

**City of Menahga
Information Memorandum 18-002
Resolution No. 2018-006**

Subject: Resolution No. 2018-006: Declaring Slum and Blighted Area

Agenda of: February 12, 2018

Council action: Adopted _____

Summary statement: Resolution No. 2018-006 contains the updated information as discussed during the January 8, special meeting.

As discussed during the meeting, a match is recommended to enhance the grant and property owners' ability to complete the projects. If the grant is received by the City, \$6,000 will be appropriated for that purpose.

Fiscal information:

Total amount of funds listed in this legislation: \$ 6,000

This legislation (✓):

Has no fiscal impact Creates a positive impact in the amount of: \$ _____
 Creates a negative impact in the amount of: \$ 6,000

Funds are (✓):

Budgeted Line items(s): 101-41400-313
 Not budgeted Affected line item(s): _____

Attachments:

- Resolution No. 2018-006
- Maps

Agenda Date: January 8, 2018
Action: Postponed to February 12, 2018
Date: February 12, 2018
Action: Adopted
Vote: Unanimous

Yes:	No:
Ellingson	
Komulainen	
McNeece	
Lawrey	
Foss	

CITY OF MENAHGA, MINNESOTA

Resolution No. 2018-006

A Resolution of the Menahga City Council Declaring Slum and Blighted Area

WHEREAS, the City of Menahga is concerned about the economic viability of slum and blighted area within its corporate limits; and

WHEREAS, the slum and blighted area projects a negative visual image of the community; and

WHEREAS, the economic, social, physical, and cultural well-being of the City is adversely affected by the conditions of this slum and blighted area; and

WHEREAS, there exists the opportunity to improve, preserve, and re-develop this slum and blighted area to the benefit of the community; and

WHEREAS, the following detrimental conditions have been identified which qualify the area under State law and Community Development Block Grant Program requirements:

- 1) Public Improvements are in a general state of deterioration; or
- 2) At least 25% of the buildings are deteriorated or deteriorating, and have at least one of the following characteristics: physical deterioration of building or improvement; abandonment of property; chronic high turnover or vacancy rate; significant decline in property value or abnormally low property value in relation to other areas of the community; or known or suspected environmental contamination.

WHEREAS, of all the parcels within the target area, 23 of them are occupied by buildings, of the 23 buildings in the target area, 16 of them are structurally standard, 7 of them are structurally substandard, and 0 are dilapidated.

NOW, THEREFORE BE IT resolved by the Menahga City Council that the following area is designated a "Slum and Blighted Area".

Adopted by the City Council of the City of Menahga, Minnesota, this twelfth day of February, 2018.

Patrick Foss, Mayor

Janette M. Bower, MMC, Administrator



Our Lady of Imption...

Community First Bank

Cottage House Cafe

BP

Spirit Lake Lumber Inc

Dollar General

City of Menahga
Slum & Blight Target Area

Dear Menahga Resident:

January 2018

The City of Menahga is submitting a grant application to the State of Minnesota's Small Cities Development Program (SCDP), to secure funding to assist low and moderate income homeowners for fixing up their homes. The purpose of this letter and survey is to determine Menahga's eligibility for those grant funds. **Returning your survey is very important!** The questions on this survey will help us gather the information to demonstrate eligibility. Only the city's grant writer will see the surveys and they will remain completely confidential.

A secondary reason for the survey is to determine the interest level of homeowners who would consider participating in a housing rehabilitation program. By completing this survey you are **not** obligated to participate in the housing rehabilitation program.

If the City of Menahga receives approval for the grant, funding will be provided to homeowners as a 0% deferred, forgivable loan with a 7 year term. There will also be an owner's match portion of 10% of the project's cost. What does this mean to you?

- 0% interest means NO interest accrues
- Deferred means you make NO monthly payments
- Forgivable means that every year 1/7th of your loan balance is forgiven. After the 7 year loan term expires, **the loan is completely forgiven.**

An Example of a project funding breakdown would be: Total project cost of \$18,000.

SCDP share: \$16,200 Owner Share: \$1,800

The owner's share of the project cost must be secured and deposited in an escrow account before the construction project can proceed. Additional funding sources may be available to cover the owner's match requirement.

There will be a deferred loan (lien) placed upon the property for the amount of the SCDP loan for a period of 7 years. If you sell your home during the term of the loan, a pro-rated portion of the SCDP loan balance must be repaid with proceeds from the sale.

Homeowner's must be current on all mortgage, property tax, and homeowner's insurance payments.

Low to moderate income households are eligible to participate in the program. The following program is tiered based upon household income and the number of people in the household. Income levels are adjusted each year by HUD and households will need to meet current income levels at the time of their application. Below are 2017 income limits for Wadena County.

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What is the total number of people living in your household at this time? _____

Please look at the guidelines below and indicate what your total gross household income was for 2016.

<u>Gross household Income</u>	<u>Below</u>	<u>Above</u>
\$36,600	_____	_____
\$41,800	_____	_____
\$47,050	_____	_____
\$52,250	_____	_____
\$56,450	_____	_____
\$60,650	_____	_____
\$64,800	_____	_____
\$69,000	_____	_____

How old is your home? _____ Do you own or rent your home? _____

Buying on a contract for deed? _____ Own your home as a life estate? _____

Would you be interested in a housing rehabilitation program? _____

This is a rehabilitation program not a remodeling program, items like; appliances, cabinets, or additions will not be eligible improvements.

If you answered yes above what kind of housing repairs do you believe are needed?

Eligible improvements include:

Roofing _____ Siding _____ Windows _____ Electrical _____ Water Heater _____

Heating system _____ insulation _____ accessibility improvements _____

Other _____

Please provide your contact information so we can forward additional information to you as the grant application progresses.

Name _____

Street Address _____

Phone _____ Email _____

If you have any questions feel free to contact: Ed Zimny, Program Manager at 320-258-0673 or ed@cmhp.net

Please complete this survey and return it by February 2nd.

Return to: Central MN Housing Partnership Inc. **or email to:** ed@cmhp.net
Attn. Ed
37 28th Ave N, Suite 102
St. Cloud, MN 56303

Dear Menahga Commercial Property Owner:

January 2018

The City of Menahga is submitting a grant application to the State of Minnesota's Small Cities Development Program (SCDP), to secure funding to assist commercial property owners to make repairs to their buildings. The purpose of this letter and survey is to determine Menahga's eligibility for those grant funds. **Returning your survey is very important!** The questions on this survey will help us gather the information to demonstrate eligibility. Only the city's grant writer will see the surveys and they will remain completely confidential.

A secondary reason for the survey is to determine the interest level of owners who would consider participating in a rehabilitation program. By completing this survey you are **not** obligated to participate in the rehabilitation program.

If the City of Menahga receives approval for the grant, the proposed funding will be provided as follows: 80% of the project's cost will be covered by small cities funds and the owner will be required to cover the remaining 20%. The Small cities funds will be divided into 2 separate loans, a 0% deferred forgivable loan with a 7 year term and a 1% interest installment loan with a 10 year term. What does this mean to you?

- 0% interest means NO interest accrues
- Deferred means you make NO monthly payments
- Forgivable means that every year 1/7th of your loan balance is forgiven. After the 7 year loan term expires, **the deferred loan is completely forgiven.**

The maximum amount of Small Cities funds on a project is \$40,000.

An Example of a project funding breakdown would be: Total project cost of \$30,000.
SCDP share: 80% of \$30,000 = \$24,000 Owner Share: 20% of \$30,000 = \$6,000
SCDP 0% deferred = \$19,200
SCDP 1% installment = \$4,800 (monthly payments of \$42.05)

There will be liens placed upon the property for the amount of each SCDP loan respectively. The 0%, deferred forgivable loan has a 7 year term, the 1% installment loan has a 10 year term. **If the building is sold or changes owners during the terms of the loans, all of the SCDP loan balances must be repaid.**

The owner's share of the project cost must be secured and deposited in an escrow account before the construction project can proceed.

Owners must be current on all mortgage, property tax, and commercial property insurance payments.

-Continued-

The rehabilitation must be coordinated through Central MN Housing Partnership (CMHP) and competitive bidding and Davis Bacon federal wage rates and terms will apply to the project. Any improvements done before coordinating with CMHP will not be eligible for SCDP funding.

Would you be interested in a commercial building rehabilitation program? _____

This is a rehabilitation program not a remodeling program, items like; flooring, business specific equipment (coolers, griddles), or additions will not be eligible improvements.

If you answered yes above what kind of building repairs do you believe are needed?
Eligible improvements include:

Roofing_____ Siding_____ Windows_____ Electrical_____ Water Heater_____

Heating system_____ insulation_____ accessibility improvements_____

Other_____

Please provide your contact information so we can forward additional information to you as the grant application progresses.

Name_____

Address_____

Phone_____ Email_____

If you have any questions feel free to contact: Ed Zimny, Program Manager at 320-258-0673 or ed@cmhp.net

Please complete this survey and return it by February 2nd.

Return to: Central MN Housing Partnership Inc. or email to: ed@cmhp.net
Attn. Ed
37 28th Ave N, Suite 102
St. Cloud, MN 56303



FY 2017 INCOME LIMITS DOCUMENTATION SYSTEM

HUD.gov [HUD User Home](#) [Data Sets](#) [Fair Market Rents](#) [Section 8 Income Limits](#) [MTSP Income Limits](#) [HUD LIHTC Database](#)

FY 2017 Income Limits Summary

FY 2017 Income Limit Area	Median Income <input type="button" value="Explanation"/>	FY 2017 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Wadena County	\$51,800	Very Low (50%) Income Limits (\$) <input type="button" value="Explanation"/>	22,900	26,150	29,400	32,650	35,300	37,900	40,500	43,100
		Extremely Low Income Limits (\$)* <input type="button" value="Explanation"/>	13,750	16,240	20,420	24,600	28,780	32,960	37,140	41,320
		Low (80%) Income Limits (\$) <input type="button" value="Explanation"/>	36,600	41,800	47,050	52,250	56,450	60,650	64,800	69,000

Selecting any of the buttons labeled "Explanation" will display detailed calculation steps for each of the various parameters.

* The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low income limits may equal the very low (50%) income limits.

Income Limit areas are based on FY 2017 Fair Market Rent (FMR) areas. For information on FMRs, please see our associated FY 2017 [Fair Market Rent documentation system](#).

For last year's Median Family Income and Income Limits, please see here:

Select a different county or county equivalent in Minnesota: