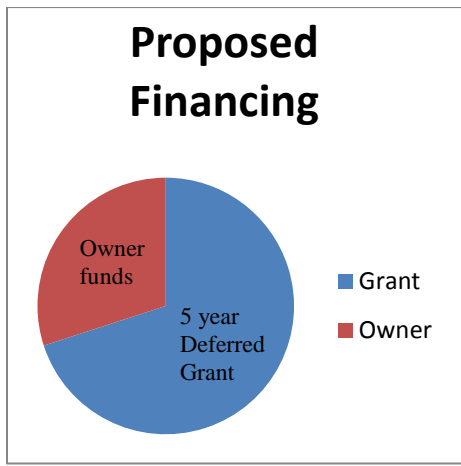


Dear City of Glenwood Property Owner,

The City of Glenwood is seeking grant funds from the Minnesota Department of Employment & Economic Development's (DEED's) Small Cities Development Program (SCDP) for rental property owners interested in improving their rental buildings. As part of the application process for these funds, the City must provide a list of interested property owners and examples of projects in Glenwood which need funding. **It is important that you complete the attached Letter of Interest Form if you would like funding from this grant to fix up your property!**

These funds would be made available to property owners for qualifying projects by the way of a no interest deferred loan (grant). The City plans to request this grant which would provide the following financing package to property owners for residential rental projects:



- Maximum Dollar Amount Available Per Apartment Unit (eligible expenses)
 - \$ 12,500/unit
 - \$25,000/Single Family home
- Minimum Owner Required Match: 30% (of eligible project).
- Terms: up to 70% of eligible costs of your project may receive SCDP funding.
 - 70% would be provided in the form of a 5 year forgivable loan which is must be repaid if the property is sold; title is transferred, or conveyed within the first 5 years of the loan.

- Maximum number of eight apartment units eligible for SCDP funding per property.
- After rehabilitation activities, rental units must be primarily occupied by low and moderate income households at "affordable rents." A requirement for participation is that property owners enter into agreements for occupancy and rents before rehabilitation begins.
- Affordable Rents are:

Pope County 2016 Fair Market Rent Data				
Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
\$473	\$550	\$745	\$975	\$1000

- At least 51% of the units must be occupied by low to moderate income (LMI) households for the duration of the loan. Rent rates cannot increase for LMI tenants paying 30% or more of their income for rent and tenant-paid utilities for the duration of the loan.

Pope County 2015 Income Data								
Household Size:	1-person household	2-person household	3-person household	4-person household	5-person household	6-person household	7-person household	8-person household
Low-Income Limit:	\$23,250	\$26,600	\$29,900	\$33,200	\$35,900	\$38,550	\$41,200	\$43,850

Interested property owners must fill out and return the "Letter of Interest" form by Friday, September 30, 2016, to the Douglas County HRA. Submission of the Intent to Participate form *by building owners* will allow the City of Glenwood to prove that there is interest in this program. Please submit the form to:

Douglas County HRA

Attn: Emajean Zwieg

P.O. Box 965

Alexandria, MN 56308

Special accommodations for people with disabilities available upon request.

What Happens Next:

Information from these letters is needed for the City's preliminary application is due Nov. 10, 2016. Final applications are due Feb. 23, 2017. Notification of approval will be in the spring 2017 at which time property owners and local media will be informed. Detailed individual applications from property owners will be collected during the summer of 2017, and **the earliest that the first rehabilitation project may begin is during the late summer of 2017.** The program does run a total of 30 months, likely starting July 1, 2017 through Dec. 31, 2019.

Rental Residential Letter of Interest Form
Please sign and return to the Douglas County HRA

This letter is intended to show my intent to participate, or apply to the Glenwood Small Cities Development Program (SCDP) to rehabilitate residential rental units in my property as outlined below / discussed at informational meetings / indicated in informational mailings.

Ownership type (ie; LLC, individual, non-profit, corporation, etc.):						
Rental Property Address:					Year Built:	
<u>Current Unit Rent Structure:</u>						
Rent Structure:				Utilities Paid:		
Unit Type	# of Units	# Presently Vacant	Current Total Monthly Rent Paid by Tenant	Amount Paid by Owner	Amount Paid by Tenant	(Circle Type Used)
Efficiency:						Heat: Gas Oil Electric Propane
1 Bedroom						Cooking: Gas Oil Electric Propane
2 Bedrooms						Water Heater: Gas Oil Electric Propane
3 Bedrooms						Electricity
4 Bedrooms						Water / Sewer
Totals:						Trash Collection
<u>Property Occupancy Information</u> <i>(Please use additional paper as necessary to document all apartments in your rental housing building)</i>						
Apt. #	Name of Tenants	# of Bedrooms	Pre-Rehab Rent	Estimated Annual Income of Tenant	# of Adults	# of Minors
<u>Eligible Repairs</u>						
A. What eligible rehabilitation work would you like to complete in your rental units? Please be as specific as possible; information will be utilized to show DEED that interest and eligible rehab projects exist in the target area. Use additional paper as necessary.						

* **NOTE:** If you are the owner of multiple buildings in the Small Cities Development Program target area, please complete and submit a **separate "Letter of Interest" form for each building** by Sept. 30, 2016. Thank you!

I am the property owner for the above property and I understand that:

- 51% or more of these units are (or will be) occupied by LMI households at affordable rents (only 1 unit in the case of a duplex)
- I cannot increase rents for LMI tenants paying 30% or more of their income for rent and tenant-paid utilities for the term of the SCDP loan;
- Affordable Rents are:

Pope County 2015 Fair Market Rent Data				
Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
\$473	\$550	\$745	\$975	\$1000

- The Rehabilitation Program is not a remodeling program and projects are generally limited to: repair or replacement of existing deteriorated features such as windows, doors, furnaces, plumbing, roofs and required handicap accessibility improvements;
- Under the City's application, assistance offered to property owners would be in the following form for up to 70% of eligible program expenses with :
 - 70% of eligible project costs provided in the form of a 5 year deferred forgivable loan.
 - As security for repayment of the loan, a lien will be placed against my property for 5 years.
 - After 5 years of property ownership, the loan will be forgiven and considered a grant.
 - Should I sell, transfer, or convey the property to someone else during the first 5 years the funded amount must be repaid to the City (which will be used on similar projects).
- Maximum Dollar Amount Available Per Unit (eligible expenses)
 - \$25,000/Single Family Rental Units (Single Family home)
 - \$ 12,500/unit for Multi-Family or Duplexes
 - Here is an example of an affordable Residential Rental Project and how it might be financed:

Scenario 1

The property owner has 3 apartments in their building. 51% of units (2) are occupied by families who meet the LMI standards. With the help of the SCDP coordinator, it is determined that there is \$40,000 worth of eligible expenses. The maximum amount allowed per unit is \$12,500. This is how the owner might pay for their repairs:

Owners Match	30%	12,000	<ul style="list-style-type: none"> • The owner uses savings and a conventional loan to compile \$12,000 which is deposited into an escrow account before the project can proceed. • \$28,000 from SCDP finances the remainder of the project. The loan is deferred for 5 years and no payments are required in that time. • In 5 years, \$28,000 is forgiven and becomes a grant to the property owner.
Grant	70%	28,000	
		Total \$40,000	

Scenario 2

The property owner has 1 single family building occupied by a family who meets the LMI standards. With the help of the SCDP coordinator, it's determined that there is \$35,000 worth of eligible expenses. The maximum amount of SCDP funds allowed per unit is \$25,000. This is how the owner might pay for her repairs.

Owners Match	30%	10,500	<ul style="list-style-type: none"> • The owner uses savings and a conventional loan to compile \$10,500 which is deposited into an escrow account before the project can proceed. • \$24,500 from SCDP finances the remainder of the project. The loan is deferred for 5 years and no payments are required in that time. • In 5 years, \$24,500 is forgiven and becomes a grant to the property owner.
Grant	70%	24,500	
		Total \$35,000	

After reviewing the above information and the program fact sheet, I am interested in participating in the City of Glenwood Small Cities Development Program, should it receive funding. I also understand that by submitting this form in-person or via mail to the Douglas County HRA by Friday, Sept. 30, 2016, I am not required to participate, however, I will be contacted if the program is selected to receive funding.

Property Owner Name: _____

Phone Number: _____

Mailing Address: _____

Email Address: _____

Building Owner Signature

Date