Multifamily Financing Summary

An overview of opportunities for your next project
Creating, Preserving and Financing Housing That is Affordable

Minnesota Housing is active across the entire affordable rental housing continuum, from working to prevent and end homelessness to serving low- and moderate-income rental households.

We offer an array of competitive financing options to our customers, who include for profit and nonprofit developers and multifamily building owners throughout the state.

With assets totaling $4.8 billion, a superior credit rating and more than 45 years of experience, we have the financial strength and knowledge to meet your financing needs.

$3.1 billion  
2020-21 Estimated Program Budget

$180.5 million  
State Appropriations FY2020-21

$428.3 million  
Federal Resources FY2020-21

AA+/Aa1  
Credit Rating

$4.8 billion  
Total Assets
Financing Opportunities

Minnesota Housing offers a variety of financing products and deferred loans for rental properties in Minnesota as well as grant funding for efforts that advance the agency’s priority of preventing and ending homelessness.

Financing is available on a year round basis and/or through the Consolidated Request for Proposals (RFP)/Housing Tax Credits (HTC) Round 1 and the Housing Tax Credits Round 2. Grant funding is typically available on a biennial basis through competitive RFP processes.

The Consolidated RFP/HTC Round 1, offered once per year, consolidates and coordinates multiple housing resources into one application process. Funding partners include the Metropolitan Council, and Greater Minnesota Housing Fund.

Materials for the Consolidated RFP/HTC Round 1 are published in April. More information can be found on the Minnesota Housing website.

Technical Assistance

All applicants are encouraged to seek technical assistance from Minnesota Housing before developing an application. Please contact TechnicalAssistanceRequest.mhfa@state.mn.us and you will be connected with a staff person.

Additional Resources

Visit www.mnhousing.gov and click on the Multifamily Rental Partners page for more information regarding:

- Rent and income limits
- Application materials
- Program guides and manuals
- Underwriting Standards
- Housing Tax Credit Qualified Allocation Plan
FHA/HUD Section 223(f): Acquisition and Refinancing

- **Term:** Maximum of 35 years, fully amortizing
- **Interest Rate:** Fixed for term of loan, determined by market conditions at time of rate lock
- **Availability:** Applications accepted throughout the year

Funds may be used for acquisition, refinance or moderate rehabilitation of multifamily rental housing. Eligible properties include existing multifamily rental apartments with at least five rental units; market rate, moderate-income or subsidized rents. Project must be constructed or substantially rehabilitated more than three years prior to date of application for mortgage insurance.

FHA/HUD Section 221(d)(4): Construction or Substantial Rehabilitation

- **Term:** Up to 36 month construction period plus 40 years (fully amortizing with interest only payable during construction period)
- **Interest Rate:** Fixed for term of loan, including construction period, determined by market conditions at time of rate lock
- **Availability:** Applications accepted throughout the year

Funds may be used for new construction or substantial rehabilitation of multifamily rental housing. Eligible properties include market rate, low-to moderate income and subsidized multifamily properties.
Low and Moderate Income Rental Program (LMIR) and Flexible Financing for Capital Costs (FFCC) Program

- **Term**: Maximum of 40 years, fully amortizing
- **Interest Rate**: Fixed for the full term of the LMIR loan
- **Availability**: Applications accepted throughout the year and through the annual RFP process

Funds may be used for the refinance, acquisition, rehabilitation or new construction/conversion of rental apartment buildings that house low- and moderate-income Minnesotans. Selection criteria are included in Minnesota Housing guides and manuals on our website.

FFCC is a deferred loan at low or no interest, available only in conjunction with LMIR first mortgage loans.

**HUD Risk-share Streamlined Refinance**

- **Term**: Up to 12 years beyond remaining term of existing Risk-share mortgage; not to exceed the original term of the original loan; not to exceed 75 percent remaining economic life
- **Interest Rate**: Will be published for each calendar quarter. Upon receipt of a signed loan application, interest rate will be held for six months to allow for loan closing. Final interest rate will be fixed for full term of the loan.
- **Availability**: Applications accepted throughout the year

Funds may be used to refinance existing Risk-share loans and for first mortgage fixed-rate amortizing debt for affordable multifamily housing. Properties must have an existing Risk-share loan through Minnesota Housing.
Low-Income Housing Tax Credit Program (LIHTC)

- **Term:** 15-year compliance period and an additional extended use period from 15 to 25 years
- **Interest Rate:** N/A
- **Availability for 9% credits:** Applications accepted only through Consolidated RFP and Supplemental Round 2
- **Availability for 4% credits:** Applications accepted throughout the year in conjunction with tax-exempt volume limited bonds

The Low Income Housing Tax Credit is a federal income tax credit awarded to owners and then sold to investors to generate capital for construction or acquisition with substantial rehabilitation of eligible rental housing.

Applicants must meet the priorities of Minnesota Housing’s Housing Tax Credit (HTC) Qualified Allocation Plan (QAP). Visit www.mnhousing.gov to view the QAP.

HOUSING INFRASTRUCTURE BONDS

Housing Infrastructure Bonds (HIB)

- **Term:** Typically 30 years
- **Interest Rate:** Generally zero percent unless a higher rate is necessary to allow the funding source to be used with other sources, such as housing tax credits
- **Availability:** Applications accepted through the annual RFP process

HIBs are limited obligation tax-exempt bonds issued by Minnesota Housing and authorized by state appropriations. Bond proceeds may be used to fund loans for:

- Construction or rehabilitation of permanent supportive housing for individuals and families without a permanent residence and people with behavioral health needs
- Construction or rehabilitation of senior housing
- Rehabilitation of federally assisted rental housing
Economic Development and Housing Challenge Program (EDHC)

- **Term**: Typically 30 years
- **Interest Rate**: Generally zero percent unless a higher rate is necessary to allow the funding source to be used with other sources, such as housing tax credits
- **Availability**: Applications accepted through the annual RFP process

Funds may be used for construction, acquisition and rehabilitation of permanent rental housing that supports economic development and redevelopment activities, job creation or job preservation within a community or region by meeting locally identified housing needs.

HOME Investment Partnerships (HOME) Program

- **Term**: 30 years
- **Interest Rate**: Zero percent
- **Availability**: Applications accepted throughout the year and during the annual RFP process

Funds may be used for rehabilitation or acquisition and rehabilitation of federally assisted multifamily rental housing.

Preservation Affordable Rental Investment Fund (PARIF)

- **Term**: Deferred up to 30 years
- **Interest Rate**: Generally zero percent unless a higher rate is necessary to allow the funding source to be used with other sources, such as housing tax credits
- **Availability**: Applications accepted throughout the year and during the annual RFP process

Funds may be used to preserve at risk project-based federally subsidized developments or existing supportive housing developments. Funds may be used for acquisition, rehabilitation and debt restructuring. Funds may also be used for limited equity takeout in conjunction with a high priority federally subsidized preservation effort.
Publicly Owned Housing Program (POHP)

- **Term:** 20 years
- **Interest Rate:** Zero percent interest deferred loan forgiven after 20 years, if no event of default. Applicant is required to continue to own and operate the development for a public purpose until the property is sold in conformance with program requirements.
- **Availability:** Applications accepted through a stand-alone RFP process

Funds may be used for rehabilitation of public housing developments owned by a local unit of government, particularly to address health, safety, and conservation issues of a capital nature.

Rental Rehabilitation Deferred Loan Pilot Program (RRDL)

- **Term:** Up to 30 years, depending on loan amount
- **Interest Rate:** Zero percent
- **Availability:** Applications must be submitted directly to Minnesota Housing

Funds may be used for moderate rehabilitation of existing small or midsize rental housing in Greater Minnesota. The goal is to preserve affordability and provide low- and moderate-income households with access to decent housing that is convenient to jobs, transportation and essential services.

National Housing Trust Fund (NHTF) Program

- **Term:** 30 years
- **Interest Rate:** Generally zero percent unless a higher rate is necessary to allow a funding source to be used with other sources, such as housing tax credits
- **Availability:** Applications accepted throughout the year and during the annual RFP process

Funds may be used to increase or preserve the supply of multifamily rental housing for extremely low-income families. This program provides funding to add a supply of affordable housing to markets where there is strong evidence of an inadequate supply. Up to one-third of NHTF funding may also be used for operating assistance for eligible costs.
Workforce Housing Development Program

- **Term:** Depends on grant funding or deferred loan selection
- **Interest Rate:** Zero percent
- **Availability:** Applications accepted through a stand-alone RFP process

This competitive funding program targets small to mid-size cities in Greater Minnesota with rental workforce housing needs. Grant funds or deferred loans are available to build market rate residential rental properties in communities with proven job growth and demand for housing that is affordable to the local workforce.

Family Homeless Prevention and Assistance Program (FHPAP)

- **Term:** Two-year grant cycles
- **Interest Rate:** N/A
- **Availability:** Applications accepted through a competitive RFP issued every two years in January

Funds may be used for direct assistance (rent, utilities and other expenses) or services (housing search, support services, case management, independent living skills or other services) to households who are 200 percent or below the family poverty guidelines and homeless or at imminent risk of homelessness.

Additional Grant Programs

- Housing Trust Fund Rental Assistance
- Bridges Rental Assistance
- Housing Opportunities for Persons with AIDS (HOPWA) Rental Assistance
- Operating Subsidy
- Homework Starts with Home
- Section 811
Minnesota Housing is a trusted state agency. We believe that housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable. Whether you’re an experienced developer or new to affordable housing, we’ve got you covered. Learn more at www.mnhousing.gov.