

# DEFERRED LOANS

## HOME Investment Partnerships (HOME) Program

### Program Overview

Minnesota Housing's goal under the HOME Program is to preserve the supply of decent, safe and sanitary affordable housing for low-income individuals and families. The HOME Program provides financing for the rehabilitation or acquisition and rehabilitation of federally assisted multifamily rental housing. Minnesota Housing gives priority in its Consolidated Request for Proposals (RFP) to developments faced with the risk of opt-out from federally subsidized programs (e.g., Section 8). Funding can also be provided for stabilization of existing non-federally assisted developments and new construction.

### Application Process

Applications accepted through the annual RFP process and throughout the year, should resources be available.

### Lending Terms

<b>Eligible Properties:</b>	Multifamily rental housing that can conform to the federal requirements of the HOME Program, including rent and income limits, for the term of the affordability period. Priority is given to federally assisted developments at risk of opt-out; funding can also be provided for stabilization of existing non-federally assisted projects and new construction.
<b>Loan Purpose:</b>	New construction, rehabilitation or acquisition and rehabilitation of multifamily rental housing.
<b>Loan Parameters:</b>	Funds will be made available as a zero percent loan, with payment deferred for 30 years. Loan terms may be adjusted based on requirements and conditions of the federal assistance or other funding sources. Rent and income restrictions apply for the term of affordability, which is determined by the amount of HOME funds and the number of HOME assisted units.
<b>Term and Amortization:</b>	Deferred 30 years.
<b>Borrower:</b>	A for-profit entity; 501(c)(3) nonprofit entity (including Community Housing Development Organizations [CHDO]); government unit (excluding the federal government); or religious organization. The owner must provide evidence of a qualifying interest in the property with such interest recorded and appearing in the records of the county. Properties owned by a trust are not eligible to apply for HOME funds. The minimum qualifying interest is a 100 percent fee simple interest, which may be subject to a mortgage.
<b>Recourse:</b>	Full recourse.
<b>Interest Rate:</b>	Zero percent unless other funds, such as tax credits, require an interest rate.
<b>Prepayment and Assumption:</b>	Negotiable; the rent and income restrictions will remain in effect for the term of affordability regardless if the loan is paid in full or an assumption is allowed.

<b>Davis Bacon and Related Acts:</b>	Applies if the property has 12 or more HOME assisted units.
<b>Income and Rent Limits:</b>	Very low income limits (at or below 50% of AMI) with rents at the low HOME rent limit. In some cases, a number of HOME units may use the low income limits (at or below 80% of AMI) with rents at the high HOME rent limit.
<b>Repairs Qualifications:</b>	<p>Properties funded through the HOME Program must follow Minnesota Housing’s Rental Housing Design/Construction Standards, which include specific requirements related to federally funded projects. Properties served with HOME funds must be brought into conformance with all applicable state and local codes, standards and ordinances by project completion. In a case where standards differ, the most restrictive standards will generally apply.</p> <p>Properties must meet local housing habitability or quality standards throughout the effective period unless no such standards exist. If no such standards exist, HUD’s Uniform Physical Conditions Standards (UPCS) as set forth in 24 CFR 5.703 will apply. If any of the major systems are not repaired or replaced during construction, a reserve account must be funded if the system(s) will need to be replaced during the affordability period.</p>
<b>Monitoring:</b>	Owners must submit an owner’s certification and report occupancy data annually using Minnesota Housing’s online reporting tool. Minnesota Housing will conduct asset management oversight. Properties will be inspected periodically, including a review of tenant files and other administrative records.
<b>Third Party Reports:</b>	May include reports such as an appraisal, Phase 1 environmental clearance, radon, asbestos, lead, and a physical needs assessment.

## Questions

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