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**HEADWATERS**

Regional Development Commission

*Leading the Way*

ANNUAL REPORT

2021



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# A LETTER FROM THE CHAIRMAN

*Cal Larson*

I sincerely appreciate the opportunity to serve the HRDC as Board Chairman. Due primarily to the global pandemic it has been a very challenging year. Covid-19 has loomed large and affected how we function. We have continued to serve customers throughout the region while adjusting how we go about doing our business. Meeting remotely became the primary method of connecting with customers and partners. While it has been less desirable than meeting face-to-face, we have been committed to keeping staff, customers, partners and communities safe. I'm looking forward to a transition to a more normal meeting process, or some type of a hybrid model as the vaccine continues to roll out.

While we have faced many challenges, the HRDC has responded well within the constraints imposed by the pandemic. In addition to continuing our traditional economic and community development activities, staff have provided business assistance through Cares Act funding provided to local governments, business loans with more flexible due to additional capital added to the Revolving Loan Fund, and new economic development staff to support planning, lending and implementation of other strategies designed to help recover from the economic effects of Covid-19. I appreciate the support of the Economic Development Administration for supporting this work. I'd also like to thank the staff team for delivering on this opportunity on behalf of our region.

Of course, none of this can happen without strong leadership. I would like offer my appreciation to my colleagues who served on the Executive Committee this past year: Ron Johnson, Vice President; Rick Rone, Secretary; and Kathy Grell; Treasurer. The Executive Committee provided additional time and commitment to help guide the organization through an exceptionally challenging year. Thank you!

This year we are also facing a transition in staff leadership. After serving the organization for nearly 38 years, eight as Executive Director, Tim Flathers has retired. We appreciate his commitment to the HRDC over all of that time. We are fortunate to have new leadership emerging from within the organization. After an extensive search for a new Executive Director we are pleased that Ryan Zemek has accepted the position. We are confident that we will continue to serve the region well under Ryan's leadership.

I would also like to thank the Commission for providing the leadership necessary for the organization to succeed. The pandemic has made our work more challenging but we have worked through the challenges together. While we have been unable to gather the Commission in the manner that we have been accustomed to we have utilized emerging technology in order to stay connected. Thank you for your ongoing support to the HRDC and our region.



*"We are fortunate to have new leadership emerging from within the organization. After an extensive search for a new Executive Director we are pleased that Ryan Zemek has accepted the position. We are confident that we will continue to serve the region well under Ryan's leadership."*

*Cal Larson, Chairman*

# FROM THE EXECUTIVE DIRECTOR

## *Ryan Zemek*

The only constant in life is change, and what a year of change it has been! As our Chair mentioned in his letter, the rapid spread of COVID-19 and resulting public health measures have given us a year, which we will not soon forget.

As the HRDC begins its 50th year of service, it reminds me that throughout all of the changes we've experienced over the years, one thing remains consistent. HRDC's commitment to helping our communities and our Region as a whole be successful. This last year was no different. Whether it was providing emergency financial assistance to local businesses or addressing the needs for affordable housing and safe shelter, I'm very proud of our staff's commitment to local communities despite last year's challenges.

I want to thank the Board for the opportunity to serve as HRDC's next Executive Director. I am excited about the future of the HRDC and our entire region. While I expect there to be a learning curve, I have a great staffing team and a very supportive board. Speaking for all of the staff at the HRDC, I want to thank Tim for his time with the Commission. We're all going to miss the gifts Tim brought to the organization, but, at the same time, we're excited for Tim! After 38 years, he deserves to be able to relax and spend more time with his family.

We hope that the following pages offer an insight into our work over the last year. As we start to get back to "normal," there are still plenty of unknowns, but I'm confident that our communities are positioned for a swift recovery, and HRDC will do our part in helping the region build back better.



*“I’m very proud of our staff’s commitment to local communities despite last year’s challenges.”*

- RYAN ZEMEK



Ryan Zemek



# COMMISSION MEMBERS

*The HRDC is governed by a 25 member Commission, with a large majority of the members consisting of local elected officials.*

- 6 | County Commissioners
- 5 | Mayors or Councilpersons from Small Cities
- 4 | Township Board Members
- 2 | School Board Members
- 1 | Mayor/Councilperson from Cities over 10,000
- 3 | American Indian Tribal Council Representatives (one each from Red Lake, White Earth, and Leech Lake Reservations)
- 4 | Citizens representing public interests (business, higher education, natural resources, and labor)

## *Executive Committee:*

- Cal Larson – Chair
- Ron Johnson – Vice Chair
- Kathy Grell – Treasurer
- Rick Rone – Secretary

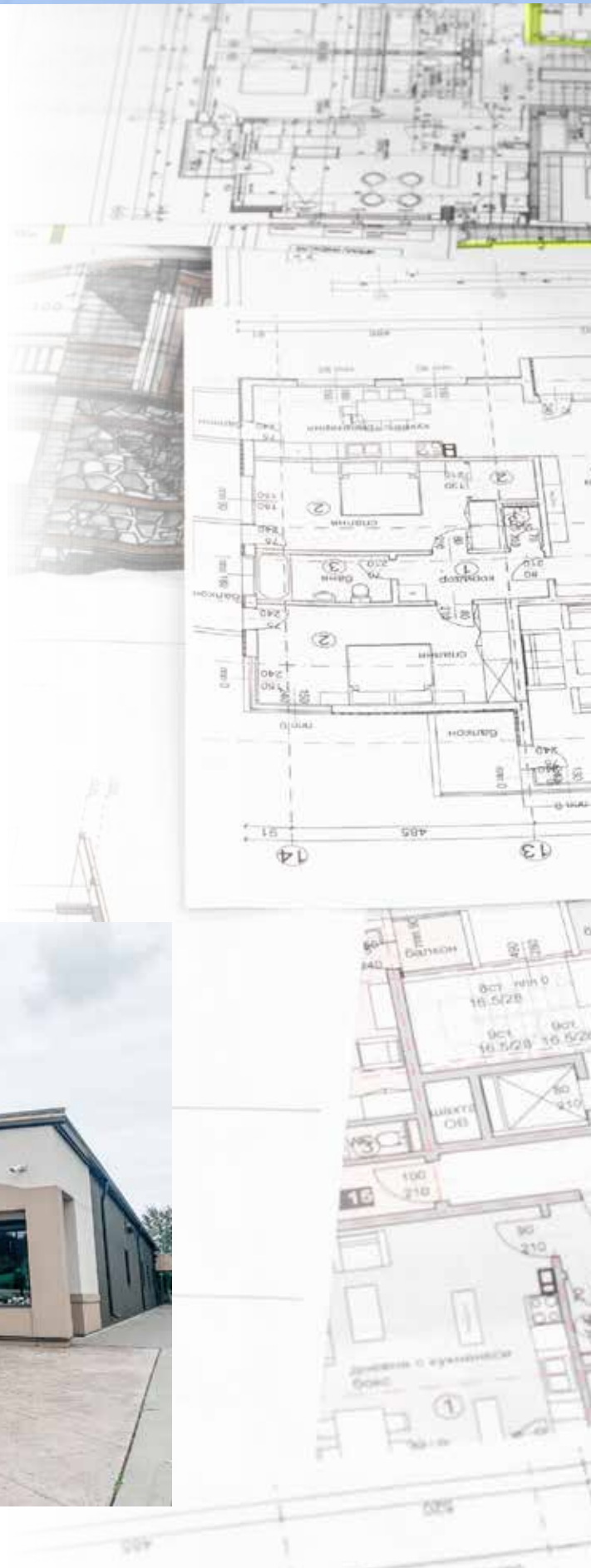
## *The HRDC Board:*

- Ed Arneson – Lake of the Woods County Townships
- Allen Bedford – Higher Education
- Peter Buessler – Natural Resources
- Randy Finn – Leech Lake Reservation
- Craig Gaasvig – Beltrami County
- Kathy Grell – Business
- Mike Harrom – Labor
- Ron Johnson – City of Bemidji
- Cal Larson – Clearwater County Small Cities
- Deb McArthur – Mahnomen County Small Cities
- Brian Merschman – Beltrami County Townships
- Michael Meuers – Red Lake Reservation
- John A. Nelson – Clearwater County
- Buck Nordlof – Lake of the Woods County
- Larry Olson – Mahnomen County
- Jay Pike – School Districts
- Rick Rone – Lake of the Woods County Small Cities
- Liz Stone – Hubbard County Small Cities
- Mike Triplett – White Earth Reservation
- Ted Van Kempen – Hubbard County
- Sarah Young – School Districts
- Vacant – Beltrami County Small Cities
- Vacant – Clearwater County Townships
- Vacant – Hubbard County Townships
- Vacant – Mahomen County Townships

# HRDC UPDATE

For many years, the Headwaters Regional Development Commission operated out of the third floor of the 4-West building in downtown Bemidji. While this provided a convenient location, there were many challenges associated with the building and arrangement of the office space. Several options were thoroughly investigated including leaseholder improvements, acquiring more space on the same floor, as well as moving to a different location. Ultimately it was decided that locating a new property was the only viable solution.

During the summer of 2020, with the Covid-19 pandemic ramping up, Headwaters Regional Development Commission staff was hard at work relocating operations to a property formerly occupied by the Bemidji Pioneer. HRDC purchased this property from Forum Communications and immediately made necessary renovations. The new building provides adequate space which eliminates the need to share offices as well as enough space to create a well-functioning file room. The two conference rooms allow for opportunities to meet with our customers in a professional, private space with the latest technology to help cater to individuals who are not yet ready, or too far away to meet in person.



# TALENT & PROSPERITY

COVID-19 PLANNING

**CARES** ACT BUSINESS

HRFC **RLF**

**CEDS**

MAHNOMEN **EDA**

LAKE OF THE WOODS **EDA**







# COVID - 19

## EDA Planning

In partnership with EDA's Chicago Regional Office under the CARES Act Disaster Recovery and Resiliency Grant, the Headwaters Regional Development Commission has been tasked to undertake short-term and long-term economic development planning and coordination focused on pandemic recovery and resiliency. To assist with planning efforts, HRDC hired Antonio Franklin, Economic Development Planner, to act as the COVID-19 recovery coordinator. He has been tasked with providing technical assistance to communities and non-profits in the region and implementing economic resiliency projects throughout the region in response to the pandemic.

Initially, we began collecting and evaluating relevant data to better understand the impacts caused by the pandemic on the region's economy. This information was critical in identifying specific business sectors that may need additional technical assistance and to guide resiliency and recovery projects in the region. This data will also be reviewed in the 2022 - 2026

Comprehensive Economic Development Strategy update and incorporate a regional recovery and resiliency plan.

A highlight of last year's work was our assistance to in providing emergency financial assistance to small businesses experiencing financial hardship due to COVID-19 related restrictions. This work involved developing policy, processing grant applications for qualified businesses, direct marketing, and managing reporting for local governments. In addition, we provided grant recommendations based on a scoring method and a financial assessment of each applicant. In two rounds of funding, HRDC staff has processed 271 applications and has awarded \$3.1 million total in grants funds to businesses between September 2020 - February 2021. The following local governments have been assisted by the HRDC to coordinate their CARES Act Business Assistance Program: City of Bagley, City of Blackduck, Clearwater County, Hubbard County, Lake of the Woods County, and Mahnommen County.

## CARES Act Business Program Customer - Quotes

*"I would like to thank Headwaters Regional Development Commission for their help with the county grants during this COVID shutdown. Especially, Antonio for his assistance, the assistance helped my business survive a difficult time. Thank you!"*

- DOUGLAS ANDERSON, BOWL INN - BAGLEY, MN

*"We are writing to thank Headwaters Regional Development Commission, Antonio Franklin Jr., and Ryan Zemek for their excellent help in finding funds for us during the co-vid pandemic. It was greatly appreciated. Thank you so much!"*

GARY BJERKE, THE DRIVE-IN RESTAURANT

*"My sincerest, thank you for helping in a devastating time for those of us in the food industry business, and for helping with sending paperwork when some of us weren't quite sure what we were doing. Much appreciated!"*

REVA ANDERSON- D&R CAFE - BAGLEY, MN

# REGIONAL IMPACT

**\$3.1**

Million Total Grant Disbursed

**271**

Small Businesses Assisted

## TOP FIVE GRANT RECIPIENT INDUSTRIES

**23%**

Food and Beverage Services

**17%**

Services

**16%**

Lodging and Hospitality

**10%**

Retail

**8%**

Non-Profits

# HRFC RLF

## Continues to Support Small Businesses

As we celebrate 50 years of the Headwaters RDC Leading The Way, we can celebrate the Revolving Loan Fund operating for nearly that long, as well! Originally funded by the federal Economic Development Administration, and operated by the Headwaters Regional Finance Corporation, the RLF has played an important role in many small business projects throughout the Region. Our local banks and other lending partners are invaluable leaders in bringing local projects from idea phase to grand opening.

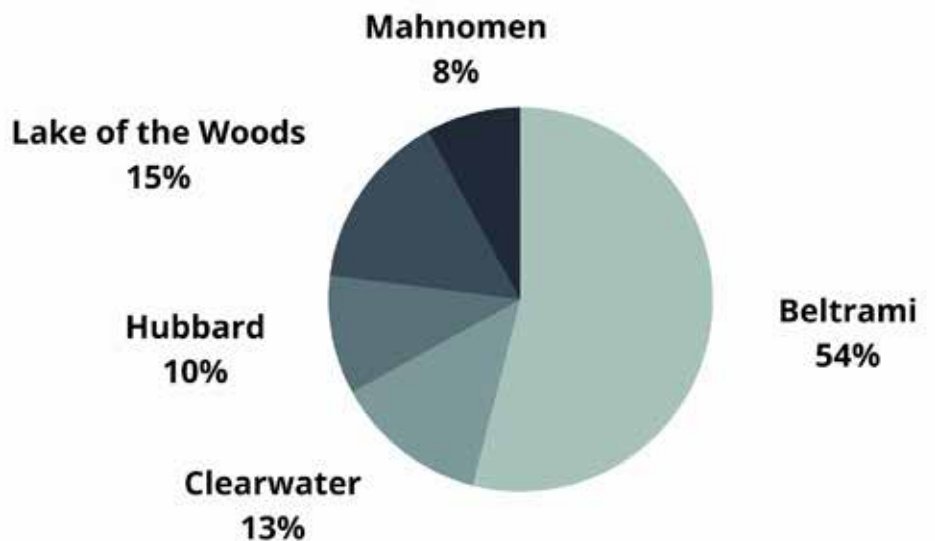
In addition to providing some pandemic relief to our portfolio, the Revolving Loan Fund experienced different and exciting growth this year! In July, we were granted \$3,140,000 through the federal CARES Act to create what we call the Covid-19 Relief Loan Fund. We have loaned out nearly half of that over six months from November 2020 to May 2021, and we are tasked with full disbursing these loan funds by July of 2022.

We also continue to utilize our original loan fund, which was recently approved for defederalization. Revolving Loan Fund operators around the country, Headwaters included, jumped at the chance to defederalize these funds. This new status gives us additional flexibility while continuing to support economic development in our Region. New staff joined our team, and the RLF is getting the robust support it needs in order to be effectively administered.

Headwaters continues to support 10 community loan funds throughout the Region, providing staff support for loan review and payment processing. These local funds are vital to projects when “gap” or non-traditional financing are needed to get a project off the ground.

Funds are available for eligible projects across the region. Check out [www.hrhc.org/business-finance](http://www.hrhc.org/business-finance) for more information.

### All HRFC Loans By County



# LIFETIME ACTIVITY OF THE HRFC REVOLVING LOAN FUND



**\$19,480,140**  
**FUNDS**  
**DISBURSED**



**225**  
**TOTAL**  
**LOANS**



**3140**  
**JOBS**  
**CREATED**



**2900**  
**JOBS**  
**SAVED**

*EDA RLF:*  
*Active Portfolio*



\$3,522,459  
Funds  
Disbursed



**33**  
**LOANS**



**354.5**  
Jobs Saved  
& Created

# *COVID-19 RLF:* *Active Portfolio*



Loans for Working  
Capital and Fixed  
Assets



**17**  
**LOANS**



**77.5**  
Jobs Saved  
& Created



*\$1,717,975.37*  
*Funds Disbursed*

*\$1,422,024.63*  
*Funds Remaining*

# C E D S

## Talent and Prosperity

### CEDS is Underway

The Headwaters Regional Development Commission (HRDC), in coordination with an array of stakeholders, is updating the region's Comprehensive Economic Development Strategy (CEDs) for 2022 - 2026. HRDC serves as a designated Economic Development District (EDD) for the United States of Commerce' Economic Development Authority (EDA). Economic development activities of the HRDC are funded in part by this relationship. A key component of the EDA workplan is the CEDs. The CEDs analyzes the strengths and weaknesses of the region, establishes a vision for the economy of the region and creates goals, objectives, and a work program for the Region's economic development. The completion of the document also maintains the eligibility of the local units of government in the Headwaters Region for continued financial assistance from the Economic Development Administration.

### CEDS Planning

The CEDs planning process kicked off in April 2021, with a Community Stakeholder Survey. The survey was sent out to over 300 stakeholders electronically through convenience sampling. The data from the survey along with relevant economic and demographic data will be used to inform our CEDs Strategy Committee throughout the planning process. Our first CEDs Strategy Committee meeting was held virtually in April 2021 due to the COVID-19 pandemic. This was an introductory meeting to the CEDs process. Committee members have been assigned to Working Groups based on our four Foundational Assets Cornerstones which are Economic Competitiveness, Human Capital, Community Resources, and Foundational Assets. Three more committee meetings will be convened, and the CEDs document will be completed by September 2021 to presented to the region's five county boards for approval and presented the HRDC board in October 2021. In December 2021, the final document will be submitted to the U.S. EDA.

### Virtual CEDS Strategy Committee Meeting - 2021



### CEDS Stakeholder Survey highlights Call out

Top five concerns about the competitiveness our region's future economy

1. Access to affordable and quality housing
2. Availability of quality employees
3. Funding availability to start a new business
4. Overall business climate
5. Transportation and infrastructure



## *Providing Capacity to Local Economic Development Authorities*

Wouldn't it be great if growing prosperity in our communities was as simple as identifying the barriers we need to address, and they'd solve themselves? Unfortunately, economic development doesn't always work that way. There is no single recipe for prosperity; however, we know that a sustained effort is needed to create an attractive environment for investment and innovation.

In our smaller communities, this capacity is often hard to come by. In response, the HRDC provides staffing support for two Economic Development Authorities in our Region through management contracts. Within these agreements, the HRDC helps the Economic Development Authorities implement their ongoing program activities and developing new initiatives by bringing our broad range of skills to help the organizations become more effective in responding to opportunities.

### **Mahnomen EDA**

The City of Mahnomen, Mahnomen County, and the White Earth Reservation all have a stake in the future of the area and share the same challenges, yet there is no entity working on behalf of all three stakeholders. In response, the 3 governments formed a County Economic Development Authority that will be used to undertake multijurisdictional projects that encourage job creation and business development in the area.

Like all parts of the country, COVID-19 had been devastating to the Mahnomen economy. Exacerbating the situation is the long-term economic distress Mahnomen has experienced and the area's dependence on gaming activity and service industries, which have been hit hardest during the pandemic as consumers were encouraged to avoid travel and public spaces.

In response to the pandemic, the County EDA administered two separate business assistance programs that provided over \$350,000 in grants to area businesses. In addition, the County EDA has continued to work with local stakeholders on infrastructure development, housing rehabilitation projects, and a local community event celebrating local artists and artisans.



# LAKE OF THE WOODS COUNTY EDA

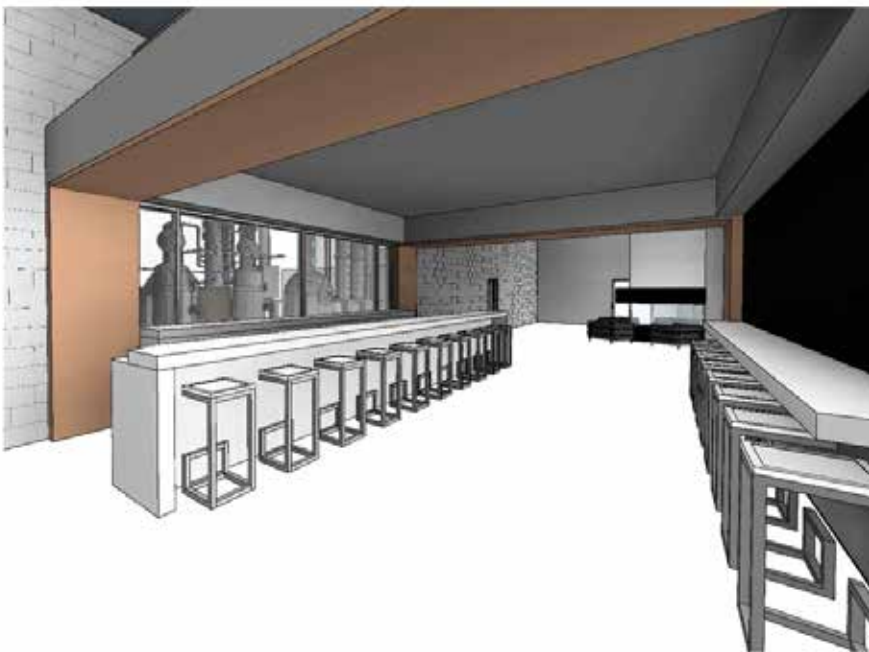
## Lake of the Woods EDA

The COVID-19 pandemic has caused organizations around the country to be innovative as they try to remain responsive to local challenges caused by business closures and other public health measures. Lake of the Woods EDA was no different in this regard. What's unique to Lake of the Woods is its reliance on tourism as the primary economic driver and the 11 resorts located on the Northwest Angle. The Angle is an isolated triangle of land at the very top of Minnesota, it's reachable by road through Canada and has been almost entirely cut off for over a year. Over the course of the pandemic, the Lake of the Woods EDA helped business owners stay up-to-date on the latest business resources and administered three different business assistance programs totaling over \$400,000 in contributions to local businesses.

Despite the turmoil, and in addition to its other programming, the Lake of the Woods EDA was able to assist two projects which have resulted in nearly \$4 million dollars of investment in downtown Baudette.

During the Summer of 2020, the EDA was approached by a team of entrepreneurs interested in starting a distillery and tasting room in the City of Baudette. The distillery was seeking financial assistance from the EDA, as part of an approximately \$1,000,000 project. One of the challenges facing the entrepreneur team was to put together a financial package that could cover the investments for equipment and building renovations at the distillery and have enough working capital for the first few years of operations. Working with the entrepreneurs, the Lake of the Woods EDA was able to put together a gap lending package that included investments from the City of Baudette,

Lake of the Woods County, HRFC, and the MN Department of Employment and Economic Development. The Lake of the Woods EDA is excited about this project as a distillery/tasting room in downtown Baudette, which not only enhance existing economic activity by providing an additional destination for tourists, but also diversify the local economy by bringing new wealth to the County by exporting a product across the upper Midwest.



3D View 3

# LAKE OF THE WOODS COUNTY EDA

*“Thanks for all of your hard work helping us secure the funding we needed to make this a reality for us, our employees, and our community. We see this as a jump start to help revitalize Main Street Baudette and manufacturing craft beverages are a proven way to bring a community together while providing employment opportunities and hometown pride to the area.”*

LINDSAY NERLAND- PRESIDENT LAKE OF THE WOODS DISTILLING.

The Lake of the Woods EDA also had the opportunity to assist the local grocery store, Lake Woods Foods with a significant expansion of the store and addition of Caribou Coffeeshop. In anticipation of the project, the owners contacted the Lake of the Woods EDA about financial assistance. Due to the pandemic and increasing material costs, ownership requested gap assistance on the project. The EDA was able to combine a tax abatement financing and partner with the Headwaters Regional Finance Corporation to close the gap on the project and get construction underway. A grand opening is schedule for an early summer 2021.



# LIVABLE COMMUNITIES

HHDC

BELTRAMI HRA

RCDI

SUPPORTIVE HOUSING

HOUSING REHABILITATION

HRDC

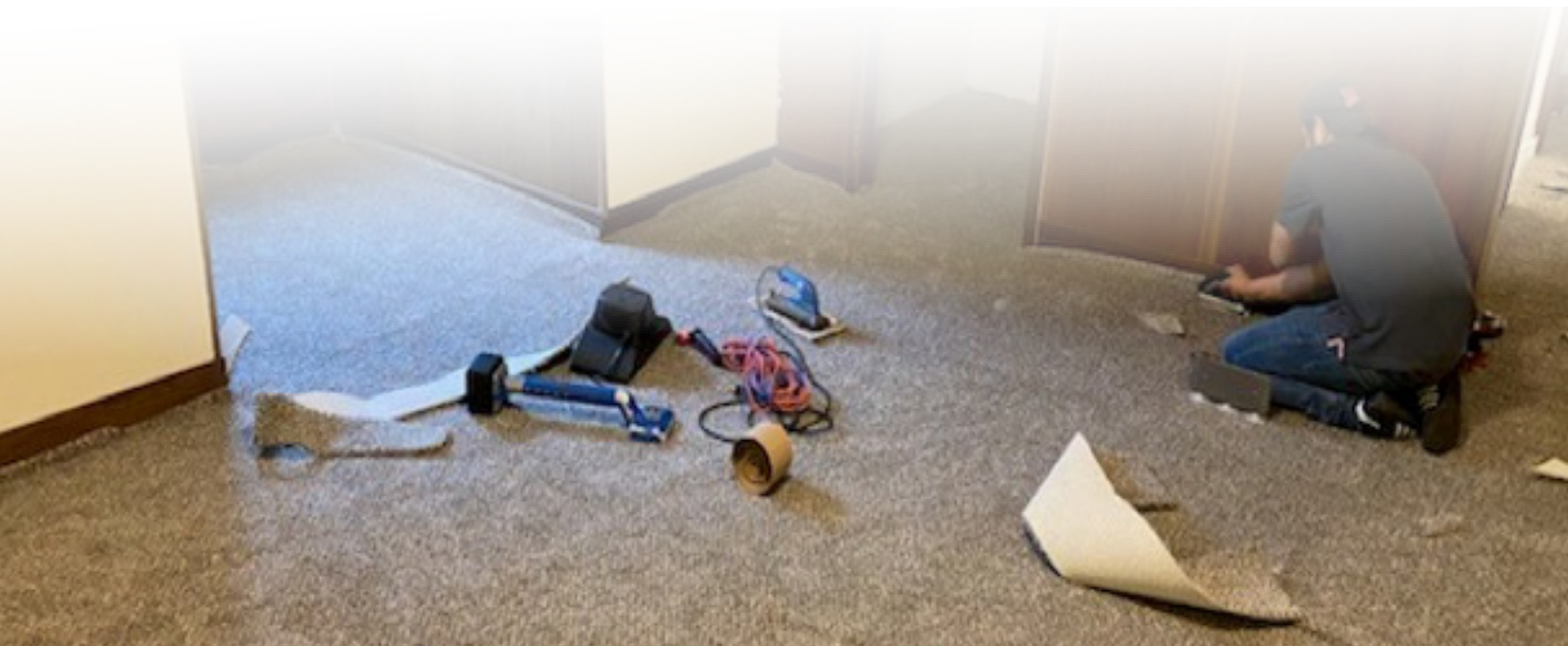




Headwaters Housing Development Corporation (HHDC) is a nonprofit subsidiary of HRDC with a mission to provide affordable and quality housing options in our five-county region. HHDC is governed by a five-member board with a representative from each county with the majority coming from the HRDC Board. The current board is: John Nelson of Clearwater county, Jay Pike of Hubbard county, Rick Rone of Lake of the Woods count, Larry Olson of Mahnomen county, and Joe Vene of Beltrami county. Long term member Joe Vene recently resigned his position to pursue and focus in other civic duties. The HHDC will be soliciting to fill the vacant Beltrami position in the meetings to come.

HHDC as a nonprofit developer has an edge when it comes to competitive awards for developing new construction in single-family and multifamily by keeping costs low. A signature model is developing affordable homes in rural communities utilizing the Impact Fund program through Minnesota Housing Finance Agency. They also have a decades long partnership with the Bemidji High School which allows the students hands on experience in the trades and adds affordable housing each year. Due to the pandemic and material price increases HHDC's strategy to continue this project was to allow the Bemidji High School students to utilize tools and left-over materials in a rehab rental project partnered with the Beltrami County HRA.

Cities can leverage building in their communities by minimizing costs as any fee that gets added to a project ends up being paid by the back end buyer. Ways to keep costs low may be to waive or reduce when possible building permit fees, hook up fees, donate land, or forgive special assessments as incentives. Currently, HHDC has funding to build two new homes in Park Rapids and is also working on a regional housing application to allow potential construction in several areas throughout the region.





Beltrami County HRA (BHRA) contracts with HRDC to provide services to meet their mission of providing quality and affordable housing options to low and moderate-income households. The staffing package includes meeting administration, organizational development, financial management, construction oversight, property management, and down payment assistance.

## Down Payment Assistance

As funds come available staff leads an entry cost assistance program for home buyers in Beltrami County. These funds can be used for down payment assistance or closing costs and are repaid by the borrower. Funds are recycled to keep the program going and allows eligible households get into homeownership that may not have otherwise been possible.

## Pilot Project Rental Rehab

The BHRA owns several affordable rental properties in Beltrami County. In a normal year the BHRA partners with Blackduck High School on single family new construction built by the students. Due to the pandemic the Blackduck High School determined not to build a home in 2020 and instead focused on other inhouse projects. The same happened with the Bemidji High School construction program, funded by HHDC. Staff was able to connect the Bemidji school with the BHRA on a rental rehabilitation project. It just so happened that a rental house located near the high school became vacant at the right time. This was a great opportunity that provided an expansion of options and flexibility for students during a pandemic. The effort successfully retained affordable housing stock of a large 4-bedroom home.

## Board Members

The HRA is led by five Board Members. The current membership consists of Travis Barnes, Orlando Alamano, Max Cloose, and Jacky Richter. There is one vacant Board position as long-term member Joe Vene resigned his position in order to focus in other civic duties. The Board has received a half dozen outstanding applications to fill the seat. The HRA anticipates making a recommendation to the County Board to fill the vacant position by the fall 2021.



*"Being involved on the HRA Board has given me great insight on the housing needs in our area. Beltrami County is a growing community. While we should celebrate and promote this we also need to be aware of the needs that come along with this growth, such as housing low income and hard-to-house community members. As an HRA Board Member I feel that I am able to give back to our community and be an advocate for these needs, while working alongside the economic and community professionals at the HRDC."*

- ORLANDO ALAMANO

## RCDI:

### *Remaining Responsive to Customer Needs*

HRDC is proud of the organizational culture we've developed. We value strong customer relationships, leadership, and civic entrepreneurship. We work with our customers (cities, counties, townships, tribes, non-profits, etc.) to understand their needs and design our projects and services to meet the most important community needs.

One of the challenges that HRDC faces every year is providing staff support for these initiatives at a cost our communities can afford. In recent years, the external funding environment has changed significantly, and in response to these changes we have been exploring new opportunities to continue to provide our communities with responsive services while remaining affordable.

In August of 2019, the Headwaters RDC was successful in obtaining a grant from USDA Rural Development, called Rural Community Development Initiative (RCDI). In short, the RCDI program funds organizations to provide technical assistance to cities, counties, and nonprofits in the region. With these grant funds, HRDC was able to provide four communities in our region on a variety of community, economic, and housing development needs.

### **Mahnomen**

Staff worked with the Mahnomen EDA board to develop a plan for an "purchase/rehab" single family homeowner program in Mahnomen County. Staff also provided consultation on legal issues related to public property acquisition and development.





## Akeley HRA

HRDC provided a range of assistance to the newly reformed HRA in Akeley. This work included educating the HRA of where and how to obtain funding for development activities, and assisting the HRA with developing a website where the HRA can share information on programs available to community members. Finally, HRDC staff provide the board assistance with developing a pilot purchase and rehabilitation program.

## Clearwater County HRA

HRDC provided the Clearwater County HRA with a variety of capacity-building assistance to position the board for success on future activities. This work included identifying new revenue sources and strategic planning. HRDC staff also are providing technical assistance as the HRA evaluates the potential reuse of a vacated nursing home in the City of Clearbrook.

## Park Rapids Armory & Event Center

HRDC provided extensive assistance to the Park Rapids Armory & Event Center a tax-exempt non-profit corporation established to promote rehabilitation and revitalization of the Armory in downtown Park Rapids. Staff assisted with revisions to the board's organizational structure to reflect changes in operations. Moreover, staff assisted the organization revise its operating proforma for the revised staffing plan and operational assumptions, and identify new funding sources for capital investments. Finally, staff advised the board on appropriate accounting principles and software.

*"As Chair of the Arts & Culture Advisory Commission, I want to express a deep appreciation for the significant help it has received from Headwaters Regional Development Commission, and the confidence that HRDC maintains an interest in promoting strong community development programs."*

- PAUL DOVE, BOARD CHAIR OF PARK RAPIDS ARMORY ARTS & EVENTS CENTER



# SUPPORTIVE HOUSING:

## *Regional Collaboration Supports Response to Homelessness*

Homelessness continues to be a challenge for many households in the Region. Availability of affordable housing is still a critical issue. Nearly one-third of homeless adults are employed and the majority of the homeless population has a chronic mental or physical health condition.

Supportive housing links services tailored to the needs of the population being served with affordable housing units. The goal of supportive housing is to provide affordable housing units with access to an array of services designed to foster housing stability and improve health and quality of life for the residents.

Recognizing the need to address rising local homelessness and the shortage of supportive housing, the Beltrami County Housing and Redevelopment Authority, as owner, and Headwaters Housing Development Corporation, as developer, built Conifer Estates, which opened in 2012. Red Lake Housing Authority and Leech Lake housing Authority each master lease five units at the facility. It was clear from the opening of the project that the need for supportive housing far exceeded the number of units available.

The second phase of the campus, Conifer Villas, started construction in early May of 2020. This project was completed in May of this year. The project consists of 4 buildings that each contain 8 townhome style units. The project includes one, two and three bedroom units. There will also be a community building located on the site that will be used by staff to provide the supportive services that are needed by the residents to ensure successful outcomes for the entire household.



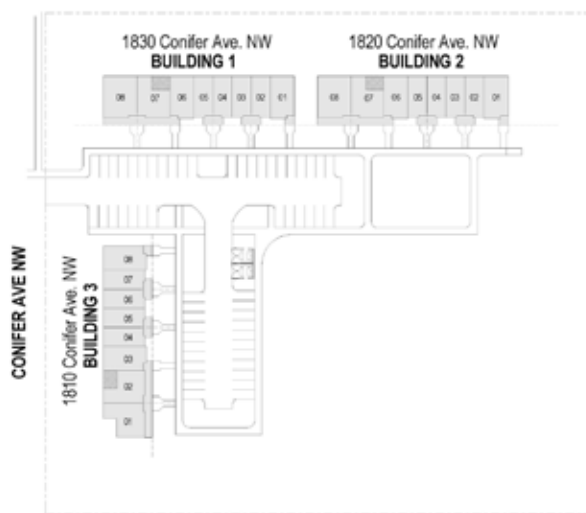
Conifer Villas became a reality due to overwhelming community support from organizations including the Beltrami County Behavioral Health Task Force Members, Beltrami County Social Services, Red Lake Housing Authority, Beltrami County Housing and Redevelopment Authority, Bemidji Housing and Redevelopment Authority, Housing Matters, DW Jones Property Management, Ultima Bank Minnesota, Headwaters Housing Development Corporation, and Headwaters Regional Development Commission who together made a compelling case for funding.

The total project cost is \$9,085,762, which is being funded from Housing Infrastructure Bonds from Minnesota Housing in the amount of \$5,656,015, an Affordable Housing Program grant from Federal Home Loan Bank of Des Moines in the amount of \$750,000 and Low Income Housing Tax Credits making up the remainder of the construction funding. Operating funding is supported by rental subsidies through Housing with Supports provided by Housing Matters through Beltrami County Social Services, Section 8 Housing Choice Vouchers provided through Bemidji Housing and Redevelopment Authority and rental commitments from Red Lake Tribal Housing.

*“The HRA of Bemidji is excited to be a partner in both the Conifer Villas and East Conifer Estates supportive housing projects. Having the opportunity to provide Project Based Section 8 Housing Choice Vouchers guarantees the availability of high-quality units for families who often struggle finding suitable housing on the open market.”*

- DEBBIE WOLD, EXECUTIVE DIRECTOR  
HOUSING AND REDEVELOPMENT AUTHORITY OF BEMIDJI

The third phase of the Supportive Housing campus is East Conifer Estates, which was selected for funding in 2019. East Conifer Estates is projected to soon close on permanent financing and construction is expected to be underway in the summer of 2021. East Conifer Estates will provide a total of 24 additional supportive housing units. Construction financing is being provided by Minnesota Housing’s Infrastructure Bonds and Federal Home Loan Bank’s Affordable Housing Program grant. East Conifer Estates is scheduled for occupancy in the spring of 2022.



1 SITE KEY PLAN

# HOUSING REHABILITATION

## *Actives in Our Region*

The Headwaters Regional Development Commission plays a very large role in the preservation of housing stock through various rehabilitation programs. These programs, which can vary from year to year, not only help preserve our housing stock but help residents make their dwelling more habitable, safe, and energy efficient. Highlighted below are some of the programs HRDC is currently active in.

### **Small Cities Development Funding serves regional rehabilitation projects**

The Small Cities Development Program is administered by the Minnesota Department of Employment and Economic Development (DEED). DEED awards HUD Community Development Block Grant funds to smaller communities in Minnesota through a competitive grant process. The SCDP program funds various activities including rehabilitation of owner-occupied housing, rental housing, and commercial buildings, as well as development of infrastructure, primarily in support of low and moderate income households. Over the past several years the Headwaters Regional Development Commission has been an administrator of the Small Cities Development Program for various cities and counties throughout the Region.

In 2020 the City of Bemidji was awarded a grant of \$388,125 from DEED for the rehabilitation of single family residences in the NW 12th St. area neighborhood of Bemidji. The award is to address necessary repairs to 15 single family homes in the area. Applications are being taken and processed and construction is underway to area homes.



HRDC is also administering an active small cities rental rehabilitation project in process for the City of Mahanomen. The City of Mahanomen was awarded \$354,775 for the rehabilitation of 12 Single Family rental homes, 1 Duplex rental unit, and 1 Multi-Family unit. Work continues to on this grant with rentals in various stages of the rehabilitation process.



## Rehab Loan Program helps low income Households

Headwaters Regional Development Commission is also a lender of MN Housing's Rehabilitation Loan Program (RLP). This program reaches the extremely low income households across the region and provides up to \$27,000 in deferred financing for their homes. This financing is made available to make basic improvements that directly affect the safety, livability, or energy efficiency of owner-occupied homes. This program is essential for households who need to make necessary repairs to their homes and may not be able to not be able secure financing otherwise.

### RLP Before



HRDC also offers an Emergency Loan under the RLP umbrella. The supplementary program provides deferred financing to homeowners needing emergency assistance or crucial accessibility improvements.

Both programs are key to helping preserve existing owner-occupied housing stock and a life line to low-income households. HRDC continues to see demand for both the Rehabilitation and Emergency Loan programs for households in our region.

### RLP After



*"Thank you Headwaters for making my home safe. I appreciate all the help making my project come together and all the efforts of your team to work with me during the covid pandemic. Thanks so very much!"*

- BEMIDJI REHABILITATION LOAN PROGRAM CUSTOMER

*"It has been great working on home remodeling projects with Headwaters. They are a great company to work with; very proactive, very professional. If I was to give them a star rating it would be a five star."*

- QUOTE FROM PETE LUCCA , OWNER LUCCA REMODELING INC.



# HRDC SUPPORTS HOME OWNERSHIP

## *Through Affordable Mortgage Financing*

HRDC has accessed affordable mortgage financing through Minnesota Housing's Cities Participation Program for almost 30 years, either through local governments or directly. Over that time the Region has been allocated more than \$17 million since 2008 helping well over 100 households become home owners.

The Minnesota Cities Participation Program (MCP) offers affordable mortgages to first-time homebuyers through the Start Up loan program. Minnesota Housing has been a great partner to help ensure successful home ownership opportunities throughout that time. Last year MHFA allocated just over \$1.2million of affordable mortgage financing in the Headwaters Region through the Minnesota Cities Participation Program. Lenders in the Headwaters Region utilized \$941,000 of that allocation, a slightly lower percentage than typical in the region. A total of more than \$55,000 in down payment assistance was also provided in conjunction with the mortgage financing.

Starting this spring the HRDC was allocated an additional \$1.25 million in MCP mortgage financing. A total of just under \$200,000 has been utilized to date. These funds will be available until November of this year.

Start Up loans offer fixed interest rates and down payment and closing cost loans up to \$17,000 for eligible first-time homebuyers. Buyers can purchase homes in the Headwaters Region that cost up to \$294,600.

*"HRDC has worked in partnership over many years with Minnesota Housing in northcentral Minnesota. Along with a great network of local participating lenders, HRDC has helped many families to achieve their dream of home ownership."*

- MINNESOTA HOUSING PROGRAM MANAGER GREG KRENZ.

Minnesota Housing is a state agency that provides access to safe and affordable housing and builds stronger communities across the state. Minnesota Housing offers purchase, refinance, and home improvement loans, as well as financing for affordable rental housing throughout the state.

Eligible households throughout the entire region can access financing through a network of local lenders. First-time buyers can get started by contacting participating lenders in the Headwaters Region. Visit [www.mnhousing.gov](http://www.mnhousing.gov) for a full list of approved lenders, current interest rates, and program eligibility.



# HRDC

## *First Time Homebuyer Classes go Virtual*

In the spring of 2020 it was apparent due to the ongoing pandemic that the traditional in-person classroom style homebuyer course was not going to be a realistic option for some time. As a result, HRDC along with the partnership of Minnesota Homeownership Center were able to create and implement a new virtual style HomeStretch homebuyer class to offers potential students.

The new version of the homebuyer class is an 8 hour online class administered via zoom. The class covers all areas of the homebuying process including advantages and disadvantages of home buying, developing a budget, understanding credit, real estate, mortgage loans and the closing process. Students are still able to ask questions, interact, and hear from area experts about all aspects of the homebuying process from start to finish.

The virtual HomeStretch has been a successful program for homebuyer education since implemented and a great tool for education delivery. We have high hopes it will not only supplement the traditional classroom style course in the future but also be a great tool to help serve a larger geographic area going forward.



# TRANSPORTATION & HEALTH

**MNDOT** ACTIVITIES

SRTS

**SHIP**

NWRECB







# MNDOT

## Community Review Panel for Highway 197

Over the last year, the Headwaters RDC facilitated a collaborative process with a group of local stakeholders known as a Community Review Panel (CRP) to create a new vision for the Highway 197 corridor in Bemidji. The CRP comprises businesses, residents, elected officials, and other stakeholders in the community. The purpose of the conversation is to reach a broad agreement, if possible, on an approach to improvements planned for the corridor that provides the community's greatest benefit.

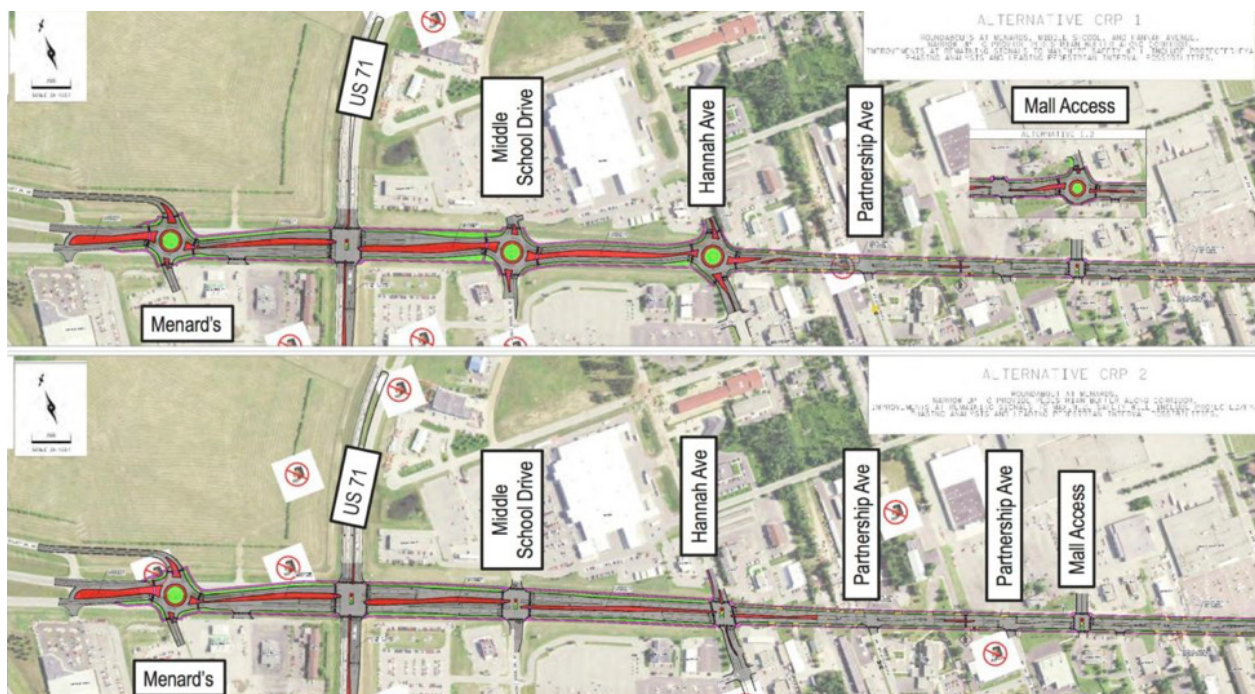
In 2019, MNDOT conducted an in-depth corridor study which ultimately resulted in the proposal of a roundabout corridor. That preferred alternative

didn't garner enough community support and was ultimately voted against by the Bemidji City Council. This renewed effort has been an attempt to start over, since a resurfacing project has to take place, regardless, by 2027.

The result of the CRP process was 2 distinct concepts for the redevelopment of Highway 197. The CRP is now seeking feedback on the concepts through an online survey, virtual open house, and at a variety of in-person events along the corridor. Using this feedback, the CRP will likely make a final recommendation to the Bemidji City Council by the end of the summer.

*"The HRDC's leadership on the Paul Bunyan Drive project has rebuilt trust with community stakeholders and restored confidence in the visioning process."*

- DARREN LAESCH, MNDOT ASSISTANT DISTRICT ENGINEER



# S R T S

## Providing Safe Routes to School Planning

Even with the unexpected challenges due to COVID-19 this past year, HRDC staff continued to work creatively on transportation projects both regionally and statewide. MnDOT contracts with HRDC each year which supports transportation related activities and targeted projects to be implemented with a focus on improving active transportation and improving health and wellbeing within the communities HRDC serves. Our role as HRDC transportation planners is to connect with our customers and build relationships with local leaders in order to bring desired transportation projects into reality. One important local project that has been completed this year is the Naytahwaush Safe Routes to School Plan.

In 2019, the Naytahwaush Community Charter School received a SRTS planning grant. With the additional challenges related to COVID the planning process was slower than anticipated but was completed in April of 2021.

The Naytahwaush Advisory Committee created thirteen programs and activities that will help attain the desired goal related to increasing walking and biking to school for the Naytahwaush Community Charter School students and families. In order to be effective, the activities need to be both safe and fun for participants. The following infographic highlights seven out of the thirteen programs and activities that were voted on as a high priority by the SRTS Advisory Committee.



**Naytahwaush SRTS Plan**  
Implementation Programs and Infrastructure Activities

**1. Develop the Sidewalk Network Expansion**  
Double the number of students from residential neighborhoods who walk and/or bike to school.

**2. Designate a Safe Routes To School Route**  
Increase walking and biking to school for the Naytahwaush School students, families and staff.

**3. Rectangular Rapid Flashing Beacon**  
Installing an RRFBS will result in improved visibility and easier crossing at intersections for all users.

**4. Building the Safe Routes To School Coalition**  
Increase the awareness of biking and walking to school and increase the number of students biking to and from school.

**5. Crosswalk Installation**  
Increase awareness and visibility of intersections where pedestrians cross the street.

**6. Implement Walk Bike Fun Curriculum**  
Minnesota's best practice curriculum for youth walking and biking safety.

**7. Bike Rodeos and Community Rides**  
Continue an annual bike event through community education.

FOR MORE DETAILS PLEASE CONTACT:  
Naomi Carlson ncarlson@hrdc.org

# S R T S

## Continued...

The following map provides an overview of the results of the SRTS Advisory Committee's discussion on the proposed multi use trails, sidewalks and crosswalks.

The Director of Naytahwaush Community Charter School, Terri Anderson shared that "The Naytahwaush Community Charter School students, staff and families are very excited for the realization of the SRTS plan that will provide safe paths for our children and other community members to walk and ride their bikes. This has been a longtime dream and we look forward to it happening soon."

This SRTS plan will be helpful in securing funding for infrastructure improvements in upcoming years. The chosen projects will help the Naytahwaush community continue active transportation education, and utilize SRTS established designated routes, educating bicyclists on riding with or across traffic.



*"I would like to thank HRDC's staff, Naomi & Bryan for all their hard work and dedication in developing a quality SRTS plan for Natahwaush on the White Earth reservation. This plan will help secure funding for infrastructure in the upcoming years."*

*Chi-miigwech*

- MICHAEL BOWMAN, WHITE EARTH TRIBAL HIGHWAY DEPARTMENT

# S R T S

## Safe Routes to School Engineering Study

In the fall of 2019, MnDOT announced that they would be offering an Engineering Study Grant to communities that had previously completed SRTS plans. In January of 2020, Beltrami County and Mahnomon County were awarded these Engineering Study Grants to explore options to improve the pedestrian and bicycle infrastructure within their communities.



For Beltrami County, the grant is to explore the downtown of Bemidji to the newly built Gene Dillion Elementary. This study aims to find ways to reduce the vehicle traffic before and after school to both Gene Dillion and Bemidji High School by increasing the number of students able to safely travel on foot or bike. The map provides an overview of the SRTS East and West Segments near Gene Dillion that have been proposed to improve accessibility and safety walking and biking to school.

For Mahnomon County, the engineering study awarded to the Naytahwaush community is ultimately seeking funds for infrastructure improvements. One goal is to coordinate with school staff, the SRTS Advisory Committee, as well as other key stakeholders, to identify current travel patterns, pick-up/drop-off operations, and other key information associated with school operations and pedestrian/bicycle data. This will help understand issues, barriers, and what works and doesn't work for their school. This study will also help continue to bring our SRTS Committee to meet as well as other key stakeholders.



# SHIP

## North Country Health Alliance

The North Country Health Alliance (NCHA) contracts with the HRDC to lead the school strategy for the Statewide Health Improvement Partnership (SHIP) in our region. HRDC staff, works with schools serving as a member of their wellness committees and assisting them in working on initiatives such as Healthy Eating, Active Living, and Well-Being. This year has been a challenge for our school partners as they've adapted to various forms of learning models such as on-line, hybrid, and in person. These changes are sometimes stressful for school staff and students.

One of our school partner's administration expressed interest in partnering with SHIP this year and learning how best to support their staff's well-being. A survey was created by SHIP staff and the school's wellness committee. The purpose of the survey was to learn from school staff more about the challenges they face, and the factors that support their well-being during the school day. The survey and the responses (see image) will help inform school wellness committees and prioritize their school staff wellness goals. SHIP will share this survey tool with other schools interested in learning more about staff well-being.

SHIP can also provide various resources for our schools interested in receiving trainings on ACES (Adverse Childhood Events), Trauma Informed Practices, Commercial Tobacco and E-Cigarette Prevention education, Walk/Bike/Fun training etc. With these trainings and resources there are also opportunities for our partners to apply for mini grants to further enhance their wellness goals. For example, one of our schools received a mini grant from SHIP to be able to purchase a bike fleet so that their students could learn and experience bike education and biking skills. Most recently, this same school received funding from SHIP for an adaptable bike which allows all their students to be able to participate in biking education and activities.

Through the SHIP school's strategy, we can also work on SRTS (Safe Routes to School), which aligns well with MNDOT's work. HRDC's unique ability to work with MNDOT, SHIP, and local public health entities, allows for a wide variety of perspectives to be heard. This results in a much higher level of alignment, increases the effectiveness of each organization, and creates healthier communities in our region.

1) On the scale of 1 to 10 – with 10 being the most stressed, how stressed do you feel?

Answer: (please explain)

2) What would it look like to support your wellbeing within the school environment?

Answer:

3) What are some examples of how you feel supported within the school environment?

Answer:

4) What would be one thing that you would like to see change?

Answer:

5) What are the most challenging things in your daily work routine?

Answer:

6) What is the highlight of your work day?

Answer:

### North Country Health Alliance



*Building Healthier Communities Together*



# N W R E C B

## *Northwest Regional Emergency Communications Board*

The Northwest Regional Emergency Communications Board (NW ECB) and their Advisory Committee (RAC) has a mission to improve emergency communications systems throughout the region. Membership consists of 14 counties, two tribal nations, and one large city. The NW ECB contracts with HRDC to provide services in three main areas by functioning as fiscal agent, grant coordinator, and as their meeting administrator. In the staffing package it includes the roles and responsibilities of: grant management, strategic planning, organizational development, workgroup management, and administrative functions. The NW ECB has accomplished many things over the past year. Highlighted projects worked on with this group include:

### **1. SECB: \$36,000.00 Regional System Administrator**

To provide professional services and is instrumental in guiding public safety agencies toward improved communication technologies and decreases reliance on outside vendors.

### **2. NG9-1-1 GIS: \$328,093.98 GIS Data Collection**

Upgrade the state's emergency 9-1-1 system with GIS data from counties and tribes to improve address verification for faster emergency responses to locations.

### **3. NG9-1-1 CHE: \$135,284.89 Call Handling Equipment**

Support the purchase and installation of upgraded NG 9-1-1 compliant call handling equipment in PSAPS.

### **4. TCPR: \$9,685.00 Training**

To Provide Telephone CPR training to dispatch staff to comply with SECB Standard 911-3 and the Telephone Cardiopulmonary Resuscitation provisions of Minnesota State Statute 403.03.

### **5. SHSP: \$100,000.00 Used Radios**

This project was a leading example of how regional collaboration and state connections met local needs. This grant historically is split between 7 regions in the state and averages \$25,000 per region. As this grant had an extremely short timeline the Northwest advocated for other regions to consider reallocating their funds if they could not be used in time. The Northwest presented a Used Radio Project Workplan and was successfully awarded \$100,000. Funds were used to reprogram

# NWRECB

*Continued...*



and accessorize donated used mobile and portable radios from Hennepin County. Approximately 300 radios went into the hands of first responders, EMS, and fire fighters throughout the northwest region. This is a critical need as purchasing new radios is not feasible for many rural volunteer agencies that rely on fundraising to meet their operating budgets. As this was a strict reimbursable grant, five counties upfronted \$20,000 to pay for initial costs and were reimbursed. The region thanks Hubbard County, Beltrami County, Roseau County, Pennington County, and Marshall County for upfronting costs in December of 2020. Reimbursement checks were sent out January of 2021 meeting the terms of the grant deadline.

The NW ECB continues to work towards interoperability across jurisdictions and increasing public safety communication systems used throughout Minnesota. They continue to secure funding through grant programs to further initiatives outlined in their strategic plan and provide a forum for technical discussions and concerns through their governance process.





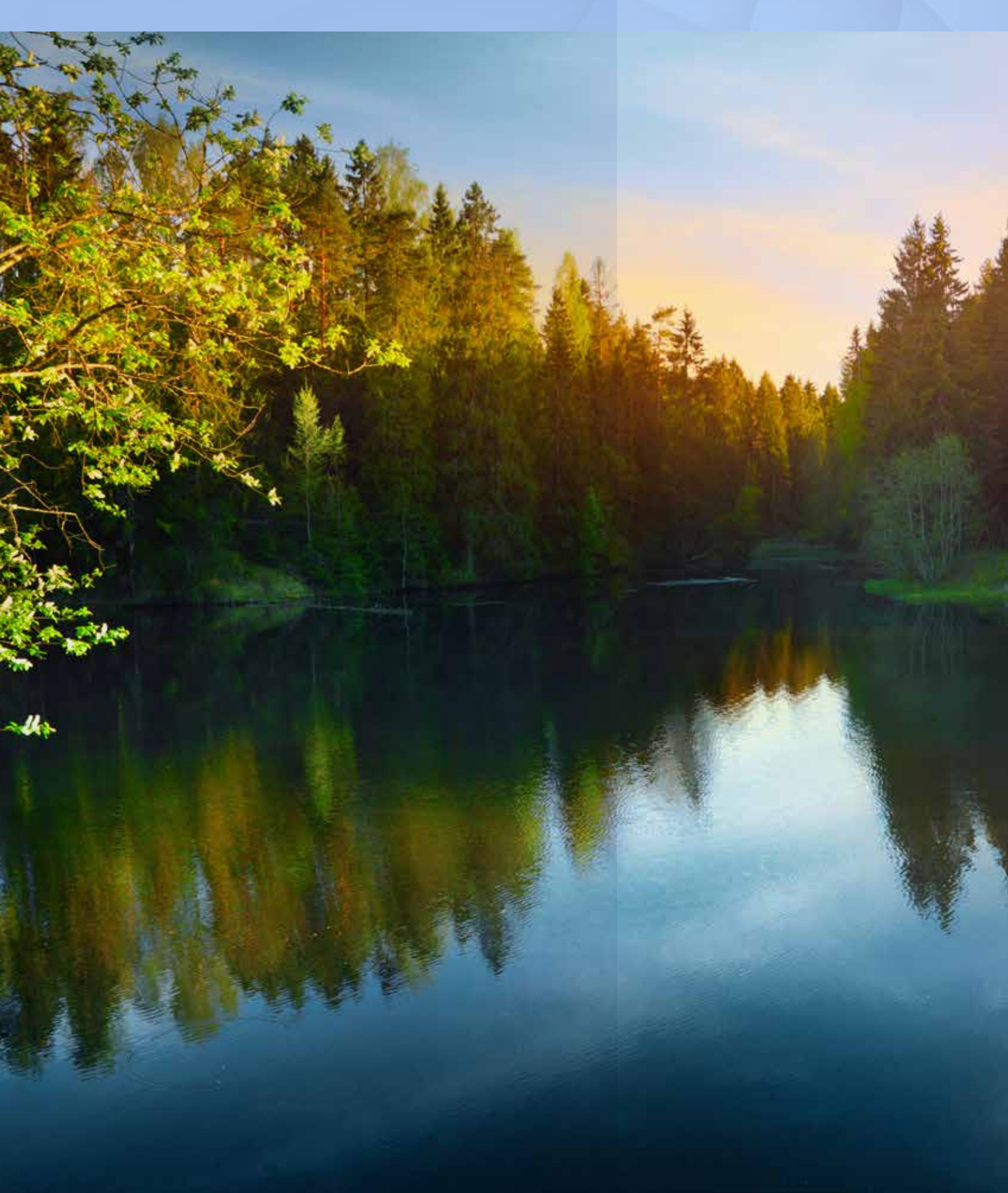


# HRDC

2021

STAFF





# HRDC STAFF



Ryan Zemek  
Executive Director  
[rzemek@hrdc.org](mailto:rzemek@hrdc.org)  
218-333-6541

Ryan has been with HRDC since 2008. Ryan primarily focuses his time on economic development projects, but also provides development assistance within various functional areas including leadership development, natural resources, community development, and transportation planning. Starting July 1, 2021, he has been selected to be Executive Director, after Tim Flather's retirement



Vanessa Burkman  
Community Development  
Planner  
[vburkman@hrdc.org](mailto:vburkman@hrdc.org)  
218-333-6542

Vanessa joined the HRDC staff in April 2021. Her focus is on community development and identifying local area needs.



Naomi Carlson  
Development Specialist  
[ncarlson@hrdc.org](mailto:ncarlson@hrdc.org)  
218-333-6539

Naomi has previously worked with the HRDC, returning in February 2021. Her focus is on transportation and active living projects in the region.



Antonio Franklin  
Economic Development  
Planner  
[afranklin@hrdc.org](mailto:afranklin@hrdc.org)  
218-333-6548

Antonio joined the HRDC staff in September 2020. He primarily focuses on regional economic recovery and resiliency projects, while providing technical assistance to businesses and entrepreneurs adversely affected by the pandemic. He also provides support on economic development projects for communities and non-profits in the region.



Levi Haar  
Lending and Accounting  
Specialist  
[lhaar@hrdc.org](mailto:lhaar@hrdc.org)  
218-333-6530

Levi joined the HRDC in March 2017. He primarily focuses his time on administering a variety of owner-occupied rehabilitation loan programs as well as assisting with the day-to-day accounting activities.



**Vicky Hetteen**  
Business Loan Support  
Specialist  
[vhetteen@hrdc.org](mailto:vhetteen@hrdc.org)  
218-333-6538

Vicky joined the HRDC in August of 2020. Her role is to support the business lending activities of the Headwaters Regional Finance Corporation (HRFC) and its Revolving Loan Funds. She is also responsible for the maintenance of loan files and accurate data management.



**Sarah Linda**  
Business Loan Specialist  
[slinda@hrdc.org](mailto:slinda@hrdc.org)  
218-333-6536  
218-214-2848

Sarah joined the HRDC in December of 2015. She primarily focuses her time on managing the loan portfolio for the Headwaters Regional Finance Corporation.



**Missy Malone**  
Accounting Support  
Specialist  
[mmalone@hrdc.org](mailto:mmalone@hrdc.org)  
218-333-6543

Missy joined the staff team in December 2018. Her role is to support the various accounting and administrative activities of the HRDC.



**Nicole McKinnon**  
Finance Officer  
[nmckinnon@hrdc.org](mailto:nmckinnon@hrdc.org)  
218-333-6544

Nicole joined the HRDC in December 2017. Her primary responsibility is to manage fiscal functions of the Headwaters Regional Development Commission, its subsidiaries and partner organizations.



**Jackie Pierson**  
Administrative Support  
Specialist  
[jpierson@hrdc.org](mailto:jpierson@hrdc.org)  
218-444-4732

Jackie joined the staff team in July 2020. Her role is to support the various administrative activities of the HRDC.



**Sarah Wilcox**  
Development Specialist  
[swilcox@hrdc.org](mailto:swilcox@hrdc.org)  
218-333-6533

Sarah joined the HRDC in August 2018. She primarily focuses on Housing and Community Development. Sarah also provides the lead staff services for the Northwest Regional Emergency Communications Board.

