MEETINGS SCHEDULED FOR OCTOBER

Location:

Minnesota Housing
400 Sibley Street, Suite 300
St. Paul, MN 55101

THURSDAY, OCTOBER 25, 2012

Regular Board Meeting
State Street Conference Room - First Floor
1:00 p.m.

NOTE: The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, October 25, 2012.

Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 are met. In accordance with Minn. Stat. §462A.041, the Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.

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400 Sibley Street | Suite 300 | Saint Paul, MN 55101-1998 | 651.296.7608
800.657.3769 | fax: 651.296.8139 | tty: 651.297.2361 | www.mnhousing.gov
Equal Opportunity Housing and Equal Opportunity Employment

A G E N D A
Minnesota Housing Finance Agency
Board Meeting
Thursday, October 25, 2012
1:00 p.m.

State Street Conference Room – 1st Floor
400 Sibley Street, St. Paul, MN 55101

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. Regular Meeting of September 27, 2012
   B. Special Meeting of September 27, 2012
5. **Reports**
   A. Chair
   B. Commissioner
   C. Committee
6. **Consent Agenda**
   A. Approval, Selections, Community Fix-up Fund.
   B. Approval, 2013 Annual Action Plan.
   C. Approval, Reimbursement Declarations.
7. **Action Items**
   A. 2012 Consolidated Request for Proposals
      1. Approval, Multifamily Selections, Deferred Loans and Grants
      2. Approval, Multifamily Selections, Low and Moderate Income Rental (LMIR) and Low and Moderate Income Rental and Bridge Loan (LMIR BL) Programs
         – Old Home Plaza, St. Paul
         – Creeks Run Townhomes, Chaska
         – Bottineau Ridge Apartments, Minneapolis
         – River Pointe Townhomes, Thief River Falls
         – Park Row Crossing, St. Peter
         – North Meadows, Sauk Rapids
         – Concordia Arms, Maplewood
         – Rochester Square Apartments, Rochester
         – CommonBond VA Housing St. Cloud, St. Cloud
         – CommonBond VA Housing Fort Snelling, Minneapolis
      3. Approval, Multifamily Selections, Low and Moderate Income Rental (LMIR) and Flexible Financing for Capital Cost (FFCC) Programs
         – City Place Lofts, Minneapolis

4. Approval, Multifamily Selections, Low and Moderate Income Rental (LMIR), Low and Moderate Income Rental Bridge Loan (LMIR BL) and Preservation Affordable Rental Income Fund (PARIF) Programs
   – Minneapolis Portfolio Preservation, Minneapolis
5. Approval, Multifamily Selections, Preservation Affordable Rental Investment Fund (PARIF)
   – CIP Scattered Site 2012, Crystal, Golden Valley, Hopkins, St. Louis Park (D7606)
6. Approval, Multifamily Selections, Preservation Affordable Rental Investment Fund (PARIF)
   – Northbridge Apartments, Albert Lea
7. Approval, Multifamily Selections, Preservation Affordable Rental Investment Fund (PARIF)
   – Vesterheim Manor, Preston
8. Approval, Multifamily Selections, Housing Tax Credit Program, 2013 Round 1 Selections
9. Approval, Single Family Selections, Community Revitalization Fund

8. Discussion Items

9. Informational Items

A. Post-Sale Report, Homeownership Finance Bonds, 2012 Series B

10. Other Business

11. Adjournment

MINUTES

MINNESOTA HOUSING FINANCE AGENCY BOARD MEETING
Thursday, September 27, 2012
1:00 p.m.
State Street Conference Room – 1st Floor
400 Sibley Street, St. Paul, MN 55101

1. **Call to Order.**
   Chair Johnson called to order the regular meeting of the Board of the Minnesota Housing Finance Agency at 1:03 p.m.
   Members present: Gloria Bostrom, John DeCramer, Joe Johnson, Ken Johnson, Steve Johnson, Stephanie Klinzing, Auditor Rebecca Otto.
   Minnesota Housing staff present: Tal Anderson, Paula Beck, Joe Gonnella, Mike Haley, Susan Haugen, Anne Heitlinger, Bill Kapphahn, Kurt Keena, Kasey Kier, Marcia Kolb, Diana Lund, Eric Mattson, Tonja Orr, Sam Otis, Terri Parker, John Patterson, Mary Rivers, Becky Schack, Kim Stuart, Mary Tingerthal, LeAnne Tomera, Mike Thomas, Susan Thompson, Will Thompson, Don Wyszynski, Xia Yang,
   Others present: Paula Rindels, Dorsey & Whitney; Laura Janke, RBC Capital Markets; Brooke Walker, Minnesota Homeownership Center; David Gossklaus, Dorsey and Whitney; Melanie Lien, Piper Jaffray; Dan Garrett, Midwest Housing Equity Group; Susan Thompson, Habitat for Humanity Minnesota; Chip Halbach, Minnesota Housing Partnership; Frank Fallon, RBC Capital Markets; Michelle Adams, Kutak Rock; Tom O'Hern, Office the Attorney General; Celeste Grant, Office of the State Auditor.
2. **Agenda Review.**
   The following changes to the agenda were reported:
   - Item 10.A, presentation of Framework, would be presented first.
   - Item 9.A.5. requesting approval of changes to the MBS manual, had been added to the agenda. It was announced that the title of the item was incorrect and the changes requested were instead to the Start-Up manual.
3. **Approval of the Minutes.**
   A. **Regular Meeting of August 30, 2012.**
   B. **Special Meeting of August 30, 2012.**
   C. **Special Meeting of September 5, 2012.**
   Mr. Joe Johnson moved approval of the minutes, with corrections to the attendance records for each. Ms. Bostrom seconded the motion. Motion carries 7-0.
4. **Chairman's Report.**
   Chair Ken Johnson reported that the Board had held a special meeting immediately prior to the regular meeting at which they adopted four items: bylaws, resolutions establishing a program and policy committee and a finance and audit committee and procedural policy regarding meetings. Chair Johnson thanked Tom O'Hern for his work in preparing all of the information and documents that enabled the Board to make these changes.

5. **Commissioner's Report and Introductions.**

Commissioner Tingerthal reported the following:

- The art exhibit owned by the Family Housing Fund and hosted by Minnesota Housing for the past three years has been moved to the Wilder Foundation and is being used in connection with the kick-off of the homeless survey.
- The weeks since the last meeting have been busy for staff as they go through consolidated RFP application, noting that there is an impressive list of both single family and multifamily proposals that will be brought for approval at the October meeting.
- The agency is working on performance evaluations for all staff. In 2011, Minnesota Housing was the only state agency to have completed 100% of its evaluations, which allowed the agency to participate in a program to allow additional one-time compensation for employees with outstanding performance.
- It is the beginning stages of budget preparation for the next biennium. Governor Dayton has asked that agencies prepare a baseline budget for the amount funded in the previous biennium and also a budget that represents a 5% cut. Agencies have also been asked to suggest budget initiatives that will result in cost-savings to the state. Minnesota Housing will propose four initiatives, one each in partnership with the Department of Employment and Economic Development, Department of Education, Department of Health and Corrections.

The following employee introductions were made:

- Diana Lund introduced Anne Heitlinger. Ms. Heitlinger most recently was employed at Aeon and brings 18 years of experience in affordable housing.
- Dan Boomhower introduced Sam Otis, who has served in the Marines and comes to Minnesota Housing from San Diego, where she was an office manager for an IT staffing group.
- Mary Tingerthal reported that Marge Olson, who was previously introduced as a temporary employee, has joined the Agency in a full time permanent position supporting operations and the BTS group.

6. **Audit Committee:**

None.

7. **Program Committee:**

None.

8. **Finance Committee:**

None.

9. **Action Items:**

A. Summary Review:

9.A.(1). Approval, Changes, Program Waiver, Homeownership Assistance Fund.

9.A.(2). Approval, Changes, Mortgage Loan "Start Up" Procedural Manual.

9.A.(3). Approval, Commitment Extension, Economic Development and Housing Challenge (EDHC) Program - Urban Homeworks Phase III, Minneapolis.

9.A.(4). Approval, Commitment Extension, Publically Owned Housing Program (POHP) - Spruce Apartments, Waconia.

9.A.(5). Approval, Changes, MBS Manual

Mr. Joe Johnson moved approval of the summary review items. Mr. Steve Johnson seconded the motion. Motion carries 7-0.

B. Discussion – General:

9.B.(1). Resolution Authorizing Issuance and Sale of Minnesota Housing Finance Agency Homeownership Finance Bonds, 2012 Series B (GNMA and FNMA Pass-Through Program).

Don Wysyznski presented this request, noting that the transaction would likely add to the Agency's excess spread and not use any of the existing excess. Because of the rate at which the bonds would be sold, the Agency will lower its government rate, likely to under 3%. Michelle Adams described the parameters within the resolution. **MOTION:** Ms. Bostrom moved approval. Mr. Joe Johnson seconded the motion. Motion carries 7-0.

9.B.(2). Approval, 2013 Affordable Housing Plan.

John Patterson presenting this item for approval, making note of the key funding changes and a new section allowing prior authorization of approvals. Auditor Otto stated that she would like for the board to retain authority for all allocations or changes to allocations of Pool 3 funds. Commissioner Tingerthal stated that staff would strike the relevant language from the plan and continue to bring Pool 3 funding requests to the board. **MOTION:** Auditor Otto moved approval of the 2013 Affordable Housing Plan with the following change:

From the "Authorization of Adjustments" section, strike the following text:

> "As discussed, the Agency has set aside $2 million of Pool 3 funds in a Strategic Priority Contingency Fund. If staff identify additional funding needs that are aligned with the Agency's strategic priorities, staff will allocate these funds."

Stephanie Klinzing seconded the motion. Motion carries 7-0.

C. Discussion – Homes:

None.

D. Discussion – Multifamily:

9.D.(1). Approval, Selection/Commitment, Low and Moderate Income Rental (LMIR) Program - Boardwalk Apartments, Wayzata.

Susan Thompson presented this request, sharing that the project was originally financed in 1978 with a 40-year loan. The HAP contract on the project expires in 2018. The new financing will provide cash for general improvements and a required elevator update. The owner has agreed to extend the Section 8 contract for an additional 20 years. In response to a question from Ms. Bostrom, Ms. Thompson stated that if the Section 8 program no longer exists at the end of the current contract, staff will negotiate with the owner in order to ensure that the property remains affordable. **MOTION:** Gloria Bostrom moved approval. Stephanie Klinzing seconded the motion. Motion carries 7-0.

9.D.(2). Approval, Changes, Rental Rehabilitation Deferred Loan (RRDL) Program Guide - Chapter 13: Multifamily Disaster Assistance Funds.

Susan Haugen presented this request, stating that the changes would improve the process and delivery of flood recovery funds. In response to a question from Mr. Joe Johnson, Ms. Haugen stated that administrators are selected through an application process. Selected administrators then receive training. Mike Thomas explained that the recovery funds are not intended to be used for a full remodel but rather to return buildings to their pre-disaster condition while making upgrades that are needed for code compliance. **MOTION:** Auditor Otto moved approval. Mr. Joe Johnson seconded the motion. Motion carries 7-0.

10. Review and Information Items.

A. Presentation, Minnesota Homeownership Center Framework Online Education System.

Mike Haley introduced Brooke Walker from the Homeownership Center. Ms. Walker gave a demonstration of the Framework system, stating that the main goal of having an online education system is to provide better access statewide while expanding the number of people receiving a standardized homebuyer education program. Ms. Walker demonstrated some of the interactive capabilities of the on-line homebuyer education software. Key facts shared regarding the program included: the availability of a Spanish language version of the program in 2013; an 80% final exam score needed to receive a certificate of completion and in-person counseling if that score cannot be attained; the program's use by Bremer Bank, Wells Fargo and US Bank; the online program can be used with a dial-up internet connection; the use of an exit survey to gauge user satisfaction. Commissioner Tingerthal stated that the primary funding for the project came from USDA, whose rural development subgroup is the primary source of mortgage lending in rural areas. USDA-RD was experiencing problems getting people from rural areas to in-person education classes because of limited class availability. Tingerthal also stated that a number of other HFAs have expressed interest in the program and the Framework program will be presented at the upcoming NCSHA annual conference. Auditor Otto stated that the program would be a great addition to high school financial readiness curriculum. Information item, no action needed.

B. Information, Reporting Non-Compliance with Agency Policy.

It was noted that this is a summary report. Some of the information is fairly sensitive so a lot of detail is not shared. Future reports will be provided to the board quarterly. No action needed.

11. Other Business.

None.

12. Adjournment.

The meeting was adjourned at 2:14 p.m.

MINUTES

MINNESOTA HOUSING FINANCE AGENCY SPECIAL BOARD MEETING
Thursday, September 27, 2012
1:00 p.m.
State Street Conference Room – 1st Floor
400 Sibley Street, St. Paul, MN 55101

1. **Call to Order.**
   Chair Johnson called to order the special meeting of the Board of the Minnesota Housing Finance Agency at 11:31 a.m.
   Members present: Gloria Bostrom, John DeCramer, Joe Johnson, Ken Johnson, Stephanie Klinzing, Auditor Rebecca Otto. Absent: Steve Johnson
   Minnesota Housing staff present: Paula Beck, Joe Gonnella, Marcia Kolb, Becky Schack, Mary Tingerthal, Will Thompson.
   Others present: Tom O'Hern, Office the Attorney General; Celeste Grant, Office of the State Auditor.
2. **Approval, Revision of Bylaws.**
   Tom O'Hern summarized the changes to the bylaws, the key changes being the removal of meeting references from the bylaws. The new bylaws instead reference a meetings policy. Mr. O'Hern explained that this change would allow the board to change meetings by changing the policy rather than needing to adopt new bylaws. During a discussion about board officers, it was noted that only public members are eligible to be Chair or Vice Chair. Regarding remote attendance at meetings, it was stressed that all members are expected to continue to attend meetings in person excepting in extraordinary circumstances. Appreciation was expressed for having included a procedural order for meetings within the bylaws. **MOTION:** Joe Johnson moved to adopt the revised bylaws, with minor grammatical or non-substantive changes as discussed during the meeting. Stephanie Klinzing seconded the motion. Motion carries 6-0.
3. **Discussion, Board Governance.**
   Delegations from the board were discussed. Tom O'Hern will begin work on policies and delegations. Some current policies are not well documented creating a table of delegations will take time. The delegations policy itself will reference an exhibit or table that includes all tasks delegated to staff and that exhibit will be updated, with approval by the board, as needed. A draft delegations policy and list of delegations will be presented for approval by the board by the end of the year.
4. **Approval, Committee Resolutions.**
   Tom O'Hern highlighted the following information regarding the committees:
   - Committees may do the business described in the resolution but are not required to do so. All business may be conducted directly by the board as well. The combining of the finance and audit committees eliminates redundancy.
   - The Agency Risk Office reports to the Finance and Audit Committee.

MOTION: Stephanie Klinzing moved to adopt the Program Committee Resolution. John DeCramer seconded the motion. Motion carries 6-0.

Members discussed and agreed to the following changes:

- Change in committee names to "Program and Policy Committee" and "Audit and Finance Committee."
- Incorporation of language regarding setting policy for the Program and Policy Committee.

MOTION: Rebecca Otto moved that Tom O'Hern add to each resolution a provision allowing committees to create subcommittees. Gloria Bostrom seconded the motion. Motion carries 6-0.

MOTION: Stephanie Klinzing moved to amend her previous motion to adopt the Program and Policy Committee resolution with the changes listed above and to adopt the Audit and Finance Committee resolution, also with the changes listed above. John DeCramer seconded the motion. Motion carries 6-0.

5. **Approval, Meetings Policy.**

   Commissioner Tingerthal noted that included in the meetings policy is a new agenda order that will allow for a cleaner board agenda. **MOTION:** Gloria Bostrom moved approval of the policy. John DeCramer seconded the motion. Motion carries 6-0.

6. **Approval of Any Related Administrative Matters that May be Necessary.**

7. **Adjournment.**

   The meeting was adjourned at 12:02 p.m.

AGENDA ITEM: 6.A.
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: Approval, Selections, Community Fix-up Fund

CONTACT: Kathy Aanerud, 651-297-3121
kathy.aanerud@state.mn.us

Calvin Greening, 651-296-8843
cal.greening@state.mn.us

REQUEST:

☑ Approval ☐ Discussion ☐ Information

TYPE(S):

☐ Administrative ☐ Commitment(s) ☐ Modification/Change ☐ Policy ☑ Selection(s) ☐ Waiver(s)

☐ Other:

ACTION:

☑ Motion ☐ Resolution ☐ No Action Required

SUMMARY REQUEST:

Staff requests Board Approval for renewing the Community Fix-up Fund initiative described in the attached Initiative Detail. The Community Fix-up Fund initiative proposals from participating Fix-up Fund lenders and their community partners are approved for a two-year funding access. The initiatives are eligible to be considered for renewal when ongoing activity is identified by the lender and their partners.

FISCAL IMPACT:

The Community Fix-up Fund uses Pool 2 funds budgeted in the current Affordable Housing Plan. Action requested is consistent with the program terms described in the plan.

MEETING AGENCY PRIORITIES:

☑ Promote and support successful homeownership ☐ Preserve federally-subsidized rental housing

☐ Address specific and critical needs in rental housing markets ☐ Prevent and end homelessness

☐ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENT(S):

- Background and Initiative Detail

BACKGROUND:
This recommendation for renewing a Community Fix-up Fund initiative meets the guidelines for participation described in the Program Concept. When presented with proposals and renewals, staff considers the presence of leverage and/or value added features, a targeted audience, partnerships, and focused marketing activities.

INITIATIVE DETAIL:

Region	Lending Partner	Estimated Demand	General Program Description
Metro	City of St. Paul Housing and Redevelopment Authority (HRA)	12 loans totaling approximately $274,669	The City of St. Paul requests renewal of their initiative for discounting the interest rate on Fix-up Fund loans to 4% using their Community Development Block Grant funds (CDBG) for leverage. They will continue to collaborate and partner with several community organizations to reach eligible homeowners as well as to serve very low income households with alternative financing products. The City of St. Paul has had a good response rate for homeowners submitting Fix-up Fund applications. However, similar to the experience of other lenders, barriers to loan closings are credit scores, debt-to-income ratios and negative equity. Despite their production of 5 loans during the past two-year period, the City of St. Paul will continue to keep a goal of 12 loans for this renewal period with ongoing marketing and outreach efforts.

AGENDA ITEM: 6.B.
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: Approval, 2013 Annual Action Plan

CONTACT: Jim Cegla, 651-297-3126
jim.cegla@state.mn.us

Tonja Orr, 651-296-9820
tonja.orr@state.mn.us

REQUEST:

☑ Approval ☐ Discussion ☐ Information

TYPE(S):

☑ Administrative ☐ Commitment(s) ☐ Modification/Change ☐ Policy ☐ Selection(s) ☐ Waiver(s)

☐ Other:

ACTION:

☑ Motion ☐ Resolution ☐ No Action Required

SUMMARY REQUEST:

The State is required to develop an annual action plan for Minnesota Housing, DEED, and DHS in order to receive Community Planning and Development program funds from HUD, including HOME and HOPWA which are administered by Minnesota Housing. The major purpose of the action plan is to describe how federal Community Planning and Development funds will be deployed by the three state agencies to address the goals and objectives of the five-year Consolidated Plan that the Board approved last January. The portions of the annual action plan that apply to Minnesota Housing are consistent with the Affordable Housing Plan that the Board adopted at its September meeting and are attached for your reference.

FISCAL IMPACT:

None. The action plan is consistent with the Affordable Housing Plan.

MEETING AGENCY PRIORITIES:

☑ Promote and support successful homeownership ☑ Preserve federally-subsidized rental housing

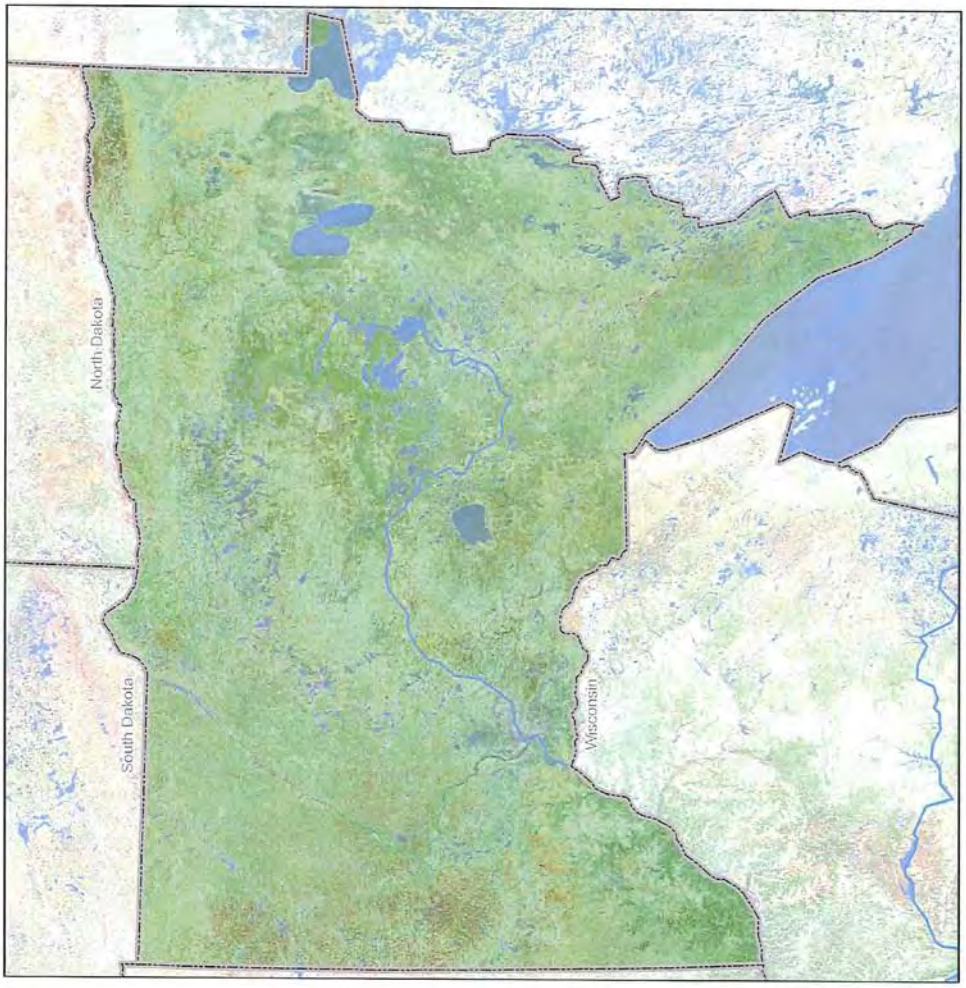
☐ Address specific and critical needs in rental housing markets ☑ Prevent and end homelessness

☐ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENT(S):

- Pertinent pages from the Annual Action Plan

MINNESOTA ANNUAL ACTION PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT 2013



2013 DRAFT

Executive Summary

ES-05 Executive Summary

1. Introduction

In 1994, the U.S. Department of Housing and Urban Development (HUD) issued new rules consolidating the planning, application, reporting, and citizen participation processes for four formula grant programs: Community Development Block Grants (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grants (ESG)[1], and Housing Opportunities for Persons with AIDS (HOPWA). The new single-planning process, termed the Consolidated Plan for Housing and Community Development, is intended to more comprehensively fulfill three basic goals: to provide decent housing, to provide a suitable living environment, and to expand economic opportunities.

According to HUD, the Consolidated Plan is designed to be a collaborative process whereby a community establishes a unified vision for housing and community development actions. The Plan offers entitlement jurisdictions the opportunity to shape housing and community development programs into effective, coordinated neighborhood and community development strategies. It also allows for strategic planning and citizen participation to occur in a comprehensive context, thereby reducing duplication of effort.

As the lead agency for the Consolidated Plan, the Minnesota Department of Employment and Economic Development (DEED), along with the sister administering agencies of the Housing Finance Agency (Minnesota Housing) and Department of Human Services (DHS), hereby follows HUD's guidelines for citizen and community involvement. These agencies are responsible for overseeing citizen participation requirements that accompany the Consolidated Plan and the CDBG, HOME, ESG, and HOPWA programs.

Purpose of the Annual Action Plan
The 2013 Minnesota Annual Action Plan for Housing and Community Development is the one-year planning document that identifies the needs and respective resource investments regarding the state's housing, homeless and non-homeless special needs populations, community development, and economic development needs.

[1] Recently renamed the Emergency Solutions Grant.

2. Summary of the objectives and outcomes identified in the Plan Needs Assessment

Overview
The goals of DEED, Minnesota Housing, and DHS are to provide decent housing, a suitable living environment, and expanded economic opportunities for the state's low- and moderate-income residents. These agencies strive to accomplish these goals by maximizing and effectively utilizing all available funding resources to conduct housing and community development activities that will serve the economically disadvantaged residents of the state. By addressing needs and creating opportunities

at the individual and neighborhood levels, Minnesota hopes to improve the quality of life for all residents. These goals are further explained as follows:

Providing decent housing entails helping homeless persons obtain appropriate housing and assisting those at risk of homelessness, preserving the affordable housing stock, increasing the availability of permanent housing that is affordable to low- and moderate-income persons without discrimination, and increasing the supply of supportive housing.

Providing a suitable living environment requires improving the safety and livability of neighborhoods and increasing access to quality facilities and services.

Expanding economic opportunities involves creating jobs that are accessible to low- and moderate-income persons, making mortgage financing available for low- and moderate-income persons at reasonable rates, providing access to credit for development activities that promote long-term economic and social viability of the community, and empowering low-income persons to achieve self-sufficiency to reduce generational poverty in federally-assisted and public housing.

3. Evaluation of past performance

Compare 2012 AP Goals to current accomplishments. The State's evaluation of its past performance will be completed in a Consolidated Annual Performance and Evaluation Report (CAPER), to be published in 2013. This document states the objectives and outcomes identified in the 2012 to 2016 Consolidated Plan and includes an evaluation of past performance through measurable goals and objectives compared to actual performance. This document can be found on DEED's website [1], available 12/31/2013.

HOME Program Preliminary Evaluation
Minnesota Housing's 2012 goal for rental rehabilitation was 515 units for a total HOME cost of $11,610,000. Minnesota Housing actually awarded $5,965,000 for 129 units in two developments. The projects are underway. Production was less than anticipated because of the late roll-out of the program relative to issuance of the RFP. Also, per unit costs were higher than expected so, although only 25% of the expected units will be rehabilitated, the agency still used 51% of the allocated funds.

Minnesota Housing's 2012 goal for homeownership assistance was 450 units for a total HOME cost of $4,500,000. Actual production was 245 units totaling $2,283,065. The reasons for not meeting goals are: (1) The HOME HELP loan amount was too low and not enough lenders were willing to undertake the extra work and risk of making HOME-funded loans, and (2) Minnesota Housing's mortgage rates were either at or near market rates.

HOPWA Program Preliminary Evaluation
As of August 31, 2012, HOPWA has provided assistance to 261 households totaling $120,969. The household count will be adjusted for the CAPER to take into account households receiving assistance more than once over the period. HOPWA is on pace to meet its goals.

[1] http://www.positivelyminnesota.com/Government

4. Summary of citizen participation process and consultation process

The Consolidated Planning process has been designed to enumerate Minnesota's overall strategy for coordinating federal and other housing and community development resources to provide decent housing, establish and maintain a suitable living environment, and expand economic opportunities, particularly for low- and moderate-income persons. Interested groups and individuals have also been encouraged to provide input into all aspects of Minnesota's Consolidated Planning activities, from assessing needs to setting priorities through performance evaluation. The public involvement process was initiated with the Citizen Participation Plan (CPP). The objectives of the CPP are to ensure that the citizens of Minnesota, particularly persons of low- and moderate-income, persons living in slum and blight areas, units of local government, housing agencies, and other interested parties, are provided with the opportunity to participate in the planning process and preparation of the Consolidated Plan, including amendments to the Consolidated Plan and the Annual Performance Report. The CPP is presented in Appendix A of this document.

The State has aimed to broaden public participation through numerous opportunities for citizens to contribute information, ideas, and opinions about ways to improve Minnesota's neighborhoods, promote housing affordability and enhance the delivery of public services to local residents. These include a broad-based, statewide survey of interested citizens and stakeholders pertaining to Minnesota's housing and community development needs; meetings with agency representatives and stakeholders during focus group sessions to address rental, homeowner, and homeless needs; and regional forums held across the state to gather input from Minnesota citizens and interested parties. Other steps the State took to encourage widespread participation in the planning process included publishing notices in local newspapers, with a combined circulation of over two million readers, and direct solicitation of stakeholders and their interest groups.

The State of Minnesota continues to be committed to keeping all interested groups and individuals informed of each phase of the Consolidated Planning process and of activities being proposed or undertaken under HUD formula grant programs. DEED, Minnesota Housing, and DHS published the draft Consolidated Plan for public review in a manner that afforded citizens, public agencies, and other interested parties a reasonable opportunity to examine its contents and submit comments. The draft Plan included the amount of assistance the state agencies expect to receive and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low- and moderate-income.

The availability of a completed draft Plan, how to access a copy of it, and information on public hearings and forums was published in the statewide edition of the Minneapolis Star Tribune on Sunday, Sunday July 8, 2012, and the July 16 and 23, 2012, issues of the State Register. The notices described the purpose of the Plan and directed readers to where the Plan was available. Documentation of this information is included in Appendix A. Furthermore, citizens and groups may obtain a reasonable number of free copies of the proposed Action Plan by contacting DEED at 651-259-7462 or toll free at 800-657-3858 or the document may be downloaded from the DEED or Minnesota Housing websites.

5. Summary of public comments

No public comments received.

6. Summary of comments or views not accepted and the reasons for not accepting them

No comments or views were voiced.

7. Summary

It appears that citizens are content with the use of funds and the processes in place for distributing funds.

Expected Resources

AP-15 Expected Resources

Introduction

Anticipated resources are assumed to equal new appropriations for 2013 plus carry forward of prior years' resources plus program income, as described below.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	16,000,000	1,000,000	0	17,000,000	0	DEED
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities	142,672	0	0	142,672	0	MHFA: Emergency assistance for homeowners and renters

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
		STRMU Supportive services TBRA						
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	6,154,415	396,000	9,072,716	15,623,131	0	MHFA: Homebuyer assistance and rental rehabilitation
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	2,223,294	0	1,940,102	4,163,396	0	ESG resources will be used to provide shelter and rapid rehousing

Table 1 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The HOME match requirement is met through tenant-based rental assistance from Minnesota Housing's Bridges program, which provides a rent subsidy for up to five years to persons with mental illness until they can obtain a permanent rent subsidy; and the Housing Trust Fund program. The CDBG match will be a mix of private, local, and state resources such as loans from local banks, weatherization funds, Minnesota Housing rehabilitation loans, and The Department of Health's Lead Hazard Control Grant funds. CDBG-Economic Development match is through local initiatives, local banks, and owner equity. The ESG match will be met with subgrantee resources. Each program funded is responsible for meeting the match requirement for the amount of funds their agency receives.

Minnesota Housing's HOME HELP program of downpayment assistance leverages Minnesota Housing first mortgage financing. The Affordable Rental preservation program (HOME) leverages other agency, private, and low-income housing tax credit investment.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

Not applicable

Discussion

Not applicable

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
Preserve existing affordable housing stock-Housing	2012	2013	Affordable Housing	TARGET AREA HOUSING REHAB	Housing Rehabilitation Homeowner Housing Rehabilitation Rental	CDBG: $10,000,000 HOME: $11,007,716	Rental units rehabilitated: 450 Household Housing Unit Homeowner Housing Rehabilitated: 300 Household Housing Unit
Create Economic Opportunities-Public Facilities	2012	2013	Non-Housing Community Development	CITYWIDE PUBLIC FACILITIES	Public Facilities	CDBG: $2,000,000	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 800 Households Assisted
Create Economic Opportunities-Jobs	2012	2013	Non-Housing Community Development	Economic Development	Economic Development	CDBG: $2,000,000	Jobs created/retained: 150 Jobs
Create Economic Opportunities-Commercial	2012	2013	Non-Housing Community Development	SLUM AND BLIGHT COMMERCIAL DISTRICT	Commercial Rehabilitation	CDBG: $2,000,000	Facade treatment/business building rehabilitation: 70 Business
ED-Microenterprise	2012	2013	Non-Housing Community Development	ED	Economic Development	CDBG: $0	Businesses assisted: 165 Businesses Assisted

Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
Enhance affordable housing opportunities	2112	2116	Affordable Housing	Balance of State	Housing Rehabilitation Homeowner Housing Rehabilitation Rental Homeownership assistance	CDBG: $500,000 HOME: $4,000,000	Rental units rehabilitated: 380 Household Housing Unit Homeowner Housing Rehabilitated: 350 Household Housing Unit Direct Financial Assistance to Homebuyers: 400 Households Assisted
Prevent homelessness	2012	2016	Non-Homeless Special Needs	Balance of State	Homelessness	HOPWA: $142,672	Homelessness Prevention: 150 Persons Assisted

Program Specific Requirements

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.220.(l)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

   None

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

   HOME Homeowner Entry Loan Program (HOME HELP) Recapture Guidelines: HOME HELP will enforce affordability restrictions by a 0 percent interest rate deferred payment subordinate mortgage that requires repayment of some or all of the HOME assistance if the home is sold or ceases to be the borrower's principal residence. Funds that are repaid during the first five years of the loan are classified as "recapture funds". Amounts that are repaid after the first five years of the loan are program income and not recaptured. The amount that is subject to repayment is reduced from 100 percent to 50 percent of the original amount of assistance after the sixth anniversary of the loan.

   The amount that is subject to repayment at any time during the term of the mortgage is limited to the amount of net proceeds available (sales price minus payment of superior claims against the property and closing costs). Net proceeds are first used to repay downpayment assistance before distributing the balance to the homeowner or other claimants.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

   See 2 above

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

   There are no plans for using HOME to refinance existing debt.

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AGENDA ITEM: 6.C
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: Approval, Reimbursement Declarations

CONTACT: Joe Gonnella, 651-296-2293
joe.gonnella@state.mn.us

William Kapphahn, 651-215-5972
william.kapphahn@state.mn.us

REQUEST:

☑ Approval ☐ Discussion ☐ Information

TYPE(S):

☐ Administrative ☐ Commitment(s) ☐ Modification/Change ☐ Policy ☐ Selection(s) ☐ Waiver(s)

☑ Other: Financial

ACTION:

☑ Motion ☑ Resolution ☐ No Action Required

SUMMARY REQUEST:

Federal tax regulations require that the Agency declare its official intent if it wishes to reimburse itself from funds it advances in anticipation of the issuance of bonds. Resolution No. MHFA 04-21 established a procedure for making such reimbursement declarations. Those procedures do not cover any single family programs other than the financing of first-time homebuyer mortgage loans. Because proceeds of the recently authorized housing infrastructure bonds may be used for other single family programs, it is necessary to amend Resolution No. MHFA 04-21 to provide a reimbursement procedure for these single family programs.

FISCAL IMPACT:

None.

MEETING AGENCY PRIORITIES:

☐ Promote and support successful homeownership ☐ Preserve federally-subsidized rental housing

☐ Address specific and critical needs in rental housing markets ☐ Prevent and end homelessness

☐ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENT(S):

- Resolution

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RESOLUTION NO. MHFA 12-__

RESOLUTION SUPPLEMENTING PROCEDURES RELATING TO COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE IN RESPECT OF CERTAIN SINGLE FAMILY PROGRAMS; AMENDING RESOLUTION NO. MHFA 04-21

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

Section 1. Recitals. By Resolution No. MHFA 04-21, adopted March 25, 2004, the Agency adopted certain procedures to comply with the provisions of Section 1.150-2 of the Income Tax Regulations (the "Regulations") governing the use of proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the Agency for expenditures paid by the Agency prior to the date of issuance of such bonds. Resolution No. MHFA 04-21 establishes procedures by which the Agency declares its official intent to reimburse itself for previously paid authorized expenditures out of the proceeds of subsequently issued debt through the execution of an official intent declaration (an "Official Intent Declaration") by authorized officers of the Agency. Two exhibits attached to Resolution No. MHFA 04-21 provide the forms of such official intent declarations for qualified mortgage bonds and multifamily housing projects.

Minnesota Laws 2012, Chapter 293, Sections 35 and 36, authorize the Agency to issue housing infrastructure bonds for certain purposes, including the financing of that portion of the costs of acquisition of abandoned or foreclosed property that is attributable to the land to be leased by community land trusts to low- and moderate-income homebuyers. The reimbursement of funds advanced before the issuance of housing infrastructure bonds for land acquisition by community land trusts is not covered by the two exhibits to Resolution No. MHFA 04-21.

Section 2. Amendment of Resolution No. MHFA 04-21. To provide for the reimbursement of funds advanced in anticipation of the issuance of bonds for single family programs of the Agency other than those financed with qualified mortgage bonds (including the reimbursement of funds used to acquire land by community land trusts in anticipation of the issuance of housing infrastructure bonds), Resolution No. MHFA 04-21 is hereby amended to include an Exhibit C as an Official Intent Declaration for such single family programs. The Agency hereby authorizes the Chief Financial Officer or the Finance Director to make any of the Agency's Official Intent Declarations under Resolution No. MHFA 04-21 as amended and supplemented by this resolution. Except as amended and supplemented by this resolution, Resolution No. MHFA 04-21 shall remain in effect.

Adopted this 25th day of October, 2012.

By: _____
Chairman

EXHIBIT C to Resolution No. MHFA 04-21

Declaration of Official Intent Relating to Certain Single Family Programs

The undersigned, being the duly appointed and acting [Chief Financial Officer][Finance Director] of the Minnesota Housing Finance Agency (the "Agency"), pursuant to and for purposes of compliance with Treasury Regulations, Section 1.150-2 (the "Regulations"), promulgated under the Internal Revenue Code of 1986, as amended, hereby states and certifies as follows:

1. The undersigned has been and is on the date hereof duly authorized by the members of the Agency by Resolution No. MHFA 04-21 as amended and supplemented by Resolution No. MHFA 12-__ to make and execute this Declaration of Official Intent (the "Declaration") for and on behalf of the Agency.

2. The Agency reasonably expects to make expenditures from funds of the Agency for costs eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations in connection with the following described single family program(s) or project(s) (other than programs financed with qualified mortgage bonds), and reasonably expects to reimburse said expenditures from the proceeds of tax-exempt obligations (the "Bonds") to be issued by the Agency to fund all or a portion of the costs of said program(s) or project(s) in the maximum principal amount set forth below opposite each such program:

Program(s) or Project(s)	Maximum Principal of Bonds

3. Other than expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or expenditures in a "de minimus" amount (as defined in Section 1.150-2(f)(1) of the Regulations), or expenditures for which a valid Declaration has previously been executed, no expenditures paid more than 60 days prior to the date of this Declaration will be reimbursed to the Agency from the proceeds of the Bonds.

4. As of the date hereof, there are no Agency funds reserved, allocated on a long-term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures covered by this Declaration, other than pursuant to the issuance of the Bonds. The statement of intent contained in this Declaration, therefore, is determined to be consistent with the Agency's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof.

IN WITNESS WHEREOF, the undersigned has executed this Declaration and placed it on file in the official records of the Agency this ____day of _____, 20__.

_____
Title:

AGENDA ITEM: 7.A.
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: 2012 Consolidated Request for Proposals

CONTACT: Mike Haley, 651-297-2678
mike.haley@state.mn.us

Marcia Kolb, 651-296-3028
marcia.kolb@state.mn.us

REQUEST:

☐ Approval ☐ Discussion ☑ Information

TYPE(S):

☐ Administrative ☐ Commitment(s) ☐ Modification/Change ☐ Policy ☐ Selection(s) ☐ Waiver(s)

☐ Other:

ACTION:

☐ Motion ☐ Resolution ☑ No Action Required

SUMMARY REQUEST:
Each year, the Board is asked to approve both single family and multifamily recommendations under the Consolidated Request for Proposals (RFP). These recommendations are made after a thorough review of pertinent data within and pertaining to applications that have been received under the RFP. The following provides background information regarding the process.

FISCAL IMPACT:
Funds committed under the RFP are from a variety of sources that have been budgeted under the 2013 Affordable Housing Plan.

MEETING AGENCY PRIORITIES: Select all that apply

☑ Promote and support successful homeownership ☑ Preserve federally-subsidized rental housing

☑ Address specific and critical needs in rental housing markets ☑ Prevent and end homelessness

☑ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENT(S):

- Background

The Consolidated Request for Proposals (RFP) is both a document and an annual process that allows organizations to apply for multifamily and single family funding from a variety of sources through a single application. Housing Tax Credits are also distributed through the RFP. Funding sources may include Minnesota Housing, Metropolitan Council, Greater Minnesota Housing Fund, Minnesota Department of Human Services, Minnesota Department of Employment and Economic Development, Family Housing Fund, and the Minnesota Department of Corrections.

The RFP contains information regarding available funding, due dates and eligibility criteria. It is published in the State Register (the official publication of the State of Minnesota's Executive Branch) and on the Agency website. Information regarding its availability is shared with funding partners, lenders, developers, housing-focused community organizations and members of the media. A number of information and technical assistance sessions are held incident to publication of the RFP.

Applications are reviewed for eligibility and scored by the Agency and its funding partners. The highest scoring applications are reviewed for capacity and feasibility by Agency staff, funding partners and collaborating partners. Multifamily applications undergo further review, including site visits. Following these comprehensive reviews, the Agency and its funding partners meet to determine which applications will be recommended for approval to the Minnesota Housing Board. This year, the Community Profiles provided on the Agency's website were prominently used by applicants in preparing their proposals and by Agency staff in evaluating the proposals for funding.

At the Board meeting, staff will present several slides to illustrate the selection process and provide an overall summary of how this year's selection recommendations will help the Agency meet its production and program targets in the Affordable Housing Plan and its strategic priorities.

AGENDA ITEM: 7.A.(1)
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: Deferred Loans and Grants

CONTACT: Kayla Schuchman, 651-296-3705
kayla.schuchman@state.mn.us

REQUEST:

☑ Approval ☐ Discussion ☐ Information

TYPE(S):

☐ Administrative ☑ Commitment(s) ☐ Modification/Change ☐ Policy ☑ Selection(s) ☐ Waiver(s)

☐ Other: _____

ACTION:

☐ Motion ☑ Resolution ☐ No Action Required

SUMMARY REQUEST:
Adopt the Resolution to approve the attached funding recommendations for affordable rental housing developments. The Agency has determined that this funding assistance is not available, wholly or in part, from private lenders upon equivalent terms and conditions.

Consent to a Board commitment and loan closing authorization for projects in the attached funding recommendations for a term up to twenty-months with extensions requiring Board approval as detailed in the attached Resolution.

Authorize staff to continue to make funding modifications to selected proposals based on guidelines previously approved by the Board and on funding availability. Staff approved funding modifications are reported annually at the January Board meeting.

FISCAL IMPACT:
All funding recommendations are consistent with budgets and terms described for each program in the current Affordable Housing Plan.

MEETING AGENCY PRIORITIES:

☐ Promote and support successful homeownership ☑ Preserve federally-subsidized rental housing

☑ Address specific and critical needs in rental housing markets ☑ Prevent and end homelessness

☑ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENTS:
Background
Exhibit A: Funding Recommendation Summary
Exhibit: B: Individual RFP Development Summaries
Exhibit C: Location Map
Exhibit D: Average Loan Amounts per Unit by Program
Exhibit E: Predictive Model Cost Rationale
Exhibit F: Non-Recommended Applications
Resolution

MEETING AGENCY PRIORITIES

Preserve federally-subsidized rental housing

686 units of the recommended 2012 RFP proposals meet the Agency priority of preserving federally-subsidized rental units.

Address specific and critical needs in rental housing markets

940 units of the recommended 2012 RFP proposals meet the Agency priority of addressing critical needs in rental housing markets by providing new affordable housing opportunities. 685 units of the recommended 2012 RFP proposals meet the Agency priority of addressing critical needs in rental housing markets by preserving existing affordable housing.

Prevent and end homelessness

The 2004 Business Plan (Plan) was a collaborative initiative to create 4,000 permanent supportive housing opportunities by 2010 for households with long histories of homelessness. Production under the Plan exceeded goals for the first five years of implementation. However, in 2009 funding of new housing opportunities began to slow, due largely to the economic downturn, a factor that influenced every area of funding needed to create and sustain supportive housing. As a result, progress continues to be made at a slower pace than originally anticipated. The Agency intends to continue its commitment to the Plan and to dedicate resources to prevent and end homelessness, specifically targeting housing for households with long histories of homelessness. To date, 3,729 cumulative permanent supportive housing opportunities for households with long histories of homelessness have been funded.

Board approval of the 2012 Multifamily RFP recommendations will advance 105 new housing opportunities for households with long histories of homelessness. Eight unduplicated additional new housing units proposed in the 2013 Housing Tax Credit Round 1 recommendations will bring the new cumulative total to 3,842 units - 96% of the Plan's goal.

Prevent foreclosures and support community recovery

217 units of the recommended 2012 RFP proposals meet the Agency priority of preventing foreclosures and supporting community recovery.

BACKGROUND

Minnesota Housing's annual Multifamily RFP process provides housing sponsors the opportunity to apply for resources from the Agency and its funding partners using a common application and procedure.

Amortizing mortgage financing and preservation funding are also available from Minnesota Housing on an open pipeline basis.

As of the June 12, 2012 application deadline, Minnesota Housing and its funding partners received 66 proposals requesting approximately $62.3 million in deferred loan and non-capital grant resources, $41.5 million in permanent first mortgage financing, and LMIR bridge financing of approximately $40 million.

Summary of Available Funding and Recommendations

Proposals submitted to Minnesota Housing are extensively reviewed by a team of Agency underwriters, architects, management officers, and supporting housing officers for:

- Consistency with the mission and strategic priorities of the Agency;
- Compliance with statutes and program rules;
- Consistency with Agency and program priorities;

- Financial feasibility, market need, architectural quality, and overall development team capacity.

Of the applications received, staff is recommending funding for 33 proposals with deferred loan, grant, and first mortgage permanent and bridge financing totaling $111,300,220, as follows (funding type requests are not mutually exclusive):

Funding Type	Proposals	Total
LMIR Permanent First Mortgage Financing	10	$25,146,618
LMIR Bridge First Mortgage Financing	5	$39,700,000
Minnesota Housing Deferred Loan Capital	25	$42,117,928
Funding Partner - Non-Capital for Operating Subsidy Grants	3	$285,674
Funding Partner Contributions	17	$4,050,000

- The three recommended 2012 RFP non-capital proposals are funded by the Department of Human Services (DHS) through an interagency agreement with the DHS Adult Mental Health Division.

- Six applications were submitted for Saint Paul Public Housing Agency Section 8 Project Based Voucher Rental Assistance. In accordance with Section 8 requirements, awards will be announced independently by the Saint Paul PHA following the conclusion of the RFP recommendations.

Geographic Distribution of Proposals Recommended
Of the 33 recommended proposals, 21 are located in the seven-county Twin Cities area, including 13 in the cities of Minneapolis and St. Paul and eight in suburban locations. The remaining 12 proposals are located in Greater Minnesota:

Project Location	Recommended Proposals	Percentage of Total	Recommended Amount	Percentage of Total
Metro	21	63.6 percent	$80,766,548	72.6 percent
Inner city	13	39.4 percent	$45,540,862	40.9 percent
Suburban	8	24.2 percent	$35,225,686	31.6 percent
Greater Minnesota	12	36.4 percent	$30,533,672	27.4 percent
Total	33	100 percent	$111,300,220	100 percent

According to data from the Census Bureau's 2000 Decennial Census and annual American Community Survey 2001 – 2011, the percentage of Minnesota renters who are cost burdened (paying 30% or more of their income toward rent) has increased from 37% in 2000 to 50% in 2011. Among low-income renters (with incomes of less than $50,000), which represent 73% of Minnesota renters, 66% are cost burdened. Nearly 67% of the state's low-income cost burdened renters live in the 13-county Minneapolis/St. Paul Metropolitan Statistical Area (MSA).

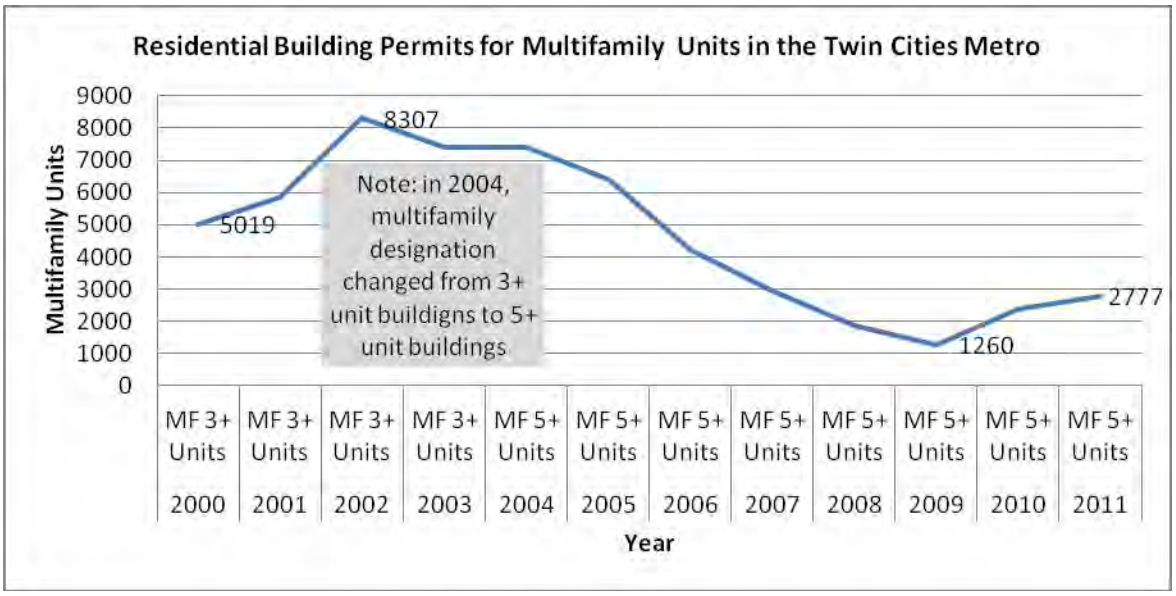
Estimates from Minnesota Housing Partnership's 2012 County Profiles (based on data from HUD's Comprehensive Housing Affordability Strategy for 2005-2009) indicate that 82 of Minnesota's 87 counties do not have enough available rental housing affordable to meet the needs of extremely low-income renters (with incomes of 30% of area median income or less). Further, estimates indicate that nearly half

of these 82 counties need more than double their current supply of affordable housing to meet the basic needs of extremely low-income renters.

Market Conditions
According to the quarterly *Apartment Trends* report from Marquette Advisors, as of the end of the second quarter of calendar year 2012, the rental vacancy rate in the Twin Cities area was slightly higher than one year ago, at 2.7% and 2.4%, respectively. The current rental vacancy rate still remains much lower than it was two and three years ago, when it is was 5 and 6%, respectively. Further, while the rental vacancy rate increased slightly from second quarter 2011 to second quarter 2012, the average market rent has increased from $921 to $951 over the year.

In Greater Minnesota, for subsidized, affordable housing units in Minnesota Housing and USDA Rural Development's portfolios, average vacancy rates decreased from 5.9% in 2011 to 4.9% in 2012. According to data from the Census Bureau's 2006 – 2010 American Community Survey, median rents in Greater Minnesota were $600 as of 2010, up from $420 in 2009.

T here has been fewer units constructed over recent years, increasing pressure in the rental market. While residential building permits have been on the rise in the Metro area since 2009, production is still well below 2005 levels:



Source: Metropolitan Council, 2000-2011

According to HousingLink, there were 21,000 mortgage foreclosures in 2011, down from 26,000 in 2010. The 2011 figure is still much higher than the pre-housing crisis level – in 2005 Minnesota saw only 7,000 foreclosures.

While the state's unemployment rate has declined, it was still high at 5.9% as of August 2012. Further, labor force participation has declined, which could contribute to the decline in unemployment rates. Labor force participation has trended downward since January 2006, when the participation rate was 73.2%, and as of August 2012 had fallen to 70.8%:

Source: Minnesota Department of Employment and Economic Development, 2006-2012. Labor force participation rates are seasonally adjusted.

With these factors causing continuing pressure in the rental housing market, the need for affordable rental housing in Minnesota continues. The Census Bureau's 2011 American Community Survey estimates that there are approximately 259,000 low-income cost burdened renter households in Minnesota.

Characteristics of the proposals recommended in 2012 (housing types are not mutually exclusive):

Housing/Building Types	Proposals
Emergency Shelter	1
Transitional (up to 24 months)	0
Permanent Rental with Services	17
Service Enriched	8
Permanent Rental	29

The number of RFP applications this year (66 proposals) was less than the previous several years which remained constant at 83-86 proposals, but slightly higher than the 56 proposals received last year. The decrease over recent years may be the result of prioritization in the Housing Tax Credit Qualified Allocation Plan for projects that are financially ready to proceed with no funding gaps (36 proposals requested Housing Tax Credits with no RFP deferred gap funding). The increase in RFP applications over last year may be a result of the availability of significant resources through the Housing Infrastructure Bond Program.

Preservation/rehabilitation units continue to be a high priority in the RFP with additional priority for at risk federally assisted units. In 2012, 58% of the recommended units are preservation/rehabilitation; in 2011, 60% were preservation; and, in 2010, 63% were preservation.

Minnesota Housing Multifamily Cost per Unit Analysis

Staff analyzes all proposals on a total and per unit cost basis using a Predictive Cost Model developed by Minnesota Housing research staff as one way to identify proposals having costs higher than might be expected. Agency staff works with applicants to understand and mitigate high costs. In 2007 the board requested that staff provide rationale for all high cost recommended proposals that exceed the predictive

model estimate by greater than 25%. Exhibit E – Predictive Model Cost Rationale – includes discussion of all developments where costs are more than 25% higher than the predictive model estimates. Six developments exceeded the predicted costs by more than 25%.

Refresh Totals

			Unit Counts		Strategic Goals					MHFA Capital Funding										Funding Partners				Non-Capital Funding Partners	Totals		
Prop #	Project#	Project Name	Total Units	Market Rate Units	New Afford Hsg.	End LTH	Pres.	Pres. of Federally Assisted units	Foreclosure	LMIR Pool 2	LMIR - Bonds	LMIR BRIDGE	FFCC	PARIF	EDHC	EDHC Indian Hsg	Housing Infastructure Bonds-EDHC	Housing Infastructure Bonds-HTF	HOME HARP	Family Housing Fund	MN DEED	Met Council LHIA	GMHF	DHS	Total MHFA Capital	Total Funding Partners Capital	Total Non-Capital
METRO AREA																											
Minneapolis																											
D7539	M16305	Snelling Apartments	60		60										$147,920							$150,000			$147,920	$150,000	$0
D7604	M16369	West Broadway Curve	53	5	48				53								$2,025,000					$300,000			$2,025,000	$300,000	$0
D7598	M16359	Urban Homeworks Rental Reclaim	16	2			14		16								$1,000,000								$1,000,000	$0	$0
D7586	M16328	Mpls Portfolio Preservation	579		13	10	468	98			$8,708,436	$20,000,000		$1,500,000											$30,208,436	$0	$0
D0854	M16371	Seward Square Apartments	81					81											$750,000						$750,000	$0	$0
D7593	M16347	South Quarter IV	120	17	73	12	23	7							$1,500,000					$200,000					$1,500,000	$200,000	$0
D6711	M16370	City Place Lofts	55		55					$3,166,524			$700,000												$3,866,524	$0	$0
D7530	M16306	Greenway Heights Family Housing	42		42										$760,000					$200,000		$300,000			$760,000	$500,000	$0
		Total Minneapolis:	1006	24	291	22	505	186	69	$3,166,524	$8,708,436	$20,000,000	$700,000	$1,500,000	$2,407,920	$0	$3,025,000	$0	$750,000	$400,000	$0	$750,000	$0	$0	$40,257,880	$1,150,000	$0
Saint Paul																											
D7596	M16355	Midway Pointe	50		50										$150,000							$100,000			$150,000	$100,000	$0
D7600	M16361	Roosevelt Homes Public Hsg	6		6										$540,000										$540,000	$0	$0
D1552	M16326	Lewis Park Apts	103					103											$1,500,000						$1,500,000	$0	$0
D6685	M16346	Rolling Hills Apts	108		108	6			108									$300,000		$200,000					$300,000	$200,000	$0
D7570	M16294	Old Home Plaza	57		57	7				$1,342,982															$1,342,982	$0	$0
		Total Saint Paul:	324	0	221	13	0	103	108	$1,342,982	$0	$0	$0	$0	$690,000	$0		$300,000	$1,500,000	$200,000	$0	$100,000	$0	$0	$3,832,982	$300,000	$0
Suburbs																											
D3352	M16320	Concordia Arms	125			7	125				$4,000,000	$5,900,000					$3,914,265					$300,000			$13,814,265	$300,000	$0
D7606	M16372	CIP Scattered Sites	17		11	4	6							$200,000											$200,000	$0	$0
D7576	M16310	Riverview Ridge	51		51										$600,000							$300,000			$600,000	$300,000	$0
D7601	M16362	Commonbond VA Hsg Ft Snelling	58		58	7						$8,500,000			$598,893			$5,420,799		$200,000					$14,519,692	$200,000	$0
D3102	M16308	Elmbrooke GV Townhomes	54					54											$968,033	$200,000					$968,033	$200,000	$0
D6179	M16338	Parkview Villa	146	5	41			100											$1,500,000						$1,500,000	$0	$0
D6715	M16332	Creeks Run	40		40	4			40	$850,000															$850,000	$0	$0
D7580	M16317	Bottineau Ridge Apartments	50		50	4				$1,773,696															$1,773,696	$0	$0
		Total Suburbs:	541	5	251	26	131	154	40	$2,623,696	$4,000,000	$14,400,000	$0	$200,000	$1,198,893	$0	$3,914,265	$5,420,799	$2,468,033	$400,000	$0	$600,000	$0	$0	$34,225,686	$1,000,000	$0
		Total METRO AREA:	**1,871**	**29**	**763**	**61**	**636**	**443**	**217**	**7,133,202**	**12,708,436**	**34,400,000**	**700,000**	**1,700,000**	**4,296,813**	**0**	**6,939,265**	**5,720,799**	**4,718,033**	**1,000,000**	**0**	**1,450,000**	**0**	**0**	**78,316,548**	**2,450,000**	**0**
GREATER MINNESOTA																											
Northeast																											
D6723	M16334	Hillside Apartments	50		50	22																		$174,000	$0	$0	$174,000
		Total NE:	50	0	50	22	0	0	0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$174,000	$0	$0	$174,000
Northwest																											
D7535	M16324	Giwanakimin	20		20	6										$150,000		$3,820,013					$200,000	$70,156	$3,970,013	$200,000	$70,156
D7594	M16351	River Pointe Townhomes	24		24	6				$437,125															$437,125	$0	$0
		Total NW:	44	0	44	12	0	0	0	$437,125	$0	$0	$0	$0	$0	$150,000	$0	$3,820,013	$0	$0	$0	$0	$200,000	$70,156	$4,407,138	$200,000	$70,156
Southeast																											
D0012	M16330	Northbridge Apartments	48					48						$480,250					$1,000,000				$200,000		$1,480,250	$200,000	$0
D3446	M16345	Rochester Square Apts	104			6		104			$2,715,000	$2,300,000					$4,082,305						$250,000		$9,097,305	$250,000	$0
D3844	M16335	Maxfield Place (OS Only)	10			10	10																	$41,518	$0	$0	$41,518
D0727	M16341	Eastport Apartments	78			4		78									$3,140,438						$250,000		$3,140,438	$250,000	$0
D7578	M16314	Vesterheim Manor	16				3	13						$467,012							$100,000		$150,000		$467,012	$250,000	$0
D7524	M16321	Park Row Crossing	40		40	4				$1,070,000															$1,070,000	$0	$0
		Total SE:	296	0	40	24	13	243	0	$1,070,000	$2,715,000	$2,300,000	$0	$947,262	$0	$0	$7,222,743	$0	$1,000,000	$0	$100,000	$0	$850,000	$41,518	$15,255,005	$950,000	$41,518
Southwest																											
D7605	M16293	Lower Sioux Estates	8		8											$982,620							$150,000		$982,620	$150,000	$0
		Total SW:	8	0	8	0	0	0	0	$0	$0	$0	$0	$0	$0	$982,620	$0	$0	$0	$0	$0	$0	$150,000	$0	$982,620	$150,000	
Central																											
D7602	M16363	Commmonbond VA St. Cloud	35		35	4						$3,000,000						$3,920,380					$300,000		$6,920,380	$300,000	$0
D3494	M16323	North Meadows	36				36			$1,082,855															$1,082,855	$0	$0
		Total SW:	71	0	35	4	36	0	0	1,082,855	0	3,000,000	0	0	0	0	0	3,920,380	0	0	0	0	300,000	0	8,003,235	300,000	0
		Total GREATER MINNESOTA:	**469**	**0**	**177**	**62**	**49**	**243**	**0**	**2,589,980**	**2,715,000**	**5,300,000**	**0**	**947,262**	**0**	**1,132,620**	**7,222,743**	**7,740,393**	**1,000,000**	**0**	**100,000**	**0**	**1,500,000**	**285,674**	**28,647,998**	**1,600,000**	**285,674**
		Total STATE WIDE:	**2,340**	**29**	**940**	**123**	**685**	**686**	**217**	**9,723,182**	**15,423,436**	**39,700,000**	**700,000**	**2,647,262**	**4,296,813**	**1,132,620**	**14,162,008**	**13,461,192**	**5,718,033**	**1,000,000**	**100,000**	**1,450,000**	**1,500,000**	**285,674**	**106,964,546**	**4,050,000**	**285,674**

Exhibit B – RFP Development Summaries

Metro Area

Minneapolis

- Snelling Apartments
- West Broadway Curve
- Urban Homeworks Rental Reclaim
- Minneapolis Portfolio Preservation
- Seward Square Apartments
- South Quarter IV
- City Place Lofts
- Greenway Heights Family Housing

Saint Paul

- Midway Pointe
- Roosevelt Homes Public Housing
- Lewis Park Apartments
- Rolling Hills Apartments
- Old Home Plaza

Suburbs

- Concordia Arms
- CIP Scattered Sites
- Inver Hills and Riverview Ridge
- Commonbond VA Housing Fort Snelling
- Elmbrooke GV Townhomes
- Parkview Villa
- Creeks Run
- Bottineau Ridge Apartments

Greater Minnesota

Northeast Minnesota

- Hillside Apartments

Northwest Minnesota

- Giwanakimin
- River Pointe Townhomes

Southeast Minnesota

- Northbridge Apartments
- Rochester Square Apartments
- Maxfield Place
- Eastport Apartments
- Vesterheim Manor
- Park Row Crossing

Southwest Minnesota

- Lower Sioux Estates

Central Minnesota

- Commonbond VA Housing St. Cloud
- North Meadows

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Seward Redesign Inc	**Project City:**	Minneapolis
Project Name:	Snelling Apartments	**Dev #:**	D7539
		App #:	M16305

Purpose of Project

The Snelling Apartments proposal is new construction of a 60-unit independent senior building proposed by Seward Redesign, in collaboration with CommonBond Communities. This project is proposed as part of the larger Franklin LRT Station Area Redevelopment Plan. Acquisition of the larger redevelopment site was supported with LAAND financing from the Metropolitan Council. This development will receive capital financing under the HUD 202 program, along with a Project Rental Assistance Contract (PRAC) for all units, which will allow residents to pay only 30 percent of their income toward rent. This development will offer residents the opportunity to age in place in a walkable, transit-oriented community.

Targeted Population

This development will target households at or below 50% AMI, with at least one member being 62 years of age or older, including households of color and disabled individuals. This housing will target independent seniors that may have need for some supportive services.

Per Unit Costs

Acquisition: $11,833;
Construction (including Environmental): $144,720;
Soft Costs: $28,777;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $649
Total Development Cost: $185,979

Strategic Goals

Strategic Goal	New Const. Units	Rehab
New Affordable Housing	60	

Total Capital Funding Sources

Sources	Amount
Met Council LHIA	$150,000
Deferred Developer Fee	$13,928
HUD Capital Grant	$8,733,400
Minneapolis AHTF	$944,584
Hennepin AHIF	$400,000
HUD Predevelopment	$400,000
Owner Contribution	$38,928
Minneapolis Non-Profit	$30,000
FHLB Des Moines	$300,000
EDHC	$147,920
Total Sources:	**$11,158,760**

Super RFP Funding

Capital Funds	Amount
EDHC MF	$147,920
Met Council LHIA	$150,000

Subsidy Funds	Amount

Total Recommended: **$297,920**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
1BR	60	$602	50% AMI
Total:	**60**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	CommonBond Communities	**Project City:**	Minneapolis
Project Name:	West Broadway Curve	**Dev #:**	D7604
		App #:	M16369

Purpose of Project

The West Broadway Curve proposal is for the new construction of 53 units on vacant land involved in a foreclosure action, in an area of North Minneapolis designated by Minnesota Housing as a high need foreclosure zip code. The development will contain two- and three-bedroom units affordable to households earning 50 - 60% of area median income, with five market rate units. The development is located within the Northside Achievement Zone, which is a collaborative effort of over 50 organizations and schools to support area families and children. The area is also a priority for the City of Minneapolis, as a strategic gateway into the North Minneapolis community, and as part of the City's West Broadway Alive plan area.

Targeted Population

This development is expected to serve the local workforce, including households of color, disabled individuals, and single-headed households with children.

Per Unit Costs

Acquisition: $2,441;
Construction: $155,903;
Soft Costs: $45,149;
Non-Mortgageable Costs (excluding reserves): $0;
Reserves: $4,678;
Total Development Cost: $208,171

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Foreclosure	53	
New Affordable Housing	53	

Total Capital Funding Sources

Sources	Amount
Syndication Proceeds	$3,737,242
Tax Exempt Revenue	$2,200,000
Hsg Infrastructure Bonds	$2,025,000
Mpls CPED AHTF	$750,000
CPED Non-Profit Admin	$30,000
Met Council LCDA	$1,000,000
DEED Redevelopment	$300,000
FHLB AHF	$300,000
Deferred Developer's Fee	$390,797
Met Council LHIA	$300,000
Total Sources:	**$11,033,039**

Super RFP Funding

Capital Funds	Amount
Met Council LHIA	$300,000
Hsg Infrastructure Bonds EDHC	$2,025,000

Subsidy Funds	Amount

Total Recommended: **$2,325,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
2BR	5	$931	Market Rate
2BR	22	$871	50% AMI
2BR	12	$871	60% AMI
3BR	10	$996	50% AMI
3BR	4	$996	60% AMI
Total:	**53**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Urban Homeworks, Inc.	**Project City:**	Minneapolis
Project Name:	Urban Homeworks Rental:	**Dev #:**	D7598
		App #:	M16359

Purpose of Project

Urban Homeworks is requesting deferred funding to extend their Rental Reclaim program by adding an additional 16 rental units of which 14 will be affordable and 2 market rate. The 14 affordable units will be a mix of 2 and 3 bedroom units with rents affordable to households with incomes at or below 50% AMI. The 2-3 bedroom market rate units will be unrestricted. Urban Homeworks is proposing to acquire and rehab boarded, condemned, distressed and/or foreclosed properties in communities experiencing the greatest economic challenges including an area heavily affected by the tornado that struck north Minneapolis in May 2011, exacerbating the issue of vacant and boarded properties in the neighborhood. The 16 units may be in as few as 2 buildings or as many as 6. The buildings may not be located within 1/2 mile radius of each other, however, all buildings will be located within 1/2 mile of other development areas - either Urban Homework PODs or City of Minneapolis Clusters. Acquisition will focus first on UHW PODs.

Targeted Population

The targeted population will include families with children, single heads of household with children, individuals/families of color, single men and single women.

Per Unit Costs

Acquisition or Refinance: $25,000
Construction or Rehabilitation (including Environmental): $106,975
Soft Costs (excluding Reserves): $18,701
Non-Mortgageable Costs (excluding Reserves): $0
Reserves: $469
Total Development Cost: $151,145

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Foreclosure		16
Preservation		16

Total Capital Funding Sources

Sources	Amount
Hsg Infrastructure Bonds	$1,000,000
CPED AHTF Request	$350,000
Hennepin Co AHIF	$160,000
CPED Non-Profit Admin	$30,000
Hennepin Co ERF	$65,000
Private Capital	$813,318
Total Sources:	**$2,418,318**

Super RFP Funding

Capital Funds	Amount
Hsg Infrastructure Bonds EDHC	$1,000,000

Subsidy Funds	Amount

Total Recommended: **$1,000,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
2BR	3	$704	50% AMI
2BR	2	$826	50% AMI
3BR	2	$1,365	Market Rate
3BR	1	$810	50% AMI
3BR	8	$935	50% AMI
Total:	**16**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	AEON	**Project City:**	Minneapolis
Project Name:	Minneapolis Portfolio	**Dev #:**	D7586
		App #:	M16328

Purpose of Project

Aeon proposes to renovate, recapitalize and stabilize ten properties in its existing portfolio in order to ensure the viability of the existing 566 units as decent, quality units for very low income individuals and households for the long-term. Several of these properties are among those developed by Aeon shortly after its inception in 1986. In addition Aeon proposes to add 13 new units for a total of 579 units. The development will combine nine existing buildings, the 75 unit Adams, the 58 unit Balmoral, the 26 unit Barrington, the 38 unit Buri Manor, the 57 unit Elliot Court, the 81 unit Elms, the 16 unit Heritage, the 69 unit Paige Hall, and the 67 unit Roselle, all located in Minneapolis' Elliot Park neighborhood and within 1.5 miles of each other with the 79 unit Maryland, located in the Loring Park neighborhood. Aeon proposes to add one new efficiency unit to Paige Hall and 6-new 1BR units and 6 new efficiency units to the Maryland. The Barrington has 3 units with Section 8 assistance, and the Heritage and the Maryland are both 100% Section 8. Not less than 10 units will be deemed to serve long term homeless. Aeon proposes that the 10 LTH units will be GRH qualified. Aeon will utilize its existing partnerships with the three designated GRH Housing First services providers, Catholic Charities, Simpson Housing and St. Stephen's. All three providers will refer clients to be housed. Providers will continue to work with clients throughout their tenancy. 16 units are occupied by Hennepin County clients, they receive case management for Hennepin County and through their case managers are connected to other services and supports. The unit mix is mostly efficiencies, 162-1BR units and 22-2BR units.

Targeted Population

The development will target families with children, individuals/families of color, homeless, near homeless, and long term homeless. 408 units will be restricted to households earning 60% AMI or less and 171 units restricted to housholds earning 30% AMI or less. The buildings' existing 566 units are occupied by individuals and families with incomes ranging from 0% to 60% of AMI. In 2011, 54% of households had incomes at or below 30% of area median income. 20% of the units are benefited by Section 8.

Per Unit Costs

Acquisition or Refinance: $41,733
Construction or Rehabilitation (including Environmental): $35,43
Soft Costs: $15,178
Non-mortgageable: $0
Reserves: $2,677
Total Development Cost: $95,023

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Single		10
New Affordable Housing	13	
Preservation		486
Preservation / Federally		98

Total Capital Funding Sources

Sources	Amount
LMIR 1st Mortgage	$8,708,436
General Partner Cash	$100
Syndication Proceeds	$15,538,728
Assumed Loans	$15,077,625
Interim Income/Reserves	$1,281,811
GAP	$1,901,183
Def. Dev. Fee/Aeon loan	$1,680,000
Federal /State Historic	$3,080,400
Sales Tax Rebate	$545,000
Seller Note/Equity	$2,169,767
Hennepin County- AHIF	$500,000
MD Historic Proceeds	$2,318,513
PARIF	$1,500,000
Neighborworks/Foundations	$716,526
LMIR Bridge Loan	$20,000,000
Total Sources:	**$75,018,089**

Super RFP Funding

Capital Funds	Amount
PARIF	$1,500,000
LMIR BL	$20,000,000
LMIR 1st Mortgage	$8,708,436

Subsidy Funds	Amount

Total Recommended: **$30,208,436**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
0BR/SRO	16	$635	30% AMI
0BR/SRO	42	$483	50% AMI
0BR/SRO	264	$466	50% AMI
0BR/SRO	10	$470	30% AMI
0BR/SRO	63	$451	30% AMI
1BR	78	$901	30% AMI
1BR	61	$742	50% AMI
1BR	23	$718	50% AMI
2BR	4	$1,122	30% AMI
2BR	18	$634	50% AMI
Total:	**579**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	NFAHS Development Inc.	**Project City:**	Minneapolis
Project Name:	Seward Square Apartments	**Dev #:**	D0854
		App #:	M16371

Purpose of Project

Seward Square is an existing 81 unit development with the benefit of a HAP contract for all of its units, serving disabled and elderly households. The project is centrally located near services, jobs, and amenities in the Seward neighborhood of Minneapolis, right off I-94.The property was constructed in 1980 and is currently in need of substantial rehabilitation. If not addressed, this need, and the ability of the owner to opt-out of the Section 8 contract within the next two years, could put the longevity of the Section 8 contract at risk. With funding for rehabilitation, the owner will agree to remain in the Section 8 program for thirty years, subject to HUD appropriations. The loss of this affordable housing resource would be detrimental to the vulnerable tenant population.

Targeted Population

This development serves elderly and disabled households, and will target households of color and single heads of households with children. Currently, the tenant population is approximately 80% disabled, and 20% senior.

Per Unit Costs

Acquisition: $68,519;
Rehabilitation: $41,068;
Soft Costs: $28,484;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $6,544;
Total Development Cost: $144,615

Strategic Goals

Strategic Goal	New Const Units.	Rehab
Preservation / Federally		81

Total Capital Funding Sources

Sources	Amount
Syndication Proceeds	$3,298,448
CPED Trust Fund	$1,000,000
HOME Affordable Rental Pres	$750,000
Seller's Note	$350,000
Deferred Developer Fee	$674,382
221d4 Mortgage (Oak Grove)	$5,641,000
Total Sources	**$11,713,830**

Super RFP Funding

Capital Funds	Amount
HOME Affordable Rental Pres	$750,000

Subsidy Funds	Amount
Total Recommended:	**$750,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
1BR	59	$898	50% AMI
2BR	22	$1,078	50% AMI
Total	**81**		

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	AEON	**Project City:**	Minneapolis
Project Name:	South Quarter IV	**Dev #:**	D7593
		App #:	M16347

Purpose of Project

South Quarter Phase IV represents the fourth and final component of Aeon and Hope Community's redevelopment of the land at all corners of the Franklin Boulevard and Portland Avenue intersection. It will add 90 new mixed-income, high performance apartment homes, and will transition Aeon's existing 30-unit Pine Cliff Apartments into a more operationally efficient and energy-wise property. The new construction will feature two four-story elevator buildings with underground and on-site parking, will include 43 market rate one- and two-bedroom apartment homes and 47 efficiency, one-, two- and three-bedroom apartment homes serving residents earning up to 60% AMI. Within the affordable apartment homes 12 will be for those experiencing long-term homelessness (LTH) and earning 30% or below AMI. Pine Cliff Apartments is a fully occupied 2 1/2 story walk up building with 30 one- and two-bedroom units. Energy efficiency, water conservation, and durability upgrades at Pine Cliff will lower utility costs and create operational efficiencies.

Targeted Population

The development will target underserved populations including households of color, single head of households with minor children and disabled individuals.

Currently, 53% of households at the existing building have children and about half of them are female, single heads of household. Pine Cliff applicants must earn less than 50% of area median income based on household size. Approximately 7% of households are Asian, 7% Caucasian, 3% Hispanic, 27% African American, and 56% Somali.

Per Unit Costs

Acquisition or Refinance: $43,099;
Construction or Rehabilitation (including Environmental): $ 159,755 (includes $198,899/unit for 90 new construction units, $6,833/unit for 30 rehabiliation units plus contingency and environmental abatement);
Soft Costs (excluding Reserves): $69,783;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $9,858;
Total Development Cost: $282,495.

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Family	12	
New Affordable Housing	90	
Preservation		23
Preservation / Federally		7

Total Capital Funding Sources

Sources	Amount
General Partner Cash	$100
Syndication Proceeds	$12,235,000
Minneapolis AHTF	$1,950,000
Met Council LCDA	$793,900
Hennepin County TOD &	$696,600
Hennepin County AHIF	$750,000
Nonprofit Housing Dvlp	$30,000
Private Donations	$3,808,296
Sales Tax/Xcel rebate	$440,000
Assumption of Pine Cliff	$1,732,944
FHA Mortgage	$9,053,500
Deferred Fee	$709,000
EDHC	$1,500,000
Family Housing Fund	$200,000
Total Sources:	**$33,899,340**

Super RFP Funding

Capital Funds	Amount
EDHC MF	$1,500,000
FHF	$200,000

Subsidy Funds	Amount
Total Recommended:	**$1,700,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
0BR/SRO	2	$735	30% AMI
0BR/SRO	6	$621	50% AMI
1BR	8	$1,120	30% AMI
1BR	8	$677	50% AMI
1BR	10	$677	Market Rate
2BR	35	$1,560	50% AMI
2BR	7	$997	50% AMI
2BR	7	$945	Market Rate
2BR	5	$852	50% AMI
2BR	9	$859	50% AMI
2BR	6	$738	50% AMI
3BR	15	$1,301	30% AMI
3BR	2	$1,091	50% AMI
Total:	**120**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	City Place Developer LLC	**Project City:**	Minneapolis
Project Name:	City Place Lofts	**Dev #:**	D6711
		App #:	M16370

Purpose of Project

City Place Housing is the acquisition and adaptive reuse of a historic office building into 55 units of affordable work-force housing located in the Hennepin Avenue Theater District of downtown Minneapolis. When renovated, the 8 story elevator building will provide 55 units of housing on floors 3 - 8 and community and amenity space for the residents on floors 1 and 2. The building features built in amenities such as very high ceilings on all floors, expansive windows, and original terrazzo floors throughout the building.To finance the acquisition and rehabilitation, Everwood Development intends to seek tax-exempt bonds and corresponding 4% tax credits from the City of Minneapolis. The RFP request is for a LMIR first mortgage (as an end loan take-out of the bonds) and a deferred loan. The development will provide workforce housing for single adults at the 60% AMI income level.

Targeted Population

The anticipated demographic served by City Place Housing will consist of moderate-income adults with annual household incomes at or below 60% AMI. Management will target marketing to adults and communities of color throughout the metro area and will connect with area employment and housing service agencies in and around downtown Minneapolis.

Per Unit Costs

Acquisition or Refinance: $42,455
Construction or Rehabilitation (including Environmental): $143,000
Soft Costs (excluding Reserves): $63,547
Non-Mortgageable Costs (excluding Reserves): $0
Reserves: $2,190
Total Development Cost: $251,192

Strategic Goals

Strategic Goal	New Const. Units	Rehab
New Affordable Housing	55	

Total Capital Funding Sources

Sources	Amount
Syndication Proceeds	$4,240,148
LMIR 1st Mortgage	$3,166,524
General Partner Cash	$783,583
Federal Historic Tax	$1,974,200
State Historic Tax Credits	$2,038,600
Def. Developer Fee	$600,000
DEED/TBRA Env. Grant	$312,500
Flexible Financing Cap	$700,000
Total Sources:	**$13,815,555**

Super RFP Funding

Capital Funds	Amount
Flexible Financing Cap Costs	$700,000
LMIR 1st Mortgage	$3,166,524

Subsidy Funds	Amount

Total Recommended: **$3,866,524**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
0BR/SRO	12	$791	60% AMI
1BR	37	$911	60% AMI
2BR	6	$1,074	60% AMI
Total:	**55**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Phoenix Development Company of Mpls, LLC	**Project City:**	Minneapolis
Project Name:	Greenway Heights Family	**Dev #:**	D7530
		App #:	M16306

Purpose of Project

Greenway Heights Family Housing is a 42 unit workforce housing development proposed by PRG, Inc., in collaboration with Phoenix Development, on a site adjacent to the Midtown Greenway acquired with the assistance of Minnesota Housing LAAND funds. With the recession and foreclosure crisis, this proposal is a direct response to a neighborhood identified need for more affordable housing. The proposal provides an opportunity to create affordable housing with the unique amenity and alternative transitway provided by the Midtown Greenway, in the centrally located and transit-connected Phillips neighborhood. The project site is near Abbott Northwestern, Children's Hospital, Allina, and Wells Fargo Home Mortgage.

Targeted Population

This development will serve families, including households of color, single heads of households with children, and disabled individuals.

Per Unit Costs

Acquisition: $14,967;
Construction: $138,069;
Soft Costs: $51,037;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $4,500;
Total Development Costs: $208,574

Strategic Goals

Strategic Goal	New Const. Units	Rehab
New Affordable Housing	42	

Total Capital Funding Sources

Sources	Amount
FHF	$200,000
Met Council LHIA	$300,000
Syndication Proceeds*	$2,650,000
HUD 221 D4 (taxable	$2,343,982
NRP 2008	$48,000
Deferred Fee	$368,148
EDHC	$760,000
NRP 2011	$50,000
AHTF 2011	$525,000
AHTF 2012	$525,000
TIF	$350,000
Met Council TOD	$313,000
Solar Credits/Rebates	$297,000
NonProfit Developer Assist	$30,000
Total Sources:	**$8,760,130**

Super RFP Funding

Capital Funds	Amount
EDHC MF	$760,000
FHF	$200,000
Met Council LHIA	$300,000

Subsidy Funds	Amount

Total Recommended: **$1,260,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
2BR	16	$913	50% AMI
3BR	22	$1,047	50% AMI
4BR	4	$1,161	50% AMI
Total:	**42**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Episcopal Homes Inc	**Project City:**	Saint Paul
Project Name:	Midway Pointe	**Dev #:**	D7596
		App #:	M16355

Purpose of Project

Midway Pointe is a new construction elevator building located at the southeast corner of University Avenue and Lynhurst Avenue East in St. Paul. This development proposed by Episcopal Homes, is one of four components (Memory Care - 20 units; Skilled Nursing facility - 40 units and Catered Living - 64 units) located adjacent to the Fairview Station of the new Central Corridor light rail transit system. The project consists of 50 1 bedroom units located in one elevator building.

Targeted Population

The target population for Midway Pointe will be active independent, low-income seniors. Tenants will pay no more than 30% of their income towards rents.

Per Unit Costs

Acq. or Refinance: $0;
Construction or Rehabilitation (including environmental & Contingency): $138,320;
Soft Costs (excluding Reserves): $20,680;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $0;
Total Development Cost: $159,000 per unit.

Strategic Goals

Strategic Goal	New Const. Units	Rehab
New Affordable Housing	50	

Total Capital Funding Sources

Sources	Amount
Met Council LHIA	$100,000
HUD 202 Capital Grant	$7,300,000
HUD Predevelopment	$400,000
EDHC MF	$150,000
Total Sources:	**$7,950,000**

Super RFP Funding

Capital Funds	Amount
EDHC MF	$150,000
Met Council LHIA	$100,000

Subsidy Funds	Amount

Total Recommended:	**$250,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
1BR	50	$550	50% AMI
Total:	**50**		

Run Date: 10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	St. Paul Public Housing Authority	**Project City:**	Saint Paul
Project Name:	Roosevelt Homes Public	**Dev #:**	D7600
		App #:	M16361

Purpose of Project

This St. Paul PHA proposal is for the construction of a new six unit townhome style building at the PHA's existing Roosevelt Homes public housing site. The new building will replace, on the same site, a former six unit row-house that was demolished after a natural gas explosion in 1980. The construction of these six public housing units will preserve affordable housing in three ways; 1) by replacing affordable units that were lost in 1980 after a natural gas explosion, 2) by utilizing HUD Replacement Housing Factor grant funds that will be lost if not obligated (put under contract) by October 2013, and 3) by utilizing HUD public housing program operating subsidies that haven't been used since the units were lost. Both the HUD Replacement Housing Factor (RHF) grant funding that will be utilized to build the proposed new six plex and the HUD operating subsidies are in danger of being lost if not utilized in the very near future. The Public Housing Agency has a waiting list of 6,687 households for family public housing units, of which 2,187 families are waiting for two-bedroom units. The PHA's public housing units are consistently in excess of 99% occupied.

Targeted Population

The development will target underserved populations including households of color, single heads of households with minor children and disabled individuals.

The PHA's average family household size is 4.4 people and the PHA's average family household income is $20,563 or 25% of the Twin Cities median income of $83,900. The demographic profile of the PHA's current Roosevelt Homes residents is as follows: 6.7% White, 33.2% African American, .3% American Indian, 59.4% Asian/Pacific Islanders, and .3% Multiple. In addition 2.9% of the Roosevelt Homes residents are Hispanic.

Per Unit Costs

Acquisition or Refinance: $0;
Construction or Rehabilitation (including Environmental): $127,392;
Soft Costs (excluding Reserves): $13,583;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $0;
Total Development Cost: $140,975.

Strategic Goals

Strategic Goal	New Const. Units	Rehab
New Affordable Housing	6	

Total Capital Funding Sources

Sources	Amount
EDHC	$540,000
HUD Rplcmnt Hsg Grnts	$306,000
Total Sources:	**$846,000**

Super RFP Funding

Capital Funds	Amount
EDHC MF	$540,000

Subsidy Funds	Amount

Total Recommended: **$540,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
2BR	5	$348	30% AMI
2BR	1	$348	30% AMI
Total:	**6**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	NFAHS Development Inc.	**Project City:**	Saint Paul
Project Name:	Lewis Park Apartments	**Dev #:**	D1552
		App #:	M16326

Purpose of Project

The Lewis Park Apartments application submitted by The National Foundation For Affordable Housing Solutions, Inc. ("NFAHS") proposes the Preservation and rehabilitation of a 103 unit, 100% project-based Section 8 development in Saint Paul. The property consists of one six-story building with a mix of one and two bedroom units. The property also provides underground and surface parking and is located next to a city park. Built in 1979, many of the systems and in-unit amenities are original to the buildings and well past their useful life. The scope of work defines a major rehabilitation for the project including improvements to the site, building envelope, security, common areas, and dwelling units.

Targeted Population

The tenant population at Lewis Park consists of mostly physically disabled residents. The residents are also elderly, immigrants, and single heads of households with children. The target population includes these vulnerable client populations and includes continuation of the PBA/HAP.

Per Unit Costs

Acquisition or Refinance: $66,000.
Construction or Rehabilitation (including Environmental): $48,000.
Soft Costs (excluding Reserves): $27,000.
Non-Mortgageable Costs (excluding Reserves): $0.
Reserves: $7,000.
Total Development Cost: $148,000.

Strategic Goals

Strategic Goal	New Const Units.	Rehab
Preservation / Federally		103

Total Capital Funding Sources

Sources	Amount
Syndication Proceeds	$4,141,537
Tax Exempt Bonds	$7,813,000
St. Paul Deferred Request	$1,000,000
HOME Affordable Rental Pres	$1,500,000
Deferred Fee	$524,946
Seller's Note	$250,000
Total Sources	**$15,229,483**

Super RFP Funding

Capital Funds	Amount
HOME Affordable Rental Pres	$1,500,000

Subsidy Funds	Amount
Total Recommended:	**$1,500,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
1BR	68	$913	50% AMI
2BE	35	$1,089	50% AMI
Total	**103**		

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	RH Developer LLC	**Project City:**	Saint Paul
Project Name:	Rolling Hills Apartments	**Dev #:**	D6685
		App #:	M16346

Purpose of Project

Rolling Hills Apartments is an existing 108-unit unsubsidized affordable walk-up property in the Payne-Phalen neighborhood of east St. Paul. The development serves approximately 50 families with refugee status, with 16 units dedicated to serving women who are victims of sexual trafficking. This proposal is for the acquisition and rehabilitation of this development, which though a market-rate property, serves low and moderate income households.The proposal also provides for construction of a community building to better serve the resident population. The development has a history of providing supportive services to contribute to housing stability for residents, and has provided for services through a partnership with Lutheran Social Services (LSS), Minnesota Council of Churches (MCC), and Breaking Free. The applicant has agreed to set aside six units to serve long-term homeless households.

Targeted Population

This development has a history of serving low income families, including households of color, single-headed households with children, and victims of sexual exploitation, including homeless families. The development will continue to serve this population post-rehab, including six units dedicated to serve households meeting the State's definition of long-term homeless.

Per Unit Costs

Acquisition: $50,000
Rehabilitation (including Environmental): $58,505;
Soft Costs: $19,620;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $3,931;
Total Development Cost: $132,056

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Foreclosure		108
Long Term Homeless Family		3
Long Term Homeless Single		3
New Affordable Housing		108

Total Capital Funding Sources

Sources	Amount
Syndication Proceeds	$9,796,824
First Mortgage	$2,610,333
Seller Note	$354,919
St. Paul Deferred Loan	$1,000,000
Hsg Infrastructure Bonds	$300,000
Family Housing Fund	$200,000
Total Sources:	**$14,262,076**

Super RFP Funding

Capital Funds	Amount
FHF	$200,000
Hsg Infrastructure Bonds HTF	$300,000

Subsidy Funds	Amount
Total Recommended:	**$500,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
0BR/SRO	9	$594	50% AMI
1BR	3	$712	30% AMI
1BR	24	$712	50% AMI
2BR	3	$829	30% AMI
2BR	66	$829	50% AMI
3BR	3	$1,030	50% AMI
Total:	**108**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	St. Paul Old Home Plaza Housing Group LLC	**Project City:**	Saint Paul
Project Name:	Old Home Plaza	**Dev #:**	D7570
		App #:	M16294

Purpose of Project

Sand Company, in partnership with Aurora St. Anthony Neighborhood Development Corporation, is proposing new construction/adaptive reuse/historic renovation and addition to the historical Old Home Dairy Company building located at 370 University Avenue West in Saint Paul, MN. The entire project consists of 43 units of new construction and 14 units of historic renovation. Both the historic and the new construction building will have retail space located on the ground level along University Avenue. The site is directly adjacent to a LRT platform for easy access. A playground is incorporated on the site and is located in a central courtyard that is above an underground parking structure. This proposal is phase one of two phases to be developed on the site. The phase II will be "For Sale" two-story townhomes with attached garages to be developed at a later date by Model Cities and Aurora St. Anthony Neighborhood Development Corporation.

Targeted Population

The population served will be families, elderly, long term homeless individuals and single head of households with minor children.

Per Unit Costs

Acquisition or Refinance: $24,457;
Construction or Rehabilitation (including environmental & Contingency): $160,740;
Soft Costs (excluding Reserves): $52,942;
Non-Mortgageable Costs (excluding Reserves): $350;
Reserves: $2,544;
Total Development Cost: $241,033 per unit.

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Single	7	
New Affordable Housing	57	

Total Capital Funding Sources

Sources	Amount
Equity gap remaining -	$3,303,797
Syndication Proceeds	$6,365,044
TBRA TOD - Acquisition	$919,025
Corridors of Opportunity	$100,000
Federal Historic Credit	$582,666
State Historic Credit Equity	$582,666
St.Paul Brownfield	$37,700
Deferred Developer Fee	$435,000
LMIR 1st Mortgage	$1,342,982
Total Sources:	**$13,668,880**

Super RFP Funding

Capital Funds	Amount
LMIR 1st Mortgage	$1,342,982

Subsidy Funds	Amount

Total Recommended: **$1,342,982**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
0BR/SRO	4	$730	50% AMI
0BR/SRO	7	$100	30% AMI
1BR	2	$787	50% AMI
2BR	15	$945	50% AMI
3BR	29	$1,091	50% AMI
Total:	**57**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	CommonBond Communities	**Project City:**	Maplewood
Project Name:	Concordia Arms	**Dev #:**	D3352
		App #:	M16320

Purpose of Project

Concordia Arms is a proposed acquisition/preservation of an existing 125 unit Section 8, elderly building originally financed under the HUD 202 program. Concordia Arms is a three-story elevator building with surface parking. The property has been well maintained but has challenges related to physical deterioration, particularly unit interiors and mechanical systems. The current ownership consists of a church-sponsored non-profit board. The board consists of 6 individuals, including one resident. The non-tenant members of the board were instrumental in forming the church-sponsored organization in order to provide housing for seniors in the area but most are now retired. The members are no longer interested in acting as the ownership entity and have approached CommonBond Communities to take over that capacity. CommonBond proposes to acquire the development, address the rehab needs and will agree to maintain the Federal Assistance for at least 30 years.

Targeted Population

Concordia serves extremely low income seniors and numerous persons with disabilities and other special needs households with few housing options. The targeted populations will include households of color and disabled households. The new ownership and funding will create improved CommonBond Advantage Service resident programming and will facilitate the addition of 7 LTH units.

Per Unit Costs

Acquisition: $57,953;
Rehabilitation: $40,109;
Soft Costs (excluding reserves): $21,639;
Non-Mortgageable Costs (excluding reserves): $0;
Reserves: $4,306;
TDC per unit cost is $124,007.

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Single		7
Preservation		125

Total Capital Funding Sources

Sources	Amount
LMIR 1st Mortgage	$4,000,000
Syndication Proceeds	$3,262,332
Ramsey County Funds	$200,000
Seller Loan	$3,336,100
Cash Flow from NOI	$264,410
Deferred Developer Fee	$223,712
LMIR Bridge Loan	$5,900,000
Hsg Infrastructure Bonds	$3,914,265
Met Coucil LHIA	$300,000
Total Sources:	**$21,400,819**

Super RFP Funding

Capital Funds	Amount
Met Council LHIA	$300,000
Hsg Infrastructure Bonds EDHC	$3,914,265
LMIR BL	$5,900,000
LMIR 1st Mortgage	$4,000,000

Subsidy Funds	Amount

Total Recommended: **$14,114,265**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
1BR	124	$830	50% AMI
2BR	1	$944	50% AMI
Total:	**125**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Community Involvement Programs Inc	**Project City:**	Multiple Cities
Project Name:	CIP Scattered Site 2012	**Dev #:**	D7606
		App #:	M16372

Purpose of Project

The CIP Scattered Site proposal is to fund the moderate rehabilitation of five scattered site properties in Hopkins, St. Louis Park, Golden Valley, and Crystal. Funding would address rehab of 15 SRO units in converted duplexes and single family homes, addition of one SRO unit in one of the properties, as well as rehab of a two-bedroom family condominium unit. These properties provide permanent supportive housing for singles with a serious mental illness, and for one family, with services provided by CIP's Mental Health Services and collaborating agencies, including Hennepin County Human Services and Public Health Department.

Targeted Population

This development will serve 16 individuals with a serious mental illness, and one family, and will target households of color, single heads of household with children, and disabled individuals.

Per Unit Costs

Acquisition: $0;
Rehabilitation: $19,171;
Soft Costs: $6,123;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $0;
Total Development Cost: $25,294

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Single		4
New Affordable Housing	1	10
Preservation		6

Total Capital Funding Sources

Sources	Amount
General Partner Cash	$30,000
Hennepin County AHIF	$200,000
PARIF	$200,000
Total Sources:	**$430,000**

Super RFP Funding

Capital Funds	Amount
PARIF	$200,000

Subsidy Funds	Amount

Total Recommended: **$200,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
0BR/SRO	16	$484	30% AMI
2BR	1	$924	30% AMI
Total:	**17**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Dakota County Community Development	**Project City:**	Inver Grove Heights
Project Name:	Inver Hills and Riverview Ridge	**Dev #:**	D7576
		App #:	M16310

Purpose of Project

The Dakota County CDA is proposing a new construction townhome development targeted to working families with low household incomes. The development will be a split site development with 24 units located in Inver Grove Heights near the intersection of College Trail and Blaine Avenue, adjacent to the Inver Hills Community College campus. An additional 27 units will be located in Eagan, near the intersection of Sibley Memorial Highway and Terminal Drive. The site consists of three parcels, currently designated as 3206, 3170, and 3160 Sibley Memorial Highway in Eagan. Both developments will be owned by the Inver Hills Family Housing Limited Partnership. The units will be two and three story townhome units with attached one car garages to deal with significant slopes at both locations.

Targeted Population

Population served will be families earning less than 60% AMI. Rents are restricted to 50% AMI.

Per Unit Costs

Acq. or Refinance: $449,015;
Construction or Rehabilitation (including environmental & Contingency): $7,534,258;
Soft Costs (excluding Reserves): $2,826,422;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $267,250;
Total Development Cost: $11,076,945 or $217,195 per unit.

Strategic Goals

Strategic Goal	New Const. Units	Rehab
New Affordable Housing	51	

Total Capital Funding Sources

Sources	Amount
General Partner Cash	$429,015
Syndication Proceeds	$8,295,750
First Mortgage- CDA	$405,000
HOME Loan	$547,180
HOPE Loan	$500,000
EDHC MF	$600,000
Met Council LHIA	$300,000
Total Sources:	**$11,076,945**

Super-RFP Funding

Capital Funds	Amount
EDHC MF	$600,000
Met Council LHIA	$300,000

Subsidy Funds	Amount

Total Recommended: **$900,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
2BR	15	$700	50% AMI
2BR	15	$700	50% AMI
3BR	10	$771	50% AMI
3BR	11	$771	50% AMI
Total:	**51**		

10/09/2012

RFP Development Summary

Selected Applications: 10/25/2012

Developer Name: Shelter Holdings, LLC
Project Name: Elmbrooke TH (EBT) & GV TH
Project City: Golden Valley
Dev #: D3102
App #: M16308

Purpose of Project

The Elmbrooke Townhomes ("EBT") and Golden Valley Townhomes ("GVT") application submitted by Shelter Holdings ("Shelter") proposes the rehabilitation of 54 townhome units in the cities of Minnetonka and Golden Valley. The development has project-based Section 8 rental assistance for 100% of its units. The property consists of 11 two-story townhome buildings on two separate sites with a mix of two and three bedroom units. The property also provides landscaped site amenities and surface lot parking. Built in 1981, many of the systems and in-unit amenities are original to the buildings and well past their useful lives. The scope of work defines a moderate rehabilitation for the project including improvements to the site, building envelope and dwelling units.

Targeted Population

The targeted population is families with incomes at or below 60% AMI including low income families of color and single head of households with minor children. Five of the units are accessible to residents with physical disabilities.

Per Unit Costs

Acquisition or Refinance: $0.
Construction or Rehabilitation (including Environmental): $28,000.
Soft Costs (excluding Reserves): $1,000.
Non-Mortgageable Costs (excluding Reserves): $0.
Reserves: $0.
Total Development Cost: $29,000.

Strategic Goals

Strategic Goal	New Const Units.	Rehab
Preservation / Federally		54

Total Capital Funding Sources

Sources	Amount
City of Minnetonka Loan	$400,000
FHF	$200,000
HOME Affordable Rental	$968,033
Total Sources	**$1,568,033**

Super RFP Funding

Capital Funds	Amount
FHF	$200,000
HOME Affordable Rental	$968,033

Subsidy Funds	Amount

Total Recommended: $1,168,033

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
2BR	28	$1,079	60% AMI
2BR	4	$1,057	60% AMI
2BR	4	$931	60% AMI
3BR	10	$1,314	60% AMI
3BR	8	$1,206	60% AMI
Total	**54**		

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	CommonBond Communities	**Project City:**	Minneapolis
Project Name:	CommonBond VA Hsg Fort	**Dev #:**	D7601
		App #:	M16362

Purpose of Project

The proposal is for the renovation and conversion of five buildings into permanent rental housing for veterans who have experienced homelessness. The development is located on the U.S. Department of Veterans Affairs ("VA") medical campus at Fort Snelling's upper post within the City of Minneapolis. The development includes four three-bedroom, two two-bedroom, seven one-bedroom and 45 studio apartments across five closely situated two-story walk-up buildings. The developer, CommonBond, plans to secure project-based Veterans Affairs Supportive Housing ("VASH") subsidy vouchers for all of the units. A VASH voucher contains Section 8 Housing Assistance Payment contract rental assistance and supportive services from the VA.

Targeted Population

The targeted population is disabled veterans who have experienced homelessness with incomes at or below 60% AMI. The majority of the units are for single individuals, and eight units can serve households with children. The developer will reserve seven units for veterans who have experienced long-term homelessness.

Per Unit Costs

Acquisition or Refinance: $0.
Construction or Rehabilitation (including Environmental): $201,000.
Soft Costs (excluding Reserves): $52,000.
Non-Mortgageable Costs (excluding Reserves): $0.
Reserves: $15,000.
Total Development Cost: $268,000

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Family	2	
Long Term Homeless Single	5	
New Affordable Housing	58	

Total Capital Funding Sources

Sources	Amount
Syndication Proceeds	$3,260,196
Historic Credit Proceeds	$5,174,914
Home Depot Foundation	$300,000
VA Site Cleanup Funds	$600,000
LMIR Bridge Loan	$8,500,000
EDHC	$598,893
Hsg Infrastructure Bonds	$5,420,799
FHF	$200,000

Super RFP Funding

Capital Funds	Amount
EDHC MF	$598,893
FHF	$200,000
Hsg Infrastructure Bonds HTF	$5,420,799
LMIR BL	$8,500,000

Subsidy Funds	Amount

Total Recommended: **$14,719,692**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
0BR/SRO	14	$671	30% AMI
0BR/SRO	31	$671	50% AMI
1BR	2	$831	30% AMI
1BR	5	$831	50% AMI
2BR	2	$1,079	50% AMI
3BR	2	$1,435	30% AMI
3BR	2	$1,435	50% AMI

Total: **58**

RFP Development Summary

Selected Applications: 10/25/2012

Developer Name:	AEON	**Project City:**	Columbia Heights
Project Name:	Parkview Villa	**Dev #:**	D6179
		App #:	M16338

Purpose of Project

Proposal is for acquisition/preservation of this federally assisted development. Parkview Villa is a 146 unit affordable development for seniors and disabled, currently owned by the Columbia Heights Housing and Redevelopment Authority (CHHRA). Parkview Villa consists of two attached buildings, known as the North and South buildings. The North building is nine stories and includes 101 units for residents age 62 and over and/or residents who are disabled (plus 1 caretaker unit). Parkview Villa North is currently within the Public Housing Agency (PHA) system and subject to HUD regulations. Rent is limited to 30% of household income with residents at or below 50% Area Median Income (AMI). The South building is three stories above parking and includes 41 one-bedroom units and four two-bedroom units, reserved for people age 55 and over. While no income restrictions currently govern this building, the rents are affordable to households at 40% of AMI. Through a competitive process, Aeon was selected as the future owner and developer of this development. Aeon proposes to acquire and rehab the development. The 100 PHA units are anticipated to be converted to Project Based Section 8, and by virtue of the proposed financing, nearly all of the units will be subject to 50% AMI rent and 50% and 60% AMI income restrictions.

Targeted Population

The development will serve households of color and disabled individuals. The 100 units in the North building will maintain their status as serving senior age 62+ or disabled individuals. The South building will maintain it's designation of serving senior age 55+.

Per Unit Costs

Acquisition or Refinance: $38,082;
Construction or Rehabilitation (including Environmental): $ 28,130;
Soft Costs (excluding Reserves): $19,267;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $4,766;
Total Development Cost: $90,245.

Strategic Goals

Strategic Goal	New Const Units.	Rehab
New Affordable Housing		46
Preservation / Federally		100

Total Capital Funding Sources

Sources	Amount
General Partner Cash	$100
Syndication Proceeds	$3,434,620
HOME Affordable Rental Pres	$1,500,000
Seller Financing	$5,540,000
Deferred Developer Fee	$493,718
FHA Loan	$2,200,000
Total Sources	**$13,168,438**

Super RFP Funding

Capital Funds	Amount
HOME Affordable Rental Pres	$1,500,000

Subsidy Funds	Amount
Total Recommended:	**$1,500,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
1BR	100	$790	50% AMI
1BR	38	$614	50% AMI
1BR	3	$614	Market Rate
2BR	3	$781	50% AMI
2BR	2	$781	Market Rate
Total			

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Creeks Run Developer LLC	**Project City:**	Chaska
Project Name:	Creeks Run Townhomes	**Dev #:**	D6715
		App #:	M16332

Purpose of Project

Creeks Run is a proposed new construction of a 40 unit townhome style development in Chaska. Exterior project amenities will include a free-standing clubhouse that will contain management offices, a clubroom and a fitness room. Two playgrounds will be provided as well - one for younger children and one for older children. The project will also include an internal walking path connecting both of the playground areas to the existing City trail to the southeast of the property.

Targeted Population

General occupancy units will target underserved populations including single heads of households with minor children and households of color. Four units will serve households experiencing Long Term Homelessness.

Per Unit Costs

Acquisition or Refinance: $25,050;
Construction or Rehabilitation (including Environmental): $165,692;
Soft Costs (excluding Reserves): $57,465;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $4,913;
Total Development Cost: $253,120.

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Foreclosure	40	
Long Term Homeless Family	4	
New Affordable Housing	40	

Total Capital Funding Sources

Sources	Amount
LMIR 1st Mortgage	$850,000
Syndication Proceeds	$8,186,406
Def. Developer Fee	$127,263
Total Sources:	**$9,163,669**

Super RFP Funding

Capital Funds	Amount
LMIR 1st Mortgage	$850,000

Subsidy Funds	Amount

Total Recommended: **$850,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
2BR	5	$945	50% AMI
2BR	2	$180	15% AMI
3BR	23	$1,091	50% AMI
3BR	2	$180	15% AMI
4BR	8	$1,217	50% AMI
Total:	**40**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Duffy Development Company Inc	**Project City:**	Maple Grove
Project Name:	Bottineau Ridge Apartments	**Dev #:**	D7580
		App #:	M16317

Purpose of Project

This development involves the new construction of a 50 unit three story elevator building located in the city of Maple Grove. This development will consist of 50 Housing Tax Credit (HTC) units with rents affordable to households at 50 percent AMI, four of which will be deemed for households experiencing long-term homelessness. The proposal is a mix of one, two and three bedroom units with underground parking and surface parking for guests. It is an excellent opportunity to meet the City's housing goals to meet locally identified housing needs close to transit.

Targeted Population

The targeted population is families with children, including single heads of households with children and individuals and families of color. Four of the units will be restricted to families experiencing long-term homelessness.

Per Unit Costs

Acquisition: $11,000
Construction (including Environmental): $125,770
Soft Costs (excluding reserves): $62,200
Non-Mortgageable Costs (excluding Reserves): $0
Reserves: $3,230
Total Development Cost: $207,232

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Family	4	
New Affordable Housing	50	

Total Capital Funding Sources

Sources	Amount
Gap	$1,393,172
LMIR 1st Mortgage	$1,773,696
Syndication Proceeds	$6,602,340
City of Maple Grove	$92,126
Hennepin County HOME	$500,263
Total Sources:	**$10,361,597**

Super RFP Funding

Capital Funds	Amount
LMIR 1st Mortgage	$1,773,696

Subsidy Funds	Amount

Total Recommended: **$1,773,696**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
1BR	4	$761	50% AMI
1BR	1	$761	50% AMI
1BR	1	$751	50% AMI
2BR	7	$910	50% AMI
2BR	17	$910	50% AMI
2BR	2	$180	50% AMI
3BR	3	$1,040	50% AMI
3BR	13	$1,040	50% AMI
3BR	2	$180	50% AMI
Total:	**50**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	One Roof Community Housing	**Project City:**	Duluth
Project Name:	Hillside Apartments	**Dev #:**	D6723
		App #:	MOS16334

Purpose of Project

Center City Housing Corporation, One Roof Community Housing and Churches United in Ministry together propose a 50 unit new construction supportive housing development for homeless families with children. 22 of the units will be deemed to service long term homeless familie. The units will be a single, four story elevator building with secured entrances and a front desk which will be staffed 24 hours a day, 7 days a week. The building will also contain a Community Service Facility. The Community Service Facility will serve low-income members of Duluth by providing outreach to homeless families, case management services, youth programming and six (6) emergency shelter apartments.

Targeted Population

The targeted population is families with children, single heads of households, families of color, and household affected by mental illness and chemical dependency issues. 22 of the permanent supportive housing units will be for families experiencing long term homelessness.

Per Unit Costs

N/A

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Family	22	
New Affordable Housing	50	

Total Capital Funding Sources

Sources	Amount
Total Sources:	**$174,000**

Super RFP Funding

Capital Funds	Amount

Subsidy Funds	Amount
DHS HTF Operating Subsidy	$174,000
Total Recommended:	**$174,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
0BR/SRO	2	$0	30% AMI
1BR	7	$528	30% AMI
2BR	25	$666	30% AMI
2BR	4	$0	30% AMI
3BR	12	$836	30% AMI
Total:	**50**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Naytahwaush LLC	**Project City:**	Naytahwaush
Project Name:	Giwanakimin	**Dev #:**	D7535
		App #:	M16324

Purpose of Project

Giwanakimin is the new construction of 20 units of 100% Supportive housing to be located on the White Earth Reservation in the community of Naytahwaush. This will be the Tribe's second 100% supportive housing initiative. The 20 units will consist of a good mix of 2 , 3 and 4 bedroom units surrounding a central meeting circle with a program center in a native traditional manor. The project will be located adjacent to the Community Service Center and the workforce training center.

Targeted Population

The Giwanakimin development will serve Tribal member families and individuals including 6 units to serve households experiencing long term homelessness. A quality mix of 2-BR, 3 and 4 bedroom units surrounding a central meeting circle in a native traditional manor.

Per Unit Costs

Per Unit Cost
Construction $206,019 includes construction contingency
Soft Cost $32,131
Reserves $7,250
TDC $245,401
This is $41,000/unit less than last year's request.

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Family	6	
New Affordable Housing	20	

Total Capital Funding Sources

Sources	Amount
Housing Infrastructure	$3,820,013
Enterprise	$73,000
FHLB	$500,000
EDHC Indian Housing MF	$150,000
EDHC Indian Housing MF	$165,000
GMHF	$200,000
Total Sources:	**$4,908,013**

Super RFP Funding

Capital Funds	Amount
EDHC Indian Housing MF	$150,000
GMHF	$200,000
Hsg Infrastructure Bonds HTF	$3,820,013

Subsidy Funds	Amount
DHS HTF Operating Subsidy	$70,156
Total Recommended:	**$4,240,169**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
2BR	4	$560	50% AMI
2BR	1	$560	50% AMI
3BR	3	$642	50% AMI
3BR	1	$642	50% AMI
3BR	1	$642	50% AMI
3BR	5	$399	50% AMI
4BR	3	$729	50% AMI
4BR	2	$729	50% AMI
Total:	**20**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	D.W. Jones Development Inc	**Project City:**	Thief River Falls
Project Name:	River Pointe Townhomes	**Dev #:**	D7594
		App #:	M16351

Purpose of Project

The development involves the new construction of a 24 unit development located in the city of Thief River Falls. The development will consist of 12 - 2BR and 12 - 3BR townhome style units with tuck under single car garages and surface parking. 23 of the units (one employee unit) will have rents affordable to households with incomes at or below 50% AMI and 6 of the units will be deemed to serve long term homeless families.

Targeted Population

The development will target families with children, single head of household with children, families of color, physically disabled and long term homeless.

Per Unit Costs

Acquisition or Refinance - $4,062;
Construction (including Environmental and Contingency) - $131,929;
Soft Costs (excluding Reserves) - $26,754;
Non-Mortgageable Costs (excluding Reserves) - $0;
Reserves - $833;
Total Development Cost: $163,578

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Family	6	
New Affordable Housing	24	

Total Capital Funding Sources

Sources	Amount
GAP	$35,808
General Partner Cash	$20,000
Syndication Proceeds	$2,841,544
City TIF Loan	$297,000
FHLB	$300,000
LMIR 1st Mortgage	$437,125
Total Sources:	**$3,931,477**

Super RFP Funding

Capital Funds	Amount
LMIR 1st Mortgage	$437,125

Subsidy Funds	Amount

Total Recommended: **$437,125**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
2BR	5	$675	50% AMI
2BR	3	$675	50% AMI
2BR	1	$675	50% AMI
2BR	1	$641	50% AMI
2BR	2	$641	50% AMI
3BR	3	$809	50% AMI
3BR	8	$780	50% AMI
3BR	1	$122	60% AMI
Total:	**24**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Three Rivers Community Action Inc.	**Project City:**	Albert Lea
Project Name:	Northbridge Apartments	**Dev #:**	D0012
		App #:	M16330

Purpose of Project

Northbridge Apartments, located in Albert Lea, is a preservation/rehabilitation project which is proposed to be acquired by Three Rivers Community Action (Three Rivers). The project consists of 48 units in three walk up two story buildings. The buildings were originally financed through the USDA Rural Development's 515 mortgage, which also provides 25 units of rental assistance. The project is currently operated by the original owner and management company. The owner has submitted his intent to opt-out of the federal program. Due to a Minority Impact finding, the owner has agreed to market the project to non-profit organizations as allowed by RD rules. If a viable offer is not received within a six month period, the development will be allowed to exit the program and convert to market rate. In an effort to prevent the loss of these affordable units and preserve the federal rental assistance subsidy, Three Rivers has signed a purchase offer for the $2 million market value as determined by a recent Rural Development approved appraisal. Three Rivers now has until December 2012 to obtain financing, or the project will exit the program and the valuable federal assistance, including the 25 units of rental assistance will be lost to the market.

Targeted Population

The development will target underserved populations including households of color, single heads of household with minor children and disabled households. The current average household income of tenants is $16,006 per year. While there is a wide range of incomes, 24 households currently have incomes at or below 30% AMI and all but 5 households earn less than $30,000 per year. There are three hispanic families currently living in the apartments, and the rest are white. Of the 79 current residents in the 48 apartments, 17 are children, and 14 are disabled.

Per Unit Costs

Acquisition or Refinance: $41,667;
Construction or Rehabilitation (including Environmental): $11,896;
Soft Costs (excluding Reserves): $8,531;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $3,646;
Total Development Cost: $65,739.

Strategic Goals

Strategic Goal	New Const Units.	Rehab
Preservation / Federally		48

Total Capital Funding Sources

Sources	Amount
RD 1st Mortgage (balance)	$1,325,241
GMHF revolving (PRLF)	$150,000
PARIF	$480,250
HOME Affordable Rental Pres	$1,000,000
GMHF	$200,000
Total Sources	**$3,155,491**

Super RFP Funding

Capital Funds	Amount
HOME Affordable Rental Pres	$1,000,000
PARIF	$480,250
GMHF	$200,000

Subsidy Funds	Amount
Total Recommended:	**$1,680,250**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
2BR	43	$540	50% AMI
2BE	5	$577	50% AMI
Total	**48**		

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Joseph Development LLC	**Project City:**	Rochester
Project Name:	Rochester Square Apartments	**Dev #:**	D3446
		App #:	M16345

Purpose of Project

The Rochester Square Apartments application submitted by Joe Weiss on behalf of Joseph Development ("Weiss") proposes the Preservation/Rehabilitation of a 104 unit, 91% Project Based Section 8 development in Rochester. The property consists of two three-story walk-up buildings, with a mix of studio, one and two bedroom units. The property also provides landscaped site amenities and surface lot parking. Built in 1979, many of the systems and in-unit amenities are original to the buildings and in many instances well past their useful life. The scope of work defines a major rehabilitation for the project including improvements to the site, building envelope, security, common areas, and dwelling units.

Targeted Population

The targeted population is households with incomes at or below 60% AMI including low income families, singles and seniors. The developer will designate six units for individuals who have experienced long-term homelessness.

Per Unit Costs

Acquisition or Refinance: $31,000.
Construction or Rehabilitation (including Environmental): $44,000.
Soft Costs (excluding Reserves): $16,000.
Non-Mortgageable Costs (excluding Reserves): $0.
Reserves: $3,100.
Total Development Cost: $94,000

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Single		6
Preservation / Federally		104

Total Capital Funding Sources

Sources	Amount
GMHF	$250,000
Hsg Infrastructure Bonds	$4,082,305
LMIR Bridge Loan	$2,300,000
Gap	$66,983
Syndication Proceeds	$2,421,468
Reserve Equity	$85,000
Deferred Developer Fee	$186,095
LMIR 1st Mortgage	$2,715,000
Total Sources:	**$12,106,851**

Super RFP Funding

Capital Funds	Amount
GMHF	$250,000
Hsg Infrastructure Bonds EDHC	$4,082,305
LMIR 1st Mortgage	$2,715,000
LMIR BL	$2,300,000

Subsidy Funds	Amount

Total Recommended:	**$9,347,305**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
0BR/SRO	3	$368	30% AMI
0BR/SRO	9	$368	50% AMI
1BR	3	$545	30% AMI
1BR	37	$545	50% AMI
2BR	52	$675	50% AMI
Total:	**104**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	The Salvation Army	**Project City:**	Mankato
Project Name:	Maxfield Place	**Dev #:**	D3844
		App #:	MOS16335

Purpose of Project

The Salvation Army - Mankato rehabilitated an existing office/storage facility into 10 permanent rental supportive housing units for individuals experiencing long-term homelessness. This proposal was previously funded by GMHF and with ELHIF in the Fall 2003 RFP round. This application is for operations subsidy only.

Targeted Population

Maxfield Place serves single long-term homeless individuals. It is targeted to individuals with chemical dependency, serious mental illness, and other co-occurring disabilities.

Per Unit Costs

N/A

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Single		10

Total Capital Funding Sources

Sources	Amount
Total Sources:	**$41,518**

Super RFP Funding

Capital Funds	Amount

Subsidy Funds	Amount
DHS HTF Operating Subsidy	$41,518
Total Recommended:	**$41,518**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
Beds	5	$534	<null>
Beds	5	$170	30% AMI
Total:	**10**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	NFAHS Development Inc.	**Project City:**	Mankato
Project Name:	Eastport Apartments	**Dev #:**	D0727
		App #:	M16341

Purpose of Project

The Eastport Apartments application submitted by The National Foundation For Affordable Housing Solutions, Inc. ("NFAHS") proposes the Preservation and rehabilitation of a 78 unit, 100% project-based Section 8 development in Mankato. The property consists of 15 buildings with a mix of one, two and three bedroom units in two-story garden and townhouse designs. The property also provides garage and surface lot parking. Built in 1978, many of the systems and in-unit amenities are original to the buildings and well past their useful life. The scope of work defines a major rehabilitation for the project including improvements to the site, building envelope, security, common areas, and dwelling units.

Targeted Population

The tenant population at Eastport includes elderly, immigrants, and single heads of households with children (+80). The target population includes these vulnerable client populations and includes continuation of the PBA/HAP. The proposal will also provide four units of supportive housing targeted to long-term homeless individuals and families.

Per Unit Costs

Acquisition or Refinance: $42,000.
Construction or Rehabilitation (including Environmental): $47,000.
Soft Costs (excluding Reserves): $25,000.
Non-Mortgageable Costs (excluding Reserves): $0.
Reserves: $5,000.
Total Development Cost: $119,000.

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Family		2
Long Term Homeless Single		2
Preservation / Federally		78

Total Capital Funding Sources

Sources	Amount
Syndication Proceeds	$2,139,998
221d4 Mortgage (Oak	$3,082,000
Seller Take Back Note	$320,000
Interim Interest Income	$134,237
Deferred Developer Fee	$242,618
GMHF	$250,000
Hsg Infrastructure Bonds	$3,140,438
Total Sources:	**$9,309,291**

Super RFP Funding

Capital Funds	Amount
GMHF	$250,000
Hsg Infrastructure Bonds EDHC	$3,140,438

Subsidy Funds	Amount

Total Recommended: **$3,390,438**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
1BR	18	$626	50% AMI
2BR	36	$740	50% AMI
3BR	24	$825	50% AMI
Total:	**78**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	SEMCAC	**Project City:**	Preston
Project Name:	Vesterheim Manor	**Dev #:**	D7578
		App #:	M16314

Purpose of Project

The proposal is an acquisition/rehabilitation and preservation of an existing Rural Development (RD) assisted develoopment. The development consists of 2 8-unit buildings (2-1 bedroom and 14 2-bedroom). Thirteen of the 2 bedroom units also have the benefit of RD rental assitance, ensuring that tenants do not pay more than 30% of their income towards rent. Of the original seven partners, five are deceased. The remaining partners, along with the family members, who inherited their interest in the property, desire to transfer ownership of this project to another entity. The Vesterheim partnership has recently initiated the RD pre-payment process, and are fielding several bona fide offers to acquire this property. Bluff County HRA (BC HRA) proposes to acquire the property and request a transfer of the RD mortgage, thereby preserving the federal assistance, that might otherwise be lost if the property were sold to another interested buyer.

Targeted Population

The project's current tenants are seniors, disabled adults and single parents with young children. The development will target underserved populations including Single head of household with minor children and disabled individuals.

Per Unit Costs

Acquisition or Refinance: $21,688;
Construction or Rehabilitation (including Environmental): $27,996;
Soft Costs (excluding Reserves): $13,692;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $0;
Total Development Cost: $63,376.

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Preservation		3
Preservation / Federally		13

Total Capital Funding Sources

Sources	Amount
Owner Contribution	$164,000
RD 515 Transfer	$133,000
MN DEED	$100,000
GMHF	$150,000
PARIF	$467,012
Total Sources:	**$1,014,012**

Super RFP Funding

Capital Funds	Amount
PARIF	$467,012
GMHF	$150,000
MN DEED	$100,000

Subsidy Funds	Amount

Total Recommended: **$717,012**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
1BR	2	$431	80% AMI
2BR	13	$465	80% AMI
2BR	1	$465	80% AMI
Total:	**16**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Southwest Minnesota Housing Partnership	**Project City:**	Saint Peter
Project Name:	Park Row Crossing	**Dev #:**	D7524
		App #:	M16321

Purpose of Project

The proposed development consists of the new construction of two twenty unit buildings on a redevelopment site located three blocks from the St. Peter central business district. The site was the former location of the St. Peter hospital built through the WPA in the 1930's. The City has demolished the building and cleared the site and has agreed to donate the site to SWMHP. The development will contain a mix of bedroom sizes consisting of 6 one-bedrooms, 26 two-bedroom and 8 three-bedroom units. Underground parking will be utilized since on grade parking is impractical due to the in-fill nature of the site and the residental uses of the surrounding area.

Targeted Population

This is a general occupancy development that willl serve households with incomes at or below 60% AMI with 4 units deemed to serve households experiencing Long Term Homelessness. In addition, the development will target underserved populations including single heads of households with minor children, households of color and disabled individuals.

Per Unit Costs

Acquisition or Refinance: $0;
Construction or Rehabilitation (including Environmental): $145,449;
Soft Costs (excluding Reserves): $27,833
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $3,635;
Total Development Cost: $176,917

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Family	1	
Long Term Homeless Single	3	
New Affordable Housing	40	

Total Capital Funding Sources

Sources	Amount
LMIR 1st Mortgage	$1,070,000
Syndication Proceeds	$5,613,098
SWMHP/NeighborWorks	$393,564
Total Sources:	**$7,076,662**

Super RFP Funding

Capital Funds	Amount
LMIR 1st Mortgage	$1,070,000

Subsidy Funds	Amount

Total Recommended: **$1,070,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
1BR	2	$646	50% AMI
1BR	1	$646	50% AMI
1BR	3	$130	30% AMI
2BR	25	$776	50% AMI
2BR	1	$180	30% AMI
3BR	8	$897	50% AMI
Total:	40		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Southwest Minnesota Housing Partnership	**Project City:**	Morton
Project Name:	Lower Sioux Estates	**Dev #:**	D7605
		App #:	M16293

Purpose of Project

Lower Sioux Estates will be a newly-constructed 8-unit development located on the Lower Sioux Indian Community (LSIC) tribal land. It will provide affordable housing for Lower Sioux Tribal members and their children who wish to live within the community. Currently, no other rental housing exists for families at LSIC and vacancy rates in neighboring Redwood Falls are at historic lows.

Targeted Population

The development will serve members of LSIC and their children. Households headed by single females with 2-5 children are anticipated to occupy most of the units, although some may have two adults.

Per Unit Costs

Acquisition or Refinance: $0;
Construction or Rehabilitation (including Environmental): $146,640;
Soft Costs (excluding Reserves): $19,938;
Non-Mortgageable Costs (excluding Reserves): $0;
Reserves: $0;
Total Development Cost: $166,578.

Strategic Goals

Strategic Goal	New Const. Units	Rehab
New Affordable Housing	8	

Total Capital Funding Sources

Sources	Amount
Lower Sioux NAHASDA	$200,000
EDHC Indian Housing MF	$982,620
GMHF	$150,000
Total Sources:	**$1,332,620**

Super RFP Funding

Capital Funds	Amount
EDHC Indian Housing MF	$982,620
GMHF	$150,000

Subsidy Funds	Amount

Total Recommended: **$1,132,620**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
3BR	4	$650	80% AMI
4BR	4	$752	80% AMI
Total:	**8**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	CommonBond Communities	**Project City:**	Saint Cloud
Project Name:	CommonBond VA Housing St.	**Dev #:**	D7602
		App #:	M16363

Purpose of Project

The proposal is for the new construction of a permanent rental housing project on the U.S. Department of Veterans Affairs ("VA") medical center campus in the City of St. Cloud for veterans who have experienced homelessness. The development will contain one three-story building with 35 units (29 0BR, 4 1BR and 2 2BR). CommonBond plans to secure project-based Veterans Affairs Supportive Housing ("VASH") subsidy vouchers for all of the units. A VASH voucher contains Section 8 Housing Assistance Payment contract rental assistance and supportive services from the VA.

Targeted Population

The targeted population is single, disabled veterans who have experienced homelessness with incomes at or below 60% AMI. The developer will reserve four units for veterans who have experienced long-term homelessness.

Per Unit Costs

The proposed M&O per room amount not including services is $1,693, which is much higher than Minnesota Housing's benchmark for this property type ($1,145). The proposed M&O per room including services is also greater than the adjacent La Loehr Apartments and one other supportive housing comparable property in Minneapolis. If selected, CommonBond will work with Minnesota Housing's management and supportive housing officers to refine the operating and services budgets to ensure property operations and services are adequate and cost effective.
Acquisition or Refinance: $0.
Construction or Rehabilitation (including Environmental): $127,000.
Soft Costs (excluding Reserves): $37,000.
Non-Mortgageable Costs (excluding Reserves): $0.
Reserves: $13,000.
Total Development Cost: $177,000

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Long Term Homeless Single	4	

Total Capital Funding Sources

Sources	Amount
LMIR Bridge Loan	$3,000,000
Syndication Proceeds	$1,728,055
VA Infrastructure Funds	$250,000
Hsg Infrastructure Bonds	$3,920,380
GMHF	$300,000
Total Sources:	**$9,198,435**

Super RFP Funding

Capital Funds	Amount
GMHF	$300,000
Hsg Infrastructure Bonds HTF	$3,920,380
LMIR BL	$3,000,000

Subsidy Funds	Amount

Total Recommended: **$7,220,380**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
0BR/SRO	4	$517	30% AMI
0BR/SRO	25	$517	50% AMI
1BR	4	$569	50% AMI
2BR	2	$682	50% AMI
Total:	**35**		

10/09/2012

RFP Development Summary
Selected Applications: 10/25/2012

Developer Name:	Bachand Estates LLP	**Project City:**	Sauk Rapids
Project Name:	North Meadows	**Dev #:**	D3494
		App #:	M16323

Purpose of Project

The proposed development involves the acquisition and rehabilitation of North Meadows Apartments. North Meadows is an existing 36 unit, 100% Section 8, multi-family development in the City of Sauk Rapids. The development is comprised of two 18-unit buildings, each with 17 2-bedroom apartments and 1 one-bedroom apartments

Targeted Population

The targeted population includes families with children, households of color, single-headed household and disabled individuals all with incomes at or below 60% AMI.

North Meadows is serving Sauk Rapids' lowest income persons. Currently 93% of the households are female headed, 22% are disabled, and 100% of the units are occupied by household with incomes below 35% AMI. 100% of the units are assisted by Section 8 assuring the tenants do not pay more than 30% of the income towards rent.

Per Unit Costs

Acquisition or Refinance - $45,000;
Construction or Rehabilitation (including Environmental and Contingency) - $56,131;
Soft Costs (excluding Reserves) - $32,557;
Non-Mortgageable Costs (excluding Reserves) - $0;
Reserves - $3,625;
Total Development Cost: $137,313

Strategic Goals

Strategic Goal	New Const. Units	Rehab
Preservation		36

Total Capital Funding Sources

Sources	Amount
General Partner Cash	$40,000
LMIR 1st Mortgage	$1,082,855
Syndication Proceeds*	$3,627,828
Operating Income	$25,000
Deferred Fee	$167,560
Total Sources:	**$4,943,243**

Super RFP Funding

Capital Funds	Amount
LMIR 1st Mortgage	$1,082,855

Subsidy Funds	Amount

Total Recommended: **$1,082,855**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction
1BR	2	$608	50% AMI
2BR	24	$694	50% AMI
2BR	10	$694	50% AMI
Total:	**36**		

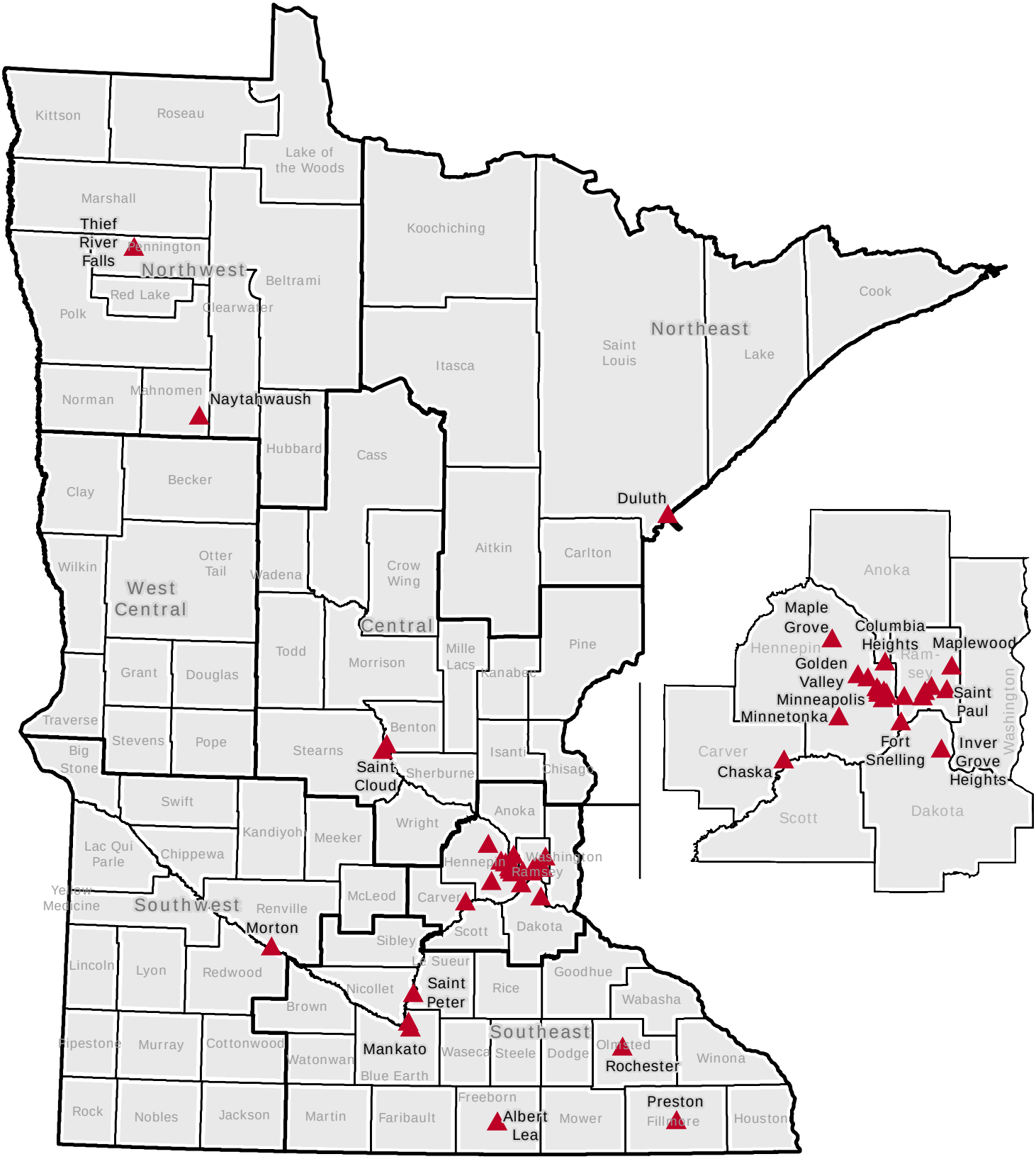
10/09/2012

Minnesota Housing Finance Agency

RFP Multifamily Selections
2012

Recommended Funding Project Locations

▲ 33 Projects | 2,340 units



Average Loan Amount Per Unit by Program

Deferred

Funding Round	# Total Apps Recd	# Deferred Loans Requested	# Deferred Loans Awarded	$ Amount* Awarded	Average Award	# of Affordable Units	Average Per Unit
2008	85	72	40	$ 56,149,221	$ 1,403,731	2047	$ 27,430
2009	83	63	21	$ 24,338,452	$ 1,158,974	3030	$ 8,032
2010	85	68	33	$ 27,526,098	$ 834,124	2489	$ 11,059
2011	56	43	21	$ 8,657,942	$ 412,283	1156	$ 7,490
2012	87	45	25	$ 46,167,928	$ 1,846,717	2004	$ 23,038

EDHC

Funding Round	# Loans awarded	$ Amount Awarded	Average Award	# of Affordable Units	Ave. Per Unit
2008	12	$ 7,663,021	$ 638,585	544	$ 14,086
2009	7	$ 5,952,700	$ 850,386	1,779	$ 3,346
2010	11	$ 12,009,671	$ 1,091,788	1,817	$ 6,610
2011	9	$ 3,610,059	$ 401,118	392	$ 9,209
2012	9	$ 5,429,433	$ 603,270	398	$ 13,642

PARIF

Funding Round	# Loans awarded	$ Amount Awarded	Average Award	# of Affordable Units	Ave. Per Unit
2008	8	$ 6,212,726	$ 776,590	563	$ 11,035
2009	2	$ 4,564,122	$ 2,282,061	1,351	$ 3,378
2010	6	$ 6,812,586	$ 1,135,431	1,578	$ 4,317
2011	4	$ 2,126,894	$ 531,724	282	$ 7,542
2012	4	$ 2,647,262	$ 661,816	660	$ 4,011

HOME HARP

Funding Round	# Loans awarded	$ Amount Awarded	Average Award	# of Affordable Units	Ave. Per Unit
2011	1	$ 3,000,000	$ 3,000,000	112	$ 26,786
2012	5	$ 5,718,033	$ 1,143,607	427	$ 13,391

HTF

Funding Round	# Loans awarded	$ Amount Awarded	Average Award	# of Affordable Units	Ave. Per Unit
2008	16	$ 7,483,911	$ 467,744	420	$ 17,819
2009	4	$ 1,126,992	$ 281,748	24	$ 46,958
2010	1	$ 16,500	$ 16,500	4	$ 4,125
2011	0	$ -	$ -	0	$ -
2012	0	$ -	$ -	0	$ -

ELHIF

Funding Round	# Loans awarded	$ Amount Awarded	Average Award	# of Affordable Units	Ave. Per Unit
2008	11	$ 6,677,592	$ 607,053	341	$ 19,582
2009	1	$ 875,000	$ 875,000	45	$ 19,444
2010	3	$ 3,237,074	$ 1,079,025	153	$ 21,157
2011	0	$ -	$ -	0	$ -
2012	0	$ -	$0	$ -	$ -

FFCC

Funding Round	# Loans awarded	$ Amount Awarded	Average Award	# of Affordable Units	Ave. Per Unit
2012	1	$ 700,000	$ 700,000	55	$ 12,727

Housing Infastructure Bonds

Funding Round	# Loans awarded	$ Amount Awarded	Average Award	# of Affordable Units	Ave. Per Unit
2012	9	$ 27,623,200	$ 3,069,244	590	$ 46,819

2012 Multifamily RFP Predictive Model Cost Rationale

Property Number	Project Number	Development Name	City	Total Units	Type of Construction Activity Types	TDC	TDC Per Unit	RFP Award Amount	RFP Award Amount / Unit	Predictive Model Amount	Amount Per Unit in excess of the Predicted Amount	25% over Predictive Model
D7596	M16355	Midway Pointe	St. Paul	50	New Construction	$7,950,000	$159,000	$250,000	$5,000	124,844	$34,156	$156,055

Rationale for costs over the Predictive Model:
Midway Pointe is part of a mixed–use development with shared underground parking and some common spaces. The proposed TDC per unit is 27% above the predictive model estimate. Contributing to the cost is the city of St. Paul's requirement that the building's envelope match the existing Episcopal Homes campus exterior made of brick, which costs more than traditional vinyl siding. 97% of the TDC is funded by a HUD 202 grant and HUD pre-development grant.

D7601	M16362	Commonbond VA Housing Fort Snelling	Minneapolis	58	Historic Preservation, Conversion	$15,554,788	$268,186	$14,719,692	$253,788	210,121	$58,065	$262,651

Rationale for costs over the Predictive Model:
The proposed TDC per unit is 28% above the predictive model estimate of $210,000/unit. The proposed development budget is conservative in many respects particularly the proposed construction and soft costs. Unique and complex project elements include renovations to historic standards; many, complex funding sources; environmental remediation; VASH vouchers; and securing the land from the VA. Minnesota Housing's architect and underwriter will need to work with the developer to refine the scope of work and development budget to identify any cost savings.

D7593	M16347	South Quarter IV	Minneapolis	120	Rehabilitation, New Construction, Demolition, Acquisition	$34,068,720	$283,906	$1,700,000	$14,167	211,620	$72,286	$264,525

Rationale for costs over the Predictive Model:
The project's TDC is 34% higher than the predictive model estimate. The construction costs exceed the prediction due to the state of the art level of sustainability and high performance mechanical systems and building envelope being proposed. The soft costs include up to $1.5M of holding and other costs that the Agency does not allow. Additionally, design costs are 10% or $1.8M higher than allowed. To mitigate these excessive costs, Aeon has submitted an alternate budget which reflects such costs to be borne by the developer and funded by $3.8M of Private Donations. Net of those costs, the TDC is only 18.5% higher than the Predictive Model estimate.

2012 Multifamily RFP Predictive Model Cost Rationale

Board Agenda Item: 7.A.(1)
Attachment:Exhibit E

Property Number	Project Number	Development Name	City	Total Units	Type of Construction Activity Types	TDC	TDC Per Unit	RFP Award Amount	RFP Award Amount / Unit	Predictive Model Amount	Amount Per Unit in excess of the Predicted Amount	25% over Predictive Model
D7535	M16324	Giwanakimin	Naytahwaush	20	New Construction, Rental Subsidy	$4,908,020	$245,401	$4,240,169	$212,008	156,949	$88,452	$196,186

Rationale for costs over the Predictive Model:
Staff have found that costs on tribal land tend to be higher than the standard model due to a lack of competitive bidding for contractors, TERO charges, and the increased risk to contractors of working without mechanics lien rights. The proposed TDC per unit is 56% higher than the predictive model estimate. Giwanakimin will provide also very large family units at 1,200 square feet for 2-Bedroom units, 1,375 square feet for 3-Bedroom units and 1,600 square feet for 4 Bedroom units. Both the unit mix and unit sizes proposed cause increased costs, but will allow the development to serve the larger families targeted. The development will also include a large community space of approximately 3,600 square feet, which will be used to provide supportive services at the development. Without the community center, the TDC per unit is $222,031 which is 41% above the predictive model estimate. The community center will be funded in part by a short term Agency deferred loan repayable from private fundraising efforts. In addition, since the Agency provided a small deferred loan in 2011, followed by technical assistance with the applicant, proposed costs have been reduced by $41,000/unit.

D7605	M16293	Lower Sioux Estates	Morton	8	New Construction	$1,332,624	$166,578	$1,132,620	$141,578	131,289	$35,289	$164,111

Rationale for costs over the Predictive Model:
The proposed TDC per unit is 27% above the predictive model estimate. Costs are just slightly above the 25% threshold due in part to large unit sizes, particularly durable construction materials and lack of efficiencies because of the small development size.

D3494	M16323	North Meadows	Sauk Rapids	36	Rehabilitation, Acquisition	$4,943,243	$137,312	$1,082,855	$30,079	98,891	$38,421	$123,614

Rationale for costs over the Predictive Model:
The proposed TDC is 39% higher than the predictive model estimate due to the extensive work scope proposed. This substantial rehab will include new windows, air conditioners, all new kitchens and baths, and electrical and mechanical systems. The development budget also includes bridge loan costs, relocation costs, and a small operating reserve.

Non-Selected Applications

Application Date: 6/12/2012 12:00:00 AM

App Status IN

DEV#	Development Name, Location	Applicant		Dollars Requested
Greater MN				
CMIF				
D0005	Ripple River Townhomes (aka Springfield Place), Aitkin	CommonBond Communities		
			Housing Tax Credits	$385,479.00
D1095	Oakwood Apartments, Onamia	INH Property Management Inc		
			Super RFP(Deferred Loans)	$478,776.00
D1122	Kamnic Lane Apartments, Pierz	INH Property Management Inc		
			Super RFP(Deferred Loans)	$463,858.00
D6719	Sprucewood Townhomes, Baxter	Sprucewood Townhomes of Baxter		
			Housing Tax Credits	$599,061.00
D7536	Northside Villas, North Branch	MWF Properties LLC		
			Housing Tax Credits	$697,719.00
D7568	Autumn Heights Townhomes, Monticello	Autumn Heights of Monticello LP		
			Housing Tax Credits	$711,511.00
D7569	Chrysalis House, Sartell	Chrysalis House of St. Cloud LP		
			Housing Tax Credits	$510,850.00
D7579	Karston Cove Townhomes, Albertville	Dominium Inc		
			Housing Tax Credits	$601,449.00
			MHFA First Mortgage	$1,318,000.00
D7588	Overcomers International Fellowship Rehab Project, Saint (	Tri-County Action Program Inc		
			Super RFP(Deferred Loans)	$301,000.00
D7603	The Coves of Otsego, Otsego	The Coves of Otsego Limited Partnership		
			Housing Tax Credits	$801,391.00
NEMIF				
D0077	Irongate Apts & Townhomes, Aurora	The Access Group LLC		
			Super RFP(Deferred Loans)	$500,000.00
D6690	Lakewood Townhomes, Grand Rapids	Lakewood Townhomes of Grand Rapids		
			Housing Tax Credits	$524,852.00
D6695	St. Leos Housing Development, Hibbing	HRA of Hibbing		
			Super RFP(Deferred Loans)	$1,600,000.00
	Center for Changing			
			Super RFP(Deferred Loans)	$3,467,543.00

DEV#	Development Name, Location	Applicant	Dollars Requested	
D7583	Board of Trade Lofts, Duluth	BOT Lofts Developer LLC		
			Housing Tax Credits	$496,256.00
			MHFA First Mortgage	$2,761,547.00
			Super RFP(Deferred Loans)	$1,120,000.00
D7585	Lincoln School Apartments, Duluth	Sherman Associates Development LLC*		
			Housing Tax Credits	$648,076.00
			MHFA First Mortgage	$981,708.00
SEMIF				
D0073	Highland Commons, Arlington	Bachand Estates		
			Housing Tax Credits	$437,221.00
			MHFA First Mortgage	$1,116,774.00
D1416	Sunrise Manor, Sleepy Eye	CommonBond Communities		
			Housing Tax Credits	$369,778.00
D2298	The Corners, Lewiston	Southeastern Minnesota Multi-County		
			MN DEED	$120,000.00
			Super RFP(Deferred Loans)	$412,400.00
D6282	Falcon Heights Townhomes, Rochester	Falcon Heights Townhomes of Rochester		
			Housing Tax Credits	$747,665.00
D7571	Riverside Lofts, Mankato	Silverstone Partners, Inc.		
			Housing Tax Credits	$982,661.00
D7584	Kasson School Apartments, Kasson	Sherman Associates Development LLC*		
			Housing Tax Credits	$396,780.00
			MHFA First Mortgage	$204,348.00
WCMIF				
D5207	Deer Ridge Townhomes, Alexandria	D.W. Jones Inc		
			Housing Tax Credits	$347,352.00
			MHFA First Mortgage	$570,674.00
D7575	Evergreen Meadows Apartments, LP, Moorhead	Summit Housing Group, Inc.		
			Housing Tax Credits	$663,832.00
			Super RFP(Deferred Loans)	$399,500.00

DEV#	Development Name, Location	Applicant	Dollars Requested	
	Total Greater MN		**MHFA First Mortgage**	**$6,953,051.00**
			Housing Tax Credits	**$9,921,933.00**
			Super RFP(Deferred Loans)	**$8,743,077.00**
			Operating Subsidy	**$.00**
			Rent Assistance	**$.00**
			GO Bonds	**$.00**
			MN DEED	**$120,000.00**
	Total Greater MN Developments: 24		**TOTAL**	**$25,738,061.00**

Metro Area

MHIG

D0115	Belle Plaine Apartments, Belle Plaine	Scott County Community Development		
			MHFA First Mortgage	$350,000.00
			Super RFP(Deferred Loans)	$1,200,000.00
D0837	1926 - 3rd Avenue South, Minneapolis	Portico Interfaith Housing Collaborative		
			Super RFP(Deferred Loans)	$1,976,963.00
D0910	Holmes Park Village, Minneapolis	INH Property Management Inc		
			Super RFP(Deferred Loans)	$738,375.00
D0959	Opportunity Housing Project, Minneapolis	AEON		
			Housing Tax Credits	$1,105,409.00
D2165	Parkside Apartments, Cottage Grove	Shelter Holdings, LLC		
			Housing Tax Credits	$731,152.00
			MHFA First Mortgage	$1,950,000.00
D3370	Ebenezer Tower, Minneapolis	Ebenezer Towers on Portland LLC		
			Housing Tax Credits	$1,020,839.00
			Super RFP(Deferred Loans)	$3,467,357.00
D5955	Veterans East, Minneapolis	Community Housing Development		
			Housing Tax Credits	$864,742.00
			Super RFP(Deferred Loans)	$810,000.00
D6344	520 2nd Street SE, Minneapolis	Second Street Holdings, LLC		
			Housing Tax Credits	$512,095.00
			Super RFP(Deferred Loans)	$400,000.00
D6365	Arden Village, Arden Hills	Arden Village Partners, LLC		
			Housing Tax Credits	$856,752.00
D6677	City Walk Apartments, Woodbury	CommonBond Communities		
			Housing Tax Credits	$335,000.00
D6728	Pillsbury Historic Redevelopment, Minneapolis	Minneapolis Leased Housing Development		
			Super RFP(Deferred Loans)	$1,000,000.00

DEV#	Development Name, Location	Applicant		Dollars Requested
D7529	Emerson North Family Housing, Minneapolis	Portico Interfaith Housing Collaborative		
			Housing Tax Credits	$1,000,000.00
			Super RFP(Deferred Loans)	$908,835.00
D7572	The Cameron, Minneapolis	Schafer Richardson, Inc.		
			Super RFP(Deferred Loans)	$417,000.00
D7573	Skyline II, Fridley	Anoka County Community Action Program		
			Housing Tax Credits	$191,700.00
			Super RFP(Deferred Loans)	$250,000.00
D7582	Compass Pointe, New Hope	62nd Avenue Development, LLC		
			Housing Tax Credits	$949,228.00
			MHFA First Mortgage	$3,120,000.00
D7587	Model Cities Redevelopment, Saint Paul	Model Cities of Saint Paul		
			Super RFP(Deferred Loans)	$1,500,000.00
D7589	Hamline Station -- Mixed Use, Saint Paul	Project for Pride in Living Inc		
			Housing Tax Credits	$324,296.00
			MHFA First Mortgage	$2,050,000.00
			Super RFP(Deferred Loans)	$2,700,000.00
D7590	Bass Creek Townhomes, Plymouth	Dominium Inc		
			Housing Tax Credits	$699,880.00
			MHFA First Mortgage	$1,301,000.00
D7591	PPL DECC Recapitalization Project, Minneapolis	Project for Pride in Living Inc		
			Housing Tax Credits	$839,263.00
			Super RFP(Deferred Loans)	$950,000.00
D7595	Prior Crossing, Saint Paul	Portico Interfaith Housing Collaborative		
			Operating Subsidy	$323,210.00
			Super RFP(Deferred Loans)	$7,402,827.00
D7597	The Commons at Penn Avenue, Minneapolis	Building Blocks Non-Profit, Inc.		
			Housing Tax Credits	$330,501.00
			Super RFP(Deferred Loans)	$2,250,000.00
D7599	Hamline Station -- Family Housing, Saint Paul	Project for Pride in Living Inc		
			Housing Tax Credits	$1,040,011.00
			MHFA First Mortgage	$800,000.00

DEV#	Development Name, Location	Applicant	Dollars Requested	
	Total Metro Area		MHFA First Mortgage	$9,571,000.00
			Housing Tax Credits	$10,800,868.00
			Super RFP(Deferred Loans)	$25,971,357.00
			Operating Subsidy	$323,210.00
			Rent Assistance	$.00
			GO Bonds	$.00
			MN DEED	$.00
	Total Metro Area Developments:	22	TOTAL	$46,666,435.00

Total Number of Developments: 46

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MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 12-
RESOLUTION APPROVING SELECTION/AUTHORIZATION
TO CLOSE LOANS

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing, permanent financing, rental assistance and/or operating subsidies for multifamily rental housing developments and/or programs serving persons and families of low and moderate income for the following developments:

Project #	Project Name	Funding Source	$ Awarded
16305	Snelling Apartments, Minneapolis	EDHC	$147,920
16369	West Broadway Curve, Minneapolis	Housing Infrastructure Bonds-EDHC	$2,025,000
16359	Urban Homeworks Rental Reclaim, Minneapolis	Housing Infrastructure Bonds-EDHC	$1,000,000
16371	Seward Square Apartments, Minneapolis	HOME HARP	$750,000
16347	South Quarter IV, Minneapolis	EDHC	$1,500,000
16306	Greenway Heights Family Housing, Minneapolis	EDHC	$760,000
16355	Midway Pointe, Saint Paul	EDHC	$150,000
16361	Roosevelt Homes Public Housing, Saint Paul	EDHC	$540,000
16326	Lewis Park Apartments, Saint Paul	HOME HARP	$1,500,000
16346	Rolling Hills Apartments, Saint Paul	Housing Infrastructure Bonds-HTF	$300,000
16320	Concordia Arms, Maplewood	Housing Infrastructure Bonds-EDHC	$3,914,265
16310	Riverview Ridge, Eagan & Inver Grove Heights	EDHC	$600,000
16362	Commonbond VA Hsg Ft Snelling, Fort Snelling	EDHC Housing Infrastructure Bonds-HTF	$598,893 $5,420,799
16308	Elmbrooke GV Townhomes, Golden Valley & Minnetonka	HOME HARP	$968,033
16338	Parkview Villa, Columbia Heights	HOME HARP	$1,500,000
16324	Giwanakimin, Naytahwaush	EDHC Indian Hsg Housing Infrastructure Bonds-HTF	$150,000 $3,820,013
16330	Northbridge Apartments, Albert Lea	HOME HARP	$1,000,000
16345	Rochester Square Apartments, Rochester	Housing Infrastructure Bonds-EDHC	$4,082,305
16341	Eastport Apartments, Mankato	Housing Infrastructure Bonds-EDHC	$3,140,438
16293	Lower Sioux Estates, Morton	EDHC Indian Hsg	$982,620
16363	Commonbond VA St. Cloud, Saint Cloud	Housing Infrastructure Bonds-HTF	$3,920,380
Total Awarded:			**$38,770,666**

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under Agency's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to enter into loan agreements, and to close said loans from Agency resources and funds for the applications and in the amounts set forth in the attached chart, subject to changes allowable under the multifamily funding modification policy adopted by the Board on December 20, 2001, upon the following conditions:

1. Agency staff shall review and approve the Mortgagor; and

2. The issuance of a mortgage loan commitment for all EDHC and HOME HARP loans in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 20 months from the adoption date of this Resolution; and

3. The issuance of a mortgage loan commitment for all Housing Infrastructure Bonds-EDHC and Housing Infrastructure Bonds-HTF loans in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 12 months from the adoption date of this Resolution; and

4. The sponsor, the builder, the architect, the mortgagor, and such other parties shall execute all documents relating to the loans, to the security therefore, and to the construction and operation of the developments benefitting from the loans, as Agency, in its sole discretion, deems necessary.

Adopted this 25th day of October, 2012.

_____

CHAIRMAN

AGENDA ITEM: 7.A.(2)
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: Low and Moderate Income Rental (LMIR) and Low and Moderate Income Rental Bridge Loan (LMIRBL) Programs

CONTACT: Susan Thompson, 651-296-9838
Susan.thompson@state.mn.us

REQUEST:

☑ Approval ☐ Discussion ☐ Information

TYPE(S):

☐ Administrative ☐ Commitment(s) ☐ Modification/Change ☐ Policy ☑ Selection(s) ☐ Waiver(s)

☐ Other: _____

ACTION:

☑ Motion ☐ Resolution ☐ No Action Required

SUMMARY REQUEST:
Staff has completed reviews of the ten developments referenced below and recommends adoption of a motion selecting the developments for further processing under the Low and Moderate Income Rental (LMIR) and/or Low and Moderate Income Rental Bridge Loan (LMIRBL) Programs.

FISCAL IMPACT:
The Board allocated $110 million in the 2013 Affordable Housing Plan (AHP) in new activity for the LMIR program, including $20 million from the Housing Investment Fund (Pool 2) and $90 million for LMIR and LMIR Bridge Loan activity through tax-exempt bonding. The availability of tax-exempt bonding authority makes it highly desirable to originate as many quality mortgages, single-family and multi-family, as possible, thereby increasing housing supply or strengthening the financial position of existing housing. Each mortgage financed with tax exempt bonding authority is structured to maximize the amount of the interest margin retained by the agency under market circumstances unique to each bond issue. Utilizing bonding authority for LMIR does not reduce the amount of single family mortgage lending that can be done given current conditions in the bond market. Furthermore, under the right market conditions, LMIR loans have the potential to provide more interest margin to the Agency than do single-family loans. Funding for these loans falls within the approved budget and the loans will be made at interest rates and terms consistent with what is described in the AHP.

The LMIR loan(s) will generate approximately $766,000 in fee income (construction oversight and origination fees) as well as ongoing interest income to the Agency.

MEETING AGENCY PRIORITIES:

☐ Promote and support successful homeownership ☑ Preserve federally-subsidized rental housing

☑ Address specific and critical needs in rental housing markets ☑ Prevent and end homelessness

☐ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENT(S):

- Development Summaries (10 total)
    1. Old Home Plaza – D7570
    2. Creeks Run Townhomes – D6715
    3. Bottineau Ridge Apartments – D7580
    4. River Pointe Townhomes – D7594
    5. North Meadows Apartments – D3494
    6. Park Row Crossing – D7524
    7. Concordia Arms – D3352
    8. Rochester Square Apartments – D3446
    9. CommonBond VA Housing Fort Snelling – D7601
    10. CommonBond VA Housing St. Cloud – D7602

DEVELOPMENT SUMMARY

DEVELOPMENT:

Dev#: D7570

Name:	Old Home Plaza		
Address:	370 University Avenue West		App#: M16294
City:	Saint Paul	County: Ramsey	Region: MHIG

MORTGAGOR:

Ownership Entity:	St. Paul Old Home Plaza, LLC
General Partner/Principals:	SCI Associates, LLC, and Aurora Saint Anthony Neighborhood Development Corporation

DEVELOPMENT TEAM:

General Contractor:	Sand Companies Inc, Waite Park
Architect:	Sand Companies Inc, Waite Park
Attorney:	Winthrop & Weinstein, PA, Minneapolis
Management Company:	Sand Property Management, LLC, Waite Park
Service Provider:	CommonBond Communities, St. Paul

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 1,342,982	LMIR First Mortgage	
	Funding Source:	Housing Investment Fund (Pool 2)
	Interest Rate:	4.75%
	MIP Rate:	0.25%
	Term (Years):	30
	Amortization (Years):	30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT*	INCOME AFFORDABILITY*
Eff. - LTH	7	600	$ 100	$ 100**	$ 4,000
Eff.	4	600	$730	$ 735	$ 29,400
1BR	2	800	$ 787	$ 787	$ 31,480
2BR	15	900	$ 945	$ 945	$ 37,800
3BR	29	1,000	$ 1,091	$ 1,091	$ 43,640
TOTAL	57				

NOTES: *LMIR, in conjunction with Housing Tax Credits, encourages rents to be affordable to households at 50% AMI with incomes up to 60% AMI.

** Seven of the units will be set aside for families experiencing long-term homelessness and those rents are set to be affordable to families with incomes at or below the 15% AMI. The developer has

applied for six project based Section 8 vouchers for these units. If successful, the rents will be adjusted upwards (to the payment standard of the Public Housing Agency).

Purpose:
Sand Companies, Inc. (Sand), in partnership with Aurora St. Anthony Neighborhood Development Corporation (ASANDC), is proposing new construction/adaptive reuse/historic renovation and addition to the historical Old Home Dairy Company building located at 370 University Avenue West in Saint Paul, MN. The entire project consists of 43 units of new construction and 14 units of historic renovation. Both the historic and the new construction buildings will have retail space located on the ground level along University Avenue. The site is directly adjacent to a light rail transit platform for easy access. A playground is incorporated on the site and is located in a central courtyard that is above an underground parking structure. This proposal is a phase one of two phases to be developed on the site. Phase two will be a "for sale" two-story townhome development with attached garages to be developed in the future by Model Cities and Aurora St. Anthony Neighborhood Development Corporation.

Target Population:
The population served will be families, elderly, long-term homeless individuals and single head of households with minor children. These households will earn approximately $4,000 - $43,000 per year. The residents may work for area employers including the State of Minnesota, St. Paul Public Schools, Regions Hospital, US Bank, St. Paul Companies, 3M and local retailers such as Target, Cub Foods, Rainbow and many other businesses in the city of St. Paul and the Twin Cities metro area. Seven units will serve long-term homeless individuals.

Project Feasibility:
The development is financially feasible as proposed. Old Home Plaza is being recommended for tax credits. However, it will not receive the full tax credit request since it is limited to the maximum non-profit set-aside. Therefore, there will be a financial gap remaining of approximately $3.25 million. There are several ways that this gap can be closed - application for additional credits in Round 2, increased LMIR funding if the applicant receives the requested project based vouchers through St. Paul PHA allowing for higher rents, or if the price the developer receives for the allocated tax credits is higher than currently proposed.

WNC, the proposed equity investor for the Housing credits, is also proposing to purchase both the Federal and State Historic credits for a total equity of approximately $10.83 million. The site, currently controlled through a Purchase Agreement, is within two miles of numerous schools, libraries, day care centers, grocery stores, retail stores, drug stores, banks, and public services. It provides easy access to major regional roadways (I-94) and the Central Corridor Light Rail along University Avenue. The commercial/retail component is segregated out of the financial structure as the Agency does not allow underwriting of commercial income to support its LMIR loans.

The city supports this development, as evidenced by its willingness to offer flexibility in site development standards, zoning code requirements and fast track permitting. Sand is also seeking project based rental

assistance for six of the seven long-term homeless household units through the Saint Paul Public Housing Agency.

Development Team Capacity:
Sand Companies, acting in the capacity of Developer, Architect, and Contractor, has recently successfully completed similar developments. On previous developments, this identity of interest has actually proven beneficial. This team proved to be capable and competent. Sand Companies has been in real estate development since September 1998 and currently has nine first mortgages in the Agency's portfolio. The company's primary mission is to develop and own a wide variety of real estate investments.

Physical and Technical Review:
Architect and Contractor are Sand Companies, Inc. Overall costs are approaching the higher end of acceptable cost range, but are justified as they include demolition of several existing buildings as well as historic renovation of an existing building's community room, fitness space, offices, conference room, and retail shell. Overall, this appears to be a good project and good use of an existing vacant building located along the new LRT.

The development's TDC of $239,805 is within 25% of the predictive model.

Market Feasibility:
St. Paul is among the top 10 areas for job and household growth. St. Paul average vacancy was 3.3% in the first quarter of 2012 according to the GVA Marquette Advisors First Quarter 2012 Apartment Trend report. The market analysis prepared by Maxfield Research for this development supports additional need for this type of housing. It also concluded that all 57 total units could be completely absorbed into the market within six to eight months of completion contingent upon proper marketing and pre-leasing starting approximately three months before construction completion.

Supportive Housing:
CommonBond Communities (CBC) will provide supportive services on-site to ensure the success of the seven long-term homeless households. The supportive housing services will include best and evidenced-based practices focused on case management, education, bundled financial literacy/employment and chemical/mental health services. Old Home Plaza will be staffed with a Tenant Services Coordinator (SC) to assure that formerly homeless households are not simply housed and left to manage and resolve multiple barriers to stability on their own. CBC has developed over 100 new units of supportive housing and provided services for over 200 individuals who have experienced long-term homelessness in the last three years.

DEVELOPMENT COST SUMMARY (estimated):

	Total		Per Unit
Total Development Cost	$13,668,880		$239,805
Acquisition or Refinance Cost	$1,394,025		$24,457
Gross Construction Cost	$9,162,200		$160,740
Soft Costs (excluding Reserves)	$3,017,680		$52,942
Non-Mortgageable Costs (excluding Reserves)	$19,975		$350
Reserves	$75,000		$1,316
Total LMIR Mortgage (Including 4% DCE)*	$1,342,982		$23,561
First Mortgage Loan-to-Cost Ratio		10%	
Agency Deferred Loan Sources			
Total Agency Sources	$1,342,982		$23,561
Total Loan-to-Cost Ratio		10%	
Other Non-Agency Sources			
Deferred Developer Fee*	$435,000		$7,632
TBRA TOD – Acquisition	$919,025		$16,123
Met Council Corridors of Opportunity*	$100,000		$1,754
Syndication Proceeds*	$6,414,164		$112,529
State Historic Credit Equity*	$582,666		$10,222
Federal Historic Credit Equity*	$582,666		$10,222
St. Paul Brownfield Assessment*	$37,700		$661
Equity Gap Remaining due to partial HTC credit	$3,254,677		$57,100
Total Non-Agency Sources	$12,325,898		$216,243

*Committed funds or funding pending approvals through the joint RFP process

DEVELOPMENT SUMMARY

DEVELOPMENT:

			D6715
Name:	Creeks Run Townhomes		App#: M16332
Address:	SE Quadrant of Yellow Brick Road and Crosstown Boulevard		
City:	Chaska	County: Carver	Region: MHIG

MORTGAGOR:

Ownership Entity:	Creeks Run Limited Partnership, or a to-be-formed single-asset entity
General Partner/Principals:	Creeks Run LLC / David Dye and Marv Kotek

DEVELOPMENT TEAM:

General Contractor:	Frerichs Construction Company, Vadnais Heights
Architect:	Kaas Wilson Architects, Minneapolis
Attorney:	Winthrop & Weinstine, PA, Minneapolis
Management Company:	Premier Housing Management, Vadnais Heights
Service Provider:	Simpson Housing Services, Inc, Minneapolis

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 850,000	LMIR First Mortgage	
	Funding Source:	Housing Investment Fund (Pool 2)
	Interest Rate:	4.75%
	MIP Rate:	0.25%
	Term (Years):	30
	Amortization (Years):	30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT*	INCOME AFFORDABILITY*
2BR - LTH	2	1,313	$ 180	$ 283**	$ 7,200
3BR - LTH	2	1,567	$ 180	$ 327**	$ 7,200
2BR	5	1,313	$ 945	$ 945	$ 37,800
3BR	23	1,567	$ 1,091	$ 1,091	$ 43,640
4BR	8	1,718	$ 1,217	$ 1,217	$ 48,680
TOTAL	40				

NOTES: * Under the LMIR and Housing Tax Credit programs, rents are affordable to households at 50% AMI with incomes up to 60% AMI.

** Four of the units will be set aside for families experiencing long-term homelessness and those rents are set to be affordable to families with incomes at or below the 15% AMI. The developer will seek rental assistance through Group Residential Housing (GRH) or Shelter Plus Care (S+C) programs.

Purpose:
Creeks Run is the proposed new construction of a 40 unit townhome style development in Chaska. Exterior project amenities will include a free-standing clubhouse that will contain management offices, a clubroom and a fitness room. Two playgrounds will be provided as well - one for younger children and one for older children. The project will also include an internal walking path connecting both of the playground areas to the existing city trail to the southeast of the property.

Target Population:
General occupancy units will target underserved populations including single heads of households with minor children and households of color. Four units will serve households experiencing long-term homelessness.

Project Feasibility:
The project appears feasible as proposed. Recommended LMIR loan of $850,000 is conservatively underwritten. Development is also being recommended for Housing Tax Credits that will generate syndication proceeds of approximately $8 million. The developer will defer a portion of its fee at $127,263. Other committed funding outside of the project budget includes $285,000 for the installation of the geo-thermal loop distribution system from the Minnesota Municipal Power Agency's Hometown GeoPower program (MMPA) and $250,000 from the City (through Tax Increment Financing) which will be used to defray acquisition costs.

The development's TDC of $229,092 is within 25% of the Predictive Cost Model.

Development Team Capacity:
Everwood Development was formed in 2010. The principals, Marv Kotek and David Dye, along with Ryan Sailer, the development officer, provide extensive experience and have the capacity for the development and long-term operation of this affordable housing. David Dye and Ryan Sailer have 17 years combined experience overseeing the acquisition and development of real estate with an emphasis in affordable housing. Marv Kotek has over 40 years experience in the construction industry and has overseen the construction of thousands of units.

Premier Housing Management LLC was established in 2010 and currently has 10 developments, with a total of 468 units, as well as office and commercial space. They currently have two developments pending that they will manage in the Twin Cities Area.

Physical and Technical Review:
The new construction project proposes 40 units in nine separate buildings plus a stand-alone community building. The design features two-story townhomes with attached two car garages, large windows, nice loft/bonus space that will serve as family room or play room, good passive site design and building orientation. The site is adjacent to other multi-family and residential neighborhoods, a nice park and

connects to city trail system. Architect firm Kaas Wilson is experienced and Frerichs Construction is very qualified.

Market Feasibility:
The Agency Community Profile indicates that this area has a high priority for affordable rental housing, with a significant gain (82.8%) in number of households from 2000 to 2010. The market study performed by Novogradic and Company indicates a strong need for the development.

Supportive Housing:
Simpson has been a very strong and successful service provider in the metro area for long-term homeless individuals and families. They demonstrate an understanding of the population's needs that they serve and have the ability to find a way to meet those needs. The Agency has no concerns about Simpson's capacity and experience. This project proposes to use Group Residential Housing (GRH) as a possible rental assistance program. Further discussions on the possibility and practices with County and State GRH staff will be needed.

DEVELOPMENT COST SUMMARY (estimated):

	Total		**Per Unit**
Total Development Cost	$9,163,669		$229,092
Acquisition or Refinance Cost	$1,002,000		$25,050
Gross Construction Cost	$5,773,282		$144,332
Soft Costs (excluding Reserves)	$2,167,828		$54,196
Non-Mortgageable Costs (excluding Reserves)	$0		$0
Reserves	$220,559		$5,514
Total LMIR Mortgage (Including 4% DCE)*	$850,000		$21,250
First Mortgage Loan-to-Cost Ratio		9%	
Agency Deferred Loan Sources			
Total Agency Sources	$850,000		$21,250
Total Loan-to-Cost Ratio		9%	
Other Non-Agency Sources			
Def. Developer Fee	$127,263		$3,182
Syndication Proceeds*	$8,186,406		$204,660
Total Non-Agency Sources	$8,313,669		$207,842

*Committed funds or funding pending approvals through the joint RFP process

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DEVELOPMENT SUMMARY

DEVELOPMENT:

D7580

Name: Bottineau Ridge Apartments App#: M16317

Address: Hemlock Lane N & Arbor Lakes Parkway N

City: Maple Grove County: Hennepin Region: MHIG

MORTGAGOR:

Ownership Entity: Bottineau Ridge of Maple Grove Limited Partnership

General Partner/Principals: JVF Bottineau Ridge LLC, whose managing member is Jeff Von Feldt; and DDC Bottineau Ridge LLC, whose managing member is John Duffy

DEVELOPMENT TEAM:

General Contractor: To Be Determined

Architect: DBA Architects, Oakdale

Attorney: Faegre Baker Daniels LLP, Minneapolis

Management Company: Northstar Residential LLC, Minnetonka

Service Provider: The Salvation Army, Twin Cities

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 1,773,696 LMIR First Mortgage

Funding Source: Housing Investment Fund (Pool 2)

Interest Rate: 4.75%

MIP Rate: 0.25%

Term (Years): 30

Amortization (Years): 30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT*	INCOME AFFORDABILITY*
3BR	16	1,300	$ 1,040	$ 1,091	$ 41,600
1BR	5	800	$ 761	$ 787	$ 30,440
2BR	24	1,100	$ 910	$ 945	$ 36,400
1BR	1	800	$ 751	$ 787	$ 30,040
3BR	2	1,300	$ 180**	$ 1,091	$ 7,200
2BR	2	1,100	$ 180**	$ 945	$ 7,200
TOTAL	50				

NOTES: *Under the LMIR and Housing Tax Credit programs, rents are affordable to households at 50% AMI with incomes up to 60%AMI.

**4 units deem to serve long-term homeless households.

Purpose:
This development involves the new construction of a 50 unit three-story elevator building located in the city of Maple Grove. This development will consist of 50 Housing Tax Credit (HTC) units with rents affordable to households at 50% Area Median Income (AMI), four of which will be deemed for households experiencing long-term homelessness. The proposal is a mix of one, two and three bedroom units with underground parking and surface parking for guests. It is an excellent opportunity to meet the City's housing goal of developing housing opportunities close to transit.

Target Population:
The targeted population is families with children, including single head of households with children and individuals and families of color. Four of the units will be restricted to families experiencing long-term homelessness.

Project Feasibility:
The proposal is feasible as proposed and will result in 50 new units of affordable housing near transit, jobs and services. Development financing includes an amortizing LMIR mortgage of $1,773,696, $92,126 in contributions from the city of Maple Grove and $500,000 in Hennepin County HOME funding. This financing will be leveraged with $7,995,512 of tax credit equity. The property is located across the street from the planned Bottineau Transitway light rail station and within 1/2 mile from the Maple Grove Transit park and ride facility, and is near job opportunities, retail and services in an excellent school district. The development cash flows at the proposed rent levels and is consistent with program underwriting guidelines.

Development Team Capacity:
Duffy Development has a long history of bringing development proposals to completion in a timely manner. The developer has utilized Agency first mortgages, deferred loans and tax credits with proven success. The Agency has had positive experience with Northstar Residential, LLC, the property management entity affiliated with Duffy Development.

Physical and Technical Review:
The Architect DBA Architects has the capacity. The contractor is yet to be determined. The applicant is proposing to construct a new 50-unit apartment building with elevator and underground parking on a vacant parcel of land located along Hemlock Boulevard in Maple Grove, MN. The site is currently an undeveloped parcel of land located next to a large senior living apartment facility.

The TDC of $207,232 per unit is within 25% of the Predictive Model of $198,876.

Market Feasibility:
The community profile for Maple Grove indicates a moderate need for additional affordable rental housing in Maple Grove. This proposal is located in an economically integrated location close to low to moderate wage jobs. Maple Grove has seen an increase in households but minor loss of jobs through the economic downturn. The proposed rents are significantly lower than the median area rent of $1,135 and vacancy rates

are low at 3%. The market study supports the need for the proposed development. The housing management officer has indicated that our competing Maple Grove tax credit properties have strong occupancy (98%-100%) and low turnover. The comparable properties currently are at the tax credit limits, while the proposed property is 3.5-5% below.

Supportive Housing:
The Salvation Army Twin Cities will serve four long-term homeless households utilizing a housing first model. Voluntary on-site case management will focus on assessment of need, development of a unique service plan, and facilitating connection with other needed services and resources. Households will be referred through metro shelter and service providers. No housing subsidy is provided but long-term homeless unit rents are set at proposed levels. A variety of services is offered and available on-site and funded solely through Salvation Army. The Salvation Army is an established service and housing provider in the metro area.

DEVELOPMENT COST SUMMARY (estimated):

	Total		**Per Unit**
Total Development Cost	$10,361,597		$207,232
Acquisition or Refinance Cost	$550,000		$11,000
Gross Construction Cost	$6,540,040		$130,801
Soft Costs (excluding Reserves)	$3,110,033		$62,201
Non-Mortgageable Costs (excluding Reserves)	$161,524		$3,230
Reserves			
Total LMIR Mortgage (Including 4% DCE)*	$1,773,696		$35,474
First Mortgage Loan-to-Cost Ratio		17%	
Agency Deferred Loan Sources			
Total Agency Sources	$1,773,696		$35,474
Total Loan-to-Cost Ratio		17%	
Other Non-Agency Sources			
City of Maple Grove	$92,126		$1,842
Syndication Proceeds*	$7,682,578		$153,652
Source to be determined	$312,934		$6,259
Hennepin County HOME	$500,263		$10,005
Total Non-Agency Sources	$8,587,901		$171,758

*Committed funds or funding pending approvals through the joint RFP process

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DEVELOPMENT SUMMARY
DEVELOPMENT:

			D7524
Name:	Park Row Crossing		App#: M16321
Address:	627 West Park Row		
City:	Saint Peter	County: Nicollet	Region: SEMIF

MORTGAGOR:

Ownership Entity:	Park Row Crossing Limited Partnership
General Partner/Principals:	Southwest Building Specialists, Inc., SWMHP Park Row Crossing LLC/Southwest Minnesota Housing Partnership

DEVELOPMENT TEAM:

General Contractor:	To Be Determined
Architect:	Paulsen Architects, Mankato
Attorney:	Faegre Baker Daniels LLP, Minneapolis
Management Company:	Lloyd Management Inc, Mankato
Service Provider:	Horizon Homes Inc., Mankato

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 1,070,000	LMIR First Mortgage	
	Funding Source:	Housing Investment Fund (Pool 2)
	Interest Rate:	4.75%
	MIP Rate:	0.25%
	Term (Years):	30
	Amortization (Years):	30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT*	INCOME AFFORDABILITY
1BR	3	1,257	$ 130**	$ 388	$ 5,200
2BR	1	1,129	$ 180**	$ 465	$ 7,200
1BR	2	694	$ 646	$ 646	$ 25,840
1BR	1	1,257	$ 646	$ 646	$ 25,840
2BR	25	1,129	$ 776	$ 776	$ 31,040
3BR	8	1,444	$ 897	$ 897	$ 35,880
TOTAL	40				

NOTES: *Under the LMIR and Housing Tax Credit programs, rents are affordable to households at 50% AMI with incomes up to 60% AMI.
**Four of the units will be set aside for families experiencing long-term homelessness and those rents are set to be affordable to families with incomes at or below the 15% AMI.

Purpose:
The proposed development consists of the new construction of two buildings, each containing 20 apartment units on a redevelopment site located three blocks from the St. Peter central business district. The site was the former location of the St. Peter hospital built through the Works Progress Administration (WPA) in the 1930's. The City has demolished the building and cleared the site and has agreed to donate the site.

Target Population:
This is a general occupancy development that will serve households with incomes at or below 60% area median income (AMI) with four units deemed to serve households experiencing long term homelessness. In addition, the development will target underserved populations including single heads of households with minor children, households of color and disabled individuals.

Project Feasibility:
This proposal is feasible as recommended. The recommended Agency mortgage of $1,070,000 is comprised of two pieces: $548,000 is supported by the operations of the project and a second piece of $522,000 is supported by Tax Increment Financing (TIF) payments of $35,920 for 26 years. Additional financing is committed from a NeighborWorks loan for $393,564 and recommended tax credits will result in syndication proceeds of $5,613,098.

Development Team Capacity:
The developer is Southwest Minnesota Housing Partnership (SWMHP). Southwest Minnesota Housing Partnership was established in 1992 with a primary mission to develop and manage housing. Their portfolio consists of HOME, tax credit; Section 8, Rural Development and LMIR funded properties. This developer appears to have the necessary capacity to complete the development proposal.

Lloyd Realty & Management was established in 1971 and currently oversees 89 developments with 2,803 units. Their current portfolio consists of tax credits, Section 236 & Section 8, HOME, MARIF, Rural Development, market rate, commercial, and more recently, supportive housing developments. This company has the capacity to manage this additional development.

Physical and Technical Review:
The subject is a new construction project that will consist of two separate two-story townhome buildings with open green space between. Forty total units are proposed: six one-bedroom, 26 two-bedroom and eight three-bedrooms. The exterior design is attractive and the location is good in an established residential neighborhood three blocks away from St. Peter's historic main street and near Gustavus Adolphus College. Underground parking will be utilized due to the in-fill nature of the site and the residential uses of the surrounding area. This project contains many good passive sustainable strategies. The architect firm is qualified and has completed successful projects with the Agency; the construction company will be selected through bidding. The development's total development cost of $176,917 per unit is within 25% of the Agency's Predictive Cost Model.

Market Feasibility:
The market study submitted with the application supports the subject development. The market area currently has very low vacancy rates in all types of rental housing and the area is projected to continue to see moderate growth through 2015. The Agency's community profiles indicate that St. Peter is a top growth community and is high priority for economic integration.

Supportive Housing:
Four households will be targeted to households experiencing long term homelessness. Horizon Homes has experience serving the target population and operates within a housing first/harm reduction model. Horizon Homes' philosophy is to support the recipient's recovery and promote his or her continued growth towards independence and self-sufficiency. To utilize the proposed Adult Rehabilitative Mental Health Services (ARMHS) service funding source, the households must have a mental health diagnosis. Program participants will be visited by Horizon Homes' case managers on a regular basis, averaging four hours per week of supportive services although several identified services are only offered offsite.

DEVELOPMENT COST SUMMARY (estimated):

	Total		**Per Unit**
Total Development Cost	$7,076,662		$176,917
Acquisition or Refinance Cost	$1		$0
Gross Construction Cost	$5,817,973		$145,449
Soft Costs (excluding Reserves)	$1,113,288		$27,832
Non-Mortgageable Costs (excluding Reserves)	$145,400		$3,635
Reserves			
Total LMIR Mortgage (Including 4% DCE)*	$1,070,000		$26,750
First Mortgage Loan-to-Cost Ratio		15%	
Agency Deferred Loan Sources			
Total Agency Sources	$1,070,000		$26,750
Total Loan-to-Cost Ratio		15%	
Other Non-Agency Sources			
SWMHP/NeighborWorks	$393,564		$9,839
Syndication Proceeds*	$5,613,098		$140,327
Total Non-Agency Sources	$6,006,662		$150,167

*Committed funding or pending approval through the joint RFP process.

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DEVELOPMENT SUMMARY

DEVELOPMENT:

D7594

Name:	River Pointe Townhomes		App#: M16351
Address:	Multiple building addresses		
City:	Thief River Falls	County: Pennington	Region: NWMIF

MORTGAGOR:

Ownership Entity:	River Pointe Limited Liability Limited Partnership
General Partner/Principals:	D.W. Jones, Inc./Ronald Duchesneau, Jr.

DEVELOPMENT TEAM:

General Contractor:	To Be Determined
Architect:	Ringdahl Architects PA, Alexandria
Attorney:	Gammello Qualley & Pearson PLLC, Baxter
Management Company:	D.W. Jones Management Inc, Walker
Service Provider:	Inter-County Community Council, Oklee

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 437,125	LMIR First Mortgage	
	Funding Source:	Housing Investment Fund (Pool 2)
	Interest Rate:	4.75%
	MIP Rate:	0.25%
	Term (Years):	30
	Amortization (Years):	30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT*	INCOME AFFORDABILITY*
2BR	8	1,359	$ 675	$ 675	$ 27,000
2BR	1	1,359	$ 641**	$ 675	$ 25,640
2BR	2	1,453	$ 641**	$ 675	$ 25,640
2BR	1	1,453	$ 675	$ 675	$ 27,000
3BR	3	1,637	$ 809**	$ 809	$ 32,360
3BR	8	1,637	$ 780	$ 780	$ 31,200
3BR	1	1,637	$ 936	$ 936	$ 37,440
TOTAL	24				

NOTES: *Under the LMIR and Housing Tax Credit programs, rents are affordable to households at 50% AMI with incomes up to 60%AMI.

**6 units receive the benefit of project based Section 8 rental assistance. Residents pay 30% of household income towards rent. Section 8 rents based on current payment standards.

Purpose:
The development involves the new construction of 24 unit development located in the city of Thief River Falls. The development will consist of 12 two-bedroom and 12 three-bedroom townhome style units with tuck under single car garages and surface parking. Twenty-three of the units (one employee unit) will have rents affordable to households with incomes at or below 50% AMI and six of the units will be deemed to serve long-term homeless families.

Target Population:
The development will target families with children, single head of households with children, families of color, physically disabled and long-term homeless.

Project Feasibility:
The proposal is feasible as proposed and will result in 23 new units of affordable housing units near jobs and services. Development financing includes an amortizing LMIR mortgage of $437,125; $297,000 City Tax Increment Financing (TIF) loan, $300,000 from the Federal Home Loan Bank. This financing will be leveraged with $2,841,544 of tax credit equity. The Northwest Minnesota Multi-County Housing and Redevelopment Authority will provide units of Section 8 rental assistance for the long-term homeless units. The contract will be for 10 years.

Development Team Capacity:
D.W. Jones Inc. was established in 1976 and D.W. Jones Management Inc. was established in 1989. Both entities have significant experience developing, owning and managing this type of housing development. Minnesota Housing's experience with D.W. Jones, Inc. and D.W. Jones Management Inc. has been positive.

Physical and Technical Review:
The Architect, Ringdahl Architects, PA, has the capacity to complete this project. The contractor is yet to be determined. The site and surrounding land uses appear to be conducive to housing. The project consists of nine, two-bedroom single-level dwelling units, three two-bedroom two-story units, and 12 three-bedroom two-story dwelling units. An accessible unit will be provided designed for persons with physical disabilities. Each dwelling unit will have a tuck under attached garage, patio slab, and be equipped with a washer and a dryer. Estimated construction costs including contingency are $131,929 per dwelling unit.

The redevelopment of Greenwood Street which runs east/west along the south side of the site will drastically improve this site's access to the west. Presently Greenwood Street ends at the S.E. corner of this site.

The development's TDC of $163,812 per unit is 4.83% below the Predictive Model amount of $172,121.

Market Feasibility:
The community profiles indicate that this development is located in an area experiencing both household and job growth. The area has a median household income of $46,849, median rent of $582, 4.1% vacancy rate and 54.7% of renters are cost burdened. The area has a 7.7% poverty rate and 5.8% unemployment rate.

Supportive Housing:
Inter-County Community Council (ICCC) will provide program housing requiring the six long-term homeless family households to accept monthly services as a condition of their tenancy. Referrals will come from area service providers. ICCC has experience working with the target population through various service and transitional housing programs and have been the primary service provider for a supportive housing development since early 2011.

DEVELOPMENT COST SUMMARY (estimated):

	Total		Per Unit
Total Development Cost	$3,931,477		$163,812
Acquisition or Refinance Cost	$97,487		$4,062
Gross Construction Cost	$3,166,288		$131,929
Soft Costs (excluding Reserves)	$647,702		$26,988
Non-Mortgageable Costs (excluding Reserves)	$20,000		$833
Reserves			
Total LMIR Mortgage (Including 4% DCE)*	$437,125		$18,214
First Mortgage Loan-to-Cost Ratio		11%	
Agency Deferred Loan Sources			
Total Agency Sources	$437,125		$18,214
Total Loan-to-Cost Ratio		11%	
Other Non-Agency Sources			
Syndication Proceeds*	$2,841,544		$118,398
GAP	$35,808		$1,492
General Partner Cash	$20,000		$833
City TIF Loan	$297,000		$12,375
FHLB	$300,000		$12,500
Total Non-Agency Sources	$3,494,352		$145,598

*Committed funds or funding pending approvals through the joint RFP process

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DEVELOPMENT SUMMARY

DEVELOPMENT:

			D3494
Name:	North Meadows Apartments		App#: M16323
Address:	1207 and 1215 Second Avenue North		
City:	Sauk Rapids	County: Benton	Region: CMIF

MORTGAGOR:

Ownership Entity:	North Meadows SR, LLC
General Partner/Principals:	RM Estates, LLC, whose managing member is Adam Bachand

DEVELOPMENT TEAM:

General Contractor:	Lakehead Constructors, Inc., Superior
Architect:	Master Builder - Architecture LLC, Superior
Attorney:	Hust Law Firm PLLC, Minneapolis
Management Company:	Bachand Estates LLP, Superior
Service Provider:	N/A

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 1,082,855	LMIR First Mortgage	
	Funding Source:	Housing Investment Fund (Pool 2)
	Interest Rate:	4.75%
	MIP Rate:	0.25%
	Term (Years):	30
	Amortization (Years):	30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORDABILITY*
2BR	24	768	$ 694*	$ 780**	$ 27,760
2BR	10	750	$ 694*	$ 780**	$ 27,760
1BR	2	637	$ 608*	$ 650**	$ 24,320
TOTAL	36				

NOTES: *100% of the units receive benefit of project based Section 8 rental assistance. Residents pay 30% of household income towards rent.

**Under the LMIR and Housing Tax Credit programs, rents are affordable to households at 50% AMI with incomes up to 60%AMI.

Purpose:
The proposed development involves the acquisition and rehabilitation of North Meadows Apartments. North Meadows is an existing 36 unit, 100% Section 8, multi-family development in the City of Sauk Rapids. The development is comprised of two, 18-unit buildings, each with 17 two-bedroom apartments and one one-bedroom apartment.

Target Population:
The targeted population includes families with children, households of color, single-head of households and disabled individuals all with incomes at or below 60% of Area Median Income (AMI). Currently 93% of the households are female head of households, 22% are disabled, and 100% of the units are occupied by household with incomes below 35% AMI.

Project Feasibility:
Recommended funding through the RFP includes a $1,082,855 LMIR loan and tax credits. This financing will be leveraged with $3,627,828 of tax credit equity and preserve 36 units of project based Section 8 rental assistance for 20 years (present value of rental assistance is approximately $2,826,429).

Development Team Capacity:
Developer/Management Company, Bachand Estates, LLP was organized in 1995 under the laws of the State of Wisconsin. The organization provides the following services: development, asset management, property management and planning. Their current portfolio located in Wisconsin and the Duluth area consists of 509 subsidized family, elderly, disabled housing, and 208 market rate units.

Physical and Technical Review:
This existing development located in Sauk Rapids (a bedroom community of St. Cloud) consists of two, two-story, walk-up buildings. There are two one-bedroom accessible units and 34 two-bedroom units for a total of 36 units. Generally, the scope of work appears appropriate for a 32 year old building.

The team does not have Minnesota Housing experience; however they appear qualified for the proposed work scope. They appear to be a larger company who “self-performs” most of their own work. Minnesota Housing will require at least two bids for each subcontractor work and all General Contractor self performed work. There may be a cost savings when our bidding processed is followed.

The TDC of $137,312 per unit is 38.85% above the Predictive Model of $98,891. The proposed construction costs per unit of $51,028 is higher than the predicted model construction costs per unit of $19,330, and the proposed soft and non-mortgageable costs per unit of $35,071 is higher than the predicted model soft and non-mortgageable costs per unit of $26,260. The applicant is purposing an extensive work scope which includes new windows, air conditioners, all new kitchen and baths, electrical and mechanical. The soft and non-mortgageable costs include bridge loan costs, relocation, architect fees, and an operating reserve.

Market Feasibility:
The community profile evidence that this development is located in a top household and job growth location, in close proximity to jobs and transit with a high need for affordable workforce housing. The area has a median household income of $56,767, median rent of $634, 0.6% vacancy rate and 53.7% of renters are cost burdened. The area has a 9.7% poverty rate.

DEVELOPMENT COST SUMMARY (estimated):

	Total		Per Unit
Total Development Cost	$4,943,243		$137,312
Acquisition or Refinance Cost	$1,620,000		$45,000
Gross Construction Cost	$2,020,700		$56,130
Soft Costs (excluding Reserves)	$1,172,043		$32,557
Non-Mortgageable Costs (excluding Reserves)	$0		$0
Reserves	$130,500		$3,625
Total LMIR Mortgage (Including 4% DCE)*	$1,082,855		$30,079
First Mortgage Loan-to-Cost Ratio		22%	
Agency Deferred Loan Sources			
Total Agency Sources	$1,082,855		$30,079
Total Loan-to-Cost Ratio		22%	
Other Non-Agency Sources			
Syndication Proceeds*	$3,627,828		$100,773
Operating Income	$25,000		$694
General Partner Cash	$40,000		$1,111
Deferred Fee	$167,560		$4,655
Total Non-Agency Sources	$3,860,388		$107,233

*Committed funds or funding pending approvals through the joint RFP process

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DEVELOPMENT SUMMARY

DEVELOPMENT:

				D3352
Name:	Concordia Arms			App#: M16320
Address:	2030 Lydia Avenue East			
City:	Maplewood	County:	Ramsey	Region: MHIG

MORTGAGOR:

Ownership Entity:	CB Concordia Limited Partnership or a to-be-formed single-asset entity
General Partner/Principals:	CommonBond Communities

DEVELOPMENT TEAM:

General Contractor:	Frerichs Construction Company, Vadnais Heights
Architect:	LHB Inc, Minneapolis
Attorney:	Faegre Baker Daniels LLP, Minneapolis
Management Company:	CommonBond Housing, Saint Paul
Service Provider:	CommonBond Communities, Saint Paul

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 4,000,000	LMIR First Mortgage	
	Funding Source:	Tax Exempt Future Bond Sale
	Interest Rate:	5.00% (Estimated*)
	MIP Rate:	0.25%
	Term (Years):	35
	Amortization (Years):	35
$ 5,900,000	LMIR Bridge Loan	
	Funding Source:	Tax Exempt Future Bond Sale
	Interest Rate:	2.00% (Estimated*)
	Term (Years):	2

* The interest rate on the LMIR and the LMIR Bridge Loan will be based on the market rate at the time of the bond sale.

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT*	AGENCY LIMIT*	INCOME AFFORDABILITY*
1BR	124	560	$ 830	$985	$ 33,200
2BR	1	560	$ 944	$1,122	$ 37,760
TOTAL	125				

NOTES: *The units in the development receive the benefit of a project based Section 8 HAP contract. The Gross Rents noted above reflect the estimated market rents utilized for loan underwriting. The Agency Limit reflects the current HUD approved rents under the Sec. 8 contract. Residents in the Section 8 units pay 30% of household income towards housing. Seven units will be deemed to serve households experiencing long-term homelessness.

Purpose:
Concordia Arms is the acquisition/preservation of an existing 125-unit project-based Section 8, elderly building originally financed under the HUD 202 program. Concordia Arms is a three-story elevator building with surface parking. CommonBond proposes to acquire the development, address the rehabilitation needs, and will agree to maintain the Federal Assistance for at least 30 years.

Target Population:
Concordia Arms serves extremely low income seniors, numerous persons with disabilities and other special needs households with few housing options. The targeted populations will include households of color and disabled households. The new ownership and funding will create improved resident programming and will facilitate the addition of seven units that will serve long-term homeless households.

Project Feasibility:
Deferred funding from Housing Infrastructure Bonds of $3,914,265 is recommended along with an amortizing mortgage and bridge financing. Using conservative rents and other assumptions, the development supports a LMIR amount of $4 million, which, along with a bridge loan, will be funded with Tax Exempt Bonds. Tax credits generated by the tax exempt bonds will generate approximately $3.2 million of syndication proceeds. Ramsey County funds of $200,000 have previously been awarded to this development. Current replacement reserve funds of approximately $300,000 will be reinvested in the rehabilitation as well as cash-flow from operations of $264,100. Other funding will include a seller loan of $3,336,100, deferred developer fee of $223,712 and in conjunction with the RFP; the Met Council is anticipated to award $300,000.

Development Team Capacity:
CommonBond appears to have the necessary qualifications to successfully complete and maintain this development. CommonBond is the Midwest's largest nonprofit provider of affordable housing with

services and has served the region for over 40 years. It has developed and currently owns or manages over 5,000 affordable rental apartments and townhomes throughout 50 cities in Minnesota, Wisconsin and Iowa.

CommonBond Housing appears to have the qualifications and capacity needed to effectively manage the proposed development. CommonBond Housing was established in 1971 and currently manages over 92 developments with a total of 5,122 units. Its portfolio includes Section 8, tax credit, Section 202, public housing, homeless and long-term homeless units.

Physical and Technical Review:
The property has been well-maintained but has challenges related to physical deterioration, particularly unit interiors and mechanical systems. Rehabilitation will address accessibility/ADA improvements, common area HVAC, carpet and lighting plus site drainage and concrete repairs. Unit upgrades will include kitchen and bath updating, appliances, flooring, lighting, and doors.

The developments TDC of $124,007 is within 25% of the Cost Predictive Model.

Market Feasibility:
The Concordia property is located on a major transit corridor, in close proximity to significant amenities, including an adjacent park and major retail. Maplewood is identified as a Minnesota Housing top growth community with a very strong need for affordable housing. The development is located directly across the street from the Maplewood Mall. It has a history of very strong occupancy and is currently 100% occupied with a 5 month waiting list. The market study supports the development.

Supportive Housing:
CommonBond provides supportive services in 64 housing communities across the state. Approximately one-third of program participants are seniors, many of whom have achieved housing stability and other goals. With its expertise with senior populations, CommonBond will serve the seven long-term homeless individuals well. Referrals will come from housing service providers in the metro area including local homeless shelters and aging programs like Senior Linkage Line. Intensive case management will be offered along with both on and off site services for participants. Health and access to health care will be a special focus of these services.

DEVELOPMENT COST SUMMARY (estimated):

	Total		Per Unit
Total Development Cost	$15,500,819		$124,007
Acquisition or Refinance Cost	$7,244,100		$57,953
Gross Construction Cost	$5,013,686		$40,109
Soft Costs (excluding Reserves)	$2,704,826		$21,639
Non-Mortgageable Costs (excluding Reserves)	$538,207		$4,306
Reserves			
Total LMIR Mortgage (Including 4% DCE)*	$4,000,000		$32,000
First Mortgage Loan-to-Cost Ratio		26%	
Agency Deferred Loan Sources			
LMIR Bridge Loan*	$5,900,000		$47,200
Hsg Infrastructure Bonds EDHC*	$3,914,265		$31,314$
Total Agency Sources	$13,814,265		$110,514
Total Loan-to-Cost Ratio		89%	
Other Non-Agency Sources			
Deferred Developer Fee	$223,712		$1,790
Ramsey County Funds	$200,000		$1,600
Seller Loan	$3,336,100		$26,689
Cash Flow from NOI	$264,410		$2,115
Met Council LHIA*	$300,000		$2,400
Syndication Proceeds	$3,262,332		$26,099
Total Non-Agency Sources	$7,586,554		$60,692

*Committed funds or funding pending approvals through the joint RFP process.

DEVELOPMENT SUMMARY
DEVELOPMENT:

			D3446
Name:	Rochester Square Apartments		App#: M16345
Address:	320 31st Street NE		
City:	Rochester	County: Olmsted	Region: SEMIF

MORTGAGOR:

Ownership Entity:	RS Apartments, Limited Partnership
General Partner/Principals:	RS Group, LLC/Joe Weis

DEVELOPMENT TEAM:

General Contractor:	Eagle Building Company, LLC, Minneapolis
Architect:	Kaas-Wilson Architects, Minneapolis
Attorney:	Winthrop & Weinstine, PA, Minneapolis
Management Company:	Paramark Corporation, Rochester
Service Provider:	Zumbro Valley Mental Health Center, Rochester

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 2,715,000	LMIR First Mortgage	
	Funding Source:	Tax Exempt Future Bond Sale
	Interest Rate:	5.00% (Estimated)*
	MIP Rate:	0.25%
	Term (Years):	30
	Amortization (Years):	30
$ 2,300,000	LMIR Bridge Loan	
	Funding Source:	Tax Exempt Future Bond Sale
	Interest Rate:	2.0% (Estimated)*
	Term (Years):	2

* The interest rate on the LMIR Bridge Loan will be based on the market rate at the time of the bond sale.

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT*	AGENCY LIMIT*	INCOME AFFORDABILITY*
0BR/SRO	9	475	$ 368	$ 712	$ 14,720
0BR/SRO	3	475	$ 368	$ 427	$ 14,720
1BR	3	625	$ 545	$ 457	$ 21,800
1BR	37	625	$ 545	$ 763	$ 21,800
2BR	52	825	$ 675	$ 915	$ 27,000
TOTAL	104				

NOTES: * Under the housing tax credit program, rents are affordable to households up to 50% AMI with incomes up to 60% AMI. Six units will be reserved for households who have experienced long-term homelessness. This application assumes the development continues to receive the benefit of project based rental assistance for 95 of the units. Households living in those units pay 30% of their incomes towards housing.

Purpose:
The Rochester Square Apartments application submitted by Joe Weis on behalf of Joseph Development ("Weis") proposes the preservation and rehabilitation of a 104 unit, 91% Project Based Section 8 development in the City of Rochester. The property consists of two three-story walk-up buildings, with a mix of studio, one and two bedroom units. The property also provides landscaped site amenities and surface lot parking. Built in 1979, many of the systems and in-unit amenities are original to the buildings and in many instances well past their useful life. The scope of work defines a major rehabilitation for the project including improvements to the site, building envelope, security, common areas, and dwelling units.

Target Population:
The targeted population is households with incomes at or below 60% of area median income (AMI) including low income families, singles and seniors. The developer will designate six units for individuals who have experienced long-term homelessness.

Project Feasibility:
The current owner and management company have maintained this property for 30 years; however, the building needs to be updated. Completion of the rehabilitation should help ensure the development competes well in the marketplace for the long term. Approval of Agency deferred loan, first mortgage and bridge funding assumes the development continues to receive project based rental assistance vouchers for 95 of the units. The development's HAP contract expires in 2013, and in exchange for the proposed financing, the developer will commit to renew and preserve the assistance for 20 years. This proposal will generate approximately $9.2 million (present value) of federal rental assistance over a 20 year term.

Development Team Capacity:
This developer appears to have the necessary capacity to complete the development proposal. Joseph Development was established by Joe Weis in 1960 to develop and/or own market rental properties and affordable rental properties in Minnesota and the surrounding states. Weis's current portfolio includes developments funded with tax credits, LMIR and Section 8. Joe Weiss also owns Weiss Builders, a

construction firm, which has served as the general contractor for many Minnesota Housing financed developments.

Physical and Technical Review:
The proposed rehabilitation project consists of two separate three-story buildings connected by an enclosed skyway enclosure containing 104 units. Lower level units are partially underground (garden) units. The project does not contain an elevator, and handicap accessibility for common spaces is compromised with only the lower level units accessible.

The site is in a residential neighborhood of both single family and multi-family buildings. Services and transportation are accessible and convenient. Rehabilitation scope of work is thorough and well-conceived. The planned renovations currently meet all Green Communities Criteria. The architect fee of $183,600 for construction cost of $4,627,915 is reasonable. Architect firm Kaas Wilson and contractor Eagle Building Corporation are experienced and qualified. Rehabilitation costs are reasonable compared to similar projects.

The development's total development cost per unit of $94,297 is within 25% of the Predictive Model.

Market Feasibility:
The City of Rochester has the highest job and household growth in Greater Minnesota. There is more than sufficient rental demand in the market area to support the rental units post-rehabilitation. New construction tax credit properties constructed in the past five years rented up to 100% occupancy shortly after completion, and the subject property is currently 100% occupied. All Minnesota Housing financed properties in the Rochester area report very low vacancies. In addition, the Section 8 housing in the area is aging, and the city does not plan to allow the construction of new developments. The market study provided with the application notes a less than 1% average vacancy rate for tax credit units in the area with no rental concessions and extensive waiting lists.

Supportive Housing:
Zumbro Valley Mental Health Center ("ZVMHC") employs a housing first service model and will offer a variety of services on site at Rochester Square Apartments including case management, housing supports, benefit assistance, independent living skills and financial management/budgeting. The organization has experience serving the homeless population within its service area through various services and housing resources. If all residents qualify for Adult Rehabilitative Mental Health Services (ARMHS) and Targeted Case Management (TCM) then service funding is fairly secure. Zumbro Valley Mental Health Center will also receive a small amount of Agency long-term homeless funding for this development

DEVELOPMENT COST SUMMARY (estimated):

	Total	**Per Unit**
Total Development Cost	$9,806,851	$94,297
Acquisition or Refinance Cost	$3,200,000	$30,769
Gross Construction Cost	$4,627,915	$44,499
Soft Costs (excluding Reserves)	$1,657,880	$15,941
Non-Mortgageable Costs (excluding Reserves)	$0	$0

Reserves	$321,056		$3,087
Total LMIR Mortgage (Including 4% DCE)*	$2,715,000		$26,106
First Mortgage Loan-to-Cost Ratio		28%	
Agency Deferred Loan Sources			
Hsg Infrastructure Bonds EDHC*	$4,082,305		$39,253
LMIR Bridge Loan*	$2,300,000		$22,115
Total Agency Sources	$9,097,305		$87,474
Total Loan-to-Cost Ratio		93%	
Other Non-Agency Sources			
Syndication Proceeds	$2,421,468		$23,283
Reserve Equity*	$85,000		$817
GMHF*	$250,000		$2,404
Deferred Developer Fee*	$186,095		$1,789
Gap	$66,983		$644
Total Non-Agency Sources	$3,009,546		$28,938

*Committed funding or pending approval through the joint RFP process.

DEVELOPMENT SUMMARY

DEVELOPMENT:

			D7601
Name:	CommonBond VA Housing Fort Snelling		App#: M16362
Address:	Multiple building addresses		
City:	Minneapolis	County: Hennepin	Region: MHIG

MORTGAGOR:

Ownership Entity:	CBVA Minneapolis Limited Partnership
General Partner/Principals:	CommonBond VA Housing LLC

DEVELOPMENT TEAM:

General Contractor:	Sand Companies Inc, Waite Park
Architect:	Sand Companies Inc, Waite Park
Attorney:	Faegre Baker Daniels LLP, Minneapolis
Management Company:	CommonBond Housing, Saint Paul
Service Provider:	CommonBond Communities, Saint Paul

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 8,500,000	LMIR Bridge Loan	
	Funding Source:	Tax Exempt Future Bond Sale
	Interest Rate:	2.0% (Estimated)*
	Term (Years):	2

* The interest rate on the LMIR Bridge Loan will be based on the market rate at the time of the bond sale.

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT*	AGENCY LIMIT*	INCOME AFFORDABILITY*
0BR/SRO	14	500	$ 671	$ 441	$ 26,840
0BR/SRO	31	500	$ 671	$ 735	$ 26,840
1BR	7	600	$ 831	$ 787	$ 33,240
2BR	2	1,200	$ 1,079	$ 945	$ 43,160
3BR	2	1,200	$ 1,435	$ 654	$ 28,220
3BR	2	1,200	$ 1,435	$ 1,091	$ 57,400
TOTAL	58				

NOTES: * Under the housing tax credit program, rents are affordable to households up to 50% AMI with incomes up to 60% AMI. Seven units will be reserved for households who have experienced long-term homelessness. This application is conditioned on the development receiving Veterans Affairs Supportive Housing ("VASH") vouchers or similar rental assistance and service funding for all of the units. If VASH vouchers are secured, the households will pay

30% of their income towards housing, and the development would receive rents up to the Minneapolis PHA's payment standard.

Purpose:
The CommonBond VA Housing Fort Snelling development is the renovation and conversion of five buildings into permanent rental housing for veterans who have experienced homelessness. The development is located on the U.S. Department of Veterans Affairs ("VA") medical campus at Fort Snelling's upper post within the City of Minneapolis. The development includes a mix of one-, two-, and three-bedroom apartments in five closely situated two-story walk-up buildings. The developer, CommonBond Communities ("CommonBond"), plans to secure project-based VASH subsidy vouchers for all of the units. A VASH voucher contains Section 8 Housing Assistance Payment contract rental assistance and supportive services from the VA.

Target Population:
The targeted population is disabled veterans who have experienced homelessness with incomes at or below 60% of Area Median Income (AMI). The majority of the units are for single individuals, and eight units can serve households with children. The developer will reserve seven units for veterans who have experienced long-term homelessness.

Project Feasibility
Approval of Agency deferred loan and bridge funding is conditioned upon the development receiving VASH vouchers or similar rental assistance and service funding for all of the units. As stated above, CommonBond also plans to secure VASH vouchers from the Minneapolis Public Housing Authority ("PHA") and the Metropolitan Council for 100% of the units. Homeless veterans are a priority population, and the project has a lot of federal and county support. The residents will require additional services beyond those provided by the VA through the VASH vouchers. To this end, excess cash flow from operations and additional service funding will be used to cover service funding expenses.

The development is located within one mile of social service organizations and parks. It is also adjacent to the Fort Snelling Hiawatha light rail station and numerous bus routes. Leveraging the major light rail transit infrastructure investment is one of the strengths of the project.

The proposed financing structure restricts gross rents to below 60% AMI, which is within the recommended deferred funding guideline.

Development Team Capacity:
CommonBond appears to have the necessary qualifications to successfully complete and maintain this development. CommonBond is the Midwest's largest nonprofit provider of affordable housing with services and has served the region for over 40 years. It has developed and currently owns or manages over 5,000 affordable rental apartments and townhomes throughout 50 cities in Minnesota, Wisconsin and Iowa.

CommonBond Housing appears to have the qualifications and capacity needed to effectively manage the proposed development. CommonBond Housing was established in 1971 and currently manages over 92

developments with a total of 5,122 units. Its portfolio includes Section 8, tax credit, Section 202, public housing, homeless and long-term homeless units.

Physical and Technical Review:
The location and proposed use of the historic buildings is a good match to the housing type and environment. Two small new construction links are planned to connect three buildings together.

Sand Companies, the architecture and general contracting firm for the project, has satisfactorily delivered many Minnesota Housing financed developments.

The proposed TDC per unit of $268,000 is 28% above the predictive model estimate of $210,000/unit. The proposed development budget is conservative in many respects, particularly the proposed construction and soft costs. Unique and complex project elements include renovations to historic standards, a variety of complex funding sources, environmental remediation, use of VASH vouchers, and the need to secure land from the VA.

Market Feasibility:
The proposed rents equal the Minneapolis Public Housing Authority payment standard and assume the VASH vouchers are secured. Comparable developments in Minnesota Housing's portfolio offering supportive housing for veterans have less than a 3% average historical vacancy rate and extensive waiting lists. According to the market study provided in the application, a large demand exists for veterans housing. The development is further strengthened by the proposed cooperative agreement between CommonBond, the Minneapolis VA Health System, local vets' offices and Hennepin County Human Services. The development is connected to commercial centers and major employers via the regional high service transit network. Nearby employers include the VA Hospital, Mall of America, the Minneapolis St. Paul International Airport and the University of Minnesota.

Supportive Housing:
CommonBond is the primary service provider through its Advantage Services Division. All referrals will come through the VA case managers who conduct extensive community outreach. CommonBond will provide an array of services on site including case management, tenant engagement activities, life skills, budgeting, education and employment connections, as well as connecting tenants to mental health and chemical health services and primary health care. Many of these services will be provided at the VA Medical Center, which is close to Fort Snelling. CommonBond also provides educational, recreational and other services for children. The property will also have a front desk and planned community activities to engage residents in the community.

DEVELOPMENT COST SUMMARY (estimated):

	Total		Per Unit
Total Development Cost	$15,554,802		$268,186
Acquisition or Refinance Cost			$0
Gross Construction Cost	$11,677,000		$201,328
Soft Costs (excluding Reserves)	$3,018,045		$52,035
Non-Mortgageable Costs (excluding Reserves)	$0		$0
Reserves	$859,757		$14,823
Agency Deferred Loan Sources			
EDHC*	$598,893		$10,326
Hsg Infrastructure Bonds HTF*	$5,420,799		$93,462
LMIR Bridge Loan*	$8,500,000		$146,552
Total Agency Sources	$14,519,692		$250,340
Total Loan-to-Cost Ratio		93%	
Other Non-Agency Sources			
Syndication Proceeds	$3,260,196		$56,210
Historic Credit Proceeds	$5,174,914		$89,223
VA Site Cleanup Funds	$600,000		$10,345
FHF*	$200,000		$3,448
Home Depot Foundation	$300,000		$5,172
Total Non-Agency Sources	$9,535,110		$164,398

*Committed funding or pending approval through the joint RFP process.

DEVELOPMENT SUMMARY
DEVELOPMENT:

			D7602
Name:	CommonBond VA Housing St. Cloud		App#: M16363
Address:	North of 12th Street North and east of 44th Avenue		
City:	Saint Cloud	County: Stearns	Region: CMIF

MORTGAGOR:

Ownership Entity:	CBVA St. Cloud Limited Partnership
General Partner/Principals:	CommonBond VA Housing LLC

DEVELOPMENT TEAM:

General Contractor:	Sand Companies Inc, Waite Park
Architect:	Sand Companies Inc, Waite Park
Attorney:	Faegre Baker Daniels LLP, Minneapolis
Management Company:	CommonBond Housing, Saint Paul
Service Provider:	CommonBond Communities, Saint Paul

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 3,000,000	LMIR Bridge Loan	
	Funding Source:	Tax Exempt Future Bond Sale
	Interest Rate:	2.0% (Estimated)*
	Term (Years):	2

* The interest rate on the LMIR Bridge Loan will be based on the market rate at the time of the bond sale.

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT*	AGENCY LIMIT*	INCOME AFFORDABILITY*
0BR/SRO	25	500	$ 517	$ 607	$ 20,680
0BR/SRO	4	500	$517	$ 364	$14,580
1BR	4	700	$ 569	$ 650	$ 22,760
2BR	2	900	$ 682	$ 780	$ 27,280
TOTAL	35				

NOTES: * Under the housing tax credit program, rents are affordable to households up to 50% AMI with incomes up to 60% AMI. Four units will be reserved for households who have experienced long-term homelessness. This application is conditioned on the development receiving Veterans Affairs Supportive Housing ("VASH") vouchers or similar rental assistance and service funding for all of the units. If VASH vouchers are secured, the households will

pay 30% of their incomes towards housing, and the development would receive rents up to the St. Cloud PHA's payment standard.

Purpose:
The CommonBond VA Housing St. Cloud development is the new construction of permanent rental housing for veterans who have experienced homelessness. The development is located on the U.S. Department of Veterans Affairs ("VA") medical center campus in the City of Saint Cloud. The development consists of one three-story building and includes a mix of studio, one, and two bedroom apartments. The developer, CommonBond Communities ("CommonBond"), plans to secure project-based VASH subsidy vouchers for all of the units. A VASH voucher contains Section 8 Housing Assistance Payment contract rental assistance and supportive services from the VA.

Target Population:
The targeted population is single, disabled veterans who have experienced homelessness with incomes at or below 60% AMI. The developer will reserve four units for veterans who have experienced long-term homelessness.

Project Feasibility:
Approval of Agency deferred loan and bridge funding is conditioned upon the development receiving VASH vouchers or similar rental assistance and service funding for all of the units. Homeless veterans are a priority population, and the project has a lot of federal and county support. The project's success depends on securing VASH vouchers including the case management services from the VA. The residents will require additional services beyond those provided by the VA through the VASH vouchers. To this end, additional service funding will be used to cover service funding expenses.

The proposed financing structure restricts gross rents to below 60% AMI, which is within the recommended deferred funding guideline.

Development Team Capacity:
CommonBond appears to have the necessary qualifications to successfully complete and maintain this development. CommonBond is the Midwest's largest nonprofit provider of affordable housing with services and has served the region for over 40 years. It has developed and currently owns or manages over 5,000 affordable rental apartments and townhomes throughout 50 cities in Minnesota, Wisconsin and Iowa.

CommonBond Housing appears to have the qualifications and capacity needed to effectively manage the proposed development. CommonBond Housing was established in 1971 and currently manages over 92 developments with a total of 5,122 units. Its portfolio includes Section 8, tax credit, Section 202, public housing, homeless and long-term homeless units.

Physical and Technical Review:
The location and preliminary building design match the housing type and environment. Construction costs include above average amount of on-site amenities and common spaces. Sand Companies, the architecture and general contracting firm for the project, has satisfactorily delivered many Minnesota Housing financed developments.

The development's TDC of $177,098 per unit is within 25% of the Predictive Model.

Market Feasibility:
The proposed rents equal the St. Cloud Public Housing Authority payment standard and assume the VASH vouchers are secured. The adjacent Al Loehr Veterans & Community Apartments (61 units) is currently 100% occupied and has had a 4% three-year average historical vacancy rate. Comparable developments in Minnesota Housing's portfolio offering supportive housing for veterans have less than a 3% average historical vacancy rate and extensive waiting lists.

According to St. Cloud's Minnesota Housing Community Profile, employment levels have remained steady from 2011 to March 2012, and the unemployment rate is below the national average. Household population in the City of St. Cloud declined 4% from 2000 to 2010. Meanwhile, Stearns County grew 18% from 2000-2010. The majority of the growth was due to senior households moving to the southeastern portion of the county.

The development is located within one mile of social service organizations, a grocery store, retail stores and many other public amenities. The VA campus has fixed stop public transit service and curb-to-curb transportation throughout St. Cloud.

Supportive Housing:
CommonBond is the primary service provider through its Advantage Services Division. All referrals will come through the VA case managers who conduct extensive community outreach. CommonBond will provide an array of services on site including case management, tenant engagement activities, life skills, budgeting, education and employment connections, as well as connecting tenants to mental health and chemical health services and primary health care. Many of these services will be provided at the VA medical campus, which surrounds the project. CommonBond also provides educational, recreational and other services for children. The property will also have a front desk and planned community activities to engage residents in the community.

DEVELOPMENT COST SUMMARY (estimated):

	Total		Per Unit
Total Development Cost	$6,198,435		$177,098
Acquisition or Refinance Cost			$0
Gross Construction Cost	$4,446,000		$127,029
Soft Costs (excluding Reserves)	$1,300,463		$37,156
Non-Mortgageable Costs (excluding Reserves)	$0		$0
Reserves	$451,972		$12,913
Agency Deferred Loan Sources			
LMIR Bridge Loan*	$3,000,000		$85,714
Hsg Infrastructure Bonds HTF*	$3,920,380		$112,011
Total Agency Sources	$6,920,380		$197,725
Total Loan-to-Cost Ratio		112%	
Other Non-Agency Sources			
Syndication Proceeds	$1,728,055		$49,373
GMHF*	$300,000		$8,571
VA Infrastructure Funds	$250,000		$7,143
Total Non-Agency Sources	$2,278,055		$65,087

*Committed Funding or subject to approvals through the joint RFP process.

AGENDA ITEM: 7.A.(3)
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: City Place Lofts, Minneapolis – D6711

CONTACT: Susan Thompson, 651-296-9838
Susan.thompson@state.mn.us

REQUEST:

☑ Approval ☐ Discussion ☐ Information

TYPE(S):

☐ Administrative ☐ Commitment(s) ☐ Modification/Change ☐ Policy ☑ Selection(s) ☐ Waiver(s)

☐ Other: _____

ACTION:

☑ Motion ☐ Resolution ☐ No Action Required

SUMMARY REQUEST:
Staff has completed a review of the above referenced proposed development and recommends the adoption of a motion selecting the development for further processing under the Low and Moderate Income Rental (LMIR) Program in the amount of $3,166,524 and under the Flexible Financing for Capital Costs (FFCC) Program in the amount of $700,000.

FISCAL IMPACT:
The Board allocated $110 million in the 2013 Affordable Housing Plan (AHP) in new activity for the LMIR program, including $20 million from the Housing Investment Fund (Pool 2) and $4 million in new activity under the FFCC program (funded through the Housing Affordability Fund – Pool 3). Funding for these loans falls within the approved budget and the loans will be made at interest rates and terms consistent with what is described in the AHP. Additionally, the LMIR loan is anticipated to generate $132,395 in fee income (origination fee and construction oversight fee) as well as interest earnings which will help offset Agency operating costs.

MEETING AGENCY PRIORITIES:

☐ Promote and support successful homeownership ☐ Preserve federally-subsidized rental housing

☑ Address specific and critical needs in rental housing markets ☐ Prevent and end homelessness

☐ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENT(S):

- Development Summary

DEVELOPMENT SUMMARY

DEVELOPMENT:

			D6711
Name:	City Place Lofts		App#: M16370
Address:	730 Hennepin Avenue		
City:	Minneapolis	County: Hennepin	Region: MHIG

MORTGAGOR:

Ownership Entity:	City Place Housing LP
General Partner/Principals:	City Place Housing LLC /David Dye and Marv Kotek

DEVELOPMENT TEAM:

General Contractor:	Frerichs Construction Company, Vadnais Heights
Architect:	Kaas Wilson Architects, Minneapolis
Attorney:	Winthrop & Weinstine, PA, Minneapolis
Management Company:	Steven Scott Management Inc, Minneapolis
Service Provider:	N/A

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 3,166,524	LMIR First Mortgage	
	Funding Source:	Housing Investment Fund (Pool 2)
	Interest Rate:	4.75%
	MIP Rate:	0.25%
	Term (Years):	30
	Amortization (Years):	30
$ 700,000	Flexible Financing Cap Cost	
	Funding Source:	Hsg Affordability Fund (Pool 3)
	Interest Rate:	0.00%
	Term (Years):	30

RENT GRID:

UNIT TYPE	**NUMBER**	**UNIT SIZE (SQ. FT.)**	**GROSS RENT**	**AGENCY LIMIT***	**INCOME AFFORDABILITY**
0BR/SRO	12	411	$ 791	$ 882	$ 31,640
1BR	37	600	$ 911	$ 945	$ 36,440
2BR	6	833	$ 1,074	$ 1,134	$ 42,960
TOTAL	55				

NOTES: *Under the LMIR program, the rents will be affordable to households with incomes up to 60% AMI.

Purpose:
City Place Lofts is the acquisition and adaptive reuse of an historic office building located in the Hennepin Avenue Theater District of downtown Minneapolis. When renovated, the eight-story elevator building will provide 55 units of workforce housing on floors three-through-eight and community and amenity space for the residents on floors one and two.

Target Population:
City Place Lofts will serve moderate-income adults with annual household incomes at or below 60% of area median income (AMI). Management will target marketing to adults and communities of color throughout the metro area and will connect with area employment and housing service agencies in and around downtown Minneapolis.

Project Feasibility:
The development appears feasible as proposed and is being recommended for loans under both the LMIR and the FFCC programs. The project has previously been selected for $312,500 of deferred funding from Hennepin County and the Metropolitan Council. Additional proposed financing will include tax-exempt bonds issued by the City of Minneapolis to finance the construction, along with 4% Housing Tax Credits. The Agency's LMIR will be provided as an end loan to repay the bonds. A commitment to purchase the tax credits has been received from RBC Capital Markets and additional equity will be generated from the sale of both Federal and State Historic Tax Credits. The developer anticipates contributing cash of $783,583 as well as deferred developer fee of $600,000.

Development Team Capacity:
Everwood Development was formed in 2010. The principals, Marv Kotek and David Dye, along with Ryan Sailer, the development officer, provide extensive experience and have the capacity for the development and long-term operation of this affordable housing. David Dye and Ryan Sailer have 17 years combined experience overseeing the acquisition and development of real estate with an emphasis in affordable housing. Marv Kotek has over 40 years experience in the construction industry and has overseen the construction of thousands of units.

Physical and Technical Review:
City Place is an eight-story elevator building originally built in the 1924 which served as a bank and office space for most of the 20th century. The renovation proposes to create 55 units of workforce housing on floors three-through-eight with common area amenities on the lower floors. The building features built-in amenities such as very high ceilings on all floors, expansive windows, and original terrazzo floors throughout the building. The Architect Kaas Wilson and Contractor Frerichs Construction Co. have the capacity to complete this project. The development's TDC of $251,192 per unit is within 25% of the Predictive Model.

Market Feasibility:
A Market Study dated December 2010 by Novogradac and Company supports the development as proposed. The Minnesota Housing Community Profile indicates the area has a high need for economic integration and affordable housing. The area experienced 37.44 % growth in households from 2000-1010

and with median rent at $1,021/month, 77.5% of the renters in the area are cost burdened. Vacancy rate was found to be 3.08%.

Supportive Housing:
NA

DEVELOPMENT COST SUMMARY (estimated):

	Total		Per Unit
Total Development Cost	$13,815,555		$251,192
Acquisition or Refinance Cost	$2,335,000		$42,455
Gross Construction Cost	$7,865,001		$143,000
Soft Costs (excluding Reserves)	$3,495,096		$63,547
Non-Mortgageable Costs (excluding Reserves)	$120,458		$2,190
Reserves			
Total LMIR Mortgage (Including 4% DCE)*	$3,166,524		$57,573
First Mortgage Loan-to-Cost Ratio		23%	
Agency Deferred Loan Sources			
Flexible Financing Cap Cost*	$700,000		$12,727
Total Agency Sources	$3,866,524		$70,300
Total Loan-to-Cost Ratio		28%	
Other Non-Agency Sources			
Syndication Proceeds	$4,240,148		$77,094
Federal Historic Tax Credits	$1,974,200		$35,895
State Historic Tax Credits	$2,038,600		$37,065
General Partner Cash	$783,583		$14,247
Def. Developer Fee	$600,000		$10,909
DEED/TBRA Environmental Grant	$312,500		$5,682
Total Non-Agency Sources	$9,949,031		$180,891

*Committed funds or funding pending approvals through the joint RFP process

AGENDA ITEM: 7.A.(4)
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: Minneapolis Portfolio Preservation, Minneapolis – D7586

CONTACT: Terri Parker, 651-297-5141
Terri.parker@state.mn.us

REQUEST:

☑ Approval ☐ Discussion ☐ Information

TYPE(S):

☐ Administrative ☐ Commitment(s) ☐ Modification/Change ☐ Policy ☑ Selection(s) ☐ Waiver(s)

☐ Other: _____

ACTION:

☑ Motion ☐ Resolution ☐ No Action Required

SUMMARY REQUEST:
Staff has completed a review of the above referenced proposed development and recommends the adoption of a motion selecting the development for further processing under the Low and Moderate Income Rental (LMIR) Program in the amount of $8,708,436, the Low and Moderate Income Rental Bridge Loan (LMIR BL) Program in the amount of $20,000,000, and the Preservation Affordable Rental Income Fund (PARIF) Program in the amount of $1,500,000.

FISCAL IMPACT:
The availability of tax-exempt bonding authority makes it highly desirable to originate as many quality mortgages, single family and multifamily, as possible, thereby increasing housing supply or strengthening the financial position of existing housing. Each mortgage financed with tax exempt bonding authority is structured to maximize the amount of the interest margin retained by the Agency under market circumstances unique to each bond issue. Utilizing bonding authority for LMIR does not reduce the amount of single family mortgage lending that can be done given current conditions in the bond market. Furthermore, under the right market conditions, LMIR loans have the potential to provide more interest margin to the Agency than do single family loans. The current Affordable Housing Plan has $90 million budgeted for LMIR and LMIR Bridge Loan activity. The new PARIF loan will be funded from state appropriations and will not have any fiscal impact on the Agency's financial condition. The LMIR loan(s) will generate approximately $445,478 in fee income (construction oversight fee and origination fee) as well as ongoing interest income to the Agency.

MEETING AGENCY PRIORITIES:

☐ Promote and support successful homeownership ☑ Preserve federally-subsidized rental housing

☑ Address specific and critical needs in rental housing markets ☐ Prevent and end homelessness

☐ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENT(S):

- Development Summary

DEVELOPMENT SUMMARY
DEVELOPMENT:

			D7586
Name:	Minneapolis Portfolio Preservation		App#: M16328
Address:	Multiple building addresses		
City:	Minneapolis	County: Hennepin	Region: MHIG

MORTGAGOR:

Ownership Entity:	Minneapolis Preservation Portfolio LP
General Partner/Principals:	Aeon

DEVELOPMENT TEAM:

General Contractor:	Frerichs Construction Company, Vadnais Heights
Architect:	Adsit Architecture, Minneapolis
Attorney:	Faegre Baker Daniels LLP, Minneapolis
Management Company:	Aeon Management LLC, Minneapolis
Service Provider:	Simpson Housing Services, Catholic Charities, St. Stephen's

CURRENT FUNDING REQUEST/ PROGRAM and TERMS

$ 8,708,436 LMIR First Mortgage

Funding Source:	Tax Exempt Future Bond Sale
Interest Rate:	5.00% (Estimated*)
MIP Rate:	0.25%
Term (Years):	40
Amortization (Years):	40

$ 1,500,000 PARIF

Funding Source:	Preservation ARIF
Interest Rate:	0.00%
Term (Years):	40

$ 20,000,000 LMIR Bridge Loan

Funding Source:	Tax Exempt Future Bond Sale
Interest Rate:	2.00% (Estimated*)
Term (Years):	2

* The interest rate on the LMIR and the LMIR Bridge Loan will be based on the market rate at the time of the bond sale.

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORDABILITY*
1BR	78	624	*$ 901	$ 901	$ 36,040
2BR	4	1,002	*$1,122	$1,122	$ 44,880
0BR/SRO	63	350	$ 441	$ 441	$ 18,040

0BR/SRO	16	300	*$ 635	$ 635	$ 25,400
0BR/SRO	10	320	*$ 470	$ 470	$ 18,800
2BR	18	450	$ 634	$ 945	$ 25,360
0BR/SRO	264	350	$ 466	$ 735	$ 18,640
1BR	23	450	$ 718	$ 787	$ 28,720
0BR/SRO	42	330	$ 483	$ 735	$ 19,320
1BR	61	705	$ 742	$ 787	$ 29,680
TOTAL	579				

NOTES: *Ninety-eight units in the development receive benefit of project based Section 8 rental assistance. Residents pay 30% of household income towards housing. Ten units will qualify for GRH. Under the LMIR and Housing Tax Credit programs, rents are affordable to households at 50% AMI with incomes up to 60%AMI.

Purpose:

Aeon will renovate, recapitalize and stabilize ten properties in its existing portfolio in order to ensure the viability of the existing 566 units as decent, quality units for very low income individuals and households for the long-term. Several of these properties are among those developed by Aeon shortly after its inception in 1986. In addition, Aeon proposes to add 13 new units for a total of 579 units. The development will combine nine existing buildings all located in Minneapolis' Elliot Park neighborhood and within 1.5 miles of each other (75 unit Adams, 58 unit Balmoral, 26 unit Barrington, 38 unit Buri Manor, 57 unit Elliot Court, 81 unit Elms, 16 unit Heritage, 69 unit Paige Hall, 67 unit Roselle) with the 79 unit Maryland which is located in the Loring Park neighborhood. Aeon proposes to add one new efficiency unit to Paige Hall and six new one-bedroom units and six new efficiency units to the Maryland. The Barrington has three units with Section 8 assistance, and the Heritage and the Maryland are both 100% Section 8. Not less than ten units will be deemed to serve long term homeless (LTH) households. Aeon proposes that the ten LTH units will be Group Residential Housing (GRH) program qualified. Aeon will utilize its existing partnerships with the three designated GRH Housing First services providers - Catholic Charities, Simpson Housing and St. Stephen's. All three providers will refer clients to be housed. Providers will continue to work with clients throughout their tenancy. Sixteen units will be occupied by Hennepin County clients, who will receive case management for Hennepin County and through their case managers are connected to other services and supports. The unit mix is 395 efficiencies, 162 one-bedroom units and 22 two-bedroom units.

Target Population:

The development will target families with children, individuals/families of color, homeless, near homeless, and long term homeless. Four hundred and eight units will be restricted to households earning 60% Area Median Income (AMI) or less and 171 units restricted to households earning 30% Area Median Income (AMI) or less. The buildings' existing 566 units are occupied by individuals and families with incomes ranging from 0% to 60% of AMI. In 2011, 54% of households had incomes at or below 30% of area median income. Twenty percent of the units are benefited by Section 8.

Project Feasibility:

Recommended funding through the RFP includes $8,708,436 LMIR/tax exempt bonds and a $1,500,000 PARIF deferred loan. It will be necessary that the existing deferred debt (approximate combined balance of $15 million) be assumed and restructured. While Minnesota Housing, Family Housing Fund and the City of Minneapolis have not yet approved the restructure of the loans, all are supportive of the proposal. This

financing and restructuring of the deferred debt will be leveraged with $21 million of tax credit equity. Finally, overall feasibility is dependent upon resolution of a $1.6 million gap. An FHA insured loan may be an option which would generate $1.3 million in additional loan proceeds.

Development Team Capacity:
Aeon is the developer/owner and was established in 1986. Aeon's mission is to create and sustain quality affordable homes that strengthen lives and communities. Aeon has completed 28 developments, many with Agency participation. This developer has the necessary capacity to complete the development proposal and the necessary capacity to own and operate the proposed development.

Aeon Management LLC was established in March 2008 and currently has 34 developments, with a total of 1,979 units, an increase of one development (79 units) from last year. Training and licenses are varied and appropriate for staff; overall management fees average $53 per unit or 5.8%. Their current portfolio consists of several supportive housing developments including those serving long term homeless households.

Physical and Technical Review:
This project consists of a moderate rehab of 566 existing units and renovating an existing commercial space into 13 new units. The original construction dates for the ten buildings range from 1886 to 1986. Four of the buildings are listed or eligible to be listed for historic status. All were renovated to some degree since 1981. Scopes of work vary by building but include: masonry, windows, energy efficiency improvements, kitchen and bathroom renovations, and flooring.

The TDC per unit of $104,038 is 48.06% below the predictive model estimate of $200,310.

Market Feasibility:
The Community Profiles indicate that this development is located in a top growth location, in close proximity to jobs and transit. The location has a high need for community stabilization and maintaining an aging housing stock, while having a moderate need for additional affordable rental housing. The area has a median household income of $27,878, median rent of $617, 3.1% vacancy rate and 61.8% of renters are cost burdened. The area has a 16.7% poverty rate.

Supportive Housing:
All three Service Providers -Simpson Housing Services, Catholic Charities and St. Stephen's - are current Service Providers under the Hennepin County Housing First program and all three have experience working with Aeon in providing services to households, within their properties, who are experiencing long term homelessness. These Service Providers have long-term, committed staff and are well known within the community and amongst those experiencing long term homelessness, as trust-worthy and competent workers. Staff will conduct street outreach, as well as utilize their formal and informal networks, to identify potential resident's and refer them to this housing. Staff has the expertise to provide an array of services, including Adult Rehabilitative Mental Health Services (ARMHS), Targeted Case Management (TCM) and Assertive Community Treatment (ACT) services. Group Residential Housing (GRH) is the proposed funding source for both the rent subsidy and support services.

DEVELOPMENT COST SUMMARY (estimated)

	Total		Per Unit
Total Development Cost	$55,018,089		$95,023
Acquisition or Refinance Cost	$24,163,500		$41,733
Gross Construction Cost	$20,431,688		$35,288
Soft Costs (excluding Reserves)	$8,872,901		$15,325
Non-Mortgageable Costs (excluding Reserves)	$0		$0
Reserves	$1,550,000		$2,677
Total LMIR Mortgage (Including 4% DCE)*	$8,708,436		$15,040
First Mortgage Loan-to-Cost Ratio		16%	
Agency Deferred Loan Sources			
PARIF*	$1,500,000		$2,591
LMIR Bridge Loan*	$20,000,000		$34,542
Total Agency Sources	$30,208,436		$52,173
Total Loan-to-Cost Ratio		55%	
Other Non-Agency Sources			
Hennepin County- AHIF	$500,000		$864
General Partner Cash	$100		$0
Syndication Proceeds	$15,847,480		$27,370
Assumed Loans	$15,077,625		$26,041
Def. Dev. Fee/Aeon loan	$1,679,001		$2,900
Sales Tax Rebate	$545,000		$941
Federal Historic Equity	$2,712,495		$4,685
State Historic Equity	$2,653,528		$4,583
Capital Campaign	$750,000		$1,295
Interim Income/Reserves	$1,281,811		$2,214
Source to be determined	$1,592,846		$2,751
Seller Note/Equity	$2,169,767		$3,747
Total Non-Agency Sources	$44,809,653		$77,391

*Committed Funding or subject to approvals through the joint RFP process.

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AGENDA ITEM: 7.A.(5)
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: CIP Scattered Site 2012 – D7606

CONTACT: Anne Heitlinger, 651-296-9841
Anne.Heitlinger@state.mn.us

REQUEST:

☑ Approval ☐ Discussion ☐ Information

TYPE(S):

☐ Administrative ☑ Commitment(s) ☐ Modification/Change ☐ Policy ☐ Selection(s) ☐ Waiver(s)

☐ Other: _____

ACTION:

☐ Motion ☑ Resolution ☐ No Action Required

SUMMARY REQUEST:
Staff recommends the adoption of a Resolution authorizing the issuance of a PARIF deferred loan commitment in the amount of $200,000 subject to the review and approval of the Mortgagor, and the terms and conditions of the Agency mortgage loan commitment.

FISCAL IMPACT:
The new PARIF loan will be funded from state appropriations and will not have any fiscal impact on the Agency's financial condition.

MEETING AGENCY PRIORITIES:

☐ Promote and support successful homeownership ☑ Preserve federally-subsidized rental housing

☐ Address specific and critical needs in rental housing markets ☑ Prevent and end homelessness

☐ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENT(S):
- Development Summary
- Resolution

Board Agenda Item: 7.A.(5)
Attachment: Summary

DEVELOPMENT SUMMARY
DEVELOPMENT:

		D7606	
Name:	CIP Scattered Site 2012	App#:	M16372
Address:	Multiple addresses		
City:	Crystal, Golden Valley, Hopkins, St. Louis Park	County: Hennepin	Region: MHIG

MORTGAGOR:

Ownership Entity:	Community Involvement Programs, Inc. (CIP)
General Partner/Principals:	CIP

DEVELOPMENT TEAM:

General Contractor:	Sentence to Serve, Hennepin County
Architect:	To be determined
Attorney:	Law Offices of Mary Martin, South Saint Paul
Management Company:	Community Involvement Programs Inc., Minneapolis
Service Provider:	Community Involvement Programs Inc., Minneapolis

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 200,000	PARIF	
	Funding Source:	Preservation ARIF
	Interest Rate:	0.00%
	Term (Years):	30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORDABILITY*
0BR/SRO	16	varies	$ 484	$ 441	$ 19,360
2BR	1	800	$ 924	$ 567	$ 36,960
TOTAL	17				

NOTES: All units will have rental assistance through Hennepin County, Shelter Plus Care, SHP.

Purpose:

The CIP Scattered Site proposal is a moderate rehabilitation of five scattered site properties in Hopkins, St. Louis Park, Golden Valley, and Crystal. The development consists of 15 SRO units in converted duplexes and single family homes, the addition of one SRO unit, and the rehabilitation of a two-bedroom family condominium unit. The units provide permanent supportive housing for residents with serious mental illness. Support services are provided by CIP's Mental Health Services and collaborating agencies, including Hennepin County Human Services and Public Health Department.

Target Population:
This development will serve 16 individuals and one family with a serious mental illness and will target households of color, single head of household with children, and disabled individuals. Four units will serve residents who have experienced long term homelessness.

Project Feasibility:
All other sources are committed to CIP, with an award of $200,000 from Hennepin County and a contribution of $30,000 in general partner cash. CIP has requested $122,592 through the current RFP. Based on a review of the scope of work and a site inspection, staff is recommending an increase to the development budget of $77,408 to fund necessary construction costs and a project architect. Staff is also recommending a corresponding increase to the RFP request amount, for a total RFP request of $200,000. With these additional funds, the project appears to be feasible.

Development Team Capacity:
CIP is a not-for-profit organization established in 1971. CIP has grown to offer a variety of services to individuals with mental illness including Home Health Services, Adult Rehabilitative Mental Health Services, and Independent Living Skills. CIP has owned these properties since 2000, and owns another 30 scattered-site supportive housing developments for a total of 269 units. Hennepin County contracts with CIP for a variety of programs and reports that their performance has been excellent.

Physical and Technical Review:
Improvements vary by building and include: siding, kitchen and bathroom renovations, electrical, windows, porch accessibility, floors, and exterior concrete. As they have in the past, CIP proposes to use Sentence to Serve (STS) labor to keep costs low. The 20 month project completion time frame for construction may be aggressive given the number of Sentence to Serve crews available at a time.

The project has a per unit development cost that is 68% below the predictive model.

Market Feasibility:
The Hennepin County Continuum of Care states that this project fulfills a high priority need in the local heading home plan. In addition, Hennepin County ranked this proposal as highly addressing the County's priorities and housing needs.

Supportive Housing:
CIP will offer services targeted to households with mental illness. Sobriety and mental health diagnosis are program requirements. A variety of services are available through .5 FTE on-site staff.

DEVELOPMENT COST SUMMARY (estimated):

	Total	Per Unit	Per LTH Unit
Total Development Cost	$430,000	$25,294	
Acquisition or Refinance Cost		$0	
Gross Construction Cost	$325,900	$19,171	
Soft Costs (excluding Reserves)	$104,100	$6,124	
Non-Mortgageable Costs (excluding Reserves)		$0	
Reserves			
Agency Deferred Loan Sources			
PARIF	$200,000	$11,765	$50,000
Total Agency Sources	$200,000	$11,765	
Total Loan-to-Cost Ratio	47%		
Other Non-Agency Sources			
Hennepin County AHIF	$200,000	$11,765	
General Partner Cash	$30,000	$1,765	
Total Non-Agency Sources	$230,000	$13,529	

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 12-

RESOLUTION APPROVING MORTGAGE COMMITMENT
PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF) PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide permanent financing for a multiple unit housing development to be occupied by persons and families of low and moderate income, as follows:

Name of Development:	CIP Scattered Site 2012
Owner/Mortgagor:	Community Involvement Programs, Inc.
General Partner:	Community Involvement Programs, Inc.
Location of Development:	Crystal, Golden Valley, Hopkins, Saint Louis Park
Number of Units:	17
General Contractor:	Sentence to Serve, Hennepin County
Architect:	To Be Determined
Amount of Development Cost:	$430,000
Amount of Preservation Loan:	$200,000

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the preservation of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

WHEREAS, Agency staff has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A and the Agency's rules, regulations and policies;

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide a permanent mortgage loan from appropriated funds to said applicant for the indicated development, upon the following terms and conditions:

1. The Initial Closing of such PARIF loan shall be on or before June 30, 2014; and

2. The amount of the PARIF loan shall be $ 200,000, the interest rate on the loan shall be 0%; and the maturity date of the loan shall be 30 years from the date of closing; and

3. The Agency staff shall review and approve the Mortgagor; and

4. The Mortgagor will enter into a covenant running with the land that complies with subd. 8b of Minn. Stat. § 462A.21, and the rider to the appropriation providing funds to the program ((Minnesota Laws, 2011, First Special Session, Chapter 4, article 1, section 4, subdivision 7), agreeing to operate the development as supportive housing; and

5. The Mortgagor shall enter into an Agency Mortgage Loan Commitment with terms and conditions embodying the above in form and substance acceptable to Agency staff; and

6. The sponsor, the mortgagor, and such other parties as Agency staff in its sole discretion deem necessary, shall execute all such documents relating to said loan, to the security therefore, and to the operation of the development, as Agency staff in its sole discretion deem necessary.

RESOLVED, FURTHER, that it is hereby determined to finance the Development permanently with funds from the Preservation Affordable Rental Investment Fund state appropriations.

Adopted this 25th day of October, 2012.

_____

CHAIRMAN

AGENDA ITEM: 7.A.(6)
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: Northbridge Apartments, Albert Lea – D0012

CONTACT: Susan Thompson, 651-296-9838
Susan.thompson@state.mn.us

REQUEST:

☑ Approval ☐ Discussion ☐ Information

TYPE(S):

☐ Administrative ☑ Commitment(s) ☐ Modification/Change ☐ Policy ☐ Selection(s) ☐ Waiver(s)

☐ Other: _____

ACTION:

☐ Motion ☑ Resolution ☐ No Action Required

SUMMARY REQUEST:
Staff recommends the adoption of a Resolution authorizing the issuance of a PARIF deferred loan commitment in the amount of $480,250, subject to the review and approval of the Mortgagor, and the terms and conditions of the Agency mortgage loan commitment.

FISCAL IMPACT:
The new PARIF loan will be funded from state appropriations and will not have any fiscal impact on the Agency's financial condition.

MEETING AGENCY PRIORITIES:

☐ Promote and support successful homeownership ☑ Preserve federally-subsidized rental housing

☐ Address specific and critical needs in rental housing markets ☐ Prevent and end homelessness

☐ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENT(S):
- Development Summary
- Resolution

Board Agenda Item: 7.A.(6)
Attachment: Development Summary

DEVELOPMENT SUMMARY:

DEVELOPMENT Dev # D0012

Name:	Northbridge Apartments		App#: M16330
Address:	802, 804 and 806 Troy Road		
City:	Albert Lea	County: Freeborn	Region: SEMIF

MORTGAGOR:

Ownership Entity:	Three Rivers Community Action Inc. or a to-be-formed single-asset entity
General Partner/Principals:	Three Rivers Community Action Inc.

DEVELOPMENT TEAM:

General Contractor:	To Be Determined
Architect:	Blumentals Architecture Inc, Minneapolis
Attorney:	Lindquist & Vennum PLLP, Minneapolis
Management Company:	Life Style Inc, Owatonna
Service Provider:	N/A

CURRENT FUNDING REQUEST/PROGRAM and TERMS:

$ 480,250	PARIF	
	Funding Source:	Preservation ARIF
	Interest Rate:	0.00%
	Term (Years):	30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT*	INCOME AFFORDABILITY
2BR	43	700 (est)	$ 540	$ 540	$ 21,600
3BR	5	800 (est)	$ 577	$ 577	$ 23,080
TOTAL	48				

NOTES: **Twenty-seven units in the development receive the benefit of project based rental as assistance from USDA Rural Development ("RD"). Residents pay 30% of household income towards housing. As part of the assumption/restructure of the existing RD loan, the development will seek to expand the rental assistance to cover all of the units. The rents noted above and the amounts listed under "Agency Limit" are based on RD approved rents.*

Purpose:

Northbridge Apartments, located in Albert Lea, is the preservation/rehabilitation of 48 units in three walk-up, two-story buildings. The buildings were originally financed through the USDA Rural Development's (RD) 515 mortgage program, which also provides rental assistance to 27 units. In an effort to prevent the

loss of these affordable units and preserve the federal rental assistance subsidy, Three Rivers has signed a purchase agreement for the property.

Target Population:
The development will target underserved populations including households of color, single heads of household with minor children and disabled households. The current average household income of tenants is $16,006 per year. While there is a wide range of incomes, 24 households currently have incomes at or below 30% of Area Median Income (AMI) and all but five households earn less than $30,000 per year. Of the 79 current residents in the 48 apartments, 17 are children, and 14 are disabled.

Project Feasibility:
The development is feasible as proposed. The current RD mortgage will be transferred to the new owner and restructured at 1% interest with a 50-year term and amortization. In addition to the assumed RD mortgage, the development is proposing a subordinate Greater Minnesota Housing Fund (GMHF) Preservation Revolving Loan Fund (PRLF) loan of $150,000 for 30 years at 2%. In addition to the Agency's recommended PARIF loan of $480,250, the Agency has also selected the development for a $1,000,000 HOME HARP deferred loan as well as a $200,000 GMHF deferred loan. This proposal will preserve approximately $2.4 million of federal assistance over a 30 year term (present value of both rental assistance and below-market interest rate savings).

Development Team Capacity:
Three Rivers Community Action, Inc. (Three Rivers) was established in 1966 with a primary mission of creating affordable housing throughout the twenty counties of Southeast and South Central Minnesota. They are a recently re-certified Community Housing Development Organization (CHDO) and appear to have the necessary capacity to complete the development proposal.

LifeStyle, Inc. was established in 1963 and currently manages 127 developments, with a total of 2,482 units. Their current portfolio consists mainly of Rural Development financed properties, but they also manage market rate, HUD insured, Section 8 and Tax Credit developments. LifeStyle does not own any of the properties that they oversee; all are fee-managed. They have managed the subject property since its inception and have the capacity to continue in that role under the new ownership.

Physical and Technical Review:
The site is in a good location in Albert Lea near a high school and residential neighborhood. The project is very well-maintained and consists of 43 two-bedroom and five three-bedroom units. The work scope includes handicap accessible improvements, re-grading, updated play area and selective updates based on individual unit needs. The limited scope of rehabilitation proposed is appropriate for this well-maintained property. Architect firm Blumentals Architecture is qualified and the fee is reasonable. A construction company will be determined by bidding.

Market Feasibility:
This project is located in an area designated by Minnesota Housing as high need for maintaining an aging housing stock, community stabilization, and growing workforce.

Supportive Housing:
NA

DEVELOPMENT COST SUMMARY (estimated):

	Total		Per Unit
Total Development Cost	$3,155,491		$65,739
Acquisition or Refinance Cost	$2,000,000		$41,667
Gross Construction Cost	$570,991		$11,896
Soft Costs (excluding Reserves)	$409,500		$8,531
Non-Mortgageable Costs (excluding Reserves)	$175,000		$3,646
Reserves			
Agency Deferred Loan Sources			
PARIF*	$480,250		$10,005
Total Agency Sources	$480,250		$10,005
Total Loan-to-Cost Ratio		15%	
Other Non-Agency Sources			
HOME HARP*	$1,000,000		$20,833
GMHF revolving (PRLF)	$150,000		$3,125
Assumption RD 1st Mortgage	$1,325,241		$27,609
GMHF*	$200,000		$4,167
Total Non-Agency Sources	$2,675,241		$55,734

*Committed funding or pending approval through the joint RFP process.

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 12-

RESOLUTION APPROVING MORTGAGE COMMITMENT
PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF) PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide permanent financing for a multiple unit housing development to be occupied by persons and families of low and moderate income, as follows:

Name of Development:	Northbridge Apartments
Owner/Mortgagor:	Three Rivers Community Action Inc. or a to-be-formed single-asset entity
General Partner:	Three Rivers Community Action, Inc.
Location of Development:	Albert Lea
Number of Units:	48
General Contractor:	To be determined
Architect:	Blumentals Architecture Inc, Minneapolis
Amount of Development Cost:	$3,155,491
Amount of Preservation Loan:	$480,250

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the preservation of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

WHEREAS, Agency staff has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A and the Agency's rules, regulations and policies;

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide a permanent mortgage loan from appropriated funds to said applicant for the indicated development, upon the following terms and conditions:

1. The Initial Closing of such Preservation Affordable Rental Investment Fund (PARIF) loan shall be on or before June 30, 2014; and

2. The amount of the PARIF loan shall be $480,250; the interest rate on the loan shall be 0% and the maturity date of the loan shall be 30 years from the date of closing; and

3. The Agency shall review and approve the Mortgagor; and

4. The Mortgagor will enter into a covenant running with the land that complies with of Minn. Stat. § 462A.21, subd. 8b and the rider to the appropriation providing funds to the program (2011 Minnesota Laws, First Special Session, Chapter 4, article 1, section 4, subdivision 7), agreeing to enter into a covenant running with the land (i) prohibiting prepayment of the Rural Development loan, (ii) requiring Owner to renew the Rural Development rental assistance for the term of the PARIF loan, (iii) agreeing to accept renewals of such assistance for so long as it is made available to the development, and (iv) providing the right of first refusal to a non-profit or local unit of government should the Owner receive a viable purchase offer during the term of the loan; and

5. The Mortgagor shall enter into an Agency Mortgage Loan Commitment with terms and conditions embodying the above in form and substance acceptable to Agency staff; and

6. The sponsor, the mortgagor, and such other parties as Agency staff in their sole discretion deem necessary, shall execute all such documents relating to said loan, to the security therefore, and to the operation of the development, as Agency staff in their sole discretion deem necessary.

RESOLVED, FURTHER, that it is hereby determined to finance the development with funds from the PARIF state appropriations.

Adopted this 25th day of October, 2012.

_____

CHAIRMAN

AGENDA ITEM: 7.A.(7)
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: Vesterheim Manor, Preston – D7578

CONTACT: Susan Thompson, 651-296-9838
Susan.thompson@state.mn.us

REQUEST:

☑ Approval ☐ Discussion ☐ Information

TYPE(S):

☐ Administrative ☑ Commitment(s) ☐ Modification/Change ☐ Policy ☐ Selection(s) ☐ Waiver(s)

☐ Other: _____

ACTION:

☐ Motion ☑ Resolution ☐ No Action Required

SUMMARY REQUEST:
Staff recommends the adoption of a Resolution authorizing the issuance of a PARIF deferred loan commitment in the amount of $467,012, subject to the review and approval of the Mortgagor, and the terms and conditions of the Agency mortgage loan commitment.

FISCAL IMPACT:
The new PARIF loan will be funded from state appropriations and will not have any fiscal impact on the Agency's financial condition.

MEETING AGENCY PRIORITIES:

☐ Promote and support successful homeownership ☑ Preserve federally-subsidized rental housing

☐ Address specific and critical needs in rental housing markets ☐ Prevent and end homelessness

☐ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENT(S):

- Development Summary
- Resolution

DEVELOPMENT SUMMARY
DEVELOPMENT:

				D7578
Name:	Vesterheim Manor			App#: M16314
Address:	609 Kansas Street, Northwest			
City:	Preston	County:	Fillmore	Region: SEMIF

MORTGAGOR:

Ownership Entity:	HRA of Bluff Country, or a to-be-formed single-asset entity
General Partner/Principals:	Three Rivers Community Action Inc

DEVELOPMENT TEAM:

General Contractor:	To Be Determined
Architect:	Blumentals Architecture Inc, Minneapolis
Attorney:	Lindquist & Vennum PLLP, Minneapolis
Management Company:	Life Style Inc, Owatonna
Service Provider:	N/A

CURRENT FUNDING REQUEST/ PROGRAM and TERMS

$ 467,012	PARIF	
	Funding Source:	Preservation ARIF
	Interest Rate:	0.00%
	Term (Years):	30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT*	INCOME AFFORDABILITY*
1BR	2	0	$ 431	$ 431	$ 17,240
2BR	14	0	$ 465	$ 465	$ 18,600
TOTAL	16				

NOTES: **Thirteen units in the development receive the benefit of project based rental assistance from USDA Rural Development ("RD"). Residents pay 30% of household income towards housing. The rents noted above and the amounts listed under "Agency Limit" are based on RD approved rents.*

Purpose:
The proposal is an acquisition/rehabilitation and preservation of an existing USDA Rural Development (Rural Development) assisted development. The development consists of two eight-unit buildings (two one-bedroom and 14 two-bedrooms). Thirteen of the two-bedroom units also have the benefit of Rural Development rental assistance, ensuring that tenants do not pay more than 30% of their income towards rent. Of the original seven partners, five are deceased. The remaining partners, along with the family members, who inherited their interest in the property, desire to transfer ownership of this project to another entity. The Vesterheim Partnership has recently initiated the Rural Development pre-payment process, and is fielding several bona fide offers to acquire this property. Bluff County HRA proposes to acquire the property and request a transfer of the Rural Development mortgage, thereby preserving the federal assistance that might otherwise be lost if the property were sold to another interested buyer.

Target Population:
The project's current tenants are seniors, disabled adults and single parents with young children. The development will target underserved populations including single head of households with minor children and disabled individuals.

Project Feasibility:
The development appears feasible as proposed. Recommended funding through the RFP includes an Agency PARIF loan of $467,012, Greater Minnesota Housing Fund (GMHF) $150,000 deferred loan and $100,000 from the Department of Employment and Economic Development (DEED). The current Rural Development mortgage will be transferred to the new owner and restructured at 1% interest for a 50 year term and amortization, and the developer will contribute $164,000. This proposal will preserve approximately $900,000 of federal assistance over a 30 year term (present value of both rental assistance and below-market interest rate savings).

Development Team Capacity:
The proposed developer is Semcac, Inc. and the proposed owner is Bluff County HRA. Semcac is a non-profit Community Action Center formed in 1966, currently with 235 employees and 19 board members. They have been involved in the development of ten multifamily properties with 194 units and three single family developments, most of which are funded in part by Minnesota Housing, Rural Development and/or Greater Minnesota Housing Fund. Bluff County HRA has a contractual agreement with Semcac to provide administrative, management and other services including packaging, processing, closing and servicing of loans.

LifeStyle, Inc. was established in 1963 and currently manages 127 developments, with a total of 2,482 units. Their current portfolio consists mainly of Rural Development financed properties, but they also manage market rate, HUD insured, Section 8 and Tax Credit developments. Life Style does not own any of the properties that they oversee, all are fee managed. They appear to have the capacity to manage the subject property.

Physical and Technical Review:
The property was originally built in 1979 with two buildings of eight units each. These two-story buildings each have seven two- bedroom, one-handicap accessible one-bedroom unit, and a community laundry room. The buildings are typical Rural Development affordable housing designs and function appropriately. The buildings have been very well maintained over the years. Rehabilitation work scope is reasonable and includes siding, roofing, roof-ventilation, windows, doors, gutters, downspouts, attic insulation, interior unit improvements and accessibility updates. Architect firm Blumentals Architecture is experienced. Construction Company is not yet determined.

Market Feasibility:
Preston is the county seat of Fillmore County. The Agency's Community Profiles indicates the area has a moderate need for affordable housing and a high need for maintaining an aging housing stock. The median rent is $475 and 37.72% of renters are cost burdened. The average housing age is 62 years and there is a vacancy rate of 0.52% indicating a very strong need for this affordable housing to be maintained.

Supportive Housing:
NA

DEVELOPMENT COST SUMMARY (estimated):

	Total		Per Unit
Total Development Cost	$1,014,012		$63,376
Acquisition or Refinance Cost	$347,000		$21,688
Gross Construction Cost	$447,946		$27,997
Soft Costs (excluding Reserves)	$219,066		$13,692
Non-Mortgageable Costs (excluding Reserves)			$0
Reserves			$0
Agency Deferred Loan Sources			
PARIF*	$467,012		$29,188
Total Agency Sources	$467,012		$29,188
Total Loan-to-Cost Ratio		46%	
Other Non-Agency Sources			
Owner Contribution	$164,000		$10,250
MN DEED*	$100,000		$6,250
GMHF*	$150,000		$9,375
Assumption RD 515 Mortgage	$133,000		$8,313
Total Non-Agency Sources	$547,000		$34,188

*Committed funding or pending approval through the joint RFP process.

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 12-

RESOLUTION APPROVING MORTGAGE COMMITMENT
PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF) PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide permanent financing for a multiple unit housing development to be occupied by persons and families of low and moderate income, as follows:

Name of Development:	Vesterheim Apartments
Owner/Mortgagor:	HRA of Bluff Country, or a to-be-formed single-asset entity
General Partner:	HRA of Bluff Country
Location of Development:	Preston
Number of Units:	16
General Contractor:	To be determined
Architect:	Blumentals Architecture Inc, Minneapolis
Amount of Development Cost:	$1,014,012
Amount of Preservation Loan:	$467,012

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the preservation of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

WHEREAS, Agency staff has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A and the Agency's rules, regulations and policies;

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide a permanent mortgage loan from appropriated funds to said applicant for the indicated development, upon the following terms and conditions:

1. The Initial Closing of such Preservation Affordable Rental Investment Fund (PARIF) loan shall be on or before June 30, 2014; and

2. The amount of the PARIF loan shall be $467,012; the interest rate on the loan shall be 0 percent; and the maturity date of the loan shall be 30 years from the date of closing; and

3. The Agency shall review and approve the Mortgagor; and

4. The Mortgagor will enter into a covenant running with the land that complies with Minn. Stat. § 462A.21, subd. 8b and the rider to the appropriation providing funds to the program (2011 Minnesota Laws, First Special Session, Chapter 4, article 1, section 4, subdivision 7), agreeing to enter into a covenant running with the land (i) prohibiting prepayment of the Rural Development loan, (ii) requiring Owner to renew the Rural Development rental assistance for the term of the PARIF loan, (iii) agreeing to accept renewals of such assistance for so long as it is made available to the development, and (iv)providing the right of first refusal to a non-profit or local unit of government should the Owner receive a viable purchase offer during the term of the loan; and

5. The Mortgagor shall enter into an Agency Mortgage Loan Commitment with terms and conditions embodying the above in form and substance acceptable to Agency staff; and

6. The sponsor, the mortgagor, and such other parties as Agency staff in their sole discretion deem necessary, shall execute all such documents relating to said loan, to the security therefore, and to the operation of the development, as Agency staff in their sole discretion deem necessary.

RESOLVED, FURTHER, that it is hereby determined to finance the development with funds from the PARIF state appropriations.

Adopted this 25th day of October, 2012.

_____

CHAIRMAN

AGENDA ITEM: 7.A.(8)
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: Housing Tax Credit Program, 2013 Round 1 Selections

CONTACT: Kayla Schuchman, 651-296-3705
kayla.schuchman@state.mn.us

REQUEST:

☑ Approval ☐ Discussion ☐ Information

TYPE(S):

☐ Administrative ☐ Commitment(s) ☐ Modification/Change ☐ Policy ☑ Selection(s) ☑ Waiver(s)

☐ Other: _____

ACTION:

☐ Motion ☑ Resolution ☐ No Action Required

SUMMARY REQUEST:
Adoption of the attached Resolution authorizing the selection and reservation of tax credits for Housing Tax Credit Year 2013 Round 1, for the developments indicated in the Resolution.

Approval of a request for waiver pursuant to Article 8.0 of the Qualified Allocation Plan (QAP) and Chapter 3.E of the 2013 HTC Procedural Manual to allow the allocation of tax credits in an amount greater than $1,000,000 for the Hillside Apartments development.

FISCAL IMPACT:
Housing Tax Credits are a federal resource and therefore do not adversely impact the Agency's financial condition.

MEETING AGENCY PRIORITIES:

☐ Promote and support successful homeownership ☑ Preserve federally-subsidized rental housing

☑ Address specific and critical needs in rental housing markets ☑ Prevent and end homelessness

☑ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENT(S):
Background
Exhibit A: HTC Round 1 Selections Summary
Exhibit B: Map of 2013 Housing Tax Credit Round 1 Selections
Resolution

MEETING AGENCY PRIORITIES:

Preserve federally-subsidized rental housing
Three proposals containing 78 units meet the Agency priority of preserving "at risk" federally-subsidized rental housing.

Address specific and critical needs in rental housing markets
Nine proposals will create 365 units of new affordable housing opportunities, and two proposals will preserve 37 units of existing affordable housing.

Prevent and end homelessness
Nine proposals will allocate a minimum of four long-term homeless units for a total of 55 long-term homeless units.

Prevent foreclosures and support community recovery
Three proposals containing 120 units will restore vacant or foreclosed properties to the affordable housing stock or will support community recovery in foreclosure-impacted communities.

BACKGROUND:
On March 22, 2012, the Board approved the 2013 Housing Tax Credit (HTC) Qualified Allocation Plan (QAP), Procedural Manual and Timetables for Applications. For the 2013 HTC program, Round 1 is the primary tax credit selection/allocation round. Most of the 2013 credits will be forward selected in this round. Any remaining credits following the conclusion of 2013 Round 1 will be made available for 2013 Round 2.

For 2013, $11,758,694 in tax credits are available statewide. Minnesota Housing (Agency) administers $7,960,330 of the credits through the various set-aside pools including $704,101 from Joint Powers Suballocator credits.

2013 SUBALLOCATOR PARTICIPATION AND ALLOCATIONS:
Through authority provided by Minnesota Statutes Sections 462A.222 and 462A.223, Duluth, Rochester, St. Cloud, Washington County, Minneapolis, St. Paul and Dakota County administer housing tax credit allocations as suballocators for program year 2013.

Suballocators may elect to enter into a one-year Joint Powers Agreement with the Agency. Through this agreement, the participating suballocators apportion their tax credits back to the Agency. The Agency makes selections according to the selections processes established by the 2013 QAP and awards credits to Joint Powers developments if they are competitive for credits and credits are available. The Agency performs certain allocation and compliance functions on behalf of the Joint Powers suballocator. Duluth, St. Cloud and Rochester have entered into Joint Powers agreements with the Agency for the 2013 tax credit program year.

The city of Minneapolis, city of St. Paul, Dakota County and Washington County administer their tax credits locally as suballocators and do not participate through Joint Powers agreements. Exhibit A provides a summary of recommendations of tax credits awarded by suballocators, subject to city and county board approval.

SELECTIONS:
The Agency received 45 applications totaling approximately $30.5 million for Agency administered 2013 Round 1 competitive tax credits (June 12, 2012 application deadline). Agency staff has completed reviews of the applications summarized on Exhibit A. Thirteen proposals are recommended for selection at this time totaling $7,663,272.

HTC 2013 Round 2 will occur on January 29, 2013 and provide for the allocation of any credit authority remaining or returned since Round 1. Additionally, Round 2 will establish a waiting list for any credits adjusted for per capita increases and residual credits that may be returned by completed or withdrawn developments. At the conclusion of 2013 Round 1, the Agency will have a remaining tax credit balance of approximately $297,000.

WAIVER OF DEVELOPMENT CREDIT ALLOCATION LIMITS:
Article 8.0 of the 2013 QAP states that no developer or general partner may receive tax credits in excess of 10 percent of the state's per capita volume in any calendar year and no individual development may receive credits in excess of $1,000,000. This limitation is subject to review and waiver by the Agency Board. Chapter 3.E. of the 2013 HTC Procedural Manual also states that at the sole discretion of the Agency, these limits may be waived for projects that involve community revitalization, historic preservation, preservation of existing federally assisted housing, housing with rents affordable to households at or below 30 percent of median income or in response to significant proposed expansions in area employment or natural disaster recovery efforts.

Staff is recommending waiver to the $1,000,000 per development cap to allow for an aggregate amount of $1,006,151 for the following development submitted by One Roof Community Housing and Center City Housing Corporation. The amount of the waiver request is $6,151.

Hillside Apartments
This 50 unit development requesting $1,006,151 in tax credits is part of the City of Duluth's Consolidated Plan for Housing and Community Development that provides for community revitalization. The development also includes 22 units serving long term homeless households. In addition, 44 of the units will have the benefit of project-based Section 8 assistance, and through this rents will be affordable to households at or below 30 percent of area median income. A waiver of the $1,000,000 per development cap will allow the applicant to maximize the amount of equity available to fund development costs and allow the remaining gap to be fundraised through local and philanthropic sources.

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D#	Project Number	HTC Project Number	Minimum Set Aside	New Const (NC) Acq/Rehab (A/R)	Project Name	Project City	Project Set Aside	Total Units	HTC Units	$ Requested	$ Awarded	Rent Restriction 30%	Rent Restriction 50%	Rent Restriction 60%	Rent Restriction PBA	Agency Goals New Affordable	Agency Goals Preservation	Agency Goals LTH	Agency Goals Foreclosure	Funding MHFA Deferred	Funding LMIR 1st Mtg Mortgage	Funding Funding Partner	Funding Federal	Total Project Cost	Total Cost Per Unit
Minnesota Housing Selected Applications																									
Metro Non-profit																									
D7570	M16294	13010	40/60	NC	Old Home Plaza	Saint Paul	MNP	57	56	$1,102,861	$729,038	7	50	0	0	57	0	7	0		x		x	$13,668,880	$239,805
								57	**56**	**$1,102,861**	**$729,038**	**7**	**50**	**0**	**0**	**57**	**0**	**7**	**0**	**0**	**1**	**0**	**1**	**$13,668,880**	
Metro For-profit																									
D7574	M16303	13012	40/60	NC	The Seasons Townhomes	Ramsey	MFP	50	49	$999,990	$999,990	15	35	0	0	50	0	0	0					$9,788,100	$195,762
D6715	M16332	13004	40/60	NC	Creeks Run Townhomes	Chaska	MFP	40	40	$1,000,000	$899,785	4	36	0	0	40	0	4	40		x			$9,163,669	$229,092
D7580	M16317	13025	40/60	NC	Bottineau Ridge Apartments	Maple Grove	MFP	50	50	$898,462	$863,212	0	50	0	0	50	0	4	0		x		x	$10,361,597	$207,232
								140	**139**	**$2,898,452**	**$2,762,987**	**19**	**121**	**0**	**0**	**140**	**0**	**8**	**40**	**0**	**2**	**0**	**1**	**$29,313,366**	
Greater MN Non-profit																									
D6723	M16334	13022	40/60	NC	Hillside Apartments	Duluth	GMNP	50	44	$1,006,151	$1,006,151	50	0	0	44	50	0	22	0			x		$11,215,359	$224,307
D7524	M16321	13023	40/60	NC	Park Row Crossing	Saint Peter	GMNP	40	39	$652,686	$652,686	4	36	0	0	40	0	4	0		x			$7,076,662	$176,917
D7592	M16343	13037	40/60	NC	Prairiewood Townhomes	Faribault	GMNP	30	29	$636,773	$636,773	0	30	0	0	30	0	4	30					$6,193,330	$206,444
								120	**112**	**$2,295,610**	**$2,295,610**	**54**	**66**	**0**	**44**	**120**	**0**	**30**	**30**	**0**	**1**	**1**	**0**	**$24,485,351**	
Greater Mn For-profit																									
D6688	M16312	13041	40/60	NC	Heritage Townhomes	Cambridge	GMFP	24	24	$360,050	$360,050	8	16	0	24	24	0	4	0				x	$4,252,636	$177,193
D3494	M16323	13002	40/60	A/R	North Meadows	Sauk Rapids	GMFP	36	36	$403,092	$403,092	0	36	0	36	0	36	0	0		x			$4,943,243	$137,312
D6721	M16304	13045	40/60	A/R	White Earth Homes V	Mahomen	GMFP	35	35	$583,653	$583,653	11	24	0	35	0	35	0	0				x	$6,343,896	$181,254
D7594	M16351	13015	40/60	NC	River Pointe Townhomes	Thief River Falls	GMFP	24	23	$341,776	$341,776	0	23	1	0	24	0	6	0		x			$3,931,477	$163,812
								119	**118**	**$1,688,571**	**$1,688,571**	**19**	**99**	**1**	**95**	**48**	**71**	**10**	**0**	**0**	**2**	**0**	**2**	**$19,471,252**	
Rural Development/Small Proj																									
D0160	M16350	13028	40/60	A/R	Pineview Manor	Blackduck	RD	20	19	$88,324	$88,324	0	0	20	19	0	20	0	0				x	$1,456,660	$72,833
D0602	M16365	13044	40/60	A/R	Woodland Manor	Grand Rapids	RD	24	23	$98,742	$98,742	16	8	0	16	0	24	0	0				x	$1,798,139	$74,922
								44	**42**	**$187,066**	**$187,066**	**16**	**8**	**20**	**35**	**0**	**44**	**0**	**0**	**0**	**0**	**0**	**2**	**$3,254,799**	
Minnesota Housing Selected Applications Totals						**Applications**	**13**	**480**	**467**	**$8,172,560**	**$7,663,272**	**115**	**344**	**21**	**174**	**365**	**115**	**55**	**70**	**0**	**6**	**1**	**6**	**$90,193,648**	**$175,914**
Percentage of Total Units								***100%***	***97%***			***24%***	***72%***	***4%***	***36%***	***76%***	***24%***	***11%***	***15%***	***0%***	***46%***	***8%***	***46%***		
Suballocator Selected Applications*																									
Dakota County																									
D7576	M16310	13S301	40/60	NC	Inver Hills and Riverview Ridge	Eagan/Inver Grove Hts		51	51	$950,083	$950,083														
								51	**51**	**$950,083**	**$950,083**														
Minneapolis																									
D7593	M16347	12004	40/60	NC/A	Franklin Portland South Quarter Ph IV	Minneapolis	MFP	120	67	$1,330,000	$1,330,000														
D0837	M16357	13S502	40/60	A/R	The Lonoke	Minneapolis	MFP	19	19	$163,690	$7,203														
								139	**86**	**$1,493,690**	**$1,337,203**														
Saint Paul																									
D6685	M16346	13S601	20/50	A/R	Rolling Hills Apartments	Saint Paul	MFP	108	108	$1,088,536	$996,669														
								108	**108**	**$1,088,536**	**$996,669**														
Washington County																									
D6677	M16111	13034	40/60	NC	City Walk Apartments	Woodbury	MFP	45	45	$814,870	$335,000														
D2165	M16316	13003	40/60	A/R	The Groves	Cottage Grove	MFP	67	67	$731,152	$179,409														
								112	**112**	**$1,546,022**	**$514,409**														
Suballocator Selected Totals						**Applications**	**6**	**410**	**357**	**$5,078,331**	**$3,798,364**														
Selection Grand Totals						**Applications**	**19**	**890**	**824**	**$13,250,891**	**$11,461,636**														
Tax Exempt Bond Applications*																									
D3352	M16320	13024	40/60	A/R	Concordia Arms	Maplewood	TE	125	125	$379,341	$379,341														
D6179	M16338	12T014	40/60	A/R	Parkview Villa	Columbia Heights	TE	146	141	$369,121	$369,121														
D7586	M16328	12T006	40/60	A/R	Minneapolis Portfolio Preservation	Minneapolis	TE	579	579	$1,582,380	$1,582,380														
D7601	M16362	13007	40/60	A/R	Commonbond VA Hsg Fort Snelling	Minneapolis	TE	58	58	$362,280	$362,280														
D3446	M16345	13031	40/60	A/R	Rochester Square Apartments	Rochester	TE	104	104	$269,052	$269,052														
D0727	M16341	13008	40/60	A/R	Eastport Apartments	Mankato	TE	78	78	$237,804	$237,804														
D7602	M16363	12T009	40/60	NC	Commonbond VA Hsg St. Cloud	Saint Cloud	TE	35	35	$183,854	$183,854														
Tax Exempt Bond Application Totals						**Applications**	**7**	**1125**	**1120**	**$3,383,832**	**$3,383,832**														

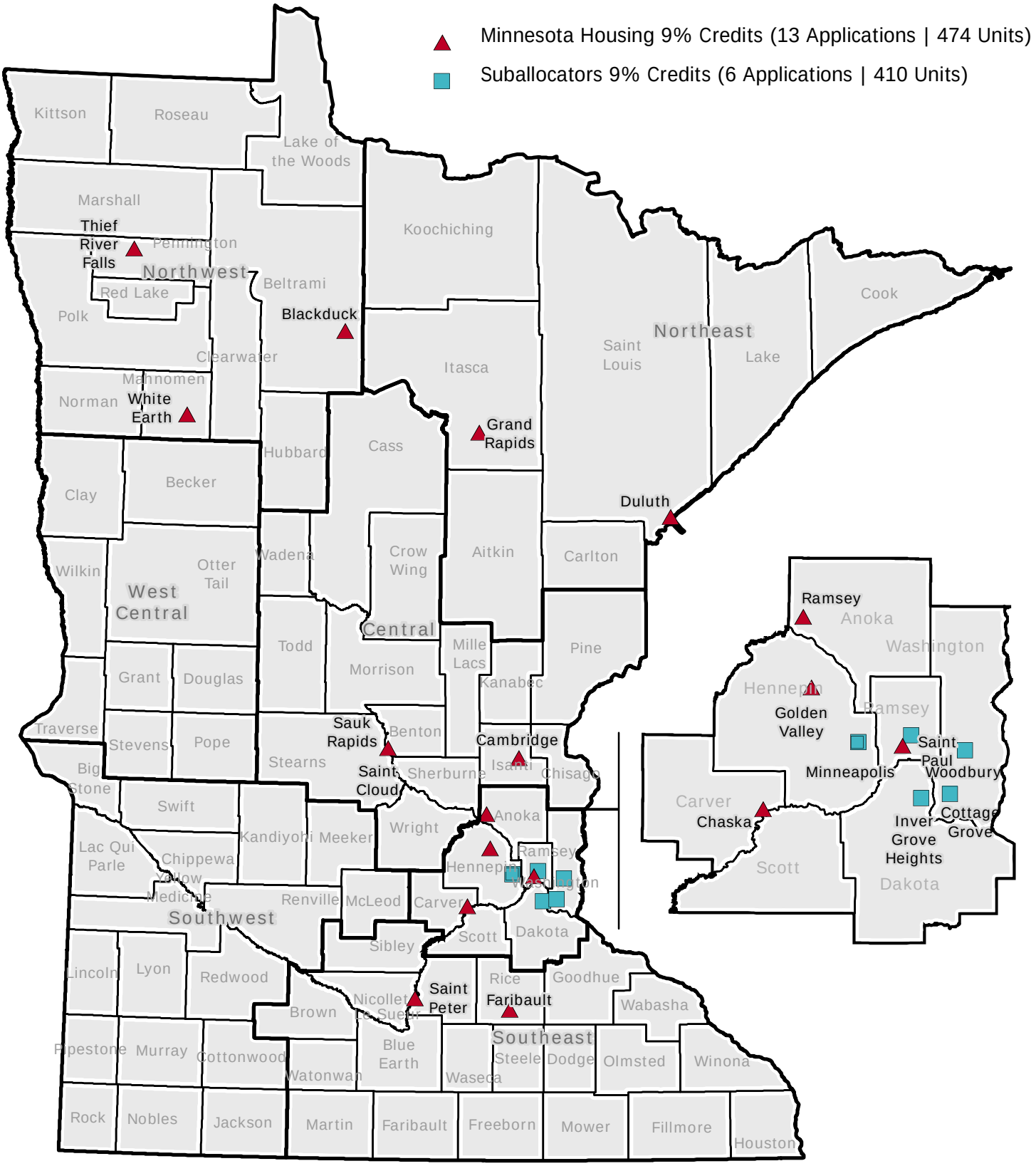
* Subject to city or county board approvals

Agenda Item: 7.A.(8)
Exhibit A: HTC 2013 Round 1 Selections Summary

D#	Project Number	HTC Project Number	Minimum Set Aside	New Const (NC) Acq/Rehab (A/R)	Project Name	Project City	Project Set Aside	Total Units	HTC Units	$ Requested	$ Awarded	Rent Restriction				Agency Goals				Funding				Total Project Cost	Total Cost Per Unit
												30%	50%	60%	PBA	New Affordable	Preservation	LTH	Foreclosure	MHFA Deferred	LMIR 1st Mtg Mortgage	Funding Partner	Federal		
Minnesota Housing Non Select Applications																									
Metro Non-profit																									
D3352	M16320	13024	40/60	A/R	Concordia Arms	Maplewood	MNP	125		$860,000	$0														
D0959	M16336	13018	40/60	A/R	Opportunity Housing	Minneapolis	MNP	119		$1,105,409	$0														
D7599	M16360	13009	20/50	NC	Hamline Station-Family Housing	Saint Paul	MNP	51		$1,040,011	$0														
D6677	M16111	13034	40/60	NC	City Walk Apartments	Woodbury	MNP	45		$335,000	$0														
D7529	M16136	13017	40/60	NC	Emerson North Family Housing	Minneapolis	MNP	41		$1,000,000	$0														
D3370	M16311	13032	40/60	A/R	Ebenezer Tower Apartments	Minneapolis	MNP	190		$1,020,839	$0														
D7591	M16342	13029	20/50	A/R	PPL DECC Recapitalization Project	Minneapolis	MNP	51		$839,263	$0														
D2165	M16316	13003	40/60	A/R	The Groves	Cottage Grove	MNP	67		$731,152	$0														
D5955	M16364	13033	40/60	NC	Veterans East	Minneapolis	MNP	70		$864,742	$0														
Metro For-profit																									
D7601	M16362	13007	40/60	A/R	Commonbond VA Hsg Fort Snelling	Minneapolis	MFP	58		$1,000,000	$0														
D7582	M16319	13014	40/60	NC	Compass Pointe	New Hope	MFP	68		$949,228	$0														
D6365	M16286	13043	40/60	NC	Arden Village	Arden Hills	MFP	55		$856,752	$0														
D7590	M16340	13042	40/60	NC	Bass Creek Townhomes	Plymouth	MFP	33		$699,880	$0														
D7573	M16295	13001	40/60	NC	Skyline II (Hyde Park)	Fridley	MFP	12		$191,700	$0														
Greater MN Non-profit																									
D3446	M16345	13031	40/60	A/R	Rochester Square Apartments	Rochester	GMNP	104		$754,079	$0														
D0727	M16341	13008	40/60	A/R	Eastport Apartments	Mankato	GMNP	78		$629,235	$0														
D6690	M16292	13035	40/60	NC	Lakewood Townhomes	Grand Rapids	GMNP	30		$524,852	$0														
D7569	M16288	13016	40/60	NC	Chrysalis House	Sartell	GMNP	30		$510,850	$0														
D6719	M16298	13030	40/60	NC	Sprucewood Townhomes	Baxter	GMNP	34		$599,061	$0														
D0005	M16344	13020	40/60	A/R	Ripple River Townhomes	Aitkin	GMNP	32		$385,479	$0														
D1416	M16348	13036	40/60	A/R	Sunrise Manor	Sleepy Eye	GMNP	32		$369,778	$0														
Greater Mn For-profit																									
D5207	M16352	13019	40/60	NC	Deer Ridge Townhomes	Alexandria	GMFP	24		$347,352	$0														
D7603	M16302	13005	40/60	NC	The Coves of Otsego	Otsego	GMFP	35		$801,391	$0														
D7536	M16349	13026	40/60	NC	Northside Villas	North Branch	GMFP	40		$697,719	$0														
D7568	M16287	13011	40/60	NC	Autumn Heights Townhomes	Monticello	GMFP	35		$711,511	$0														
D6282	M16289	13021	40/60	NC	Falcon Heights Townhomes	Rochester	GMFP	40		$747,665	$0														
D7571	M16294	13040	40/60	NC	Riverside Lofts	Mankato	GMFP	60		$982,661	$0														
D7585	M16327	13013	40/60	A/R	Lincoln School Apartments	Duluth	GMFP	50		$648,076	$0														
D7579	M16315	13038	20/50	NC	Karston Cove Townhomes	Albertville	GMFP	29		$601,449	$0														
D0073	M16333	13027	40/60	A/R	Highland Commons	Arlington	GMFP	41		$437,221	$0														
D7575	M16307	13039	40/60	NC	Evergreen Meadows Apartments	Moorhead	GMFP	48		$663,832	$0														
D7584	M16325	13006	40/60	A/R	Kasson School Apartments	Kasson	GMFP	29		$396,780	$0														
Rural Development/Small Proj																									
n/a																									
Non Select Applications Totals						**Applications**	**3**	**32**	**1756**	**$22,302,967**	**$0**														
Total MN Housing Requests						**Applications**	**4**	**45**	**2236**	**$30,475,527**	**$7,663,272**														

* Subject to city or county board approvals

2013 Housing Tax Credit Round 1 Selections



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MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 12-

RESOLUTION ALLOCATING FEDERAL LOW INCOME HOUSING CREDITS FOR CALENDAR YEAR 2013 TO CERTAIN QUALIFIED LOW INCOME HOUSING BUILDINGS

WHEREAS, in accordance with the Tax Reform Act of 1986 and the provisions of Minnesota Statutes Sections 462A.221-462A.223, the Minnesota Housing Finance Agency (Agency) has received applications as a duly designated housing credit agency for allocations to certain developments of the Low Income Housing Credit provided by Section 42 of the Internal Revenue Code of 1986 (the Code); and

WHEREAS, the Agency has applied to said applications the criteria set forth for selection in the Qualified Allocation Plan (QAP) and Procedural Manual for Low Income Housing Tax Credit Program (the Manual), duly adopted by the Agency for 2013; and

WHEREAS, the Agency has determined to reserve, for future allocation, portions of the state ceiling of the Low Income Housing Credit to the developments identified below, pending final staff review and delivery by the applicants of additional certifications and information required for the Agency's issuance of such allocations.

WHEREAS, upon meeting the requirements for allocation contained in the Manual and QAP, the Agency will allocate portions of the state ceiling of Low Income Housing Credits to the following projects:

Metro Selections
4 Projects

Project #	Project Name	HTC $ Awarded
16317	Bottineau Ridge Apartments, Maple Grove	$863,212
16332	Creeks Run Townhomes, Chaska	$899,785
16294	Old Home Plaza, Saint Paul	$729,038
16303	The Seasons Townhomes, Ramsey	$999,990
TOTAL CREDITS AWARDED:		**$ 3,492,025**

Greater Minnesota Selections
7 Projects

Project #	Project Name	HTC $ Awarded
16312	Heritage Townhomes, Cambridge	$360,050
16334	Hillside Apartments, Duluth	$1,006,151
16323	North Meadows, Sauk Rapids	$403,092
16321	Park Row Crossing, St. Peter	$652,686
16343	Prairiewood Townhomes, Faribault	$636,773
16351	River Pointe Townhomes, Thief River Falls	$341,776
16304	White Earth Homes V, Mahomen	$583,653
TOTAL CREDITS AWARDED:		**$3,984,181**

Rural Development / Small Projects Selections
2 Projects

Project #	Project Name	HTC $ Awarded
16350	Pineview Manor, Blackduck	$88,324
16365	Woodland Manor, Grand Rapids	$98,742
TOTAL CREDITS AWARDED:		**$187,066**

NOW, THEREFORE, BE IT RESOLVED:

1. THAT, pursuant to the above-referenced statutes and the allocation ranking factors contained in the Manual when applied to the applications submitted, Agency staff is hereby authorized to make the Low Income Housing Tax Credits reservations for the above developments in the amounts shown for calendar year 2013 of the Low Income Housing Credit, upon compliance with all of the requirements contained in the QAP and Manual,

2. THAT, Agency staff is authorized to allocate the portions of the state ceiling of Low Income Housing Tax Credits to the developments identified above in the amounts shown , subject to adjustments in accordance with the QAP and Manual, including a waiver to the $1,000,000 per development cap for Hillside Apartments,

3. THAT, notification letters concerning the above be forwarded to the approved applicants.

Adopted this 25th day of October, 2012.

_____
CHAIRMAN

AGENDA ITEM: 7.A.(9)
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: Approval, Single Family Selections, Community Revitalization Fund

CONTACT: Devon Pohlman, 651-296-8255
devon.pohlman@state.mn.us

Eric Thiewes, 651-296-6527
eric.thiewes@state.mn.us

Nancy Slattsveen, 651-296-7994
nancy.slattsveen@state.mn.us

REQUEST:

☑ Approval ☐ Discussion ☐ Information

TYPE(S):

☐ Administrative ☐ Commitment(s) ☐ Modification/Change ☐ Policy ☑ Selection(s) ☑ Waiver(s)

☐ Other:

ACTION:

☑ Motion ☐ Resolution ☐ No Action Required

SUMMARY REQUEST:
Staff hereby requests Board approval of Minnesota Housing's single-family Community Revitalization Fund (CRV) selection recommendations.

FISCAL IMPACT:
The Affordable Housing Plan (AHP) includes Single Family Interim Lending and Economic Development and Housing Challenge Program funding under CRV. These financial resources provide the funds to implement selection recommendations. The selections are being made on terms consistent with those described in the AHP and the CRV program procedural guidelines.

MEETING AGENCY PRIORITIES:

☑ Promote and support successful homeownership ☐ Preserve federally-subsidized rental housing

☐ Address specific and critical needs in rental housing markets ☐ Prevent and end homelessness

☑ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENT(S):

- Background
- Map of CRV Funded Projects
- Development Summaries
- 2012 Single Family Consolidated RFP Summary Spreadsheet
- 2012 Single Family RFP Non-Recommended Applications

BACKGROUND:
Under the Single Family Consolidated Request for Proposals (RFP), the Agency and its funding partners accepted funding proposals on June 19, 2012. The application process used a common application form and procedure. The primary program offered through the Consolidated RFP is the Agency's Community Revitalization Fund (CRV).

Through the CRV "umbrella," applicants may apply for single family resources under a number of programs. Currently, three funding resources are offered under CRV: 1) housing infrastructure bonds; 2) Economic Development and Housing Challenge Fund resources; and 3) single family interim lending funds. The Economic Development and Housing Challenge Fund resources are shared with the Multifamily Division.

A total of 38 single family proposals were received requesting $18,185,725 million in CRV funding.

Selection Process
Applications submitted to the Agency were evaluated by staff including reviewers, management and support staff for:

- Consistency with the mission and strategic priorities of the Agency;
- Compliance with statutes and program rules;
- Consistency with Agency and program priorities;
- Demonstration of development readiness and community support;
- Financial feasibility, market need and capacity for implementation; and
- Fulfillment of the foreclosure remediation, transit, and economic integration funding priorities.

Recommended Funding
Contributions from the Agency and its funding partners in the consolidated RFP total $11,117,093 and include**:**

- Minnesota Housing CRV funds: $10,217,593
- Family Housing Fund: $200,000
- Greater Minnesota Housing Fund: $649,500
- Metropolitan Council: $50,000

From the 38 applications received, staff recommends funding, in conjunction with the funding partners, for 34 applications for the amount of $11.1 million. Minnesota Housing will provide $10.2 million in funding for the following activities:

- Economic Development and Housing Challenge funding supporting 33 applications for 426 units totaling $7.78 million. This includes two Indian housing applications.
- Bond proceeds supporting five applications for the land acquisition by community land trusts for 34 units totaling $1.77 million.
- Interim construction loans supporting two applications for 19 units totaling $660,000.

CRV Eligible Activities
The CRV program is used throughout the state as demonstrated by 41 administrators implementing 83 open awards. The program offers significant versatility in the types of allowable programs, providing support for value gap (grant), affordability gap (deferred loan) and/or construction financing activities. While program specifics vary by regional needs, the types of programs recommended for funding include one of four categories:

1) Acquisition-rehabilitation-resale activity typically targeted in neighborhoods in greatest need of community stabilization;

2) Downpayment assistance programs that target communities that demonstrate high need for increasing homeownership and meet other priorities such as foreclosure remediation or effective targeting to underserved populations;
3) Owner-occupied rehabilitation serving households typically targeting communities highest in need to maintain an aging housing stock with borrowers unable to obtain financing through other single-family home improvement programs; and
4) New construction activity in markets that present the greatest opportunities for growing workforce populations as evidenced by data-driven market demand, or targeted to households through specialized programs with high-demand waiting lists (such as Habitat for Humanity).

In order to comply with the requirements of state appropriated funds administered through the CRV program, all proposals are reviewed and ranked according to selection standards and funding priorities. Among the most prominent considerations include: project feasibility and program administrator capacity; direct financial leverage commitments; proximity to jobs, transit and services; demonstrated ability to serve underserved populations; economic integration; and a current funding priority focused on foreclosure remediation and support of community recovery.

Geographic Distribution of Proposals Recommended
Of the 34 applications recommended for funding, 20 are for programs in the seven-county Twin Cities metropolitan area totaling nearly $7.75 million, or 76% of CRV resources. Fifteen of those proposed programs are located in the cities of Minneapolis or Saint Paul, four are in suburban locations, and two programs serve multi-jurisdictional areas incorporating both central cities and neighboring inner-ring suburbs. Fourteen of the proposed projects or programs are located in Greater Minnesota with a funding recommendation of nearly $2.46 million, or 24% of the Agency's available CRV resources.

Adherence to Agency Strategic Priorities
Proposals that meet the foreclosure remediation and community recovery priority are located in high-need target areas as defined by zip code, or applicant-driven target areas that meet or exceeded a 10% sheriff sales rate, concentrated largely in the Twin Cities metropolitan area and surrounding communities where foreclosures are most severe. Funding in the amount of $5.6 million dollars (55% of total funding), totaling 184 units, directly support this strategic priority. This includes acquisition-rehabilitation-resale activity recommended for the Greater Metropolitan Housing Corporation for $2.5 million in Minneapolis-based activity totaling 53 units, several proposals recommended in the Frogtown and Dayton's Bluff neighborhoods of St. Paul, one proposal recommended for funding focused on high-need areas in the suburban communities of Brooklyn Park and Maplewood, and one proposal focused on Benton, Sherburne and Stearns counties.

This funding recommendation also includes several proposals focused on supporting community recovery through owner-occupied rehabilitation targeted to neighborhoods adversely impacted by foreclosures, such as proposals by both the Cities of Minneapolis and St. Paul, that recognize that the percentage of mortgages with negative equity in Minnesota is over 18%, creating little incentive or demand to support private-sector financing for home repair activity which can further contribute to neighborhood decline.

Other Program Priorities
CRV funding supports applications that demonstrate an ability to serve underserved populations. Recommendations include: Three Rivers' Emerging Markets Homeownership Initiative serving much of southern Minnesota; two Habitat for Humanity awards, one of which provides homeownership opportunities for low-income households in twenty Greater Minnesota counties; and two awards targeted to White Earth tribally enrolled members residing both on- and off-reservation for owner-occupied rehabilitation.

Economic integration is promoted through a number of recommended proposals, including providing homeownership opportunities in the western Hennepin county suburbs by the West Hennepin Affordable Housing Land Trust, a downpayment incentive program to be administered by Dakota County which will primarily target areas of economic integration (or that meet the foreclosure remediation priority), and for the only new construction award recommended for a high-growth workforce housing need area in Alexandria.

New Funding Source for Single-Family Activity

The availability of housing infrastructure bond proceeds to support the purchase of abandoned or foreclosed properties by a community land trust (CLT) will be used by five CLTs recommended for $1.77 million in bond proceeds, three located in the Twin Cities metropolitan area and two in Greater Minnesota for a total of 41 units. A non-profit CLT owns the land and leases it for a nominal fee to low- and moderate-income individuals who own structure on the land. In some cases, the subsidy that results from removing the cost of land ownership is sufficient to yield an affordable unit; in other cases, and most notably in weaker markets with lower land values, additional subsidy is layered in the transaction resulting in an affordable purchase. The bond proceeds will be administered as a 30-year forgivable loan by the CLT who enters into a 99-year ground lease with a low- and moderate-income homeowner that is subject to income qualified resale provisions.

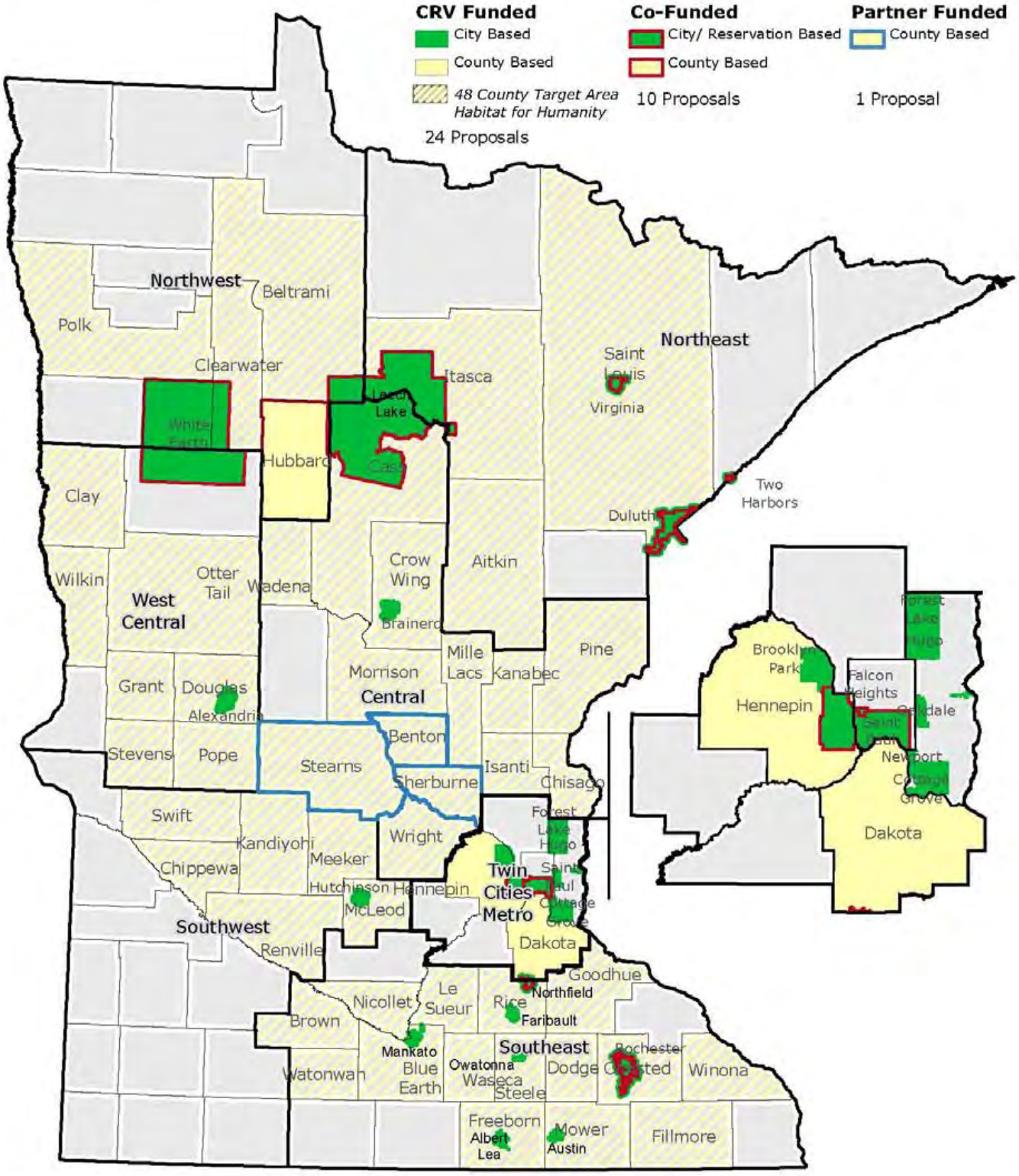
Waiver Request

The use of housing infrastructure bonds requires loans to be administered as forgivable in order to permit the bonds to be tax-exempt. Staff requests a waiver under the Economic Development and Housing Challenge Program rule 4900.3634, which requires repayment of 30-year deferred loans, to administer forgivable 30-year loans for programs recommended to receive housing infrastructure bond proceeds.

Minnesota Housing Finance Agency

Community Revitalization Selections

Single Family Target Areas - 2012



Date: 10/9/2012

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Applicant Name	City
City of Lakes Community Land Trust	Minneapolis

Community Proposal Details

CLCLT Homebuyer Initiated Program (HIP)

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Hennepin	METRO	CRV

Minimum Request	Maximum Request
$420,000	$630,000

Funding Recommendations

CRV Amount $630,000 **Number of New Units** **Number of Rehab Units** 10 **Total Number of Units** 10

Funding Partner **Amount**

Project Description

City of Lakes Community Land Trust (CLCLT) is requesting funds to expand its Homebuyer Initiated Program (HIP) into areas of Minneapolis where because of high land values, opportunities have historically been unavailable to the CLCLT's average HIP buyer, who earns approximately 43% of area median income (AMI). Funds from the Housing Infrastructure Bond Proceeds (HIBP) provide a unique opportunity for CLCLT to assist these homebuyers. HIBP can be used to leverage and maximize other HIP funding to serve more individuals and families. Serving households living in 80% AMI.

Justification

HIP uses traditional home buying channels to create permanently affordable single-family homes and includes a rehabilitation component. The program features a buyer-initiated approach to home sales and has been successful in selling foreclosed homes to first-time buyers.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

City of Lakes Community Land Trust • CLCLT Homebuyer Initiated Program (HIP)

Selection Standards
Project Feasibility
CLCLT's homeownership model is designed to provide households access to responsible homeownership opportunities while maintaining the long-term affordability of the home. The CLCLT meets Minnesota Housing's community land trust policy goal of serving a niche first-time homebuyer market where incomes are too low to be served under the mortgage revenue bond programs without the infusion of additional subsidy. CLCLT will leverage $30,000 per unit in CRV assistance for affordability gap and use Neighborhood Stabilization Program (NSP) funds for rehabilitation costs.
Funding Priorities
Organizational Capacity
CLCLT provides quality affordable housing for low and moderate income families throughout Minneapolis while fostering long-term residence and community stewardship through a community land trust model. To date, CLCLT has successfully assisted 138 households into homeownership. Through HIP, 54 homeowners have been served to date. CLCLT is responsible for marketing HIP to prospective buyers, confirms buyer eligibility, coordinates rehabilitation activities if needed, and manages the land trust. CLCLT has a strong recent track record working in heavily impacted foreclosure remediation areas.
Foreclosure Remediation
In 2011, the City of Minneapolis experienced 1,719 foreclosures which has decreased since 2010 when Minneapolis experienced 2,308 foreclosures. Year to date (April 2012) there have been 448 foreclosures in Minneapolis. Using Neighborhood Stabilization Program (NSP2) boundaries for reference provides an opportunity to acquire foreclosed properties outside of the Foreclosure Priority Area but still in areas with a recent history of high foreclosure rates.
Transportation Costs and Access to Transit
All CLCLT homeowners live within 6 blocks of bus or rail transit. Most of the homes are located within close proximity to the Hiawatha Light Rail Transit (LRT), Central Corridor LRT, Bottineau LRT, Southwest LRT, and Cedar Ave bus routes. Because of the scattered-site design of HIP, it is difficult to calculate an exact site distance from the LRT and bus transit lines.
Economic Integration
CLCLT expects land trust bond proceeds to be a strong mechanism in facilitating economic integration through HIP. Home prices and land values have held relatively steady in Minneapolis communities identified as having a high need for economic integration. These higher, steady values have created barriers for the average HIP buyer and limited the CLCLT's ability to integrate affordable homeownership more effectively in these high need neighborhoods. The CLCLT expects that being able to cover the cost of the land with bond proceeds in the identified areas of Minneapolis will help substantially in being able to create more affordable homeownership opportunities.
Sources and Uses, Local Investment and Leverage
Leverage sources include Hennepin County, the City of Minneapolis Community Planning and Economic Department (CPED), CPED NSP2, and Metropolitan Council funds, a total of $1,115,000 in committed leverage. The gap subsidy sources are customized by income level with up to $60,000 in value gap available for households with incomes less than 50% of AMI, $40,000 for households with incomes less than 60% of AMI and $25,000 for households with incomes less than 80% of AMI. The maximum income they will be serving are those that make below 80% of the area median income. The average CRV subsidy is $30,000 per unit.
Marketing
Marketing techniques to reach low and moderate income households include community land trust orientation sessions, CLCLT website, Own a Home, and Home Stretch homebuyer education presentations. Overall, CLCLT's portfolio of homeowners includes a significant percentage of underserved populations. Marketing efforts are planned for additional languages.

City of Lakes Community Land Trust • CLCLT Homebuyer Initiated Program (HIP)

Unit Style #	1	Varies, Buyer Initiated

Unit Information	
Style of unit	2+ Story
Finished square feet	1358
Unfinished square feet	
Bedrooms	3
Bathrooms	1
Garage	Y
Number of Stalls	1
Visitability	N

Development Cost Information	
Land Acquisition Cost	$54,000
Total Per Unit Hard Costs	$202,700
Total Per Unit Soft Costs	$6,300
Total Development Costs Per Unit	$209,000
Anticipated Mortgage Amount	$97,500

Value Gap	
Per Unit Value Gap Amount Needed	$61,000
Sources	**Amount**
NSP 2 Funds	$61,000
Totals	$61,000
Affordability Gap	
Per Unit Affordability Gap Needed	$50,500
Sources	**Amount**
Minnesota Housing CRV	$30,000
Hennepin County AHIF/Met Council	$20,500
Totals	$50,500

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Hennepin County	Local Government	$70,000	$0	$0	$0	$70,000	01/24/2012
Minneapolis CPED	Local Government	$500,000	$0	$0	$0	$500,000	06/01/2012
Metropolitan Council	State Government	$175,000	$0	$0	$0	$175,000	12/14/2011
CPED - NSP2	Local Government	$370,000	$0	$0	$0	$370,000	
	Total	$1,115,000	$0	$0	$0	Total Leverage	

Total Committed $1,115,000 Total Pending $0 $1,115,000

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Applicant Name	City
City of Lakes Community Land Trust	Minneapolis

Community Proposal Details

Re-Grant of CLCLT CRV Award 4-2008-04

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Hennepin	METRO	CRV

Minimum Request	Maximum Request
$127,763	$127,763

Funding Recommendations

CRV Amount $97,763 **Number of New Units** **Number of Rehab Units** 4 **Total Number of Units** 4

Funding Partner **Amount**

Project Description

The purpose of this proposal is to request the regranting of remaining funds from the City of Lakes Community Land Trust (CLCLT) 2008 award. CLCLT will continue to use funds for homes acquired, rehabilitated and resold by developer partners or homes identified by its Homebuyer Initiated Program (HIP) participants. They will purchase previously foreclosed and/or vacant homes but will expand the geographic area to include all of Minneapolis with priority focus on Neighborhood Stabilization Program 2 (NSP2) foreclosure target areas. This includes parts of South Minneapolis. They may also use the funds for affordability gap and if needed, value gap on homes being developed in partnership with Little Earth of United Tribes Homeownership Initiative (LEUTHI). Serving households under 80% AMI.

Justification

HIP uses traditional homebuying channels to create permanently affordable single-family homes and includes a rehabilitation component. The program features a buyer-initiated approach to home sales and has been successful in selling foreclosed homes to first-time buyers.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

City of Lakes Community Land Trust • Re-Grant of CLCLT CRV Award 4-2008-04

Selection Standards
Project Feasibility
The overall target area for the CLCLT is the City of Minneapolis. However, the majority of current work is focused in the NSP 2 boundaries. Their target boundaries are in high foreclosure areas. Being able to include the priority areas in South Minneapolis will help significantly in being able to expend the re-granted funds.
Funding Priorities
Organizational Capacity
October 2012 will mark the tenth year of operation for the CLCLT. The organization has assisted 138 households and 54 CLCLT homes have been acquired through HIP. The CLCLT is well-positioned to meet the timeframe required for this project with the "shovel-ready" design of HIP, well-established developer partnerships and an established plan and agreement with LEUTHI. CLCLT has 20 applicants at various stages of the homeownership qualifying
Foreclosure Remediation
In 2011, the City of Minneapolis experienced 1,719 foreclosures which was a decrease from 2010 when Minneapolis experienced 2,308 foreclosures. Year to date (April 2012) there have been 448 foreclosures in Minneapolis. Using NSP2 boundaries for reference provides an opportunity to acquire foreclosed properties outside of the Foreclosure Priority Area but still in areas with a recent history of high foreclosure rates.
Transportation Costs and Access to Transit
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Economic Integration
The proposal does not meet Minnesota Housing's definition of economic integration.
Sources and Uses, Local Investment and Leverage
Leverage sources include Hennepin County, the City of Minneapolis Community Planning and Economic Department (CPED), Neighborhood Stabilization Program (NSP2), and Metropolitan Council funds, for a total of $1,115,000 in committed leverage. The gap subsidy sources are customized by income level with up to $60,000 in value gap available for households with incomes less than 50% of the area median income (AMI), $40,000 for households with incomes less than 60% of AMI and $25,000 for households with incomes less than 80% of AMI. The maximum income they will be serving are those that make below 80% of the area median income.
Marketing
Marketing techniques to reach low and moderate income households include community land trust orientation sessions and Home Stretch homebuyer education presentations. Overall, CLCLT's portfolio of homeowners includes a significant percentage of underserved populations. Marketing efforts are planned for additional languages.

City of Lakes Community Land Trust • Re-Grant of CLCLT CRV Award 4-2008-04

Unit Style #	1	Varies, buyer initiated

Unit Information	
Style of unit	2+ Story
Finished square feet	1358
Unfinished square feet	
Bedrooms	3
Bathrooms	1
Garage	Y
Number of Stalls	1
Visitability	N

Development Cost Information	
Land Acquisition Cost	$54,000
Total Per Unit Hard Costs	$202,700
Total Per Unit Soft Costs	$6,300
Total Development Costs Per Unit	$209,000
Anticipated Mortgage Amount	$97,500

Value Gap	
Per Unit Value Gap Amount Needed	$61,000
Sources	**Amount**
Neighborhood Stabilization Program (2nd Round)	$61,000
Totals	$61,000
Affordability Gap	
Per Unit Affordability Gap Needed	$50,500
Sources	**Amount**
Minnesota Housing CRV Funds	$30,000
AHIF, City of MPLS, and Met Council	$24,000
Totals	$54,000

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Metropolitan Council	State Government	$175,000	$0	$0	$0	$175,000	12/14/2011
CPED NSP2	Local Government	$370,000	$0	$0	$0	$370,000	
Hennepin County	Local Government	$70,000	$0	$0	$0	$70,000	01/24/2012
City of Minneapolis	Local Government	$500,000	$0	$0	$0	$500,000	06/01/2012
	Total	$1,115,000	$0	$0	$0	Total Leverage	

Total Committed	$1,115,000	Total Pending	$0	$1,115,000

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Applicant Name	City
City of Minneapolis Department of Community Planning & Economic Development	Minneapolis

Community Proposal Details

Minneapolis Advantage Program

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Hennepin	METRO	CRV

Minimum Request	Maximum Request
$300,000	$300,000

Funding Recommendations

CRV Amount $100,000 **Number of New Units** **Number of Rehab Units** 10 **Total Number of Units** 10

Funding Partner **Amount**

Project Description

City of Minneapolis Community Planning & Economic Development (CPED) has requested deferred loan funds for downpayment and closing cost assistance for homeowners who live in 13 North Minneapolis neighborhoods. They will assist homebuyers with a maximum loan amounts of $10,000 per unit. Many neighborhoods in Minneapolis have experienced serious home mortgage foreclosure problems resulting in a substantial number of vacant and foreclosed properties. Minneapolis has taken steps to mitigate the problem through the development of various programs to help the sale of housing, particularly the sale of lender owned foreclosed properties in the most heavily impacted communities. Minneapolis Advantage Program will continue efforts to rebuild these communities by providing direct assistance to low and moderate income homebuyers to help them cover closing costs and provide additional downpayment assistance. This downpayment program will also provide additional affordability gap financing for the Green Homes North Program for new construction. They will target households that earn below 115% of area median income (AMI).

Justification

The Minneapolis Advantage Program demonstrates high need that is well supported by housing studies prepared for and by the City. The City did a good job creating loan underwriting criteria for this program. This funding will be used in high need, foreclosure-ridden neighborhoods.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	NO

Selection Standards
Project Feasibility
The neighborhoods within Minneapolis selected for this funding have experienced the greatest negative impact from foreclosures, including substantial reductions in property sales prices. As a result, these communities struggle to maintain stability. The downpayment assistance program is designed to create opportunities for sustainable homeownership within these financially troubled neighborhoods.
Funding Priorities
Organizational Capacity
Minneapolis has been offering lending programs since the 1960's. First mortgage financing with assistance for affordability and closing costs has been offered since 1977. The financial assistance will be offered under a contract with Greater Metropolitan Housing Corporation as the program administrator. They will review the applications for consistency with State and City guidelines and issue an approval. They will also prepare the necessary note and mortgage and other related program documents for closing. The City will have overall responsibility for the contract and the compliance reporting submissions to the State.
Foreclosure Remediation
There are 13 North Minneapolis neighborhoods that will be eligible for Green Homes North. The neighborhoods have a combined sheriff sales rate of 11.03% between 2009 and 2011. CPED has dedicated approximately $4.2 million in Neighborhood Stabilization Program (NSP1) funds to demolish and hold vacant 120 properties for future redevelopment as the housing market rebounds in neighborhoods most impacted by foreclosure. An additional approximately $3.6 million in NSP2 funds will be allocated to 56 foreclosed properties.
Transportation Costs and Access to Transit
The project is located near commuter lines, which include light rail and transit bus lines, since virtually all of Minneapolis is covered by transit options. The proposed project will locate housing units within either ¼ mile of a public transit fixed route stop or ½ mile of an express or high service bus route transit stop.
Economic Integration
This proposal does not meet Minnesota Housing's definition of economic integration.
Sources and Uses, Local Investment and Leverage
The Family Housing Fund and Minneapolis Tax Increment Financing will leverage CRV Funds. Borrowers must qualify for and receive a traditional fixed rate mortgage loan or be purchasing with cash. Cash buyers must demonstrate the financial ability to maintain the home within the same affordability standard as a prime loan recipient. All cash buyers will be underwritten by the program administrator using standards approved by the CPED. The loan may also be offered in combination with contract for deed financing and held by a non-profit developer who renovated the foreclosed property for resale within the city.
Marketing
CPED will use the local Home Stretch homebuyer education workshops and the more intensive assistance of Build Wealth Minnesota in marketing the Minneapolis Advantage downpayment assistance program. The City of Minneapolis markets to underserved populations through the LIVEMSP.org outreach initiative, an online resource for residents and homebuyers in Minneapolis. The site provides information about homebuyer assistance at the private, philanthropic, neighborhood, city, state, and federal levels. In addition, the site displays photos of homes for sale, information on housing tours showcasing NSP homes, and homebuyer financing options. LIVEMSP.org co-markets with local neighborhood media, mainstream press, community radio, major print media, neighborhood organization communications and networks with social service agencies to educate people about Minneapolis Advantage and other home purchase opportunities.

City of Minneapolis Department of Community Planning & Economic Development • Minneapolis Advantage Program

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Family Housing Fund	Non-Profit	$200,000	$0	$0	$0	$200,000	
Minneapolis Tornado TIF	Local Government	$300,000	$0	$0	$0	$300,000	
	Total	$500,000	$0	$0	$0	Total Leverage	
	Total Committed	$500,000	Total Pending	$0		$500,000	

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Applicant Name
City of Minneapolis Department of Community Planning & Economic Development

City
Minneapolis

Community Proposal Details
Green Homes North

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Hennepin	METRO	CRV

Minimum Request	Maximum Request
$500,000	$500,000

Funding Recommendations

CRV Amount $250,000 **Number of New Units** 10 **Number of Rehab Units** **Total Number of Units** 10

Funding Partner Family Housing Fund **Amount** $200,000

Project Description

City of Minneapolis Community Planning & Economic Development (CPED) is requesting value gap funds to build new homes in 13 North Minneapolis neighborhoods. This is the initial phase of the City of Minneapolis' goal to build 100 new "green construction" homes over the next five years. Many Minneapolis neighborhoods have experienced serious home mortgage foreclosure problems resulting in substantial numbers of vacant and foreclosed properties. Minneapolis has taken steps to mitigate the problem through the development of various programs to help the sale of housing, particularly bank owned foreclosed properties in the most heavily impacted communities. Green Homes North, along with the Minneapolis Advantage Program which has received approximately $7.5 million in private and local funds, will continue efforts to rebuild these communities by providing direct assistance to homebuyers with incomes below 115% the area median income (AMI).

Justification

The City of Minneapolis Green Homes North Program demonstrates high need that is supported by studies completed by the City. The City's strategy is to take positive steps to reduce the levels of absentee owned or vacant properties by increasing the number of properties that are purchased by prospective owner occupants.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	NO

Selection Standards

Project Feasibility

The Green Homes North program will benefit from the Minneapolis Advantage Program in bringing sustainable and affordable homeownership to North Minneapolis neighborhoods impacted by foreclosures. Many areas of Minneapolis have experienced serious home mortgage foreclosure problems evidenced by substantial numbers of vacant and foreclosed properties. Minneapolis has taken significant steps to mitigate the problem through the development of various programs that will help the sale of housing, particularly the sale of lender owned foreclosed properties in the most heavily impacted communities. The Green Homes North program will continue the City's efforts to rebuild these communities and construct new homes in North Minneapolis.

The areas selected have been heavily impacted by foreclosures and as a result there is a high vacancy ratio. In addition, investors have seen this trend as an opportunity to purchase the affected properties at prices well below market. The strategy of the City is to take positive steps to reduce the levels of absentee owned or vacant properties by increasing the number of properties that are purchased by prospective owner-occupants. The City is also interested in providing opportunities to a broad spectrum of homebuyers in a way that makes the home ownership sustainable over the long term. All homebuyers are required to attend Home Stretch homebuyer education workshops which will provide them with foundational knowledge for understanding how to buy a home, and the responsibilities of home ownership.

Funding Priorities

Organizational Capacity

Minneapolis has been offering homebuyers lending programs since the 1960's and has offered first mortgage financing combined with assistance for affordability and closing costs since 1977. Greater Metropolitan Housing Corporation (GMHC) likewise has extensive experience administering these programs and is under contract with the City of Minneapolis to administer any programs the City brings forward. The developers building the homes were selected through a competitive Request For Proposal (RFP) process.

Foreclosure Remediation

There are 13 North Minneapolis neighborhoods that will be eligible for the Minneapolis Green Homes North initiative. The neighborhoods have a combined sheriff sales rate of 11.03% between 2009 and 2011. CPED has dedicated approximately $4.2 million in federal Neighborhood Stabilization Program (NSP1) funds to demolish and hold vacant 120 properties for future redevelopment as the housing market rebounds in neighborhoods most impacted by foreclosure. An additional $3.6 million in NSP2 funds will be allocated to 56 foreclosed properties.

Transportation Costs and Access to Transit

The project sites are located in the City of Minneapolis near commuter lines, including light rail and transit buses. The proposed project will locate units of housing within either ¼ mile of a public transit fixed route stop or ½ mile of an express or high service bus route transit stop.

Economic Integration

This proposal does not meet Minnesota Housing's definition of economic integration.

Sources and Uses, Local Investment and Leverage

Total committed leverage of $7.55 million has been provided. Construction financing is responsible for $6.9 million of that total. Other leverage includes employer, municipality and philanthropic sources. The average value gap per home is $25,000.

City of Minneapolis Department of Community Planning & Economic Development • Green Homes North

Marketing

The City of Minneapolis is building this program in cooperation with housing developers, Realtors and neighborhood groups in the communities it will benefit. Green Homes North has developed active marketing programs and also attends neighborhood fairs and community meetings. The program will also be listed on www.livemsp.org. Homes will be marketed for sale to all potential homebuyers. Some homebuyers may come through Home Stretch homebuyer education programs and the Minneapolis Advantage or the Bridge to Success programs. In addition to using the Home Stretch Homebuyer Education Workshop and the more intensive assistance of Build Wealth Minnesota, the City of Minneapolis markets to underserved populations through the LiveMSP.org outreach initiative. LiveMSP.org is an online resource for residents and homebuyers in Minneapolis that provides homebuyer assistance at the private, philanthropic, neighborhood, city, state, and federal levels, photos of homes for sale, and information and incentives for housing tours showcasing NSP homes and homebuyer financing. Through LiveMSP.org, the City has access to marketing opportunities including the website, mainstream press, community radio, print media, neighborhood organization meetings and communications, and connections to social service agencies.

Unit Style #	1	Green Homes North/North Minneapolis Vacant Lots

Unit Information	
Style of unit	2+ Story
Finished square feet	1550
Unfinished square feet	
Bedrooms	3
Bathrooms	2
Garage	Y
Number of Stalls	2
Visitability	Y

Development Cost Information	
Land Acquisition Cost	$5,000
Total Per Unit Hard Costs	$220,250
Total Per Unit Soft Costs	$54,853
Total Development Costs Per Unit	$275,103
Anticipated Mortgage Amount	$170,000

Value Gap	
Per Unit Value Gap Amount Needed	$90,103
Sources	**Amount**
Minnesota Housing CRV	$25,000
Minneapolis NSP	$40,103
Family Housing Fund	$10,000
Minneapolis TIF	$15,000
Totals	$90,103

Affordability Gap	
Per Unit Affordability Gap Needed	$
Sources	**Amount**
Totals	

City of Minneapolis Department of Community Planning & Economic Development • Green Homes North

Source of Leverage Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
University Bank	Lender	$300,000	$0	$0	$0	$300,000	
Family Housing Fund	Non-Profit	$200,000	$0	$0	$0	$200,000	
Home Depot Foundation	Local Business	$45,000	$0	$0	$0	$45,000	
Hawthorne Neighborhood Council	Non-Profit	$30,000	$0	$0	$0	$30,000	
US Bank	Lender	$5,000,000	$0	$0	$0	$5,000,000	
Habitat Donations	Federal Government	$75,000	$0	$0	$0	$75,000	
Minneapolis Tornado TIF	Local Government	$300,000	$0	$0	$0	$300,000	
Twin Cities Land Bank	Non-Profit	$1,600,000	$0	$0	$0	$1,600,000	
	Total	$7,550,000	$0	$0	$0	Total Leverage	
	Total Committed	$7,550,000	Total Pending	$0		$7,550,000	

Applicant Name
City of Minneapolis Department of Community Planning & Economic Development

City
Minneapolis

Community Proposal Details
Rehab Support Program

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Hennepin	METRO	CRV

Minimum Request	Maximum Request
$300,000	$300,000

Funding Recommendations

CRV Amount $150,000 **Number of New Units** **Number of Rehab Units** 25 **Total Number of Units** 25

Funding Partner **Amount**

Project Description

City of Minneapolis Community Planning & Economic Development (CPED) is requesting funds to rehabilitate owner occupied residential properties in response to the City's high foreclosure rate and commensurate decline in property values which presents a challenge to existing homeowners to complete repairs and improvements to their homes. A maximum Community Revitalization Fund (CRV) loan of $20,000 per household will be targeted toward households with income below 115% of area median income (AMI). Most private lending requires unencumbered equity before they will approve a home equity loan. To help homeowners complete improvements to their home, Minneapolis currently offers the Rehab Support Program (RSP) allowing homeowners to complete valued added improvements to owner occupied properties which may be "underwater". This proposal will continue program funding to allow homeowners to complete repairs and improvements that will enhance the value of the home. Greater Metropolitan Housing Corporation (GMHC) will perform an inspection of the property to identify any health and safety repair items which must be included in the construction bids. The City will provide a dollar-for-dollar match of CRV funds to the borrowers' contributions. The borrowers' matching funds may come from personal accounts, Minneapolis Neighborhood Revitalization Program (NRP) funds, or a mortgage lender.

Justification

Studies completed by the City of Minneapolis support a high need for the RSP. The City has done a good job creating loan underwriting criteria for the RSP and ranks this funding as a high priority need to address the foreclosure crisis in Minneapolis.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	NO
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

City of Minneapolis Department of Community Planning & Economic Development • Rehab Support Program

Selection Standards
Project Feasibility
The target areas were selected after a complete analysis of the number of foreclosures in all neighborhoods in the city. The City selected 12 neighborhoods in North Minneapolis that had a sheriff sales rate greater than or equal to 10% during the past three years.
Funding Priorities
Organizational Capacity
Minneapolis has been offering lending programs since the 1960's and has offered fist mortgage financing combined with assistance to homebuyers for affordability and closing costs since 1977. Greater Metropolitan Housing Corporation likewise has extensive experience administering this type of program and is under contract with the City of Minneapolis to administer the City's programs. The City is responsible for crafting program guidelines and for the contract and ongoing business decisions concerning the use of the funds, including any set asides that will allow the funds to be more evenly distributed. GMHC will serve as the program administrator and provide ongoing review of applications for compliance with established program guidelines and Minnesota Housing and City requirements.
Foreclosure Remediation
Minneapolis has experienced 448 foreclosures YTD through April 2012 and a total of 1,500 foreclosures is estimated for this year. While foreclosure are predicted to decline from a high in 2008 of 3,077 to a low thus far of 1,719 in 2011, the cumulative impact of foreclosures on the Minneapolis housing market has been significant. The RSP and other programs have positively influenced the stability of these communities as evidenced by the declining number of foreclosures. It is anticipated the program will help the foreclosure numbers in the target areas to decline.
Transportation Costs and Access to Transit
Transit maps of commuter lines, including light rail and transit buses, demonstrate that the City of Minneapolis is covered by transit options.
Economic Integration
This proposal does not meet Minnesota Housing's definition of economic integration.
Sources and Uses, Local Investment and Leverage
The City will provide a dollar-for-dollar match of Community Revitalization Fund (CRV) funds to the borrower's contributions. A maximum CRV loan of $20,000 per household including homeowner's contributions will be offered. The homeowner match will enhance the ability to make quality loans.
Marketing
The City of Minneapolis developed this program with input from neighborhood groups in the affected communities. These neighborhoods have created and developed their own active marketing programs. In addition, City staff attends neighborhood fairs and community meetings that will offer program marketing materials. This program's information will also be listed on www.LIVEMSP.org, an online resource for residents and homebuyers in Minneapolis.

Applicant Name	City
Greater Metropolitan Housing Corporation	Minneapolis

Community Proposal Details

Minneapolis Foreclosure Initiative II

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Hennepin	METRO	CRV

Minimum Request	Maximum Request
$1,000,000	$2,566,530

Funding Recommendations

CRV Amount	$2,566,530	Number of New Units		Number of Rehab Units	53	Total Number of Units	53

Funding Partner		Amount	

Project Description

Funds are being requested for value gap for properties that have been rehabilitated and sold to owner occupants, properties currently in process of being renovated and sold to owner occupants, properties sold to other developers, properties currently in the process of being rehabilitated and a property sold "as is" to an owner-occupant. Substantial losses were incurred on all these properties due to decades of deferred maintenance on rental properties in the area, the rapid decline in area market values, and longer holding times resulting in multiplied costs. Twenty-one of the above described rehabilitated properties were acquired by Greater Metropolitan Housing Corporation (GMHC) between 2008 and 2010 and sold to owner-occupants. Many of those properties are located in NSP-1 designated foreclosure areas and the rest are located in high-need zip codes in North and South Minneapolis. Ninety-seven per cent of properties were sold to owner occupants earning less than 115% of area median income (AMI). GMHC's rehabilitation standards stipulate the repair or replacement of all major systems plus Energy Star rated appliances and additional work as needed, to eliminate the need for major repairs for a minimum of 10 years. All rehabilitation follows Minnesota Green Communities standards.

Justification

Since the fall of 2007, GMHC has acquired over 250 foreclosed homes in Minneapolis. Over 150 of those acquisitions through the Strategic Acquisition Fund (SAF), the TJ Waconia lawsuit (TJW) and the Neighborhood Stabilization Program (NSP) were for rehabilitation and resale to owner occupants. The strategic necessity to quickly purchase vacant and foreclosed homes at the beginning of the foreclosure crisis together with several other factors have resulted in GMHC having more inventory than it has value gap to cover. The other influencing factors include: steadily declining market values since 2010, sales of properties to owner occupants at a loss because of the extent of rehabilitation necessary, the rising cost of rehabilitation on vacant and foreclosed properties, and increased holding costs due to longer holding periods for properties. This proposal will allow GMHC to continue the work of acquiring foreclosed and vacant properties in Minneapolis and stabilizing neighborhoods devastated by the foreclosure crisis.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

Greater Metropolitan Housing Corporation • Minneapolis Foreclosure Initiative II

Selection Standards
Project Feasibility
North Minneapolis is the epicenter of both the May 2011 tornado and the Minneapolis foreclosure epidemic. Community Profiles for the subject properties show a high need for community stabilization, economic integration, and increasing homeownership. Though North Minneapolis has been particularly devastated by the housing crisis and the tornado, other areas of the city are also in need of intervention, particularly South and Northeast Minneapolis. These areas overlap with the NSP target areas in Minneapolis. Minneapolis has a mix of housing options and a solid population between the ages of 25 to 34 but its homeownership rate is just above 50%. The median age of housing in Minneapolis is 70 years. According to the Community Profiles, almost all of the target area is considered in high need for maintaining this older housing stock. Focusing in the same areas where GMHC is redeveloping homes under NSP enables them to have a greater impact. GMHC can bring new homeowners to areas that lost significant numbers of residents between 2000 and 2011 and whose remaining homeowners are cost burdened. GMHC's programs are necessary for community stabilization and eventual recovery from the tornado and the foreclosure crisis.
Funding Priorities
Organizational Capacity
GMHC's mission is to preserve, improve and increase affordable housing for low and moderate income individuals and families, assist communities with housing revitalization, and create and implement demonstration projects designed to benefit the communities in which it operates. GMHC has been successful in implementing its mission, beginning with the Single Family Homeownership and the Predevelopment Loan Fund programs in the early 1970s, developing Housing Resource Centers and, most recently, partnering with Dayton's Bluff Neighborhood Housing Services to create the Sustainable Homeownership Program (SHOP). SHOP is approved by the Federal Housing Administration (FHA), the city of Minneapolis bond programs, Minnesota Housing's first-time homebuyer programs, a mortgage broker for Wells Fargo, and is in partnership with Mid-Country Bank.
Foreclosure Remediation
According to the City of Minneapolis there were a total of 11,112 foreclosures between January 2007 and April 2011. GMHC purchases properties to renovate, and resell to owner-occupants on the open market and through the Twin Cities Community Land Bank's First Look Program, Fannie Mae's First Look Program, and from small community banks that do not participate in these programs. This forestalls the cycle of vacancy, neglect, deterioration, and vandalism on the neighborhood block level. GMHC has purchased over 250 homes in Minneapolis since 2007 and selected over 150 for rehabilitation. They have also built several new homes, either on empty lots or after demolition of substandard foreclosed or abandoned properties. Since 2006, GMHC has sold a total of 188 new and renovated homes in Minneapolis. GMHC has NSP-1 awards in Minneapolis, Brooklyn Center, and Richfield which must be expended by March 2013. Over 90% of NSP-1 homes have been completed and are on the market and 13 are sold. GMHC has an NSP-2 award in Minneapolis which must be expended by February 2013. GMHC will also be participating in NSP-3 in Minneapolis and Brooklyn Center. GMHC continues to acquire homes for redevelopment under NSP-2 and 3. GMHC has commitments for HOW funds from the City of Minneapolis for 9 foreclosure rehabs. One property is sold and three sales pending. This project will be completed in 2012. Finally, St. Anthony West has committed $65,000 toward the renovation of a property that was about to be sold to a neighborhood slumlord. In North, Northeast and South Minneapolis, GMHC is focusing on NSP target areas, TJ Waconia properties, estate properties, tax forfeited properties and vacant and/or abandoned properties. These target areas mirror Minneapolis NSP areas thereby maximizing the impact of GMHC's rehabilitation.
Transportation Costs and Access to Transit
The majority of Minneapolis neighborhoods are within a quarter mile of a fixed route transit stop. The main routes serving the target areas are regular bus routes 22, 32, 11, 23, and 14 as well as high frequency routes 5 and 19. Target areas are also served by three limited stop routes, 721, 724 and 133. Lastly, the 35W corridor BRT and light rail are accessible in south Minneapolis.

Greater Metropolitan Housing Corporation • Minneapolis Foreclosure Initiative II

Economic Integration
Most of the target properties are located within census tracts in low need of economic integration according to the Community Profiles. While Hennepin County as a whole is in high need for economic integration, GMHC's target areas in North, Northeast and South Minneapolis are not. GMHC does, however, create incentives for higher income home buyers to move to North Minneapolis. Between 2000 and 2012, three percent of GMHC's homebuyers had incomes at or above 115% of metropolitan AMI.
Sources and Uses, Local Investment and Leverage
Sources of committed leverage include $12 million interim financing from the Strategic Acquisition Fund (Home Prosperity Fund), a $5 million line of credit with US Bank, NSP1 funding up to $1,390,836, and nine HOW projects with construction financing of $100,000 for one property, $150,000 for eight properties and $50,000 in value gap each for a total of $1.75 million.
Marketing
GMHC employs proven marketing strategies including, but not limited to, listing homes for sale with Counselor Realty through the Multiple Listing Service (MLS), web-site features on both Counselor's and GMHC's websites, open houses, broad outreach via print, electronic and in-person presentations to real estate agents, employers, neighborhood groups and cultural organizations, active participation in various Home Tours, networking with lending officers, listing on city and private referral resources and working with City of Lakes Community Land Trust buyers. GMHC is fortunate in having good relationships with local media, and GMHC's work is covered in numerous print and broadcast features.

Board Agenda item: 7.A.(9)
Attachment: Development Summaries

Greater Metropolitan Housing Corporation • Minneapolis Foreclosure Initiative II

Unit Style #	1	Rehabilitation in Progress

Unit Information	
Style of unit	2+ Story
Finished square feet	1300
Unfinished square feet	0
Bedrooms	3
Bathrooms	1
Garage	Y
Number of Stalls	2
Visitability	N

Development Cost Information	
Land Acquisition Cost	
Total Per Unit Hard Costs	$170,550
Total Per Unit Soft Costs	$44,485
Total Development Costs Per Unit	$215,035
Anticipated Mortgage Amount	$105,000

Value Gap	
Per Unit Value Gap Amount Needed	$110,035
Sources	**Amount**
Minnesota Housing CRV Funds	$63,376
NSP	$14,234
HOW	$13,462
GMHC	$2,500
Totals	$93,572
Affordability Gap	
Per Unit Affordability Gap Needed	$
Sources	**Amount**
Totals	

Unit Style #	2	Rehabilitations Sold to Owner Occupants

Unit Information	
Style of unit	2+ Story
Finished square feet	1300
Unfinished square feet	0
Bedrooms	3
Bathrooms	1
Garage	Y
Number of Stalls	2
Visitability	N

Development Cost Information	
Land Acquisition Cost	$
Total Per Unit Hard Costs	$153,980
Total Per Unit Soft Costs	$44,485
Total Development Costs Per Unit	$198,465
Anticipated Mortgage Amount	$0

Value Gap	
Per Unit Value Gap Amount Needed	$74,465
Sources	**Amount**
Minnesota Housing CRV Funds	$33,573
NSP Funds	$26,487
HOW Funds	$3,333
MHFA	$1,835
Totals	$65,228
Affordability Gap	
Per Unit Affordability Gap Needed	$124,000
Sources	**Amount**
	$
Totals	$

Greater Metropolitan Housing Corporation • Minneapolis Foreclosure Initiative II

Unit Style #	3	Rehabs Sold to Developers

Unit Information	
Style of unit	
Finished square feet	1300
Unfinished square feet	0
Bedrooms	3
Bathrooms	1
Garage	Y
Number of Stalls	2
Visitability	N

Development Cost Information	
Land Acquisition Cost	
Total Per Unit Hard Costs	$30,400
Total Per Unit Soft Costs	$12,375
Total Development Costs Per Unit	$42,775
Anticipated Mortgage Amount	$31,000

Value Gap	
Per Unit Value Gap Amount Needed	$11,775
Sources	**Amount**
Minnesota Housing CRV Funds	$11,775
	$11,775

Affordability Gap	
Per Unit Affordability Gap Needed	$
Sources	**Amount**
Totals	

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Strategic Acquisition Fund	Local Government	$12,000,000	$0	$0	$0	$12,000,000	
HOW	Local Government	$1,750,000	$0	$0	$0	$1,750,000	
NSP 1	Local Government	$1,390,836	$0	$0	$0	$1,390,836	
US Bank Line of Credit	Lender	$5,000,000	$0	$0	$0	$5,000,000	
St. Anthony West NRP Funds	Local Business	$65,000	$0	$0	$0	$65,000	
	Total	$20,205,836	$0	$0	$0	Total Leverage	

Total Committed	$20,205,836	Total Pending	$0	$20,205,836

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Applicant Name
Little Earth of United Tribes

City
Minneapolis

Community Proposal Details
Little Earth Home Ownership Initiative

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Hennepin	METRO	CRV

Minimum Request	Maximum Request
$1,360,000	$1,360,000

Funding Recommendations

CRV Amount $60,000 **Number of New Units** 4 **Number of Rehab Units** **Total Number of Units** 4

Funding Partner **Amount**

Project Description

Funds are being requested for part of a multi-phase new construction development. Little Earth of United Tribes (Little Earth) will purchase, build, or rebuild a total of 34 homes over the next five to seven years. At this time, Minnesota Housing staff is recommending funding Phase I in the form of value gap for four properties located on E.M. Stately Street in South Minneapolis. E.M. Stately Street (25 ½ Street) runs east to west, connecting to Cedar Avenue on the west and dead-ending at Hiawatha on the east. The properties were purchased and demolition is complete. Construction of the new homes will be complete by the end of 2012. The target population will be households with incomes at or below 80 percent of area median income. Little Earth's current population consists of 98% Native American households and this project will be targeted to these households.

Justification

Little Earth of United Tribes Homeownership Initiative (LEUTHI) seeks to deliver a holistic, community-based, solution that lays the groundwork for the fulfillment of self-determination for Native American households. This strategic aim is accomplished by providing a path toward homeownership near Little Earth, the opportunity for credit building, revitalization of the homes and community immediately to the south of Little Earth, the ability to ensure the assets and community capital invested in the Little Earth community stay in the community, and diversity in income and living examples of upward mobility within the community.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	NO

Little Earth of United Tribes • Little Earth Home Ownership Initiative

Selection Standards

Project Feasibility

For the past several years, Little Earth has been working toward creating a path for current residents to purchase homes near the Little Earth community. The disinvestment in the proposed target area provides the opportunity for community reinvestment by rehabilitating or rebuilding homes to sell to current Little Earth residents. Approximately 15% of the current 212 Little Earth households are currently taking significant steps toward bettering their financial situation to achieve homeownership and want to stay near their family and support connections at Little Earth.

Funding Priorities

Organizational Capacity

Little Earth is a Section 8 HUD housing community. It has been in existence since 1973 and recently has taken over management of its own properties. They have administrated the development of $15 million in multi-family improvements and $12 million in infrastructure improvements over the last six years. Since this is a single family housing project, they have partnered with the City of Lakes Community Land Trust (CLCLT) and the City of Minneapolis. The Greater Metropolitan Housing Corporation (GMHC) will serve as the developer. The CLCLT is the result of a committed effort by Minneapolis residents, neighborhood associations and other community development corporations to preserve affordable ownership in their community. Over the past seven years, the CLCLT has assisted over 135 low income households into homeownership. The CLCLT will assist at least another 20 households over the next 12 months. Additional technical expertise is being provided by the Minnesota Housing Partnership through a grant-funded housing technical consultant. This provides Little Earth with an in-house single family housing expert providing operational guidance.

Foreclosure Remediation

This proposal does not meet Minnesota Housing's definition of foreclosure remediation.

Transportation Costs and Access to Transit

The target area is served by various public bus routes with frequent service and easy access to downtown. Franklin Avenue Light Rail Station is located near the target area. The Lake Street Midtown Station and Platform is one mile away.

Economic Integration

This proposal does not meet Minnesota Housing's definition of economic integration.

Sources and Uses, Local Investment and Leverage

Interim construction financing for Phase I has been secured through Minneapolis Neighborhood Stabilization Program funds (NSP) and the Shakopee Mdewakanton Sioux Community. Family Housing Fund has committed resources for affordability, value gap and operations. Little Earth has worked in conjunction with GMHC to acquire the lots on E.M. Stately Street and deliver developer services to the program. They will work with the contractor to ensure quality materials are used and change-orders are held to a minimum. Woodlands Bank will provide financial expertise. Credit counseling and loan servicing will be provided through multiple sources including Little Earth, CLCLT and the American Indian Community Development Corporation AICDC).

Marketing

The most successful marketing at Little Earth takes place by word of mouth. In addition, Little Earth will utilize the CLCLT website, CLCLT orientations, first-time homebuyer courses, the ownahomemn.org website, and local publications. While traditional methods of advertising will be used, the most effective tool is personal presentations made by President and CEO Bill Ziegler. Little Earth has held two community events where this project was featured and discussed. Community events will continue throughout the duration of the project. In addition, they plan to meet with other leaders of Native American organizations to spread the word about the project. While these methods are simple, they remain the most effective and culturally sensitive approach to reach the intended population.

Little Earth of United Tribes • Little Earth Home Ownership Initiative

Unit Style #	1	Unknown

Unit Information	
Style of unit	2+ Story
Finished square feet	1650
Unfinished square feet	
Bedrooms	3
Bathrooms	2
Garage	Y
Number of Stalls	2
Visitability	Y

Development Cost Information	
Land Acquisition Cost	$5,000
Total Per Unit Hard Costs	$225,000
Total Per Unit Soft Costs	$26,834
Total Development Costs Per Unit	$251,834
Anticipated Mortgage Amount	$150,000

Value Gap	
Per Unit Value Gap Amount Needed	$
Sources	**Amount**
Minnesota Housing CRV Funds	$15,000
City of Minneapolis	$50,000
Family Housing Fund	$11,834
Shakopee Mdewakanton Sioux Community	$25,000
Totals	$101,834

Affordability Gap	
Per Unit Affordability Gap Needed	
Sources	**Amount**
City of Minneapolis	$14,999
Totals	$14,999

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Shakopee Mdewakanton	Non-Profit	$125,000	$0	$0	$0	$125,000	
City of Mpls	Local Business	$587,500	$0	$0	$0	$587,500	
Family Housing Fund	Non-Profit	$50,000	$0	$0	$0	$50,000	
	Total	$762,500	$0	$0	$0	Total Leverage	
	Total Committed	$762,500	Total Pending	$0		$762,500	

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Applicant Name
Urban Homeworks

City
Minneapolis

Community Proposal Details
PROJECT: Reclaim

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Hennepin	METRO	CRV

Minimum Request	Maximum Request
$350,000	$400,000

Funding Recommendations

CRV Amount $245,000 **Number of New Units** **Number of Rehab Units** 7 **Total Number of Units** 7

Funding Partner **Amount**

Project Description

Funds are being requested by Urban Homeworks (UHW) to provide affordability gap grant funds for scattered site acquisition, rehabilitation, and resale of foreclosed single family homes in Minneapolis. They will serve families, primarily in North Minneapolis, who make below 80% of the area median income. PROJECT: Reclaim is collaboration between UHW, City of Lakes Community Land Trust, Build Wealth, and Lutheran Social Services. UHW will acquire and rehabilitate foreclosed vacant properties and locate clients that are able to refinance from a contract for deed to a conventional mortgage within 2-4 years of the contract for deed closing. Homes will immediately be placed in the City of Lakes Community Land Trust (CLCLT) upon completion of the rehabilitation. Buyers must meet buyer eligibility guidelines for the contract for deed program which includes performance benchmarks related to credit repair and community land trust requirements. Community Reinvestment Funds will service the contract for deeds.

Justification

The proposal presents a creative approach to the reuse of foreclosed properties in targeted areas of North Minneapolis. Affordability gap and value gap will allow foreclosed homes to be acquired and rehabilitated. Leverage sources include a local lender, local government, volunteers and construction trainees.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

Urban Homeworks • PROJECT: Reclaim

Selection Standards
Project Feasibility
The confidence of the public sector (including Minnesota Housing, City of Minneapolis and Hennepin County) is demonstrated in the large amount of funding that UHW has received for this project. PROJECT: Reclaim aims to improve housing stock as a neighborhood asset and provides opportunities for lower income families. The scattered site, rehabilitation and resale strategy avoids losing properties to inappropriate and unsightly infill, poor quality rental, criminal activity, and depressed housing values due to vacancy and boarding. The program helps to protect families against perpetual cost burdens by improving financial literacy and providing a homeownership product that is realistic and sustainable for them, as well as providing a means for improving overall personal financial circumstances and an opportunity for wealth generation.
Funding Priorities
Organizational Capacity
UHW has constructed, rehabilitated and managed scattered small multi-unit and single-family housing in distressed areas of Minneapolis and St. Paul since 1995. Since its founding, UHW has rehabilitated, rented and managed over 150 properties. UHW currently has a portfolio inventory of 59 properties with an expansion capacity of 15-20 units per year. The waiting list of families needing homes ensures successful occupancy of the next 10 units of the PROJECT: Reclaim project. Within its staff, UHW has experts in the fields of construction, property management, real estate development, finance portfolio development, fiscal management, volunteer coordination, fundraising and marketing, budgeting and extensive non-profit management experience. Further, the organization has developed a large network of community partners that provide a wide range of services to the residents of UHW properties.
Foreclosure Remediation
UHW mitigates foreclosure impact in foreclosure priority areas of Minneapolis by revitalizing individual vacant and foreclosed single family homes. The program was also a 2011 recipient of funding from the Neighborhood Stabilization Program in the amount of $1.2 million. This program is designed to address the redevelopment of communities affected by the foreclosure crisis. The majority of the properties are purchased out of foreclosure or abandonment, and all must be located in high foreclosure areas or North Minneapolis.
Transportation Costs and Access to Transit
All PROJECT: Reclaim sites will be within 1/4 mile of a high service public transit fixed route stop and many will be within 1/2 mile or less of a planned or existing light right transit (LRT), Bus Rail transit (BRT), or commuter rail transit stops. Public transportation is essential for a great number of UHW residents. The reliance on public transit makes it imperative that properties are located adjacent to or nearby transit access, particularly serving employment centers such as downtown Minneapolis. Existing North Minneapolis properties fall along the Bottineau transit corridor where Metro Transit is studying the option of BRT. Metro Transit formulas for Minneapolis estimate that the preservation of 10 housing units in the city will introduce at least 6 new round trip transit rides per day.
Economic Integration
This proposal does not meet Minnesota Housing's definition of economic integration.

Urban Homeworks • PROJECT: Reclaim

Sources and Uses, Local Investment and Leverage
UHW anticipates that they will need $60,000 in value gap financing and $30,000 in affordability gap financing per project. UHW will use $10,000 in value gap and $25,000 per unit in affordability gap finance funds from Community Reinvestment Fund (CRV) resources. CRV will be the "first funder in", with additional funding coming from City of Minneapolis, University National Bank, and Hennepin County. Once confirmation of a CRV award is given, the process of site control/site acquisition will begin. This is expected to begin in fall of 2012. UHW anticipates utilizing the City of Minneapolis' Home Ownership Works (HOW) rolling pipeline as an additional funding source. However, as that source requires site control, CRV funds must be committed prior to putting a request in to the HOW Program. Private underlying financing from University National Bank in the amount of $1.1 million will serve as interim construction and contract-for-deed financing. The final award from Hennepin County Affordable Housing Incentive Fund (AHIF) will round out the public financing. AHIF is a "last in" funder and will only commit funds as the last piece of the funding puzzle. UHW will request $50,000 and will submit the final application in February 2013; awards will be announced around May 1st, 2013.
Marketing
Potential homebuyers are evaluated holistically. They must meet the requirements for repairable credit (able to become bankable in 24 to 48 months) and stable income (typically $30,000 to $40,000 annually) and are then placed on a waiting list. There are currently 30 families in the application process for the previous phase of PROJECT: Reclaim funded by CRV. UHW uses strong neighborhood relationships and a geographically-based method to ensure that housing opportunities are marketed to all communities in Minneapolis. They use a wide variety of marketing techniques including targeted direct outreach to nearby schools, faith communities, 15+ service providers, employers, newspaper, and neighborhood social organizations.

Board Agenda item: 7.A.(9)
Attachment: Development Summaries

Urban Homeworks • PROJECT: Reclaim

Unit Style #	1	Zip codes 55411 and 55412

Unit Information	
Style of unit	2+ Story
Finished square feet	1350
Unfinished square feet	
Bedrooms	3
Bathrooms	2
Garage	Y
Number of Stalls	2
Visitability	Y

Development Cost Information	
Land Acquisition Cost	
Total Per Unit Hard Costs	$161,410
Total Per Unit Soft Costs	$38,590
Total Development Costs Per Unit	$200,000
Anticipated Mortgage Amount	$110,000

Value Gap	
Per Unit Value Gap Amount Needed	$60,000
Sources	**Amount**
CRV Funds	$10,000
City of Minneapolis HOW Program	$50,000
Totals	$60,000

Affordability Gap	
Per Unit Affordability Gap Needed	$30,000
Sources	**Amount**
CRV Funds	$25,000
Hennepin County AHIF	$5,000
Totals	$30,000

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Private Primary Construction 5% Loan	Lender	$0	$0	$1,100,000	$0	$1,100,000	10/01/2012
Minneapolis H. O. W. Program	Local Government	$0	$0	$500,000	$0	$500,000	02/01/2013
Hennepin County AHIF	Local Government	$0	$0	$50,000	$0	$50,000	05/01/2013
	Total	$0	$0	$1,650,000	$0	Total Leverage	

Total Committed $0 Total Pending $1,650,000 $1,650,000

Applicant Name	City
Dayton's Bluff Neighborhood Housing Services	Saint Paul

Community Proposal Details

East Side Neighborhood Renewal Project

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Ramsey	METRO	CRV

Minimum Request	Maximum Request
$80,000	$200,000

Funding Recommendations

CRV Amount $200,000 **Number of New Units** **Number of Rehab Units** 5 **Total Number of Units** 5

Funding Partner **Amount**

Project Description

Value gap funds are requested to acquire, rehabilitate and resell four to ten vacant, foreclosed homes. Households earning up to 115% of area median income (AMI) are eligible, though it is expected that households earning 80% of AMI and below will be the primary beneficiaries. The Dayton's Bluff area on the East Side of St. Paul is the target market.

Justification

This proposal is well designed to serve a target area in need of foreclosure mitigation efforts that is not served by the NSP program on St. Paul's East Side. Leverage sources are significant, and value gaps, while still high given neighborhood characteristics and market conditions in target neighborhoods, are limited in the $20,000 to $30,000 range for Community Revitalization Fund (CRV) resources and will include direct matching fund leverage sources. Dayton's Bluff is an experienced at purchasing, acquiring and selling foreclosure properties with 15 annual sales of acquisition/rehabs.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

Selection Standards

Project Feasibility

There are 671 of the city's vacant buildings in the target area, which is 50% of the total number of vacant buildings in the entire City of St. Paul. According to the community profiles, the area registers as highest need for maintaining an aging housing stock, sustaining a significant loss in median home sales prices, percentage of emerging market populations, community stabilization, and an opportunity to increase homeownership.

Homes will be targeted in the City of St. Paul's designated "market correction areas." These are generally characterized as relatively stable areas but with some problem homes and "market destabilization areas." The City has focused its Neighborhood Stabilization Program (NSP) investments entirely in the most distressed markets, which enhances the feasibility of this program which is targeted to high-need neighborhoods, but focused on areas ineligible for NSP.

Funding Priorities

Organizational Capacity

Dayton's Bluff has acquired more than 235 vacant and foreclosed properties since January 2009. Of that total, they retained 47 properties for rehabilitation and resale. As of June 2012, they have completed and sold 37 of these properties. An 8% developer fee is retained by the organization.

Dayton's Bluff has been rehabilitating homes for more than 30 years. They have experience acquiring, rehabilitating and reselling vacant and foreclosed properties.

Foreclosure Remediation

The East Side of St. Paul includes three zip codes which are designated high need zip codes with respect to foreclosure remediation need: 55130, 55106 and 55119. Dayton's Bluff's strategy of targeting properties for acquisition and rehabilitation that the private market won't address, given value gap need, is prudent. They are committed to matching any CRV gap, at a minimum, on a one-to-one basis with other leverage sources. This approach uses public subsidy effectively while focusing on high-need neighborhoods that have limited access to other sources of foreclosure remediation funds.

Transportation Costs and Access to Transit

Significant portions of the target area meet Minnesota Housing's transit priority according to the Community Profiles.

Economic Integration

This proposal does not meet Minnesota Housing's definition of economic integration.

Sources and Uses, Local Investment and Leverage

Dayton's Bluff has secured over $300,000 in Community Development Block Grant (CDBG) leverage from the City of St. Paul for use with this proposal, in addition to $237,500 in leverage from NeighborWorks, and internal cash reserves set aside for acquisition-rehabilitation activity.

Dayton's Bluff uses multiple methods to keep costs as low as possible including purchasing rehab-worthy properties via the First Look program. This results in approximately a 15% discount below appraised value. Competitive bidding, and involvement of the local YouthBuild program which will be used in at least one house, also help to keep costs low. Construction financing is primarily provided in-house through other leverage sources, including Dayton's Bluff's own operating fund, and CDBG. The CRV subsidy is secured through a five-year deed restriction.

Dayton's Bluff Neighborhood Housing Services • East Side Neighborhood Renewal Project

Marketing

The target market for Dayton's Bluff is primarily comprised of younger Hispanic, African-American and Asian single-headed households. Dayton's Bluff has cultivated relationships with real estate professionals experienced in working with first-time buyers and who have expertise in first-time homebuyer and low- and moderate-income homebuyer loan programs. Dayton's Bluff has partnered with the Greater Metropolitan Housing Corporation (GMHC) to create an innovative contract-for-deed program to provide flexible financing options in the current credit environment.

Unit Style #	1	East Side of the City of St. Paul

Unit Information	
Style of unit	Rambler
Finished square feet	1500
Unfinished square feet	
Bedrooms	3
Bathrooms	2
Garage	Y
Number of Stalls	2
Visitability	N

Development Cost Information	
Land Acquisition Cost	
Total Per Unit Hard Costs	$140,000
Total Per Unit Soft Costs	$40,000
Total Development Costs Per Unit	$180,000
Anticipated Mortgage Amount	$134,750

Value Gap	
Per Unit Value Gap Amount Needed	$40,000
Sources	**Amount**
CRV	$20,000
Other - St. Paul/NWA/Internal	$20,000
Totals	$40,000
Affordability Gap	
Per Unit Affordability Gap Needed	$5,250
Sources	**Amount**
Totals	

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
NeighborWorks America	Non-Profit	$237,500	$0	$0	$0	$237,500	
Dayton's Bluff NHS	Non-Profit	$1,400,000	$0	$0	$0	$1,400,000	
City of St. Paul	Local Government	$300,000	$0	$0	$0	$300,000	
	Total	$1,937,500	$0	$0	$0	Total Leverage	

Total Committed $1,937,500 Total Pending $0 $1,937,500

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Applicant Name	City
Greater Frogtown Community Development Corporation	Saint Paul

Community Proposal Details

Frogtown Homeowner Rehab Project

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Ramsey	METRO	CRV

Minimum Request	Maximum Request
$150,000	$175,000

Funding Recommendations

CRV Amount $175,000 **Number of New Units** **Number of Rehab Units** 11 **Total Number of Units** 11

Funding Partner **Amount**

Project Description

The Greater Frogtown Community Development Corporation (GFCDC) requests $175,000 in funds for a homeowner rehabilitation program using deferred loan funds. The program will use direct match Community Development Block Grant (CDBG) funding from the City of St. Paul to serve homeowners in the Frogtown neighborhood. Households earning between 30% and 80% of area median income are targeted under the program.

Justification

GFCDC will provide deferred home improvement loans for households earning between 30%-80% of area median income. The program fills an important need for the Frogtown neighborhood which is characterized by an older housing stock, a high percentage of emerging market residents, and high vacancy and foreclosure rates. With proximity to the Central Corridor, helping existing homeowners preserve and maintain their homes justifies prudent public investment and meets transit priorities. The applicant has secured one-to-one matching leverage from the City of St. Paul for $175,000. The proposal is well suited for the housing needs in the area.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	NO
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

Selection Standards

Project Feasibility

The target area runs from University Avenue north to the railroad tracks and borders Lexington Avenue and Rice Street. The target area is within 1/2 mile of the Central Corridor light-rail transit (LRT). The Frogtown community has a high poverty rate at 34%, with 80% of its population comprised of emerging market households. Administering a home improvement program that serves households above Minnesota Housing's Rehabilitation Loan Program (RLP) income limits, yet provides an attractive interest-free deferred loan option for a community comprised of a significant number of low-income households that, on average earn $30,000, is a prudent strategy. According to the applicant, the amount of rehabilitation investment homes in the area need exceeds $30,000 on average, so matching Community Revitalization Fund (CRV) resources with City of St. Paul Community Development Block Grant (CDBG) leverage on a one-to-one basis, is a needed strategy. Given the age of homes in the Frogtown neighborhood, the degree of economic distress, and the condition of many of the units, the program fits the area's housing needs well.

Funding Priorities

Organizational Capacity

GFCDC has been in operation for 17 years with direct experience administering a home improvement program since 1997. Over 500 home improvement projects have been completed and, on an annual basis, the organization commits $375,000 in home improvement funds to the area. GFCDC performs marketing, client intake, underwriting, home inspections, and outlines the work scope as part of their home improvement program. Their rehab advisor conducts a health and safety inspection to ensure the rehab scope is appropriately developed. Oversight continues through the bid and construction phases of each project. GFCDC charges a construction management fee of $4500 per loan.

Foreclosure Remediation

The Frogtown neighborhood is not located in a high-need zip code but does meet the 10% sheriff sales rate to qualify for Minnesota Housing's foreclosure priority (10.7% sheriff sales rate). In addition, the neighborhood has a large number of vacant properties. The age of the housing stock exacerbates the strong need for rehabilitation in the area which exhibits a high degree of community stabilization need. Home improvement and rehabilitation of the housing stock for existing owners is an important element of the neighborhood's overall stabilization strategy.

Transportation Costs and Access to Transit

The area is located adjacent to the Central Corridor light-rail transit (LRT) with five stops estimated within the Frogtown neighborhood boundary (and within 1/2 mile). In addition, there are a number of bus routes that also run through the neighborhood within 1/4 mile that provide frequent, fixed route stops.

Economic Integration

This proposal does not meet Minnesota Housing's definition of economic integration.

Sources and Uses, Local Investment and Leverage

GFCDC has secured $175,000 in Community Development Block Grant (CDBG) funds to match the rehabilitation activity. The matching funds are a significant source of leverage which are needed given the age of the housing stock and scope of deferred maintenance needs. The per unit City of St. Paul funds ($17,250) will be forgiven upon owner-occupancy (first five years) with the remaining half of per unit funds provided by CRV ($17,250) to be paid back after the sale of property or in 30 years. Development costs are kept as low as possible through competitive bidding, with a minimum of three bids required, in addition to the ongoing rehab advisor's participation in the overall process.

Marketing

GFCDC aggressively markets the program in the community by flyering community gathering spots and through direct contact with targeted parts of the community. GFCDC works closely with local community organizations such as Lao Family, the Hmong American Partnership, and mosques and Latino grocery stores to market rehabilitation programs.

Greater Frogtown Community Development Corporation • Frogtown Homeowner Rehab Project

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
City of St. Paul	Local Government	$175,000	$0	$0	$0	$175,000	
	Total	$175,000	$0	$0	$0	Total Leverage	
	Total Committed	$175,000	Total Pending	$0		$175,000	

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Applicant Name	City
Greater Frogtown Community Development Corporation	Saint Paul

Community Proposal Details

Preserving Affordability and Quality in Frogtown's Housing (PAQ)

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Ramsey	METRO	CRV

Minimum Request	Maximum Request
$150,000	$175,000

Funding Recommendations

CRV Amount $90,000 **Number of New Units** **Number of Rehab Units** 2 **Total Number of Units** 2

Funding Partner **Amount**

Project Description

Funds are requested for value gap for two vacant properties to be acquired and rehabbed in the Frogtown neighborhood. The Greater Frogtown Community Development Corporation (GFCDC) will partner with the Greater Metropolitan Housing Corp. (GMHC) to co-develop the homes along the Central Corridor light-rail transit (LRT) line. An additional partnership with the Department of Corrections Institutional Community Work Crew has been formed, with the work crew to complete parts of the renovation. Homes will be sold to households earning 80% of area median income or less.

Justification

GFCDC works in St. Paul's Frogtown neighborhood which exhibits a high degree of community stabilization need. GFCDC will partner with a developer experienced with the acquisition and rehabilitation of foreclosed properties. The location of the target neighborhood is proximate to transit. GFCDC has raised significant leverage resources for the acquisition and rehabilitation of two units, including already secured interim construction financing, and value gap from the City of St. Paul which will match the Community Revitalization Fund's value gap investment.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

Selection Standards
Project Feasibility
GFCDC and GMHC will acquire two vacant and foreclosed homes, inspect the properties and develop work scopes. GFCDC will maintain the project files and ensure the sale of the units to income-qualified homeowners. The applicant has experience working with GMHC as a partner, having collaborated on six owner-occupied homes previously. GMHC will provide up to $250,000 in interest-free interim construction financing for the project. Additional interest-bearing interim financing has been secured from University Bank and GMHC. GFCDC also has a partnership with the Neighborhood Energy Consortium to determine the scope of work needed for energy improvements. GFCDC has notable experience with rehabilitation improvements in the Frogtown neighborhood. They also outline a strategy of identifying eligible properties near other locations within the neighborhood where previous investments have been made in an effort to leverage the scale of positive impact. The development timeline projects units will be marketed for sale beginning in August, 2013.
Funding Priorities
Organizational Capacity
GFCDC will act as co-developer with GMHC, a developer with more experience rehabbing foreclosed properties. GFCDC has a track record of developing 45 units of new single-family and duplex construction and has substantially renovated 35 homes sold to households at or below 80% of area median income. GFCDC is supported by funding from the City of St. Paul for activities in the Frogtown neighborhood. They have a track record with multi-family
Foreclosure Remediation
The Frogtown neighborhood meets Minnesota Housing's foreclosure remediation priority by exhibiting a 10.7% sheriff sales rate. In addition, the neighborhood suffers from a high number of vacant and dilapidated properties, a high poverty rate, and old housing stock in need of rehab. Acquiring and rehabilitating homes will have a positive impact in this community that ranks high in terms of community stabilization need. The area suffers from significant price declines (60% on average) with purchase prices ranging from $25,000 to $85,000. The proximity of the neighborhood to the Central Corridor LRT further strengthens the need for community stabilization by creating homeownership opportunities targeted to low-income households proximate to transit. This neighborhood received some Neighborhood Stabilization Program (NSP) funding which was used by the City of St. Paul to acquire 48 properties through the First Look program. Twenty of those properties are slated to be demolished and 28 rehabbed.
Transportation Costs and Access to Transit
The neighborhood meets the proximity priority to both the Central Corridor LRT and public transit fixed-route stops.
Economic Integration
The proposal does not meet Minnesota Housing's economic integration priority.
Sources and Uses, Local Investment and Leverage
The City of St. Paul will provide up to $15,000 in soft second mortgages which will be forgiven after 10 years and additional leverage is also provided by the City of St. Paul's Community Development Block Grant (CDBG) program for development gap. The applicant will verify household incomes and require owner-occupancy for 10 years. GFCDC will work with First Look and the Twin Cities Community Land Bank to negotiate purchase prices as low as possible, write scopes of work immediately upon acquisition of properties, and competitively bid.

Marketing

As a Community Development Corporation, GFCDC aggressively markets the program in the community by flyering community gathering spots and through direct contact with targeted parts of the community. GFCDC works closely with local community organizations such as Lao Family, the Hmong American Partnership, and mosques and Latino grocery stores. The immediate neighborhood is comprised of more than 70% emerging market populations.

Unit Style #	1	Scattered site in the Frogtown neighborhood

Unit Information	
Style of unit	2+ Story
Finished square feet	1475
Unfinished square feet	
Bedrooms	3
Bathrooms	2
Garage	Y
Number of Stalls	2
Visitability	N

Development Cost Information	
Land Acquisition Cost	$3,000
Total Per Unit Hard Costs	$172,500
Total Per Unit Soft Costs	$47,434
Total Development Costs Per Unit	$219,934
Anticipated Mortgage Amount	$109,000

Value Gap	
Per Unit Value Gap Amount Needed	$104,934
Sources	**Amount**
CRV	$45,000
City of St. Paul - CDBG	$53,000
Edina Realty - Pro Bono RE Marketing	$2,334
Other leverage sources	$4,600
Totals	$104,934

Affordability Gap	
Per Unit Affordability Gap Needed	$6,000
Sources	**Amount**
City of St. Paul	$6,000
Totals	$6,000

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
City of St. Paul	Local Government	$159,000	$0	$0	$0	$159,000	
GMHC	Non-Profit	$200,000	$0	$0	$0	$200,000	
University National Bank	Lender	$200,000	$0	$0	$0	$200,000	
Edina Realty	Private Investment	$0	$0	$7,002	$0	$7,002	
	Total	$559,000	$0	$7,002	$0	Total Leverage	
	Total Committed	$559,000	Total Pending	$7,002		$566,002	

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Applicant Name	City
Model Cities Community Development Corporation	Saint Paul

Community Proposal Details

MCASA HomeOwnership Program-Phase IV

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Ramsey	METRO	CRV

Minimum Request	Maximum Request
$300,000	$400,000

Funding Recommendations

CRV Amount $120,000 **Number of New Units** **Number of Rehab Units** 4 **Total Number of Units** 4

Funding Partner **Amount**

Project Description

Model Cities Community Development Corporation (Model Cities) is requesting funds for value gap financing for buyers purchasing vacant and foreclosed properties in the Thomas-Dale and Aurora-Saint Anthony neighborhoods of St Paul. Model Cities is partnering with Aurora St. Anthony Neighborhood Development Corporation to acquire and rehabilitate the single family homes. The MCASA program, a partnership between Model Cities and Aurora St. Anthony Neighborhood Development Corporation, was developed to help the Minnesota Emerging Markets Homeownership Initiative efforts to increase sustainable homeownership among emerging markets. The homes will be developed and sold through a contract for deed, targeting households with incomes at or below 80% of the area median income (AMI). Buyers receive financial and homeownership training during a 6-24 month contract period prior to actual purchase. The service area is also located within the Twin Cities Community Land Bank, Local Initiative Support Corporation (LISC), and Family Housing Fund Corridors of Opportunity High-Priority Service Area.

Justification

Model Cities is working in a targeted area which has high accessibility to transit and essential services. This area will help preserve affordable housing along the central corridor. MCASA provides potential homebuyers who need to rehabilitate their credit with ongoing, one-on-one case management services so they may effectively manage their household budget or reduce their debt burden.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

Model Cities Community Development Corporation • MCASA HomeOwnership Program-Phase IV

Selection Standards

Project Feasibility

The target area is a priority area at the local, regional and federal levels. The MCASA service area is within one of Saint Paul's four Invest Saint Paul target neighborhoods, where a disproportionate amount of the city's foreclosed and vacant homes are located. The MCASA target area is also within the boundaries of St. Paul's Promise Neighborhood. According to the Wilder Foundation, within the Promise Neighborhood, "about one-third of the residents are younger than 18 and 56% of households have incomes below $35,000." The MCASA program will enhance the goals of the Promise Neighborhood by providing quality, affordable homes for families in the area. The target area has also been identified as a priority area by the Corridors of Opportunity Initiative. The accessibility and affordability of the housing stock within the MCASA service area, coupled with its regional and local priority as a transit corridor, a redevelopment area, and as a Promise Neighborhood, will make it more feasible to use Community Revitalization Fund (CRV) resources to leverage additional sources of funding while also helping to meet a variety of important community needs.

Funding Priorities

Organizational Capacity

Model Cities has 20 years experience in community development. Model Cities and Aurora St. Anthony Neighborhood Development Corporation (ASANDC) partnered in 2004 to create MCASA LLC, a homebuyer model designed to meet needs of families with credit or debt barriers to conventional homeownership. Included in Model Cities development portfolio is commercial, residential, and mixed use new construction and rehabilitation projects. Model Cities has staff to ensure that the buildings meet code requirements, occupancy standards and income projections. Staff experience includes developer, owner/manager of residential and commercial properties, leasing, record keeping, accounts receivable management, inspections and property maintenance.

Foreclosure Remediation

The MCASA service area has a three-year sheriff sales rate of 10.7% and the area contains 2788 residential parcels. The MCASA program will acquire and rehab vacant foreclosed homes and sell them to qualified homebuyers. The program will provide home buyer education and continued counseling to the purchasers with the stated purpose of educating and preventing future foreclosures.

Transportation Costs and Access to Transit

The MCASA service area is located within one half-mile of the Central Corridor LRT route alignment. All of MCASA's 16 houses in Phase I, II and III are located within one-half mile or eight blocks of University Avenue. The Central Corridor LRT is expected to begin service in 2014. Specific parcels for the MCASA Phase IV project have not yet been acquired. Therefore, exact site distances cannot be determined.

Economic Integration

This proposal does not meet Minnesota Housing's definition of economic integration.

Sources and Uses, Local Investment and Leverage

Model Cities City Development Council has City of St. Paul Planning and Economic Development leverage of $30,000. Subsidy will be protected by a deed restriction put on the land for five years after the initial sale that prohibits the sale of the property to buyers earning incomes above 80% of the area median income.

Marketing

Families have been recruited for participation through several ongoing outlets including newsletters, community meetings, and local community organizations that include Aurora St. Anthony Neighborhood Development Corporation (ASANDC), the Hmong American Partnership, and Summit-University and Thomas-Dale Planning Councils. They are also identified through local agencies that provide Home Stretch homebuyer education and other community development outreach services such as Metropolitan Consortium of Community Developers (MCCD) OwnAHomeMN.org. Marketing efforts have included placing brochures at faith-based establishments and other community gathering places, speaking with targeted groups at community meetings, on-site signage, press releases, and radio advertising.

Model Cities Community Development Corporation • MCASA HomeOwnership Program-Phase IV

Unit Style #	1	Thomas-Dale and Aurora-St. Anthony Neighborhoods, St Paul

Unit Information	
Style of unit	
Finished square feet	1450
Unfinished square feet	
Bedrooms	3
Bathrooms	1
Garage	Y
Number of Stalls	1
Visitability	N

Development Cost Information	
Land Acquisition Cost	
Total Per Unit Hard Costs	$180,100
Total Per Unit Soft Costs	$22,500
Total Development Costs Per Unit	$202,600
Anticipated Mortgage Amount	$130,000

Value Gap	
Per Unit Value Gap Amount Needed	$72,600
Sources	**Amount**
Minnesota Housing CRV Funds	$30,000
Federal Home Loan Bank Affordable Housing Program	$30,000
Foundations Grants	$6,600
City of St Paul	$6,000
Totals	$72,600

Affordability Gap	
Per Unit Affordability Gap Needed	$
Sources	**Amount**
Totals	

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Federal Home Loan Bank	Federal Government	$0	$0	$150,000	$0	$150,000	11/01/2012
Foundations	Non-Profit	$0	$0	$33,000	$0	$33,000	12/01/2012
City of St Paul PED	Local Government	$30,000	$0	$0	$0	$30,000	11/01/2012
Twin Cities Community Land Bank	Non-Profit	$0	$0	$400,000	$0	$400,000	08/01/2012
		$0	$0	$0	$0	$0	
	Total	$30,000	$0	$583,000	$0	Total Leverage	
	Total Committed	$30,000	Total Pending	$583,000		$613,000	

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Applicant Name
Rebuilding Together Twin Cities

City
Saint Paul

Community Proposal Details
Community Build in St. Paul and Falcon Heights

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Ramsey	METRO	CRV

Minimum Request	Maximum Request
$50,000	$100,000

Funding Recommendations

CRV Amount $50,000 **Number of New Units** **Number of Rehab Units** 9 **Total Number of Units** 9

Funding Partner Metropolitan Council **Amount** $50,000

Project Description

Rebuilding Together will use funds for an owner-occupied rehabilitation program that uses volunteer-led efforts and licensed contractors for work where such professionals are needed. The geographic neighborhoods targeted include Como Park, Hamline-Midway, and the Frogtown neighborhoods in St. Paul in addition to Falcon Heights. Households must earn under 50% of area median income, with the majority of households served earning 30% of area median income. Five thousand dollars of per unit, five-year deferred loan funding, is recommended for a total of 18 units. Nine will be funded by Minnesota Housing and nine by the Metropolitan Council.

Justification

Rebuilding Together is a new applicant which works to stabilize property values for neighborhoods while preserving low-income homeowners' greatest asset, their home. The Twin Cities affiliate has developed a strong track record locally, having focused efforts in North Minneapolis and the surrounding area. This proposal represents an opportunity to expand operations to St. Paul and Falcon Heights neighborhoods with aging housing stock. This is a well-managed, volunteer-driven effort with professional staff. Partnerships include direct leverage from Lowe's, in addition to a partnership with the Dunwoody Institute of Technology which incorporates Rebuilding Together activities as part of its overall service learning educational requirement. The Builder's Association of the Twin Cities Foundation is another notable partner.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	NO
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	YES

Selection Standards

Project Feasibility

Rebuilding Together's renovation activities will occur between January and June 2013 as part of their organization's volunteer-driven Community Build Project. They currently have eight eligible homeowner applications on file for the target geographic area. The target geography was selected, in part, to leverage positive impact of the installation of a new playground at the Chelsea Heights Elementary school in the Como neighborhood.

The four neighborhoods targeted all exhibit high need to maintain an aging housing stock and for community stabilization according to the Community Profiles.

A typical scope of work for projects includes re-roofing, installation of handicap ramps, weatherizing, plumbing, electrical repairs, cleaning, re-carpeting, patching and painting, siding, landscaping, and other possible health and safety improvements. Qualified residents must meet income limits, own their own home and be current on their mortgage. In addition, at least one resident must be either an older adult (age 55+), a household member living with a disability, have a child under the age of 18, or be an active or retired member of the military. On average, households served in the program have owned their home for 23 years.

Funding Priorities

Organizational Capacity

The organization's mission is to bring volunteers and communities together to improve the homes and lives of low-income homeowners. When qualified homeowners are not capable of making needed repairs, this organization coordinates volunteers, skilled labor, and tools and supplies necessary to repair the homes. This local chapter is an affiliate of a national organization and has been in existence since 1997. Since that time, more than 5,600 volunteers have participated to repair 252 homes in the Twin Cities.

Rebuilding Together will oversee the entire Community Build from start to finish to include: outreach to community partners, locating and selecting homeowners, completing project workscopes, matching volunteers and/or contractors appropriately with needed repairs, and managing overall implementation of the final scope of work.

This organization is a first-time applicant and staff qualifications are strong.

Foreclosure Remediation

This proposal does not meet Minnesota Housing's definition of foreclosure remediation.

Transportation Costs and Access to Transit

All homes will be located within one-half mile of an express bus route. In addition, two homes are within one-half mile of the Central Corridor light-rail transit.

Economic Integration

This proposal does not meet Minnesota Housing's definition of economic integration.

Rebuilding Together Twin Cities • Community Build in St. Paul and Falcon Heights

Sources and Uses, Local Investment and Leverage

Leverage sources include direct leverage from Lowe's for rehabilitation of 6 homes ($60,000) in addition to partnerships with organizations providing volunteer support such as the Builder's Association and Dunwoody Technical College. The five-year loan will be protected by placing a lien on the property. Rebuilding Together will partner with an experienced Minnesota Housing home improvement lender, the Greater Metropolitan Housing Corporation (GMHC) to underwrite loans.

CRV funds will only be used for projects in need of a $5,000 or more investment, with an underwriting fee of $400 in addition to a $300 developer fee.

Marketing

Rebuilding Together uses a variety of marketing techniques to reach community members in need of services, including placing a strong emphasis on community partners. Partnerships with local area schools, community councils, Meals on Wheels, and block nurse programs have proven particularly effective.

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Lowe's	Private Investment	$60,000	$0	$0	$0	$60,000	
	Total	$60,000	$0	$0	$0	Total Leverage	
	Total Committed	$60,000	Total Pending			$60,000	

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Applicant Name
Housing and Redevelopment Authority of the City of Saint Paul, Minnesota

City
Saint Paul

Community Proposal Details
Saint Paul Rehab Support Program

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Ramsey	METRO	CRV

Minimum Request	Maximum Request
$750,000	$1,000,000

Funding Recommendations

CRV Amount $500,000 **Number of New Units** **Number of Rehab Units** 25 **Total Number of Units** 25

Funding Partner **Amount**

Project Description

Funds are being requested by the City of St. Paul's Housing and Redevelopment Authority (HRA) for continuing the rehabilitation loan program initially funded in 2010. The funds will service two new target areas within St. Paul which have seen a decline in values of over 60%, increases in sheriff sales, increases in pre-foreclosure notices, aging housing stock and loss or reduction of employment income. The HRA will market this program to existing homeowners in the two target areas who are likely underwater on their mortgages and do not have the financial means to make much needed repairs to their homes. The program will target households up to 115% of area median income (AMI) and provide an interest- free deferred loan that will be due upon sale or when the owner no longer occupies the property as their principal residence. The loans made to homeowners will average $20,000.

Justification

Market conditions have caused a significant decline in values, therefore rendering owner-occupied rehabilitation activities difficult, particularly for homeowners with negative equity. Providing loans in targeted areas that have been heavily impacted by foreclosures will provide needed incentives for homeowners who otherwise may not qualify for home improvement financing.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	NO
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	YES

Selection Standards
Project Feasibility
The HRA selected two target areas in the 55104 and 55117 zip codes. Target area 1 is bound by Ivy to Atwater/Sycamore, Western to Sylvan and Target area 2 is bound by Minnehaha Ave West to University, Victoria to Dale. These areas have been scaled down to communities where the HRA, private developers and non -profit developers are completing the Neighborhood Stabilization Program (NSP) and other redevelopment projects. They have also had a substantial increase in the number of applications for deferred loans, a significant increase in the number of sheriff sales over the past 3 years and a 60% decline in the overall market value. To maximize overall impact, proximity to transit, number of vacant houses and current stabilization efforts within the two target areas were also considered.
Funding Priorities
Organizational Capacity
For many years the HRA has directly provided deferred home improvement loans and Minnesota Housing home improvement loan products to Saint Paul residents. Between 2009-2011, the HRA closed 276 rehab loans totaling $4,905,141 using Community Development Block Grant (CDBG), Community Development Block Grant Recovery (CDBG-R), HOME, and Minnesota Housing Community Revitalization Fund (CRV) and Fix-up Fund loans. Funds will be used as a continuation and expansion of the existing $750,000 CRV Rehab Support Program awarded in 2010 with an expanded service area. The HRA staff has a wide range of expertise which includes accepting loan applications, assisting homeowners with their scope of work and construction bidding process, conducting loan closings, monitoring construction, and processing construction draws with the homeowner and contractor.
Foreclosure Remediation
The proposal does not meet the Minnesota Housing definition of foreclosure remediation. However, it does have some foreclosure mitigation components. The HRA will help to mitigate foreclosure by rehabilitating existing properties located in a target area in which the three-year (2009, 2010, and 2011) sheriff-sales rate for the target area is above 10%. The city will market this program in the two target areas to existing homeowners who are underwater, struggling with their financial budget or facing an impending foreclosure. Families in the program will be referred to a foreclosure prevention counseling agency within the Minnesota Homeownership Center network. Initial assessments and ongoing counseling will help these families to manage their finances, determine the ramifications of taking on additional debt, and assist families in danger of immediate foreclosure.
Transportation Costs and Access to Transit
Sites selected are either within 1/2 mile of a planned or existing LRT or 1/4 mile of a high service public transit fixed route stop. Target 1 includes a high frequency route and an express route running through and along the boundary of the area with a stop at Maryland/Rice Street and Maryland/Dale Street. Target 2 parallels the Central Corridor LRT and currently has a high frequency and multiple express routes.
Economic Integration
This proposal does not meet Minnesota Housing's definition of economic integration.
Sources and Uses, Local Investment and Leverage
The HRA has committed leverage from CDBG of $250,000. The CRV subsidy will use an interest-free deferred mortgage that is due upon sale, or when the owner fails to occupy the property as their principal residence, or in 30 years, whichever comes first.
Marketing
Homeowners will be selected on a first come, first served basis. They are required to live in one of the target areas, meet income standards, and agree to participate in foreclosure prevention counseling if they are underwater on their mortgage or are struggling with other debt issues. Marketing campaigns are targeted to reach out to underserved populations. They use multiple media sources including internet, TV, newspaper, resource fairs and direct mail.

Housing and Redevelopment Authority of the City of Saint Paul, Minnesota • Saint Paul Rehab Support Program

Source of Leverage Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
St. Paul CDBG funds	Federal Government	$250,000	$0	$0	$0	$250,000	
	Total	$250,000	$0	$0	$0	Total Leverage	
	Total Committed	$250,000	Total Pending	$0		$250,000	

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Applicant Name	City
Twin Cities Habitat for Humanity, Inc.	Saint Paul

Community Proposal Details

Frogtown Focus Neighborhood Revitalization Initiative

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Ramsey	METRO	CRV

Minimum Request	Maximum Request
$289,000	$289,000

Funding Recommendations

CRV Amount $289,000 **Number of New Units** 2 **Number of Rehab Units** 2 **Total Number of Units** 4

Funding Partner **Amount**

Project Description

Twin Cities Habitat for Humanity (Twin Cities Habitat) is requesting value gap funds for two activities. First, funds will be used to acquire, rehabilitate and sell vacant and/or foreclosed properties to support a targeted revitalization effort in the Frogtown neighborhood of St. Paul and the second funding activity will acquire both blighted homes and vacant lots next to blighted homes, demolish the homes and reconfigure the two lots for redevelopment of newly constructed single family homes. This neighborhood is the regional focus of two emerging trends in urban development, transit orientated development (TOD) and neighborhood education achievement zones. The neighborhood has identified vacant lots and blighted structures with small irregular lot sizes. The proposal will combine lots into more standard lot sizes. This area is very susceptible to gentrification, with high housing costs due to investor buying homes near light rail transit routes. Homes will be sold to buyers with incomes below 50% of area median income (AMI).

Justification

Working in a targeted, narrow geography with intensive orientation towards partnership with local community organizations and residents will help Twin Cities Habitat develop broader, integrated housing strategies. The overall neighborhood revitalization efforts will leverage affordable housing development with transit oriented development strategies and community level educational attainment strategies.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

Selection Standards

Project Feasibility

Twin Cities Habitat provides homeownership training and financial and budgeting courses to families and helps them network within their new communities to provide a basis for sustainable homeownership. Using a property by property neighborhood survey and a grant from the McKnight foundation, the Frogtown Neighborhood Association has evaluated every property in Frogtown. Increasing land values along the central corridor and the threat to affordable housing increases the need for stabilization, and has further driven target area selection. Studies of transit oriented development in low-income neighborhoods indicate that the displacement of current residents and loss of affordability is a real concern.

Funding Priorities

Organizational Capacity

Currently, Twin Cities Habitat builds and sells an average of 55-60 homes annually. Of those families who purchase a Habitat home every year, interest free financing makes the payments affordable for families earning less than 50% of the area median income. The demand for Twin Cities Habitat homes in the area targeted in this proposal is high, and there are frequently more buyers interested in St. Paul homes than they can match. Acting as the builder, Twin Cities Habitat acquires the properties, builds or rehabs the homes, and markets them to eligible families in its homeownership program. Habitat recruits volunteers to build/rehab and sponsor its homes, employing subcontractors as needed for reasons of professional licensure or specialized skills. Twin Cities Habitat homebuyers contribute 300 to 500 hours of sweat equity on their homes and other homes in production.

Foreclosure Remediation

The Frogtown focus area targeted here lies within census tract 326, the smallest area for which Twin Cities Habitat could obtain foreclosure data. There are 760 residential parcels in census tract 326 based on Geographic Information System (GIS) data obtained from Minnesota Housing, or 726 parcels when excluding apartments/rental projects. Thus the tract meets the residential parcel area criteria. According to HousingLink, there were 77 foreclosures in the census tract over the period of 2009-2011. Using the more conservative 760 residential parcels, this results in a 10.13% foreclosure rate for the census tract.

Transportation Costs and Access to Transit

Two central corridor Light Rail Transit (LRT) stops currently under construction at Western and Dale will serve this portion of the Frogtown neighborhood, meaning that the target area will be within 1/2 mile of a LRT stop. The target area is within 1/4 mile of University Ave. Route 16 is a high frequency bus route that serves University Ave and runs the entire length of the neighborhood, with stops every block on University Ave. Any homeowner living in a property funded under this proposal has access to a University Ave bus stop to route 16 within 1/4 mile. The route will continue to run once light rail is completed and will provide ongoing transit services, but with less frequent service.

Economic Integration

This proposal does not meet Minnesota Housing's definition of economic integration.

Sources and Uses, Local Investment and Leverage

Twin Cities Habitat has over $600,000 in additional leverage. Employer, municipal, and philanthropic leverage sources were included. In order to control costs, Twin Cities Habitat contacts multiple contractors and selects the lowest qualified bid. They seek competitive bids for overall material contracts, typically on an annual basis. Twin Cities Habitat negotiates in-kind donations and or/ discounts on services and materials, reducing costs. For its new construction efforts, Twin Cities Habitat uses a stock set of house designs which are roughly comparable in cost, and chooses from among these plans unit models that will fit into the neighborhoods where it will build. While allowing for some cost increases in materials over time, the standardization of these models as known quantities help contain costs within projected budgets. Twin Cities Habitat also focuses on waste minimization to control costs. They build customized wall panels off site to assure maximum usage of lumber and minimization of waste. It also designs its plans to be right sized to drywall material sizes and other common material sizes and so avoids wasted materials. Twin Cities Habitat builds simple homes that do not include washers/dryers or dishwashers. Families have connections available for these options, but the appliances are not part of the homes they build.

Twin Cities Habitat for Humanity, Inc. • Frogtown Focus Neighborhood Revitalization Initiative

Marketing
Twin Cities Habitat provides program materials and hosts exploration sessions at local offices of community organizations, community centers, churches, employment centers, housing counseling and referral agencies, and local housing and redevelopment authorities (HRAs) among others. Specific marketing methods include providing brochures, leaflets, signs, personal contacts, newspaper ads (including neighborhood, city, and minority/ethnic newspapers or newsletters) and leveraging the connections of local governmental offices and advocacy or special needs groups to connect with potentially eligible clients served by those organizations. In doing so, Twin Cities Habitat's Family Services Department works proactively to forge long-term relationships with entities directly tied to potential target populations that may qualify for Twin Cities Habitat homes. Staff regularly meets with community organizations to learn more about their clients and share the Twin Cities Habitat model. In particular, Twin Cities Habitat is interested in working with organizations and service providers who work with the renter populations that are the key market for Twin Cities Habitat's homeownership program. On an annual basis Twin Cities Habitat reaches more than 1,000 households through its homeownership exploration sessions. Of those households, roughly 300 are not eligible based on income. Another 300 or so choose to apply to Twin Cities Habitat, and of those, approximately 150 will ultimately complete the application process and submit qualified applications. That pool of 150 homebuyers then becomes the group from which households are selected to become Twin Cities Habitat homeowners.

Twin Cities Habitat for Humanity, Inc. • Frogtown Focus Neighborhood Revitalization Initiative

Board Agenda item: 7.A.(9)
Attachment: Development Summaries

Unit Style # 1 — Frogtown Focus Neighborhood Revitalization Initiatives - New Construction and land Assembly of Vacant Lots

Unit Information	
Style of unit	2+ Story
Finished square feet	1500
Unfinished square feet	
Bedrooms	3
Bathrooms	2
Garage	Y
Number of Stalls	1
Visitability	N

Development Cost Information	
Land Acquisition Cost	$40,000
Total Per Unit Hard Costs	$191,000
Total Per Unit Soft Costs	$42,000
Total Development Costs Per Unit	$233,000
Anticipated Mortgage Amount	$125,000

Value Gap	
Per Unit Value Gap Amount Needed	$88,000
Sources	**Amount**
Minnesota Housing	$55,000
Self-Help Homeownership Opportunity Program	$15,000
TCHFH Private Fundraising	$18,000
Totals	$88,000
Affordability Gap	
Per Unit Affordability Gap Needed	$20,000
Sources	**Amount**
Covered as Habitat 1st Mortgage	$20,000
Totals	$20,000

Unit Style # 2 — New Construction w/ land assembly & demo of blighted homes

Unit Information	
Style of unit	2+ Story
Finished square feet	1500
Unfinished square feet	
Bedrooms	3
Bathrooms	2
Garage	Y
Number of Stalls	1
Visitability	N

Development Cost Information	
Land Acquisition Cost	$5,000
Total Per Unit Hard Costs	$215,500
Total Per Unit Soft Costs	$42,000
Total Development Costs Per Unit	$257,500
Anticipated Mortgage Amount	$125,000

Value Gap	
Per Unit Value Gap Amount Needed	$112,500
Sources	**Amount**
Minnesota Housing	$77,000
Self-help Homeownership Opportunity Program	$15,000
TCHFH Private Fundraising	$20,200
Totals	$112,200
Affordability Gap	
Per Unit Affordability Gap Needed	$20,000
Sources	**Amount**
Covered as Habitat 1st Mortgage	$20,000
Totals	$20,000

Twin Cities Habitat for Humanity, Inc. • Frogtown Focus Neighborhood Revitalization Initiative

Unit Style #	3	Acquisition Rehab with land assembly and demo of adjacent structures

Unit Information		Development Cost Information		Value Gap	
Style of unit		Land Acquisition Cost	$90,000	Per Unit Value Gap Amount Needed	$97,000
Finished square feet	1400	Total Per Unit Hard Costs	$192,000	**Sources**	**Amount**
Unfinished square feet	1400	Total Per Unit Soft Costs	$40,000	Minnesota Housing CRV Funds	$97,000
Bedrooms	3	Total Development Costs Per Unit	$232,000		$
Bathrooms	2	Anticipated Mortgage Amount	$125,000		$
Garage	Y			Totals	$97,000
Number of Stalls	1			**Affordability Gap**	
Visitability	N			Per Unit Affordability Gap Needed	$10,000
				Sources	**Amount**
				Minnesota Housing CRV Funds	$10,000
				Totals	$10,000

Unit Style #	4	Acquisition Rehabilitation

Unit Information		Development Cost Information		Value Gap	
Style of unit		Land Acquisition Cost		Per Unit Value Gap Amount Needed	$40,000
Finished square feet	1400	Total Per Unit Hard Costs	$135,000	**Sources**	**Amount**
Unfinished square feet		Total Per Unit Soft Costs	$40,000	Minnesota Housing CRV	$40,000
Bedrooms	3	Total Development Costs Per Unit	$175,000		$
Bathrooms	2	Anticipated Mortgage Amount	$125,000		$
Garage	Y				$
Number of Stalls	1			Totals	$40,000
Visitability	N			**Affordability Gap**	
				Per Unit Affordability Gap Needed	$10,000
				Sources	**Amount**
				Minnesota Housing CRV	$10,000
				Totals	$10,000

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
TCHFH in Kind	Non-Profit	$0	$34,000	$0	$0	$34,000	
Self-Help Homeownership Opportunity Program	Federal Government	$60,000	$0	$0	$0	$60,000	
Wells Fargo NRI Grant	Local Business	$18,000	$0	$0	$0	$18,000	
TCHFH Sponsorships/Annual Fundraising/Mortgage	Non-Profit	$496,500	$0	$0	$0	$496,500	
	Total	$574,500	$34,000	$0	$0	Total Leverage	
	Total Committed	$608,500	Total Pending	$0		$608,500	

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Applicant Name
Build Wealth Minnesota, Inc.

City
Multiple

Community Proposal Details
Family Stabilization Plan

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Hennepin	METRO	CRV

Minimum Request	Maximum Request
$250,000	$360,000

Funding Recommendations

CRV Amount $145,000 **Number of New Units** **Number of Rehab Units** 10 **Total Number of Units** 10

Funding Partner **Amount**

Project Description

Build Wealth Minnesota (BWM) is requesting funds for affordability gap loans in conjunction with the Family Stabilization Plan (the Plan). They will provide down payment assistance loans to homebuyers buying foreclosed properties within distressed neighborhoods of Minneapolis and St Paul. The Plan is responsible for identifying emerging market clients and providing them with two years of counseling, financial literacy education and coaching to foster sustainable homeownership through the acquisition of a foreclosed property. BWM works with developers and community access partners including Twin Cities Community Land Bank, Urban Homeworks, Greater Metropolitan Housing Corporation, Powderhorn Residents Group, Ethnic Homes, Dayton's Bluff, Stairstep Foundation, City of Lakes Community Land Trust and others to prepare potential homebuyers to purchase a home and assist them in selecting a foreclosed property. Community Revitalization Funds (CRV) will provide affordability gap funding in the amount of $5,000 to $12,500 per unit. They will be serving incomes at or below 80 percent of the area median income.

Justification

The Plan offers a workable concept that is timely given the foreclosure situation and Minnesota Housing's priority for foreclosure remediation. BWM's Plan provides potential homeowners and their families with tools that encourage a more active role in increasing their economic and social wealth by owning a home and taking pride in their neighborhoods.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

Build Wealth Minnesota, Inc. • Family Stabilization Plan

Selection Standards
Project Feasibility
The target zip codes (55411, 55412, 55430, 55443, 55445, 55104, 55106 and 55130) include primarily North Minneapolis and parts of St. Paul and are selected due to the availability of client families that need BWM's services and have enrolled or inquired about residing in these specific areas. The zip codes are targeted due to foreclosure inventory and rate, delinquencies, non-prime and adjustable rate mortgages due to reset, and the unemployment rates. Investing in affordable housing in these communities will slow the rate of foreclosure, reduce the inventory of foreclosed housing, stabilize neighborhoods with a renewed tax base and provide families that historically pay an excessive percentage of their income towards housing or rent with affordable monthly payments.
Funding Priorities
Organizational Capacity
Build Wealth has partnered with numerous social service providers and community developers which provide assistance in listing, rehabilitating, developing and selling affordable housing. With previous Community Revitalization Fund (CRV) awards, BWM has assisted 17 first time home buyers. They are currently working with 73 families that are interested in becoming homeowners.
Foreclosure Remediation
Although BWM does not acquire homes or provide rehabilitation directly, they continue to partner with community organizations that do provide those services to help client families acquire foreclosed single family homes in high need zip code areas. Historically, 75% of the families assisted have been located in high need zip code areas. BWM develops pools of potential home owners to support partners that have obtained funds to acquire, develop, rehabilitate and sell foreclosed properties under the Neighborhood Stabilization Program (NSP).
Transportation Costs and Access to Transit
Because BWM has a scattered site target area, it is difficult to pinpoint the exact distance of the units from mass transit routes. However, the target area generally encompasses the Minneapolis/Saint Paul metropolitan area and Tier 1 and 2 suburban communities close to transportation, schools, parks, shopping and various other amenities important to families when choosing housing. Seventy-five percent of all families previously served under this model have been within ½ mile of bus routes and/or light rail transit.
Economic Integration
This proposal does not meet Minnesota Housing's definition of economic integration.
Sources and Uses, Local Investment and Leverage
BWM hopes to leverage financial resources from a number of other local area foundations and supporters to help support programming, including McKnight Foundation, Minneapolis Foundation and Northwest Area Foundation. Layering resources from other programs allows BWM to expand its capacity to help more families.
Marketing
BWM has adopted a client and community partner referral system that produces waiting lists of potential homeowners for future sessions. BWM has periodic affordable housing fairs and seminars, involves itself with community partner fairs, produces written marketing materials, promotes the program on its website (www.buildwealthmn.org) and through a financial literacy television program, "Build Wealth TV."

Build Wealth Minnesota, Inc. • Family Stabilization Plan

Source of Leverage Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Minneapolis Foundation	Non-Profit	$0	$0	$15,000	$0	$15,000	07/01/2012
CDFI Fund	Federal Government	$10,000	$0	$10,000	$0	$20,000	11/01/2012
Northwest Area Foundation	Non-Profit	$10,000	$0	$0	$0	$10,000	10/01/2012
McKnight Foundation	Non-Profit	$10,000	$0	$15,000	$0	$25,000	10/01/2012
Urban Homeworks - Partners Developer/Contractors	Non-Profit	$10,000	$0	$15,000	$0	$25,000	11/01/2012
	Total	$40,000	$0	$55,000	$0	Total Leverage	
	Total Committed	$40,000	Total Pending	$55,000		$95,000	

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Applicant Name
Dakota County Community Development Agency

City
Eagan

Community Proposal Details
Dakota County First Time Homebuyer Program

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Dakota	METRO	CRV

Minimum Request	Maximum Request
$200,000	$400,000

Funding Recommendations

CRV Amount $400,000 **Number of New Units** **Number of Rehab Units** 75 **Total Number of Units** 75

Funding Partner **Amount**

Project Description

Funds are being requested by the Dakota County Community Development Agency (CDA) to provide downpayment assistance to first time homebuyers in the Dakota County area. The Dakota County First Time Homebuyer Program (FTHB) provides entry cost assistance to qualified buyers who are accessing the CDA's first mortgage financing. The assistance will range from a minimum of $1,000 to a maximum of $10,000 and is available to all homebuyers based upon need. The program will target households up to 115% of area median income (AMI) and provide an interest-free deferred loan that will be due upon sale or when the owner no longer occupies the property as their principal residence. The program will provided varying percentages of assistance based upon the income level of the household. For households with income at or below 50% of AMI the program will provide 10% of the base first mortgage up to $10,000. For incomes above 50% AMI and up to 80% AMI it will provide 5% of the base first mortgage up to $7500, and households above 80% AMI will be eligible for up to 2.5 % of the base mortgage amount.

Justification

The CDA operates a well established downpayment assistance program with a proven track record. The program has strong foreclosure mitigation components. It provides incentives and eliminates barriers for new buyers to purchase homes that are affordable and within agency high priority areas.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

Dakota County Community Development Agency • Dakota County First Time Homebuyer Program

Selection Standards
Project Feasibility
The CDA operates its FTHB Program on a county-wide basis. Their proposal targets CRV Funds within areas of high or moderate need for economic integration or within high need foreclosure Zip Codes within Dakota County. An analysis of the CDA's most recent two years of program activity found that approximately 76% of homes purchased are located within economic integration or foreclosure priority areas.
Funding Priorities
Organizational Capacity
The CDA has effectively operated and administered the FTHB Program since 1986 and has assisted over 5,400 households. In 2009, the FTHB Program combined Mortgage Credit Certificates (MCCs) with entry cost assistance. The CDA issued 82 MCCs and 73 downpayment assistance (DPA) loans. In 2010-2011, the program grew significantly by combining low interest first mortgage loans with DPA to finance over $58 million first mortgage loans. In total 439 households used DPA.
Foreclosure Remediation
Dakota County will target CRV Funds within areas of high or moderate need of economic integration or within designated foreclosure priority areas. The proposal also has strong foreclosure mitigation components. The high number of foreclosures coupled with declining home values is a self-perpetuating cycle. The program helps to break the cycle by providing incentives and eliminating barriers for new buyers to purchase homes that are affordable. Over time, as new buyers are able to enter the market, their purchases help to reduce the inventory of distressed sales while securing long-term affordability and housing stability for new homebuyers participating in the program. Depressed home values and low interest rates have created opportunities for buyers entering the market for the first time but economic uncertainty has kept many on the sidelines and slowed the pace of recovery in the housing market. The FTHB Program will promote homeownership as a means of maintaining stable communities, financing new affordable housing, and mitigating foreclosure impact.
Transportation Costs and Access to Transit
The majority of the proposed cities within the Dakota County application are located within ¼ mile of a high service public transit fixed route stop, ½ mile of an express bus route stop, ½ mile of a park and ride lot, or within a currently designated transit improvement area. Review of the Dakota County FTHB Program over the past two years reveals a high percentage of purchases that occur within areas with direct access to transportation. The CDA expects this pattern to continue in its 2012 program.
Economic Integration
The CDA will only use awarded funds to provide entry cost assistance for homes that are located in areas identified in the Community Profiles as having moderate to high need for economic integration. The area meets or exceeds the 40th percentile of median family income and meets or exceeds the 20th percentile of jobs within 5 miles.
Sources and Uses, Local Investment and Leverage
The total committed leverage is $720,031, consisting of $500,000 from the HOPE Program (funded by the locally authorized HRA/CDA levy) and $220,031 of CDA general funds to provide gap financing. The assistance will be in the form of an interest-free deferred loan secured with a mortgage and is fully payable upon transfer, sale, or if the owner fails to occupy the property as their principal residence.
Marketing
Homeowners will be selected on a first come, first served basis. Individuals must live in one of the target areas and meet the income limit. According to 2010 census data for Dakota County, single parent households comprised 15% and people of minority races and ethnicities represent 18%. In the past two years, households with underserved populations comprised 21.6% of households in the Dakota County FTHB Program. Marketing campaigns are targeted to reach out to underserved populations, and CDA expects to continue to serve a high percentage of underserved populations in 2012. They use multiple media sources including internet, TV, newspaper, direct mail, and collaboration with community social service agencies within the county.

Dakota County Community Development Agency • Dakota County First Time Homebuyer Program

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Dakota County CDA - Hope Program	Local Government	$500,000	$0	$0	$0	$500,000	
Dakota County CDA - General	Local Government	$220,031	$0	$0	$0	$220,031	
		$720,031	$0	$0	$0		
	Total Committed	$720,031		$0		$720,031	

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Applicant Name	City
Robert Engstrom Capital Management LLC	Multiple

Community Proposal Details

Brooklyn Park and Maplewood Foreclosure Recovery

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Ramsey	METRO	CRV

Minimum Request	Maximum Request
$1,100,000	$1,100,000

Funding Recommendations

CRV Amount	$200,000	Number of New Units		Number of Rehab Units	8	Total Number of Units	8

Funding Partner		Amount	

Project Description

Funds are requested for value gap that will be used in the acquisition and rehabilitation of foreclosed properties in high priority zip codes in the cities of Brooklyn Park and Maplewood. The estimated amount of per unit value gap is $33,000, though for purposes of the application request, a per unit maximum value gap of $40,000 is requested. Households earning 80% of area median income (AMI) are targeted, though households earning up to 115% of AMI are eligible.

Justification

Robert Engstrom Capital Management LLC has experience acquiring and rehabilitating foreclosed properties in Brooklyn Park and Maplewood, suburban communities which both exhibit high foreclosure remediation need. Locations of specific homes are selected to ensure proximity to transportation options and jobs. Value gaps are kept to under $40,000 and Community Revitalization Fund (CRV) investment is leveraged with additional financial commitments in both communities served.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

Robert Engstrom Capital Management LLC • Brooklyn Park and Maplewood Foreclosure Recovery

Selection Standards
Project Feasibility
High need priority zip codes in Brooklyn Park (55443, 55444, 55445) and Maplewood (55119) are targeted. These locations also score medium to high need on our Community Profiles with respect to high growth areas, proximity to jobs, and median distances to work. Lines of credit are available from the Brooklyn Park Economic Development Authority (EDA) and the Twin Cities Community Land Bank. Total development costs and value gap is reasonable relative to the acquisition and rehabilitation of comparable foreclosed properties.
Funding Priorities
Organizational Capacity
Robert Engstrom Capital Management LLC has an established relationship with both the cities of Brooklyn Park and Maplewood and the corresponding funders that support those areas, and has a sound track record in the acquisition and rehabilitation of foreclosed homes. To date, 41 homes have been rehabbed in Brooklyn Park and five homes in Maplewood. They have worked with Neighborhood Stabilization Plan (NSP) subrecipients under the NSP 1, NSP 3 and Community Development Block Grant (CDBG) programs, and with the Twin Cities Community Land Bank and First Look programs. Robert Engstrom Capital Management LLC is experienced in rehabbing homes requiring public subsidy for value gap and with the corresponding compliance requirements. Additional support will be provided by the Institutional Community Work Crew (ICWC) program, the Twin Cities Community Land Bank and Ramsey County. Appropriate partners are identified, including partners that provide energy audits for homes and mortgage lenders. Home Stretch course completion is required.
Foreclosure Remediation
The applicant will work in three high need zip codes in Brooklyn Park and one zip code in Maplewood. The applicant brings significant experience and leverage for this activity having worked with both cities (and Ramsey County) for a number of years. Work is concentrated in both communities to achieve impact, and homes are selected to maximize public investment from a visibility standpoint. The applicant is an experienced partner of the City of Brooklyn Park and has played a key role in the city's overall foreclosure remediation efforts.
Transportation Costs and Access to Transit
The overwhelming majority of Brooklyn Park meets Minnesota Housing's transit priority, in addition to significant portions of the City of Maplewood.
Economic Integration
Significant portions of both the Brooklyn Park and Maplewood target areas meet the economic integration priority.

Sources and Uses, Local Investment and Leverage

Leverage sources include 3% interim financing from the Brooklyn Park EDA, $400,000 in committed value gap funds (to be leveraged with CRV) from the City of Brooklyn Park, up to $500,000 in CDBG funds from Ramsey County (to be matched with CRV for value gap), and a $1.3 million line of credit available for acquisition from the Twin Cities Community Land Bank.

Additional regulatory incentives include savings from the City of Brooklyn Park on permit fees and savings to be gained through the use of the ICWC crews (estimated at a cost reduction of $2,000 to $3,000 per home).

Costs are kept low using prudent initial home evaluation/analysis to determine rehabability, scope of homes viewed (over 100 per month), price negotiation with every home purchased, detailed work scopes completed on homes to be rehabbed, efficiencies of scale with needed partners in the real estate industry, volume discounts, subcontractor price testing, and the ability to accurately predict and understand rehab costs and final home value.

Value gap subsidy is preserved through a 30 year deed restriction for Brooklyn Park properties and a 15 year deed restriction for Maplewood properties.

Marketing

Over 65% of homes sold since 2008 were purchased by emerging market homebuyers. In Brooklyn Park, the median household income served is $58,500. All buyers are required to attend a HomeStretch course. Effective marketing techniques center around a large and diverse connection to a variety of real estate industry professionals including loan officers, real estate agents, and others through regular electronic communication.

Unit Style #	1	Brooklyn Park and Maplewood Foreclosure Recovery

Unit Information	
Style of unit	Split Entry
Finished square feet	
Unfinished square feet	
Bedrooms	4
Bathrooms	2
Garage	Y
Number of Stalls	2
Visitability	Y

Development Cost Information	
Land Acquisition Cost	$
Total Per Unit Hard Costs	$173,500
Total Per Unit Soft Costs	$39,750
Total Development Costs Per Unit	$213,250
Anticipated Mortgage Amount	$172,735

Value Gap	
Per Unit Value Gap Amount Needed	$33,350
Sources	**Amount**
CRV	$18,350
Brooklyn Park EDA	$6,667
Ramsey County HRA CDBG Funds	$8,333
Totals	$33,350

Affordability Gap	
Per Unit Affordability Gap Needed	$7,165
Sources	**Amount**
Nothing listed in application - presume DPA program	$
Totals	$

Board Agenda item: 7.A.(9)
Attachment: Development Summaries

Source of Leverage Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Brooklyn Park	Local Government	$400,000	$0	$0	$0	$400,000	
Ramsey County	Local Government	$500,000	$0	$0	$0	$500,000	
Twin Cities Community Land Bank	Non-Profit	$1,362,146	$0	$0	$0	$1,362,146	
Brooklyn Park	Local Government	$0	$0	$0	$0	$0	
	Total	$2,262,146	$0	$0	$0	Total Leverage	
	Total Committed	$2,262,146	Total Pending	$0		$2,262,146	

Applicant Name	City
Two Rivers Community Land Trust	Multiple

Community Proposal Details

Homes to Trust

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Washington	METRO	CRV

Minimum Request	Maximum Request
$618,334	$1,325,000

Funding Recommendations

CRV Amount $644,800 **Number of New Units** **Number of Rehab Units** 8 **Total Number of Units** 8

Funding Partner **Amount**

Project Description

Funds are being requested for value, affordability gap, and interim construction financing for the acquisition-rehabilitation-resale of foreclosed homes in Washington County using the community land trust (CLT) model. The target cities are Forest Lake, Hugo, Cottage Grove, Newport, St. Paul Park, Oak Park Heights or Oakdale. The average land value per home is $47,600. The average affordability gap per home is $8,000. The Community Revitalization Fund (CRV) will also provide $200,000 in interim construction financing. The funds stay in the property and continue to provide value to the community and the county because community land trust homes provide affordability in perpetuity. CRV funds are necessary because rehabilitation required to return homes to market condition, combined with acquisition and soft costs, exceed the market value of the property. The homes will be made affordable to families with incomes up to 80 percent of area median income (AMI).

Justification

Two Rivers CLT has a good organizational and implementation history with past CRV awards. They work with experienced implementation partners. The activities have good leverage resources and good community support. Recently Two Rivers CLT has increased their emphasis on marketing homes and providing homebuyer education to potential community land trust buyers, thus creating a larger buyer pool.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	YES
Does the proposal preserve existing affordable housing?	YES

Two Rivers Community Land Trust • Homes to Trust

Selection Standards
Project Feasibility
The target communities were selected because they have workforce households, and foreclosed properties that have the potential to be renovated and returned to the affordable housing stock. Of the five single family categories of housing need, Two Rivers CLT's target area will best address "growing workforce" (Hugo, Forest Lake, Newport, St Paul Park and Cottage Grove), "community stabilization" (Oakdale, Oak Park Heights, Newport, St Paul Park and Cottage Grove) and "opportunities for increasing homeownership" (Cottage Grove, Newport, St Paul Park, Oakdale, Hugo, Forest Lake and Oak Park Height). Two Rivers CLT is currently selling homes between $105,000 and $125,000, an amount which provides payments that are less than current county market rents. Target homes are located in traditional single family, starter-home neighborhoods, characterized by modest, good quality housing stock.
Funding Priorities
Organizational Capacity
Two Rivers CLT's acquisition-rehabilitation-resale program allows interested municipalities to identify declining neighborhoods to target for community stabilization, address foreclosure remediation, upgrade the condition of the single family housing stock and provide ownership opportunities. Two Rivers CLT has completed 25 units and leveraged $2.1 million in local, county, and private funds. Their implementation team includes Greater Metropolitan Housing Corporation for construction management; Entitle MN, Sandy Green Realty, MLS Online Realty, and Why USA Realty to manage acquisitions and sales; First State Bank of Bayport to provide a line of credit and mortgage lending; Sustainable Resources to perform lead inspections; and the Neighborhood Energy Connection to perform energy audits.
Foreclosure Remediation
Minnesota Housing's Community Profiles have indentified Hugo (55038), Cottage Grove (55016) and St Paul Park (55071) as High Need Foreclosure areas. The numbers of foreclosed properties in each community from 2008 through 2010 are: Hugo 431, Cottage Grove 664, St. Paul Park 195, Forest Lake 619, Oak Park Heights 105, Newport 86, and Oakdale 523.
Transportation Costs and Access to Transit
Forest Lake has a transit center in place for the Rush Line Corridor rail. Metro-Transit bus lines run through Oakdale, Oak Park Heights, Newport, St. Paul Park and Cottage Grove. Two express buses run through Oakdale, one serves Oak Park Heights, another serves Forest Lake, and three serve the communities of Newport, St. Paul Park and Cottage Grove. There are four Park and Ride facilities in the target communities: two in Oakdale, one in Cottage Grove, and one in Forest Lake. All park and ride facilities are served by Express Commuter lines to downtown St. Paul. Two Rivers CLT plans to prioritize all acquisitions within 1/4 to 1/2 mile of these facilities.
Economic Integration
Minnesota Housing's economic integration priority is met by the activity located within four Oakdale census tracts.
Sources and Uses, Local Investment and Leverage
Two Rivers CLT utilizes low-cost/no-cost labor to reduce project costs. Sentence-to-Serve crews in Washington County provides no-cost lawn maintenance and winter snow removal, selective demolition, painting and some light carpentry. Volunteer crews from local churches offer no-cost labor to paint and perform light carpentry. Two Rivers CLT will purchase foreclosed units with substantially reduced prices from the Multiple Listing Service (MLS), the Twin Cities Community Land Bank and the Wells Fargo Foundation. While acquisition values are important, key in the current housing market is timely rehabilitation and resale. Two Rivers CLT completes the scope of work and begins the bidding process prior to acquisition and closing in order to accelerate the rehabilitation process. Rehabilitation timelines are kept to a minimum, and work is scheduled to commence as soon after acquisition closing as possible.

Two Rivers Community Land Trust • Homes to Trust

Marketing

Two Rivers CLT has had 78 inquiries from buyers, Realtors, or lenders thus far in 2012. So far this year, they have had 15 households attend orientation. In 2012, Two Rivers CLT has received eight purchase agreements, sold two homes, and plans to close two more this fall. Listing agents report a strong interest in the community land trust program as evidenced by the number of showings and quick receipt of purchase agreements after listing on the MLS. The most recent Oak Park Heights home had 19 showings the first two weeks on the market. Two Rivers CLT marketing techniques include newspaper advertising and city newsletters, community education ads and classes, marketing homes on the MLS, and through St. Paul Association Continuing Education Courses (CEU) on community land trusts. They receive the most interest from city newsletters and the MLS. Presenting at Home Stretch workshops in Washington County has also proven to be a successful tool for reaching interested homebuyers.

Unit Style #	1	Various

Unit Information	
Style of unit	Split Entry
Finished square feet	1400
Unfinished square feet	
Bedrooms	3
Bathrooms	2
Garage	Y
Number of Stalls	2
Visitability	N

Development Cost Information	
Land Acquisition Cost	$47,600
Total Per Unit Hard Costs	$190,195
Total Per Unit Soft Costs	$34,472
Total Development Costs Per Unit	$224,667
Anticipated Mortgage Amount	$125,000

Value Gap	
Per Unit Value Gap Amount Needed	$64,667
Sources	**Amount**
Minnesota Housing CRV Funds	$47,600
Metropolitan Council	$17,067
Totals	$64,667

Affordability Gap	
Per Unit Affordability Gap Needed	$35,000
Sources	**Amount**
Minnesota Housing CRV Funds	$8,066
Metropolitan Council LHIA	$2,266
Washington County CDBG	$22,000
In-Kind Services	$1,001
Private Foundations	$1,667
Totals	$35,000

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Washington County	Local Government	$0	$0	$330,000	$0	$330,000	01/31/2013
Hugh Andersen	Private Investment	$0	$0	$25,000	$0	$25,000	
ICWC and volunteer groups	State Government	$0	$7,500	$0	$0	$7,500	
Washington County Sentence to Serve	Local Government	$0	$7,500	$0	$0	$7,500	
	Total	$0	$15,000	$355,000	$0	Total Leverage	
	Total Committed	$15,000	Total Pending	$355,000		$370,000	

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Applicant Name
West Hennepin Affordable Housing Land Trust

City
Multiple

Community Proposal Details
Homes Within Reach

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Hennepin	METRO	CRV

Minimum Request	Maximum Request
$952,000	$952,000

Funding Recommendations

CRV Amount $838,000 **Number of New Units** **Number of Rehab Units** 10 **Total Number of Units** 10

Funding Partner **Amount**

Project Description

West Hennepin Affordable Housing Land Trust (WHAHLT) requests a combination of housing infrastructure bond proceeds ($686,000) and value gap funds ($266,000) to rehabilitate homes in western Hennepin County suburbs. They will market community land trust (CLT) homes to buyers with incomes below 80% of area median income (AMI). Sites have not been selected but are located in first and second ring Hennepin County suburbs. Foreclosed properties will be selected for purchase to assist in community stabilization efforts when bond proceeds are applied toward the land purchase. Approximately $98,000 in bond proceeds will be applied to the land purchase of seven foreclosure properties and approximately $38,000 per unit in value gap funds will be used to rehabilitate three additional properties.

Justification

WHALT has a demonstrated track record of acquiring and rehabbing homes to provide opportunities for low- and moderate-income homeowners in western Hennepin County suburbs. Its capacity is well demonstrated and this proposal includes significant leverage from a number of suburban communities. While sites have not been determined, likely locations of properties will ensure proximity to transit, infrastructure and employment. Bond proceeds will be used for the estimated land portion of costs at approximately $98,000 per unit for the acquisition and rehabilitation of seven foreclosed properties. An additional three units will use value gap to defray rehabilitation costs of acquired properties in Hennepin County.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	YES

West Hennepin Affordable Housing Land Trust • Homes Within Reach

Selection Standards

Project Feasibility

WHAHLT acquires foreclosed properties that are 20-60 years old in well established neighborhoods. The communities where WHALT acquires properties provide close access to schools, transportation, hospitals, shopping and other services. While WHALT's service area is large, it incorporates significant areas that demonstrate a high need for economic integration with proximity to job centers. There are also areas that demonstrate a high need for community stabilization including New Hope, St. Louis Park and Richfield. All communities WHALT proposes to work in have areas of high or moderate need for increasing homeownership. The community land trust model is well suited for the communities WHALT serves. Land values range from $55,000 in Brooklyn Park to $150,000 in some suburban Hennepin County cities. WHAHLT's development schedule limits the acquisition and rehabilitation of properties to four units at a time to ensure timely sales.

The average income of families served by WHAHLT is $41,057. The affordability enhancement the land trust offers by working in communities where land values range from $55,000 to $150,000 is significant. WHAHLT's efforts are targeted at increasing economic integration and serving a niche first-time buyer market earning 56% of the area median income.

Funding Priorities

Organizational Capacity

WHAHLT's experience is demonstrated by growing its service area from one community in 2002 to 11 communities currently. Additionally, WHAHLT has provided 96 families with affordable homes. They partner strategically with rehab advisors, contractors, mortgage lending partners, Community Action Partnership of Suburban Hennepin (CAPSH) as the homebuyer educator, and have developed a track record of completing CRV awards within the required timeframe. WHAHLT has also successfully developed strong leverage partners with a variety of local communities in Hennepin County's western suburbs and has been able to serve households at 56% of area median income. WHAHLT also has experience acquiring and rehabbing foreclosed properties with eleven such properties rehabbed to date.

Foreclosure Remediation

The program will purchase and rehabilitate foreclosed properties, though properties will not exclusively be located in designated Foreclosure Priority Areas. WHAHLT will continue to partner with Greater Metropolitan Housing Corporation (GMHC) to rehabilitate foreclosed properties in Maple Grove and Richfield and work with the City of New Hope to acquire and rehabilitate foreclosed properties there. Activity will occur in Brooklyn Park which is the only community Minnesota Housing considers to be a designated Foreclosure Priority Area.

Transportation Costs and Access to Transit

The majority of WHALT's service area is within one-quarter mile of high service public transportation fixed route stops. Homes are selected to ensure proximate access to transportation.

Economic Integration

WHAHLT creates affordable housing in the western suburbs of Hennepin County, with the majority of communities served categorized as having either a high or moderate need for economic integration according to the Community Profiles. The communities of Edina, Eden Prairie, Minnetonka, and portions of Brooklyn Park and New Hope all exhibit high economic integration needs.

Sources and Uses, Local Investment and Leverage

WHAHLT demonstrates an ability to leverage funds from the local communities in which it works. There is over $630,000 in committed leverage to support the proposed activity, in addition to secured construction financing. Development costs are held low by managing a reasonable pipeline of production to minimize holding costs. The organization conducts due diligence on property condition and the scope of rehabilitation needed prior to acquisition and also acquires properties based on specific buyer pool preferences to assure ready purchasers. As a CLT, the investment in land costs is protected through a resale restriction and a 99 year ground lease which restricts future buyers to households with a low- or moderate-income.

Marketing

WHAHLT has a robust process for selecting homeowners in addition to a strong marketing plan to continue to attract land trust buyers for new homes and for resales that may occur. In 2011, 78% of households served were underserved with 33% emerging market buyers and 67% single heads of household. WHALT has also implemented a tracking mechanism to monitor how buyers learn about the organization to customize future marketing strategies.

Unit Style #	1	Bond Proceeds- Foreclosed Properties in Hennepin County

Unit Information	
Style of unit	
Finished square feet	
Unfinished square feet	
Bedrooms	1
Bathrooms	3
Garage	Y
Number of Stalls	0
Visitability	N

Development Cost Information	
Land Acquisition Cost	$98,000
Total Per Unit Hard Costs	$241,000
Total Per Unit Soft Costs	$27,000
Total Development Costs Per Unit	$268,000
Anticipated Mortgage Amount	$128,300

Value Gap	
Per Unit Value Gap Amount Needed	$41,700
Sources	**Amount**
	$
HOME, AHIF, CDBG, local city & private funds	$41,700
Totals	$41,700
Affordability Gap	
Per Unit Affordability Gap Needed	$98,000
Sources	**Amount**
Bond proceeds - forgivable grant	$98,000
Totals	$98,000

Unit Style #	2	Non- Foreclosed Properties - Hennepin County

Unit Information	
Style of unit	
Finished square feet	
Unfinished square feet	
Bedrooms	
Bathrooms	
Garage	
Number of Stalls	0
Visitability	

Development Cost Information	
Land Acquisition Cost	$98,000
Total Per Unit Hard Costs	$246,000
Total Per Unit Soft Costs	$18,300
Total Development Costs Per Unit	$264,300
Anticipated Mortgage Amount	$128,300

Value Gap	
Per Unit Value Gap Amount Needed	$38,000
Sources	**Amount**
CRV	$38,000
Totals	$38,000
Affordability Gap	
Per Unit Affordability Gap Needed	$98,000
Sources	**Amount**
HOME, AHIF, CDBG, local city & private funds	$98,000
Totals	$98,000

West Hennepin Affordable Housing Land Trust • Homes Within Reach

Source of Leverage Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
City of St. Louis Park - CDBG & other funds	Local Government	$140,000	$0	$0	$0	$140,000	
City of Minnetonka	Local Government	$225,000	$0	$0	$0	$225,000	
Private Fund Development	Private Investment	$0	$0	$15,000	$0	$15,000	
HOME, CHDO, Edina, Eden Prairie, Maple G & BP	Federal Government	$167,251	$0	$235,000	$0	$402,251	
Hennepin County - AHIF	Local Government	$100,000	$0	$0	$0	$100,000	
	Total	$632,251	$0	$250,000	$0	Total Leverage	
	Total Committed	$632,251	Total Pending	$250,000		$882,251	

Applicant Name	City
Brainerd HRA	Brainerd

Community Proposal Details

Brainerd HCP Scattered Site Replacement Program

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Crow Wing	CENTRAL	CRV

Minimum Request	Maximum Request
$50,000	$100,000

Funding Recommendations

CRV Amount	$50,000	Number of New Units	2	Number of Rehab Units		Total Number of Units	2

Funding Partner		Amount	

Project Description

The Brainerd Housing and Redevelopment Authority will use value gap funds to acquire and demolish units are part of its Scattered Site Replacement Program. This program demolishes units that are substandard, obsolete with respect to design, and are detrimental to the health and safety of residents. A partnership with Lakes Area Habitat for Humanity has been established, which is committed to building replacement homes.

Justification

This program has strong collaborative partnerships through the Initiative Foundation's Healthy Communities Partnership Program, leverage sources, and a tightly identified target area that exhibits high-need. Only vacant units will be selected for demolition. A partnership with Lakes Area Habitat for Humanity will ensure that income-qualified homeowners benefit from newly constructed homeownership units.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	NO

Brainerd HRA • Brainerd HCP Scattered Site Replacement Program

Selection Standards
Project Feasibility
Program criteria are well thought out and prioritize property parcels in greatest need that the private market doesn't address. In addition to substandard property selection, the cost to rehabilitate the home must exceed 50% of the market assessed value. The Lakes Area Habitat for Humanity chapter will serve as the partner for the development of replacement homes, for which funding is not requested as part of this application. Supplemental efforts by the Brainerd HRA will expand the scope of engagement in rehabilitation-related efforts. A rehabilitation specialist will be hired in 2012 to work on complimentary rehabilitation programs such as Minnesota Housing's Fix-up Fund program and deferred loan programs. The HRA has done due diligence on the market conditions of units in the tight geographic target area having identified 26 properties in one seven block by four block area (comprised of 246 housing units). Photos of units with a potential need for demolition were included in the application. The City of Brainerd struggles with unemployment at 14.9%, which was considerably higher than the statewide average as of this past January. The Community Profiles highlight a high need for maintaining an aging housing stock, opportunities for community stabilization, and for increasing homeownership in the target area.
Funding Priorities
Organizational Capacity
The City of Brainerd was accepted into the Initiative Foundation's Healthy Communities Partnership program. One of the three task force's created focuses on housing and is comprised of members from Brainerd HRA, Crow Wing County Housing and Redevelopment Authority, City of Brainerd, Greater Lakes Association of Realtors, Lakes Area Habitat for Humanity, among others. The task force identified a scattered site replacement program as a key housing need in their area, with the Brainerd HRA appointed the fiscal agency and facilitator of the Healthy Communities Partnership. While the Brainerd HRA has not directly administered this type of program previously, the new executive director at the Brainerd HRA brings experience from her work at the Anoka HRA in administering a similar program. Lakes Area Habitat for Humanity has completed and sold 71 homes since 1990.
Foreclosure Remediation
The proposal does not meet Minnesota Housing's foreclosure remediation priority.
Transportation Costs and Access to Transit
Brainerd's Express Bus Route schedule serves the target area with a fixed-route stop.
Economic Integration
This proposal does not meet Minnesota Housing's definition of economic integration.

Brainerd HRA • Brainerd HCP Scattered Site Replacement Program

Sources and Uses, Local Investment and Leverage

Leverage sources include funding from the Initiative Foundation and Crow Wing County HRA. Costs are kept low through a competitive bid process and through the use of strategic partnerships with entities such as the Lakes Area Habitat for Humanity.

The HRA conservatively estimates the cost of acquisition and demolition at $30,000 with acquisition costing $20,000 on the high-end and demolition costing $10,000.

The homes sold to Habitat will be permanently affordable through a commitment to serve any future homeowners at or below CRV income limits.

Marketing

Lakes Area Habitat for Humanity has built 75 homes since its inception in 1990. Currently, over 230 families are on the waiting list. A thorough selection process is used to identify income-qualified households who are eligible for the program, which includes targeting to underserved populations.

Unit Style #	1	South East Brainerd

Unit Information	
Style of unit	
Finished square feet	1200
Unfinished square feet	
Bedrooms	3
Bathrooms	1
Garage	N
Number of Stalls	0
Visitability	N

Development Cost Information	
Land Acquisition Cost	
Total Per Unit Hard Costs	$32,000
Total Per Unit Soft Costs	$3,000
Total Development Costs Per Unit	$35,000
Anticipated Mortgage Amount	

Value Gap	
Per Unit Value Gap Amount Needed	$35,000
Sources	**Amount**
CRV	$25,000
Housing Task Force	$10,000
Totals	$35,000

Affordability Gap	
Per Unit Affordability Gap Needed	
Sources	**Amount**
Totals	

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Greater Lakes Area Association of Realtors	Private Investment	$0	$0	$10,000	$0	$10,000	
Initiative Foundation	Non-Profit	$10,000	$0	$0	$0	$10,000	
Brainerd HRA	Local Government	$0	$0	$0	$10,000	$10,000	
GMHF	Non-Profit	$0	$0	$10,000	$0	$10,000	
Crow Wing County HRA	Local Government	$10,000	$0	$0	$0	$10,000	
	Total	$20,000	$0	$20,000	$10,000	Total Leverage	

Total Committed	$20,000	Total Pending	$30,000	$50,000

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Applicant Name
White Earth Housing Authority

City
Multiple

Community Proposal Details
White Earth Housing Authority CRV 2012

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Cass	CENTRAL	CRV

Minimum Request	Maximum Request
$150,000	$175,000

Funding Recommendations

CRV Amount $98,500 **Number of New Units** **Number of Rehab Units** 3 **Total Number of Units** 3

Funding Partner Greater Minnesota Housing Fund **Amount** $76,500

Project Description

The White Earth Housing Authority (Housing Authority) will use $175,000 in value gap for owner-occupied rehabilitation in Cass Lake Tribal Villages, within the boundaries of the Leech Lake Reservation, and for other White Earth enrolled members who live outside the White Earth Reservation and service area boundaries.

Justification

This program provides owner-occupied rehabilitation services to White Earth Tribal members residing off the White Earth Reservation, who live on the Leech Lake Reservation and in surrounding communities. The need for owner-occupied rehabilitation activities is evidenced by the degree of poverty in the areas to be served, which is in the highest need percentile according to the Community Profiles. The program includes leverage which will match the Community Revitalization Fund investment on a one-to-one basis.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	NO
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	YES

Selection Standards

Project Feasibility

The target area includes homes in the Cass Lake and White Earth areas on or near the Leech Lake Reservation where approximately 606 homes are identified as White Earth tribal owner-occupied. This target area was selected to provide services to off-reservation tribal members who are low-income, with the median household income in the county just over $34,000. The off-reservation population is targeted because they have limited access to tribal housing services and have critical housing rehabilitation needs. The area is characterized by a high unemployment rate and a high poverty rate, particularly for households with children (25%).

The condition of homes is poor, and given the low incomes in the area, deferred maintenance needs are prevalent. Common exterior work needed includes roof replacement and new windows and doors. Interior work needed includes plumbing, patching, kitchen and bath improvements. The average value of homes pre-rehabilitation is $35,000 and $50,000 post-rehabilitation. To qualify for assistance, households must be tribal members and meet income qualifications.

Rehabilitation costs are expected to range from $14,000 to $30,000, with most homes anticipated to need closer to $30,000 in rehabilitation work.

Funding Priorities

Organizational Capacity

The White Earth Housing Authority has not been a direct recipient of CRV funds previously, but has partnered with the White Earth Tribal Council on previous awards. The Housing Authority has experience with various housing activities, including developing two Low Income Housing Tax Credit developments in the past five years. The range of experience includes new construction activity (30 homes), and rehabilitation of homes (400 units), in this same time period. The authority also demonstrates a strong track record of leveraging Federal Home Loan Bank and other funds.

The Housing Authority will serve as the primary project administrator and fiscal sponsor in addition to the primary contractor for rehabilitation activities. The executive director will provide day-to-day oversight, having served in this role since 2001. The project coordinator will manage scopes of work, the bid process, and project documentation. All rehabilitation work will be completed by the White Earth Housing Authority. The Housing Authority uses a computerized financial system to track income and expenditures by grant source and has internal controls in place, including roles for the finance officer and fee accountant, to manage funding draws to ensure adequate deployment of funds.

A 10% developer fee will be assessed for program administration.

Foreclosure Remediation

The proposal does not meet Minnesota Housing's foreclosure mitigation priority.

Transportation Costs and Access to Transit

The Leech Lake reservation is served by Tribal Transit.

Economic Integration

The proposal does not meet Minnesota Housing's definition of economic integration.

Sources and Uses, Local Investment and Leverage

Direct leverage includes $175,000 in the Bureau of Indian Affairs Housing Improvement Program Funding which will be used as matching funds. Costs will be kept low through bulk purchases of products, by following a defined bidding process and adhering to procurement policies.

Homeowner agreements must be signed before work is performed which require that homeowners pay back the investment if the home is sold within five years of rehabilitation. Many of the homes will be on tribal trust land which requires a land lease from the tribe.

Marketing

Marketing techniques include advertising in the Anishinaabeg Today, which has a readership of 37,000, in addition to direct mail and other targeted advertising techniques. In addition to targeting members of the White Earth Band of Chippewa, households with a member with a disability and single-heads of household with dependent children are targeted. The Housing Authority complies with Affirmative Fair Housing Marketing requirements.

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
White Earth Housing Auth. - Housing Improvement Pg	Federal Government	$175,000	$0	$0	$0	$175,000	
	Total	$175,000	$0	$0	$0	Total Leverage	
	Total Committed	$175,000	Total Pending	$0		$175,000	

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Applicant Name	City
Arrowhead Economic Opportunity Agency	Virginia

Community Proposal Details

Virginia Housing Revitalization Project

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Saint Louis	NORTHEAST	CRV

Minimum Request	Maximum Request
$160,000	$200,000

Funding Recommendations

CRV Amount **$140,000** **Number of New Units** **Number of Rehab Units** **6** **Total Number of Units** **6**

Funding Partner **Greater Minnesota Housing Fund** **Amount** **$60,000**

Project Description

Funds are being requested for two activities. Arrowhead Economic Opportunity Agency (AEOA) will assist the City of Virginia in their efforts to acquire, rehabilitate and sell homes as well as to provide deferred loans to homeowners for owner-occupied property rehabilitation. The target area for both activities is within a 15 square block neighborhood, just south of downtown. Acquisition-rehabilitation will target vacant, foreclosed and/or tax forfeit homes that will otherwise continue to deteriorate without assistance. AEOA is requesting grant funds to help cover the projected value gap of the acquisition-rehabilitation of the homes. Both activities will target households whose incomes are at or below 80 percent of area median income.

Justification

Over the past year and a half, the city has conducted a survey of the community identifying the level of need and the number of homes that will benefit from rehabilitation. Most of the homes in the target area are over 50 years old, many of which are in need of repair. AEOA has experience and has demonstrated the capacity to originate and process both acquisition-rehabilitation activities as well as rehabilitation owner occupied loan programs.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	YES

Arrowhead Economic Opportunity Agency • Virginia Housing Revitalization Project

Selection Standards
Project Feasibility
Community profile data indicates there is a high need for increasing homeownership, a high need in maintaining and aging housing stock, a moderate need in community stabilization and a moderate need to support a growing workforce within the City of Virginia. AEOA will address these needs by delivering owner occupied housing rehabilitation services for low and moderate income households as well as acquiring, rehabilitating and selling units that have the most need in the target area.
Funding Priorities
Organizational Capacity
AEOA is a private, non-profit Community Action Agency with over 45 years experience providing self-sufficiency services to citizens in northeastern Minnesota. AEOA's mission is to strengthen communities by providing opportunities for people experiencing social and economic challenges. Over the years, AEOA has grown in response to community needs. They offer a wide range of programs including housing development, owner occupied rehabilitation, homeownership education, foreclosure prevention, homeless and basic need services, energy assistance and weatherization, employment and training, youth development, Head Start and Early Head Start, rural transit and senior services.
Foreclosure Remediation
This proposal does not meet Minnesota Housing's definition of foreclosure remediation. However, AEOA will prioritize acquiring foreclosed properties in the target neighborhood.
Transportation Costs and Access to Transit
The City of Virginia has a Dial-a-Ride service operated by AEOA's Arrowhead Transit. The service operates Monday through Friday from 8am to 4pm and is available citywide.
Economic Integration
This proposal does not meet Minnesota Housing's definition of economic integration.
Sources and Uses, Local Investment and Leverage
The AEOA rehabilitation and development teams meet weekly to assesses projects, review materials choices, suggest areas of rehabilitation and explore what alternative materials can be considered without negative impact to quality and safety. AEOA has developed close relationships with local contractors to reduce costs by using acceptable alternate materials already on hand and thus less expensive. AEOA purchases materials directly from local vendors, when possible to achieve cost savings. AEOA partners with the agency's YouthBuild program. The Arrowhead YouthBuild is a program that provides jobs for unemployed, out-of-school, at-risk people who are between the ages of 16 and 24. The program offers building-trades work experience and education. Minnesota Housing Partnership (MHP) has committed interim financing for over 5 years. $130,000 is proposed for this project. In the past the City of Virginia became involved by rolling out a "mini-grant" program where $500 was available per property for exterior improvements. The city plans to re-fund the program again this year.
Marketing
AEOA conducts outreach with other housing entities that may have contact with homeowners needing rehabilitation services. They advertise in traditional media outlets such as newspapers, local real estate publications and organizational websites. AEOA ensures that flyers, including photos of completed homes, and program information about owner occupied rehabilitation are visible to the hundreds of people who receive AEOA's services. Example houses are featured in full page ads in the Hometown Focus, a local monthly paper. This marketing approach generates numerous referrals and calls to assist low-income clients.

Arrowhead Economic Opportunity Agency • Virginia Housing Revitalization Project

Unit Style #	1	Virginia Targeted Neighborhood -Acq/Rehab

Unit Information	
Style of unit	2+ Story
Finished square feet	
Unfinished square feet	
Bedrooms	3
Bathrooms	1
Garage	
Number of Stalls	0
Visitability	

Development Cost Information	
Land Acquisition Cost	$
Total Per Unit Hard Costs	$105,000
Total Per Unit Soft Costs	$12,500
Total Development Costs Per Unit	$117,500
Anticipated Mortgage Amount	$67,500

Value Gap	
Per Unit Value Gap Amount Needed	$50,000
Sources	**Amount**
Minnesota Housing CRV funds	$40,000
City of Virginia	$5,000
Virginia HRA	$5,000
Totals	$50,000

Affordability Gap	
Per Unit Affordability Gap Needed	$
Sources	**Amount**
Totals	

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
MHP Interim Financing	Non-Profit	$0	$0	$130,000	$0	$130,000	
Virginia HRA - Acq Rehab activity	Local Government	$10,000	$0	$0	$0	$10,000	06/05/2012
CDBG - Owner-occupied Rehab	Local Government	$80,000	$0	$0	$0	$80,000	06/05/2012
City of Virginia - Acq Rehab activity	Local Government	$0	$0	$10,000	$0	$10,000	
Energy: EAP - Owner-occupied	State Government	$10,000	$0	$0	$0	$10,000	06/05/2012
Weatherization - Owner-occupied Rehab	State Government	$10,000	$0	$0	$0	$10,000	06/05/2012
	Total	$110,000	$0	$140,000	$0	Total Leverage	
	Total Committed	$110,000	Total Pending	$140,000		$250,000	

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Applicant Name	City
One Roof Community Housing; HRA of Duluth	Duluth

Community Proposal Details

At Home in Duluth-Single Family Housing Rehabilitation 2012

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Saint Louis	NORTHEAST	CRV

Minimum Request	Maximum Request
$1,161,000	$1,561,500

Funding Recommendations

CRV Amount **$853,000** **Number of New Units** **Number of Rehab Units** **20** **Total Number of Units** **20**

Funding Partner **Greater Minnesota Housing Fund** **Amount** **$153,000**

Project Description

Funds are being requested for two activities. One Roof Community Housing (One Roof) is requesting value gap and affordability gap funds for community land trust (CLT) acquisition, rehabilitation and resale of homes located in core neighborhoods in Duluth (Central Hillside, East Hillside, Lincoln Park, and West Duluth). They also are requesting to renew an existing interim construction financing Community Revitalization Fund (CRV) award from October 2010. The renewal will enable them to continue their current activity of purchasing and rehabilitating housing in core Duluth neighborhoods. Secondly, the Duluth Housing Redevelopment Authority (HRA) is requesting deferred loan funds for owner occupied rehabilitation within the City of Duluth. Both programs will target households with incomes at or below 80% area median income (AMI). Their proposal represents all 25 member organizations of the "At Home in Duluth" (At Home) collaborative, which targets comprehensive revitalization efforts in core neighborhoods in Duluth. For the past 12 years, At Home has submitted collaborative applications to Minnesota Housing and Greater Minnesota Housing Fund (GMHF) under the coordination of Duluth Local Initiatives Support Corporation (LISC). This year, One Roof and Duluth HRA are applying together on behalf of the other At Home partners.

Justification

Both activities address the housing priorities highlighted in the resident-based At Home Quality of Life Plans in Duluth's core neighborhoods. The activities also help to implement Duluth's At Home neighborhood plans, the City of Duluth's Consolidated Plan and the Heading Home St. Louis County Plan. One Roof and Duluth HRA's rehabilitation programs are an essential part of the At Home collaborative's broader strategy to make the core neighborhoods more vibrant, livable, and affordable places to live. Funding is essential to accomplish these goals because of the continued reduction of federal funds. To date, the At Home collaborative has utilized over $16 million in Minnesota Housing and Greater Minnesota Housing Fund (GMHF) funds to assist over 800 households. These projects have leveraged over $78 million in public and private resources.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	YES

One Roof Community Housing: HRA of Duluth • At Home in Duluth=Single Family Housing Rehabilitation 2012

Selection Standards
Project Feasibility
The core neighborhoods of Duluth are characterized by low incomes, high poverty rates, old housing stock, low property values, low homeownership rates, and concentrated foreclosures. Despite these challenges, these neighborhoods remain in close proximity to public transit, employment opportunities, social services, green space, and other essential community amenities. The Duluth HRA's current waiting list consists of over 50 applicants, representing a minimum two-year backlog of demand. The average age of homes needing repair is 85 years. Most homes face an array of deferred maintenance and environmental hazards. The funds will also provide access to necessary home improvements for homeowners who are unable to bear the burden of monthly payments required in other products such as Fix up Fund and Community Fix up Fund. Duluth HRA and One Roof provide households with financial support that maintains Duluth's aging single family housing stock.
Funding Priorities
Organizational Capacity
Northern Communities Land Trust (NCLT) and Neighborhood Housing Services of Duluth (NHS) merged their organizations on January 1, 2012, to become One Roof. The two organizations had similar missions but engaged in different lines of business. Coordination of the different activities has resulted in a stronger organization that better serves the community. One Roof develops affordable Community Land Trust homes and affordable rental housing; offers downpayment and closing cost assistance, homebuyer education and credit counseling, loans for multi-family and owner-occupied rehabilitation; and coordinates participatory community planning efforts in Duluth's core neighborhoods. One Roof will administer all funds for both proposed housing activities. One Roof and Duluth HRA are currently leading the creation of Duluth's first ever Housing Services Center (HSC), a one-stop shop for all single-family and multi-family rehabilitation services in the City of Duluth. The HSC will integrate programming by One Roof and the Duluth HRA with that of three other organizations: the City of Duluth Community Development Department, Arrowhead Economic Opportunity Agency, and Ecolibrium3 (Duluth Energy Efficiency Program). This collaboration will ensure cost effective, quality, energy efficient and comprehensive rehabilitation, as well as centralized, customer service.
Foreclosure Remediation
This proposal does not meet Minnesota Housing's definition of foreclosure remediation.
Transportation Costs and Access to Transit
The target neighborhoods in Duluth are served extensively by public bus routes from the Duluth Transit Authority. Based on a comparison of the Duluth Transit Authority's route maps and the target area location maps, an estimated 99% of the area is located within one-half mile of a public transit fixed route stop or station.
Economic Integration
This proposal does not meet Minnesota Housing's definition of economic integration.
Sources and Uses, Local Investment and Leverage
One Roof minimizes acquisition costs by purchasing foreclosed homes directly from lenders, through Fannie Mae's First Look Program, and through the National Community Stabilization Trust. These partnerships allow One Roof to purchase homes at prices up to 30% below market value. One Roof further minimizes development costs through its internal construction company, Common Ground LLC, and its internal realty company, One Roof Community Realty LLC. This business strategy allows for greater consistency and predictability of costs, increased reliability, improved communications, and greater operational efficiency through economies of scale. Duluth HRA's rehabilitation costs are contained through the competitive bidding process required for all rehabilitation activities. Experienced rehabilitation advisors estimate costs to ensure that contractor bids are fair and reasonable. Funds are leveraged with federal lead abatement resources. At Home partners share expertise and connect one another to various resources.

One Roof Community Housing: HRA of Duluth • At Home in Duluth=Single Family Housing Rehabilitation 2012

Marketing

The At Home collaborative works together, in partnership with Duluth LISC, to perform outreach to households earning at or below 80% AMI. Neighborhood meetings are held in target areas to obtain input from families about their needs. Informational flyers, brochures, videos, and handouts are made available at various events held throughout the city during the year. The HRA also has a website with information about various programs. The City of Duluth has created a Blight and Nuisance Property Team which partners with the collaborative to inform individuals throughout the city of housing assistance opportunities available to correct identified code violations. Duluth LISC also provides funding, as part of LISC's Sustainable Communities Initiative, to develop materials and support events that highlight the assets, opportunities and progress underway in the At Home target neighborhoods.

Unit Style #	1	Scattered Sites

Unit Information	
Style of unit	2+ Story
Finished square feet	1100
Unfinished square feet	
Bedrooms	3
Bathrooms	1
Garage	N
Number of Stalls	0
Visitability	N

Development Cost Information	
Land Acquisition Cost	$15,000
Total Per Unit Hard Costs	$150,500
Total Per Unit Soft Costs	$30,500
Total Development Costs Per Unit	$181,000
Anticipated Mortgage Amount	$93,000

Value Gap	
Per Unit Value Gap Amount Needed	$51,000
Sources	**Amount**
Minnesota Housing CRV Funds	$18,500
City of Duluth - HOME	$28,803
HRA Federal Lead Abatement Funds	$3,697
	$
	$
Totals	$51,000

Affordability Gap	
Per Unit Affordability Gap Needed	$37,000
Sources	**Amount**
Minnesota Housing CRV Funds	$1,500
Minnesota Housing Infrastructure Bond Pro	$17,000
GMHF	$8,500
Federal Home Loan Bank, Des Moines	$10,000
Totals	$37,000

One Roof Community Housing: HRA of Duluth • At Home in Duluth=Single Family Housing Rehabilitation 2012

Source of Leverage Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Ecolibrium3	Local Business	$0	$1,375	$0	$0	$1,375	
City of Duluth - HOME	Local Government	$316,839	$0	$0	$0	$316,839	
HUD Lead	Federal Government	$203,000	$0	$0	$0	$203,000	
Duluth HRA -HUD Lead	Federal Government	$74,800	$0	$0	$0	$74,800	
City of Duluth - CDBG	Local Government	$105,000	$0	$0	$0	$105,000	
Local Utilities via Ecolibrium3	Local Business	$12,000	$0	$0	$0	$12,000	
Ecolibrium3	Local Business	$0	$3,125	$0	$0	$3,125	
Federal Home Loan Bank, Des Moines		$0	$0	$110,000	$0	$110,000	
	Total	$711,639	$4,500	$110,000	$0	Total Leverage	
	Total Committed	$716,139	Total Pending	$110,000		$826,139	

Applicant Name
One Roof Community Housing; HRA of Duluth

City
Two Harbors

Community Proposal Details
Two Harbors CLT Acq-Rehab 2012

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Lake	NORTHEAST	CRV

Minimum Request	Maximum Request
$97,000	$145,500

Funding Recommendations

CRV Amount $60,000 **Number of New Units** **Number of Rehab Units** 2 **Total Number of Units** 2

Funding Partner Greater Minnesota Housing Fund **Amount** $20,000

Project Description

Funds are being requested in the form of value and affordability gap for acquisition-rehabilitation-resale of foreclosed single family homes in the City of Two Harbors. One Roof Community Housing (One Roof) provides strong acquisition-rehabilitation programs in Duluth. Last year One Roof requested and received Community Revitalization Fund (CRV) resources to expand their program and services to the City of Cloquet. This year, One Roof is requesting CRV funds to expand their program into the City of Two Harbors. In their acquisition-rehabilitation program, One Roof utilizes the community land trust model to transform foreclosed, blighted, abandoned, or condemned properties into permanently affordable homeownership for low to moderate income households. One Roof has worked with the City of Two Harbors to designate the target neighborhood for this program focusing on revitalization of foreclosures, old housing stock, and deteriorating, substandard properties near the downtown area. Homes will be sold to homebuyers with incomes at or below 80 percent of area median income (AMI).

Justification

The City of Two Harbors shows need in three of the five single-family indicators: "community stabilization", "increasing homeownership" and "maintaining an aging housing stock". All of these categories are directly addressed by this program.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	YES

One Roof Community Housing: HRA of Duluth • Two Harbors CLT Acq-Rehab 2012

Selection Standards
Project Feasibility
The target residential area is in close proximity to employment opportunities, social services, retail shopping, green space, and other essential community amenities. The City of Two Harbors has a higher poverty rate, a lower median household income, a lower homeownership rate, and older housing stock than Lake County or the state of Minnesota.
Funding Priorities
Organizational Capacity
Northern Communities Land Trust (NCLT) and Neighborhood Housing Services of Duluth (NHS) merged their organizations on January 1, 2012 to become One Roof. The two organizations had similar missions but engaged in different lines of business. Coordination of the different activities has resulted in a stronger organization that better serves the community. One Roof develops affordable community land trust homes and affordable rental housing; offers downpayment and closing cost assistance, homebuyer education and credit counseling; loans for multi-family and owner-occupied rehabilitation; and coordinates participatory community planning efforts.
Foreclosure Remediation
This proposal does not meet Minnesota Housing's definition of foreclosure remediation.
Transportation Costs and Access to Transit
Two Harbors is a small community without access to fixed-route transportation. However, it offers its residents a Dial-a-Ride service that is provided by Arrowhead Transit, which has served Two Harbors and Lake County since 1974. The target area is located within easy access to many services located in established, historic neighborhoods immediately surrounding the downtown commercial area.
Economic Integration
This proposal does not meet Minnesota Housing's definition of economic integration.
Sources and Uses, Local Investment and Leverage
One Roof minimizes acquisition costs by purchasing foreclosed homes directly from lenders, through Fannie Mae's First Look Program, and through the National Community Stabilization Trust. These partnerships allow One Roof to purchase homes at prices up to 30% below market value. One Roof further minimizes development costs through its internal construction company, Common Ground LLC, and its internal realty company, One Roof Community Realty LLC. This business strategy allows for greater consistency and predictability of costs, increased reliability, improved communications, and greater operational efficiency through economies of scale. Leveraged funds are committed by NE Minnesota HOME funds and Ecolibrium3. Ecolibrium3 will provide energy assessments and test-out services at a reduced rate valued at $125 per unit. Additional leverage is pending approval from Lake County HRA and the Federal Home Loan Bank, Des Moines.
Marketing
One Roof markets their program through newspapers, the Multiple Listing Service (MLS), homebuyer education services, staffing tables at community events, community land trust orientations, open houses, premarketing of homes, and has good relationships with Duluth brokers and lending partners.

One Roof Community Housing: HRA of Duluth • Two Harbors CLT Acq-Rehab 2012

Unit Style #	1	Scattered Sites

Unit Information	
Style of unit	2+ Story
Finished square feet	1100
Unfinished square feet	
Bedrooms	3
Bathrooms	1
Garage	Y
Number of Stalls	0
Visitability	N

Development Cost Information	
Land Acquisition Cost	$15,000
Total Per Unit Hard Costs	$150,500
Total Per Unit Soft Costs	
Total Development Costs Per Unit	$150,500
Anticipated Mortgage Amount	$93,000

Value Gap	
Per Unit Value Gap Amount Needed	$20,500
Sources	**Amount**
Minnesota Housing CRV Funds	$8,500
NE Minnesota HOME	$2,000
Lake County HRA	$9,875
Eco3	$125
Totals	$20,500

Affordability Gap	
Per Unit Affordability Gap Needed	$37,000
Sources	**Amount**
Minnesota Housing CRV Funds	$1,500
Housing Infrastructure Bond Proceeds	$20,000
GMHF	$10,000
Federal Home Loan Bank	$5,500
Totals	$37,000

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Federal Home Loan Bank, Des Moines	Lender	$0	$0	$30,000	$0	$30,000	12/01/2012
Lake County HRA	Local Government	$2	$0	$30,000	$0	$30,002	08/01/2012
Eco3	Local Business	$0	$275	$0	$0	$275	
NE Minnesota HOME	State Government	$78,440	$0	$0	$0	$78,440	
	Total	$78,442	$275	$60,000	$0	Total Leverage	
	Total Committed	$78,717	Total Pending	$60,000		$138,717	

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Applicant Name
Hubbard County Housing and Redevelopment Authority

City
Multiple

Community Proposal Details
Hubbard County Housing Rehabilitation Program

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Hubbard	NORTHWEST	CRV

Minimum Request	Maximum Request
$85,000	$170,000

Funding Recommendations

CRV Amount $40,000 **Number of New Units** **Number of Rehab Units** 4 **Total Number of Units** 4

Funding Partner Greater Minnesota Housing Fund **Amount** $45,000

Project Description

Funds are being requested for a county-wide owner-occupied rehabilitation program focusing mainly on the cities of Park Rapids, Akeley, Laporte and Nevis. The program will provide loans to eligible homeowners in the amount up to $10,000 per household. Funds will be available to households with incomes at or below 80 percent area median income (AMI). Funds are being provided in the form of an interest-free, deferred loan.

Justification

There are more than 2,000 substandard housing units throughout Hubbard County. Hubbard County is a very low income area with a substantial number of low and moderate income jobs. The percentage of low and moderate income households who are cost burdened is 42.31%. The home ownership rate in Hubbard County is 81%. The average age of the housing stock is 35 years. In a county with low incomes and an aging housing stock, this proposal increases access to funds for home rehabilitation for low and moderate income families.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	NO
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	YES

Selection Standards

Project Feasibility

One neighborhood in the City of Park Rapids, Green Park Rapids, demands special attention because of rehabilitation issues that demand immediate attention. Applications for rehabilitation will be accepted on a first come, first served basis but priority will be given to applicants living in homes with health and safety issues.

Funding Priorities

Organizational Capacity

In order to improve implementation of its rehabilitation programs, the Hubbard County HRA (HRA) asked Headwaters Regional Development Commission (HRDC) to take over the rehabilitation program activity in January 2012. HRDC has been involved with housing rehabilitation activities since 1984, and has become increasingly active since 2009. The HRA contracts with the Becker County Economic Development Agency for housing inspections. The HRA

Foreclosure Remediation

This proposal does not meet Minnesota Housing's definition of foreclosure remediation.

Transportation Costs and Access to Transit

Countywide bus service is provided through Heartland Express. This service provides wheelchair accessible buses scheduled to run through all areas of Hubbard County with destinations of Park Rapids and Bemidji. The bus can deviate from a given route to pick someone up at their home or other designated pickup point. Schedules are published on a monthly basis. Dial-a-Car volunteer drivers use their own vehicles and are available for medical appointments that can't be scheduled through the bus service. Fares are based on mileage.

Economic Integration

This proposal does not meet Minnesota Housing's definition of economic integration.

Sources and Uses, Local Investment and Leverage

The HRA's established bidding process will ensure competitive cost of each project. Funds provided by the HRA for rehabilitation and administration will help reduce costs.

Marketing

The HRA currently has a two year waiting list. The HRA has used a marketing flyer in the past which generated substantial interest throughout the county. They have developed a relationship with key staff at Hubbard County Social Services which is an effective method of reaching underserved populations, including single headed households.

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Hubbard County HRA	Local Government	$50,000	$0	$0	$0	$50,000	
	Total	$50,000	$0	$0	$0	Total Leverage	
	Total Committed	$50,000	Total Pending	$0		$50,000	

Applicant Name	City
First Homes Properties	Rochester

Community Proposal Details

Heritage Homes - Core Neighborhoods

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Olmsted	SOUTHEAST	CRV

Minimum Request	Maximum Request
$225,000	$750,000

Funding Recommendations

CRV Amount $165,000 **Number of New Units** **Number of Rehab Units** 3 **Total Number of Units** 3

Funding Partner Greater Minnesota Housing Fund **Amount** $60,000

Project Description

Funds for value gap financing are requested to acquire and rehabilitate foreclosed properties in the Heritage Homes Core Neighborhoods program which is geographically centered around downtown Rochester. This activity leverages significant community revitalization activity implemented under the Neighborhood Stabilization (NSP) program, whereby First Homes acquired and rehabilitated 22 properties. A foundational element of this work involves a commitment to leadership development and community-based, neighborhood-scale planning.

Justification

First Homes is an experienced CLT developer which has amassed a strong network of implementation partners. The quality of the rehabilitation work is excellent, and includes a focus on energy efficiency. The community land trust model works well in this market with over one-quarter of land trust homes sold with no additional need for subsidy. Bond proceeds will be used for the estimated land portion of costs at approximately $20,000 per unit, with additional value gap needed to ensure the sale of a homeownership unit to a low- or moderate-income household earning 80% of area median income or below.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	YES

First Homes Properties • Heritage Homes - Core Neighborhoods

Selection Standards
Project Feasibility
The target area is identical to the target area under Minnesota Housing's NSP 1 program. The area is characterized by a large percentage of rental units and a foreclosure rate 76% higher than the county average. This area ranks as high need for community stabilization, increasing homeownership and maintaining an aging housing stock according to the Community Profiles. The overall economy of the Rochester area remains strong, growing higher than the state or national average with projected Mayo capital investments at $700 million per year for the next five years. First Homes seeks to continue their commitment to revitalization in this target area, targeting upgrades to the oldest, least efficient homes. Homes prioritized for purchase are those rated in poor condition by neighborhood residents, homes that rate high for preservation value, rental units that can be re-converted into ownership housing, and homes located in proximity to one another in an effort to maximize community stabilization impact.
Funding Priorities
Organizational Capacity
First Homes has a strong track record under the CRV program. They have focused their efforts on neighborhood revitalization over time and are committed to high-quality redevelopment and rehabilitation under a community land trust (CLT) model. They receive a flat $8,000 developer fee per property, which is typically less than a 5% developer fee. Since the inception of First Homes, 600 households have purchased a home through the First Homes program. Of those 600 households, 227 have used the CLT program.
Foreclosure Remediation
The proposal does not meet Minnesota Housing's definition of foreclosure remediation, though foreclosed properties are targeted for rehabilitation.
Transportation Costs and Access to Transit
All of the core neighborhoods have fixed-route bus corridors that run through them.
Economic Integration
This proposal does not meet Minnesota Housing's definition of economic integration.
Sources and Uses, Local Investment and Leverage
First Homes is committing $50,000 of its own funds to the Heritage Homes Core Neighborhoods program. In addition, they have secured $687,754 in interim financing from the Greater Minnesota Housing Fund. Additional leverage is anticipated in the form of downpayment assistance through a partnership with Three Rivers Community Action or the Rochester Area Community Foundation ($10,000 per affordability gap loan). Properties deemed feasible for rehabilitation under the program are evaluated by third party professionals for energy efficiency needs, a general inspection and hazardous materials testing. A project manager signs off on the scope of work for the project after having reviewed project costs. Competitive bidding follows. Affordability is preserved through the CLT model and split of any homeowner appreciation between the homeowner and the CLT.
Marketing
First Homes has a strong track record of assisting underserved populations with 21% of CLT households who have been assisted to date comprised of underserved populations. Through strong neighborhood connections, strategic use of web presence (including MLS as needed), and partnerships with community organizations such as Three Rivers Community Action Agency, First Homes is primarily able to reach households nearer to 60% area median income (AMI) than 80% AMI.

First Homes Properties • Heritage Homes - Core Neighborhoods

Unit Style #	1	Core Neighborhoods in Rochester

Unit Information	
Style of unit	
Finished square feet	
Unfinished square feet	
Bedrooms	
Bathrooms	
Garage	
Number of Stalls	0
Visitability	

Development Cost Information	
Land Acquisition Cost	$20,000
Total Per Unit Hard Costs	$162,500
Total Per Unit Soft Costs	$17,500
Total Development Costs Per Unit	$180,000
Anticipated Mortgage Amount	$90,000

Value Gap	
Per Unit Value Gap Amount Needed	$40,000
Sources	**Amount**
CRV	$35,000
First Homes	$5,000
Totals	$40,000

Affordability Gap	
Per Unit Affordability Gap Needed	$50,000
Sources	**Amount**
CRV	$20,000
Gap loan - Roch. Cmty Fnd or Three Rivers	$10,000
GMHF	$20,000
Totals	$50,000

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
First Homes	Non-Profit	$0	$50,000	$0	$0	$50,000	
		$0	$0	$0	$0	$0	
GMHF Interim Loans	Non-Profit	$0	$687,754	$0	$0	$687,754	
	Total	$0	$737,754	$0	$0	Total Leverage	
	Total Committed	$737,754	Total Pending	$0		$737,754	

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Applicant Name	City
Three Rivers Community Action, Inc.	Northfield

Community Proposal Details

Northfield Neighborhood Investment Project

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Rice	SOUTHEAST	CRV

Minimum Request	Maximum Request
$200,000	$200,000

Funding Recommendations

CRV Amount $50,000 **Number of New Units** **Number of Rehab Units** 10 **Total Number of Units** 10

Funding Partner Greater Minnesota Housing Fund **Amount** $50,000

Project Description

Funds are being requested to provide $5,000 value gap grants to low and moderate income homeowners for neighborhood stabilizing exterior and home energy saving interior improvements to homes in one of Northfield's most affordable neighborhoods. The total value gap grant will be matched dollar for dollar by Northfield Housing and Redevelopment Authority (the HRA) and each grantee. The target area is the 10-block area immediately to the South of downtown Northfield, is economically diverse and has excellent proximity to the downtown Northfield business district. Funds will serve households with incomes up to 80% of area median income (AMI).

Justification

The target neighborhood consists of 91 aging homes built in the early 20th century and is adjacent to the downtown business district. Assessed values range from $71,300 to $290,300 with a median assessed value of $131,400. A windshield survey indicates 39% of these homes are in need of minor repair and 17% are in need of major repair and these homes are the target. Three Rivers Community Action (Three Rivers) will work with individual grantees to determine the repairs necessary, ensure the repairs fall within accepted uses of program funds and develop a scope of work for each property. Northfield HRA will provide leverage of up to $5,000 in assistance for each homeowner, and each homeowner will contribute a matching $5,000 to the cost of improving their homes.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	NO
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	YES

Three Rivers Community Action, Inc. • Northfield Neighborhood Investment Project

Selection Standards
Project Feasibility
Using data on the existing housing stock of low and moderately priced homes and visual property condition assessments, Three Rivers and the Northfield HRA have selected the target neighborhood as an area where homeowners are likely to need financial assistance to meet pressing repair needs. These homeowners are also likely to benefit from the cost savings that result from increasing their homes' energy efficiency. By creating a financial incentive program of offering matching funds from the HRA, homeowners will be able to make necessary home improvements without having to fully absorb the costs of the repairs. Three Rivers will make it possible for homeowners to work with the local contractor of their choice and they will provide expertise and sound advice that will help homeowners make the best investment of home improvement funds.
Funding Priorities
Organizational Capacity
Three Rivers Community Action has been developing affordable housing opportunities for low- and moderate-income households in southern Minnesota since 1996, developing over 460 units of affordable rental and single family homes. As a developer, Three Rivers has built or rehabilitated 125 homes that were sold to low- and moderate-income buyers in southeastern Minnesota. They have also gained rehabilitation expertise by running both the Weatherization and the Rehabilitation Loan Program. Three Rivers has overseen the acquisition and rehabilitation of 154 units of affordable rental housing and 25 single family foreclosed properties. Through the Home Matters program in Northfield, Three Rivers rehabilitated four foreclosed homes using innovative green, energy efficient and healthy housing construction techniques. The Home Matters program also provided outreach and education to the broader community in Northfield. Additionally, Three Rivers is experienced in operating owner-occupied rehabilitation programs, running the Weatherization program as well as the Rehabilitation Loan Program. Since April 2009, Three Rivers has overseen the weatherization and energy efficiency improvements on over 600 units in the Weatherization program.
Foreclosure Remediation
This project does not specifically mitigate foreclosure in the target area. It does, however, provide the tools to make needed internal and external repairs to affordable housing in a neighborhood where many homeowners are cost burdened and unable to underwrite the cost of repairs on their own. The project will benefit homes and home values in an effort to stabilize homeownership and prevent future foreclosures.
Transportation Costs and Access to Transit
Community profiles indicate the target neighborhood is on the fixed transit routes of the public bus in Northfield. The site is also adjacent to downtown Northfield, where the business district has many jobs for neighborhood residents. In addition to being on the bus routes and adjacent to the downtown business district, the target neighborhood offers ready access to many services including a grocery store, food cooperative, pharmacy, arts center, banks, fitness centers, parks and the farmer's market. Dial-a-ride service is also available.
Economic Integration
Community Profiles indicate the census tract in which the target area is located has a high need for economic integration and a 16.7% gain in low and moderate wage jobs within 5 miles of the census tract. By stabilizing the lower-priced area in the census tract, the program is maintaining and improving the affordable housing stock within an area that includes higher priced homes owned by higher income families within a mile of the target neighborhood. This project will target resources toward preserving quality low and moderate-priced homes while helping to maintain the value of the surrounding higher-priced housing stock.

Three Rivers Community Action, Inc. • Northfield Neighborhood Investment Project

Sources and Uses, Local Investment and Leverage

Three Rivers is requesting funds in grant form to match the contributions of both the HRA and individual homeowners. Community Revitalization Fund (CRV) awards will provide a maximum of $5,000 per property. The low dollar per unit contribution provided in grant form for each property will ensure low administrative costs. Additionally, providing funds as a grant will allow homeowners who do not have equity in their homes to access improvement funds. The grant will also incentivize homeowners to make their own investment in needed home improvements. Northfield HRA funds will also be provided as a grant to the homeowner. Three Rivers will work to keep the subsidy as low as possible for each home. Funds will be available only as a match to homeowner and HRA funds.

Marketing

In addition to traditional marketing techniques such as website information via the HRA, local Realtors and local lenders, Three Rivers has established Cultural Working Groups in Rochester, Austin and Faribault. These groups meet regularly and bring together resource providers and community leaders providing feedback on the needs of the diverse households in the community. The groups have proven to be a good source of client referrals. Relationships with culturally-specific service providers such as the Somali Community Resettlement Services, New Sudan HOPE and Spanish Head Start provide additional direct client referrals and serve as a means of establishing Three Rivers staff as trusted advisors to the African immigrant and Latino communities. They have a strong network of lending partners including a group who have signed onto a regional CASA initiative. Three Rivers advertises in Eventos, a free Spanish monthly newspaper in Southern Minnesota and their Achieve Homeownership Initiative website lists resources, gap financing guidelines and class schedules for English and Spanish-speaking clients. Three Rivers also advertises on the Spanish radio station in Faribault. The Somali community in Rochester has a cable-access channel and runs advertising for the homeownership programs and services at no cost. Finally, word of mouth from previous clients has proven one of the best ways to reach emerging market households.

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Northfield HRA (City Tax Credits)	Local Government	$0	$200,000	$0	$0	$200,000	
	Total	$0	$200,000	$0	$0	Total Leverage	
	Total Committed	$200,000	Total Pending	$0		$200,000	

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Applicant Name
Three Rivers Community Action, Inc.

City
Multiple

Community Proposal Details
EMHI-Focused Gap Financing

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Goodhue	SOUTHEAST	CRV

Minimum Request	Maximum Request
$150,000	$250,000

Funding Recommendations

CRV Amount $200,000 **Number of New Units** **Number of Rehab Units** 20 **Total Number of Units** 20

Funding Partner **Amount**

Project Description

Funds are being requested for needs-based affordability gap financing focused on assisting emerging market households, single female-headed households with children and/or disabled households with income up to 80% of area median income (AMI) to purchase a home in targeted southern Minnesota communities. Targets will include: Rochester (Olmsted), Faribault (Rice), Albert Lea (Freeborn), Owatonna (Steele), Austin (Mower), Northfield (Rice) and Mankato (Blue Earth). These target areas are racially diverse and have strong employment opportunities and household growth. Buyers are encouraged to use tools such as affordable mortgage products and local down payment assistance pools before requesting Community Revitalization Fund (CRV) assistance. Targeted buyers will have access to assistance up to $20,000 from CRV and Greater Minnesota Housing Fund (GMHF) resources. This program is administered to comply with Fair Housing Law.

Justification

Affordability gap financing will increase emerging market homeownership, help stabilize communities and provide workforce housing. Many of the target households are new immigrants to Minnesota, coming to work in growing food processing, medical or service industries. Households using gap financing will be served by homebuyer counseling and education from Three Rivers Community Action (Three Rivers) and Southwest Minnesota Housing Partnership (SWMHP) through the Achieve Homeownership Initiative.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	YES

Three Rivers Community Action, Inc. • EMHI-Focused Gap Financing

Selection Standards
Project Feasibility
Several counties in the region added jobs since 2000 in the growth industries of food processing and health care industries that employ new immigrants. This project will help create needed workforce housing for new employees in these industries and further stabilize their communities.
Funding Priorities
Organizational Capacity
Three Rivers Community Action, has been developing affordable housing opportunities for low- and moderate-income households in southern Minnesota since 1996, developing over 460 units of affordable rental and single family homes. As a developer, Three Rivers has built or rehabilitated 125 homes that were sold to low- and moderate-income buyers in southeastern Minnesota. They have also gained rehabilitation expertise by running both the Weatherization and the Rehabilitation Loan Program. Three Rivers has overseen the acquisition and rehabilitation of 154 units of affordable rental housing and 25 single family foreclosed properties. Through the Home Matters program in Northfield, Three Rivers rehabilitated four foreclosed homes using innovative green, energy efficient and healthy housing construction techniques. The Home Matters program also provided outreach and education to the broader community in Northfield.
Foreclosure Remediation
This application does not meet Minnesota Housing's foreclosure remediation priority. However, only four of the 20 counties chosen as the target area show a low need for community stabilization; five show a high need for stabilization and the remaining 11 show moderate need, indicating that many neighborhoods throughout Southeastern Minnesota may see fewer future foreclosures if this proposal is approved.
Transportation Costs and Access to Transit
The availability of transit varies. Several of the target communities have regular transit routes and stops (Rochester, Mankato, Austin, Albert Lea, Owatonna, Faribault, Red Wing and Winona). The remaining communities have dial-a-ride service available. Buyers are required to purchase properties connected to city water and sewer, so most will have ready access to transit.
Economic Integration
Some areas in southern Minnesota show a need for economic integration while others do not. A scattered site approach is a mixed-income approach to providing affordable housing. Homes may be purchased in neighborhoods where there is a mix of housing types and prices. Three Rivers will work with each homebuyer to determine the right mix of programs for their specific situation.
Sources and Uses, Local Investment and Leverage
Three Rivers will be evaluating each buyer's application to determine the correct amount of needs-based gap financing assistance required. Buyers must contribute a minimum of $500 of their own funds. Leveraged funds have been committed by Greater Minnesota Housing Fund and several cities in the target area also provide down payment assistance programs that will serve to leverage this affordability gap.

Three Rivers Community Action, Inc. • EMHI-Focused Gap Financing

Marketing

In addition to traditional marketing techniques such as website information via the HRA, local Realtors and local lenders, Three Rivers has established Cultural Working Groups in Rochester, Austin and Faribault. These groups meet regularly and bring together resource providers and community leaders providing feedback on the needs of the diverse households in the community. The groups have proven to be a good source of client referrals. Relationships with culturally-specific service providers such as the Somali Community Resettlement Services, New Sudan HOPE and Spanish Head Start provide additional direct client referrals and serve as a means of establishing Three Rivers staff as trusted advisors to the African immigrant and Latino communities. They have a strong network of lending partners including a group who have signed onto a regional CASA initiative. Three Rivers advertises in Eventos, a free Spanish monthly newspaper in Southern Minnesota and their Achieve Homeownership Initiative website lists resources, gap financing guidelines and class schedules for English and Spanish-speaking clients. Three Rivers also advertises on the Spanish radio station in Faribault. The Somali community in Rochester has a cable-access channel and runs advertising for the homeownership programs and services at no cost. Finally, word of mouth from previous clients has proven one of the best ways to reach emerging market households.

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Northfield, Red Wing and Austin - CDBG	Local Government	$0	$0	$100,000	$0	$100,000	
Greater Minnesota Housing Fund	Non-Profit	$250,000	$0	$0	$0	$250,000	
	Total	$250,000	$0	$100,000	$0	Total Leverage	
	Total Committed	$250,000	Total Pending	$100,000		$350,000	

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Applicant Name	City
Hutchinson Housing and Redevelopment Authority	Hutchinson

Community Proposal Details

Hutchinson Revitalization Project

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		McLeod	SOUTHWEST	CRV

Minimum Request	Maximum Request
$35,000	$35,000

Funding Recommendations

CRV Amount $35,000 **Number of New Units** **Number of Rehab Units** 1 **Total Number of Units** 1

Funding Partner **Amount**

Project Description

Funds are being requested for value gap for acquisition-rehabilitation-resale of one home in the City of Hutchinson. The entire City of Hutchinson is targeted because the foreclosures in 2011 were scattered throughout the city and not in one concentrated area. A flexible funding source is essential to provide value gap because housing re-sale values continue to fall. Affordability gap financing is available to the homebuyers through various programs or the Hutchinson HRA's (HRA) entry cost assistance program. The homebuyer's targeted income is 80% or less of statewide median income. However, if no buyer qualifies at that income range, the HRA requests the authorization to go up to 115% of statewide median income.

Justification

This housing activity will preserve and improve an existing home in an established neighborhood of the city. Homes in the city typically have smaller lot sizes compared with many of the newer subdivisions. Rehabilitation of an existing home will address health and safety issues along with energy conservation measures to reduce energy costs for a low to moderate income homebuyer.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	YES

Hutchinson Housing and Redevelopment Authority • Hutchinson Revitalization Project

Selection Standards
Project Feasibility
McLeod County had 176 foreclosure sales in 2011. Hutchinson had 77 foreclosure sales in 2011, an increase of 24% from 2010. Even though Hutchinson is not listed as a high-need zip code foreclosure area, foreclosures are likely to remain high because of the repercussions of the recent Hutchinson Technology Incorporated (HTI) layoffs. The HRA is partnering with Greater Minnesota Housing Fund (GMHF) and the National Community Stabilization Trust (NCST) program. The HRA is also partnering with the Hutchinson School District construction class. According to data collected annually from the McLeod County Assessor's Office, the Hutchinson median sales price has been decreasing from $157,900 in 2007 to $109,950 in 2011. Minneapolis Area Association of Realtors currently shows that Hutchinson's median sales price is $114,900.
Funding Priorities
Organizational Capacity
The Hutchinson HRA has administered four owner occupied neighborhood rehab projects through the Department of Employment and Economic Development (DEED). A fifth DEED short application for Small Cities rehabilitation funding for ten owner occupied rehab projects for the Northeast and Southwest Neighborhoods in Hutchinson was approved in June 2012. Hutchinson HRA staff has had over thirteen years of experience with rehabilitation and affordability gap products.
Foreclosure Remediation
This proposal does not meet Minnesota Housing's definition of foreclosure remediation.
Transportation Costs and Access to Transit
Hutchinson residents have access to Dial-a-Ride service via Trailblazer Transit. Trailblazer also operates a driver program staffed by volunteers who use their personal vehicles to provide customers transportation when Trailblazer Transit buses are not available. Volunteers make it possible to obtain a ride on weekends and outside normal transit operating hours.
Economic Integration
Hutchinson's project is within two census tract areas. The north census tract meets or exceeds the higher need for economic integration, and the south census tract meets a moderate need for economic integration.
Sources and Uses, Local Investment and Leverage
The proposed project will utilize Hutchinson High School students for the carpentry valued at $10,000. Greater Minnesota Housing Fund has committed funding in the form of interim construction financing and affordability gap financing.
Marketing
Direct mailing of HRA's program brochures to employers, daycare facilities and assistance agencies has been a successful marketing tool in the past. Program information included in utility bills and presented on a local cable television channel has also proven to be successful.

Hutchinson Housing and Redevelopment Authority • Hutchinson Revitalization Project

Unit Style #	1	Unknown

Unit Information	
Style of unit	Variety
Finished square feet	
Unfinished square feet	
Bedrooms	
Bathrooms	
Garage	
Number of Stalls	0
Visitability	

Development Cost Information	
Land Acquisition Cost	$50,000
Total Per Unit Hard Costs	$115,000
Total Per Unit Soft Costs	$20,500
Total Development Costs Per Unit	$135,500
Anticipated Mortgage Amount	$100,000

Value Gap	
Per Unit Value Gap Amount Needed	$35,500
Sources	**Amount**
Minnesota Housing CRV Funds	$35,000
Totals	$35,000
Affordability Gap	
Per Unit Affordability Gap Needed	$
Sources	**Amount**
	$
Totals	$

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
GMHF Interim Construction Loan and gap financing	Non-Profit	$215,000	$0	$0	$0	$215,000	
Hutchinson High School labor		$0	$10,000	$0	$0	$10,000	
	Total	$215,000	$10,000	$0	$0	Total Leverage	

Total Committed	$225,000	Total Pending	$0	$225,000

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Applicant Name	City
Housing and Redevelopment of Alexandria, Minnesota	Alexandria

Community Proposal Details

Alexandria CRV Affordable Homes Program

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Douglas	WEST CENTRAL	CRV

Minimum Request	Maximum Request
$171,500	$171,500

Funding Recommendations

CRV Amount $100,000 **Number of New Units** 5 **Number of Rehab Units** **Total Number of Units** 5

Funding Partner **Amount**

Project Description

Funds are being requested for needs-based affordability gap in the amount of $100,000 to finance five new workforce housing opportunities for buyers with household incomes up to 80% of area median income (AMI). These homes will be constructed at the Trails, a 37.45 acre site in northwest Alexandria developed beginning in 2002 with assistance from both Minnesota Housing and Greater Minnesota Housing Fund. Alexandria Housing and Redevelopment Authority (the HRA) proposes to make up to $20,000 per unit in needs based affordability gap available to each buyer.

Justification

The City of Alexandria and Douglas County continue to grow in population and employment. The Alexandria area is home to a diverse socio-economic spectrum, ranging from very high income households to very low income households whose housing options are often limited. Housing for the low and moderate income families in Alexandria is in short supply. In Alexandria, over 50% of the employed population works in the relatively low-paying service sector. The Trails has added to the affordable homeownership stock within the City. The project site is located in an in-fill development, which is surrounded by existing housing. The development maximizes existing land resources and infrastructure (water, sewer, electricity, gas, transportation). The land used to create the development was slated for residential development in the 1980s. The City of Alexandria annexed the land, installing city water and sewer. In 2001, the City of Alexandria adopted a new ordinance allowing for narrower lot sizes so that developers could build affordable housing within city limits. All of the affordable homes at the Trails were developed on lots smaller than 12,000 square feet. This reduction in lot size results in significant savings in both land and total infrastructure cost, since many infrastructure costs are based on road/street frontage. Efficiency of land use has also been maximized by incorporating narrower streets and strategic use of alleyways. House plans follow Building Better Neighborhoods guidelines.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	NO

Housing and Redevelopment Authority of Alexandria, Minnesota • Alexandria CRV Affordable Homes Program

Selection Standards
Project Feasibility
A cooperatively developed housing plan for the city of Alexandria was completed several years ago and updated in July of 2009. The plan was developed in response to a widely recognized shortage of affordable, single family homes in Alexandria. The top priority identified by the plan was the creation of more affordable, owner-occupied single family housing units within the city. Community Profiles indicate a high need for affordable workforce housing in the target area. The project directly coincides with the service area's identified need for more affordable single family homes.
Funding Priorities
Organizational Capacity
The HRA has operated and administered public housing programs for over 30 years. In addition to new construction activities, it manages 130 units of public housing. For the past twelve years, the HRA has offered a downpayment assistance program for qualified home buyers and (until recently) managed the Minnesota Housing Rehabilitation Loan Program in the city of Alexandria. The HRA established its Community Revitalization (CRV) program in 1999 and has developed and sold over 50 workforce housing units within the Trails, 21 of which were affordable homes with buyers being assisted by the CRV program. The HRA will develop the homes, administer and manage the interim construction and affordability gap funds and work with local lenders to assist homebuyers with first mortgage financing. The development fee will be $800 per unit.
Foreclosure Remediation
This application does not meet Minnesota Housing's Foreclosure Remediation priority.
Transportation Costs and Access to Transit
The Trails is located at the edge of census tract 4510. The census tract as a whole is not located within 5 miles of 2,000 low and moderate wage jobs. However, the Trails development within that census tract is located within 5 miles of 2,000 low and moderate income wage jobs. The Trails is also located within one mile of an elementary school, a convenience store, licensed child care center, usable park space/dedicated walking/bike trail, place of worship, fitness center/gym, and three of Alexandria's largest employers. Rainbow Rider is a dial-a-ride service that operates during standard workday hours. The service is accessible and is used as transportation to work, school, shopping, services and appointments.
Economic Integration
This proposal meets Minnesota Housing's definition of Economic Integration. Community Profiles indicate the census tract in which the target area is located has a median family income of $70,771, has a high need for economic integration and a significant gain (23%) in low and moderate wage jobs within 5 miles of the development. By stabilizing the lower-priced area in the census tract, the proposal will help maintain the supply of affordable workforce housing within an area that includes higher priced homes.
Sources and Uses, Local Investment and Leverage
Sources of committed leverage include $5,000 per unit from the HRA in affordability gap, $7,500 per unit from the City of Alexandria's City Homestead Assistance Program (CHAP) and in-kind leverage from a local Realtor, abstracting company and title insurance provider totaling approximately $2,200 per unit. In addition, the HRA will provide $2,500 to qualified borrowers for downpayment assistance after application of Minnesota Housing funds. Total development costs will be kept as low as possible because the HRA requires borrowers to contribute one percent of the unit purchase price or $1,000 of their own funds to the transaction, and the Sentence-to-Serve Work Crew (Institution Community Work Crew or ICWC) will be used to construct the units whenever possible and the deferred loan for the affordability gap has a term of 30 years.

Marketing

During the past 12 years, the Alexandria HRA has been successful selling affordable workforce housing to underserved populations with incomes less than 80% of AMI. The HRA makes potential buyers aware of the workforce housing available in the city through a variety of marketing methods including print media and internet, word-of-mouth from previous home purchasers, Realtors and lending partners and advertising through area employers. Six days on the market is average for units in the Trails development. The HRA will partner with Century 21 First Realty, Inc to market the available units and Bremer Bank, Wells Fargo Home Mortgage and other area lenders familiar with affordable mortgages and other assistance programs to serve prospective buyers.

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Douglas County Abstract	Local Business	$0	$750	$0	$0	$750	
City of Alexandria	Local Government	$37,500	$0	$0	$0	$37,500	
Integrity Title	Local Business	$0	$750	$0	$0	$750	
Alexandria HRA	Non-Profit	$25,000	$0	$0	$0	$25,000	
Century 21	Local Business	$0	$9,500	$0	$0	$9,500	
	Total	$62,500	$11,000	$0	$0	Total Leverage	
	Total Committed	$73,500	Total Pending	$0		$73,500	

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Applicant Name	City
White Earth Reservation Tribal Council	Multiple

Community Proposal Details

White Earth Housing Rehabilitation and Water & Sewer Project

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Mahnomen	WEST CENTRAL	CRV

Minimum Request	Maximum Request
$400,000	$500,000

Funding Recommendations

CRV Amount **$375,000** **Number of New Units** **Number of Rehab Units** **36** **Total Number of Units** **36**

Funding Partner **Greater Minnesota Housing Fund** **Amount** **$125,000**

Project Description

Value gap funds are requested for two activities: a water and sewer system initiative ($200,000) targeted at 25 households and an owner-occupied rehabilitation program targeted at 20 households ($300,000). Funds will be used by enrolled Tribal members to rehabilitate private homes or to repair or install new septic systems. Households served will be at 60% of area median income or below.

Justification

Both the owner-occupied rehabilitation program and the water and sewer replacement program are recommended for funding. The White Earth Tribal Council demonstrates high need for both programs, as significant waiting lists for both types of improvements were included with the application. The White Earth Tribal Council has significant experience administering both programs historically. Additionally, both programs have one-to-one matching leverage sources from the Federal Home Loan Bank and Indian Health Services.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	NO
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	YES

White Earth Reservation Tribal Council • White Earth Housing Rehabilitation and Water & Sewer Project

Selection Standards

Project Feasibility

Households living both on and off the White Earth Reservation are eligible, with an eligible White Earth population of 10,039. The White Earth Reservation is a historically economically depressed area with jobs centered in Mahnomen. The area is characterized as rural and isolated, and median household incomes have historically ranked lowest within the state and highest with respect to poverty and unemployment.

All beneficiaries of Community Revitalization Fund assistance must meet income limits, and a selection process exists for both programs. Both programs require tribal membership and proof of homeownership or a land lease from the tribe. Additionally, the rehabilitation program prioritizes serving the lowest income households and households with a member with a disability.

Funding Priorities

Organizational Capacity

The White Earth Reservation Tribal Council (Tribal Council) is the applicant and the two activities under this award will be managed by two different entities. The White Earth Housing Authority will manage the homeowner rehabilitation program and the While Earth Public Works Department will oversee the sewer and septic program. The Housing Authority manages over 1,100 units of housing and has experience rehabilitating housing stock. The water and sewer program has been in existence for 33 years. The applicant was funded in 2008 and 2010 for a similar activity and has a demonstrated track record administering both programs.

The Housing Authority's activities will be managed by a housing rehabilitation manager who oversees the development of the work scopes, bidding process and project documentation and compliance. The well and septic project will be managed by the Public Works Department which has a water/sewer maintenance unit in addition to a water/sewer construction unit. The White Earth Finance Department will be responsible for working with both CRV programs in monitoring grant expenditures and with respect to project accounting and documentation.

The Housing Authority will receive a 10% developer fee with the Public Works Department receiving a 5% fee.

Foreclosure Remediation

This proposal does not meet Minnesota Housing's foreclosure remediation priority.

Transportation Costs and Access to Transit

This proposal does not meet Minnesota Housing's transit priority.

Economic Integration

The proposal does not meet Minnesota Housing’s economic integration priority.

Sources and Uses, Local Investment and Leverage

Costs will be kept low through a competitive bidding process and adherence to the Tribal Council's purchasing and procurement policy. In the case of the septic activity, costs will be kept low through the use of labor and equipment provided in-house by the White Earth Public Works Department.

In an effort to preserve subsidy, homeowners agree to remain in the home for five years or pay back funds. A majority of investment will be made in units held in tribal trust.

Leverage sources include a one-to-one match from the Federal Home Loan Bank for the housing rehabilitation component ($300,000) and a one-to-one match in federal funds from Indian Health Services ($200,000).

White Earth Reservation Tribal Council • White Earth Housing Rehabilitation and Water & Sewer Project

Marketing

Native Americans in the target area will be served by the proposal. In 2009, the White Earth Public Works Department and Indian Health Services identified 246 deficient wells and/or septic systems in the Reservation service area. Outreach efforts will target elderly households through coordination with the geriatric social worker and personal care workers. Additional outreach will occur through the tribal newspaper and a list of 25 interested well/septic applications already exists.

The Housing Authority has a waiting list of 213 homeowner rehabilitation applications (25 new applications in 2012 with the remainder from previous years).

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Federal Home Loan Bank	Private Investment	$300,000	$0	$0	$0	$300,000	
Indian Health Service Monies	Federal Government	$200,000	$0	$0	$0	$200,000	
	Total	$500,000	$0	$0	$0	Total Leverage	
	Total Committed	$500,000	Total Pending	$0		$500,000	

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Applicant Name
Habitat for Humanity of Minnesota

City
Multiple

Community Proposal Details
Habitat for Humanity CRV #6

Application Type	Previous Contract Id	County	RHAGS Region	Program Name
Long Form		Otter Tail	WEST CENTRAL	CRV

Minimum Request	Maximum Request
$300,000	$360,000

Funding Recommendations

CRV Amount $300,000 **Number of New Units** 20 **Number of Rehab Units** **Total Number of Units** 20

Funding Partner **Amount**

Project Description

Habitat for Humanity of Minnesota (Habitat Minnesota) is requesting value gap funds on behalf of 24 Greater Minnesota affiliates serving 48 counties. Community Revitalization Fund (CRV) resources will be provided to Habitat affiliates to help construct homes built in partnership with households with incomes up to 50% of area median income (AMI) and are either single headed households, members of an ethnic and/or racial minority or have a disabled family member. Historically, the CRV contribution to the total development cost of a Habitat Minnesota home has averaged 11%, approximately $15,000 per home. Affiliates and Habitat Minnesota partner families contribute the other 89% through cash and in-kind donations of materials, labor, homeowner sweat equity and thousands of volunteer hours on each Habitat build. Habitat Minnesota provides job training to volunteers on Minnesota Green Communities Criteria resulting in energy-efficient and sustainable housing. All housing will be built on in-fill lots using existing sewer and water infrastructure.

Justification

Habitat Minnesota used county-wide and city-wide data from the Community Profiles to guide them to geographic areas in Greater Minnesota that exhibit the following: a growing workforce, high median home sales price, lack of affordable rental housing, a high percentage of low-income families that are "cost-burdened," an increase in area job availability, and high job demand and vacancies for jobs paying wages below 50% of AMI. Every affiliate meets either a moderate or high need in the categories of "growing workforce" and/or "increasing homeownership". Habitat Minnesota's first mortgage is an interest-free, 30-year mortgage in an amount equal to the building cost, exclusive of the value of sweat equity and volunteer labor. If necessary, Habitat Minnesota reduces the first mortgage so housing costs do not exceed 30% of the homeowner's income.

Strategic Goals of Agency

Does the proposal finance new affordable housing opportunities?	YES
Does the proposal mitigate foreclosure impact through preservation and remediation?	NO
Does the proposal preserve existing affordable housing?	NO

Habitat for Humanity of Minnesota • Habitat for Humanity CRV #6

Selection Standards
Project Feasibility
In order to obtain the resources needed to build the homes, affiliates raise donations of cash, land, materials and professional labor. In Greater Minnesota, affiliates garner donations totaling over $10 million annually from local communities, develop the sites and construct the homes, provide interest-free, 30-year mortgages, select each family and provide them with homeowner training before, during the building process and up to one year after they become homeowners. A key component to Habitat Minnesota's success is the management of thousands of volunteers who help with all aspects of the affiliates' work including home construction, board membership, family support, communications, fund development and financial oversight.
Funding Priorities
Organizational Capacity
Each Habitat Minnesota affiliate has an independent Board of Directors that is locally formed and governs under the umbrella of Habitat for Humanity International (HFH-I). A typical Habitat Minnesota affiliate has the following committees of the Board: Site Selection, Construction, Family Selection, Fund Development, Public Relations, Volunteer Relations, Church Relations, Family Support, Finance and Executive. Greater Minnesota affiliates have been selecting and supporting families, building homes and collecting homeowner mortgage payments for nearly 20 years.
Foreclosure Remediation
This proposal does not meet the Minnesota Housing's foreclosure remediation criteria.
Transportation Costs and Access to Transit
The specific proximity of job centers, transportation systems, retail services, social services and schools will vary depending on exact location of the home and size of the rural community. Habitat affiliates take proximity to public transit into consideration indirectly through site location and directly through family selection. Generally speaking, all communities in which CRV funded homes are built have either fixed route transit such as Mankato or Rochester, or limited-stop, on demand, or dial-a-ride availability such as Paul Bunyan Transit serving Bemidji or Arrowhead Transit serving Itasca County and the Iron Range.
Economic Integration
This proposal does not meet Minnesota Housing's definition of economic integration.
Sources and Uses, Local Investment and Leverage
Based on Habitat Minnesota's historical use of CRV funding, affiliates provide 88% of the total development costs with non-state resources including contributions from local units of government and private philanthropic, religious, and charitable organizations. Value gaps will range from $6,160 to $25,000, with an average gap of $15,000. The CRV funds are leveraged six times by strong community support through strong locally-based donations.

Habitat for Humanity of Minnesota • Habitat for Humanity CRV #6

Marketing

Habitat Minnesota affiliates conduct extensive marketing efforts to seek potential homeowners. On average, affiliates have up to five qualified applicants for each Habitat Minnesota home, from an average applicant pool size of anywhere from 15 - 30 families per home. Too little income and poor credit (judgments, high credit card debt) are still the primary reasons an applicant does not qualify. While word of mouth is the number one reason potential homeowners apply for Habitat's homeownership program, affiliates in Greater Minnesota deploy a variety of marketing techniques and outreach efforts to reach applicants within the targeted income levels.

Other marketing and outreach efforts include affiliates distributing posters/flyers and making homeowner presentations in locations such as mobile home parks, laundromats, thrift shops, drug stores, women's shelters, grocery stores, libraries, bus shelters, homeless shelters, Goodwill stores, and VFW's and American Legions. They also use service clubs such as the Lions and Kiwanis Clubs; Home Stretch meetings; family mentoring programs like Circles of Support; Head Start; food shelves; and gas stations. Affiliates collaborate with local nonprofits such as the Catholic Charities, United Way, Lutheran Social Services and the Salvation Army in promoting Habitat Minnesota's homeownership program and in finding potential homeowners. For example, the North St. Louis County Habitat affiliate distributes homeowner information to Mesabi Family YMCA, which sends out the announcement in their special newsletter to "scholarship" families, who are in a lower income bracket.

Unit Style #	1	Scattered Site (Example)

Unit Information	
Style of unit	
Finished square feet	1064
Unfinished square feet	
Bedrooms	2
Bathrooms	1
Garage	N
Number of Stalls	0
Visitability	Y

Development Cost Information	
Land Acquisition Cost	$12,546
Total Per Unit Hard Costs	$114,118
Total Per Unit Soft Costs	$10,882
Total Development Costs Per Unit	$125,000
Anticipated Mortgage Amount	$90,000

Value Gap	
Per Unit Value Gap Amount Needed	$15,000
Sources	**Amount**
Minnesota Housing CRV Funds	$15,000
	$
	$
Totals	$15,000

Affordability Gap	
Per Unit Affordability Gap Needed	$21,000
Sources	**Amount**
Habitat Affiliates - 2nd Mortgage	$21,000
Totals	$21,000

Source of Leverage

Source	Organizational Type	Cash Committed	In-Kind Committed	Cash Pending	In-Kind Pending	Total	Approval Date
Habitat Affiliate Cash and Inkind Dntn Hstrc Avrg	Non-Profit	$2,056,752	$654,696	$0	$0	$2,711,448	
Homeowner Dwnpymnt Hstrc Avrg		$18,648	$0	$0	$0	$18,648	
	Total	$2,075,400	$654,696	$0	$0	Total Leverage	
	Total Committed	$2,730,096	Total Pending	$0		$2,730,096	

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Metro Area

Board Agenda Item: 7.A.(9)
Attachment: 2012 Single Family Consolidated RFP Summary Spreadsheet

	Unit Count						* Strategic Priorities # of Units			Minnesota Housing Funding					Funding Partner			Total Funding		
Administrator Project Name Location	Forecl Units	Forecl Rem & Comm Rec	Rehab Exist	New To be Built	Total Units	Afford Units	Finance New Afford Hsg Opp	Forecl Rem & Comm Rec	Preserve Afford Hgs	EDHC	EDHC Indian Set Aside	Infrastructure Bond Funds	0% Interim Construction	2% Interim Construction	Family Housing Fund	Greater Minnesota Housing Fund	Met Council	Total MH Funding	Total Partner Funding	Total Funding
METRO AREA																				
Minneapolis																				
City of Lakes Community Land Trust - CLCLT Homebuyer Initiative Program (HIP)	10	5	10		10	10	10	5	10	$180,000		$450,000						$630,000	$0	$630,000
City of Lakes Community Land Trust - Re-Grant of CLCLT CRV Award 4-2008-04	2	4	4		4	4	4	4	4	$97,763								$97,763	$0	$97,763
City of Minneapolis Dept of Community Planning & Economic Development - Advantage Program	6	10	10		10	4	10	10		$100,000								$100,000	$0	$100,000
City of Minneapolis Dept of Community Planning & Economic Development - Green Homes North		10		10	10	4	10	10		$250,000					$200,000			$250,000	$200,000	$450,000
City of Minneapolis Dept of Community Planning & Economic Development - Rehab Support Program		25	25		25	15		25	25	$150,000								$150,000	$0	$150,000
Greater Metropolitan Housing Corporation - Minneapolis Foreclosure Initiative II	43	53	53		53	35	53	53	53	$2,566,530								$2,566,530	$0	$2,566,530
Little Earth of United Tribes - Home Ownership Initiative				4	4	4	4			$60,000								$60,000	$0	$60,000
Urban Homeworks - Project Reclaim	7	7	7		7	7	7	7	7	$245,000								$245,000	$0	$245,000
Total Minneapolis:	68	114	109	14	123	83	98	114	99	$3,649,293	$0	$450,000	$0	$0	$200,000	$0	$0	$4,099,293	$200,000	$4,299,293
Saint Paul																				
Dayton's Bluff Neighborhood Housing Services - East Side Neighborhood Renewal Project	5	5	5		5	3	5	5	5	$200,000								$200,000	$0	$200,000
Greater Frogtown Community Development Corporation - Frogtown Homeowner Rehab Project		11	11		11	11		11	11	$175,000								$175,000	$0	$175,000
Greater Frogtown Community Development Corporation - Preserving Affordable and Quality in Frogtown's Housing	2	2	2		2	2	2	2	2	$90,000								$90,000	$0	$90,000
Model Cities Community Development Corporation - MCASA Homeownership Phase IV	4	4	4		4	4	4	4	4	$120,000								$120,000	$0	$120,000
Rebuilding Together Twin Cities - Community Building - Como Park, Hamline-Midway, Frogtown			7		7	7			7	$39,000							$39,000	$39,000	$39,000	$78,000
St. Paul HRA - St. Paul's Rehab Support Program			25		25	10			25	$500,000								$500,000	$0	$500,000
Twin City Habitat for Humanity - Frogtown Focus Neighborhood Revitalization Initiative	2	4	2	2	4	4	4	4	2	$289,000								$289,000	$0	$289,000
Total Saint Paul:	13	26	56	2	58	41	15	26	56	$1,413,000	$0	$0	$0	$0	$0	$0	$39,000	$1,413,000	$39,000	$1,452,000
Minneapolis and Saint Paul																				
Build Wealth - Family Stabilization Plan	7	7	7		7	7	7	7	7	$101,500								$101,500	$0	$101,500
Total Saint Paul/Minneapolis:	7	7	7	0	7	7	7	7	7	$101,500	$0	$0	$0	$0	$0	$0	$0	$101,500	$0	$101,500
Suburbs																				
Build Wealth - Family Stabilization Plan	3	3	3		3	3	3	3	3	$43,500								$43,500	$0	$43,500
Dakota County Community Development Agency - First Time Homebuyer Program	37	18	75		75	10	75	37	75	400,000								$400,000	$0	$400,000
Rebuilding Together Twin Cities - Community Building - Falcon Heights			2		2	2			2	11,000							$11,000	$11,000	$11,000	$22,000
Robert Engstrom Capital Management LLC - Brooklyn Park and Maplewood Foreclosure Recovery	8	8	8		8	4	8	8	8	200,000								$200,000	$0	$200,000
Two Rivers Community Land Trust - Homes to Trust - Forest Lake, Hugo, Cottage Grove, Newport, St. Paul Park, Oak Park Heights, Oakdale	8	6	8		8	8	8	6	8	64,000		$380,800		$200,000				$644,800	$0	$644,800
West Hennepin Affordable Housing Land Trust - Homes Within Reach	7	2	10		10	10	10		10	152,000		$686,000						$838,000	$0	$838,000
Total Suburbs:	63	37	106	0	106	37	104	54	106	$870,500	$0	$1,066,800	$0	$200,000	$0	$0	$11,000	$2,137,300	$11,000	$2,148,300
Total METRO AREA:	151	184	278	16	294	168	224	201	268	$6,034,293	$0	$1,516,800	$0	$200,000	$200,000	$0	$50,000	$7,751,093	$250,000	$8,001,093

Greater Minnesota

Board Agenda Item: 7.A.(9)
Attachment: 2012 Single Family Consolidated RFP Summary Spreadsheet

	Unit Count						* Strategic Priorities # of Units			Minnesota Housing Funding					Funding Partner			Total Funding		
Administrator Project Name Location	Forecl Units	Forecl Rem & Comm Rec	Rehab Exist	New To be Built	Total Units	Afford Units	Finance New Afford Hsg Opp	Forecl Rem & Comm Rec	Preserve Afford Hgs	EDHC	EDHC Indian Set Aside	Infrastructure Bond Funds	0% Interim Construction	2% Interim Construction	Family Housing Fund	Greater Minnesota Housing Fund	Met Council	Total MH Funding	Total Partner Funding	Total Funding
GREATER MINNESOTA																				
Central Region																				
Brainerd HRA - Brainerd HCP Scattered Site Replacement				2	2	2	2			$50,000								$50,000	$0	$50,000
White Earth Housing Authority - CRV 2012			3		3	3			3	$98,500						$76,500		$98,500	$76,500	$175,000
Total Central:	0	0	3	2	5	5	2	0	3	$148,500	$0	$0	$0	$0	$0	$76,500	$0	$148,500	$76,500	$225,000
Northeast Region																				
Arrowhead Economic Opportunity Agency -Virginia Housing Revitalization Project	2		6		6	6	2		6	$140,000						$60,000		$140,000	$60,000	$200,000
One Roof Community Housing/Duluth HRA - Single Family Housing Rehab 2012 - Duluth	4		20		20	20	11		20	$233,000		$160,000	$230,000	$230,000		$153,000		$853,000	$153,000	$1,006,000
One Roof Community Housing - Two Harbors CLT Acq-Rehab 2012	2		2		2	2	2		2	$20,000		$40,000				$20,000		$60,000	$20,000	$80,000
Total Northeast:	8	0	28	0	28	28	15	0	28	$393,000	$0	$200,000	$230,000	$230,000	$0	$233,000	$0	$1,053,000	$233,000	$1,286,000
Northwest Region																				
Hubbard County HRA - Rehab program in Park Rapids, Akely, LaPorte, Nevis			4		4	4			4	$40,000						$45,000		$40,000	$45,000	$85,000
Total Northwest:	0	0	4	0	4	4	0	0	4	$40,000	$0	$0	$0	$0	$0	$45,000	$0	$40,000	$45,000	$85,000
Southeast Region																				
First Homes Properties - Heritage Homes - Core Neighborhoods in Rochester	3		3		3	3	3		3	$105,000		$60,000				$60,000		$165,000	$60,000	$225,000
Three Rivers Community Action, Inc - Northfield Neighborhood Investment			10		10	10			10	$50,000						$50,000		$50,000	$50,000	$100,000
Three Rivers Community Action, Inc - EMHI - Focused Gap Financing - Various cities			20		20	20	20		20	$200,000								$200,000	$0	$200,000
Total Southeast:	3	0	33	0	33	33	23	0	33	$355,000	$0	$60,000	$0	$0	$0	$110,000	$0	$415,000	$110,000	$525,000
Southwest Region																				
Hutchinson HRA - Hutchinson Revitalization Project	1		1		1	1	1		1	$35,000								$35,000	$0	$35,000
Total Southwest:	1	0	1	0	1	1	1	0	1	$35,000	$0	$0	$0	$0	$0	$0	$0	$35,000	$0	$35,000
West Central Region																				
Alexandria HRA - Alexandria CRV Affordable Homes				5	5	5	5			$100,000								$100,000	$0	$100,000
White Earth Reservation Tribal Council - Rehabilitation, Sewer & Water Project			36		36	36			36	$375,000						$125,000		$375,000	$125,000	$500,000
Total West Central:	0	0	36	5	41	41	5	0	36	$475,000	$0	$0	$0	$0	$0	$125,000	$0	$475,000	$125,000	$600,000
Multiple Regions/ Cities																				
Habitat for Humanity of Minnesota - CRV #6				20	20	20	20			$300,000								$300,000	$0	$300,000
Tri-County Action Program, Inc. - Tri CAP Affordability Gap Fund																$60,000		$0	$60,000	$60,000
Total Multiple Regions/Cities:	0	0	0	20	20	20	20	0	0	$300,000	$0	$0	$0	$0	$0	$60,000	$0	$300,000	$60,000	$360,000
Total GREATER MINNESOTA:	**12**	**0**	**105**	**27**	**132**	**132**	**66**	**0**	**105**	**$1,746,500**	**$0**	**$260,000**	**$230,000**	**$230,000**	**$0**	**$649,500**	**$0**	**$2,466,500**	**$649,500**	**$3,116,000**
Total STATE WIDE:	**163**	**184**	**383**	**43**	**426**	**300**	**290**	**201**	**373**	**$7,780,793**	**$0**	**$1,776,800**	**$230,000**	**$430,000**	**$200,000**	**$649,500**	**$50,000**	**$10,217,593**	**$899,500**	**$11,117,093**

Key:

EDHC: Economic Development & Housing Challenge Program
Met Council:Metropolitan Council

*Units may achieve multiple Stategic Priorities

Note: All Co-Funder allocations are contingent upon individual board approval.

2012 Single Family RFP Non-Recommended Applications

Applicant, Development Name, Location	Dollars Requested
Greater Minnesota	
Central Region	
Minnesota Chippewa Tribe Finance Corporation - MCT	$291,932.00
Northwest Region	
Northwest Community Action - Roseau County Housing Rehabilitation	$400,000.00
West Central Region	
City of Moorhead - Making Moorhead Home	No dollar amt requested
Total Greater Minnesota	**$691,932.00**

Twin Cities Metropolitan Area	
East Phillips Commons LLC - East Phillips Condominiums	$125,000.00
Total Twin Cities Metropolitan Area	**$125,000.00**

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AGENDA ITEM: 9.A
MINNESOTA HOUSING BOARD MEETING
October 25, 2012

ITEM: Post-Sale Report, Homeownership Finance Bonds, 2012 Series B

CONTACT: Don Wyszynski, 651-296-8201
don.wyszynski@state.mn.us

Bill Kapphahn, 651-215-5972
william.kapphahn@state.mn.us

REQUEST:

☐ Approval ☐ Discussion ☑ Information

TYPE(S):

☐ Administrative ☐ Commitment(s) ☐ Modification/Change ☐ Policy ☐ Selection(s) ☐ Waiver(s)

☑ Other: Finance

ACTION:

☐ Motion ☐ Resolution ☑ No Action Required

SUMMARY REQUEST:

The Agency sold $75,000,000 of Homeownership Finance Bonds on October 3, 2012 to provide financing for its single family mortgage program. Pursuant to Debt Management Policy, the attached post-sale report is provided by the Agency's financial advisor, CSG Advisors, as an information item at the Board Meeting. This is an information item and does not require approval.

FISCAL IMPACT:

None.

MEETING AGENCY PRIORITIES:

☑ Promote and support successful homeownership ☐ Preserve federally-subsidized rental housing

☐ Address specific and critical needs in rental housing markets ☐ Prevent and end homelessness

☐ Prevent foreclosures and support community recovery ☐ Strengthening Organizational Capacity

ATTACHMENT(S):

- Post-Sale Report

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$75,000,000
Minnesota Housing Finance Agency
Homeownership Finance Bonds
2012 Series B
(Pass-Through Program)

POST-SALE ANALYSIS

KEY RESULTS FOR Minnesota Housing

Purpose. This transaction used the innovative approach of 2012 Series A again to issue single-family monthly pass-through bonds at extremely low yields. This enabled Minnesota Housing to finance its loan pipeline very efficiently and profitably. 2012 Series B went beyond 2012 Series A in three material ways:

- The issue size was increased from $50 million on Series A to $75 million, given the depth of investor demand.
- The issue included FNMA MBS for 25% of the bond issue, testing investor demand for FNMAs at the same yield as GNMAs.
- The period from pricing to closing was stretched out to 7 weeks, enabling Minnesota Housing to finance more of its pipeline production and lock in rates much sooner, further reducing the Agency's interest rate risk.

These changes in part reflected the very strong investor demand for Series A and for other recent MBS pass-through issues by Ohio and Massachusetts, and Minnesota Housing's and RBC's meetings with new potential investors.

Like Series A, the issue:

- Was structured as monthly pass-through bonds fully backed by Mortgage-Backed Securities.
- Earned maximum permitted IRS spread, while minimizing any use of Minnesota Housing's existing zero participations.
- Provided Minnesota Housing with an optional 10-year par call (which Ohio and Massachusetts did not have).

Accomplishments. If anything, results of Series B were even more stunning than Series A:

1. **Financed New Loans at Full Spread and Created $5 million of New Zero Participations.** This indicates how profitable Series B actually was to Minnesota Housing. *It preserved and substantially increased the amount of subsidy available for future bond issues (and for Minnesota Housing to use its own funds to make second loans to borrowers under its expanded program).*

2. **Achieved Significantly Lower Yields.** Series B bonds were ultimately sold at a yield of *2.25% compared to 2.60% on Series A.* This partly reflects the overall improved pricing for MBS since the Federal Reserve announced its latest quantitative easing initiative ("QE3") in early September involving very large purchases of MBS. These yields were achieved despite the 10-year par call and the inclusion of FNMA MBS.

3. **Further Established a New, Very Successful Way of Selling Single Family Bonds.** Minnesota Housing's bond yield was at least 120 basis points lower than Minnesota Housing or any other 'AAA' single-family issuer could have achieved with a traditional tax-exempt structure.

Bond Results. Following are key highlights:

1. **Investor Interest.** As with Series A, there was extraordinary interest by a wide range of buyers, many of whom would not normally consider tax-exempt bonds but who see this as an attractive way to invest in Mortgage-Backed Securities.

2. **Benefits to Investors.** The bonds allowed an investor to purchase a housing bond that is very similar to buying taxable securities but with two additional advantages:

   - Minnesota Housing's bonds were offered at par, whereas to buy new GNMA securities with similar underlying loans, an investor would normally have to pay a very large upfront premium in today's market of up to 8 points. The investor thus avoids the risk of early prepayments wiping out the value of its premium.
   - Minnesota Housing's 2012 B bonds are tax-exempt. For corporate or bank investors who are in a marginal 35% tax bracket, the 2.25% yield is equivalent to a 3.48% yield on taxable securities, far higher than they can achieve for such high quality securities in the taxable markets.

3. **Timing.** Minnesota Housing's timing turned out to be excellent. MBS prices have been rallying and yields dropping since the Fed's QE3 announcement, with MBS yields within a few basis points of the lowest ever achieved.

4. **Successful Sale.** The sale proved very favorable, allowing Minnesota Housing to lower yields from 2.30% to 2.25% during the pricing. There was a very high level of investor interest, with 12 investors providing approximately $196 million of orders (very similar to the $195 million of orders on Series A). A typical tax-exempt bond structure in the same market would have had a bond yield of approximately 3.40%.

Measuring Transaction Benefits to Minnesota Housing. Minnesota Housing's key objective was to permanently finance loans already in its pipeline at the lowest cost possible, while achieving a full spread and minimizing the use of zero participations.

Zero Participations. The Agency not only earned full spread on the $75 million of new loans, but increased its zero participations (extra interest rate spread above the maximum spread allowed of 1.125% under the tax code) for future issues by $5 million. This leaves Minnesota Housing with over $20 million of zeroes, offering financing flexibility in structuring future issues and reducing interest rate risk on future tax-exempt eligible production.

Comparison to Other Single-Family Pass-Through Bond Issues

	Minnesota 2012 A	**Ohio** 2012 T-1	**MassHousing** 2012 A	**Minnesota** 2012B
GNMA/Fannie Mae	100% GNMA	100% GNMA	100% FNMA	75% GNMA 25% FNMA
Rating	Aaa	Aaa	Aaa	Aaa
Size	$ 50 million	$ 71.3 million	$ 64 million	$ 75 million
Pricing Date	July 30	Sept 25	Sept 18	October 3
Period to Closing	4 weeks	1 week	3 days	8 weeks
Method	Direct Public Sale	As JP Morgan Trust	As JP Morgan Trust	Direct Public Sale
Optional redemption by HFA	10 years at par	Not permitted	Not permitted	10 years at par
Price	Par	106.25%	106.25%	Par
Coupon	2.60%	3.027%	3.028%	2.25%
Yield	**2.60%**	**2.28%** (at 100% FHA)	**2.26%** (at 100% FHA)	**2.25%**

FEATURES OF THIS ISSUE

Structure. The bond structure was:

1. **Tax Status.** The bonds were not subject to the federal AMT.

2. **Single Maturity.** All bonds mature in 2042 (e.g., 30 years after closing). There were no serial bonds, PAC bonds or any of the other structures normally found in housing bond issues, to try to allocate tranches to investors based on maturity or prepayment speed. Instead, each investor owns and receives a pro rata share of all principal and interest.

Pricing. Because the issue consisted of a single maturity of monthly pass-through bonds suited to institutional investors, there was a single institutional order period with no need for a retail order period. Pricing took place after several weeks of intense pre-marketing by RBC to identify and approach potential investors who might be interested in this new product.

1. **Strong Institutional Demand.** Minnesota Housing attracted strong support from institutional investors and was oversubscribed by 2.6 times.

2. **Breadth of Interest.** Although some purchasers of Series A did not participate in the Series B sale, due of the much lower yields, other investors stepped in. Of the 12 buyers, 9 were traditional taxable

investors (including banks, insurance companies, corporations and money managers) and only 3 were traditional tax-exempt buyers.

UNDERWRITING

Underwriting Fees. As with Series A, takedowns were established at lower levels than industry standards or Minnesota Housing precedent on long-term tax-exempt bond sales. Management fees were appropriate, consistent with industry standards, and in the same range as fees reported for other housing issues of similar size and structure.

Comparable Transactions. There were two types of comparable transactions:

1. **Traditional Housing Bond Issues.** These included transactions in September for North Dakota ($50 million) and MassHousing ($5.9 million). The long-term bonds were approximately 100 basis points higher than MMD Index, with a 30-year maturity on MassHousing of 3.875%. The use of a long-term PAC bond on North Dakota at 2.17% reduced the overall bond yield significantly, but the overall yield was still more than 120 bps above Minnesota Housing's 2012 B.

2. **Monthly Pass-Through Bond Issues.** Comparable recent transactions were a MassHousing issue one week before and an Ohio offering two weeks earlier. Both were sold through a special trust of JP Morgan's and were sold at very high premiums of 106.25%. The arbitrage yields on these (assuming 100% FHA prepayment speeds) were 2.26% on Mass and 2.28% on Ohio. Perhaps most important, Mass was 100% FNMAs; which helped demonstrate to investors – including Minnesota Housing's buyers – that even though Fannie MBS trade at yields of up to 30 bps higher than GNMAs, the FNMAs originated through state HFAs have more of the loan characteristics (small size, high loan-to-value, and slower prepayment speeds) of GNMAs.

   In comparison, the yields on 2012 Series B were slightly lower than on the Mass and Ohio issues and included a 10-year par call that the others did not. In addition, while the other issues were required to close in three days, 2012 Series B permitted a closing almost two months after pricing.

   The expansion of the market through competing products by different underwriters is helping lower yields on all issues and is a very positive development.

Performance. All orders were taken by RBC on a net designated basis for the 3 managers (RBC, Morgan Stanley and Piper Jaffray). Since the bonds are not suitable for retail investors, no third rotating co-manager or selling group was needed to help market the bonds.

IMPLICATIONS

Future Issues. Continuing significant institutional interest in this product provides an excellent precedent for Minnesota Housing to continue to use this structure in the future. Key achievements from this and recent issues by Ohio and MassHousing include:

- Adding Fannie Mae securities with no adverse impact on yield (even though the underlying Fannie Mae's generally sell for 1 to 2 points less than similar GNMAs). Investors appear to accept that HFA-

originated Fannie Mae loans have characteristics more like typical GNMA loans in smaller loan size, low borrower equity, and less flexibility to refinance.

- Moving from a 4-week to an 8-week delivery window, which is probably the maximum acceptable.
- Demonstrating the ability on Ohio and MassHousing to sell the bonds with substantial premiums, which can be helpful to Minnesota Housing in funding downpayment assistance in the future.

It is likely that HFAs will test the market acceptance of taxable pass-through bonds in the next few months, with initial indications of only a modest impact on yield. This would enable Minnesota Housing's future program for non-first time homebuyers to be financed in this way, as well.

Based on current market conditions the constraints on future issues appear to be from supply rather than demand.

* * * * * * * * * * * * * * * * * * * *

ISSUE DETAILS

Key Dates: 2012 B Bond Pricing:

Institutional Order Period:	Wednesday morning, October 3, 2012
Closing Date:	November 28, 2012

Use of Proceeds. The bond issue provides $75 million to purchase GNMA and FNMA mortgage-backed securities. The average rate on the loans is expected to be approximately 3.45%.

Market Conditions

Economic Calendar. The prior week's calendar was notable due to a much higher than anticipated increase in consumer confidence, while durable orders and other direct economic indicators declined. Despite positive ADP employment figures and rising new order and production numbers, Hewlett-Packard's weak earnings forecast helped to contain any negative bond market reaction on the day of pricing.

Treasuries. Long term treasury bond yields have continued to hover near record low levels this year due to the Eurozone credit crisis and investor desire for safety, the weak economic recovery in the U.S., and announcements by the Federal Reserve of maintaining near-zero short-term rates into 2015 and heavy purchases of MBS as part of QE3.

This extended flight to safety brought 10-year treasuries from 2.30% on April 3 to 1.51% at pricing of Series A on July 30 (close to the all-time low of 1.43% on July 25) but retreating back to 1.65% at the time Series B priced. Similarly, 30-year treasuries have dropped from 3.41% on April 3 to 2.56% at the pricing of Series A and to 2.85% when Series B was offered.

MBS Yields. MBS have outperformed treasuries since the Fed's recently announced QE3 program of purchasing approximately $40 billion of MBS per month. Coupled with its program of reinvesting mortgage

receipts, the Fed is expected to purchase an estimated $85 billion of MBS per month. Since new MBS production is approximately $110 billion per month based on year-to-date figures, effectively the Fed is buying up much of the new supply, driving yields lower. This is reflected in the sharp rise of MBS prices over the last month.

As a result, the yield on October-delivery GNMA 3.0s (similar to the pass-through rates of the many Ginnie Maes in 2012B) is now approximately 2.216%, compared to 2.371% at the time 2012 A was priced. At the end of July, 3.0 GNMAs were being sold at slightly over 105% compared to 107 17/32% on the date of pricing. They traded at 101% at the beginning of the year.

The current yield on October-delivery FNMA 3.5s (similar to the pass-through rate on many of the FNMAs) is 2.673%. Similarly, 3.5 FNMAs are now selling for over 107%, compared to 106% at the end of July (and dipping to less than 105% in mid-August). They sold at 102% at the beginning of the year.

Municipals. Municipal yields have generally followed Treasury bond yields but more moderately and typically with a lag. Other factors include:

- Volume of new issuance continues at low levels, although supply has increased somewhat over the last few months, including from refunding opportunities.
- Despite the absolute low level of rates, buyers have adjusted, and there has been ongoing and renewed retail and institutional interest.
- Despite the low absolute level of rates, credit spreads continue to be relatively wide with a spread of approximately 73 basis points between the AAA 30-year G.O. MMD index and A-rated G.O.s.
- In the last two months, while treasury yields have edged up, municipal yields have remained near their all-time lows. For example, the 10-year treasury yield went up by 13 basis points since 2012 A, while the 10-year Municipal Market Daily Index (the "MMD") increased by only 3 basis points. The difference was even more notable at 30 years: the treasury increased by 25 basis points while MMD moved only 2 basis points. This has brought MMD back to about 100% of treasuries from the extremely cheap levels of July.

Issue	Date	10-Year Treasury	10-Year MMD	MMD/ Treasury Ratio	30-Year Treasury	30-Year MMD	MMD/ Treasury Ratio
2010 A*	9/15/10	2.67%	2.39%	89.5%	3.79%	3.72%	98.2%
2011 A/B*	3/22/11	3.34%	3.27%	97.9%	4.44%	4.85%	109.2%
2011 C/D*	6/7/11	3.01%	2.63%	87.4%	4.27%	4.23%	99.1%
2011 E*	8/24/11	2.29%	2.26%	98.7%	3.63%	3.89%	107.2%
2011 F/G*	11/22/11	1.94%	2.18%	112.4%	2.91%	3.83%	131.6%
2012 ABCD**	3/27/12	2.20%	1.97%	89.5%	3.29%	3.34%	101.5%
2012 A*	7/31/12	1.51%	1.66%	109.9%	2.56%	2.84%	110.9%
2012 B*	10/2/12	1.64%	1.69%	103.0%	2.81%	2.86%	101.8%
Change from 2012 A to 2012 B		**+ 13 bps**	**+ 3 bps**	**-6.9%**	**+ 25 bps**	**+2 bps**	**-9.1%**

* Homeownership Finance Revenue Bond Indenture

** Residential Housing Finance Bond Indenture (RHFB)

Minnesota Housing Finance Agency
Homeownership Finance Bonds - 2012 Series B
Final Pricing Comparables (Non-AMT)
MBS Monthly Pass-Through Structures

SALE DATE	October 3, 2012		September 25, 2012		September 18, 2012		July 31, 2012		July 25, 2012	
ISSUER	Minnesota HFA		Mass Housing		Ohio HFA		Minnesota HFA		Indiana HCDA	
AMOUNT	$75,000,000		$64,035,569		$71,289,042		$50,000,000		$73,531,739	
SERIES	2012 Series B		2012 Series A		2012 Series T-1		2012 Series A		2012 Series 1	
PROGRAM	Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
RATING(S)	Aaa / - / -		- / - / AAA		- / AAA / -		Aaa / - / -		- / - / AAA	
TAX STATUS	**Non-AMT**		**Non-AMT**		**Non-AMT**		**Non-AMT**		**Non-AMT**	
MATURITY	Coupon or Yield	Spread to MMD**	Coupon or Yield	Spread to MMD	Coupon or Yield	Spread to MMD	Coupon or Yield	Spread to MMD**	Coupon or Yield	Spread to MMD
2014										
2015										
2016										
2017										
2018										
2019										
2020										
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2032										
2033										
2034										
2035										
2036										
2037										
2038									2.60*	+95*
2039										
2040										
2041										
2042	2.25*	+51*	2.26*	+45*	2.28*	+35*	2.60*	+90*		
	* Structure is a GNMA Monthly-Pass Through structure. Bonds sold with a 2.25% coupon at par. Spread to MMD listed assumes approx. 10.3 yr A/L at 100% FHA to yield 2.25%.** - Optional Call in 10 Years.		* Structure is an MBS Monthly-Pass Through structure. Bonds sold with a 3.027% coupon, and $106.25 premium which assuming 100% FHA results in an approx. 10.3 yr A/L to yield 2.26%. - *Non Callable.*		* Structure is an MBS Monthly-Pass Through structure. Bonds sold with a 3.028% coupon, and $106.25 premium which assuming 100% FHA results in an approx. 10.3 yr A/L to yield 2.28%. - *Non Callable.*		* Structure is a GNMA Monthly-Pass Through structure. Bonds sold with a 2.60% coupon at par. Spread to MMD listed assumes approx. 10.3 yr A/L at 100% FHA to yield 2.60%.** - Optional Call in 10 Years.		* Structure is a GNMA Monthly-Pass Through structure. Bonds sold with a 3.029% coupon, and $102.5 premium which assuming 100% FHA results in an approx. 10.3 yr A/L to yield 2.60%. - *Non Callable.*	
MKT INDEX	BBI / RBI	3.61% / 4.28%	BBI / RBI	3.72% / 4.37%	BBI / RBI	3.79% / 4.42%	BBI / RBI	3.61% / 4.44%	BBI / RBI	3.61% / 4.44%
SEN MGR	RBC Capital Markets		JP Morgan		JP Morgan		RBC Capital Markets		RBC Capital Markets	

***** Spreads to MMD assume a 10.3 year average life at 100% FHA so as to be compared to the pricing achieved on the JP Morgan TEMPS structures.***

Minnesota Housing Finance Agency
Homeownership Finance Bonds - 2012 Series B
Final Pricing Comparables (Non-AMT)
Traditional Structures

SALE DATE	October 5, 2012		October 3, 2012		September 27, 2012		September 18, 2012		September 5, 2012	
ISSUER	New York City HDC		Oregon Housing		Colorado HFA		North Dakota HFA		Mass Housing	
AMOUNT	$134,285,000		$1,425,000		$17,450,000		$50,000,000		$5,900,000	
SERIES	2012 Series FGH		2012 Series A		2012 Series B		2012 Series A		Series 161	
PROGRAM	**Multifamily** / Negotiated		**Multifamily** / Negotiated		**Multifamily** / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
RATING(S)	Aa2 / AA / -		Aaa / - / -		Aaa / AAA / -		Aa1 / - / -		Aa2 / AA / -	
TAX STATUS	**Non-AMT**		**Non-AMT**		**Non-AMT**		**Non-AMT**		**Non-AMT**	
MATURITY	Coupon or Yield	Spread to MMD	Coupon or Yield	Spread to MMD	Coupon or Yield	Spread to MMD	Coupon or Yield	Spread to MMD	Coupon or Yield	Spread to MMD
2012										
2013	0.25 / 0.35	+5	0.30	+10					0.30 / 0.40	+10
2014	0.55 / 0.65	+25	0.45 / 0.50	+15					0.50 / 0.60	+21
2015	0.70 / 0.80	+44	0.75 / 0.875	+39					0.80 / 0.90	+43
2016	0.95 / 1.05	+49	0.95 / 1.05	+49					1.00 / 1.10	+53
2017	1.20 / 1.30	+58	1.20 / 1.30	+58					1.40 / 1.50	+71
2018	1.50 / 1.60	+71	1.50 / 1.55	+72					1.65 / 1.75	+72
2019	1.85 / 1.90	+83	1.85 / 1.90	+83					2.00 / 2.05	+81
2020	2.15 / 2.20	+87	2.20 / 2.25	+92					2.25 / 2.30	+84
2021	2.40	+89	2.40	+89			2.75	+98	2.40 / 2.45	+79
2022	2.55	+86	2.50	+83	2.55	+82	2.80	+90	2.60	+87
2023	2.70	+88					2.90	+87	2.70	+84
2024							3.05	+94		
2025										
2026										
2027	3.10	+99	3.00	+92			3.35	+104	3.15	+98
2028										
2029										
2030										
2031										
2032	3.45	+103	3.25	+85	3.50	+103	3.60	+99	3.45	+98
2033										
2034							3.75	+99		
2035										
2036										
2037	3.80	+101								
2038										
2039										
2040										
2041										
2042	3.85	+99			3.90	+101	PPAC 2.17*	+144	3.875	+99
2045	3.90	+104								
2053 / 2054					4.20	+131				
							* Premium PAC yielding 2.17% with 5.00 yr A/L from 75% - 400% PSA. 3.75% coupon, $107.35 price.			
MKT INDEX	BBI / RBI	3.61% / 4.21%	BBI / RBI	3.67% / 4.31%	BBI / RBI	3.67% / 4.31%	BBI / RBI	3.79% / 4.42%	BBI / RBI	3.72% / 4.45%
SEN MGR	B of A Merrill		B of A Merrill		D.A. Davidson		RBC Capital Markets		Morgan Stanley	

Board Agenda Item: 9.A
Attachment: MHFA 2012 Series B • Post-Sale Analysis