Board of Commissioners Packet
October 15, 2019
3:30 p.m. - Regular Meeting
CDA Office, 1228 Town Centre Drive, Eagan
AGENDA

1. ROLL CALL
   A. Audience
      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.

2. APPROVAL OF AGENDA AND MEETING MINUTES
   ➢ September 17, 2019 CDA Board Meeting Minutes

3. FEDERAL PUBLIC HOUSING AND HOUSING CHOICE VOUCHER AGENDA
   CONSENT
   A. Approval Of The 2020 Utility Allowance Schedule For The Public Housing Program

4. CONSENT AGENDA
   A. Approval Of Record Of Disbursements – September 2019
   B. Approval Of The Write-Off Of Non-Expendable Equipment
   C. Approval Of Amendments To The Fiscal Year Ended June 30, 2019 Operating Budget
   D. Approval Of Amendments To The Family Housing Partnership Program And Limited Liability
      Corporation Administrative Plan
   E. Adoption Of 2020 CDA Board Of Commissioners Meeting Dates
   F. Approval Of 2020 Medical, Dental And Vision Insurance Plans, Rates And Contributions
   G. Approval Of Amendments To CDA Personnel Policy #280 – Holidays

5. REGULAR AGENDA
   A. Approval Of Budget Amendment And Subordinate Loan Modifications For Cedar Valley Townhomes,
      Lakeville
   B. Approval Of Changes To The Housing Finance Policy
   C. Housing Development Update – Informational
   D. Discussion Of Proposed Amendments To CDA Bylaws And At-Large CDA Commissioner
      Recruitment Process
   E. Executive Director’s Update – Informational
6. INFORMATION

A. Letter From RSM US LLP Regarding CDA Annual Audit

B. Workforce Housing Limited Partnership Audit Reports – CY2018

7. ADJOURNMENT

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:
November 19, 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 3:32 p.m.

COMMISSIONER ROLL CALL

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<tr>
<th>Present</th>
<th>Absent</th>
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<tbody>
<tr>
<td>Commissioner Slavik, District 1</td>
<td>x – arrived at 3:42 pm</td>
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<tr>
<td>Commissioner Gaylord, District 2</td>
<td>x</td>
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<td>Commissioner Egan, District 3</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>
<td>x</td>
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<tr>
<td>Commissioner Gerlach, District 7</td>
<td>x</td>
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<tr>
<td>Commissioner Cummings, At Large</td>
<td>x</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
Kaili 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
Ken Bauer, Director of Finance
Mark Hanson, Housing Rehab Loan Specialist
Duane Roman, Housing Rehab Specialist
Kellie Engelman, Community Development Coordinator

Others in attendance:
Jay Stassen, Dakota County
Steve Mielke, Dakota County
Matt Smith, Dakota County
Stephanie Radtke, Community Services
Ann Bailey, DARTS
Sue Skinner, DARTS
Tabitha Bennett, DARTS
Michelle Frank, CAP Agency
Eric Gentry, CAP Agency

AUDIENCE

No audience members addressed the Board at this time.

APPROVAL OF AGENDA AND MEETING MINUTES

19-6173 Approval Of Agenda And Meeting Minutes

BE IT RESOLVED, by the Dakota County Community Development Agency Board of Commissioners that the agenda for the September 17, 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 August 20, 2019, Annual and Regular CDA Board meetings be
approved as written.

Motion: Commissioner Cummings  
Second: Commissioner Egan  
Ayes: 5  
Nays: 0  
Abstentions: 0

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<th>Yes</th>
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FEDERAL PUBLIC HOUSING AND HOUSING CHOICE VOUCHER AGENDA

19-6174 Approval Of The 2020 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.

19-6175 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.

19-6176 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.
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<td>3 Bedroom</td>
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<tr>
<td>4 Bedroom</td>
<td>$1,830</td>
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<td>5 Bedroom</td>
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<td>6 Bedroom</td>
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<td>Manufactured Home</td>
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Motion: Commissioner Egan                Second: Commissioner Holberg
Ayes: 5                                  Nays: 0
Abstentions: 0

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CONSENT AGENDA

19-6177 Approve Record Of Disbursements – August 2019

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

19-6178 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

Motion: Commissioner Holberg                Second: Commissioner Egan
Extend Maturity Date Of a Housing Opportunities Enhancement (HOPE) Program Loan To Scott-Carver-Dakota CAP Agency, Inc.

Karly Schoeman presented.

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.

Motion: Commissioner Gaylord

Second: Commissioner Holberg
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

Motion: Commissioner Egan  Second: Commissioner Holberg

Ayes: 4  Nays: 0  Abstentions: 0

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INFO

Update on DARTS Service Coordinator Pilot Program

Anna Judge, Ann Bailey and Sue Skinner provided information.

19-6181

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.

Motion: Commissioner Egan Second: Commissioner Holberg

Ayes: 5 Nays: 0 Abstentions: 0

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INFO Executive Director’s Update

Tony Schertler provided updates.

ADJOURNMENT

19-6182 Adjournment

BE IT RESOLVED, that the Dakota County Community Development Agency Board of Commissioners hereby adjourns until Tuesday, October 15, 2019.

Motion: Commissioner Slavik Second: Commissioner Gaylord

Ayes: 6 Nays: 0 Abstentions: 0

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The CDA Board meeting adjourned at 4:49 p.m.
Approval Of The 2020 Utility Allowance Schedule For The Public Housing Program

Meeting Date: 10/15/2019
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.

This Request for Board Action is being resubmitted for approval. It was on the September 17, 2019 CDA Board agenda, but had the incorrect attachment. 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 recertifications and interim rent changes occurring January 1, 2020 and later.

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

Approval Of The 2020 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.

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

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

_________________________  
Executive Director

_________________________  
Department Director
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<th>Development</th>
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<th>Previous Allowance</th>
<th>Proposed* Allowance</th>
<th>Difference**</th>
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<td>$88.00</td>
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<td>Scattered Sites 147-2 (SD)</td>
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<td>Scattered Sites 147-2 (SD-Gas Heating)</td>
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<tr>
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<td>4</td>
<td>$127.00</td>
<td>$122.00</td>
<td>-$5.00</td>
</tr>
<tr>
<td>Scattered Sites 147-4 (DH)</td>
<td>3</td>
<td>$113.00</td>
<td>$106.00</td>
<td>-$7.00</td>
</tr>
<tr>
<td>Scattered Sites 147-8 (DH-Gas Heating)</td>
<td>2</td>
<td>$95.00</td>
<td>$91.00</td>
<td>-$4.00</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>$112.00</td>
<td>$107.00</td>
<td>-$5.00</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>$124.00</td>
<td>$119.00</td>
<td>-$5.00</td>
</tr>
<tr>
<td>Scattered Sites 147-8 (DH-Boiler Heating)</td>
<td>3</td>
<td>$111.00</td>
<td>$101.00</td>
<td>-$10.00</td>
</tr>
<tr>
<td>Scattered Sites 147-13 (DH)</td>
<td>3</td>
<td>$111.00</td>
<td>$106.00</td>
<td>-$5.00</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>$123.00</td>
<td>$118.00</td>
<td>-$5.00</td>
</tr>
<tr>
<td>Scattered Sites 147-16 (DH)</td>
<td>3</td>
<td>$112.00</td>
<td>$107.00</td>
<td>-$5.00</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>$124.00</td>
<td>$119.00</td>
<td>-$5.00</td>
</tr>
<tr>
<td>Scattered Sites 147-17 (DH)</td>
<td>3</td>
<td>$106.00</td>
<td>$102.00</td>
<td>-$4.00</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>$118.00</td>
<td>$113.00</td>
<td>-$5.00</td>
</tr>
<tr>
<td>Scattered Sites 147-21 (DH)</td>
<td>3</td>
<td>$106.00</td>
<td>$100.00</td>
<td>-$6.00</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>$117.00</td>
<td>$111.00</td>
<td>-$6.00</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>$127.00</td>
<td>$121.00</td>
<td>-$6.00</td>
</tr>
</tbody>
</table>

*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
<table>
<thead>
<tr>
<th>Development</th>
<th>Bedroom Size</th>
<th>Previous Allowance</th>
<th>Proposed* Allowance</th>
<th>Difference**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hemlock Court 147-3</td>
<td>4</td>
<td>$110.00</td>
<td>$107.00</td>
<td>-$3.00</td>
</tr>
<tr>
<td>McKay Manor 147-5</td>
<td>3</td>
<td>$89.00</td>
<td>$87.00</td>
<td>-$2.00</td>
</tr>
<tr>
<td>Colleen Loney Manor 147-6</td>
<td>1</td>
<td>$38.00</td>
<td>$36.00</td>
<td>-$2.00</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>$44.00</td>
<td>$42.00</td>
<td>-$2.00</td>
</tr>
<tr>
<td>Oliver/Terrace 147-7</td>
<td>3</td>
<td>$93.00</td>
<td>$88.00</td>
<td>-$5.00</td>
</tr>
<tr>
<td>Biscayne/Portland 147-9</td>
<td>2</td>
<td>$74.00</td>
<td>$73.00</td>
<td>-$1.00</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>$86.00</td>
<td>$84.00</td>
<td>-$2.00</td>
</tr>
<tr>
<td>Glazier 147-11</td>
<td>2</td>
<td>$73.00</td>
<td>$72.00</td>
<td>-$1.00</td>
</tr>
<tr>
<td>Ideal Way 147-14</td>
<td>2</td>
<td>$75.00</td>
<td>$73.00</td>
<td>-$2.00</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>$87.00</td>
<td>$85.00</td>
<td>-$2.00</td>
</tr>
</tbody>
</table>
Approval Of Record Of Disbursements – September 2019

Meeting Date: 10/15/2019
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 September 2019

SUMMARY
In September 2019, the Dakota County Community Development Agency (CDA) had $4,915,553.84 in disbursements and $426,124.37 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 September 2019.

EXPLANATION OF FISCAL/FTE IMPACT
These disbursements are included in the Fiscal Year Ending June 30, 2020 budget.
Resolution No. 19-XXXX

Approval Of Record Of Disbursements – September 2019

BE IT RESOLVED, by the Dakota County Community Development Agency Board of Commissioners, That the September 2019 Record of Disbursements is approved as written.
Dakota County CDA  
Record of Disbursements  
For the month of September 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>09/20/19</td>
<td>$101,815.88</td>
<td>$101,815.88</td>
</tr>
<tr>
<td><strong>Disbursing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/01/19</td>
<td>$65,458.00</td>
<td></td>
</tr>
<tr>
<td>09/05/19</td>
<td>$375,213.73</td>
<td></td>
</tr>
<tr>
<td>09/12/19</td>
<td>$382,171.85</td>
<td></td>
</tr>
<tr>
<td>09/13/19</td>
<td>$14,568.00</td>
<td></td>
</tr>
<tr>
<td>09/19/19</td>
<td>$334,305.42</td>
<td></td>
</tr>
<tr>
<td>09/26/19</td>
<td>$544,148.43</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,715,865.43</td>
</tr>
<tr>
<td><strong>Housing Assistance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/01/19</td>
<td>$1,654,788.34</td>
<td></td>
</tr>
<tr>
<td>09/13/19</td>
<td>$65,476.84</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,720,265.18</td>
</tr>
<tr>
<td><strong>Housing Development &amp; Renewal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/16/19</td>
<td>$1,373,242.78</td>
<td></td>
</tr>
<tr>
<td>09/23/19</td>
<td>$4,364.57</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,377,607.35</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td></td>
<td>$4,915,553.84</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>September 2019 Payroll</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/13/19</td>
<td>$209,300.81</td>
<td></td>
</tr>
<tr>
<td>09/27/19</td>
<td>$216,823.56</td>
<td></td>
</tr>
<tr>
<td><strong>Total Payroll</strong></td>
<td></td>
<td>$426,124.37</td>
</tr>
</tbody>
</table>

Disbursement detail is available in the Finance Office.

Chairperson
Approval Of The Write-Off Of Non-Expendable Equipment

Meeting Date: 10/15/2019
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 the write-off of non-expendable equipment.

SUMMARY
Each year, the CDA reconciles the subsidiary non-expendable equipment records to the accounting records. As a result, it is necessary each year to routinely write-off certain items of equipment that have become damaged, outdated, or are no longer in the CDA’s possession.

During the reconciliation process for the fiscal year ended June 30, 2019, the following item of equipment was identified as needing to be removed (written off) from the CDA’s subsidiary equipment listing and general ledger.

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Serial No.</th>
<th>Model</th>
<th>Tag #</th>
<th>Date Acq.</th>
<th>Cost</th>
<th>Property</th>
<th>Reason for Disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Color Copier</td>
<td>C21027550</td>
<td>Ricoh MPC5000</td>
<td>3841</td>
<td>08/01/2009</td>
<td>$10,362.43</td>
<td>Disbursing</td>
<td>Item was replaced 9/2018</td>
</tr>
</tbody>
</table>

RECOMMENDATION
Staff recommends approval of this write-off of non-expendable equipment. This is being done in accordance to the requirements of the Capital Asset Policy.

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

Approval Of The Write-Off Of Non-Expendable Equipment

WHEREAS, during the CDA’s year-end reconciliation process, the Finance Department noted a certain item of non-expendable equipment had become damaged, outdated or is no longer in the CDA’s possession; and

WHEREAS, this item of non-expendable equipment should be removed from the CDA’s accounting and property records.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the non-expendable equipment totaling $10,362.43 be written off as of June 30, 2019.

Executive Director’s Comments:  
- Recommend Action  
- Item Type-Consent

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

Approval Of Amendments To The Fiscal Year Ended June 30, 2019 Operating Budget

Meeting Date: 10/15/2019
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 amendments to the Fiscal Year Ended June 30, 2019 Operating Budget.

SUMMARY
Pursuant to CDA budget policy, the Executive Director is permitted to approve the transfer of budget authority between controlled line item expenditures up to established limits. In addition, any increase in total spending generally requires approval of the CDA Board of Commissioners.

• Transfer of budget authority: As required by CDA budget policy, a listing of all budget amendments approved by the Executive Director shall be submitted to the CDA Board of Commissioners on a quarterly basis. The listing in Attachment A reports $405,613 in transfers between controlled line item expenditures that were approved by the Executive Director during the three months ended June 30, 2019.

RECOMMENDATION
Staff recommends approval of these transfers of budget authority between controlled line item expenditures. They are being done in accordance to the requirements of CDA budget policy.

EXPLANATION OF FISCAL/FTE IMPACT
These budget amendments do not increase total spending for the Fiscal Year Ended June 30, 2019.
Resolution No. 19-XXXX

Approval Of Amendments To The Fiscal Year Ended June 30, 2019 Operating Budget

WHEREAS, the Dakota County CDA has adopted an operating budget for the Fiscal Year Ended June 30, 2019; and

WHEREAS, CDA budget policy requires that a listing of budget transfers approved by the Executive Director be presented to the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the budget amendments approved by the Executive Director for the Fiscal Year Ended June 30, 2019 pursuant to the requirements of CDA budget policy are affirmed by the CDA Board.

Executive Director’s Comments:
- Recommend Action
- Item Type-Consent
- Item Type-Discussion
- Item Type-Informational

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

Executive Director

Department Director
Attachment A: FYE 6/30/19 Budget Amendments

Budget Amendments for FYE 6/30/19 – transfers between controlled line item expenditures approved by Executive Director totaling $405,613:

<table>
<thead>
<tr>
<th>Date</th>
<th>Program</th>
<th>Budget Category</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/20/19</td>
<td>Senior Housing</td>
<td>Extraordinary Maintenance</td>
<td>+ $33,482</td>
<td>SSP-River Heights Terrace: Replace roof, windows, siding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extraordinary Maintenance</td>
<td>- $33,482</td>
<td>WSP-Haskell Court: Waterproof elevator pit, replace concrete at garage driveway and replace cabinets at turnover</td>
</tr>
<tr>
<td>05/29/19</td>
<td>Workforce Housing LLC</td>
<td>Extraordinary Maintenance</td>
<td>+ $8,640</td>
<td>BV-Parkside, IGH-Spruce Pointe, EAG-Oak Ridge, HSTGS-Pleasant Ridge, LV-Cedar Valley, AV-Chasewood, TIF District #2: Replace smoke &amp; CO detectors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extraordinary Maintenance</td>
<td>- $6,070</td>
<td>LV-Cedar Valley: Replace cabinets, countertops, faucets at turnover</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transfers</td>
<td>- $570</td>
<td>TIF District #2: Replace insulated glass at MH-Hillside Gables</td>
</tr>
<tr>
<td>06/06/19</td>
<td>Tax Increment Financing</td>
<td>Transfers</td>
<td>+ $456</td>
<td>TIF District #9: Replace water heaters at LV-Country Lane</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transfers</td>
<td>- $456</td>
<td>TIF District #9: Replace furnaces and air conditioners at LV-Country Lane</td>
</tr>
<tr>
<td>06/13/19</td>
<td>Tax Increment Financing</td>
<td>Transfers</td>
<td>+ $4,888</td>
<td>TIF District #2: Replace water heaters at MH-Hillside Gables</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transfers</td>
<td>- $4,888</td>
<td>TIF District #2: Replace insulated glass at MH-Hillside Gables</td>
</tr>
<tr>
<td>06/13/19</td>
<td>Workforce Housing LLC</td>
<td>Extraordinary Maintenance</td>
<td>+ $151</td>
<td>MH-Hillside Gables: Replace water heaters</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extraordinary Maintenance</td>
<td>- $151</td>
<td>LV-Cedar Valley: Replace cabinets, countertops, faucets at turnover</td>
</tr>
<tr>
<td>06/13/19</td>
<td>Senior Housing</td>
<td>Extraordinary Maintenance</td>
<td>+ $4,098</td>
<td>SSP-River Heights Terrace, LV-Main Street Manor, IGH-Cahill Commons, EAG-Oakwoods East, FGTN-Vermillion River Crossing: Replace smoke/fire dampers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extraordinary Maintenance</td>
<td>- $4,098</td>
<td>AV-Cobblestone Square: Install snowmelt system</td>
</tr>
<tr>
<td>06/17/19</td>
<td>Senior Housing</td>
<td>Extraordinary Maintenance</td>
<td>+ $15,272</td>
<td>HSTGS-Rivertown Court: Replace Yale locks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extraordinary Maintenance</td>
<td>- $15,272</td>
<td>WSP-Haskell Court: Waterproof elevator pit</td>
</tr>
<tr>
<td>Date</td>
<td>Location</td>
<td>Type</td>
<td>Amount</td>
<td>Description</td>
</tr>
<tr>
<td>------------</td>
<td>----------------</td>
<td>---------------------------------</td>
<td>----------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>06/25/19</td>
<td>Office Building</td>
<td>Extraordinary Maintenance</td>
<td>+ $43,045</td>
<td>CDA Office: Asphalt repair/replacement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extraordinary Maintenance</td>
<td>- $43,045</td>
<td>CDA Office: Install new security software and readers, add electrical in basement, add additional cameras</td>
</tr>
<tr>
<td>06/28/19</td>
<td>Senior Housing</td>
<td>Extraordinary Maintenance</td>
<td>+ $2,090</td>
<td>IGH-Carmen Court: Replace smoke/fire dampers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extraordinary Maintenance</td>
<td>- $2,090</td>
<td>AV-Cobblestone Square: Install snowmelt system</td>
</tr>
<tr>
<td>06/30/19</td>
<td>Workforce</td>
<td>Extraordinary Maintenance</td>
<td>+ $5,458</td>
<td>MH-Hillside Gables: Replace insulated glass</td>
</tr>
<tr>
<td></td>
<td>Housing LLC</td>
<td>Extraordinary Maintenance</td>
<td>- $5,458</td>
<td>MH-Hillside Gables: Replace cabinets, countertops, faucets at turnover</td>
</tr>
<tr>
<td>06/30/19</td>
<td>Senior Housing</td>
<td>Extraordinary Maintenance</td>
<td>+ $96,691</td>
<td>RSMT-Cameo Place: Replace windows and siding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extraordinary Maintenance</td>
<td>- $96,691</td>
<td>AV-Cobblestone Square: Install snowmelt system</td>
</tr>
<tr>
<td>06/30/19</td>
<td>Workforce</td>
<td>Extraordinary Maintenance</td>
<td>+ $130,279</td>
<td>LV-Country Lane: Replace windows and siding</td>
</tr>
<tr>
<td></td>
<td>Housing LLC</td>
<td>Extraordinary Maintenance</td>
<td>- $130,279</td>
<td>LV-Country Lane, BV-Parkside, EAG-Oak Ridge, AV-Glenbrook: Replace cabinets, countertops, faucets at turnover</td>
</tr>
<tr>
<td>06/30/19</td>
<td>Tax Increment</td>
<td>Transfers</td>
<td>+ $43,044</td>
<td>TIF District #9: Replace roof, replace windows and siding at LV-Country Lane</td>
</tr>
<tr>
<td></td>
<td>Financing</td>
<td>Transfers</td>
<td>- $43,044</td>
<td>TIF District #9: Replace furnaces and air conditioners at LV-Country Lane</td>
</tr>
<tr>
<td>06/30/19</td>
<td>Senior Housing</td>
<td>Extraordinary Maintenance</td>
<td>+ $15,273</td>
<td>WSP-Haskell Court: Waterproof elevator pit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extraordinary Maintenance</td>
<td>+ $1,111</td>
<td>EAG-Oakwoods: Replace cabinets at turnover</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extraordinary Maintenance</td>
<td>+ $385</td>
<td>HSTGS-Rivertown Court: Replace 5-ton AC condenser</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extraordinary Maintenance</td>
<td>- $16,769</td>
<td>MH-Park View Plaza: Replace windows and siding</td>
</tr>
<tr>
<td>06/30/19</td>
<td>Senior Housing</td>
<td>Extraordinary Maintenance</td>
<td>+ $530</td>
<td>IGH-Hillcrest: Replace sheet vinyl garage level</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extraordinary Maintenance</td>
<td>- $530</td>
<td>IGH-Hillcrest: Wall repair/painting community room/sitting room</td>
</tr>
<tr>
<td>06/30/19</td>
<td>Technology</td>
<td>Capital Expense</td>
<td>+ $720</td>
<td>Replace document imaging scanner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capital Expense</td>
<td>- $720</td>
<td>Replace color printer</td>
</tr>
</tbody>
</table>

**FYE 6/30/19 Budget Impact**: $0
Approval Of Amendments To The Family Housing Partnership Program
And Limited Liability Corporation Administrative Plan

Meeting Date: 10/15/19
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 amendments to the Family Housing Partnership Program and Limited Liability Corporation (LLC) Administrative Plan.

SUMMARY
Each of the housing programs that the CDA provides property management support for (family, senior, public and youth supportive) has an administrative plan that outlines eligibility requirements such as: tenant selection, preference factors, rent collection, verification of income, occupancy standards, leasing, and other required housing policies. These administrative plans are amended periodically as new mandates are adopted or changes are necessary to ensure best practices in management of these properties.

The Family Housing Partnership Program and LLC Administrative Plan (Attachment A) dictates eligibility requirements for the CDA’s family housing units which includes 551 units that are public-private limited partnerships with U.S. Bank Community Development Corporation and 296 units that have become part of the Dakota County CDA Workforce Housing LLC.

The proposed changes in addition to administrative clarifications and new definitions to this Administrative Plan include:

- Part I - Defining Surcharge.
- Part III, Section D.2. - Adding pattern of late rental payments and pattern of threatening or belligerent communication towards CDA staff as additional factors that will be considered when determining admission into the program.
- Part IV, Section B – Adding language regarding the applicant removal from all lists due to ineligibility or returned mail with no forwarding address.
- Part IV, Section C – Inserting language that states required forms to receive residency preference.
- Part V, Section A – Revising from 60% to 80% AMI and adding in the sliding scale table for surcharges that will be added to households rent, should they reach these income limits.
- Part VII, Section D – Revising to include the requirement of submitting tax returns at recertification for all members over the age of 18 in order for staff to accurately determine household income annually.
- Part VIII - Revising to remove “and for all subsequent reexaminations” etc., in order to be consistent with current practices.

RECOMMENDATION
Staff recommends approval of the amended plan.

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

Approval Of Amendments To The Family Housing Partnership Program And Limited Liability Corporation Administrative Plan

WHEREAS, the Dakota County Community Development Agency (CDA) manages 847 units of housing through private-public partnerships and the CDA’s Workforce Housing Limited Liability Corporation; and

WHEREAS, the Family Housing Partnership Program and Limited Liability Corporation Administrative Plan has been revised to include:

- Defining Surcharge in Part I.
- Inserting language into Part III, Section D.2. adding pattern of late rental payments and pattern of threatening or belligerent communication towards CDA staff as additional factors that will be considered when determining admission into the program.
- Inserting language into Part III, Section D.2. adding pattern of late rental payments and pattern of threatening or belligerent communication towards CDA staff as additional factors that will be considered when determining admission into the program.
- Inserting language into Part IV, Section B. regarding the applicant removal from all lists due to ineligibility or returned mail with no forwarding address.
- Inserting language into Part IV, Section C. that states required forms to receive residency preference.
- Revising Part V, Section A. from 60% to 80% AMI and adding in the sliding scale table for surcharges that will be added to households rent, should they reach these income limits.
- Revising Part VII, Section D to include the requirement of submitting tax returns at recertification for all members over the age of 18 in order for staff to accurately determine household income annually.
- Revising Part VIII to remove “and for all subsequent reexaminations” etc., in order to be consistent with current practices.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Dakota County Community Development Agency, That these amendments to the Family Housing Partnership Program and Limited Liability Corporations Administrative Plan are approved effective October 15, 2019.
DAKOTA COUNTY
COMMUNITY DEVELOPMENT AGENCY

FAMILY HOUSING PARTNERSHIP PROGRAM & LIMITED LIABILITY CORPORATION (LLC)

ADMINISTRATIVE PLAN

Revision Dates:
November 2014
August 2017
November 2018
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Part I

DEFINITIONS

Annual Income: The HTC Program uses HUD’s definition of “annual income” as contained in the U.S. Housing Act of 1937 as amended. HUD's definition of annual income is very specific and is not simply the amount contained on tax returns.

Annual income is the gross income the household anticipates it will receive from all sources, including all net income derived from assets, during the 12-month period following the effective date of the income certification or recertification. This includes income received by all adult members of the household (18 years of age and older, including full-time students), and unearned income of minor children. In addition, persons under the age of 18 who have entered into a lease under state law are treated as adults, and their annual income must also be counted. These persons will be either the head, spouse, or co-head; they are sometimes referred to as emancipated minors.

Please note that annual income is not the same as adjusted income. Annual income generally corresponds to gross income, with no adjustments (deductions) for child-care, medical expenses, dependents, etc. Adjusted income is used in some federal housing programs, such as Section 8 and Rural Development Section 515, to determine the level of benefit provided to a household. However, it is not used in the HTC Program.

Total Income from all Sources = Annual Income

<table>
<thead>
<tr>
<th>Earned/Unearned Income</th>
<th>+</th>
<th>Income from assets</th>
<th>=</th>
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Annual income has two components: Earned/Unearned income and Asset income.

Earned/Unearned income includes the following sources: gross wages and salaries including tips and overtime; gross income from social security or welfare; and payments in lieu of earnings (e.g., unemployment compensation, workers’ compensation). There are certain mandated inclusions and exclusions which apply when determining earned/unearned income.

Asset income is the amount generated by bank accounts, retirement accounts, real estate, and other investments. Assets are items of value, other than necessary personal items, and are considered along with verified income to determine the eligibility of a household. Please refer to the HUD Handbook 4350.3 for a complete listing and discussion of earned/unearned income and asset income.

The following are examples of income that are included in Annual Income. Also listed are specific types of income that are excluded. Generally, if a particular type of income is not specifically mentioned as being excluded, then it is included in Annual Income:

- Interest, dividends and other income from net family assets;
• The gross amount (before any payroll deductions) of wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services of all adults in the household (including foster adults and persons under the age of 18 who are the head, spouse or co-head). This includes salaries of adults received from a family-owned business.
• Net income, salaries, and other amounts distributed from a business.

A. Self-Employed Income - The following documents show income verification for the previous year. Owners or their agents must consult with tenants and use this data to estimate income for the next 12 months:
• Copy of individual federal income tax return (1040) including any:
  o Schedule C (Small Business)
  o Schedule E (Rental Property Income)
  o Schedule F (Farm Income);
• Copy of Corporate or Partnership tax return (if applicable);
• Audited or unaudited financial statement(s) of the business (such as a recent profit and loss statement); and
• Applicant's notarized statement or affidavit as to net income realized from the business during previous year.

Note: All tax returns and related documents must be signed and dated if not filed electronic.

If the business is new and the resident has not yet filed a tax return showing income from a business, a Self-Employment Verification – New Business should be completed and the resident must self-certify the anticipated net income from the business. Attach any available supporting documents (trip sheets, financial statements, contracts, etc.). Self-employment can be annualized for the current year business activity based on the number of full months in business. The formula is:

\[
\text{(Net Income Year to Date)} \times 12 \text{ months} \\
\text{Number of Months in business during the current year}
\]

• The gross amount (before any deductions for Medicare, etc.) of periodic social security payments. Include payments received by adults on behalf of individuals under the age of 18 including foster children or by individuals under the age of 18 for their own support);
The following documentation is required to verify the income derived from the above sources:

- Copy of award or benefit statement listing the gross monthly benefit. This statement is issued when the benefit commences or when a change in the benefit occurs, such as a cost of living adjustment. If an eligible applicant/tenant does not have a dated benefit statement from Social Security that is no older than 120 days which lists the gross monthly benefit, the eligible tenant (or rental applicant) may call the local office of the Social Security Administration or online and request a verification. The Social Security Administration has stated that benefit statements will arrive in the mail in about 10 days after the request was received. The benefit statement is mailed to the applicant/tenant, who must then provide a copy to the owner.

- The full amount of periodic amounts received from annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts (e.g., Black Lung Sick Benefits, Veterans Disability, Dependent Indemnity Compensation (widow of killed in action serviceman). The withdrawal of cash or assets from an investment received as periodic payments should be counted as income. If benefits are received through periodic payments, do not count any remaining amounts in the account as an asset;

  o Federal Government/Uniformed Services pension funds paid directly to an applicant’s/tenant’s former spouse pursuant to the terms of a court decree of divorce, annulment, or legal separation are not counted as annual income. The state court has, in the settlement of the parties’ marital assets, determined the extent to which each party shares in the ownership of the pension. That portion of the pension that is ordered by the court (and authorized by the Office of Personnel Management (OPM), to be paid to the applicant’s/tenant’s former spouse is no longer an asset of the applicant/tenant and therefore is not counted as income. However, any pension funds authorized by OPM, pursuant to a court order to be paid to the former spouse of a Federal government employee is counted as income for a tenant/applicant receiving such funds.

  o Other state, local government, social security or private pension funds paid directly to an applicant’s/tenant’s former spouse pursuant to the terms of a court decree of divorce, annulment, or legal separation are also not counted as annual income and should be handled in the same manner as above. The decree and copies of statements should be obtained in order to verify the net amount of the pension that should be applied in order to determine eligibility and calculate rent.

  o In instances where the applicant/tenant is a retired Federal Government/Uniformed Services employee receiving a pension that is determined by a state court in a divorce, annulment of marriage, or legal separation proceeding to be a marital asset and the court provides OPM with the appropriate instructions to authorize OPM to provide payment of a portion of the retiree’s pension to a former spouse, that portion to be paid directly to the former spouse is not counted as income for the applicant/tenant. However, where the tenant/applicant is the former spouse of a retired Federal Government/Uniformed Services employee, any amounts received pursuant to a court ordered settlement in
connection with a divorce, annulment of marriage, or legal separation are reflected on a Form-1099 and is counted as income for the applicant/tenant.

Other state, local government, social security or private pensions where pensions are reduced due to a court ordered settlement in connection with a divorce, annulment of marriage, or legal separation and paid directly to the former spouse are not counted as income for the applicant/tenant and should be handled in the same manner as above.

- Delayed periodic payments received because of delays in processing unemployment, welfare or other benefits.

- Payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay. Any payments that will begin during the next 12 months must be included. These amounts must be annualized unless there is clear documentation that such payments are limited to a defined time period.

Unemployment compensation may be verified by a verification form completed by the unemployment compensation agency, records from the unemployment office stating payment dates and amount, or a print-out of the applicant/tenant’s unemployment information from the unemployment office’s official web site. Note that such print-outs may not contain the person’s name only their account number. If the print-out does not contain the person’s name, have the applicant/tenant sign and date the print-out with a short statement that this information accurately represents his or her account information.

B. Student Financial Assistance - All forms of student financial assistance (grants, scholarships, educational entitlements, work study programs, Bureau of Indian Affairs student assistance programs and financial aid packages) are excluded from annual income except for students receiving Section 8 assistance. This is true whether the assistance is paid to the student or directly to the educational institution.

For students receiving Section 8 assistance, all financial assistance a student receives (1) under the Higher Education Act of 1965, (2) from private sources, or (3) from an institution of higher education that is in excess of amounts received for tuition and any other required fees and charges (see HUD Notice H2015-12) is included in annual income except if the student is over the age of 23 with dependent children or the student is living with his or her parents who are receiving Section 8 assistance. See Paragraph 3-13 of HUD Handbook 4350.3 for further information on eligibility of students to receive Section 8 assistance and the Glossary for the definition of Student Financial Assistance.

This rule applies to both part time and full-time students.

C. Welfare assistance - Documentation Required: To verify income from welfare or public assistance, a written statement from the welfare agency is required. The statement should address the type and amount of assistance the family is currently receiving and note any changes in assistance expected during the next 12 months. Some agencies no longer
complete verification forms: preferred second party verification is an online printout or a current award letter.

Annual Income for Section 8 Household: The annual income for a household receiving housing assistance payments under Section 8 may be verified by obtaining a statement from the Public Housing Authority (PHA). The owner must submit the Verification of Section 8 Eligibility form to the PHA for completion. If the form shows that the tenant's income does not exceed the applicable income limit, the household is eligible to occupy a rent-restricted unit. This form then "replaces" all other verifications of income and assets.

Please note: The annual income is the gross annual income without any adjustments or Section 8 Program allowances. Due to the seriousness of accurate income eligibility, Minnesota Housing recommends that the owner/owner's agent verify and calculate the household income directly from the source(s) and not rely on PHA verification for initial certifications.

D. Alimony and child support awarded by the court: Owners must count alimony or child support amounts awarded by the court unless the applicant/tenant certifies that payments are not being made and that he or she has taken all reasonable legal actions to collect amounts due, including filing with the appropriate courts or agencies responsible for enforcing payment.

Documentation Required: If alimony or child support is being received, obtain one of the following:

- Verification form completed by the person paying the support.
- Verification form completed by the support enforcement office as to amounts being paid.
- Copy of a separation or settlement agreement or copy of a divorce decree stating the amount and type of support and payment schedule.
- A copy of the latest check.
- When no documentation of child support, divorce, or separation is available, either because there was no marriage or for another reason, the owner may accept a certification from the family stating the amount of child support received.

In many cases, child support has been court ordered but the full amount is not being received. If this is the case, verification from the child support enforcement agency will be sufficient. Or, request tenant to provide a statement attesting to the fact that support payments are not being received; the likelihood of support payments being received in the future, and that a reasonable effort has been made to collect the amounts due.

Alimony or child support paid by a member of the household is not deducted from income, even if it is garnished from wages.
E. Recurring monetary or non-monetary contributions or gifts regularly received from persons not living in the unit: These sources may include rent, utility and other payments paid on behalf of the household, and other cash or noncash contributions provided on a regular basis.

Documentation Required: Verification of continuing monetary or non-monetary gifts may be verified in one of two ways:

• A Regular Contributions Verification signed by the person providing the assistance stating the purpose, dates and value of the contributions and/or gifts; or

• A statement or affidavit from the tenant stating the purpose, dates and value of the gifts.

Groceries and/or contributions paid directly to the child care provider by persons not living in the unit are excluded from annual income.

Temporary, nonrecurring, or sporadic income (including gifts) is not counted.

• Relocation payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

• Actual income distributed from trust funds that are not revocable by or under the control of any member of the tenant family.

• All regular pay, special pay, and allowances of a member of the Armed Forces, except hostile fire pay. Note that until January 1, 2012, Basic Pay Allowance for housing is disregarded for properties located in a county that contains a qualified military installation to which the number of members assigned to units based out of the military installation as of June 1, 2008, has increased by 20 percent or more from December 31, 2005. This applies to the county that contains the military installation and also to adjacent counties. A qualified military installation is a military installation or facility with 1,000 or more members as of June 1, 2008.

Exclusions from Annual Income

• Income from employment of children (including foster children) under the age of 18 years;

• Meals on wheels or other programs that provide food for the needy; groceries provided by persons not living in the household; and amounts received under the School Lunch Act and the Child Nutrition Act of 1966 [42 U.S.C. 1780(b)], including reduced-price lunches and food under the Special Supplemental Food Program for Women, Infants and Children (WIC);

• Amounts paid by a State agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home;

• Grants or other amounts received specifically for medical expenses, including Medicare premiums paid by an outside source, set aside for use under a Plan to Attain Self Sufficiency (PASS) and excluded for purposes of Supplemental...
Security Income eligibility, out of pocket expenses for participation in publicly assisted programs (such amounts must be made solely to allow participation in these programs. These expenses include special equipment, clothing, transportation, child care, etc.);
• Earnings in excess of $480 for each full-time student 18 years of age or older (excluding the head of household, co-head or spouse);
• Adoption assistance payments in excess of $480 per adopted child;
• Loans such as personal loans (see HUD Handbook 4350.3 on business loans which are not excluded);
• Temporary, nonrecurring or sporadic income (e.g., gifts);
• Amounts received by the household in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
• Special pay to a household member serving in the armed forces who is exposed to hostile fire (e.g., in the past, special pay included Operation Desert Storm);
• For Section 8 tenants only, any deferred Department of Veterans Affairs (VA) disability benefits that are received in a lump sum or in prospective monthly amounts are excluded from annual income.
• Amounts received under training programs funded by HUD;
• Compensation from state or local employment training programs and training of a household member as resident management staff. Amounts excluded under this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for a limited period as determined in advance under the program by the state or local government;
• A resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time.
• Reparation payments made by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era. Examples include payments by the German and Japanese governments for atrocities committed during the Nazi era.
• Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump-sum amount or in prospective monthly amounts (but these amounts are included in assets; see section addressing assets).
• Payments received for the care of foster children or foster adults.
• Amounts received in behalf of someone not living in the unit as long as the amounts are (i) not inter-mingled with the family funds, and (ii) used solely to benefit the person not residing with the family. For such amounts to be excluded, the individual must provide the owner with an affidavit stating that the amounts
are received on behalf of someone who does not reside with the family and the amounts meet the conditions above.

• Recurring child care payments paid directly to a provider by persons not living in the unit.

**Income Excluded by Federal Statute**

- The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 {7 U.S.C. 2017(b)}.
- Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions) {42 U.S.C. 5044(f)(1), 5058};
- Certain payments received under the Alaska Native Claims Settlement Act {43 U.S.C. 1626(c)} received from a Native Corporation;
- Certain payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c));
- Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);
- Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));
- Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540 section 6);
- The first $2,000 of per capita shares received from judgment funds awarded by the Indian Gaming Commission or the U.S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first $2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408). This exclusion does not include proceeds of gaming operations regulated by the Commission;
- Amounts of scholarships funded under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070), including awards under federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu). For section 8 programs only (42 U.S.C. 1437f), any financial assistance in excess of amounts received by an individual for tuition and any other required fees and charges under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) from private sources, or an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall not be considered income to that individual if the individual is over the age of 23 with dependent children (Pub. L. 109-115, section 327) (as amended);
- Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056g) (Green Thumb, Senior Aides, Older American Community Service Employment Program);
• Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund (pub. L. 101-201) or any other fund established pursuant to the settlement in the In Re “Agent Orange” liability litigation. M.D.L. No. 381 (E.D.N.Y.); Payments received under the Maine Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 25 U.S.C. 1728);

• The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);

• Earned income tax credit (EITC) refund payments received on or after January 1, 1991, for programs administered under the United States Housing Act of 1937, title V of the Housing Act of 1949, section 101 of the Housing and Urban Development Act of 1965, and sections 221(d)(3), 235, and 236 of the National Housing Act (26 U.S.C. 32 (l));

• Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433);

• Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 [42 U.S.C. 12637(d)];

• Any allowance paid under the provisions of 38 U.S.C. 1933 (c), to children of Vietnam veterans born with spina bifida (38 U.S.C. 1802-05), children of women Vietnam veterans born with certain birth defects (38 U.S.C. 1811-16), and children of certain Korean service veterans born with spina bifida (38 U.S.C. 1821);

• Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602);

• Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931(a)(2));

• Any amount received under the Richard B. Russell School Lunch Act (42 U.S.C. 1760(e)) and the Child Nutrition Act of 1966 (42 U.S.C. 1780(b)), including reduced price lunches and food under the Special Supplemental Food Program for Women, Infants, and Children (WIC);

• Payments, funds or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 [25 U.S.C. 1774f(b)];

• Payments from any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts as provided by an amendment to the definition of annual income in the U.S. Housing Act of 1937 (42 U.S.C. 1437 a(b)(4));

• Compensation received by or on behalf of a veteran for service-connected disability, death, dependency, or indemnity compensation as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L
111-269, 25 U.S.C. 4103(9)) to the definition of income applicable to programs authorized under the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101, et seq.) and administered by the Office of Native American Programs;

• A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the case entitled Elouise Cobell et al v. Ken Salazar et al., United States District Court, District of Columbia, as provided in the Claims Resolution Act of 2010 (Pub. L. 111-291);

• Any amounts in an “individual development account” as provided by the Assets for Independence Act, as amended in 2002 (Pub. L. 107-110, 42 U.S.C. 604(h)(4));

• Per capita payments made from the proceeds of Indian Tribal Trust Cases as described in PIH Notice 2013-30 “Exclusion from Income of Payments under Recent Tribal Trust Settlements” (25 U.S.C. 117b(a)); and

• Major disaster and emergency assistance received by individuals and families under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Pub. L. 93-288, as amended) and comparable disaster assistance provided by States, local governments and disaster assistance organizations (42 U.S.C. 5155(d)).

Income from Assets
Assets are items of value, other than necessary personal items, and are considered along with verified income to determine the eligibility of a household. Assets of all household members, including minors, foster children, and foster adults must be considered.

Verification of assets is required. The asset information (total value and income to be derived) must be obtained at the time of application or recertification. The applicant/tenant will affirm that this information is correct by executing the Tenant Income Certification, HTC 14.

Third party verification of assets is required when the combined value of assets exceed $5,000.

Effective October 11, 1994, an owner may satisfy the third party documentation requirement for a tenant’s income from assets if the tenant submits to the owner a signed, sworn statement that the value of the combined assets is less than $5,000. The use of Minnesota Housing’s form entitled Under $5000 Asset Certification, HTC 24 is required for this procedure. The form must also be used when an applicant/tenant declares there are no assets including checking and/or savings accounts. If a project is required to obtain third party verifications because of participation in another housing program (i.e., Section 8, HOME, RHS, etc.), or an owner’s or management company’s policy is to third-party verify assets, then do not also use the Under $5000 Asset Certification, HTC 24.

Note that neither the Under $5,000 Asset Certification nor third-party verification of assets is required if a Housing Choice Voucher recipient’s gross annual household income is verified by the HRA/PHA on a Verification of Section 8 Eligibility form as these amounts will already have been verified and included by the HRA/PHA.
IRS Revenue Procedure 94-65 does not permit an owner to rely on a low-income applicant/tenant's signed, sworn statement of annual income from assets if a reasonable person in the owner's position would conclude that the tenant's income is higher than the tenant's represented annual income. In this case, the owner must obtain other documentation of the low-income tenant's annual income from assets to satisfy the documentation requirement of third party asset verification.

The following information is based upon the HUD Section 8 Program. The owner must use the definition of "Net Family Assets" in 24 CFR 813.102, which provides definitions for the HUD Section 8 Program.

Household Assets include:

1. Cash held in savings and checking accounts, safe deposit boxes, homes, etc. For savings accounts use the current balance. For checking accounts, use the average balance for the last six months. Assets held in foreign countries are considered assets. Balances held on re-fillable gift/debit cards are treated like savings accounts.
   a. Documentation Required: Verification forms, account statements (must obtain 6 consecutive months of statements to determine 6 month average balance for checking accounts), passbooks, certificates of deposit, letters or documents from a financial institution or broker.

   If an owner accepts an IRS Form 1099 from the financial institution, the owner must adjust the information to project earnings expected for the next 12 months.

   In the case of real estate that is in the process of being foreclosed, satisfactory documentation would be 1) a copy of the most recent property tax statement showing the current market value of the home, and 2) a copy of the most recent mortgage statement or foreclosure notice showing the balance owed.

2. Revocable trusts. Include the cash value of any revocable trust available to the household.

3. Equity in rental property or other capital investment. Include the current fair market value less (a) any unpaid balance on any loans secured by the property; and (b) reasonable costs that would be incurred in selling the asset (i.e., penalties, broker fees, etc.). Note: If the person's main business is real estate, then count any income as business income. Do not count it as an asset and as business income.
   a. Documentation Required: Only the interest portion of the monthly payment received by the tenant is included. For interest income from the sale of real property, if said property was sold on an installment sales contract, request:
      i. A letter from an accountant, attorney, real estate broker, the buyer, or a financial institution stating interest due for the next 12 months. (A copy of the check(s) paid by the buyer to the tenant is NOT sufficient since appropriate breakdowns of interest and principal are not included.); or
ii. Amortization schedule showing interest for the 12 months following the date the purchaser intends taking occupancy.

b. For rental income from property owned by the tenant, request: i. IRS Form 1040 with Schedule E (Rental Income).
   ii. Lease between the tenant and the tenant’s renter.
   iii. Lessee's written statement identifying monthly payments due the tenant and tenant's affidavit as to net income realized.

4. Stocks, bonds, treasury bills, certificates of deposit, money market accounts, mutual funds. Interest or dividends earned are counted as income from assets even when the earnings are reinvested. The value of stocks and other assets vary from one day to another. The value of the asset may go up or down the day before or after income is calculated and multiple times during the year thereafter. The owner may assess the value of these assets at any time after the authorization for the release of information has been received.
   a. Documentation Required: Verification form, Broker's quarterly statements showing value of stocks or bonds and any earnings or dividends, or quotes from a stock broker as to net amount the family or household would receive if they liquidated securities, copy of most recent statement from asset source.

5. Individual retirement and Keogh accounts. These are included when the holder has access to the funds, even though a penalty may be assessed. If the individual is making occasional withdrawals from the account, determine the amount of the asset by using the average balance for the previous six months. (Do not count occasional withdrawals as income.)

6. Retirement (such as 401-k, 403-b) and pension funds. While the person is employed include only amounts the family can withdraw without retiring or terminating employment. Count the whole amount less any penalties or transaction costs. At retirement, termination of employment, or withdrawal, periodic receipts from pension and retirement funds are counted as income. Lump sum receipts from pension and retirement funds are counted as assets. Count the amount as an asset or as income as provided below:
   a. If benefits will be received in a lump sum, include the lump sum receipt as an asset.
   b. If benefits will be received through periodic payments, include the benefits in annual income. Do not count any remaining amounts in the account.
   c. If the individual initially receives a lump sum benefit followed by periodic payments, count the lump sum benefit as an asset and treat the periodic payment as income. In subsequent years, count only the periodic payment as income. Do not count the remaining amount as an asset.
   d. In instances where the applicant/tenant is a retired Federal government employee receiving a pension that is determined by a state court in a divorce,
annulment of marriage, or legal separation proceeding to be a marital asset and the court provides OPM with the appropriate instructions to authorized OPM to provide payment of a portion of the retiree’s pension to a former spouse, that portion to be paid directly to the former spouse is not counted as income for the applicant/tenant. However, where the tenant/applicant is the former spouse of a retired Federal government employee, any amounts received pursuant to a court ordered settlement in connection with a divorce, annulment, of marriage, or legal separation are reflected on a Form-1099 and is counted as income for the applicant/tenant.

7. Cash value of life insurance policies available to the individual before death (i.e., the surrender value of a whole life policy or a universal life policy). It would not include a value for term insurance, which has no cash value to the individual before death.

8. Personal property held as an investment. Include gems, jewelry, coin collections, and antique cars held as an investment. An applicant's wedding ring and other personal jewelry are not considered assets.

9. Lump sum receipts or one-time receipts. These include inheritances, capital gains, one-time lottery winnings, victim's restitution; settlements on insurance claims (including health and accident insurance, worker's compensation and personal or property losses); and any other amounts that are not intended as periodic payments.

10. A mortgage or deed of trust held by an applicant (e.g., contract for deed). Payments on this type of asset are often received as one combined payment of principal and interest with the interest portion counted as income from the asset.

This combined figure needs to be separated into the principal and interest portions of the payment. (This can be done by referring to an amortization schedule that relates to the specific term and interest rate of the mortgage.) To count the actual income for this asset, use the interest portion due, based on the amortization schedule, for the 12-month period following the certification. To count the cash value of this asset, determine the unpaid principal as of the effective date of the certification. Each year this balance will decline as more principal is paid off.

**Household Assets Do Not Include**

- Necessary personal property including clothing, furniture, cars, etc.
- Interests in Indian trust land.
- Term life insurance policies.
- Equity in the cooperative unit in which the family lives.
- Assets that are part of an active business (not including rental of properties that are held as investment and not a main occupation).
• Assets that are not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household, and that other person is responsible for income taxes incurred on income generated by the assets.

• Assets that are not accessible to the applicant and provide no income to the applicant (i.e., a battered spouse owns a house with her husband. Because of the domestic situation, she receives no income from the asset and cannot convert the asset to cash). Nonrevocable trusts are not covered under this paragraph.

**Assets Owned Jointly**- Assets owned by more than one person should be prorated according to the percentage of ownership. If no percentage is specified or provided by state or local law, prorate the assets evenly among all owners.

**Instructions for Valuing Assets** - In computing assets, owners must use the cash value of the asset; that is, the amount the family or household would receive if the asset were converted to cash. Cash value is the market value of the asset minus reasonable costs that were or would be incurred in selling or converting the asset to cash.

Expenses which may be deducted include:

- Penalties for withdrawing funds before maturity;
- Broker/legal fees assessed to sell or convert the asset to cash; and
- Settlement costs for real estate transactions.

For non-liquid assets, enough information should be collected to determine the current cash value: the net amount the family would receive if the asset were converted to cash.

Owners must count assets disposed of for less than fair market value during the two years preceding certification or recertification. The amount counted as an asset is the difference between the cash value and the amount actually received, if the difference is more than $1,000. If a tenant has sold his/her home (either a private residence or rental) or disposed of other assets within the past two years for less than fair market value, request:

- Copies of closing documents (HUD-1, settlement statement) showing the selling price, the distribution of the sales proceeds and the net amount to the tenant.
- Divestiture of Assets Verification identifying the disposed-of asset, the cash value and amount actually received.

If net family/household assets exceed $5,000.00, the annual income must include the greater of:

- The actual income from assets; or
- An imputed income from assets.

Owners must determine estimated asset income by multiplying total net assets by the interest rate
specified by HUD. Until February 1, 2015, the rate was 2 percent (.02). This rate became effective September 29, 1995. Effective February 1, 2015, HUD decreased the rate to .06 percent (.0006), and will publish the amount annually when income limits are published.

Example of Calculating Income from Assets

<table>
<thead>
<tr>
<th>Type of Asset</th>
<th>Cash Value of Asset</th>
<th>Actual Income Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking Account</td>
<td>$300</td>
<td>$0</td>
</tr>
<tr>
<td>Savings Account</td>
<td>2,000</td>
<td>115</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>10,000</td>
<td>986</td>
</tr>
<tr>
<td>Rental Property</td>
<td>15,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$27,300</strong></td>
<td><strong>$1,101</strong></td>
</tr>
</tbody>
</table>

Since total assets exceed $5,000, estimated (imputed) income must be calculated: Total Assets x .02 = $27,300 x .02 = $546. For certifications effective February 1, 2015 and later, the calculation would be $27,300 x .0006 = $16.38.

Annual income must include the $1,101 actual income because it is greater than the estimated (imputed) income received on the assets.

**Dakota County Resident:** An applicant who lives, works, is a full-time student, or has been notified that he or she is hired to work in Dakota County.

**Dependent:** A member of the family household (excluding foster children) other than the family head or spouse or live-in aide, who is under 18 years of age and lives in the household at least 50% of the time.

**Executive Director:** The Executive Director of the CDA.

**Drug Related Criminal Activity:** The illegal manufacture, sale, distribution, use, or possession with intent to manufacture, sell, distribute or use a controlled substance (as defined in Section 102 of the Controlled Substances Act (21 U.S.C. 802)

**Head of the Household:** The head of the household is the person who assumes legal and moral responsibility for the household.

**CDA:** CDA means Dakota County Community Development Agency

**Live-in Aide:** A person who resides with an elderly, disabled, or handicapped person or persons and who:

a. Is determined by the PHA to be essential to the care and well-being of the person(s); and
c. Would not be living in the unit except to provide necessary supportive services.

**LURA:** Land Use Restriction Agreement (document which sets the precedent for the allocation of Tax Credits).

**Net Family Assets:** The net cash value after subtracting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment. In determining net family assets, the CDA shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition of trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefore. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

**Owner:** Each development which the CDA operates in accordance with this plan is owned by a separate limited partnership or LLC.

**Rent:** The term rent, as used herein, unless otherwise specified, shall mean the tenant rent.

**Single Person:** A person not legally married.

**Spouse:** The husband or wife of the head of the household.

**Surcharge:** An additional fee charged to households whose income is above 80% of the Area Median Income (AMI).

**Student:** An individual who attends full-time (for a minimum of five months per calendar year) an educational organization which normally maintains a regular faculty and curriculum. In addition, individuals pursuing a full-time course of institutionally on-farm training under the supervision of an accredited agent of such educational organization, of a state or political subdivision of the state, are also deemed to be full-time students (Reg. 1.151-3(b)).

**Tenant Rent:** The amount payable monthly by the family as rent to the CDA for the use of the dwelling unit and equipment.

**Utilities:** Water, electricity, gas, trash collection, and sewerage services.

**Welfare Assistance:** Welfare or other payments to families or individuals, based on need, that are made under programs funded, separately or jointly, by Federal, State or local governments.
Part II

REASONABLE ACCOMMODATION

Sometimes people with disabilities may need a reasonable accommodation in order to take full advantage of the CDA housing programs and related services. When such accommodations are granted they do not confer special treatment or advantage for the person with a disability; rather, they make the program fully accessible to them in a way that would otherwise not be possible due to their disability. This section clarifies how people can request accommodations and the guidelines the CDA will follow in determining whether it is reasonable to provide a requested accommodation. Because disabilities are not always apparent, the CDA will ensure that all applicants/participants are aware of the opportunity to request reasonable accommodations.

Factor in Granting or Denying the Accommodation

A. Is the requestor a person with disabilities? For this purpose, the definition of disabilities is different than the definition used for admission. The Fair Housing definition used for this purpose is:

A person with a physical or mental impairment that substantially limits one or more major life activities, has a record of such impairment, or is regarded as having such impairment. (The disability may not be apparent to others, i.e., a heart condition).

If the disability is apparent or already documented, the answer to this question is yes. It is possible that the disability for which the accommodation is being requested is a disability other than the apparent disability. If the disability is not apparent or documented, the CDA will obtain verification that the person is a person with a disability.

B. Is the requested accommodation related to the disability? If it is apparent that the request is related to the apparent or documented disability, the answer to this question is yes. If it is not apparent, the CDA will obtain documentation that the requested accommodation is needed due to the disability.

C. Is the requested accommodation reasonable? In order to be determined reasonable, the accommodation must meet two criteria:

1. Would the accommodation constitute a fundamental alteration of the program scope or purpose? The CDA's business is housing. If the request would alter the fundamental business that the CDA conducts, that would not be reasonable. For instance, the CDA would deny a request to have the CDA do grocery shopping for the person with disabilities.
2. Would the requested accommodation create an undue financial hardship or administrative burden? Frequently the requested accommodation costs little or nothing. If the cost would be an undue burden, the CDA may request a meeting with the individual to investigate and consider equally effective alternatives.

Generally, the individual knows best what they need; however, the CDA retains the right to be shown how the requested accommodation enables the individual to access or use the CDA’s programs or services.

If more than one accommodation is equally effective in providing access to the CDA’s programs and services, the CDA retains the right to select the most efficient or economic choice.

All decisions granting or denying requests will be in writing.
Part III

ELIGIBILITY REQUIREMENTS

A. Profile Requirements

All of the units are to be leased to families with children. Therefore, to be eligible for admission, an applicant must qualify as a family. A family consists of:

1. Two or more persons who have a stable family-type relationship; and one or more of such persons is a Dependent; or

2. Two or more persons who have a stable family-type relationship and expecting a child; or

3. A Single Person who is expecting a child.

4. A Single Person residing in a 1-bedroom unit.

B. Income Limits for Admission

To be financially eligible, the applicant's family must provide adequate evidence that the Annual Income (as defined in Part I, Item 1) for the 12-month period following occupancy is not anticipated to exceed 60% of the area median income adjusted by family size and 50% where the LURA sets such restrictions. Income Limits for Admission are set by HUD and updated annually by the CDA.

C. Ability to Pay

CDA will not admit families who are not able to pay the "locally subsidized" rents pursuant to the Schedule of Rents. A family is determined to have the ability to pay if 50% of the families' monthly income is equal to or greater than the applicable "locally subsidized" rent and utilities. Families utilizing a rental subsidy (i.e. Housing Choice Voucher) will be exempted.

D. Other Qualifications

1. CDA policy standards

   In determining whether an applicant is qualified for admission, the CDA shall take into consideration the following policy standards.

   a. That admission to the program should not adversely affect the health, safety, welfare and peaceful enjoyment of other residents and neighbors; and

   b. That admission to the program should not adversely affect the property or physical environment created by the program; and
c. That admission to the program should not threaten the economic stability of the program.

Provided, however, that in doing so the CDA does not warrant or guarantee the result of any background investigation or determination of admission resulting there from.

2. **Factors to be considered**

In determining whether admission of an applicant is consistent with the policy standards described in III. D. 1., above, one or more of the following factors, among others, may be considered.

a. Non-payment of rent, [pattern of late rent payments](#) or utilities, or failure to pay other obligations;

b. Evidence of previous actions causing disturbance to neighbors in or near places of residence;

c. A [pattern of threatening or belligerent communication](#) towards CDA staff;

de. Evidence of previous destruction of property;

df. A documented history of poor housekeeping habits;

ef. Evidence of the following criminal activity: (i) crimes of actual or threatened violence to persons or property, including previous criminal activity or acts of violence committed against CDA employees, property or tenants; (ii) such non-violent crimes relevant to the eligibility determination to be made in accordance with Section III. D. 1.

fg. Is subject to a lifetime registration requirement under any state’s sex offender registration program. CDA staff will conduct a search of all adult members within a household at initial lease up and at annual recertification. The CDA must terminate the lease of a current resident who becomes subject to such registration.

gh. A record of any Drug Related Criminal Activity, as described in the Crime and Drug Free Housing Addendum to the CDA lease, or the allowance of drugs upon CDA property in contravention of Minnesota Statutes, Section 504.181;

hi. A record of lease violations or Section 8 program violations and/or excessive damages; and

ij. A record of conviction, termination for fraud, or evidence of a pending investigation for fraudulent activity against any federal, state or local housing
assistance program, income assistance programs or private financial institution.

ik. Misrepresentation of information submitted to the CDA for purposes of determining preference of eligibility.

In considering the above-described factors, the CDA may also consider the nature and seriousness of the risk of admission to CDA tenants and property.

Any applicant determined to be ineligible shall be promptly notified by the CDA in writing, stating the reasons for such determination; provided, however, that unless the applicant can show that information relied upon by the CDA was incorrect, the CDA's determination of ineligibility shall, for all purposes, be final.

3. **Information Sources to be Used**

In investigating, reviewing and determining eligibility for admission, the CDA shall rely upon sources of information which may include, among others, CDA records, home visits and personal interviews with the applicant, credit checks, previous landlords, employers, family social workers, parole officers, clinics and physicians. Criminal records may be obtained from the Federal Bureau of Investigation, the Minnesota Bureau of Criminal Apprehension, county sheriffs, local chiefs of police or any other entity with access to local, state, and national criminal record repositories.

E. **Eligibility for Continued Occupancy (Annual Re-examinations)**

Eligibility for continued occupancy shall be determined for all tenants at their anniversary date once each year in accordance with established re-examination schedule. To be eligible for continued occupancy, the tenant must meet the requirements listed in Part VII, Item C.
Part IV

TENANT SELECTION AND ASSIGNMENT POLICIES

The Tenant Selection and Assignment Policies have been designed by the CDA to take into consideration the needs of individual families for housing and the statutory purpose in developing and operating a socially and financially sound housing program which provides a decent home and suitable living environment and fosters economic and social diversity in the tenant body as a whole.

A. Non-Discrimination Clause

The CDA shall not discriminate against any applicant because of race, color, creed, religion, sex, national origin, sex, marital status, familial status, disability, sexual orientation, and status with regards to public assistance.

B. Tenant Selection and Assignment Plan

Each applicant shall be assigned his/her appropriate place on the waiting list in sequence based upon date and time the application is received, suitable type or size of unit, and factors affecting preference established by the CDA.

When applying for the Family Housing Partnership Program and/or LLC Program, applicants may select the number of bedrooms they wish to apply for as long as they fall within the occupancy standards (Page 24). Applicants are allowed to apply for a maximum of four (4) developments. At a given time, the applicant first on the waiting list shall be offered a dwelling unit in accordance with the following plan:

1. If at the time the eligible applicant comes to the top of the waiting list and a unit is available, the applicant must accept the vacancy offered or be removed from the waiting list.

2. If the applicant is willing to accept the unit offered but is unable to move at the time of the offer, and presents clear evidence of his/her inability to move to the CDA's satisfaction, refusal of the offer shall be considered to be an allowable refusal and the applicant's name shall be by-passed on the waiting list. The CDA only considers a current health condition as a “allowable refusal”.

3. Once an applicant accepts a unit offered to them by the CDA, the applicant’s name will be removed from all other waiting lists.

4. 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 Property Management Department without further notice.
C. Preference Factors in the Selection of Tenants for Family Townhome Program

Within each preference factor as described, applicants will be placed on the waiting list and offered units according to date and time of application. The CDA, in selecting eligible applicants to fill vacancies, shall give consideration to the following factors in the order shown (also taken into consideration will be any restrictions required by the developments LURA):

1. Applicants who are currently CDA Public Housing, Senior Housing, or Lincoln Place tenants in good standing whom are income eligible and the CDA has determined a transfer to a Family Partnership unit is warranted for reasons of hardship, disability, family size change, or other business reasons which cannot be readily accommodated under the Public Housing, Senior Housing, or Youth Supportive Housing program, as determined by the CDA Director of Property Management.

2. A Dakota County applicant whose income falls below 50% of area median income. The CDA will offer a preference to any family who are Dakota County residents or have community roots. 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:
     o Copy of lease
     o Paystub, including the name and address of the applicant and employer
     o Statement from an educational institution, including enrollment dates and status (part-time or full-time)
     o Verification from Dakota County Employment and Economic Assistance, including assistance dates and type of assistance received (MFIP, General Assistance, SNAP, etc.)
     o Copy of natural gas, electric, water/sewer, or garbage bill with the applicants name and address.

3. A Dakota County applicant whose income falls below 60% of area median income. The CDA will offer a preference to any family who are Dakota County residents or have community roots. 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:
     o Copy of lease
     o Paystub, including the name and address of the applicant and employer
     o Statement from an educational institution, including enrollment dates and status (part-time or full-time)
4. A non-Dakota County applicant whose income falls below 50% of area median income.

5. A non-Dakota County applicant whose income falls below 60% of area median income.

D. Preference Factors in the Selection of Tenants for Limited Liability Corporation (LLC) developments

Within each preference factor as described, applicants will be placed on the waiting list and offered units according to date and time of application. The CDA in selecting eligible applicants to fill vacancies shall give consideration to the following factors in the order shown (also taken into consideration will be any restrictions required by the developments LURA):

1. Where an LLC has a current vacancy, the CDA will hold open one unit per LLC to receive a referral from Coordinated Entry and/or Family Unification Program (FUP) for a family experiencing homelessness. Such referral will need to be received by the CDA within 15 days from Dakota County Social Services being notified by the CDA of vacancy. Referral must still meet all eligibility criteria set forth within policy. If such referral does not meet eligibility, the CDA will move on to the next applicant household on the CDA LLC waiting list to fill the vacancy. Only one unit per LLC development will be filled through this process.

2. Applicants who are currently CDA Public Housing, Senior Housing, or Lincoln Place tenants in good standing whom are income eligible and the CDA has determined a transfer to a Family Partnership unit is warranted for reasons of hardship, disability, family size change, or other business reasons which cannot be readily accommodated under the Public Housing, Senior Housing, or Youth Supportive Housing program, as determined by the CDA Director of Property Management.

3. A Dakota County applicant whose income falls below 50% of area median income.

   The CDA will offer a preference to any family who are Dakota County residents or have community roots. 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
o Paystub, including the name and address of the applicant and employer
o Statement from an educational institution, including enrollment dates and status (part-time or full-time)
o Verification from Dakota County Employment and Economic Assistance, including assistance dates and type of assistance received (MFIP, General Assistance, SNAP, etc.)
o Copy of natural gas, electric, water/sewer, or garbage bill with the applicant's name and address.

4. Dakota County applicant whose income falls below 60% of area median income.

   The CDA will offer a preference to any family who are Dakota County residents or have community roots. Community roots are 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:
   o Copy of lease
   o Paystub, including the name and address of the applicant and employer
   o Statement from an educational institution, including enrollment dates and status (part-time or full-time)
   o Verification from Dakota County Employment and Economic Assistance, including assistance dates and type of assistance received (MFIP, General Assistance, SNAP, etc.)
   o Copy of natural gas, electric, water/sewer, or garbage bill with the applicant’s name and address.

5. A non-Dakota County applicant whose income falls below 50% of area median income.

6. A non-Dakota County applicant whose income falls below 60% of area median income.

D. **Initial Occupancy Tenant Qualifications**

   At initial occupancy, the CDA will provide:

   1. That all of the units (100%) are occupied by families which contain at least one individual who is under eighteen (18) years of age, and is also not a head or co-head of the household, married, or a live-in attendant; (with the exception of 1-bedroom units where occupancy allows for a single person household) and

   2. All of the units (100%) are occupied by families which have a gross family income of less than sixty percent (60%) of the county or State of Minnesota non-Metro median income, whichever is greater, as defined by the United States Department of Housing and Urban Development, except when the LURA restricts occupancy to 50% of the area median income.
E. Reassignment or Transfers to Other Dwelling Units

Reassignment or transfers to other dwelling units shall be made without regard to race, color, creed, religion, sex, national origin, sex, marital status, familial status, disability, sexual orientation, and status with regards to public assistance as follows:

1. Tenants shall not be transferred to a dwelling unit of equal size within a project, except for alleviating hardships as determined by the Executive Director or his/her designee.

2. Transfers shall be made to correct over-crowding or under-utilization of a unit in accordance with the occupancy standards if an appropriate size dwelling unit becomes available within 12 months of the change in the household composition. If the appropriate size unit does not become available within 12 months, the tenant will be given a notice to vacate.

3. In accordance with the Occupancy Standards tenants may request to be put on the waiting list for a different bedroom size in the project the tenant resides in, if they are eligible for that unit size. This application will be based on date and time of application and will only be accepted when the waiting lists are open to the general public.

4. If it is determined that a tenant is in need of a handicapped accessible unit, the tenant will be transferred at no cost to the tenant. Transfers of this type will take precedence over new admissions.
Part V

SCHEDULE OF RENTS AND RENT COLLECTION POLICY

A. Schedule of Rents

The Tenant Rent for the CDA Family Housing Program and LLC developments establishes the level of rent the family is to pay. For all families the Tenant Rent will be the applicable rent limits for the federal low-income tax credits less the utility allowance. Tenants residing in Dakota County CDA’s Family Housing Program or in an LLC development may participate in a local subsidy program offered by Dakota County CDA if they do not participate in the Federal Section 8 Rental Assistance program. For all families participating in the local subsidy program, the current Total Tenant Payments are updated annually to reflect current tax credit rent limits. The CDA’s Executive Director uses these annual limits set forth by the IRS to determine the CDA’s local subsidy rents in both the Family Partnerships and the Limited Liability Corporation (LLC) developments.

At annual recertification, families whose gross income exceeds 80% AMI annually are charged an additional surcharge per month above the applicable subsidized rent amount. This applies to all Family Partnership Developments and LLC’s unless further funding restrictions apply. The table below indicates the surcharge amounts. Household’s receiving assistance under the Housing Choice Voucher program are exempt from this surcharge as the Voucher program determines their tenant rent.

<table>
<thead>
<tr>
<th>Household AMI</th>
<th>Surcharge Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>80% - 99% AMI</td>
<td>$200.00</td>
</tr>
<tr>
<td>100% - 119% AMI</td>
<td>$300.00</td>
</tr>
<tr>
<td>120%+AMI</td>
<td>$400.00</td>
</tr>
</tbody>
</table>

B. Rent Collection Policy

1. Rents are due and payable on or before the first day of each month. Rents and other charges shall not be accepted in cash.

2. A Termination Notice for non-payment of rent will be sent to all tenants whose rent has not been paid in full by the 5th day of the month. A Late Rent Fee of 8% of overdue rent (with a maximum late fee of $40.00) will be charged in all instances where rent payment is not received by the 5th day of the month.

3. After the expiration of the notice to vacate, Eviction Action documents shall be prepared for any account still having a rent balance owing. The documents will then be presented to the Clerk of Court for filing. The Clerk of Court will assign a date, at least 7 days from the date of filing, for the Court hearing. Partial payment will not be accepted.

4. Receipt of a "Not Sufficient Funds" (NSF) check will be considered non-payment of rent and procedures outlined above will apply, including assessment of a late fee.
equaling 8% of overdue rent (with a maximum late fee of $40.00) if acceptable payment is not received by the 5th day of the month. An additional $20.00 NSF charge will be assessed.

5. A termination notice will be sent to those tenants where an eviction action has been filed on them three or more times in a twelve-month period.
Part VI

ADDITIONAL CHARGES

A. Security Deposit

Each resident is required to pay a security deposit. The amount of the security deposit is equal to one month’s gross rent. Such payment must be made prior to occupancy. The security deposit will be held until the resident lease end date and will be returned according to Minnesota Landlord and Tenant Statute Chapter 504.20, Subdivision 7A:

The security deposit may not be used to pay charges during occupancy. As stated above, the amount of security deposit shall be equal to one month's gross rent. For those participants utilizing a Housing Choice Voucher, a security deposit equal to one month’s rent for the Family Townhome/LLC program will be required, as set forth annually by the Property Management department.
Part VII

RE-EXAMINATION OF TENANT ELIGIBILITY AND RENTAL ADJUSTMENTS

A. As required by the law, the CDA will annually re-examine the status of each tenant family relating to eligibility for continued occupancy, the rent charge, and the size of the unit required. Such re-examination shall be made at least once each occupancy year.

B. The CDA shall require a written Application for Continued Occupancy from each family, signed by the head of the family and any other member of household 18 years of age or older which will set forth in detail all data and information necessary to determine: (1) whether the family meets the requirements of eligibility for continued occupancy, (2) the rent to be charged, and (3) the size of the unit required.

C. Tenants, at the time of application for continued occupancy, will be deemed ineligible by failure to meet any of the following:

1. Tenants who are ineligible because of their breach of lease clauses shall be so advised in writing and their leases terminated pursuant to the terms and conditions of the lease.

2. If, at any time, the tenant is ineligible due to over-crowding or under-utilization of the unit in accordance with the Occupancy Standards, the CDA will require the family to move within 12 months if the appropriate size dwelling unit does not become available.

3. If the family composition changes such that there is no longer a Dependent, or former Dependent who is 21 years of age or younger living in the unit, the family may be transferred to the next available unit in other CDA housing programs that they qualify for. All transfers must meet eligibility criteria or will be given notice to vacate at the end of their lease term.

4. Tenants whom are now subject to a lifetime registration requirement under the State sex offender registration program. All household members will be searched for on the Sex Offender Registry website annually.

D. Income will be reviewed each year at the time the annual re-examination by submitting each household members most recent tax return documents to determine eligibility for continued occupancy unless other funding sources require third party verification of income and assets. If, upon such review, it is found that the rent being charged no longer conforms to the approved rent schedule, the rent will be adjusted accordingly and the new rent will be effective on the annual lease date.

E. An addition of a person in the unit requires the CDA's advance review and written approval of the family's continued eligibility. The CDA will not approve the addition of a person to the unit within the first six months of occupancy if that additional person's income, together
with the tenant's family income at admissions would have resulted in the family being ineligible for admission.

F. When any of the following circumstances occur, rent and income will be reviewed and rent adjusted in accordance with the Schedule of Rents.

1. Household Annual Income decreases to below 680% AMI maximum income adjusted for family size as determined annually by HUD.

2. An addition of a person in the unit, which also requires the CDA's review and approval of the family's continued eligibility.

3. There is a change in CDA policy or state or federal regulations which would require a rent review.

The CDA will only perform one special rent and income review in an annual lease term due to reductions in income. No event shall rent be reduced below the minimum rents listed in the Schedule of Rents.

Increases in rent resulting from rent reviews are to be effective on the anniversary date of the lease, with the exception that if the increase is a direct result of adding an additional member to the household, the increase will take effect the first day of the following month after the change. Decreases in rent are to be effective the first day of the month following report and verification of the change.

G. If it has been determined that a tenant has misrepresented to Management the facts upon which the rent is based, so that the rent paid is less than should have been charged, then the increase in rent shall be made retroactive to the date the change should have been made. If Management determines that the tenant has gained admission or remained in occupancy in the CDA's project through the tenant's willful misrepresentation of income, assets, or family composition, Management may notify the tenant that the tenant has 30 days to find other housing and vacate the leased premises. Restitution of the difference must be paid in full within a time limit determined by the CDA.

H. If management determines that a tenant intentionally or deliberately misrepresented his/her income, assets, or family composition, the tenant will be given notice of eviction at the time the misrepresentation is discovered; whether the tenant is or is not eligible at the time the misrepresentation is discovered.
Part VIII

VERIFICATION OF APPLICANT’S STATEMENTS AND INCOME

All preference, income, and asset information for admission and continued occupancy will be verified by the CDA. Written inquiries will include a statement of the purpose of the inquiry and a statement signed by the applicant to permit the source to release information.

When an applicant or tenant reports annual income that appears to be less than adequate for the family's needs, or if the family appears to be eligible for income that is not reported to be received, (i.e., MFIP, welfare, unemployment compensation, child support, etc.) the absence of such income will be verified.

All verifications will be obtained within 120 days of initial lease date and for all subsequent reexaminations to ensure that current and accurate data are being used in calculating rents and eligibility.

Tenant files will contain documentation of all verifications.

A. Applicants/tenants must furnish verification or provide authorization for the CDA to obtain verification from a third party of all statements regarding income and assets. Certification by signing the Application for Admission or the Application for Continued Occupancy will normally be considered sufficient verification for family composition.

B. All income and assets will be verified at the time of admission and at each subsequent reexamination. Income will be verified in writing by a third party. If third party written verification is not possible, a review of documentation provided by the family such as benefit checks, income tax returns, benefit award letters, savings and checking account statements, estimated market value of real estate from tax statements, United States savings bond redemption values, and other supporting documents may be accepted. In cases where third party verification is not possible, the CDA will document the reason why another method was used. (United States Treasury checks will not be photocopied).

C. The following statements will also be verified and documented in the tenant file:

1. Age of family members when the sole factor determining eligibility is age.

2. Non-economic selection criteria when information provides the basis for denial of eligibility based on the past conduct of the applicant or members of his or her family. (See Part III - eligibility requirements.)
Part IX

OCCUPANCY STANDARDS

In no event should waiver action be taken to assign smaller units to families than established in the following maximums:

In determining unit size, the following criteria will be used:

1. Spouses, co-heads (couples) and related adults of the same sex will be required to share a bedroom.

2. Children of the same sex will be required to share a bedroom

3. No more than two persons shall occupy the same bedroom.

4. Children of opposite sexes, persons of different generations and unrelated adults may, but would not be required to share a bedroom.

The relationship, age, sex, health and handicap of the members of the family shall be taken into consideration in assigning unit sizes.

These principles result in the following standards:

<table>
<thead>
<tr>
<th>Number of Bedrooms</th>
<th>Minimum Number of Persons</th>
<th>Maximum Number of Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
</tbody>
</table>

Within these limits, families will be allowed to choose the unit size that best meets their family composition.
Part X

COMPANION/SERVICE ANIMAL POLICY

This section applies to residents who have an authorized companion/service animal.

1. Wild, undomesticated, vicious, destructive, or uncontrollable animals of any type shall not be permitted.
2. Residents with an authorized animal will receive a copy of the CDA’s animal rules.
3. The head of household will sign an authorized animal lease addendum.
4. Any damages caused by the authorized animal will be the responsibility of the resident.
5. All animals will be spayed or neutered and resident will provide proper documentation to the CDA.
6. All cats will have their front paws declawed unless the veterinarian deems it unhealthy for the animal, in such cases, nail caps will be required.
7. The resident will provide documentation upon receiving the animal and each year thereafter of the animal’s rabies vaccination.
8. The animal will be licensed with the city (if required by that city).
9. Resident agrees to supply the CDA with at least 2 alternate households where the animal can be cared for in the event of an emergency. These households cannot be participants in CDA rental programs.
Part XI

LEASING

A. Prior to admission, a lease shall be signed by the family head and, if applicable, any other member household 18 years of age and older and executed by the CDA.

B. The lease is to be current at all times and must be compatible with CDA policies as well as state and federal law.

C. Notices of Rent Adjustments which are issued to amend the dwelling lease need only be signed by the CDA.

D. Any modifications of the lease must be accomplished by a written rider to the lease signed by the CDA.
Part XII

LEASE TERMINATIONS

A. The tenant may terminate the lease by providing the CDA with sixty days written notice as defined in the lease agreement.

B. The lease may be terminated by the CDA at any time by giving a written notice for good cause such as, but not limited to, chronic rent delinquency, failure to pay service charges, serious or repeated interference with the rights of other tenants or neighbors, serious or repeated damage to the lease premises, creation of physical or health hazards, failure to fulfill tenant obligations set forth in the lease, or for serious or repeated violations of the terms of the lease, violation of Federal, State or local law, or for other good cause.

If the CDA terminates the lease, written notice will be given as follows:

1. In the case of failure to pay rent Part V, Section B, 3 will be applicable.

2. A reasonable time prior to termination commensurate with the urgency of the situation in the case of creation or maintenance of a threat to the health or safety of other tenants or CDA employees or the safety of the premises.

3. At least thirty (30) days prior to termination in all other cases.
PART XIII

VIOLENCE AGAINST WOMEN ACT (VAWA): NOTIFICATION, DOCUMENTATION, AND CONFIDENTIALITY

OVERVIEW
The Violence against Women Act of 2013 (VAWA) provides special protections for victims of domestic violence, dating violence, sexual assault and stalking who are applying for or receiving assistance under the Family Housing Program and Limited Liability Corporation housing program. If state or local laws provide greater protection for such victims, those laws apply in conjunction with VAWA.

In addition to definitions of key terms used in VAWA, this part contains general VAWA requirements and CDA policies in three areas: notification, documentation and confidentiality. Specific VAWA requirements and CDA policies are located primarily in the following sections: C, D & E below. Family Breakup and Remaining Member of Tenant Family, Prohibition against denial of Assistance to Victims of Domestic Violence, Dating Violence, and Stalking, “Allowable Moves”, “Restrictions on Moves”, “Termination Related to Domestic Violence, Dating Violence, or Stalking” and “Termination Notice.”

DEFINITIONS [24 CRF 5.2003, 42 USC 13925]
As used in VAWA:

- The term bifurcate means, with respect to a family housing lease or limited liability corporation housing lease, to divide a lease as a matter of law such that certain tenants can be evicted or removed while the remaining family members’ lease and occupancy rights are allowed to remain intact.
- The term dating violence means violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim; and where the existence of such a relationship shall be determined based on a consideration of the following factors:
  - The length of the relationship
  - The type of relationship
  - The frequency of interaction between the person involved in the relationship
- The term domestic violence includes felony or misdemeanor crimes of violence committed by a current or former spouse or intimate partner of the victim, by a person with or has cohabitated with the victim as a spouse or intimate partner, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against and adult or youth victim who is protected from that person’s acts under the domestic or family violence laws of the jurisdiction.
The term affiliated means, with respect to a person:
- A spouse, parent, brother or sister, or child of that individual, or and
  individual to whom the individual stands in the position or place of a
  parent or
- Any other person individual, tenant, or lawful occupant living in the
  household of the victim of domestic violence, dating violence, sexual
  assault or stalking.

The term sexual assault means:
- A nonconsensual sexual act proscribed by federal, tribal, or state law,
  including when the victim lacks the capacity to consent.

The term stalking means:
- To engage in a course of conduct directed at a specific person that would
  cause a reasonable person to fear for his or her safety or the safety of
  others, or suffer substantial emotional distress.

A. NOTIFICATION [24 CFR 5.2005(a)]

Notification to Public
The CDA adopts the following policy to help ensure that all actual and potential
beneficiaries of the Family Housing program and Limited Liability Housing program are
aware of their rights under VAWA.

CDA Policy
The CDA will post the following information regarding VAWA in its offices and on its
website. It will also provide information readily available to anyone who request it.

- A notice of occupancy rights under VAWA to Family Housing or Limited
  Liability Corporation Housing applicants and participants who are or have been
  victims of domestic violence, dating violence, sexual assault, or stalking (Form
  HUD 5380, see Exhibit I)
- A copy of form HUD-5382 Certification of Domestic Violence, Dating Violence,
  Sexual Assault, or Stalking and Alternate Documentation (see Exhibit II)
- A copy of the CDA emergency transfer plan (Exhibit III)
- A copy of HUD’s Emergency Transfer Request for Certain Victims of Domestic
  Violence, Dating Violence, Dating Violence, Sexual Assault, or Stalking, Form
  HUD-5383 (Exhibit IX)
- The National Domestic Violence Hot Line: 1-800-799-SAFE (7233) or 1-800-
  787-3224 (TTY) (included in Exhibits I and II)
- Contact information for local victim advocacy groups or services providers
Notification to Program Applicants and Participants [24 CFR 5.2005 (a) (1)]
The CDA is required to inform program applicants and participants of their rights under VAWA, including their right to confidentiality and the limits thereof, when they are denied assistance, when they are admitted to the program, and when they are notified of an eviction or termination of housing benefits.

CDA Policy
The CDA will provide all applicants with information about VAWA at the time they request an application for housing. The CDA will also include information about VAWA in all notices of denial of for CDA Family Housing or Limited Liability Corporation Housing programs.

The CDA will provide all participants with information about VAWA at the time of admission and at annual reexamination. The CDA will also include information about VAWA in notices of termination of housing.

B. DOCUMENTATION [24 CFR 5.2007]
The CDA presented with a claim for initial or continued occupancy based on status as a victim of domestic violence, dating violence, sexual assault, stalking, or criminal activity related to any of these forms of abuse may but is not required to request that the individual making the claim document the abuse. Any request of documentation must be in writing, and the individual will be allowed 14 business days after the receipt of the request to submit the documentation. The CDA will grant an extension of an additional 10 business days at the applicant/tenant’s written request.

The applicant/tenant may satisfy the CDA’s request by providing any one of the following three forms of documentation:

- A completed and signed HUD form 5382, Certification of Domestic Violence, Dating Violence, Sexual Assault or Stalking, which must include the name of the perpetrator only if the name of the perpetrator is safe to provide and is known to the victim.

- A federal, state, tribal, territorial, or local police report or court record, or an administrative record.

- Documentation signed by a person who has assisted the victim in addressing domestic violence, dating violence, sexual assault or stalking, or the effect of such abuse. This person may be an employee, agent, or volunteer of a victim service provider; an attorney; a mental health professional; or a medical professional. The person signing the documentation must attest under penalty of perjury to the person’s belief that the incidents in question are bona fide incidents of abuse. The victim must also sign the documentation.
The CDA may not require third party document (forms 2 and 3) in addition to certification (form 1), except as specified below under “Conflicting Documentation” nor may it require certification in addition to third-party documentation.

**CDA Policy**
Any request for documentation of domestic violence, dating violence, sexual assault or stalking will be in writing, will specify a deadline of 14 business days following receipt of the request, will describe the three forms of acceptable documentation, will provide explicit instructions on where and to whom the documentation must be submitted, and will state the consequences of failure to submit the documentation or request an extension in writing by the deadline.

The CDA may, in its discretion, extend the deadline for an additional 10 business days. Any extensions granted by the CDA will be in writing.

**Conflicting Documentation [24 CFR 5.2007(e)]**
In cases where the CDA receives conflicting certification documents from two or more members of a household, each claiming to be a victim and naming one or more of the other petitioning household members as the perpetrator, the CDA may determine which is the true victim by requiring each to provide acceptable third party documentation as described above (forms 2 and 3) within 30 calendar days of the date of the request for third party documentation. The CDA must honor any court orders issued to protect the victim or to address the distribution of property.

**CDA Policy**
If presented with conflicting certification documents (two or more forms HUD 5382) from members of the same household, the CDA will attempt to determine which is the true victim by requiring each of them to provide third-party documentation in accordance with 24 CFR 5.2007(e) and by the following any HUD guidance on how such determinations should be made. The family will have 30 calendar days from the date of the request by the CDA to provide this documentation.

**Discretion to Require No Formal Documentation 24 CFR 5.2007(d)**
The CDA has the discretion to provide benefits to an individual based solely on the individual’s statement or other corroborating evidence i.e.: without requiring formal documentation of abuse in accordance with 24 CFR 5.2007(b).

**CDA Policy**
If the CDA accepts an individual’s statement or other corroborating evidence of domestic violence, dating violence, sexual assault or stalking, the CDA will document acceptance of the statement or evidence in the individuals file.

**Failure to Provide Documentation [24 CFR 5.2007(c)]**
In order to deny relief for protection under VAWA, the CDA must provide the individual requesting relief with a written request for documentation of abuse. If the individual fails to provide the documentation within 14 business days from the date of receipt, or such longer time that the CDA may allow, the CDA may deny relief for protection under VAWA.
C. CONFIDENTIALITY [24 CFR 5.2007 (b)(4)]

All information provided to the CDA regarding domestic violence, dating violence, sexual assault or stalking, including the fact that an individual is a victim of such violence or stalking, must be retained in confidence. This means that the CDA (1) may not enter the information into any shared data base, (2) may not allow employees or others to access the information unless they are explicitly authorized to do so and have a need to know the information for purposes of their work and (3) may not provide the information to any other entity or individual, except to the extent that the disclosure is (a) requested or consented to by the individual in writing, (b) required for use in an eviction proceedings, or (c) otherwise required by applicable law.

CDA Policy
If disclosure is required for use in an eviction proceeding or is otherwise required by applicable law, the CDA will inform the victim before disclosure occurs so that safety risks can be identified and addressed.

MINNESOTA STATUTES 2016
The state of Minnesota also imposes laws and or statues to protect applicants and tenants whom are victims of domestic violence, dating violence, sexual assault and stalking.

Minnesota Statute 504B.206 RIGHT OF VICTIMS OF VIOLENCE TO TERMINATE LEASE

Subdivision 1. Right to terminate: procedure.

a) A tenant to a residential lease may terminate a lease agreement in the manner provided in this section without penalty or liability, if the tenant or another authorized occupant fears imminent violence after being subjected to:

1. Domestic Abuse, as the term is defined under section 518B.01 subdivision 2;
2. Criminal Sexual Conduct under section 609.342 to 609.3451; or
3. Stalking, as that term is defined under section 609.749, subdivision 1

b) The tenant must provide signed and dated advance written notice to the landlord;

1. Stating the tenant fears imminent violence from a person as indicated in a qualifying document against the tenant or an authorized occupant if the tenant or authorized occupant remains in the leased properties;
2. Stating the tenant needs to terminate the tenancy;
3. Providing the date by which the tenant will vacate; and
4. Providing a written instructions for the disposition of any remaining personal property in accordance with section 504AB.271
c) The written notice must be delivered before the termination of the tenancy by mail, fax or in person, and be accompanied by a qualifying document.

d) The landlord may request that the tenant disclose the name of the perpetrator and, if a request is made, inform the tenant that the landlords seeks disclosure to protect other tenants in the building. The tenant may decline to provide the name of the perpetrator for safety reasons. Disclosure shall not be a precondition of terminating the lease.

e) The tenancy terminates, including the right of possession of the premises, as provided in subdivision 3.

Subdivision 2. Treatment of Information

a) A landlord must not disclose;
   1. Any information provided to the landlord by a tenant in the written notice required under subdivision 1, paragraph b);
   2. Any information contained in the qualifying document;
   3. The address or location to which the tenant has relocated; or
   4. The status of the tenant as a victim of violence.

b) The information referenced in paragraph a must not be entered into any shared database or provided to any person or entity but may be used when required as evidence in an eviction proceeding, action for unpaid rent or damages arising out of the tenant, claims under section 504B.178, with consent of the tenant, or as otherwise required by law.

Subdivision 3. Liability for Rent; Termination of Tenancy

a) A tenant who is a sole tenant and is terminating a lease under subdivision 1 is responsible for the rent payment for the full month in which the tenancy terminates. The tenant forfeits all claims for the return of the security deposit under section 504B.178 and is relieved of any other contractual obligation for payment of rent or any other charges for the remaining term of the lease, except as provided in this section. In a sole tenancy, the tenancy terminates on the date specified in the notice provided to the landlord as required under subdivision 1.

b) In a tenancy with multiple tenants, one of whom is terminating the lease under subdivision 1, any lease governing all tenants is terminated at the latter of the end of the month or the end of the rent interval in which one tenant terminates the lease under subdivision 1. All tenants are responsible for the rent payment for the full month in which the tenancy terminates. Upon termination, all tenants forfeit all claims for the return of the security deposit under section 504B.178 and are relieved of any other contractual obligation for payment of rent or any other charges for the remaining term of the lease, except as provided in this section. Any tenant whose tenancy was terminated under this paragraph may reapply to enter into a new lease with the landlord.
c) This section does not affect a tenant’s liability for delinquent, unpaid rent or other amounts owed to the landlord before the lease was terminated by the tenant under this section.

Subdivision 4. [Repealed by amendment, 2014 c 188 s 2]

Subdivision 5. Waiver prohibited.
A residential tenant may not waive, and a landlord may not require the residential tenant to waive, the tenant’s rights under this section.

For purposes of this section, the following terms have the meaning given:
1) “court official” means a judge, referee, court administrator, prosecutor, probation officer, or victim’s advocate, whether employed by or under contract with the court, who is authorized to act on behalf of the court;
2) “qualified third party” means a person, acting in an official capacity, who has had in-person contact with the tenant and is:
   i. A licensed health care professional operating within the scope of the license;
   ii. A domestic abuse advocate, as that term is defined in section 595.02, subdivision 1, paragraph (I)
   iii. A sexual assault counselor, as that term is defined in section 595.02, subdivision 1 paragraph (k)
3) “qualified document” means:
   i. A valid order for protection issued chapter 518B;
   ii. A no contact order currently in effect, issued under section 629.75 or chapter 609;
   iii. A writing produced and signed by a court official, acting in an official capacity, documenting that the tenant or authorized occupant is a victim of domestic abuse, as that is defined under section 518B.01, subdivision 2, criminal sexual conduct, under sections 609.342 to 609.3451, or stalking as that term is defined under section 609.749, subdivision 1, and naming the perpetrator, if known;
   iv. A writing produced and signed by a city, county, state, or tribal law enforcement official, acting in an official capacity, documenting that the tenant or authorized occupant is a victim of domestic abuse, as that term is defined under section 518B.01, subdivision 2, criminal sexual conduct, under sections 609.342 to 609.3451, or stalking, as that term is defined under section 609.749, subdivision 1, and naming the perpetrator, if known; or
   v. A statement by a qualified third party, in the following form:
STATEMENT BY QUALIFIED THIRD PARTY

I, ____________________________ (name of qualified third party), do hereby verify as follows:

1. I am a licensed health care professional, domestic abuse advocate, as that term is defined in section 595.02, subdivision 1, paragraph (1), or sexual assault counselor, as that term is defined in section 595.02, subdivision 1, paragraph (k), who has had in-person contact with ____________________________ (name of victim(s)).

2. I have a reasonable basis to believe ____________________________ (name of victim(s)) is a victim/are victims of domestic abuse, criminal sexual conduct, or stalking and fear(s) imminent violence against the individual or authorized occupant if the individual remains or individuals remain in the leased premises.

3. I understand that the person(s) listed above may use this document as a basis for gaining a release from this lease.

I attest that the foregoing is true and correct.

_____________________________________
(Printed name of qualified third party)

_____________________________________
(Signature of qualified third party)

________________________________________________________________________
(Business address and business phone number)
Adoption Of 2020 CDA Board Of Commissioners Meeting Dates

<table>
<thead>
<tr>
<th>Fiscal/FTE Impact:</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ None</td>
</tr>
<tr>
<td>☐ Amount included in current budget</td>
</tr>
<tr>
<td>☐ Budget amendment requested</td>
</tr>
<tr>
<td>☐ FTE included in current complement</td>
</tr>
<tr>
<td>☐ New FTE(s) requested</td>
</tr>
<tr>
<td>☐ Other:</td>
</tr>
</tbody>
</table>

### PURPOSE/ACTION REQUESTED
- Approve 2020 CDA Board of Commissioners monthly meeting dates.

### SUMMARY
Upon review of calendars, including coordination with Dakota County and Commissioner commitments to other Boards and Committees, it is recommended that the monthly CDA Board meetings for 2020 be held as follows:

- Tuesday, January 14, 2020*
  *Annual Meeting at 3:15 p.m.; regular meeting at 3:30 p.m.
- Tuesday, February 11, 2020
- Tuesday, March 17, 2020
  **CDA Board Budget Workshop beginning at 2 p.m.; regular meeting at 3:30 p.m.
- Tuesday, April 21, 2020
- Tuesday, May 12, 2020
- Tuesday, June 16, 2020
- Tuesday, July 14, 2020
- Tuesday, August 18, 2020
- Tuesday, September 15, 2020
- Tuesday, October 20, 2020
- Tuesday, November 17, 2020
- Tuesday, December 15, 2020

Regular meetings will begin at 3:30 p.m. All meetings will be held at the CDA’s office located at 1228 Town Centre Drive in Eagan.

### RECOMMENDATION
CDA staff recommends adoption of the above calendar for 2020.

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

Adoption Of 2020 CDA Board Of Commissioners Meeting Dates

NOW, THEREFORE, BE IT RESOLVED, That the Dakota County Community Development Agency Board of Commissioners hereby adopts the following 2020 meeting schedule:

- Tuesday, January 14, 2020 – Annual Meeting at 3:15 p.m.; Regular Meeting at 3:30 p.m.
- Tuesday, February 11, 2020 – Regular Meeting at 3:30 p.m.
- Tuesday, March 17, 2020 – Budget Workshop at 2:00 p.m.; Regular Meeting at 3:30 p.m.
- Tuesday, April 21, 2020 – Regular Meeting at 3:30 p.m.
- Tuesday, May 12, 2020 – Regular Meeting at 3:30 p.m.
- Tuesday, June 16, 2020 – Regular Meeting at 3:30 p.m.
- Tuesday, July 14, 2020 – Regular Meeting at 3:30 p.m.
- Tuesday, August 18, 2020 – Regular Meeting at 3:30 p.m.
- Tuesday, September 15, 2020 – Regular Meeting at 3:30 p.m.
- Tuesday, October 20, 2020 – Regular Meeting at 3:30 p.m.
- Tuesday, November 17, 2020 – Regular Meeting at 3:30 p.m.
- Tuesday, December 15, 2020 – Regular Meeting at 3:30 p.m.

BE IT FURTHER RESOLVED, That the location for all of the 2020 meetings will be Boardroom at the CDA’s office located at 1228 Town Centre Drive, Eagan, MN 55123.
DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY

REQUEST FOR BOARD ACTION

Approval Of 2020 Medical, Dental And Vision Insurance Plans, Rates And Contributions

Meeting Date: 10/15/2019
Department: Administration
Prepared By: Karissa Goers
Contact: Sara Swenson
Contact Phone: 651-675-4433

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 medical, dental, and vision insurance plans and rates for 2020
- Approve agency contribution amounts toward 2020 employee medical and dental premiums, OPTUM wellness program incentives, Health Reimbursement Accounts (HRAs) and Health Savings Accounts (HSAs)

SUMMARY
The CDA accesses its medical, dental and vision insurance coverage as a sub-group of Dakota County via a joint powers agreement. This allows for expanded health plan choices for CDA employees and savings to the agency related to the selection and implementation of these plans. CDA personnel are then responsible for daily administration, such as employee communications, enrollments, changes, payroll deductions, and premium submission.

At its 9/24/2019 meeting, the Dakota County Board of Commissioners approved the continuation of medical plans through PreferredOne. The County Board also approved the total premiums for the employee medical plans, which will assume an increase from the 2019 rates of 9.9% for the Dakota Advantage, 7.0% increase for the Dakota Select, and 6.0% increase for the Dakota Health Savings Account medical plan. There will be no change to medical plan deductibles, HRA or HSA contribution amounts.

Delta Dental plans and VSP vision plan rates for 2020 are unchanged from 2019 as there was no rate or plan change. Additionally, the County will maintain its HealthPartners and UCare retiree Medicare supplement plans.

RECOMMENDATION
CDA staff have reviewed the approved total premiums and potential costs to the agency, in order to recommend CDA contribution amounts toward its employee medical and dental premiums, HRAs, HSAs, and OPTUM wellness incentives. Subsequent to this review, CDA staff is recommending employer medical plan contribution rates that are the same as the County. Staff also recommends approval of the wellness incentive amounts as shown on the Attachment A, which are the same as those adopted by the County. While the County utilizes a flat contribution rate toward its employee dental insurance, the CDA has historically varied its employer contribution amounts depending on plan and coverage level. Staff recommends the continuation of that practice, which will result in no change in the agency’s contribution rates for dental insurance in 2020.

An overall review of the proposed 2020 premiums show little affect on the CDA’s estimated budget; therefore, staff recommends approval of the medical, dental and vision plans and total premiums as previously adopted by Dakota County. In addition, staff recommends approval of agency contribution rates, as detailed in the attachment.

EXPLANATION OF FISCAL/FTE IMPACT
The agency’s current budget year runs from 7/1/19 to 6/30/20, and accounts for the first half of the medical and dental benefit plan year which begins on 1/1/20. CDA staff estimated an increase to both medical and dental premiums for the agency budget. The budget should be more than sufficient to cover the actual costs.
Resolution No. 19-XXXX

Approval Of 2020 Medical, Dental And Vision Insurance Plans, Rates And Contributions

WHEREAS, the CDA has a history of obtaining its medical, dental and vision insurance plans through Dakota County; and

WHEREAS, the CDA wishes to continue to provide quality medical, dental and vision insurance coverage to eligible CDA employees and their families.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the 2020 dental plans and premiums as provided by Delta Dental; and the 2020 vision plans and premiums as provided by VSP Vision Care; and the 2020 medical plans and premiums as provided by Preferred One, HealthPartners, and UCare are approved for implementation effective January 1, 2020; and

BE IT FURTHER RESOLVED, by the Dakota County Community Development Agency Board of Commissioners, That the agency contribution levels toward employee medical and dental premiums, wellness program incentives, Health Reimbursement Accounts, and Health Savings Accounts, are hereby approved for 2020 plan year, as detailed in the attachment.
# 2020 CDA Insurance Premium Rates & Contributions

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<th>PreferredOne Medical</th>
<th>Total Monthly Premium</th>
<th>1.0 FTE CDA Monthly Contribution</th>
<th>CDA Per Pay Period Contribution</th>
<th>Employee Monthly Cost</th>
<th>Employee/pay period cost</th>
<th>Annual Employee Deductible</th>
<th>Annual CDA HRA/HSA Contribution</th>
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<td>Dakota H S A</td>
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Approval Of Amendments To CDA Personnel Policy #280 - Holidays

Meeting Date: 10/15/2019
Department: Administration
Prepared By: Sara Swenson
Contact: Sara Swenson
Contact Phone: 651-675-4433

PURPOSE/ACTION REQUESTED
• Approve amendments to CDA Personnel Policy #280 – Holidays.

SUMMARY
Consistent with best practices in human resources, the Administration Department is recommending the following changes to CDA Personnel Policy #280 (Attachment A).

- Addition of December 24 as a paid holiday except for years when that date falls on the weekend or is the observed holiday for December 25. In those years, employees will be granted a floating holiday to use in that calendar year.

- Removal of language pertaining to early release on December 24.

RECOMMENDATION
The Senior Management Team has discussed the proposed changes to this policy and recommends approval of the amendments.

EXPLANATION OF FISCAL/FTE IMPACT
Salaries and benefits are included in FYE20.
Resolution No. 19-XXXX

Approval Of Amendments To CDA Personnel Policy #280 - Holidays

WHEREAS, the Administration Department periodically reviews policies and procedures and makes recommendations in order to maintain and enhance the effective provision of human resource management functions at the CDA; and

WHEREAS, CDA Senior Management has reviewed Policy #280 and has proposed the following changes:

- Addition of December 24 as a paid holiday except for years when that date falls on the weekend or is the observed holiday for December 25. In those years, employees will be granted a floating holiday to use in that calendar year.

- Removal of language pertaining to early release on December 24.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That Personnel Policy #280 is hereby amended.
The following is a list of paid holidays observed by all non-limited CDA employees:

<table>
<thead>
<tr>
<th>Date</th>
<th>Holidays Celebrated</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. January 1</td>
<td>New Year’s Day</td>
</tr>
<tr>
<td>2. Third Monday in January</td>
<td>Martin Luther King’s Birthday</td>
</tr>
<tr>
<td>3. Third Monday in February</td>
<td>Washington/Lincoln’s Birthday</td>
</tr>
<tr>
<td>4. Last Monday in May</td>
<td>Memorial Day</td>
</tr>
<tr>
<td>5. July 4th</td>
<td>Independence Day</td>
</tr>
<tr>
<td>6. First Monday in September</td>
<td>Labor Day</td>
</tr>
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<td>7. November 11</td>
<td>Veteran’s Day</td>
</tr>
<tr>
<td>8. Fourth Thursday in November</td>
<td>Thanksgiving Day</td>
</tr>
<tr>
<td>9. Fourth Friday in November</td>
<td>Day after Thanksgiving</td>
</tr>
<tr>
<td>10. December 24*</td>
<td>Christmas Eve</td>
</tr>
<tr>
<td>11. December 25</td>
<td>Christmas Day</td>
</tr>
</tbody>
</table>

When January 1, July 4, November 11, or December 25 falls on Sunday, the following day shall be a holiday.

When January 1, July 4, November 11, or December 25 falls on Saturday, the preceding day shall be a holiday.

On years when December 24 falls on a Saturday or Sunday or is the observed holiday for December 25, employees will receive one floating holiday to be used by December 31 of that year. Employees must specify the date for which they are requesting to use the floating holiday. The request must be approved in advance by the employee’s supervisor. If it is not used by the end of the year it is forfeited. The floating holiday will not be carried over into the next calendar year, nor may it be cashed out with the flex leave conversion, nor paid out upon termination of employment.

On the last workday before the Christmas holiday*, the Executive Director or Responsible Authority may release employees 2.5 hours prior to the end of the regularly scheduled work day (adjustments may be made for flex-time); 2.5 hours are considered paid holiday time (*when the holiday falls on the weekend, however, early release is typically not granted). Dakota County CDA offices remain open for normal business hours on that day and those employees who must remain at work so as to maintain minimum service levels are paid pursuant to Policy 170 of this manual for hours worked after 2:00 p.m.

Compensation for required work time on a holiday is paid pursuant to Policy #170.

Non-limited part-time employees are paid for all CDA observed holidays on a prorated basis (determined by the average number of hours worked in proportion to full-time positions).
DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY
REQUEST FOR BOARD ACTION

Approval Of Budget Amendment And Subordinate Loan Modifications For Cedar Valley Townhomes, Lakeville

Meeting Date: 10/15/2019
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 budget amendment to Cedar Valley Townhomes operating budget and modification of subordinate loans to the property.

SUMMARY
Cedar Valley Townhomes is a 30-unit affordable workforce housing development owned by the Dakota County CDA Workforce Housing, LLC ("CDA LLC") and is located in Lakeville. Cedar Valley Townhomes was developed by the Dakota County CDA ("CDA") in 1998 and was financed through an allocation of Low-Income Housing Tax Credits, a first mortgage from the CDA, and subordinate loans for gap financing from the CDA, Minnesota Housing Finance Agency ("MHFA"), and the Family Housing Fund ("FHF").

The subordinate loan from MHFA has matured and CDA staff has been working MHFA staff to extend the term of that loan. Since the MHFA loan is lower in priority than the FHF loan, CDA has also been working with FHF staff on this process. MHFA and FHF staff have approved modifications of their loans that will provide an extension to the MHFA loan and annual payments on each loan, with the payment of accrued interest at the closing for the loan modifications.

A budget amendment is requested to accommodate the payment of accrued interest on these loans, in an amount anticipated to be $106,706. CDA staff wish to proceed with the modifications of the MHFA and FHF loans to extend the repayment date on the MHFA loan and to accomplish the repayment of the loans over time rather than in a lump sum. The terms of the proposed modifications are outlined in Exhibits A and B.

RECOMMENDATION
CDA staff recommend approval of a budget amendment and the loan modifications for Cedar Valley Townhomes.

EXPLANATION OF FISCAL/FTE IMPACT
The requested budget amendment would be added to the FYE20 budget for Cedar Valley Townhomes. The final amount of the budget amendment will be the accrued interest of the MHFA and FHF loans as of the date of the modifications of those loans.
Resolution No. 19-XXXX

Approval Of Budget Amendment And Subordinate Loan Modifications For Cedar Valley Townhomes, Lakeville

WHEREAS, Cedar Valley Townhomes is an affordable workforce housing development located in Lakeville and owned by the Dakota County CDA Workforce Housing, LLC; and

WHEREAS, Minnesota Housing Finance Agency (“MHFA”) and the Family Housing Fund (“FHF”) provided gap financing for Cedar Valley Townhomes in the form of subordinate mortgage loans; and

WHEREAS, the MHFA and FHF have agreed to modify their subordinate mortgage loans, with the payment of accrued interest as of the closing date of such modifications; and

WHEREAS, the Dakota County CDA wishes to proceed with the modification of the MHFA and FHF subordinate mortgage loans.

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

1. A budget amendment shall be made to the FYE20 budget for Cedar Valley Townhomes to accommodate the payment of accrued interest on the MHFA and FHF loans as of the date of the modifications of such loans.

2. The Executive Director is authorized to execute and deliver all necessary documentation to accomplish the modifications of the MHFA and FHF loans, as outlined in the proposed Loan Modification Agreements.

Executive Director's Comments:  
☑ Recommend Action  ☐ Do Not Recommend Action  ☐ Item Type-Consent  ☑ Item Type-Discussion  ☑ Item Type-Informational
☐ Reviewed-No Recommendation  ☐ Reviewed-Information Only  ☐ Submitted at Commissioner Request  ☐ Focused Housing Programs  ☐ Collaboration  ☐ Development/Redevelopment  ☑ Financial Sustainability  ☑ Operational Effectiveness

Strategic Plan Priorities:  

Executive Director  
Department Director
FOR USE BY FILING OFFICER ONLY

Minnesota Housing Finance Agency

AMENDMENT TO COMBINATION MORTGAGE,
SECURITY AGREEMENT,
AND FIXTURE FINANCING STATEMENT

THIS AMENDMENT is effective as of the _____ day of ______________, 2019, between Dakota County CDA Workforce Housing LLC, a Minnesota limited liability company, ("Borrower") and Minnesota Housing Finance Agency, a public body corporate and politic of the State of Minnesota ("Lender").

RECITALS

A. Lender previously provided Lakeville Family Housing Limited Partnership, a Minnesota limited partnership ("Original Borrower") with financing in the original principal amount of $220,000.00 to assist it in the acquisition, construction, and/or rehabilitation of a multifamily rental housing development for persons of low and moderate income on the real property described in Exhibit A attached hereto, further identified as MHFA Development No. D2139 (the “Development”).

B. In conjunction with the financing, Original Borrower and Lender (the “Parties”) entered into the following Affordable Rental Investment Fund Program Combination Mortgage, Security Agreement, and Fixture Financing Statement dated June 26, 1998 and recorded June 30, 1998, in the office of the County Recorder for Dakota County as Document No. 1512505 assumed by Borrower by that certain Assumption Agreement and Amendment to Loan Documents dated September 24, 2013 and recorded October 11, 2013 as Document No. 2980926 (the “Mortgage”).

C. The Parties wish to modify and amend the Mortgage as set forth in this Agreement.

NOW, THEREFORE, the Parties agree to amend the Mortgage as follows:

1. Any reference to a maturity date of June 26, 2018, is hereby changed to June 30, 2024.
2. Except as modified in this Amendment, all of the terms and conditions contained in the Mortgage remain in full force and effect.

(THE REMAINING PORTION OF THIS PAGE WAS INTENTIONALLY LEFT BLANK)
IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

BORROWER:

DAKOTA COUNTY CDA WORKFORCE HOUSING LLC
a Minnesota limited liability company

By: Dakota County Community Development Agency
a public body corporate and politic
Sole Member

By: ____________________________________

STATE OF MINNESOTA )
) ss
COUNTY OF DAKOTA )

This instrument was acknowledged before me this _____ day of ________, 2019, by ____________, the ___________ of Dakota County Community Development Agency, a public body corporate and politic, the Sole Member of Dakota County CDA Workforce Housing LLC, a Minnesota limited liability company, on behalf of the agency and the limited liability company.

________________________________________
Notary Public
LENDER:

MINNESOTA HOUSING FINANCE AGENCY

By: ____________________________________________
   James Lehnhoff
   Assistant Commissioner, Multifamily

STATE OF MINNESOTA )
   ) ss.
COUNTY OF RAMSEY )

This instrument was acknowledged before me this _____ day of ________, 2019, by James Lehnhoff, Assistant Commissioner, Multifamily of the Minnesota Housing Finance Agency, a public body corporate and politic of the State of Minnesota, on behalf of the Agency.

______________________________
(Notary Public)

THIS INSTRUMENT WAS DRAFTED BY:
Minnesota Housing Finance Agency
400 Wabasha Street, Suite 400
St. Paul, Minnesota  55102-1109

THIS DOCUMENT IS A MORTGAGE AMENDMENT, AS DEFINED IN MINNESOTA STATUTES SECTION 287.01, AND AS SUCH IS EXEMPT FROM MORTGAGE REGISTRATION TAX PURSUANT TO MINNESOTA STATUTES SECTION 287.04(H).
Exhibit A

LEGAL DESCRIPTION

Lots 1-9 inclusive, Block 1, Lakeville Family Housing Addition.

Minnesota Housing Finance Agency
Affordable Rental Investment Fund Program

AMENDED AND RESTATED
MORTGAGE NOTE

$220,000.00

THIS INSTRUMENT amends and restates the Affordable Rental Investment Fund Program Mortgage Note dated June 26, 1998 made by Lakeville Family Housing Limited Partnership, a Minnesota limited partnership, assumed by Dakota County CDA Workforce Housing LLC, a Minnesota limited liability company (“Borrower”) by that certain Assumption Agreement and Amendment to Loan Documents, dated September 24, 2013, recorded October 11, 2013 as Document No. 2980926, with its principal place of business located at 1228 Town Centre Drive, Eagan, MN 55123-1066, in favor of the Minnesota Housing Finance Agency, a public body corporate and politic of the State of Minnesota (“Lender”), in the principal amount of $220,000.00 (the “Original Note”).

In consideration of the covenants contained in this instrument, and other good and valuable consideration, effective this date, all of the terms and provisions of the Original Note are amended and restated as follows:

FOR VALUE RECEIVED, Borrower promises to pay to Lender, with its principal place of business located at 400 Wabasha Street North, Suite 400, St. Paul, MN 55102-1109, or order, the principal amount of $220,000.00, (the “Principal Amount”), with interest at the rate of 1% per annum accruing on such amount.

Borrower must repay amounts due with respect to the loan of the Principal Amount by Lender to Borrower (the “Loan”) as follows:

Commencing on the 30th day of June, 2020, and on the 30th day of June, each succeeding year thereafter, payments in the amount of $44,000.00. The entire unpaid Principal Amount, and all accrued interest, is due on the 30th day of June, 2024.

This ARIF Note is secured by the Affordable Rental Investment Fund Program Loan Combination Mortgage, Security Agreement, and Fixture Financing Statement, dated June 26, 1998, filed June 30, 1998 with the Dakota County Recorder as Document No. 1512505, granted by Borrower in favor of Lender (the “ARIF Mortgage”) and this is the “ARIF Note” described in the ARIF Mortgage. Upon the occurrence of an Event of Default under the ARIF Mortgage, the indebtedness evidenced hereby shall become immediately due and payable. If a failure to pay the amounts due under this ARIF Note occurs, and if the same is submitted for
collection by Lender, its successor and assigns, the undersigned hereby agree(s) to pay all costs of collection, including reasonable attorney’s fees.

    All parties to this ARIF Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest and notice of dishonor.

    The debt evidenced by this ARIF Note may be prepaid, in total or in part, at any time prior to the final maturity date hereof, without penalty or prior written approval of the Lender.

    The covenant of the Borrower to pay the principal and interest, if any, is included in this ARIF Note for the purpose of establishing and continuing the existence of such indebtedness. However, it is a condition of said covenant that in the event of default under the terms hereof, neither Lender nor its assigns shall take any action against the Borrower, or its partners, except such as may be necessary in order to subject to the satisfaction of said indebtedness the property described in the ARIF Mortgage to secure said indebtedness.

(The REMAINING PORTION OF THIS PAGE IS INTENTIONALLY LEFT BLANK)
Effective the ___ day of __________________, 2019.

BORROWER:

DAKOTA COUNTY CDA WORKFORCE HOUSING LLC
a Minnesota limited liability company

By: Dakota County Community Development Agency
a public body corporate and politic
Sole Member

By: ______________________________

STATE OF MINNESOTA  )
) ss
COUNTY OF DAKOTA  )

The foregoing instrument was acknowledged before me this ___ day of ________, 2019, by _____________, the ________________ of Dakota County Community Development Agency, a public body corporate and politic, the Sole Member of Dakota County CDA Workforce Housing LLC, a Minnesota limited liability company, on behalf of the agency and the limited liability company.

Notary Public

This document was prepared by:
Minnesota Housing Finance Agency
400 Wabasha Street North, Suite 400
St. Paul, MN 55102-1109
ACCEPTED BY:

LENDER:

MINNESOTA HOUSING FINANCE AGENCY

By: ________________________________

James Lehnhoff
Assistant Commissioner, Multifamily
AMENDMENT OF CERTAIN LOAN DOCUMENTS

THIS AMENDMENT OF CERTAIN LOAN DOCUMENTS (“Agreement”) is made as of this ____ day of __________, 2019 (the “Effective Date”) by DAKOTA COUNTY CDA WORKFORCE HOUSING LLC, a Minnesota limited liability company (“Borrower”) and FAMILY HOUSING FUND, a Minnesota nonprofit corporation (the “Lender”).

RECITALS

A. Lakeville Family Housing Limited Partnership, a Minnesota limited partnership (the “Original Borrower”) entered into a Promissory Note in favor of the Lender dated June 26, 1998 (the “Note”), in the principal amount of Two Hundred Eighty Thousand and 00/100 Dollars ($280,000.00) (the “Loan”); and

B. The terms and conditions of the Loan pursuant to the Note are codified in a Loan Agreement by and between Original Borrower and Lender dated June 26, 1998 (the “Loan Agreement”) (the Note, Loan Agreement and all other ancillary documents entered into by and between the parties, collectively, the “Loan Documents”); and

C. The Loan and Loan Documents were assigned by the Original Borrower and assumed by the Borrower pursuant to an Assignment, Assumption and Amendment to Certain Loan Documents dated September 24, 2013, recorded on October 11, 2013 with the Dakota County Recorder’s Office as Document No. 2980925 (the “Assignment”).

D. Borrower has requested from Lender to consent to the amendment and extension of the loan from Minnesota Housing Finance Agency to Borrower in the original principal amount of $220,000.00 as of the Effective Date (i) to require payment in full of all the accrued interest on the Note as of the Effective Date; and (ii) to modify the payment terms of the Note to require annual principal reduction payments in the amount of $44,000.00 commencing on June 30, 2024 and each year thereafter through the Maturity Date, all as more fully set forth herein (the “Requested Changes”);

E. Lender is agreeable to the Requested Changes, all as more fully set forth in this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Incorporation of Recitals. The foregoing Recitals are true and correct in all material respects and are incorporated herein by reference.

2. Definitions. Terms defined in the Loan Documents shall have the same meaning when used herein, unless defined otherwise in this Agreement. To the extent there is a conflict between the definition of a term as contained in the Loan Documents or this Agreement, this Agreement shall control.

3. Consent. Lender hereby consents to the amendment and extension of the loan from Minnesota Housing Finance Agency to Borrower in the original principal amount of $220,000.00 as of the Effective Date.
4. **Modification of Loan.** Concurrent with execution of this Agreement, Lender and Borrower hereby make the following changes to the Loan:

   a. Borrower shall be required to pay all accrued interest on the Loan through the Effective Date to Lender concurrent herewith.

   b. Commencing on June 30, 2024 and continuing on the same day of each year thereafter through the Maturity Date, the Borrower shall be required to make a principal reduction payment in the amount of $44,000.00 against the Note. On the Maturity Date, the entire remaining principal balance, plus all accrued and unpaid interest, plus any attorneys’ fees and costs due and owing pursuant to the Note shall be paid in full.

5. The notice address of the Lender under the Loan Documents is hereby changed to: Family Housing Fund, 310 4th Avenue South, Suite 9000, Minneapolis, Minnesota 55415, Attn: Ellen Sahli.

6. It is expressly agreed by and between the parties hereto that there should be no novation of the underlying loan documents and that the amendments made hereby shall survive and remain in the same priority position against the property.

7. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, successors, legal representatives and assigns, shall be bound by the terms and conditions of this Agreement.

8. This Agreement shall be governed and construed in accordance with the laws of the State of Minnesota.

9. This Agreement may be executed in counterparts, each one of which shall have the force of an original, but which together shall constitute one document.

10. Borrower hereby waives any right to any claim, defense, right of setoff or counterclaim that it may have against the Lender for the Loan as of the date hereof and acknowledges and consents that good and adequate consideration exists for such waiver as set forth in this paragraph and the accommodations being made by Lender pursuant to the terms of this Agreement.

   **[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be made as of the day and year first above written.

BORROWER:

DAKOTA COUNTY CDA WORKFORCE HOUSING LLC,
a Minnesota limited liability company

By: _____________________________________________
Printed Name: ___________________________________
Its: ___________________________________________

STATE OF MINNESOTA )
COUNTY OF ___________ ) ss.
The foregoing instrument was acknowledged before me this _____ day of _______, 2019, by __________________, the ______________ of Dakota County CDA Workforce Housing LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public

This is a signature page to that certain Amendment of Certain Loan Documents dated effective __________, 2019.
LENDER:

FAMILY HOUSING FUND,
a Minnesota nonprofit corporation

By: ____________________________________________
    Ellen Sahli
Its:  President

STATE OF MINNESOTA     )
) ss.
COUNTY OF HENNEPIN    )

The foregoing instrument was acknowledged before me this _____ day of _________, 2019, by Ellen Sahli, the President of Family Housing Fund, a Minnesota nonprofit corporation, on behalf of said nonprofit corporation.

________________________________________
Notary Public

This instrument drafted by:
MESSERLI & KRAMER, P.A. (MRJ)
1400 Fifth Street Towers
100 South Fifth Street
Minneapolis, MN 55402

This is a signature page to that certain Amendment of Certain Loan Documents dated effective ____________, 2019.
Approval Of Changes To The Housing Finance Policy

Meeting Date: 10/15/2019
Department: Community & Economic Development
Prepared By: Kathy Kugel
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 changes to the Dakota County CDA’s Housing Finance Policy.

SUMMARY
The Dakota County Community Development Agency (CDA) Housing Finance Policy (the "Policy") lists general policy requirements for the use of qualified residential rental revenue bonds, 501(c)(3) bonds, refunding bonds, low income housing tax credits, tax increment financing assistance, and Housing Opportunities Enhancement (HOPE) funds. The Policy lists applicable rent and income restrictions, term of assistance and restrictions, requirement to participate in the Section 8 Program, community review practices, and other policy requirements. It is not a comprehensive list of requirements necessary for public approval; it is intended to provide developers and others with a general framework for the CDA’s policies and to make information about the CDA’s financing tools more readily available to interested parties.

The Policy was last updated in 2014. Staff and legal counsel periodically review the policy and recommend changes based on best practices, legal changes, and administrative changes. The changes currently recommended are summarized as follows:

1. Conduit Bonds for Residential Rental Projects fees – The proposed changes will have the applicant pay the State of Minnesota application fee, defines when the annual administrative fee will be paid and adds two exceptions to the administrative fee to account for projects that use shorter term bonds (five years or less). These shorter term bonds have been more common in recent years.

2. HOPE fees – Staff recommends the addition of fees to assist in the administrative and legal work when reviewing a HOPE application and working to close on the HOPE Loans.

RECOMMENDATION
Staff recommends the approval of the proposed changes to the CDA Housing Finance Policy.

EXPLANATION OF FISCAL/FTE IMPACT
These changes will provide additional revenue to cover the administration of certain housing finance resources included the CDA Housing Finance Policy.
Resolution No. 19-XXXX

Approval Of Changes To The Housing Finance Policy

WHEREAS, the Dakota County Community Development Agency (CDA) staff desires to amend the Housing Finance Policy;

WHEREAS, CDA staff proposes to revise the fees for projects requesting bonds for residential rental projects, specifically having the applicant pay for the State of Minnesota application fee, defining when the annual administrative fee will be paid and adding two exceptions to the administrative fee to account for projects that use shorter term bonds (five years or less); and

WHEREAS, CDA staff proposes the addition of an application fee to those seeking a HOPE loan to help offset the expense of the administrative and legal review of the application.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the recommended changes to the Housing Finance Policy, as shown in the Attachment A, are hereby approved.
I. OVERVIEW

The Dakota County Community Development Agency (the CDA) is committed to assisting in the financing of affordable rental housing for low to moderate income households. The CDA will consider assisting in the development, acquisition and substantial rehabilitation or acquisition and preservation of multifamily rental housing facilities using qualified residential rental bonds, qualified 501(c)(3) bonds, refunding bonds, low income housing tax credits, tax increment financing, and Housing Opportunities Enhancement (HOPE) funds.

Before the CDA will take any action in connection with the issuance of bonds or the establishment of a tax increment district, it must receive a completed Application for Revenue Bonds and/or Application for Tax Increment Financing Assistance, as applicable. The issuance of the various types of bonds, and the establishment of a tax increment financing district, will require compliance with the respective procedural requirements, including public approvals. Meeting these requirements generally takes between two to three months. The applicant will be required to pay all of the CDA’s costs associated with processing an application for bonds or tax increment financing assistance, whether or not the application is ultimately approved, bonds are ultimately issued, or the tax increment financing district is ultimately established.

It is the CDA’s policy to encourage the distribution of affordable housing throughout the county in order to avoid the concentration of such housing in any one city or section of a city. As a result, the CDA may limit the number of units and the units per acre of affordable housing that it will assist. In order to address the CDA’s concern that each development will be well maintained throughout its useful life, the CDA will review the building plans and may require specific building materials, such as fiber cement board siding, to be used. To expand affordable housing opportunities for a range of household sizes, the CDA may require that the units designated as “affordable” within a mixed-income development be closely proportional to the number of units of each bedroom size within the development. The CDA considers the cities in Dakota County to be its clients, thus the city in which the development is proposed will be consulted.

Please Note – The requirements specified herein are not inclusive of all of the requirements to be met in order to receive CDA financing. This information is to be used only as a general guide to the different CDA financing programs available.
II. QUALIFIED RESIDENTIAL RENTAL BONDS

The use of private activity bonds will be considered for either new construction or acquisition coupled with rehabilitation. The CDA receives an annual entitlement allocation of private activity bonding authority from the State of Minnesota. The CDA within its sole discretion will determine (a) whether it will use any of its entitlement allocation for multifamily bonds, and if so, (b) which multifamily project or projects it will finance.

If the CDA has used its entire entitlement allocation for the previous year, the CDA may apply to the State for an allocation of bonding authority to finance a multifamily project to be owned by a for-profit developer. An application to the State for additional bonding authority requires a non-refundable application fee of .02% of the requested allocation and, depending on when the application is submitted, a deposit of either one or two percent of the requested allocation. The developer will be responsible for providing such fee and deposit. In the event the CDA issues bonds that do not meet the definition of “permanently issued” within Minnesota Statutes 474A.02, Subd. 20a, then the CDA may hold some or all of the application deposit received from the Department of Finance (in lieu of returning it to the developer) until and unless the bonds are “permanently issued” within such definition.

In connection with the issuance of private activity bonds that receive an allocation of volume cap, the developer may be eligible for the 4% tax credit allocation. Please refer to the section on HOUSING TAX CREDITS. If the 4% tax credit is sought, the development will be subject to both income and rent restrictions imposed by federal and state law and will be subject to the separate application and other procedural requirements of the CDA’s tax credit program.

A. Under state law, projects financed with bond allocation must meet the following requirements:

(a) Income and rent restrictions:
   (i) the proposed residential rental project meets the requirements of section 142(d) of the Internal Revenue Code regarding the incomes of the occupants of the housing (that is, 40% of the units are held for persons at 60% of median income, or 20% of the units are held for persons at 50% of median income); and;

   (ii) the maximum rent for at least 20 percent of the units in the proposed residential rental project do not exceed the area fair market rent or exception fair market rents for existing housing, if applicable, as established by the federal Department of Housing and Urban Development.

(b) The proceeds from qualified residential rental bonds may be used for a project for which project-based federal rental assistance payments are made only if:
(i) the owner of the project enters into a binding agreement with the Minnesota Housing Finance Agency under which the owner is obligated to extend any existing low-income affordability restrictions and any contract or agreement for rental assistance payments for the maximum term permitted, including renewals thereof; and

(ii) the Minnesota Housing Finance Agency certifies that project reserves will be maintained at closing of the bond issue and budgeted in future years at the lesser of:

(I) the level described in Minnesota Rules. Part 49000.0010, subpart 7, item A, subitem (2), effective May 1, 1997; or

(II) the level of project reserves available prior to the bond issue, provided that additional money is available to accomplish repairs and replacements needed at the time of bond issue

B. 15 Year Agreement and Monitoring:

State law requires that prior to the issuance of tax-exempt residential rental bonds, the developer of the project must enter into a 15-year agreement with the CDA that specifies the maximum unit rental rates of the rent-restricted units and the income levels of the families occupying the rent-restricted units. The developer must annually certify to the CDA, during the 15-year term, that the rental rates are within the applicable limitations. The CDA may request individual certifications of income for all families.

State law requires that the CDA monitor compliance with the rent and income restrictions listed above. The CDA may issue an order of noncompliance if a project is determined to be out of compliance with the rental or income limitations set forth above. The owner of the project will be required to pay a penalty to the CDA equal to one-half of one percent of the total amount of bonds issued for the project if the CDA issues an order of noncompliance. For each additional year a project is out of compliance, the annual penalty must be increased by one-half of one percent of the total amount of bonds issued for the project.

C. Participation in the Section 8 Program:

The developer will be required to sign an agreement that while the bonds are outstanding, they will participate in the Section 8 Rental Assistance Program. Participation means that to the extent the developer has units that meet the requirements of this program, they will not exclude from consideration qualified families receiving assistance for the Section 8 program.
D. Acquisition/Substantial Rehabilitation Requirements:

If the developer intends to utilize the proceeds of tax-exempt bonds for acquisition and rehabilitation, the following requirements must be met:

(a) Rehabilitation expenditures must be made within a 2-year period and must be equal or exceed 15% of the acquiring the building finance with bond proceeds.

(b) No substantial user of the facility prior to acquisition may be a substantial user of the facility following acquisition.

E. Community Review:

All applications will be sent to the city in which the development is located for review and comment. Cities will be given a minimum of 30 days to review and submit comments. The CDA will not consider approving a final bond sale resolution before this period of time has elapsed or comments are received, whichever comes first.

The CDA will not approve any request for bonds where a community indicates that the development is not consistent with the community’s plan, policies, or goals.

F. Fees:

The following fees must be paid by the Applicant with respect to the Dakota County Community Development Agency (CDA) Multifamily Revenue Bond Programs:

(a) For bond issues that require entitlement authority, the applicant shall be required to pay at the bond closing, the non-refundable State application fee charged by the Minnesota Management and Budget (as required under M.S. 474A.03 subd. 4). Presently, the State fee is $20 for each $100,000 of entitlement requested, rounded to the nearest $100,000. The CDA pays this fee to the Minnesota Management and Budget, and the cost is reimbursed by the applicant to the CDA at bond closing.

(b) An application fee in the amount of $1,000 must be submitted with the Multi-family Revenue Bond Application to the Dakota County CDA.

(c) An administrative closing fee in the amount of the greater of $10,000 or 1/8 of 1% (0.125%) of the principal amount of the bonds shall be paid to the Dakota County CDA at the time of the bond sale closing.

(d) An annual administrative fee:

(i) Payment dates: Paid semi-annually in arrears (January 1 and July 1). The first payment date is typically 3-9 months from the dated date of the bonds.
(ii) Amount: The annual administrative fee is equal to \( \frac{1}{4} \) of 1% (0.25%) of the outstanding principal amount of bonds. This annual fee is paid semi-annually in an amount equal to \( \frac{1}{8} \) of 1% (0.125%) of the outstanding principal balance of the bonds on the day before the payment date (December 31 or June 30) shall be paid to the Dakota County CDA in semiannual payments. The first payment shall be prorated from the dated date of the bonds to the first payment date.

Exception 1 (*): For bond issues with a first call date that is greater than three years but less than or equal to five years from the dated date of the bonds, the annual percentage listed above shall be increased to \( \frac{1}{2} \) of 1% (0.50%) and the semi-annual percentage listed above shall be increased to \( \frac{1}{4} \) of 1% (0.25%).

Exception 2 (*): For bond issues with a first call date that is three years or less from the dated date of the bonds, the annual percentage listed above shall be increased to 1.0% and the semi-annual percentage listed above shall be increased to \( \frac{1}{2} \) of 1% (0.50%).

(*) The CDA may adjust the administrative fees for a bond issue with a first call date that is less than or equal to five years, if such adjustment is warranted based on current market conditions, unusual or extraordinary circumstances associated with the bond issue, and/or other criteria that the CDA may determine as appropriate from time to time. Any request from an applicant to adjust the administrative fees of a bond issue with a first call date that is less than or equal to five years must be submitted in writing to the CDA, along with a detailed justification of why the applicant feels such adjustment is warranted.

III. 501(c)(3) BONDS FOR RESIDENTIAL RENTAL HOUSING

In order to qualify for 501(c)(3) bonds for residential rental projects, the developer must be a qualified 501(c)(3) organization, or a disregarded entity created by a 501(c)(3) organization, for purposes of federal tax law and all projects must be consistent with its 501(c)(3) charitable purposes. Proof of this status must be submitted with the application and an opinion of counsel acceptable to bond counsel will be required at closing. 501(c)(3) Bonds cannot be used in a partnership with for-profit ownership or be used for an activity that constitutes an unrelated trade or business of the 501(c)(3) organization.

A. Type of Units and Income/Rental Limitations:

While the CDA may impose additional income or rental restrictions on a case-by-case basis, under federal law, housing projects which consist of the construction of new housing units need not include any units set aside for persons of low or moderate income,
except as may be required in order to maintain the developer’s status as a 501(c)(3) organization.

Federal law also requires that existing housing projects which are to be acquired with the proceeds of 501(c)(3) bonds must comply with the rehabilitation requirements described in B. below, or must meet one of the following (elected at the date of the bond issue):

(a) set-aside 20% of the units for families whose income is 50% or less than the county area median income, adjusted by family size; or

(b) set-aside 40% of the units for families whose income is 60% or less than the county area median income, adjusted by family size; in each case in accordance with the requirements of Section 145(d) of the Internal Revenue Code.

B. Rehabilitation Projects:

Under federal law, an alternative to complying with the set-aside requirements described in A. above, a developer seeking to finance the acquisition of an existing housing project with 501(c)(3) bonds may substantially rehabilitate the project, as required by Section 145(d) of the Internal Revenue Code. “Substantial rehabilitation” requires, in essence, the expenditure for rehabilitation of an amount at least equal to the acquisition price of the project.

C. Participation in the Section 8 Program:

The developer will be required to sign an agreement that while the bonds are outstanding, it will participate in the Section 8 Rental Assistance Program. Participation means that to the extent the developer has units that meet the requirements of this program, they will not exclude from consideration qualified families receiving assistance for the Section 8 Program.

D. Community Review:

All applications will be sent to the city in which the development is located for review and comment. Cities will be given a minimum of 30 days to review and submit comments. The CDA will not consider approving a final bond sale resolution before this period of time has elapsed or comments are received whichever comes first.

The CDA will not approve requests for bonds where a community indicates that the development is not consistent with the community’s plans, policies, or goals.

E. Fees

The following fees must be paid by the Applicant with respect to the Dakota County Community Development Agency (CDA) Multifamily Revenue Bond Programs:
An application fee in the amount of $1,000 must be submitted with the Multi-family Revenue Bond Application to the Dakota County CDA.

An administrative closing fee in the amount of the greater of $10,000 or 1/8 of 1% (0.125%) of the principal amount of the bonds shall be paid to the Dakota County CDA at the time of the bond sale closing.

An annual administrative fee:

(i) Payment dates: Paid semi-annually in arrears (January 1 and July 1). The first payment date is typically 3-9 month from the dated date of the bonds.

(ii) Amount: The annual administrative fee is equal to ¼ of 1% (0.25) of the outstanding principal amount of bonds. This annual fee is paid semi-annually in the amount equal to 1/8 of 1% (0.125%) of the outstanding principal balance of the bonds on the day before the payment date (December 31 or June 30) shall be paid to the Dakota County CDA in semiannual payments. The first payment shall be prorated from the dated date of the bonds to the first payment date. If applicable, the exceptions provided in Section II. F(d) will apply.

IV. REFUNDING BONDS

The CDA will consider a developer’s request that the CDA issue bonds to refund a developer’s existing bond issue, or make amendments which constitutes a reissuance for purposes of federal tax law based on the following CDA policies and objectives.

A. Requirements for Agreements and Terms of the Restrictions:

Prior to issuance of refunding bonds, the developer of the project must enter into an agreement with the CDA that specifies the maximum unit rental rates and the income levels of tenants. (These limits will be based on the type of bonds being issued.) The CDA may request individual certifications of income for all tenants.

B. Participation in the Section 8 Program:

The developer will be required to sign a new agreement that while the bonds are outstanding, they will participate in the Section 8 Rental Assistance Program. Participation means that to the extent the developer has units that meet the requirements of this program, they will not exclude from consideration qualified families receiving assistance for the Section 8 program.

C. Community Review:
All applications will be sent to the city in which the development is located for review and comment. Cities will be given a minimum of 30 days to review and submit comments. The CDA will not consider approving a final bond sale resolution before this period of time has elapsed or comments are received, whichever comes first.

The CDA will not approve requests for refunding or reissuing bonds where a community indicates that the development is not consistent with the community’s plan, policies, or goals. All 501(c)(3) bond requests require CDA Board and County Board of Commissioners’ approval. The CDA will not commit to any 501(c)(3) Bond assistance until approvals have been granted.

D. Fees

The following fees must be paid by the Applicant with respect to the Dakota County Community Development Agency (CDA) Multifamily Revenue Bond Programs:

(a) An application fee in the amount of $1,000 must be submitted with the Multi-family Revenue Bond Application to the Dakota County CDA.

(b) An administrative closing fee in the amount of the greater of $10,000 or 1/8 of 1% (0.125%) of the principal amount of the bonds shall be paid to the Dakota County CDA at the time of the bond sale closing.

(c) An annual administrative fee:

(i) Payment dates: Paid semi-annually in arrears (January 1 and July 1). The first payment date is typically 3-9 months from the dated date of the bonds.

(ii) Amount: The annual administrative fee is equal to ¼ of 1% (0.25) of the outstanding principal amount of bonds. The annual fee is paid semi-annually in the amount equal to 1/8 of 1% (0.125%) of the outstanding principal balance on the day before the payment date (December 31 and June 30) of the bonds shall be paid to the Dakota County CDA in semiannual payments. If applicable, the exceptions provided in Section II. F(d) will apply.

V. GENERAL REQUIREMENTS.

The following requirements apply in connection with the issuance by the Dakota County CDA of Qualified Residential Rental Bonds, Qualified 501(c)(3) Bonds and Refunding Bonds.
(a) The Applicant shall submit to the Dakota County CDA its written proposal for selection of one or more investment bankers or underwriters to assist the Applicant and Dakota County CDA in the structuring, implementation and sale of the bonds. Such proposed selection shall not become effective, nor shall the Applicant enter into any binding agreement or commitment with respect thereto, until and unless the Dakota County CDA approves such selection; and the Dakota County CDA may disapprove such selection in its sole discretion. If the Applicant proposes that the bonds shall be privately placed with a financial institution, the Applicant may propose that no investment bankers or underwriters will be selected.

(b) The Applicant acknowledges that the Dakota County CDA will appoint the trustee in connection with the issuance of the bonds.

(c) The Applicant acknowledges that the Dakota County CDA will appoint bond counsel in connection with the issuance of the Bonds.

(d) The Applicant, and if the applicant is a single asset entity, other parties required by the Dakota County CDA, will be required to enter into a memorandum of understanding on terms acceptable to the Dakota County CDA prior to the adoption of approving resolutions by the Dakota County CDA.

VI. LOW-INCOME HOUSING TAX CREDITS (HTC)

The CDA has been designated as an allocating agency for HTC by the state legislature. Federal law requires the CDA to adopt a Qualified Allocation Plan, which explains the guidelines and methods for allocating tax credits. Allocations of HTC will be made in accordance with the Qualified Allocation Plan’s threshold requirements and then ranked based on selection criteria. The CDA will consider allocating HTC for new construction, acquisition, or rehabilitation, in accordance with its Qualified Allocation Plan. HTC Applications are due annually on a date selected by the Minnesota Housing Finance Agency as the closing date for its first round allocation for the subsequent year’s tax credit allocation.

VII. TAX INCREMENT FINANCING (TIF) FOR RENTAL HOUSING

The use of TIF will be considered for either new construction or rehabilitation of rental housing. The TIF provided will primarily be in the form of an Interest Rate Reduction Program (IRR). The CDA may consider other forms of TIF financing depending upon the specific needs of the development.

A. Consistent with the Dakota County Tax Increment Financing Policy, the CDA policy requires that the proposed housing district meet all of the requirements for a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as
amended through December 31, 1992, regardless of whether the project actually receives a low-income housing credit.

(a) (i) 20-50 test-The project meets the requirements if 20 percent or more of the residential units in the project have rents that are at or below the published Sec. 42 maximum gross rent, adjusted by bedroom size, for 50 percent of the area median income, and these units are occupied by households whose income is 50 percent or less of area median gross income, or

(ii) 40-60 test- The project meets the requirements if 40 percent or more of the residential units in the project have rents that are at or below the published Sec. 42 maximum gross rent, adjusted by bedroom size, for 60 percent of the area median income, and these units are occupied by households whose income is 60 percent or less of area median gross income.

(b) Annual rent increases will be limited to the lesser of published Sec. 42 rents or the average rent increase in the proposed City as demonstrated in the Dakota County CDA Annual Market Study.

B. Generally, TIF Assistance provided will be in the form of an Interest Rate Reduction Program (Minnesota Statutes 1998, 469.012 subd. 8) with the following additional restrictions:

(a) Maximum of 15 years of increment payments.

(b) Generally, TIF Assistance will not exceed 70% of increment available (subject to underwriting).

(c) Interest rate reduction payments must only be utilized to pay interest on project financing

C. Repayment Terms: (Per loan agreement)

D. Participation in the Section 8 Program:

The developer will be required to sign an agreement that states that while the agreement is outstanding, they will participate in the Section 8 Rental Assistance Program. Participation means that to the extent the developer has units that meet the requirements of this program, they will not exclude from consideration qualified families receiving assistance for the Section 8 Program.
E. Community Review:

All applications will be sent to the city in which the development is located for review and consideration of support. Cities will be given a minimum of 30 days to review and submit comment. The CDA will not consider private TIF requests unless a resolution is passed by the respective city council authorizing the use of TIF and requesting the CDA to proceed with the development of a TIF District. The CDA will not approve TIF requests where the community indicates that the development is not consistent with the community’s plan, policies, or goals.

TIF requests initiated by the CDA require review and approval by the Dakota County Board of Commissioners. All TIF requests require CDA Board and County Board of Commissioners’ approval. The CDA will not commit to any TIF assistance until approvals have been granted.

F. “But For” Determination:

The developer requesting assistance must provide financial information on the development that clearly demonstrates that “but for” the use of TIF the development would not occur. The CDA will also conduct its own independent analysis to verify whether the “but for” determination has been met, which will include comparing cash flow proformas with and without rent-restricted units. In most cases, the amount of TIF available will not exceed the amount of funding necessary to write down rents from market rate to affordable levels.

G. Fees

The following fees must be paid by the Applicant with respect to the Dakota County Community Development Agency (CDA) tax increment program:

(a) An application fee in the amount of $1,000 must be submitted with the Application for Tax Increment Financing Assistance to the Dakota County CDA

(b) The CDA will require a deposit in the amount of $15,000 from the applicant to cover legal and consultant costs incurred by the CDA in investigating the feasibility of providing assistance to the applicant and other costs associated with establishing the district. If the CDA incurs additional expenses beyond the $15,000, the CDA shall notify the applicant in writing and the applicant will be required to deposit additional funds in $5,000 increments. Any excess funds in escrow will be returned to the developer once the TIF district is certified by the County.
VIII. TAX INCREMENT FINANCING (TIF) FOR OWNER-OCCUPIED HOUSING

The CDA will consider the use of TIF for either new construction, acquisition, or acquisition/rehabilitation of owner occupied housing.

A. Income and Sale Price Limitations:

   (a) For owner occupied residential property to qualify for tax increment financing assistance, the proposed project must meet the following requirements:

      (i) The statutory requirement that at least 95 percent of the housing units assisted with tax increment must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code: 115 percent of the area median income for household sizes of 3 or more, and 100 percent of the area median gross income for household sizes of 1 or 2.

      (ii) In addition to (i) above, the project must meet the CDA policy requirement that at least 50 percent of the housing units in the project must be initially purchased and occupied by individuals or families with an annual adjusted gross income which is equal to or less than 80 percent of the area median gross income, as determined annually by the U.S. Department of Housing & Urban Development (HUD).

I. Income is determined based on Section 8 standards, whereby annual income includes the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.

II. The maximum sale price for the units referenced in (ii) above must not exceed the limit established by the CDA, on an annual basis, for its mortgage revenue bond program. The CDA may adjust this sale price limit to ensure that these housing units are affordable to homebuyers that meet the income requirement.

B. Community Review:

   All applications will be sent to the city in which the development is located for review and consideration of support. Cities will be given a minimum of 30 days to review and submit comment. The CDA will not consider private TIF requests unless a resolution is passed by the respective city council authorizing the use of TIF and requesting the CDA to proceed with the development of a TIF District. The CDA will
not approve TIF requests where the community indicates that the development is not consistent with the community’s plan, policies, or goals.

TIF requests initiated by the CDA require review and approval by the Dakota County Board of Commissioners. All TIF requests require CDA Board and County Board of Commissioners’ approval. The CDA will not commit to any TIF assistance until approvals have been granted.

C. “But For” Determination:

The developer requesting assistance must provide financial information on the development that clearly demonstrates that “but for” the use of TIF the development would not occur. The CDA will also conduct its own independent analysis to verify whether the “but for” determination has been met.

D. Fees

The following fees must be paid by the Applicant with respect to the Dakota County Community Development Agency (CDA) tax increment program:

(a) An application fee in the amount of $1,000 must be submitted with the Application for Tax Increment Financing Assistance to the Dakota County CDA.

(b) The CDA will require a deposit in the amount of $15,000 from the applicant to cover legal and consultant costs incurred by the CDA in investigating the feasibility of providing assistance to the applicant and other costs associated with establishing the district. If the CDA incurs additional expenses beyond the $15,000, the CDA shall notify the applicant in writing and the applicant will be required to deposit additional funds in $5,000 increments. Any excess funds in escrow will be returned to the developer once the TIF district is certified by the County.

IX. HOUSING OPPORTUNITIES ENHANCEMENT (HOPE) FUND

The Dakota County Board of Commissioners has designated the CDA as the administrator of HOPE funds. The CDA will consider allocating HOPE loans for new construction/land acquisition, homeownership opportunities (indirect or direct assistance), and housing rehabilitation/acquisition/preservation. The CDA will accept applications on an open pipeline basis, depending on availability.

A. Types of Units, Incomes, and Rent Limitations:

The maximum loan amount available to projects serving the eligible population may not exceed $30,000 per unit or a maximum of $750,000 per project. Assisted rental units must serve persons at or below 50 percent of the county’s median income as
determined by HUD. Rental developments must have rents based upon the most current HUD AMI rent schedule for 50 percent, less applicable utility allowance. Assisted owner-occupied units must serve persons at or below 80 percent of the county’s median income as determined by HUD. Owner-occupied development will be considered affordable based on the current purchase price limit for the Dakota County First Time Homebuyer program.

B. Monitoring Requirements:

The developer of a project must provide the CDA with a list of actual tenant rents and incomes and certify that the tenant rents and incomes are accurate and in compliance with the rent and income requirements at initial lease up and annually thereafter. Copies of reports submitted for the Tax Credit program, bond programs, or other approved financing program are acceptable. The project units must remain affordable pursuant to an established affordable housing program or if not funded by such other program, the units shall remain affordable for a period of not less than 15 years.

C. Participation in the Section 8 Program:

Developers of multifamily rental units will be required to sign an agreement that while the loan is outstanding, the development will participate in the Section 8 Rental Assistance Program. Participation means that to the extent the developer has units that meet the requirements of the HOPE program, they will not exclude from consideration qualified families receiving assistance for the Section 8 program.

D. Community Review:

All applications will be sent to the city in which the development is located for review and comment. Cities will be given a minimum of 30 days to review and submit comments. The CDA will not consider approving a loan agreement before this period of time has elapsed or comments are received whichever comes first. The CDA will not approve requests for loans where a city indicates that the development is not consistent with the city’s plans, policies, or goals.

E. Fees

The following fees must be paid by the Applicant with respect to the Dakota County Community Development Agency (CDA) HOPE fund:

(a) An application fee in the amount of $1,500 must be submitted with the Application for HOPE funds to the Dakota County CDA.

(b) At, or prior to the HOPE loan closing, the lesser of $5,000 or 1% of the HOPE loan amount must be remitted to the CDA for administrative expenses related to the HOPE loan review and closing. If administrative expenses, including but not limited to legal review, are anticipated to materially exceed this
amount, the CDA may require the applicant to pay the actual amount of costs incurred for such review and closing.

X. APPLICATIONS & DOCUMENTS

The following documents are available on the CDA website: [www.dakotacda.org](http://www.dakotacda.org):

1. Application for Housing Opportunities Enhancement (HOPE) Program Funds
2. Application for Tax Increment Financing Assistance
3. Application for Multifamily Housing Revenue Bonds
4. Low-Income Housing Tax Credit Documents
   - CDA Qualified Allocation Plan (QAP) for Tax Credits
   - CDA Procedural Manual for Tax Credits
   - Tax Credit Application: Application submission requirements are found in the CDA Procedural Manual. The “Minnesota Multifamily Rental Housing Common Application” can be found at the Minnesota Housing’s website: [http://www.mnhousing.gov](http://www.mnhousing.gov). Please note that the CDA’s submission requirements and self-scoring sheet are different from Minnesota Housing’s.

X. CONTACT INFORMATION

Kathy Kugel, Housing Finance Program Coordinator
651-675-4478
kkugel@dakotacda.state.mn.us

Karly Schoeman, Housing Finance Program Coordinator
651-675-4488
kschoeman@dakotacda.state.mn.us

Submit Applications to:
Dakota County CDA
1228 Town Centre Drive
Eagan, MN 55123
Housing Development Update – Informational

Meeting Date: 10/15/2019
Department: Housing Development
Prepared By: Kari Gill
Contact: Kari Gill
Contact Phone: 651-675-4477

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
• Updated on housing development activities.

SUMMARY
Deputy Executive Director Kari Gill will provide updates on CDA housing developments. Karly Schoeman and Katherine Kugel will provide updates on projects around the county that the CDA has financed.

RECOMMENDATION
N/A – Informational Only

EXPLANATION OF FISCAL/FTE IMPACT
N/A

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

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

Executive Director

Department Director
**WORKFORCE HOUSING DEVELOPMENTS**

**ROSEMOUNT**  
Prestwick Place  

# of UNITS: 40  

- Landscaping and final lift of asphalt should be completed by the end of October.  
- An open house and dedication is scheduled for October 29, 2019 at 3:00 p.m.

**INVER GROVE HEIGHTS**  
Cahill Place Apartments  

# of UNITS: 40  

- Center City received an early start approval and began construction of Cahill place apartments on September 10, 2019.  
- This is a 40 unit supportive housing development for families.  
- A ceremonial groundbreaking will be held on October 30, 2019 at 10:30 a.m.

**WEST ST. PAUL**  
Gateway Site  

# of UNITS: 60  

- Proposed concept plan for the West St. Paul Gateway Site.
DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY

REQUEST FOR BOARD ACTION

Discussion Of Proposed Amendments To CDA Bylaws And At-Large CDA Commissioner Recruitment Process

Meeting Date: 10/15/2019
Department: Administration
Prepared By: Sara Swenson
Contact: Sara Swenson
Contact Phone: 651-675-4433

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
• Discussion only.

SUMMARY
CDA Bylaws were last updated in July 2016 (Resolution #16-5753) when an At-Large Commissioner position was added to the Board to comply with Federal regulations related to the administration of federal public housing and Housing Choice Voucher programs.

Looking ahead to 2020, the CDA will be closing on the disposition of some of the public housing portfolio which will bring the number of public housing units below the requirement to have a program participant on the CDA Board. The three-year appointment of the first At-Large Commissioner is also expiring in January 2020.

In discussions with the County Attorney’s Office, staff would like to discuss possible Bylaw amendments, including:

- Changing the County Board District Commissioner appointment terms to four-year terms to be congruent with County Board elected terms.
- Changing the At-Large Commissioner appointment term to one year.
- Removal of Section 5 pertaining to a County Liaison to the CDA Board.

Attachment A is a copy of the Bylaws with the proposed amendments. Any final changes to Bylaws will be brought to the November 19, 2019 CDA Board meeting for adoption.

The recruitment process for the At-Large CDA Commissioner position will begin in November 2019 and an outline of that process will be presented at the Board meeting for discussion.

EXPLANATION OF FISCAL/FTE IMPACT
None.

Supporting Documents:
Attachment A: CDA Bylaws

Previous Board Action(s):

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

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

Executive Director

Department Director
BYLAWS OF THE
DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY

ARTICLE I - THE AGENCY

Section 1. Name of Agency. The name of the Agency shall be the "Dakota County Community Development Agency" (the "Agency").

Section 2. Seal of Agency. The Seal of the Agency shall be in the form of a circle and shall bear the name of the Agency and the year of its organization.

Section 3. Office of Agency. The offices of the Agency shall be at 1228 Town Centre Drive in the City of Eagan, State of Minnesota, which shall be designated as the "Regular Meeting Place".

ARTICLE II - MEMBERSHIP

Section 1. Number of Members. The number of members of the Board of Commissioners of the Agency (the "Agency Board") shall be eight (8).

Section 2. Appointment. Each member of the Agency Board ("Agency Commissioner") shall be appointed by the Dakota County Board of Commissioners ("County Board").

Section 3. County Board District Commissioners. There shall be one (1) Agency Commissioner for each of the seven (7) county commissioner districts ("County Board Districts"). The Agency Commissioner for a particular County Board District shall maintain a principle residence in such County Board District. An Agency Commissioner who ceases to maintain a principle residence in the County Board District for which the Agency Commissioner was appointed shall be deemed to have voluntarily resigned as an Agency Commissioner. A vacancy is created on the Agency Board for a County Board District whenever the county commissioner for that County Board District ends membership on the County Board.

Section 4. At-Large Commissioner. There shall be one (1) At-Large Commissioner appointed in accordance with the requirements of the Code of Federal Regulations, title 24, part 964. The At-Large Commissioner shall maintain a principle residence in Dakota County and be in compliance with either the federal Public Housing or Housing Choice Voucher programs. An
At-Large Commissioner who ceases to maintain a principle residence in Dakota County or ceases participation in either the federal Public Housing or Housing Choice Voucher programs shall be deemed to have voluntarily resigned as an At-Large Commissioner.

Section 4. Term of Office. The terms of Agency District Commissioners shall be staggered three-yearfour-year terms to the extent possible, beginning on the first Tuesday following the first Monday in the applicable January. The At-Large Commissioner shall be a one-year term. The terms shall be staggered as follows:

- County Board District 1 - Term ending January 2012-2023 and every three-four years thereafter.
- County Board District 2 - Term ending January 2013-2023 and every three-four years thereafter.
- County Board District 3 - Term ending January 2013-2021 and every three-four years thereafter.
- County Board District 4 - Term ending January 2011-2021 and every three-four years thereafter.
- County Board District 5 - Term ending January 2011-2021 and every three-four years thereafter.
- County Board District 6 - Term ending January 2011-2023 and every three-four years thereafter.
- County Board District 7 - Term ending January 2012-2021 and every three-four years thereafter.
- At-Large Commissioner - Term ending January 2020 and every three-one years thereafter.

An Agency Commissioner appointed by the County Board to fill a vacancy on the Agency Board shall be appointed to serve the remainder of the applicable unexpired term. Except as provided in Article II, Section 3 hereof, an Agency Commissioner shall continue to serve after expiration of his/her term until a successor is appointed and qualified.

Section 5. Upon appointment by the County Board of a liaison between the County Board and the Agency Board (the "County Liaison"), the County Liaison shall be considered a member of the Agency Board for all purposes, including receipt of all meeting notices (whether...
regular, special, emergency or closed), except that the County Liaison shall not (a) be counted as a part of a quorum under Article V, Section 5 hereof, (b) have a vote on matters before the Agency Board or (c) receive compensation pursuant to Article V, Section 10 hereof.

ARTICLE III - OFFICERS

Section 1. Designation of Officers. The officers of the Agency shall be a Chair, a Vice-Chair and a Secretary.

Section 2. Chair. The Chair shall preside at all meetings of the Agency. At each meeting, the Chair shall submit such recommendations and information as he/she may consider proper concerning the business, affairs, and policies of the Agency.

Section 3. Vice-Chair. The Vice-Chair shall perform the duties of the Chair in the absence or incapacity of the Chair; and in case of the resignation or death of the Chair, the Vice-Chair shall perform such duties as are imposed on the Chair until such time as the Agency shall select a new Chair.

Section 4. Secretary. The Secretary shall keep records of the Agency, shall act as Secretary of the meetings of the Agency Board and record all votes and shall keep a record of the proceedings of the Agency Board in a journal of proceedings to be kept for such purpose, and shall perform all duties incident to his/her office. He/she shall keep in safe custody the seal of the Agency and shall have power to affix such seal to all contracts and instruments authorized to be executed by the Agency Board.

Section 5. Executive Director.

(a) The Agency may employ an Executive Director who shall have general supervision over the administration of its business and affairs, including management of Agency housing projects, subject to the discretion of the Agency Board. The County Board shall ratify the appointment of any executive director of the Agency occurring after the date of these Bylaws. Any person appointed to fill the office of Executive Director, or any vacancy therein, shall have such term as the Agency fixes, but no Agency Commissioner shall be eligible for this office. The compensation of the Executive Director shall be determined by the Agency Board.
(b) The Executive Director shall hire, fire and supervise all Agency personnel. The Executive Director may appoint a Deputy Executive Director who shall have such powers and duties as are delegated by the Executive Director and who shall act on behalf of the Executive Director in his/her absence.

(c) The Executive Director shall serve as assistant to the Secretary in the performance of the duties described in Article III, Section 4 hereof.

Section 6. Additional Duties. The officers of the Agency shall perform such other duties and functions as may from time to time be required by the Agency Board or the bylaws or rules and regulations of the Agency.

Section 7. Election or Appointment. The Chair, Vice Chair, and Secretary shall be elected at the annual meeting of the Agency from among the County Board District Commissioners, and shall hold office for one year or until their successors are elected and qualified.

Section 8. Vacancies. Should the office of Chair, Vice-Chair or Secretary become vacant the County Board District Commissioners shall elect a successor from its membership at the next regular or special meeting, and such election shall be for the unexpired term of said office. When the office of Executive Director becomes vacant, the Agency Board shall appoint a successor.

ARTICLE IV- EXECUTION OF AGENCY DOCUMENTS

Section 1. Contracts and other Transactional Documents. All documents requiring approval of the Agency Board shall be executed as authorized or directed by the approving resolution of the Agency Board. If no such resolution is adopted by the Agency Board, or such resolution is silent as to execution, the document(s) may be executed by the Chair or the Executive Director. Documents not requiring specific approval by the Agency Board may be executed on behalf of the Agency by the Chair or the Executive Director. In the absence or disability of the Chair, documents may be executed by the Vice-Chair or any other Agency Commissioner. In the absence or disability of the Executive Director, documents may be executed by the Deputy Executive Director or such other person as the Executive Director has authorized in writing to do so.
Section 2. **Checks and other Disbursements.** The Executive Director shall be responsible for the care and custody of all funds of the Agency, except that the banking institution or institutions in which Agency funds are regularly maintained shall be named by the Agency Board. The Executive Director shall establish and maintain a written policy designating the method of transfer or withdrawal of funds by the Agency in and from its bank accounts. The Executive Director may delegate the responsibility for but shall oversee the maintenance of such accounting records as shall (a) comply with Minnesota law, (b) be consistent with applicable generally accepted accounting practices and (c) be delivered to the Agency Board at such times and in such form as directed by the Agency Board.
ARTICLE V - MEETINGS

Section 1. Annual Meeting. The annual meeting of the Agency Board shall be held prior to the regular January meeting at the Regular Meeting Place.

Section 2. Regular Meeting. The Agency Board by resolution shall adopt, and from time to time may amend, a schedule with the dates of regular Agency Board meetings for the year. Monthly meetings shall be held without additional notice at the Regular Meeting Place of the Agency. If a meeting falls on an election day, the meeting shall end by 6:00 p.m. in accordance with Minnesota law. If a regular meeting is to be held on a date, at a time or at a place different from the date, the Regular Meeting Place or the regular meeting time identified in the annual schedule, notice of the meeting must be given in accordance with Article V, Section 3 hereof as though it is a special meeting. Each regular meeting agenda shall be posted on the Agency's website at least three (3) calendar days prior to the applicable regular meeting.

Section 3. Special Meeting. Special meetings of the Agency Board may be called by the Chair, the Executive Director or any three members of the Agency Board for the purpose of transacting any business designated in the call. At least three calendar days prior to a special meeting, written notice of its date, time, place and purpose shall be (a) mailed, delivered or electronically forwarded to all members of the Agency Board, including the County Liaison, (b) mailed or delivered to anyone who has specifically requested notice of special meetings or, as an alternative, published in the Agency’s official newspaper, (c) posted on the principal bulletin board of the Agency or, if there is none, on the door of the Regular Meeting Place of the Agency and (d) posted on the Agency's website. At such special meeting, no business shall be considered other than as designated in the call.

Section 4. Emergency Meeting. An emergency meeting is a meeting at which, in the judgment of the Chair, the Executive Director or any three members of the Agency Board, action must be taken before a special meeting can be duly called or the Agency (or its constituency) will likely suffer immediate and irreparable harm. Immediately upon a determination that an emergency meeting is to be held, notice of its date, time, place and purpose shall be (a) electronically forwarded to all members of the Agency Board, including the County Liaison, (b) electronically delivered to anyone who has specifically requested notice of special meetings, (c)
posted on the principal bulletin board of the Agency or, if there is none, on the door of the Regular Meeting Place of the Agency and (d) posted on the Agency's website.

Section 5. Closed Meetings. Closed meetings shall be held only as authorized by and in accordance with the procedures established by the Minnesota Open Meeting Law, *Minnesota Statutes*, Sections 13D.04 to 13D.07. Before closing a meeting, the Agency shall state on the record the specific statutory grounds permitting the meeting to be closed and describe the subject to be discussed.

Section 6. Work Sessions. The Agency may schedule work sessions, retreats, forums or similar gatherings at such times and concerning such subjects as may be established by resolution of the Agency Board. A schedule of such meetings shall be maintained in the CDA Administration department. Such gatherings shall be noticed as for a regular or special meeting.

Section 7. Quorum. The powers of the Agency shall be vested in the Agency Commissioners in office from time to time. Four County Board District Commissioners shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other purposes. In the absence of a quorum a meeting may not be called to order and meetings for which a quorum was initially present shall be considered automatically adjourned without notice when there is no longer a quorum. A meeting adjourned for lack of a quorum may be called to order again if a quorum becomes present within one (1) hour of adjournment provided that this possibility is clearly and publicly stated to those in attendance at the time of initial adjournment. When a quorum is in attendance, action may be taken by the Agency upon a vote of a majority of the Agency Commissioners present.

Section 8. Official Record. The minutes of all meetings of the Agency Board of Commissioners, once approved, shall constitute the official record of all actions of the Agency Board and the journal required to be maintained by *Minnesota Statutes*, Section 13D.01, subdivision 4.

Section 9. Order of Business. At the regular meetings of the Agency the following shall be the order of business:

(a) Roll Call
(b) Introduction of New Employees
(c) Audience (Citizen Comment)
(d) Approval of Agenda & Meeting Minutes
(e) Federal Public Housing & Housing Choice Voucher Agenda
(f) Consent Agenda
(g) Regular Agenda
(h) Information
(i) Adjournment

All resolutions shall be in writing and shall be copied in the journal of the proceedings of the Agency.

Section 10. Audience/Citizen Requests. The Agency Board prefers all business matters initiated by citizens coming before them to first be reviewed by staff and scheduled for discussion on the appropriate agenda. If an individual seeks to appear before the Agency Board, he/she should notify CDA Administration of his/her intention and the issue that will be presented. Staff will confer with the individual, address the issue and, if necessary, schedule the issue accordingly on the agenda. When a citizen requests a scheduled appearance at a meeting to discuss an item of business, staff will contact the Board Chair for a decision on placement and duration of the subject matter on the agenda. Maximum length of time for an item to be presented in the Audience section on the agenda is five minutes. In general, before taking action, the Agency Board will direct the item to the appropriate staff for further review and recommendation.

Section 10. Manner of Voting. The voting on all questions coming before the Agency Board may be by unanimous consent or by roll call if requested by an Agency Commissioner, and the ayes and nays shall be entered upon the minutes of such meeting.

Section 11. Agency Commissioners Compensation. To the extent permitted by law, each Agency Commissioner may be paid up to $35 per regular, special and emergency meeting or work sessions at which said Agency Commissioner is in attendance. For purposes of this Article V, Section 10, continued meetings shall constitute a single meeting.

Section 12. Attendance Policy. In each calendar year, each Agency Commissioner shall be required to:

(a) Attend a minimum of 50% of all regular Agency Board meetings.
(b) Not miss three consecutive Agency Board meetings.

Data evidencing failure to meet the above requirements shall be transmitted to the County Board, which may result in removal of the Agency Commissioner pursuant to Minnesota Statutes,
Section 469.010 or in not being reappointed as an Agency Commissioner by the County Board upon expiration of his/her existing term.

**ARTICLE VI - AMENDMENTS**

Proposed amendments to these bylaws shall be distributed to each Agency Commissioner at least ten (10) calendar days prior to Agency Board action thereon unless at a meeting called to consider such amendment each of the Agency Commissioners present and voting thereon waives this notice requirement. Approval of amendments shall require the approval of at least four (4) County Board District Commissioners at a regular or a special meeting.
Executive Director’s Update – Informational

Meeting Date: 10/15/2019
Department: Administration
Prepared By: Kaili Braa
Contact: Tony Schertler
Contact Phone: 651-675-4432

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 November 19, 2019 CDA Board meeting agenda.

RECOMMENDATION
N/A – Informational Only

EXPLANATION OF FISCAL/FTE IMPACT
N/A

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

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

Executive Director

Department Director

______________________________
______________________________
September 9, 2019

Board of Commissioners
Dakota County Community Development Agency
Eagan, Minnesota

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of Dakota County Community Development Agency’s financial statements and compliance as of and for the year ended June 30, 2019.

Communication
Effective two-way communication between our firm and the Board of Commissioners is important to understanding matters related to the audit and in developing a constructive working relationship.

Your insights may assist us in understanding Dakota County Community Development Agency and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate with us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing and extent of audit procedures, your suspicion or detection of fraud, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, illegal acts, instances of noncompliance or abuse that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

Independence
Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permissions no partner and professional employee of RSM US LLP is permitted to have any direct financial interest or a material indirect financial interest in a client or any affiliates of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with firm policy. In addition, our policies restrict certain non-audit services that may be provided by RSM US LLP and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING
The Audit Planning Process
Our audit approach places a strong emphasis on obtaining an understanding of how your entity functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of business objectives, strategies, risks and performance.

As part of obtaining an understanding of your organization and its environment, we will obtain an understanding of internal control. We will use this understanding to identify risks of material misstatement and noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance, including abuse.

The Concept of Materiality in Planning and Executing the Audit
We apply the concept of materiality both in planning and performing the audit, evaluating the effect of identified misstatements or noncompliance on the audit, and the effect of uncorrected misstatements, if any, on the financial statements, in forming the opinion in our report on the financial statements and in determining or reporting in accordance with Government Auditing Standards and other compliance reporting requirements. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual unrecorded misstatements aggregated by us in connection with our evaluation of our audit test results.

Significant Risks of Material Misstatement
Our audit of the financial statements includes the performance of risk assessment procedures in order to identify risks of material misstatement, whether due to fraud or error. As part of these risk assessment procedures, we determine whether any risks identified are a significant risk. A significant risk is an identified and assessed risk of material misstatement that, in our professional judgment, requires special audit consideration. As part of our risk assessment procedures, we identified revenue recognition and management override of controls as significant risks. Additional significant risks may be identified as we perform additional audit procedures.

Our Approach to Internal Control and Compliance Relevant to the Audit
Our audit of the financial statements, including compliance, will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Our review and understanding of Dakota County Community Development Agency’s internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.
We will issue reports on internal control related to the financial statements and major programs. These reports describe the scope of testing of internal control and the results of our tests of internal control. Our reports on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act; and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at Title 2 U.S. Code of Federal Regulations Part 200 (Uniform Guidance).

We will issue reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a direct and material effect on each major program. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with the requirements of the standards and circular identified above.

Timing of the Audit
We have scheduled preliminary audit fieldwork during the month of September, with final fieldwork commencing in October. Management’s adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

Closing
We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to Dakota County Community Development Agency.

This communication is intended solely for the information and use of the Board of Commissioners and is not intended to be, and should not be, used by anyone other than this specified party.

RSM US LLP
The CDA is the General Partner in several limited partnerships. These partnerships are required to have annual financial statement audits. For 2018, fourteen (14) audits were performed by the CPA firm of Mahoney Ulbrich Christensen & Russ P.A. Each audit received a “clean” unmodified opinion on the financial statements, had no adjusting journal entries and had no findings or other issues noted. Audit reports will be available for inspection at the October board meeting. The partnerships audited were:

<table>
<thead>
<tr>
<th>Partnership</th>
<th>Year Built</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burnsville HOC Family Housing Limited Partnership</td>
<td>2003</td>
<td>34</td>
</tr>
<tr>
<td>Eagan Cedar Family Housing Limited Partnership</td>
<td>2004</td>
<td>34</td>
</tr>
<tr>
<td>Lakeville Downtown Family Housing Limited Partnership</td>
<td>2005</td>
<td>40</td>
</tr>
<tr>
<td>Lafayette Family Housing Limited Partnership</td>
<td>2006</td>
<td>30</td>
</tr>
<tr>
<td>Hastings West Village Family Housing Limited Partnership</td>
<td>2007</td>
<td>21</td>
</tr>
<tr>
<td>Rosemount Family Housing Limited Partnership</td>
<td>2008</td>
<td>32</td>
</tr>
<tr>
<td>Twin Ponds Family Housing Limited Partnership</td>
<td>2009</td>
<td>25</td>
</tr>
<tr>
<td>Meadowlark Family Housing Limited Partnership</td>
<td>2010</td>
<td>40</td>
</tr>
<tr>
<td>Apple Valley East Family Housing Limited Partnership</td>
<td>2011</td>
<td>45</td>
</tr>
<tr>
<td>Twin Ponds Phase II Family Housing Limited Partnership</td>
<td>2012</td>
<td>26</td>
</tr>
<tr>
<td>Eagan Northwood Family Housing Limited Partnership</td>
<td>2013</td>
<td>47</td>
</tr>
<tr>
<td>Inver Hills &amp; Riverview Ridge Family Housing LP</td>
<td>2014</td>
<td>51</td>
</tr>
<tr>
<td>Lakeshore Workforce Housing Limited Partnership</td>
<td>2015</td>
<td>50</td>
</tr>
<tr>
<td>Keystone Crossing Workforce Housing LP</td>
<td>2017</td>
<td>36</td>
</tr>
</tbody>
</table>
May 2, 2019

To the General Partner
Eagan, Minnesota

We have audited the financial statements of the limited partnerships listed below for the year ended December 31, 2018:

Apple Valley East Family Housing Limited Partnership
Burnsville HOC Family Housing Limited Partnership
Eagan Cedar Family Housing Limited Partnership
Eagan Northwood Family Housing Limited Partnership
Hastings West Village Housing Limited Partnership
Inver Hills & Riverview Ridge Family Housing Limited Partnership
Lafayette Family Housing Limited Partnership
Lakeshore Workforce Housing Limited Partnership
Lakeville Downtown Family Housing Limited Partnership
Meadowlark Family Housing Limited Partnership
Rosemount Family Housing Limited Partnership
Twin Ponds Family Housing Limited Partnership
Twin Ponds Phase II Family Housing Limited Partnership

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audits. We have communicated such information to you in our engagement letter dated November 20, 2018. Professional standards also require that we communicate to you the following information related to our audits.

**SIGNIFICANT AUDIT MATTERS**

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by each Partnership are described in Note 2 to their financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the current year. We noted no transactions entered into by the Partnerships during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the useful lives of property and equipment.

Management’s estimates of the useful lives of property and equipment are based on their experience in managing and developing real estate properties. We evaluated the key factors and assumptions used by management to develop these estimates in determining they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audits.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during an audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were identified during our audits.

**Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audits.

**Management Representations**

We have requested certain representations from management that are included in the management representation letters.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Partnerships’ financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Partnerships’ auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audits of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

The supplementary housing tax credit schedules, which are of a nonaccounting nature, were not subjected to the auditing procedures applied in the audits of the financial statements and were marked as “Unaudited”.

Impending Accounting Standards


This accounting standards update, issued in November 2016, requires the statement of cash flows to explain the change in total cash, cash equivalents, and amounts generally described as restricted cash and cash equivalents. Transfers between cash and restricted cash will not be considered operating, investing, or financing activities. A disclosure will be required to reconcile the components of total cash, cash equivalents, and restricted cash as reported on the statement of cash flows with the corresponding line items on the balance sheet. The ASU does not define “restricted cash.” The change will take effect for fiscal years beginning after December 15, 2018.

* * * * *

This information is intended solely for the use of the Partners and management of the Partnerships and is not intended to be, and should not be, used by anyone other than these specified parties.

We thank management and staff for the courtesies extended to us during the course of our work. If there are any questions regarding our audits or this letter, we would be happy to discuss them with you.

[Signature]

Mahoney Ulbrick
Christiansen Huss P.C.