

BEMIDJI CITY COUNCIL

Work Session Agenda

Monday, January 22, 2018

**City Hall
Conference Room
5:30 P.M.**



1. CALL TO ORDER / ROLL CALL

2. DISCUSSION: HOUSING
- Mary Thompson & Tim Flathers, HRDC

3. ADJOURNMENT

NOTE: All cellular devices are to be switched to a non-audible function during Council and Committee meetings.



City Manager's Office

MEMORANDUM

TO: City Council
FROM: Nate Mathews, City Manager *Nate*
DATE: January 18, 2018
RE: Housing Work Session

At our upcoming January 22, 2018 work session we scheduled some time to discuss the topic of housing in Bemidji. At this time there is no formal request for Council consideration, however, as you know we have been very busy administering various housing projects during the past few years. The majority of these have been multifamily in nature (University Heights, South Shore condos and apartments, Park Place, Conifer Estates). Since 2015 Bemidji has collaborated with developers to build 317 new multifamily units, and 93 single family homes.

In preparation for this work session, I would ask you to deliberate the questions: what is the City's role in housing right now? What should our role be? In addition, in lieu of our recent public hearing regarding the mobile home park closure, I believe a pressing additional question is: do we need to focus on affordable housing in Bemidji?

Mary Thompson and Tim Flathers will be present at the meeting to discuss this topic with you. Attached is further information from a recent Beltrami County Housing Study (City of Bemidji) that we will review on Monday.

BELTRAMI COUNTY HOUSING STUDY (City of Bemidji)

Local elected and public officials are often held responsible for conditions and circumstances over which they have limited control. This is particularly true of housing. Most of the housing units in Beltrami County are privately owned and were constructed with private funds. On an increasing scale, however, the public is demanding that public officials control what happens in this largely private housing market by eliminating blight, protecting individual investments, and generating new housing growth to meet economic development needs.

In 2013 Beltrami County HRA contracted with Community Partners Research, Inc. to update the 2006 Beltrami County Housing Study. A separate analysis of the City of Bemidji was provided in the final document, which resulted in 29 finding/recommendations in five categories and are listed below.

Rental Housing Recommendations

1. Develop 120 to 140 general occupancy market rate rental units
2. Develop 68 to 72 subsidized rental housing units
3. Develop 52 to 56 tax credit rental housing units
4. Monitor the need for additional senior housing with services units
5. Student Housing recommendations
6. Develop a 35 to 45 unit mixed use housing/commercial project
7. Continue to apply for Housing Choice Voucher Program allocations when available from HUD
8. Consider the development of a facility for chronic inebriates

Home Ownership Recommendations

9. Utilize and promote all program that assist with home ownership
10. Utilize Purchase/Rehabilitation Programs
11. Continue to Develop a Lease to Purchase Program
12. Involvement in the Emerging Markets Homeownership Initiative (EMHI) to increase minority home ownership
13. Promote employer involvement in home ownership programs

Single Family Housing Recommendations

14. Lot availability and development
15. Monitor the development of another affordable subdivision
16. Promote townhouse, twin home and cooperative housing development
17. Continue cooperation with other groups supporting new home construction

Housing Rehabilitation Recommendations

18. Promote rental housing rehabilitation programs
19. Promote on – going owner – occupied housing rehabilitation efforts
20. Continue a Rental Housing Inspection Program
21. Develop a Neighborhood Revitalization Program

Other Housing Initiatives

22. Consider the submission of an application for Minnesota Small Cities Development Program Funds
23. Consider a mobile home park improvement program
24. Continue to acquire and demolish dilapidated structures
25. Continue coordination amount housing agencies
26. Develop a City of Bemidji New Construction Housing Incentive Program
27. Coordinate the development of housing for people with developmental and physical disabilities
28. Housing recommendations for Bemidji Downtown Business District
29. Address housing needs for the homeless

DEFINITIONS

Affordable Housing

Housing that can be obtained by a low to moderate income household so that the monthly housing expense does not exceed 30% of gross income. A low income household makes less than 80% of AMI or \$64,400 and a moderate income household makes less than 115% AMI or \$92,500. The maximum monthly housing payment would need to be \$1,610 or \$2,313 respectively to be considered affordable.

Community Land Trust

A community land trust (CLT) is a nonprofit, community – based organization that works to provide perpetually affordable home ownership opportunities. CLT's hold the land they own "in trust" forever for the benefit of the community and then selling the home on the land to an income – qualified buyer. The homeowner then leases the land from the CLT through a 99 – year, renewable ground lease. The ground lease connect the homeowner to the community and to keep the house permanently affordable by including a resale formula that determines the home's CLT sale price and the homeowner's share of the home's increased value at the time of sale.

Value Gap

The difference between the Fair Market Sales Price and the Total Development Cost of a Project.

Affordability Gap

The difference between the total cost of acquiring the Property, generally determined by the Fair Market Sales Price of the Property, and the amount of the first mortgage loan for which the Owner-Occupant qualifies based on industry standard, prudent underwriting practice.

SINGLE FAMILY DEVELOPMENT

Home Buyer Analysis

Purchase price: \$160,000

Maximum Loan at 95%: \$152,000

Annual Income: \$60,000

Monthly PITI Payment: \$903.33

Affordability Gap: \$8,000

Housing Model

3 BR, 2 Bath, Attached Garage, Aprox. 1,300 sq ft. slab on grade

Hard Costs: \$121,150

Soft Costs: \$23,675

Total \$144,825

At a sale price of \$160,000 there is \$15,175 available for land.