

# City of Brooklyn Park

## Housing Improvement Area (HIA): Overview and Application

A Housing Improvement Area (HIA) is a defined area within a city where housing improvements to Common Interest Communities, such as townhome associations, are made and the cost of the improvements are paid in whole or in part from fees imposed on the properties within the area.

- Basically, the Association borrows low interest money from the City;
- Permanent, common area improvements are completed; and
- Unit owners repay the loan through fees imposed on their properties, and collected with property tax payments.
- The City may establish an HIA within a Common Interest Community only at the request of the association.
- Improvements must be common area improvements such as siding, roofs, etc.
- Financing is available as “last resort” option for associations that cannot obtain other financing.
- Over 50% of the owners must sign a petition requesting the City Council hold a public hearing to consider implementing the HIA.
- Owners may veto the process if 45% of the owner’s object to the ordinance.
- The average market value for units must be at or less than the value of homes in the first-time homebuyer programs, for 2019, this is \$328,208 based upon the Minnesota Housing cost limit for homes.

If your association is interested in learning more about this finance tool, please review the application procedure and policy and contact John Kinara, Housing and Redevelopment Specialist, at [John.Kinara@brooklynpark.org](mailto:John.Kinara@brooklynpark.org) or call 763-493-8054.

### Eligible Applicants:

Eligible applicants include town home associations that are requesting last resort financing for common area improvements. The town home association must include findings that without the housing improvement area, the proposed improvements could not be made by the associations or housing unit owners, and the HIA designation is needed to maintain and preserve the housing units within the housing improvement area.

As a matter of adopted policy, the City will consider using HIA financing to assist private property owners only in those circumstances in which the proposed private projects address one or more of the following goals:

- a. Ensure stable neighborhoods through revitalization and upgrading of the existing housing stock in the neighborhood.
- b. Stabilize or increase the owner-occupancy level within a neighborhood or association.
- c. Increase or prevent the loss of the tax base of the City in order to ensure the long-term ability of the City to provide adequate services for its residents.

### Eligible Improvements

1. Housing improvements may include improvements to common elements of a condominium or other common interest community. All work must be completed by licensed contractors and the City may require additional work to be completed based on City inspections. Improvements include, but are not limited to:
  - a. Siding, roofing, grading, driveways, decks, porches, exterior doors, public safety improvements, community building repairs and energy efficiency improvements.

- b. Comprehensive exterior improvements that enhance the overall architectural character and add value to an association.
- c. Projects that utilize Crime Prevention through Environmental Design (CPTED) guidelines, such as: installing improved lighting, improving landscaping to maximize visibility, installing perimeter fencing, and for the installation of surveillance cameras.

### **Payment and Fees**

1. The association must provide a \$3,000 processing fee upon approval of the HIA.
2. The interest rate shall be adjusted annually and set at the same rate the city establishes for special assessment projects.
3. The minimum loan amount is \$100,000 and the maximum will be determined based upon availability of funds.
4. The term of the HIA should be the shortest term possible while still making the annual fee affordable to the association members. The Loan Term must not exceed ten years for projects less than \$500,000 or fifteen years for projects exceeding \$500,000.
5. The City will impose fees and collect payments along with the collection of property taxes

### **Application Procedure**

1. Meet with EDA staff to discuss the scope of the project, application requirements, and timeline for project.
2. Complete the application for the establishment of a Housing Improvement Area. Submit application with required documents to the Project Manager for review.
3. The EDA staff will review the application and the feasibility of the project.
4. Staff will prepare a report for the City Council and the applicant; the report will contain a financial and legal analysis of the project. In addition, there will be a public hearing held on the establishment of the Housing Improvement Area. (1<sup>st</sup> Council Meeting, 1<sup>st</sup> reading of ordinance, 1<sup>st</sup> Public Hearing)
5. At the second City Council meeting, the HIA ordinance will have a second reading and the City Council will approve or deny the establishment of the HIA ordinance. There will also be a public hearing to establish the fees for the association. (2<sup>nd</sup> Council Meeting, 2<sup>nd</sup> reading of HIA ordinance, 2<sup>nd</sup> Public Hearing for fee establishment)
6. If the HIA is approved, the EDA will review the Development Agreement between the City and the Association. If approved, the Development Agreement will be executed subject to the successful passage of the veto period of 45 days. (If 45% or more of the owners file a written objection within the veto period, the City cannot establish the HIA). (1<sup>st</sup> EDA Meeting)
7. It is understood that City Staff or City Council may from time to time determine that a different process which is outlined is more appropriate, given the circumstances of each individual request.

**City of Brooklyn Park Preliminary HIA Application**

Legal Name of Association \_\_\_\_\_

Mailing Address \_\_\_\_\_

Name of Association Contact Person \_\_\_\_\_ Phone: \_\_\_\_\_

Name of Management Company/Agent \_\_\_\_\_

\_\_\_\_\_ Phone: \_\_\_\_\_

Location of the Project Site \_\_\_\_\_

Provide a description of the proposed project. Please include:

1. A general description of the project
2. A list of improvements and estimated project budget
3. The number of buildings and units
4. An explanation for why the Housing Improvement Area financing is necessary to undertake the project. Include any documentation regarding efforts to secure financing.

What is the anticipated loan amount? \_\_\_\_\_

How do you propose the fee to be charged to the property owners? (Select one)

1. Equally among all properties \_\_\_\_\_
2. Based on unit size, other: \_\_\_\_\_

Attach a copy of the following documents:

- \_\_\_\_\_ The Association Bylaws
- \_\_\_\_\_ Financial statements for the previous two years
- \_\_\_\_\_ A financial plan prepared by an independent third party that provides for the association to finance maintenance and operation of the common elements in the town home association and a long-range plan to conduct and finance future capital improvements
- \_\_\_\_\_ Evidence that the association has been in existence for 10 years
- \_\_\_\_\_ Evidence that the average market value is less than \$328,208
- \_\_\_\_\_ Signed petition documents from at least 50% of the owners

Please submit the preliminary HIA application to:

City of Brooklyn Park  
Economic Development & Housing Division C/O John Kinara  
5200 85<sup>th</sup> Ave N  
Brooklyn Park, MN 55443

For questions or electronic document submission please contact John Kinara, Housing and Redevelopment Specialist, at [John.Kinara@brooklynpark.org](mailto:John.Kinara@brooklynpark.org) or 763-493-8054.