

5B. Consideration of approving amendments to the Monticello Homeowner Rehabilitation Program Policy

<p>Prepared by: Economic Development Manager, Community Economic Development Coordinator</p>	<p>Meeting Date: 3/11/26</p>	<p><input checked="" type="checkbox"/> Regular Agenda Item <input type="checkbox"/> Consent Agenda Item</p>
<p>Reviewed by: Community Development Director, Finance Director</p>	<p>Approved by: City Administrator</p>	

ACTION REQUESTED

1. Motion to approve amendments to the Monticello Homeowner Rehabilitation Program Policy.
2. Motion of other as determined by the EDA.

REFERENCE AND BACKGROUND

In January of 2026, the EDA adopted a policy for the use of affordable housing funding, known as Statewide Affordable Housing Assistance (SAHA). The EDA’s adoption followed workshops and regular meeting discussions in fall of 2025 and early 2026 regarding the use of the funding.

Following guidance and adoption of the policy by the EDA in January, staff had additional discussions with the EDA’s attorney on the policy. The EDA attorney recommended additional changes to the policy to better align with the statutes and further clarify the nature of the program as a loan versus a grant program.

There are four updates to the policy after legal review by the EDA attorney, including proposed amendments that clarify the program is a loan, that the program “targets” specific age restrictions and area within the community, adding further weight to the statutory requirement for income restrictions, and language for target area justification. These amendments do not change the intent of the policy but instead provide consistency throughout the document and further clarification on program eligibility.

Grant vs. Forgivable Loan

In an effort to safeguard against the program being used to leverage improvements for a quick real-estate sale turnaround, the January policy was proposed as a forgivable loan of 2-years. Staff deliberated the benefits of both a grant-only program and a forgivable-loan program, and recommended the forgivable-loan program, which states that if a home sells within 2 years,

those dollars can be recycled into the program for additional use. The EDA attorney recommended clerical corrections throughout the document to reflect that the program is a “forgivable loan” rather than “grant”. The amendment also requires a subordinate mortgage recorded against the property for this purpose.

Age-Restrictions

Regarding age restrictions of a senior 55+ only program, the EDA attorney has indicated that although there is no outright prohibition of this restriction in the state statute, there are no communities from their research that are using the programs with age restrictions. Staff’s recommendation is for the policy to give priority to those ages 55+ or greater but allow flexibility at the discretion of the EDA given this notation by the attorney.

Income Restrictions

Regarding income requirements in the policy, the income limits of 115% of Area Median Income (AMI) set forth by the Department of Housing & Urban Development (HUD) are not permitted to be deviated from the prioritization of projects the provide affordable housing to those with incomes at 80% or less of median income remains unchanged. Verification of income will be provided by the applicant through a tax return or recent pay stubs. The amended language provides further support to these statutory requirements.

Targeted Area

The EDA attorney recommended including language in the policy that speaks to the justification of the targeted area. Staff have updated the policy to include language from the Monticello 2040 Vision + Plan that directly illustrates the desire for such a program north of I-94.

“NEIGHBORHOOD PRESERVATION, Monticello’s traditional neighborhoods north of Interstate 94 represent the community’s most walkable places, its most diverse housing stock, and its most character-rich area, contributing to Monticello’s sense of place and identity. These neighborhood blocks also represent substantial past investment in streets, sidewalks, parks, and other infrastructure. Maintaining and enhancing these areas and their housing stock can help increase value and strengthen the visual realm, making Monticello’s traditional neighborhoods an attractive and desirable place to live. To achieve this, Monticello should explore financing incentives, which facilitate neighborhood reinvestment in traditional homes and neighborhoods, balancing design standards and goals with these incentives.”

I. Budget Impact: The budget impact is limited at this time.

II. Staff Workload Impact: City staff involved in this consideration include the Community Development Director, Community Economic Development Coordinator, and Economic Development Manager. Additional reviews also involved the EDA Attorney and City Attorney

related to compliance with applicable State Statutes. At this point in time, no other staff are required to complete the tasks involved in this effort.

III. Comprehensive Plan Impact: The Monticello 2040 Vision + Plan identifies Neighborhood Preservation in Chapter 7, Community Character, Design, and the Arts. “Monticello’s traditional neighborhoods north of Interstate 94 represent the community’s most walkable places, its most diverse housing stock, and its most character-rich area, contributing to Monticello’s sense of place and identity. These neighborhood blocks also represent substantial past investment in streets, sidewalks, parks, and other infrastructure. Maintaining and enhancing these areas and their housing stock can help increase value and strengthen the visual realm, making Monticello’s traditional neighborhoods an attractive and desirable place to live. To achieve this, Monticello should explore financing incentives, which facilitate neighborhood reinvestment in traditional homes and neighborhoods, balancing design standards and goals with these incentives.”

STAFF RECOMMENDATION

Staff defer to the EDA on consideration of the proposed amendments to the Affordable Housing Rehabilitation Loan Program.

Staff continues to finalize work on a robust communications and outreach plan that will be presented in the spring.

SUPPORTING DATA

- A. Draft Homeowner Rehabilitation Loan Program Policy and Target Area
- B. Application Form
- C. [January 14, 2026 EDA Agenda](#)

Senior Homeowner Rehabilitation Program Application

Community Development, 505 Walnut Street, Suite 1, Monticello, MN 55362
(763) 295-2711 • Tyler.Bevier@MonticelloMN.gov



Property Information	
Property Address	
Property Legal Description	
Property ID Number	
Property Owner Information	
Owner Name	
Owner Address	
Owner Phone	
Owner Email	
Applicant Information (If different from the property owner)	
Applicant Name	
Applicant Address	
Applicant Phone	
Applicant Email	

Have you scheduled or completed a pre-grant review meeting with City Staff?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	Other:
Have you read and understood the requirements of the program policy?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	Other:

Application Submittal Requirements	Applicant Checklist	City Checklist (Office Use Only)
Age verification via a valid state or federal form of photo identification		
Income verification as a qualifying recipient of funds for an income that is at or below the 115% Area Median Income (AMI) of Minneapolis-St.Paul-Bloomington MSA. Verification provided by the applicant via a tax return or recent pay stubs.		
A completed project budget with the Required Two Quotes per proposed improvement		
Affidavit signature of proof of 5% availability for the cost-sharing of the program improvements		
Verification of valid property insurance		
Verification that the home is located in the Target Area (North of Interstate 94)		

Property Owner's Statement	
I am the fee title owner of the described property, and I agree to this application. I certify that I am in compliance and current with all property taxes and any outstanding mortgages, as well as no outstanding blight notices on the property listed above. Additionally, I understand that if the property is sold within two (2) years of the completed improvements, the grant funds must be repaid to the City of Monticello.	
(Signature)	(Date)

Applicant's Statement	
This application shall be processed in my name and I am the party whom the City should contact regarding the application. I have completed all of the applicable filing requirements and I hereby acknowledge that I have read and fully understand the applicable provisions of the current policies related to this application and that the documents and information I have submitted are true and correct.	
(Signature)	(Date)

Complete Application Required

The review and consideration of an application submitted shall only occur if such application includes all items that are required in support of the application and is deemed complete by the Community Development Department.

City Approval Timeline		
Pre-Grant Meeting with City Staff	(Date)	
Tentative Regular Meeting of the Economic Development Authority for Application Consideration	(Date)	
Approval Status (Office Use Only)	<input type="checkbox"/> Approved	<input type="checkbox"/> Denied