

WASECA HOUSING FUND LOAN PROGRAM POLICIES AND PROCEDURES

I. Program Elements

A. Goals and Objectives

1. Assist with development, renovation and/or rehabilitation of apartment units in downtown Waseca
2. Provide financing to projects that otherwise may not occur; especially redevelopment resulting in the prevention or elimination of blight
3. This program fully supports:
 - a. Development which brings residents into the downtown district
 - b. Creation of housing options aimed at assisting in downtown revitalization

B. Targeting Criteria

Use of this program should be open to rental housing owners, or owners of vacant or underutilized properties within the downtown district as designated by zone B-1 and all other areas deemed appropriate by the City Council. The program will target and give funding priority to the following types of development:

1. Unused downtown rental property
2. Useable, substandard rental units
3. Redevelopment or adaptive reuse of vacant or underutilized properties to provide rental housing.
4. Properties owned by minorities, women, veterans or physically handicapped persons may be given extra consideration.
5. Retail or commercial spaces are not eligible.

C. WHF Loan Standards

WHF Loans will generally meet the following standards. Individual loans may vary from the standards due to unusual circumstances or other overriding factors which make deviation necessary. Deviations from the standards must be approved in advance by the City Council.

1. Loans will be awarded to requestors at a rate of \$1 for every \$4 in private funds, subject to a \$4,000 cap and \$500 floor on loan funds per unit. Private funding includes financing from banks, investors or investment companies, or contributions from the grantee. Private funding does not include city, state or other public funding.
2. WHF loans may be used for:
 - a. Design
 - b. Construction of new units in conjunction with redevelopment or reuse of vacant or underutilized properties and construction, renovation or rehabilitation of units in existing facilities
 - c. Site improvements
 - d. Utility or infrastructure improvements

D. Financing Policies

1. Loans will adhere to the minimum and maximum loan amounts listed in I (C) (1).
2. WHF fund agreements will have a 10 year repayment sunset. Upon sale of property prior to the 10 year sunset date, the full original principal balance shall be repaid to the Waseca Housing Fund. WHF loans may be restructured, if necessary.
3. A financing gap must exist. Applicants to the WHF must provide evidence of their attempts to secure and utilize other financing sources, such as state or other local programs.

II. Administrative Elements

A. Loan Administration. Loan administration shall be performed by the City of Waseca. The duties of the City Council are as follows:

1. Review and approve or deny all applications for loans under the terms of this program.
2. From time to time, review and amend the WHF program goals and objectives and policies as required by necessity.

B. Staff Capacity. Staffing for the WHF will be provided by the City of Waseca. Staff duties for the fund include the following:

1. Loan structuring and packaging: Staff will assist applicants in structuring the financial package to coordinate with loans from other programs, bank involvement, equity, and other necessary components. Staff will also assist applicants in completing the necessary forms and documentation for the loan.
2. Staff will assist in the financial management of the WHF including loan disbursements, servicing, audits and record keeping.

C. Loan Selection and Approval Process. The selection and approval process will be as follows:

1. Pre Application
 - a. A pre application will be required of all applicants to determine the eligibility of the project.
 - b. All pre applications will be screened by City staff for eligibility. Invitations or denials will be provided within two weeks of receipt. If denied, the applicant may appeal to the City Council.
2. Full Application
 - a. When a full application is received, City staff will visit the site and hold a discussion with the applicant regarding the application details.
 - b. City staff will conduct a thorough review, to include:
 - i. WHF program eligibility
 - ii. Benefits of the project
 - iii. Need for special requirements
 - iv. Environmental review
 - v. Civil rights review
 - c. City staff will prepare a recommendation for the City Council

- d. City Council reviews the application, staff recommendation and approves/denies the application.
- e. City staff informs the applicant, in writing, of the City Council decision.

D. Loan Servicing. Loan awards will be handled by the City staff. The City Attorney and applicant attorney will be consulted as necessary. The City Finance Department will maintain a separate accounting line item within the City's general ledger. City staff will monitor and keep records of all loans awarded and any special provisions contained within the loans. Reports will be generated as necessary or as requested. Any modification of terms or conditions must be requested in writing and approved by the City Council.

E. Administrative Costs

Administrative costs will be borne by the City of Waseca and be considered part of the normal duties assigned to City staff.

F. Other Requirements

1. Civil rights. No applicant may be denied a loan on the basis of race, color, religion, national origin, age, handicap, gender or sexual orientation.
2. Historic Preservation. All loans for construction that involve exterior alterations to historic properties shall be submitted to the Waseca Heritage Preservation Commission for review and pass through to the State of Minnesota Historic Preservation Office for review and consent.
3. Access for the Handicapped. If the WHF finances a construction project to which the public will have access, provisions for access by the handicapped must be included.
4. Environmental Review Procedure. City staff will review each application for conformance with each standard above. To conduct this review, staff will consult City planning and zoning documents as well as site specific maps and appropriate State and Federal regulations and rules. All local, state and federal regulations must be complied with prior to awarding the loan.
5. The City Council reserves the right to grant exceptions to this policy.