



MEETINGS SCHEDULED FOR NOVEMBER

Location:

Minnesota Housing
400 Sibley Street, Suite 300
St. Paul, MN 55101
State Street Conference Room - First Floor

THURSDAY, NOVEMBER 18, 2010

REGULAR BOARD MEETING

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 November 18, 2010.

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

The Minnesota Housing Supportive Housing Team invites you to a screening of the Emmy-nominated documentary, "Homeless Youth: Finding Home."

Please join us:

Thursday, November 18, 2010 • 12:00 p.m.
Minnesota Housing - State Street Conference Room (1st Floor)
400 Sibley Street
St. Paul, Minnesota 55101

This documentary explores the aspects of youth homelessness, from beginnings to finding home. The short film explains how homelessness begins and how organizations are attempting to help change the systems that cause youth homelessness. Testimonials from Minnesota youth who have been homeless give a firsthand account of living homeless in Minnesota. The documentary is a co-production of tptMN and the Amherst A. Wilder Foundation.

**22,000 youth are
homeless in Minnesota
every year.**





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Equal Opportunity Housing and Equal Opportunity Employment

A G E N D A

MINNESOTA HOUSING FINANCE AGENCY BOARD MEETING

Thursday, November 18, 2010
1:00 p.m.

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

1. **Call to Order.**
2. **Agenda Review.**
3. **Approval of the Minutes.**
 - A. Program Committee Meeting of October 28, 2010.
 - B. Regular Board Meeting of October 28, 2010.
4. **Chairman's Report.**
5. **Commissioner's Report and Introductions.**
6. **Program Committee:**

None.
7. **Finance Committee:**

None.
8. **Action Items:**
 - A. **Summary Review:**
 1. Approval, Selections, Community Activity Set Aside Program (CASA).
 2. Approval, Program Waivers, HOME Homeowner Entry Loan Program (HELP) Program.
 3. Approval, Changes, Quick Start Procedural Manual.
 4. Approval, Commitment, Modification/Change, Housing Trust Fund (HTF) Operating Subsidy Supplemental Grants.
 5. Approval, Commitment/Selection, Housing Trust Fund (HTF) Rental Assistance
 - Metropolitan Council Housing & Redevelopment Authority (HRA).
 - Morrison County Housing & Redevelopment Authority (HRA).
 6. Approval, Commitment, Low and Moderate Income Rental (LMIR) Program, Approval, Commitment/Selection, Low and Moderate Income Rental Bridge Loan (LMIR-BL) Program and Approval,

Assumption and Loan Modification, Preservation Affordable Rental Investment Fund (PARIF) Program
- Dover Hill, Golden Valley.

7. Approval, Commitment, Housing Trust Fund (HTF) Program, 501(c)(3) Non-Profit Housing Bonds
 - (a) - Boxleitner Place, Minneapolis.
 - (b) - Youngdahl Living, Owatonna.
8. Approval, Commitment, Housing Trust Fund (HTF) Program, 501(c)(3) Non-Profit Housing Bonds and Approval, Assumption and Loan Modification, Preservation Affordable Rental Investment Fund (PARIF) Program
- Redeemers Arms, St. Paul.
9. Approval, Commitment, Modification/Change, Low and Moderate Income Rental (LMIR) Program Loan
- Northgate Woods, Blaine.

B. Discussion - General:

1. Approval, Resolution Authorizing Issuance and Sale of Minnesota Housing Finance Agency Limited Obligation Note, Series 2010C.
2. Approval, Resolution Authorizing Issuance and Sale of Rental Housing Bonds 2010, Series C.
3. Approval, 2011-2012 Strategic Plan.

C. Discussion - Homes:

1. Approval, Changes, Revenue Bond Program Procedural Manual, MBS and HOME Homeownership Entry Loan Program (HOME HELP) Procedural Manual.

D. Discussion – Multifamily:

1. Approval, Loan Modification, Preservation Affordable Rental Investment Fund (PARIF) Program
- Apple Valley Villa, Apple Valley.
2. Information, Low and Moderate Income Rental Bridge Loan (LMIR-BL) Program
- Lyndale Green, Minneapolis.

9. Review and Information Items.

- A. Information, Partner Update – Greater Minnesota Housing Fund.

10. Other Business.

None.

11. Adjournment.

MINUTES

MINNESOTA HOUSING FINANCE AGENCY PROGRAM COMMITTEE MEETING

Thursday, October 28, 2010

11:00 a.m.

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

1. Call to Order.

Chair Lee Himle called to order the program committee meeting of the Board of Directors of the Minnesota Housing Finance Agency at 11:06 a.m.

Members Present: Messrs. Finch, Himle and Johnson; Meses. Lyon, Auditor Otto and Sanderson.

Members Absent: Meses. Bostrom.

Minnesota Housing Staff Present: Commissioner Dan Bartholomay, Deputy Commissioner Patricia Hippe, Eric Mattson, Nancy Slattsveen, Terry Hanna, Eric Thiewes, Terry Schwartz, Julie LaSota, Devon Pohlman, Adaire Peterson, Paula Beck, David Schluchter, Jeanette Blankenship, Summer Watson, Tony Peleska, Amy Long, Tal Anderson, Shelley Bork, Jerry Narlock, Ericka Arms, Phil Hagelberger, Marcia Kolb, Mike Haley, Julie Ann Monson, Bruce Watson, Pat Hanson, Kasey Kier, John Patterson, Fran O'Neill, Will Thompson, Jim Cegla, Shannon Schaefer, Diana Lund, Leslee Post, Ted Talushie, Andy Hughes, Devon Pohlman, Tana Douville, Tina Rogney, Wendy Bednar, Kayla Schuchman, Bob Porter, Karen Hassan, Terri Parker, Jessica Deegan, Eric Thiewes, Carol Dixon, Joel Salzer, Elaine Vollbrecht, Megan Ryan, Judy Marder, and Susan Haugen.

Others Present: Frank Fallon and Cory Hoepfner, RBC Capital Markets; Craig Poppenhagen and Bradley King, LarsonAllen; Chris Flannery, Piper Jaffray; Geoff Prooulx, Morgan Stanley; Gene Slater, CSG Advisors; Julie Gugin, Minnesota Homeownership Center; Jan Plimpton and Susan Thompson, Habitat Minnesota; Chip Halbach, Minnesota Housing Partnership; Tom O'Hern, Assistant Attorney General; and Celeste Grant, Office of the State Auditor.

2. Program Committee:

A. Information, Single Family and Multifamily Selections Process.

Assistant Commissioners Mike Haley and Marcia Kolb presented information and answered questions regarding the selections process. This information included a Powerpoint presentation and a workflow handout.

B. Approval, Selections 2010 Consolidated Request for Proposals

1. Single Family Community Revitalization Fund.

Mr. Terry Hanna presented information regarding the selection process, the applications in general, summarized the funding recommendations and answered questions from the Board.

2. 2010 Multifamily Consolidated Request for Proposal (RFP) Deferred Loan and Grants (DL)

- a. Approval, Selection, Housing Tax Credit Program, 2011 Round 1.
- b. Approval, Selection, Low and Moderate Income Rental (LMIR) Programs - Big Lake Homes, Big Lake, Forest Oak Apartments, Forest Lake, Sibley Parkway Apartments, Sienna Green Phase II, Roseville, and Village Commons, Savage.

- c. Approval, Selection, Low and Moderate Income Rental (LMIR) and Flexible Financing for Capital Costs (FFCC) Programs - Bremerton Townhomes, Austin, Central Towers, Rochester, Lakeville Court, Lakeville, and West View Estates, Plymouth.
- d. Approval, Selection, Low and Moderate Income Rental (LMIR) and Preservation Affordable Rental Investment Fund (PARIF) Programs - Charter Oaks, Stillwater
- e. Approval, Selection/Commitment Preservation of Federally Assisted Housing, Preservation Affordable Rental Investment Fund (PARIF) Programs - Broadway Square Apartments, Monticello.
- f. Approval, Selection/Commitment Preservation of Federally Assisted Housing, Preservation Affordable Rental Investment Fund (PARIF) Programs - CIP/Bass Lake Road, Crystal.
- g. Approval, Selection/Commitment Preservation of Federally Assisted Housing, Preservation Affordable Rental Investment Fund (PARIF) Programs - Louisiana Court, St. Louis Park.
- h. Approval, Selection/Commitment Preservation of Federally Assisted Housing, Preservation Affordable Rental Investment Fund (PARIF) Programs - Riverside Plaza, Minneapolis.
- i. Approval, Selection/Commitment Preservation of Federally Assisted Housing, Preservation Affordable Rental Investment Fund (PARIF) Programs - St. Philips Garden, St. Paul.

Mses. Kasey Kier, Diana Lund and Julie LaSota summarized the information contained in the board reports and answered questions about the recommended projects. **MOTION:** Ms. Lyon moved to approve the items as presented and adopt the following resolutions: Resolution No. MHFA 10-86, Resolution Approving Selection/Authorization to Close Loans/Grants; Resolution No. MHFA 10-87, Resolution Allocating Federal Low Income Housing Tax Credits for Calendar Year 2011 to Certain Qualified Low Income Housing Builders; Resolution No. MHFA 10-88, Resolution Approving Mortgage Commitment Preservation Affordable Rental Investment Fund (PARIF) Program – Broadway Square Apartments; Resolution No. MHFA 10-89, Resolution Approving Mortgage Commitment Preservation Affordable Rental Investment Fund (PARIF) Program – CIP/Bass Lake Road; Resolution No. MHFA 10-90, Resolution Approving Mortgage Commitment Preservation Affordable Rental Investment Fund (PARIF) Program – Louisiana Court Apartments; Resolution No. MHFA 10-91, Resolution Approving Mortgage Commitment Preservation Affordable Rental Investment Fund (PARIF) Program – Riverside Plaza; Resolution No. MHFA 10-92, Resolution Approving Mortgage Commitment Preservation Affordable Rental Investment Fund (PARIF) Program – St. Philip’s Gardens. Mr. Finch seconded the motion. Upon voting the following voted yes: Messrs. Finch, Himle and Johnson, Mses. Sanderson, Lyon and Auditor Otto. Abstain: None. Voting no: None. Absent: Mses. Bostrom.

3. Adjournment.

The meeting was adjourned at 12:27 p.m.

MINUTES

MINNESOTA HOUSING FINANCE AGENCY BOARD MEETING

Thursday, October 28, 2010

1:00 p.m.

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

1. Call to Order.

Chair Finch called to order the regular meeting of the Board of Directors of the Minnesota Housing Finance Agency at 1:01 p.m.

Members Present: Messrs. Finch, Himle and Johnson. Meses. Bostrom, Lyon, Auditor Otto and Sanderson.

Members Absent: None.

Minnesota Housing Staff Present: Commissioner Dan Bartholomay, Deputy Commissioner Patricia Hippe, Eric Mattson, Nancy Slattsveen, Terry Hanna, Eric Thiewes, Terry Schwartz, Julie LaSota, Devon Pohlman, Adaire Peterson, Paula Beck, David Schluchter, Jeanette Blankenship, Summer Watson, Tony Peleska, Mary Rivers, Ruth Simmons, Phil Hagelberger, Tom Waknitz, Judy Marder, Jessica Deegan, Leslee Post, Mary Ruch, Megan Ryan, John Patterson, Jim Cegla, Bill Kapphahan, Will Thompson, Mike Haley, Fran O'Neill, Pat Hanson, Marcia Kolb, Ted Talushie, Kasey Kier, Bob Porter, Tonja Orr, Susan Haugen, Diana Lund, Andy Hughes, Amy Long, Tal Anderson, Joel Salzer, Elaine Vollbrecht, Kayla Shuchman, Tonya Taylor, Karen Hassan, Robert Russell, and Wendy Bednar.

Others Present: Frank Fallon and Cory Hoepfner, RBC Capital Markets; Craig Poppenhagen and Bradley King, LarsonAllen, Chris Flannery, Piper Jaffray; Geoff Prooulx, Morgan Stanley; Gene Slater, CSG Advisors; Julie Gugin, Minnesota Homeownership Center; Jan Plimpton and Susan Thompson, Habitat Minnesota; Chip Halbach, Minnesota Housing Partnership; Tom O'Hern, Assistant Attorney General; Celeste Grant, Office of the State Auditor.

2. Agenda Review.

The Chair announced the deletion of item 8.A. "Discussion, LarsonAllen Organizational Risk Assessment Update" and the addition of item 8.1. "Information, LarsonAllen Presentation Regarding Sarbanes Oxley and Audit Committees."

3. Approval of the Minutes.

A. Special Board Meeting of September 22, 2010.

Auditor Otto requested that the minutes of the Special Board Meeting of September 22, 2010 be revised to reflect the attendance of Ms. Celeste Grant, Office of the State Auditor. **MOTION:** Auditor Otto moved to approve the revised minutes of the Special Board Meeting of September 22, 2010. Ms. Sanderson seconded the motion. Upon voting the following voted yes: Messrs.

Finch and Johnson; Mses. Bostrom, Sanderson, Lyon and Auditor Otto. Abstain: Mr. Himle. Voting no: None.

B. Regular Board Meeting of September 23, 2010.

MOTION: Mr. Himle moved to approve the minutes of the Regular Board Meeting of September 23, 2010 as published. Auditor Otto seconded the motion. Upon voting the following voted yes: Messrs. Finch, Himle and Johnson; Mses. Bostrom, Sanderson, Lyon and Auditor Otto. Abstain: None. Voting no: None.

4. Chairman's Report.

There was no Chairman's Report.

5. Commissioner's Report and Introductions.

Commissioner Bartholomay thanked the Board and staff for their work on the strategic plan and also thanked Housing Programs staff for their work in preparing for and presenting at the Program Committee meeting.

Mr. John Patterson introduced Ms. Jessica Deegan, GIS Coordinator. Deputy Commissioner Patricia Hippe introduced Will Thompson, Chief Risk Officer.

The Commissioner provided the following updates and announcements:

- Staff, including the Commissioner, have visited the flood impacted regions of the state and are working to disburse the \$4 million appropriated by the legislature for flood recovery efforts. He thanked David Schluchter, Tony Peleska, Tonja Orr and Cal Greening for their work related to the flood response.
- The public comment period for the 2010 CAPER and Action Plan will end on November 18th. The plan will be presented to the Board for approval at the December 16th meeting, after which it will be send to the U.S. Department of Housing and Urban Development.
- Living Cities and the Sustainable Communities Partnership have both selected the Twin Cities as funding recipients and are providing \$12 million and \$5 million for investments in housing, respectively.
- The Housing Resource Advisory Council convened on October 13th.
- Staff and Board members were encouraged to attend groundbreakings and grand openings of Minnesota Housing supported developments.

6. Program Committee:

A. Information, Single Family and Multifamily Selections Process.

B. Approval, Selections, 2010 Consolidated Request for Proposals.

1. Single Family Selections.

2. Multifamily Selections.

6.B.(2).a. – 6.B.(2).i.

Mr. Himle provided a report on the activities of the program committee. The Committee approved all agenda items and adopted the following resolutions:

Minnesota Housing Regular Board Meeting – October 28, 2010

Resolution No. MHFA 10-86, Resolution Approving Selection/Authorization to Close Loans/Grants; Resolution No. MHFA 10-87, Resolution Allocating Federal Low Income Housing Tax Credits for Calendar Year 2011 to Certain Qualified Low Income Housing Builders; Resolution No. MHFA 10-88, Resolution Approving Mortgage Commitment Preservation Affordable Rental Investment Fund (PARIF) Program – Broadway Square Apartments; Resolution No. MHFA 10-89, Resolution Approving Mortgage Commitment Preservation Affordable Rental Investment Fund (PARIF) Program – CIP/Bass Lake Road; Resolution No. MHFA 10-90, Resolution Approving Mortgage Commitment Preservation Affordable Rental Investment Fund (PARIF) Program – Louisiana Court Apartments; Resolution No. MHFA 10-91, Resolution Approving Mortgage Commitment Preservation Affordable Rental Investment Fund (PARIF) Program – Riverside Plaza; Resolution No. MHFA 10-92, Resolution Approving Mortgage Commitment Preservation Affordable Rental Investment Fund (PARIF) Program – St. Philip’s Gardens. **MOTION:** Ms. Sanderson moved to ratify the actions of the Program Committee. Mr. Johnson seconded the motion. Upon voting the following voted yes: Messrs. Finch, Himle and Johnson; Mses. Bostrom, Sanderson, Lyon and Auditor Otto. Abstain: None. Voting no: None.

7. Finance Committee:

None.

8. Action Items:

A. Summary Review:

8.A.(1). Approval, Selections, Community Activity Set Aside Program.

8.A.(2). Approval, Selections, Community Fix-up Fund.

8.A.(3). Approval, Program Waivers, Mortgage Revenue Bond Program and HOME HELP Program.

8.A.(4). Approval, Commitment, Low and Moderate Income Rental (LMIR) Program
- Cascade Creek Apartments, Rochester.

8.A.(5). Approval, Commitment, Modification, Ending Long-Term Homelessness Initiative Fund (ELHIF) and Tax Credit Assistance Program (TCAP) Programs
- Red Oak Preserve - Senior, Oakdale.

MOTION: Ms. Lyon moved to approve the summary review items brought forth as published in the October 28, 2010 Board packet and adopt Resolution No. MHFA 10-93, Resolution Approving Mortgage Loan Commitment Low and Moderate Income Rental (LMIR) – Cascade Creek Apartments and Resolution No. MHFA 10-94, Resolution Approving Mortgage Commitment Extension Tax Credit Assistance Program (TCAP) Ending Long Term Homelessness Initiative Fund (ELHIF) Programs – Red Oak Preserve Senior. Motion seconded by Ms. Bostrom. Upon voting the following voted yes: Messrs. Finch, Himle and

Johnson; Mses. Bostrom, Sanderson, Lyon and Auditor Otto. Abstain: None.
Voting no: None.

B. Discussion - General:

8.B.(1). Discussion, Post-Sale Report, Homeownership Finance Bonds 2010 Series A.

Deputy Commissioner Patricia Hippe introduced Gene Slater, CSG Advisors, who provided a report on the results of the bond sale. Mr. Slater also provided historical information regarding Minnesota Housing's bond sale activities and described how the U.S. Treasury's New Issue Bond Program operates and how it impacts the business of the Agency. Cory Hoepfner, RBC; Chris Flanagan, Piper Jaffray; and Jeff Proulx, Morgan Stanley; provided additional information regarding the recent bond sale and historic information regarding the Agency's activities in the bond market. The Board thanked the investment team for their work and for the information. No action needed.

8.B.(2). Approval, Resolution Relating to Rental Housing Bonds; Authorizing the Issuance and Sale Thereof.

Ms. Paula Rindels, Dorsey & Whitney; and Deputy Commissioner Hippe presented information regarding this item. **MOTION:** Ms. Sanderson moved to approve the item and adopt Resolution No. MHFA 10-95: Resolution Relating to Rental Housing Bonds; Authorizing the Issuance and Sale Thereof. Mr. Johnson seconded the motion. Upon voting the following voted yes: Messrs. Finch, Himle and Johnson; Mses. Bostrom, Sanderson, Lyon and Auditor Otto. Abstain: None. Voting no: None.

8.B.(3). Discussion, Strategic Plan.

Commissioner Dan Bartholomay presented the updated version of the 2011-2012 Strategic Plan. Members of the Board provided comments and feedback on the plan.

C. Discussion - Homes:

6.C.(1). Approval, Changes, Rehabilitation Loan Program and Rehabilitation Loan Program Procedural Manual.

Mr. Robert Russell presented the information from the board report. **MOTION:** Mr. Johnson moved to approve and Ms. Bostrom seconded the changes to the Rehabilitation Loan Program and Rehabilitation Loan Program Procedural Manual. Upon voting the following voted yes: Messrs. Finch, Himle and Johnson; Mses. Bostrom, Sanderson, Lyon and Auditor Otto. Abstain: None. Voting no: None.

6.C.(2). Approval, Waiver, Community Revitalization Fund.

Assistant Commissioner Mike Haley presented this item to the Board. **MOTION:** Ms. Bostrom moved to approve the requested waivers. Mr. Johnson seconded

the motion. Upon voting, the following voted yes: Messrs. Finch, Himle and Johnson; Meses. Bostrom, Sanderson, Lyon and Auditor Otto. Abstain: None. Voting no: None.

D. Discussion – Multifamily:

None.

9. Review and Information Items.

A. Information, Foreclosure Prevention Counseling Transition Plan and Funding.

Ms. Devon Pohlman presented the information contained within the Board report, acknowledging the work of Ms. Laurie Kramka and noting that Minnesota Housing is the third most successful NFMC member HFA. No action needed.

10. Other Business.

A. Information, LarsonAllen Presentation Regarding Sarbanes Oxley and Audit Committees.

Mr. Craig Poppenhagen presented information regarding the Sarbanes Oxley Act and provided information in support of the formation of an Agency audit committee. Mr. Poppenhagen answered questions from the Board. No action needed.

B. Approval, Formalization of Board Committees.

Mr. Tom O'Hern distributed draft resolutions for the formalization of Board Committees. Discussion followed and it was decided that the composition of the Audit Committee be revised to be a committee of the full board. **MOTION:** Ms. Lyon moved to approve the revised resolutions and to adopt Resolution No. MHFA 10-96: Resolution Establishing a Finance Committee; Resolution No. MHFA 10-97: Resolution Establishing a Program Committee; and Resolution No. MHFA 10-98: Resolution Establishing an Audit Committee. Ms. Sanderson seconded the motion. Upon voting the following voted yes: Messrs. Finch, Himle and Johnson; Meses. Bostrom, Sanderson, Lyon and Auditor Otto. Abstain: None. Voting no: None. Absent: Ms. Bostrom.

11. Adjournment.

The meeting was adjourned at 3:29 p.m.



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BOARD AGENDA ITEM: 8.A.(1)

DATE: November 18, 2010

ITEM: Community Activity Set Aside Program (CASA)

CONTACT: Mary Rivers, 651-297-3127
mary.rivers@state.mn.us

REQUEST:

Approval Information Discussion

TYPE(S):

Administrative Commitment(s) Modification/Change Policy

Selection(s) Waiver(s) Other: _____

ACTION:

Motion Resolution No Action Required

SUMMARY REQUEST:

Staff is hereby requesting Board approval of its recommendations to approve participants in the Community Activity Set Aside Program (CASA).

FISCAL IMPACT:

None.

MEETING AGENCY PRIORITIES:

Address Foreclosure Finance New Affordable Housing Opportunities

End Long-Term Homelessness Increase Emerging Market Homeownership

Preserve Existing Affordable Housing

ATTACHMENT(S):

- Background
- Initiative Detail

BACKGROUND:

CASA is Minnesota Housing's most targeted mortgage revenue bond program. Through CASA, Minnesota Housing provides access to mortgage loans as well as Homeownership Assistance Fund entry cost assistance funds to assist partnerships comprised of local lenders, non-profit housing providers, local governments, community organizations, and other participants in reaching emerging markets and single-headed households and supporting workforce housing opportunities. The following recommended selections for CASA meet the guidelines for participation contained within the CASA Program Concept.

Staff applies threshold indicators and considers compensating factors when determining whether to recommend a specific proposal for funds access under CASA. The threshold indicators include:

- confirmation that initiative targets fit within the Program Concept; and
- strength of partnership; and
- focused marketing plan; and
- homebuyer support including homebuyer education and/or counseling.

In addition to the threshold indicators, staff also considers compensating factors including local leverage and innovation when making recommendations to the Board. Minnesota Housing offers participation in its HOME Homeowner Entry Loan Program (HOME HELP) to participating CASA lenders. HOME HELP provides CASA homebuyers access to additional entry cost assistance, if needed. Lenders participating in the following CASA initiatives receive access to HOME HELP funds upon completion and acceptance of the HOME HELP application materials.

INITIATIVE DETAIL:

RHAG Region	Application Partners	Initiative Name and Targets	Notes and/or Past Success
Metro	PHH Home Loans Neighborhood Development Alliance	A Dream Home For You CASA Initiative 2010 <input type="checkbox"/> New Initiative <input checked="" type="checkbox"/> Reapplication <input checked="" type="checkbox"/> HOME HELP <hr/> <input checked="" type="checkbox"/> Emerging Markets <input checked="" type="checkbox"/> Single-Headed Households <input type="checkbox"/> Workforce Housing	Served 46% emerging markets, 30% single-headed households.
Metro	Home Federal Savings Wells Fargo Home Mortgage Merchants Bank Edina Realty Mortgage Think Bank PHH Home Loans Prime Lending Rochester Olmsted Community Housing Partnership Southeast MN Assoc. of REALTORS Three Rivers Community Action	Existing Targeted 2010 CASA Initiative <input type="checkbox"/> New Initiative <input checked="" type="checkbox"/> Reapplication <input checked="" type="checkbox"/> HOME HELP <hr/> <input checked="" type="checkbox"/> Emerging Markets <input checked="" type="checkbox"/> Single-Headed Households <input type="checkbox"/> Workforce Housing	Served 22% emerging markets and 19% single-headed households.



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BOARD AGENDA ITEM: 8.A.(2)

DATE: November 18, 2010

ITEM: HOME Homeowner Entry Loan Program (HOME HELP)

CONTACT: Mary Rivers, 651-297-3127
mary.rivers@state.mn.us

REQUEST:

Approval Information Discussion

TYPE(S):

Administrative Commitment(s) Modification/Change Policy
 Selection(s) Waiver(s) Other: _____

ACTION:

Motion Resolution No Action Required

SUMMARY REQUEST:

Universal Mortgage is requesting a Board waiver under the Minnesota Housing mortgage revenue bond program and a related mortgage enhancement program, the HOME Homeowner Entry Loan Program (HOME HELP).

FISCAL IMPACT:

None.

MEETING AGENCY PRIORITIES:

Address Foreclosure Finance New Affordable Housing Opportunities
 End Long-Term Homelessness Increase Emerging Market Homeownership
 Preserve Existing Affordable Housing

ATTACHMENT:

Background

BACKGROUND:

Universal Mortgage is requesting this Board waiver for the HOME HELP program provided under the Community Activity Set Aside (CASA) Mortgage Program for Loan Number 0012598876. The lender failed to confirm that the borrower met the requirement for completing homebuyer education prior to closing the loan. Minnesota Housing requires that at least one borrower per household complete homebuyer education prior to closing. The borrower's spouse, who was not technically a borrower on the loan, attended the homebuyer education. The lender has acknowledged their oversight and has modified their processes to include more detailed reviews of the Minnesota Housing's guidelines as they relate to these loan files.

The lender is relatively new to Minnesota Housing (February 2010), but has assisted the Agency in reaching its emerging markets and foreclosure remediation targets under the CASA/HOME HELP program. This lender has met either one or both targets with each of the six loans they have done. Below is a breakdown of their loans to date:

<u>Lender</u>	<u>Total Loans</u>	<u>EM Borrowers</u>	<u>Foreclosed Properties</u>
Universal Mortgage	6	4	5



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REVISED

BOARD AGENDA ITEM: 8.A.(3)

DATE: November 18, 2010

ITEM: Quick Start Procedural Manual

CONTACT: 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 is hereby requesting Board approval for recommended changes to the Quick Start Procedural Manual. These changes provide guidance relating to applicant scenarios around property buyouts and foreclosure issues in eligible disaster-impacted areas.

FISCAL IMPACT:

These changes will better protect Quick Start loan funds by requiring that funds not be applied for properties receiving a property buyout or currently in default/foreclosure status.

MEETING AGENCY PRIORITIES:

Address Foreclosure Finance New Affordable Housing Opportunities
 End Long-Term Homelessness Increase Emerging Market Homeownership
 Preserve Existing Affordable Housing

ATTACHMENT(S):

- Background
- Quick Start Program Procedural Manual

BACKGROUND:

The Quick Start Program (Quick Start) provides state financial assistance to individuals whose residence or rental property sustained damage as a result of flood or other eligible disaster events that are not fully covered by Federal Emergency Management Agency (FEMA), (Small Business Administration) SBA or hazard/flood insurance proceeds. State assistance is provided in the form of an interest-free, non-amortizing, forgivable loan (after 10 years from date of note) under the conditions defined in Section 4.06 of the Quick Start Procedural Manual.

In response to the September 22, 2010 southern Minnesota flood event (DR. 1941), Minnesota Housing received a \$ 4 million appropriation from the Minnesota Legislature to fund the Quick Start loan program. DR. 1941 did not include individual assistance for this flood so FEMA financial assistance is not available. That decision placed additional pressure on the remaining available funding resources such as hazard/flood insurance, SBA loans and Quick Start loans.

During the past month, issues have been raised pertaining to delivery of the program in this particular environment. As a result, changes to the Procedural Manual have been proposed as follows:

- Quick Start loan funds may not be provided in cases in which a property is in default or foreclosure whereby completion of same would prevent the borrower(s) from occupying the property for a term sufficient to obtain forgiveness of the loan.
- Quick Start loans are not eligible for borrowers who are eligible, have applied for or have received a home buyout or mitigation funded in whole or in part by any federal or state agency.



Quick Start
Disaster Recovery
Program

November 2010

Deleted: March 25

Deleted: ,

- To rehabilitate 1-4 single family rental properties; or,
- To replace owner-occupied residences damaged or destroyed by the disaster with existing or newly constructed homes within the counties designated in the Presidential Individual Assistance Declaration.
- Property improvements financed with Quick Start loans:
 - Must be permanent and meet the minimum provisions contained in the State Building Code;
 - Must assist in returning an owner's existing home to habitable condition;
 - May replace an owner's home on the site of the building destroyed as a result of the disaster;
 - Must be in compliance with all health, fire prevention, building codes and standards; and/or
 - May replace appliances that are built-in or otherwise attached as a fixture.
 - May be used to payoff credit card bills and other debt incurred for capital improvements made incident to the disaster.

4.04 Ineligible Use of Funds

- Ineligible uses of funds include, but are not limited to, the following:
- Luxury upgrades – Improvements may not include materials or fixtures of a type exceeding that customarily used in the locality for properties of the same type as the property to be improved or replaced or for improving the property beyond its pre-disaster condition.
- Payment of public improvement – loan proceeds may not be used in whole or in part to pay public improvements or assessments for public improvements;
- Landscaping improvement or repair;
- Personal Property (except any appliances that are built-in or otherwise attached as a fixture damaged in the disaster).
- Payment of existing debt – loan proceeds may not be used to pay off existing debt except for credit card and other debt incurred for capital improvements/repairs incident to the disaster.
- Rehabilitation or replacement of a property located outside the counties designated in the Presidential Individual Assistance Declaration;
- Replacement of a duplex, triplex or fourplex;
- Replacement of a manufactured home not on a permanent foundation that is located outside a manufactured home park;
- Funding more than one Quick Start loan for the same Borrower;
- Funding a Quick Start loan on a property in default or foreclosure whereby completion of the default or foreclosure would prevent the borrower(s) from occupying the property for a term sufficient to achieve forgiveness of the Quick Start loan.
- Funding a Quick Start loan for a Borrower(s) who are eligible, have applied for or have received a home buyout or mitigation funded in whole or in part by any federal or state agency;

Deleted: part by Minnesota Housing



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BOARD AGENDA ITEM: 8.A.(4)

DATE: November 18, 2010

ITEM: Housing Trust Fund (HTF) Operating Subsidy Supplemental Grants

- Alicia's Place, Duluth – D3845
- Booth Brown House, St. Paul – D4076
- Haralson Apartments, Apple Valley – D3673
- H.O.P.E. on Ninth, St. Cloud – D4056
- Jackson Street Village, St. Paul – D2939
- Louisiana Court, St. Louis Park – D1504
- Memorial Park Apartments, Duluth – D0447
- Sankofa Apartments, St. Paul – D5225

CONTACT: Susan Haugen, 651-296-9848
susan.haugen@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:

Approval of a Resolution extending the Board-approved Supplemental Operating Subsidy Grant commitments by six months to May 31, 2011, to allow for closing of the grants.

FISCAL IMPACT:

The funding recommendations are consistent with budgets and terms described for the Housing Trust Fund program in the current Affordable Housing Plan (AHP).

MEETING AGENCY PRIORITIES:

- Address Foreclosure
- Finance New Affordable Housing Opportunities
- End Long-Term Homelessness
- Increase Emerging Market Homeownership
- Preserve Existing Affordable Housing

ATTACHMENT(S):

- Background
- Exhibit A, 2010 Supplemental Operating Subsidy Grants Spreadsheet
- Resolution

BACKGROUND:

The Minnesota Housing Board approved grant commitments of \$858,000 through the Housing Trust Fund Operating Subsidy program at its May 31, 2010 meeting to fund the costs of operating rental housing that are unique to the operation of low-income rental and supportive housing and to cover housing developments' revenue shortfalls. An additional six-month extension is requested to allow for final processing of these grants. Reasonable progress toward closing the grants has been made and it is anticipated that the grants will close within the next 45 to 60 days.

See attached 2010 Supplemental Operating Subsidy Grants Spreadsheet for details on the individual developments.

**Exhibit A
2010 Supplemental Operating Subsidy Grants**

Region	D #	Property Name Location	City	Owner (Grantee)	Total Units	Preserved	Current LTH	New LTH	Household Type	Previous Award	Previous Award Length	Award / 24 Months	Source	Subsidy Purpose/ Comments
CMIF	4056	H.O.P.E. on Ninth	St. Cloud	Place of Hope Ministries	31	31	10	0	Families	\$187,494	3 years	\$122,000	DHS-AMHD	Revenue Shortfall (including on-site Service Coordinator position)
MHIG	4076	Booth Brown House	St. Paul	The Salvation Army	25	25	8	0	Youth	\$275,000	3 years	\$183,000	HTF	Revenue Shortfall & Unique Costs (24 hour on-site staffing)
MHIG	3673	Haralson Apts.	Apple Valley	Community Housing Dev. Corp.	36	36	4	0	Families	\$50,000	2 years	\$24,000	DHS-AMHD	Unique Costs (Supportive Housing Counselor provided by MHR)
MHIG	2939	Jackson Street Village	St. Paul	RS Eden	16	16	0	4	Families	\$50,000	5 years	\$50,000	HTF	Unique Costs (Tenant Service Coordinator position)
MHIG	1504	Louisiana Court	St. Louis Pk	Project for Pride in Living, Inc.	129	129	18	0	Singles	\$180,000	2 years	\$209,000	DHS-AMHD	Unique Costs (Housing Support Specialist provided by Vail Place)
MHIG	5225	Sankofa Apts.	St. Paul	Model Cities of St. Paul, Inc.	16	16	12	0	Youth	\$150,000	3 years	\$98,000	HTF	Revenue Shortfall
NEMIF	3845	Alicia's Place	Duluth	Center City Housing Corp.	11	11	5	0	Families	\$29,134	2 years	\$42,000	DHS-AMHD	Revenue Shortfall
NEMIF	0447	Memorial Park Apts.	Duluth	Center City Housing Corp.	39	39	8	0	Singles	\$208,000	4 years	\$118,421	HTF	Revenue Shortfall & Unique Costs (Tenant Service Coordinator provided by HDC)
											\$11,579	DHS-AMHD		

303 303 65 4

Families \$238,000 27.74%
Singles \$339,000 39.51%
Youth \$281,000 32.75%

Total **\$858,000**

Metro \$564,000 66%
 Greater Minnesota \$294,000 34%
 Housing Trust Fund (HTF) \$449,421 52%

Human Development Center - (HDC)
 Mental Health Resources - (MHR)

Department of Human Services (Minnesota)
 Adult Mental Health Division (DHS-AMHD) \$408,579 48%

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

RESOLUTION NO. MHFA 10-

**RESOLUTION EXTENDING COMMITMENT DATE
HOUSING TRUST FUND OPERATING SUBSIDY**

WHEREAS, the Board previously authorized a commitment for the developments hereinafter named by Resolution MHFA 10-38; and,

WHEREAS, it is the desire of the Agency to further extend the expiration date; and,

WHEREAS, the applications continue 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 extends the commitment expiration date on the developments hereinafter named to May 31, 2011, and hereby confirms the renewal of said commitment:

- Alicia's Place, Duluth – D3845
- Booth Brown House, St. Paul – D4076
- Haralson Apartments, Apple Valley – D3673
- H.O.P.E. on Ninth, St. Cloud – D4056
- Jackson Street Village, St. Paul – D2939
- Louisiana Court, St. Louis Park – D1504
- Memorial Park Apartments, Duluth – D0447
- Sankofa Apartments, St. Paul – D5225

Except for the extended commitment term, all terms of the original MHFA Resolution No. 10-38 remain in effect.

Adopted this 18th, day of November, 2010.

CHAIRMAN



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BOARD AGENDA ITEM: 8.A.(5)

DATE: November 18, 2010

ITEM: Housing Trust Fund (HTF) Rental Assistance

- Metropolitan Council Housing and Redevelopment Authority (HRA) - D3741
- Morrison County Housing and Redevelopment Authority (HRA) - D2002

CONTACT: Elaine Vollbrecht, 651-296-9953
Elaine.vollbrecht@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 a resolution approving Housing Trust Fund (HTF) Rental Assistance for the Metropolitan Council Housing and Redevelopment Authority Bridges Program in the amount of \$150,000 and the Morrison County Housing and Redevelopment Authority Bridges Program in the amount of \$45,000.

FISCAL IMPACT:

The funding recommendations are consistent with budgets and terms described for the Housing Trust Fund program in the current Affordable Housing Plan (AHP).

MEETING AGENCY PRIORITIES:

- Address Foreclosure
- Finance New Affordable Housing Opportunities
- End Long-Term Homelessness
- Increase Emerging Market Homeownership
- Preserve Existing Affordable Housing

ATTACHMENT(S):

- Background
- Program Summary
- Resolution

BACKGROUND:

In May 2009, the Board approved \$5.422 million in grants through the Bridges Rental Assistance program. This action represented the entire 2009 – 2011 allocation. Grants awarded under the Bridges program were reduced from the previous biennium by 4.67% due to strong utilization in the previous grant term. The funding was distributed to 15 agencies, who administer the funds across 58 counties, providing rental subsidies for approximately 543 households with a serious mental illness, through June 30, 2011.

Through correspondence and grant oversight, it has been identified that two of the administrators, Metropolitan Council HRA and Morrison County HRA, will experience a funding shortfall prior to the end of their 2009 – 2011 grants. The reasons for the shortfall vary, and are noted in the program summary. The Agency has worked collaboratively with the impacted rental assistance administrators as well as the Department of Human Services (DHS), and the county Adult Mental Health Initiative (AMHI) staff to problem solve through the funding shortfalls. In each case, the rental assistance administrator has reduced the numbers served through their grants through attrition and has opted to forgo their administrative fees as a way to contribute to the gap. In effort to prevent future episodes of homelessness for households that are currently assisted under the two Bridges grants, staff recommends funding the remaining gap with the Housing Trust Fund Rental Assistance Funding.

PROGRAM SUMMARY:

Metropolitan Council HRA

Metropolitan Council HRA (Metro HRA) Bridges rental assistance program serves Anoka, Hennepin and Ramsey Counties and received \$2,667,000 in funding to target up to 220 households, which exceeded the available budget. The funding shortfall is estimated at \$200,000 and is attributed to: an unrealistic target number because of the reduction in Bridges funding for the 2009-2011 grant term; the scarcity of Section 8 Housing Choice Vouchers which decreased the number of households who were able to transition onto Section 8; and while household incomes did not increase, there was an decrease in average gross rents, which increased the average amount of subsidy needed.

To problem solve, the Agency met with the Metro HRA, DHS, the AMHI as well as Anoka, Hennepin and Ramsey Counties. The solutions identified to fill the gap included:

- The Metro HRA will forego \$50,000 of their administrative fee.
- The Metro HRA identified a possible funds balance of \$18,000 in another rental assistance program, funded through the Housing Trust Fund, in Anoka County. Instead of assisting additional households under this grant, the funds were returned to the agency in order to be reallocated.

- The number of households has and continues to be reduced by attrition.
 - The County and supportive housing staff assisted households in securing other types of permanent supportive housing.
- No new households will be admitted to the Bridges program until the funds are stabilized.
- The targeted number of households served has been reduced by 35.

Since no additional Bridges funds are available in the current biennium, staff recommends funding the \$150,000 gap with the Housing Trust Fund. It is anticipated that the program will achieve target utilization levels by July 1, 2011 which should help prevent future funding shortfalls from occurring.

Morrison County HRA

The Morrison County HRA Bridges rental assistance program serves Aitkin, Cass, Crow Wing, Morrison, Todd and Wadena counties and received \$120,000 in funding to serve up to 15 households. At one time the grant was serving more than double this number. The funding shortfall is estimated at \$55,000 and is attributed to: program funding shortfalls due to overutilization in the previous grant term carried into the 2009 – 2011 grant; reduction in Bridges funding for the 2009-2011 grant term; the scarcity of Section 8 Housing Choice Vouchers which decreased the number of households who were able to transition onto Section 8; and the increase in average gross rents resulting in increased subsidies.

To problem solve, the Agency met with the Morrison County HRA, DHS, and the AMHI. Morrison County HRA reached out to several regional social service agencies to secure alternative housing assistance funds and to communicate the need to assist the households in securing alternative permanent supportive housing options. The solutions identified to fill the gap included:

- Since March 2010, Morrison County HRA has foregone administrative fees, which will exceed \$10,000 by the end of the grant term.
- The number of households has and continues to be reduced by attrition.
 - Recently, 2 households were moved into Section 8.
- No new households will be admitted to the Bridges program until the funds are stabilized.
- County and area supportive service providers continue to work to move participations onto alternative subsidies such as the federally funded Shelter Plus Care program.
- The new HRA director is highly responsive, involved in the program oversight, and is dedicated to resolving the overutilization that occurred under the previous leadership.

Since no additional Bridges funds are available in the current biennium, staff recommends funding the \$45,000 gap with the Housing Trust Fund. It is anticipated that the program will achieve target utilization levels by July 1, 2011 which should help prevent future funding shortfalls from occurring.

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

RESOLUTION NO. MHFA 10-

**RESOLUTION APPROVING GRANT AMENDMENT/COMMITMENT
HOUSING TRUST FUND (HTF) PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications requesting additional funding to provide rental assistance for families and individuals who are low income, near homeless, homeless or long-term homeless and have a serious mental illness.

WHEREAS, the Agency staff has reviewed the applications and determined that they are in compliance under the Agency's rules, regulations and policies; that such grants 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.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to enter into grant amendments using State resources and in compliance with applicable statutes and regulations as set forth, subject to changes allowable under the multifamily funding modification policy, upon the following conditions:

1. The Agency staff shall review and approve the following Grantees the total recommended amount to coincide with the end of the current grant term;
 - Metropolitan Council HRA, \$150,000
 - Morrison County HRA, \$45,000
2. The issuance of grant amendments in form and substance acceptable to the Agency staff and the closing of the individual amendments shall occur no later than six months from the adoption date of this Resolution; and
3. The sponsors and such other parties shall execute all such documents relating to said amendments, to the security therefore, as the Agency, in its sole discretion, deems necessary.

Adopted this 18th day of November, 2010.

CHAIRMAN



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BOARD AGENDA ITEM: 8.A.(6)

DATE: November 18, 2010

ITEM: Low and Moderate Income Rental (LMIR), Low and Moderate Income Rental Bridge Loan (LMIR-BL) and Preservation Affordable Rental Investment Fund (PARIF) Programs

- Dover Hill, Golden Valley - D0582

CONTACT: Julie LaSota, (651)296-9827
Julie.LaSota@state.mn.us

REQUEST:

Approval Information Discussion

TYPE(S):

Administrative Commitment(s) Modification/Change Policy
 Selection(s) Waiver(s) Other:

ACTION:

Motion Resolution No Action Required

SUMMARY REQUEST:

Request adoption of Resolutions authorizing the issuance of a LMIR amortizing loan commitment not to exceed \$8,000,000, and approvals for the assumption and modification of an existing PARIF loan in the amount of \$3,500,000, subject to the review and approval of the Mortgagee, and the terms and conditions of the Agency mortgage loan commitment. The amount of the LMIR loan will be established based upon the interest rate at the time bonds are sold, and the commitment to make the loan is subject to the ability of the Agency to sell bonds on terms and conditions acceptable to the Agency.

Request adoption of a Resolution authorizing the issuance of a LMIR Bridge Loan Commitment in the estimated amount of \$2,000,000, subject to the review and approval of the Mortgagee, and the terms and conditions of the Agency mortgage loan commitment.

FISCAL IMPACT:

In the current Affordable Housing Plan, staff proposed and the Board allocated \$72 million in new activity for the LMIR program including \$30 million from bond issues and staff proposed and the Board allocated \$16 million in new activity from the Housing Investment Fund (Pool 2) for bridge loans. Funding for these loans falls within the approved budgets and the loans will be made at an interest rate and on terms consistent with what is described in the AHP.

The LMIR loan will generate approximately \$140,689 in fee income (construction oversight fee and origination fee) as well as interest income to the Agency.

The PARIF program is funded through state appropriations. The modification to extend the maturity date of this loan delays repayment of these funds but serves a beneficial purpose as described in the background section of this report.

MEETING AGENCY PRIORITIES:

- Address Foreclosure
- Finance New Affordable Housing Opportunities
- End Long-Term Homelessness
- Increase Emerging Market Homeownership
- Preserve Existing Affordable Housing

ATTACHMENTS:

- Background
- Development Summary
- Resolutions (4)

BACKGROUND:

The Minnesota Housing Finance Agency (Agency) Board, at its January 28, 2010, meeting, approved this development for processing under the LMIR program and approved the commitment of a Section 1602/Exchange deferred loan. The following summarizes the changes in the composition of the proposal since the Board approved its selection:

DESCRIPTION:	SELECTION	COMMITMENT	VARIANCE
Total Development Cost	\$6,430,791	\$15,223,608	\$8,792,817
Equity Takeout	\$1,372,963	\$0	(\$1,372,963)
Acquisition	\$0	\$7,800,000	\$7,800,000
Gross Construction	\$3,690,783	\$4,400,000	\$709,217
Capitalized Reserves	\$549,334	\$692,308	\$142,974
Soft Costs (incl. developer fee)	\$817,711	\$2,331,300	\$1,513,589
Agency Sources:			
LMIR Loan	\$3,800,000	\$7,600,000*	\$3,800,000
Section 1602/Exchange	\$750,000	\$975,000	\$225,000
PARIF (Assumption / Mod.)	\$0	\$3,500,000	\$3,500,000
LMIR Bridge Loan**		\$2,000,000	\$2,000,000
Total Agency Sources	\$4,550,000	\$14,075,000	\$9,525,000
Other Non-Agency Sources:			
Owner Equity (Release of Reserves)	\$1,505,791	\$0	(\$1,505,791)
HTC Syndication Proceeds	\$0	\$2,297,501	\$2,297,501
Hennepin County	\$0	\$350,000	\$350,000
Met Council LHIA	\$375,000	\$150,000	(\$225,000)
Deferred Developer Fee	\$0	\$151,107	\$151,107
Income from Operations	\$0	\$200,000	\$200,000
Total Non-Agency Sources	\$1,880,791	\$3,148,608	\$1,267,817

*Subject to adjustments based on actual interest rate at the time of the TE Bond sale. Any decrease in LMIR amortizing debt may result in a commensurate increase in the Deferred Developer Fee.

**This is a short term bridge loan (up to 18 months) bridging future syndication pay-ins to ensure the financing is 'in balance' at initial loan closing. The bridge loan will be fully secured by a Letter of Credit.

Gross Rents:						
Unit Type	# of DU	Rent	# of DU	Rent	# of DU	Rent
1 BR	170	\$587-\$672	170	\$609-672	0	\$22
2 BR	48	\$742-\$912	48	\$742-915	0	\$3
3 BR	16	\$1,018	16	\$1,018	0	\$0
Total Units	234		234		0	

Factors Contributing to Variances:

At selection in January, 2010 the Dover Hill transaction was structured as a Pool 2 funded LMIR equity takeout transaction without a change in ownership. At the time, the excess loan proceeds from the transaction were proposed to be used to buy out some of the limited partners. Since that time, the owner has secured interest from a tax credit limited partner and therefore the composition of the transaction has changed to a tax exempt bond funded LMIR loan with four percent housing tax credits. The current owner will sell to a new tax credit limited partnership that has agreed to preserve affordability at the development for 30 years. The additional proceeds from this transaction, including a commitment of funds from Hennepin County, will allow the current ownership entity to exit and will also allow for an increase in the scope of rehabilitation scope of work to help ensure the development remains physically viable and marketable for the long term.

In conjunction with this LMIR request, the applicant has also requested to assume the existing PARIF loan that the Agency provided in 2001 and a modification of the terms of this loan, in exchange for a thirty year commitment to maintain affordability on 100 percent of the units in the development for thirty years.

The modifications being requested under the PARIF loan are to allow for the prepayment of the HUD Section 236 Mortgage and the assumption of this existing loan by the new ownership entity. The Note would then be amended to remove any monthly repayment requirement into the "PARIF Reserve" and allow for the deferral of the repayment of the PARIF loan for the term of the new LMIR loan. A portion of the "PARIF Reserve" being held by the Agency will be transferred to the new ownership entity and will be held and controlled by the Agency under the terms of the LMIR Regulatory Agreement and other agreements the Agency deems necessary. These modifications are being recommended in exchange for the owner's agreement to maintain affordability for 100% of the units for thirty years.

The overall benefits to the Agency and to the current and future residents at Dover Hill as a result of this preservation package is the potential leverage of a present value of over \$16 million in federal rental subsidy (currently under the Rental Assistance Payment – "RAP" program) and the owner's commitment to accept any renewals of such contract or any subsequent project based rental assistance contract offered by the U.S. Department of Housing and Urban Development (HUD); and, if no such contract is offered by HUD, the owner will agree to maintain rents at a level affordable to households earning 40% AMI for 191 units over a thirty year period that will result in similar affordability.

DEVELOPMENT SUMMARY

DEVELOPMENT:

Name: Dover Hill App#: M14732
Address: 2400 Rhode Island Ave N
City: Golden Valley County: Hennepin Region: MHIG

MORTGAGOR:

Ownership Entity: Dover Hill Apartments Limited Partnership
General Partner/Principals: Dover Hill Apartments LLC, Jensen Coventry LLC*

DEVELOPMENT TEAM:

General Contractor: Frerichs Construction Company, Vadnais Heights
Architect: Cluts O'Brien Strothers Architects, Minneapolis
Attorney: Winthrop & Weinstine, PA, Minneapolis
Management Company: Shelter Corporation, Minnetonka
Service Provider: N/A

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

\$ 7,600,000	LMIR First Mortgage
	Funding Source: Sale of New Tax Exempt Bonds
	Interest Rate: 6% (est.)
	MIP Rate: 0.25%
	Term (Years): 30
	Amortization (Years): 30
\$ 2,000,000	LMIR Bridge Loan
	Funding Source: Housing Investment Fund (Pool 2)
	Interest Rate: 2.5% (est.)
	Term (Years): 1.5 balloon
\$ 3,500,000	PARIF (existing loan)
	Funding Source: State Preservation Appropriations
	Interest Rate: 0%
	Term (Years): 31.5 balloon

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORDABILITY*
1BR	48	750	\$ 672	\$ 787	\$ 26,880
3BR	16	1,252	\$ 1,018	\$ 1,092	\$ 40,720
2BR	14	1,170	\$ 883	\$ 945	\$ 35,320
2BR	10	1,170	\$ 742	\$ 945	\$ 29,680
2BR	24	1,292	\$ 915	\$ 945	\$ 36,600
1BR	122	630	\$ 609	\$ 787	\$ 24,360
TOTAL	234				

NOTES:

Under the LMIR program, in conjunction with Housing Tax Credits, rents are generally affordable at 50% AMI with incomes up to 60%. The Contract Rents reflected in the above table represent the HUD approved rents under the Section 236 and Rental Assistance Payment (RAP) programs.

Purpose:

Dover Hill is a 234 unit elderly high rise and family townhome development that was constructed in 1976 that is in need of rehabilitation to comply with new housing code standards and so that the rental units continue to remain competitive in the market. The proposed scope of work includes roof replacement, HVAC, electrical and plumbing upgrades to improve efficiency and units upgrades such as flooring, cabinets, appliances and doors. The scope of work includes the use of Green Certified products which should not only result in lower costs for energy, water maintenance and ongoing repairs over the life of the development, but also result in a significant benefit to the families and individuals it serves.

Dover Hill consists of 14 buildings situated on 13.34 acres in a convenient area of Golden Valley, on a bus line and with easy access to freeways, schools, shopping, services and recreation. There are a total of 234 housing units, of which 196 are federally assisted through the Section 236 and Rental Assistance Payment programs. In exchange for the requested financing (which includes an assumption and modification of an existing PARIF loan to be co-terminus with the new LMIR financing), the buyer is willing to maintain the current level of affordability for thirty years. This is a unique opportunity to preserve a valuable suburban housing resource for the long term.

Target Population:

Dover Hill serves an elderly/disabled population as well as families. The site has historically served households of color and single headed households. The development has the benefit of Section 236 IRP and a Rental Assistance Payment (RAP) contract to maintain affordability and allow the development to serve a population well below the 80% AMI limit of the Section 236 program.

Project Feasibility:

Dover Hill is a well maintained development that has provided an affordable housing option to residents of Golden Valley since 1976. It has a history of positive cash flow and 2010 is expected to be the same. The management agent has excellent policies and procedures in place for both the office and leasing staff as well as to address ongoing maintenance. The leasing staff has done an incredible job of maintaining strong occupancy in this mixed Section 236 site with RAP units. The maintenance and operating expenses are in line with the budget and the Agency benchmarks. The financing proposal and the scope of work should position the development to compete well into the future.

Development Team Capacity:

The principals of Shelter Corporation and its predecessor companies have been in the business of developing, owning and fee managing affordable and market rate properties for nearly 40 years. Minnesota Housing has had a positive experience with Shelter in past development and financing activities. The proposed development team consists of Shelter Holdings, LLC as the developer; Ponterre Group as the processing agent, Winthrop & Weinstine as legal counsel, Cluts, O'Brien, Strothers Architects and Frerichs Construction. The team has successfully completed similar rehabilitation projects.

Physical and Technical Review:

Dover Hill contains both family townhomes and senior apartments that have aged and need to be refurbished to ensure that they remain competitive. The rehab budget of \$18,000 per unit and the scope of work are well planned and include roof replacement, HVAC, electrical and plumbing upgrades to improve efficiency and unit upgrades such as flooring, cabinets, appliances and doors. The scope of work includes the use of Green Certified products which should not only result in lower costs for energy, water maintenance and ongoing repairs over the life of the development, but also result in a significant benefit to the families and individuals Dover Hill serves.

Market Feasibility:

Dover Hill has had a historically high level of occupancy since it was built in 1976. It is a considered a valuable affordable housing option in the suburban community of Golden Valley.

Supportive Housing:

While this development does not have a specific supportive housing component, the development does provide tenants with linkages to services such as transportation, 'meals on wheels', and tax preparation. There are several community rooms that are highly utilized as well as a community garden that has a long waiting list.

DEVELOPMENT COST SUMMARY (estimated):					
					Per
			Total		Unit
Total Development Cost			\$15,223,608		\$65,058
Gross Construction Cost			\$4,400,000		\$18,803
Total TE Bond Funded LMIR Mortgage (Including 4% DCE)			\$7,600,000		\$32,479
First Mortgage Loan-to-Cost Ratio				50%	
Agency Deferred Loan Sources					
Section 1602/Exchange (previously committed)			\$975,000		\$4,167
Assumption of PARIF			\$3,500,000		\$14,957
Total Permanent Agency Sources			\$11,920,000		\$50,940
Total Loan-to-Cost Ratio				78%	
HTC Bridge Loan			\$2,000,000		\$8,547
Total Agency Sources, incl. Bridge			\$13,920,000		\$59,487
Total Loan-to-Cost Ratio during construction				91%	
Other Non-Agency Sources					
Deferred Developer Fee			\$151,107		\$646
Syndication Proceeds			\$2,297,501		\$9,818
Hennepin County			\$350,000		\$1,496
Income from Operations			\$200,000		\$855
Met Council LHIA			\$150,000		\$641
Total Non-Agency Sources			\$3,148,608		\$13,456

*Due to the tax-exempt bond nature of this financing the LMIR loan amount is estimated based on current market conditions. The actual interest rate and maximum mortgage amount is subject to change based on market conditions at the time of the bond sale. Any increase in the LMIR first mortgage as a result of a decrease in the interest rate may be offset by a commensurate increase in Deferred Developer Fee.

MINNESOTA HOUSING FINANCE AGENCY

**400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

RESOLUTION NO. MHFA 10-

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR)**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction and 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:	Dover Hill
General Partner:	Dover Hill Apartments, LLC
Location of Development:	Golden Valley
Number of Units:	234
General Contractor:	Frerichs Construction, Vadnais Heights
Architect:	Cluts O'Brien Strothers Architects, Minneapolis
Amount of Development Cost:	\$15,223,608
Amount of LMIR Mortgage:	not to exceed \$8,000,000*

* Interest rate and maximum mortgage amount is subject to change based on market conditions at time of the bond sale. Any decrease in LMIR first mortgage as a result of an increase in the interest rate may be offset by a commensurate increase in deferred developer fee.

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

WHEREAS, the Agency 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 construction and permanent mortgage loan to said applicant from the sale of new tax-exempt bonds (under the LMIR Program) and a deferred mortgage of Flexible Financing of Capital Costs (FFCC Program) deferred funds for the indicated development, upon the following terms and conditions:

1. The amount of the LMIR loan is estimated at \$7,600,000; and
2. The Initial Closing of the LMIR loan shall be on or before April 30, 2011; and
3. The LMIR loan is to be financed with the proceeds of tax-exempt bonds of the Agency, and the commitment is subject to the ability of the Agency to sell bonds on terms and conditions, and in a time and manner acceptable to the Agency; and
4. The LMIR loan amount is estimated at \$7,600,000 based on an estimated rate of 6 percent plus 0.25 percent HUD MIP and a 30-year amortization, however the interest rate on the construction and permanent mortgage shall be set at the time of bond sale, based upon the maximum rate permitted under federal tax-exempt bond law and the maximum mortgage amount and interest rate is subject to change based on market conditions at the time of bond sale and initial loan closing and any change in the LMIR first mortgage as a result of a change in the final interest rate may be offset by a commensurate change in deferred developer fee; and
5. The interest rate on the LMIR construction loan is estimated at 6 percent per annum, however the interest rate shall be set at the time of bond sale, based upon the maximum rate permitted under federal tax-exempt bond law; and
6. The term of the permanent LMIR Mortgage shall be 30 years; and
7. The Agency shall review and approve the Mortgagor; and
8. The Mortgagor shall execute an Agency Mortgage Loan Commitment with terms and conditions embodying the above in form and substance acceptable to Agency staff; and
9. Jay C. Jensen and Lynn Carlson Schell shall guarantee the mortgagor's payment obligation under the Building Loan Agreement, Regulatory Agreement and Mortgage (other than principal and interest) with the Agency; and

10. The sponsor, the builder, the architect, the mortgagor, and such other parties as the Agency in its sole discretion deems necessary shall execute all such documents relating to said loan, to the security therefore, to the construction of the development, and to the operation of the development, as the Agency in its sole discretion deems necessary.

Adopted this 18th day of November, 2010

CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY

**400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

RESOLUTION NO. MHFA 10-

**RESOLUTION APPROVING MORTGAGE COMMITMENT
LOW AND MODERATE INCOME RENTAL BRIDGE LOAN (LMIRBL)**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction and 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:	Dover Hill
General Partner:	Dover Hill Apartments, LLC
Location of Development:	Golden Valley
Number of Units:	234
General Contractor:	Frerichs Construction, Vadnais Heights
Architect:	Cluts O'Brien Strothers Architects, Minneapolis
Amount of Development Cost:	\$15,223,608
Estimated Amount of Bridge Loan (not to exceed):	\$2,000,000

WHEREAS, the Agency is authorized under Minn. Stat. § 462A.05, subd. 31 to make loans for residential housing to obtain the benefits of housing tax credits; and

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

WHEREAS, the Agency has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A.05, subd. 31 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 bridge loan to said applicant from the Housing Investment Fund (Pool 2) for the indicated development, upon the following terms and conditions:

1. The Initial Closing of such bridge loan on or before May 31, 2011; and
2. The interest rate pursuant to the construction loan shall be not less than 2.0 percent per annum with a term consistent with the expected equity contributions (estimated to be 18 months); and
3. Agency staff review and approval of the Mortgagor; and
4. Agency staff review and approval of the terms and conditions of all equity contributions; and
5. The Mortgagor shall execute an Agency Bridge Loan Commitment with terms and conditions embodying the above in form and substance acceptable to Agency staff; and
6. The sponsor, the builder, the architect, the mortgagor, and such other parties as Agency staff in their sole discretion deems necessary shall execute all such documents relating to said loan, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in their sole discretion deems necessary.
7. Agency mortgage credit committee will determine which principle(s) of the general partner entity will be required to execute a Guarantee under the Bridge Loan documents.

Adopted this 18th day of November, 2010.

CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY

**400 Sibley Street - Suite 300
St. Paul, Minnesota 55101**

RESOLUTION NO. MHFA 10-

**RESOLUTION APPROVING ASSUMPTION SALE
PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF)
PROGRAM**

NOW THEREFORE, BE IT RESOLVED, that the board hereby consents to the sale by Dover Hill Company, a Minnesota limited partnership, (Seller), of the property known as Dover Hill, located in Golden Valley, Minnesota, MHFA Development No. 0582 (the Development), to Dover Hill Apartments, LLC, a Wisconsin limited liability corporation (Buyer), and the assumption by Dover Hill Apartments, LLC of all obligations of the selling mortgagors under the mortgage and accompanying documents with the Minnesota Housing Finance Agency (Agency), contingent upon the following conditions:

1. That the Buyer and Seller enter into an assumption agreement, in form and substance acceptable to the Agency, assuming the existing PARIF subordinate mortgage and any and all additional Agency loans and agreements; and
2. That the Buyer as an owner/management agent for the Development meet the requirements of and be approved by the Agency in accordance with its procedures; and
3. That this assumption approval will expire on May 31, 2011.

Adopted this 18th day of November, 2010.

CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY

400 Sibley Street - Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 10- RESOLUTION APPROVING LOAN MODIFICATION PARIF PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) heretofore loaned \$3,500,000 under the Preservation Affordable Rental Investment Fund (PARIF) program for permanent loan financing for a multifamily rental housing development known as Dover Hill in Golden Valley, Minnesota, MHFA Development No. 0582 (the Development); and

WHEREAS, Dover Hill Apartments, LLC (Proposed Owner) and Agency staff have proposed an agreement to facilitate the continued operation of the Development based on the following terms:

1. Agency staff shall modify the terms of the existing PARIF loan documents by:
 - a) allowing for the prepayment of the existing Section 236 mortgage in conjunction with a Section 236 Decoupling Request whereby the Section 236 Interest Reduction Payment Contract (IRP) subsidy and the Rental Assistance Payment Contract (RAP) subsidies are preserved through 2016; and
 - b) extending the loan term to a date that is co-terminus with the new LMIR loan maturity date and deferring repayment to a date that is co-terminus with the new LMIR permanent mortgage; and
 - c) removing the requirement for monthly debt service payments that are currently being deposited into a PARIF Reserve and deferring all payments until the new maturity date of the modified PAIRF loan; and
 - d) requiring the Owner to maintain the current Rental Assistance Payment Contract (RAP) for the remaining term and to accept any subsequent project based rental subsidies for a minimum of 191 units for the term of the PARIF loan; and
 - e) if no project based rental assistance subsidies are subsequently made available to the development by the U.S. Department of Housing and Urban Development, then the Owner will restrict rents on 191 units to the lower of Fair Market Rents (or the local HRA or PHA's 'Payment Standard') or 40% AMI for the term of the loan
2. Closing may occur by May 31, 2011.

NOW THEREFORE, BE IT RESOLVED:

Contingent upon the Agency obtaining an agreement by the Owner to remain in the Rental Assistance Payment Contract (RAP) Program, or other project based Housing Assistance programs, or to restrict rents on 191 units (as described herein) for a minimum of 30 years, staff may modify the terms of the existing PARIF loan on the above-described terms and conditions.

Adopted this 18th day of November, 2010.

CHAIRMAN



400 Sibley Street | Suite 300 | Saint Paul, MN 55101-1998 | 651.296.7608
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Equal Opportunity Housing and Equal Opportunity Employment

BOARD AGENDA ITEM: 8.A.(7).(a)

DATE: November 18, 2010

ITEM: Housing Trust Fund (HTF) Program, 501(c)(3) Non-Profit Housing Bonds
• Boxleitner Place, Minneapolis - D5957

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

REQUEST: Select one only

Approval Information Discussion

TYPE(S): If approval was checked above, select all types that apply

Administrative Commitment(s) Modification/Change Policy

Selection(s) Waiver(s) Other:

ACTION: Select

Motion Resolution No Action Required

SUMMARY REQUEST:

Agency staff has completed the underwriting and technical review of the proposed development and recommends the adoption of a resolution authorizing the issuance of a Housing Trust Fund, 501(c)(3) bond loan commitment in the estimated amount of \$12,750,000, subject to the review and approval of the Mortgagor, and the terms and conditions of the Agency mortgage loan commitment.

FISCAL IMPACT:

The debt service on 501(c)(3) bonds is an appropriated resource; therefore, this request does not have a fiscal impact on the Agency and the recommendation for funding is within the budget of the 2010 - 2011 Affordable Housing Plan.

MEETING AGENCY PRIORITIES: Select all that apply

- Address Foreclosure
- Finance New Affordable Housing Opportunities
- End Long-Term Homelessness
- Increase Emerging Market Homeownership
- Preserve Existing Affordable Housing

ATTACHMENT(S):

- Background
- Development Summary
- Resolution

Background:

The Minnesota Housing Finance Agency (Agency) Board, at its December 17, 2009, meeting, approved this development for processing under the HTF Program for 501(c)(3) bonds. The following summarizes the changes in the composition of the proposal since the Board approved its selection:

<u>DESCRIPTION:</u>	<u>SELECTION</u>	<u>COMMITMENT</u>
Total Development Cost	\$12,911,045	\$12,911,045
Gross Construction Cost	\$9,446,715	\$9,446,715

Agency Sources:

HTF Program/501(c)(3) bonds	\$12,750,000	\$12,750,000
Total Agency Sources	\$12,750,000	\$12,750,000

Other Non-Agency Sources:

Hennepin County AHIF funds	\$161,045	\$161,045
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Gross Rents:

Unit Type	# of DU	Rent	# of DU	Rent	# of DU	Rent
0-BR/Eff.	6	\$646	6	\$471	6	(\$175)
0-BR/Eff.	50	\$646	50	\$646	50	\$0
0-BR/Eff.	18	\$610	18	\$1105	18	\$495
0-BR/Eff.	11	\$400	11	\$610	11	\$210
Total Number of Units	85		85		0	

Factors Contributing to Variances:

Rent variances are due to the proposed rental assistance. Developer proposes that 18 of the units will be eligible for the Group Residential Housing (GRH) service rate. Shelter Plus Care is proposed for 11 units (originally no rental assistance was proposed for these 11 units) and Shelter Plus Care will replace GRH for an additional 6 units.

DEVELOPMENT SUMMARY

DEVELOPMENT:

Name: J. Jerome Boxleitner Place App#: M14811
 Address: 165 Glenwood Ave
 City: Minneapolis County: Hennepin Region: MHIG

MORTGAGOR:

Ownership Entity: CHDC Boxleitner LLC
 Managing Member: Community Housing Development Corporation,
 Minneapolis (or an affiliated entity)

DEVELOPMENT TEAM:

General Contractor: Bor-Son Construction, Minneapolis
 Architect: Cermak Rhoades Architects, Saint Paul
 Attorney: Faegre & Benson LLP, Minneapolis
 Management Company: Catholic Charities, Minneapolis
 Service Provider: Catholic Charities, Minneapolis

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

\$ 12,750,000 501(c)(3) Bonds
 Funding Source: 501(c)(3) Bonds
 Interest Rate: 0.00%
 Term (Years): 30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORDABILITY*
0BR/SRO	6	175	\$ 471	\$ 441	\$ 18,840
0BR/SRO	18	175	\$ 1,105	\$ 441	\$ 44,200
0BR/SRO	50	175	\$ 646	\$ 441	\$ 25,840
0BR/SRO	11	300	\$ 610	\$ 735	\$ 24,400
TOTAL	85				

*Tenants will not pay more than 30% of their income as rent

Purpose:

In 2007, the development was selected for partial Government Owned (GO) Bond financing; however, due to the lack of a public owner and site control, the GO Bond award was rescinded. The development team has now submitted a pipeline application for 501(c)(3) bond financing for the permanent housing portion of the development, encompassing 85 permanent supportive housing units for long-term homeless (LTH) singles and related common space. The entire development will be within one 7 story building and will include the new construction of 85 permanent housing LTH units, 80 transitional/weekly pay-for-stay beds, 120 emergency shelter beds and 51 mats available for overflow emergency shelter space on the top 5 levels. Separate ownership is planned for the shelter and the permanent housing on the lower 2 levels via a registered land survey/condominium plat.

The project developer and sole-member owner of the permanent housing is Community Housing Development Corporation (CHDC). Catholic Charities will lease, manage and provide services at the development, as well as own the shelter portion of the development.

Target Population:

The target population will primarily include single men with one floor available to women (floor 7), including those of color, near homeless, long-term homeless, elderly and those with mental/cognitive disabilities.

Project Feasibility:

The capital request is reasonable and sufficient to fund construction of the 85 permanent supportive housing units and related common space. 501(c)(3) bond proceeds are available for this request and the proposal meets the bond requirements. The shelter portion of the development is planned to be funded by the Federal Home Loan Bank (FHLB), Hennepin County Affordable Housing Investment Fund (AHIF), and a private bank loan that will be secured by the shelter portion of the property and repaid via a capital campaign.

The development has been awarded an operating subsidy for unique costs of supportive housing grant. The grant will be funded by both the Agency and MN Department of Human Services (DHS) through their Housing with Supports for Adults with Serious Mental Illness (HSASMI) program. The estimated annual operating subsidy need is approximately \$185,000 to cover 24-hour front desk and 2.5 full time employee (FTE) tenant service coordinators. Sixty-eight of the permanent units will be assisted with GRH funding. The applicant is currently applying for Shelter Plus Care rent assistance for 17 units. The development will require an operating subsidy for unique costs of supportive housing. The estimated annual operating subsidy need is approximately \$260,000 to cover 24-hour front desk and 2.5 FTE tenant service coordinators. Staff is coordinating with the MN (DHS) regarding the possibility of DHS funding the operating subsidy with their Housing with Supports for Adults with Serious Mental Illness (HSASMI) source. DHS has the ability to consider HSASMI operating subsidy on a pipeline basis.

Fifty-six of the permanent units will be assisted with GRH funding. The applicant is currently applying for Shelter Plus Care rent assistance for 18 units. Additionally, the developer is planning to request an expansion of the GRH commitment to include the 11 efficiency units.

Development Team Capacity:

Community Housing Development Corporation (CHDC) has the necessary capacity to complete the development proposal. CHDC was established in 1991. Their mission is to develop, own and operate affordable housing. To date, CHDC has successfully completed 35 developments with 2,579 units.

Catholic Charities has the necessary capacity to manage the proposal. Catholic Charities was established in 1869 and currently manages and provides services at eight developments. Catholic Charities owns four of the developments. Their current portfolio consists of one apartment building (16 units) and 477 supportive housing single room occupancy (SRO) units including over 100 that are deemed for long-term homelessness households.

Physical and Technical Review:

Bor-Son is the proposed contractor. The construction cost estimate is within the acceptable range. The schematic design was revised to reflect Agency concerns. The building provides two entrances; one for the shelter/transitional residents; the other for the housing residents. Design is more focused than in the previous application. The building will comply with the MN Green Communities standards.

Market Feasibility:

The development will replace the Catholic Charities Secure Waiting shelter facility, which serves 251 single men on a nightly basis. The Certificate of Consistency with the Hennepin County Continuum of Care indicates that the development is a high priority. Furthermore, the Wilder Survey indicates a need.

Supportive Housing:

The shelter component has been in place at the existing Secure Waiting shelter since 1995. Hennepin County is supportive of the development concept and currently provides funding for the operations and services at Secure Waiting. Catholic Charities is in conversation with the County regarding transferring the shelter operating funds to the proposed facility. Catholic Charities indicated that all service funding has been secured for the permanent units.

DEVELOPMENT COST SUMMARY (estimated):

	<u>Total</u>	<u>Per Unit</u>	<u>Per LTH Unit</u>
Total Development Cost	\$12,911,045	\$151,895	
Gross Construction Cost	\$9,466,715	\$111,373	
Agency Deferred Loan Sources			
501(c)(3) Bonds	\$12,750,000	\$150,000	\$150,000
Total Agency Sources	\$12,750,000	\$150,000	
Total Loan-to-Cost Ratio		99%	
Other Non-Agency Sources			
Hennepin Co. AHIF	\$161,045	\$1,895	
Total Non-Agency Sources	\$161,045	\$1,895	

MINNESOTA HOUSING FINANCE AGENCY

400 Sibley Street, Suite 300

St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 10-

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
HOUSING TRUST FUND (HTF) PROGRAM, 501(c)(3) BONDS**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction and 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:	Boxleitner Place
Sponsor:	Community Housing Development Corporation (or an affiliated entity)
Location of Development:	Minneapolis
Number of Units:	85
General Contractor:	Bor-Son Corporation, Minneapolis
Architect:	Cermak Rhoades Architects, St. Paul
Amount of Development Cost:	\$12,911,045
Estimated Amount of HTF/501(c)(3) Mortgage:	\$12,750,000

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such construction and permanent mortgage loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the construction 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 financing on a long-term basis to said applicant from the proceeds from Agency issued tax exempt bonds for the indicated development, upon the following terms and conditions:

1. The amount of the HTF/501(c)(3) loan shall not exceed \$12,750,000; and
2. The Closing of the HTF/501(c)(3) loan shall be on or before May 18, 2011 ; and
3. The loan is to be financed on a long-term basis with the proceeds of tax-exempt bonds of the Agency, and the commitment is subject to the ability of the Agency to sell bonds on terms and conditions, and in time and manner acceptable to the Agency; and
4. The interest rate on the HTF/501(c)(3) loan shall be 0 percent per annum; and
5. The term of the HTF/501(c)(3) Mortgage shall be 30 years;
6. Agency staff shall review and approve the Mortgagor; and
7. The Mortgagor shall execute an Agency Mortgage Loan Commitment with terms and conditions embodying the above in form and substance acceptable to Agency staff; and
8. The sponsor, the builder, the architect, 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, to the construction of the development, and to the operation of the development, as Agency staff in their sole discretion deem necessary.

Adopted this 18th day of November, 2010.

CHAIRMAN



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Equal Opportunity Housing and Equal Opportunity Employment

BOARD AGENDA ITEM: 8.A.(7).(b)

DATE: November 18, 2010

ITEM: Housing Trust Fund (HTF) Program, 501(c)(3) Non-Profit Housing Bonds
• Youngdahl Living, Owatonna - D6374

CONTACT: Susan Haugen, (651) 296-9848
susan.haugen@state.mn.us

REQUEST: Select one only

Approval Information Discussion

TYPE(S): If approval was checked above, select all types that apply

Administrative Commitment(s) Modification/Change Policy

Selection(s) Waiver(s) Other: _____

ACTION: Select

Motion Resolution No Action Required

SUMMARY REQUEST:

Agency staff has completed the underwriting and technical review of the proposed development and recommends the adoption of a resolution authorizing the issuance of a Housing Trust Fund, 501(c)(3) bond loan commitment in the estimated amount of \$1,280,406, subject to the review and approval of the Mortgagor, and the terms and conditions of the Agency mortgage loan commitment.

FISCAL IMPACT:

The debt service on 501(c)(3) bonds is an appropriated resource; therefore, this request does not have a fiscal impact on the Agency and the recommendation for funding is within the budget of the 2010 - 2011 Affordable Housing Plan.

MEETING AGENCY PRIORITIES:

- Address Foreclosure
- Finance New Affordable Housing Opportunities
- End Long-Term Homelessness
- Increase Emerging Market Homeownership
- Preserve Existing Affordable Housing

ATTACHMENT(S):

- Background
- Development Summary
- Resolution

Background:

The Minnesota Housing Finance Agency (Agency) Board, at its January 28, 2010 and July 22, 2010 meetings approved this development for processing under the under the HTF Program for 501(c)(3) bonds. There have not been any changes in the composition of the proposal since the Board approved its selection for processing, as shown below:

<u>DESCRIPTION:</u>	SELECTION	COMMITMENT
Total Development Cost	\$2,285,406	\$2,285,406
Gross Construction Cost	\$1,599,032	\$1,599,032

Agency Sources:

HTF Program/501(c)(3) bonds	\$1,280,406	\$1,280,406
Other agency program name		
Total Agency Sources	\$1,280,406	\$1,280,406

Other Non-Agency Sources:

Owatonna HRA	\$50,000	\$50,000
Dept of Human Services	\$50,000	\$50,000
FHLB AHP	\$480,000	\$480,000
GMHF	\$160,000	\$160,000
GMHF Green Grant	\$15,000	\$15,000
DEED Small Cities Funding	\$250,000	\$250,000

Gross Rents:

Unit Type	# of DU	Rent	# of DU	Rent
1-BR	6	\$558	6	\$555
1-BR	10	\$646	10	\$646
Total Number of Units	16		16	

DEVELOPMENT SUMMARY

DEVELOPMENT:

Name: Youngdahl Living App#: M15345
 Address: 1985 4th Avenue SE
 City: Owatonna County: Steele Region: SEMIF

MORTGAGOR:

Ownership Entity: Youngdahl Development LLC
 General Partner/Principals: South Central Human Relations Center, Owatonna

DEVELOPMENT TEAM:

General Contractor: To be determined
 Architect: LHB Inc, Minneapolis
 Attorney: Faegre & Benson LLP, Minneapolis
 Management Company: MetroPlains Management, Cambridge
 Service Provider: South Central Human Relations Center, Owatonna

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

\$ 1,280,406 501(c)(3) Bonds
 Funding Source: 501(c)(3) Bonds
 Interest Rate: 0.00%
 Term (Years): 30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORDABILITY*
1BR	10	506	\$ 646	\$ 381	\$ 25,840
1BR	6	50	\$ 555	\$ 762	\$ 22,200
TOTAL	16				

* Tenants will pay 30% of household income towards housing.

Purpose:

The proposal advances the agency's strategic priority to end long term homelessness. The proposal was selected for 501(c)(3) bond proceeds on January 28, 2010 in the amount of \$928,529 and in July 22, 2010, an additional \$351,887 was awarded to fully fund the development. The additional award was necessary to fill a gap caused by a mistake made by the applicant on the original application, when they interpreted DHS funding for the use of capital instead of service funding. Youngdahl is a two-story, new construction, slab on grade building that will provide permanent supportive housing for 16 individuals who have experienced a number of barriers including; long term homelessness, at significant risk of long term homelessness, serious mental illness, and chemical dependency.

Target Population:

Priority will be given to individuals that are long term homeless or at significant risk of long term homelessness and: have been committed as MI or MI/CD twice or had a commitment extended; treated in an IRTS twice; repeated involvement with law enforcement due to mental health symptoms; admitted to an inpatient psychiatric units twice.

Project Feasibility:

The amount of Agency deferred funding represents 56% of the TDC / 44% of the TDC is committed from other sources. The project is eligible for 501c3 funds for 12 of the 16 units.

The project's operating budget anticipates expenses for a front desk which will offer coverage for 24 hour / 7 days a week, as well as a tenant coordinator. The development was selected for a DHS operating subsidy award in the amount of \$150,511 (\$37,628 per year for four years) and received an additional DHS operating subsidy for \$42,000 (\$21,000 per year). The combined total of these subsidies is well within the LTH OS benchmark of \$500/DU/month. Section 8 project based rental assistance vouchers for 6 of the units have been committed by the Owatonna HRA. Group Residential Housing (GRH) is committed along with the service rate for the remaining 10 units. DHS and agency staff are providing TA to help ensure that the applicant leverages all potential mainstream funding resources available to the target population.

The site is feasible with proper zoning and access to public utilities. Public improvement or utility extensions are not necessary. There are single and multifamily housing located on the east as well as a funeral home on the north and industrial building complex on south. The grocery store, Cedar Mall, Walgreens Pharmacy, Fair Grounds / Ball Park, Salvation Army Thrift Store, Food Shelf and Clothes Line are all located less than 1/2 mile from the site. There are no bus lines in Owatonna however they have the dial a ride service. The development will also own a van and provide transportation.

Development Team Capacity:

The developer / owner/ service provider, South Central Human Relations Center (SCHRC) is a 501c3 that does not have experience with MN Housing loan process, products or affordable / permanent supportive housing management. They are partnering with an experienced development team including a PA (Rippley Richard Real Estate Development), attorney (Angela Christy) and architect (LHB). SCHRC does have extensive experience operating adult foster care, transitional housing and Intensive Residential Treatment Facilities (IRTS) as well as providing case management and skills training to hundreds of clients in Steele, Dodge and Waseca counties.

MetroPlains Management LLC was established in 1981 and currently has 24 developments, with a total of 868 units located in MN only. They also manage developments in other states (KS, ND, & OK) for a total unit count of 3,288 comprised of 96 developments. They report a corporate staff of 25 (includes property mgrs-19 and compliance staff-8) up from 23 two years ago engaging in management, marketing and compliance. Their current portfolio consists of Rental Assistance, HUD Section 8, Low Income Housing Tax Credit (LIHTC), Rural Development (RD), HOME, Historic Tax Credits, commercial and market rate units. Reports are submitted timely, however; staff states that the maintenance and operating expenses are high. They have begun to take on developments with an LTH component (mixed use) but it is too early yet to determine if this is a good fit for their management style.

Physical and Technical Review:

This sixteen-unit development is within the multifamily residential area, bordering commercial/industrial areas of the city. The infill site appears to be a smart site, near a day care facility. The proposed architect is a very good choice, and the general is not determined. The costs are within the LTH benchmark.

Market Feasibility:

There is need for the permanent supportive housing development. The Community Profile data reports that 45 - 51% of low income Steele County renters spend more than 30% of income on housing. The need for the permanent supportive housing development is supported by the Wabasha County Department of Social Services, Steele County Heading Home Plan and the Wilder Homeless Survey. The CREST regional mental health initiative has identified 150 individuals across 10 southern MN counties in need of a permanent supportive housing development, such as Youngdahl.

Supportive Housing:

South Central Human Relations Center (SCHRC) is the Service Provider. SCHRC will provide case management, coordination with behavioral health and primary care providers, financial planning, benefits assistance, life skills training, self sufficiency education and facilitation of resident council. SCHRC will partner with Dual Recovery and County Rule 25 staff to provide chemical dependency (CD) services. SCHRC will partner with the County and Fernbrook to provide adult mental health services. A .01 FTE nurse through the CREST mental health initiative will provide health screening, monitoring of health and medication issues as well as assist with coordination of primary health care.

There will be a community space, communal kitchen, and dining room on site for instruction and classes as well as space for private meetings with residents. Tenants will be referred from SCHRC, the County, Salvation Army, South SEMCAC, the Police, and area homeless shelters in Owatonna: Friendship House, Salvation Army and Lilly Sparrow House, Ruth's House in Faribault. In addition, referrals will also come from area IRTS in Austin, Winona, Owatonna, Winona.

SCHRC provides services to clients in Dodge, Steele, and Waseca counties for over 40 years. They administer over 20 programs and have over 100 employees - providing comprehensive mental health treatment options. SCHRC operates adult foster care, transitional housing and Intensive Residential Treatment (IRTS). SCHRC has the experience and capacity to effectively work with this high need population. The development team includes experienced individuals / companies which increases the capacity and feasibility that the project will be completed in a timely manner. Adding an experienced property management company to the team will increase the capacity and feasibility that the development will operate successfully for the long term. The project has secured service and operating support from Housing with Supports for Adults with Serious Mental Illness (HSASMI) Operating Subsidy, Rate 2 GRH, CREST Initiative, and DHS.

DEVELOPMENT COST SUMMARY (estimated):

	<u>Total</u>	<u>Per</u> <u>Unit</u>	<u>Per LTH</u> <u>Unit</u>
Total Development Cost	\$2,285,406	\$142,838	
Gross Construction Cost	\$1,599,032	\$99,940	
Agency Deferred Loan Sources			
501(c)(3) Bonds	\$1,280,406	\$80,025	\$106,701
Total Agency Sources	\$1,280,406	\$80,025	
Total Loan-to-Cost Ratio		56%	
Other Non-Agency Sources			
DHS Funding	\$50,000	\$3,125	
GMHF Green Grant	\$15,000	\$938	
GMHF	\$160,000	\$10,000	
MN DEED Small Cities	\$250,000	\$15,625	
Owatonna HRA	\$50,000	\$3,125	
FHLB AHP	\$480,000	\$30,000	
Total Non-Agency Sources	\$1,005,000	\$62,813	

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

RESOLUTION NO. MHFA 10-

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
HOUSING TRUST FUND (HTF) PROGRAM, 501(c)(3) BONDS**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction and 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:	Youngdahl Living
Sponsor:	South Central Relations Center, Inc.
Location of Development:	1985 4 th Avenue SE, Owatonna
Number of Units:	16
General Contractor:	To be determined
Architect:	LHB, Inc. Architects
Amount of Development Cost:	\$2,285,406
Estimated Amount of HTF/501(c)(3) Mortgage:	\$1,280,406

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such construction and permanent mortgage loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the construction 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 financing on a long-term basis to said applicant from the proceeds from Agency issued tax exempt bonds for the indicated development, upon the following terms and conditions:

1. The amount of the HTF/501(c)(3) loan is estimated to be \$ 1,280,406 ; and
2. The Closing of the HTF/501(c)(3) loan shall be on or before May 31, 2011; and
3. The loan is to be financed on a long-term basis with the proceeds of tax-exempt bonds of the Agency, and the commitment is subject to the ability of the Agency to sell bonds on terms and conditions, and in time and manner acceptable to the Agency; and
4. The interest rate on the HTF/501(c)(3) loan shall be 0 percent per annum; and
5. The term of the HTF/501(c)(3) Mortgage shall be 30 years;
6. Agency staff shall review and approve the Mortgagor; and
7. The Mortgagor shall execute an Agency Mortgage Loan Commitment with terms and conditions embodying the above in form and substance acceptable to Agency staff; and
8. The sponsor, the builder, the architect, 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, to the construction of the development, and to the operation of the development, as Agency staff in their sole discretion deem necessary.

Adopted this 18th day of November, 2010.

CHAIRMAN



400 Sibley Street | Suite 300 | Saint Paul, MN 55101-1998 | 651.296.7608
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Equal Opportunity Housing and Equal Opportunity Employment

REVISED

BOARD AGENDA ITEM: 8.A.(8)

DATE: November 18, 2010

ITEM: Housing Trust Fund (HTF) Program, 501(c)(3) Non-Profit Housing Bonds and Preservation Affordable Rental Investment Fund (PARIF) Program

- Redeemers Arms, St. Paul - D3065

CONTACT: Phillip K. Hagelberger, (651) 297-7219
phillip.hagelberger@state.mn.us

REQUEST:

Approval Information Discussion

TYPE(S):

Administrative Commitment(s) Modification/Change Policy

Selection(s) Waiver(s) Other: _____

ACTION:

Motion Resolution No Action Required

SUMMARY REQUEST:

Agency staff has completed the underwriting and technical review of the proposed development and recommends the adoption of a resolution authorizing the issuance of a Housing Trust Fund, 501(c)(3) bond loan commitment in the estimated amount of \$5,226,222, and adoption of resolutions approving the assumption and modification of two existing PARIF loans in the combined amount of \$2,681,965, subject to the review and approval of the Mortgagor, and the terms and conditions of the Agency mortgage loan commitment,

FISCAL IMPACT:

The debt service on 501(c)(3) bonds is an appropriated resource; therefore, this request does not have a fiscal impact on the Agency and the recommendation for funding is within the budget of the 2010 - 2011 Affordable Housing Plan. The PARIF loans have been previously funded out of state appropriations and will not have a fiscal impact on the Agency.

MEETING AGENCY PRIORITIES:

- Address Foreclosure
- Finance New Affordable Housing Opportunities
- End Long-Term Homelessness
- Increase Emerging Market Homeownership
- Preserve Existing Affordable Housing

ATTACHMENT(S):

- Background
- Development Summary
- Resolution

Background:

The Minnesota Housing Finance Agency (Agency) Board, at its July 22, 2010, meeting, approved this development for processing under the under the HTF Program for 501(c)(3) bonds. Previously the Board had awarded \$2,681,965 in PARIF funding. The following summarizes the changes in the composition of the proposal since the Board approved its selection:

DESCRIPTION:	SELECTION		COMMITMENT		VARIANCE	
Total Development Cost	\$12,028,755		\$12,028,755		\$0	
Gross Construction Cost	\$4,840,730		\$4,840,730		\$0	
Agency Sources:						
HTF Program/501(c)(3) bonds	\$5,425,502		\$5,226,222		\$<199,280>	
HTF-LTH	\$399,288		\$598,568		\$199,280	
Total Agency Sources	\$5,824,790		\$5,824,790		\$0	
Other Non-Agency Sources:						
St. Paul HRA-2010new	\$1,000,000		\$1,000,000		\$0	
Assumed HUD debt	\$2,022,000		\$2,277,832		\$255,832	
Assumed FHLB	\$500,000		\$500,000		\$0	
Assumed Agency Debt (PARIF)	\$2,681,965		\$2,681,965		\$0	
Gross Rents:						
Unit Type	# of DU	Rent	# of DU	Rent		
0-BR/ Eff.	26	\$508	26	\$508		
0-BR/ Eff.	32	\$570	32	\$570		
1-BR	24	\$759	24	\$759		
0BR/SRO	51	\$432	51	\$432		
1-BR	7	\$648	7	\$648		
1-BR	10	\$680	10	\$680		
Total Number of Units	150					

Factors Contributing to Variances:

A miscalculation in cost of bond issuance reduced the amount available under the HTF/501(c)(3) program. Staff approved a Funding Modification, in accordance with the Board approved funding modification process, increasing the commitment under the Housing Trust Fund-Long Term Homeless (HTF-LTH) Program to fill the resulting gap.

In conjunction with this HTF/501(c)(3) bond transaction, the applicant has also requested to assume the existing PARIF loans that the Agency provided in 2001 and 2005 and a modification of the terms of these loans, in exchange for a commitment to maintain affordability on a minimum of 82 units of the units in the development for thirty years.

Background:

The Minnesota Housing Finance Agency (Agency) Board, at its July 22, 2010, meeting, approved this development for processing under the under the HTF Program for 501(c)(3) bonds. Previously the Board had awarded \$2,681,965 in PARIF funding. The following summarizes the changes in the composition of the proposal since the Board approved its selection:

DESCRIPTION:	SELECTION		COMMITMENT		VARIANCE	
Total Development Cost	\$12,028,755		\$12,284,587		\$255,832	
Gross Construction Cost	\$4,840,730		\$4,840,730		\$0	
Agency Sources:						
HTF Program/501(c)(3) bonds	\$5,425,502		\$5,226,222		\$<199,280>	
HTF-LTH	\$399,288		\$598,568		\$199,280	
Total Agency Sources	\$5,824,790		\$5,824,790		\$0	
Other Non-Agency Sources:						
St. Paul HRA-2010new	\$1,000,000		\$1,000,000		\$0	
Assumed HUD debt	\$2,022,000		\$2,277,832		\$255,832	
Assumed FHLB	\$500,000		\$500,000		\$0	
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Unit Type	# of DU	Rent	# of DU	Rent		
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1-BR	7	\$648	7	\$648		
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Total Number of Units	150					

Factors Contributing to Variances:

A miscalculation in cost of bond issuance reduced the amount available under the HTF/501(c)(3) program. Staff approved a Funding Modification, in accordance with the Board approved funding modification process, increasing the commitment under the Housing Trust Fund-Long Term Homeless (HTF-LTH) Program to fill the resulting gap.

In conjunction with this HTF/501(c)(3) bond transaction, the applicant has also requested to assume the existing PARIF loans that the Agency provided in 2001 and 2005 and a modification of the terms of these loans, in exchange for a commitment to maintain affordability on a minimum of 82 units of the units in the development for thirty years.

The modifications being requested under the PARIF loan are to allow for the assumption of these existing loans by the new ownership entity. The current PARIF loans are written at zero percent with payment deferred until April 1, 2014. The Notes would then be amended to extend the maturity dates to a date that is co-terminus with the new 501(c)(3) loan.

The overall benefits to the Agency and to the current and future residents at Redeemers Arms as a result of this preservation package is a fully renovated development that should be in sound physical condition to serve a vulnerable population for the long term and the potential leverage of a present value of over \$12 million in federal Section 8 rental subsidy over the thirty year term.

DEVELOPMENT SUMMARY

DEVELOPMENT:

Name: Redeemers Arms App#: M15354
 Address: 313 Dale St N
 City: Saint Paul County: Ramsey Region: MHIG

MORTGAGOR:

Ownership Entity: CHDC Redeemers LLC
 Managing Member: Community Housing Development Corporation, Minneapolis

DEVELOPMENT TEAM:

General Contractor: Watson-Forsberg Company, Minneapolis
 Architect: Roark Kramer Kosowski DESIGN, Minneapolis
 Attorney: Faegre & Benson LLP, Minneapolis
 Management Company: BDC Management Company, Minneapolis
 Service Provider: BDC Management Company, Minneapolis

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

\$ 598,568 HTF LTH Capital (this has been previously committed)
 Funding Source: Housing Trust Fund MF-HTF
 Interest Rate: 0.00%
 Term (Years): 30

\$ 5,226,222 HTF 501(c)(3) Bonds
 Funding Source: 501(c)(3) Bonds
 Interest Rate: 0.00%
 Term (Years): 30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORD-ABILITY
Eff. – Sec. 8	26	306	\$ 508*	\$ 735	30% of income
Eff. – Sec. 8	32	376	\$ 570*	\$ 735	30% of income
1BR – Sec. 8	24	575	\$ 759*	\$ 787	30% of income
1BR	7	575	\$ 648	\$ 648**	\$ 25,920
1BR	10	600	\$ 680	\$ 680**	\$ 27,200
0BR/SRO	51	306	\$ 432	\$ 432**	\$ 17,280
TOTAL	150				

* These rents are the current rents approved by HUD under its Section 8 HAP contract. Tenants pay 30% of household income towards housing.

**These rents are based on Section 8 Payment Standards for those tenants with vouchers, or are estimates based on other current sources of rent subsidy such as GRH. Residents pay 30% of household income towards housing.

Purpose:

The proposal advances the Agency's strategic priority to end long term homelessness and preserves federally assisted affordable housing. The proposal is for the acquisition and rehabilitation of 150 permanent supportive housing units in St. Paul. The building has the benefit of a Section 8 Housing Assistance Payments (HAP) contract for 82 of the units.

Target Population:

The development will provide 150 units of permanent supportive housing for singles. Seventy-five of the units will be deemed for LTH. Of the 75, 20 will be available for those at significant risk of LTH. The development will target long-term homeless single men and women including those of color, as well as, persons with serious mental illness and/or chemical dependency. The HUD 202 financing requires that the residents are elderly or disabled. Income and rents are restricted to 50% Area Median Income (AMI).

Project Feasibility:

The acquisition will transfer the ownership to a new and experienced owner, ensuring the long term viability of this valuable housing resource. The agency has provided financial support to the current owner in the past which has helped this 50 year old development remain safe, decent and sanitary housing for low income households.

The proposal is financially feasible as proposed. The building has the benefit of a HAP contract for 82 of the 150 units. Rents for the remaining units are affordable to the target population. Individuals may have portable Section 8 vouchers, Group Residential Housing (GRH) or other subsidies to assist with the non-contract rents.

The City of St. Paul has committed \$1,000,000 to the project and the developer has reduced its scope of work by approximately \$900,000 by removing a fire suppression system and changing the kitchen rehab concept, along with a few other minor work scope changes. Staff will continue to work with the developer to refine the scope of work as this development moves towards closing in an effort to maximize the long term impact of the rehabilitation.

Development Team Capacity:

Developer / Owner: Community Housing Development Corporation (CHDC) has the necessary capacity to complete the development proposal. CHDC was established in 1991. Their mission is to develop, own and operate affordable housing. To date, CHDC has successfully completed 35 developments with 2,668 units (465 supportive housing units).

Property Management Team: BDC Management was established in 1989 and currently has 49 developments, with a total of 3,457 units. Minnesota Housing has had very good experience with BDC Management over the years.

Physical and Technical Review:

This property is well situated within St. Paul to serve its intended population. This 1960's era building is structurally sound, and well suited to serving its current and intended population. Over the last 5-8 years, the building has been completely re-plumbed; the unitized kitchens were thoroughly refurbished; the roof was replaced; the exterior masonry has been refurbished; the rear parking lot was repaved with drainage enhancements; the original aluminum windows were refurbished; along with multiple other interior fixture and finish replacements and improvements. The applicant proposes to: replace the kitchens and the 40 year old windows. The costs are within the LTH benchmarks. The contractor, Watson Forsberg, has the capacity to complete the proposed scope of work.

Market Feasibility:

This existing development will deem 75 units long-term homeless singles and 20 for those at significant risk of LTH. All 150 units will provide permanent supportive housing for low-income residents. The Certificate of Consistency from the local Continuum of Care indicates that the development is a high priority for their service area. The Wilder Research Statewide Homeless Study indicates a need in the metro area.

Supportive Housing:

The interim service provider for this project is BDC Management. The current and experienced Wilder on-site team will remain in place as employees of BDC Management upon acquisition of the property by the CHDC affiliate. This team includes three full time employee (FTE) resident service coordinators (50 residents: 1 FTE), and two FTE management positions. Additionally, People Incorporated leases space on-site for its APOLLO Program, which focuses on providing resources for people with a mental illness. Residents of the property benefit from this service.

The property has an extensive referral network, including South Metro Human Services, Mental Health Resources, Guild Inc., People Inc., Pathways, Catholic Charities, Ramsey and Dakota Counties and the Union Gospel Mission. Services funding for this property is secure, with the Resident Service Coordinators funded by HUD, Department of Human Services (DHS) Adult Mental Health Department (AMHD) and project operations. As CHDC transitions into the ownership role, they will focus additional time into securing a primary service provider.

DEVELOPMENT COST SUMMARY (estimated):

	<u>Total</u>	<u>Per Unit</u>	<u>Per LTH Unit</u>
Total Development Cost	\$12,056,755	\$80,378	
Gross Construction Cost	\$4,840,730	\$32,272	
 Agency Deferred Loan Sources			
HTF LTH Capital	\$598,568	\$3,990	\$7,981
HTF 501(c)(3) Bonds	\$5,226,222	\$34,841	\$69,683
Total Agency Sources	\$5,824,790	\$38,832	
Total Loan-to-Cost Ratio			48%

Physical and Technical Review:

This property is well situated within St. Paul to serve its intended population. This 1960's era building is structurally sound, and well suited to serving its current and intended population. Over the last 5-8 years, the building has been completely re-plumbed; the unitized kitchens were thoroughly refurbished; the roof was replaced; the exterior masonry has been refurbished; the rear parking lot was repaved with drainage enhancements; the original aluminum windows were refurbished; along with multiple other interior fixture and finish replacements and improvements. The applicant proposes to: replace the kitchens and the 40 year old windows. The costs are within the LTH benchmarks. The contractor, Watson Forsberg, has the capacity to complete the proposed scope of work.

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Supportive Housing:

The interim service provider for this project is BDC Management. The current and experienced Wilder on-site team will remain in place as employees of BDC Management upon acquisition of the property by the CHDC affiliate. This team includes three full time employee (FTE) resident service coordinators (50 residents: 1 FTE), and two FTE management positions. Additionally, People Incorporated leases space on-site for its APOLLO Program, which focuses on providing resources for people with a mental illness. Residents of the property benefit from this service.

The property has an extensive referral network, including South Metro Human Services, Mental Health Resources, Guild Inc., People Inc., Pathways, Catholic Charities, Ramsey and Dakota Counties and the Union Gospel Mission. Services funding for this property is secure, with the Resident Service Coordinators funded by HUD, Department of Human Services (DHS) Adult Mental Health Department (AMHD) and project operations. As CHDC transitions into the ownership role, they will focus additional time into securing a primary service provider.

DEVELOPMENT COST SUMMARY (estimated):

	<u>Total</u>	<u>Per Unit</u>	<u>Per LTH Unit</u>
Total Development Cost	\$12,284,587	\$81,355	
Gross Construction Cost	\$4,840,730	\$32,272	
Agency Deferred Loan Sources			
HTF LTH Capital	\$598,568	\$3,990	\$7,981
HTF 501(c)(3) Bonds	\$5,226,222	\$34,841	\$69,683
Total Agency Sources	\$5,824,790	\$38,832	
Total Loan-to-Cost Ratio		48%	

Other Non-Agency Sources

HUD Flexible Subsidy-existing- deferred	\$1,022,000	\$6,813
MH PARIF-existing- assumption	\$2,681,965	\$17,880
FHLB - existing	\$500,000	\$3,333
St. Paul HRA - 2010 - new	\$1,000,000	\$6,667
HUD Flexible Sub-existing- amortizing	\$1,000,000	\$6,667
HUD 202	\$255,832	\$1,694
Total Non-Agency Sources	\$6,203,965	\$41,360

Other Non-Agency Sources

HUD Flexible Subsidy-existing- deferred	\$1,022,000	\$6,813
MH PARIF-existing- assumption	\$2,681,965	\$17,880
FHLB - existing	\$500,000	\$3,333
St. Paul HRA - 2010 - new	\$1,000,000	\$6,667
HUD Flexible Sub-existing- amortizing	\$1,000,000	\$6,667
HUD 202	\$255,832	\$1,694
Total Non-Agency Sources	\$6,459,797	\$43,059

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

RESOLUTION NO. MHFA 10-

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
HOUSING TRUST FUND (HTF) PROGRAM, 501(c)(3) BONDS**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction and 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:	Redeemers Arms
Sponsor:	Community Housing Development Corporation, Minneapolis (or an affiliated non-profit entity)
Location of Development:	St. Paul
Number of Units:	150
General Contractor:	Watson-Forsberg Company, Minneapolis
Architect:	Roark Kramer Kosowski Design, Minneapolis
Amount of Development Cost:	\$12,028,755
Estimated Amount of HTF/501(c)(3) Mortgage:	\$5,226,222

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such construction and permanent mortgage loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the construction 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;

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

RESOLUTION NO. MHFA 10-

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
HOUSING TRUST FUND (HTF) PROGRAM, 501(c)(3) BONDS**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction and 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:	Redeemers Arms
Sponsor:	Community Housing Development Corporation, Minneapolis (or an affiliated non-profit entity)
Location of Development:	St. Paul
Number of Units:	150
General Contractor:	Watson-Forsberg Company, Minneapolis
Architect:	Roark Kramer Kosowski Design, Minneapolis
Amount of Development Cost:	\$12,284,587
Estimated Amount of HTF/501(c)(3) Mortgage:	\$5,226,222

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such construction and permanent mortgage loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the construction 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 financing on a long-term basis to said applicant from the proceeds from Agency issued tax exempt bonds for the indicated development, upon the following terms and conditions:

1. The amount of the HTF/501(c)(3) loan is \$5,226,222; and
2. The Closing of the HTF/501(c)(3) loan shall be on or before May 31, 2011; and
3. The loan is to be financed on a long-term basis with the proceeds of tax-exempt bonds of the Agency, and the commitment is subject to the ability of the Agency to sell bonds on terms and conditions, and in time and manner acceptable to the Agency; and
4. The interest rate on the HTF/501(c)(3) loan shall be 0 percent per annum; and
5. The term of the HTF/501(c)(3) Mortgage shall be 30 years;
6. Agency staff shall review and approve the Mortgagor; and
7. The Mortgagor shall execute an Agency Mortgage Loan Commitment with terms and conditions embodying the above in form and substance acceptable to Agency staff; and
8. The sponsor, the builder, the architect, 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, to the construction of the development, and to the operation of the development, as Agency staff in their sole discretion deem necessary.

Adopted this 18th day of November, 2010.

CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY

**400 Sibley Street - Suite 300
St. Paul, Minnesota 55101**

RESOLUTION NO. MHFA 10-

**RESOLUTION APPROVING ASSUMPTION SALE
PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF)
PROGRAM**

NOW THEREFORE, BE IT RESOLVED, that the Minnesota Housing Finance Agency (Agency) hereby consents to the sale by Redeemers Arms, a Minnesota non-profit corporation, (Seller), of the property known as Redeemers Arms, located in St. Paul, Minnesota, MHFA Development No. 3065 (the Development), to CHDC Redeemers, LLC, a Minnesota limited liability corporation (Buyer), and the assumption by CHDC Redeemers, LLC of all obligations of the selling mortgagors under the mortgage and accompanying documents with the Agency, contingent upon the following conditions:

1. That the Buyer and Seller enter into an assumption agreement, in form and substance acceptable to the Agency, assuming the existing PARIF subordinate mortgage and any and all additional Agency loans and agreements; and
2. That the Buyer as an owner / management agent for the Development meet the requirements of and be approved by the Agency in accordance with its procedures; and
3. That this assumption approval will expire on May 31, 2011.

Adopted this 18th day of November, 2010.

CHAIRMAN

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

RESOLUTION NO. MHFA 10-
RESOLUTION APPROVING LOAN MODIFICATION
PARIF PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Minnesota Housing) heretofore loaned \$1,500,000 and subsequently an additional \$1,181,965 under the Preservation Affordable Rental Investment Fund (PARIF) program for permanent loan financing for a multifamily rental housing development known as Redeemers Arms in St. Paul, Minnesota, MHFA Development No. 3065 (the Development); and

WHEREAS, CHDC Redeemers, LLC (Proposed Owner) and Agency staff have proposed an agreement to facilitate the continued operation of the Development based on the following terms:

1. Agency staff will modify the terms of the existing PARIF loan documents by:
 - a) extending the loan term to a date that is co-terminus with the new 501(c)(3) loan maturity date and deferring repayment to a date that is co-terminus with the new 501(c)(3) permanent mortgage; and
 - b) requiring the Owner to maintain the current Section 8 Housing Assistance Payment Contract (HAP) for the remaining term and to accept any subsequent project based rental subsidies for a minimum of 82 units for the term of the PARIF loan; and
2. Closing will occur by May 31, 2011 (Loan Modification Expiration Date).

NOW THEREFORE, BE IT RESOLVED:

Contingent upon Minnesota Housing obtaining an agreement by the Owner to remain in the Section 8 Housing Assistance Payment Contract ("HAP") Program, or other project based Housing Assistance programs, or to restrict rents on 82 units (as described herein) for a minimum of 30 years, Minnesota Housing will modify the terms of the existing PARIF loan on the above-described terms and conditions, as long as the closing occurs by May 31, 2011.

Adopted this 18th day of November, 2010.

CHAIRMAN



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800.657.3769 | fax: 651.296.8139 | tty: 651.297.2361 | www.mnhousing.gov
Equal Opportunity Housing and Equal Opportunity Employment

BOARD AGENDA ITEM: 8.A.(9)

DATE: November 18, 2010

ITEM: Low and Moderate Income Rental (LMIR) Program
• Northgate Woods, Blaine – D0233

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:

The Minnesota Housing Board of Directors, at its August 26, 2010 meeting, approved the issuance of a \$3,011,282 LMIR loan commitment with Resolution No. MHFA 10-64, requiring a loan closing no later than February 29, 2012. This expiration date was based on the LMIR loan being processed as an "End Loan" to accommodate an outside lender's construction loan.

Since Board approval the timing of syndication pay-ins has been re-negotiated, and the equity installment that will, along with the LMIR loan proceeds, be used to pay off the construction loan, will now not be funded until the second quarter of 2012. To ensure that the LMIR, along with the equity installment, will be available to pay off the construction lender, staff recommends an extension of the LMIR commitment to June 30, 2012.

FISCAL IMPACT:

Extension of the LMIR commitment will have no fiscal impact.

MEETING AGENCY PRIORITIES:

- Address Foreclosure
- Finance New Affordable Housing Opportunities
- End Long-Term Homelessness
- Increase Emerging Market Homeownership
- Preserve Existing Affordable Housing

ATTACHMENT(S):

- Resolution

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

RESOLUTION NO. MHFA 10-

**RESOLUTION APPROVING MORTGAGE COMMITMENT EXTENSION
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM**

WHEREAS, the Board has heretofore authorized the issuance of a commitment on the development hereinafter named by its Resolution No. MHFA 10-64; and

WHEREAS, it is the desire of the Agency to extend the expiration date to allow for closing of the loan; and

WHEREAS, the application continues 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 the commitment expiration date on the Northgate Woods development (Development No. D0233) to the date indicated below, and hereby confirms the renewal of said commitment, subject to the revisions noted herein:

1. The Commitment Expiration Date: June 30, 2012; and
2. Except for the extended commitment expiration date, all terms and conditions of MHFA Resolution No. 10-64 remain in effect.

Adopted this 18th day of November, 2010

CHAIRMAN



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BOARD AGENDA ITEM: 8.B.(3)

DATE: November 18, 2010

ITEM: 2011-2012 Strategic Plan

CONTACT: Adaire Peterson, (651) 296-3837
adaire.peterson@state.mn.us

Dan Bartholomay, (651) 296-5738
dan.bartholomay@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 Board is requested to approve the Agency's 2011-2012 Strategic Plan.

FISCAL IMPACT:

None. The plan does not allocate specific financial resources.

MEETING AGENCY PRIORITIES:

- Address Foreclosure Finance New Affordable Housing Opportunities
 End Long-Term Homelessness Increase Emerging Market Homeownership
 Preserve Existing Affordable Housing

ATTACHMENT(S):

- Minnesota Housing 2011-2012 Strategic Plan



2011-2012 Strategic Plan

Minnesota Housing 2011-2012 Strategic Plan

Partnering to Provide a Platform for Success

For nearly 40 years Minnesota Housing has built a reputation as one of the most innovative and successful Housing Finance Agencies in the country. By sustaining our successful core business and implementing the strategic goals defined in this plan, we will position the Agency for the future.

This strategic plan was developed during a time of unprecedented challenges and turmoil in the housing and financial markets. We acknowledge that securing scarce resources from the state will only become more challenging and we will continue to leverage our resources with federal, philanthropic and private investments.

The magnitude of these challenges has fueled our resolve. We see great promise in affordable housing that utilizes sustainable design and is located along transit corridors to develop healthier, more affordable neighborhoods with access to jobs and schools. We recognize that housing needs and challenges vary across the state. Our strategies will account for these regional differences as we adapt to better serve our aging and increasingly diverse population.

I am proud to share the new strategic plan with you and I am thankful to the dedicated staff and partners who provided insight and feedback to shape our direction. I look forward to the future as we build vibrant communities that serve as a platform for success for families across Minnesota!



Dan Bartholomay
Commissioner
Minnesota Housing

Our Mission and Our Vision

Our Mission:

Minnesota Housing finances
and advances **affordable** housing
opportunities for low- and moderate-
income Minnesotans to
enhance quality of life and foster
strong **communities**.

Our Vision:

All Minnesotans **live** in
quality **affordable** homes
that **positively** impact **individuals,**
families and **communities**.

Values that Guide Our Work

Leadership: We provide leadership to maximize the impact of our efforts and those of our partners.

Integrity: We are committed to ethical conduct, fairness and accountability.

Sustainability: We deliver long-term results through stewardship of our financial, human and technical resources. We invest in long-term housing that is environmentally sensitive, safe and energy efficient.

Partnership: We depend on strategic alliances founded on trust, respect and mutual purpose.

Innovation: We encourage flexibility and creativity in tackling challenges and strive for continuous improvement.

Impact: We make housing investments that strengthen communities and improve people's lives.

Diversity: We rely on diverse perspectives, experience and backgrounds to achieve better outcomes.

Excellence: We set and achieve high standards and measure our results to ensure high quality.

What We Do

Minnesota Housing is proud of our 40-year record of helping build stronger communities by addressing Minnesota's basic housing needs. The Agency is a leader in a committed alliance of government, private sector, non-profit and faith-based community interests working to affordably house Minnesotans.

Minnesota Housing offers products and services to help Minnesotans buy and fix up homes. We support the development and preservation of affordable rental housing by offering financing and on-going asset management of affordable rental housing. We have pioneered supportive housing models that lay the groundwork for stabilizing the housing, and lives, of our most vulnerable citizens.

The Agency will invest more than \$1.4 billion during 2010-2011 to address affordable housing needs for an estimated 90,000 households across the state.

Minnesota Housing targets assistance to low- and moderate-income Minnesotans using bond sale proceeds, Agency resources, and federal and state appropriated funds. Minnesota Housing offers a continuum of housing-related assistance ranging from below-market interest rate first mortgages for eligible first-time homebuyers to incentives to rental property owners for the construction of new and the preservation of existing affordable housing.

Minnesota Housing has provided new affordable housing opportunities through the financing of first mortgages and entry cost assistance for homebuyers; education, counseling, and training for homebuyers and homeowners; land banking; and federal housing tax credits, permanent financing, and deferred loans to housing sponsors for the development of new affordable rental housing.



Minnesota Housing by the Numbers

40 Years of Excellence in Affordable Housing

Minnesota Housing assisted nearly 78,000 households in 2009.

- \$254 million for nearly 50,000 rental units or tenant households
- \$190 million for more than 28,000 homebuyers or homeowners

To advance affordable housing opportunities, Minnesota Housing:

- Financed the purchase of more than 1,300 existing housing units
- Financed the construction of more than 1,400 new housing units
- Preserved more than 4,800 existing housing units
- Addressed homelessness through rental assistance, capital financing, operating subsidies, and homelessness prevention assistance for more than 14,000 households or housing units
- Addressed foreclosures through financial assistance, education and counseling to more than 16,000 households



Foundations for How We Work

For each strategic priority, we:

- **Focus** everything we do on achieving our mission and our vision.
- **Maximize** our impact and contributions by aligning all of our resources.
- **Execute** our business with a focus on continuous improvement.
- **Set goals** and measure achievement.
- **Empower** staff to take leadership roles to carry out the Agency's mission.
- **Coach and manage** the continued performance improvement of all our employees.
- **Engage** one another and our partners through communication, collaboration and technical assistance; and nurture and promote opportunities for more alignment of resources.
- **Leverage** federal, state, private, and philanthropic resources where appropriate to advance our work.
- **Tailor** our strategies and tactics to address the housing needs and challenges of individual communities throughout the state.
- **Respond** to mission-aligned emergencies and opportunities when they occur.
- **Influence** State and Federal legislative agenda around affordable housing by securing support from the new administration and governmental partners to maximize the positive impact for low- and moderate-income Minnesotans.

Strategic Priorities for 2011-2012

- Preserve existing affordable housing.
- Provide new opportunities for affordable housing.
- Work to prevent and end homelessness.
- Mitigate foreclosure impact through prevention and remediation.
- Build our organizational capacity to excel and achieve our vision.



Strategic Priority: Preserve Existing Affordable Housing.

Action Steps:

- Complete a statewide assessment of preservation needs using Preservation Plus and community profile data.
- Create a statewide plan to preserve affordable homeownership and rental housing. This plan will include preservation priorities, market segmentation and targeted communities.
- Build a plan to maintain and strengthen partnerships to increase alignment of resources for preservation.
- Inventory all possible funding sources and financing tools and develop recommendations to use those that are feasible and effective.
- Identify and address regulations that would provide substantial relief if waived, modified or repealed.
- Identify ways that preservation and rehabilitation activities can adapt existing housing to meet future needs.



Strategic Priority: Provide New Opportunities for Affordable Housing.

Action Steps:

- Conduct a statewide assessment of renter and homebuyer needs to define and identify high-need and high-impact areas within the state.
- Create a statewide plan to increase the stock of affordable rental housing. This plan will address high-need and high-impact communities, market segmentation, transit oriented development and energy conservation.
- Refine policies and programs to promote sustainable housing and transit oriented development.
- Create a plan to improve service to customers and partners who develop and manage affordable housing.
- Increase homeownership opportunities for emerging markets through targeted marketing.
- Research and explore the feasibility of developing home mortgage options for transit-oriented development and energy efficiency.
- Develop a policy and plan to meet the housing needs of seniors.
- Identify and address regulations that would provide substantial relief if waived, modified or repealed.



Strategic Priority: Work to Prevent and End Homelessness.

Action Steps:

- Determine adjustments to the Business Plan to End Long-Term Homelessness.
- Strive to maintain existing level of supportive housing opportunities for long-term homeless and analyze the feasibility of making additional investments.
- Prepare a contingency plan for potential reductions in available rental assistance funding.
- Define our roles and responsibilities relative to our partners' for implementing the State Roadmap to End Homelessness.
- Continue policies to ensure a percentage of tax credit units are reserved for long-term homeless.
- Build on best practices to support efficient and effective use of prevention resources.



Strategic Priority: Mitigate Foreclosure Impact through Prevention and Remediation.

Action Steps:

- Continue to assess the overall foreclosure crisis.
- Maintain and strengthen partnerships with the Minnesota Foreclosure Partners Council and others committed to mitigating foreclosure impact.
- Target mitigation resources to impact highly distressed areas.
- Define and support the appropriate level and duration of involvement with the network of foreclosure prevention counselors.
- Continue to regularly assess our loan portfolio foreclosure risk.
- Minimize portfolio losses through aggressive management and workouts to prevent loan foreclosures.
- Investigate new financing tools that may prevent foreclosures.



Strategic Priority: Build our Organizational Capacity to Excel and Achieve our Vision.

Action Steps:

- Identify and prioritize opportunities to increase revenue either from new sources or by improving the efficiencies and effectiveness of existing activities.
- Develop and implement comprehensive risk management policies and procedures.
- Develop and implement a comprehensive talent management strategy and plan.
- Maximize our investments through alignment of all efforts and resources with the Agency's strategic plan.
- Create a plan to improve service to customers and partners who develop and manage affordable housing.



Minnesota Housing Board Members

Michael Finch, Chair

Marina Muñoz Lyon, Vice Chair

Gloria Bostrom

Lee Himle

Joe Johnson

Rebecca Otto, State Auditor

Barbara Sanderson

Our Strategic Priorities:

Preserve existing affordable housing.
Provide new opportunities
for affordable housing.
Work to prevent and end homelessness.
Mitigate foreclosure impact through
prevention and remediation.
Build our organizational capacity to excel
and achieve our vision.



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BOARD AGENDA ITEM: 8.C.(1)

DATE: November 18, 2010

ITEM: Mortgage Revenue Bond Program Procedural Manual, MBS and HOME Homeowner Entry Loan Program (HOME HELP) Procedural Manual

CONTACT: Kimberly Stuart, 651-296-9959
kim.stuart@state.mn.us

REQUEST:

Approval Information Discussion

TYPE(S):

Administrative Commitment(s) Modification/Change Policy

Selection(s) Waiver(s) Other: _____

ACTION:

Motion Resolution No Action Required

SUMMARY REQUEST:

Approve the following program policy and manual changes to the Mortgage Loan Program Procedural Manual, MBS and HOME Homeowner Entry Loan Program (HELP) Procedural Manual.

FISCAL IMPACT:

An analysis of Affordable Housing Plan entry cost assistance (HAF and HOME HELP) resources indicates the current budget supports the changes. In addition, the changes support the use of MRB first mortgage resources under MMP and CASA.

MEETING AGENCY PRIORITIES:

Address Foreclosure Finance New Affordable Housing Opportunities

End Long-Term Homelessness Increase Emerging Market Homeownership

Preserve Existing Affordable Housing

ATTACHMENT:

Background

BACKGROUND:

The Minnesota Mortgage Program (MMP) provides first time homebuyers statewide access to affordable fixed rate first mortgage financing. The Community Activity Set Aside (CASA) Program supports community based initiative with affordable fixed rate financing and entry cost assistance. CASA initiatives target marketing towards emerging markets, single-headed households, and workforce housing including foreclosure remediation.

The Homeownership Assistance Fund (HAF) and HOME HELP provide the entry cost assistance used to assist borrowers in paying downpayment and closing costs. Borrowers with guidance from their lender choose between Homeownership Assistance Fund (HAF) and HOME HELP based on eligibility for the program and level of need. Under CASA, currently HAF provides a maximum of \$5,000 in assistance and HOME HELP provides a maximum of \$7,000.

Discussion of Assistance Amounts

Staff brought changes to the August, 2010 Board that decreased the maximum amount of HOME HELP assistance from \$10,000 to \$7,000. This change led to an imbalance in the usage of the two entry cost assistance programs. Prior to the change in HOME HELP assistance, HAF supported 60% of CASA borrowers and HOME HELP supported 40%. After the change, staff estimates that HAF currently supports 80% of CASA borrowers and HOME HELP supports 20%. This level of HAF usage is not anticipated under the Affordable Housing Plan (AHP).

HAF and HOME HELP are not direct substitutes. HOME HELP requires non-industry standard processes, an eligibility housing ratio test, lower income limits, lower house price limits, a Housing Quality Standards property inspection, a compliance review prior to loan purchase, and lead assessment/remediation. As a result, less than half of the lenders who offer HAF offer HOME HELP.

Staff polled HOME HELP lenders to gain more information on the program changes. Lenders confirmed that the current \$2,000 difference between HAF and HOME HELP was insufficient to incent them to offer the more difficult HOME HELP program. Staff recommends decreasing HAF to \$4,500 and increasing HOME HELP to \$8,500 in order to restore balance to fund usage between the programs.

Discussion of HOME HELP Eligibility Ratio

The eligibility ratio under the HOME HELP program was established in 2008 during very different market and credit underwriting conditions. Homebuyer housing ratios well above 30% were common. In an effort to target entry cost assistance to borrowers who appeared to need them the most and meet the HOME required for a needs based test, the program incorporated a minimum housing ratio of 30% as an eligibility criteria.

Market and credit underwriting criteria have changed dramatically. Staff analyzed the housing ratios under HAF, which does not have an eligibility ratio, and HOME HELP, which restricts the housing ratio to a minimum of 30%. Under HAF, the mean, median and mode housing ratio is 30%. Under HOME HELP, the mean and median are 36% and the mode 35%.

The Agency reaches lower income borrowers with multiple barriers to homeownership through the HOME HELP program. The 30% minimum housing ratio eligibility requirement appears to artificially increase the median housing ratio in the program for a group of borrowers less likely to succeed with higher ratios. This indicates a need to lower the eligibility ratio under HOME HELP. Staff recommends lowering the ratio to 25%, which should result in a median housing ration similar to HAF and reflective of current market conditions and conservative credit underwriting criteria. The decrease will also support the success of the homebuyers.

Discussion of FHA Streamlined 203 K

The Federal Housing Administration (FHA) offers a loan product, 203 Streamlined K Limited Repair Program (FHA 203KS), to facilitate uncomplicated rehabilitation and/or improvements to homes for which plans, consultants, and/or architects are not required. Staff incorporated a limit of \$15,000 in repair funds to ensure compatibility with mortgage revenue bond requirements and the Agency added the FHA 203KS product to the CASA program in 2008. This was done to support foreclosure remediation, provide FHA 203KS borrowers access to the lowest rate and provide staff the greatest ability to report on the activity. Since 2008, lenders have originated 42 loans for \$4.8 million in production.

Since 2008, the staff has restructured program interest rates and now provides MMP borrowers with the lowest rate. In addition, the Agency has gained expanded reporting ability from our master servicer. In order to provide FHA 203KS borrowers access to the Minnesota Housing program that best meets their needs, staff recommends allows the product under either CASA or MMP.



Mortgage Loan Program
Procedural Manual: MBS

December 1, 2010

Deleted: September 24

Chapter 4 – Loan Eligibility

4.01 Eligible Loans

The Master Servicer purchases closed loans from Lenders under contract in Minnesota Housing mortgage loan programs. The Lender must warrant that the following criteria have been met for each loan submitted for purchase.

- Eligible loan products include:
 - Conventional loan products underwritten to My Community Mortgage, Affordable Advantage, or Home Possible;
 - Fannie Mae Expanded Approval Level 1 loans sold to the Master Servicer may be originated only under the CASA program.
 - Affordable Advantage loans may be originated only under the Minnesota Mortgage Program and only by participating lenders that have fully executed the First Supplement to the Participation Agreement.
 - FHA;
 - ~~FHA 203K Streamlined loans may be originated under the MMP and/or the CASA Program.~~
 - FHA 203K Streamlined loans:
 - Maximum repair limit of \$15,000.00; and,
 - Lender must use the Mortgage Loan Program FHA Streamlined 203K Appliance Form if appliances are included in the transaction.
 - Lender must complete US Bank Home Mortgage MRBP Rehabilitation Loan Program Lender Approval Form.
- VA; and,
- RD.
- Housing Choice Voucher loans may be originated only under the CASA Program. All local, state and federal laws and regulations including those relating to affirmative action, fair housing, equal opportunity, truth-in-lending and wrongful discrimination in residential housing have been met;
- Minnesota Housing First-Time Homebuyer, program income and property acquisition requirements have been met; and
- The loan must be originated and closed in, or assigned to, the name of the Lender that is a party to the Participation Agreement and that has gained an Individual Commitment of funds from Minnesota Housing via the HDS SF Web Application.

Deleted: only

4.02 New Construction Requirements

In addition to the loan eligibility requirements already stated in this Procedural Manual, a New Construction property must meet the following requirements:

Deleted: 9/24/2010

Chapter 5 – Special Assistance Programs

5.01 Community Activity Set Aside Program

CASA loans must meet the loan requirements of the Minnesota Mortgage Program and the requirements of the CASA Initiative.

All CASA borrowers must provide proof of completion of Qualified Homebuyer Education².

In addition to the loan terms available under MMP, CASA also allows:

- Expanded Approval® Loans (Levels I per Fannie Mae product guidelines);
- ~~FHA 203K Streamlined loans:~~
 - ~~Maximum repair limit of \$15,000.00; and,~~
 - ~~Lender must use the Mortgage Loan Program FHA Streamlined 203K Appliance Form if appliances are included in the transaction.~~
- Housing Choice Voucher loans.

Lender is responsible to determine that an individual Borrower meets the CASA Initiative's requirements.

5.02 Housing Choice Voucher (HCV) Homeownership Program

The HCV Homeownership Program allows HUD Section 8 recipients to use their voucher subsidy to meet monthly homeownership expenses.

Minnesota Housing allows the combination of the HCV subsidy with loans sold to the Master Servicer only under the CASA program.

Lenders originating loans with a HCV subsidy must service the loans prior to purchase by the Master Servicer in compliance with this Procedural Manual. This involves collecting a portion of the monthly payment from the borrower and a portion of the monthly payment from the public housing authority. HCV recipients are eligible to receive HAF ECA.

5.03 Homeownership Assistance Fund

HAF is available only in conjunction with a first mortgage loan purchased by the Master Servicer under a Minnesota Housing Mortgage Revenue Bond program.

HAF is not available on Affordable Advantage loans.

² This requirement is satisfied when at least one borrower in the household submits a certificate of completion

The HAF program provides assistance up to a maximum of \$3,000 for MMP Borrowers and ~~\$5,000~~ for CASA Borrowers in an interest free, deferred loan. Entry Cost Assistance (ECA) is available in increments of \$1,000 up to the Program maximum to pay for eligible entry cost expenses, including down payment, and other customary and normal buyer closing costs.

Inserted: 4,500

5.04 HAF Borrower Eligibility

The Borrower must meet at least one of the following criteria:

- Be purchasing a home in an MMP Spotlight Area (see MMP Spotlight Areas in the Resources section of the Minnesota Housing Mortgage Loan Program Forms webpage). A home in an MMP Spotlight area is located in either:
 - A Low-Income Census Tract; or,
 - A High Need Zip Code;
- Earn less than 60% of area median income tiered by household size (see HAF Income Limits on Minnesota Housing's website); or,
- The first mortgage is sold to the Master Servicer under the CASA program.

Minimum Credit Score:

- If the Borrower(s) have a credit score, the credit score the Lender's underwriter uses to underwrite the loan must be at least 620;
- If no Borrower(s) have credit scores, alternative credit suggesting a prudent a underwriting risk must be developed; and,
- If one Borrower has a credit score of at least 620 but the other Borrower(s) does not have a credit score, the question of whether alternative credit must be developed for the Borrower(s) without a score is deferred to the underlying loan product guidelines.

Cash Investment: A minimum cash investment of \$1,000, including prepaids, is required. The cash investment must come from the Borrower's assets and may not be a gift, grant, or sweat equity contribution.

Asset Limit: A Borrower's liquid assets after closing are limited to the greater of six months principal, interest, taxes, and insurance or \$5,000.

5.05 HAF Loan Requirements

- A Borrower may receive cash back at closing only when the cash back represents a refund of the Borrower's investment (reflected on HUD-1 as paid outside of closing) and the first mortgage product and insurer/guarantor allows the replenishment/reimbursement/refund.
- HAF loans may be combined only with Minnesota Housing First-Time Homebuyer loan products with a 30-year term.

Inserted: 12/01/2010

Forms List

Acquisition Cost Worksheet - optional
Borrower Affidavit
FHA Streamlined 203K Appliance Form³
HAF Mortgage, if applicable
HAF Note, if applicable
Income Eligibility Calculation Worksheet - optional
Mortgage Deed Amendment

- Conventional/RD;
- FHA; or,
- VA

Notice to Buyers FHA
Notice to Veteran and Consent
Property Seller Affidavit
Subsidy Recapture Disclosure Statement

Forms List

³ Applicable only for FHA Streamlined 203K loans

Deleted: 9/24/2010



HOME Homeowner
Entry Loan Program
Procedural Manual

December 1, 2010

Deleted: August 26,

be completed no earlier than 6 months prior to the purchase of the eligible property.

Income derived from certain assets must also be included in the income calculation (see link to Minnesota Housing Part 5 Income Determination on Minnesota Housing's HOME HELP Loan Program Forms page).

Note: When CASA or HOME HELP income limits differ, the lower limit must be applied.

2.11 Housing Ratios

Borrower must exceed a 25% housing ratio to qualify for HOME HELP assistance.

Deleted: 30%

2.12 Loans to Employees and Affiliated Parties

Lender may make Minnesota Housing loans to their directors, officers, agents, consultants, employees and/or their families, elected or appointed officials of the State of Minnesota as well as to Minnesota Housing employees and/or their families who are not in a position to participate in a decision making process or gain inside information with regard to the loan. The Borrower must meet all eligibility criteria for the HOME HELP Program.

Deleted: 08/26/2010

Chapter 4 - Loan Eligibility

Chapter 4

4.01 Eligible Loans

Minnesota Housing purchases closed loans from Sellers under the HOME HELP Program if the loan satisfies all the requirements for:

- Funding with federal HOME dollars; and,
- This Procedural Manual.

4.02 Interest Rate/Amortization Requirements

HOME HELP is an interest-free, deferred loan.

4.03 Maximum Loan Amount

The maximum loan amount available through the HOME HELP Program is ~~\$8,500.~~

Deleted: 7,000

4.04 Mortgage Term

The HOME HELP assistance loan is coterminous with the first mortgage.

The principal amount, as described in the Mortgage Note, of the loan for six (6) years after the date of the Mortgage Note shall be one hundred percent (100%) of the amount borrowed. The principal amount shall be reduced to thirty percent (30%) of the amount borrowed after the sixth anniversary of the Mortgage Note. The principal amount must immediately be paid in full if the Borrower is in default under the HOME HELP Mortgage or HOME HELP Mortgage Note.

4.05 Environmental Standards

Coastal Barrier

Pursuant to the Coastal Barrier Resources Act, as amended by the Coastal Barrier Improvement Act of 1990 (16 U.S.C. 3501) *HUD assistance may not be used for most activities proposed in the Coastal Barrier Resources System.* Therefore, the Minnesota Housing HOME HELP Program may not be used in conjunction with any loan for the purchase/construction of a primary residence located in the area defined by the map on the website.

Deleted: 08/26/2010

Runway Clear Zones

Minnesota Housing, pursuant to 24 CFR, Part 51 requires the Seller to procure a written statement from the Borrower acknowledging receipt of disclosure of the following:

- That the property is located in a Runway Clear Zone;
- The implications of such a location; and,
- That there is a possibility that the property may be acquired by the airport operator at a later date.

Note: Please see the map of Minnesota's one coastal barrier, maps of Minnesota's Runway Clear Zones as well as the HOME HELP Environmental Worksheet located on the Minnesota Housing website.

4.06 Junior Liens/Community Seconds

If a Borrower receives Minnesota Housing HOME HELP assistance and additional federal HOME funds are included in the transaction, the following restrictions apply:

- The total HOME HELP funds may not exceed ~~\$8,500~~;
- The total amount of HOME HELP funds, ADDI funds and other HOME dollars from all sources in any transaction may not exceed \$10,000; and,
- HAF funds may not be used in conjunction with HOME HELP funds.

Deleted: 7,000

4.07 Repurchase of Loans

Minnesota Housing may, at its option tender any loans to the Seller for repurchase if:

- Any representation or warranty of the Seller or the Borrower with respect to the loan is determined by Minnesota Housing to be materially incorrect;
- The loan is not in compliance with any term or condition set forth in the Agreement and this Procedural Manual.

Upon written notice of repurchase by Minnesota Housing, Seller has ten (10) business days to submit payment to Minnesota Housing for the unpaid principal balance, the lender premium and any other expenses incurred, including legal fees and costs. This requirement applies if the loan is current, delinquent, or in any stage of foreclosure or post foreclosure. Failure to comply with this requirement may result in the termination, suspension, or otherwise limit the Seller's Agreement with Minnesota Housing.



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Equal Opportunity Housing and Equal Opportunity Employment

BOARD AGENDA ITEM: 8.D.(1)

DATE: November 18, 2010

ITEM: Preservation Affordable Rental Investment Fund (PARIF) Program
• Apple Valley Villa, Apple Valley – D3217A

CONTACT: Julie LaSota 651-296-9827
Julie.lasota@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:

Approve a Resolution approving modifications to an existing loan funded under the Preservation Affordable Rental Investment Fund (PARIF) program to facilitate the refinance and preservation of a federally assisted development.

FISCAL IMPACT:

The PARIF program is funded through state appropriations. The modification to extend the maturity date of this loan delays repayment of these funds but serves a beneficial purpose as described in the background section of this report.

MEETING AGENCY PRIORITIES:

- Address Foreclosure
- Finance New Affordable Housing Opportunities
- End Long-Term Homelessness
- Increase Emerging Market Homeownership
- Preserve Existing Affordable Housing

Addressing the financing needs of this suburban housing development that is close to services and transportation has allowed it to continue to serve low income seniors well into the future at a cost much lower than new construction. The investment of \$800,000 in state resources into this development has helped to preserve 72 units of Section 8 for the long term and leverage a present value of \$9.7 million in future federal subsidies.

ATTACHMENT:

- Background
- Resolution

BACKGROUND:

The Minnesota Housing Board, at its December 15, 2005 Meeting approved a commitment of funding under the Preservation Affordable Rental Investment Fund (PARIF) program in the amount of \$800,000 to assist Augustana Home of Maple Plain in its acquisition and preservation of Apple Valley Villa, a 208 unit senior development that has the benefit of project based Section 8 on 72 of the units.

Apple Valley Villa Apartments formerly known as Augustana Home of Maple Plain, is in the process of refinancing the underlying financing on this development. The purpose of the refinance is to reduce operating costs by lowering debt service payments and to also make needed capital improvements to the property, including, unit upgrades, common area lighting upgrades, front lobby remodel/redecorate, central HVAC equipment replacement and replacement of some commercial kitchen equipment.

The new financing is being provided through a HUD insured Section 223a7 loan product. To comply with HUD's requirements, all subordinate debt must be at least coterminous with the HUD insured first mortgage. The current PARIF loan has a maturity date of March 10, 2036. The new HUD insured mortgage will have a 30 year term. Staff is requesting approval to modify the maturity date of the PARIF loan to be coterminous with the new debt. Approving this request will also extend the owner's commitment to remain in the Section 8 program.

MINNESOTA HOUSING FINANCE AGENCY

400 Sibley Street - Suite 300

St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 10-

**RESOLUTION APPROVING LOAN MODIFICATION
PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF)
PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Agency) heretofore loaned \$800,000 for permanent financing for a multifamily rental housing development known as Apple Valley Villa in Apple Valley, Minnesota, MHFA Development No. 3217A (Development); and

WHEREAS, Apple Valley Villa Apartments, a Minnesota non-profit corporation formerly known as Augustana Home of Maple Plain, (Owner) has requested that the Agency agree to an extension of the Maturity Date of the PARIF loan to facilitate the refinance and rehabilitation of the development, based on the following terms:

1. The Maturity Date of the PARIF loan will be extended to a date that is coterminous with the HUD insured first mortgage; the estimated new maturity date is January 1, 2041; and
2. The mortgagor and such other parties as the Agency in its sole discretion deem necessary shall execute all such documents relating to said loan and to the operation of the development, as the Agency in its sole discretion deem necessary.
3. Closing will occur by March 31, 2011.

NOW, THEREFORE, BE IT RESOLVED:

The Agency will modify the terms of the existing PARIF loan by increasing the term from 30 years to approximately 34 years (to a date that is coterminous with the new HUD insured first mortgage) and the closing is to occur by March 31, 2011.

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

Adopted this 18th day of November, 2010.

CHAIRMAN



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Equal Opportunity Housing and Equal Opportunity Employment

BOARD AGENDA ITEM: 8.D.(2)

DATE: November 18, 2010

ITEM: Lyndale Green, Minneapolis - D6368

CONTACT: Karen Hassan, (651) 284-3180
Karen.hassan@state.mn.us

REQUEST:

Approval Information Discussion

TYPE(S):

Administrative Commitment(s) Modification/Change Policy

Selection(s) Waiver(s) Other:

ACTION:

Motion Resolution No Action Required

SUMMARY INFORMATION:

The Minnesota Housing Finance Agency (Agency) Board, at its September 23, 2010, meeting, approved resolutions authorizing the issuance of new tax-exempt bond financed LMIR and LMIR bridge loan commitments and an FFCC loan commitment for the Lyndale Green development.

The September 23, 2010, Board report cited the Agency's Mortgage Credit Committee's original requirement that the bridge loan, intended to bridge syndication proceeds, be fully secured by an unconditional letter of credit.

Due to the burden imposed on the developer to provide an unconditional letter of credit, the Agency's Mortgage Credit Committee re-evaluated its original decision and approved the following protections in lieu of the bridge loan being fully secured by an unconditional letter of credit:

- Letter of credit covering the limited partner's capital contribution.
- Payment and Performance Bonds in the amount of the construction contract.
- Assignment of Construction Contract to Minnesota Housing.
- Guaranty by the developer's principals of the principal and interest owed on the bridge loan.

FISCAL IMPACT:

Not applicable to this informational report.

MEETING AGENCY PRIORITIES:

- Address Foreclosure
- Finance New Affordable Housing Opportunities
- End Long-Term Homelessness
- Increase Emerging Market Homeownership
- Preserve Existing Affordable Housing

ATTACHMENT(S):

None.



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BOARD AGENDA ITEM: 9.A

DATE: November 18, 2010

ITEM: Partner Update - Greater Minnesota Housing Fund

CONTACT: Dan Bartholomay, 651-296-2172
dan.bartholomay@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:

Warren Hanson, CEO of the Greater Minnesota Housing Fund will provide to the Board information regarding the organization and their activities.

FISCAL IMPACT:

None.

MEETING AGENCY PRIORITIES:

Address Foreclosure Finance New Affordable Housing Opportunities

End Long-Term Homelessness Increase Emerging Market Homeownership

Preserve Existing Affordable Housing

ATTACHMENT(S):

None.