MINNESOTA HOUSING

MEETINGS SCHEDULED FOR OCTOBER

Minnesota Housing
400 Wabasha Street N. Suite 400
St. Paul, MN 55102

THURSDAY, OCTOBER 19, 2017

Regular Board Meeting
Lake Superior Conference Room- Fourth Floor
10:00 a.m.

NOTE: The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, October 19, 2017.

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

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

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MINNESOTA HOUSING

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AGENDA
Minnesota Housing Board Meeting
Thursday October 19, 2017
10:00 a.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. Regular Meeting of September 28, 2017
5. **Reports**
   A. Chair
   B. Commissioner
   C. Committee
6. **Consent Agenda**
   A. Community Fix Up Loan (CFUL) Program , Center for Energy & Environment
   B. Amendment, Resolution Extension, Bridges Regional Treatment Center (RTC) Awards
   C. Approval, Extension, Section 236 Loan - Mesaba Villas South, Duluth, D0445
   D. Approval, Commitment Extension, Preservation Affordable Rental Income Fund (PARIF) loan – Ebenezer Park Apartments, Minneapolis, D3369
   E. Approval, Modification, Homebuyer Education Counseling and Training (HECAT) Funding
7. **Action Items**
   A. 2017 Consolidated Request for Proposals
   B. Multifamily Selections, Amortizing and Deferred Loans, and 2018 Housing Tax Credits
   C. Single Family Selections, Community Homeownership Impact Fund
   D. Approval, Workforce Housing Development Program Guide
   E. Approval, Revisions to the Publicly Owned Housing Program (POHP) Request for Proposals (RFP) and Program Guide
   F. Concept Approval, Limited Partner Buy-Out Loan
8. **Discussion Items**
   None.
9. **Information Items**
   A. Post-Sale report on HFB 2017 Series GH
10. **Other Business**
    None.
11. **Adjournment**

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Draft MINUTES

Minnesota Housing Finance Agency Board Meeting
Thursday September 28, 2017
1:00 pm
400 Wabasha Street N, St. Paul, MN 55102

1. **Call to Order.**
   Chair John DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 1:02 p.m.

2. **Roll Call.**
   Members Present: John DeCramer, Craig Klausing, Rebecca Otto, Terri Thao, Damaris Hollingsworth and Stephanie Klinzing
   Minnesota Housing staff present: Tal Anderson, Ryan Baumtrog, Laura Bolstad, Dan Boomhower, Wes Butler, Kevin Carpenter, Chi Che, Jessica Deegan, Matt Dieveney, Ruth DuBose, Michael Eaton, Justin Evenson, Becca Faircloth, Rachel Franco, Shannon Gerving, Anna Heitz, Mary Beth Kehrwald, Kasey Kier, Barbara Kochevar, Tresa Larkin, Diana Lund, Eric Mattson, Kim McAfee, Ellie Miller, Katie Moore, Judi Mortenson, Leesa Norton, Tom O'Hern, John Patterson, Caryn Polito, Paula Rindels, Megan Ryan, Danielle Salus, Terry Schwartz, Emily Strong, Kim Stuart, Julie Tarlizzo, Susan Thompson, Will Thompson, Mary Tingerthal, Katie Topinka, Nancy Urbanski, Kayla Vang, Que Vang, Karin Wilbricht, and Sandy Wright.
   Others Present: Melanie Lien, Piper Jaffray; Anne Mavity, Minnesota Housing Partnership; Libby Murphy, Minnesota Housing Partnership; Paul Rebholz, Wells Fargo; Chris Zempel, House Fiscal.
   Via Phone: Michelle Adams, Kutak Rock

3. **Agenda Review.**
   Chair DeCramer indicated that there were no changes to the agenda.

4. **Approval of the Minutes.**
   A. Regular Meeting of August 31, 2017
   Auditor Otto provided Secretary Franco edits to the August 31, 2017 meeting minutes.
   Motion: Auditor Otto moved the approval of the minutes as amended. Seconded by Damaris Hollingsworth. Motion carries 6-0.

5. **Reports.**

A. Chair
None

B. Commissioner

Commissioner Tingerthal shared the following with the board:

- Staff is getting settled in at our new space. A special thank you to members of the Move Team and the Business Technology Team. We are the first tenant in the building and there is still construction in the building. Walgreens and Minnesota Wild are moving in by the end of this year.
- Commissioner Tingerthal Introduced Anne Mavity, the new Executive Director of Minnesota Housing Partnership. Anne shared a few words and expressed her excitement for working with the Board and staff of Minnesota Housing.

Staff Introductions:

- Judi Mortenson introduced Becca Faircloth, Compliance Analyst, Single Family
- Julie Tarlizzo introduced Leesa Norton, Legal Technician, Multifamily
- Joel Salzer introduced Ellie Miller, Program Manager, Bridges and 811 programs, Multifamilyand Nancy Urbanski, Housing Development Officer, Family Homeless Prevention and Assistance Program, Multifamily
- Tal Anderson introduced Anna Heitz, Paraprofessional support for Community Initiatives Program, Single Family
- Emily Strong introduced Justin Evenson, E-Learning and Training Management, Single Family
- Kayla Vang introduced Chi Che, Financial Analyst, Accounting
- Diana Lund introduced Barbara Kochevar, Underwriter, Multifamily

6. **Committee**. Chair DeCramer provided an update on the Program Committee meeting that took place on Monday, September 11. The committee met to review and discuss the public comments that the Agency received about the draft 2018 Affordable Housing Plan. There were no items requiring an action. The revised 2018 Affordable Housing Plan is now being brought to the board at this meeting for adoption.

7. **Consent Agenda**

A. Community Fix Up Loan (CFUL) Program , Center for Energy & Environment

Motion: Stephanie Klinzing moved the approval of the item on the Consent Agenda. Seconded by Auditor Otto. Terri Thao abstained. Motion carries 5-0.

8. **Action Items**

A. Affordable Housing Plan

John Patterson presented the 2017 Affordable Housing Plan for approval. He reviewed the timeline, and the changes to the plan as a result of the September 11 Program Committee meeting.

Chair DeCramer opened the discussion. Mr. Klausing inquired about the strategic investment section, asking how this will work in terms of setting a budget, because it is all "to be determined". Mr. Patterson shared that Kevin Carpenter can provide a more in depth description of the process, which he will do during item 7.E. Stephanie Klinzing commented that she liked the format, and that it is very helpful to see the funding. **Motion:** Auditor Otto moved the approval of the 2018 Affordable Housing Plan. Seconded by Terri Thao. Motion Carries 6-0.

B. Selections, Homeownership Education, Counseling and Training (HECAT) Fund.

Ruth DuBose presented to the board the request for approval of the funding recommendations for participants in the Homeownership Education, Counseling and Training (HECAT) Fund, which provides yearly financial support for comprehensive homebuyer training which may include education and counseling in a variety of areas, including in-person homebuyer education and counseling (pre-purchase and financial wellness), home equity conversion counseling, and foreclosure prevention counseling. Ms. DuBose also shared some of the outcomes of the services from 2016.

Chair DeCramer opened the discussion and inquired about the fact that all proposals were funded. He asked if that was due to our planning and if we had hoped to have more applications. Ms. DuBose indicated that we had a few organizations that did not apply this year and we had three or four new organizations new to the network. All met the threshold and were approved by the selection committee. They did review past production levels and right sized the awards based on previous funding.
Motion: Craig Klausing moved approval of Selections, Homeownership Education, Counseling and Training (HECAT) Fund. Seconded by Damaris Hollingsworth. Motion carries 6-0.

C. Commitment, Low and Moderate Income Rental (LMIR), LMIR Bridge Loan (LMIR BL) and Flexible Financing for Capital Costs (FFCC) – Mysa House, Mora (D7942)

Mary Beth Kehrwald presented to the board the request for approval of the resolution authorizing the issuance of a Low and Moderate Income Rental (LMIR) program commitment in the amount of $552,000, a Low and Moderate Income Rental Bridge Loan (LMIR BL) program commitment not to exceed $2,250,000 and a deferred funding commitment in the amount of $596,064 under the Flexible Financing for Capital Costs (FFCC) program, subject to the review and approval of the mortgagor, and the terms and conditions of Minnesota Housing's mortgage loan commitment. The bridge loan commitment will necessitate an increase in the amount of rental housing bonds issued that is $280,000 more than the amount of tax-exempt volume cap reserved at selection in October of 2016.

Chair DeCramer opened the discussion. Craig Klausing asked about exceeding our tax exempt bond cap. Staff will discuss further in Action Item 7.E. **Motion:** Stephanie Klinzing moved Commitment, Low and Moderate Income Rental (LMIR), LMIR Bridge Loan (LMIR BL) and

Flexible Financing for Capital Costs (FFCC) – Mysa House, Mora (D7942) Seconded by Terri Thao. Motion carries 6-0.

D. Commitment, Low and Moderate Income Rental LMIR Bridge Loan (LMIR BL), Solace Apartments, St. Peter (D7717)

Caryn Polito presented to the board the request for approval of the resolution authorizing the issuance of a Low and Moderate Income Rental Bridge Loan (LMIR BL) program commitment not to exceed $3,565,000, subject to the review and approval of the mortgagor, and the terms and conditions of Minnesota Housing's mortgage loan commitment. The bridge loan commitment will necessitate an increase in the amount of rental housing bonds issued that is $420,000 more than the amount of tax-exempt volume cap reserved at selection in October of 2016. Additionally, staff requests a waiver because the project is now above the 25 percent threshold for the Predictive Cost Model.

Commissioner Tingerthal consulted Tom O'Hern, General Counsel, for advice on how to move forward with the provided resolution as it does not include the language for the waiver. Mr. O'Hern recommended that the resolution be amended to include the waiver language.

Chair DeCramer opened up the discussion. **Motion**: Damaris Hollingsworth moved Commitment, Low and Moderate Income Rental LMIR Bridge Loan (LMIR BL), Solace Apartments, St. Peter (D7717) as amended**.** Seconded by Craig Klausing. Motion Carries 6-0.

E. Approval, Resolution authorizing the issuance and sale of Rental Housing Bonds, 2017 Series B- Mysa House.

Kevin Carpenter presented to the board the request for approval of the Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, 2017 Series B, for a multi-family housing development in Mora, Minnesota (Mysa House). Prior to his presentation, he took a moment to respond to the question posed during the discussion of item 7.C. Commissioner Tingerthal added additional context to Mr. Carpenter's explanation.

Michelle Adams from Kutak Rock joined the meeting via conference call and provided the board with an overview of the resolution. Chair DeCramer opened up the discussion. **Motion**: Terri Thao moved Approval, Resolution authorizing the issuance and sale of Rental Housing Bonds, 2017 Series B- Mysa House**.** Seconded by Auditor Otto. Motion Carries 6-0.

F. Approval, Resolution authorizing the issuance and sale of Rental Housing Bonds, 2017 Series C - Solace Apartments

Kevin Carpenter presented to the board the request for approval of the Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, 2017 Series C, for a multi-family housing development in Saint Peter, Minnesota (Solace Apartments). Michelle Adams from Kutak Rock provided the board with an overview of the resolution.

Chair DeCramer opened up the discussion. **Motion**: Stephanie Klinzing moved Approval, Resolution authorizing the issuance and sale of Rental Housing Bonds, 2017 Series B- Mysa House**.** Seconded by Damaris Hollingsworth. Motion Carries 6-0.

G. Approval Amendment of Debt Management Policy, section 1.06

Kevin Carpenter, Terry Schwartz and Matt Dieveney presented to the board the request for an amendment to Section 1.06 of the Debt Management Policy, increasing the limit on short-term borrowing from $150,000,000 to $250,000,000. All other requirements of section 1.06 will remain in effect.

Commissioner Tingerthal commented that the date is wrong at the top of the Debt Management Policy page. Chair DeCramer opened the discussion. **Motion**: Craig Klausing moved the Approval, Amendment to the Debt Management Policy, Section 1.06 as amended. Seconded by Auditor Otto. Motion Carries 6-0.

9. Discussion Items

A. Quarterly Financial Reporting Package

Kevin Carpenter and Terry Schwartz reviewed the financial documents included in the board packet. In an effort to regularly communicate with the board the Agency's financial status, staff plans to bring forward to the board a financial reporting package at the end of each quarter. Board members asked questions and staff provided responses to their questions.

B. 2017 Cost Containment Report

John Patterson provided the board with an update on the 2017 Cost Containment Report. The board members asked a variety of questions and thanked staff for the report, noting that is very helpful.

10. Information Items

A. Report of Complaints Received by Agency or Chief Risk Officer

11. Other Business

None.

12. Adjournment

The meeting was adjourned at 2:17 p.m. Following adjournment, members of the board took a brief tour of the Agency's new office space.

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John DeCramer

Chair

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MINNESOTA HOUSING

Board Agenda Item: 6.A
Date: 10/19/2017

Item: Community Fix Up Loan (CFUL) Program, Center for Energy and Environment (CEE)

Staff Contact(s):
Shannon Gerving, 651.296.3724, shannon.gerving@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests board approval for the CFUL Program recommendations described in the attached Initiative Detail. The CFUL Program accepts initiative proposals from participating Fix Up Loan Program lenders and their community partners on an ongoing basis. The activities must address home improvement needs with a resulting community impact.

Fiscal Impact:
The program uses Pool 2 funds budgeted in the current 2017 Affordable Housing Plan. Action requested in this report is consistent with the program terms described in the plan.

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background
- Initiative Detail

Background:
The following recommendation for a CFUL initiative meets the guidelines for participation contained within the Program Concept. Staff applies threshold indicators and considers compensating factors when determining whether to recommend a specific proposal to access funds under the CFUL Program. The threshold indicators include:

- Confirmation that the proposal fits within the Program Concept;
- The strength of partnership;
- Leverage and/or value-added features;
- A focused marketing plan; and
- Budget counseling, if required.

Initiative Detail:
CEE, in partnership with the City of Crystal, is requesting approval of a CFUL initiative for discount rate write-downs in Crystal. The City of Crystal will provide $25,000 in leveraged funds to write-down interest rates to 3%. The initiative will address borrowers with low equity positions and the community need for access to affordable credit to maintain and improve Crystal's aging housing stock. The CFUL will be available to households with an income at or below 110% of area median income based on family size (currently $99,450 for a family size of four).

Region	Estimated Demand	
	# Loans	Loan Volume
Metro	4	$ 108,000

MINNESOTA HOUSING

Board Agenda Item: 6.B
Date: 10/19/2017

Item: Amendment, Resolution Extension, Bridges Regional Treatment Center (RTC) Awards

Staff Contact(s):
Ellie Miller, 651.215.6236, ellie.miller@state.mn.us
Elaine Vollbrecht, 651.296.9953, elaine.vollbrecht@state.mn.us

Request Type:

☒ Approval
- ☐ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Amend the Bridges Regional Treatment Center (RTC) Rental Assistance Board Resolution No. 16-023 to correct an administrative error. Due to an administrative error, the Owatonna Housing and Redevelopment Authority (HRA) Bridges RTC Grant Agreement was not executed by Minnesota Housing staff within six months of the adoptive date of the Resolution (May 26, 2016), as required by the resolution. Staff requests an extension to November 1, 2017 to execute the grant agreement. Steps have been taken to avoid recurrence of this in the future.

Fiscal Impact:
There is no change to the grant amounts approved in Board Resolution No. 16-023.

Meeting Agency Priorities:
- ☐ Address Specific and Critical Local Housing Needs
- ☐ Finance Housing Responsive to Minnesota's Changing Demographics
- ☐ Preserve Housing with Federal Project-Based Rent Assistance
- ☒ Prevent and End Homelessness
- ☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Amendment to Resolution No. 16-023

Agenda Item: 6.B
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102
Resolution No 17-XXX

Modifying Resolution No. 16-023

AMENDMENT TO RESOLUTION APPROVING SELECTION/COMMITMENT BRIDGES RTC

WHEREAS, by Resolution No. 16-023 the Board approved grants with seven grantees to provide rental assistance for persons with mental illnesses who are exiting or diverting from institutions from July 1, 2016 through June 30, 2019; and

WHEREAS, the grant agreement between the Owatonna Housing and Redevelopment Authority and the Agency was not fully executed within six months from the adoption date of Resolution No. 16-023, as required.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby approves amendment of Resolution No. 16-023 to extend the execution date deadline of the Owatonna Housing and Redevelopment Authority Bridges RTC Grant Agreement to November 1, 2017.

All other conditions of Resolution No. 16-023 remain unchanged.

Adopted this 19th day of October 2017

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CHAIRMAN

MINNESOTA HOUSING

Board Agenda Item: 6.C
Date: 10/19/2017

Item: Approval, Extension, Section 236 Loan
- Mesaba Villas South, Duluth, D0445

Staff Contact(s):
Erin Coons, 651.296.9836, erin.coons@state.mn.us

Request Type:

☒ Approval
- ☐ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff recommends the adoption of a resolution authorizing the extension of an existing Section 236 loan subject to the terms and conditions of the agency loan commitment.

Fiscal Impact:
The extension of the term of the Section 236 loan will preserve the federal rental subsidy for at least 14 households.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background
- Resolution

Background:
Mesaba Villas South was originally financed with a Section 236 first mortgage in the amount of $557,700. The loan had a 40-year term with a 40-year amortization, maturing on December 1, 2016. In November of 2016, the board approved a one-year extension and amortization of the remaining balance of the loan through the new maturity date of December 1, 2017. This extension was granted to allow the owner to complete the conversion of the existing rental assistance for 14 units to a project-based Section 8 contract through the Rental Assistance Demonstration (RAD) program.

Authorized by Congress under the FY12 HUD Appropriations Act, RAD allows public housing agencies and owners of other HUD-assisted properties to convert units from their original sources of HUD rental assistance to project-based Section 8 contracts. If the mortgage matures, the ability to undertake the RAD conversion will be lost and the existing income restrictions, rent limitations and tenant protections will not be protected by a Section 8 contract.

The property has not yet undergone RAD conversion, but the owner intends to complete the conversion process in the coming months. The owner has requested, and staff recommends, a second extension of the maturity date to December 1, 2018. The remaining loan balance would again be amortized over the extended term. By extending the term of the loan, the owner will be able to complete the RAD conversion process, which is estimated to take six months. The owner did not yet complete the RAD conversion process due to fact that the RAD rent limits were lower than what the owner wanted to operate the property. HUD recently issued new higher rent limits that are acceptable to the owner, and the owner is now willing to proceed with the RAD conversion. The owner is currently working with HUD staff on the required submissions for RAD conversion. Approval of the extension will also delay the commencement of amortization of the agency’s second mortgage note on the property until December 1, 2018 or when the Section 236 mortgage is paid off, whichever is sooner.

As part of the RAD conversion process, an additional six units could be added to the new Section 8 contract based on current tenant incomes, resulting in the potential for 20 units that will have on-going rental subsidies. The final number of units with rental assistance will be determined by HUD staff.

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

Resolution No. 17-XXX
Modifying Resolution 16-054

AMENDMENT TO RESOLUTION APPROVING MORTGAGE LOAN MODIFICATION
SECTION 236 LOAN PROGRAM

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

Name of Development:	Mesaba Villas South
Sponsors:	Mesaba Villas South, LLLP
Guarantors:	Thies and Talle Enterprises, Inc.; Ken Talle and David Thies
Location of Development:	Duluth
Number of Units:	27
Amount of Original 236 Mortgage:	$557,700

WHEREAS, the Agency has previously authorized an extension to the maturity date of the 236 loan from December 1, 2016 to December 1, 2017.

WHEREAS, Agency staff has determined that an extension of the maturity of the loan and the re-amortization of the remaining balance will assist in fulfilling the purposes of Minnesota Statutes Chapter 462A.

NOW THEREFORE, BE IT RESOLVED THAT the Board hereby extends the maturity date of the existing Section 236 loan to December 1, 2018; and

THAT, the remaining balance of the loan shall be re-amortized for repayment in full based on the new maturity date; and,

NOW THEREFORE, BE IT FURTHER RESOLVED THAT all other provisions of the loan agreement currently in place remain in force and effect.

Adopted this 19th day of October 2017

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CHAIRMAN

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MINNESOTA HOUSING

Board Agenda Item: 6.D
Date: 10/19/2017

Item: Approval, Commitment Extension, Preservation Affordable Rental Income Fund (PARIF) Loan
- Ebenezer Park Apartments, Minneapolis, D3369

Staff Contact(s):
Susan Thompson, 651.296.9838, susan.thompson@state.mn.us

Request Type:

☒ Approval
- ☐ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests adoption of a resolution extending the loan commitment for the referenced development to allow additional time for loan closing.

Fiscal Impact:
None

Meeting Agency Priorities:
- ☐ Address Specific and Critical Local Housing Needs
- ☐ Finance Housing Responsive to Minnesota's Changing Demographics
- ☒ Preserve Housing with Federal Project-Based Rent Assistance
- ☐ Prevent and End Homelessness
- ☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background
- Resolution

Background:

At its September 25, 2014 meeting, the Minnesota Housing board approved this development for a commitment of a $4,800,000 loan under the Preservation Affordable Rental Income Fund (PARIF) Program, executing Resolution 14-041.

Ebenezer Park Apartments was selected for a PARIF deferred loan through the Preservation: Identifying Needs, Exploring Strategies (PINES) Proactive Preservation Pilot Program. The PINES Pilot Program was launched in 2014, targeting properties at risk of losing federal subsidies or exiting from a federal subsidy program whose owners do not wish to sell. Because of the proactive nature of the PINES Pilot Program, it has taken longer than usual for the development to complete the scope of work and obtain all of the necessary financing commitments, including approval of a HUD 221(d)4 mortgage.

Two previous extensions were granted using authority delegated to the commissioner under Resolution 13-030. Under that resolution, Minnesota Housing's Mortgage Credit Committee may approve no more than two extensions of up to 12 months each. The current commitment expiration is October 31, 2017. In addition, on June 20, 2017, as part of the final loan approval by the Mortgage Credit Committee, the amount of the PARIF loan was reduced from $4,800,000 to $4,634,000.

The development is now in its closing stage, and closing is anticipated on or about November 10, 2017. In order for the development to continue through the final closing process, a commitment extension of 60 days is being requested.

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA 17-
Modifying Resolution No. 14-041

AMENDMENT TO RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT MODIFICATION PRESERVATION AFFORDABLE RENTAL INCOME FUND (PARIF) PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has previously authorized the issuance of a loan commitment for the development hereinafter named by its Resolution No. MHFA 14-041; and

WHEREAS, the Agency, under delegated authority, has previously authorized extensions to the loan commitment expiration to October 31, 2017; 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 extends the PARIF commitment expiration date for the Ebenezer Park Apartments development from October 31, 2017 to December 31, 2017; and

THAT, except for the extended commitment expiration date, all other terms and conditions of MHFA Resolution No. 14-041 remain in effect.

Adopted this 19th day of October 2017

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CHAIRMAN

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MINNESOTA HOUSING

Board Agenda Item: 6.E
Date: 10/19/2017

Item: Approval, Modification, Homebuyer Education Counseling and Training (HECAT) Funding

Staff Contact(s):
Que Vang, 651.296.7613, que.vang@state.mn.us
Ruth DuBose, 651.297.3128, ruth.dubose@state.mn.us

Request Type:

☒ Approval
☒ Motion
☐ Resolution

☐ No Action Needed
☐ Discussion
☐ Information

Summary of Request:
Staff requests approval of modification of HECAT awards for Arrowhead Economic Opportunity Agency (AEOA) and Lutheran Social Services of MN (LSS).

Fiscal Impact:
HECAT funding is supported by the Affordable Housing Plan (AHP) budget, state appropriations and committed co-funder leverage. The program does not generate income to the Agency but supports our strategic priority of reducing Minnesota's racial and ethnicity homeownership disparity.

Meeting Agency Priorities: select all that apply

☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☒ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background
- Request Details
- Recommendation

Background:
The Homeownership Education, Counseling and Training (HECAT) Fund provides yearly financial support for comprehensive homebuyer training which includes in-person homebuyer education and counseling (pre-purchase and financial wellness), home equity conversion counseling, and foreclosure prevention counseling. The Community Initiatives team accepted HECAT applications for the 2017-2018 program year June 2017. Minnesota Housing and its funding partners (the Minnesota Homeownership Center, the Greater Minnesota Housing Fund, and Family Housing Fund) awarded HECAT program funding last month to 39 grantees.

Request Details:
Prior to the grant contract execution, Arrowhead Economic Opportunity Agency (AEOA) discontinued their foreclosure counseling services due to the decline in foreclosures in their geographic service areas and staff turnover. AEOA will continue to provide homebuyer education, one-on-one pre-purchase counseling and financial wellness services under the 2017-2018 HECAT program at the goals outlined in their original award.

With AEOA's withdrawal from providing foreclosure counseling services, the Minnesota Homeownership Center identified Lutheran Social Services of MN (LSS) to fill the service gap in that geographic area. LSS has been a long-time grantee of HECAT having the capacity, infrastructure and experience in provide foreclosure counseling services.

Recommendation:
Staff recommends modifying AEOA's foreclosure prevention clients and award amount to LSS as reflected in the chart below:

Grantee	Current Award	Current Household Served Goal	New Award	New Household Served Goal
AEOA	$56,500	275	$43,500	225
LSS	$219,000	1,080	$232,000	1,130

The remainder of the 2017-2018 HECAT awards will remain the same.

MINNESOTA HOUSING

Board Agenda Item: 7.A
Date: 10/19/2017

Item: 2017 Consolidated Request for Proposals

Staff Contact(s):
Kasey Kier, 651.297.3137, kasey.kier@state.mn.us
Wes Butler, 651.296.3028, wes.butler@state.mn.us

Request Type:

☐ Approval	☒ No Action Needed
☐ Motion	☐ Discussion
☐ Resolution	☒ Information

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

Fiscal Impact:
Funds committed under the RFP are from a variety of sources that have been budgeted under the 2018 Affordable Housing Plan. The fiscal impact on the Agency will vary based on the particular funds being utilized, and the specific terms of loans and grants provided with those funds.

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☒ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☒ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background and Market Conditions Update

Background:
The RFP is both a document and an annual process that allows organizations to apply for multifamily and single family funding from a variety of sources through a single application. Federal Housing Tax Credits are also distributed through the RFP. Funding sources may include Minnesota Housing, as well as Metropolitan Council, Greater Minnesota Housing Fund, and the Minnesota Department of Employment and Economic Development, which are funding partners for the RFP.

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

Applications are reviewed for eligibility and scored by the Agency and its funding partners. The highest-scoring applications are reviewed for capacity and feasibility by Agency staff, funding partners and collaborating partners (Saint Paul, Minneapolis, and Dakota and Washington counties). Multifamily applications undergo further review, including site visits. Following these comprehensive reviews, the Agency and its funding partners meet to determine which applications will be recommended for approval to the Minnesota Housing Board. The Community Profiles provided access to data on the Agency's website that was used by applicants in preparing their proposals and by Agency staff in evaluating the proposals for funding.

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

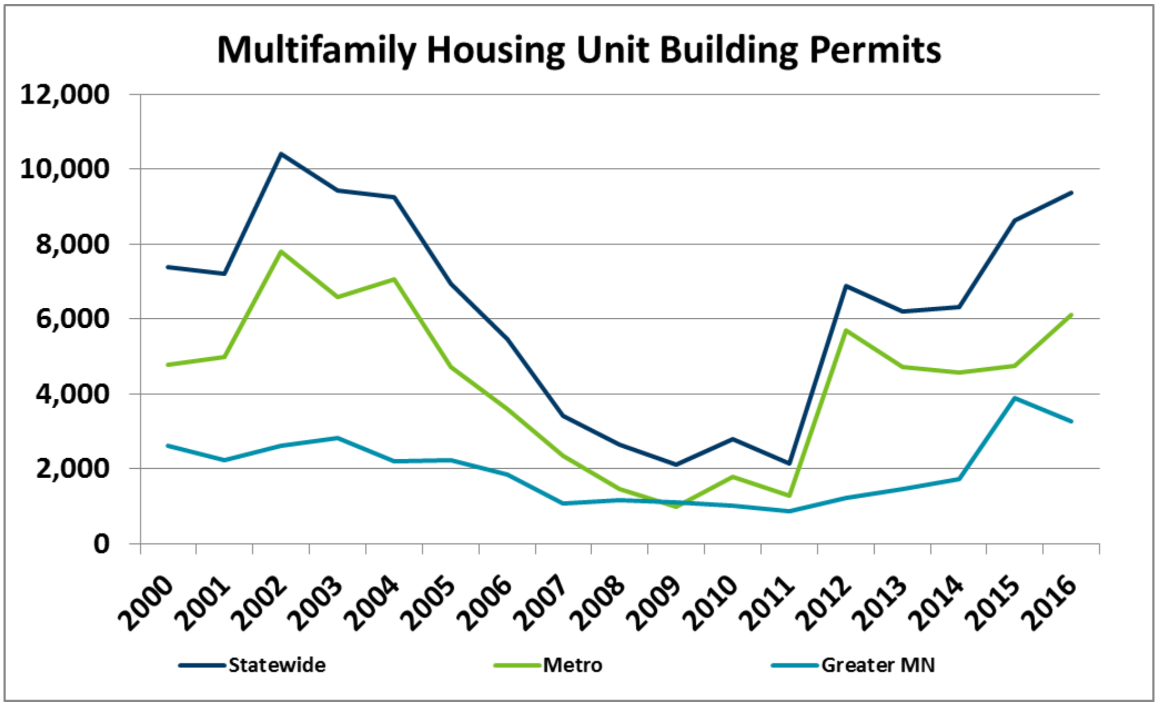
Market Conditions Update:

Multifamily Rental Market
The multifamily rental market remains very active. Low vacancy rates, low interest rates and higher median incomes have contributed to a robust construction in this market segment. This is true for luxury, market-rate and affordable housing market shares. Minnesota Housing financed projects, which have recently opened, report nearly 100% occupancy occurring within the first 30 days of rent-up. While this is great for project proformas and cash flows, it is also a strong indicator of the need for affordable housing.

According to the U.S. Census Bureau, the percentage of Minnesota renters who are cost burdened (paying 30% or more of their income on rent) has increased from 37% in 2000 to 46% in 2016. Among lower-income renters (with incomes less than $50,000), 67% are cost burdened. Specifically, about 248,000 lower-income renter households in Minnesota are cost burdened.

The need for more affordable housing increases when vacancy rates are low, causing unrestricted rents to rise. The rental vacancy rate in much of Minnesota is well below the 5% that is generally considered optimal for a balanced market. According to Marquette Advisor's *Apartment Trends,* the rental vacancy rate for the Twin Cities metro area was 2.4% for the second quarter of 2017. Recent market studies also show vacancies rates below 5% for much of Greater Minnesota. Again, low vacancy rates and a shortage of rental housing typically lead to rising rents.

Low vacancy rates have occurred for three reasons. First, with the improving economy, more households have been established as fewer households are doubled up and fewer young adults live with their parents. Second, the homeownership rate in Minnesota dropped from 76% in 2006 to 71% in 2016. With fewer households owning and more renting, the rental vacancy rate declined. Third, as shown in the table below, very few new rental units were created during the Great Recession and immediately after (2008-2011). The new units being constructed did not keep pace with the increasing demand. Production picked up in 2012 (largely metro area), 2015 (largely Greater Minnesota), and 2016 (metro).



Source: HUD SOCDS Buildings Permits Database

Overall, Minnesota's economy is stronger than the rest of the country. In August of 2017, our seasonally adjusted unemployment rate was 3.8%, while it was 4.4% nationally. We need the low unemployment rate to consistently translate into higher wages for Minnesotans. While the median income for renters has not kept pace with inflation and rent increases since 2000, it increased by 2.4% between 2015 and 2016 (after adjusting for inflation), which is an encouraging sign.

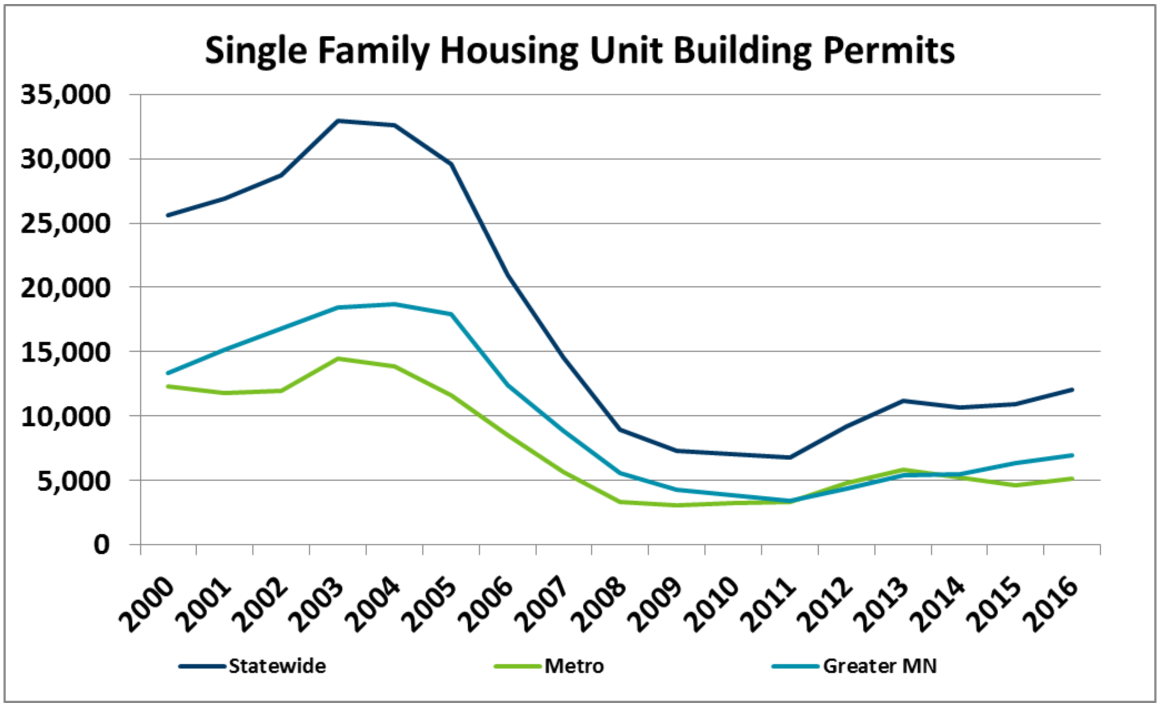
Single Family Homeownership

While homeownership became more affordable during and immediately after the Great Recession, affordability is once again declining. According to the U.S. Census Bureau, the percentage of Minnesota homeowners who are cost burdened by their housing payments (accounting for 30 percent or more of their income) increased from 17 percent in 2000 to 29 percent in 2008. Since then, the percentage has declined, reaching 19 percent in 2016. Significantly reduced home prices (particularly from 2009 to 2012) and very low interest rates (below 5 percent since early 2010) have made homeownership more affordable.

However, housing prices are increasing once again, which is reducing the supply of affordable homes for sale. The median sales price in the Twin Cities metropolitan area increased by 7.0 percent between June

2016 and June 2017.[1] In addition, the month's supply of homes for sale dropped from 3.0 months in June 2016 to 2.5 months in June 2017, which is well below the 5-month benchmark that indicates a balanced market. For homes selling for $250,000, the supply is just 1.6 months. The limited supply will push prices even higher.

As shown in the following graph, there has been relatively little single family new construction in recent years in Minnesota. In addition, it is very difficult to build a new home at an affordable price. According to RSMeans, the typical construction costs for an average-class, 1,600-square-foot, 1-story home in the Twin Cities with an unfinished basement is about $215,000.[2] When the cost of acquiring a developed lot and soft costs are included, the price reaches $308,000.



Source: HUD SOCDS Buildings Permits Database

While the median income for homeowners did not keep pace with inflation between 2000 and 2010, it has increased since then. Between 2015 and 2016, it increased by 2.3% (after adjusting for inflation), which is an encouraging sign.

[1] Minneapolis Area Association of REALTORS, *Monthly Indicators* (June 2017)
[2] RSMeans, *Residential Cost Data* (2017).

MINNESOTA HOUSING

Board Agenda Item: 7.B
Date: 10/19/2017

Item: Multifamily Selections, Amortizing and Deferred Loans, and 2018 Housing Tax Credits

Staff Contact(s):
Devon Pohlman, 651.296.8255, devon.pohlman@state.mn.us
Laird Sourdif, 651.296.9795, laird.sourdif@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☒ Motion	☐ Discussion
☒ Resolution	☐ Information

Summary of Request:
Staff requests the following approvals related to the 2017 Consolidated Request for Proposals (RFP):

- Adoption of a resolution approving the selection of projects, the commitment of deferred financing and authorizing the closing of loans related to the following programs:
  - Economic Development and Housing Challenge (EDHC)
  - Preservation Affordable Rental Investment Fund (PARIF)
  - National Housing Trust Fund (NHTF)
- Adoption of a resolution approving the allocation of federal Low Income Housing Tax Credits (LIHTC) and granting waivers related to federal Low Income Housing Tax Credits
- Adoption of a resolution approving selection and commitment of Section 811 Project-based Rental Assistance grants
- Adoption of a resolution approving selections under the Low and Moderate Income Rental (LMIR) and Flexible Financing for Capital Costs (FFCC) programs
- Adoption of a resolution approving the reservation of estimated tax-exempt bond volume cap authority

Fiscal Impact:
The Consolidated RFP funding recommendations include numerous funding sources.

In the 2018 Affordable Housing Plan (AHP), the board approved the budget of $70 million for Multifamily amortizing first mortgage lending:

- $45 million financed from bond proceeds or other mortgage capital
- $25 million financed from the Housing Investment Fund - Pool 2

In the 2018 Affordable Housing Plan (AHP), the board also approved a budget for deferred lending that included:

- $8.5 million under the Multifamily Flexible Capital Account (Housing Affordability Fund – Pool 3), which will fund selections under the FFCC program.

Other remaining deferred funding is from state or federal appropriations and does not materially impact the Agency's financial condition. Housing Tax Credits (HTC) are a federal resource and do not materially impact the Agency's financial condition.

From these selected projects and funding commitments, the Agency estimates it will generate approximately $300,000 in income from construction oversight fees, an estimated $650,000 from other processing and origination fees as well as other interest or spread income on interest bearing loans.

Tax-exempt bonds are a resource that can be used to finance both single-family and multifamily lending. Certain tax-exempt bonds also require volume cap that is limited by, and subject to, federal and state law.

Meeting Agency Priorities:

☒ Address Specific and Critical Local Housing Needs
☒ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☒ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Background
- Predictive Cost Model
- Waivers requested
- Resolutions
- Funding recommendation map
- Summaries of funding recommendations
    - Consolidated
    - Detailed
    - Strategic Priority
- Development summaries
- Non-selected applications

BACKGROUND

Minnesota Housing's annual Multifamily Consolidated RFP process allows housing sponsors to apply for resources from the Agency and its funding partners using a common application and procedure. As of the June 15, 2017 application deadline, Minnesota Housing and its funding partners received applications for 55 proposals that are requesting approximately $164 million in deferred loans, $55 million in permanent first mortgage financing, and $34.6 million in Agency-administered 2018 Round 1 competitive housing tax credits.

On February 23, 2017 the Minnesota Housing board approved the Amended 2018 HTC Qualified Allocation Plan (QAP), self-scoring worksheet, procedural manual and timetables for applications. The total Minnesota tax credit allocation is approximately $12,971,887. Through authority provided by Minnesota Statutes Sections 462A.222 and 462A.223; Duluth, Rochester, St. Cloud, Washington County, Minneapolis, St. Paul and Dakota County are authorized to administer housing tax credit allocations as suballocators.

The city of Minneapolis, city of St. Paul, Dakota County and Washington County administer their tax credits locally as suballocators. Duluth, St. Cloud and Rochester have entered into Joint Powers Agreements with the Agency. Their credits are apportioned back to the Agency for selection processes and certain allocation and compliance functions. The Agency administers $9,598,835 in credit allocations including $665,456 from Joint Powers Suballocator credits.

In addition to the annual Multifamily RFP process, amortizing mortgage financing and preservation funding is also available from Minnesota Housing on an open pipeline basis for developments that meet the eligibility criteria outlined in the Multifamily Consolidated RFP guide.

Additionally, a second competitive round for tax credits (2018 Round 2) will be held January 31, 2018, incorporating tax credits remaining or returned following the conclusion of 2018 Round 1.

Proposals submitted to Minnesota Housing are extensively reviewed by a team of staff underwriters, architects, asset management and supportive housing staff for:

- Consistency with the mission and strategic priorities of the Agency
- Compliance with statutes and program rules
- Consistency with program priorities
- Financial feasibility, market need, architectural quality, and overall development team capacity

SELECTIONS
Proposals were received for 55 developments. Of the proposals received, funding from Minnesota Housing and funding partners will be provided for 25 developments with deferred, bridge and permanent first mortgage loan financing, tax credits, and rental assistance recommended as follows.[1] The recommended developments assist to remove barriers and provide equitable access to affordable housing opportunities throughout Minnesota communities.

Funding Type	Proposals	Totals
Permanent First Mortgage Financing	7	$14,253,000
LMIR Bridge First Mortgage Financing	5	$20,776,000
Minnesota Housing Deferred Loan Capital	15	$62,080,864
Housing Tax Credits (9%)	10	$9,113,388
Funding Partner Contributions	13	$4,072,500

Amortizing Mortgages
Developments recommended for LMIR first mortgage selection are anticipated to be funded through the Housing Investment Fund – Pool 2 or other mortgage capital and to be insured under the HUD Risk-Share Mortgage Insurance Program. Under the HUD-Federal Financing Bank Multifamily Risk-Sharing Program, such loans may be sold to the Federal Financing Bank. The LMIR mortgage terms will generally be 30 to 40-year amortizations and terms with fixed rates, and they must be in first lien position. The loans will be processed under HUD's Risk-Share Mortgage Insurance Program, and a mortgage insurance premium of 0.125 percent will be collected in addition to the interest charged on the loan.

Several developments are also being recommended for LMIR Bridge Loans, which will likely be funded with the proceeds of short-term tax-exempt bonds issued by the Agency. The bonds will be structured to ensure the developments will be eligible for 4% tax credits. The Bridge Loans generally will have 18- to 24-month terms, be in first lien position and carry a fixed interest rate.

Additionally, some developments are being recommended for deferred funding through the FFCC program, which is only available in conjunction with LMIR loans or other first mortgage funding and is funded through the Housing Affordability Fund – Pool 3. Selections for the LMIR and FFCC loans through this RFP do not represent commitments for funding. Prior to closing, board approval will be sought for all LMIR and FFCC loans in order to enter into loan commitments.

The MAP program provides mortgage insurance through the Federal Housing Administration (FHA) to facilitate new construction, rehabilitation, acquisition and refinance of multifamily rental housing. Loans will be funded by a third party lender and securitized into Ginnie Mae Mortgage Backed Securities (MBS) pools. These projects will be presented to the board for informational purposes after application is made to HUD.

[1] One development, the Dorothy Day Residence, was selected by Minnesota Housing's board as an early award initiative in July 2017; therefore, it is not included in the resolutions. This project is included elsewhere in unit, funding types, and proposal counts throughout this board report.

Deferred Loans
Developments recommended for deferred loans will be funded through the Housing Affordability Fund – Pool 3, state and federal appropriations. PARIF funds appropriated by the Minnesota Legislature fund the preservation of federally assisted housing units and existing supportive housing units. The EDHC funds appropriated by the legislature will be used to finance primarily new construction throughout the state. National Housing Trust Fund resources will support the new construction of supportive housing units serving very low-income households. The deferred loans recommended for selection will generally be 30-year deferred loans, repayable upon maturity.

Geographic Distribution
Of the 25 recommended proposals, 11 are located in the seven-county Twin Cities metropolitan area, including six in the cities of Minneapolis and St. Paul and five in suburban locations. The remaining 14 proposals are located in Greater Minnesota.

Project Location	Recommended Proposals	Percentage of Total	Estimated Total Development Cost	Percentage of Total
Metro	11	44.0%	$ 164,568,620	55.2%
Central City	*6*	*24.0%*	*$ 95,671,231*	*32.1%*
Suburban	*5*	*20.0%*	*$ 68,897,389*	*23.1%*
Greater Minnesota	14	56.0%	$ 133,604,246	44.8%
Total	**25**	**100.0%**	**$ 298,172,866**	**100.0%**

Three applications requested Project-based Rental Assistance from the Metro Housing and Redevelopment Authority. These awards will be announced independently following the conclusion of the RFP recommendations.

The ten proposals recommended for HTC are estimated to generate over $86.9 million in equity, assuming the current level of $0.89 investor credit pricing.

Meeting Agency Priorities
Of the 1,399 total units recommended for board approval, 1,370 affordable units will be created or preserved, thereby mitigating barriers to equitably house Minnesotans. The remaining 29 units are market rate. The affordable housing units meet the following Agency strategic priorities:

- **Preservation of federally-subsidized rental housing**
  There are 194 units recommended for board approval that meet the Agency priority of preserving federally-subsidized rental housing. Investing in these units will address critical capital needs, facilitate a necessary change in ownership or prevent imminent risk of loss due to market conversion and will position the properties to maintain their subsidy for the long term.

- **Addressing specific and critical needs in rental housing markets**
  There are 1,107 new construction affordable units and preservation of 77 affordable units without federal rental assistance recommended for board approval, meeting the Agency's priority of addressing critical needs in the rental housing market.

- **Preventing and ending homelessness**
  The Agency has made significant strides in its efforts to end homelessness. According to the 2015 Wilder Survey, after steep rises in the number of people experiencing long-term homelessness from 2003 to 2009, followed by a slower rate of increase through 2012, the number has decreased for the first time. This year, in alignment with Minnesota's Plan to Prevent and End Homelessness, several regions around the state have effectively ended veteran homelessness, bringing us closer to meeting the statewide goal by the end of 2017. In addition, local communities are focused on ending long-term chronic homelessness by the end of 2017 while also working to end homelessness for families and youth. Board approval of the selections will advance new supportive housing opportunities at sites for households with long histories of homelessness, including units for single adults, families and youth. A total of 406 supportive housing units for people experiencing homelessness will be created.

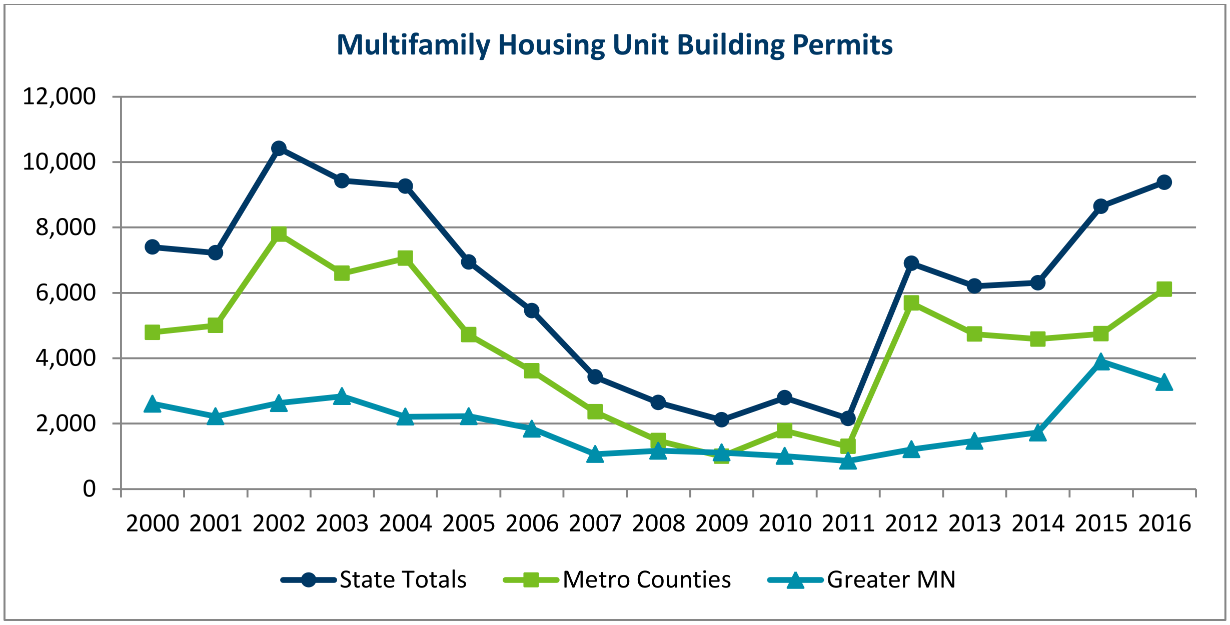
- **Housing responsive to changing demographics**
  RFP selections continue to advance the objectives of Minnesota's Olmstead Plan, increasing the number of units serving people with disabilities from 35 in 2016 to 95 this year. Rental assistance is recommended for 27 units of Section 811 Project-based Rental Assistance which will be incorporated into seven projects in both Greater Minnesota and the Twin Cities metropolitan area. In addition, there are six projects recommended for selection having a total of 524 two-bedroom units and 270 units designed for larger families.

TRENDS

Market Conditions
Minnesota has a shortage of affordable rental housing. According to the U.S. Census Bureau, the percentage of Minnesota renters who are cost burdened (paying 30 percent or more of their income on rent) has increased from 37 percent in 2000 to 46 percent in 2016. Among lower-income renters (with incomes less than $50,000), 67 percent are cost burdened. Specifically, about 248,000 lower-income renter households in Minnesota are cost burdened.

The need for more affordable housing is increasing with rising rents. The rental vacancy rate in much of Minnesota is well below the 5 percent that is generally considered optimal for a balanced market. According to Marquette Advisor's *Apartment Trends,* the rental vacancy rate for the Twin Cities metro area was 3 percent for the fourth quarter of 2016. Recent market studies also show vacancy rates below 5 percent for much of Greater Minnesota. Low vacancy rates and a shortage of rental housing lead to rising rents.

Low vacancy rates have occurred for three reasons. First, with the improving economy, more households have been established as fewer households are doubled up and fewer young adults live with their parents. Second, the homeownership rate in Minnesota dropped from 76 percent in 2006 to 71 percent in 2016. With fewer households owning and more households renting, the demand for rental units increased and rental vacancy rates declined. Third, as shown in the table below, very few new rental units were created during the Great Recession and immediately after (2008-2011). The new units being constructed did not keep pace with the increasing demand. Production picked up in 2012 (largely metro area) and again in 2015-2016.



Source: HUD SOCDS Buildings Permits Database

Overall, Minnesota's economy is stronger than the rest of the country. In August of 2017, our seasonally adjusted unemployment rate was 3.8 percent, while it was 4.4 percent nationally. We need the low unemployment rate to consistently translate into higher wages for renters. While the median income for renters has not kept pace with inflation and rent increases since 2000, it increased by 2.4 percent between 2015 and 2016 (after adjusting for inflation), which is an encouraging sign.

This year's RFP results in 1,399 units recommended for funding. Largely reflective of the low vacancy rates throughout the state and overall strong economy, the percent of new construction units recommended for funding increased from 55 percent to 81 percent of total units from last year to this year. There are 10 new construction developments recommended for funding in the Twin Cities metropolitan area and eight in Greater Minnesota, with an additional two adaptive reuse projects in Greater Minnesota resulting in net new housing units.

Market conditions remain favorable for development as interest rates continue at historically low levels, with tax credit equity markets trending more favorably than in late 2016. As a result, nine of the ten 9% tax credit projects are progressing with no deferred loan needs. The number of projects using 4% tax credits selected for funding continues to be strong, with nine projects expected to generate 4% tax credit equity proceeds of $33 million, up from $30 million in 2016 and $19 million in 2015. With the increase in projects proposing to use 4% tax credits comes an increase in demand for tax-exempt bonds. Developers and communities across the state continue to face a shortage of volume cap for private activity tax-exempt bonding.

The average per unit deferred loan award is $47,265. With 406 units of supportive housing for persons experiencing homelessness recommended for funding this year, it is important to note that HIB proceeds are a particularly important resource for this housing activity which tends to have a larger need for deferred loan resources. These resources are critical to our objective to provide equitable access in focusing on vulnerable populations with the fewest housing choices.

Population Served
This year's selections include funding significantly more units for supportive housing compared with 2016. A total of 406 supportive housing units will directly support the 5,000 unit goal in the Plan to Prevent and End Homelessness, representing a 50 percent increase in the total number of supportive housing units created from last year. Also in support of the Plan to Prevent and End Homelessness, selections continue to serve housing units for homeless youth, with a project serving youth aging out of the foster care system for a second continuous year.

There continues to be a focus on serving people with disabilities with this year's selections, with 95 units serving this population. In addition, seniors continue to be served in both preservation and new construction projects, including one project focused on serving homeless seniors representing 43 units.

Geography
Selections this year are relatively similarly weighted between the Twin Cities metro and Greater Minnesota, with 50.5% of units in projects located in the Twin Cities metropolitan area and 49.5% of units in Greater Minnesota.

Several projects will contribute new units to the housing supply in Greater Minnesota communities that have a need for new housing. There are 330 units being newly developed to respond to the housing needs of workers in communities that have experienced job growth, are expecting future expansion, or where there is a shortage of housing that is limiting job expansion.

In the Twin Cities metro, selections will increase housing options in areas of opportunity with 677 units created or preserved in these areas or in projects with these characteristics. Four hundred twenty units will be created in higher income census tracts with access to jobs, located in both the central cities and suburban communities. Of the units in higher income areas, 359 units of new construction will be added in economic integration areas (51 percent of all new construction units in the metro), with 265 two plus-bedroom units of new construction units added in areas with high performing schools (82 percent of all units in the metro). Four hundred five (405) units will also be located within one-half mile of a planned or completed light rail transit, bus rapid transit, or commuter rail station.

PREDICTIVE COST MODEL
Staff analyzes all proposals on a total cost and per unit cost basis using a Predictive Cost Model. This model was developed by Minnesota Housing research staff as a method to identify proposals having higher costs than expected. Agency staff works with applicants to understand and mitigate high costs. The board has adopted a policy that requires staff to identify and provide rationale for all recommended proposals that exceed the predictive model estimate by greater than 25 percent.

No projects recommended for selection in the 2017 RFP exceed the predictive model estimate.

WAIVERS REQUESTED

Housing Tax Credit Waiver of Development Allocation Credit Limits
Article 7.0 of the 2018 QAP and Chapter 2.E. of the Amended 2018 HTC Procedural Manual states that no developer or general partner may receive tax credits in excess of 10 percent of the state's per capita volume in any calendar year, and no individual development may receive tax credits in excess of $1,000,000. For 2018, the 10 percent volume developer cap is $1,297,188. The board may waive these

limits for projects that involve planned community development, historic preservation, preservation of existing federally assisted housing, housing with rents affordable to households at or below 30 percent of area median income, or in response to significant proposed expansions in area employment or natural disaster recovery efforts.

Staff is recommending a total of three waivers: one development waiver and two developer waivers as follows:

Edison Apartments
Staff recommends a waiver to the $1,000,000 per development cap to allow for an aggregate amount of $1,149,531 for Edison Apartments submitted by St. Michael Development Group, LLC. The amount of the waiver request is $149,531. The development is eligible for Minnesota Housing's per development waiver criteria by providing rents affordable to households at or below 30 percent of the median income.

This 58-unit development requests$1,149,531 in tax credits. The project includes eight units serving long-term homeless households and four units for disabled individuals with rents affordable to households at or below 30 percent of area median income. In addition, the mortgage amount is conservatively underwritten but maximized, the proposal contains costs using Minnesota Housing's methodology, the county has committed substantial funds and the proposal does not include a request for Minnesota Housing or funding partner deferred funds. A waiver of the $1,000,000 per development cap will allow the applicant to maximize the amount of equity available to fund development costs and allow the remaining gap to be filled by seeking a larger mortgage with better terms.

Louisiana Lofts and Sarazin Flats
Staff recommends a waiver to the per developer cap of 10 percent of the state's per capita volume in any calendar year to allow for an aggregate amount of $1,792,127 combined for Louisiana Lofts and Sarazin Flats submitted by MWF Properties, LLC. Both projects meet two of the eligible waiver criteria outlined in the 2018 QAP and Amended 2018 Housing Tax Credit Procedural Manual: by providing housing with rents affordable to households at or below 30 percent of area median income and through its location in an area with significant expansion in area employment. The waiver request is for an amount that is for an amount that is $494,939 above the limit.

Louisiana Lofts is a 54-unit development being recommended for $895,704 in tax credits and Sarazin Flats is a 57-unit development being recommended for $896,423 in tax credits. Both developments are located in Scott County (cities of Savage and Shakopee respectively) and further the goals of responding to significant proposed expansions in area employment in addition to including four units each to serve homeless households with rents affordable to households at or below 30 percent of area median income. Louisiana Lofts and Sarazin Flats also include four units each for disabled individuals with rents affordable to households at or below 30 percent of area median income. Both mortgage amounts are conservatively underwritten but maximized, the proposals contain costs using Minnesota Housing's methodology, the city, the county and the developer have committed substantial funds and neither proposal includes a request for Minnesota Housing or funding partner deferred funds. A waiver of the 10 percent per developer cap will allow the applicant to maximize the amount of equity available to fund development costs with no remaining funding gaps.

Harvestview Place and Rosa Place

Staff recommends a waiver to the per developer cap of 10 percent of the state's per capita volume in any calendar year to allow for an aggregate amount of $1,880,611 combined for Harvestview Place and Rosa Place submitted by Joseph Development, LLC (GP). The request is for an amount that is $583,423 above the limit. Harvestview Place meets three of the eligible waiver criteria outlined in the 2018 QAP and Amended 2018 Housing Tax Credit Procedural Manual: by providing housing with rents affordable to households at or below 30 percent of area median income, through its location in an area with significant expansion in area employment, and resulting from the project's contribution to planned community development efforts. Rosa Place meets two of the eligible waiver criteria: by providing housing with rents affordable to households at or below 30 percent of area median income and through its location in an area with significant expansion in area employment.

Harvestview Place is a 60-unit development in Rochester recommended for $928,906 in tax credits and Rosa Place is a 60-unit development in Mankato recommended for $951,705 in tax credits. These new construction projects will provide workforce housing that achieves the goal of responding to significant proposed expansions in area employment. In addition, each development provides four units for homeless households and four units for disabled individuals with rents affordable to households at or below 30 percent of area median income. Both mortgage amounts are conservatively underwritten but maximized, the proposals contain costs using Minnesota Housing's methodology, the city and the developer have committed substantial funds and neither proposal includes a request for Minnesota Housing or funding partner deferred funds. A waiver of the 10 percent per developer cap will allow the applicant to maximize the amount of equity available to fund development costs and allow the remaining gap to be filled through seeking a larger mortgage with better terms.

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 17-

RESOLUTION APPROVING SELECTION AND COMMITMENT OF PROJECTS FOR DEFERRED FINANCING AND AUTHORIZING THE CLOSING OF LOANS RELATED TO THE FOLLOWING PROGRAMS: ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE (EDHC), PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF), NATIONAL HOUSING TRUST FUND (NHTF)

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

Project #	Project Name	Funding Source	$ Awarded
M17418	Apex Townhomes	EDHC MF	$ 3,486,000
M17715	Cherokee Place	EDHC MF	$ 3,873,508
M17439	Dundry - Hope Block Phase II Stabilization	PARIF	$ 962,000
M17500	Garfield Square Apartments	Hsg Infrastructure Loan - EDHC MF	$ 7,500,000
		Pool 3	$ 640,849
M17454	Hanson Apartments	Hsg Infrastructure Loan - EDHC MF	$ 3,226,000
M17442	Minnehaha Commons	Hsg Infrastructure Loan - EDHC MF	$ 5,146,302
M17467	Park 7	Hsg Infrastructure Loan - EDHC MF	$ 5,384,499
		NHTF	$ 2,806,585
M17512	Riverwood Apartments	PARIF	$ 3,136,474
M17432	The Boulevard	EDHC MF	$ 1,736,000
M17499	The Hylands	Hsg Infrastructure Loan - EDHC MF	$ 4,223,400
M17445	Warroad Townhomes	PARIF	$ 1,924,869
M17451	West Birch Estates	EDHC MF	$ 1,777,808
M17489	Willow Grove Apartments	Hsg Infrastructure Loan - EDHC MF	$ 2,264,540
		Total Awarded:	**$ 47,588,834**

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to enter into loan agreements, and to close said loans from Agency resources and funds for the applications and in the amounts set forth in the attached chart upon the following conditions:

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

2. The issuance of a mortgage loan commitment for all EDHC, PARIF, National Housing Trust Fund and Agency resources loans in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 20 months from the adoption date of this Resolution; but if a development elects the End Loan Commitment, the End Loan Commitment shall occur no later than 20 months from the adoption date of this Resolution, and construction of the development shall be completed within 18 months from the date of End Loan Commitment; and

3. The sponsor, the builder, the architect, the mortgagor and any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the loan, to the security for the loan, to the construction of the development and to the operation of the development.

4. Each PARIF Mortgagor will enter into an agreement with the Agency that complies with subd. 8b of Minn. Stat. § 462A.21 and the rider to the appropriation providing funds to the program (Minnesota Laws 2015, First Special Session, Chapter 1, article 1, section 3, subdivision 7).

Adopted this 19th day of October 2017

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CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 17-

RESOLUTION APPROVING ALLOCATION OF AND GRANTING WAIVERS RELATED TO FEDERAL LOW INCOME HOUSING TAX CREDITS FOR CALENDAR YEAR 2018 TO CERTAIN QUALIFIED LOW INCOME HOUSING BUILDINGS

WHEREAS, in accordance with the Tax Reform Act of 1986 and the provisions of Minnesota Statutes Sections 462A.221-462A.223, the Minnesota Housing Finance Agency (Agency) has received applications as a duly designated housing credit agency for allocations to certain developments of the Low Income Housing Tax Credit program provided by Section 42 of the Internal Revenue Code of 1986 (the Code); and

WHEREAS, the Agency has applied to said applications the criteria set forth for selection in Minnesota Housing's Amended Qualified Allocation Plan (QAP) and Procedural Manual for the Low Income Housing Tax Credit Program (the Manual), duly adopted by the Agency for 2018; and

WHEREAS, the Agency has determined to reserve, for future allocation, portions of the state allocation of the Low Income Housing Credits to the developments identified below, pending final staff review and delivery by the applicants of additional certifications and information required for the Agency's issuance of such allocations.

WHEREAS, upon meeting the requirements for allocation contained in the Manual and QAP, the Agency will allocate portions of the state allocation of Low Income Housing Tax Credits to the following projects:

Metro Selections
5 Projects

Project #	Project Name	Funding Source	$ Awarded
M17443	Edison	9% Housing Tax Credits	$ 1,149,531
M17485	Louisiana Lofts	9% Housing Tax Credits	$ 895,704
M17396	PPL Ain Dah Yung	9% Housing Tax Credits	$ 618,809
M17419	Sarazin Flats	9% Housing Tax Credits	$ 896,423
M17470	The Mariner	9% Housing Tax Credits	$ 923,603
		Total Awarded:	$ **4,484,070**

Greater Minnesota Selections
5 Projects

Project #	Project Name	Funding Source	$ Awarded
M17476	15th Street Flats	9% Housing Tax Credits	$ 899,595
M17428	Cloquet Middle School Apartments	9% Housing Tax Credits	$ 907,222
M17507	HarvestView Place	9% Housing Tax Credits	$ 928,906
M17412	Rosa Place	9% Housing Tax Credits	$ 951,705
M17703	State Street Apartments	9% Housing Tax Credits	$ 941,890
		Total Awarded:	$ **4,629,318**

Summary of Housing Tax Credit Selections

Total Number of Housing Tax Credits Selections	10
Total Amount of Housing Tax Credits Awarded	**$ 9,113,388**

NOW, THEREFORE, BE IT RESOLVED:

1. THAT, pursuant to the above-referenced statutes and the allocation ranking factors contained in the Manual when applied to the applications submitted, Agency staff is hereby authorized to make the Low Income Housing Tax Credits reservations for the above developments in the amounts shown for calendar year 2018 of the Low Income Housing Tax Credit, upon compliance with all of the requirements contained in the QAP and Manual,

2. THAT, Agency staff is authorized to allocate the portions of the state allocation of Low Income Housing Tax Credits to the developments identified above in the amounts shown, subject to adjustments in accordance with the QAP and Manual, including a waiver to the $1,000,000 per development cap for the Edison project and waivers to the $1,297,188 per developer cap for Joseph Development, LLC and MWF Properties,

3. THAT, notification letters concerning the above be forwarded to the approved applicants.

Adopted this 19th day of October 2017

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CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 17-

RESOLUTION APPROVING SELECTION AND COMMITMENT
SECTION 811 PROJECT-BASED RENTAL ASSISTANCE GRANTS

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide Section 811 Project-based Rental Assistance Contracts for properties serving individuals who are extremely low-income and disabled.

WHEREAS, Agency staff has reviewed the applications and determined that they are in compliance with 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 Rental Assistance Contracts using federal resources as set forth below, subject to changes allowable under the HUD Section 811 Project-based Program, upon the following conditions:

1. Agency staff shall review and approve the recommended Rental Assistance Contracts (RACs) for up to the total recommended amount for five years;

Project #	Project Name	Funding Source	Number of Units	$ Awarded
M17422	AEON Prospect Park	Section 811 Rental Assistance	5	$253,134
M17443	Edison	Section 811 Rental Assistance	4	$209,422
M17454	Hanson Apartments	Section 811 Rental Assistance	2	$64,333
M17507	HarvestView Place	Section 811 Rental Assistance	4	$177,811
M17485	Louisiana Lofts	Section 811 Rental Assistance	4	$202,260
M17412	Rosa Place	Section 811 Rental Assistance	4	$172,131
M17432	The Boulevard	Section 811 Rental Assistance	4	$209,422
Total Awarded:			27	**$1,288,513**

2. The issuance of the agreement to enter into a Rental Assistance Contract (ARAC) in form and substance acceptable to the Agency staff shall occur no later than twenty months from the adoption date of this Resolution; and

3. Any extension of an Agency provided capital funding commitment for a project listed above shall also extend the deadline for that project's ARAC for the same term; and

4. The sponsors and such other parties shall execute all such documents relating to said contract, to the security therefore, as the Agency, in its sole discretion, deems necessary.

Adopted this 19th day of October 2017

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CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 17-

RESOLUTION APPROVING SELECTIONSLOW AND MODERATE INCOME RENTAL (LMIR) AND FLEXIBLE FINANCING FOR CAPITAL COSTS (FFCC) PROGRAMS

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for Multifamily rental housing developments serving persons and families of low- and moderate-income for the following developments:

Project #	Project Name	Funding Source	$ Awarded
M17476	15th Street Flats	LMIR	$1,259,000
M17422	AEON Prospect Park	LMIR	$4,148,000
M17418	Apex Townhomes	LMIR	$1,382,000
		LMIR Bridge Loan	$3,520,000
		FFCC	$270,000
M17452	Cherokee Place	LMIR	$2,749,000
		LMIR Bridge Loan	$4,415,000
M17454	Hanson Apartments	LMIR	$1,975,000
		FFCC	$100,000
M17432	The Boulevard	LMIR Bridge Loan	$6,925,000
M17499	The Hylands	LMIR Bridge Loan	$3,426,000
M17445	Warroad Townhomes	LMIR	$1,024,000
M17451	West Birch Estate	LMIR	$1,716,000
		LMIR Bridge Loan	$2,490,000
		FFCC	$100,000
Total Awarded:			**$35,499,000**

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby selects the above referenced developments for further processing under the Low and Moderate Income Rental (LMIR) , the LMIR Bridge Loan and the Flexible Financing for Capital Costs (FFCC) programs.

Adopted this 19th day of October 2017

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CHAIRMAN

Agenda Item: 7.B
Resolutions

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 17-

RESOLUTION APPROVING RESERVATION OF ESTIMATED TAX-EXEMPT PRIVATE ACTIVITY BOND VOLUME CAP SUFFICIENT TO QUALIFY LOANS FOR 4% LOW INCOME HOUSING TAX CREDITS

WHEREAS, in conjunction with applications for 4% Low Income Housing Tax Credits, the Minnesota Housing Finance Agency (Agency) has received applications to issue tax-exempt private activity bonds to finance loans to pay a portion of the costs of acquisition and construction or rehabilitation of Multifamily rental housing developments serving persons and families of low- and moderate-income for the following developments:

Project #	Project Name	Funding Source (in whole or part)	Bond Type	Maximum Loan Principal Amount
M17418	Apex Townhomes	Tax Exempt Bonds	Rental Housing Bonds	$ 3,520,000
M17715	Cherokee Place	Tax Exempt Bonds	Rental Housing Bonds	$ 4,415,000
M17660	Garfield Square Apartments	Tax Exempt Bonds	Housing Infrastructure Bonds	$ 7,500,000
M17442	Minnehaha Commons	Tax Exempt Bonds	Housing Infrastructure Bonds	$ 5,146,302
M17432	The Boulevard	Tax Exempt Bonds	Rental Housing Bonds	$ 6,925,000
M17499	The Hylands	Tax Exempt Bonds	Rental Housing Bonds	$ 3,426,000
			Housing Infrastructure Bonds	$ 4,223,400
M17670	West Birch Estates	Tax Exempt Bonds	Rental Housing Bonds	$ 2,490,000
M17489	Willow Grove Apartments	Tax Exempt Bonds	Housing Infrastructure Bonds	$ 2,264,540
			Total Maximum Loan Principal Amounts:	**$ 39,910,242**

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under Agency's rules, regulations and policies; that financing is 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 Minnesota Statutes Chapter 462A;

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby approves the above referenced developments for further processing for loans, in principal amounts not exceeding the principal amounts set forth above, to be made from sources available to the Agency, including proceeds of tax-exempt private activity bonds that the Agency is entitled to issue using its allocation of a portion of the state of Minnesota's tax-exempt private activity bond volume cap pursuant to Minnesota Statutes ch. 474A. The Agency will reserve a portion of that allocated volume cap for the purpose of issuing bonds in principal amounts sufficient to qualify these loans for 4% Low Income Housing Tax Credits. The Agency will make these loans subject to the following conditions:

1. Agency staff reviews and approves the mortgagor; and

2. All conditions must have been met by the mortgagor for the Agency to provide funding for the development from grants or loans under the Consolidated RFP; and

3. The applicable project qualifies for and is awarded 4% Low Income Housing Tax Credits under the Internal Revenue Service and Agency rules, regulations and procedures, including the Qualified Allocation Plan of the Agency in effect when the bonds are issued; and

4. The applicable project qualifies under Section 142(d) of the Internal Revenue Code as a "qualified residential rental project" that may be financed by the issuance of "exempt facility bonds."

5. The Agency is able to issue and sell its tax-exempt bonds on terms acceptable to the Agency.

6. The sponsor, the builder, the architect, the mortgagor and any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the bonds, the security therefore, and the construction and operation of the development, as the Agency, in its sole discretion, deems necessary

Adopted this 19th day of October 2017

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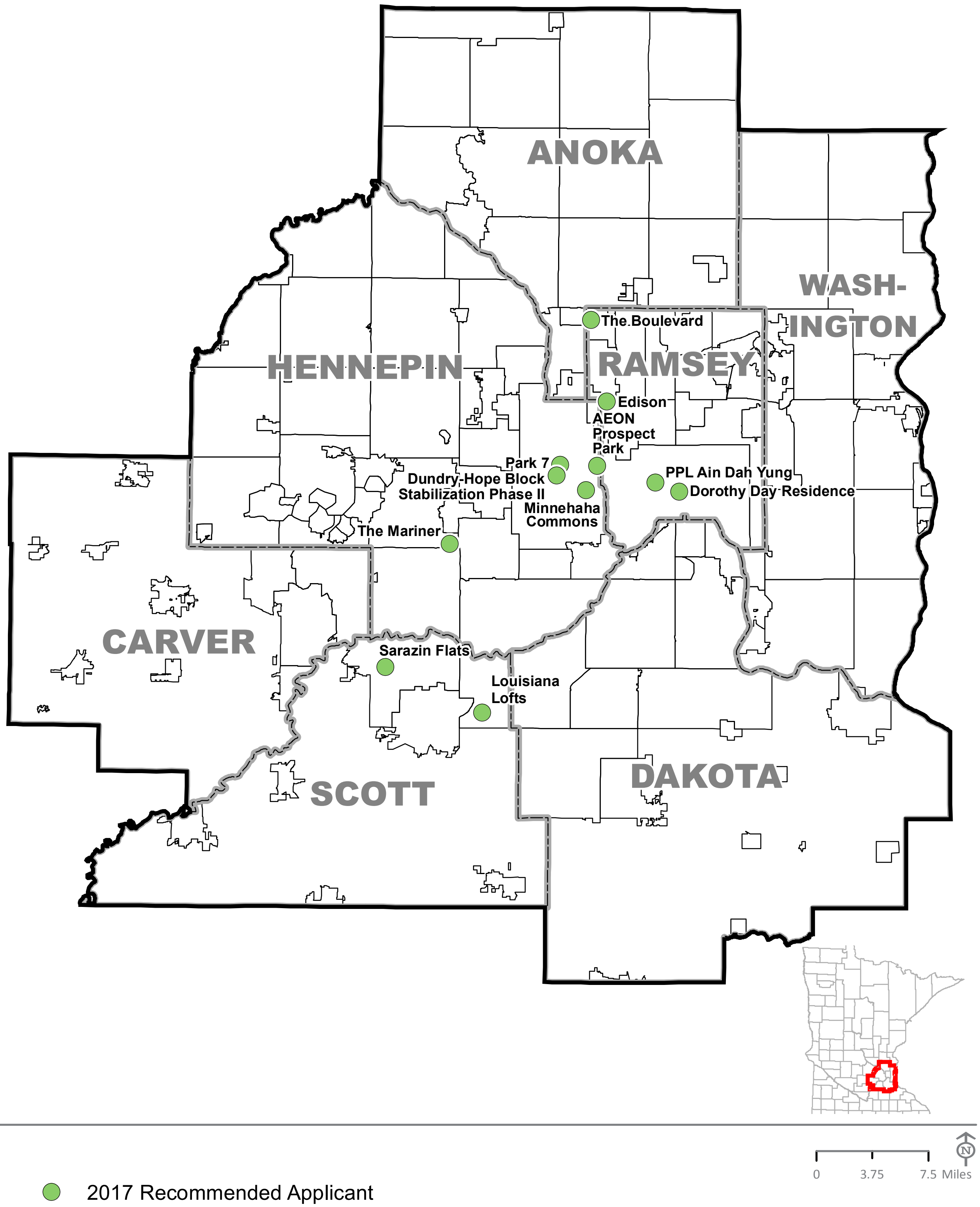
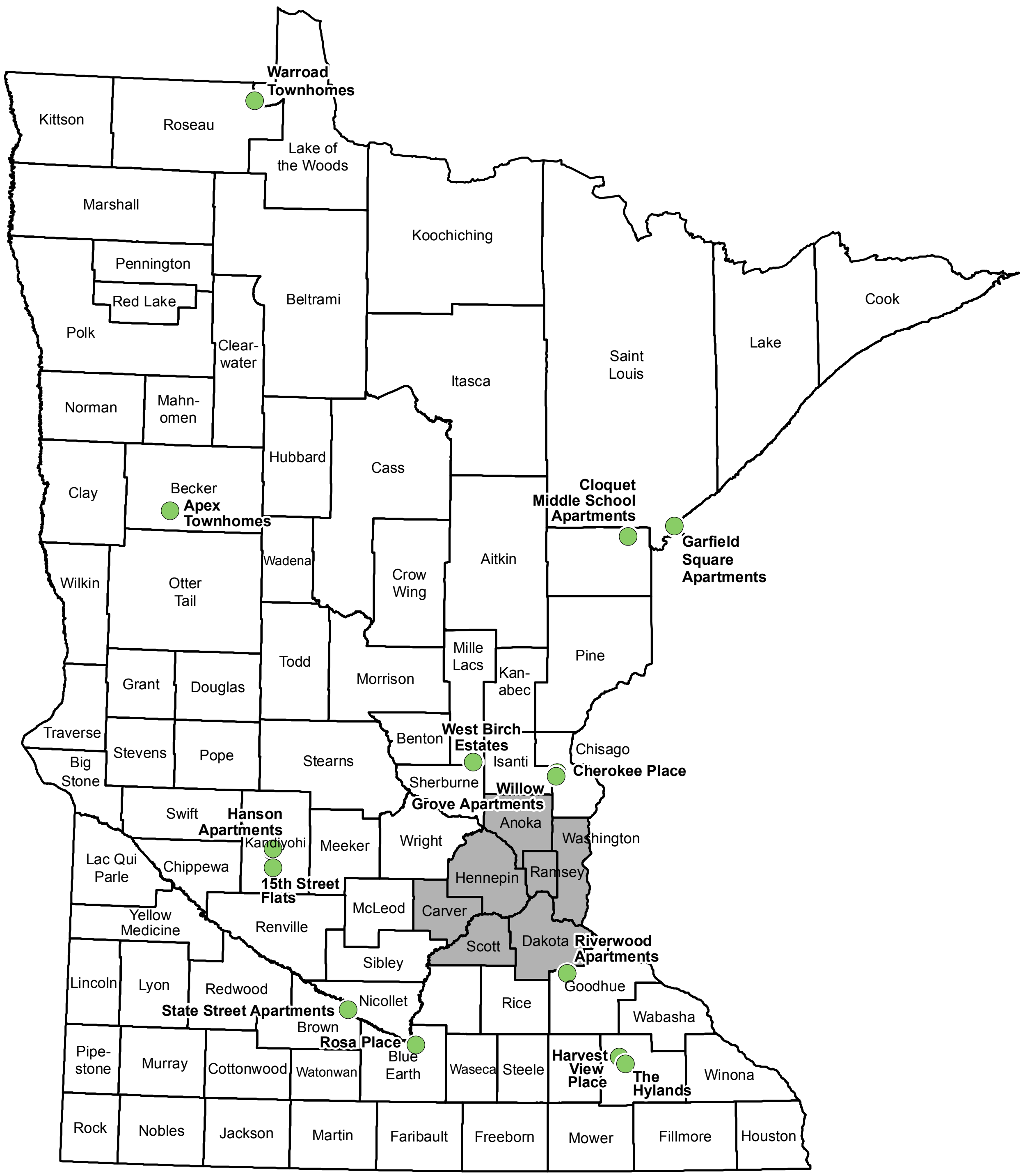
CHAIRMAN

Multifamily Applications Recommended for 2017 RFP Funding
7 County Metro



MINNESOTA HOUSING

Multifamily Applications Recommended for 2017 RFP Funding
Greater Minnesota



2017 Recommended Applicant

0 20 40 Miles

MINNESOTA HOUSING

2017 Minnesota Housing Multifamily Funding Selections: Consolidated

Development Name	Developer	City	Total Units	Permanent Amortizing Mortgage	Minnesota Housing Deferred	Funding Partner Deferred*	Estimated Syndication	Other Sources	Total Development Cost
GREATER MINNESOTA									
Central									
Willow Grove	Central Minnesota Housing Partnership	North Branch	20		$2,264,540	$250,000	$976,209	$648,145	$4,138,893
West Birch Estates	Central Minnesota Housing Partnership, Inc.	Princeton	40	$1,716,000	$1,877,808		$1,246,393	$235,554	$5,075,755
Cherokee Place	Commonwealth Development Corporation	North Branch	48	$2,749,000	$3,873,508		$2,372,156	$15,037	$9,009,701
Northeast									
Garfield Square Apartments	Center CIty Housing Corp	Duluth	50		$8,140,849		$3,357,090	$1,939,642	$13,437,581
Cloquet Middle School Apartments	Roers Investments	Cloquet	57				$7,710,616	$6,416,163	$14,126,779
Northwest									
Warroad Townhomes	D.W. Jones, Inc.	Warroad	30	$1,024,000	$1,924,869	$330,000		$72,820	$3,351,689
Southeast									
The Hylands	Titan Development and Investments, Inc.	Rochester	100	$8,049,000	$4,223,400		$3,547,897	$848,485	$16,668,781
State Street Apartments	Community Housing Development Corporation	New Ulm	55			$547,000	$8,099,444	$6,654,053	$15,300,497
Riverwood Apartments	Three Rivers Community Action, Inc	Cannon Falls	39		$3,136,474			$650,011	$3,786,485
Rosa Place	Rosa Place Development, LLC (Joseph Development)	Mankato	60				$8,849,971	$4,054,360	$12,904,332
Harvest View Place	HarvestView Place Development, LLC (Joseph Development)	Rochester	60				$8,730,843	$4,338,479	$13,069,322
Southwest									
Hanson Apartments	Southwest Minnesota Housing Partnership	Willmar	56	$1,975,000	$3,326,000	$850,000		$347,646	$6,498,646
15th Street Flats	Commonwealth Development Corporation	Willmar	47	$1,259,000			$8,005,546	$15,417	$9,279,963
West Central									
Apex Townhomes	D.W. Jones, Inc.	Detroit Lakes	30	$1,382,000	$3,756,000		$1,787,252	$30,570	$6,955,822
TOTAL GREATER MINNESOTA			**692**	**$18,154,000**	**$32,523,448**	**$1,977,000**	**$54,683,417**	**$26,266,381**	**$133,604,246**

***Note**: All Co-Funder allocations are contingent upon individual board approval.

2017 Minnesota Housing Multifamily Funding Selections: Consolidated

Development Name	Developer	City	Total Units	Permanent Amortizing Mortgage	Minnesota Housing Deferred	Funding Partner Deferred	Estimated Syndication	Other Sources	Total Development Cost
METRO									
Minneapolis									
Park 7	Community Housing Development Corporation	Minneapolis	61		$8,191,084	$400,000		$3,717,430	$12,308,514
Aeon Prospect Park	Aeon	Minneapolis	70	$4,148,000		$382,000	$9,714,739	$3,459,229	$17,703,968
Dundry Hope Block II Stabilization	Hope Community Inc.	Minneapolis	30		$962,000	$400,000		$523,601	$1,885,601
Minnehaha Commons	Alliance Housing Inc.	Minneapolis	43		$5,146,302	$250,000	$2,643,289	$2,775,170	$10,814,761
St. Paul									
Dorothy Day Residence	Catholic Charities of the Archdiocese of St. Paul and Minneapolis	Saint Paul	177		$13,475,837		$13,776,333	$14,407,346	$41,659,516
PPL Ain Dah Yung Supportive Housing	Project for Pride in Living, Inc.	Saint Paul	42				$9,428,300	$1,870,571	$11,298,871
Suburbs									
Sarazin Flats	MWF Properties	Shakopee	57				$8,425,534	$4,612,450	$13,037,984
The Mariner	Newport Midwest, LLC	Minnetonka	55			$210,500	$8,496,298	$6,254,860	$14,961,658
Edison	St. Michael Development Group, LLC	Roseville	58				$10,689,569	$2,739,073	$13,428,642
The Boulevard	The Boulevard Development LLC	Mounds View	60	$7,590,000	$1,736,000	$500,000	$3,773,535	$1,112,426	$14,711,961
Louisiana Lofts	Louisiana Lofts Development LLC	Savage	54				$8,418,776	$4,338,369	$12,757,144
TOTAL METRO			**707**	**$11,738,000**	**$29,511,223**	**$2,142,500**	**$75,366,372**	**$45,810,525**	**$164,568,620**
TOTAL STATEWIDE			**1399**	**$29,892,000**	**$62,034,671**	**$4,119,500**	**$130,049,789**	**$72,076,906**	**$298,172,866**

***Note:** All Co-Funder allocations are contingent upon individual board approval.

2017 Minnesota Housing Multifamily Funding Selections: Detailed

				Amortizing Loans		Bridge Loans	Deferred Loans					Rent Assistance	Tax Credit Allocations					Funding Partners*		
Development Name	**Developer**	**City**	**Total Units**	**LMIR 1st Mortgage**	**MAP**	**LMIR Bridge Loan**	**FFCC**	**HIB Loan**	**PARIF**	**EDHC MF**	**National Hsg Trust Fund**	**Section 811**	**Housing Tax Credits 4%**	**Minnesota Housing Bond Issuer - Long Term**	**Minnesota Housing Bond Issuer - Short Term**	**Housing Tax Credits 9%**	**Suballocator 9%**	**GMHF**	**MN DEED**	**Met Council LHIA**
GREATER MINNESOTA																				
Central																				
Willow Grove	Central Minnesota Housing Partnership	North Branch	20					$2,264,540					$113,524	Yes				$250,000		
West Birch Estates	Central Minnesota Housing Partnership, Inc.	Princeton	40	$1,716,000		$2,490,000	$100,000			$1,777,808			$145,196		Yes					
Cherokee Place	Commonwealth Development Corporation	North Branch	48	$2,749,000		$4,415,000				$3,873,508			$266,561		Yes					
Northeast																				
Garfield Square Apartments	Center CIty Housing Corp	Duluth	50				$640,849	$7,500,000					$383,662	Yes						
Cloquet Middle School Apartments	Roers Investments	Cloquet	57													$907,222				
Northwest																				
Warroad Townhomes	D.W. Jones, Inc.	Warroad	30	$1,024,000					$1,924,869										$330,000	
Southeast																				
The Hylands	Titan Development and Investments, Inc.	Rochester	100		$8,049,000	$3,426,000		$4,223,400					$407,845	Yes	Yes					
State Street Apartments	Community Housing Development Corporation	New Ulm	55													$941,890		$547,000		
Riverwood Apartments	Three Rivers Community Action, Inc	Cannon Falls	39						$3,136,474											
Rosa Place	Rosa Place Development, LLC (Joseph Development)	Mankato	60									$172,131				$951,705				
Harvest View Place	HarvestView Place Development, LLC (Joseph Development)	Rochester	60									$177,811				$928,906				
Southwest																				
Hanson Apartments	Southwest Minnesota Housing Partnership	Willmar	56	$1,975,000			$100,000	$3,226,000				$64,333		Yes				$250,000	$600,000	
15th Street Flats	Commonwealth Development Corporation	Willmar	47	$1,259,000												$899,595				
West Central																				
Apex Townhomes	D.W. Jones, Inc.	Detroit Lakes	30	$1,382,000		$3,520,000	$270,000			$3,486,000			$210,265		Yes					
TOTAL GREATER MINNESOTA			**692**	**$10,105,000**	**$8,049,000**	**$13,851,000**	**$1,110,849**	**$17,213,940**	**$5,061,343**	**$9,137,316**		**$414,275**	**$1,527,053**	**-**	**-**	**$4,629,318**		**$1,047,000**	**$930,000**	

KEY:

LMIR 1st Mortgage - Low and Moderate Income Rental Program Permanent First Mortgage
MAP - HUD Multifamily Accelerated Processing programs Section 221(d) and 223(f)
LMIR Bridge - Low and Moderate Income Rental Program Bridge Loan
FFCC - Flexible Financing for Capital Costs deferred loans in conjunction with LMIR loans
HIB Loan - Housing Infrastructure Bond proceeds administered through Economic Development and Housing/Challenge Fund for a variety of housing needs
National HTF Capital - Bond proceeds administered through Housing Trust Fund for supportive housing
PARIF - Affordable Rental Investment Fund - Preservation deferred loans for preserving existing affordable rental housing
EDHC MF - Economic Development and Housing/Challenge Fund
***Note:** All Co-Funder allocations are contingent upon individual board approval.

Section 811 - HUD Section 811 project-based rental assistance
Housing Tax Credits 4% Request - 4% Housing Tax Credits awarded non-competitively
Housing Tax Credits 9% Request - 9% Housing Tax Credits awarded competitively by Minnesota Housing
Suballocator 9% Request - 9% Housing Tax Credits awarded competitively by a suballocator
GMHF - Greater Minnesota Housing Fund
MN DEED - Minnesota Department of Employment and Economic Development
Met Council LHIA - Metropolitan Council Local Housing Incentives Account

2017 Minnesota Housing Multifamily Funding Selections: Detailed

				Amortizing Loans		Bridge Loans	Deferred Loans					Rent Assistance	Tax Credit Allocations					Funding Partners		
Development Name	Developer	City	Total Units	LMIR 1st Mortgage	MAP	LMIR Bridge	FFCC	HIB Loan	PARIF	EDHC MF	National Hsg Trust Fund	Section 811	Housing Tax Credits 4%	Minnesota Housing Bond Issuer - Long Term	Minnesota Housing Bond Issuer - Short Term	Housing Tax Credits 9%	Suballocator 9%	GMHF	MN DEED	Met Council LHIA
Minneapolis																				
Park 7	Community Housing Development Corporation	Minneapolis	61					$5,384,499			$2,806,585			Yes						$400,000
Aeon Prospect Park	Aeon	Minneapolis	70	$4,148,000								$253,134					$617,616**			$382,000
Dundry Hope Block II Stabilization	Hope Community Inc.	Minneapolis	30						$962,000											$400,000
Minnehaha Commons	Alliance Housing Inc.	Minneapolis	43					$5,146,302					$296,342		City of Minneapolis					$250,000
St. Paul																				
Dorothy Day Residence	Catholic Charities of the Archdiocese of St. Paul and Minneapolis	Saint Paul	177					$13,475,837					$1,548,057		City of St. Paul					
PPL Ain Dah Yung Supportive Housing	Project for Pride in Living, Inc.	Saint Paul	42													$618,809	$465,012			
Suburbs																				
Sarazin Flats	MWF Properties	Shakopee	57													$896,423				
The Mariner	Newport Midwest, LLC	Minnetonka	55													$923,603				$210,500
Edison	St. Michael Development Group, LLC	Roseville	58									$209,422				$1,149,531				
The Boulevard	The Boulevard Development LLC	Mounds View	60		$7,590,000	$6,925,000				$1,736,000		$209,422	$401,480		Yes					$500,000
Louisiana Lofts	Louisiana Lofts Development LLC	Savage	54									$202,260				$895,704				
TOTAL METRO			**707**	**$4,148,000**	**$7,590,000**	**$6,925,000**		**$24,006,638**	**$962,000**	**$1,736,000**	**$2,806,585**	**$874,238**	**$2,245,879**	**-**	**-**	**$4,484,070**	**$1,082,628**			**$2,142,500**
TOTAL STATEWIDE			**1399**	**$14,253,000**	**$15,639,000**	**$20,776,000**	**$1,110,849**	**$41,220,578**	**$6,023,343**	**$10,873,316**	**$2,806,585**	**$1,288,513**	**$3,772,932**	**-**	**-**	**$9,113,388**	**$1,082,628**	**$1,047,000**	**$930,000**	**$2,142,500**

KEY:

LMIR 1st Mortgage - Low and Moderate Income Rental Program Permanent First Mortgage
MAP - HUD Multifamily Accelerated Processing programs Section 221(d) and 223(f)
LMIR Bridge - Low and Moderate Income Rental Program Bridge Loan
FFCC - Flexible Financing for Capital Costs deferred loans in conjunction with LMIR loans
HIB Loan - Housing Infrastructure Bond proceeds administered through Economic Development and Housing/Challenge Fund for a variety of housing needs
National HTF Capital - Bond proceeds administered through Housing Trust Fund for supportive housing
PARIF - Affordable Rental Investment Fund - Preservation deferred loans for preserving existing affordable rental housing
EDHC MF - Economic Development and Housing/Challenge Fund
***Note:** All Co-Funder allocations are contingent upon individual board approval.
**Subject to selection and approval by the Minneapolis City Council

Section 811 - HUD Section 811 project-based rental assistance
Housing Tax Credits 4% Request - 4% Housing Tax Credits awarded non-competitively
Housing Tax Credits 9% Request - 9% Housing Tax Credits awarded competitively by Minnesota Housing
Suballocator 9% Request - 9% Housing Tax Credits awarded competitively by a suballocator
GMHF - Greater Minnesota Housing Fund
MN DEED - Minnesota Department of Employment and Economic Development
Met Council LHIA - Metropolitan Council Local Housing Incentives Account

2017 Minnesota Housing Multifamily Funding Selections: Priorities

				Type				Priorities				
Development Name	**Developer**	**City**	**Total Units**	**Preservation Federally Assisted Housing Units**	**New Construction Affordable Units**	**Preservation Non-Federally Assisted**	**Market Rate**	**Access to Transit Units**	**Greater MN Workforce Housing Units**	**Metro Areas of Opportunity**	**Units Serving People Experiencing Homelessness**	**People with Disabilities Units**
GREATER MINNESOTA												
Central												
Willow Grove	Central Minnesota Housing Partnership	North Branch	20		20						20	
West Birch Estates	Central Minnesota Housing Partnership, Inc.	Princeton	40		23	16	1	40				
Cherokee Place	Commonwealth Development Corporation	North Branch	48		48				48		5	
Northeast												
Garfield Square Apartments	Center CIty Housing Corp	Duluth	50		50			50			40	10
Cloquet Middle School Apartments	Roers Investments	Cloquet	57		45		12		45		7	
Northwest												
Warroad Townhomes	D.W. Jones, Inc.	Warroad	30	30								
Southeast												
The Hylands	Titan Development and Investments, Inc.	Rochester	100	100				100			5	5
State Street Apartments	Community Housing Development Corporation	New Ulm	55		55				55		4	
Riverwood Apartments	Three Rivers Community Action, Inc	Cannon Falls	39	2		37		39				
Rosa Place	Rosa Place Development, LLC (Joseph Development)	Mankato	60		60			60			4	4
Harvest View Place	HarvestView Place Development, LLC (Joseph Development)	Rochester	60		60						4	4
Southwest												
Hanson Apartments	Southwest Minnesota Housing Partnership	Willmar	56	56			8	56			2	2
15th Street Flats	Commonwealth Development Corporation	Willmar	47		47				47		5	5
West Central												
Apex Townhomes	D.W. Jones, Inc.	Detroit Lakes	30		29		1				4	
TOTAL GREATER MINNESOTA			**692**	**188**	**437**	**53**	**22**	**345**	**195**		**100**	**30**

2017 Minnesota Housing Multifamily Funding Selections: Priorities

				Type				Priorities				
Development Name	**Developer**	**City**	**Total Units**	**Preservation Federally Assisted Housing Units**	**New Construction Affordable Units**	**Preservation Non-Federally Assisted**	**Market Rate**	**Access to Transit Units**	**Greater MN Workforce Housing Units**	**Metro Areas of Opportunity**	**Units Serving People Experiencing Homelessness**	**People with Disabilities Units**
METRO												
Minneapolis												
Park 7	Community Housing Development Corporation	Minneapolis	61		61			61		61	31	10
Aeon Prospect Park	Aeon	Minneapolis	70		63		7	63		70	2	5
Dundry Hope Block II Stabilization	Hope Community Inc.	Minneapolis	30	6		24		30			25	
Minnehaha Commons	Alliance Housing Inc.	Minneapolis	43		43			43		43	43	
St. Paul												
Dorothy Day Residence	Catholic Charities of the Archdiocese of St. Paul and Minneapolis	Saint Paul	177		177			177		177	150	27
PPL Ain Dah Yung Supportive Housing	Project for Pride in Living, Inc.	Saint Paul	42		42			42		42	35	7
Suburbs												
Sarazin Flats	MWF Properties	Shakopee	57		57			57		57	4	4
The Mariner	Newport Midwest, LLC	Minnetonka	55		55			55		55	4	
Edison	St. Michael Development Group, LLC	Roseville	58		58			58		58	8	4
The Boulevard	The Boulevard Development LLC	Mounds View	60		60			60		60		4
Louisiana Lofts	Louisiana Lofts Development LLC	Savage	54		54					54	4	4
TOTAL METRO			**707**	6	670	24	7	646		677	306	65
TOTAL STATEWIDE			**1,399**	**194**	**1,107**	**77**	**29**	**991**	**195**	**677**	**406**	**95**

KEY:
LTH - Long Term Homeless
Economic Integration - Projects located in higher income communities outside of rural/tribal areas
PCD - Planned Communities Development
Workforce - Housing that's affordable to the local workforce

15th Street Flats

Developer	Commonwealth Development Corporation
Location	Willmar
Development Number	D7990
Project Number	M17709

Project Description

15th Street Flats involves the new construction of a 47-unit mixed income development in Willmar. It is a four-story elevator building with eight one-bedroom, 22 two-bedroom, and 17 three-bedroom units. Five of the units benefit from project-based Section 8 rental assistance.

The development serves the important policy goals of addressing Greater Minnesota workforce housing and permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $197,446 is 5.51 % above the $187,130 predictive model estimate.

The development received six Housing Tax Credit (HTC) points for claiming cost containment

points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	3	$625	50% MTSP	60% MTSP
1BR	5	$693	30% MTSP	30% MTSP
2BR	5	$761	60% MTSP	60% MTSP
2BR	2	$853	60% MTSP	60% MTSP
2BR	6	$450	30% MTSP	30% MTSP
2BR	9	$750	50% MTSP	60% MTSP
3BR	1	$866	50% MTSP	60% MTSP
3BR	7	$975	60% MTSP	60% MTSP
3BR	5	$866	50% MTSP	60% MTSP
3BR	4	$519	30% MTSP	30% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Minnesota Housing First Mortgage	$1,259,000
Syndication Proceeds	$8,005,546
Energy Rebates	$14,570
Deferred Developer Fee	$847
Total Permanent Financing	$9,279,963

Selected Applications: October 19, 2017

Aeon Prospect Park

Developer	Aeon
Location	Minneapolis
Development Number	D7886
Project Number	M17763

Project Description

Aeon Prospect Park involves the new construction of a 70-unit mixed-income development in Minneapolis. It is a five-story elevator building with 11 one-bedroom, 41 two-bedroom, and 18 three-bedroom units.

The development serves an important policy goal of addressing access to fixed transit, economic integration, and permanent supportive housing. It also serves the policy goal of planned community development; however it was not awarded points for the category in this round.

Cost Containment

The budgeted TDC per unit of $252,914 is 5.10% below the $266,514 predictive model estimate.

The development received sixHTC points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	2	$508	30% MTSP	30% MTSP
1BR	3	$508	30% MTSP	30% MTSP
1BR	1	$848	50% MTSP	50% MTSP
1BR	5	$848	50% MTSP	50% MTSP
2BR	24	$1,017	50% MTSP	50% MTSP
2BR	7	$1,443	Market	None
2BR	3	$610	30% MTSP	30% MTSP
2BR	7	$793	30% MTSP	30% MTSP
3BR	18	$1,410	60% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Minnesota Housing First Mortgage	$4,148,000
General Partner Cash	$100
Syndication Proceeds	$9,714,739
Sales Tax Rebate	$301,087
Energy Rebates	$35,000
Met Council LCDA	$1,445,000
Met Council TBRA	$201,300
Minneapolis AHTF 2015	$900,000
Minneapolis AHTF 2017	$225,000
Hennepin County AHIF	$250,000

Private Contribution	$100,000
Met Council LHIA	$382,000
Deferred Developer Fee	$1,742
Total Permanent Financing	$17,703,968

MINNESOTA HOUSING

Selected Applications: October 19, 2017

Apex Townhomes

Developer	D.W. Jones, Inc.
Location	Detroit Lakes
Development Number	D7943
Project Number	M17702

Project Description

Apex Townhomes is a new construction, workforce housing development of 30 units located in Detroit Lakes. The project consists of five two-story townhome buildings with 14 two-bedroom and 16 three-bedroom units. Four of the units benefit from project-based Section 8 rental assistance.

The development serves an important policy goal of addressing Greater Minnesota workforce housing.

Cost Containment

The budgeted TDC per unit of $231,559 is 11.27% above the $208,114 predictive model estimate. The development is not eligible for cost containment points under the 4% structure.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
2BR	3	$735	50% MTSP	60% MTSP
2BR	1	$735	50% MTSP	60% MTSP
2BR	8	$735	60% MTSP	60% MTSP
2BR	2	$729	60% MTSP	60% MTSP
3BR	1	$830	Market	None
3BR	1	$830	60% MTSP	60% MTSP
3BR	12	$830	50% MTSP	60% MTSP
3BR	2	$959	60% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Minnesota Housing First Mortgage	$1,382,000
Syndication Proceeds	$1,787,252
Energy Rebates	$29,070
Employer Contribution	$1,500
Flexible Financing Cap Cost	$270,000
EDHC MF	$3,486,000
Total Permanent Financing	$6,955,822

Cherokee Place

Developer	Commonwealth Development Corporation
Location	North Branch
Development Number	D7999
Project Number	M17716

Project Description

Cherokee Place involves the new construction of a 48-unit development in North Branch.The development will consist of single-story townhomes with attached one-car garages and include five one-bedroom, 23 two-bedroom, and 20 three-bedroom units. Five of the units benefit from project-based Group Residential Housing (GRH) rental assistance.

The development serves the important policy goals of addressing Greater Minnesota workforce housing, planned community development and permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $184,772 is 6.15% below the $196,874 predictive model estimate.

The development received six HTC points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	1	$693	50% MTSP	60% MTSP
1BR	4	$693	50% MTSP	60% MTSP
2BR	1	$1,017	50% MTSP	60% MTSP
2BR	1	$1,017	50% MTSP	60% MTSP
2BR	10	$1,017	50% MTSP	60% MTSP
2BR	11	$1,017	50% MTSP	60% MTSP
3BR	1	$1,175	50% MTSP	60% MTSP
3BR	14	$1,175	50% MTSP	60% MTSP
3BR	1	$1,175	50% MTSP	60% MTSP
3BR	4	$1,175	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Minnesota Housing First Mortgage	$2,749,000
Syndication Proceeds	$2,372,156
Deferred Loan Request	$3,873,508
Energy Rebates	$14,800
Deferred Developer Fee	$237
Total Permanent Financing	$9,009,701

Cloquet Middle School Apartments

Developer	Roers Investments
Location	Cloquet
Development Number	D7956
Project Number	M17663

Project Description

Cloquet Middle School Apartments involves the acquisition, adaptive reuse and historic preservation of a 57-unit mixed-income and mixed-use development in Cloquet. It will be a three-story elevator building with nine efficiency, five one-bedroom, 29 two-bedroom, and fourteen three-bedroom units. Seven of the units will benefit from project-based Section 8 rental assistance and will house long-term homeless households.The proposed development will also have many amenities including the historic auditorium, gymnasium, fitness center, laundry facilities, onsite parking, and outdoor green spaces.

The historic Cloquet Middle School was previously slated for demolition until the school board and the City of Cloquet partnered to release a development Request for Proposals in 2015 to investigate potential development opportunities for reuse of the building with focus on housing development. The adaptive reuse of the historic school into affordable, workforce housing units is supported by community stakeholders and not only preserves a historic building but provides housing options for the community and local employers.

The development serves an important policy goal of addressing Greater Minnesota workforce housing, planned community development and permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $247,838 is 10.47% above the $224,349 predictive model estimate.

The development did not receive cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
0BR/Eff	5	$588	50% MTSP	60% MTSP
0BR/Eff	4	$575	Market	None
1BR	1	$630	50% MTSP	60% MTSP
1BR	4	$630	50% MTSP	60% MTSP
2BR	10	$831	60% MTSP	60% MTSP
2BR	6	$900	Market	None
2BR	9	$756	50% MTSP	60% MTSP
2BR	2	$756	50% MTSP	60% MTSP
2BR	2	$756	50% MTSP	60% MTSP
3BR	5	$961	60% MTSP	60% MTSP
3BR	1	$873	50% MTSP	60% MTSP
3BR	2	$1,035	Market	None
3BR	6	$873	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
First Mortgage	$1,000,000
Syndication Proceeds	$7,710,616

State Historic Proceeds	$2,385,058
Federal Historic Proceeds	$2,283,338
Deferred Developer Fee	$440,242
Total Permanent Financing	$13,819,254
Other Financing	$307,525

Dorothy Day Residence

Developer	Catholic Charities of the Archdiocese of St. Paul and Minneapolis
Location	Saint Paul
Development Number	D7890
Project Number	M17755

Project Description

Dorothy Day Residence is a new construction supportive housing development located in St. Paul. Dorothy Day Residence will occupy the top four floors of the new six-story elevator building and will contain 177 units of permanent supportive housing designated for individuals experiencing homelessness. The elevator building will contain 25 single room occupancy (SRO) units and 152 effeciency units. 75 of the units benefit from project-based Section 8, and 25 units from Housing Support (fka GRH) rental assistance.

The development meets the preservation of federal assistance, prevents and ends homelessness, and addresses critical rental housing strategic priorities. The development serves an important policy goal of addressing the preservation of federally assisted, and transit oriented development housing.

Cost Containment

The development did not claim cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
0BR/Eff	15	$703	30% MTSP	30% MTSP
0BR/Eff	12	$100	30% MTSP	30% MTSP
0BR/Eff	8	$100	30% MTSP	30% MTSP
0BR/Eff	1	$455	30% MTSP	50% MTSP
0BR/Eff	10	$455	50% MTSP	50% MTSP
0BR/Eff	21	$455	30% MTSP	30% MTSP
0BR/Eff	10	$703	30% MTSP	30% MTSP
SRO no Kitchen	75	$721	50% MTSP	30% MTSP
SRO no Kitchen	25	$425	30% MTSP	30% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Syndication Proceeds	$13,776,333
Deferred Loan Request	$13,475,837
Sales Tax Rebate	$863,585
Energy Rebates	$42,777
LCDA Met Council Funds	$662,000
City of St. Paul funds	$1,000,000
Dorothy Day - Private Capital Campaign	$8,788,985

Catholic Charities Contribution	$3,050,000
Total Permanent Financing	$41,659,517

MINNESOTA HOUSING

Development Summary

Selected Applications: October 19, 2017

Dundry Hope Block II Stabilization

Developer	Hope Community Inc.
Location	Minneapolis
Development Number	D7934
Project Number	M17683

Project Description

Dundry/Hope Block II Stabilization involves the substantial rehabilitation, preservation of a 30-unit development in Minneapolis. It is a two- four-story walk-up building with 18 zero-bedroom,seven one-bedroom, one two-bedroom, three three-bedroom units and one five-bedroom units. Twenty-five of the units benefit from project-based Group Residential Housing (GRH) rental assistance.

The development serves an important policy goal of addressing preservation of supportive housing and permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $62,000 is 52.09% below the $131,199 predictive model estimate.

The development did not claim cost containment points since it not a tax credit development.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
0BR/Eff	18	$623	30% MTSP	30% MTSP
1BR	7	$726	30% MTSP	30% MTSP
2BR	1	$891	50% MTSP	60% MTSP
3BR	2	$1,115	50% MTSP	60% MTSP
3BR	1	$968	50% MTSP	60% MTSP
5BR	1	$1,644	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
PARIF	$962,000
City of Minneapolis AHTF	$209,679
Dundry House Replacement Reserve	$60,000
Hope Community Owner Contribution	$20,000
Hennepin County MN Brownfields Grant	$18,922
Hennepin County Environmental Response Fun	$15,000
Federal Home Loan Bank	$200,000
Met Council LHIA	$400,000
Total Permanent Financing	$1,885,601

Edison

Developer	St. Michael Development Group, LLC
Location	Roseville
Development Number	D8005
Project Number	M17735

Project Description

Edison Apartments involves the new construction of a 58-unit development in Roseville. It is a four-story elevator building with 14 one-bedroom, 24 two-bedroom, and 20 three-bedroom units. Eight of the units benefit from project-based non-profit funded rental assistance.

The development serves an important policy goal of addressing economic integration and permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $233,139 is .68% below the $234,736 predictive model estimate.

The development received six HTC points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	6	$848	50% MTSP	60% MTSP
1BR	4	$848	50% MTSP	30% MTSP
1BR	4	$848	50% MTSP	60% MTSP
2BR	19	$1,017	50% MTSP	60% MTSP
2BR	4	$1,017	50% MTSP	60% MTSP
2BR	1	$1,017	50% MTSP	50% MTSP
3BR	20	$1,175	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
First Mortgage	$2,318,000
General Partner Cash	$1,171
Syndication Proceeds	$10,689,569
HOME Loan - Ramsey County	$100,000
Energy Rebates	$15,000
Total Permanent Financing	$13,123,740
Other Financing	$304,902

Garfield Square Apartments

Developer	Center CIty Housing Corp
Location	Duluth
Development Number	D7940
Project Number	M17660

Project Description

Garfield Square Apartments involves the new construction of a 50-unit development in Duluth. It is a three story elevator building with fifty one-bedroom units. Fifty of the units benefit from project-based Section 8 rental assistance.The development will serve to replace the dilapidated Esmond Apartments, formerly the Seaway Hotel.

The development serves the important policy goals of addressing planned community development and permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $247,545 is 13.22% above the $218,639 predictive model estimate.

The development did not receive points for cost containment.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	15	$627	50% MTSP	60% MTSP
1BR	15	$627	30% MTSP	60% MTSP
1BR	10	$627	30% MTSP	30% MTSP
1BR	10	$627	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Syndication Proceeds	$3,357,090
Sales Tax Rebate	$243,254
Energy Rebates	$5,015
City of Duluth HOME	$200,000
Saint Louis County	$200,000
Other Agency Source	$640,849
HIB - PAB	$7,500,000
Total Permanent Financing	$12,146,208
Other Financing	$1,291,373

Hanson Apartments

Developer	Southwest Minnesota Housing Partnership
Location	Willmar
Development Number	D7988
Project Number	M17708

Project Description

Hanson Apartments involves the acquisition and substantial rehabilitation of a 56-unit development in Willmar. It is a two story walk-up comprised of four buildings with four one-bedroom and 52 two-bedroom units. Currently 36 of the units benefit from project-based Rural Development rental assistance, with RD guaranteeing six more units of RD RA. Additionally 10 units will received project-based Housing Choice Vouchers (HCV), and four units will receive Section 811.
The development serves the important policy goal of addressing preservation of federally assisted units (RD).

Cost Containment

The budgeted TDC per unit of $120,721 is 17.38% below the $145,977 predictive model estimate.

The development is a 4% tax credit project and is not eligible for cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	2	$546	50% MTSP	60% MTSP
1BR	2	$521	50% MTSP	30% MTSP
2BR	8	$724	Market	80>S/AMI
2BR	6	$724	50% MTSP	60% MTSP
2BR	4	$724	50% MTSP	60% MTSP
2BR	34	$724	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Minnesota Housing First Mortgage	$1,975,000
General Partner Cash	$131
Sales Tax Rebate	$25,500
Energy Rebates	$2,800
Rural Development - Assumed from seller	$1,000
Replacement Reserve Transferred from Seller	$200,000
Cash Flow to Construction Loan Interest	$116,000
Flexible Financing Cap Cost	$100,000
GMHF	$250,000
MN Deed	$600,000
Housing Infrastructure Bonds EDHC MF	$3,226,000
Deferred Developer Fee	$2,215
Total Permanent Financing	$6,498,646

MINNESOTA HOUSING

Development Summary

Selected Applications: October 19, 2017

Harvest View Place

Developer	HarvestView Place Development, LLC (Joseph Development)
Location	Rochester
Development Number	D8019
Project Number	M17767

Project Description

Harvest View Place is a proposed 100% affordable, 60-unit new construction development in Rochester. The three-story, elevator building will contain 15 one-bedroom, 30 two-bedroom, and 15 three-bedroom units. The project will serves families with children. On site amenities include underground parking, a tot-lot, secured entry access, community room, fitness center and a community laundry. The site is located in an area of the city experiencing growth and development. Tenants will have convenient access to schools, entertainment, and employment options throughout the area.

The development serves an important policy goal of addressing: Greater Minnesota workforce housing,economic integration and permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $217,754 is 2.6% below the $223,572 predictive model estimate.

The development received six HTC points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	4	$720	50% MTSP	30% MTSP
1BR	11	$831	50% MTSP	60% MTSP
2BR	26	$997	50% MTSP	60% MTSP
2BR	4	$180	50% MTSP	50% MTSP
3BR	15	$1,151	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
First Mortgage	$3,330,000
General Partner Cash	$940
Syndication Proceeds	$8,730,843
Energy Rebates	$16,000
GP Loan	$500,000
Deferred Developer Fee	$185,212
Total Permanent Financing	$12,762,995
Other Financing	$306,327

Louisiana Lofts

Developer	Louisiana Lofts Development LLC
Location	Savage
Development Number	D8023
Project Number	M17777

Project Description

Louisiana Lofts involves the new construction of a 54-unit (mix-income, mixed-use) development in Savage It is a 3 story elevator building with 12 one-bedroom, 28 two-bedroom, and 14 three-bedroom units. Eight of the units benefit from Group Residential Housing (GRH) and Section 811 rental assistance.

The development serves an important policy goal of addressing access to fixed transit, workforce housing, economic integration, planned community development, permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $247,127 is 3.88% above the $237,895 predictive model estimate.

The development received 6 HTC points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	4	$848	50% MTSP	60% MTSP
1BR	4	$848	50% MTSP	30% MTSP
1BR	4	$691	30% MTSP	30% MTSP
2BR	28	$1,017	50% MTSP	60% MTSP
3BR	14	$1,175	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
First Mortgage	$2,899,000
Syndication Proceeds	$8,418,776
Energy Rebates	$1,800
GP Loan	$350,000
City of Savage Seller Note	$350,000
Scott County Deferred Loan	$300,000
Total Permanent Financing	$12,319,576
Other Financing	$437,569

Minnehaha Commons

Developer	Alliance Housing Inc.
Location	Minneapolis
Development Number	D7957
Project Number	M17678

Project Description

Minnehaha Commons involves the new construction of a 43-unit development in Minneapolis. It is a three-story elevator building with 43 studio units.

The development serves an important policy goal of addressing permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $251,506 is 9.07% above the $230,582 predictive model estimate.

The development received zero HTC points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
0BR/Eff	10	$693	60% MTSP	60% MTSP
0BR/Eff	1	$693	50% MTSP	60% MTSP
0BR/Eff	7	$500	60% MTSP	60% MTSP
0BR/Eff	4	$693	60% MTSP	60% MTSP
0BR/Eff	21	$693	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Sales Tax Rebate	$175,170
Energy Rebates	$20,000
Minneapolis CPED AHTF 2016	$925,000
MN DHS Live Well at Home	$700,000
Federal Home Loan Bank 2016	$500,000
Hennepin County AHIF 2017	$250,000
Private Foundations	$55,000
Met Council LHIA	$250,000
Minneapolis CPED AHTF 2017	$150,000
HIB	$5,146,302
Total Permanent Financing	$10,814,761
Other Financing	$0
Syndication Proceeds	$2,643,289

Park 7

Developer	Community Housing Development Corporation
Location	Minneapolis
Development Number	D7864
Project Number	M17695

Project Description

Park 7 involves the new construction of a 61-unit development in Minneapolis. It is a five-story elevator building with 61 efficiency units.

The development serves an important policy goal of addressing access to fixed transit, economic integration, planned community development and permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $224,249 is 16.46% above the $192,558 predictive model estimate.

The development received zero HTC points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
0BR/Eff	21	$693	50% MTSP	60% MTSP
0BR/Eff	10	$693	50% MTSP	30% MTSP
0BR/Eff	10	$693	50% MTSP	60% MTSP
0BR/Eff	20	$693	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Sales Tax Rebate	$264,930
Energy Rebates	$15,000
GP Land Loan	$862,500
City of Minneapolis AHTF 2015	$900,000
Federal Home Loan Bank	$500,000
Hennepin County AHIF 2018	$550,000
City of Minneapolis AHTF 2017	$625,000
Hsg Infrastructure Bonds- HTF	$5,384,499
NHTF- National HTF- Capital	$2,806,585
Met Council LHIA	$400,000
Total Permanent Financing	$12,308,514

PPL Ain Dah Yung Supportive Housing

Developer	Project for Pride in Living, Inc.
Location	Saint Paul
Development Number	D7954
Project Number	M17737

Project Description

PPL Ain Dah Yung involves the new construction of a 42-unit development in St. Paul. It is a four-story elevator building with 42 studio units.

The development serves an important policy goal of addressing access to fixed transit, tribally-supported housing, planned community development and permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $272,477 is 17.44% above the $232,013 predictive model estimate.

The development received zero HTC points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
0BR/Eff	1	$699	50% MTSP	30% MTSP
0BR/Eff	8	$474	30% MTSP	30% MTSP
0BR/Eff	4	$474	30% MTSP	50% MTSP
0BR/Eff	2	$474	50% MTSP	50% MTSP
0BR/Eff	6	$858	50% MTSP	30% MTSP
0BR/Eff	7	$858	30% MTSP	30% MTSP
0BR/Eff	6	$858	30% MTSP	50% MTSP
0BR/Eff	4	$699	30% MTSP	30% MTSP
0BR/Eff	4	$699	50% MTSP	50% MTSP

Capital Sources of Funding

Name of Source	Award Amount
General Partner Cash	$450,000
Syndication Proceeds	$9,428,300
Sales Tax Rebate	$220,000
Energy Rebates	$14,500
Met Council LCDA	$424,000
City of Saint Paul	$285,000
Shakopee Mdewakanton Sioux Community	$100,000
Mille Lacs Band of Ojibwe	$40,000
Federal Home Loan Bank	$280,030
Met Council LCDA	$57,041
Total Permanent Financing	$11,298,871

MINNESOTA HOUSING

Development Summary

Selected Applications: October 19, 2017

Riverwood Apartments

Developer	Three Rivers Community Action, Inc
Location	Cannon Falls
Development Number	D8011
Project Number	M17747

Project Description

Riverwood Apartments involves the acquisition and substantial rehabilitation of a 39 unit development in Cannon Falls. It is 3 - 2 story walk-up buildings with 29 one-bedroom and 10 two-bedroom units. Two of the units benefit from project-based Rural Development rental assistance.

The development serves an important policy goal of addressing preservation of federally assisted housing.

Cost Containment

The budgeted TDC per unit of $112,679 is .55% below the $113,306 predictive model estimate.

The development received 6 HTC points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	27	$560	50% MTSP	60% MTSP
1BR	2	$560	50% MTSP	60% MTSP
2BR	9	$595	50% MTSP	60% MTSP
2BR	1	$595	50% MTSP	None

Capital Sources of Funding

Name of Source	Award Amount
Sales Tax Rebate	$45,468
Energy Rebates	$12,180
RD 515 - Rivers Edge	$205,034
RD 515 - Woodknoll	$368,329
UMOS	$19,000
PARIF	$3,136,474
Total Permanent Financing	$3,786,485

MINNESOTA HOUSING

Development Summary

Selected Applications: October 19, 2017

Rosa Place

Developer	Rosa Place Development, LLC (Joseph Development)
Location	Mankato
Development Number	D8017
Project Number	M17765

Project Description

Rosa Place involves the new construction of a 60-unit development in Mankato. It is a three-story elevator building with 15 one-bedroom, 30 two-bedroom, and 15 three-bedroom units. Six of the units benefit from project-based Section 8.

The development serves an important policy goal of addressing permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $214,954 is 3.85% below the $223,572 predictive model estimate.

The development received six HTC points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	4	$691	50% MTSP	60% MTSP
1BR	7	$731	50% MTSP	60% MTSP
1BR	4	$697	50% MTSP	30% MTSP
2BR	6	$853	60% MTSP	60% MTSP
2BR	9	$916	60% MTSP	60% MTSP
2BR	15	$877	50% MTSP	60% MTSP
3BR	15	$1,048	60% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
First Mortgage	$3,166,000
General Partner Cash	$930
Syndication Proceeds	$8,849,971
Energy Rebates	$1,800
GP Loan	$511,200
Total Permanent Financing	$12,529,901
Other Financing	$374,430

Development Summary

Selected Applications: October 19, 2017

Sarazin Flats

Developer	MWF Properties
Location	Shakopee
Development Number	D7972
Project Number	M17651

Project Description

Sarazin Flats involves the new construction of a 57-unit development in Shakopee. It is a three-story elevator building with 12 one-bedroom, 27 two-bedroom, and 18 three-bedroom units.

The development serves an important policy goal of addressing economic integration, planned community development and permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $228,550 is 2.28% below the $233,892 predictive model estimate.

The development received six Housing Tax Credit (HTC) points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	4	$691	50% MTSP	30% MTSP
1BR	4	$691	50% MTSP	60% MTSP
1BR	4	$848	50% MTSP	60% MTSP
2BR	27	$1,017	50% MTSP	60% MTSP
3BR	18	$1,175	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
First Mortgage	$3,290,000
General Partner Cash	$940
Syndication Proceeds	$8,425,534
Energy Rebates	$1,800
GP Loan	$676,634
Deferred Developer Fee	$275,892
Total Permanent Financing	$12,670,799
Other Financing	$367,185

MINNESOTA HOUSING

Development Summary

Selected Applications: October 19, 2017

State Street Apartments

Developer	Community Housing Development Corporation
Location	New Ulm
Development Number	D7989
Project Number	M17703

Project Description

State Street Apartments involves the acquisition, adaptive reuse and historic preservation of a 55-unit development in New Ulm. It will be a three-story elevator building with twelve one-bedroom, 33 two-bedroom units and ten three-bedroom units. Four of the units benefit from project-based Section 8 rental assistance and will house long-term homeless households.

The former New Ulm Middle School is listed on the National Register of Historic Places and was originally constructed in 1918. The adaptive reuse of the historic school into workforce housing units is supported by community stakeholders and it not only preserves a historic building, but provides affordable housing options for the community and local employees.

The development serves important policy goals of addressing Greater Minnesota workforce housing, planned community development and permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $278,191 is 13.53% above the $245,039 predictive model estimate.

The development did not claim cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	4	$634	50% MTSP	60% MTSP
1BR	4	$634	50% MTSP	60% MTSP
1BR	4	$522	50% MTSP	60% MTSP
2BR	13	$712	50% MTSP	60% MTSP
2BR	2	$746	50% MTSP	60% MTSP
2BR	18	$741	50% MTSP	60% MTSP
3BR	3	$845	50% MTSP	60% MTSP
3BR	7	$849	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Other Financing	$200,000
First Mortgage	$1,046,000
Syndication Proceeds	$8,099,444
State Historic Proceeds	$2,421,357
Federal Historic Proceeds	$2,421,357
Deferred Loan Request	$546,193
Sales Tax Rebate	$276,969
Energy Rebates	$25,000
Deferred Developer Fee	$264,178

Total Permanent Financing	$15,300,497

The Boulevard

Developer	The Boulevard Development LLC
Location	Mounds View
Development Number	D8022
Project Number	M17779

Project Description

The Boulevard involves the new construction of a 60-unit development in Mounds View It is a 3 story elevator building with 15 one-bedroom, 28 two-bedroom, and 17 three-bedroom units. Four of the units benefit from project-based Section 811 rental assistance.

The development serves an important policy goal of addressing economic integration and permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $240,709 is 1.30% above the $237,631 predictive model estimate.

The development did not claim cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	11	$989	60% MTSP	60% MTSP
1BR	4	$848	50% MTSP	30% MTSP
2BR	28	$1,212	60% MTSP	60% MTSP
3BR	17	$1,400	60% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Minnesota Housing First Mortgage	$7,590,000
Syndication Proceeds	$3,773,535
Energy Rebates	$1,800
EDHC MF	$1,736,000
GP Loan	$500,000
Ramsey County HRA - HOME Loan	$100,000
Met Council LHIA	$500,000
Deferred Developer Fee	$510,626
Total Permanent Financing	$14,711,961
Other Financing	$0

The Hylands

Developer	Titan Development and Investments, Inc.
Location	Rochester
Development Number	D1310
Project Number	M17672

Project Description

The Hylands involves the acquisition, substantial rehabilitation and preservation of a 100-unit development in Rochester. It is a two-story townhome building with six one-bedroom, 62 two-bedroom, and 32 three-bedroom units. One hundred of the units benefit from project-based Section 8 rental assistance.

The development serves an important policy goal of addressing access to fixed transit, Greater Minnesota workforce housing, planned community development, preservation of federally assisted, permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $164,798 is 7.34% above the $153,525 predictive model estimate.

The development did not claim cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	6	$899	60% MTSP	60% MTSP
2BR	2	$956	60% MTSP	60% MTSP
2BR	57	$979	60% MTSP	60% MTSP
2BR	3	$979	60% MTSP	60% MTSP
3BR	30	$1,149	60% MTSP	60% MTSP
3BR	2	$1,149	60% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Minnesota Housing First Mortgage	$8,049,000
Syndication Proceeds	$3,547,897
Energy Rebates	$40,575
Hsg Infrastructure Bds EDHC MF	$4,223,400
Interim Income from project	$205,690
Existing Reserves	$130,000
Deferred Developer Fee	$472,220
Total Permanent Financing	$16,668,782

The Mariner

Developer	Newport Midwest, LLC
Location	Minnetonka
Development Number	D8001
Project Number	M17721

Project Description

The Mariner involves the new construction of a 55-unit building in Minnetonka. It is a five-story elevator building with 11 one-bedroom, 29 two-bedroom, and 15 three-bedroom units. Four of the units will serve LTH families (two two-bedroom units and two three-bedroom units) and benefit from Group Residential Housng (GRH) rental assistance. The project is part of a larger development that includes a market rate building with 191 units. The two buildings will be legally and financially separate from one another, however; they will share amenities such as a fitness facility, playground, outdoor terrace and community rooms.

The project serves several important policy goals: access to fixed transit, planned community development, and permanent supportive housing. It also provides residents access to the higher performing schools of the Hopkins school district. The project is within 1/4 mile from the Opus Station on the SWLRT line, and there are thousands of jobs within 1 mile of the site.

Cost Containment

The budgeted TDC per unit of $272,030 is 14.33% above the $237,928 predictive model estimate.
The development did not receive cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	11	$848	50% MTSP	60% MTSP
2BR	27	$1,017	50% MTSP	60% MTSP
2BR	2	$697	50% MTSP	60% MTSP
3BR	13	$1,175	50% MTSP	60% MTSP
3BR	2	$707	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
First Mortgage	$4,180,000
Syndication Proceeds	$8,496,298
Energy Rebates	$25,000
Hennepin County AHIF	$200,000
Met Council LCDA-TOD	$412,830
City of Minnetonka deferred loan	$556,179
Met Council LHIA	$210,500
Total Permanent Financing	$14,080,807
Other Financing	$880,851

MINNESOTA HOUSING

Selected Applications: October 19, 2017

Warroad Townhomes

Developer	D.W. Jones, Inc.
Location	Warroad
Development Number	D1717
Project Number	M17688

Project Description

Warroad Townhomes involves the acquisition and substantial rehabilitation of a 30-unit development in Warroad. It is a two-story walk-up building with 21 two-bedroom and nine three-bedroom units. Thirty units benefit from project-based Section 8 rental assistance.

The development serves an important policy goal of addressing preservation of federally-assisted housing.

Existing Minnesota Housing loans on the property that will remain on the property include:
1. First mortgage, which matures 12/1/21.
2. Deferred maintenance loan of $497,759 from 2000, which was amended and assumed by the current owner in 2006. 0% interest until payments begin, then accrues 2.8% interest. Payments begin when first mortgage matures in 12/2021, with annual payments of $40,677. Loan matures 10/1/36.
3. PARIF loan of $200,000 at 0% interest from 2006. Payments begin when first mortgage matures in 12/2021, with annual payments of $13,333. Loan matures 10/1/36.
4. HOME loan of $125,488 from 2008. The HOME loan does not amortize. The HOME restrictions were satisfied in 2014. The loan matures 4/21/38. The HOME loan is due upon sale of the property or maturity of the first mortgage. This will require a Request For Action to modify for both assignment to the new LP and extension of the loan through the end of the initial term when the first mortgage matures. Per the HOME team, it is common for HOME loans to be assumed.

Cost Containment

The budgeted TDC per unit of $119,468 is 3.57% below the $123,896 predictive model estimate.

The development received six HTC points for claiming cost containment points as a 9% structure but is being recommended as a 4% structure.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
2BR	20	$740	50% MTSP	60% MTSP
2BR	1	$715	50% MTSP	60% MTSP
3BR	9	$807	50% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Minnesota Housing First Mortgage	$1,024,000
Energy Rebates	$9,750
PARIF	$1,924,869
DEED	$330,000
Reserves	$7,962
Interim income	$55,000

Deferred Developer Fee	$108
Total Permanent Financing	$3,351,689

West Birch Estates

Developer	Central Minnesota Housing Partnership, Inc.
Location	Princeton
Development Number	D2391
Project Number	M17670

Project Description

West Birch involves the acquisition of an existing 24-unit LIHTC townhome project and the construction of a new three-story elevator apartment building with 16 units. The townhomes contain 16 two-bedroom and eight three-bedroom units. The new apartment building will consist of four one-bedroom, four two-bedroom, six three-bedroom, and two four-bedroom units. Upon construction completion, West Birch Estates will be a 100% affordable with rents and incomes limited to the 60% AMI level, except for two HOME units in the townhomes have rents limited to the Low HOME limit through 2028.

The development serves an important policy goal of a planned community development.

Cost Containment

The budgeted TDC per unit of $126,888 is 29.9% below the $181,831 predictive model estimate.

This is a unique project that combines new construction with rehabilitation and includes the land for the new construction portion being purchased for $1. The reduced acquisition costs plays a key role in the lower overall costs. In addition, while the predictive model takes into account projects that combine new construction with rehabilitation, this project is primarily rehabilitation (24 of 40 units), which also lowers the costs.

The development is a 4% HTC project and is not eligible for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	4	$698	60% MTSP	60% MTSP
2BR	2	$735	50% MTSP	50% MTSP
2BR	2	$838	60% MTSP	60% MTSP
2BR	2	$838	60% MTSP	60% MTSP
2BR	3	$793	60% MTSP	60% MTSP
2BR	11	$793	60% MTSP	60% MTSP
3BR	3	$911	60% MTSP	60% MTSP
3BR	1	$911	Market	None
3BR	2	$968	60% MTSP	60% MTSP
3BR	4	$968	60% MTSP	60% MTSP
3BR	4	$911	60% MTSP	60% MTSP
4BR	2	$1,080	60% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Minnesota Housing First Mortgage	$1,716,000
Syndication Proceeds	$1,246,393
Deferred Loan Request	$1,877,808

Sales Tax Rebate	$89,435
Energy Rebates	$23,460
GP Note - existing reserves	$42,409
Deferred Developer Fee	$80,250
Total Permanent Financing	$5,075,755

Willow Grove

Developer	Central Minnesota Housing Partnership
Location	North Branch
Development Number	D7933
Project Number	M17662

Project Description

Willow Grove involves the new construction of a 20-unit development in North Branch. It is a two-story walk-up building with 20 one-bedroom units.

The development serves an important policy goal of addressing permanent supportive housing.

Cost Containment

The budgeted TDC per unit of $206,167 is 0.71% below the $207,643 predictive model estimate. (4%/HIB application)

The development received zero HTC points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restrictions	Income Restrictions
1BR	7	$893	30% MTSP	30/30 MM
1BR	10	$893	60% MTSP	60% MTSP
1BR	3	$893	30% MTSP	60% MTSP

Capital Sources of Funding

Name of Source	Award Amount
Syndication Proceeds	$976,209
Sales Tax Rebate	$81,894
Energy Rebates	$16,150
FHLB AHP	$500,000
Region 7E Adult Mental Health Board Funds	$50,000
HIB	$2,264,540
GMHF	$250,000
Deferred Developer Fee	$101
Total Permanent Financing	$4,138,894

2017 Minnesota Housing Multifamily Non-Recommended Applications

Developer	Project Name	Location	Funding Type	Funding Request
GREATER MINNESOTA				
Central				
Commonwealth Development Corporation	Hilltop Cottages	Pine City	First Mortgage	$298,000
			9% Tax Credits	$727,463
			Deferred Loans	$4,911,825
			First Mortgage	$298,000
			4% Tax Credits	$182,848
Aeon	Big Lake Station	Big Lake	Deferred Loans	$1,000,000
			First Mortgage	$3,089,000
			9% Tax Credits	$1,000,000
St. Michael Development Group, LLC	Rock Hill Apartments	Rockford	Deferred Loans	$15
			9% Tax Credits	$889,288
Connelly Development LLC	Granite Ridge Apartments	Delano	9% Tax Credits	$1,027,500
Duffy Development Company, Inc.	The Crossing Phase II	Big Lake	First Mortgage	$1,124,000
			9% Tax Credits	$976,889
Northeast				
Newport Partners, LLC	Rock Ridge Apartments	Mountain Iron	Deferred Loans	$299,893
			9% Tax Credits	$1,000,000
			Deferred Loans	$6,386,510
			9% Tax Credits	$361,444
Decker Dwellings Developer LLC	Decker Dwellings	Duluth	Deferred Loans	$230,000
			First Mortgage	$933,000
			9% Tax Credits	$1,046,256
West Central				
D.W. Jones, Inc.	Deer Ridge II	Alexandria	First Mortgage	$871,000
			9% Tax Credits	$547,350
			Deferred Loans	$3,247,900
			First Mortgage	$871,000
			4% Tax Credits	$156,272
Total GREATER MINNESOTA - 24 developments			Deferred Loans	$16,076,143
			First Mortgage	$7,484,000
			9% Tax Credits	$7,576,191
			4% Tax Credits	$339,120
			Operating Subsidy	$0
			Rent Assistance	$0
			Total	$31,475,454

2017 Minnesota Housing Multifamily Non-Recommended Applications

Developer	Project Name	Location	Funding Type	Funding Request
TWIN CITIES METRO AREA				
Minneapolis				
Community Housing Development Corporation	Olson Redevelopment Phase I	Minneapolis	Deferred Loans	$5,040,863
Project for Pride in Living, Inc.	Maya Commons	Minneapolis	Deferred Loans	$1,086,316
			9% Tax Credits	$1,000,000
			Deferred Loans	$1,086,316
			4% Tax Credits	$463,467
Aeon	Aeon-Westminster Partnership	Minneapolis	Deferred Loans	$5,200,000
			First Mortgage	$3,233,000
			9% Tax Credits	$939,460
Aeon	Nic @ 36th	Minneapolis	Deferred Loans	$1,700,000
			First Mortgage	$7,614,000
Lake Street Developer, LLC	Lake Street Housing	Minneapolis	Deferred Loans	$2,000,000
Red Lake Band of Chippewa Indians	Mino-bimaadiziwin	Minneapolis	Deferred Loans	$3,112,424
Graves Hospitality Corporation	The PERIS Development	Minneapolis	Deferred Loans	$1,120,832
			9% Tax Credits	$923,292
			Deferred Loans	$6,686,097
			4% Tax Credits	$251,780
Fine Associates LLC	Stadium Loft Apartments	Minneapolis	Deferred Loans	$1,250,000
Northside Partners GP LLC	Penn Avenue Union	Minneapolis	Deferred Loans	$865,000
West Broadway GP LLC	West Broadway Curve	Minneapolis	Deferred Loans	$1,000,000
St. Paul				
Amherst H. Wilder Foundation	Wilder O'Shaughnessey Housing	St. Paul	Deferred Loans	$508,285
CommonBond Communities	Community Plaza	St. Paul	Deferred Loans	$2,032,994
			First Mortgage	$3,741,000
			4% Tax Credits	$305,604

2017 Minnesota Housing Multifamily Non-Recommended Applications

Suburban				
Sherman Associates Development LLC	Station Village	Fridley	9% Tax Credits	$1,000,000
Aeon	Ramsey 2	Ramsey	First Mortgage	$3,913,000
			9% Tax Credits	$940,000
Stuart Development Corporation	Knox & American I	Bloomington	Deferred Loans	$2,500,000
Wishrock Housing & Investment Group	Village Apartments	Shakopee	9% Tax Credits	$711,919
			Deferred Loans	$2,640,000
			4% Tax Credits	$283,208
CommonBond Communities	Headwaters Landing	Forest Lake	Deferred Loans	$281,620
Dakota County Community Development Agency	Prestwick Place Townhomes	Rosemount	Deferred Loans	$250,000
			9% Tax Credits	$885,415
St. Michael Development Group, LLC	Vista Apartments	Jordan	Deferred Loans	$300,000
			9% Tax Credits	$890,428
Carver County Community Development Agency	Trail's Edge Apartments	Waconia	Deferred Loans	$3,290,000
Beacon Interfaith Housing Collaborative	Cranberry Ridge	Plymouth	Deferred Loans	$1,435,998
			9% Tax Credits	$1,000,000
Total METRO - 43 developments			Deferred Loans	$43,386,745
			First Mortgage	$18,501,000
			9% Tax Credits	$8,290,514
			4% Tax Credits	$1,304,059
			Operating Subsidy	$0
			Rent Assistance	$0
			Total	$71,482,318

Total STATEWIDE - 67 developments	Deferred Loans	$59,462,888
	First Mortgage	$25,985,000
	9% Tax Credits	$15,866,705
	4% Tax Credits	$1,643,179
	Operating Subsidy	$0
	Rent Assistance	$0
	Total	$102,957,772

Board Agenda Item: 7.C
Date: 10/19/2017

Item: Single Family Selections, Community Homeownership Impact Fund

Staff Contact(s):
Nira Ly, 651.296.6345, nira.ly@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests board approval of the Single Family Consolidated Request for Proposals (RFP) and Community Homeownership Impact Fund (Impact Fund) Selection and Funding Committee Recommendations.

Fiscal Impact:
The Agency's 2018 Affordable Housing Plan (AHP) includes Single Family Interim Lending and Economic Development and Housing Challenge (EDHC) Program funds. EDHC funds are shared with the Agency's Multifamily division and provide the funding for the deferred loans and grants awarded under the Impact Fund. Interim Lending is funded from Pool 2, and the Agency earns interest on these short-term loans. These financial resources provide the funds to implement the recommendations of the Impact Fund Selection and Funding committees.

Meeting Agency Priorities:
- ☒ Address Specific and Critical Local Housing Needs
- ☒ Finance Housing Responsive to Minnesota's Changing Demographics
- ☐ Preserve Housing with Federal Project-Based Rent Assistance
- ☐ Prevent and End Homelessness
- ☒ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background and Funding Recommendations
- Maps of Impact Fund Recommended Projects
- Project Summaries
- 2017 Single Family Consolidated RFP Summary Spreadsheet
- 2017 Single Family Consolidated RFP Non-Recommended Applications

BACKGROUND:
Minnesota Housing and its funding partners, the Greater Minnesota Housing Fund (GMHF) and the Metropolitan Council, accepted proposals under the Single Family Consolidated Request for Proposals (RFP). The primary source of funds for the RFP is through the Agency's Community Homeownership Impact Fund (Impact Fund) with additional resources from the funding partners. The RFP used a common application form and procedure, with applications due June 13, 2017.

The Agency and its funding partners received 38 single family proposals totaling $17,993,820. Applicants requested $17,327,720 from the Agency, $286,000 from GMHF and $380,100 from the Metropolitan Council. Applicants requested $5,637,000 or 31% of total requests to serve communities in Greater Minnesota. Applicants requested $12,356,820 or 69% of total requests to serve the seven-county Twin Cities metropolitan area.

Proposal Review and Selection Process
All proposals were reviewed, scored and ranked based on a number of factors approved by the Agency's Board of Directors on March 23, 2017. First, staff assessed the extent to which a proposal meets the Agency's funding priorities. These include workforce housing, efficient land use, location efficiency, community recovery, community economic integration, universal design and accessibility features, large family housing, senior housing, reaching underserved populations, leverage, and foreclosure remediation.

The Agency's senior leadership, staff and external partners then scored proposals during separate selection committees for Greater Minnesota proposals and seven-county Twin Cities metropolitan area proposals. Representatives of GMHF and the United States Department of Agriculture Rural Development scored Greater Minnesota Proposals. A representative of the Metropolitan Council scored seven-county Twin Cities metropolitan area proposals.

Selection committee scores are based on an applicant's organizational capacity, project feasibility, and community need. Organizational capacity includes a consideration of an applicant's financial health and ability to implement the proposed project. Project feasibility includes a consideration of the economic viability of a project and the proposed project costs as compared to the Impact Fund's historical high cost threshold. This threshold is based on an analysis of typical project costs under past Impact Fund awards. Community need includes consideration of whether there is a defined need based on local demographics, workforce, and economic factors in the community.

Impact Fund Eligible Activities
The Impact Fund is available statewide. The program offers significant versatility in the type of funds available and the type of eligible activities. The types of funds available include grants, deferred loans, and interim construction loans. The types of eligible activities include the following:

- Acquisition, rehabilitation and resale of housing units.
- Downpayment or affordability gap assistance programs that effectively serve homebuyers who may have difficulty accessing existing programs.
- Owner-occupied rehabilitation programs that effectively serve borrowers who are unable to obtain financing through other single-family home improvement programs.

- New construction of homes, particularly in markets with growing workforce populations or targeted to a more specific niche of households via specialized programs with high-demand waiting lists.

FUNDING RECOMMENDATIONS:
The Agency and its funding partners recommend funding 35 proposals for a total of $15,011,205. Fourteen awards totaling $4,850,700 or 32% of total funds awarded will serve communities in Greater Minnesota. Twenty-one awards totaling $10,160,505 or 68% of total funds awarded will serve the seven-county Twin Cities metropolitan area. Two of the proposals received are not recommended for funding, one proposal is recommended to be funded for only a portion of the proposed project, and several of the proposals are recommended to be funded for less than the amount requested.

The Agency will provide $14,524,205 in funding for the 35 proposals. Economic Development Housing Challenge (EDHC) funds will support 34 of these proposals, totaling $9,223,705. This includes $982,500 in Indian Housing Set Aside funds. Interim construction financing in the total amount of $4,392,500 will be provided to six applicants to support the construction or rehabilitation and resale of 42 units. Housing Infrastructure Bond proceeds in the amount of $908,000 will be provided to four applicants to support the land acquisition for 48 community land trust units.

GMHF intends to provide $229,500 to support proposals in Greater Minnesota and the Metropolitan Council intends to provide $257,500 to support proposals in the seven-county Twin Cities metropolitan area. These allocations are contingent upon approval from each funding partner's Board of Directors.

Reaching Underserved Populations
Although all awardees market to underserved populations in general (households of color, single headed households with minor children, and households with one or more disabled individuals), 18 organizations focus their outreach to specific underserved populations within their target area. Fourteen of these organizations serve the seven-county Twin Cities metropolitan area and four serve Greater Minnesota.

Statewide, the percentage of households of color or Hispanic ethnicity served under the Impact Fund increased slightly from 45% in 2016 to 46% in 2017. Administrators in Greater Minnesota have tended to serve households with lower incomes (relative to the median income for the area) and more single-headed households than Administrators in the seven-county Twin Cities metropolitan area.

Marketing techniques include culturally-specific and culturally-oriented radio stations and shows, promotional materials on social media, websites and magazine ads targeted to various ethnic communities.

Serving American Indian Households
The Agency will award $982,500 to serve American Indian Households. The Lower Sioux Indian Community (LSIC) will receive $532,500 to provide affordable housing to its tribal members on and around its reservation. The White Earth Housing Authority will receive $250,000 to provide owner-occupied rehabilitation loans to members of the White Earth Nation. Finally, One Roof Community Housing will receive $200,000 to build or rehabilitate homes in the cities of Duluth and Cloquet that will be sold to members of the Fond du Lac Band of Superior Chippewa. One Roof is partnering with and has received committed leverage from the Fond du Lac tribe for the development and sale of these units.

Addressing Minnesota's Changing Demographics
This year, multiple applicants proposed to serve large families and seniors. Ten of the applicants recommended to receive funding intend to build one or more large family homes with four or more bedrooms. Ten of the applicants intend to build or rehabilitate homes that will enable seniors to age in place.

Workforce Housing
Workforce Housing communities are those that have seen job growth, are a top job center, have long commutes, and have low housing vacancy rates. The Agency and its partners recommend funding 24 proposals totaling $7,887,505 that will serve areas that have a need for workforce housing. Seventeen of these proposals will serve communities Greater Minnesota and seven proposals will serve the seven-county Twin Cities metropolitan area.

Community Recovery
Community recovery areas have lagging housing price recovery, lower median incomes, and older housing stock. The Agency and its partners will award $9,953,205 for 32 proposals that will serve community recovery areas. Twelve of these proposals will serve communities Greater Minnesota and 20 proposals will serve the seven-county Twin Cities metropolitan area.

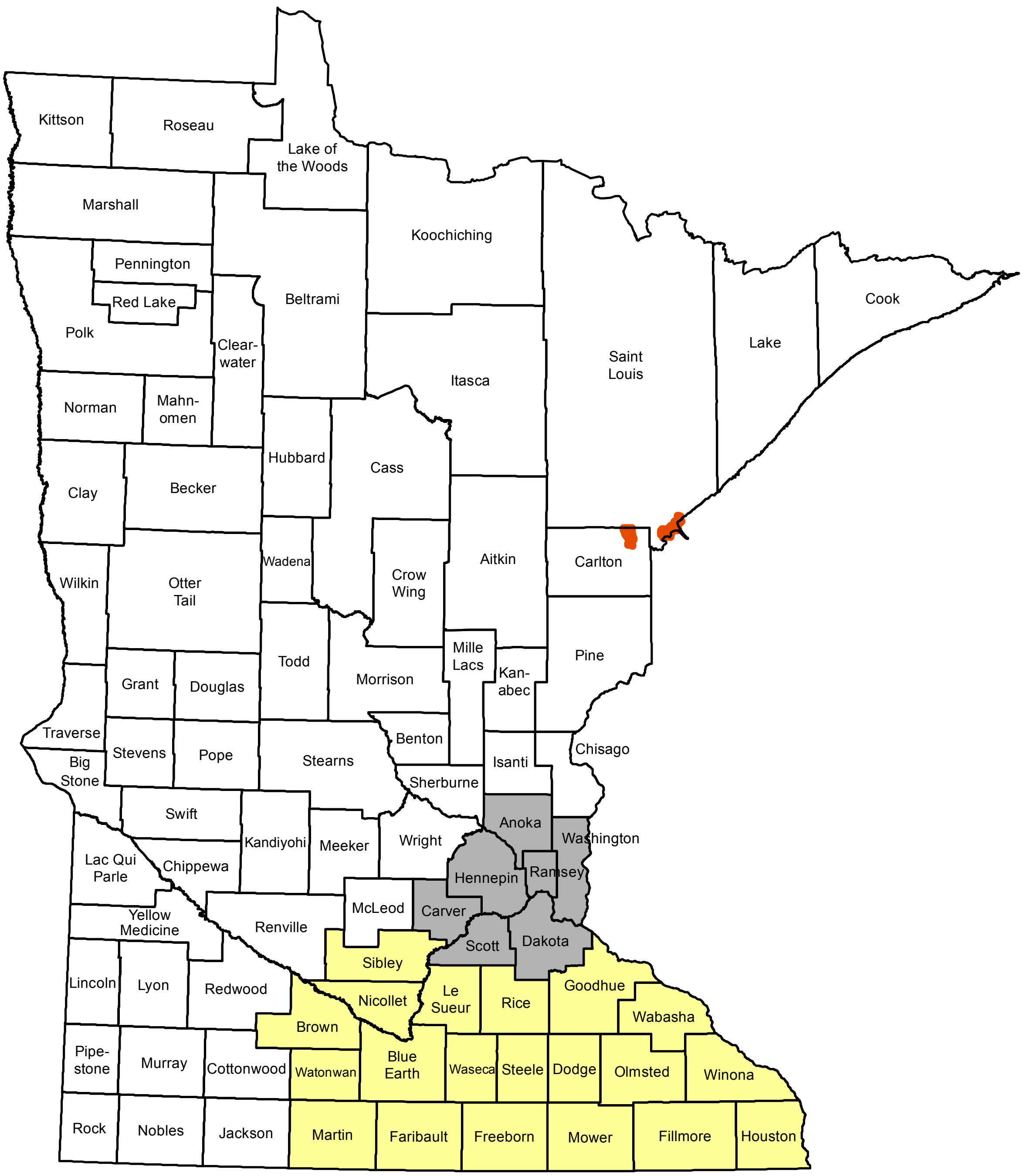
Community Economic Integration
Community economic integration areas have higher median family incomes and greater access to jobs. The Agency and its partners will award $9,203,005 for 18 proposals that will serve community economic integration areas. Fourteen of the recommended proposals will serve the seven-county Twin Cities metropolitan area and four proposals will serve communities in Greater Minnesota.

Funding Agreements
Final funding awards will be presented to the awardees once funding partners have obtained Board approval. Awards are subject to the program requirements as outlined in each individual Funding Agreement. Funding Agreements will be sent to all awardees in early December.

Debriefing Meetings
Agency staff will reach out to applicants who are not being recommended for funding and will offer each a debriefing meeting and technical assistance.

Greater Minnesota Impact Fund Affordability Gap and Acquisition Rehab Resale Recommended Applications

MINNESOTA HOUSING



Affordability Gap

Three Rivers

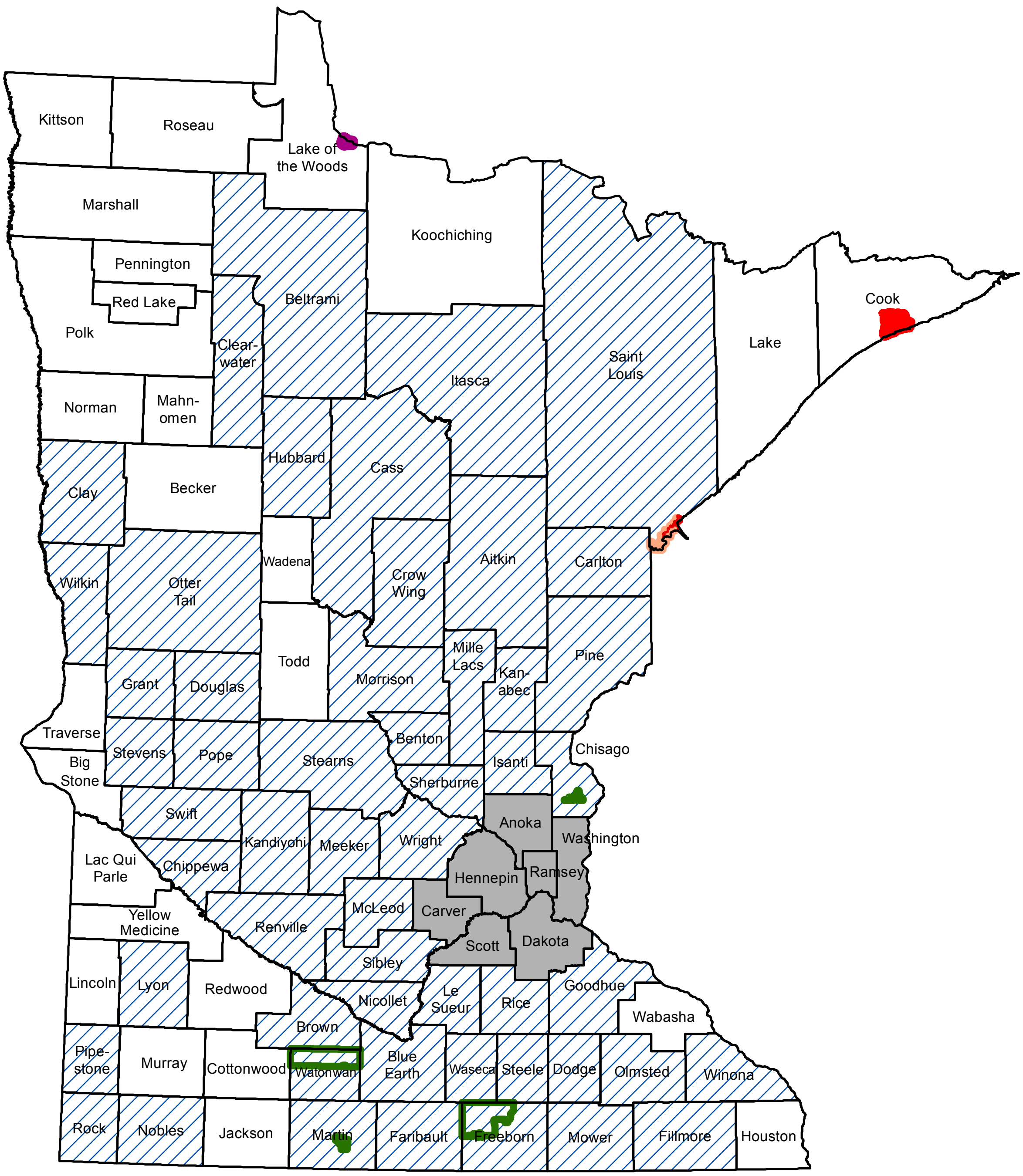
Acquisition Rehab Resale

One Roof

0 20 40 Miles

Greater Minnesota Impact Fund New Construction Recommended Applications

MINNESOTA HOUSING



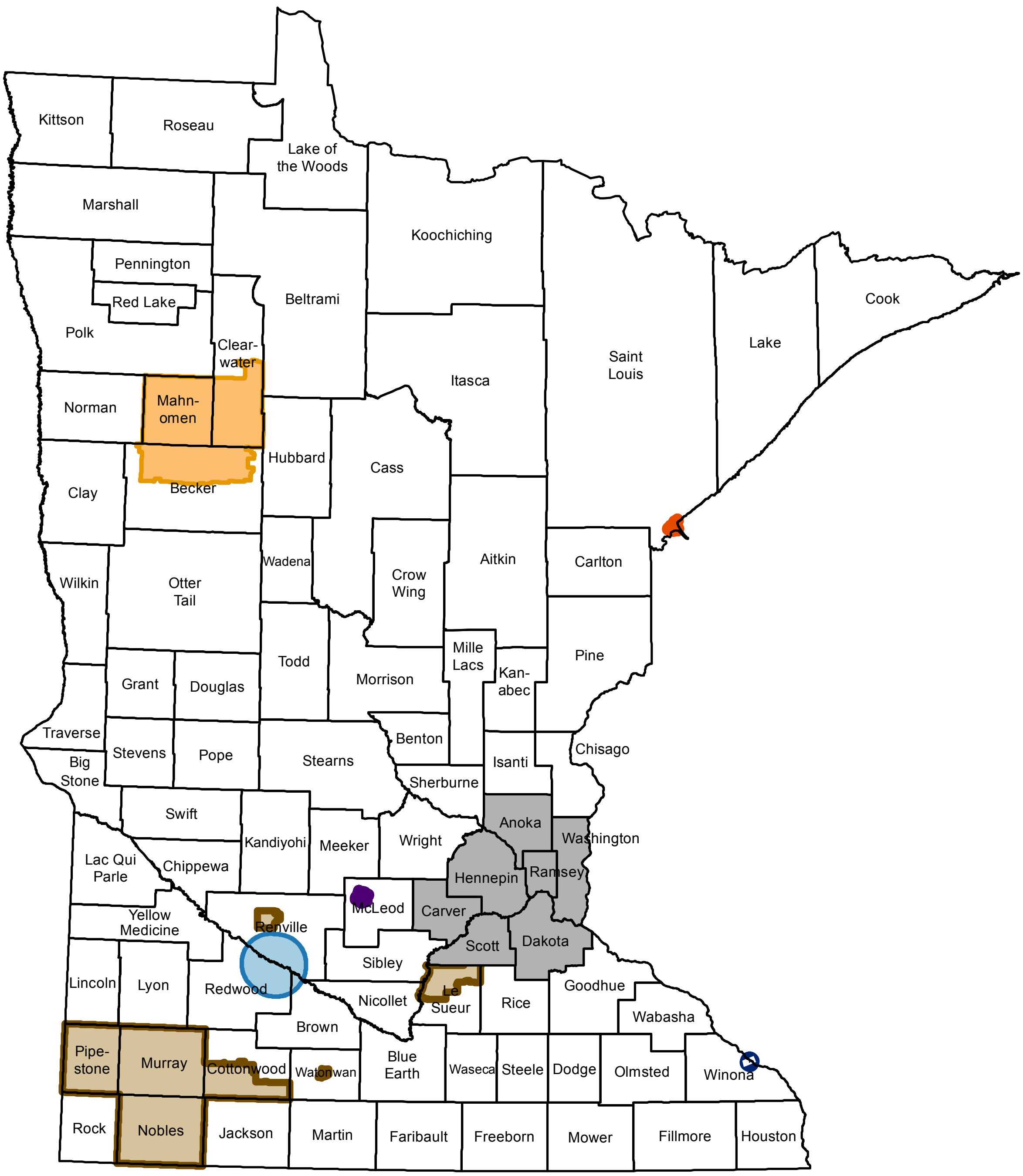
New Construction Recommended Applicants

Duluth HRA
Headwaters HDC
One Roof
Habitat for Humanity MN
Northcountry Cooperative Foundation
One Roof (Duluth)

0 20 40 Miles

Greater Minnesota Impact Fund Owner Occupied Rehabilitation Recommended Applications

MINNESOTA HOUSING



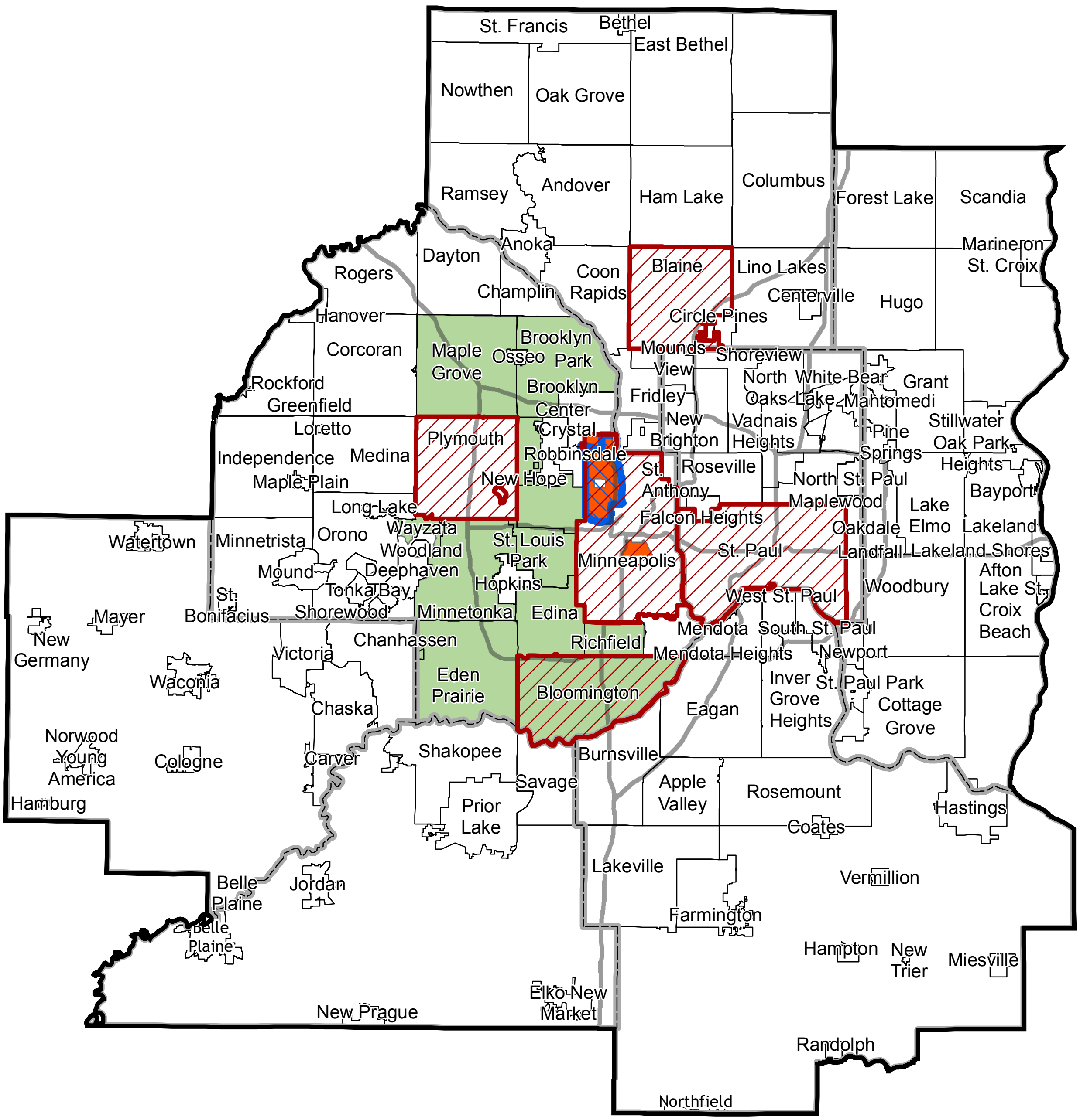
Owner Occupied Rehabilitation Recommended Applicants

City of Winona
Hutchinson HRA
Southwest MN Housing Partnership
Duluth HRA
Lower Sioux Indian Community
White Earth Housing Authority

0 20 40 Miles

7-County Metro Impact Fund Acquisition, Rehabilitation, Resale Recommended Applications

MINNESOTA HOUSING



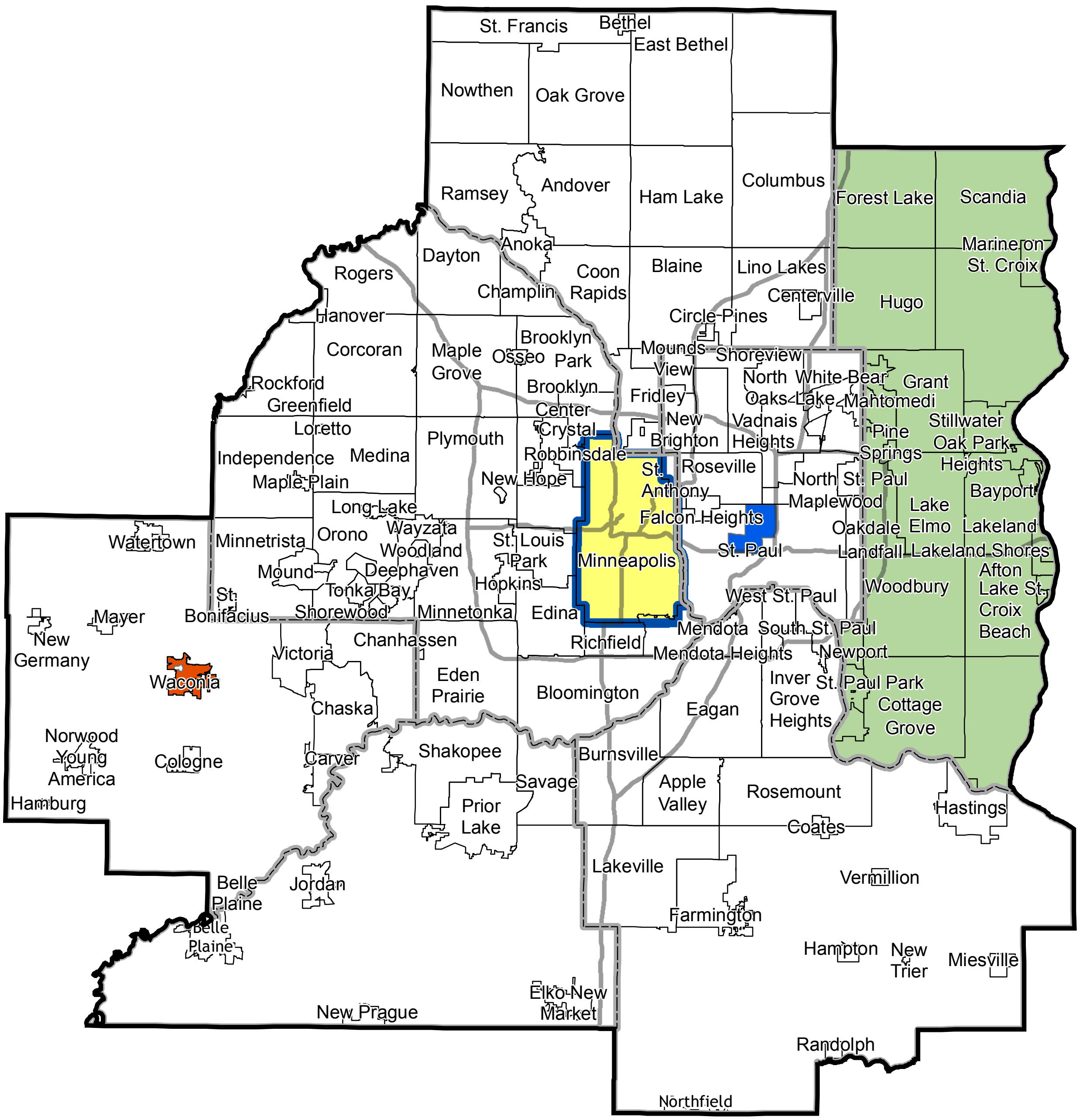
Acquisition, Rehabilitation, Resale Recommended Applicants

- Twin Cities Habitat for Humanity
- Urban Homeworks
- Northside Home LLC
- West Hennepin Affordable Housing Land Trust
- PRG

0 3.5 7 Miles

7-County Metro Impact Fund Affordability Gap and Down Payment Assistance Recommended Applications

MINNESOTA HOUSING



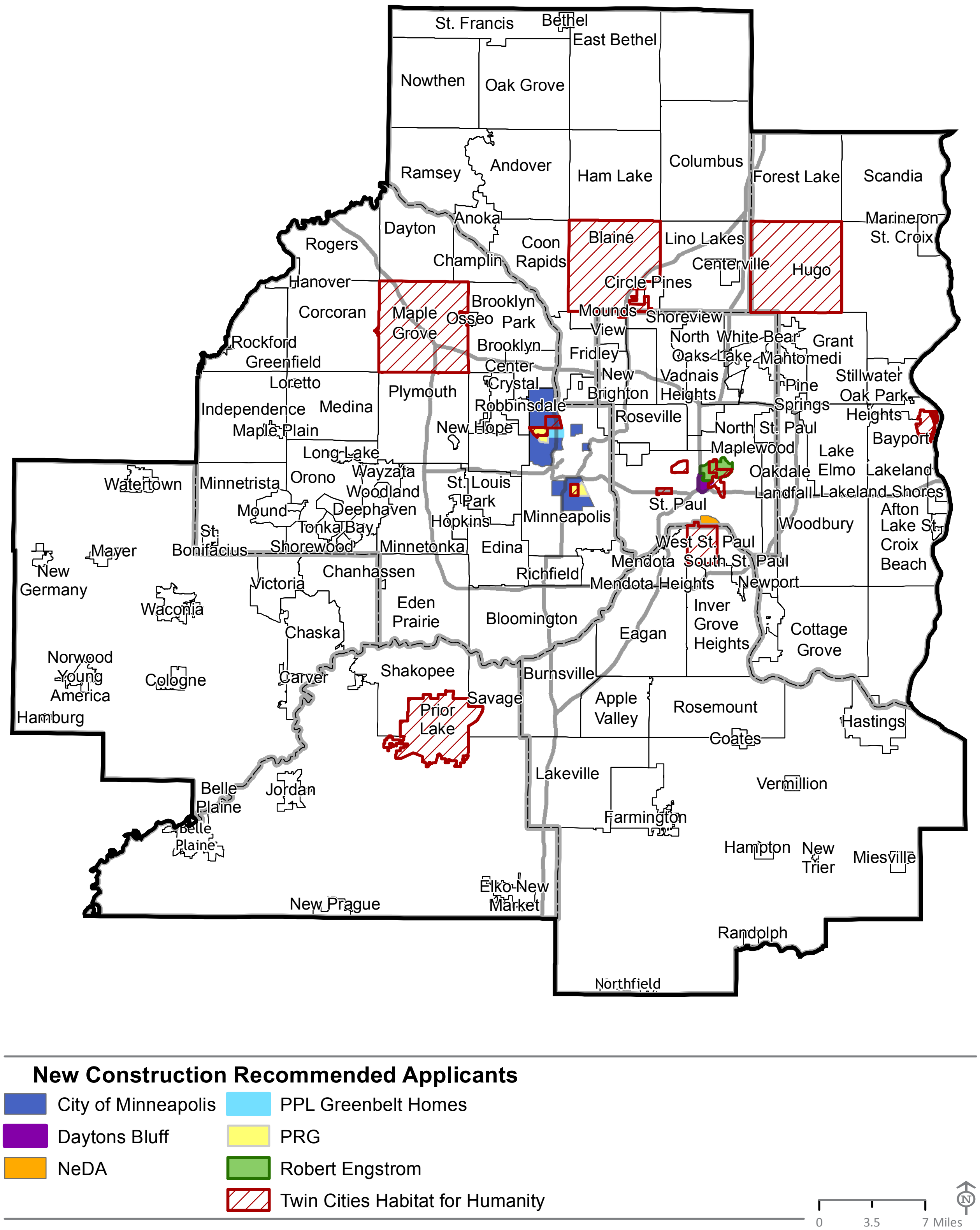
Affordability Gap and Down Payment Assistance Recommended Applicants

- Carver County CDA
- City of Lakes CLT
- NeighborWorks Home Partners
- PRG
- Washington County CDA

0 3.5 7 Miles

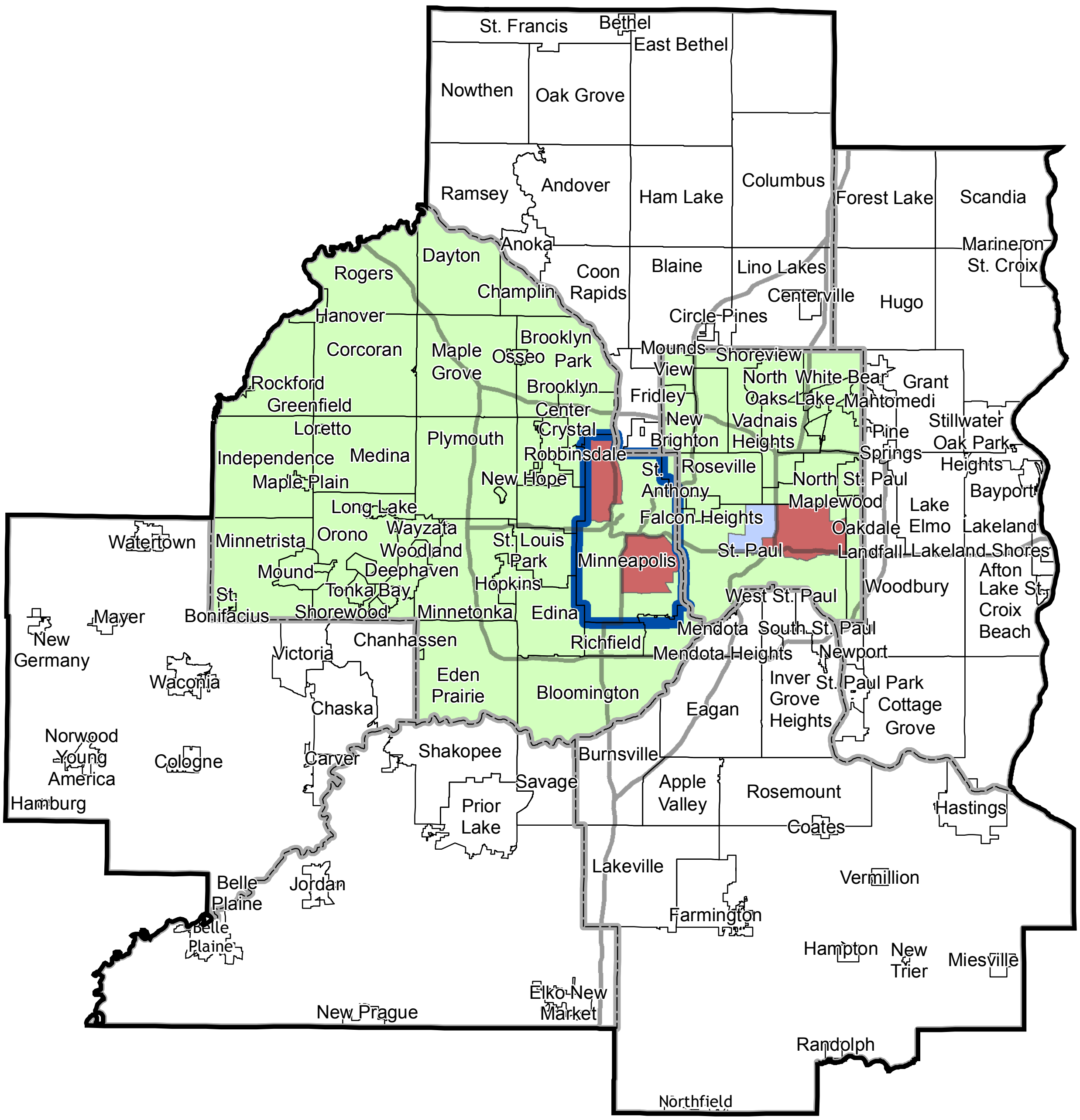
7-County Metro Impact Fund New Construction Recommended Applications

MINNESOTA HOUSING



7-County Metro Impact Fund Owner Occupied Rehabilitation Recommended Applications

MINNESOTA HOUSING



Owner Occupied Rehabilitation Recommended Applicants

- City of Lakes CLT
- NeighborWorks Home Partners
- Hennepin County HRA
- Rebuilding Together

0 3.5 7 Miles

Carver County Community Development Agency	
Project	Carver County Community Land Trust Expansion - Waconia
Location	City of Waconia
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	5	$ 200,000
Funding Recommended	5	$ 200,000

Co-Funder Information	
Metropolitan Council	$ 10,000

Project Description

The Carver County Community Development Agency (CDA) is a local unit of government. Its mission is to provide affordable housing opportunities and foster economic and community development in Carver County. It strives to be an innovative leader in creating housing and economic opportunities to create "Communities for a Lifetime."

The funds will be used to provide affordability gap assistance to five households through a "homebuyer initiated" land-trust model in the City of Waconia. Carver County CDA will serve households at or below 80 percent area median income (AMI).

This project builds on the success of an earlier expansion. In 2016, the Carver County CDA completed and sold four townhomes in Waconia through its community land trust (CLT) with funding from Minnesota Housing. It credits this activity for generating interest in the CLT model, and a waitlist of potential buyers, in Waconia.

This project furthers the Agency's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. The Carver County CDA has been successful in reaching underserved populations. Roughly 16 percent of its households served have been households of color. Nearly one-third of its households served over the past five years have been single-headed households. The Carver County CDA plans to conduct outreach to underserved households through a partnership with KleinBank. The Carver County CDA will work with KleinBank's community development officer to market the land trust through Home Stretch and community events such as Rondo Days, Juneteenth, and Brooklyn Center Days.

The Carver County CDA has committed financial leverage from the City of Waconia, KleinBank, Ridgeview Medical Center, and Stadick Realty.

Costs and Subsidy Requested

<u>Typical Development Cost Per Unit</u>: Not applicable

<u>Maximum Impact Fund Subsidy Per Unit</u>: $40,000

Community Need

The City of Waconia is experiencing growth in both jobs and population. Housing construction has not kept up, straining affordability. Nearly one-third of homeowners here are cost-burdened, paying more than 35 percent of their income for housing. The City's median household income is $67,363, which is below the 80 percent AMI. At Waconia's Ridgeview Medical Center, 379 jobs pay $40,000 per year, significantly below 50 percent AMI. Almost 29 percent of Waconia residents are over age 55 and slightly over six percent of Waconia residents are people of color.

The rise in home prices has far exceeded growth in household income. The Minneapolis Area Association of Realtors reported earlier this year that the median sale price for homes in Waconia has increased 7.6 percent over the past three years to $268,500. Maxfield Research projects that over the short term, home prices in Waconia will continue outpace income growth. Carver County CDA's project will help to address the shortage in affordable housing by using the land trust model to increase the permanently affordable housing stock in Waconia.

Organization Information

The Carver County CDA has had affordable housing development successes throughout the County since its inception in 1981. It has acted as developer on multifamily, mixed-use projects, and single family housing developments. It was instrumental in the creation of the Chaska Community Land Trust (CLT) and assisted in the initial planning stages of the land trust model. Its staff helped manage the day-to-day program administration by determining client eligibility and providing housing counseling for homeowners.

In 2008, the Carver County CDA and Chaska CLT jointly applied for Agency CRV funds to expand the land trust model throughout Carver County. When the real estate market crashed in 2009, funding became very difficult to attain. The Chaska CLT approached the Carver County CDA and requested that it assume the program and operate it as the Carver County Community Land Trust. The Carver County CDA was prepared and willing to do so. Under the administration of the Carver County CDA, the land trust was able to utilize the CRV funds and add three additional homes to its portfolio.

The Carver County CDA also successfully partnered with the City of Victoria to expand the land trust model to that community. Through a joint effort to address the needs of affordable housing in Victoria, a plan to increase density in certain developments took shape and allowed developers to build land trust units and donate the land to the trust.

Carver County CDA applied for and received additional funding under the CRV program in 2014, specifically for construction of townhomes in Waconia. Carver County CDA completed this award on time.

City of Lakes Community Land Trust	
Project	CLCLT Homebuyer Initiated Program - DPA
Location	City of Minneapolis
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	20	$ 800,000
Funding Recommended	20	$ 800,000

Co-Funder Information	
N/A	$ N/A

Project Description

The City of Lakes Community Land Trust (CLCLT) is a nonprofit community land trust (CLT) with the mission to create community ownership that preserves affordability and inclusivity. The funds will be used to provide affordability gap assistance to 20 households through the CLCLT's Homebuyer Initiated Program (HIP) in the City of Minneapolis. The CLCLT will serve households at or below 80 percent area median income (AMI).

HIP provides affordability gap assistance to homebuyers to purchase homes that will be placed into the CLT. In most cases, HIP also provides funds to homebuyers to rehabilitate homes after purchase. The CLCLT's owner-occupied rehabilitation proposal requests funds for the rehabilitation portion of HIP.

Through HIP, the CLCLT works closely with households from education to purchase through completion of rehabilitation, when applicable. The CLCLT educates homebuyers and real estate agents about the community land trust model and program requirements. It qualifies buyers to participate in the program, inspects and approves homes selected by buyers, and works with buyers and buyers' attorneys to close on homes and execute land leases. When applicable, it coordinates post-purchase rehabilitation with contractors and homeowners.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. CLCLT has identified specific tools to serve households of color or Hispanic ethnicity, including word of mouth, KMOJ radio, neighborhood meetings and events, and local newspaper articles. The CLCLT has been successful in reaching underserved populations. Forty-nine percent of households served by HIP have been households of color or Hispanic ethnicity and 60 percent have been single-headed households.

CLCLT has committed financial leverage from the Hennepin County Affordable Housing Incentive Fund for this project.

Costs and Subsidy Requested

Typical Development Cost Per Unit: Not applicable

Maximum Impact Fund Subsidy Per Unit: $40,000

Community Need

The Twin Cities metropolitan area has seen a growth in population and it is expected that there will also be a growth in the number of jobs available. The Department of Employment and Economic Development's (DEED) 2016 Regional Profile for the Twin Cities reported a 9.6 percent increase in the region's population between 2000 and 2015. Job growth is projected to increase by 4.4 percent between 2014 and 2024 with an addition of 80,000 new jobs. It is also estimated that the Twin Cities region will need to fill 416,700 job openings due to retirements and job growth. Replacement openings are expected to outpace new jobs except in areas of personal care and service, healthcare practitioners, healthcare support, and construction.

The City of Minneapolis has seen an increase in home prices and a decrease in supply of homes. According to the Minneapolis Area Association of Realtors' (MAAR) Housing Supply Overview for April 2017, the median sales price for a single family home increased 6.3 percent to $255,000. Single family homes in the $190,001 to $250,000 range are selling most rapidly, averaging 47 days on the market. Housing inventory is down by 19.8 percent from one year ago. There is currently 2.3 months' supply of single family homes.

The average sales price for a HIP home is $150,900. For homes at or below this price point, the days on the market have decreased by 15 percent since April 2016. Inventory is down by 55 percent and the months' supply of inventory is down by 41 percent.

The average HIP homebuyer's household income is at 49 percent AMI or an annual income of approximately $45,000. The average HIP homebuyer's first mortgage amount is $97,300. This results in an average affordability gap of $53,600. In light of the low-income of a typical HIP household, higher home prices in the City of Minneapolis', and mortgage lenders' requirement of 20 percent down on CLT transactions, Impact Fund affordability gap assistance is necessary to make homeownership a possibility for HIP homebuyers. The CLCLT anticipates that homebuyers will also attempt to access assistance through the Hennepin County Affordable Housing Incentive Fund, the Agency's Start Up program, and other non-Agency downpayment assistance programs.

Organization Information

The CLCLT has assisted 278 households in achieving affordable and sustainable homeownership since its inception in 2002. Roughly half of those households participated in the CLCLT's HIP. The CLCLT has managed the resale of 43 homes in its CLT.

The CLCLT's staff members are experienced and have long tenures with the organization. Its executive director has been in that position since the organization's founding. Its project manager has been with the CLCLT for 11 years and its program coordinator has been with the CLCLT for four years.

The Agency has funded the CLCLT through the Impact Fund (formerly the Community Revitalization Fund Program) since 2003. The CLCLT has consistently met or exceeded the unit goals in prior awards. For example, under its 2014 HIP award, it completed 24 units although it had originally proposed to complete only 17 units.

City of Lakes Community Land Trust	
Project	CLCLT Homebuyer Initiated Program - OOR
Location	City of Minneapolis
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	20	$ 500,000
Funding Recommended	20	$ 500,000

Co-Funder Information	
N/A	$ N/A

Project Description

The City of Lakes Community Land Trust (CLCLT) is a nonprofit community land trust (CLT) with the mission to create community ownership that preserves affordability and inclusivity. The funds will be used to rehabilitate homes purchased by buyers through the CLCLT's Homebuyer Initiated Program (HIP) in the City of Minneapolis. The CLCLT will serve households at or below 80 percent area median income (AMI).

HIP provides downpayment assistance to enable homebuyers to purchase their homes and also provides funds to homebuyers to rehabilitate these homes that they purchase. The CLCLT's affordability gap proposal requests funds for the downpayment assistance portion of HIP.

Rehabilitation will address immediate deferred maintenance, code, and safety issues including roof, siding, lead, asbestos, radon, and electrical and plumbing issues. The average per unit project cost is estimated to be $25,000. In some cases, little rehabilitation is necessary, while in others, particularly where substantive lead or asbestos-related hazards exist, rehabilitation can be more significant. In the latter cases, CLCLT has committed funding available from Hennepin County to assist with lead and asbestos remediation needs.

Through HIP, the CLCLT works closely with households from education to purchase through completion of rehabilitation, when applicable. The CLCLT educates homebuyers and real estate agents about the community land trust model and program requirements. It qualifies buyers to participate in the program, inspects and approves homes selected by buyers, and works with buyers and buyers' attorneys to close on homes and execute land leases. It also coordinates post-purchase rehabilitation with contractors and homeowners.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. CLCLT has identified specific tools to serve households of color or Hispanic ethnicity, including word of mouth, KMOJ radio, neighborhood meetings and events, and local newspaper articles. The CLCLT has been successful in reaching underserved populations. Forty-nine percent of households served by HIP have been households of color or Hispanic ethnicity and 60 percent have been single-headed households.

CLCLT has committed financial leverage from the Hennepin County Environmental Response Fund for this project.

Costs and Subsidy Requested

Typical Rehabilitation Cost Per Unit: $25,000

Impact Fund Subsidy Per Unit
Typical Impact Fund Subsidy Per Unit: $25,000
Maximum Impact Fund Subsidy Per Unit: $40,000

Community Need

As Minneapolis's housing stock ages, repair and rehabilitation needs are substantial and often cost-prohibitive for many homeowners and homebuyers. The majority of the 132 homes purchased through CLCLT's HIP to date have required some level of assistance to address deferred maintenance, safety and code issues, lead, asbestos, and energy efficiency. The goal of completing rehabilitation under HIP is to minimize the potential for the homeowner to experience a significant home-related repair within the first two years of homeownership and to increase the chances for success in homeownership. Simultaneously, the rehabilitation completed on HIP homes addresses a number of deferred maintenance issues and improves aging housing stock.

While there are existing home improvement programs available in the City of Minneapolis, many are not compatible with the needs of the CLCLT's HIP homebuyers. For example, while most HIP homes require some level of repair immediately, many homeowners may not be able to qualify for a home improvement loan, particularly so soon after closing on a home purchase. Additionally, due to the limited equity CLT homeowners receive at the time of resale, it is important to minimize the number of recapture liens on the property. The rehabilitation funds provided through CLCLT's HIP enables homebuyers to purchase affordable homes in Minneapolis and address rehabilitation needs immediately after purchase.

Organization Information

The CLCLT has assisted 278 households in achieving affordable and sustainable homeownership since its inception in 2002. Roughly half of those households participated in the CLCLT's HIP. The CLCLT has managed the resale of 43 homes in its CLT.

The CLCLT's staff members are experienced and have long tenures with the organization. Its executive director has been in that position since the organization's founding. Its project manager has been with the CLCLT for 11 years and its program coordinator has been with the CLCLT for four years.

The Agency has funded the CLCLT through the Impact Fund (formerly the Community Revitalization Fund Program) since 2003. The CLCLT has consistently met or exceeded the unit goals in prior awards. For example, under its 2014 HIP award, it completed 24 units although it had originally proposed to complete only 17 units.

City of Minneapolis Department of Community Planning and Economic Development	
Project	Minneapolis Homes Development Assistance
Location	City of Minneapolis
Activity	New Construction

	# of Units	Total
Funding Requested	20	$ 750,000
Funding Recommended	20	$ 750,000

Co-Funder Information	
N/A	$ N/A

Project Description

The City of Minneapolis Community Planning and Economic Development (CPED) is a government entity with the mission to grow a vibrant, livable, safely built city for everyone. It requests funds for its Minneapolis Homes Development Assistance (MHDA) program. The funds will be used to build homes on city-owned vacant lots in North Minneapolis, South Central Minneapolis, and Northeast Minneapolis. The City of Minneapolis will serve households at or below 115 percent area median income (AMI).

MHDA provides development gap assistance, homebuyer downpayment and closing cost assistance, and long term affordability financing to developers through a competitive Request for Proposal (RFP) process to build homes on city-owned lots. The program builds off of the former Green Homes North (GHN) program. MHDA will address the City's large inventory of infill vacant lots and was intentionally designed to preserve affordability in appreciating markets, to connect minority developers and contractors to development jobs, and to build wealth in underserved communities through homeownership.

The City of Minneapolis issued its first RFP for Round 1 of MHDA on March 10, 2017. The City Council approved the sale of 23 lots for 25 units of newly constructed affordable housing and a total investment of $1,576,796 including $1,341,796 of development gap assistance and $235,000 for long term affordable financing. The RFP for Round 2 of MHDA has been realized and will be due in October 2017.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. It will strategically invest in areas and neighborhoods that coincide with historic disinvestment and high rates of mortgage foreclosures coupled with marketing and outreach efforts aimed at reaching communities of color and underserved populations.

In addition, it addresses specific and critical local housing needs by implementing the recommendations of the Infill Housing Working Group, initiated by Council Member Blong Yang, and charged with identifying strategies to market, sell, and develop government-owned lots in Minneapolis and to consider strategies to increase affordable housing, support minority contractors and developers, and build and keep wealth in the communities in which vacant lots are located.

Costs and Subsidy Requested

Typical Typical Development Cost Per Unit: $301,900
Historical High Cost Threshold: $345,166
Percent Above Historical High Cost Threshold: 12.5%

Impact Fund Subsidy Per Unit: $37,500
Historical High Subsidy Threshold: $53,115
Percent Below Historical High Subsidy Threshold: 29%

Community Need

The target area for the CPED's MHDA program builds off of the target areas of the City's Neighborhood Stabilization Program (NSP) and strategically directs investments within neighborhoods most heavily impacted by high rates of property foreclosures, abandonment, and vacancies. Moreover, as part of the City's coordinated response to the lingering effects of the foreclosure crisis and the 2011 North Minneapolis tornado, the target area neighborhoods were selected to advance the strategy to engage communities and neighborhood organizations to develop cluster areas of housing opportunities that maximize investment impacts.

MHDA will serve two different market types: North Minneapolis which is still recovering from the housing foreclosure crisis and the 2011 tornado and South Central and Northeast Minneapolis which have stabilized and seen appreciating housing values.

North Minneapolis is the most diverse community in the City of Minneapolis. According to the American Community Survey Census Data, 42 percent are Black or African American, 29 percent are White or Caucasian, 13 percent are Asian or Pacific Islander, 8 percent are Hispanic or Latino, and the remaining 8 percent of households identify as more than one race. The median income in North Minneapolis is $39,759 and 47 percent of households are considered cost-burdened. Of the 15,459 single family housing units in North Minneapolis, 99 percent are valued at below $200,000.

The South Central and Northeast Minneapolis communities are also diverse. The American Community Survey Census Data indicates that 38 percent of households are White or Caucasian, 27 percent are Hispanic or Latino, 25 percent are Black or African American, 3 percent are American Indian or Alaskan Native, 3 percent are Asian or Pacific Islanders, and the remaining 4 percent of households identify as more than one race. The median income in South Central and Northeast Minneapolis is $38,119 and 47 percent of households are considered cost-burdened. Of the 5,578 single family homes in South Central and Northeast Minneapolis, 89 percent are valued at below $200,000.

Racial disparities in homeownership rates exist in both of these markets. MHDA strives to reduce racial disparities by rewarding developers that include outreach strategies to communities of color, preserve long term affordability, and that incorporate universally designed or visitability elements into their housing development plans. In addition to general outreach about MHDA, The City will reach out to communities of color and deploy outreach efforts conducted in part through general outreach efforts of Minneapolis Homes. It will create print materials translated in Somali, Hmong, and Spanish, and will strategically distribute these materials to homebuyer education providers, neighborhood organizations, and other stakeholders serving culturally specific communities.

MHDA provides new construction homeownership opportunities that have generally been out of reach for many residents living in the target area communities. It provides households with the opportunity to purchase a move in ready, sustainably built, affordable newly constructed home with reduced energy costs and limited maintenance needs. MHDA will also have broader impacts in the community. It will reduce the City's large inventory of vacant lots through creating new homes, in turn increasing the tax base and home values in the local neighborhood.

Organization Information

The City of Minneapolis has a long history of supporting housing development activities, both homeownership and rental. From 2008 to 2014, it invested $115 million in neighborhood stabilization efforts to address blight, build, and rehabilitate affordable housing, maintain existing owner-occupied homes, and provide new homeownership activities opportunities. It has served over 900 families and enabled 700 families to become homeowners. Sixty percent of households served through its homeownership programs are households of color, 37 percent had incomes between 50 percent and 80 percent AMI, and 27 percent had incomes over 80 percent AMI.

From 2012-2017, the City managed the nationally recognized GHN program which provided development gap financing for the new construction homes in North Minneapolis. Through GHN, the City successfully engaged 18 nonprofit and for-profit developers to construct 105 single family homes. GHN represented 75 percent of the market of new construction homes in Minneapolis.

The City of Minneapolis' Community Planning and Economic Development department has three staff members with multiple years of experience in mortgage and home improvement lending as well as extensive expertise in affordable housing and community development. Overall, the City has the infrastructure in place and a strong capacity to deliver and achieve the goals of its MHDA program. It has consistently received funding through the Agency's Impact Fund for many years.

City of Winona	
Project	City of Winona East-Central Neighborhood Revitalization Program
Location	City of Winona
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	15	$ 336,000
Funding Recommended	13	$ 291,200

Co-Funder Information	
Greater Minnesota Housing Fund	$ 34,000

Project Description

The City of Winona (the City) is a government entity with the housing mission to ensure single family homes in older neighborhoods remain livable through rehabilitation programs, zoning standards, and utilizing the revitalization efforts of other organizations. The funds will be used to provide loans to homeowners to rehabilitate homes in the east and central neighborhoods in the City of Winona. The City will serve households at or below 80 percent area median income (AMI).

The goal of the program is to assist low to moderate income homeownership with financing to rehabilitate their homes to conserve safe, decent, and affordable housing in the City of Winona. Homes will be rehabilitated to meet building and zoning ordinances, housing quality standards, and ensure that they are lead safe upon completion. Rehabilitation will include projects to improve energy efficiency, address issues related to insulation, windows and doors, update mechanical systems, replace roofs and siding, reduce lead hazards, and incorporate Green Communities Criteria.

The city will partner with Southeast Minnesota Community Action (SEMCAC) to determine if borrowers are eligible for a Minnesota Housing Fix Up or Rehabilitation Loan and Habitat for Humanity to determine if the A Brush With Kindness program could be utilized to perform exterior improvements. The City has committed more than $48,000 of its own funds for the program.

Costs and Subsidy Requested

Typical Rehabilitation Cost Per Unit: $22,000

Impact Fund Subsidy Per Unit
Typical Impact Fund Subsidy Per Unit: $20,000
Maximum Impact Fund Subsidy Per Unit: $22,000

Community Need

The City conducted a citywide survey of 369 homeowners who occupied their homes to determine interest and need in the program. The east and central neighborhoods were identified as showing the greatest need and demand for owner-occupied rehabilitation. Through the survey, the City collected a list of homeowners eligible for the program.

The target area has a median household income of $38,734. Forty-four percent of households earn less than $35,000. Nearly half of homeowners in the area are cost-burdened, making it difficult for them to afford an additional monthly loan payment. This limits their options in terms of rehabilitation programs because some programs such as the Agency's Fix Up program require monthly payments. Some households are ineligible for programs that do not require monthly payments such as the Agency's Rehabilitation Loan Program (RLP) because their incomes are too high.

The average age of an owner-occupied home is 67 years with 62.4 percent of homes built pre-1950 and 53.2 percent built prior to 1940. Most homes built during this time have insufficient insulation, outdated electrical and mechanical systems, lead hazards, are not energy efficient, and lack accessibility features to enable homeowners to age in place.

This program provides a home improvement financing option for homeowners that are over income for RLP but cannot afford a loan payment to maintain a safe, decent, and affordable home.

Organization Information

The City of Winona has administered owner-occupied rehabilitation programs for over 27 years. Since 2014, the City of Winona has used the Agency and the Department of Employee and Economic Development's (DEED) Small Cities (SCDP) to rehabilitate 24 owner-occupied homes and 54 affordable rental units. Its staff is experienced in administering both owner-occupied rehabilitation programs as well as housing development projects. It also has licensed building officials on staff that conduct inspections during each phase of construction.

Dayton's Bluff Neighborhood Housing Services	
Project	Village on Rivoli Phase II
Location	City of Saint Paul
Activity	New Construction

	# of Units	Total
Funding Requested	8	$ 290,920
Funding Recommended	4	$ 185,460

Co-Funder Information	
N/A	$ N/A

Project Description

Dayton's Bluff Neighborhood Housing Services (DBNHS) is a nonprofit organization with the mission to renew pride, restore confidence, and promote reinvestment, and revitalize the Dayton's Bluff and Payne/Phalen neighborhoods on the Eastside of Saint Paul. The funds will be used to build homes in the Railroad Island neighborhood on the Eastside for its Village on Rivoli Phase II development. DBNHS will serve households at or below 115 percent area median income (AMI).

Phase II of the Village on Rivoli development is part of the Railroad Island Housing Initiative. The goal of the Initiative is to build and sell 100 new ownership housing units in Saint Paul's Railroad Island Neighborhood. Railroad Island was selected as the target area because it is one of the oldest and poorest neighborhoods in Saint Paul. Much of its housing is substandard and uneconomical to rehabilitate. Sixty-seven percent of its housing stock needs rehabilitation in excess of $50,000.

DBNHS is working with Salmela Architect of Duluth, Dynamic Homes of Detroit Lakes, and Sm+rt Homes of Minneapolis to design modernist three bedroom homes. In an effort to reduce construction costs, the homes will be smaller at approximately 1200 square feet and modular built. The design has been well received by community partners, realtors, and potential homebuyers.

In addition to the new homes, the project includes a large green space, an orchard, a community garden, a bike trail connecting to local transit and a community solar garden to provide lower cost electricity to Railroad Island's low-income residents. Both the agricultural area and the solar garden will serve as a youth employment and training site.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. There is a large population of households of color in the neighborhood and DBNHS will market to these communities. There are 24,551 residents living within one-mile radius of the proposed site. Of this total, 33 percent are White, 19 percent are Black or African American, 33 percent are Asian, 14 percent are a mixed race and 13 percent are Hispanic. DBNHS contracts with ABC Realty, a real estate brokerage firm owned by an African American woman who lives on the Eastside of Saint Paul. All of the realtors who work for ABC Realty are people of color who specialize in working with lower-income households and can provide culturally competent services.

Costs and Subsidy Requested

Typical Development Cost Per Unit: $295,960
Historical High Cost Threshold: $345,166
Percent Below Historical High Cost Threshold: 14%

Impact Fund Subsidy Per Unit: $36,365
Historical High Subsidy Threshold: $53,115
Percent Below Historical High Subsidy Threshold: 31%

Community Need

One primary tool the City of Saint Paul uses to address the issue of vacant houses is to condemn and demolish, allowing rebuilding to occur.

Railroad Island is considered a Workforce Housing and Job Growth Center. In 2016, there were 119,922 jobs within five miles of the site and the median distance to work was 10 miles. A new HealthPartners clinic recently opened a health care facility on the Eastside of Saint Paul that provides 185 jobs. Beacon Bluff, the old 3M plant site, is located eight blocks east of Railroad Island. According to the Saint Paul Port Authority, Beacon Bluff has the potential to provide more than 1000 living wage jobs. One primary concern of businesses that have considered locate their business to Beacon Bluff is a lack of quality workforce housing. This project is designed and developed specifically to address this concern.

The median income within a one mile radius of the neighborhood is $37,829 and $48,515 within a three mile radius. The demand for affordable single-family housing on the Eastside is strong with a limited supply of homes for sale. In 2016, the median sale price in the Payne-Phalen neighborhood was $129,900. As of April 2017, the median sale price rose 19.3 percent to $155,000. This has made it difficult for lower-income households to purchase homes on the Eastside.

Railroad Island has many homes that are vacant and in poor condition. The City of Saint Paul has condemned many of these homes and demolished them. This has resulted in many vacant lots in the neighborhood.

This project will provide affordable housing opportunities for lower-income households on the Eastside and address the issue of vacant lots in the City. These affordable housing opportunities will also help to address the workforce housing needs in the local area.

Organization Information

DBNHS has over 37 years of experience developing, financing and selling both new construction and rehabilitated homes in Saint Paul. From its inception through December of 2016, DBNHS was directly responsible for the rehabilitation, construction and purchase of 3,359 affordable ownership and rental housing units at a cost of $290,709,308. Most of the homes are located in Saint Paul's Eastside. In 2017, DBNHS will construct and sell 16 new homes and rehabilitate seven, including units funded by the Agency.

In additional housing development, DBNHS administers home improvement loan and downpayment and closing cost assistance programs. It has offered its home improvement program since 1981 and its downpayment and closing cost assistance programs since 1996.

DBNHS is an active Impact Fund administrator with an open award to complete Phase 1 of the Village on Rivoli. Its staff has a wealth of experience in housing development, finance, and construction. Its Executive Director and Construction Specialist each have over 30 years of experience and its Housing Program Coordinator has over 11 years of experience in the housing field.

Habitat for Humanity of Minnesota	
Project	Impact Fund #5
Location	Statewide
Activity	New Construction

	# of Units	Total
Funding Requested	25	$ 375,000
Funding Recommended	25	$ 375,000

Co-Funder Information	
N/A	$ N/A

Project Description

Habitat for Humanity Minnesota (HFH-MN) is a nonprofit organization that serves, advocates for, and advances the work of Minnesota's Habitat affiliates to build simple, decent, and affordable homes in partnership with people in need. The funds will be used to build and sell homes to low-income households throughout the State of Minnesota with a focus on 55 counties. HFH-MN will serve households at or below 60 percent area median income (AMI).

HFH-MN's model is unique in that the homebuyers it serves are required to contribute sweat equity into the construction of their homes. Its development costs are typically lower because it receives donated materials, labor, and land. In turn, HFH-MN is able to provide selected households with zero percent interest mortgages with a lower than average first mortgage amount.

HFH-MN will partner with 26 Greater Minnesota Habitat affiliates to construct single family homes. Habitat affiliates raise over $10 million annually from their local communities to develop sites and construct homes. HFH-MN will distribute funds awarded through this project to its affiliates who will select income eligible households and construct homes tailored to suit their housing needs.

The project is responsive to Minnesota's changing demographic through constructing homes that can accommodate large and multigenerational families. Historically, 28 percent of HFH-MN homes funded with Impact Fund dollars have four or more bedrooms. Ten Habitat affiliates have built 4-6 bedroom homes for families of seven or more.

Costs and Subsidy Requested

Typical Development Cost Per Unit: $147,909
Historical High Cost Threshold: $188,487
Percent Below Historical High Cost Threshold: 22%

Impact Fund Subsidy Per Unit: $15,000
Historical High Subsidy Threshold: $16,260
Percent Below Historical High Subsidy Threshold: 8%

Community Need

HFH-MN offers affordable new construction homes in areas where there are few or no other affordable housing developers. Ninety-five percent of its proposed target area is a rural designated area. When selecting specific communities to work in, HFH-MN prioritizes communities where the area median income is below $50,000, an average of 54 percent of low-income households spend 30 percent or more of their monthly incomes on housing, are within five miles of over 2,000 low to moderate wage jobs, and over 50 percent of the housing stock was constructed before 1950.

HFH-MN and its affiliates serve the neediest of households. Its homebuyers are very low-income earning on average $27,053 or 34 percent AMI and therefore typically cannot qualify for a conventional mortgage. Historically, 72 percent of households served by Habitat affiliates are single-headed of households, 27 percent are households of color, and 30 percent are households that have a family member with a disability.

Given the very low-income of HFH-MN homebuyers, Habitat affiliates take into account future utility and maintenance costs and traditionally build small, simple, and efficient homes that preserve affordability for the long term. Habitat affiliates are able to meet the needs of each specific homeowner by first selecting the homeowner, then locating and designing a home to meet their specific needs. The project sites selected are in close proximity to the selected homeowner's work, school(s) and support systems. HFH-MN homes are affordable to those holding the lowest-wage jobs that are common and essential for the economic vitality of a community. All homes built by Habitat affiliates have access to either a fixed-route service or a dial a ride service. Ninety-two percent of HFH-MN homebuyers served reported that their overall quality of life was improved and attributed the improvement to HFH-MN.

Organization Information

HFH-MN has been building homes with its affiliates for 24 years. As of June 2016, it has built and rehabilitated 1,197 homes. In addition to housing development, HFH-MN also provides zero interest first mortgage financing for homebuyers, affordability gap assistance, and home rehabilitation and repair. On average, affiliates build or rehabilitate 40 to 50 homes, repair 100 homes, and serve 140 households each year.

HFH-MN has used Agency Impact Funds to develop 191 units in 34 counties of Greater Minnesota. To date, HFH-MN and its affiliates have expended over $2,732,000 of Impact funds serving 70 cities and towns throughout Minnesota. It has consistently received funding through the Impact Fund for many years and has successfully met or exceeded the unit goals for each funded project.

Headwaters Housing Development Corporation	
Project	Baudette Single Family Project
Location	City of Baudette
Activity	New Construction

	# of Units	**Total**
Funding Requested	2	$ 250,000
Funding Recommended	2	$ 250,000

Co-Funder Information	
N/A	$ N/A

Project Description

Headwaters Housing Development Corporation (HHDC) is a nonprofit subsidiary of Headwaters Regional Development Commission (HRDC), a local unit of government. Its mission is to ensure quality affordable housing for low and moderate income households throughout the Headwaters Region which includes Beltrami, Clearwater, Hubbard, Lake of the Woods, and Mahnomen counties. The funds will be used to build two homes on lots in the City of Baudette. The City of Baudette owns two lots that they will donate to HHDC for this project. The total recommended funding amount includes $200,000 in repayable interim loan funds for the construction of the homes. HHDC will serve households at or below 80 percent area median income (AMI).

Costs and Subsidy Requested

Typical Development Cost Per Unit: $171,500
Historical High Cost Threshold: $188,478
Percent Below Historical High Cost Threshold: 9%

Impact Fund Subsidy Per Unit: $25,000
Historical High Subsidy Threshold: $16,260
Percent Above Historical High Subsidy Threshold: 54%

The anticipated Impact Fund value gap subsidy of $25,000 is above the typical Impact Fund value gap subsidy range for new construction projects in Greater Minnesota. That the need for value gap subsidy is higher for units in the City of Baudette, while the development costs are reasonable, may be a reflection of relatively low housing values in Baudette.

Community Need

The City of Baudette is located in Lake of the Woods County. With just over 1,000 residents it is the largest community in the county and the primary employment center. Tourism, ANI Pharmaceuticals, LakeWood Health Center, the school district, and county government are the major employers in the area. Employees of these businesses and industries are the primary drivers of housing demand.

Many of the homes in Lake of the Woods County are high-end homes that are too costly for local residents to afford or fixer-uppers. Nearly half of the housing units are classified as seasonal or recreational. The housing stock in Baudette is older than the remainder of the county. Homes built prior to 1950 are more likely to have a substantial need for rehabilitation or replacement due to physical or functional issues. High construction costs and limited availability of affordable, buildable lots dampen development of new single family homes in Baudette. The cost of construction and land can push the price of new homes beyond what many potential buyers in the county can afford.

The most recent housing needs analysis for Lake of the Woods County was completed in August 2013. According to that report, there is demand for approximately 165 new housing units in Lake of the Woods County through the end of the decade. Based on incomes and housing trends in Lake of the Woods County, the report estimates that approximately 45 percent of the single family demand is for entry level homes priced between $165,000 and $200,000. This translates to demand for about three new such entry level homes annually.

This project will address the limited supply of affordable housing in Baudette by developing two new affordable homes. The project will capitalize on the lots that the City already owns and will develop housing at a market price that the local residents can afford. Local builders often prioritize constructing higher value, second homes for people whose primary residences are located outside the county. HHDC hopes that the ability to construct two homes at once will incentivize local contractors to bid on this project at a price that is more reasonable.

Organization Information

HHDC has developed affordable single family homes since it was formed in 1998. It has constructed and sold 95 single family homes in the Headwaters Region. Over the past five years, it has completed and sold 14 homes similar to those proposed through this project. In addition to housing development, HHDC offers housing rehabilitation programs including the Agency's Rehabilitation Loan Program and homebuyer education and counseling. HHDC received funding through the Agency's Workforce and Affordable Homeownership Development Program earlier this year to develop two homes in the City of Blackduck and has received funding through the Impact Fund for owner-occupied rehabilitation in the past.

Hennepin County Housing and Redevelopment Authority	
Project	Home Accessibility Ramps Program
Location	Hennepin and Ramsey Counties
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	51	$ 250,000
Funding Recommended	51	$ 250,000

Co-Funder Information	
N/A	$ N/A

Project Description

Hennepin County Housing and Redevelopment Authority (HCHRA) is a government entity with the mission to serve the housing and economic development and redevelopment needs of the citizens of Hennepin County and its municipalities. The funds will be used to construct 51 accessibility projects such as ramps, long-tread low riser steps, and walkways in Hennepin and Ramsey counties. HCHRA will serve households at or below 115 percent area median income (AMI).

The Home Accessibility Ramps program constructs ramps or low tread steps for low and moderate income households with individuals who have physically limiting disabilities. The ramps and steps are funded as grants and cannot be sold, transferred, or conveyed without prior authorization from HCHRA for five years. The materials from ramps that are no longer needed are often recycled and used to build new ramps for other eligible households.

HCHRA partners with Tree Trust, a local nonprofit with the mission to improve the community environment by investing in people, and offering integrated job training programs and community forestry and environmental education programs. Tree Trust markets the program, meets with and completes paperwork for clients, and builds the ramps. Tree Trust will reach out to eligible households through work with home health care organizations, nonprofits that work with disabled individuals, the Minnesota Center for Independent Living, the MS Society, and other organizations that serve clients with accessibility needs.

Costs and Subsidy Requested

Typical Rehabilitation Cost Per Unit: $4,800

Impact Fund Subsidy Per Unit
Typical Impact Fund Subsidy Per Unit: $4,800
Maximum Impact Fund Subsidy Per Unit: $10,000

Community Need

In both Hennepin and Ramsey counties, an aging population and aging housing stock results in a need to create accessibility for individuals with disabilities. The incidence of disability increases with age and older housing stock is often less accessible. Twenty-four percent of the population is over age 55 and the median age of homes is 48 years.

Additionally, 71 percent of households are cost-burdened, making it difficult for households to afford accessibility improvements on their own. For lower-income seniors, nursing home costs can be prohibitive. Constructing ramps or low-step entries will enable seniors to age in place rather than move into another home or into a nursing home.

The Home Accessibility Ramps program modifies the access of a home so that a resident can enter and exit safely, allowing homeowners to stay in their homes.

Organization Information

HCHRA has partnered with Tree Trust since 1999 to administer the Home Accessibility Ramps Program. Since that time, it has built 336 ramps. HCHRA and Tree Trust have consistently received funding from the Agency for this program for many years and have been successful in meeting its unit goals for this program.

Housing and Redevelopment Authority of Duluth	
Project Title	House3 Resilient Housing Project
Activity Type	New Construction
Geographic Location	City of Duluth

	# of Units	Total
Funding Requested	10	$ 121,250
Funding Recommended	5	$ 837,500

Co-Funder	Requested Amount
N/A	$ N/A

Project Description

The Housing and Redevelopment Authority of Duluth (Duluth HRA) is a government entity with the mission to create housing opportunities and strengthen neighborhoods to sustainably achieve a quality living environment for all. The funds will be provided as a repayable interim loan for the development of five demonstration homes in the Lincoln Park neighborhood of the City of Duluth. The homes will be sold to households at or below 115 percent area median income (AMI).

The Duluth HRA is partnering with Ecolibrium3 on the development of this project. The goal of the project is to develop cost effective affordable homes that will not require value gap subsidy. The homes will be built using advanced panelization techniques developed by the University of Minnesota's Natural Resources Research Institute. It is believed that commercialization of advanced panel manufacturing will reduce future dependence on value gap subsidies. For this reason, Duluth HRA does not anticipate and therefore did not request value gap funds for this project.

The City of Duluth has committed to work with the Duluth HRA and Ecolibrium3 to acquire sites for this project. Design work for two of the models is complete. A newly formed company, Carponentry, which will manufacture the panels, is expected to have a plant location by year end. Homes will be constructed in the summer of 2018 with marketing and home sales completed by April 30, 2019.

Ecolibrium3 received a grant through the Agency's Capacity Building Initiative for the concept development and planning for this project.

Costs and Subsidy Requested

Typical Development Cost Per Unit: $225,000
Historical High Cost Threshold: $185,653
Percent above Historical High Cost Threshold: 21%

The typical development cost per unit is higher than the historical high for new construction projects in Greater Minnesota. This may be due to the higher costs related to land acquisition and site work that is sometimes the case in Duluth. The anticipated construction cost per unit of $157,500 is six percent below the industry average of similar new construction homes in larger cities of Greater Minnesota.

Impact Fund Subsidy Per Unit: Not applicable

Community Need

The City of Duluth has some of the oldest housing stock in the State of Minnesota. Forty-three percent of single family homes within the City are older than 75 years. Many of these older homes are deteriorating and rehabilitation is often costly. Duluth HRA also believes that some are reluctant to purchase in neighborhoods with distressed housing stock. New construction homes will stimulate redevelopment and modernization of the surrounding existing, older homes.

The targeted neighborhood has a higher concentration of underserved households than in other parts of the City at 20 percent households of color and 20 percent households with individuals with disabilities. Households in this neighborhood have a lower annual median household income at $25,808. Fifty-one percent of households are cost-burdened.

The Duluth area has also seen high development costs which results in a need for higher subsidies when developing affordable homes. This project seeks to address the problem of high development costs by utilizing the panelization method for building homes. This project will be a pilot to determine whether panelization will reduce costs.

Organization Information

The Duluth HRA is partnering with Ecolibrium3, a nonprofit organization with the mission to inspire and lead change in its community toward an equitable and sustainable future. Ecolibrium3 was awarded the Environmental Protection Agency (EPA) Seeds of Change Award for its Duluth Energy Efficiency Program and was named a White House Champion of Change for building resilient communities.

The Duluth HRA will provide the lots and manage the overall project. Ecolibrium3 will manage the building of the homes and will provide technical assistance around Enterprise Green Communities and energy efficiency.

In previous years, the Duluth HRA has partnered with One Roof Community Housing (One Roof) to deliver Agency Impact Fund programs. In its partnerships with One Roof on both owner-occupied rehabilitation and acquisition, rehabilitation, and resale projects, it has consistently completed more units than what was originally proposed.

Housing and Redevelopment Authority of Duluth	
Project	Single Family Owner-Occupied Rehabilitation Program
Location	City of Duluth
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	25	$ 350,000
Funding Recommended	20	$ 280,000

Co-Funder Information	
N/A	$ N/A

Project Description

The Housing and Redevelopment Authority of Duluth (Duluth HRA) is a government entity with the mission to create housing opportunities and strengthen neighborhoods to sustainably achieve a quality living environment for all. The funds will be used to provide rehabilitation loans to homeowners in the Lincoln Park and Hillside neighborhoods of the City of Duluth. The Duluth HRA will serve households at or below 80 percent area median income (AMI).

The target area was selected based on the City of Duluth's Housing Action Framework. The selected neighborhoods lie within the City of Duluth's Reinvestment Zone and have the oldest housing stock, the most diverse population, and highest concentration of low-income households.

The project will address exterior renovations to maintain the integrity of building envelops of the aging housing stock. It will also address health, safety, and environmental hazards as needed. The Duluth HRA will provide deferred loans or grants that can be used as a match for the Agency funds awarded under this project.

The targeted neighborhoods have aging housing stock, low and moderate income residents, and a 40 percent homeowner rate. The Duluth HRA has an Affirmative Marketing Plan for its housing rehabilitation and homebuyer programs which includes special outreach efforts to reach persons who are least likely to apply without outreach. Information is available at multiple locations including community centers and women's organizations. The Duluth HRA will have representation and information at community events and are targeted to low-moderate income households.

Costs and Subsidy Requested

Typical Rehabilitation Cost Per Unit: $10,500

Impact Fund Subsidy Per Unit
Typical Impact Fund Subsidy Per Unit: $10,500
Maximum Impact Fund Subsidy Per Unit: $15,500

Community Need

The City of Duluth has some of the oldest housing stock in the State of Minnesota. Forty-three percent of single family homes within the City are older than 75 years. In the target neighborhoods many homes were built over 100 years ago. These homes are in need of rehabilitation to remain livable. Due to the high concentration of older homes, the City of Duluth has identified owner-occupied rehabilitation as a key priority in its Consolidated Plan. Housing rehabilitation is the most cost effective means of preserving affordable housing.

The targeted neighborhoods have a higher concentration of underserved households than in other parts of the City at 20 percent households of color and 20 percent households with individuals with disabilities. Households in this neighborhood have a lower annual median household income at $25,808. Fifty-one percent of households are cost-burdened.

This project will provide a home improvement financing option to low and moderate income households that are over income for the Rehabilitation Loan Program (RLP) and cannot afford a loan payment through traditional financing or the Fix Up loan program. It will also provide additional funds for rehabilitation costs that exceed the loan limits of existing programs.

Organization Information

The Duluth HRA has administered the City's owner-occupied rehabilitation programs since 1975. The Duluth HRA is experienced in blending together local, state, federal, and private resources to meet the critical need of preserving older homes. More than 10,000 units have been improved through its rehabilitation programs to date.

In previous years, Duluth HRA has partnered with One Roof Community Housing (One Roof) to deliver Agency Impact Fund programs. In its partnerships with One Roof on both owner-occupied rehabilitation and acquisition, rehabilitation, and resale projects, it has consistently completed more units than what was originally proposed.

Hutchinson Housing and Redevelopment Authority	
Project	City Home Improvement Loan Program
Location	City of Hutchinson
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	12	$ 120,000
Funding Recommended	8	$ 80,000

Co-Funder Information	
N/A	$ N/A

Project Description

The Hutchinson Housing and Redevelopment Authority (HRA) is a local government entity that advocates for and creates the decent, safe and affordable housing that is needed by a vital growing community. The funds will be used to provide rehabilitation loans to homeowners in the City of Hutchinson. The Hutchinson HRA will serve households at or below 80 percent of area median income (AMI).

This project is part of a comprehensive housing strategy around affordable housing preservation throughout the City of Hutchinson. This project will focus on correcting deficiencies related to health, safety, and energy efficiency. Hutchinson HRA will leverage funds for this project through providing matching, zero interest, forgivable loans to homeowners who will receive a loan through this project. The City has also received funding through the Minnesota Department of Employment and Economic Development (DEED) Small Cities Development Program (SCDP) for both owner-occupied and rental rehabilitation.

The Hutchinson HRA will restrict eligibility to households that are ineligible for a Fix Up loan, Community Fix Up loan, or U.S. Department of Agriculture Rural Development loan. Through this project, the Hutchinson HRA will make home improvement financing available to households that would otherwise be unable to access it.

Costs and Subsidy Requested

Typical Rehabilitation Cost Per Unit: $20,000

Impact Fund Subsidy Per Unit
Typical Impact Fund Subsidy Per Unit: $10,000
Maximum Impact Fund Subsidy Per Unit: $10,000

Community Need

According to a Maxfield Research study and the City of Hutchinson, a primary need in the City is to preserve existing, affordable owner-occupied housing. Eighty-six percent of Hutchinson’s nearly 4,000 owner-occupied homes will need some rehabilitation. The Hutchinson HRA estimates that between $10,000 and $30,000 per home is needed to address basic health and safety concerns.

The demographics in the City are changing with an increasing number of senior households. One of the census tracts within the City ranks in the top one fifth of all census tracts throughout the state in terms of the share of the population over age 65. This project will allow senior households to ensure that their homes remain livable, and therefore enable them to age in place.

Organization Information

The Hutchinson HRA has extensive experience with owner-occupied rehabilitation programs and loans. It offers the Fix Up Loan program, Rehabilitation Loan Program (RLP), and programs financed through DEED SCDP and the City of Hutchinson. Over the past five years, the Hutchinson HRA has completed 23 owner-occupied rehabilitation projects. It has completed 63 units under the Impact Fund (formerly the Community Revitalization Fund or CRV) since the early 2000s.

Lower Sioux Indian Community	
Project	Tiwahe Rehabilitation Loan Project
Location	Lower Sioux Indian Community Reservation
Activity	Owner-Occupied Rehabilitation

	# of Units	**Total**
Funding Requested	15	$ 532,500
Funding Recommended	15	$ 532,500

Co-Funder Information	
N/A	$ N/A

Project Description

The Lower Sioux Indian Community (LSIC) is a federally recognized sovereign nation and is one of four Dakota tribes in Minnesota. Its mission is to make reservation lands livable permanent homelands for its tribal members through economic and social programs and services that promote the general welfare of the tribal community.

The funds will be used to provide rehabilitation loans to tribally enrolled households on or near the Lower Sioux Indian Community reservation and its federally designated ten-mile service area. The target area includes Redwood, Renville, and Brown Counties. It will serve households at or below 115 percent area median income (AMI). This project will be wholly funded out of the EDHC Indian Housing Set Aside.

In addition to providing the loans, LSIC will work with households to develop scopes of work, obtain contractor bids, and work with contractors to ensure that rehabilitation projects are completed and building codes are met. It anticipates that it will commit 100 percent of funds by mid-2018 and complete all rehabilitation work by the fall of 2019.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. The rehabilitation projects will enable tribal members to maintain the integrity of their homes which in turn will enable them to continue to be homeowners and remain in their homes. Additionally, it meets the Agency strategic priority to enable seniors to age in place by making accessibility improvements to homes

Costs and Subsidy Requested

Typical Rehabilitation Cost Per Unit: $32,372

Impact Fund Subsidy Per Unit
Typical Impact Fund Subsidy Per Unit: $32,372
Maximum Impact Fund Subsidy Per Unit: $35,000

Community Need
The Lower Sioux tribe has 1,124 enrolled members. While the surrounding areas have experienced decreases in population, the population on the LSIC reservation has increased by 70 percent since 2000. Nearly a third of tribal members live at or below the federal poverty line. Only seven percent of households have incomes above 115 percent AMI, meaning nearly all tribal households are eligible for funding through the Agency's Impact Fund. LSIC conducted several surveys of its tribal members who live on the reservation or within the ten-mile service area. Of those surveyed, 57 percent of the members own their homes. Sixty-nine percent of homes are over 20 years old. Very little rehabilitation has been completed on these homes. There is a range of rehabilitation needed for these homes including significant rehabilitation such as repairing wet basement foundations and roofs to accessibility projects such as widening doors and adding access ramps to enable senior tribal members to age in place. This project will provide loans to these households to enable them to complete these types of rehabilitation projects. While 70 percent of surveyed homeowners are interested in receiving loans for home rehabilitation, only eight percent feel comfortable working with traditional lending institutions. LSIC is in a unique position to serve these households. Its staff understands the needs and concerns of tribal members and has experience providing loans to homeowners who live on tribal federal trust land.

Organization Information
The Lower Sioux Indian Housing Authority will implement the program on behalf of LSIC. It has administered rehabilitation loan programs through its NAHASDA and Tribal Indian Housing Program (TIHP) programs, which both began in 2016. As of June 2017, LSIC had served 16 households and made loans totaling $383,617. LSIC is currently in a period of transition since its Housing Director resigned in September 2017. Agency Impact Fund staff will meet with new LSIC staff and consultants to provide technical assistance as needed.

Neighborhood Development Alliance	
Project	Oakdale Avenue Development
Location	City of Saint Paul - West Side
Activity	New Construction

	# of Units	Total
Funding Requested	6	$ 752,000
Funding Recommended	3	$ 461,000

Co-Funder Information	
Metropolitan Council	$ 60,000

Project Description

Neighborhood Development Alliance (NeDA) is a nonprofit organization with the mission to build affordable housing and empower communities to create sustainability through financial education and guidance. The funds will be used to build single family homes in the Oakdale Avenue Development on the West Side of Saint Paul. The total recommended funding amount includes $335,000 in repayable interim loan funds for the construction of the homes. NeDA will serve households at or below 80 percent area median income (AMI).

NeDA develops housing almost exclusively on the West Side of Saint Paul and targeted the Oakdale Avenue area due to the public and private investment that has been made there. It is intends to acquire two sets of contiguous lots in the neighborhood from the City of Saint Paul for this project. The homes that were on these lots were in disrepair and demolished after the City acquired them. NeDA intends to develop a combination of detached single family homes and twin homes on these lots.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. NeDA will market its homeownership opportunities to the Hispanic population including outreach in both English and Spanish. Additionally, the realtor it is working with is bilingual in Spanish and English, has taught Home Stretch classes, and is familiar with the Hispanic population on the West Side.

Costs and Subsidy Requested

Typical Development Cost Per Unit: $283,300
Historical High Cost Threshold: $345,166
Percent Below Historical High Cost Threshold: 18%

Impact Fund Subsidy Per Unit: $42,000
Historical High Subsidy Threshold: $53,115
Percent Below Historical High Subsidy Threshold: 21%

Community Need

The housing market on the West Side is strong. There is a limited supply of single family homes to meet the demand, especially for low-income families. According to an article in the Pioneer Press, homes available for sale are at a 14-year low and active listings are down 25.3 percent as compared to February 2016. The current average time on market is 23 days and there are no new construction homes available. The last house NeDA developed was on the market for less than a week when it was sold six months ago.

The median sale price has also increased 7.6 percent since February 2016. NeDA's previous new construction home appraised at $195,000. If values continue to rise, it believes that in 2018, its new homes will appraise at $210,000.

Low inventory and higher purchase prices have been particularly hard on first-time homebuyers struggling to get into the market. This project will address the issue of low inventory and high prices by developing new homes on the West Side at a price point affordable to its targeted households.

NeDA has a comprehensive marketing strategy in both English and Spanish. This includes ads in its local paper, its bilingual website, Facebook Page, Twitter, and an online newsletter. It also engages Google Ads, direct marketing, church bulletins, and Spanish language radio. NeDA also attends West Side events such as West Side Wednesdays, and other marketing events organized by the Minnesota Home Ownership Center, banks, and other nonprofit and community groups.

Organization Information

Since 1989 NeDA has built and rehabbed 200 units of housing: 107 units of affordable rental housing and 96 units of ownership housing. Between 2000 and 2017 NeDA built or rehabbed 32 single family detached homes that were sold to low and moderate income families. Twenty-nine of the families were below 80 percent AMI. In that time period NeDA also built 20 units of ownership townhomes. This project was completed in conjunction with Habitat for Humanity who built the interiors of five units for its homeowners. The fifteen homes NeDA completed were sold to families between 80 percent and 115 percent AMI.

In 2015, NeDA informed the Agency that due to market conditions they would not meet their unit count goal of two properties under their 2013 award and requested and was approved to amend their contract to one unit. The total development costs were higher than anticipated and the appraised value of the property was lower than expected.

In addition to housing development, NeDA provide homebuyer and financial education counseling throughout the seven-county metropolitan area.

NeighborWorks Home Partners	
Project	Community Keys
Location	City of Saint Paul - Frogtown Rondo and North End Neighborhoods
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	10	$ 100,000
Funding Recommended	10	$ 100,000

Co-Funder Information	
N/A	$ N/A

Project Description

NeighborWorks Home Partners (NWHP) is a nonprofit organization with the mission to revitalize neighborhoods by creating and supporting successful homeownership. The funds will be used to provide downpayment assistance loans to homebuyers to purchase homes in the Frogtown Rondo and North End neighborhoods of Saint Paul. NWHP will serve households at or below 100 percent area median income (AMI).

Community Keys is a downpayment assistance program that will pair funds awarded for this project with federal and private funds to offer larger downpayment loans for lower income homebuyers. NWHP has administered Community Keys for the past three years. NWHP also offers two other downpayment assistance programs. Neighborhood LIFT provides three year forgivable loans of up to $7,500 and Project Reinvest provides loans of up to $10,500.

There are few downpayment assistance programs that meet the needs of the households that NWHP intends to serve. For example, many households are unable to afford to make monthly payments on the Agency's Monthly Payment Loan or their incomes are too high for the Agency's Deferred Payment Loan and Deferred Payment Loan Plus programs. Additionally, the maximum loan amount of many existing downpayment assistance programs such as the Family Assets for Independence in Minnesota (FAIM) program are insufficient to enable low to moderate income households to purchase homes.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity by marketing Community Keys to households of color. NWHP has a comprehensive strategy that includes conducting outreach in multiple languages and attending events hosted by communities of color. Additionally, the majority of households in the target area are households of color. The target area also consists predominantly of households of color.

Costs and Subsidy Requested

Typical Development Cost Per Unit: Not applicable

Maximum Impact Fund Subsidy Per Unit: $9,500

Community Need

The Frogtown Rondo neighborhood has seen a rebound in the housing market with increasing investments in transit, green space, and education. There is good access to transportation with the Green Line Light Rail and public buses that run often. According to Community Profiles, there are over 150,000 jobs in the target area. While this has benefitted many in the neighborhood, there is a risk of displacement of lower income households as housing costs increase.

Property values and home prices in the neighborhood have increased faster than incomes. According to Northstar MLS, some traditionally affordable neighborhoods in the target area have increased in price by an average of 25 percent since 2014. As a result, it is difficult for lower income homebuyers to purchase homes in the target area without higher downpayments.

According to Community Profiles, the target neighborhoods have some of the highest concentrations of households of color. These households saw higher rates of unemployment during the recession and have not seen job opportunities created at the same rate as others during the recovery. According to a Metropolitan Council report, 35 percent of people of color are unemployed while the overall unemployment rate for the target is only 3.2 percent.

Households in the target area are some of the most cost-burdened in the state with more than 70 percent of all households being cost-burdened. The poverty rate is 38 percent which is over three times higher than the State of Minnesota poverty rate. As a result many households are unable to afford a loan that requires a monthly payment.

Community Keys will help lower income households remain in or move into these neighborhoods that are quickly developing due to renewed private and public investments. Its larger downpayment loans will help homebuyers overcome the hurdle of high home prices to purchase homes in these neighborhoods

Organization Information

NWHP was formed when two local organizations, Greater Frogtown Community Development Corporation (GFCDC) and Community Neighborhood Housing Services (Community NSH), merged in 2014. It is a chartered NeighborWorks America organization and a designated NeighborWorks HomeOwnership Center. NWHP is also a Community Development Financial Institution (CDFI), a HUD approved Local Housing Counseling Agency, and NMLS certified.

NWHP has six full time staff dedicated to its lending programs who maintain licenses, certifications, and registrations as required by state and federal regulations. It has significantly increased its loan production volume by almost 400 percent. In the last year, NWHP closed 331 loans totaling $3,650,608. It also completed more units than originally proposed under its 2015 Impact Fund award.

NeighborWorks Home Partners	
Project	Facelift Program
Location	City of Saint Paul - Frogtown Rondo Neighborhood
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	12	$ 186,000
Funding Recommended	12	$ 186,000

Co-Funder Information	
N/A	$ N/A

Project Description

NeighborWorks Home Partners (NWHP) is a nonprofit organization with the mission is to revitalize neighborhoods by creating and supporting successful homeownership. The funds will be used to provide deferred loans to homeowners living in the Frogtown Rondo neighborhood of Saint Paul to make health and safety related improvements to their homes. NWHP will serve households at or below 80 percent area median income (AMI).

The Facelift Program has been active since 1997 and was administered by the Greater Frogtown Community Development Corporation (GFCDC) until 2014 when GFCDC merged with Community NHS to become NWHP. Since 2014, the program has been administered by NWHP.

This project will address deferred maintenance and health and safety issues with the aging housing stock in the target area. This includes addressing issues such as leaking roofs, removal of lead paint, asbestos, and mold, and energy improvements. NWHP will work closely with the homeowner from client in-take to construction completion. It has a Construction Specialist who will work with the homeowner to prioritize and coordinate home improvement projects, review contractor bids, and verify that all work is completed.

This project will fill a gap where the needs of the homeowner are incompatible with existing rehabilitation program. The City of Saint Paul offers a loan program but the maximum loan amount is $25,000. Similarly, Minnesota Housing's Rehabilitation Loan Program (RLP) only allows up to $27,000. These loan amounts are insufficient to cover the costs of significant rehabilitation. There are other programs with higher loan limits but these require monthly payments, which many lower income households are unable to afford. NWHP is a RLP and Fix-Up lender and will work with households to access these existing programs prior to accessing funds from this proposed project.

NWHP has committed financial leverage from the City of Saint Paul Community Development Block Grant (CDBG).

Costs and Subsidy Requested

Typical Rehabilitation Cost Per Unit: $30,000

Impact Fund Subsidy Per Unit
Typical Impact Fund Subsidy Per Unit: $15,000
Maximum Impact Fund Subsidy Per Unit: $25,000

Community Need

Households in the target neighborhoods are some of the most cost-burdened in the state with more than 70 percent of all households being cost-burdened. The poverty rate is 38 percent which is over three times higher than the State of Minnesota poverty rate. As a result many households are unable to afford a loan that requires a monthly payment.

These neighborhoods have some of the oldest housing stock in Saint Paul. In all of Saint Paul, 52 percent of homes were built before 1950. In these neighborhoods, 66 percent of homes were built before 1950. The homes suffer from deferred maintenance issues that often lead to larger problems. For example, unrepaired roofs leak resulting in water damage to the interior of homes, mold build up, and ruined insulation. The Facelift program will focus on addressing these types of deferred maintenance issues to increase a house’s life span.

The Frogtown Rondo neighborhood has seen a rebound in the housing market with increasing investments in transit, green space, and education. While this has benefitted many in the neighborhood, there is a risk of displacement of lower income households as housing costs increase. Property values and property taxes in the neighborhood have increased faster than incomes. Higher costs make it difficult to save money for home repairs putting low-income households at risk of housing instability.

Organization Information

NWHP was formed when two local organizations, Greater Frogtown Community Development Corporation (GFCDC) and Community Neighborhood Housing Services (Community NSH), merged in 2014. It is a chartered NeighborWorks America organization and a designated NeighborWorks HomeOwnership Center. NWHP is also a Community Development Financial Institution (CDFI), a HUD approved Local Housing Counseling Agency, and NMLS certified.

NWHP has six full time staff dedicated to its lending programs who maintain licenses, certifications, and registrations as required by state and federal regulations. It has significantly increased its loan production volume by almost 400 percent. In the last year, NWHP closed 331 loans totaling $3,650,608. It also completed more units than originally proposed under its 2015 Impact Fund award.

Northcountry Cooperative Foundation	
Project	NEST Homes Value Gap Program
Location	Cities of Clarks Grove, Fairmont, Lindstrom, and Madelia
Activity	New Construction

	# of Units	Total
Funding Requested	15	$ 250,000
Funding Recommended	10	$ 180,000

Co-Funder Information	
N/A	$ N/A

Project Description

Northcountry Cooperative Foundation is a nonprofit organization with the mission to transform lives and communities through cooperative enterprise. Its work is primarily rooted in helping residents of manufactured housing communities organize cooperatives to carry out a shared purchase of the land beneath their homes. The funds will be used to build and place manufactured homes for purchase in the following resident-owned manufactured home parks: Stonegate Cooperative, Hillcrest Community Cooperative, Madelia Mobile Village, and Five Lakes Cooperative. NCF will serve households at or below 115 percent area median income (AMI).

NEST Homes will place EnergyStar manufactured homes on vacant in-fill lots in resident-owned communities. The program provides a strong basis for asset-building and home appreciation for the buyers who purchase these homes. NEST Homes are a higher-value home product and their energy efficiency saves owners approximately $250 a year. The program will revitalize housing stock in rural communities where it is too costly to develop new stick-built homes.

The program is timely because it complements the United States Department of Agriculture (USDA) Rural Development's Manufactured Housing Pilot under its Section 502 Direct and Guaranteed Loan Programs (Section 502 Pilot). The Section 502 Pilot is a two-year program that provides buyer financing to place energy-efficient manufactured homes in nonprofit or resident-owned communities. Homebuyers of NEST Homes may be able access this financing for their home purchase.

Costs and Subsidy Requested

<u>Typical Development Cost Per Unit</u>: $85,928
Historical High Cost Threshold: $188,478
Percent Below Historical High Cost Threshold: 54%

<u>Impact Fund Subsidy Per Unit</u>: $17,648
Historical High Subsidy Threshold: $16,260
Percent Above Historical High Subsidy Threshold: 9%

Community Need

Each of the four communities is home to very low-income households with the overwhelming majority of households at or below 80 percent AMI. The counties within which the communities are located have also seen drops in homeownership rates. Many of the counties also have older housing stock.

Stonegate Cooperative is located in the City of Lindstrom in Chisago County. The homeownership rate in the County has dropped by 35 percent over the last 15 years while home values have increased. Twenty-five percent of all homeowners are cost-burdened. Within Stonegate Cooperative 82 percent of households are at or below 60 percent AMI and 60 percent are senior households.

Hillcrest Community Cooperative is located in the City of Clarks Grove in Freeborn County. The homeownership rate for households 35 and younger has dropped by 18 percent. Median homeowner income has dropped by one percent over the past 15 years. Within Hillcrest Community Cooperative, 72 percent of households are at or below 80 percent AMI and approximately 25 to 30 percent of households are Southeast Asian.

Madelia Mobile Village is located in the City of Madelia in Watonwan County where the proportion of people 35 or younger who own their homes has dropped over the last 15 years. Additionally, 66 percent of the housing stock was built before 1960. Within Madelia Mobile Village 91 percent of households are at or below 60 percent AMI and 96 percent of households are Latino.

Five Lakes Cooperative is located in the City of Fairmont in Martin County, where the availability of affordable housing is not keeping up with the demand in this regional agricultural, health services, and cargo weighing service center. Fairmont is a Mayo Clinic satellite hub with over 800 employees, many of whom need affordable housing. Within Five Lakes Cooperative, 82 percent of households are at or below 80 percent AMI.

NEST Homes will provide affordable homeownership options for the households within these four counties. The energy-efficient homes will reduce housing costs and in turn reduce the cost burden upon these very low-income households. NCF anticipates that the energy-efficient homes located in resident-owned communities will appreciate, in turn developing equity for the homeowner and increasing the value of other homes within the community.

Organization Information

NCF provides education, technical assistance, services, and programs to cooperative organizations. Its staff has extensive experience in manufactured housing products and in working with resident-owned manufactured home park communities. Its staff is knowledgeable about financing tools for manufactured homes and how to structure programs that are consumer-friendly while protecting lenders' and developers' interests.

Over the past seven years, NCF has placed and sold 76 homes in nine markets in both Greater Minnesota and the Twin Cities Metropolitan Area. It has overseen a contract-for-title program and has partnered with local organizations to deliver downpayment assistance programs. Earlier this year, NCF received an award through the Agency's Workforce and Affordable Homeownership Development Program to complete infrastructure work at Zumbro Ridge Estates in Rochester.

Northside Home LLC	
Project	Northside Home
Location	City of Minneapolis - North Minneapolis
Activity	Acquisition, Rehabilitation, and Resale

	# of Units	**Total**
Funding Requested	8	$ 200,000
Funding Recommended	8	$ 200,000

Co-Funder Information	
N/A	$ N/A

Project Description

Northside Home LLC (NSH) is a nonprofit that works to create pathways to homeownership for emerging markets in North Minneapolis. The funds will be used to rehabilitate homes in North Minneapolis through its Northside Homes program. NSH will serve households at or below 115 percent area median income (AMI).

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnic homeownership disparity. It will invest in housing stock located in communities with large numbers of households of color and market homeownership opportunities to residents within these communities. To date, over 50 percent of the properties sold by NSH were purchased by people of color.

The project is responsive to Minnesota's changing demographics through constructing homes that can accommodate large and multigenerational families. All single family homes outlined in the NSH project will have three to four bedrooms.

The project will preserve existing housing through rehabilitating neglected, foreclosed and or abandoned homes located in areas of disinvestment. By rehabilitating older homes, NSH will raise property values in the target area and provide homeowners with sustainable housing. All homes will be rehabilitated with the intention of reducing financial liability for the future homeowner.

Costs and Subsidy Requested

Typical Development Cost Per Unit: $268,000
Historical High Cost Threshold: $316,593
Percent Below Historical High Cost Threshold: 15%

Impact Fund Subsidy Per Unit: $25,000
Historical High Subsidy Threshold: $43,359
Percent Below Historical High Subsidy Threshold: 42%

Community Need

The median family income in the target area is $35,036, with 37 percent of the population at or below the poverty rate. Seventy-seven percent of households in the target area are cost-burdened, and spend over 30 percent of their income on housing costs. While unemployment is low, the majority of employers in the area offer low to moderate wage jobs, making it difficult for households to afford housing. Seventy-nine percent of the target area is comprised of communities of color. Many of the households that NSH encounters are multi-generational and are in need of larger housing units with three to four bedrooms. There is an older housing stock in the target area, with over 67 percent of homes constructed prior to 1950.

As of May 2017, there were over 300 vacant and boarded properties in North Minneapolis. Roughly 61 percent of current vacant and boarded properties in the City of Minneapolis are located in North Minneapolis. The majority of these homes are in need of rehabilitation due to neglect in maintenance and general deterioration. Families who would otherwise consider purchasing one of these properties may be up against the high costs of repair and environmental concerns.

NSH aims to be a catalyst for community recovery in North Minneapolis by acquiring destabilized properties, renovating them, and providing desirable high quality homes for sale. NSH engages prospective buyers by introducing them to financial literacy and offers the tools for successful homeownership. The expected outcome of the NSH program is to provide financial health and home equity to historically underserved households.

Organization Information

NSH is a partnership between Urban Homeworks (UHW) and Project for Pride in Living (PPL), two nonprofit developers and property managers. The partnership will allow the two organizations to produce more rehabilitation projects together than either entity would be able to produce working independently. UHW will perform the property management functions and PPL will manage the finance operations. PPL will also provide financial literacy coaching to prospective homebuyers. Collectively, UHW and PPL bring over 75 years' experience in nonprofit housing development and have produced and sold over 500 single family homes (rehabilitation or new construction).

NSH provides a comprehensive approach to renewing the community asset of housing by linking buyers to financial coaches and selling homes to qualified buyers. NSH strives to bring jobs and economic activity to the target area by hiring local contractors for rehabilitation work. To date, NSH has completed 25 homes and has eight in the pipeline.

One Roof Community Housing	
Project	2017 Acquisition-Rehabilitation-Resale
Location	City of Duluth, Cloquet and Proctor
Activity	Acquisition, Rehabilitation, and Resale

	# of Units	Total
Funding Requested	10	$ 500,000
Funding Recommended	8	$ 370,000

Co-Funder Information	
Greater Minnesota Housing Fund	$ 34,000

Project Description

One Roof Community Housing (One Roof) is a nonprofit organization with the mission to strengthen the foundation of its communities by providing housing services and building and sustaining affordable homes and healthy neighborhoods. The funds will be used to acquire and rehabilitate homes that will be sold through One Roof's Community Land Trust (CLT) program to ensure permanent affordability. The total funding recommendation includes 150,000 in EDHC Indian Set Aside funds. One Roof will serve households at or below 80 percent area median income (AMI).

The program will target foreclosed properties in the cities of Duluth, Cloquet, and Proctor. Two units located in the City of Cloquet and one unit located in the City of Duluth will be funded in part by the Fond du Lac Band of Lake Superior Chippewa. Those units will be sold to enrolled Fond du Lac band members.

One Roof's homes offer affordability not only in the form of low mortgage payments, but also through the assurance that no major home repair will be necessary in the near future. All of the homes will be energy-efficient, thus reducing the homeowner's utility costs.

One Roof's CLT program has been successful. Of all the homebuyers who purchased their homes more than five years ago, 89 percent are still homeowners. Its foreclosure rate is also far below the Duluth and national foreclosure rates.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity by partnering with the Fond du Lac Band of Lake Superior Chippewa and marketing the homes to enrolled tribal members.

One Roof has committed leverage for this project from the Fond du Lac Band of Lake Superior Chippewa, Saint Louis County, and Odyssey Development. It has pending leverage from the Federal Home Loan Bank of Des Moines and the City of Duluth. The City of Cloquet intends to donate two lots for this project.

Costs and Subsidy Requested

Typical Development Cost Per Unit: $185,000
Historical High Cost Threshold: $255,207
Percent Below Historical High Cost Threshold: 28%

Impact Fund Subsidy Per Unit: $50,000
CLT Historical High Subsidy Threshold: $52,928
Percent Below Historical High Subsidy Threshold: 5%

Community Need

All three target cities have lower average household incomes and a higher rate of poverty than other communities across the state. According to the Minnesota Department of Employment and Economic Development (DEED), while the average annual wage in the City of Duluth increased from $37,908 to $45,916 between 2010 and 2016, the current average annual wage continues to lag behind the state average of $53,560. The Community Profiles data indicates that the target neighborhoods have a median income of $36,532. The poverty rate has increased from 15.5 percent in 2000 to 21.5 percent in 2015.

While the City of Cloquet and the City of Proctor's poverty rates are not as extreme as the City of Duluth's, both are higher than the average across the state. The average household income is $48,100.

Many homes in the target cities are older and require rehabilitation before they are livable. The City of Duluth reports that 45.9 percent of its homes were built before 1940. Homes are less expensive in the target area than other parts of the city, but often require deferred maintenance costs estimated at more than $50,000 to meet basic livability conditions.

This project will create long-term affordable housing opportunities through the CLT model and address the aging housing stock in the three target areas.

Organization Information

One Roof completed its first acquisition, rehabilitation, and resale projects in 2006 in the City of Duluth. Since then, One Roof has expanded its acquisition, rehabilitation, and resale activity to serve southern Saint Louis County and more recently, the Cities of Cloquet and Two Harbors. One Roof has developed and sold 283 CLT single family units, including 124 acquisition, rehabilitation, and resale units. One Roof has also managed the resales of 140 CLT units resulting in a total of 423 households served through its CLT.

In addition to single family housing development, One Roof also offers downpayment and closing cost assistance, homebuyer education and credit counseling, single family and multifamily housing rehabilitation, and multifamily housing development.

One Roof has been a recipient of Agency Impact Funds for many years and has been able to meet or exceed its proposed unit goals.

One Roof Community Housing	
Project	2017 New Construction #1 - Grand Marais
Location	City of Grand Marais
Activity	New Construction

	# of Units	Total
Funding Requested	7	$ 700,000
Funding Recommended	7	$ 700,000

Co-Funder Information	
Greater Minnesota Housing Fund	$ 25,500

Project Description

One Roof Community Housing (One Roof) is a nonprofit organization with the mission to strengthen the foundation of its communities by providing housing services and building and sustaining affordable homes and healthy neighborhoods. The funds will be used to build seven modular homes in Grand Marais to be sold through One Roof's Community Land Trust (CLT). The funding recommendation includes $350,000 in repayable interim loan funds for the construction of the homes. One Roof will serve three households at or below 80 percent area median income (AMI) and four households at or below 115 percent AMI.

This project is the second phase of One Roof's Grand Marais development project. One Roof was awarded $200,000 through the 2016 Single Family Request for Proposals to assist with the construction of four units in Phase I. The Phase I homes are expected to be on the market in the fall of 2017.

The project meets the Agency's strategic priority to address local workforce housing needs. One Roof and its project partners selected the parcel of land to accommodate 11 new homes close to the City of Grand Marais to meet its workforce housing needs. The target buyers live and work at permanent, lower wage jobs in Grand Marais, but cannot afford to buy a home due to the cost of homes and housing shortage. This project will provide affordable homeownership opportunities for those who live and work in Grand Marais.

One Roof has committed financial leverage for this project from the Cook County-Grand Marais Economic Development Authority, the State of Minnesota Iron Range Resources and Rehabilitation Board, Saint Louis County, and Odyssey Development.

Costs and Subsidy Requested

<u>Typical Development Cost Per Unit</u>: $301,500
Historical High Cost Threshold: $188,478
Percent Above Historical High Cost Threshold: 60%

<u>Impact Fund Subsidy Per Unit</u>: $50,000
CLT Historical High Subsidy Threshold: $43,639
Percent Above Historical High Subsidy Threshold: 14%

The higher development cost and in turn the higher subsidy per unit, is due in part to the cost of additional required site work. The existing road and infrastructure must be extended to connect Phase I and Phase II. The City of Grand Marais and Iron Range Resources and Rehabilitation Board (IRRRB) will provide leverage to assist with the site development costs. The anticipated per-unit construction cost of $196,600 is only slightly higher than the industry average at three percent more than the average cost to build similar built new construction homes in smaller cities in Greater Minnesota.

Community Need

There is a need for permanently affordable workforce housing in Grand Marais. There are 750 jobs in Grand Marais, many of which are seasonal. The economy is based largely on tourism drawn from Lake Superior and the Boundary Waters. The median household income in Grand Marais is $40,699. Approximately 32 percent of renters and 20 percent of homeowners are cost-burdened.

Market rate homeownership is not a reasonable option for many households earning incomes even above the local median due to high home prices. The average sale price of a home in Grand Marais between June 2016 and June 2017 was $232,140, which is high compared to the average wage and income of households in Grand Marais. The high cost of real estate and high construction costs results in a lack of production of affordable workforce housing. The 2015 Cook County Housing Study documents the "pent-up demand" for homeownership opportunities in Grand Marais. The study indicates that 20 to 25 units of housing need to be built to meet the demand.

This project will create permanent affordable homeownership opportunities for lower income households in Grand Marais.

Organization Information

One Roof first began its single family housing development work completing acquisition, rehabilitation, and resale projects in 2006 in the City of Duluth. Since then, it has expanded its housing development activities to include single family new construction. One Roof has developed and sold 283 CLT single family units, including 69 new construction units. One Roof has also managed the resales of 140 CLT units resulting in a total of 423 households served through its CLT.

In addition to single family housing development, One Roof also offers downpayment and closing cost assistance, homebuyer education and credit counseling, single family and multifamily housing rehabilitation, and multifamily housing development.

One Roof has been a recipient of Agency Impact Funds for many years and has been able to meet or exceed its proposed unit goals.

One Roof Community Housing	
Project	2017 New Construction #2 - Duluth
Location	City of Duluth
Activity	New Construction

	# of Units	Total
Funding Requested	3	$ 300,000
Funding Recommended	3	$ 300,000

Co-Funder Information	
Greater Minnesota Housing Fund	$ 8,500

Project Description

One Roof Community Housing (One Roof) is a nonprofit organization with the mission to strengthen the foundation of its communities by providing housing services and building and sustaining affordable homes and healthy neighborhoods. The funds will be used to build homes in the older, core neighborhoods in Duluth. The total recommended funding amount includes $150,000 in repayable interim loan funds for the construction of the homes and $50,000 in EDHC Indian Set Aside funds.

Two of the homes will be sold fee-simple to households at or below 115 percent of area median income (AMI). The third home will be built in partnership with the Fond du Lac Band of Lake Superior Chippewa. It will be sold through One Roof's Community Land Trust (CLT) to an enrolled Fond du Lac band member at or below 80 percent AMI.

This project meets the Agency's strategic priority to address the workforce housing needs of local communities. The target area is located within five miles of at least 15,000 low and moderate wage jobs.

It also finances housing responsiveness to Minnesota's changing demographics by enabling seniors to age in place. Many of the existing homes in the City of Duluth are older, traditional two story homes with bedrooms and bathrooms located only on the second floor. One Roof has seen a demand from senior homebuyers seeking homes with main floor living where they can age in place.

This project also furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity by partnering with the Fond du Lac Band of Lake Superior Chippewa and marketing the homes to enrolled tribal members.

One Roof has committed financial leverage for this project from the Fond du Lac Band of Lake Superior Chippewa in the form of affordability gap funding.

Costs and Subsidy Requested

Typical Development Cost Per Smaller CLT Unit: $270,000
Historical High Cost Threshold: $185,653
Percent Above Historical High Cost Threshold: 45%

Impact Fund Subsidy Per Unit: $50,000

CLT Historical High Subsidy Threshold: $43,639
Percent Above Historical High SubsidyThreshold: 15%

The typical development cost per unit is higher than the historical high for new construction projects in Greater Minnesota. This may be due in part to the higher costs related to land acquisition and site work that is sometimes the case in Duluth. The anticipated construction cost per unit of $201,119 is 15 percent higher than the industry average of similar new construction homes in larger cities of Greater Minnesota.

Typical Development Cost Per Larger Fee Simple Unit: $300,000
Historical High Threshold: $185,653
Percent Below Historical High Threshold: 62%

Impact Fund Subsidy Per Unit: $50,000
Fee Simple Historical High Subsidy Threshold: $16,260
Percent Above Historical High Subsidy Threshold: 21%

The typical development cost per unit is higher than the historical high for new construction projects in Greater Minnesota. This may be due in part to the higher costs related to land acquisition and site work that is sometimes the case in Duluth. The anticipated construction cost per unit of $214,255 is15 percent higher than the industry average of similar new construction homes in larger cities of Greater Minnesota.

Community Need

The older core neighborhoods of the City of Duluth have seen disinvestment and are characterized by low incomes, high poverty rates, high percentages of households of color, older housing stock, lower property values, lower homeownership rates, and higher concentrations of foreclosures. Despite these challenges, these neighborhoods are in close proximity to public transit, employment opportunities, social services, green space, and other community amenities.

According to the Minnesota Department of Employment and Economic Development (DEED), while the average annual wage in the City of Duluth increased from $37,908 to $45,916 between 2010 and 2016, the current average annual wage continues to lag behind the state average of $53,560. The poverty rate has increased from 15.5 percent in 2000 to 21.5 percent in 2015.

Households 55 years and older are expected to increase over the next five years. Seniors often look for more convenient living arrangements and for homes that will reduce their burden of upkeep and home maintenance.

This project will provide affordable homeownership opportunities for lower income households and reinvest in the core neighborhoods of the City of Duluth.

Organization Information

One Roof first began its single family housing development work completing acquisition, rehabilitation, and resale projects in 2006 in the City of Duluth. Since then, it has expanded its housing development activities to include single family new construction. One Roof has developed and sold 283 CLT single family units, including 69 new construction units. One Roof has also managed the resales of 140 CLT units resulting in a total of 423 households served through its CLT.

In addition to single family housing development, One Roof also offers downpayment and closing cost assistance, homebuyer education and credit counseling, single family and multifamily housing rehabilitation, and multifamily housing development.

One Roof has been a recipient of Agency Impact Funds for many years and has been able to meet or exceed its proposed unit goals.

PPL Homes LLC	
Project	Greenbelt Homes
Location	City of Minneapolis - North Minneapolis
Activity	New Construction

	# of Units	Total
Funding Requested	19	$ 3,125,000
Funding Recommended	19	$ 2,850,000

Co-Funder Information	
Metropolitan Council	$ 120,000

Project Description

PPL Homes LLC is an entity created by Project for Pride in Living, Inc. (PPL) to acquire and hold properties for development. PPL a nonprofit organization with the mission to build the hope, assets, and self-reliance of individuals and families who have lower incomes by providing transformative affordable housing and empowerment readiness services. The funds will be used to build a total of 19 modular homes in the Hawthorne EcoVillage of North Minneapolis. The recommended funding amount is includes $2,400,000 in repayable interim loan funds for the construction of the 19 homes and $450,000 for value gap for nine homes.

PPL will sell the nine homes receiving value gap funds to households at or below 115 percent area median income (AMI). The other ten homes will be sold to households at or below 80 percent AMI. This mixed income targeting will accomplish the dual goals of providing affordable housing and contributing to the economic diversity in the Hawthorne neighborhood.

This project will continue to expand upon PPL’s redevelopment work located in the Hawthorne EcoVillage, a four block cluster consisting of 17 new construction or renovated, owner-occupied homes. Hawthorne EcoVillage is a redevelopment project produced in partnership with the Hawthorne Neighborhood Council, the City of Minneapolis, Habitat for Humanity, and Minnesota Housing. PPL developed and completed nine projects in the Ecovillage. Of the 17 homes, nine properties have Agency Neighborhood Stabilization Program (NSP) funding and two have Agency Minnesota Urban and Rural Program (MURL) funding. Additionally, there are four completed Agency NSP funded projects directly adjacent to the Hawthorne EcoVillage. The neighboring 75 unit Hawthorne EcoVillage Apartments, funded in part by the Agency is slated for completion in October 2017.

This project furthers Minnesota Housing’s strategic priority to address Minnesota’s racial and ethnicity homeownership disparity. It will invest in housing stock located in communities with higher populations of households of color and by marketing homeownership opportunities to residents within these communities. Over the past five years, 82 percent of the households served by PPL were households of color or Hispanic ethnicity.

PPL has committed leverage for this project from the Family Housing Fund and the City of Minneapolis.

Costs and Subsidy Requested

Typical Development Cost Per Unit: $215,853
Historical High Cost Threshold: $345,166
Percent Below Historical High Cost Threshold: 37%

Impact Fund Subsidy Per Unit: $23,684
Historical High Subsidy Threshold: $53,115
Percent Below Historical High SubsidyThreshold: 56%

Community Need

In the target area, 63percent of households are cost-burdened. The target area has a poverty rate of 37 percent and the median household income is $20,971. Seventy-nine percent of the target area consists of communities of color, while 28 percent of residents in the target area speak a language other than English. Over the past twelve years, homeownership rates in target area have declined from 34 percent to 26 percent; widening the homeownership gap between white households and households of color.

PPL will cluster its redevelopment work into a concentrated area for maximum impact. By building on existing vacant lots, the target area will see an increase in quality housing stock and residential density, making the area less susceptible to market downturns, crime, and property abandonment. Houses with smaller footprints cost less to construct, and are less expensive for homeowners to buy, operate and maintain. Boosting homeownership rates in the target area will increase the income diversity of the neighborhood and provide housing opportunities to those seeking smaller homes.

Organization Information

PPL began as an affordable housing developer in 1972 and has since become a multi-service agency that serves 15,000 low-income individuals annually. PPL has extensive experience developing and managing affordable, service-enriched, and supportive housing throughout the Twin Cities and has developed hundreds of affordable units including both single family and multifamily units. Over the past four years, PPL completed 17 new construction homes similar to those proposed in this project. PPL also provides housing and financial counseling to prepare households to purchase homes.

PPL last received an award under the Agency’s Impact Fund in 2014 for an owner-occupied rehabilitation project. It completed one more unit than originally proposed under this award.

PRG, Inc.	
Project	PRG Neighborhood Stabilization II - Acquisition, Rehabilitation, and Resale
Location	City of Minneapolis - Harrison, Jordan, and Phillips Neighborhoods
Activity	Acquisition, Rehabilitation, and Resale

	# of Units	Total
Funding Requested	3	$ 75,000
Funding Recommended	3	$ 75,000

Co-Funder Information	
N/A	$ N/A

Project Description

PRG, Inc. is a nonprofit organization with the mission to enhance neighborhood stability and family self-sufficiency through developing quality, affordable housing and providing related services. The funds will be used to acquire, rehabilitate and resell homes in the City of Minneapolis, prioritizing the Harrison, Jordan and Phillips neighborhoods and possibly expanding the eligible geography to ensure a timely project. PRG will serve households at or below 80 percent area median income (AMI).

This project will continue PRG's long-standing commitment to counter the effects of disinvestment that was compounded by the foreclosure crisis in the target neighborhoods. PRG will acquire blighted units that are located in otherwise stable blocks or are located in a target area or cluster of recent public investment. PRG will also consider properties that are identified by the neighborhood organizations.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. Since 2009, PRG has sold 61 homes to households of color. This represents 70 percent of all PRG sales during this period. Referrals from both past buyers and its housing counseling and education program account for a large percentage of its success in reaching households of color.

Costs and Subsidy Requested

<u>Typical Development Cost Per Unit</u>: $250,000
Historical High Cost Threshold: $316,593
Percent Below Historical High Cost Threshold: 21%

<u>Impact Fund Subsidy Per Unit</u>: $25,000
Historical High Subsidy Threshold: $43,359
Percent Below Historical High Subsidy Threshold: 43%

Community Need

The target neighborhoods are in a workforce housing area. There are nearly 200,000 jobs and the average distance to work is over 5 miles. According to Community Profiles, there are nearly 200,000 jobs within PRG's target area. The unemployment rate is 3.1 percent.

The three target neighborhoods are also very diverse. Nearly 80 percent of households are households of color or Hispanic ethnicity. Demand is strong for four bedroom units due in part to the large numbers of East African, Southeast Asian, and Latino immigrant households with larger families. This need is demonstrated by the fact that over the past two years, more than 30 percent of PRG's homes have been purchased by households of five or more family members. With this in mind, the homes that PRG will acquire for this project will have a minimum of three bedrooms and one and a half baths.

The homeownership rate in the area is 40 percent, well below what is viewed as necessary for community stability. The current supply of homes is 1.8 months. Most of the properties are more than 65 years old and therefore need significant improvements and upgrades.

This project will provide additional safe decent affordable homeownership opportunities in its target communities. These opportunities will allow one or more of the current 196 households on their marketing list interested in purchasing a home while at the same time further stabilizing the neighborhood by occupying a property that would otherwise remain vacant and abandoned.

Organization Information

PRG has developed over 676 units of affordable housing since 1976, including 176 single family homeownership units. Over the past five years, it has completed 55 single family acquisition, rehabilitation, and resale projects. PRG not only develops properties, but also provides homebuyer education and counseling. As a result, it is able to cross market its development activities with its education and counseling programs. PRG staff is well versed in the various programs that are available to homebuyers and can often layer multiple programs to increase affordability.

PRG has consistently met or exceeded the proposed unit goals of past Impact Fund awards that it has received from the Agency. It has demonstrated effective administration of its Impact Fund (formerly CRV) awards in conjunction with other, complex leveraged sources such as the Neighborhood Stabilization Program (NSP).

PRG, Inc.	
Project	Moving On - A pilot partnership between PRG and MPHA
Location	City of Minneapolis
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	5	$ 75,000
Funding Recommended	5	$ 75,000

Co-Funder Information	
N/A	$ N/A

Project Description

PRG, Inc. is a nonprofit organization with the mission to enhance neighborhood stability and family self-sufficiency through developing quality, affordable housing and providing related services. The funds will be used to provide deferred loans for affordability gap to homebuyers purchasing homes in the City of Minneapolis. PRG will serve households at or below 80 percent area median income (AMI).

This project is a pilot partnership between PRG and the Minneapolis Public Housing Authority (MPHA). It will provide the opportunity for households currently living in public housing to begin building intergenerational assets while also freeing up MPHA units for needier families. MPHA will identify households in public housing that earn more than the 60 percent AMI with the goal of getting them on the path to homeownership. PRG will provide homebuyer and financial education and counseling to prepare current residents of public housing to become homeowners.

PRG and MPHA have already sent a direct mailing about the pilot to 67 households currently living in Minneapolis public housing that earn more than 80 percent AMI. They have received interest in the program as a result of the mailing. They will expand the mailings to an additional 113 households earning 60 to 80 percent AMI in late summer 2017 and host Homeownership 101 meetings at public housing sites throughout the City of Minneapolis.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. It is expected that the majority of the participants will be first generation homebuyers of color.

Costs and Subsidy Requested

Typical Development Cost Per Unit: Not applicable

Maximum Impact Fund Subsidy Per Unit: $15,000

Community Need

This project will create affordable homeownership opportunities while simultaneously providing the opportunity for more households to access public housing in the City of Minneapolis. There are currently 13,707 households on the waiting list for public housing units within the City. According to MPHA there are 180 households earning more than 60 percent AMI occupying public housing units in the city. These households may be able to purchase a home and in turn make available a public housing unit for a family in need.

Of the MPHA households earning more than 60 percent AMI, 82 percent are African or African American, 4 percent are Asian American, and 3 percent are Hispanic. More than half of the heads of households were born outside of the United States and more than 50 households are large families.

It is expected that significant affordable gap will be required due to the income of the households and the home prices in the City of Minneapolis. While the median sale price in the City is $231,825, it is anticipated that the typical purchase price will be approximately $202,000. PRG intends to work with the homebuyers to access other forms of downpayment and closing cost assistance to leverage the Impact Funds for this project. Lake Area Mortgage and Kleinbank provided letters of support stating that they will also assist homebuyers in accessing other programs.

Organization Information

PRG originates, underwrites, and closes its own buyer assistance loans and Urban Homeworks, Inc.'s HOME funded loans. While it does not originate loans on behalf of the City of Minneapolis, it has worked with homeowners to determine income eligibility and prepared homebuyer assistance packages for the City. PRG staff is well versed in the various programs that are available to homebuyers and can often layer multiple programs to increase affordability. PRG also provides homebuyer education and counseling, which will go hand-in-hand with this program.

PRG has consistently met or exceeded the proposed unit goals of past Impact Fund awards that it has received from the Agency. It has demonstrated effective administration of its Impact Fund (formerly CRV) awards in conjunction with other, complex leveraged sources such as the Neighborhood Stabilization Program (NSP).

PRG, Inc.	
Project	PRG Neighborhood Stabilization II - New Construction
Location	City of Minneapolis
Activity	New Construction

	# of Units	Total
Funding Requested	4	$ 300,000
Funding Recommended	4	$ 300,000

Co-Funder Information	
N/A	$ N/A

Project Description

PRG, Inc. is a nonprofit organization with the mission to enhance neighborhood stability and family self-sufficiency through developing quality, affordable housing and providing related services. The funds will be used to build new construction homes in the City of Minneapolis and provide affordability gap assistance to the purchasers of two of these homes. The total recommended funding amount includes $120,000 in repayable interim loan funds for the construction of the homes. Two homes will be built in the Phillips neighborhood and two homes in the Jordan neighborhood. PRG will serve households at or below 80 percent area median income (AMI).

This project will continue PRG's long-standing commitment to addressing the supply of vacant land in the City and increasing affordable homeownership opportunities for lower-income families. PRG will acquire vacant lots for this project from the City of Minneapolis. The new homes will be energy efficient, healthier to live in, and cost less to operate. Affordability gap assistance will only be offered to the households purchasing the homes that will be developed in the Phillips neighborhood, which has seen a faster rise in home values than the Jordan neighborhood.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. Since 2009 PRG has sold 61 homes to households of color, representing 70 percent of all PRG sales during the period. Referrals from both past buyers and its housing counseling and education program account for a large percentage of its success in reaching households of color.

PRG has committed financial leverage from the Midtown Phillips Neighborhood Association and the City of Minneapolis Community Planning and Economic Development. It also has access to pipeline funding through the East Phillips Improvement Coalition.

Costs and Subsidy Requested

Typical Development Cost Per Unit: $320,000
Historical High Cost Threshold: $345,166
Percent Below Historical High Cost Threshold: 8%

Impact Fund Value Gap Subsidy Per Unit: $35,000
Historical High Subsidy Threshold: $53,115

Percent Below Historical High Subsidy Threshold: 34%

Impact Fund Affordability Gap Subsidy Per Unit: $20,000

Community Need

According to Community Profiles, households of color represent nearly 80 percent of total households in the target area. Demand is strong for larger units due in part to the high number of households of color, particularly East African, Southeast Asian, and Latino immigrant households with larger families. The demand is also particularly strong for new construction homes because the basement offers the option of additional finished space. This need is demonstrated by the fact that over the past two years more than 30 percent of PRG homes have been purchased by households with five or more members. During the last three years of units closed that PRG utilized Impact Fund dollars 40 percent had a household of five or more occupants and 80 percent of these units were sold to households of color.

Approximately 80 percent of non-owner-occupied households are rent burdened. The homeownership rate is 40 percent, well below what is typically viewed as necessary for community stability. The inventory of single family homes for sale in the Twin Cities housing market is less than two months' supply. There is a tight housing market in the under $250,000 price range for newly constructed homes.

The City of Minneapolis has a large inventory of vacant lots with significant concentrations in proposed target areas. PRG intends to acquire lots for this project through the City.

PRG's project will provide additional new, affordable, decent homeownership opportunities for potentially larger households. This will allow households growing in size to adequately meet their space needs while at the same time further stabilizing the neighborhood by eliminating vacant lots and adding another tax generating property to the tax base.

Organization Information

PRG has developed over 676 units of affordable housing since 1976, including 176 single family homeownership units. Over the past five years, it has completed 13 single family new construction projects. PRG not only develops properties, but also provides homebuyer education and counseling. As a result, it is able to cross market its development activities with its education and counseling programs. PRG staff is well versed in the various programs that are available to homebuyers and can often layer multiple programs to increase affordability.

PRG has consistently met or exceeded the proposed unit goals of past Impact Fund awards that it has received from the Agency. It has demonstrated effective administration of its Impact Fund (formerly CRV) awards in conjunction with other, complex leveraged sources such as the Neighborhood Stabilization Program (NSP).

Rebuilding Together Twin Cities	
Project	Critical Repair Projects for Low-Income Homeowners
Location	City of Minneapolis - North and South Minneapolis; City of Saint Paul-East Side
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	20	$ 160,000
Funding Recommended	20	$ 160,000

Co-Funder Information	
N/A	$ N/A

Project Description

Rebuilding Together is a nonprofit organization that transforms the lives of low-income homeowners by improving the safety and health of their homes and revitalizes communities. The funds will be used to rehabilitate owner-occupied homes in North Minneapolis, South Minneapolis, and the East Side of Saint Paul. Rebuilding Together will serve households at or below 50 percent area median income (AMI).

This project is a part of Rebuilding Together's Access for Always Program and Essential Systems Repair Program. These programs are designed to address accessibility and livability needs of low-income homeowners. Proposed rehabilitation activities include critical health and safety repairs and accessibility modification work. This may include re-roofing, installing handicap ramps, widening doorways, weatherizing and energy efficiency improvements, repairing plumbing and electrical, and installing new windows, doors, or siding.

Rebuilding Together works closely with partners to identify assistance programs to provide comprehensive services for the homeowners that it serves. In order to produce work reflective of the communities it serves, Rebuilding Together engages with community partners and residents to strategically shape the focus of their work. Community partners include East Side Neighborhood Development Corporation, Meals on Wheels, Greater Minneapolis Council of Churches, Hearts and Hammers, Project for Pride in Living, CLEAR Corps, Hmong American Partnership, and the Asian Economic Development Association.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. Almost 63 percent of the households in the target areas are households of color. Rebuilding Together will strategically market the program to immigrant communities. It has designed rehabilitation projects to meet the needs of these communities by adding space to homes to accommodate large and multigenerational families.

The project is responsive to Minnesota's changing demographic by targeting individuals who are 55 and older and completing rehabilitations to allow seniors to age in place. It also preserves existing housing stock by targeting low-income and cost-burdened homeowners to perform repairs and maintenance that will preserve the asset of their homes.

Rebuilding Together has committed financial leverage from Wells Fargo, The Opus Foundation, Lowe's Charitable and Educational Foundation, Union Pacific, Wells Foundation, and Fredrikson and Byron.

Costs and Subsidy Requested

Typical Rehabilitation Cost Per Unit: $8,000

Impact Fund Subsidy Per Unit
Typical Impact Fund Subsidy Per Unit: $8,000
Maximum Impact Fund Subsidy Per Unit: $9,999

Community Need

The combination of households with lower incomes and older homes often results in deferred maintenance issues. Regular home maintenance and small repairs go unattended which can lead to a decline in safety and stability of a home.

The target areas have a higher rate of homeownership but also have a higher rate of poverty. While 50 percent of households in the target areas are homeowners, 63 percent of these homeowners are cost-burdened. The average poverty rate in the target areas is 28 percent. The average age of homes in the target area is 58 years meaning that there is likely deferred maintenance that needs to be addressed.

An aging population means a need to modify existing homes to ensure they are accessible. An average of 17 percent of residents of the target areas are over the age of 55. Last year, 63 percent of the homeowners Rebuilding Together served were seniors.

There are approximately 300 homeowners on Rebuilding Together's waiting list. Close to half of these homeowners are within the proposed target areas. Rebuilding Together will work strategically with community organizations to identify homeowners who are in the most need of services and will solicit applications from homeowners who are not likely to apply for assistance without special outreach.

There are several programs that are available to homeowners in Rebuilding Together's proposed target areas, but most require monthly loan repayments. Most homeowners served through the applicant's program are extremely low-income and do not have the resources to make monthly payments. The applicant receives frequent calls from homeowners who have been referred by the City of Minneapolis. Rebuilding Together has eligibility determination policies and procedures to prevent duplication of services and prioritize non-Impact Fund resources where available.

Organization Information

Rebuilding Together coordinates the volunteers, skilled labor, tools and supplies necessary to repair homes. It focuses its efforts on serving older adults, individuals living with disabilities, active and retired members of the armed services, and families with children. It is one of 13 affiliates of National Rebuilding Together, a nonprofit organization established in 1988.

Over the past 20 years, with the help of over 9,800 volunteers, Rebuilding Together has completed 869 critical repairs and large-scale modifications to homes in the Twin Cities metropolitan area. Within the last five years, it successfully completed 616 units similar to those proposed for this project. Rebuilding Together has consistently met or exceeded the proposed unit goals for past Impact Fund awards.

Robert Engstrom Capital Management, LLC	
Project	East Side Saint Paul Microhouse Prototype Project
Location	City of Saint Paul - Payne-Phalen Neighborhood
Activity	New Construction

	# of Units	Total
Funding Requested	5	$ 275,000
Funding Recommended	5	$ 275,000

Co-Funder Information	
N/A	$ N/A

Project Description

Robert Engstrom Capital Management, LLC (RECM) is a for-profit developer with the mission to bring stability and affordability to existing neighborhoods through strategic acquisitions and high quality renovations. The funds will be used to construct and sell two-bedroom, 800 square foot modular homes in the Payne-Phalen Neighborhood on the East Side of Saint Paul. RECM will serve households at or below 80 percent area median income (AMI).

The production of these homes will serve as a prototype for two larger planned developments. The Payne Maryland site is a 40+ unit development that is a recipient of a Metropolitan Council Livable Communities Demonstration Account (LCDA) pre-development grant for planning and zoning.
The Bush Payne site is an 18+ unit development, also a recipient of a Metropolitan Council LCDA pre-development grant. Both developments are planned to start in 2019.

RECM is partnering with East Side Neighborhood Development Corporation (ESNDC). Together they have assembled a team of development and construction experts. The team includes: Shelter Construction, Dynamic Homes, Energy Panel Structures, Inc., Alchemy Architects (creator of the WeeHouse) and Robinson Residential Design Inc.

This project furthers the Agency's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. RECM will market the program to immigrant families and households of color. It has a network of loan officers and real estate agents who work with underserved populations and emerging markets and who have a sense for the design features desired by these homebuyers.

This project also addresses a specific and critical local housing need in the City of Saint Paul. RECM is working with Ramsey County and the City of Saint Paul to assist in meeting their housing needs and to identify strategies and resources available to meet those needs.

Costs and Subsidy Requested

Typical Development Cost Per Unit: $231,500
Historical High Cost Threshold: $345,166
Percent Below Historical High Cost Threshold: 33%

Impact Fund Subsidy Per Unit: $55,000

Historical High Subsidy Threshold: $53,115
Percent Above Historical High Subsidy Threshold: 4%

Community Need

The Payne-Phalen neighborhood and the East Side of Saint Paul have been underserved by funding sources for many years. In more recent years, it has started to achieve some revitalization despite the lack of public investment. Additional strategic investment in the area will go a long way in improving the neighborhood.

The Payne-Phalen neighborhood is diverse and has a high concentration of low income households. Sixty-two percent of households are households of color or Hispanic ethnicity. The average median household income is $35,111. Seventy-one percent of households are cost-burdened and it has one of the highest poverty rates across the state. This demonstrates a high need for affordable housing for underserved populations in this community.

ESNDC and the Payne-Phalen District Planning Council co-produced, “Infill Housing Development Principles.” This document envisioned RECM’s approach to creating more interactive and healthier neighborhoods through innovative design and healthier uses of the land. There are over 90 vacant single family lots in the Payne-Phalen neighborhood. RECM acquired site control of the five vacant lots that will be developed under this project at a discount through tax forfeit. This project will address the negative impacts of vacant lots in the neighborhood by developing homes on these five vacant lots. The project will serve as a prototype for the larger Payne-Maryland and Bush-Payne projects that will develop homes on other vacant lots in this same neighborhood.

This microhouse project will provide an affordable housing option for smaller households. According to a recent study, 80 percent of homebuyer households have three or fewer members. Generally, current production of affordable owner-occupied housing targets mostly four or more members. According to MLS data, only 20 homes in total have been built in Minneapolis and Saint Paul since the year 2000 that are smaller than 1,000 square feet. In the Payne-Phalen neighborhood 800 square foot and smaller homes make up 50 percent of the market and sell faster, for a higher price per square foot, than homes over 800 square feet. This suggests that there is a demand for smaller homes in the Payne-Phalen neighborhood. RECM has also established a waiting list of more than 50 seniors who have expressed an interest in downsizing and who want to stay in the neighborhood.

Organization Information

RECM has been active in single family affordable homeownership development since 2007 when the foreclosure crisis set in. It has rehabilitated and built over 200 homes in the Twin Cities Metropolitan Area. For many years, it focused its affordable housing efforts on foreclosure recovery through acquisition, rehabilitation, and resale projects. It has built new construction, market rate single family homes in other neighborhoods and subdivisions but has only recently started working in affordable new construction housing. RECM is currently developing two homes as part of Green Homes North Round 6 in the City of Minneapolis. It has met the unit goals for past Impact Fund awards.

Southwest Minnesota Housing Partnership	
Project	SWMHP Regional Rehabilitation Pool
Location	Cities of LeSueur, New Prague, Olivia, Saint James, and Windom
Activity	Owner-Occupied Rehabilitation

	# of Units	**Total**
Funding Requested	5	$ 75,000
Funding Recommended	5	$ 75,000

Co-Funder Information	
Greater Minnesota Housing Fund	$ 42,500

Project Description

Southwest Minnesota Housing Partnership (SWMHP) is a nonprofit organization with the mission to create thriving places to live, grow, and work through partnerships and communities. The funds will be used to provide rehabilitation loans to homeowners in Murray, Nobles, and Pipestone Counties along with the Cities of LeSueur, New Prague, Olivia, Saint James, and Windom. SWMHP will serve households at or below 80 percent area median income (AMI).

SWMHP's Regional Rehabilitation Pool serves a large area and partners with several cities and counties that utilize the Small Cities Development Program (SCDP) program. The funds will be used to provide the homeowner match required for the SCDP and provide funding for owner-occupied rehabilitation in areas that are not in an open SCDP grant area.

Repairs will address health and safety violations, energy improvements and accessibility issues. Rehabilitation needs will be based on Housing Quality Standards (HQS) in addition to code violations and health and safety items.

SWMHP has committed financial leverage from the following sources Adrian and Le Sueur SCDP, Murry County and Olivia SCDP, USDA Housing Preservation Grant, and Adrian Municipal Utilities.

Costs and Subsidy Requested

Typical Rehabilitation Cost Per Unit: $26,000

Impact Fund Subsidy Per Unit
Typical Impact Fund Subsidy Per Unit: $15,000
Maximum Impact Fund Subsidy Per Unit: $18,000

Community Need

Lower income households across the target area tend to live in older homes as they are more affordable. The average median household income for the region is $62,106 with a median household income range from $50,167 to $67,798. Of the 5,616 households in the target area, 43 percent are cost-burdened. The average sale price of a home in the region was $103,500 and the average age of the housing stock is 56.5 years. Low household incomes, older housing stock, and higher than average decline in home values can make It challenging for homeowners to complete needed repairs.

While the population in the overall region is decreasing, regional jobs centers such as Le Sueur, New Prague, and Windom that are workforce housing areas are gaining households. The unemployment rate is low at approximately four percent. The median distance to work is 12.5 miles. Preserving existing affordable owner-occupied homes will be key to ensuring that affordable housing remains accessible to the local workforce.

SWMHP receives on average one to two phone calls per day from homeowners in the target area requesting help for home improvements. This program will assist low and moderate income homeowners who do not qualify for other programs and cannot afford an additional monthly payment. Homeowners will be able to use this program as a homeowner match in SCDP program areas.

Organization Information

SWMHP was created in 1992 to address the housing needs of 18 counties in the Southwest region of Minnesota. It has been managing the SWMHP Regional Rehabilitation Pool since 2002, providing homeowners with $1,156,188 to complete 216 owner-occupied rehabilitation projects across 36 counties in southwest Minnesota. It has been fairly successful at completing similar owner-occupied rehabilitation projects through Impact Fund in the past.

In additional to owner-occupied rehabilitation, SWMHP also participates in community planning with local units of government, provides services around construction and inspections of green building, develops real estate, manages properties, and conducts community outreach.

Three Rivers Community Action, Inc.	
Project	Affordability Gap Financing Program
Location	Southeastern Minnesota
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	10	$ 100,000
Funding Recommended	10	$ 100,000

Co-Funder Information	
Greater Minnesota Housing Fund	$ 85,000

Project Description

Three Rivers Community Action, Inc. (Three Rivers) is a nonprofit organization with the mission to improve the quality of life of the individual, family and community by working with community partners to address the basic needs of people in its service area. The funds will be used to provide affordability gap assistance to homebuyers to purchase homes within 20 counties in southeastern Minnesota. While it will serve all 20 counties, Three Rivers will focus in particular on the cities of Rochester, Faribault, Northfield, Owatonna, and Austin. Three Rivers will serve households at or below 80 percent area median income (AMI).

In 2008, the Achieve Homeownership program was created to increase homeownership opportunities for low income households in southern Minnesota. The program is two-pronged. It provides financial and homebuyer education counseling to prepare households to purchase homes. It then offers affordability gap financing to enable low-income households to purchase homes once they are ready to buy. This project will support the latter portion of the program by funding the affordability gap loans to the homebuyers.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. It is a part of a comprehensive strategy to increase homeownership rates among households of color in southern Minnesota. Three Rivers has developed a large number of key community partnerships and strategies to reach out to households of color and Hispanic ethnicity. While Three Rivers will emphasize outreach to households of color, the program is open to all.

Costs and Subsidy Requested

Typical Development Cost Per Unit: Not applicable

Maximum Impact Fund Subsidy Per Unit: $10,000

Community Need

While the program is available throughout Southeastern Minnesota, Three Rivers will focus on the cities of Rochester, Faribault, Northfield, Owatonna, and Austin because they are the job centers of the region. Companies such as the Mayor Clinic, Hormel Foods, Jennie-O, and Faribault Foods have a large demand for workers of all skill levels. In turn, there is a need for more affordable housing opportunities to meet the housing needs of the workforce.

While the average median income across the region is $57,710, the average income of the households that Three Rivers serves is less than $28,000. In Mower County, nearly 15 percent of households are considered poor. In Rice and Steele Counties, 11 percent of households are in poverty.

The Southeast Minnesota Realtors Group 2016 Report highlights a trend of rising home prices and a low inventory of affordable homes. Median sales prices have increased 6.5 percent across the region. Affordable homes that come on the market in the area are selling quickly, with multiple offers that are often more than the asking price. Higher home prices and a tight market make it difficult for lower income households to be competitive in purchasing affordable homes.

Three Rivers is knowledgeable about other existing downpayment assistance programs. It will work with households to determine eligibility for other programs prior to accessing funds through this project. This project will provide downpayment assistance for households who are unable to make monthly payments, who do not qualify for conventional programs due to things such as a lack of formal credit history, or who need additional funds to make a home purchase affordable.

Organization Information

Three Rivers is a comprehensive human service organization that offers a variety of programs from Head Start to transportation to housing. In the housing arena, in addition to providing affordability gap financing, it offers rehabilitation programs, homebuyer and financial education and counseling services, and is a certified Community Housing Development Organization (CHDO) that has built and sold affordable single family homes.

Since 2008, Three Rivers has closed 198 affordability gap loans totaling $1.9 million, including 101 loans funded with Agency Impact Funds. Three Rivers has consistently met or exceeded its unit goals for its past Impact Fund affordability gap awards. Three Rivers has knowledgeable and capable program managers who have been with the organization and worked on this program for years.

Twin Cities Habitat for Humanity	
Project	Scattered Acquisition, Rehabilitation, Resale 2018
Location	Cities of Minneapolis, Saint Paul, Blaine, Plymouth, Bloomington
Activity	Acquisition, Rehabilitation, and Resale

	# of Units	Total
Funding Requested	30	$ 775,800
Funding Recommended	20	$ 517,200

Co-Funder Information	
N/A	$ N/A

Project Description

Twin Cities Habitat for Humanity (TCHFH) is a nonprofit organization whose mission is to eliminate poverty housing from the Twin Cities area and to make decent, affordable shelter for all people a matter of conscience. The funds will be used to rehabilitate and sell homes in the Cities of Minneapolis, Saint Paul, Blaine, Plymouth, and Bloomington. TCHFH will serve households at or below 80 percent of area median income (AMI).

For the purpose of its project, TCHFH is focusing on two target areas: properties located in the Central Cities of Minneapolis and Saint Paul and the Suburban Cities of Blaine, Plymouth, and Bloomington. This project is TCHFH's buyer-driven model. Working alongside its buyers, it has identified five properties for its 2018 pipeline. Two are located in its Central Cities target area and three properties have been identified in the Suburban Cities with one in each City.

TCHFH's model is unique in its ability to efficiently and effectively assist communities in meeting their needs for affordable homeownership. It has a cost-effective construction model that utilizes volunteer labor and in-kind materials, services, and land. Its internally controlled financing ensures homebuyers are mortgage ready and have the approvals needed to close once the homes are constructed. Its brand recognition ensures steady demand and a large pool of eligible applicants.

TCHFH invests substantial efforts into rehabilitating high quality, energy efficient homes. As a result, TCHFH homes have low maintenance costs over time and will have low costs to operate. Green Communities standards and energy efficiency prevail throughout TCHFH's work and contribute to low operational costs for the home.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. TCHFH has selected to work in cities and communities that coincide with its strategies for development, designed homes that meet the needs of the families targeted for homeownership, and implemented specific outreach efforts to reach underserved communities. Since 2012, 93 percent of the homes sold by TCHFH were sold to households of color and 19 percent were sold to single-headed households. Moreover, TCHFH has increased its ability to serve households with disabled individuals from two percent served in 2012 to ten percent in 2016.

Costs and Subsidy Requested

<u>Typical Development Cost Per Unit</u>: $220,860
Historical High Cost Threshold: $316,593
Percent Below Historical High Cost Threshold: 30%

<u>Impact Fund Subsidy Per Unit</u>: $15,860
Historical High Subsidy Threshold: $43,359
Percent Below Historical High Subsidy Threshold: 63%

Community Need

Many of the target areas are workforce housing communities. Twenty percent of the projects selected are located in census tracts in the highest percentile for proximity to jobs. Fifty percent of the projects are located in census tracts that are in the lowest two percentiles for the median distance to work. All of the projects are located in areas with unemployment rates of 3.4 percent or less, indicating a need for additional workers and, consequently, additional workforce housing.

While there is a variation in the range of household incomes in the broader target area, lower-income households are significantly cost-burdened in all the target areas. While the average median household income for the total target area is $58,902, the actual median household income ranges from $43,173 in the Central Cities to $59,831 in the Suburban Cities. Despite the range of income, households are cost-burdened across the board. Sixty-three percent of the households in the Central Cities are cost-burdened and 73 percent of households in the Suburban Cities are cost-burdened.

This project meets the needs of the families where they are at or where they want to be by working in both the Central Cities and Suburban Cities. By targeting neighborhoods in the Central Cities, it helps to eliminate poverty housing by reducing the inventory of blighted properties. By targeting neighborhoods in the Suburban Cities, it helps to build mixed-income communities by enabling lower-income households to purchase in neighborhoods they may not otherwise be able to afford through conventional means.

Organization Information

TCHFH has built and sold homes to over 1000 households in the seven-county metropolitan area since 1985. Over the past five years, it has built and sold 175 homes to low-income households throughout the seven-county metropolitan area. TCHFH constructs and sells around 45 to 55 homes annually and provides below market rate financing, making the payments affordable for homebuyers earning less than 80 percent AMI. In addition, each year TCHFH buys back and rehabilitates at least eight to ten homes for subsequent resale to new TCHFH homebuyers.

One of TCHFH's core strengths is its ability to carry out all development, construction, and marketing functions in-house through a vertically integrated production model. To do so, TCHFH serves as the builder, the bank, and the bridge to affordable homeownership.

While the TCHFH has consistently met its proposed unit goals under prior Impact Fund awards, it has three open awards that it has made some progress on but has yet to complete.

Twin Cities Habitat for Humanity	
Project	Scattered Site New Construction 2018
Location	Cities of Minneapolis, Saint Paul, Blaine, West Saint Paul, Maple Grove, Prior Lake, Bayport, Hugo
Activity	New Construction

	# of Units	Total
Funding Requested	34	$ 1,527,000
Funding Recommended	29	$ 1,264,845

Co-Funder Information	
N/A	$ N/A

Project Description
Twin Cities Habitat for Humanity (TCHFH) is a nonprofit organization whose mission is to eliminate poverty housing from the Twin Cities area and to make decent, affordable shelter for all people a matter of conscience. The funds will be used to build and sell homes on infill lots in the Cities of Minneapolis, Saint Paul, Blaine, West Saint Paul, Maple Grove, Prior Lake, Bayport, and Hugo. TCHFH will serve households at or below 80 percent area median income (AMI). For the purposes of its project, TCHFH has divided its pipeline into two target areas: properties located in the Central Cities of Minneapolis and Saint Paul and the Suburban Cities of Blaine, West Saint Paul, Maple Grove, Prior Lake, Cottage Grove, Bayport, and Hugo. TCHFH's model is unique in its ability to efficiently and effectively assist communities in meeting their needs for affordable homeownership. It has a cost-effective construction model that utilizes volunteer labor and in-kind materials, services, and land. Its internally controlled financing ensures homebuyers are mortgage ready and have the approvals needed to close once the homes are constructed. Its brand recognition ensures steady demand and a large pool of eligible applicants. This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. TCHFH has selected to work in cities and communities that coincide with its strategies for development, designed homes that meet the needs of the families targeted for homeownership, and implemented specific outreach efforts to reach underserved communities. Since 2012, 93 percent of the homes sold by TCHFH were sold to households of color and 19 percent were sold to single-headed households. Moreover, TCHFH has increased its ability to serve households with disabled individuals from two percent served in 2012 to ten percent in 2016. TCHFH has committed financial leverage for this project from local HOME and CDBG programs and general donations and sponsorships to TCHFH. It has also secured a total of $1,977,661 of in-kind commitments to support this project.

Costs and Subsidy Requested
Typical Development Cost Per Unit: $273,996 Historical High Cost Threshold: $287,003 Percent Below Historical High Cost Threshold: 5% Impact Fund Subsidy Per Unit: $46,400 Historical High Subsidy Threshold: $53,115 Percent Below Historical High Subsidy Threshold: 18%

Community Need

Many of the target areas are workforce housing communities. Twenty-four percent of the projects selected are located in census tracts in the highest percentile for proximity to jobs. Forty-seven percent of the projects are located in census tracts that are in the lowest two percentiles for the median distance to work. All of the projects are located in areas with unemployment rates of 3.4 percent or less, indicating a need for additional workers and, consequently, additional workforce housing.

While there is a variation in the range of household incomes in the broader target area, lower-income households are significantly cost-burdened in all the target areas. While the average median household income for the total target area is $47,342, the actual median household income ranges from $43,213 in the Central Cities to $91,480 in the Suburban Cities. Despite the range of income, households are cost-burdened across the board. Seventy one percent of the households in the Central Cities are cost-burdened and 63 percent of households in the Suburban Cities are cost-burdened.

This project meets the needs of the families where they are at or where they want to be by working in both the Central Cities and Suburban Cities. By targeting neighborhoods in the Central Cities, it revitalizes communities by reducing the inventory of vacant lots. By targeting neighborhoods in the Suburban Cities, it helps to build mixed-income communities by enabling lower-income households to purchase in neighborhoods they may not otherwise be able to afford through conventional means

Organization Information

TCHFH has built and sold homes to over 1000 households in the seven-county metropolitan area since 1985. Over the past five years, it has built and sold 175 homes to low-income households throughout the seven-county metropolitan area. TCHFH constructs and sells around 45 to 55 homes annually and provides below market rate financing, making the payments affordable for homebuyers earning less than 80 percent AMI. In addition, each year TCHFH buys back and rehabilitates at least eight to ten homes for subsequent resale to new TCHFH homebuyers.

One of TCHFH's core strengths is its ability to carry out all development, construction, and marketing functions in-house through a vertically integrated production model. To do so, TCHFH serves as the builder, the bank, and the bridge to affordable homeownership.

While the TCHFH has consistently met its proposed unit goals under prior Impact Fund awards, it has three open awards that it has made some progress on but has yet to complete.

Urban Homeworks, Inc.	
Project	Urban Homeworks Habitat Partnership
Location	City of Minneapolis - North Minneapolis
Activity	Acquisition, Rehabilitation, and Resale

	# of Units	Total
Funding Requested	8	$ 280,000
Funding Recommended	8	$ 280,000

Co-Funder Information	
N/A	$ N/A

Project Description

Urban Homeworks, Inc. (UHW) is a nonprofit organization with the mission to provide high quality, affordable housing opportunities through the acquisition and rehabilitation of at-risk properties. The funds will be used for the acquisition, rehabilitation, and resale of homes in North Minneapolis. UHW will serve households at or below 80 percent area median income (AMI).

UHW will partner with Twin Cities Habitat for Humanity (TCHFH) and Twin Cities Habitat for Humanity Lending Inc. (TCHFH Lending). UHW will acquire and rehabilitate the properties. TCHFH will identify perspective buyers for homes rehabilitated by UHW and provide them with homebuyer education and financial coaching services. TCHFH Lending will provide an affordable mortgage product for income eligible buyers purchasing the homes rehabilitated through this project.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. It will invest in housing stock located in communities with a high number of households of color and target homeownership opportunities to residents within these communities. To date, 85 percent of the homebuyers UHW has served are households of color.

The project is responsive to Minnesota's changing demographics through constructing homes that can accommodate large and multigenerational families. All of the homes to be developed through this project will have three to four bedrooms.

The project preserves existing housing through rehabilitating neglected, foreclosed, or abandoned homes located in areas of disinvestment. By rehabilitating older homes, UHW will raise property values in the target area and provide homeowners with sustainable housing. All homes are rehabilitated with the intention of reducing financial liability for the future homeowner.

UHW has committed financial leverage from Sunrise Bank.

Costs and Subsidy Requested

Typical Development Cost Per Unit: $250,000
Historical High Cost Threshold: $316,593
Percent Below Historical High Cost Threshold: 21%

Impact Fund Subsidy Per Unit: $35,000
Historical High Subsidy Threshold: $43,359
Percent Below Historical High Subsidy Threshold: 19%

Community Need

The target neighborhood is a workforce housing community with a need for affordable homes. While unemployment is low, the majority of employers in the area offer low to moderate wage jobs, making it difficult for households to afford housing. The median family income in the target area is $35,036, with 37 percent of the population at or below the poverty rate. Seventy-seven percent of households in the target area are cost-burdened. Seventy-nine percent of the target area is comprised of households of color. Many of the households that UHW encounters are multi-generational and need larger housing units that have three to four bedrooms.

Roughly 61 percent of current vacant and boarded properties in the City of Minneapolis are located in North Minneapolis communities. As of May 2017, there were over 300 vacant and boarded properties in North Minneapolis. Most of these homes need rehabilitation due to neglect in maintenance and general deterioration. Nearly 70 percent of the homes in the target area were built prior to 1950, indicating an older housing stock and a need for rehabilitation. Families who would otherwise consider purchasing one of these properties may be up against the high costs of repair and environmental concerns.

UHW will address community need by acquiring deteriorated properties, renovating, updating and installing durable and energy efficient appliances in order to improve neglected homes and set up new households for success. Because many low-income buyers in the area may not have access to traditional lending options, the UHW Habitat Partnership will provide potential buyers with access to TCHFH lending products, including closing cost assistance. In the last two years, most of the homes rehabilitated by UHW had offers to purchase before construction work had been completed. Many purchasers are existing renters in the target area.

Organization Information

UHW has over 20 years of experience in housing development both for homeownership as well as rental. In the past five years, UHW completed 54 single family acquisition, rehabilitation, and resale projects. Many of these projects were funded through the Agency’s Impact Fund. UHW has also completed 26 multifamily units in nine buildings. UHW has been successful in meeting its proposed unit goals under its past Impact Fund awards.

TCHFH is a nonprofit organization whose mission is to eliminate poverty through the production of safe, decent, affordable shelter for all people. TCHFH is strengthened by both state and national Habitat for Humanity organizations.

Both organizations work with lower income households to achieve greater self-sufficiency through housing opportunities and provide support services and education. Both organizations have many years of experience in rehabilitating and building single family homes.

Washington County Community Development Agency	
Project	Washington County Down Payment Assistance Program
Location	Washington County
Activity	Affordability Gap/Downpayment Assistance

	# of Units	Total
Funding Requested	10	$ 105,000
Funding Recommended	7	$ 73,500

Co-Funder Information	
N/A	$ N/A

Project Description

Washington County Community Development Agency (CDA) is a government entity that promotes community and economic development, and provides and maintains affordable, decent and safe housing opportunities in Washington County. The funds will be used to provide affordability gap assistance for households purchasing homes in Washington County. While Washington County CDA proposed to serve households at or below 115 percent area median income (AMI), Agency staff recommends limiting households served to those at or below 80 percent AMI.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. Washington County DCA will work with its homeownership specialists to market the program during one-on-one counseling and Home Stretch classes. It will also attend meetings local social services agencies to inform partners about the program.

Costs and Subsidy Requested

Typical Development Cost Per Unit: Not applicable

Maximum Impact Fund Subsidy Per Unit: $10,000

Community Need

Low wages, high home prices, and a competitive market make it difficult for many of those who work in Washington County to purchase homes where they work. While Washington County has one of the highest area median incomes in the Twin Cities area, those that work in the county have the lowest weekly wage at only $846 a week. This equates to a gross yearly income of $43,992. Due to lower wages, many Washington County workers are cost-burdened and cannot afford to live in the county where they work. As home prices rise, incomes are not keeping up with the cost of living in Washington County.

In April 2017, the median sale price in Washington County was $269,000. The average home price was $301,688. There are often multiple bids when homes come on the market. This makes it difficult for lower income borrowers who use products such as FHA to be competitive. Sellers are often less willing to accept bids from buyers who use FHA products due to perceptions about FHA rules such as inspections.

This project will enable low-income individuals who work in Washington County to purchase a home in Washington County. While there are other downpayment assistance programs available, due to the high home prices in Washington County, they may be insufficient to meet the minimum downpayment needed to make a home affordable for a low income homebuyer. Homebuyers will likely need to layer downpayment assistance programs in order to purchase in the county.

Organization Information

Washington County CDA has extensive experience providing affordability gap assistance to low and moderate income homebuyers and owners. The Washington County CDA was contracted by the Two Rivers Community Land Trust (Two Rivers CLT) between 2013 and 2016 to administer Two Rivers CLT's affordability gap programs. Under the contract for services, the Washington County CDA's staff was responsible for qualifying potential buyers based on the funding used to develop the home and any restrictions those funds may have. Staff helped buyers understand the pros and cons to the program, prepared down payment assistance mortgage documents for closing, and often attended the closings. Washington County CDA itself has not received an Impact Fund award in the past.

West Hennepin Affordable Housing Land Trust	
Project	Homes Within Reach
Location	Cities of Bloomington, Brooklyn Park, Deephaven, Eden Prairie, Edina, Golden Valley, Maple Grove, Minnetonka, New Hope, Richfield, Saint Louis Park, and Wayzata
Activity	Acquisition, Rehabilitation, and Resale

	# of Units	Total
Funding Requested	8	$ 400,000
Funding Recommended	8	$ 400,000

Co-Funder Information	
Metropolitan Council	$ 67,500

Project Description

WHAHLT is a nonprofit organization committed to transforming people's lives through homeownership. Its mission is to use the community land trust (CLT) model to create and sustain affordable homeowner housing for low to moderate-income families that otherwise are unable to purchase a home in the suburbs of Hennepin County. The funds will be used to acquire, rehabilitate and resell single family homes through the WHAHLT's CLT in the following cities in Hennepin County: Bloomington, Brooklyn Park, Deephaven, Eden Prairie, Edina, Golden Valley, Maple Grove, Minnetonka, New Hope, Richfield, Saint Louis Park, and Wayzata. WHAHLT will serve households at or below 80 percent area median income (AMI). Historically, it has served households earning between 32 percent and 79 percent AMI.

The growth and sustainability of the Homes Within Reach (HWR) program has been supported by the work of numerous partners, including rehabilitation advisors, several contractors, mortgage lenders, and a homebuyer educator (Community Action Partnership of Suburban Hennepin). WHAHLT has also successfully developed strong leverage partners with a variety of local communities in Hennepin County's western suburbs. On occasion, WHAHLT partners with the Hennepin County Housing and Redevelopment Authority (Hennepin County HRA) to use its Sentence to Serve program.

This project meets the Agency's Strategic priority address specific and critical local housing needs. WHAHLT's target area includes communities that have demonstrated a great need for workforce housing and economic integration. This project includes committed leverage dollars from a number of suburban communities showing their support. WHAHLT has committed financial leverage from the Hennepin County Affordable Housing Incentive Fund, the City of Eden Prairie, City of Edina, City of Minnetonka, and the City of St. Louis Park. It has pending commitments from the City of Bloomington Housing and Redevelopment Authority, the City of Golden Valley, and City of Maple Grove.

Costs and Subsidy Requested

Typical Development Cost Per Unit: $312,000
Historical High Cost Threshold: $255,207
Percent Above Historical High Cost Threshold: 22%

The higher development costs is expected due to the higher cost of land in many of the HWR target areas. WHAHLT estimates the typical land acquisition cost will be $112,000 per lot. These higher land costs are consistent with other suburban Hennepin County projects that have been completed in the past.

Impact Fund Subsidy Per Unit: $50,000
CLT Historical High Subsidy Threshold: $52,928
Percent below CLT Historical High Subsidy Threshold: 0.06%

Community Need

The target area is a workforce housing community due to job growth and long distance commutes. The City of Eden Prairie and Bloomington are two of the five top job centers in the metro area. Additionally, seven communities in HWR's target area have a net growth of 500 jobs or more between 2009 and 2014. It is expected that the number of lower wage jobs in the retail, food, and service industries is going to increase in the area. The wages are insufficient to support the cost of housing in the target area.

While the median income for the target areas ranges from $80,971 to $99,405, the median income for households served through HWR in 2016 is $48,759. Sixty-two percent of households in the area are cost-burdened.

In 2016, the median sale price of a home in the target area increased by five percent to $232,000. Home prices have continued to increase making it difficult for low income households to purchase homes.

As a community land trust, the investment in land cost is protected through a resale restriction and a 99 year ground lease which restricts future buyers to households with a low to moderate income. The land trust model offers a significant affordability enhancement by working in areas where housing values can be some of the highest in Hennepin County. By taking the cost of the land out of the mortgage equation, the homes are more affordable; approximately 30 percent to 58 percent below the market value for an entry level home in the target area.

Organization Information

WHAHLT acquired and sold its first home in May of 2002, beginning in the City of Minnetonka and then grew to serve 11 other Hennepin County suburbs. As of May 2017, it had acquired, rehabilitated, and sold 103 homes. It has worked with other partners to place an additional 33 homes into its CLT for a total of 136 homes.

WHAHLT's history demonstrates their ability to serve low-to moderate-income households. Since 2002, WHAHLT has been selected for funding in eleven Impact Fund funding rounds and has completed 85 units funded by the Agency. It has consistently met or exceeded the proposed unit goals for its past Impact Fund awards.

White Earth Housing Authority	
Project	White Earth Housing Homeowner Rehabilitation Project
Location	White Earth Reservation
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	12	$ 250,000
Funding Recommended	12	$ 250,000

Co-Funder Information	
N/A	$ N/A

Project Description

The White Earth Housing Authority is a part of the White Earth Band of Chippewa, a federally recognized American Indian tribe. Its mission is to preserve, promote, and enhance the quality of life for its enrolled members and those who live on the White Earth Reservation. The funds will be used to provide rehabilitation loans to households on the White Earth Reservation. The White Earth Reservation is located in Becker, Clearwater, and Mahnomen Counties in north-central Minnesota. WEHA will serve households at or below 60 percent area median income (AMI). This project will be wholly funded out of the EDHC Indian Housing Set Aside.

This project furthers Minnesota Housing's strategic priority to address Minnesota's racial and ethnicity homeownership disparity. The project will assist low-income tribally enrolled members with home rehabilitation. There are 4,029 individuals living on the White Earth reservation that identify as American Indian. The rehabilitation projects will enable members to maintain the integrity of their homes which in turn will enable them to continue to be homeowners and remain in their homes.

WEHA is not requesting an administrative fee. Rather, it will use funding provided through the Native American Housing Assistance and Self Determine Act (NAHASDA) to cover administrative costs.

Costs and Subsidy Requested

Typical Rehabilitation Cost Per Unit: $20,000

Impact Fund Subsidy Per Unit
Typical Impact Fund Subsidy Per Unit: $18,000
Maximum Impact Fund Subsidy Per Unit: $25,000

Community Need

One of the goals of this project is to rehabilitate homes so that they remain livable to enable homeowners to stay in their homes. The majority of homes on the White Earth Reservation are over 20 years old. Additionally, the purchase price of homes on the White Earth Reservation is higher than what many current homeowners can afford and there has been little new construction of homes. As a result, it would be difficult for existing homeowners to purchase new homes if they need to move out of their current homes.

WEHA will prioritize households that are ineligible for existing owner-occupied rehabilitation programs. Applicants will first be directed to other programs to determine if they are eligible for those programs. If these households are unable to access funding through existing programs, WEHA will try to serve these households through this project.

Organization Information

WEHA has been in operation since 1964 and has experience renovating, rehabilitating, and contracting with self-employed tribal members to bring sub-standard housing up to acceptable levels. Over the past five years, it completed 38 units of owner-occupied rehabilitation under two Impact Fund awards. Its executive director has over 20 years of experience in construction management. It also has a Housing Rehabilitation manager who is responsible for all contracted rehabilitation work.

2017 Minnesota Housing Single Family Funding Selections

	Impact Fund Unit Count				Priorities* # of Units	Minnesota Housing Funding				Funding Partners		Total Funding		
Location - Administrator - Project Name	**Rehab Exist**	**New To be Built**	**Total Units**	**80% AMI**	**Workforce Housing**	**EDHC** (excludes Indian Set-Aside)	**HIB**	**Indian Set-Aside**	**Interim Loan**	**Greater Minnesota Housing Fund**	**Met Council**	**Total Minnesota Housing Funding**	**Total Partner Funding**	**Total Funding**
METRO AREA														
Minneapolis														
City of Lakes Community Land Trust - CLCLT Homebuyer Initiated Program - Affordability Gap	15	5	20	20	20	$ 400,000	$ 400,000					$ 800,000	$ -	$ 800,000
City of Lakes Community Land Trust - CLCLT Homebuyer Initiated Program - Owner-Occupied Rehabilitation	20		20	20		$ 500,000						$ 500,000	$ -	$ 500,000
City of Minneapolis Department of Community Planning and Economic Development - Minneapolis Homes Development Assistance		20	20	16	20	$ 750,000						$ 750,000	$ -	$ 750,000
Northside Home LLC - Northside Home	8		8	7	8	$ 200,000						$ 200,000	$ -	$ 200,000
PPL Homes LLC - Greenbelt Homes		19	19	10	19	$ 450,000			$ 2,400,000		$ 120,000	$ 2,850,000	$ 120,000	$ 2,970,000
PRG, Inc. - Moving On Pilot	1	4	5	5	5	$ 75,000						$ 75,000	$ -	$ 75,000
PRG, Inc. - Neighborhood Stabilization II - Acquisition, Rehabilitation, Resale	3		3	3	3	$ 75,000						$ 75,000	$ -	$ 75,000
PRG, Inc. - Neighborhood Stabilization II - New Construction		4	4	4	4	$ 180,000			$ 120,000			$ 300,000	$ -	$ 300,000
Urban Homeworks, Inc. - Urban Homeworks Habitat Partnership	8		8	8	8	$ 280,000						$ 280,000	$ -	$ 280,000
Total Minneapolis	**55**	**52**	**107**	**93**	**87**	**$ 2,910,000**	**$ 400,000**	**$ -**	**$ 2,520,000**	**$ -**	**$ 120,000**	**$ 5,830,000**	**$ 120,000**	**$ 5,950,000**
St. Paul														
Dayton's Bluff Neighborhood Housing Services - Village on Rivoli Phase II		4	4	3	4	$ 185,460						$ 185,460	$ -	$ 185,460
Neighborhood Development Alliance - Oakdale Avenue Development		3	3	3	3	$ 126,000			$ 335,000		$ 60,000	$ 461,000	$ 60,000	$ 521,000
NeighborWorks Home Partners - Community Keys	5	5	10	8	10	$ 100,000						$ 100,000	$ -	$ 100,000
NeighborWorks Home Partners - Facelift Program	12		12	12		$ 186,000						$ 186,000	$ -	$ 186,000
Robert Engstrom Capital Management, LLC -East Side Saint Paul Microhouse Protype Project		5	5	5	5	$ 275,000						$ 275,000	$ -	$ 275,000
Total Saint Paul	**17**	**17**	**34**	**31**	**22**	**$ 872,460**	**$ -**	**$ -**	**$ 335,000**	**$ -**	**$ 60,000**	**$ 1,207,460**	**$ 60,000**	**$ 1,267,460**
Seven-County Metro Area (Some units may be located in Minneapolis and St. Paul)														
Carver County Community Development Agency - Carver County Community Land Trust Expansion - Waconia	3	2	5	5	5	$ 50,000	$ 150,000				$ 10,000	$ 200,000	$ 10,000	$ 210,000
Hennepin County Housing and Redevelopment Authority - Home Accessibility Ramps Program	51		51	45		$ 250,000						$ 250,000	$ -	$ 250,000
Rebuilding Together Twin Cities - Critical Repair Projects for Low-Income Homeowners	20		20	20		$ 160,000						$ 160,000	$ -	$ 160,000
Twin Cities Habitat for Humanity - Scattered Acquisition, Rehabilitation, Resale 2018	20		20	20	20	$ 517,200						$ 517,200	$ -	$ 517,200
Twin Cities Habitat for Humanity - Scattered Site New Construction 2018		29	29	29	29	$ 1,264,845						$ 1,264,845	$ -	$ 1,264,845
Washington County Community Development Agency - Washington County Down Payment Assistance Program	4	3	7	4	7	$ 73,500						$ 73,500	$ -	$ 73,500
West Hennepin Affordable Housing Land Trust - Homes Within Reach	8		8	8	8	$ 200,000	$ 200,000				$ 67,500	$ 400,000	$ 67,500	$ 467,500
Total Seven-County Metro Area	**106**	**34**	**140**	**131**	**69**	**$ 2,515,545**	**$ 350,000**	**$ -**	**$ -**	**$ -**	**$ 77,500**	**$ 2,865,545**	**$ 77,500**	**$ 2,943,045**
Total METRO AREA	**178**	**103**	**281**	**255**	**178**	**$ 6,298,005**	**$ 750,000**	**$ -**	**$ 2,855,000**	**$ -**	**$ 257,500**	**$ 9,903,005**	**$ 257,500**	**$ 10,160,505**

2017 Minnesota Housing Single Family Funding Selections

	Impact Fund Unit Count				Priorities* # of Units	Minnesota Housing Funding				Funding Partners		Total Funding		
Location - Administrator - Project Name	**Rehab Exist**	**New To be Built**	**Total Units**	**80% AMI**	**Workforce Housing**	**EDHC** (excludes Indian Set-Aside)	**HIB**	**Indian Set-Aside**	**Interim Loan**	**Greater Minnesota Housing Fund**	**Met Council**	**Total Minnesota Housing Funding**	**Total Partner Funding**	**Total Funding**
GREATER MINNESOTA														
Northeast														
Housing and Redevelopment Authority of Duluth - Single Family Owner-Occupied Rehabilitation Program	20		20	20		$ 280,000						$ 280,000	$ -	$ 280,000
Housing and Redevelopment Authority of Duluth - House3 Resilient Housing Project - Interim Loan - New Construction		5	5	4	5				$ 837,500			$ 837,500	$ -	$ 837,500
One Roof Community Housing - 2017 Acquisition-Rehabilitation-Resale	8		8	8	8	$ 160,000	$ 60,000	$ 150,000		$ 34,000		$ 370,000	$ 34,000	$ 404,000
One Roof Community Housing - 2017 New Construction - Duluth		3	3	1	3	$ 100,000		$ 50,000	$ 150,000	$ 8,500		$ 300,000	$ 8,500	$ 308,500
One Roof Community Housing - 2017 New Construction - Grand Marais		7	7	3	7	$ 252,000	$ 98,000		$ 350,000	$ 25,500		$ 700,000	$ 25,500	$ 725,500
Total Northeast	**28**	**15**	**43**	**36**	**23**	**$ 792,000**	**$ 158,000**	**$ 200,000**	**$ 1,337,500**	**$ 68,000**	**$ -**	**$ 2,487,500**	**$ 68,000**	**$ 2,555,500**
Northwest														
Headwaters Housing Development Corporation - Baudette Single Family Project - New Construction		2	2	2		$ 50,000			$ 200,000			$ 250,000	$ -	$ 250,000
White Earth Housing Authority - Homeowner Rehabilitation Project	12		12	12				$ 250,000				$ 250,000	$ -	$ 250,000
Total Northwest	**12**	**2**	**14**	**14**	**0**	**$ 50,000**	**$ -**	**$ 250,000**	**$ 200,000**	**$ -**	**$ -**	**$ 500,000**	**$ -**	**$ 500,000**
Southeast														
Three Rivers Community Action, Inc. - Affordability Gap Financing Program	5	5	10	10	7	$ 100,000				$ 85,000		$ 100,000	$ 85,000	$ 185,000
City of Winona - East-Central Neighborhood Revitalization Program	13		13	13		$ 291,200				$ 34,000		$ 291,200	$ 34,000	$ 325,200
Total Southeast	**18**	**5**	**23**	**23**	**7**	**$ 391,200**	**$ -**	**$ -**	**$ -**	**$ 119,000**	**$ -**	**$ 391,200**	**$ 119,000**	**$ 510,200**
Southwest														
Hutchinson Housing and Redevelopment Authority - City Home Improvement Loan Program	8		8	8		$ 80,000						$ 80,000	$ -	$ 80,000
Lower Sioux Indian Community - Tiwahe Rehabilitation Loan Project	15		15	13				$ 532,500				$ 532,500	$ -	$ 532,500
Southwest Minnesota Housing Partnership - Regional Rehabilitation Pool	5		5	5		$ 75,000				$ 42,500		$ 75,000	$ 42,500	$ 117,500
Total Southwest	**28**	**0**	**28**	**26**	**0**	**$ 155,000**	**$ -**	**$ 532,500**	**$ -**	**$ 42,500**	**$ -**	**$ 687,500**	**$ 42,500**	**$ 730,000**
Multiple Regions/Statewide														
Habitat for Humanity of Minnesota - Impact Fund #5		25	25	25	20	$ 375,000						$ 375,000	$ -	$ 375,000
Northcounty Cooperative Foundation - NEST Homes Value Gap		10	10	8	5	$ 180,000						$ 180,000	$ -	$ 180,000
Total Multiple Regions/Statewide	**0**	**35**	**35**	**33**	**25**	**$ 555,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 555,000**	**$ -**	**$ 555,000**
Total GREATER MINNESOTA	**86**	**57**	**143**	**132**	**55**	**$ 1,943,200**	**$ 158,000**	**$ 982,500**	**$ 1,537,500**	**$ 229,500**	**$ -**	**$ 4,621,200**	**$ 229,500**	**$ 4,850,700**
Total STATEWIDE	**264**	**160**	**424**	**387**	**233**	**$ 8,241,205**	**$ 908,000**	**$ 982,500**	**$ 4,392,500**	**$ 229,500**	**$ 257,500**	**$ 14,524,205**	**$ 487,000**	**$ 15,011,205**

*Units may achieve multiple priorities

Note: All Co-Funder allocations are contingent upon individual board approval.

KEY:

Workforce Housing: Proposed units will be in communities that have had job growth, are top job centers, have seen employers significantly increase jobs, or have long commutes

80% AMI: Proposed units will serve households up to 80 percent of area median income (AMI)

EDHC: Economic Development & Housing Challenge Pı

HIB: Housing Infrastructure Bond Proceeds

Met Council: Metropolitan Council

2017 Single Family Consolidated RFP Non-Recommended Applications

Administrator - Project Name - Location	Funding Requested
GREATER MINNESOTA	
Northeast	
Housing and Redevelopment Authority of Duluth - Build Up Duluth - Central & East Hillside, Build Up Duluth	$375,000
Total GREATER MINNESOTA - 1 project	**$375,000**
METRO	
City of Minneapolis Department of Community Planning and Economic Development - Minneapolis Homes BUILD Homebuyer Financing	$250,000
NeighborWorks Home Partners - Community Land Trust Scattered Site Renovation	$600,000
Total METRO - 2 projects	**$850,000**
Total STATEWIDE - 3 projects	**$1,225,000**

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MINNESOTA HOUSING

Board Agenda Item: 7.D
Date: 10/19/2017

Item: Workforce Housing Development Program Guide

Staff Contact(s):
Devon Pohlman, 651.296.8255, devon.pohlman@state.mn.us
Katie Moore, 651.296.6354, katie.moore@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests approval of the Workforce Housing Development Program Guide. The Workforce Housing Development Program was previously administered by the Department of Employment and Economic Development (DEED) and was transferred to Minnesota Housing by legislation passed in 2017.

Fiscal Impact:
The Workforce Housing Development Program is funded by $4 million state appropriations for the 2018-2019 biennium. Funding aligns with the agency's Affordable Housing Plan.

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☒ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background and Summary
- Workforce Housing Development Program Guide

Background:

In 2017 the Legislature authorized Minnesota Housing to establish the Workforce Housing Development Program. As required by statute, the program awards funds to small and mid-sized Greater Minnesota communities with workforce rental housing needs. Funds are awarded to communities in the form of a grant, and communities then award funds to an eligible project in the form of a grant or deferred loan.

Summary:

The Workforce Housing Development Program differs from other programs administered by Minnesota Housing given its objective to create market rate residential rental housing to address the lack of workforce housing in Greater Minnesota. The statute allows mixed-income developments incorporating both market-rate and affordable units. However, unlike other Minnesota Housing rental housing programs, this program has a statutory preference to award funds to projects with the highest percentage of market rate units.

The statute outlines other program requirements, including eligible applicants, uses of funds, demonstration of need and community support. Eligible applicants for the program are cities and communities in Greater Minnesota, with a preference for communities with a population of 30,000 or fewer residents. Eligible applicants must demonstrate a need for workforce housing in their community, as evidenced by a vacancy rate in the area that is less than five percent and a letter of support from a local business. The maximum allowable award must not exceed 25 percent of the total development costs of the project. Finally, the program requires a matching fund commitment from a local unit of government, business or non-profit organization of $1 for every $2 awarded through the grant.

To apply for funding, applicants must demonstrate they meet program requirements, and they must present a viable proposal for a market rate residential rental property development (potentially including mixed-income developments). Minnesota Housing staff will review applications according to selection thresholds and scoring criteria, determined primarily by the program’s statutory requirements, as follows:

- Threshold Requirements
    - Eligible Project Area
    - Vacancy Rate (below five percent)
    - Eligible Uses (funds will result in the direct development of a market rate residential rental property)
    - Match/Community Support
    - Community Need
- Selection Criteria
    - Readiness to Proceed
    - Leverage
    - Market Rate (share of all units)
    - Community Size
    - Feasibility

Once selected, Minnesota Housing will enter into a Grant Agreement with the eligible community. Communities awarded funds must begin construction within 12 months of signing the Grant Agreement, with construction completion occurring within 24 months of the start of construction. Grant recipients are responsible for compliance with local, state and federal laws in addition to the program requirements outlined in the Workforce Housing Development Guide and the Grant Agreement.

Minnesota Housing will be responsible for ongoing monitoring and reporting requirements for the grant term, including an annual report to the Minnesota Legislature documenting projects that have received funds and how the funds are being used.

Upon board approval of the program guide, staff plans to release the Request for Proposals (RFP) in late October 2017. The anticipated application deadline is January 2018. Staff expects to bring final recommendations, estimated at $2 million, to Minnesota Housing's board in March 2018. A second round of funding estimated at $2 million will be announced at a later date.

MINNESOTA HOUSING

Workforce Housing Development Program Guide

October 2017

Table of Contents

Chapter 1 – Program Background and Purpose

1.01 Program Background and Purpose

The purpose of the Program is to help finance Qualified Expenditures of project-specific costs resulting in the direct development of Market Rate Residential Rental Properties to address the lack of workforce housing in Greater Minnesota.

Funds will be awarded through a Request for Proposals (RFP) process. This process is separate from Minnesota Housing's consolidated RFP. Funds will be awarded as grants to cities and other eligible entities. Recipients will partner with developers to create new Market Rate Residential Rental Properties.

The Workforce Housing Development Program Statute can be found at Minn. Stat§. 462A.39.

Chapter 2 – Eligibility Criteria

2.01 Eligible Applicants

Eligible Applicants must satisfy the following requirements:

- Must be a an Eligible Project Area
- Must be working with a developer
- Must have a viable proposal for the development of a Market Rate Residential Rental Property

NOTE: Minnesota Housing will not review applications submitted directly by developers.

2.02 Eligible Recipient/Project Area

An eligible Recipient is an Eligible Project Area. Any of the following constitute an Eligible Project Area:

- A home rule charter or statutory city located outside of the Metropolitan Area with a population exceeding 500
- A community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the Metropolitan Area
- An area served by a Joint County-City Economic Development Authority

NOTE: Eligible Project Areas with fewer than 30,000 people will be given preference.

2.03 Eligible Uses of Funds

Funds are available for Qualified Expenditures of project-specific costs resulting in the direct development of Market Rate Residential Rental Properties. The rental properties would serve employees of businesses located in the Eligible Project Area or surrounding area. Recipients can award funds in the form of grants or loans. If awarded as a loan, fees or interest charged cannot unduly enrich any parties involved and must not exceed the estimated amount to cover administrative expenses of the Program.

2.04 Ineligible Uses of Funds

Ineligible uses of funds include any expenses that do not directly contribute to the development of Market Rate Residential Rental Properties. Awarded Program funds cannot exceed 25 percent of the final, total project costs. In addition, Program funds received by a Subrecipient may not be awarded or loaned to another person or entity.

Chapter 3 – Funding and Grant Information

3.01 Funding Source

Funds for the Program are appropriated by the Minnesota Legislature.

3.02 Funding Type

Funds will be awarded to Recipients as a grant. Recipients can then award funds in the form of a grant or a deferred loan directly to the project.

3.03 Funding Terms

Grant terms will be three years. Construction must begin within 12 months of signing the Grant Contract. Construction completion must occur within 24 months of construction start. Minnesota Housing reserves the right to extend or amend Grant Contracts.

3.04 Grant Contract

A template of the Grant Contract can be viewed on Minnesota Housing's website at www.mnhousing.gov

Chapter 4 – Recipient Requirements and Responsibilities

Minnesota Housing encourages sustainable, healthy housing that optimizes the use of cost effective durable building materials and systems that minimize the consumption of natural resources both during construction or rehabilitation and in the long-term maintenance and operations. Minnesota Housing encourages optimizing the use of renewable resources and energy, minimizing damages and impact to the environment, and maximizing the use of natural amenities such as solar, wind, climate and orientation of the development site.

Minnesota Housing encourages applicants to view its website at www.mnhousing.gov for more information.

4.01 Recipient Responsibilities

The applicant is responsible for understanding the submission requirements necessary for a complete application. Applicants can access the Program application, supplemental materials and resources on Minnesota Housing's website at www.mnhousing.gov.

4.02 Application Content

The application package must include all items listed on the Workforce Housing Development Program Application and Checklist.

4.03 Construction Requirements

Recipients are responsible for complying with all applicable state and local requirements.

4.04 Visitability

Recipients and Subrecipients must comply with visitability requirements contained in Minnesota Statutes section 462A.34.

4.05 Building Standards

Recipients and all third parties involved must adhere to the local building code. If a project area does not have a local building code, adherence to the state of Minnesota building code is required.

Chapter 5 – Selection and Award Process

5.01 Selection Thresholds and Selection Criteria

Program applications must meet all threshold requirements in order to be eligible. Program applications that meet threshold requirements will be scored on the selection criteria. Minnesota Housing reserves the right to add or remove items. Threshold and selection criteria information can include, but are not limited to, project eligibility, capacity of the development team, feasibility/readiness to proceed, community need, and match/community support. Refer to the Project application for more detailed information.

5.02 Review of the Application

This is a competitive application process. Program applications will be reviewed and scored by Minnesota Housing staff to determine selection and funding recommendations. Final selection and funding recommendations will be presented to the Minnesota Housing Board of Directors for approval.

Priority will be given to applicants located in an Eligible Project Area with a population of fewer than 30,000. Preference will also be given to projects with a higher proportion of units that are not income-restricted.

5.03 Selection Notification

Applications recommended for acceptance will be presented to the Minnesota Housing Board of Directors. All applicants will be notified of their status after the Board of Directors has taken action.

Chapter 6 – Compliance Monitoring and Reporting

6.01 Compliance Reporting Requirement

For the length of the Grant Contract, Recipients must submit an annual report that includes, at a minimum, the name of the developer, the amount of award, the amount of award received and disbursed during the period July 1 – June 30, the number of units, the purpose of Program funding, the share of the project costs in relation to the total development costs and information about Qualified Expenditures. Minnesota Housing reserves the right to ask for additional information. Minnesota Housing will provide a reporting template to Recipients.

6.02 Compliance Monitoring Requirement

In addition to compliance reporting, Recipients will be monitored annually during the term of the Grant Contract. Monitoring will take place near the time that the annual report is submitted. Monitoring could include a phone call and/or a site visit by Minnesota Housing staff.

Prior to final disbursement of Grant Contract funds, Minnesota Housing will also ask to review the most recent disbursement records. This will include a reconciled account balance showing when Grant Contract funds were received by the Recipient and disbursed to the Subrecipient. Minnesota Housing reserves the right to ask for additional information.

6.03 Compliance Term

All Recipients awarded Program funds are required to comply with all monitoring and reporting requirements for the term of the Grant Contract. Recipients must retain files for six years after the completion of the Grant Contract. Additionally, Recipients must ensure compliance of Subrecipients with all monitoring, reporting and records retention requirements.

Chapter 7 - Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Housing providers are expected to comply with the applicable statutes, regulations, and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- discriminate in the selection/acceptance of applicants in the rental of housing units;
- discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- represent a dwelling is not available when it is in fact available;
- deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires housing providers to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

Appendix A – Terms

Term	Definition
Eligible Applicant	Those entities described in Section 2.01 of this Program Guide.
Eligible Project Area	A home rule charter or statutory city located outside of the Metropolitan Area with a population exceeding 500; a community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the Metropolitan Area; or an area served by a Joint County-City Economic Development Authority.
Grant Contract	The State of Minnesota Grant Contract between Minnesota Housing and Recipient.
Greater Minnesota	The areas outside of the jurisdiction of the Metropolitan Council.
Joint County-City Economic Development Authority	An economic development authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between a city and county and excluding those established by the county only.
Market Rate Residential Rental Property	A property that is rented at market value, including new modular homes, new manufactured homes, and new manufactured homes on leased land or in a manufactured home park, and may include Mixed Income Properties that have a portion of income-restricted units.
Metropolitan Area	The area over which the Metropolitan Council has jurisdiction, and includes the counties of Anoka; Carver; Dakota excluding the city of Northfield; Hennepin excluding the cities of Hanover and Rockford; Ramsey; Scott excluding the city of New Prague; and Washington.
Minnesota Housing	The Minnesota Housing Finance Agency
Mixed Income Property	A property in which some rental units have rent and income restrictions and some units are rented at market value.
Qualified Expenditure	An expenditure for Market Rate Residential Rental Properties including acquisition of property; construction of improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public infrastructure and related financing costs.
Recipient	An Eligible Project Area that has been selected for funding by Minnesota Housing.
Request for Proposals(RFP)	The competitive process of applying for Program funds.
Subrecipient	An entity awarded Program funds by a Recipient that uses the funds directly for Market Rate Residential Rental Property.
Workforce Housing Development Program or Program	The Workforce Housing Development Program established by Minn. Stat. § 462A.39 to award grants to Eligible Project Areas for Qualified Expenditures.

MINNESOTA HOUSING

Board Agenda Item: 7.E
Date: 10/19/2017

Item: Approval, Revisions to the Publicly Owned Housing Program (POHP) Request for Proposals (RFP) and Program Guide.

Staff Contact(s):
Anne Heitlinger, 651.296.9841, anne.heitlinger@state.mn.us
David Schluchter, 651.296.8161, david.schluchter@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff is requesting board approval of the modified Publicly Owned Housing Program (POHP) Request for Proposals (RFP) and Program Guide. At the August board meeting, POHP program staff notified the Board of a revised process for applications, selection and post-selection processing. The attached guide reflects those changes.

Fiscal Impact:
None

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Background
- Summary of changes to the Publicly Owned Housing Program (POHP) Request for Proposals (RFP) and Program Guide

Background:

POHP provides deferred loans to Housing and Redevelopment Authorities (HRAs) and Public Housing Authorities (PHAs) for improvements to their public housing units. In August 2017, staff presented to the Board the revised selection process for the 2017 Request for Proposals (RFP). The revised process better serves POHP customers by simplifying the application for funding.

The POHP RFP and Program Guide has been updated to reflect the revisions made to the selection process. Other updates provide greater emphasis to program elements that are the subject of frequent questions and bring the guide up to date with agency standards.

Summary of Changes by Chapter

Chapter 1 – Program Background and Purpose:

Moved the 'Funding Availability and Amounts' section to this chapter and expanded the section, including details on statutory priorities.

Chapter 2 – Eligibility Criteria:

A note was added in regard to the U.S. Department of Housing and Urban Development (HUD) Rental Assistance Demonstration (RAD) Program.

More details were included in regard to owner requirements.

Chapter 3 – Application Requirements:

A notice was included in regard to the required technical assistance meeting/phone call.

A revised 'Application Content' section was inserted.

New sections covering the scope of work, leverage, and relocation plan were added.

Chapter 4 – Selection Process:

Specific application review and selection criteria were inserted.

Chapter 5 – Post Selection Processing, Loan Terms and Conditions:

Information on new post-selection processing requirements was added.

Chapter 6 – Design and Construction Review:

The sections in the chapter on design standards and construction management were reordered for greater clarity.
A section on the Energy Rebate Analysis was added.

Chapter 7 – Compliance Monitoring and Reporting:

Added a link to access the annual report system.

Chapter 8 – Contract Compliance Plan:

Added a section on Minority and Women Business Enterprise (MBE/WBE) goals.

Chapter 9 – Fair Housing Policy:

No changes.

Appendix A – Terms:

Included additional definitions.

Appendix B – Forms List

No changes.

MINNESOTA HOUSING

Publicly Owned Housing Program (POHP) Request for Proposals (RFP) and Program Guide

October 2017

Table of Contents

Chapter 1 – Program Background and Purpose

1.01 Program Background and Purpose

The Publicly Owned Housing Program (POHP) was first established by the Minnesota Legislature in 2005 to offer assistance to Housing Redevelopment Authorities (HRAs)/Public Housing Authorities (PHAs) that provide public housing to individuals and families (households with children). The purpose of POHP is to rehabilitate and preserve public housing units. POHP funds are provided in the form of a 20-year, deferred, forgivable loan to HRAs/PHAs that operate public housing.

Since 2005, POHP has received funding and support from the Minnesota Legislature and continues to provide assistance to HRAs/PHAs funded by the sale of General Obligation (GO) bonds. GO bonds are issued by Minnesota Management and Budget (MMB) and are backed by the full faith and credit of the state of Minnesota.

Minnesota Statutes sections 16A.695 and 462A.202 govern the use of GO bond proceeds, which require the project to be owned by a state agency or political subdivision and require a public program be provided in the project. Priority uses of POHP funds include:

- Rehabilitation of public housing, particularly to address health and life safety, accessibility, energy and water efficiency, critical needs that have an expected useful life of more than 10 years
- Improvements of a capital nature

1.02 Funding Availability and Amounts

- Up to $ 12 million is available through the 2017 POHP RFP.
- There are no minimum or maximum loan request limits.
- Minnesota Housing may fund all or part of a project identified within the application.
- Minnesota Housing must, by law, give priority among comparable project proposals to those that maximize federal resources such as capital funds, or local (non-state) resources such as philanthropic, community foundations, and/or utility rebates. There is not a required minimum percentage for leverage.
- All HRAs/PHAs are encouraged to apply, even if they have limited leverage resources.

Chapter 2 – Eligibility Criteria

2.01 Property

- The property must be Public Housing, defined as housing for low-income people that is financed, in whole or in part, by the federal government and owned and operated by an HRA, a PHA, or a Community Development Agency (CDA) formed by a city or a county.
- The property must be an existing building(s).
- An HRA/PHA may apply for more than one development; each development should contain a minimum of four units. Because of the limited amount of POHP funding available in 2017, it is advisable to prioritize which development has the most imminent needs.
- All types of Public Housing (e.g., single family scattered site, duplexes, townhomes and high rises) are eligible to apply.
- **NOTE:** Since POHP loans are funded by GO bonds, the property must remain in public ownership for a 35-year compliance period. As a result, POHP loans are incompatible with Rental Assistance Demonstration (RAD) transactions that involve a transfer of ownership to a non-public owner.

2.02 Applicant/Owner

All applicants must satisfy the following requirements:

- The applicant must have the authority to own and operate the project, enter into the loan agreements required by Minnesota Housing, and comply with the requirements of Minnesota Statutes sections 16A.695 and 462A.202
- The applicant must be a local unit of government, such as a city, county or HRA/PHA as defined in Minnesota Statutes section 462C.02, subdivision 6.
- The applicant must have a current, audited Public Housing Assessment System (PHAS) rating of 80 or above. The PHAS rating system is operated by the U.S. Department of Housing and Urban Development's (HUD) Real Estate Assessment Center (REAC).
- The applicant (public owner) must directly operate and manage the project.

2.03 Income Limits

All units in a project financed with POHP funds must be occupied by households whose income at the time of initial occupancy does not exceed the maximum household income as determined by HUD's Office of Public and Indian Housing.

A recipient of POHP funds may choose to restrict fewer than the total number of units in the development. This is an important consideration when applying for funds, as the number of restricted units will need to comply for the entire 35-year compliance period.

2.04 Eligible Use(s) of Funds

Eligible uses of funds include but are not limited to:

- Expenditures of a capital nature such as design, rehabilitation or major remodeling

- Major roof reconstruction or replacement
- Major window replacement
- Heating and cooling system replacement
- Elevator upgrades
- Other improvements that add value or life to a building and are not of a recurring nature. In addition, these improvements must have an intended minimum life expectancy of ten years.
- An applicant's application may contain multiple work items. Minnesota Housing will review these items individually and determine how they pertain to the stated priorities of the program (health and life safety; accessibility; energy and water efficiency; critical needs).
- Applicants may request a project management fee not to exceed 5% of the net total development cost. The fee may be used to pay for soft costs directly related to costs associated with applying for POHP funds. Such costs may include administrative expenses, processing agent fees or construction management.

  NOTE: All expenditures must be project specific, and considered reasonable expenses associated directly with the proposed POHP renovation project.

2.05 Ineligible Use(s) of Funds

Ineligible uses of funds include but are not limited to:

- Expenditures that are not of a capital nature, do not add value or life to a building, or are of a recurring nature
- Operating expenses and costs, reserves, market studies, up-front marketing expenses, hazard and liability insurance, legal fees not attributable to or betterment of the property, relocation expenses and other ongoing maintenance improvements
- Expenses that are incurred prior to formal Minnesota Housing board approval, with the exception of project specific pre-renovation fees associated with scope of work development, design, or engineering specifications
- New construction of public housing

Chapter 3 – Application Requirements

3.01 Applicant Responsibilities

The applicant is responsible for understanding the submission requirements necessary for a complete application. Application materials will be available on Friday, October 20, 2017 on Minnesota Housing's website at the POHP program page. The materials include the application checklist, the Narrative and Certification Form, the POHP workbook and supplemental materials.

NOTE: All applicants are required to schedule at least one technical assistance meeting in person or via phone with POHP program staff prior to submitting an application. To schedule a technical assistance meeting, contact Irene Ruiz-Briseno at 651.296.3837 or irene.ruiz-briseno@state.mn.us.

3.02 Application Deadline/Application Submission

The application package must be received no later than 5:00 p.m. Central Standard Time on Wednesday, December 20, 2017.

Applicants must submit the application and all required materials using the Secure Upload Tool located on Minnesota Housing's website. Submit materials to: mhfa.app@state.mn.us .

The RFP process is highly competitive in nature. A typical funding round will result in requests that far exceed the amount of funding that is available; therefore, incomplete applications will not be processed and resubmission will not be allowed during the current RFP round.

For each funding round, applicants must use the most current version of application forms found on Minnesota Housing's website.

3.03 Application Content

A separate, complete application must be submitted for each project.

The application package must include all of the following:

- POHP Application Checklist
- POHP Workbook
- Narratives and Certifications
- Most current Five-Year Capital Fund Program (CFP) Action Plan
- Most recent PHA capital needs assessment and any updates
- Most Recent Energy Audit
- Three Years PHAS score reports issued by REAC
- Most recent REAC inspection report
- Applicant Certification of Known Environmental Conditions
- Photographs of overall property, existing conditions and proposed improvement areas

- If available, provide any other information deemed appropriate to support the application, including currently available architectural or engineered plans such as site plans, floor plans, exterior building elevations, product specifications, elevator modernization proposals, 3D renderings, etc.

3.04 Scope of Work

Rehabilitation scope of work items eligible for consideration under POHP may include but are not limited to:

1. **Health and Life Safety**
    a. Non-grandfathered, building or fire code violations such as fire alarms, smoke alarms, GFCI/AFCI protection, carbon monoxide (CO) alarms, nitrogen dioxide ($NO^{2)}$ alarms, fire egress, elevator upgrades
    b. Environmental remediation for mold, radon, friable asbestos, lead-based paint hazards, soil vapor, sound/noise
    c. Site improvements to correct tripping/fall hazards or other unsafe site conditions
    d. Replace, repair, or remove any conditions of imminent structural collapse or failure
    e. Building envelope work to adequately prevent water or air penetration and prevent mold or other unsafe, interior health and life safety conditions
    f. Repair or replace systemic leaky or failed water and sewer piping
    g. Repairs or replacements of mechanical equipment, controls, ductwork, etc.
    h. Remedies to provide proper clothes dry venting and natural gas combustion equipment venting.

2. **Accessibility**
    a. Compliance with Section 504 of the Rehabilitation Act of 1973, the Architectural Barriers Act, the Fair Housing Act, the Americans with Disabilities Act (ADA), and state accessibility requirements
    b. Improvements such as Universal Design features, reasonable accommodations requests and aging-in-place features

3. **Energy and Water Efficiency**
    a. Replacement of inefficient plumbing fixtures with water conserving fixtures
    b. Replacement of inefficient/antiquated Heating Ventilating and Air Conditioning (HVAC), lighting, controls, etc.
    c. Weatherization improvements such as additional insulation, air-bypass sealing, exterior window/door upgrades, or other energy efficiency strategies
    d. Renewable energy systems may be considered if supported by a third-party analysis with a simple 10-year payback

4. **Critical Needs**

   a. Replacement or repair of items that outlived their expected useful life, are antiquated, worn-out, or simply inoperable
   b. Conditions determined to be critical via a certified HUD UPCS or Real Estate Assessment Center (REAC) Deficiencies Inspection Report
   c. Any work described in Minnesota Housing's Rental Housing Design/ Construction Standards (RHD/CS), Chapter 10 – Critical Needs and Preservation Housing Projects

5. In general, scope of work items must include durability and life expectancy for at least 10 years.

3.05 Leverage

For leverage, an HRA/PHA may submit an application showing the commitment of a portion of their 2018/2019 Capital Fund; however, if an application were to be selected for funding, the applicant could not close on the loan until these capital funds are actually available.

An applicant may commit unissued bond proceeds as leverage; however, the POHP loan cannot close until the bonds proceeds are actually available. The HRA/PHA should be cautious in offering bond proceeds as leverage, because in the event the bonds are not issued, the POHP award would not be provided.

3.06 Relocation Plan

Minnesota Housing prohibits involuntary displacement of residents from developments receiving Minnesota Housing funding. All existing developments must submit a relocation plan that addresses both temporary relocation and permanent voluntary displacement. The applicant must thoroughly assess the potential for displacement.

The plan must include:

- A description of the project
- Whether another funding source will require compliance with the Uniform Relocation Act (URA)
- A description of any temporary relocation, if any, that will occur based upon the scope or work
- A description of how tenants' needs will be accommodated while they are temporarily displaced
- If tenants with special needs will be affected, include a description of how those needs will be accommodated
- A description of what the development team will do to help displaced tenants who may be hard to house, for example, due to family size
- Any social or other services to be used, as appropriate
- The assistance and compensation that will be offered to tenants who will either be temporarily relocated or permanently and voluntarily displaced
- An estimated budget identifying relocation/displacement expenses and an identified funding source
- A timeline

Chapter 4 – Selection Process

4.01 Review of the POHP Application

Minnesota Housing staff will review all POHP submissions after the application process has closed on Wednesday, December 20, 2017.

Minnesota Housing will review RFP application submittals for:

- Program eligibility
- Owner capacity
- The ability for an applicant to leverage POHP funds with other resources

Applications will be reviewed based upon the following criteria:

- Scope of work and consequences for not completing the work
- Anticipated operational or utility cost savings
- Geographic distribution of applicants
- First time or repeat applications
- Leverage
- Applicant capacity

A site visit may be conducted by Minnesota Housing staff based upon the proposed scope of work and construction costs.

Minnesota Housing's POHP selection committee will review all proposals and provide recommendations for funding. Recommendations are presented internally and if approved, they will then be presented to the Minnesota Housing board for final approval.

4.02 Selection Notification

Applications recommended for further consideration and additional technical assistance will be presented to the Minnesota Housing board for selection in April 2018. All applicants will be notified of their status after the board has taken action.

Once selected, applicants will have 20 months to secure an End Loan commitment or hold a loan closing.

Chapter 5 – Post-Selection Processing, Loan Terms and Conditions

5.01 Intake and Technical Assistance Kick Off Meeting

Projects that are selected for further consideration will be required to participate in an initial intake and technical assistance meeting within 90 days of selection. The purpose of the meeting is to review the details of the proposal and the specific requirements of the funding source.

The initial intake and technical assistance meeting will include the discussion of:

- The proposed scope of work
- The need for a third party capital needs assessment
- The need for architectural and/or engineering services
- Required environmental studies
- The potential for a project processing agent
- Whether a general contractor will be required

Agency staff will explain POHP program due diligence requirements necessary to obtain an End Loan commitment and a Construction Loan closing. The intake meeting may be in person at Minnesota Housing offices or via Go-to-Meeting.

5.02 Due Diligence Checklists

Following selection, POHP recipients are required to submit due diligence items to proceed to a loan closing or End Loan commitment. Separate checklists exist for Construction Loans and End Loans and can be found on the POHP page of Minnesota Housing's website.

Due diligence items will be submitted via Box.com.

5.03 Issuance of Loan Commitment/Loan Closing

Once due diligence and design reviews are complete, Minnesota Housing will issue a Mortgage Loan Commitment for End Loans or conduct a loan closing for Construction Loans. POHP recipients are able to begin rehabilitation activities once the commitment is issued or the closing has taken place. Construction work should not begin prior to issuance of a loan commitment or a loan closing.

5.04 Loan Types

The POHP commitment term and closing date are determined by the type of loan the applicant requests:

- **Construction Loan –** A permanent, long-term loan to finance construction and eligible soft costs. Loan funds are advanced during construction as the project progresses. The Construction Loan must close within 20 months from the initial Minnesota Housing board selection date.
- **End Loan** – A permanent, long-term loan that is used to pay off a short-term Construction Loan or other form of interim financing. The project must enter into an End Loan commitment within

20 months of board approval. The project must be completed and the loan closed within 18 months once the End Loan commitment is issued.

Either loan type may be available, with Minnesota Housing approval.

If an applicant does not enter into an End Loan commitment or Construction Loan closing within 20 months of selection, Minnesota Housing reserves the right to recapture funds or require a commitment extension.

5.05 Loan Terms

Selected proposals will be awarded funding in the form of a zero interest, deferred loan with a 20-year term. At the end of the 20-year term, the debt will be forgiven if no event of default has occurred. However, the applicant is required to continue to own and operate the project for a public purpose for a total of 35 years or until it is sold.

The sale of GO bond financed property cannot occur unless the owner determines by official action that:

- The property is no longer usable or needed to carry out the governmental program for which it was acquired or constructed;
- The sale is made as authorized by law; and
- The sale is made at fair market value

Sale of the property also requires prior written approval by Minnesota Housing and MMB.

Minnesota Housing reserves the right to review the HRA's/PHA's POHP eligibility and potential ability to repay POHP funds if the HRA/PHA should no longer participate in HUD's Public Housing Program. At the time of the project loan closing, both a GO bond Declaration of Covenants as well as a Rent and Income Declaration are recorded against the property.

Chapter 6 – Design Review and Construction Management

Every applicant is required to comply with all of the following:

- Applicable requirements of the Minnesota Housing Rental Design/Construction Standards
- The most recently adopted edition of the Minnesota Building Code, International Building Code (IBC)
- Any other local, state, and national codes and standards in effect. The most restrictive codes and regulations will apply
- Applicable Building, Benchmarks, and Beyond (B3) guidelines required for state-funded projects in Minnesota (see section 6.07 of this guide), or Minnesota Housing's Limited Scope Sustainability Standards

POHP applicants selected for further processing will confer with the assigned Minnesota Housing staff architect early in the design process to ensure rehabilitation plans and designs meet Minnesota Housing's standards and requirements.

6.01 Plan Review and Plan Approval

After the initial intake meeting and approval of scope of work, the applicant must submit construction documents to the assigned Minnesota Housing staff architect at the 50 percent completion phase and the 100 percent completion phase. Loan commitment for end loans and loan closing for Construction Loans are contingent upon an approved set of plans. Issuance of a loan commitment or loan closing will not occur without plan approval. Construction documents may be submitted in hard copy or electronic PDF. Consult with the Minnesota Housing staff architect for submission requirements.

6.02 Environmental Standards

Based upon the proposed scope of work, the HUD environmental review (if completed), and discussions with agency staff, the following environmental studies may be required:

- A Phase I Environmental Site Assessment (ESA) with the exceptions of:
  - A HUD "Categorical Exclusion Determination" may substitute a Phase I ESA if approved by Minnesota Housing
  - A Phase I ESA is not required for projects with a total construction cost less than $300,000
- Phase II ESAs
- Lead-Based Paint (LBP) Inspection/Assessments
- Asbestos-Containing Material (ACM) Assessments and Asbestos Containing Material (ACM) Operating and Maintenance (O&M) Plans
- Response Action Plans (RAC)
- Ongoing testing during construction.

6.03 Architectural Services

If an architect is required, applicants must use the services of a licensed architect and/or licensed professional engineer unless waived per Minnesota Housing's Architect's Guide (also refer to section 4.03 of this manual). This may be waived by Minnesota Housing based upon limited scope of work status.

6.04 Design-build Design and Construction Delivery

Design-build delivery is not allowed unless approved by Minnesota Housing. Design-build is typically only allowed for single subcontractor-type scope of work such as elevator upgrades, re-roofing, etc.

6.05 B3 Sustainable Building Guidelines

The Buildings, Benchmarks, and Beyond (B3) program outlines Minnesota's Sustainable Building Design (MSBD) requirements. Per Minnesota Statutes section 16B.325, all projects funded by GO bond proceeds must comply with B3 Sustainability Guidelines. More information about B3 is available at http://b3mn.org.

All recipients of POHP funds must complete the P-Oc: Applicability Form. This form determines if the recipient is required to follow B3 requirements or is eligible for a waiver. Minnesota Housing recommends POHP recipients complete Form P-Oc: Applicability Form immediately after the announcement of awards.

A recipient is required to comply with B3 requirements if **both** of the following apply:

- The building exceeds 10,000 square feet; **and**
- If modifications are made to the HVAC system.

If the recipient receives a B3 waiver from MSBD requirements, they must provide a copy of the waiver to Minnesota Housing via email: MHFA.POHP@state.mn.us. In addition, any projects receiving a B3 waiver are required to comply with Minnesota Housing's Limited Scope Sustainability Standards.

6.06 Predesign Requirements

Minnesota Statutes section 16B.335 requires predesign and legislative review for GO bond funded projects with a total construction cost (including construction contingencies) of $1.5 million or more. Applicants should review the statute for exemptions.

Predesign is a written plan that is completed prior to designing and constructing the project. It includes information regarding the project purpose, architectural plans, project budget, and schedule. It should also include information on staffing as well as the operating budget for the project. Please refer to the Department of Administration webpage and Predesign Manual for Capital Projects.

Applicants who propose projects at or near the $1.5 million construction cost mark should consult with the Department of Administration (Gordon Christofferson, 651.201.2380, gordon.christofferson@state.mn.us to ensure the correct timeline and procedure are followed.

6.07 Energy Rebate Analysis

Refer to Section 8.03 of the Multifamily Rental Housing Design/Construction Standards for details on the energy rebate analysis required prior to commitment or closing.

6.08 Prevailing Wage

The applicant must agree that it will comply with all of the applicable provisions contained in Minnesota Statutes Chapter 177.

6.09 Construction Management

To ensure compliance with approved construction documents and regardless of an End Loan or a Construction Loan, Minnesota Housing must:

- Be granted access to the construction site during construction
- Receive regular construction meeting minutes and observation reports from the PHA's architect (electronic PDF only)
- Receive (electronic PDF only) copies of Request for Proposals (RFP), change orders, Architectural Supplemental Instructions (ASIs), or any other change directive. Change orders must be submitted to and approved by Minnesota Housing prior to acceptance or prior to being executed

6.10 Jobs Reporting Requirement

Per Minnesota Statute 16A.633, Subdivision 4, PHAs are required to:

- Include the Jobs Reporting Provision language on Jobs Reporting in the construction contract(s) with the contractor(s)
- Review contracts between the contractor(s) and subcontractor(s) to ensure the Jobs Reporting Provision Language is included in construction contract(s)
- Ensure the information in the Jobs Reporting Attachment of the Repayment Agreement is completed by the contractor(s) and is submitted to Minnesota Housing upon project completion
    - **NOTE:** A Jobs Reporting Attachment must be completed for each approved project.

6.10 Construction Loan Pay Draw Process

For Construction Loans, contractor pay applications will be reviewed on site once a month at a regularly scheduled pay draw meeting with the owner, general contractor, and PHA's architect in attendance. Upon approval of the pay application by the PHA's architect, the pay application and other soft cost expenses (with receipts) must be submitted to Minnesota Housing for processing through the Draw Form process. A Minnesota Housing staff architect may or may not attend on-site pay draw meetings. Photos of the construction progress must be included with the pay application. The pay application process may be streamlined based upon a limited scope of work status if approved by Minnesota Housing.

Submittals required for End of Construction and Project Close-out are included in the POHP Mortgage Checklist.

Chapter 7 – Compliance Monitoring and Reporting

7.01 Compliance Monitoring Requirement

Minnesota Housing performs periodic inspections of housing it finances. The frequency of physical inspections is determined by several factors such as loan type, term, loan amount, etc. Owners will be notified in advance of any inspection.

7.02 Compliance Reporting Requirement

POHP recipients are required to provide annual reporting using Minnesota Housing's Property Online Reporting Tool (PORT). Owners must submit an annual certification of compliance and occupancy data on all restricted units in the property. Instructions on how to access PORT can be found on Minnesota Housing's website.

7.03 Compliance Term

All projects funded through GO bond proceeds are required to comply with the affordability restrictions and are subject to monitoring and reporting for 35 years beginning on the date of closing.

Chapter 8 – Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Housing providers are expected to comply with the applicable statutes, regulations, and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful to, because of protected class status:

- discriminate in the selection/acceptance of applicants in the rental of housing units;
- discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- represent a dwelling is not available when it is in fact available;
- deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires housing providers to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Appendix A – Terms

Term	Definition
Buildings, Benchmarks, and Beyond (B3)	Guidelines developed for State-funded projects in Minnesota to ensure projects meet sustainability goals.
Community Development Agency	A local government agency as defined in Minnesota Statutes Section §462C.02, subdivision 6, responsible for the management and operation of its local public housing program and/or other types of housing, community, or economic development programs.
Construction Loan	A construction/permanent long-term loan to finance construction/rehabilitation and eligible soft costs. The loan funds are advanced incrementally during construction/rehabilitation.
End Loan	A permanent, long-term loan that is used to pay off a short-term construction/rehabilitation loan or other form of interim financing.
General Obligation Bonds	Debt instruments issued by states and local governments to raise funds for public works that are backed by the full faith and credit of the issuing municipality
Housing and Redevelopment Authority	A local government agency as defined in Minnesota Statutes Section §462C.02, subdivision 6, responsible for the management and operation of its local public housing program and/or other types of housing, community, or economic development programs.
Jobs Reporting	The state mandated reporting requirement to ensure women and minorities have equal access to jobs created by Minnesota Housing funded projects
Loan Commitment	A contractual agreement between Minnesota Housing and the Borrower that sets forth the terms under which Minnesota Housing will lend funds to the Borrower for a Project.
Predesign	A plan required by local government units utilizing funding from the state legislature for capital improvement projects exceeding $1.5 million in construction costs.
Public Housing Authority	A state, county, municipality, or other governmental entity or public body, or agency or instrumentality of these entities, that is authorized to engage or assist in the development or operation of low-income housing under the United States Housing Act of 1937 (42 U.S.C. 1437*et seq.*).
Uniform Relocation Act	The Uniform Relocation Act (URA) applies to federally funded projects involving rehabilitation or acquisition. The URA provides displaced persons with fair, equitable treatment and protection from disproportionate injury by projects designed to benefit the public. The URA requirements must be adhered to

	by the owner. If the borrowing entity will be displacing or temporarily relocating tenants, a tenant relocation plan that conforms to all URA requirements is required and must include an outline of how tenants will be accommodated during construction, an overview of construction activities, a project timeline, an estimated budget, and whether or not the scope of work will require temporary or permanent relocation

Appendix B: Forms List

B3 Form P-Oc: Application Form
Minnesota Housing's Limited Scope
Minnesota Housing 20-Year Capital Expenditure (20YCE) Template
Minnesota Housing Physical Needs Assessment Template (PNAT)
Jobs Compliance Workbook

Board Agenda Item: 7.F
Date: 10/19/2017

Item: Concept Approval – Limited Partner Buy-Out Loans

Staff Contact(s):
Tresa Larkin, 651.284.3177, tresa.larkin@state.mn.us
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff is requesting concept approval of a new Multifamily loan product to be used by owners of affordable rental properties to buy out the interests of exiting investor limited partners in low-income housing tax credit projects.

Fiscal Impact:
Housing Investment Fund – Pool 2 funds will be used for these short-term secured loans. The Agency will price the loans at interest rates that reflect the risk and will therefore earn interest income on each the loan while it is outstanding. In addition, the Agency will charge an origination fee on each loan.

Meeting Agency Priorities:
☒ Address Specific and Critical Local Housing Needs
☒ Finance Housing Responsive to Minnesota's Changing Demographics
☒ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Background and Loan Summary

Background

Minnesota Housing has existing amortizing mortgage loans with developers and on projects that are approaching the end of the initial 15-year tax credit compliance period. As time unfolds, in some instances, certain limited partners in the investor group may wish to exit the investor partnership, especially in situations where those limited partners 'bought in' to the partnership after the benefit of the initial tax credits had been realized. As such, those partners are often looking for cash in order to exit the transaction.

Currently, most borrowers are using a third party bridge loan in order to fund the limited partner buy-out rather than completely restructuring the entire debt at the time of the limited partner exit. These bridge loans are often coming from local community banks and are typically a short-term bridge until the borrower can work out a full refinance package.

We are developing a short-term, secured loan product to be funded with Pool 2 dollars, with proposed terms that are generally competitive with other products currently available in the market. Specifically, these loans will be structured as 18-24 month interest-only secured loans, as more completely summarized below.

If this product concept is approved, the agency anticipates that it likely would close one loan for approximately $5 million this year, and then would anticipate potentially two to three additional loans per year going forward. Because of the short-term nature of these loans and the use of Pool 2 funds, once up and running this product would effectively operate as a revolving fund for this buy-out activity.

While we will focus initially on projects with existing mortgage loans from the Agency, it is anticipated that this product could also be used in situations where the Agency's existing involvement with an owner is through Housing Assistance Payments (HAP) contracts administered by the agency or through tax credits.

In addition, staff will actively market this product as a way to assist borrowers transitioning to a new capital structure after the tax credit compliance period, including encouraging the use of a new first mortgage from Minnesota Housing.

Loan Summary
Funds would be available to facilitate the exit of an investor limited partner. Eligible borrowers must have an existing loan from Minnesota Housing and would be encouraged utilize a new Minnesota Housing first mortgage to pay off both the outstanding debt and the buy-out loan.

Term:	Up to 24 month balloon; interest payments due monthly
Interest:	Fixed rate, interest only
Security:	Mortgage recorded against the property in last lien position
Fees:	Origination fee of 1% of loan amount
Guaranty:	Personal guaranty from remaining investor partners for full loan amount
Loan Amount:	Capped at 87% LTV based on existing first mortgage payoff plus new loan amount
Prepayment:	Loan may be prepaid without penalty at any time

MINNESOTA HOUSING

Board Agenda Item: 9.A
Date: 10/19/2017

Item: Post-Sale Report, Homeownership Finance Bonds (HFB) 2017 Series GH

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

☐ Approval	☒ No Action Needed
☐ Motion	☐ Discussion
☐ Resolution	☒ Information

Summary of Request:
The Agency sold $149,995,758 of Homeownership Finance Bonds on September 12, 2017 with a closing on September 26, 2017. In accordance with the Debt Management Policy the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

Fiscal Impact:
None.

Meeting Agency Priorities:
☐ Address Specific and Critical Local Housing Needs
☐ Finance Housing Responsive to Minnesota's Changing Demographics
☐ Preserve Housing with Federal Project-Based Rent Assistance
☐ Prevent and End Homelessness
☐ Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):
- Post-Sale Report

Via Email Delivery

M E M O R A N D U M

Date: **October 4, 2017**

To: **Minnesota Housing Finance Agency**

From: **Gene Slater, Tim Rittenhouse, David Jones, Eric Olson**

Re: **Post-Sale Report**
$149,995,758 Homeownership Finance Bonds (HFB)
2017 Series G (Non-AMT) and H (Taxable)

BOND CRITERIA

The 2017 Series G & H Homeownership Finance Bonds were issued to finance single-family new production. The key criteria for issuing the debt were:

1. ***Avoid major interest rate risk*** by continuing to hedge pipeline production until loans are either sold or permanently financed by bond issues.

2. ***Maintain high ratings on all Minnesota Housing single-family bonds***, with Series G & H rated Aaa.

3. ***Enhance Minnesota Housing's long-term financial sustainability*** through a mix of bond financing and sales of MBS, so as to provide more balanced and financially sustainable results for Minnesota Housing**.**

4. ***Provide at least a comparable expected level of return to selling MBS*****,** at reasonably anticipated prepayment speeds.

5. ***Use bond volume cap as efficiently and sparingly as possible,*** so that the Agency can continue both its single-family and multi-family programs even though volume cap has become an increasingly scarce resource.

KEY RESULTS FOR MINNESOTA HOUSING

Key Measurable Objectives. Minnesota Housing's objectives for the issue are to:

1. Achieve full spread utilizing the least amount of zero participations (or generating zero participations to finance future production).
2. Obtain a present value return for Minnesota Housing at least similar to selling MBS in the secondary market, assuming a reasonable prepayment speed.
3. Minimize the amount of new volume cap needed in financing such production.

Accomplishments. The results were exceptionally successful in meeting Minnesota Housing's objectives:

- ***Leveraging Limited Volume Cap.*** The issue was structured so that Minnesota Housing could finance $150.0 million of new mortgages on balance sheet *with approximately $45.7 million of volume cap.* To achieve this result, Minnesota Housing used $65.0 million of taxable bonds for Series H and recycled approximately $39.3 million of private activity bond authority from past issues. The Agency has been remarkably successful this year in using *$93 million of volume cap to fund $430 million of new production.*

  Being able to do this, however, requires using a significant amount of zero participations. These zero participations are generated by RHFB bond issues that help refund past bond issues at lower rates and create these subsidies. The dollar amount of such refundings is expected to be lower over the next few years than it has been in the last few years. This is because old bonds can be refunded approximately 10 years after original issuance, and Minnesota Housing issued fewer bonds during the financial crisis.

  As it becomes more difficult to generate new zeros, Minnesota Housing may find it more difficult to use as much taxable debt and still earn full spread. As a result, the Agency may need to use a lower proportion of taxable debt and a greater proportion of new volume cap on future issues.

- ***Full Spread.*** On the overall issue, Minnesota Housing obtained a spread of about 1.10%, similar to what the IRS would allow as full spread on an all-tax-exempt issue.[1]

- ***Attractive Bond Yield.*** The bond rate was 2.65% on tax-exempt Series G and 3.0% on taxable Series H. These levels were approximately 40 basis points lower than if Minnesota Housing had used a traditionally structured fixed-rate issue.

[1] Minnesota Housing could have achieved even higher total spread, by receiving the full 1.125% on tax-exempt Series while still receiving 1.61% on the taxable Series F, for a blended average of 1.33%. This would have required $8.3 million more of zero participations, however.

- ***Return to Minnesota Housing.*** The relative benefits to Minnesota Housing from issuing the bonds depend on how long the mortgages remain outstanding, on average.

  The break-even prepayment speed[2] was 152% was higher than the actual average prepayment speed on similar loans in this indenture.[3]

  The result is that, at expected prepayment speeds, Minnesota Housing will earn more from issuing 2017 G & H than from having directly sold the MBS.

  The net present value to Minnesota Housing (after all hedging costs/gains and net service release premiums) is projected to be approximately $4,500,000 at the break-even prepayment speed.

- ***Zero Participations.*** The issue did not require any zero participations. Going forward, Minnesota Housing has approximately $38 million of zeros for future transactions.

  The Agency made two choices that affected how many zero participations were used:

  a) *Level of overall spread*. As indicated above, the Agency could have received even higher total spread, but this would have required using zeros to earn that higher spread.

  b) *Impact of taxable bonds*. If the entire transaction had been tax-exempt, Minnesota Housing would have used approximately $65 million of additional volume cap and would have created approximately $4 million of zeros. On each issue, it is important to balance two competing needs: to stretch out the supply of available zeros while minimizing the use of available bond cap.

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[2] The break-even speed measures how fast mortgages can prepay while still assuring Minnesota Housing at least the same present value as an MBS sale.

[3] The average prepayment speed on all securities in the HFB indenture since inception is calculated at 129%.

	Actual	No Taxable Bonds	Actual with Higher Spread
Taxable %	43%	0%	43%
Volume cap required	$45.7 million	$110.7 million	$45.7 million
Ave. Spread	1.10%	1.10%	1.33%
Impact on Agency's Zeros	**$0 million**	**+ $4 million**	**- $8.3 million**

- ***Hedging.*** The loan production pipeline remained fully hedged until bonds were sold. Approximately $0.869 million of hedge losses were taken into account in bond yield, allowing Minnesota Housing to recover these losses over the life of the financing.

- ***Continuing to Build Investor Demand.*** With a total of $300 million of going away orders from 11 different investors, RBC obtained the greatest level of investor interest of any of Minnesota's pass-through issues. This included $144 million of orders for the tax-exempt bonds Series G and an extraordinary $156 million of orders for taxable Series H. The number of investors for taxable pass-through bonds has in the past been limited, so the results for Series H indicated a strong demand for a large series of taxable pass-through bonds which will have greater liquidity in the future.

Implications. Key implications include:

- ***Viability of Pass-Through Approach*.** Minnesota Housing's pass-through issues since June 2014 demonstrate the renewed viability of this approach for financing production on-balance sheet. The Agency has been, by far, the national leader in such financings.

- ***Size.*** This is the Agency's largest pass-through issue, and in the current market the investor interest was strong.

- ***Balance Sheet Management.*** Minnesota Housing remains the national leader in finding ways to fully hedge its pipeline while financing more than three-quarters of that pipeline, and effectively all of its tax-exempt eligible pipeline (e.g. Start-Up Loans), on the Agency's balance sheet.

- ***Volume Cap.*** Minnesota Housing's single-family production together with demand for multi-family issuance in the State is now so great that *private activity volume cap is a major constraint* on tax-exempt issuance. To help address this:

- The Agency is actively utilizing taxable bonds, and

- Has established a credit facility with RBC to recycle up to $300 million of past private activity volume cap when old bonds are redeemed (whether on a monthly or semi-annual basis).

This bond issue took advantage of both approaches.

TIMING AND STRUCTURE

Timing. The issue was priced on Thursday, September 12th, for closing on Tuesday, September 26th.

Sizing. The sizing was based on specific hedged MBS in Minnesota Housing's pipeline. It was increased from the initial amount in the Preliminary Official Statement by $10 million in Series G tax-exempt and $15 million in Series H taxable, given the level of investor interest and the ability to finance the MBS without needing any zero participations. On past HFB issues, zeroes were needed, so this was an excellent opportunity to finance MBS that otherwise would have been included in the next issue.

Major Design Decisions. Key decisions by Minnesota Housing were to:

- Continue to include a 10-year par call at Minnesota Housing's option, so that the Agency can potentially take advantage of interest rates in the future to either refund the bonds or sell the MBS and pay off the bonds.

- Include Ginnie Mae, Fannie Mae and Freddie Mac MBS in the issue, with no percentage limit on any category. This provides Minnesota Housing the ability to adjust to the actual mix of loans in its pipeline. Ginnie Mae MBS were approximately 2/3 of this issue, similar to Series C/D.

- Finance a substantial portion of the issue as taxable bonds.

- Increase the total issue sizing based on investor interest.

Rating. Bonds under the HFB indenture are rated Aaa by Moody's.

Hedging. Minnesota Housing has remained fully hedged on its pipeline until the bonds are sold or MBS are delivered to mortgage buyers. This protects the Agency from risk if interest rates rise between the time the loans are committed and they are packaged into MBS (for either bond or TBA sale). The purpose of this strategy is to help make the Agency largely indifferent to changes in rates. By including the hedge losses in the tax-exempt bond yield, the Agency is able to recover these losses over time.

BOND SALE RESULTS. Key highlights are:

1. ***Investor Interest for Series 2017 G and H.*** There was strong institutional interest especially on both series, as described above, allowing the up-sizing of both series.

2. ***Timing.*** The 10-year Treasury started the year at 2.45%, after having risen about 50 basis points following the Presidential election. Rates have fluctuated this year, reaching 2.62% when Series C/D was priced, dropping to a low of 2.14% in early April with a flight to quality due partly to international tensions, and then gradually rising to 2.41% when Series E/F was priced. Rates dropped in May and June, especially due to political volatility, potential impacts of Federal investigations and uncertainty as to the ability of the Administration to pass possible tax cut legislation. The 10 year Treasury was 2.17% when RHFB ABC was priced on June 20th. Rates have fluctuated moderately since and were at almost the same levels when Series G/H was priced.

   This general level of rates reflects the perceived strength of the domestic economy, inflation still below the Federal Reserve target of 2.0%, the Federal Reserve's announced set of rate increases (which began in December and continued in March, with a third increase expected in December 2017), and uncertainty over what type of fiscal stimulus may result from any possible tax cuts and infrastructure spending.

3. ***Successful Sale.*** The sale was very well-priced. The issue was priced into a worsening market, as Treasury yields increased, yet obtained more than enough orders to keep Minnesota Housing's yields unchanged and upsize the issue by $25 million. Given the deteriorating tone in the market, it would not have been possible to push spreads lower instead of upsizing the issue.

4. ***Comparison to GNMA Yields.*** Investors compare yields on pass-through issues to current-coupon GNMAs, as well as Treasuries and municipals. Compared to GNMAs, Minnesota bonds provide much less liquidity in the global markets but do offer tax-exemption. On this transaction, Minnesota Housing was able to achieve as tight a spread to GNMA yields as on the last several HFB issues, with the tax-exempt bond yield slightly *below* the GNMA dealer forecast yield.

	2016 B	2016 C/D	2016 E/F	2016 G/H	2017 A/B	2017 C/D	2017 E/F	2017 G/H
	March 2016	July 2016	Sept. 2016	Oct. 2016	Feb. 2017	Mar. 2017	May 2017	Sept 2017
Minn. Housing bond yield **Tax-Exempt** **Taxable**	**2.70%**	**2.33%** **2.73%**	**2.35%** **2.68%**	**2.30%** **2.65%**	**2.93%** **3.25%**	**3.08%** **3.43%**	**2.85%** **3.20%**	**2.65%** **3.00%**
Yield on GNMA I, 3.0 current coupon, at dealer prepay speed	**2.55%**	**2.08%**	**2.16%**	**2.16%**	**2.82%**	**3.12%**	**2.86%**	**2.67%**
Minn. Housing v. GNMA **Tax-exempt** **Taxable**	**+ 15 bp**	**+ 25 bp** **+ 65 bp**	**+ 19 bp** **+ 52 bp**	**+ 14 bp** **+ 49 bp**	**+ 11 bp** **+ 43 bp**	**- 4 bp** **+ 31 bp**	**- 1 bp** **+ 34 bp**	**-2 bp** **+33 bp**

5. ***Comparable Single-Family Pass-Through Bond Transactions:*** The most recent other new money tax-exempt single-family pass-through issues were Minnesota's E/F issue in May followed by Texas, Wisconsin and Missouri. Minnesota's issues have received the tightest spreads to Treasuries, MMD and GNMA yields.

	Minnesota Housing Tax-Exempt Series E	**Texas DCHA** Tax-Exempt Series A	**Wisconsin HEDA** Tax-Exempt Series A	**Missouri HDC** Tax-Exempt Series B	**Minnesota Housing** Tax-Exempt Series G
Size of Tax-Exempt Series	$39.3 m.	$61.3 m.	$93.0 m.	$54.2 m	$85.0 m.
Rating	Aaa/--	Aa1/AA+	Aaa/AA+	--/AA+	Aaa/--
Pricing Date	May 10, 2017	June 7, 2017	June 19, 2017	Aug. 15, 2017	Sept. 12, 2017
Yield on Tax-Exempt Series	2.85%	2.7%*	2.69%	2.82%*	2.65%
Spread to 10 year US Treasury	44 bp	52 bp	50 bp	55 bp	**48 bp**
Spread to 10 year MMD	68 bp	87 bp	83 bp	91 bp	79 bp
Spread to 3% GNMA (at Dealer Forecast Prepayment Speed)	-1 bp	+4 bp	- 4 bp	+7 bp	-2 bp
Difference between Taxable and Tax-Exempt Series	35 bp	40 bp	n.a.	n.a.	35 bp

*bonds sold at a premium; yield is based on assumed 150% prepayment speed

UNDERWRITING

Underwriters. RBC was the senior manager; regular co-managers were Piper Jaffray and Wells Fargo. Monthly pass-through bonds are sold only to institutional investors, so there was no selling group or rotating co-manager.

Underwriter Fees. Management fees were appropriate, consistent with industry standards and in the same range as fees reported for other housing issues of similar size and structure.

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ISSUE DETAILS

Key Dates:	2017 G & H Bond Pricing	HFB Indenture
	Institutional Order Period:	Tues., Sept. 12, 2017
	Closing Date:	Tues., Sept. 26, 2017

Economic Calendar. During the week prior to the sale, jobless claims increased by 50,000, well above consensus expectation. Consumer credit came in stronger than expected, $18.5 billion, compared to $12.0 billion previous and $16.0 billion consensus forecast, while consumer sentiment remained unchanged.

In the week of the sale, the job openings index (JOLTS) showed that job openings remain strong and at a higher level than hiring. This indicates that employers are having a hard time filling positions. Redbook's same store sales index remained strong, up 4.5% from the same week in 2016.

Treasuries. The 10 year Treasury fluctuated significantly in the weeks prior to the sale. The yield was 2.22% on Aug. 22nd and then dropped to a low of 2.05% on the Thursday prior to the sale. This reflected a flight to quality amid concerns about North Korea and a coming hurricane in Florida. By the beginning of the week, the actual hurricane damage was somewhat less than anticipated and immediate worries over hostilities with North Korea receded with new U.N. sanctions. The 10 year yield rose from 2.06% to 2.14% on Monday Sept. 11th and again by 3 basis points on the date of pricing. Thus the bonds were priced against a market which had been very strong but was weakening.

Municipals. While municipal bond yields generally closely track the movements in Treasury yields, the relationship has been distorted by high profile municipal credit events (Puerto Rico's problems, most recently) and international investment flows, as well as supply and demand for municipal bonds. Municipal bonds have performed slightly better than Treasuries over recent months. Thus, since the EF issue, 10-year MMD has dropped by 31 basis points while the 10-year Treasury declined by 24 basis points. Both levels are virtually identical to what they were when RHFB ABC was priced in late June.

***Municipal Calendar*.** The largest negotiated issues of the week were New York City's $856 million, a $425 million issue for the University of Minnesota priced the day after Minnesota Housing's sale and a $402 million issue for Tennessee State School Bonds.

Minnesota competitive sales included four small issues totaling $9 million on Monday, an $18 million Roseland schools issue on Tuesday.

Other single-family issues included an Orange County, Florida, $20 million issue later in the week.

Issue	Date	10-Year Treasury	10-Year MMD	MMD/ Treasury Ratio	30-Year Treasury	30-Year MMD	MMD/ Treasury Ratio
2015 HFB A	1/12/15	1.92%	1.84%	95.8%	2.49%	2.63%	105.6%
2015 HFB B	3/10/15	2.14%	2.18%	102.0%	2.73%	3.0%	110.0%
2015 HFB C	5/13/15	2.28%	2.24%	98.2%	3.02%	3.21%	106.3%
2015 RHFB ABCD	7/30/15	2.28%	2.23%	97.8%	2.96%	3.14%	106.1%
2015 HFB D	10/08/15	2.12%	2.04%	96.2%	2.96%	3.09%	104.4%
2015 RHFB EFG	11/24/15	2.24%	2.04%	91.1%	3.00%	2.98%	99.3%
2016 A	1/12/16	2.12%	1.78%	84.0%	2.89%	2.73%	94.5%
2016 B	3/1016	1.93%	1.88%	97.4%	2.70%	2.86%	105.9%
2016 RHFB ABC	5/25/16	1.87%	1.66%	88.8%	2.67%	2.45%	91.8%
2016 E/F	7/14/16	1.53%	1.41%	92.2%	2.25%	2.05%	91.1%
2016 E/F	9/12/16	1.68%	1.52%	90.5%	2.40%	2.23%	92.9%
2016 G/H	10/20/16	1.76%	1.73%	98.3%	2.50%	2.56%	102.4%
2016 RHFB DEF	12/13/16	2.48%	2.37%	95.6%	3.14%	3.16%	100.6%
2017 HFB A/B	2/9/17	2.40%	2.28%	95.0%	3.02%	3.06%	101.3%
2017 HFB C/D	3/13/17	2.62%	2.49%	95.0%	3.20%	3.25%	101.6%
2017 HFB E/F	5/20/17	2.41%	2.17%	90.0%	3.03%	3.01%	99.3%
2017 RHFB ABC	6/20/17	2.16%	1.86%	86.1%	2.74%	2.70%	98.5%
2017 HFB G/H	**9/12/17**	**2.17%**	**1.86%**	**85.7%**	**2.78%**	**2.73%**	**98.2%**
Change from E/F		**- 24 bp**	**- 31 bp**	**- 4.3%**	**-25 bp**	**- 28 bp**	**- 1.1 %**

MBS Yields. MBS yields are very relevant because investors can choose between purchasing MBS directly or purchasing Minnesota Housing's bonds backed by MBS. In effect, bond purchasers look as much to the spread between Minnesota Housing's bonds and MBS as they do to the spread between Minnesota Housing bonds and Treasuries. GNMA yields dropped 19 basis points since Series EF and Minnesota's tax-exempt yield dropped by 20 basis points.

Type	Delivery	Coupon	Measure	July 14, 2016	Sept. 12, 2016	Oct. 20, 2016	Feb. 9, 2017	Mar. 13, 2017	May 10, 2017	Sept. 12, 2017
GNMA	Current	3.0	Price	104.64	104.36	104.43	101.11	99.27	100.89	101.92
			Yield*	**2.08%**	**2.16%**	**2.21%**	**2.83%**	**3.12%**	**2.86%**	**2.67%**
			Dealer Forecast % PSA	252%	230%	224%	160%	159%	160%	184%
FNMA	Current	3.5	Price	105.52	105.33	105.18	102.58	100.77	102.33	103.55
			Yield*	**2.25%**	**2.33%**	**2.47%**	**3.10%**	**3.38%**	**3.11%**	**2.77%**
			Dealer Forecast % PSA	341%	315%	277%	168%	140%	178%	244%
10-Year Treasury	n/a	n/a	Yield	**1.53%**	**1.68%**	**1.75%**	**2.40%**	**2.62%**	**2.41%**	**2.17%**
GNMA to 10-Year Treasury	n/a	n/a	Yield*	**135.95%**	**128.57%**	**126.41%**	**117.90%**	**118.92%**	**118.69%**	**122.94%**
GNMA to 10-Year MMD	n/a	n/a	Yield*	**147.52%**	**142.11%**	**127.87%**	**124.11%**	**125.13%**	**131.82%**	**143.44%**
Minnesota Housing	Tax-exempt			**2.33%**	**2.35%**	**2.30%**	**2.93%**	**3.08%**	**2.85%**	**2.65%**
	Taxable			**2.73%**	**2.68%**	**2.65%**	**3.25%**	**3.43%**	**3.20%**	**3.00%**

* Yield at dealer forecasted prepayment speed