

DEFERRED LOANS

Rental Rehabilitation Deferred Loan (RRDL) Pilot Program

Program Overview

The Rental Rehabilitation Deferred Loan (RRDL) Program provides resources for moderate rehabilitation to owners 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.

Application Process

Eligible applicants may apply for RRDL funds in one of three ways:

1. Contact the closest administrator to apply for funding. Refer to the [RRDL web page](#) for a list of participating administrators.
2. During an open RFP process, submit a Program Model application to become a program administrator.
3. Submit a Specific Project application directly to Minnesota Housing for:
 - A project located outside an administrator's area
 - A project needing rehabilitation beyond the administrator's qualifications
 - A project owned by an administrator

Lending Terms

Eligible Properties:

- Single family, duplex, and larger permanent residential rental housing
- Tenant maximum gross annual income of \$64,400 (subject to change)
- Fifty-one percent of floor space used for residential rental purposes
- Meet minimum financial feasibility and selection requirements

Loan Purpose:

Moderate rehabilitation of existing rental housing in Greater Minnesota

Loan Parameters:

Zero percent deferred end or construction loan of up to \$300,000. Up to \$25,000 per unit; \$35,000 for single family and duplex units. The owner must agree to maintain the rent and income restrictions and report annually for the duration of the loan term. The loan will be secured by a pledge of collateral through the recording of a mortgage on the project.

Minnesota Housing may adjust the loan terms based on requirements and conditions of other funding sources for the Project. RRDL cannot be combined with funds from the Minnesota Housing Consolidated RFP for five years from the date of completion.

Improving Homes and Communities



BEFORE

AFTER

"The RRDL Program provides multiple benefits to both participating rental businesses and to the community. It saves money and energy, and the savings stimulate further investments in rental improvements and growth."

- Arrowhead Economic Opportunity Agency,
RRDL Administrator

Term:	Deferred 10-30 years, depending on loan amount. Up to 10 percent loan forgiveness for qualified owners and 100 percent forgiven for qualified 1-4 unit buildings. The remaining principal balance is due and payable at the end of the loan term.
Borrower:	<ul style="list-style-type: none"> • Individuals, developers, nonprofits, units of government and tribal housing corporations • Individuals, sole proprietorships and legal entities: <ul style="list-style-type: none"> • Minimum equity requirements: 3 percent • Minimum credit score: 640 • Assistance available from local administrator • Limited partnerships and corporations: <ul style="list-style-type: none"> • Compatible with existing commercial debt • Meet minimum credit worthiness and financial requirements
Income and Rent Limits:	Income limits are the greater of 80 percent of statewide or area median income. Rents cannot exceed the Affordable to Local Workforce rent limits published by Minnesota Housing.
Improvements:	<ul style="list-style-type: none"> • Permanent general improvements that have not been started prior to loan closing • Renovations or repairs to an existing structure that preserve or improve the basic livability, safety or utility of the property: <ul style="list-style-type: none"> • Roof • Windows • Boilers and mechanical systems • Energy and water saving improvements • Must be in compliance with all applicable health, fire prevention, building and housing codes and standards, and the Minnesota Housing Abbreviated Design Standards and Sustainability Requirements for Limited Scope Rehabilitation Projects
Interest Rate:	Zero percent
Recourse:	Non-recourse
Monitoring:	Owners must submit an owner's certification and report occupancy data annually using Minnesota Housing's online reporting tool. Properties will be inspected periodically.

Questions

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