

DEFERRED LOANS

National Housing Trust Fund (NHTF)

Program Overview

Minnesota Housing's NHTF Program provides opportunities to increase or preserve the supply of multifamily rental housing for extremely low-income families. This program provides funding to add a supply of affordable housing to markets where there is strong evidence of an inadequate supply.

Up to one third of NHTF funding may also be used for Operating Assistance for eligible costs.

Application Process

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

Lending Terms

Eligible Properties: Multifamily rental housing that can conform to the federal requirements of the NHTF Program, including rent and income limits for the term of the affordability period. Projects that apply for NHTF Operating Assistance are limited to new construction or unoccupied adaptive reuse projects only.

Loan Purpose:

Capital Funding: New construction, rehabilitation or acquisition of multifamily rental housing.

Operating Assistance: If applying for Operating Assistance, funds may be used for eligible costs and will be coupled with capital funding. The Operating Assistance funding award amount will be determined based on the cumulative negative Net Operating Income (NOI) of the units assisted by the Operating Assistance for a period of up to 15 years of the affordability period.

Loan Parameters:

Capital Funding: Funds will be made available as a zero percent loan, with payment deferred for 30 years. Loan terms may be adjusted based on requirements and conditions of the federal assistance or other funding sources. Rent and income restrictions will apply for the term of affordability, which is 30 years. Per-unit subsidy limits are required and are set by Minnesota Housing. Whenever a new Qualified Allocation Plan (QAP) is adopted or modified, adjustments are then made based on cost trends.

Operating Assistance: Funding provided for up to five years under a grant agreement that could be renewed upon expiration, to the extent NHTF funds continue to be available, or structured as operating reserves funded for up to the full 30-year affordability period. Reserves funded for less than the affordability period could be renewed upon expiration to the extent that NHTF funds continue to be available.

Term and Amortization: Deferred 30 years.

Borrower:	A for-profit entity; 501(c)(3) nonprofit entity (including Community Housing Development Organizations [CHDO]); government unit (excluding the federal government); or religious organization. The owner must provide evidence of a qualifying interest in the property with such interest recorded and appearing in the records of the county. Properties owned by a trust are not eligible to apply for NHTF funds. The minimum qualifying interest is a 100 percent fee simple interest, which may be subject to a mortgage.
Recourse:	Full recourse.
Interest Rate:	Zero percent unless other funds, such as tax credits, require an interest rate.
Prepayment and Assumption:	Negotiable; the rent and income restrictions will remain in effect for the term of affordability regardless if the loan is paid in full or an assumption is allowed.
Federal Crosscutting Requirements:	<ul style="list-style-type: none"> • Davis Bacon and related acts: Does not apply • Environmental Review: Does apply • Fair Housing: Does apply • Uniform Relocation Act: Does apply • Violence Against Women Act: Does apply
Income and Rent Limits:	Extremely low-income limits (30% of AMI for families with incomes at or below the poverty line, whichever is greater) with rents plus utilities capped at 30% of the income of a household whose income is 30% of AMI .
Repairs Qualifications:	<p>Properties funded through the NHTF Program must follow Minnesota Housing’s Rental Housing Design/Construction Standards, which include specific requirements related to federally funded projects. Properties served with NHTF funds shall be brought into conformance with all applicable state and local codes, standards and ordinances by project completion. In a case where standards differ, the most restrictive standards will generally apply.</p> <p>Properties must meet local housing habitability or quality standards throughout the effective period unless no such standards exist. If no such standards exist, HUD’s Uniform Physical Conditions Standards (UPCS) as set forth in 24 CFR 5.703 will apply. If any of the major systems are not being repaired or replaced during construction, a reserve account must be funded if the system(s) will need to be replaced during the affordability period.</p>
Monitoring:	Owners must submit an owner’s certification and report occupancy data annually using Minnesota Housing’s online reporting tool. Minnesota Housing will conduct asset management oversight. Properties will be inspected periodically, including a review of tenant files and other administrative records.
Third Party Reports:	May include reports such as an appraisal, Phase I environmental clearance, radon, asbestos, lead, and a physical needs assessment.

Questions

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