

COUNTY OF PINE  
STATE OF  
MINNESOTA

ORDINANCE No.: 2024-02

**AN ORDINANCE ESTABLISHING A HOUSING TRUST FUND IN PINE  
COUNTY**

THE PINE COUNTY BOARD OF COMMISSIONERS HEREBY ORDAINS AS  
FOLLOWS:

**SECTION 1: GENERAL PROVISIONS**

- 1.1 Authority. This Ordinance is adopted pursuant to Minnesota Statutes, Section 462C.16.
- 1.2 Purpose. Pursuant to Minnesota Statutes, Section 462C.16, there is hereby created and established for the County of Pine a fund to be known and denominated as the Pine County Housing Trust Fund. The Trust Fund shall be a permanent source of funding and a continually renewable source of revenue to meet, in part, the housing needs of Moderate, Low Income and Very Low-Income households of the County. The Trust Fund shall provide loans and grants to property owners, homeowners, local units of government, for-profit housing developers, and non-profit housing developers for the acquisition, capital and soft costs necessary for the creation of new Affordable and Workforce Housing (both rental and owner- occupied). Projects funded by the Trust Fund shall be dispersed throughout the County.

**SECTION 2: DEFINITIONS**

- 2.1 “Affordable” means a housing unit that has an Affordable Housing Cost.
- 2.2 “Affordable Housing Cost” means an amount satisfied by:
- 2.2.1 For owner occupied housing, a housing payment inclusive of loan principal, loan interest, property taxes, property and mortgage insurance, and homeowners’ association dues which allows a moderate, low income or very low-income household to purchase a home while paying no more than thirty percent (30%) of their gross household income.
  - 2.2.2 For rental or cooperative housing, a housing payment, inclusive of a reasonable allowance for heating, which allow a moderate, low income or very low-income household to rent a unit while paying no more than thirty percent (30%) of their gross household income.
- 2.3 “Area Median Income” means the income guidelines established and published annually by the U.S. Department of Housing and Urban Development.
- 2.4 “Assisted Unit” means a housing unit that is Affordable because of assistance from the Trust Fund.

- 2.5 “Low Income” means gross household income that is at or below eighty percent (80%) of Area Median Income, but more than fifty percent (50%) of Area Median Income.
- 2.6 “Moderate Income” means gross household income that is at or below one hundred fifteen percent (115%) of Area Median Income, but more than eighty percent (80%) of Area Median Income.
- 2.7 “Permanent Source of Funding” means once funds are allocated to the Trust those funds can only be expended for purposes outlined in section four (4) of this document.
- 2.8 “Project” may mean a single-family house (attached or detached) or a multifamily property, either as owner-occupied property or rental property.
- 2.9 “Recipient” means any homeowner, for-profit, non-profit or local unit of government, or housing developer that receives funds in the form of a loan or grant from the Trust Fund Account. A Recipient may be an individual, partnership, local unit of Government, joint venture, Limited Liability Company or partnership, association, or corporation.
- 2.10 “Trust Fund” means the Pine County Housing Trust Fund.
- 2.11 “Trust Fund Manager” means the Pine County Economic Development Coordinator, or their designee.
- 2.12 “Very Low Income” means gross household income that is at or below fifty percent (50%) of Area Median Income.
- 2.13 “Workforce Housing” means owner-occupied or rental housing units that are provided to households with at least one member per unit who is gainfully employed at the time of entry into the unit.

**SECTION 3: TRUST FUND ACCOUNT; SOURCE OF TRUST FUNDS**

- 3.1 There is also hereby established a Pine County Trust Fund Account, to be maintained by the Trust Fund Manager. All funds received by Pine County on behalf of the Trust Fund shall be deposited in the Trust Fund Account. Principal and interest from loan repayments, and all other income from Trust Fund activities, shall be deposited in the Trust Fund Account. All interest earnings from the Trust Fund Account shall be reinvested and dedicated to the Trust Fund Account.
- 3.2 The Trust Fund shall consist of funds derived from the following, but not limited to:
  - 3.2.1 Donations designated for the Trust Fund.
  - 3.2.2 Payments in lieu of participation in current or future Affordable housing programs.
  - 3.2.3 Grants or loans from the federal or state government.
  - 3.2.4 Principal and interest from Trust Fund loan repayments and all other income from Trust Fund activities.
  - 3.2.5 Employer based funds and matches.

- 3.2.6 Other sources to be considered; local or regional utility companies, specific county departments, specific county program funds (revolving loan fund), County HRA/EDA, and housing and redevelopment authority levies.
- 3.2.7 Application Fees - Projects applying for funds.
- 3.3 The Trust Fund may consist of funds derived from any other source, including but not limited to the following.
  - 3.3.1 Tax Increment returned to the County after decertification of a TIF district.
  - 3.3.2 Any other appropriations as determined from time to time by action of the County Board of Commissioners.
  - 3.3.3 As indicated by Section 462C.16, a local government may finance its local housing trust fund with any money available to the local government, unless expressly prohibited by state law.

#### **SECTION 4: TRUST FUND DISTRIBUTIONS**

- 4.1 The Trust Fund is to function as a resource to fund loans and grants in strict accordance with this Section. The Trust Fund shall be administered by the Trust Fund Manager. No disbursements may be made from the Trust Fund Account without the prior approval of the Housing Redevelopment Authority/Economic Development Authority (HRA/EDA) Board. The HRA/EDA shall adopt a written policy outlining the application and review process.
- 4.2 Disbursements from the Trust Fund Account shall be made as loans or grants to assist Recipients in the creation of Assisted Units and administrative fees not to exceed 10 percent. Recipients may use the funds to pay for: capital costs, including but not limited to the actual costs of rehabilitating or constructing Assisted Units; preserving Affordable units; demolishing or converting existing non-residential buildings to create new Assisted Units; real property acquisition costs; and professional service costs, including but not limited to, those costs incurred for architectural, engineering, planning and legal services which are attributable to the creation of Assisted Units; down payments assistance; rental assistance, and home buyer counseling services.
- 4.3 The Trust Fund Manager shall within thirty (30) days following the close of each fiscal year prepare and submit an annual report to the County Board of Commissioners on the activities undertaken with funds from the Trust Fund. The report shall specify the number and types of units assisted, the amount loaned or granted per Assisted Unit, the amount of state, federal and private funds leveraged, the geographic distribution of Assisted Units and a summary of statistical data relative to the incomes of assisted households, including their monthly rent or mortgage payments, and the sales prices of owner- occupied Assisted Units.

#### **SECTION 5: TERM OF AFFORDABILITY**

- 5.1 The minimum term of affordability for an Assisted Unit shall be fifteen (15) years. Preference shall be given to those projects that ensure that the Assisted Units remain Affordable for the longest period possible.

- 5.2 Assisted Units shall be deed-restricted to ensure long-term affordability.
- 5.3 The HRA/EDA will enter into loan or grant agreements with the Recipients of the Trust Fund monies. Each loan or grant agreement will clearly state the conditions and requirements for the Recipient's use of Trust Fund monies, including the term of compliance, transfer or sale requirements and other requirements as specified.
- 5.4 In those cases where an Assisted Unit is sold or transferred prior to the expiration of the agreed-upon term, or where an Assisted Unit is no longer Affordable, the initial Recipient of assistance from the Trust Fund shall be obligated to repay to the Trust Fund the original amount of the loan or grant.
- 5.5 The HRA/EDA shall enforce all debt and lien instruments to the fullest extent of the law. The HRA/EDA may recommend debt settlement offers, if it is determined to be in the best interest of the Trust Fund.

**SECTION 6: SEVERABILITY**

- 6.1 If any provision of this Ordinance or the application thereof is held invalid, said invalidity does not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application and for this purpose, the provisions of the Ordinance are severable.

**SECTION 7: EFFECTIVE DATE**

This ordinance shall be in full force and effect immediately from and after its passage and publication as required by law.

ADOPTED by the Pine County Commissioners this \_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Terry Lovgren, Pine County Board Chair

Attest: \_\_\_\_\_  
David J Minke, Pine County Administrator