

**Multi-Family Housing Loan Program
City of Madelia
Effective March 11, 2025**

Purpose

To encourage the development of multi-family housing in the City of Madelia by providing low-interest loans to property owners and developers for duplexes, triplexes, and apartment buildings.

Administrative Authority

The City of Madelia has an established Economic Development Authority which has all of the powers, duties and responsibilities of a Housing and Redevelopment Authority created pursuant to Minnesota Statute sections 469.001 through 469.047. It shall be the role and responsibility of the Economic Development Authority to provide a sufficient supply of adequate, safe, and sanitary dwellings in order to protect the health, safety, morals, and welfare of the citizens of the City in accordance with the general policies as may from time to time be established by the Council and pursuant to the by-laws as may be adopted by the authority with approval of the Council.

Eligible Uses of Funds

Loan funds may be used to cover costs directly associated with the construction of eligible multi-family housing units within the City of Madelia, including but not limited to:

- Permits
- Infrastructure improvements
- Materials
- Labor

Eligible Properties

Eligible properties include duplexes, triplexes, and apartment buildings. Properties may be owner-occupied or designated as residential rentals.

Loan Terms

- Loan amounts shall not exceed 33% of total project costs.
- Interest rates shall range from 1% up to 1% below the prime rate.
- Security shall consist of the best lien available on the property.
- Loans shall be amortized for a term of up to 20 years.
- If the property is sold, the loan must be repaid in full.

Application Process

1. **Application Submission:** Applicants must submit a completed loan application to City staff. A complete application includes:
 - a. Legal description of the subject property, including address and property identification number.
 - b. A letter from the zoning administrator verifying compliance with zoning regulations and confirming no outstanding land use issues.
 - c. A site plan.
 - d. A detailed project budget.
 - e. Additional documentation as requested to assess the need for financial assistance.
2. **Loan Review Committee Evaluation:** The Loan Review Committee assesses project feasibility, financial viability, and community impact. The committee shall consist of:
 - a. One lender representative
 - b. The City Administrator
 - c. Two members of the EDA Board

Following evaluation, the committee submits a recommendation to the EDA Board.

3. **EDA Board Recommendation:** The EDA Board reviews the Loan Review Committee's findings and forwards a recommendation to the City Council.
4. **City Council Approval:** Final approval of loan applications is at the discretion of the Madelia City Council.
5. **Loan Disbursement:** Upon approval, loan funds are distributed. A \$250 closing fee is required from the approved applicant to cover recording, processing, and attorney fees.

Eligibility Criteria:

To qualify for the Multi-Family Housing Loan Program, applicants must meet the following requirements:

- The project must be located within the City of Madelia.
- The applicant must demonstrate financial stability and the ability to repay the loan.
- The project must comply with all applicable zoning and building codes.
- Program approval must be obtained before construction begins.

Reporting & Compliance:

- Loan recipients must submit periodic progress reports and financial statements as required by the EDA.
- The EDA reserves the right to inspect the project site at any time during the construction process.
- Misuse of loan funds may result in immediate repayment acceleration.