



# Constructing a Competitive Application: RRDL USDA RD Preservation Program

Minnesota Housing RRDL Program Staff

March 2023

# Who's Who

## **Minnesota Housing Staff – Multifamily Housing Division**

Janine Langsjoen

Preservation Program Manager

Susan Bergmann

Preservation Underwriter

## **USDA Rural Development Staff – Midwest Region**

Eric Siebens

Regional Director

James Jones

Team Lead

# Agenda

- Our Mission
- RRDL Program – Purpose and Background
- Funding Available for Preservation
- Eligibility
- Application Process
- Reminders
- Q & A

# Our Mission

Housing is the foundation for success,  
so we collaborate with  
individuals, communities and partners  
to create, preserve and finance  
affordable housing.



# Program Purpose and Background

# Program Purpose and Background

The RRDL Program provides financing options for moderate rehabilitation to owners of existing smaller scale, permanent rental housing in Minnesota.

The RRDL Program assists Minnesota Housing in meeting two of its strategic objectives:

- Preserve and Create Housing Opportunities
- Strengthen Communities

# Program Purpose and Background

**2023 RRD L RFP is focused on properties with**

**USDA RD Section 515 mortgages**



The background of the image is a close-up, textured view of a brick wall. The bricks are reddish-brown and arranged in a traditional running bond pattern. The mortar joints are light-colored and appear slightly weathered or crumbling in some places, adding to the rustic texture. The lighting is even, highlighting the individual bricks and the overall surface of the wall.

We want  
Rural Development  
properties in every corner  
of the state to be able to  
successfully compete for  
RRDL funding



# RRDL Program

## Easier access to funding through RRDL Program

- Concept-based application (8-10 checklist items)
- No owner contribution required
- Streamlined workbook with three tabs to complete

# RRDL Program

- Application assembly costs - up to \$750 reimbursed if project selected for funding
- Up to 3% of awarded funding may be paid to either an owner or project manager for loan processing
- Collaboration between RRDL Program staff and RD Loan Servicers, Team 6



# Funding Available for Preservation

# Funding Availability



- Up to \$7 million is available through the 2023 RRD L USDA RD Preservation RFP
- \$50,000 max per unit  
\$700,000 max loan

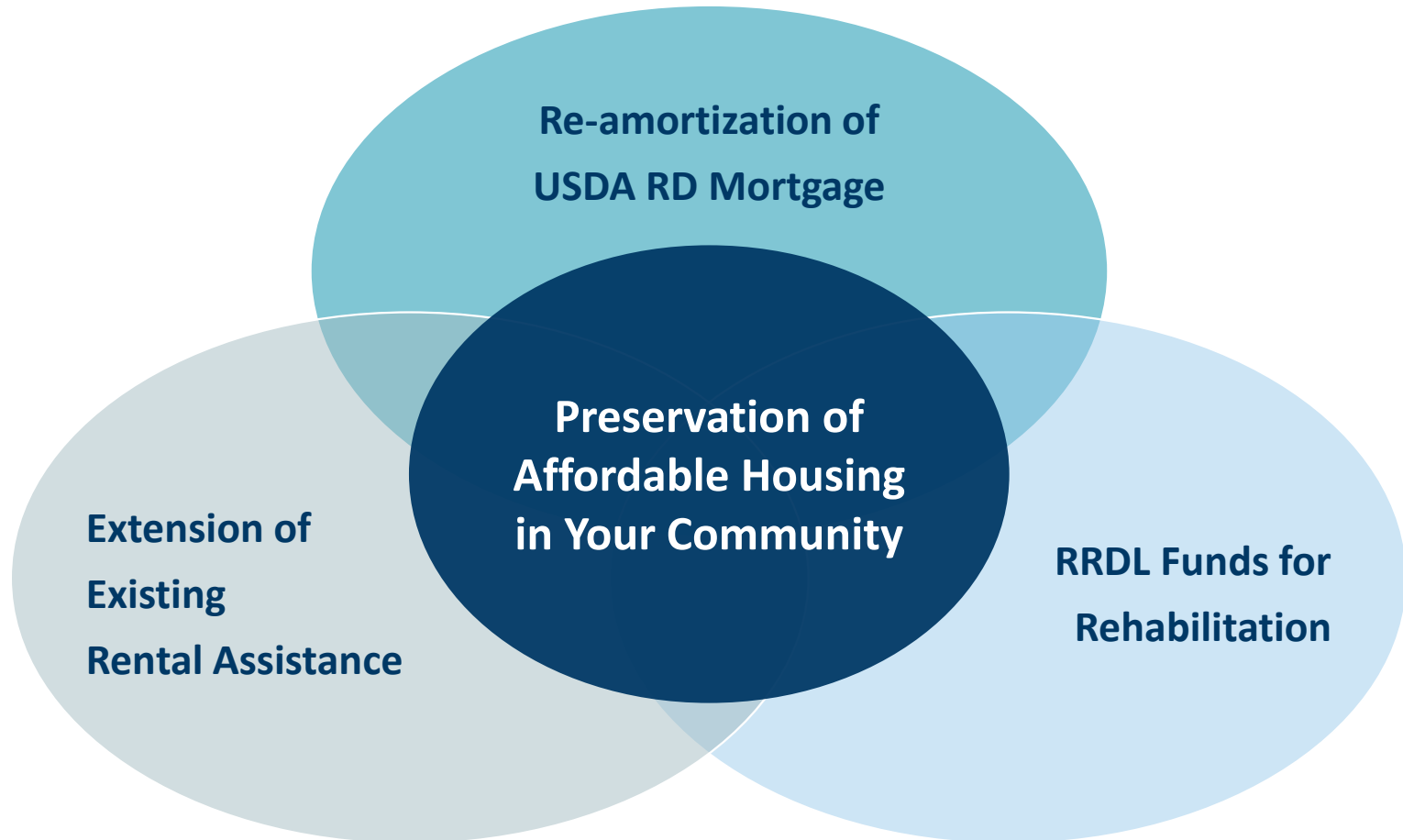


# Typical Funding Terms

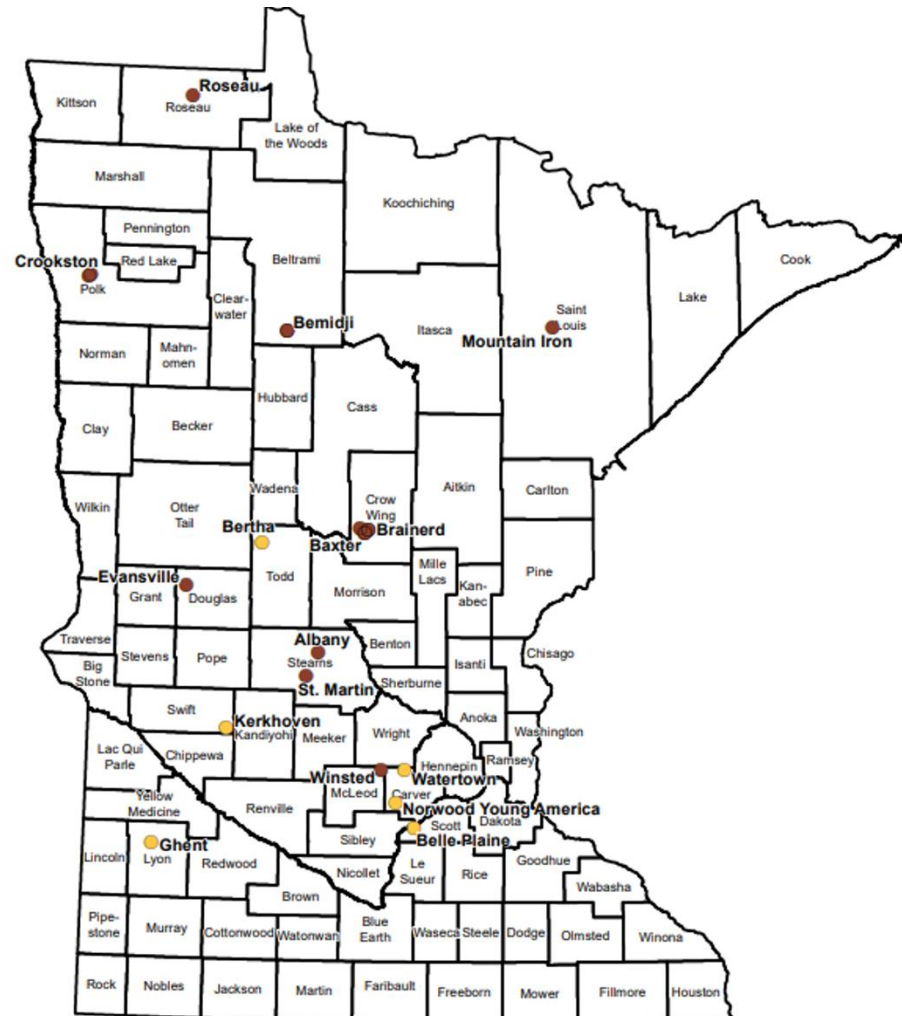
- Flexible terms based on the development's needs
- Typical structure:
  - Deferred Loan
  - 20-year term
  - 0 percent interest
  - Principal due at maturity
  - Up to 10% loan forgiveness
- Construction Loan or End Loan
- Re-amortization and/or extension of RD mortgage



# Preservation Opportunity



# 2019 Selected Projects Locations



# How 2019 Funding Helped Peace Villa Apartments

## Elevator Installation in Senior Residence



## Fire Safety



# How 2019 Funding Helped Sunrise Apartments

## Accessible Bathrooms



## Laundry Facilities



# Eligibility



# Eligibility Criteria

Development must:

- Be financed by USDA RD with a Section 515 Mortgage
- Be an existing building(s)
- Be permanent rental housing
- Have a minimum total of 8 units
- Have a three-year average occupancy of 85% or more
- Not have received RRDL funding within past 5 years







# Application Process



# 2023 RFP Timeline

Date	Event
March 27	2023 RRDL RFP Published
March 27	Application materials available on website
April 6 and April 11	Minnesota Housing holds RFP information webinars
April 4 thru May 12	Applicants <b>required</b> to schedule & complete a TA Meeting
June 9	<b>Applications due by 5:00 pm Central Time</b>
September 28	Minnesota Housing's board reviews staff recommendations
Sept 29 - Oct 6	Applicants notified of status
Oct 2 thru Nov 22	Selected Applicants must attend a "Launch Meeting"
Oct 2023 thru July 2025	Applicants submit Due Diligence
September 2025	All projects have completed the closing phase

# Concept-based Application

1. Narrative Questions and Certifications
2. RRDL Workbook
3. Applicant Certification of Known Environmental Conditions
4. Photographs - overall property, existing conditions, all proposed improvement areas
5. Property tax statement
6. Borrower Authorization of Release of Private Information
7. RRDL Qualifications of Sponsor
8. Qualifications of Management Company and Marketing Agent
9. If available, any other information to support the application
10. If available, 10-year capital plan

# Application Checklist

## 1. Narrative Questions and Certifications

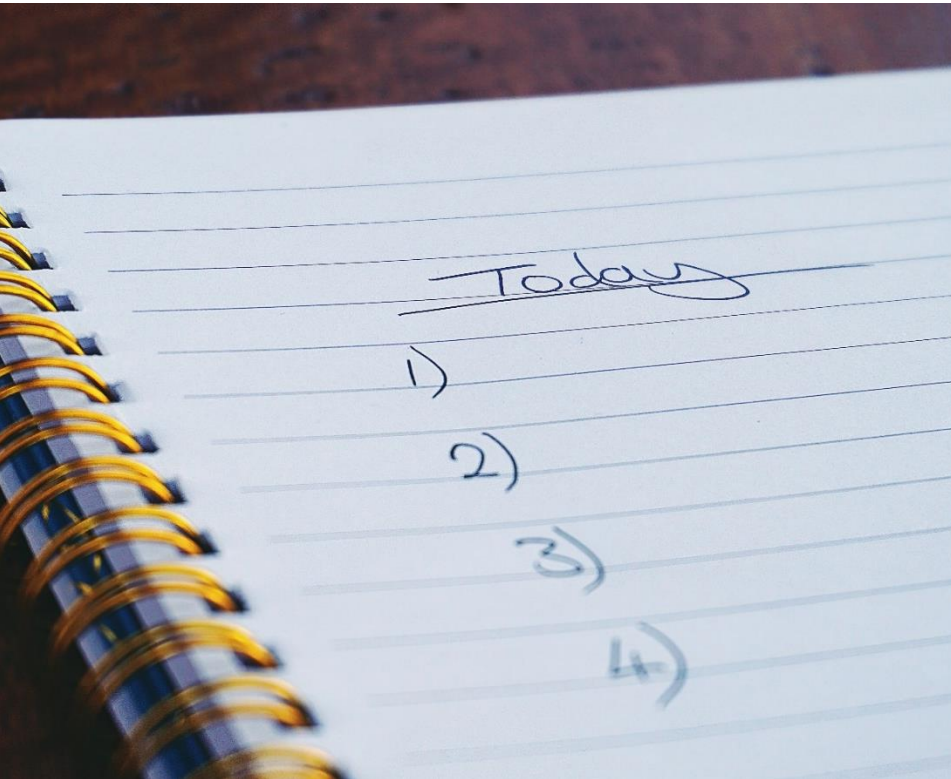
- Describe the development
- Describe the proposed project
- Describe the development team
- Assessment of major building components
- Certifications and disclosure statements



# Application Checklist

## 2. RRDL Workbook

- Applicant and development team
- Property information
- Existing debt, reserves and assisted units
- Income and expenses
- Proposed project and estimated cost





# Application Checklist

3. Applicant Certification of Known Environmental Conditions (Minnesota Housing form)
4. Photographs of overall property, existing conditions, all proposed improvement areas
5. Property tax statement
6. Borrower Authorization of Release of Private Information



# Application Checklist

## 7. RRDL Qualifications of Sponsor

- Last year's tax returns
- Credit report (individual or corporate)
- Personal financial statement
- Schedule A: Income-Producing Properties

## 8. Qualifications of Management Company and Marketing Agent



# Application Checklist

## 9. If available, any other information to support the application

- Architectural or engineered plans such as site or floor plans
- Product specifications
- Elevator inspections or modernization proposals
- Maintenance records

## 10. If available, 10-year capital plan







# Don't forget...



# Opportunities for Collaboration

## Minnesota Housing

RRDL Program technical assistance

Application review and funding recommendations

Compliance and monitoring

## USDA Rural Development

Share information during review of RRDL applications

Re-amortization of mortgage

Extension of rental assistance

## Energy Rebates; Weatherization Programs

Common items: furnace/boiler, water heater, insulation, lighting

Katherine Teiken:  
Minnesota Housing Clean Energy Program Specialist

## Other Partners

Greater Minnesota Housing Fund

Minnesota Housing Partnership

# Important Next Steps



## Step 1:

Set up a technical assistance appointment with RRDL Program staff



## Step 2:

Identify and prioritize your rehabilitation scope of work



## Step 3:

Complete your narrative questions and all submittals



## Step 4:

Submit all items by **5:00 pm, June 9** using the Secure Upload Tool

# Assistance and Support

- Ask RRDL Program staff for:
  - required technical assistance with application completion
  - technical or general questions about program
- Ask RD Loan Servicers for questions about:
  - re-amortizations
  - loan term extensions
  - rental assistance extensions

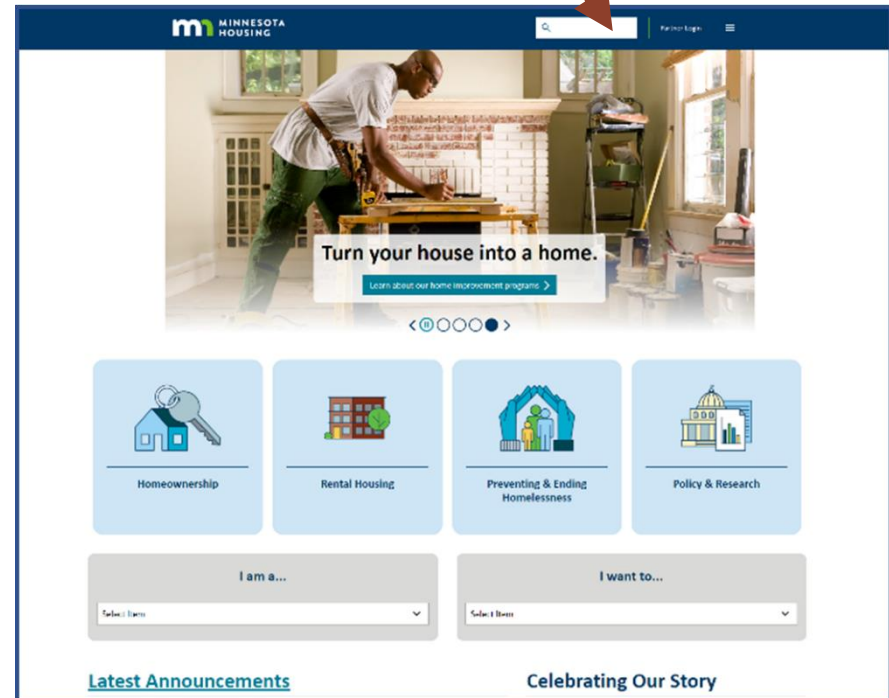
# Access RRDL Webpage

Two ways to access Information and Resources on the RRDL webpage

1) Copy and paste path in your browser:

<https://www.mnhousing.gov/rental-housing/housing-development-and-capital-programs/deferred-loans-and-grant-programs/rrdl.html>

2) Use Search Function on home page - Enter RRDL







### Menu

- [Consolidated Request For Proposal \(RFP\)](#)
- [Development Team Qualification Forms](#)
- [Multifamily Customer Portal Resources](#)
- [Rent and Income Limits](#)
- [RFP and HTC Funding Selections](#)
- [Supportive Housing Resources](#)
- [Underwriting Standards \(PDF\)](#)
- [Program Guides and Manuals](#)
- [Request for Action and Change Notification](#)
- [Preservation Resources](#)

# Rental Rehabilitation Deferred Loan (RRDL)

The Rental Rehabilitation Deferred Loan Program helps owners of small to medium rental properties located outside of the five-county metropolitan area (Ramsey, Hennepin, Anoka, Washington, Dakota) to finance moderate rehabilitation of structurally sound residential rental units.

**Applications for RRDL funding are now being accepted. The deadline for applications is 5:00 p.m. (CT) Friday, June 9, 2023.**

Up to seven million dollars in state appropriations associated with the RRDL Program is now available through a one-time Request for Proposals (RFP). Fund are administered through the RRDL program for the rehabilitation of multifamily rental housing that currently have a USDA Rural Development Section 515 mortgage. Funding availability is contingent upon legislative approval of program appropriations and may increase or decrease.

## Webinars & Technical Assistance



## Application Forms and Resources



## Current Program Guides and Underwriting Standards



## Due Diligence Forms and Resources



## Post Loan Closing



## Previous Program Guides



## Contact

The RRDL team is available to answer any questions or provide technical assistance.

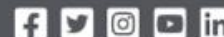
 [rrdl@state.mn.us](mailto:rrdl@state.mn.us)

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[mn.housing@state.mn.us](mailto:mn.housing@state.mn.us)  
651.296.7608 | 800.657.3769



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# Thank you!

To schedule the **required** Technical Assistance, contact:

Cheryl Rivinius  
[cheryl.rivinius@state.mn.us](mailto:cheryl.rivinius@state.mn.us) or 651.296.3705

Questions about the RRD L Program and Application, contact:

Janine Langsjoen  
[janine.langsjoen@state.mn.us](mailto:janine.langsjoen@state.mn.us) or 651.296.6354

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[susan.bergmann@state.mn.us](mailto:susan.bergmann@state.mn.us) or 651.296.3797

# Question and Answer

