requirements and CDA policies as stated in the administrative plan and the annual plan.

The CDA is required to adopt clear policies and procedures for accepting applications, placing families on the waiting list, and selecting families from the waiting list and must follow these policies and procedures consistently. The actual order in which families are selected from the waiting list can be affected if a family has certain characteristics designated by HUD or the CDA that justify their selection. Examples of this are the selection of families for income targeting and the selection of families that qualify for targeted funding.

HUD regulations require that all families have an equal opportunity to apply for and receive housing assistance, and that the CDA affirmatively further fair housing goals in the administration of the program [24 CFR 982.53, HCV GB p. 4-1]. Adherence to the selection policies described in this chapter ensures that the CDA will be in compliance with all relevant fair housing requirements, as described in Chapter 2.

This chapter describes HUD and CDA policies for taking applications, managing the waiting list and selecting families for HCV assistance. The policies outlined in this chapter are organized into three sections, as follows:

Part I: The Application Process. This part provides an overview of the application process, and discusses how applicants can obtain and submit applications. It also specifies how the CDA will handle the applications it receives.

Part II: Managing the Waiting List. This part presents the policies that govern how the CDA’s waiting list is structured, when it is opened and closed, and how the public is notified of the opportunity to apply for assistance. It also discusses the process the CDA will use to keep the waiting list current.

Part III: Selection for HCV Assistance. This part describes the policies that guide the CDA in selecting families for HCV assistance as such assistance becomes available. It also specifies how in-person interviews will be used to ensure that the CDA has the information needed to make a final eligibility determination.
PART I: THE APPLICATION PROCESS

4-I.A. OVERVIEW
This part describes the CDA policies for making applications available, accepting applications, making preliminary determinations of eligibility, and the placement of applicants on the waiting list. This part also describes the CDA’s obligation to ensure the accessibility of the application process to elderly persons, people with disabilities, and people with limited English proficiency (LEP).

4-I.B. APPLYING FOR ASSISTANCE [HCV GB, pp. 4-11 – 4-16, Notice PIH 2009-36]
Any family that wishes to receive HCV assistance must apply for admission to the program. HUD permits the CDA to determine the format and content of HCV applications, as well how such applications will be made available to interested families and how applications will be accepted by the CDA. The CDA must include Form HUD-92006, Supplement to Application for Federally Assisted Housing, as part of the CDA’s application.

CDA Policy
A two-step process will be used when it is expected that a family will not be selected from the waiting list for at least 60 days from the date of application. Under the two-step application process, the CDA initially will require families to provide only the information needed to make an initial assessment of the family’s eligibility, and to determine the family’s placement on the waiting list. Upon selection, the family will be required to complete a full application and provide all of the information necessary to establish family eligibility and level of assistance when the family is selected from the waiting list.

When the CDA is accepting applications, families will be required to apply using a web based application during a defined period of time. The CDA reserves the right to extend or shorten this period of time. Applications must be complete in order to be accepted by the CDA for processing. As a reasonable accommodation, applications may be requested in an alternative format.

4-I.C. ACCESSIBILITY OF THE APPLICATION PROCESS
Elderly and Disabled Populations [24 CFR 8 and HCV GB, pp. 4-11 – 4-13]
The CDA must take steps to ensure that the application process is accessible to those people who might have difficulty complying with the normal, standard CDA application process. This could include people with disabilities, certain elderly individuals, as well as persons with limited English proficiency (LEP). The CDA must provide reasonable accommodation to the needs of individuals with disabilities. The application-taking facility and the application process must be fully accessible, or the CDA must provide an alternate approach that provides full access to the application process. Chapter 2 provides a full discussion of the CDA’s policies related to providing reasonable accommodations for people with disabilities.

Limited English Proficiency
The CDA is required to take reasonable steps to ensure equal access to their programs and
activities by persons with limited English proficiency [24 CFR 1]. Chapter 2 provides a full discussion on the CDA’s policies related to ensuring access to people with limited English proficiency (LEP).
4-I.D. PLACEMENT ON THE WAITING LIST

The CDA must accept applications from families for whom the list is open unless there is good cause for not accepting the application (such as denial of assistance) for the grounds stated in the regulations [24 CFR 982.206(b)(2)]. When applicable, if the family is determined to be ineligible, the CDA must notify the family in writing [24 CFR 982.201(f)]. Where the family is not determined to be ineligible, the family will be placed on a waiting list of applicants.

No applicant has a right or entitlement to be listed on the waiting list, or to any particular position on the waiting list [24 CFR 982.202(c)].

The CDA will determine the number of necessary applications to place on the HCV Waiting List. All eligible applications will be placed in a lottery for placement on the waiting list, but only the desired number of applications. The CDA will notify each applicant if they secured a position on the list.

Placement on the waiting list does not indicate that the family is, in fact, eligible for assistance. A final determination of eligibility will be made when the family is selected from the waiting list.

Applicants will be placed on the waiting list according to their rank in the lottery, the date and time of application, and any preference(s) for which they qualify.

PART II: MANAGING THE WAITING LIST

4-II.A. OVERVIEW

The CDA must have policies regarding various aspects of organizing and managing the waiting list of applicant families. This includes opening the list to new applicants, closing the list to new applicants, notifying the public of waiting list openings and closings, updating waiting list information, purging the list of families that are no longer interested in or eligible for assistance, as well as conducting outreach to ensure a sufficient number of applicants.

In addition, HUD imposes requirements on how the CDA may structure its waiting list and how families must be treated if they apply for assistance from a PHA that administers more than one assisted housing program.

4-II.B. ORGANIZATION OF THE WAITING LIST [24 CFR 982.204 and 205]

The CDA’s HCV waiting list must be organized in such a manner to allow the CDA to accurately identify and select families for assistance in the proper order, according to the admissions policies described in this plan.

The waiting list must contain the following information for each applicant listed:

- Applicant name;
- Family unit size;
- Date and time of application;
- Qualification for any local preference;
- Racial or ethnic designation of the head of household.
HUD requires the CDA to maintain a single waiting list for the HCV program unless it serves more than one county or municipality. Such PHAs are permitted, but not required, to maintain a separate waiting list for each county or municipality served.

**CDA Policy**

The CDA will maintain a single waiting list for the HCV program.

HUD directs that a family that applies for assistance from the HCV program must be offered the opportunity to be placed on the waiting list for any public housing, project-based voucher or moderate rehabilitation program the CDA operates if 1) the other programs’ waiting lists are open, and 2) the family is qualified for the other programs.

HUD permits, but does not require, that the CDA maintain a single merged waiting list for their public housing, Section 8, and other subsidized housing programs.

A family’s decision to apply for, receive, or refuse other housing assistance must not affect the family’s placement on the HCV waiting list, or any preferences for which the family may qualify.

**CDA Policy**

The CDA will establish and maintain separate lists for project-based HCV assistance and any special HCV funding other program the CDA operates.

**4-II.C. OPENING AND CLOSING THE WAITING LIST [24 CFR 982.206]**

**Closing the Waiting List**

The CDA is permitted to close the waiting list if it has an adequate pool of families to use its available HCV assistance. Alternatively, the CDA may elect to continue to accept applications only from certain categories of families that meet particular preferences or funding criteria.

**CDA Policy**

The CDA will close the waiting list when the estimated waiting period for housing assistance for applicants on the list reaches 24 months for the most current applicants. The CDA may elect to advertise the opening and closing of the list in one advertisement for a defined period of time. The CDA may continue to accept applications from applicants from a particular preference or funding criteria while closing the waiting list to others.

The CDA will give public notice by publishing the relevant information in suitable local media outlets and on the CDA website at www.dakotacda.org.

**Reopening the Waiting List**

If the waiting list has been closed, it cannot be reopened until the CDA publishes a notice in local newspapers of general circulation, minority media, and other suitable media outlets. The notice must comply with HUD fair housing requirements and must specify who may apply, and where and when applications will be received.

**CDA Policy**

The CDA will announce the reopening of the waiting list at least 10 business days prior
to the date applications will first be accepted. If the list is only being reopened for certain categories of families, this information will be contained in the notice. The CDA will give public notice by publishing the relevant information in suitable local media outlets and on the CDA website at www.dakotacda.org.

If the CDA opens the HCV waiting list for a specific preference group a public notice will be placed on the CDA website at www.dakotacda.org.

4-II.D. FAMILY OUTREACH [HCV GB, pp. 4-2 to 4-4]

The CDA must conduct outreach as necessary to ensure that the CDA has a sufficient number of applicants on the waiting list to use the HCV resources it has been allotted. Because HUD requires the CDA to admit a specified percentage of extremely-low income families to the program (see Chapter 4, Part III), the CDA may need to conduct special outreach to ensure that an adequate number of such families apply for assistance [HCV GB, p. 4-20 to 4-21].

CDA outreach efforts must comply with fair housing requirements. This includes:

- Analyzing the housing market area and the populations currently being served to identify underserved populations
- Ensuring that outreach efforts are targeted to media outlets that reach eligible populations that are underrepresented in the program
- Avoiding outreach efforts that prefer or exclude people who are members of a protected class

CDA outreach efforts must be designed to inform qualified families about the availability of assistance under the program. These efforts may include, as needed, any of the following activities:

- Submitting press releases to local newspapers, including minority newspapers
- Developing informational materials and flyers to distribute to other agencies
- Providing application forms to other public and private agencies that serve the low income population
- Developing partnerships with other organizations that serve similar populations, including agencies that provide services for persons with disabilities

CDA Policy
The CDA will monitor the characteristics of the population being served and the characteristics of the population as a whole in the CDA’s jurisdiction. Targeted outreach efforts will be undertaken if a comparison suggests that certain populations are being underserved.

4-II.E. REPORTING CHANGES IN FAMILY CIRCUMSTANCES

CDA Policy

- 22 -
While the family is on the waiting list, the family must immediately inform the CDA of changes in contact information, including current residence, mailing address, and phone number.

An applicant may at any time report changes in their applicant status including changes in family composition, income, or preference factors. The Dakota County CDA will notate the applicant’s file and will update their place on the waiting list, if applicable. Confirmation of the changes will be confirmed communicated with the applicant in writing.

4-II.F. UPDATING THE WAITING LIST [24 CFR 982.204]

HUD requires the CDA to establish policies to use when removing applicant names from the waiting list.

Purging the Waiting List

The decision to withdraw an applicant family that includes a person with disabilities from the waiting list is subject to reasonable accommodation. If the applicant did not respond to a CDA request for information or updates, and the CDA determines that the family did not respond because of the family member’s disability, the CDA must reinstate the applicant family to their former position on the waiting list [24 CFR 982.204(c)(2)].

CDA Policy

The waiting list will be updated annually to ensure that all applicants and applicant information is current and timely.

To update the waiting list, the CDA will send a notice via first class mail to each family on the waiting list to determine whether the family continues to be interested in the program. This notice will be sent to the last address that the CDA has on record for the family.

If the family fails to respond within 15 business days, the family will be removed from all waiting lists administered by the Housing Assistance Department without further notice.

If the notice is returned by the post office with no forwarding address, the applicant will be removed from all waiting lists administered by the Housing Assistance Department without further notice.

- If the family contacts the CDA within 60 days of removal, the family will be placed back on the waiting list(s).
- If the notice is returned by the post office with a forwarding address, the notice will be re-sent to the address indicated. The family will have 15 business days to respond from the date the letter was re-sent.
- If the family is removed from the waiting list for failure to respond, the CDA may reinstate if it is determined it was due to CDA error.

Removal from the Waiting List

CDA Policy
• If at any time an applicant family is on the waiting list, the CDA determines that the family is not eligible for assistance (see Chapter 3); the family will be removed from the waiting list.

• If at any time an applicant family requests that their name be removed from the waiting list, the family will be removed from the waiting list.

• If a family is removed from the waiting list because the CDA has determined the family is not eligible for assistance or has failed to comply with a request for information, as it relates to preference or other eligibility components, a notice will be sent to the family’s address of record as well as to any alternate address provided on the initial application. If the notice is returned by the post office with no forwarding address, the applicant will be removed from all waiting lists administered by the Housing Assistance Department without further notice. The notice will state the reasons the family was removed from the waiting list and will inform the family how to request an informal review regarding the CDA’s decision (see Chapter 16) [24 CFR 982.201(f)].

PART III: SELECTION FOR HCV ASSISTANCE

4-III.A. OVERVIEW

As vouchers become available, families on the waiting list must be selected for assistance in accordance with the policies described in this part.

The order in which families are selected from the waiting list depends on the selection method chosen by the CDA and is impacted in part by any selection preferences for which the family qualifies. The availability of targeted funding also may affect the order in which families are selected from the waiting list.

The CDA must maintain a clear record of all information required to verify that the family is selected from the waiting list according to the CDA’s selection policies [24 CFR 982.204(b) and 982.207(e)].

4-III.B. SELECTION AND HCV FUNDING SOURCES

Special Admissions [24 CFR 982.203]

HUD may award funding for specifically-named families living in specified types of units (e.g., a family that is displaced by demolition of public housing; a non-purchasing family residing in a HOPE 1 or 2 projects). In these cases, the CDA may admit such families whether or not they are on the waiting list, and, if they are on the waiting list, without considering the family’s position on the waiting list. These families are considered non-waiting list selections. The CDA must maintain records showing that such families were admitted with special program funding.

Targeted Funding [24 CFR 982.204(e)]

HUD may award the CDA funding for a specified category of families on the waiting list. The CDA must use this funding only to assist the families within the specified category. In order to
assist families within a targeted funding category, the CDA may skip families that do not qualify within the targeted funding category. Within this category of families, the order in which such families are assisted is determined according to the policies provided in Section 4-III.C.

CDA Policy
The CDA administers the following types of HUD targeted funding; Family Self-Sufficiency, Family Unification Program, Project-Based Voucher and Veterans Affairs Supportive Housing.

The CDA administers the following types of targeted local funding:

The CDA administers Bridges, Continuum of Care, Housing Trust Fund and Lincoln Place rental assistance.

Regular HCV Funding
Regular HCV funding may be used to assist any eligible family on the waiting list. Families are selected from the waiting list according to the policies provided in Section 4-III.C.

4-III.C. SELECTION METHOD
The CDA must describe the method for selecting applicant families from the waiting list, including the system of admission preferences that the CDA will use [24 CFR 982.202(d)].

Local Preferences [24 CFR 982.207; HCV p. 4-16]
The CDA is permitted to establish local preferences, and to give priority to serving families that meet those criteria. HUD specifically authorizes and places restrictions on certain types of local preferences. HUD also permits the CDA to establish other local preferences, at its discretion. Any local preferences established must be consistent with the CDA plan and the consolidated plan, and must be based on local housing needs and priorities that can be documented by generally accepted data sources.

CDA Policy
The CDA has adopted the following category of preferences:

INSUFFICIENT FUNDING (24 POINTS)
The CDA will offer a preference to any family that has been terminated or is at imminent risk of being terminated from the following programs due to insufficient funding:
- CDA administered Housing Choice Voucher
- CDA administered Bridges
- CDA administered Continuum of Care
- CDA administered Levy Rental Assistance Program
- CDA administered Housing Trust Fund Programs (including Long Term Homeless and Re-Entry Assistance Grant)

IN Voluntary Displacement (23 POINTS)
The CDA will offer a preference to any family residing in Dakota County that has been involuntarily displaced due to:
• fire, flood or tornado
• A natural disaster or otherwise formally recognized pursuant to Federal disaster relief laws
• Federal, state or local government action related to code enforcement, public improvement or redevelopment

**LOCAL HOUSING NEED (23 POINTS)**

The CDA will offer a preference to any family residing in Dakota County, from Dakota County Supportive Housing Unit’s administered Continuum of Care program, when their assistance is ending due to the mandatory 24-month participation maximum (limited to 24 families admitted per calendar year)

**PUBLIC HOUSING DISPLACEMENT (23 POINTS)**

The CDA will offer a preference to families residing in CDA Public Housing who are required to move and cannot be placed in another public housing unit. This preference is not available to families being evicted from a public housing unit.

**VERIFIED RESIDENCY PREFERENCE (12 POINTS)**

The CDA will offer a preference to any family who are Dakota County residents or have community roots. [24 CFR 100.80] Community roots is defined as applicants who live, or whose head-of-household, spouse, or co-head work in Dakota County, have been hired to work in Dakota County, or attend school full-time in Dakota County. (The employer must be located within Dakota County.)

- The CDA will require one of the following to establish a residency preference:
  - Copy of lease
  - Paystub, including the name and address of the applicant and employer
  - Statement from an educational institution, including enrollment dates and status (part-time or full-time)
  - Verification from Dakota County Employment and Economic Assistance, including assistance dates and type of assistance received (MFIP, General Assistance, SNAP, etc.)
  - Copy of natural gas, electric, water/sewer, or garbage bill with the applicants name and address.

- Full-time student is defined as a person who is carrying a subject load that is considered full time for day students under the standards and practices of the educational institution attended. An education institution includes a vocational school with a diploma or certificate program, as well as an institution offering a college degree.

**RESIDENCY PREFERENCE (1 POINT)**

The CDA will offer a preference point to any family who, during the application process, certify that they are Dakota County residents or have community roots. [24 CFR 100.80]
Community roots is defined as applicants who live, or whose head-of-household, spouse, or co-head work in Dakota County, have been hired to work in Dakota County, or attend school full-time in Dakota County. (The employer must be located within Dakota County.)

Income Targeting Requirement [24 CFR 982.201(b)(2)]

HUD requires that extremely low-income (ELI) families make up at least 75 percent of the families admitted to the HCV program during the CDA’s fiscal year. ELI families are those with annual incomes at or below the federal poverty level or 30 percent of the area median income, whichever number is higher. To ensure this requirement is met, the CDA may skip non-ELI families on the waiting list in order to select an ELI family.

Low-income families admitted to the program that are “continuously assisted” under the 1937 Housing Act [24 CFR 982.4(b)], as well as low-income or moderate-income families admitted to the program that are displaced as a result of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing, are not counted for income targeting purposes [24 CFR 982.201(b)(2)(v)].

CDA Policy

The CDA will monitor progress in meeting the income targeting requirement throughout each fiscal year. Extremely low-income families will be selected ahead of other eligible families on an as-needed basis to ensure the income targeting requirement is met.

Order of Selection

The CDA system of preferences may select families based on local preferences according to the date and time of application, or by a random selection process (lottery) [24 CFR 982.207(c)]. If the CDA does not have enough funding to assist the family at the top of the waiting list, it is permitted to skip down the waiting list to a family that it can afford to subsidize when there are not sufficient funds to subsidize the family at the top of the waiting list [24 CFR 982.204(d) and (e)].

CDA Policy

- Families will be selected from the waiting list based on the targeted funding or selection preference(s) for which they qualify, and in accordance with the CDA’s hierarchy of preferences.
- Within each targeted funding or preference category, families will be selected by position determined by lottery or on a first-come, first-served basis according to the date and time their complete application is received by the CDA.
- Documentation will be maintained by the CDA as to whether families on the list qualify for and are interested in targeted funding. If a higher placed family on the waiting list is not qualified or not interested in targeted funding, there will be a notation maintained so that the CDA does not have to ask higher placed families each time targeted selections are made.
4-III.D. NOTIFICATION OF SELECTION

When a family has been selected from the waiting list, the CDA must notify the family [CFR 982.5554(a)].

**CDA Policy**

The CDA will notify the family by first class mail when it is selected from the waiting list. The notice will inform the family of the following:

- Date, time, and location of the scheduled application interview, including any procedures for rescheduling the interview;
- Who is required to attend the interview;
- All documents that must be provided at the interview, including information about what constitutes acceptable documentation;
- A language block written in 10 languages will be included informing the family of free translation services, upon their request;

If a notification letter is returned to the CDA with no forwarding address, the family will be removed from all waiting lists administered by the Housing Assistance Department without further notice. If the family contacts the CDA within 60 days of removal, the family will be placed back on the waiting list.

4-III.E. THE APPLICATION INTERVIEW

HUD recommends that the CDA obtain the information and documentation needed to make an eligibility determination through a face-to-face interview with a CDA representative [HCV GB, pg. 4-16]. Being invited to attend an interview does not constitute admission to the program.

Assistance cannot be provided to the family until all SSN documentation requirements are met. However, if the CDA determines that an applicant family is otherwise eligible to participate in the program, the family may retain its place on the waiting list for a period of time determined by the CDA [Notice PIH 2012-10].

Reasonable accommodation must be made for persons with disabilities who are unable to attend an interview due to their disability.

**CDA Policy**

- Families selected from the waiting list are required to participate in an eligibility interview; all adult members are required to attend the interview.
- The head of household or spouse/co-head must provide acceptable documentation of legal identity. (Chapter 7 provides a discussion of proper documentation of legal identity).
  - If the family representative does not provide the required documentation, at the time of the interview, he or she will be required to provide it within 10 business days.
• Pending disclosure and documentation of social security numbers, the CDA will allow the family to retain its place on the waiting list for 90 days.
  ▪ If not all household members have disclosed their SSNs by that time, the CDA will deny assistance and remove the family’s name from the waiting list.

• The family must provide the information necessary to establish the family’s eligibility and determine the appropriate level of assistance, as well as completing required forms, providing required signatures, and submitting required documentation. If any materials are missing, the CDA will provide the family with a written list of items that must be submitted.

• Any required documents or information that the family is unable to provide at the interview must be provided within 10 business days of the interview (Chapter 7 provides details about longer submission deadlines for particular items, including documentation of eligible noncitizen status).
  o If the family is unable to obtain the information or materials within the required time frame, the family may request an extension.
  o If the required documents and information are not provided within the required time frame (plus any extensions), the family will be sent a notice of denial (See Chapter 3).

• An advocate, interpreter, or other assistant may assist the family with the application and the interview process.

• Interviews will be conducted in English. For limited English proficient (LEP) applicants, the CDA will provide translation services in accordance with the CDA’s LEP plan. (See Exhibit 2-2.)

• If the family is unable to attend a scheduled interview, the family should contact the CDA in advance of the interview to schedule a new appointment.

• In all circumstances, if a family does not attend the first scheduled interview, the family will be denied assistance based on the family’s failure to supply information needed to determine eligibility. A notice of denial will be issued in accordance with policies contained in Chapter 3. If a family contacts the CDA within 60 days of removal for failure to attend the initial appointment, they will be rescheduled for a second and final appointment. Failure to attend the second and final appointment will result in the family’s name being permanently removed from waiting list.
4-III.F. COMPLETING THE APPLICATION PROCESS

The CDA must verify all information provided by the family (see Chapter 7). Based on verified information, the CDA must make a final determination of eligibility (see Chapter 3) and must confirm that the family qualified for any special admission, targeted funding admission, or selection preference that affected the order in which the family was selected from the waiting list.

**CDA Policy**

- If the CDA determines that the family is eligible to receive assistance, the CDA will invite the family to attend a briefing in accordance with the policies in Chapter 5.

- If the CDA determines that the family is ineligible, the CDA will send written notification of the ineligibility determination within 10 business days of the determination.
  - The notice will specify the reasons for ineligibility, and will inform the family of its right to request an informal review (Chapter 16).

- If a family fails to qualify for any criteria that affected the order in which it was selected from the waiting list (e.g. targeted funding, extremely low-income), the family will be returned to its appropriate position on the waiting list.
  - The CDA will notify the family in writing that it has been returned to the waiting list and will specify the reasons for it.
Approve Updated Payment Standards Schedule For The Housing Choice Voucher Program

Fiscal/FTE Impact:
- None
- Amount included in current budget
- Budget amendment requested
- FTE included in current complement
- New FTE(s) requested
- Other: HUD held reserves

PURPOSE/ACTION REQUESTED
- Approve updated Housing Choice Voucher Payment Standards Schedule.

SUMMARY
Payment Standards dictate the maximum monthly subsidy a household assisted by the Housing Choice Voucher (HCV) Program can receive. As an administrator of the Housing Choice Voucher program, the CDA is required to review its payment standards at least annually.

Payment Standards are based on Fair Market Rents (FMRs) published annually by the U.S. Department of Housing and Urban Development (HUD). FMRs are set by bedroom size at the 40th percentile of the housing market for the Minneapolis-St. Paul metropolitan statistical area. HUD published its Final 2020 FMR’s on August 30, 2019. The 2020 HUD FMRs reflect an average increase of 5.3% from the 2019.

The CDA is required to establish Payment Standards between 90% and 110% of the published FMR. When setting Payment Standards, the CDA considers market conditions, rent burden and budgetary constraints. Payment Standards must be high enough to permit choice of unit type and location, yet low enough to ensure the funds allocated from HUD can assist as many households as possible.

The CDA Board last approved an updated Payment Standards Schedule in May 2019 (Resolution #19-6128) merging the previous two Payment Standard regions into one. Based on the newly released FMRs, the CDA must increase the 0-bedroom subsidy amount to reach the 90% FMR regulatory requirement. The updated Payment Standard Schedule would be effective October 1, 2019.

The proposed schedule is shown below.

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>2020 HUD FMRs</th>
<th>Current Payment Standard</th>
<th>Proposed Payment Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Bedroom</td>
<td>$820</td>
<td>$725</td>
<td>$740</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>$971</td>
<td>$945</td>
<td>$945</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>$1,214</td>
<td>$1,180</td>
<td>$1,180</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>$1,722</td>
<td>$1,565</td>
<td>$1,565</td>
</tr>
<tr>
<td>4 Bedroom</td>
<td>$2,025</td>
<td>$1,830</td>
<td>$1,830</td>
</tr>
<tr>
<td>5 Bedroom</td>
<td>$2,329</td>
<td>$2,125</td>
<td>$2,125</td>
</tr>
<tr>
<td>6 Bedroom</td>
<td>$2,633</td>
<td>$2,530</td>
<td>$2,530</td>
</tr>
<tr>
<td>Manufactured Home</td>
<td>$460</td>
<td>$460</td>
<td>$460</td>
</tr>
</tbody>
</table>

Staff will bring a follow-up recommendation to the CDA Board with payment standard changes to the other bedroom sizes at a future meeting after a comprehensive review of market conditions, rent burden, and budgetary constraints is completed.

RECOMMENDATION
Staff recommends increasing the payment standard for the 0-Bedroom as indicated in the proposed schedule to be in compliance with HUD requirements.

EXPLANATION OF FISCAL/FTE IMPACT
Funding appropriations for the Housing Choice Voucher program are determined annually by Congress.
Resolution No. 19-XXXX

Approve Updated Payment Standards Schedule For The Housing Choice Voucher Program

WHEREAS, the Dakota County Community Development Agency (CDA) administers a Housing Choice Voucher program; and

WHEREAS, the CDA has reviewed the HUD published Fair Market Rents, to establish payment standards in accordance with 24 CFR 982.503 for regions within its jurisdiction; and

WHEREAS, the implementation of the payment standards will be effective October 1, 2019.

NOW, THEREFORE, BE IT RESOLVED, by the Dakota County Community Development Agency Board of Commissioners, That the following Payment Standard Schedule is adopted for the Housing Choice Voucher Program.

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Dakota County Payment Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Bedroom</td>
<td>$740</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>$945</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>$1,180</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>$1,565</td>
</tr>
<tr>
<td>4 Bedroom</td>
<td>$1,830</td>
</tr>
<tr>
<td>5 Bedroom</td>
<td>$2,125</td>
</tr>
<tr>
<td>6 Bedroom</td>
<td>$2,530</td>
</tr>
<tr>
<td>Manufactured Home</td>
<td>$460</td>
</tr>
</tbody>
</table>

Executive Director’s Comments:
☒ Recommend Action
☐ Do Not Recommend Action
☐ Reviewed-No Recommendation
☐ Reviewed-Information Only
☒ Submitted at Commissioner Request

Strategic Plan Goal:
☐ Focused Housing Programs
☐ Collaboration
☐ Development/Redevelopment
☐ Financial Sustainability
☒ Operational Effectiveness

Executive Director

Department Director
Dakota County CDA
HOUSING CHOICE VOUCHER PROGRAM
PAYMENT STANDARDS
Effective October 1, 2019

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>FY2020 FMR</th>
<th>10/01/19 Payment Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Region 1</strong> Apple Valley, Burnsville, Eagan, Inver Grove, Lakeville, Mendota Heights, Farmington, Hastings, Rosemount, W St Paul, So St Paul</td>
</tr>
<tr>
<td>0 Bedroom</td>
<td>820</td>
<td>740</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>971</td>
<td>945</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>1214</td>
<td>1180</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>1722</td>
<td>1565</td>
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<tr>
<td>4 Bedroom</td>
<td>2025</td>
<td>1830</td>
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<tr>
<td>5 Bedroom</td>
<td>2329</td>
<td>2125</td>
</tr>
<tr>
<td>6 Bedroom</td>
<td>2633</td>
<td>2530</td>
</tr>
<tr>
<td>Manufactured Home</td>
<td></td>
<td>460</td>
</tr>
</tbody>
</table>
Approve Record Of Disbursements – August 2019

Meeting Date: 9/17/2019
Department: Finance
Prepared By: Chris Meyer
Contact: Ken Bauer
Contact Phone: 651-675-4450

Fiscal/FTE Impact:
☐ None
☒ Amount included in current budget
☐ Budget amendment requested
☐ FTE included in current complement
☐ New FTE(s) requested
☐ Other:

PURPOSE/ACTION REQUESTED
• Approve Record of Disbursements for August 2019.

SUMMARY
In August 2019, the Dakota County Community Development Agency (CDA) had $5,345,273.49 in disbursements and $642,905 in payroll expenses. Attachment A provides the breakdown of disbursements. Additional detail is available from the Finance department.

RECOMMENDATION
Staff recommends approval of the Record of Disbursements for August 2019.

EXPLANATION OF FISCAL/FTE IMPACT
These disbursements are included in the Fiscal Year Ending June 30, 2020 budget.
BE IT RESOLVED, by the Dakota County Community Development Agency Board of Commissioners, That the August 2019 Record of Disbursements is approved as written.
## Dakota County CDA
### Record of Disbursements
#### For the month of August 2019

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Common Bond Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>08/20/19</td>
<td>$ 101,815.88</td>
<td>$ 101,815.88</td>
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<tr>
<td><strong>Disbursing</strong></td>
<td></td>
<td></td>
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<tr>
<td>08/01/19</td>
<td>$ 379,285.24</td>
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</tr>
<tr>
<td>08/08/19</td>
<td>$ 396,865.35</td>
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<tr>
<td>08/15/19</td>
<td>$ 343,422.59</td>
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<tr>
<td>08/22/19</td>
<td>$ 669,785.95</td>
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<tr>
<td>08/29/19</td>
<td>$ 525,775.61</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>$ 2,315,134.74</td>
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<tr>
<td><strong>Housing Assistance</strong></td>
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<tr>
<td>08/01/19</td>
<td>$ 1,691,806.70</td>
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</tr>
<tr>
<td>08/15/19</td>
<td>$ 61,084.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ 1,752,890.70</td>
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<tr>
<td><strong>Housing Development &amp; Renewal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>07/29/19</td>
<td>$ 992,090.20</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ 992,090.20</td>
</tr>
<tr>
<td><strong>Real Estate Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>08/20/19</td>
<td>$ 152,341.97</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ 152,341.97</td>
</tr>
<tr>
<td><strong>Tax Increment Financing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>07/29/19</td>
<td>$ 31,000.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ 31,000.00</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td></td>
<td>$ 5,345,273.49</td>
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<tr>
<td><strong>August 2019 Payroll</strong></td>
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<tr>
<td>08/02/19</td>
<td>$ 205,479.33</td>
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<tr>
<td>08/16/19</td>
<td>$ 213,943.44</td>
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<tr>
<td>08/30/19</td>
<td>$ 223,482.23</td>
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<tr>
<td><strong>Total Payroll</strong></td>
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<td>$ 642,905.00</td>
</tr>
</tbody>
</table>

Disbursement detail is available in the Finance Office

Chairperson
DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
REQUEST FOR BOARD ACTION

Approve Administrative Amendments To Existing Housing Opportunities Enhancement (HOPE) Program Loan Documents

Meeting Date: 9/17/2019
Department: Community & Economic Development
Prepared By: Karly Schoeman
Contact: Lisa Alfson
Contact Phone: 651-675-4467

Fiscal/FTE Impact:
☐ None
☐ Amount included in current budget
☐ Budget amendment requested
☐ FTE included in current complement
☐ New FTE(s) requested
☒ Other:

PURPOSE/ACTION REQUESTED
• Approve administrative amendments to existing Housing Opportunities Enhancement (HOPE) Program loan documents for Eagan Cedar Family Housing Limited Partnership, Lakeville Downtown Limited Partnership, and Lafayette Family Housing Limited Partnership.

SUMMARY
CDA staff has been reviewing the HOPE loan portfolio to ensure the repayment terms of the HOPE loan align among the various loan documents. As a result of this review, CDA staff is proposing to modify the terms of four HOPE loans made in prior years to align the payment terms with the goal of ensuring clarity within the HOPE loan documents. For each of these properties, the CDA is the managing General Partner within the Limited Partnership.

The HOPE loans impacted include those made to the Eagan Cedar Family Housing Limited Partnership (Erin Place, Eagan), Lakeville Downtown Limited Partnership (Prairie Crossing, Lakeville), and Lafayette Family Housing Limited Partnership (Lafayette, Inver Grove Heights), which were developed by the CDA as part of its Workforce Housing townhome portfolio. The CDA is the managing General Partner for each of these properties. These HOPE loans were among the first made when the HOPE program was established and there is a discrepancy among the loan documents as to the maturity dates for these loans. The HOPE Loan Agreements for these loans would be amended to define the period of affordability as the term of the HOPE loan. This will align the maturity date with the provisions in the other documents for those HOPE loans. This change is viewed as an administrative amendment to clear up confusion within the documents.

If approved, CDA staff will coordinate with any external parties that provided additional financing to these developments to make these modifications to the related HOPE loan documents.

RECOMMENDATION
Staff recommends the proposed modifications to the HOPE loan documents for Eagan Cedar Family Housing Limited Partnership, Lakeville Downtown Limited Partnership, and Lafayette Family Housing Limited Partnership.

EXPLANATION OF FISCAL/FTE IMPACT
No material impact for the limited partnership developments; the amendment will align the maturity terms among the various HOPE loan documents to the intended maturity dates.
Resolution No. 19-XXXX

Approve Administrative Amendments To Existing Housing Opportunities Enhancement (HOPE) Program Loan Documents

WHEREAS, in 2001, the Dakota County Board of Commissioners and the Dakota County Community Development Agency (CDA) entered into a Joint Powers Agreement for the HOPE Program that includes operating guidelines, reporting requirements, and outlines the priorities for the Housing Opportunities Enhancement fund (the HOPE Program); and

WHEREAS, the CDA has adopted a HOPE Policy and budget for the HOPE Program, setting forth criteria governing the award of HOPE funds; and

WHEREAS, the CDA has previously awarded HOPE loan funds to the Eagan Cedar Family Housing Limited Partnership, Lakeville Downtown Limited Partnership, and Lafayette Family Housing Limited Partnership (Awardees); and

WHEREAS, the CDA wishes to modify the HOPE loan documents to these Awardees to align the payment terms of the HOPE loans within those documents.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That:

1. The HOPE Loan Agreements or other related HOPE loan documents to the Eagan Cedar Family Housing Limited Partnership, Lakeville Downtown Limited Partnership, and Lafayette Family Housing Limited Partnership shall be modified to define the Period of Affordability to run concurrently with the term of the HOPE loan to align the maturity date references within the HOPE loan documents provided to these limited partnerships.
Extend Maturity Date Of A Housing Opportunities Enhancement (HOPE) Program Loan To Scott-Carver-Dakota CAP Agency, Inc.

Meeting Date: 9/17/2019
Department: Community & Economic Development
Prepared By: Karly Schoeman
Contact: Lisa Alfson
Contact Phone: 651-675-4467

Fiscal/FTE Impact:
- None
- Amount included in current budget
- Budget amendment requested
- FTE included in current complement
- New FTE(s) requested
- Other:

PURPOSE/ACTION REQUESTED
- Extend the maturity date of a Housing Opportunities Enhancement (HOPE) Program loan to the Scott-Carver-Dakota CAP Agency, Inc.

SUMMARY
CDA staff has been approached by staff at the Scott-Carver-Dakota CAP Agency, Inc. (CAP Agency) to extend the term of a HOPE loan to the CAP Agency. The loan of $414,079 was approved in 2003 and provided in 2004 for capital improvements to four properties owned by the CAP Agency within its scattered site supportive housing portfolio. This loan is currently scheduled to mature in October 2020.

The properties supported by the HOPE loan provide housing with supportive services to households experiencing barriers to stable housing. To preserve these supportive housing units and ensure they remain affordable over the long-term, CDA staff proposes to extend this HOPE loan for an additional 20 years. Repayment will be required if the units convert to market rate housing units or if the terms of the HOPE loan are materially breached.

If approved, CDA staff will coordinate with the CAP Agency to make these modifications to the related HOPE loan documents.

RECOMMENDATION
CDA staff recommends extending the maturity date of the HOPE loan to the CAP Agency for an additional 20 years.

EXPLANATION OF FISCAL/FTE IMPACT
The loan modification will extend repayment of the HOPE loan by 20 years in exchange for continued affordability of the supportive housing properties.
Resolution No. 19-XXXX

Extend Maturity Date Of A Housing Opportunities Enhancement (HOPE) Program Loan
To Scott-Carver-Dakota CAP Agency, Inc.

WHEREAS, in 2001, the Dakota County Board of Commissioners and the Dakota County Community Development Agency (CDA) entered into a Joint Powers Agreement for the Housing Opportunities Enhancement (HOPE) Program that includes: operating guidelines, reporting requirements, and outlines the priorities for the fund; and

WHEREAS, the CDA adopted a HOPE Policy and budget for the HOPE Program, setting forth criteria governing the award of HOPE funds; and

WHEREAS, the CDA previously awarded $414,079 HOPE loan funds to the Dakota-Scott-Carver CAP Agency Inc. (CAP Agency) for capital improvements to four properties that are part of the CAP Agency scattered site supportive housing portfolio; and

WHEREAS, the CDA wishes to modify the HOPE loan documents to the CAP Agency to support the goal of ensuring the long-term affordability of the related supportive housing properties.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That:

1. The HOPE loan to the Scott-Carver-Dakota CAP Agency, Inc. shall be extended to October 31, 2040, to support the long-term affordability of these properties.

2. All related HOPE loan documents to the Scott-Carver-Dakota CAP Agency, Inc. shall be modified to incorporate the aforementioned maturity date extension.

Executive Director’s Comments:

☐ Recommend Action
☐ Do Not Recommend Action
☐ Reviewed-No Recommendation
☐ Reviewed-Information Only
☐ Submitted at Commissioner Request

Item Type:
☐ Consent
☐ Discussion
☐ Informational

Strategic Plan Priorities:

☐ Focused Housing Programs
☐ Collaboration
☐ Development/Redevelopment
☐ Financial Sustainability
☐ Operational Effectiveness

____________________________________________
Executive Director

____________________________________________
Department Director
DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
REQUEST FOR BOARD ACTION

Approve Forgiveness And Conversion Of Housing Opportunities Enhancement (HOPE) Program Loan To Dakota County CDA For Lincoln Place

Meeting Date: 9/17/2019
Department: Community & Economic Development
Prepared By: Karly Schoeman
Contact: Lisa Alfsen
Contact Phone: 651-675-4467

Fiscal/FTE Impact:
☐ None
☐ Amount included in current budget
☐ Budget amendment requested
☐ FTE included in current complement
☐ New FTE(s) requested
☒ Other:

PURPOSE/ACTION REQUESTED
• Approve forgiveness and conversion of the Housing Opportunities Enhancement (HOPE) Program loan to a grant to the Dakota County CDA for Lincoln Place, a 24-unit youth supportive housing development in Eagan.

SUMMARY
In reviewing the HOPE loan portfolio, CDA staff evaluated the financial feasibility of the Lincoln Place development to repay the HOPE funds that were structured as a loan when this development was constructed. A $480,000 loan was awarded in 2008 (Resolution #08-4323) and Lincoln Place opened in 2010. The majority of the project financing came from State G.O. Bonds that dictate affordability requirements for this supportive housing development that serves homeless youth ages 18-24.

As a result of this review, CDA staff propose to forgive the HOPE loan made to the Dakota County CDA for the construction of Lincoln Place in order to support the ongoing affordability of this supportive housing development and to recognize the intention of the CDA to maintain the affordability of this development over the long term. The HOPE funds were structured as a loan, likely to allow flexibility in the type of primary financing used for the development, but the more financially feasible structure for this property is as a grant.

RECOMMENDATION
Staff recommends the forgiveness and conversion of the $480,000 HOPE loan to a grant to Dakota County CDA for the Lincoln Place development.

EXPLANATION OF FISCAL/FTE IMPACT
The forgiveness of the $480,000 HOPE loan for Lincoln Place will remove that debt from the property’s liability and remove the corresponding loan payment to the CDA, for an offsetting net financial impact.
Resolution No. 19-XXXX

Approve Forgiveness And Conversion Of Housing Opportunities Enhancement (HOPE) Program Loan To Dakota County CDA For Lincoln Place

WHEREAS, in 2001, the Dakota County Board of Commissioners and the Dakota County Community Development Agency (CDA) entered into a Joint Powers Agreement for the Housing Opportunities Enhancement (HOPE) Program that includes operating guidelines, reporting requirements, and outlines the priorities for the fund; and

WHEREAS, the CDA has adopted a HOPE Policy and budget for the HOPE Program, setting forth criteria governing the award of HOPE funds; and

WHEREAS, the CDA Board of Commissioners approved a $480,000 HOPE loan to the CDA for Lincoln Place on January 8, 2008 (Resolution #08-4323) to assist with construction of the development; and

WHEREAS, the CDA wishes to forgive the HOPE loan to the CDA to support the goal of ensuring the long-term affordability of Lincoln Place.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That:

1. The $480,000 HOPE loan is hereby forgiven and converted to a grant to the Dakota County Community Development Agency for the construction of Lincoln Place.

2. The Executive Director is hereby authorized and directed to execute and deliver on behalf of the CDA such documents as may be necessary or convenient to evidence such forgiveness and conversion.

Executive Director's Comments:

☐ Recommend Action  ☐ Item Type-Consent
☐ Do Not Recommend Action  ☐ Item Type-Discussion
☐ Reviewed-No Recommendation  ☐ Item Type-Informational
☐ Reviewed-Information Only
☐ Submitted at Commissioner Request

Strategic Plan Priorities:

☐ Focused Housing Programs
☐ Collaboration
☐ Development/Redevelopment
☐ Financial Sustainability
☐ Operational Effectiveness

____________________________________________
Executive Director

____________________________________________
Department Director
Update On DARTS Service Coordinator Pilot Program – Informational Only

Meeting Date: 9/19/2019
Department: Property Management
Prepared By: Anna Judge
Contact: Anna Judge
Contact Phone: 651-675-4501

Fiscal/FTE Impact:
☐ None
☒ Amount included in current budget
☐ Budget amendment requested
☐ FTE included in current complement
☐ New FTE(s) requested
☐ Other:

PURPOSE/ACTION REQUESTED
• Update on DARTS Service Coordinator Program that provides assistance to residents of CDA senior buildings in Mendota Heights, South St. Paul and West St. Paul.

SUMMARY
In 2017, the Dakota County CDA entered into a pilot program with DARTS to have a Social Service Coordinator available at five senior housing developments (three in South St. Paul and two in West St. Paul). In November 2018, the program was extended to two senior buildings in Mendota Heights (Resolution #18-6071). The service coordinator has office hours at each building and assists residents with filling out paperwork and provides referrals for services to continue living independently (ie. home health care, housekeeping, transportation).

In 2018, DARTS responded to over 930 requests for assistance. In the first half of 2019, DARTS has responded to 584 requests for assistance.

Staff from DARTS will be at the Board meeting to provide an update on the pilot initiative.

RECOMMENDATION
None – Informational only

EXPLANATION OF FISCAL/FTE IMPACT
Included in the FYE20 budget.

Supporting Documents:
Previous Board Action(s):
18-6071; 11/27/2018

Executive Director’s Comments:
☐ Recommend Action
☐ Do Not Recommend Action
☐ Reviewed-No Recommendation
☒ Submitted at Commissioner Request
☐ Item Type-Consent
☐ Item Type-Discussion
☒ Item Type-Informational

Strategic Plan Priorities:
☒ Focused Housing Programs
☐ Collaboration
☐ Development/Redevelopment
☐ Financial Sustainability
☐ Operational Effectiveness
Review Of Home Improvement Loan Program And Authorization To Continue Loan Limit At $35,000

Fiscal/FTE Impact:

- None
- Amount included in current budget
- Budget amendment requested
- FTE included in current complement
- New FTE(s) requested
- Other:

Meeting Date: 9/17/2019
Department: Community & Economic Development
Prepared By: Maggie Dykes
Contact: Lisa Alfson
Contact Phone: 651-675-4467

Purpose/Action Requested:

- Review and discuss Home Improvement Loan Program and authorize continued maximum loan limit of $35,000.

Summary:

In August 2019, the Dakota County CDA Board approved an increase in the loan limit for the Home Improvement Loan Program (the Program) from $25,000 to $35,000. The Board requested staff provide an update on the impact of the loan limit increase on the Program’s utilization and effectiveness after one year.

The Program has been and continues to be primarily funded with Dakota County’s annual allocation of Community Development Block Grant (CDBG) funds, both entitlement and program income. CDBG program income funds must be paid out before any entitlement funds are expended. The program also accesses CDA Housing Opportunities Enhancement (HOPE) funds that are used when CDBG funds are expended. In an average year, the program is allocated between $800,000 - $1 million in CDBG entitlement funds. Program income is dependent on loan payoff and ranges between $400,000 - $900,000 a year. The Program assists on average 70-75 homeowners a year.

In federal Fiscal Year (FY) 2018 (July 1, 2018 – June 30, 2019), the Program completed rehab projects in 66 homes expending $1,622,387. Another 19 projects were completed after June 30, 2019, but before August 30, 2019. The total amount spent for those 19 projects was $596,782. The total number of rehab projects completed between July 1, 2018 and August 30, 2019 was 85 and the total amount spent was $2,219,168 with CDBG funds supporting the bulk of the expenditures. The average loan amount for the completed projects was $26,108, with about half the loans (41) under $25,000 and half the loans (44) between $25,000 and $35,000.

There were 66 people on the waiting list in August 2018 when the Board last reviewed the program. Those 66 people were either served by the program, decided not to participate or were rejected because they did not meet eligibility requirements (over income, poor credit, etc.). There are currently 96 households on the waiting list and 50 active projects. The average wait time is now 9-12 months. This is due to a variety of factors with the primary one being staff capacity. There are two CDA staff members responsible for underwriting the loans, advising clients, and assisting contractors. A vendor that had provided rehab advising services to supplement the two CDA staff members retired in 2018 and a new contract with another vendor has not yet been filled. In addition to limited staff capacity, it takes approximately 6-8 months for a rehab contractor to complete a project once a loan has closed. It should be noted that the increase in the loan limit did not impact the waitlist time.

Staff would like to continue the loan limit at $35,000, as costs for materials and labor continue to be the driving factor for the loan increase. Prior to last years’ Board action, the loan limit of $25,000 had been the maximum loan amount since 2004. Since the Program is still subject to the CDA annual budgeting process, if the federal CDBG program is cut substantially or program income is dramatically reduced, the loan limit can be revisited and the limits reduced so that the Program can still serve as many eligible low- and moderate-income homeowners as possible.

Additional information about the Program will be provided at the Board meeting.

Recommendation:

CDA staff recommend continuing a maximum loan limit of up to $35,000, subject to funding availability, for the Home Improvement Loan Program.

Explaination of Fiscal/FTE impact:

The loan limit increase would not require additional FTEs. There is sufficient funding to serve all active files.
Resolution No. 19-XXXX

Review Of Home Improvement Loan Program And Authorization To Continue Loan Limit At $35,000

WHEREAS, the Dakota County Community Development Agency (CDA) has an established Home Improvement Loan Program (the Program) that provides eligible low- and moderate-income homeowners in Dakota County the means to maintain the safety and integrity of existing homes, remove architectural barriers to allow independent living for the disabled, and reduce lead-based paint hazards; and

WHEREAS, the Program is funded through a combination of Community Development Block Grant (CDBG) annual entitlement funds, CDBG program income, and local Housing Opportunity Enhancement (HOPE) Program funds; and

WHEREAS, the Program provides zero percent, deferred loans to eligible homeowners for home rehabilitation projects such as roof replacement, window replacement, furnace replacement, electrical and plumbing repairs, insulation, and improvements for special needs, such as ramps, bathroom or kitchen modifications; and

WHEREAS, the maximum loan amount since 2004 was $25,000; and

WHEREAS, the costs of labor and materials have increased on average 12 to 80 percent for eligible projects funded by the Program loan since 2004;

WHEREAS, in August 2018, the CDA Board of Commissioners (Board) approved increasing the loan limit from $25,000 to a maximum of $35,000 to allow homeowners to complete more eligible improvements through the Program; and

WHEREAS, the Board requested a report on the impact of loan limit increase on the Program’s utilization and effectiveness after one year; and

WHEREAS, the Program served 85 homeowners between July 1, 2018 and August 31, 2019; and

WHEREAS, the loan limit increase allows homeowners using the Program to include more eligible items in home improvement projects; and

WHEREAS, continuing to offer a Home Improvement Loan up to a maximum of $35,000 is beneficial to eligible homeowners in Dakota County.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the loan limit for the Home Improvement Loan Program continues to be up to a maximum of $35,000, subject to availability of funds allocated for the Home Improvement Loan Program.
POLICY AND PROCEDURES HANDBOOK
FOR THE
HOUSING REHABILITATION LOAN PROGRAM

DAKOTA COUNTY, MINNESOTA

Administered by the Dakota County CDA

Adopted:
May 13, 1986

Last Amendment:
May 8, 2017
April 30, 2015
January 4, 2012
June 14, 2011 (board approval)
August 10, 2010 (board approval)
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I. **Purpose**

The purpose of this Housing Rehabilitation Loan Program (the “Rehab Program”) is to provide to low and moderate income households the means to maintain the safety and integrity of existing homes, to remove architectural barriers in homes to allow independent living for the handicapped, and to reduce lead-based paint hazards.

A. The purpose of this Policy and Procedures Handbook (the “Handbook”) is to set forth the policies and uniform procedures regarding the implementation of the Dakota County Rehab Program using Community Development Block Grant (“CDBG”) and HOME Investment Partnerships (“HOME”) funding of the Federal Department of Housing and Urban Development (HUD), Dakota County HOPE Program (“HOPE”) funding and CDA General Fund (“GFUND”) sources.

B. All areas within municipalities and townships that have entered into a Cooperation Agreement with Dakota County for participation in the CDBG and HOME Programs in Dakota County are eligible for rehabilitation funds. HOPE and GFUND sources are available for homes within all municipalities and townships. However, more restrictive target areas may be designated for specific projects during different funding years.

C. Copies of this Handbook shall be available for review at the office of the Dakota County Community Development Agency, 1228 Town Centre Drive, Eagan, MN; 651-675-4400.

II. **Delegation of Authority**

Dakota County has agreed to contract with the Dakota County Community Development Agency (the “CDA”) for the administration of the CDBG, HOPE, and HOME Programs. The Board of Commissioners of the CDA has been given the authority to set the guidelines for participation in the program and may amend this Handbook from time to time as it finds necessary, within the regulations established by HUD. The CDA shall be responsible for insuring that funds are provided only to eligible applicants and expended only for allowable costs. For CDBG and HOME funding, the County and CDA are bound by the terms agreed to by both parties within the Subgrantee Agreement. Section XVI of this Handbook describes the process necessary to make modifications to the Handbook.

The Board of Commissioners of the CDA has further delegated the authority to execute agreements necessary to implement the loan programs, including, but not limited to the Rehabilitation Loan Repayment Agreement and Mortgage, to the Executive Director and the Deputy Executive Director. Generally, the administration of the loan programs and the authority to make decisions necessary for the normal implementation of the programs, is delegated to the Director of Community and Economic Development. Approval of standard forms and documents will be done by Community and Economic Development staff working with the housing rehabilitation programs.
III. Definitions

A. Accessibility Improvements - include structural improvements, exterior improvements, bathroom improvements, kitchen improvements, and other improvements to one, two or three unit dwellings which are necessary to enable a handicapped person to function independently in a residential setting.

B. Allowable Costs - are those which meet federal, state or local requirements and guidelines herein established and interpreted by staff of the administering agency.

C. Applicant - is the person(s) who is /are currently applying for assistance, as well as their spouse, if the spouse resides in the property to be improved, and any other person(s) with an ownership interest in and who resides in the property to be improved. All Applicants (as well as all persons whose name appears on the Title to the property to be improved who are not Applicants) must execute the Repayment Agreement or Mortgage.

D. Assets - means the gross value of all assets of the applicant excluding the following:
   1. The structure to be improved and up to 160 surrounding acres.
   2. Clothing and Household furnishings, appliances and equipment.
   3. Private vehicles unless used exclusively for the purposes of operating a business, and excluding collector vehicles.
   4. Private retirement funds and accounts, including, but not necessarily limited to, 401 K plans, IRAs, and employer sponsored retirement plans, where the assets are not liquid and there is a substantial penalty incurred upon early withdrawal.

E. CDA - refers to the Dakota County Community Development Agency.

F. CDBG - refers to the Community Development Block Grant program.

G. Economically Feasible - means that the outstanding indebtedness on a property plus the cost of improvements to the property cannot exceed 110% of the current assessed market value of the property (or taxable value in the case of personal property), as determined by the Dakota County Assessor as adjusted by the Case-Shiller Home Price Index.

H. Eligible Applicant - means an applicant who meets both income and property criteria established for this program.

I. Gross Annual Income - is income from all sources, before the deduction of taxes and withholding, of all residents of a household who are over the age of 18 years, that is anticipated to be received over the 12 months following the date eligibility is determined. The definition of annual income used by the Housing Choice Voucher
program at 24 CFR 5.609 shall be used for determining the Applicant's eligibility, Gross Annual Income for an Applicant's household will be assumed to remain the same for a period not to exceed 120 days from the date of initial determination, during which the loan must be closed. If the loan closing takes place after 120 days from the time of income verification, the Rehab/Loan Specialist must update all outdated and irrelevant documentation. The Applicant is initially informed that it is his/her responsibility to notify the CDA of any household financial changes prior to loan closing.

J. **Handicapped Person** - means a person residing in the unit to be improved who has a permanent physical condition which substantially reduces such person's ability to function independently in a residential setting, or which substantially limits such person's ability to become employed or to participate in the community. A person with a condition such as chronic emphysema, arthritis, heart disease, and other "invisible" conditions not requiring the use of devices to increase mobility shall not be deemed a handicapped person, unless a licensed physician verifies in writing that such person's condition does substantially limit his or her ability to function independently in a residential setting or to become employed or to participate in the community.

K. **HOME** – refers to the HOME Investment Partnerships Program.

L. **Housing Quality Standards (HQS)** - are those regulations set by the Department of Housing and Urban Development (HUD - 24 CFR 982.401) to establish minimum housing conditions that are "decent, safe, and sanitary".

M. **Income Eligible** - means an applicant's Gross Annual Income is within the guidelines established for this program at the time the applicant is scheduled for assistance.

N. **Indebtedness** - means the principal, interest, taxes, insurance, and utilities owned on a structure to be improved.

O. **Lead-based Paint** - means paint or other surface coatings that contain lead equal to or exceeding 1.0 milligram per square centimeter or 0.5 percent by weight or 5,000 parts per million by weight.

P. **Lead-based Paint Hazard** - means any condition that causes exposure to lead from dust-lead hazards, soil-lead hazards, or lead-based paint that is deteriorated or present in chewable surfaces, friction surfaces, or impact surfaces, and that would result in adverse human health effects.
Q. **Median Income** - is the income determined by HUD to be the median for a household of four. Median income for other household sizes is derived by HUD required formulas.

R. **Manufactured Home** - shall mean a structure, transportable in one or more sections, which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning and electrical system, contained therein, which is erected on a site that may be either owned, rented, or leased; except that this definition includes any structure which meets all the requirements and with respect to which the manufacturer voluntarily files a certification required by the secretary and complies with the standards established under Minnesota Statutes, chapter 327.

S. **Manufactured Home Building Code** - for manufactured homes manufactured after July 1, 1972 and prior to June 15, 1976, the standards code promulgated by the American National Standards Institute and identified as ANSI A119.1, including all revisions thereof in effect on May 21, 1971, or the provisions of the National Fire Protection Association identified as NFPA 501B, and further revisions adopted by the commissioner.

T. **Overcrowding** - shall be defined to be consistent with the Section 8 Rental Assistance program. The CDA will determine if a unit is overcrowded by applying the following criteria:

1. No more than two people shall be required to share a sleeping area.

2. The age, sex, and relationship of the members of the family will be taken into consideration in determining appropriate unit sizes. In any case, minors six years or older will not be required to share a bedroom with a child of the opposite sex.

U. **Property Rehabilitation Standards (CDBG)** - are the minimum rehabilitation standards (“Rehab Standards/CDBG”) for family and manufactured homes funded with CDBG, as identified in Appendix V.

V. **Property Rehabilitation Standards (HOME)** – are the minimum rehabilitation standards (“Rehab Standards/HOME”) for single family and manufactured homes funded with HOME, as identified in Appendix VI.

W. **Rehabilitation Feasibility** - A property is feasible to rehabilitate if the combined indebtedness secured by the property and the estimated cost of rehabilitation do not exceed 110% of the property's market value after rehabilitation and there are no physical, environmental or regulatory conditions existing at the site that might
preclude its rehabilitation to meet the applicable standards as defined in X and Y of this Section. Market value is determined by using the most current estimated market value by the Dakota County Assessor as adjusted by the Case-Shiller Home Price Index.

X. Rehab Loan – any form of assistance defined in Section V of this document.

Y. Energy Standards – are the standards established in the State Energy Code, chapter 7672, as they apply to the remodeling of existing residential structures.

IV. Funding Availability

A. The Rehab Program is dependent on availability of CDBG, HOME, GFUND and HOPE funds to Dakota County. To help maximize the availability of these funds and counter the cyclical nature of such federal funding, the Dakota County CDA has placed a strong emphasis on the need to recover expended funds through loan repayments. Such recovered funds are utilized in revolving accounts to provide additional rehabilitation loans to County residents. Repayment of rehabilitation loans by eligible borrowers is frequently triggered by sale of property. A borrower's ability to repay under such circumstances is enhanced by the appreciation in value of the improved property. To take advantage of this enhancement in the ability of borrowers to repay rehabilitation loans, the CDA's Rehab Program stresses making loans to owners of property that can reasonably be expected to appreciate in value as a result of improvement. This emphasis is reflected in the following policies:

1. Rehabilitation Feasibility - Properties to be rehabbed through this program must be feasible for rehabilitation, both economically and from a planning perspective (see definitions). Property may be deemed ineligible for rehabilitation if it is located in an area where residential property is an inappropriate usage or the value of property for residential usage is generally declining.

2. Manufactured Housing – Only Emergency Loans may be used in any Dakota County Manufactured Home, and only CDBG funds may be used for this type of loan.
V. **Forms of Assistance**

Based on the availability of funds and the eligibility of the applicant and property, the following forms of assistance shall be available for eligible work items:

A. Rehabilitation Deferred Loan (hereafter referred to as "Deferred Loan")

B. Emergency Loan (hereafter referred to as “Emergency Loans”)

C. Accessibility Deferred Loan (hereafter referred to as “Accessibility Loan”)

In addition, residents of Dakota County may be eligible for other rehabilitation programs, such as the MHFA Rehabilitation Loan program, administered by the CDA for the County. Residents should check with the CDA on the availability of and eligibility for any other funds.

VI. **Property Eligibility**

A. Property must be located in Dakota County and in need of repairs or improvements that are eligible.

B. Manufactured Homes are eligible for assistance using CDBG funds for Emergency Loans only regardless of the age of the structure, provided they are in need of eligible repairs or improvements and meet all other criteria for eligibility. Work to be financed on manufactured homes shall be in compliance with the Manufactured Home Rules, Chapter 1350, promulgated by the Minnesota Department of Administration.

C. Property must be in compliance with applicable zoning ordinances or other land use regulations.

D. The property must be structurally sound and economically feasible to rehabilitate as determined by CDA staff. An exception may be made to allow rehabilitation of property that is determined not to be economically feasible in cases where threats to health and safety exist and no alternatives to the continued occupancy of the structure can be identified.

E. For funding through the HOME Program, property must have an appraised after rehab value that is less than the FHA 203(b) mortgage limit in effect at the time assistance is provided.

F. One, two or three unit structures that are permanent in nature shall be eligible provided that the owner occupies one of the units and is the applicant. Work
financed on structures containing rental units shall be limited to common systems or structural components and work directly on the owner-occupied portion of the structure.

G. The maximum amounts secured by a single property at any given time shall be $25,000 for Deferred Loans, $15,000 for Accessibility Loans, and $5,000 for Emergency Loans. Deferred and Accessibility Loans may not combine to exceed $25,000.

H. Mortgage payments and property taxes must be current on the property to be improved, whether taxed as real property or personal property.

I. Property with reverse mortgages are not eligible unless deemed an emergency repair to eliminate imminent serious threats to health and safety.

J. The most recent county estimated property value must not exceed 175% of the current median price for homes sold in Dakota County as determined by the Minneapolis Area Association of Realtors.

VII. Applicant Eligibility

A. The recipient of funds under this program must have at least one-third interest in one of the following types of ownership in the property to be improved:

1. A fee title; or

2. A life estate; or

3. A fee title or life estate subject to mortgage, or other lien securing a debt; or

4. A certificate of title for a manufactured home; or

5. A mutually binding contract for the purchase of the property where the borrower is rightfully in possession and the purchase price is payable in installments.

6. A property held in Trust, provided that at least one of the Applicants is a Trustee. The one-third ownership interest requirement does not apply.

B. An applicant must have been a full-time resident of the unit to be improved for at least six months prior to the date assistance is to be provided. This requirement will be waived in cases where an immediate threat is present, or where architectural barriers to mobility or access have prevented an impaired person from occupying the
property to be improved. This requirement may also be temporarily suspended as determined by the CDA’s Executive Director in order to make loans available to persons purchasing a home during times of high foreclosure rates, but not including manufactured homes.

C. An applicant will be deemed income eligible if the applicant's gross income is within the current income limits annually published by HUD.

1. Income Qualifications for Deferred Loans:
   a. Applicants with gross incomes not greater than 80% of the median income will be deemed income eligible provided that written verification is received by the CDA.
   b. Owners of property must give evidence of acceptable credit risk and demonstrate adequate capacity to repay the loan.

2. Income Determination for Deferred Loans. The determination of income for this program shall generally be done in accordance with the provisions of 24 CFR 5.609 (a), (b) & (c):
   a. Gross annual income includes, but is not limited to salary; commissions; bonuses; interest dividends; tips; gains or sales of securities; annuities; pension; farm rental; partnership, estate or trust income; child support payments; alimony; social security benefits; and miscellaneous income.
   b. Projected overtime may be determined by CDA staff through contacting an employer and/or reviewing year-to-date salary information on a pay stub or employment verification form. The amount may be based on prior years' figures or average amounts awarded to other employees with the same status.
   c. Projected bonus may be determined by CDA staff through contacting the employer. The amount may be based on previous years figures or average amounts awarded to other employees with the same status.
   d. Self-Employment. Gross annual income from self-employment is the net profit from said self-employment as declared by the Applicant in Schedule C; F; or E, Part III, as appropriate, of the United States Internal Revenue Service Form 1040, or any other schedule the IRS may promulgate. ALL DEPRECIATION is to be included as income. If it can be demonstrated that the depreciation being used is straight line depreciation, the amount of said depreciation can be used as a deduction.
If the business is an S-Corporation, LLC, or any type of business where taxes are filed separately from personal taxes, the following income calculation process should be used. Obtain copies of the most recent year’s personal and business federal tax forms. Establish who the officers are (form 1125-E attached to the 1120-S business tax form). Count the portion of the Compensation of Officers (line 7 of the business 1120-S tax form) attributable to the Applicant(s). Divide the profit (line 21 of the 1120-S) by the number of officers and count the portion of profit attributed to the Applicant(s). If the profit is less than zero, it should be counted as zero, and not used as a tool to reduce Compensation of Officers (or any other source of income). Depreciation may be only be used as a deduction if it is straight-line depreciation. Form 4562 identifies the type of depreciation used.

e. Income from rental properties shall be included in gross annual income. Expenses allocated to Rental Dwelling Units may be deducted from rental income received from these units. Expenses allowable for deduction include mortgage interest payments, utilities, taxes, insurance, and maintenance.

f. Payments from contract-for-deed property sales are to be considered as income. This income will be reduced by regularly scheduled out-of-pocket expenses the contract vendor/applicant has in connection with the Property being sold, including mortgage or contract-for-deed principal and interest payments.

g. Unemployment Compensation. Applications of those who are unemployed for an unknown period of time shall not be considered until the unemployed household member has exhausted all eligibility for unemployment compensation and the employer indicates that a call-back date is unknown. This requirement may be exempt for individual Applicants during high county unemployment rates above six percent (6%) if home equity exceeds normal standards as stated in this Handbook. Unemployment standards as required by HUD for purposes of income verification shall still apply.

At that point, CDA staff shall determine that there will be a sufficient flow of income throughout the year for the purpose of making payment on the loan and for maintaining ownership of the home in the foreseeable future.

If unemployment is seasonal and recurs on a regular basis, gross annual income shall include the sum of wages and unemployment compensation minus any employee business expense, except
depreciation, that may be reported on Federal Tax Form 2106. Generally gross annual income from seasonal employment/unemployment shall be calculated by averaging income and expenses from the most recent tax year. However, if the nature of the seasonally employed household member’s employment has changed considerably, CDA staff may utilize an employer’s projection of wages, along with a projection of unemployment compensation. Employee business expenses may not be projected.

Temporary non-recurring reduction of income of known duration, such as that caused by lay-offs, maternity leave, sabbatical leave, etc. may not be considered when calculating gross annual income. Rather, income shall be calculated based on the normal annual income of the temporarily unemployed person.

h. Retirement Accounts. When an Applicant is not retired and not receiving periodic payments (regular withdrawals) from a retirement account, imputed interest will be calculated on retirement accounts that the Applicant has access to. “Having access to” will be defined as being able to get funds from the account without having to terminate employment. Most retirement accounts are convertible to cash and an Applicant can borrow against them. The CDA will calculate imputed rather than actual income from the asset, using the most recent balance for the account. The asset balance may be reduced by the IRS rate of 30% (20% income tax withholding and a 10% penalty) when performing the calculation. No interest income will be imputed against an account that is not accessible. An example of account that is not accessible without terminating employment is a Public Employees Retirement Account (PERA).

In cases where the Applicant is taking regular withdrawals from a retirement account, such withdrawals are considered periodic payments and are counted as income. This income can be documented in a number of ways including a copy of the most recent year’s 1099. When this type of income is counted, it is no longer necessary to impute income from the asset.

h. In cases where the applicants’ income is verified as being extremely low, verification of normal household expenses, including, but not limited to, principal and interest of mortgage payments, homeowners’ insurance premiums, property tax payments, and an allowance for maintenance costs, may be done in order to determine whether the applicants’ ownership of the property to be improved can reasonably be expected to continue.
i. Income from children under 18 years of age will be counted as follows:

1. Income from employment will not be counted.

2. Unearned income which lists both parent (or guardian) and child as payees, such as Social Security and trust accounts, shall be counted.

3. Bank accounts in both parent (or guardian) and child’s name shall be counted as assets, and interest earned from them shall be counted as income.

j. Earnings for each full-time student 18 years old or older who are not the head of household or spouse shall be excluded.

k. Housing allowances for clergy must be counted as income.

3. Income Verification:

a. Current gross annual income is projected from the date of application. All sources of income must be disclosed by the applicant and included in the calculation of gross annual income.

b. Written verification of applicant income and assets is required for all assistance.

c. Verifications must be no greater than 120 days old at the time the applicant either executes a Contractor/Homeowner Agreement or closes on the loan for work to be performed with loan funds.

d. At the time of loan closing, income and assets are assumed to have remained to same since the determination of eligibility. If changes have occurred, it is the responsibility of the Applicant to inform the CDA staff of this fact. Reported changes must be verified and documented, and may affect the eligibility of the Applicant.

4. CDA staff may reject an application if it is determined that additional, unreported residents and/or sources of income are present and are not acknowledged by the Applicant. The CDA may further decide to submit the file to law enforcement for investigation.

D. Asset Limits:

1. Eligible applicants cannot have Assets greater than $60,000.00.
E. Equity Requirements:

With the exception of Emergency and Accessibility Loans, Applicants must have sufficient equity in the property to be improved to meet a maximum debt-to-value ratio of 110%, including the amount of the rehabilitation loan. The Assessor’s Market Value of the property times the Case Schiller index, plus an estimated increase in value resulting from the rehab shall be used to determine the property’s after-rehab value. For the purpose of determining after-rehab value, the CDA concludes that $0.50 of each Loan $1.00 is a direct increase in the property’s market value. The total outstanding debt secured by the property, including the rehab loan, will be used in making the equity determination.

F. Applicant Financial Evaluation:

The Applicant’s status of mortgage and tax payments, and the Applicant’s credit score is reviewed by the CDA in order to determine overall credit worthiness. This financial evaluation shall not be required for Emergency and Accessibility Loans.

An Applicant that is delinquent on any mortgage will be ineligible for a Rehab Loan. An Applicant with delinquent property or income taxes will be ineligible for a loan until evidence is provided showing that taxes have either been paid in full, or taxes will be paid as part of a payment plan, including at least three months of successful payments within the plan. An Applicant that has a FICO credit score less than 580 will be ineligible for a Rehab Loan. An Applicant whose house is owned free and clear of any debt will be exempt from the credit score standard.

G. Applicants will be considered on a first-come first-serve basis subject to available funds. Anyone who has received any type of loan on or before December 31, 2011 at the same property within the past five years (since the date the repayment agreement or loan note was executed) is ineligible unless an emergency exists (see Section XII on Emergencies). Applicants receiving Deferred or Accessibility Loans on or after January 1, 2012 will not be eligible to re-apply unless an emergency exists (see Section XII on Emergencies).

H. No Applicant with an outstanding loan dated before January 1, 2012 may receive more than $25,000 in loans that are secured by a single property (or $5,000 for an Emergency Loan) at any given time.

I. Applicants found to have outstanding debts to other departments of the CDA (such as Property Management or Housing Assistance) may be denied eligibility for the Rehab Program until such debts are fully satisfied.
J. Applicants residing in Manufactured Homes located in Manufactured Home parks must be current on their lot rent at the time of loan closing.

VIII. **Loan Limits and Conditions**

A. **Deferred Loans:**

1. The maximum available is $25,000 for all rehabilitation work on single family detached or properties with two or three living units where one unit is owner occupied. The minimum loan amount is $15,000.

   Applicants with outstanding Deferred Loan balances greater than $10,000 will be allowed to borrow less than $15,000. In such cases, the combined amount of the two loans must equal $25,000. In no case will the new loan amount be less than $5,000.

   When a Deferred Loan is combined with an Accessibility Loan, the $15,000 minimum applies to the total project rather than the Deferred Loan.

2. A Repayment Agreement for the terms and conditions explained below shall be signed by all applicants as well as all parties listed on the title/deed of the property to be improved. This agreement shall be recorded with the County and/or Public Safety Department. Copies of all recorded documents will be forwarded to the Applicant.

3. Deferred Loans must be paid back in their entirety when the property is sold, transferred, or no longer the principal residence of the original applicant. Deferred loans may be paid early by arrangement with the CDA. Deferred Loans may include a simple interest charge between 0% and 3% as determined by the CDA’s Executive Director. The interest rate may be adjusted and set semi-annually, including at January 1 and July 1 of each year. Deferred Loan features shall include:

   a. Payoff amounts will only change annually.

   b. Accessibility Loans shall be exempt from interest.

   c. Interest rates shall be locked in at the time the Applicant is approved. Exceptions may be made if rates drop at any time between the time the borrower is approved and the time the Applicant closes on a loan.

4. All necessary work shall be completed with a single application, unless the approval is to address an Emergency.

B. **Accessibility Loans:**
A loan for accessibility improvements may be funded for up to $15,000 for one, two, or three unit structures, $5,000 for manufactured homes, for the accessibility items only. The Accessibility Loan terms shall be the same as those for a Deferred Loan except that the Accessibility Loan shall not charge interest, and shall not be required to be repaid if the applicant resides in the improved property for 10 years after the date of the Accessibility Loan Repayment Agreement. An applicant for these funds must meet the definition of "handicapped person" as defined in Section III. G., and the Applicant must be Income Eligible. The maximum loan limits as established in Section VIII will apply to the combined Accessibility Loan or Deferred Loan received by an applicant.

Eligible improvements for financing through an Accessibility Loan shall be those improvements necessary to remove physical barriers to mobility or access or to allow normal functional use of the property to be improved by an impaired applicant or a permanent member of their household. Improvements that do not remove physical barriers shall only be eligible if they can be proven to be effective in correcting or eliminating the condition which is interfering with the Applicants’ normal functional use of the property. The responsibility for providing such proof shall lie with the Applicant.

C. The CDA shall ensure that the work items funded constitute the highest priority for health, safety, and/or energy efficiency and structural improvements.

D. Once the CDA has approved the eligibility of an Applicant, a loan file is issued for the Applicant’s address. If a loan closing or fund reservation is not scheduled within 90 days of the date of issuing the file, that file will be fully terminated unless a hardship can be shown by the Applicant.

E. The amount of funds committed by the CDA to a property owner shall be reserved by the CDA from available funds. Upon satisfactory completion of the rehabilitation work, payment from the reserved funds will be made to the contractor(s). The Applicant’s approval is required prior to payment.

F. Fund reservations may be maintained on the Applicant’s behalf for a maximum time of 180 days. All work must be completed and funds disbursed within this time period. Extensions will be granted only when necessary due to conditions beyond the Applicant’s control. Failure to complete construction within this time period will result in the loss or reduction of funding.

G. Self-help work is not permitted under this Rehab Program.

H. Loan recipients must demonstrate that they have a current enforceable homeowners’ insurance policy in place for the full insurable value of the property. Insurance must
be maintained on the property until such time as the Deferred Loan is paid off. A clause identifying the CDA as a mortgagee must be added to the policy for all Deferred Loans.

IX. **Eligible Work Items and Conditions**

A. Deferred Loans:

1. **High Priority Items:**
   
   a. Improvements that remove and repair various health, safety, or other related deficiencies in order to comply with the Rehab Standards/CDBG in Appendix V.
   
   b. Improvements that remove and repair various health, safety, or other related deficiencies in order to comply with Rehab Standards/HOME in Appendix VI.
   
   c. Improvements necessary to comply with the State Energy Code.
   
   d. Improvements that will add to the structural soundness of the home.
   
   e. Modifications or improvements to the housing unit to make it accessible for a handicapped or disabled member of the household.
   
   f. Improvements necessary to eliminate or reduce lead-based paint hazards, and controls necessary to eliminate or reduce significant mold problems.
   
   g. Improvements necessary to ensure compliance with local housing regulations.

2. **Medium Priority Items:**

   Note: Medium Priority Items are those not specifically listed as either High or Low Priority Items (A.1 and A.3 of this Section) or Improvements Not Eligible (A.4 of this Section).

3. **Low Priority Items:**

   Note: Low Priority Items shall only be included in the loan if they and all the High and Medium Priority items can be accomplished within the loan limit. Low priority items are generally improvements which add to a property's value or livability, and include:

   a. Cosmetic improvements.
b. Finishing existing unfinished space within the structure (when the improvements clearly add to the market value of the property).

c. New garages, attached or detached (unless replacing an existing hazardous building condition).

4. Improvements Not Eligible (except as necessary to remove health and safety deficiencies, to comply with approved Property Rehabilitation Standards as detailed in Appendix V and Appendix VI, or address health-related requirements):

   a. Free-standing or built-in appliances (except; to replace built-ins that are deteriorated and hazardous; to install permanent over-the-range microwave ovens; and to comply with approved Property Rehabilitation Standards as detailed in Appendix V and Appendix VI).
      1. In cases where a refrigerator is not present, not functional, or not safe, consideration may be given to repair or replace.
      2. In cases where a stove or range is not present, not functional or not safe, consideration may be given to repair or replace.
      3. When replacing refrigerators or stoves/ranges, the new unit must be Energy Star rated, of a basic style, with a minimal amount of features. The Rehab Advisor should establish an appropriate material allowance to achieve this. Unlike other material allowances, this cannot be pooled with other allowances to purchase a better model.

   b. Landscaping, sidewalks and driveways that are not incidental to other rehabilitation of the property. “Incidental” shall mean less than fifty percent (50%) of the total rehabilitation project cost. Such improvements may exceed this percentage cap if corrective action was ordered by a local code official or if the improvements are deemed an emergency by the Director of Community and Economic Development.

   c. Work begun or completed before the date of the Proceed to Work Order, or reimbursement of an Applicant’s personal labor.

   d. New construction of sheds, outbuildings or fences (except fences that are necessary for security and/or screening purposes as determined by the CDA).

   e. Additions (except to prevent overcrowding or to address verified medical conditions).
f. Fireplaces (except repairs to existing fireplaces necessary to correct safety hazards or increase energy efficiency).

g. Construction alterations on manufactured homes, as defined in the Manufactured Home Rules, Chapter 1350.3800, of the Minnesota Department of Administration.

h. Intercom and central vacuum systems, unless required for accessibility purposes. (Security systems are allowable). Greenhouses, kennels, swimming pools, hot tubs, spas, whirlpools, outdoor fireplaces, basketball/tennis courts, and other luxury items as determined by the CDA.

i. Purchase, installation or repair of furnishings. Furnishings are considered to be items not permanently affixed to the property.

j. Replacement of new or like-new items, unless the Rehab Specialist determines that replacement is necessary for reasons other than cosmetic.

B. The quality of materials shall be determined to be within the industry average or defined as mid-level rather than using materials that are considered above-average or high-level (i.e., install plastic laminate countertops rather than marble). In some cases, it may be demonstrated that a higher quality material is more cost effective in the long-term, which may then be approved on a case-by-case basis by the CDA. In all cases, the type of material used shall not be considered high-level or luxurious. All construction or work performed under contract shall be in compliance with an approved CDA warranty covering workmanship and materials.

C. Deferred Loans shall not be used for refinancing any existing mortgage or debt, except in cases where the outstanding indebtedness secured by the property to be improved plus the cost of necessary rehabilitation equal an amount that is within the established rehab loan limits, the CDA would have a first mortgage position after refinancing, and the refinancing is determined to be necessary and appropriate to achieve the Authority’s community development objectives. Such determination shall be made by the Director of Community and Economic Development.

D. All work or construction completed with Rehab Loan CDBG funds must be in compliance the Rehab Standards/CDBG in Appendix V. All work or construction completed with Rehab Loan HOME funds must be in compliance with the Rehab Standards/HOME in Appendix VI. HOME funds may be denied to homeowners with properties which cannot feasibly be brought up to these standards or to the other codes or standards that may apply in specific circumstances. Unless combined with HOME funds, the use of GFUND and/or HOPE funds must be in compliance with Appendix V.
X. **Procedures for Processing Loans**

A. In most cases the homeowner makes the first contact. The Community and Economic Development Department in turn briefly describes the program, and the homeowner may submit an application. All applications are handled in the order they were received. It is the Applicant’s responsibility to submit verification information on income, assets and ownership interest in the property in a timely manner. Eligible Applicants will be placed on a waiting list and served in turn.

B. CDA staff or its representative visits the home to identify eligible work items. The Applicant is also invited to provide input in regard to their housing improvement needs. The Applicant is made fully aware that he/she is not obligated to submit to the proposed work.

C. Following the inspection, CDA staff or its representative prepares a cost estimate of the proposed improvements which is discussed with the Applicant. A detailed work write-up is then prepared which outlines the proposed work and materials to be used. This document is returned to the Applicant who is responsible for obtaining the necessary bids.

D. A minimum of two (2) bids are required per job. Exceptions may be made where obtaining multiple bids is impractical or extremely difficult. CDA staff or its representative must provide a written explanation if an exception is made.

The applicant may select any acceptable bid. An acceptable bid must meet the following conditions; (i) the contractor submitting the proposal is licensed (if applicable) and insured. (ii) the price is within 15% of the cost estimate for the work being completed OR the price is the lowest price received (iii) all of the required work relating to the contractor in question has been identified in the proposal (iv) the contractor is capable of completing the job within an acceptable time frame.

If contractor supplied prices are too high, and the applicant does not want to use the lowest bidder, CDA staff or its representative and applicant should consider the following: (i) a revised scope of work which will help to lower the project cost while still meeting program requirements (ii) revising the in-house cost estimate based on the new and/or additional information that may be provided by the contractor (iii) a change in materials/techniques to be used to accomplish a task which reduce costs without compromising quality or program requirements (iv) obtaining proposals from other contractors. Any deviation from this format must be documented in writing and approved by the Director of Community and Economic Development.
E. After an acceptable bid is received, reviewed and approved by the CDA and the Applicant, a loan closing is scheduled. At the closing, the appropriate documents are executed as required for the CDA to secure the loan (see Appendix IV for copies of documents). A Work Agreement is executed by the Applicant and contractor and approved by the CDA. This agreement outlines the contractual conditions that both parties are required to follow. Work will be authorized to begin by the CDA after all documents are signed and the loan is secured by being recorded with Dakota County Recorder’s Office.

F. During construction, CDA staff or its representative monitors the work. When work is completed, the property and work is inspected and a Completion Certificate is executed between the Applicant, contractor and the CDA. Payments from the loan account are made directly to the contractor by the CDA after Lien Waivers are obtained from the general contractor and all subcontractors and suppliers.

XI. **Homeowner's Responsibility**

It is the Applicant’s responsibility to obtain contractor bids, to submit verification information on personal income, assets and interest in the property to be rehabilitated. This must be done in a timely manner. Contracts for work to be performed must be signed by the 150-day verification deadline. If the Applicant does not comply, the project may be terminated, and the owner would have to reapply for assistance.

XII. **Emergencies**

In this Rehab Program, emergency situations are identified as inoperable furnaces that must be replaced in order to provide heat within the home or Manufactured Home. On a case-by-case basis, the Director of Community and Economic Development may approve other emergencies related to clear and imminent life/safety conditions causing the home to be uninhabitable. These types of other emergencies do not include situations including, but not limited to, roof leaks, water in basements, non-functioning water heaters, rotted/leaking windows, mold, ice dams, non-functioning air conditioners and storm damage. The $5,000 loan limit may increase to $15,000 for emergencies that are deemed to be a valid non-furnace emergency, if determined necessary to address that condition.

XIII **Appeals**

Each person making application for financial assistance under the program shall have the right to appeal any determination of the CDA staff to the Director of Community and Economic Development of the agency. Appeals should be made in writing within 30 days of the event causing the appeal.

XIV. **Statement of Affirmative Action**
The CDA shall ensure that every person be given full and equal opportunities for employment in the Rehab Program undertaken by the CDA. It shall be the policy of the CDA that no individual shall be discriminated against with respect to compensation, terms, conditions, or other privileges of employment, because of race, color, religion, creed, sex, national origin, disability, marital status, age, or status with respect to public assistance. The CDA as the administrator of the Dakota County Rehab Program shall do whatsoever necessary to guarantee that minority and women-owned contractors and subcontractors are provided equal opportunity to perform rehabilitation work.

XV. **Residential Mortgage Originator Licensing/Standards of Conduct**

The CDA has received an exemption from the licensing requirements for Residential Mortgage Originators found in Minnesota Statutes Chapter 58. The Standards of Conduct found in Section 58.13 of the statute will apply to the CDA and the agency employees administering the Housing Rehabilitation Loan Program.
XVI. **Modifications**

The Executive Director of the CDA has the authority to make modifications to this document as deemed necessary for the continued implementation of same, including, but not limited to: (1) policy revisions necessary due to a change in design of the Rehab Program; and (2) policy revisions necessary due to changes in the rules and regulations of the CDBG Program, HOME Investment Partnership Program, and/or the Dakota County HOPE Program. The Executive Director has the right to amend this policy and/or discontinue the Rehab Program at any time.

XVII. **Walk-Away Policy**

The Dakota County CDA reserves the right to deny eligibility to applicants for the following reasons:

1. If the condition of the property to be rehabilitated affects (or might affect) the health or safety of CDA staff or contractors.

2. If any person or animal at or around the property act in a manner that is threatening to the health or safety of CDA staff or contractors.

3. If the local municipality determines that the property is uninhabitable. The determination must be documented in writing.

In cases where CDA staff encounters hoarding behaviors that represent a serious and immediate hazard**, the staff member will not move forward with the project until a duly appointed official from the city in which the property is located inspects and declares the property to be habitable. The Applicant shall be informed of this action. If the Applicant chooses not to allow the city to inspect the property, the file shall be immediately closed and no further work will proceed. If the Applicant allows the city to inspect the property, the CDA may move forward with the loan provided that the city declares the home habitable or identifies deficiencies which can be corrected through the loan program. These deficiencies must be incorporated into the scope of work. If the Applicant decides not to move forward with the project, and if vulnerable adults or children are present and subject to maltreatment, the CDA shall report those instances to the local welfare agency or the police. If children or vulnerable adults are not present in the home, the CDA does not have an obligation to report instances of hoarding unless otherwise provided by city ordinance. However, in extreme cases the CDA may choose to report households nonetheless. These hoarding standards do not apply to Emergency Loans.

** Serious and immediate hazards include the storage or accumulation of objects or substances of a nature or quantity reasonably likely to create a hazard to the safety or health of an occupant, or that will impede the project. This pertains to objects or substances stored inside the home as well as anywhere on the property.
APPENDIX I

SUBORDINATION / AMENDMENT / SATISFACTION POLICY

1. Subordinations:

A. Requests for subordination of the interest of the Dakota County CDA in real property shall be considered after the lender has submitted a Subordination Request Form. The completed form shall contain the following information:

1. The reason for the requested subordination.
2. The amount of the loan to which we would be subordinating.
3. The full name of the lending institution as it will appear on the subordination.
4. The current principal balance of any other superior lien secured by the property.
5. The value of the property. The lender shall attach a copy of the current appraisal or other evidence of market value of the property that is acceptable to the CDA.
6. An attached copy of any current title work that has been prepared.

B. The Dakota County CDA will subordinate its mortgage interest to a “rate and term” refinance if the closing costs are reasonable, and if the CDA believes that the refinance will improve the financial situation of the borrower.

1. Closing costs for the new superior mortgage must be deemed to be reasonable by the CDA. Generally this shall mean that the sum of all discount points, origination fees, and lender ancillary fees generally shall not exceed 3% of the new first mortgage amount.
2. Property taxes, if not escrowed by the superior mortgage holder, must be current.
3. In most cases, interest-only loans or loans with interest-only options will not be allowed unless the Director of Community and Economic
Development determines that an acceptable reason warrants this type of loan.

4. The CDA will not subordinate its mortgage interest to a Reverse Mortgage.

The Director of Community and Economic Development may approve other subordination requests on a case-by-case basis that are clearly in the best interests of the CDA, and the security of the CDA loan remains acceptable, and denial of the request will cause or contribute to a documented hardship on the part of the borrower.

C. Subordination requests will be processed by Community and Economic Development Department staff, who will submit the request, with a recommendation for action, to the Director of Community and Economic Development. The Director shall approve or disapprove all requests for subordination. Requests for subordination should be submitted a minimum of ten (10) working days prior to the date the agreement to subordinate is needed.

D. Fees:

1. Subordination requests, if approved, will be subject to a processing fee as established annually by the CDA, which must be paid prior to the CDA providing the Subordination Agreement. Fees are not refundable.

2. Amendments:

A. Amendments of the terms of existing loans may be authorized by the Director of Community and Economic Development upon the recommendation of Community and Economic Development Department staff. Such amendments shall be limited to increases in the remaining term of a loan in order to lower the monthly payment amount to accommodate a financial hardship of the borrower that has been documented by Department staff. Any other changes in the terms for repayment of a loan are subject to approval by the CDA’s Board of Commissioners.

3. Satisfactions:

A. When a loan made by the CDA is paid in full, a document satisfying the lien will be prepared by the CDA and delivered to the borrower for recording.
APPENDIX II

DELINQUENCY, DEFAULT, AND FORECLOSURE POLICY

The Dakota County CDA shall generally require all borrowers through its Housing Rehabilitation Loan Program to conform to the terms and conditions contained in the loan documents. If a borrower defaults on these terms and conditions, or is delinquent in making payments on an installment loan, the CDA retains its right to correct the default through any and all available legal means. However, within reasonable limits and at the CDA’s full discretion, the CDA will attempt to negotiate a correction of the default or delinquency with the borrower. General guidelines for protection of the CDA’s interests against default or delinquency shall be as follows:

1. **Installment Loans:**

   A. Delinquency in making payments on installment loans shall be handled first through action within prescribed legal limits by the CDA’s contract Loan Servicer. Such action shall include negotiations with the Borrower to establish a modified payment schedule designed to cure the delinquency within as short a time span as possible. These negotiations should take into account any unforeseen changes in the borrower’s income. If such changes appear to be of a long duration or permanent in nature, the Servicer may recommend a modification in the terms of the CDA’s Security Agreement with the borrower (see Appendix II regarding Amendments).

   B. Delinquency in making payments for four (4) months or more may result in the CDA’s filing of a claim with the Minnesota Department of Revenue under the Revenue Recapture Program. The claim shall be for the full amount that the borrower is in arrears, including principal, accrued interest, and penalties. The claim shall be released upon the borrower regaining current status in regard to loan payments.

   C. Delinquency for six (6) months or more, combined with the borrower’s failure to cooperate with the Loan Servicer in establishing a repayment plan or in providing information that might justify a modification in the terms of the loan, may result in the CDA initiating a foreclosure action. Such action shall be subject to the recommendations of the Loan Servicer and/or the CDA’s legal counsel. If so advised, the CDA may seek legal remedies other than foreclosure to collect the amounts owed.

   D. Foreclosure by a superior mortgage holder shall be considered to be a default on the Dakota County CDA’s Installment Loan, and may result in the CDA taking any legal action to cure this default. The CDA shall protect its security interest by retaining its rights of redemption under State law, and may redeem these interests if the value of the property justifies this action, and funding is available to acquire the property.
through redemption. Purchase of a property through redemption of the CDA’s security interests shall take place only upon approval by the Executive Director with recommendations made by the Director of Community and Economic Development.

2. Deferred and Accessibility Loans:

A. Foreclosure by Superior Mortgage. If a borrower who has received a Deferred or Accessibility Loan from Dakota County CDA defaults on the terms of a superior loan, resulting in foreclosure action by the superior lien holder, the Deferred or Accessibility Loan shall be considered to be in default as well. In these cases, the CDA will not agree to subordinate its interest to a new or renegotiated superior mortgage, unless failure to do so would result in loss of its security. However, the CDA will cooperate with the borrower in any effort to retain their homeownership, providing that the CDA’s security can be fully protected. If the foreclosure of the superior mortgage results in sale of the property, the CDA will protect its security by retaining its redemption rights in the property, and may redeem those rights if the value of the property justifies this action, and funding is available to acquire the property through redemption. Purchase of a property through redemption of the CDA’s security interests shall take place only upon approval by the Executive Director with recommendations made by the Director of Community and Economic Development.

B. Sale of Property. If a Deferred or Accessibility Loan borrower is working with a lender to sell the property during a foreclosure (a “Short Sale”), the CDA may negotiate a pay-off less than the full pay-off value of the CDA loan. The CDA will attempt to get as much repaid as possible in order for the sale to proceed based on a review including, but not limited to: (1) a history of the property’s time on the market and asking prices, if applicable; (2) a CDA staff review of recent home sale prices in the surrounding neighborhood; and (3) a CDA staff analysis of the potential gain vs. loss of its rehab loan funds due to a partial pay-off in comparison to a pending foreclosure. All partial pay-offs must be approved by the Director of Community and Economic Development. If a partial pay-off is approved, then no further action will be taken by the CDA to collect the remaining portion of the rehab loan balance (i.e., filing a Revenue Recapture Claim). Other situations may include the borrower needing to sell his/her property due to circumstances including, but not limited to, employment change, overcrowding, medical condition or health/safety conditions of the home. Equity in this property may not be enough to pay off the CDA loan in whole or in part. Therefore, the Director of Community and Economic Development may evaluate and approve other options including, but not limited to, a promissory note to pay the loan balance secured by other collateral, or a new repayment agreement secured by new property acquired by the borrower. A Revenue Recapture Lien may also be filed by the CDA.
C. Revenue Recapture Program. Except as provided for in Section 2.B of Appendix II, if a Deferred or Accessibility Loan borrower loses title to the property provided as security through foreclosure of a superior mortgage, abandonment, or other default, and this results in the loss of all or part of the CDA’s security amount, the CDA shall file a Revenue Recapture Claim for the balance of the original loan amount. Such claim will be released only upon full satisfaction of the amount of the claim. The CDA shall also file a Revenue Recapture Claim for the full amount of the loan if the Borrower defaults on the Deferred Loan through its ceasing to be the borrower’s principal place of residence, as defined in this Handbook. The CDA may also file a Revenue Recapture Claim for Forgivable Loans based on the balance of the amount due within the graduated forgiveness time period. Any Revenue Recapture Claim filed by the CDA must be allowable under State law.

D. The CDA reserves it right to take any other legal means to collect funds owed by borrowers who have defaulted on the terms and conditions of a Deferred or Accessibility Loan.

3. Loan Write Offs:
A. Loans will be written off as accounts receivable after a Sheriff’s Sale (or auction) takes place or upon the acceptance of a reduced payoff. A loan may be written off if it is in default, no maturity date is identified in the loan documents, and over fifteen years have elapsed since the loan was made. Other cases may be considered on a case by case basis if the loan is in default and CDA staff determines the likelihood of repayment is minimal. All write offs must be approved by the Director of Community and Economic Development and the Executive Director.
APPENDIX III

APPROVED PROGRAM DOCUMENTS

1. Community Development Rehabilitation Loan Repayment Agreement and Mortgage.
2. Work Agreement.
1. **Purpose:**

The purpose of this Policy is to establish policies and procedures for the implementation of the requirements of 24 CFR Part 35, the Requirements for Notification, Evaluation and Reduction of Lead-Based Paint in Federally Owned Residential Property and Housing Receiving Federal Assistance, in the Dakota County Housing Rehabilitation Loan Program (the “Program”). This Program is funded through the federal Community Development Block Grant (CDBG) Program, thus the requirements of Part 35 apply to housing assisted through the Program. This Program is administered by the Dakota County Community Development Agency (the “CDA”).

2. **Definitions:**

All terms used in this Policy shall have the meaning given in 24 CFR Part 35.110.

3. **Applicability:**

The policies outlined here apply to Housing Rehabilitation Loan assistance provided to any residential property constructed prior to 1978.

4. **Procedures:**

The procedures to be followed in administration of the Housing Rehabilitation Loan Program shall include the following:

A. **Lead-based Paint Hazard Evaluation:** For all properties assisted through the Program that were constructed prior to 1978, a Risk Assessment shall be performed, the total cost to be paid directly by the CDA. The Risk Assessment will be performed by a qualified independent contractor, and will be conducted in accordance with the requirements of Part 35, Chapter 5 of the Guidelines for the Evaluation and Control of Lead-Based Paint in Housing published by the U.S. Department of Housing and Urban Development, and of State laws and regulations. The Risk Assessment will take into account the planned rehabilitation work, and will include testing of any deteriorated paint, or paint to be disturbed by the rehabilitation. A copy of the Risk Assessment will be provided to the homeowner once it has been submitted to the CDA.

B. **Lead-based Paint Hazard Reduction:** The results and recommendations of the Risk Assessment will be incorporated into the planned rehabilitation of affected properties.
Lead-based paint hazard reduction will be performed, as required by Part 35. The homeowner will be informed, in writing, of the lead-based paint hazard reduction work required to be performed on their housing unit. Only qualified, licensed and certified contractors will be utilized to perform lead-based paint hazard reduction activities, or any rehabilitation work that is determined to be likely to create a lead-based paint hazard by disturbing lead-based paint on painted surfaces or building components. All such work will be done according to the Lead Safe Work Practices as outlined in Part 35.

C. **Clearance Testing:** Prior to payment of contractors performing lead-based paint hazard reduction work, or any work disturbing lead-based paint on surfaces or building components, a clearance test for the presence of lead in dust will be performed, the total cost to be paid directly by the CDA. Contractor payment will not be authorized, nor will a rehabilitation project be considered complete, until a successful clearance test has been obtained. The homeowner will be provided the results of all clearance testing done in their housing unit.

5. **Relocation:**

A. In order for Lead-based Paint Hazard Reduction to be safely accomplished, it is necessary that the impacted areas in a residence be vacated by the occupants until the area has been determined to be safe for use through a clearance test. When the impacted areas include the sole means of entry or all entries to the dwelling, the kitchen or food preparation areas, or the sole bathroom or all bathrooms, or the entire dwelling area, the occupants must completely vacate the unit until the lead-based hazard reduction work shall be completed and successful clearance tests obtained. The occupants personal property must also be either removed from the unit or protected from exposure to lead dust.

B. Relocation from the affected areas of the unit or the entire unit shall be done on a voluntary basis by the homeowner. The homeowner shall sign a waiver form acknowledging that they are relocating voluntarily, and that the CDA shall not be responsible for any costs associated with this relocation, other than a stipend payment specified in Section 6(c) of this Policy.

C. The CDA shall compensate any homeowner required to completely vacate their dwelling unit for a period exceeding a continuous time of 24 hours (or one full day and one full night) during the course of the lead-based paint hazard reduction work on their unit, a stipend amount of five hundred dollars ($500.00).
APPENDIX V

PROPERTY REHABILITATION STANDARDS (CDBG)
Dakota County Housing Rehabilitation Loan Program

Purpose: The Dakota County Community Development Agency (the “CDA”) administers an owner-occupied housing rehabilitation program (“Rehab Program”) using federal Community Development Block Grant (“CDBG”) funds. These standards provide a basis for assuring that a rehabilitated house meets minimum health, safety and quality conditions. Deficiencies identified in the property inspection must be prioritized and cured as funding allows. The CDA will be responsible for insuring that CDBG funds are provided to eligible homeowners and expended for allowable costs as defined in the CDA’s Policy and Procedures Handbook for the Rehab Program. The following minimum housing standards are hereby accepted for implementation in the Rehab Program (using CDBG funds) throughout Dakota County.

A. SITE. The home site shall be reasonably free from hazards to the health, safety and general welfare of the occupants.

ACCEPTABILITY CRITERIA - The site should not be subject to serious adverse environmental conditions, natural or manmade, such as:

1. Steps and walks that are, cracking, crumbling, or heaving, should be repaired and replaced as necessary,

2. Dangerous walks and steps where serious hazards are present; such as missing or broken stair treads, rotten stringers and dangerous cracks shall be repaired or replaced.

3. Flooding, poor drainage, or mudslides; the lot should have positive drainage away from the dwelling to prevent standing water at the foundation.

4. Excessive accumulations of trash; any materials which accumulate on a property in the neighborhood should be removed, or screened and arranged in a manner which does not detract from the general appearance of the neighborhood.

5. Fire hazards; the site should be free from fire hazards, such as the storage of highly flammable materials, etc.

B. ACCESS. The dwelling shall have adequate access for the occupants.

ACCEPTABILITY CRITERIA
1. The dwelling shall be usable and capable of being maintained without unauthorized use of other private properties. The property should be adjacent to an access street or road. Each unit shall have a separate entrance without passing through other units.

2. The building shall provide an alternative means of egress in case of fire (e.g., fire stairs or egress through windows).

C. STRUCTURE AND MATERIALS. The dwelling shall be structurally sound, free from threats to the health and safety of the occupants, and shall protect the occupants from the environment.

ACCEPTABILITY CRITERIA

1. Ceilings, walls (interior and exterior), floors, roofs, porches, etc., shall not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling or noticeable movement under walking stress, missing parts, or other serious damage. Where crawl spaces or basements exist, all first floor structural wood members, including floor joists, plates, piers and pilings, should be inspected for cracked, broken, rotten or otherwise damaged conditions. Damaged members should be repaired or replaced as required. The exterior and interior walls should be weather tight in a manner that prevents, as much as possible, heat loss in the winter and cooling loss in the summer. This includes the repainting or installation of siding to protect the exterior surface from the elements. The interior walls should be repaired or replaced as required to facilitate this criterion.

2. The roof structure shall be firm and the roof shall be weather-tight. All roof framing members should be free from cracks and rot. The roof sheathing should be solid and free from sagging, buckling and heaving. If the roof appears to be well worn, it should be replaced. If possible, the roof should be stripped all the way down to the sheathing and replaced. If costs dictate, a second layer of roofing can be installed over the first layer. If there are already two or more layers of roofing materials, the roof should be stripped down to the sheathing, the sheathing replaced if necessary, and a new roof covering installed.

3. The foundation and exterior wall structure as well as the exterior and interior wall surfaces shall not have any serious defects such as serious leaning, buckling, sagging, large cracks or holes, large sections of loose materials, or other serious damage. Undermined footings, walls, posts or slabs must be addressed. A chimney showing signs of serious leaning or significant deterioration or disintegration (such as many missing bricks) must be repaired or replaced.

4. The condition of interior steps, halls, walkways, and porches should be free of tripping hazards. Crumbling, cracked, broken, missing or uneven conditions should be repaired or
replaced as necessary. Handrails shall be properly installed on all stairways where required by code.

5. In the case of a mobile home, the home shall be securely anchored by a tie-down device which distributes and transfers loads imposed by the unit to appropriate ground anchors so as to resist wind, overturning, and sliding.

6. All detached garages should be repaired to a usable condition or removed from the property; other out-buildings may be removed and/or demolished based on hazardous conditions.

7. The general appearance of the outside of the structure and the lot, after rehabilitation, should make a positive contribution to the general appearance of the neighborhood.

8. Installation of gutters and downspouts is strongly recommended in order to divert water away from foundations.

**D. LEAD-BASED PAINT.** The dwelling shall be in compliance with the HUD lead-based paint regulations.

**ACCEPTABILITY CRITERIA**

1. The dwelling shall comply with HUD lead based paint regulations (24 CFR Part 35), issued pursuant to the Lead-Based Paint Poisoning Prevention Act, 42 USC 4801, including the following actions:
   
a. Notification to all occupants that the property may contain lead-based paint if constructed prior to 1978, and the hazards, symptoms, and treatment of such poisoning, including information on testing for elevated blood levels (EBL) for children.

   b. Inclusion of contract language prohibiting the use of lead-based paint.

   c. Inspection for and elimination of "immediate hazards," which are defined as chipping, peeling, flaking, cracking, or other defects in previously painted surfaces.

2. If the property was constructed prior to 1978, any tenant or family shall be furnished a notice as required by the lead-based paint regulations. Such notice shall inform them of the procedures regarding the hazards of lead-based paint poisoning, the symptoms and treatment of lead poisoning, and the precautions to be taken against lead poisoning.

3. If the property was constructed prior to 1978 the property must have a Lead-Paint Risk Assessment if the rehab cost is to exceed $5,000.00.
E. **WATER SUPPLY.** The water supply shall be free from contamination.

**ACCEPTABLE CRITERIA**

1. The dwelling shall be served by an approved public or private sanitary water supply. The dwelling shall have a water heater of sufficient capacity to serve present and anticipated future residents. Water heaters should not be allowed in bathrooms, bedrooms, sleeping rooms or closets unless contained in an enclosed area, with at least one hour rated fire walls and adequate fresh air intake. All water heaters must be free of leaks, have temperature / pressure relief valves, and a discharge line.

2. Hot and cold water shall be supplied to all kitchens, baths and laundry facilities.

3. All water lines should be protected from freezing.

F. **INTERIOR AIR QUALITY.** The dwelling should be free of pollutants in the air at levels which threaten the health of the occupants.

**ACCEPTABILITY CRITERIA**

1. The dwelling shall be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust and other harmful air pollutants. All gas or oil fired appliances should have proper venting to the outside of the dwelling for combustion gases.

2. Air circulation shall be adequate throughout the dwelling. All windows designed to open shall open easily and have screens which are properly installed. They should be provided with the proper window hardware, and with storm windows if the windows are single glazed. All windows with easy access from the outside shall have locks.

3. Bathroom areas shall have at least one openable window or other adequate exhaust ventilation, vented to the outside. Kitchen areas should also have proper ventilation.

G. **ILLUMINATION AND ELECTRICITY.** Each room shall have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of the occupants. Sufficient electrical sources shall be provided to permit use of essential electrical appliances while assuring safety from fire.

**ACCEPTABILITY CRITERIA**

1. Living and sleeping rooms shall include at least one window; if the sleeping room is located in the basement, the window must meet egress requirements.
2. At least two electric outlets (or one outlet and one permanently installed wall or ceiling fixture) shall be present and operable in the living area, and each bedroom area. A kitchen must have at least one working outlet and one permanently installed wall or ceiling fixture. A bathroom must have a permanent light fixture in working condition. Outlets installed as a result of the rehabilitation work in a kitchen, bathroom, the exterior, or in the general location of water shall be protected by a ground fault interrupter. All outlets installed as a result of the rehabilitation work should be grounded.

3. If the existing service panel is unsafe, or if it is undersized relative to current demand, the unit should be provided with at least 100-amp service and a sufficient number of circuits to service present/anticipated use of the dwelling. The new service should meet the following requirements:

   a. There should be separate circuits for any air conditioners (window included), electric dryers, electric stoves and other special appliances.

   b. There should be a separate minimum 20-amp circuit for the heavy workload area in the kitchen. The furnace shall have a separate 20-amp circuit.

   c. With the exception of kitchens (see b. above), all other rooms should be assessed relative to their use of electricity and additional outlets and switches installed based on usage and safety factors.

4. Connection at the main service to the unit should be in an acceptable manner.

   a. Placement of the connection should be out of the reach of children.

   b. Proper anchoring should be used.

5. All exposed "knob & tube" wiring should be replaced if hazardous or when replacing the service panel.

6. All hazardous conditions such as broken switches and outlets, missing covers, bare wiring, fixtures not properly installed or anchored, shall be repaired or replaced in an acceptable manner. It is recommended that all "pendant" type fixtures be replaced with an appropriate ceiling or wall fixture.

7. Even though a room may meet acceptability criteria #3 above, if the inspection reveals the use of octopus plugs, adapters, extension/zip cords, or other unsafe practices, additional outlets should be installed.

**H. THERMAL ENVIRONMENT.** The dwelling unit shall have and be capable of maintaining a thermal environment healthy for the human body.
ACCEPTABILITY CRITERIA

1. The dwelling shall contain safe heating facilities which are in proper operating condition and provide adequate heat to each room in the dwelling appropriate for the climate to insure a healthy living environment. All parts of the venting system for central heating units should be in proper working condition. For example:

   a. Vent pipes should be free of rust and be properly maintained by the homeowner.

   b. Where vent pipes are connected to a masonry chimney, that chimney should be properly maintained by the homeowner so that all mortar joints are tightly sealed.

2. Unvented room heaters which burn gas, oil or kerosene are unacceptable.

3. The existing level of attic insulation should be R-20 or greater. If the level is less than R-20, more insulation should be added to bring the level up to a minimum rating of R-44 if possible. Cellulose bags should be labeled with acceptable ratings derived from flame-spread tests. Air sealing should accompany all efforts to add insulation to the attic.

4. Weather stripping should be applied as needed around all doors and windows.

5. Storm doors should be installed whenever possible.

6. Any inside walls that are on an exterior wall, if opened down to the studs during the course of the rehabilitation, should be fully insulated with an acceptable insulating material.

7. All joints in the building envelope should be caulked and sealed. All brittle or loose caulking should be replaced.

8. Supply and return heating and air conditioning ducts should be insulated whenever they run through unheated spaces.

9. It is strongly recommended that whenever space heaters or floor furnaces are used, they be replaced with a properly installed, more efficient central heating and cooling system.

I. SANITARY FACILITIES. The dwelling shall include its own sanitary facilities which are in proper operating condition, can be used in privacy, and are adequate for personal cleanliness and the disposal of human waste.

ACCEPTABILITY CRITERIA

1. A flush toilet in a separate, private room, a fixed basin with hot and cold running water, and a bathtub or shower with hot and cold running water shall be present in the dwelling
and shall be fully operational. The toilet, basin, and tub or shower should all be located in the same room, if at all possible.

2. These facilities shall utilize an approved public or private sewage disposal system. Where a public sewage system is not available, a visual inspection is required by the rehabilitation specialist for any raw sewer seeping to the surface on the exterior and for any evidence of interior backup.

J. SPACE AND SECURITY. The dwelling shall afford the family adequate space and security.

ACCEPTABILITY CRITERIA

1. A living room, kitchen area, and bathroom shall all be present.

2. Exterior doors and windows accessible from outside the dwelling shall be lockable.

3. Each dwelling must have smoke and carbon monoxide detectors in accordance with local codes. It is recommended that all smoke and carbon monoxide detectors be U.L. approved and be hard wired. U.L. approved battery type or a combination electric/battery type may also be used. Older smoke and carbon monoxide detectors should be replaced at the discretion of CDA staff.

K. FOOD PREPARATION AND REFUSE DISPOSAL.

ACCEPTABILITY CRITERIA

1. The unit shall contain the following equipment in operating condition: (1) cooking equipment, (2) refrigerator of appropriate size for the dwelling, and (3) a kitchen sink. Stove, range, and microwave ovens are acceptable cooking equipment.

2. The sink shall drain into an approved public or private sewer system.

3. Adequate space for the storage, preparation and serving of food shall be provided. Food storage space should be cabinets or pantry type storage. Food preparation space should be counters or other horizontal workspace.

4. There shall be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary (e.g., garbage cans).

L. SANITARY CONDITION. The unit and its equipment shall be in sanitary condition.

ACCEPTABILITY CRITERIA
1. The dwelling unit and its equipment shall be free of serious vermin and rodent infestation.
APPENDIX VI

PROPERTY REHABILITATION STANDARDS (HOME)
Dakota County Housing Rehabilitation Loan Program

**Purpose:** The Dakota County Community Development Agency (the “CDA”) administers an owner-occupied housing rehabilitation program (“Rehab Program”) using federal HOME Investment Partnership (“HOME”) funds. These standards provide a basis for assuring that a rehabilitated house is in compliance with applicable state and local building codes, standards and regulations. The CDA will be responsible for insuring that CDBG funds are provided to eligible homeowners and expended for allowable costs as defined in the CDA’s Policy and Procedures Handbook for the Rehab Program. The following minimum housing standards are hereby accepted for implementation in the Rehab Program (using HOME funds) throughout Dakota County.

A. The completed rehabilitation project must meet the minimum standards established in Appendix V of this Handbook.

B. The completed rehabilitation project must meet the current Minnesota State Building Code.

C. For renovation and rehabilitation, some codes allow for pre-existent deficiencies to remain in place. The CDA relies on the opinion of the local building official to determine which deficiencies may remain or must be corrected. However, on review of the property, the CDA reserves the right to selectively mandate correction of certain code deficiencies that may be otherwise acceptable to the local building official. The final disbursement of HOME funds will be withheld until all code deficiencies cited for correction are complete, lead-based paint hazards are corrected, and the local building inspector has issued a Certificate of Occupancy (or signed the final inspection record).

D. Manufactured homes must meet the Manufactured Home Building Code standards upon completion of rehabilitation.
Executive Director's Update – Informational

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<tr>
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<td>Tony Schertler</td>
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<tr>
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Fiscal/FTE Impact:
- [ ] None
- [ ] Amount included in current budget
- [ ] Budget amendment requested
- [ ] FTE included in current complement
- [ ] New FTE(s) requested
- [ ] Other:

PURPOSE/ACTION REQUESTED
- Agency updates.

SUMMARY
Executive Director Tony Schertler will provide updates regarding topics related to agency operations and a preview of items that will be on the October 15, 2019 CDA Board meeting agenda.

RECOMMENDATION
N/A – Informational Only

EXPLANATION OF FISCAL/FTE IMPACT
N/A

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Executive Director

Department Director