



MEETINGS SCHEDULED FOR MARCH

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

THURSDAY, MARCH 22, 2018

Regular Board Meeting
Lake Superior Conference Room- Fourth Floor
1:00 p.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, February 22, 2018.

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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AGENDA
Minnesota Housing Board Meeting
Thursday March 22, 2018
1:00 p.m.

- 1. Call to Order**
- 2. Roll Call**
- 3. Agenda Review**
- 4. Approval of Minutes**
 - A. Regular Meeting of February 22, 2018
- 5. Reports**
 - A. **Chair**
 - B. **Commissioner**
 - C. **Committee**
- 6. Consent Agenda**
 - A. Approval, Waiver of Minnesota Statute Section 462A.34 Visitability Requirement, Minnehaha Townhomes, Minneapolis, D7948
 - B. Approval, Revision to the Homework Starts with Home Pilot Program Concept
- 7. Action Items**
 - A. Approval, Workforce Housing Development Program Funding Recommendations
 - B. Approval, Final 2018 Annual Action Plan
- 8. Discussion Items**

None.
- 9. Information Items**
 - A. Post-sale report for HFB 2018 Series AB
- 10. Other Business**

None.
- 11. Adjournment**

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DRAFT MINUTES

Minnesota Housing Finance Agency Board Meeting**Thursday February 22, 2018**

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 1:00 p.m.

2. Roll Call.

Members Present: John DeCramer, Joe Johnson, Craig Klausung, Damaris Hollingsworth, and Ramona Advani.

Minnesota Housing staff present: Tal Anderson, Ryan Baumtrog, Wes Butler, Kevin Carpenter, Jessica Deegan, Rachel Franco, Shannon Gerving, Umar Hassan, Krissi Hoffman, Summer Jefferson, Margaret Kaplan, Kasey Kier, Tresa Larkin, Khai Le, Nira Ly, Eric Mattson, Tom O'Hern, John Patterson, Tony Peleska, Devon Pohlman, Megan Ryan, Terry Schwartz, Nancy Slattsveen, Anne Smetak, Barb Sporlein, Kim Stuart, Mary Tingerthal, and Katie Topinka.

Others Present: Anne Mavity, Minnesota Housing Partnership; Carolyn Szczepanski, Minnesota Housing Partnership.

3. Agenda Review.

Chair DeCramer indicated that there were no changes to the agenda. The board received an updated board report for Action Item 7C and Discussion Item 8B.

4. Approval of the Minutes.**A. Regular Meeting of January 25, 2018**

Motion: Joe Johnson moved the approval of the minutes. Seconded by Damaris Hollingsworth. Motion carries 5-0.

5. Reports.**A. Chair**

None.

B. Commissioner

Commissioner Tingerthal shared the following with the board:

- Stephanie Klinzing is out ill today and Terri Thao had an all-day staff retreat
- The Legislative Session started on February 20 and we have our first presentation to the Senate Committee later this month. Commissioner Tingerthal reviewed the 2017 Program Assessment Report. The report was provided to the board and is available online.
- Housing Task Force had its second full task meeting earlier this week. The Working Groups are meeting regularly. The Regional Forums are being scheduled. Locations for March and April are set.

- February 28, our building owners are hosting the staff for a Minnesota Wild practice session. Board members are welcome to attend.
- Tony Peleska introduced Khai Le. Khai is an Enterprise Architect in the Business Technology division.
- Katie Topinka introduced Umar Hassan. Umar is our Capital Pathways intern for the Legislative Session.

C. Committee.

None

6. Consent Agenda

A. Approval, Community Fix Up Loan Program, Center for Energy & Environment

Motion: Damaris Hollingsworth moved the approval of items on the Consent Agenda. Seconded by Craig Klausing. Motion carries 5-0.

7. Action Items

A. Approval, Homeownership Program and Manual Changes

Krissi Hoffman presented to the board the request for approval of changes to the down payment and closing cost loan programs: 1) decrease the Deferred Payment Loan (DPL) income limits; 2) increase the Monthly Payment Loan (MPL) maximum income limit; 3) increase the MPL maximum loan amount; 4) implement a consistent homebuyer education requirement for first time homebuyers; and 5) approve the corresponding changes to the Start Up and Step Up Program Procedural Manuals.

Chair DeCramer opened up the discussion. Craig Klausing inquired if we should be concerned that with the increase of the income limit for the deferred payment loan, it's causing borrowers from the lower end of the spectrum to fall out of the program. Krissi indicated that we have not lost as many participants as we initially anticipated. Kim Stuart, Manager, Single Family Division added context to Craig's inquiry. Chair DeCramer inquired how the Area Median Income Guidelines are determined. Staff indicated that HUD releases the guidelines.

Motion: Joe Johnson moved the approval of the Homeownership Program and Manual Changes. Seconded by Ramona Advani. Motion carries 5-0.

B. Approval, Fix Up Home Improvement Program and Manual Changes

Krissi Hoffman presented to the board a request for approval for the following changes to the Fix Up Loan (FUL) Program: 1) use qualifying income to determine program eligibility; 2) match Fix Up Loan Program income limits to Step Up Loan Program income limits; 3) increase the garage size limit to 1,000 square feet (from 800 square feet); 4) eliminate the requirement to provide a copy of the deed for unsecured transactions (owner occupancy will still be verified); 5) allow the actual cost of a credit report to be passed on to the borrower; 6) incorporate Community Fix Up Loan criteria into the FUL Procedural Manual; 7) offer an interest rate discount for both secured and unsecured loans using automatic payments (ACH); and 8) approve corresponding changes to the Fix Up Loan Program Procedural Manual.

Chair DeCramer opened up the discussion. Chair DeCramer inquired about section 2.09., and what happens in the event that both spouses are unable to sign the documents. Krissi indicated

that on secured transactions homeowners would have to work with their title company. This scenario would require the lender to contact us and we would determine next steps.

Motion: Craig Klausing moved approval of the Fix Up Home Improvement Program and Manual Changes. Seconded by Damaris Hollingsworth. Motion carries 5-0.

C. Approval, Community Homeownership Impact Fund Program Procedural Manual
Nick Boettcher presented to the board a request for approval of the Community Homeownership Impact Fund (Impact Fund) Program Procedural Manual.

Chair DeCramer opened up the discussion. Craig Klausing inquired on several items in the manual. Staff provided answers to the inquiries.

Motion: Damaris Hollingsworth moved approval of the Community Homeownership Impact Fund Program Procedural Manual. Seconded by Ramona Advani. Motion carries 5-0.

D. Approval, Proposed State of Minnesota Housing Tax Credit 2020 Qualified Allocation Plan (QAP) and the 2020 Housing Tax Credit Program Procedural Manual

Summer Jefferson and Devon Pohlman presented to the board a request for the adoption of a motion to approve the release of the proposed State of Minnesota Housing Tax Credit 2020 Qualified Allocation Plan (QAP), the 2020 Housing Tax Credit Self-scoring Worksheets and the 2020 Housing Tax Credit Program Procedural Manual in draft form for public comment.

Chair DeCramer opened up the discussion. Chair DeCramer inquired about the expiration of appraisal applications. Summer Jefferson, Devon Pohlman, and Commissioner Tingerthal provided responses and background information regarding the application fee procedure.

Motion: Joe Johnson moved approval of the Proposed State of Minnesota Housing Tax Credit 2020 Qualified Allocation Plan (QAP) and the 2020 Housing Tax Credit Program Procedural Manual. Seconded by Ramona Advani. Motion carries 5-0.

E. Approval, Delegation Regarding HUD RFP for Performance Based Contract Administration of Section 8 Project Based Rental Contracts

Tom O'Hern and Anne Smetak presented to the board a request to delegate authority to the Commissioner to execute agreements among Minnesota Housing, the Wisconsin Housing and Economic Development Authority, the Michigan State Housing Development Authority and any other state entities necessary to respond to the HUD RFP for Performance Based Contract Administration (PBCA) of Section 8 Based Rental Contracts.

Chair DeCramer opened up the discussion. Board members asked several questions and staff provided answers.

Motion: Craig Klausing moved approval of the Approval, Delegation Regarding HUD RFP for Performance Based Contract Administration of Section 8 Project Based Rental Contracts. Seconded by Joe Johnson. Motion carries 5-0.

8. Discussion Items

A. Draft Analysis of Impediments to Fair Housing Choice

Jessica Deegan provided the board with an overview of the Draft Analysis of Impediments to Fair Housing Choice Plan.

B. 2nd Quarter FY 2018 Financial Reporting Package

Terry Schwartz and Kevin Carpenter reviewed the FY 2018 Financial Reporting package.

C. 2018 Affordable Housing Plan and 2016-19 Strategic Plan: First Quarter Progress Report

John Patterson reviewed the 2018 Affordable Housing Plan and 2016-19 Strategic Plan First Quarter Progress report.

9. Information Items

A. Semi-Annual Variable Rate Debt and Swap Report

B. Draft Annual Action Plan for FFY 2018 and Consolidated Plan Substantial Amendment

10. Other Business

A. Report on Commissioner's Evaluation

11. Adjournment

The meeting was adjourned at 3:18 p.m.

John DeCramer
Chair

Item: Approval, Waiver of Minnesota Statutes Section 462A.34 Visitability Requirement
- Minnehaha Townhomes, Minneapolis, MN (D7948)

Staff Contact(s):

Sara Bunn, 651.296.9827, sara.bunn@state.mn.us

Erika Arms, 651.296.9850, erika.arms@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Staff requests board approval of a waiver of Minnesota Statutes Section 462A.34 Visitability Requirement.

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
- Recommendation

Background:

Minnehaha Townhomes is a new construction townhome development located in Minneapolis that is being developed by the Minneapolis Public Housing Authority (MPHA). Minnehaha Townhomes will consist of four separate townhome buildings with four, two-bedroom units and 12, three-bedroom units. The development was selected for a deferred loan of \$1,170,475 under the Economic Development and Housing Challenge (EDHC) program in October 2016.

Staff recommends adoption of a motion to approve a waiver of Minnesota Statutes Section 462A.34 Visitability Requirement, which reads:

“All new construction of single-family homes, duplexes, triplexes, and multilevel townhouses that are financed in whole or in part by the agency must incorporate basic visitability access into their design and construction. For the purpose of this section, “visitability” means designing a dwelling so that people with mobility impairments may enter and comfortably stay for a duration. The specific design elements include one no-step entrance, 32-inch clear doorways throughout the dwelling, and a one-half bathroom on the main level. The agency may waive the one-half bathroom requirement if it reduces affordability for the targeted population of the agency program from which it is funded. The agency may waive the no-step entrance requirement if site conditions make the requirement impractical or if it reduces affordability for the targeted population of the agency program from which it is funded. This section does not apply to owner-occupied housing financed by the agency through a mortgage program unless the agency has provided appropriated funds to finance the construction of the new owner-occupied housing.”

Four of the townhome units will not meet the state statute Visitability Requirement for “no step entrances” due to a significantly sloped area on a portion of the Minnehaha Townhomes site in Minneapolis, which makes this requirement structurally impractical. All other visitability design elements for these four townhome units will be met.

Recommendation:

As allowed for under the Statute, Agency staff recommends adoption of a motion approving a waiver of Minnesota Statutes Section 462A.34 Visitability Requirement requiring “no step entrances” for four of the units in the Minnehaha Townhomes project. Site conditions make the requirement impractical and could reduce the affordability for the population it intends to serve.



Board Agenda Item: 6.B
Date: 3/22/2018

Item: Approval, Allocation of Resources and Revision to the Homework Starts with Home Pilot Program Concept

Staff Contact(s):

Joel Salzer, 651.296.9828, joel.salzer@state.mn.us

Diane Elias, 651.284.3176, diane.elias@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Staff presented, and received approval for, the Homework Starts with Home (HSWH) initial pilot program concept at the December 2017 board meeting. Since this time, Minnesota Housing has identified: (1) the availability of additional resources under this HSWH Request for Proposals (RFP); and (2) a more efficient process to issue these funds. Staff is seeking approval of these two changes from the original program concept.

Fiscal Impact:

Minnesota Housing has the additional resources (\$1.75M in Housing Trust Fund (HTF) and \$150,000 in Family Homelessness Prevention and Assistance Program [FHPAP]) as a result of returned funds from previous grants. There would be no negative impact on existing programs if the request is approved.

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):

- Copy of Initial Program Concept

Program Concept Revision:

Minnesota Housing, in partnership with the Office to Prevent and End Homelessness, the Minnesota Department of Education, the Minnesota Department of Human Services, and the Heading Home Minnesota Funders Collaborative, will initiate the grantee selection process for the HSWH pilot program, an initiative focused on addressing homelessness among students and their families. This effort builds on the successful rental assistance pilot for Homeless and Highly Mobile Students, which Minnesota Housing has funded since 2014. Minnesota Housing received appropriations of \$2 million in 2017 to support the HSWH program.

Since approving the program concept, including the original available funding amounts, in December 2017, Minnesota Housing has identified an additional \$1.75 million of HTF and \$150,000 of FHPAP funds that it would like to make available under the HSWH RFP. These resources represent returned funds to Minnesota Housing from previously committed grants under these programs. With these increases, the HSWH RFP will now make available up to \$3.5 million in HTF funds and up to \$400,000 in FHPAP funds,

The initial program concept also described using a Letter of Intent (LOI) process to determine if applicants met the minimal threshold criteria and to involve invited participants in design sessions that would help them develop best practices for their own local response to student homelessness. In consultation with interested parties, staff has determined that the LOI process is an unnecessary step to issue funds for this pilot and that the outcomes of the proposed design sessions can be achieved in other ways. Potential applicants will benefit from a robust RFP information session as well as education and training on specific service approaches to be used in the HSWH program. Potential applicants may then use this information to design proposed models that will work best in their local community.

Minnesota Housing anticipates releasing the RFP notice by May 2018, with selection and funding recommendations presented to Minnesota Housing's board no later than August 2018.

The board approval in December 2017 was a motion only; therefore there is no resolution to revise. Staff requests approval of the proposed changes to the initial program concept, including the allocation of funds from the HTF and FHPAP programs to be used in conjunction with the Homework Starts with Home initiative. A copy of the initial program concept is attached for reference.



*Homework Starts with Home
Pilot Program Concept*

Background

Minnesota Housing, in partnership with the Office to Prevent and End Homelessness, the Minnesota Department of Education (MDE), the Minnesota Department of Human Services (DHS) and the Heading Home Minnesota Funders Collaborative (Funders Collaborative), which is a group of philanthropic partners supporting the implementation of Minnesota's Heading Home plan, is preparing to implement the Homework Starts with Home pilot program. This is an initiative focused on addressing homelessness among students and their families. Last year, public and charter schools across Minnesota identified over 9,500 students who were experiencing homelessness on October 1, 2016. The students were from 1,200 schools statewide, spanning 300 school districts and 77 counties. Homelessness disproportionately impacts students of color, American Indian students, students with disabilities, and lesbian, gay, bisexual, transgender, or questioning (LGBTQ) young people. Over the past decade, student homelessness has increased an average of 15 percent per year.

Minnesota Housing has combatted student homelessness in both broad and specific ways. During the 2013 legislative session, Minnesota Housing secured a Housing Trust Fund (HTF) appropriation to launch the Rental Assistance Pilot for Homeless and Highly Mobile Students (HHMS pilot). The HHMS pilot began serving families in 2014 and has served over 190 families in three sites (the Northside Achievement Zone in Minneapolis; the St. Paul Promise Neighborhood; and Clay County, including the city of Moorhead). An evaluation of the pilot found that it stably housed 90 percent of families served, stabilized school attendance (a key predictor of academic success), and increased family incomes. (The evaluation is attached to this report.) Based on the early success of this pilot, the 2015 Legislature allocated an additional, one-time HTF appropriation of \$2 million. Minnesota Housing committed these funds to the existing grantees to continue pilot operations for two more years.

Over this past year, Minnesota Housing collaborated with the Office to Prevent and End Homelessness, MDE, DHS and the Funders Collaborative to develop the Homework Starts with Home program concept that would build upon the successes and learnings of the HHMS pilot. These partners created a leadership team to guide the development and implementation of the initiative. Minnesota Housing is represented on that leadership team by Assistant Commissioner, Ryan Baumtrog; Director of Planning, Research, and Evaluation, John Patterson; Legislative Director, Katie Topinka; Housing Stability Team Manager, Joel Salzer; and Program Manager, Diane Elias.

Funding dedicated to the initiative includes \$1.75 million in HTF funds and \$250,000 in Family Homeless Prevention and Assistance Program (FHPAP) funds, which were appropriated during the 2017 legislative session. In addition, the Funders Collaborative has garnered over \$330,000 in philanthropic support for the initiative, and the University of Minnesota awarded a \$540,000 Grand Challenge research grant to a team of university faculty and state staff to conduct a robust evaluation of the initiative's impact. (The Home Work Starts with Home Grand Challenge Executive Summary is attached to this report.)

To inform the Homework Starts with Home grantee selection process, the leadership team developed and issued a Request for Information (RFI) in October 2017 seeking guidance from critical stakeholders about what they thought was needed to end student homelessness in communities across Minnesota. Nineteen written responses were submitted and more than a dozen participants offered insights and suggestions

during a stakeholder feedback session. Schools, counties, nonprofit agencies, housing authorities, philanthropic organizations and people who have personally experienced homelessness were among the respondents.

Based in part on the feedback from the RFI, the Homework Starts with Home leadership team is proposing to select grantees using a two-stage process. In the first stage, Minnesota Housing would issue a Request for Letters of Interest (LOI). This Request for LOI would invite brief collaborative responses from local partners interested in developing their capacity to end student homelessness. Each LOI would:

- Identify the parties responding to the request, specifically naming a lead entity and identifying the geographic area covered
- Describe any partnerships that already exist among the parties, specifically highlighting any work focused on student homelessness
- Identify the individuals and roles of those who would participate in the program design sessions
- Offer reactions and feedback on key ingredients of the Homework Starts with Home initiative and highlight any existing efforts that align with it
- Indicate any preliminary need of financial resources, including funds needed to promote meaningful participation among students and families who have experienced homelessness
- Briefly describe any existing community resources that can be applied to efforts to respond to student homelessness or that could be coupled with resources allocated through this competitive process
- Share any specific requests for training or capacity building to create a stronger response to student homelessness

Minnesota Housing would review responses to ensure they meet threshold criteria. Eligible respondents would be invited to participate in program design activities that would promote enhanced local responses to student homelessness in their community. These voluntary activities – anticipated to span two to three months after LOIs are submitted – would be supported through philanthropic resources committed to the initiative and may involve engaging local and national experts to advise participating communities about options for strengthening their current response to student homelessness.

At the completion of the program design activities phase, Minnesota Housing would issue a Request for Proposals (RFP) for which LOI respondents that meet the threshold criteria would be eligible to apply. Through the RFP, respondents would request specific funding from the HTF, FHPAP and philanthropic resources. Similar to Minnesota Housing's Consolidated RFP for capital resources, selection decisions would be a collaborative and joint effort among leadership team members, with Minnesota Housing retaining authority to make final decisions relative to HTF and FHPAP resources. The Funders Collaborative would retain authority relative to the philanthropic resources.

Available Funding

Funding for this pilot program includes:

- HTF funds: \$1.75 million
- FHPAP funds: \$250,000
- Philanthropic funds: over \$330,000, including \$176,000 meant to support local capacity in responding to student homelessness

Pilot Program Objectives

The objectives for Homework Starts with Home are:

- To identify and partner with communities interested in organizing more effective collaborative responses to student homelessness
- To foster stronger local collaboration within those communities, recognizing that most communities have significant opportunities to improve collaboration in response to student homelessness
- To strengthen the response to student homelessness among these communities, leveraging local and nationwide evidence-based and promising practices
- To demonstrate meaningful reductions in student homelessness among communities participating, to demonstrate the effective use of resources, and to guide future program and policy efforts to end student homelessness

Minnesota Housing Request for Proposals (RFP)

We anticipate releasing the Request for LOI in January 2018, with responses received and selected in February. Program design activities would be provided in March and April, with an expected issuance of the RFP in late April with responses due by the end of May. Selections would occur in June and brought to the board for approval in July.

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Board Agenda Item: 7.A
Date: 3/22/2018

Item: Approval, Workforce Housing Development Program Funding Recommendations

Staff Contact(s):

Katie Moore, 651.296.6354, katie.moore@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Staff requests approval for the funding of five Workforce Housing Development Program applicants for a combined award of \$2,073,000.

Fiscal Impact:

The Workforce Housing Development Program is funded by \$4 million in state appropriations for the 2018-2019 biennium. Funding aligns with the agency's Affordable Housing Plan. The proposed resolution allocates approximately half of the funds appropriated.

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):

- Program Description
- Funding Recommendations
- Background
- Selection and Scoring Overview
- Resolution

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DEFERRED LOANS/ GRANT PROGRAMS

Workforce Housing Development Program

Program Overview

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

Application Process

Applications are accepted on an annual basis through a competitive Request for Proposals (RFP).

Application Requirements

Eligible Applicants:	<p>An eligible applicant is an eligible project area. An eligible project area is either:</p> <ul style="list-style-type: none"> • 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. <p>Preference will be given to projects located in an eligible project area with 30,000 or fewer residents.</p>
Eligible Properties:	Market rate or mixed income residential rental properties.
Eligible Activities:	New construction or adaptive reuse. Rehabilitation of occupied rental housing is not an eligible activity under this program.
Letter of Support:	Letter of support from a local business or businesses that employ a minimum of 20 full-time employees in aggregate.
Matching Requirement:	<p>Applicants must match the funds requested at a minimum of one dollar for every two dollars. A local government resolution that stating the amount of committed matching funds from the local government, a nonprofit organization, a business, or a combination, is required. Match can come from (but is not limited to) tax increment financing (TIF), tax abatement, cash funds, grants, land donation, in-kind donations.</p> <p>Matching funds cannot come from the developer or an entity affiliated with the developer.</p>
Qualified Expenditures:	Funds can only be used for qualified expenditures. Qualified expenditures include acquisition of property; construction of improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public infrastructure and related financing costs.
Vacancy Rate:	Vacancy rate in the community must be at or below 5 percent.

Funding Terms

Funding Options:	Applicants choose to request funds in the form of a grant or a deferred loan.
Grant Terms:	<ul style="list-style-type: none">• Three year grant contract• Construction must begin within 12 months of contract execution• Construction must be complete within 24 months of construction start
Deferred Loan Terms:	<ul style="list-style-type: none">• Three year unsecured loan• Zero percent interest• Forgivable• Construction must begin within 12 months of contract execution• Construction must be complete within 24 months of construction start
Maximum Funding Amount:	The amount of funds requested cannot exceed 25% of the Total Development Costs (TDC).
Reporting and Monitoring:	Recipients will be subject to annual reporting and monitoring during the term of grant or loan, which includes but is not limited to, submitting an annual certification that the development continues to operate as rental housing.

Questions

Katie Moore: 651.296.6354 or katie.moore@state.mn.us

Agenda Item: 7.A
Funding Recommendations

Funding Recommendations:

Minnesota Housing's first RFP publicizing \$2 million in available funds for the new Workforce Housing Development Program closed on January 25, 2018. Seven applicants applied: Pelican Rapids, Albert Lea, Duluth, Luverne, Baudette, Hutchinson and Montevideo, for a total request of \$3,906,272. Staff recommends funding five Workforce Housing Development Program applications for a total of \$2,073,000.

The following table summarizes the final scores, funding requests, funding recommendations and other pertinent information:

Applicant	Funding Request	Funding Option	Funding Recommendation	# of Units	Total Development Costs (TDC)
Pelican Rapids	\$ 563,000	Grant	\$ 563,000	32	\$ 4,945,389
Luverne	\$ 680,000	Grant	\$ 680,000	27	\$ 4,369,500
Duluth	\$ 800,000	Grant	\$ 180,000	96	\$18,928,863
Albert Lea	\$ 150,000	Deferred Loan	\$ 150,000	12	\$ 1,181,206
Baudette	\$ 500,000	Deferred Loan	\$ 500,000	24	\$ 3,012,975
			\$ 2,073,000		

Background:

In 2017, the Minnesota 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.

The Workforce Housing Development Program's objective is to create market rate residential rental housing to address the lack of workforce housing in Greater Minnesota. While the statute allows mixed-income developments incorporating both market-rate and affordable units, the program has a statutory preference for projects with the highest percentage of market rate units.

Applicants requested one of two funding options: a grant or a forgivable deferred loan. Minnesota Housing will enter into a Grant Contract or a Deferred Loan Funding Agreement with the eligible applicant city, which in turn is responsible for administering the funds to the project. Construction will begin within 12 months of executing the Grant Contract or Deferred Loan Funding Agreement, and construction completion must occur within 24 months of construction start. Monitoring and reporting requirements will apply.

Selection and Scoring Overview:

Applications were reviewed and scored in three phases. A primary reviewer reviewed applications to verify all threshold requirements were met (outlined below). A primary and secondary reviewer then reviewed and scored five categories (outlined below). Initial scores and information were presented to a selection committee who then provided a feasibility score (outlined below) totaling 30 percent of the score.

Applications were assessed on whether they met the minimum threshold requirements:

- The project is located in an eligible project area
- The vacancy rate has been at or below 5 percent for the previous two years
- Funds will be used for eligible uses
- The applicant secured matching funds of a minimum of \$1 for every \$2 requested from the local city, a local business or a local nonprofit
- There was community support as demonstrated by a letter from at least one employer with a minimum of 20 full-time equivalent employees
- The funding request was at or below 25 percent of the Total Development Cost (TDC)

Applications were then reviewed and scored on the following selection criteria categories:

- Readiness to Proceed (site control, zoning, secured financing) – 25 percent of score
- Leverage (funding request as a percentage of the total development costs) – 25 percent of score
- Market Rate (share of all units) – 10 percent of score
- Community Size (population of project area) – 10 percent of score
- Feasibility (community need, capacity of the development team) – 30 percent of score

Applications were also reviewed for financial feasibility, including the following factors:

- Developer's fees
- Cash flows
- Project costs

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

RESOLUTION NO. MHFA 18-
RESOLUTION APPROVING SELECTIONS FOR THE WORKFORCE HOUSING DEVELOPMENT PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an appropriation of funds to support the Workforce Housing Development Program; and

WHEREAS, the Agency has received applications for funds that will be used to build market rate residential rental properties in Greater Minnesota communities with proven job growth and demand for workforce rental housing; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; and that the applications will assist in fulfilling the purpose of Minn. Stat. Ch. 462A.39; and

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Minnesota Housing staff to enter into Grant Contracts or Deferred Loan Agreements in the amounts listed below:

Applicant	Funding Option	Funding Recommendation
Pelican Rapids	Grant	\$ 563,000
Luverne	Grant	\$ 680,000
Duluth	Grant	\$ 180,000
Albert Lea	Deferred Loan	\$ 150,000
Baudette	Deferred Loan	\$ 500,000
		\$ 2,073,000

Adopted this 22nd day of March 2018

CHAIRMAN

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Item: Final Annual Action Plan for FFY 2018 and Consolidated Plan Substantial Amendment
Staff Contact(s):

Jessica Deegan, 651.297.3120, jessica.deegan@state.mn.us

Request Type:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information |

Summary of Request:

Staff seeks approval of the State of Minnesota's Annual Action Plan for Federal Fiscal Year 2018 and Substantial Amendment to the 2017-2021 Consolidated is completed and ready to submit to HUD. The attached executive summary and selected sections of the plan provide details of the annual goals and objectives for the agency's HOME Investment Partnerships, National Housing Trust Fund (NHTF), and Housing Opportunities for Persons with AIDS (HOPWA) programs.

Fiscal Impact:

The plan includes estimates for FFY 2018 allocations and available funds: \$6,850,300 for HOME, \$3,120,000 for NHTF, and \$172,000 for HOPWA.

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
- Final AAP Executive Summary, Goals and Objectives, and Substantial Amendment
- Public Comments

Background

Minnesota Housing, along with the Department of Employment and Economic Development and Department of Human Services, has developed its Annual Action Plan for Federal Fiscal Year (FFY) 2018, and includes a Substantial Amendment to the 2017-2021 Consolidated Plan. The Consolidated Plan and Annual Action Plans within it provide details of the State's plan for funds received through the US Department of Housing and Urban Development's Community Planning and Development Division, including HOME Investment Partnerships, Housing Opportunities for Persons with AIDS, and the National Housing Trust Fund as received by Minnesota Housing. These plans are required in order to receive these funds.

Minnesota Housing expects to receive \$5,850,300 in allocation from the HOME program and anticipates an additional \$1,000,000 in program income from that program to be utilized in FFY 2018. We expect \$3,120,000 in National Housing Trust Fund (NHTF), and \$172,000 for the HOPWA programs. Until a final FFY 2018 budget is passed in congress, we will not know final funding amounts. These figures are based on current status in House and Senate appropriations bills.

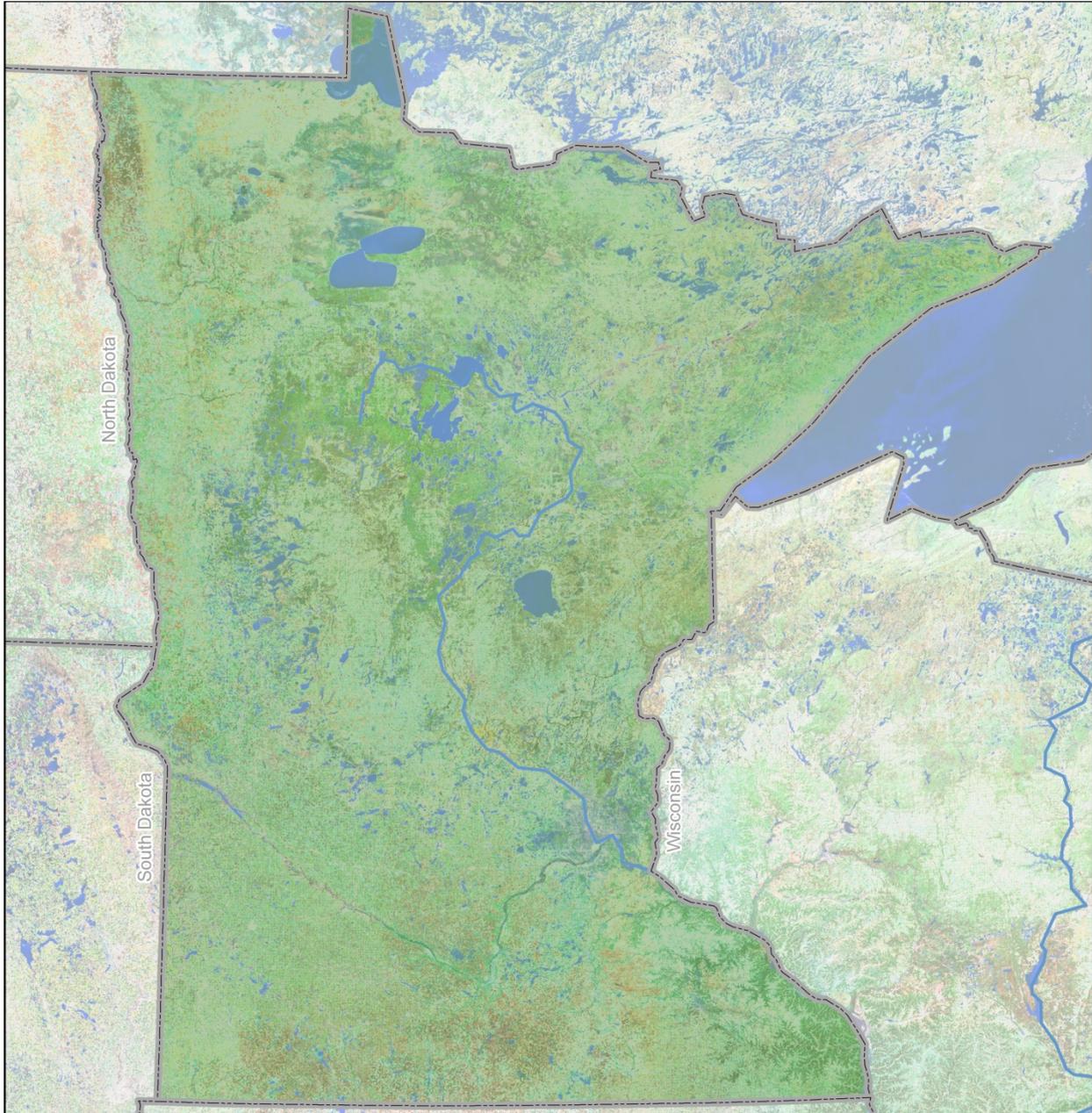
We anticipate constructing or rehabilitating 200 units of affordable rental housing with these funds. The HOME program will serve low and moderate income renters while the National Housing Trust Fund will serve, as required, extremely low income renters (with incomes less than 30 percent of area median income). HOME and NHTF will be available through the agency's annual consolidated Request for Proposals (RFP) this spring. In addition to capital financing, the NHTF program may also be used for a small portion of operating cost assistance (as up to 30% of the grant may be used in that manner). Both HOME and NHTF are available state wide.

For HOPWA, we anticipate serving 180 persons, partnering with the Minnesota AIDS Project to administer short term rent, mortgage, and utility assistance in Greater Minnesota.

As for the Substantial Amendment to the 2017-2021 Consolidated Plan, Minnesota Housing is required to complete a substantial amendment if program design changes substantially. In this case, priority needs were amended to include high priority homeless and persons with disabilities as priority populations. These priority areas are consistent with agency priority areas in the RFP and Affordable Housing Plan

This draft Annual Action Plan was available for public comment 1/31 through 3/2. The agency received two written comments on the plan, which are attached in full. Comments pertinent to Minnesota Housing activities include clarification of affordable housing goals – where the narrative described estimates that totaled 172 units of assistance while the overall goal is 200. This discrepancy is due to estimates by program and total units will depend on costs, market conditions, as well as the potential use of operating subsidy as part of the NHTF program. Another comment related to Minnesota Housing specifically pertains to the substantial amendment, requesting that the agency track investments by population served if allowing for priority needs of high priority homeless and persons with disabilities. By identifying as priority populations, both populations will indeed be reported on in the next Consolidate Annual Performance Evaluation Report (CAPER). Staff recommends no changes to the Annual Action Plan or Consolidated Plan as a result of these comments.

MINNESOTA ANNUAL ACTION PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT 2018



Executive Summary and Selected Sections
for Minnesota Housing Board Meeting 3/22

FINAL: March 22, 2018

Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

Since the U.S. Department of Housing and Urban Development (HUD) has required consolidating the planning, application, reporting, and citizen participation processes for the formula grant programs: Community Development Block Grants (CDBG), Home Investment Partnerships (HOME), National Housing Trust Fund (NHTF), Emergency Solutions Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA). The new single-planning process, termed the Consolidated Plan for Housing and Community Development, was intended to more comprehensively fulfill three basic goals: to offer decent housing, to provide a suitable living environment, and to expand economic opportunities. According to HUD, the Consolidated Plan is designed to be a collaborative process whereby a community establishes a unified vision for housing and community development actions. It offers entitlement communities the opportunity to shape these housing and community development programs into effective, coordinated housing and community development strategies. It also allows for strategic planning and citizen participation to occur in a comprehensive context, thereby reducing duplication of effort. As the lead agency for the Consolidated Plan for the State of Minnesota, the Minnesota Department of Employment and Economic Development (DEED), in coordination with the Minnesota Housing Finance Agency (Minnesota Housing), and the Department of Human Services (DHS), hereby follows HUD's guidelines for citizen and community involvement. Furthermore, these agencies are responsible for overseeing these citizen participation requirements, those that accompany the Consolidated Plan and the CDBG, HOME, HOPWA, NHTF, and ESG programs, as well as those that complement the DEED planning processes already at work in the state.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The strategies of the programs administered by the DEED, Minnesota Housing, and DHS are to provide decent housing, a suitable living environment, and expanded economic opportunities for the state's low- and moderate-income residents. The agencies strive to accomplish these strategies by maximizing and effectively utilizing all available funding resources to conduct housing and community development activities that will serve the economically disadvantaged residents of the state. By addressing needs and creating opportunities at the individual and local government levels, the agencies hope to improve the quality of life for all residents of the state. These strategies are further explained as follows:

- Providing decent housing requires helping homeless persons obtain appropriate housing and assisting those at risk of homelessness, preserving the affordable housing stock, increasing availability of permanent housing that is affordable to low- and moderate-income persons without discrimination, and increasing the supply of supportive housing.
- Providing a suitable living environment entails improving the safety and livability of neighborhoods, increasing access to quality facilities and services, and reducing the isolation of income groups within an area through integration of low-income housing opportunities.
- Expanding economic opportunities involves creating jobs that are accessible to low and moderate income persons, making mortgage financing available for low- and moderate-income persons at reasonable rates, providing access to credit for development activities that promote long-term economic and social viability of the community, and empowering low-income persons to achieve.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The State's evaluation of its past performance has been completed in a thorough Consolidated Annual Performance and Evaluation Report (CAPER). This document states the objectives and outcomes identified in the State's last Plan for 2017-2021 Consolidated Plan and includes an evaluation of past performance through measurable goals and objectives compared to actual performance. The past year Consolidated Plan and CAPER can be found at:

<http://mn.gov/deed/government/financialassistance/community-funding/small-cities.jsp> and
<http://www.mnhousing.gov>

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

As part of the consolidated planning process, the lead agency must consult with a wide variety of organizations in order to gain understanding of the housing and community development stage. This Consolidated Plan represents a collective effort from a broad array of entities in Minnesota including private, non-profit and public organizations, non-entitled communities, county governments, Continuum of Care organizations, and various other state agencies. The public participation process included focus groups, outreach committees, public input sessions, and a Housing and Community Development Needs Surveys. Public comment narratives will be attached once received as an appendix in Citizens Participation Comments.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

6. Summary of comments or views not accepted and the reasons for not accepting them

7. Summary

The 2018 Action Plan has the following goals. These goals will use HOME, ESG, HOPWA, NHTF and CDBG funds.

- Provide Decent Affordable Housing – DEED
Fund housing rehabilitation activities for low to moderate income homeowner and rental households through CDBG funds, DEED
- Enhance Affordable Housing Opportunities - Minnesota Housing
Fund housing activities for low-to-moderate income households, including rehabilitation and new construction of rental housing using HOME and NHTF funds.
- Promote Economic Development - DEED
Encourage robust economic growth through the development and retention of businesses and jobs throughout the State
- Facilitate Housing and Service for the Homeless - Minnesota Housing and Department of Human Services
Provide funds for service providers to meet the various housing and service needs of the homeless population in Minnesota
- Provide Funds for Special-Needs Housing and Services - Minnesota Housing
Continue to fund programs that provide housing and services to special needs populations, including those with HIV/AIDS
- Address Public Facility and Infrastructure Needs - DEED
Address community needs through improvements to public facilities and infrastructure

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Provide Decent Affordable housing-DEED	2017	2021		Non-Entitlement	Low-Moderate Income Renter/Owner Situations	CDBG: \$9,562,500	Rental units rehabilitated: 100 Household Housing Unit Homeowner Housing Rehabilitated: 300 Household Housing Unit
2	Enhance Affordable Housing Opportunities-MH	2017	2021	Affordable Housing	Statewide	Low-Moderate Income Renter/Owner Situations	HOME: \$6,850,300 HTF: \$3,120,000	Rental units constructed: 100 Household Housing Unit Rental units rehabilitated: 100 Household Housing Unit
3	Promote Economic Development	2017	2021	Non-Housing Community Development	Non-Entitlement	Economic Opportunities	CDBG: \$1,312,500	Facade treatment/business building rehabilitation: 75 Business Jobs created/retained: 30 Jobs Businesses assisted: 5 Businesses Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
4	Facilitate Housing and Service for the Homeless	2017	2021	Homeless	Statewide	Homelessness	ESG: \$2,060,135	Tenant-based rental assistance / Rapid Rehousing: 381 Households Assisted Homeless Person Overnight Shelter: 10252 Persons Assisted Homelessness Prevention: 91 Persons Assisted
5	Provide Funds for Special-Needs Housing & Services	2017	2021	Non-Homeless Special Needs	Statewide	Human Services	HOPWA: \$172,000	Homelessness Prevention: 180 Persons Assisted
6	Address Public Facility-Infrastructure Needs-DEED	2017	2021	Non-Housing Community Development	Non-Entitlement	Public Facilities and Infrastructure	CDBG: \$4,125,033	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 440 Persons Assisted Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 700 Households Assisted

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Provide Decent Affordable housing-DEED
	Goal Description	

<p>2</p>	<p>Goal Name Enhance Affordable Housing Opportunities-MH</p> <p>Goal Description <i>Fund housing activities for low-to-moderate income renter households, including rehabilitation and new construction. HOME resources will be used to assist rental units for low-to-moderate income households, while National Housing Trust Fund (NHTF) resources will be used to assist rental units for extremely low income households.</i></p>
<p>3</p>	<p>Goal Name Promote Economic Development</p> <p>Goal Description <i>Encourage robust economic growth through the development and retention of businesses and jobs throughout the State. \$1,312,500 in CDBG funds and \$2,483,306 in CDBG-ED funds will be used.</i></p>
<p>4</p>	<p>Goal Name Facilitate Housing and Service for the Homeless</p> <p>Goal Description <i>Provide funds for service providers to meet the various housing and service needs of the homeless population in Minnesota. For Goal Outcome Indicator #13 (Homeless Person Overnight Shelter) the projected number of persons served includes all programs using ESG and ESG-match funds.</i></p>
<p>5</p>	<p>Goal Name Provide Funds for Special-Needs Housing & Services</p> <p>Goal Description <i>Continue to fund programs that provide housing and services to special needs populations, including those with HIV/AIDS</i></p>
<p>6</p>	<p>Goal Name Address Public Facility- Infrastructure Needs-DEED</p> <p>Goal Description <i>Address community needs through improvements to public facilities and infrastructure</i></p>

AP-25 Allocation Priorities – 91.320(d)

Introduction:

The following section describes the allocation priorities for FY 2017.

Funding Allocation Priorities

	Provide Decent Affordable housing-DEED (%)	Enhance Affordable Housing Opportunities-MH (%)	Promote Economic Development (%)	Facilitate Housing and Service for the Homeless (%)	Provide Funds for Special-Needs Housing & Services (%)	Address Public Facility-Infrastructure Needs-DEED (%)	Total (%)
CDBG	64	0	9	0	0	27	100
HOME	0	100	0	0	0	0	100
HOPWA	0	0	0	0	100	0	100
ESG	0	0	0	92	8	0	100

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

Percentages include administration costs. Allocation priorities are based on needs in market study, needs assessment and public input.

CDBG: CDBG spending will be split between affordable housing, economic development and public facilities and infrastructure. These spending priorities have been established through the planning process of where the most need is, as well as the capacity to make an impact on those in need in the State of Minnesota. The amount spent on each category is determined both by past performance and the current ability to meet housing and community development needs in the State. Economic Development funds will be utilized to support the Minnesota Investment Fund Program by providing gap financing to businesses creating jobs that benefit LMI workers.

HOPWA: Federal regulations dictate both the geography in which HOPWA funds may be used and the beneficiaries. Because only 15% of persons living with HIV/AIDS live in counties outside the seven-county Twin Cities metropolitan area and most are already housed, preventing homelessness is a more cost-effective approach than housing development or tenant-based rent assistance.

NHTF: National Housing Trust Funds will be directed towards efforts to enhance affordable housing opportunities through new construction and rehabilitation.

HOME: Many federally assisted and naturally affordable housing developments need rehabilitation to preserve their federal rent subsidy or affordability of their units. There is a growing need for affordable rental housing. All of the HOME funds will be directed toward enhancing the affordable housing opportunities for low to moderate income households throughout the State.

ESG: The total funds for ESG will be spent on services and housing, including homelessness prevention and emergency shelter, for homeless households and households at-risk of homelessness in the State.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

For CDBG, the distribution of funds address the high needs of low to moderate income households, economic opportunities, and public facilities and infrastructure.

For HOME and NHTF, the Consolidated Plan ranks the low to moderate income households as a high need. There is a high need for rental and owner rehabilitation. Funds will be targeted to projects that will serve low to moderate income households in the State.

Minnesota uses its HOPWA resources to maintain persons with HIV/AIDS in their current housing by providing emergency assistance because that is the most pressing need identified for this population.

As outlined in the Consolidated Plan, ESG funds will be used to meet the priority needs of providing emergency shelter, prevention and rapid re-housing to persons at-risk of, and experiencing, homelessness.

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

The term affordable housing that is used in 24 CFR 92.252, 92.254, 93.302, and 93.304 includes several elements that are not requirements of ESG, HOPWA and CDBG. Therefore, the only units that receive federal assistance that can be assured of meeting the standard of "affordable housing" and are described here are HOME and NHTF units.

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	200
Special-Needs	0
Total	200

Table 11 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	100
Rehab of Existing Units	100
Acquisition of Existing Units	0
Total	200

Table 12 - One Year Goals for Affordable Housing by Support Type

Discussion:

For NHTF, the goal is to assist construction or rehabilitation of up to 22 units of rental housing and provide up to 12 units with operating subsidies.

Operating subsidies assume providing assistance for up to fifteen years of the thirty year affordability period. The number may be greater if it is found that less than fifteen years of subsidy is necessary, or less if eligible applications are not received and operating funds are not committed to projects.

Minnesota Housing intends to use operating subsidies only with other NHTF units constructed or rehabilitated.

At an anticipated average per unit capital cost of \$98,000 for supportive housing, Minnesota Housing anticipates completing at least 22 units of housing that is affordable to extremely low income families. Based on Minnesota Housing's experience of providing operating assistance through the State's housing trust fund for supportive housing, Minnesota Housing expects average annual operating cost assistance

to be \$2,700, which will provide operating assistance for up to 12 NHTF units for 15 years. For HOME, the goal is to assist construction or rehabilitation of approximately 150 units, with average assistance of \$50,000 per unit.

With HOME and NHTF combined, it is anticipated the state will support development or rehabilitation of 200 units of housing with FY 18 resources.

Strategic Plan

2018 Substantial Amendment

Amendment Made to SP-25 Priority Needs

Priority needs for item 6, "Low-Moderate Income Renter Households", were amended to include high priority homeless and persons with disabilities as priority populations to allow for limitation to or preference of these populations in HOME and NHTF activities, provided these limitations or preferences do not violate nondiscrimination requirements.

SP-25 is attached in full, indicating the changed language from the current approved Consolidated Plan in red.

SP-25 Priority Needs – 91.315(a)(2)

Priority Needs

Table 1 – Priority Needs Summary

1	Priority Need Name	Homelessness
	Priority Level	High
	Population	Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth
	Geographic Areas Affected	Statewide
	Associated Goals	Facilitate Housing and Service for the Homeless
	Description	Homelessness continues to be a high priority throughout the State
	Basis for Relative Priority	This priority was established using the Needs Assessment, survey, public and stakeholder input.
	2	Priority Need Name
Priority Level		High

	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Public Housing Residents
	Geographic Areas Affected	Non-Entitlement
	Associated Goals	Provide Decent Affordable housing-DEED
	Description	Fund housing rehabilitation activities for Low-Moderate income renter and owner households are a high priority in the state due to the level of cost burdens and other housing needs for these households. DEED.
	Basis for Relative Priority	This priority needs was established through the Needs Assessment, survey, public and stakeholder input.
3	Priority Need Name	Economic Opportunities
	Priority Level	High
	Population	Non-housing Community Development
	Geographic Areas Affected	Statewide
	Associated Goals	Promote Economic Development
	Description	Economic Opportunities continue to be a high priority for the State to encourage continued economic growth.
	Basis for Relative Priority	This priority was established using the Market Analysis, surveys, public and stakeholder input.

4	Priority Need Name	Public Facilities and Infrastructure
	Priority Level	High
	Population	Non-housing Community Development
	Geographic Areas Affected	Statewide
	Associated Goals	Address Public Facility- Infrastructure Needs-DEED
	Description	There are many community needs throughout the State that can be met through public facilities and infrastructure. This continues to be a high level need for the State.
	Basis for Relative Priority	This priority was established through the Needs Assessment, Market Analysis , surveys, and public and stakeholder input.
5	Priority Need Name	Human Services
	Priority Level	High
	Population	Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence
	Geographic Areas Affected	Statewide
	Associated Goals	Provide Funds for Special-Needs Housing & Services
	Description	Special Needs populations continue to have a variety of unmet needs. Human services continue to be a high priority in the State.

	Basis for Relative Priority	This priority was established through the Needs Assessment, surveys, and public and stakeholder input.
6	Priority Need Name	Low-Moderate Income Renter Households
	Priority Level	High
	Population	Extremely Low Low Moderate Chronic Homelessness Homeless Individuals Homeless Families with Children Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions
	Geographic Areas Affected	Statewide
	Associated Goals	Enhance Affordable Housing Opportunities- Minnesota Housing

<p>Description</p>	<p>Extremely Low, Low and Moderate income renter households are a high priority in the state due to the level of cost burdens and other housing needs for these households.</p> <p>Minnesota Housing funds such housing activities for low to moderate income rental households, including renovation and new construction.</p> <p>Within the income priority, Minnesota Housing also considers special needs populations as a priority in the state, and will allow, when appropriate, a limitation or preference to those populations. Two special needs populations allowed with regards to HOME and National Housing Trust Fund funding are permanent supportive housing for "High Priority Homeless" and people with disabilities. High Priority Homeless means (i) households experiencing long-term homelessness; (ii) households at significant risk of experiencing long-term homelessness; or (iii) households priorities for permanent supportive housing by the Coordinated Entry System adopted by the local continuums of care. For persons with disabilities, the limitation or preference will be limited to the population of families (including individuals) that significantly interfere with their ability to obtain and maintain housing. In accordance with regulatory requirements of HOME and the National Housing Trust Fund, any limitation or preference will not violate nondiscrimination requirements.</p>
<p>Basis for Relative Priority</p>	<p>This priority needs was established through the Needs Assessment, survey, public and stakeholder input.</p>

Narrative (Optional)

#2 need is to be used for DEED priorities. #6 is to be used for Minnesota Housing priorities.

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METROPOLITAN INTERFAITH COUNCIL ON AFFORDABLE HOUSING

"Do Justice, love mercy, walk humbly with your God." Micah 6:8



March 2, 2018

Our faith commands us to love others as ourselves, to be a welcoming community for all and to ensure the people impacted by the housing crisis and/or homelessness are decision makers at every level to ensure their needs are met.

MICAHA's Mission is: Every one, without exception, has a decent, safe, accessible and affordable home.

Thank you for the opportunity to comment on Minnesota's Consolidated Annual Action Plan 2018 and Substantial Amendment for 2017-2021

1. Pages 49-50 Affordable Housing. Goal is for 200 households to be served the narrative appears to identify 172 units will be provide. Please explain the difference.
2. We are pleased the State is using its new strategic homeless plan that focuses on the entire population experiencing homelessness, not just on long term homeless. We need to prevent people from becoming long term homes by having a fully functioning Continuum to Housing including Prevention, Outreach, Shelter, Transitional Housing, Supportive and Affordable Housing.
3. Page 58 Actions to Reduce Lead Based Paint Hazards. We are very pleased to see you including this in the 2018 plan. Currently according to MDH at least 700 children (disproportionately children of color) are poisoned by lead each year in Minnesota. 359,000 occupied renter households were built before 1978 which have potential lead poisoning hazards. It costs \$1500-\$2,000/unit every 5 years to make it lead safe. It costs \$100,000/child/year who becomes disabled by lead. Goal to make all housing lead safe by 2020. HF 491. SF 350 are bills being heard in 2018 Legislative Session.
4. Page 61.Coordination between public and private housing and social services. Currently, DHS spends millions of homeless service dollars per year on people who were long term homeless in supportive housing for people not required to utilize the services or meet any goals. With the limited resources we have, it is imperative to do a better job of coordinating of services available in the community with our housing opportunities. We encourage the State to utilize Medicaid funding, PCAs and ILS staff (not homeless service dollars) to provide services to people in supportive housing.
5. Page 65 We are concerned about data privacy of people experiencing homelessness, HMIS, coordinated entry and other homeless regulations which may be barriers for people accessing homeless services. We were pleased to see you identify this as a concern too!

We continue to be very concerned that HMIS costs are more than what the State appropriates for Shelter in a year. The State appropriates \$125,000, MHFA out of its own resources provided \$225,000 with other State Agencies also funding HMIS. How much? (Current State appropriations for Day Shelters and Emergency Shelters annually is \$500,000, page 21.) Is data more important than sheltering people? MICAH continues to be very concerned about the cost of funding HMIS and requests an audit of all costs of HMIS- by each State agency, staff time, resources in systems, and provider staff time and costs for systems.

6. Page 66. 24 CFR 576.405 Please identify in your 2018 CAPER your monitoring results of which sub-recipients were in compliance and which were not in compliance. Were people experiencing homelessness on their Board of Directors? Staff? Advisory Council? Which CoCs have people experiencing homelessness as decision makers in the CoC process.
7. Substantial Amendment 2017-2021 Plan. We have concerns that more and more of our resources for extremely low income people are being targeted toward supportive housing. Our concern is we are potentially creating a scenario that the only way low income people will be able to get into housing is through supportive housing- a model much more expensive than an affordable housing opportunity using the services people need in the community. If you move forward with this substantial amendment, we request that the CAPER each year clearly identifies the number of units by specific population in the Low-Moderate Income Renter Households.
8. We continue to encourage a small portion of HOME Funds to be used for Tenant Based Rent Subsidies.
9. **We have significant concerns about the State's Impediments to Fair Housing Choice goals- see comments on the A.I. Fair Housing is the Law and Actions need to be taken to enforce the law and require all funded entities to be in full compliance.**
10. We strongly encourage people impacted by homelessness, faith community and other advocates provides input into the MN Interagency Council on Homelessness Plans on at least quarterly basis.

Thank you again for the opportunity to comment on the Minnesota Annual Action Plan for Housing and Community Development 2018 and the Substantial Amendment 2017-2021

Sincerely,

Sue Watlov Phillips

Sue Watlov Phillips, M.A.

Executive Director, MICAH

From: Jennifer Prins [<mailto:jprins@threeriverscap.org>]
Sent: Friday, March 02, 2018 4:16 PM
To: MN_MHFA MN Housing, . (MHFA) <MN.Housing@state.mn.us>
Subject: AI/AAP

Hello –

Thank you for the opportunity to submit comments on the Draft Analysis of Impediments to Fair Housing and the 2018 Draft Annual Action Plan. I am submitting these comments on behalf of the River Valleys Continuum of Care (Rochester/Southeast Minnesota CoC , MN -502). The CoC greatly appreciates being advised of the drafts and has compiled a couple key comments regarding the AI and Action Plan.

Analysis of Impediments:

Regarding the Demographic Analysis, we are concerned that the characterization of the state’s racial and ethnic diversity being “predominantly in the Twin Cities” may result in disinvestment in smaller communities where investment and action is needed. For example, many of the greater Minnesota counties identified as areas of concern for gaps in mortgage lending are those where rapid racial and ethnic change has occurred. Proportionally, these communities may be at least as diverse as the Twin Cities, even though total numbers are lower.

Regarding the goals of the plan, we strongly affirm the need for education, outreach, tools, and resources to address limited knowledge of (and compliance with) fair housing laws. We are concerned, however, that the Action Items derived from these goals are not sufficient to address the challenge. Action Items 1.e. and 4.a., for example, need to employ stronger language than “monitor” and “provide educational materials” to truly meet the goal named and affect change in communities in our CoC region. As providers serving households who are experiencing homelessness or at risk of homelessness, we see firsthand the impact of “crime free” housing ordinances that disrupt lives of non-offenders. We also consistently see tenant selection practices that prevent very vulnerable households with barriers from accessing housing, stabilizing their lives, and becoming the productive and active community member they desire to be. This is not new knowledge. We highly recommend that this section be reconsidered to focus on action as much as on evaluation and education, and our CoC is happy to support tool development, response protocols, and outreach efforts in our region.

Annual Action Plan

Overall, our CoC believes that the balance of needs for housing and community development in the region is reflected well in the Action Plan, and we appreciate the effort to do that.

p.6 Regarding the description of consultation with Continuums of Care: We believe this section does not adequately address the question of consulting with CoCs to determine ESG fund allocation, develop performance standards, or evaluate outcomes. The discussions at the monthly meeting hosted at DHS is cursory at best related to these topics, and specific action is needed to fully implement this requirement. We recommend that this section more accurately and specifically address current practice and that a more detailed action plan be developed to truly meet the spirit of this requirement.

Thank you for the opportunity to provide comment. We see the State as a valuable partner in meeting community needs, especially where it works to prevent and end homelessness through the programs referenced in these draft documents. If there is any way that our CoC membership can be of help to implement the actions proposed, please contact me and I will bring it to our CoC board and/or membership.

Best –

Jennifer

Jennifer Prins, MURP

Planning Director/Continuum of Care Coordinator

Three Rivers Community Action

1414 North Star Drive, Zumbrota, MN 55992

Direct: 507-732-8577 | jprins@threeriverscap.org

***Three Rivers Community Action** works with community partners to provide warmth, transportation, food, housing, advocacy, and education to individuals and families. For more information on how you can help, visit our website at www.threeriverscap.org.*

***River Valleys Continuum of Care** is a community-based coalition dedicated to preventing and ending homelessness in southeastern and south central Minnesota by coordinating services and maximizing resources. Find more information at www.threeriverscap.org/continuum-of-care.*

Item: Post-Sale Report, Homeownership Finance Bonds (HFB) 2018 AB

Staff Contact(s):

Kevin Carpenter, 261.297.4009, kevin.carpenter@state.mn.us

Request Type:

- | | |
|-------------------------------------|--|
| <input type="checkbox"/> Approval | <input checked="" type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion | <input type="checkbox"/> Discussion |
| <input type="checkbox"/> Resolution | <input checked="" type="checkbox"/> Information |

Summary of Request:

The Agency sold \$76,494,990 of Homeownership Finance Bonds on February 13, 2018 with a closing on February 27, 2018. 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

MEMORANDUM

Date: February 26, 2018

To: Minnesota Housing Finance Agency

From: Gene Slater, Tim Rittenhouse, David Jones, Eric Olson

Re: Post-Sale Report
\$76,494,900 Homeownership Finance Bonds (HFB)
2018 Series A (Non-AMT) and B (Taxable)

BOND CRITERIA

The 2018 Series A & B 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 A & B rated Aaa.
3. **Enhance Minnesota Housing's long-term financial sustainability** through a mix of bond financing and sales of MBS, 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 each issue reflect its overall goal: How can the Agency maintain a long-term sustainable program that

continues to finance production on the balance sheet so long as this is the best execution for the Agency.

Minnesota Housing therefore seeks to make sure that it:

1. Obtains a present value return for Minnesota Housing at least similar to selling the same MBS in the secondary market, assuming a reasonable prepayment speed.
2. Obtains approximately 1.125% spread on the overall issue (the maximum the IRS would allow if the issue were all tax-exempt).
3. Balances the amount of (a) new volume cap needed in financing such production and (b) the amount of zero participations required, so that the Agency can continue its program in future years.
4. Where possible, in addition to looking to long-term returns under 1 and 2, uses opportunities to balance the impact of hedge gains and losses across transactions on Agency current year income.

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 \$76.495 million of new mortgages on balance sheet *with approximately \$20.667 million of volume cap, or 27% of the total issue.* To achieve this result, Minnesota Housing used \$38.248 million of taxable bonds for Series B, half the total issue and recycled approximately \$17.581 million of private activity bond authority from past issues in Series A.

Being able to do this, however, requires additional 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 in 2008 and 2009 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 3.3% on tax-exempt Series A and 3.65% on taxable Series B. These levels were approximately 15 basis points lower than if Minnesota Housing had used a traditionally structured fixed-rate issue.
- **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 speed² compared to selling the loans was 420%. This is far higher than the actual average prepayment speeds on similar loans in this indenture, and suggests the benefits of putting this production on the balance sheet rather than selling it.³

The result is that, at expected prepayment speeds, Minnesota Housing will earn more from issuing 2018 A & B than from having directly sold the MBS.

The net present value to Minnesota Housing (after net service release premiums) is projected to be approximately \$1.75 million at 150% PSA prepayment speed. In addition, the Agency paired out of hedge positions and gained approximately \$1.7 million, in addition to what it earns under the bond issue.

- **Zero Participations.** The issue required \$12.2 million of zero participations. Going forward, Minnesota Housing has approximately \$35 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.

¹ Minnesota Housing could have achieved even higher total spread, by receiving the full 1.125% on tax-exempt Series A while still receiving 1.71% on taxable Series J, for a blended average of 1.42%. This would have required another \$6.4 million more of zero participations than was actually needed, however.

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%.

- b) *Impact of taxable bonds.* If the entire transaction had been tax-exempt, Minnesota Housing would have needed \$38.248 million of additional volume cap, but would have used \$3.2 million less 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.

	Actual	No Taxable Bonds	Actual with Higher Spread
Taxable %	50%	0%	50%
Volume cap required	\$20.667 million	\$58.915 million	\$20.667 million
Ave. Spread	1.10%	1.125%	1.42%
Net impact on Agency's Zero Participations	- \$12.2 million	- \$9.0 million	- \$18.6 million

5. **Hedging.** The loan production pipeline remained fully hedged until bonds were sold. Approximately \$1,700,000 of hedge gains were received that don't need to be taken into account in bond yield. There were also \$140,000 of hedge losses that were included in bond yield and can therefore be recovered over time. The Agency used this opportunity to receive hedge gains out of yield to help balance the impact of hedge gains and losses across transactions on Agency current year income. (If it had included and counted the hedge gains toward its overall spread, it would have needed approximately \$5 million fewer zeroes).
6. **Continuing to Build Investor Demand.** There were \$49.5 million of going away orders from 6 investors on tax-exempt Series A and \$33 million of going away orders from 3 investors on taxable Series B. The orders almost exactly matched the total issue size, suggesting that the issues were very efficiently priced.

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.
- **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 remains 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 Tuesday, February 13th, for closing on Tuesday, February 27th.

Sizing. The sizing was based on specific hedged MBS in Minnesota Housing's pipeline.

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 28% of this issue, significantly lower than on recent issues.
- Finance a substantial portion of the issue as taxable bonds.

Rating. Bonds under the HFB indenture are rated Aaa by Moody's.

Hedging. Minnesota Housing has remained fully hedged on its pipeline until shortly before the bonds were sold. This protects the Agency from risk if interest rates rise between the time the loans are committed and when 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 gains outside the tax-exempt bond yield, the Agency was able to earn significant funds in addition to those through the bond issue itself.

BOND SALE RESULTS. Key highlights are:

- 1. Investor Interest for Series 2018 A & B.** There was good institutional interest on both series. With slight over-subscription on one series and under-subscription on the other, an investor was willing to switch an order to help fully subscribe both series.
- 2. Timing.** The 10-year Treasury started the year at 2.46%, almost the same as it began 2017. During January and early February, yields rose as a result of increasing fears of inflation due to the fiscal stimulus of the new federal tax act at a time of close to full employment. The stock market rose significantly, drawing investors from the bond market. By the date of the bond sale, the 10 year Treasury was 2.83%.
- 3. Successful Sale.** The sale was very well-priced as described under “Investor Interest” above.
- 4. Comparison to GNMA Yields.** Investors compare yields on pass-through issues to current-coupon GNMA, as well as Treasuries and municipals. Compared to GNMA, Minnesota bonds provide much less liquidity in the global markets but do offer tax-exemption. On this transaction, Minnesota Housing was able to achieve a tight spread to GNMA yields on the tax-exempt series and the tightest such spread it has received on a taxable series.

Minnesota Housing Finance Agency
HFB 2018 Series A & B
Post-Sale Report

	2016 G/H	2017 A/B	2017 C/D	2017 E/F	2017 G/H	2017 I/J	2018 A/B
	Oct. 2016	Feb. 2017	Mar. 2017	May 2017	Sept. 2017	Nov. 2017	Feb. 2018
Minn. Housing bond yield							
Tax-Exempt	2.30%	2.93%	3.08%	2.85%	2.65%	2.80%	3.30%
Taxable	2.65%	3.25%	3.43%	3.20%	3.00%	3.10%	3.65%
Yield on GNMA I, 3.0 current coupon, at dealer prepay speed	2.16%	2.82%	3.12%	2.86%	2.67%	2.80%	3.32%
Minn. Housing v. GNMA							
Tax-exempt	+ 14 bp	+ 11 bp	- 4 bp	- 1 bp	-2 bp	0 bp	-2 bp
Taxable	+ 49 bp	+ 43 bp	+ 31 bp	+ 34 bp	+33 bp	+30 bp	+33 bp

5. **Comparable Single-Family Pass-Through Bond Transactions:** The other 2018 new money tax-exempt single-family pass-through issue was Colorado's, sold on the same day as Minnesota, and also senior managed by RBC. Colorado's issue was all tax-exempt and was sold at a premium to raise downpayment assistance. The yield on Minnesota and Colorado was the same. Minnesota had a slightly longer average life at the same assumed prepayment speed, because its mortgage rates are significantly lower than Colorado's.

	Minnesota Housing Tax-Exempt 2017 Series G	Missouri HDC Tax-Exempt 2017 Series C	Minnesota Housing Tax-Exempt 2017 Series I	Colorado HFA Tax-Exempt Series G	Minnesota Housing Tax-Exempt 2018 Series A
Size of Tax-Exempt Series	\$85.0 m.	\$53.9 m.	\$69.3 m.	\$73.1 m.	\$38.2 m.
Rating	Aaa/--	AA+	Aaa/--	Aaa/--	Aaa/--
Pricing Date	Sept. 12, 2017	Nov. 9, 2017	Nov. 9, 2017	Feb. 13, 2018	Feb. 13, 2018
Price	Par	103.1 Premium	Par	102.978 Premium	Par
Yield on Tax-Exempt Series	2.65%	2.87%	2.80%	3.30%	3.30%
Spread to 10 year US Treasury	48 bp	54 bp	47 bp	47 bp	47 bp
Spread to 10 year MMD	79 bp	94 bp	87 bp	88 bp	88 bp
Spread to 3% GNMA (at Dealer Forecast Prepayment Speed)	-2 bp	+ 7 bp	-0 bp	-2 bp	-2 bp
Difference between Taxable and Tax-Exempt Series	35 bp	n.a.	30 bp	n.a.	35 bp

*bonds sold at a premium; yield is based on assumed approx. 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.

ISSUE DETAILS

Key Dates:	2018 A & B Bond Pricing	HFB Indenture
	Institutional Order Period:	Tues, Feb. 13, 2018
	Closing Date:	Tues., Feb. 27, 2018

Economic Calendar. During the week prior to the sale, both job openings and jobless claims came in slightly lower than predicted, consumer credit was weaker than prior but in line with consensus, wholesale trade inventories were slightly higher than expected. Much attention was focused on the government shutdown which turned out to be very brief. The only economic news on the day of the sale was the Redbook report on same store sales, which showed the third consecutive weekly deceleration.

Treasuries. The 10 year Treasury yields rose significantly in January and early February, alongside the rise in the stock market, and increased fears of inflation. The 10 year ended the day at 2.83% on the date of sale.

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. Municipals have slightly outperformed Treasuries since December, in part because of the lack of supply in the municipal market. The municipal volume was very high at the end of the year as issuers sought to meet end of the year deadlines in the proposed tax bill, including the end of advance refundings. The result has been very modest levels of new issuance in early 2018. Two unanticipated impacts, after tax law changes have been positive inflows to municipal mutual funds each week in 2018 and continued buying by insurance companies, despite a record catastrophe year in 2017 and the reduction in federal corporate tax rates.

Minnesota Housing Finance Agency
HFB 2018 Series A & B
Post-Sale Report

Issue	Date	10-Year Treasury	10-Year MMD	MMD/Treasury Ratio
2015 HFB A	1/12/15	1.92%	1.84%	95.8%
2015 HFB B	3/10/15	2.14%	2.18%	102.0%
2015 HFB C	5/13/15	2.28%	2.24%	98.2%
<i>2015 RHFB ABCD</i>	7/30/15	2.28%	2.23%	97.8%
<i>2015 RHFB EFG</i>	11/24/15	2.24%	2.04%	91.1%
2016 A	1/12/16	2.12%	1.78%	84.0%
2016 B	3/10/16	1.93%	1.88%	97.4%
<i>2016 RHFB ABC</i>	5/25/16	1.87%	1.66%	88.8%
2016 C/D	7/14/16	1.53%	1.41%	92.2%
2016 E/F	9/12/16	1.68%	1.52%	90.5%
2016 G/H	10/20/16	1.76%	1.73%	98.3%
<i>2016 RHFB DEF</i>	12/13/16	2.48%	2.37%	95.6%
2017 HFB A/B	2/9/17	2.40%	2.28%	95.0%
2017 HFB C/D	3/13/17	2.62%	2.49%	95.0%
2017 HFB E/F	5/20/17	2.41%	2.17%	90.0%
<i>2017 RHFB ABC</i>	6/20/17	2.16%	1.86%	86.1%
2017 HFB G/H	9/12/17	2.17%	1.86%	85.7%
2017 HFB I/J	11/9/17	2.33%	1.93%	82.8%
<i>2017 RHFB DEF</i>	12/4/17	2.37%	2.05%	86.5%
2018 HFB A/B	2/13/18	2.83%	2.42%	85.5%
Change from I/J		+50 bp	+ 49 bp	+ 2.7%

Municipal Calendar. The largest negotiated issue of the week was Pennsylvania's \$1.39 billion of tobacco settlement bonds, while the largest competitive issue was Mounds View Minnesota \$154 million school building bonds on the same day as Minnesota Housing. The scheduled volume for the week was \$3.5 billion, far below levels of 2017.

Other single-family issues the prior week included Connecticut's traditionally structured \$118 million issue. During the week of the sale, in addition to Minnesota and Colorado, D.C. Housing brought a traditionally structured \$27 million issue.

Minnesota Housing Finance Agency
HFB 2018 Series A & B
Post-Sale Report

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 or MMD. GNMA yields increased 52 basis points since Series I & J, 10 year Treasury rates increased by 50 basis points and the 10 year MMD increased by 49 basis points. Minnesota's tax-exempt yield increased by 50 basis points, in line with all the other indices.

Type	Delivery	Coupon	Measure	Oct. 20, 2016	Feb. 9, 2017	Mar. 13, 2017	May 10, 2017	Sept. 12, 2017	Nov. 9, 2017	Feb. 13, 2018
GNMA	Current	3.0	Price	104.43	101.11	99.27	100.89	101.92	101.17	97.98
			Yield*	2.21%	2.83%	3.12%	2.86%	2.67%	2.80%	3.32%
			Dealer Forecast % PSA	224%	160%	159%	160%	184%	175%	153%
FNMA	Current	3.5	Price	105.18	102.58	100.77	102.33	103.55	102.89	100.00
			Yield*	2.47%	3.10%	3.38%	3.11%	2.77%	2.96%	3.49%
			Dealer Forecast % PSA	277%	168%	140%	178%	244%	211%	146%
10-Year Treasury	n/a	n/a	Yield	1.75%	2.40%	2.62%	2.41%	2.17%	2.33%	2.83%
GNMA to 10-Year Treasury	n/a	n/a	Yield*	126.41%	117.90%	118.92%	118.69%	122.94%	120.17%	117.3%
GNMA to 10-Year MMD	n/a	n/a	Yield*	127.87%	124.11%	125.13%	131.82%	143.44%	145.08%	137.2%
Minnesota Housing	Tax-exempt Taxable			2.30%	2.93%	3.08%	2.85%	2.65%	2.80%	3.30%
				2.65%	3.25%	3.43%	3.20%	3.00%	3.10%	3.65%

* Yield at dealer forecast prepayment speed

TAX-EXEMPT PASS-THROUGH BOND PRICING COMPARABLES, 2017 TO DATE PLUS MHFA 2016

Pricing Date	2/13/18	2/13/18	2/13/18	2/8/18	2/1/18	1/25/18
Amount	\$38,247,496	\$73,115,747	\$17,500,000	\$22,041,000	\$50,000,000	\$50,000,000
Issuer	Minnesota HFA	Colorado HFA	Los Angeles HA	District of Columbia HFA	Texas DHCA	Texas DHCA
Series	2018 Series A	Series 2018AA	2018 Series A	S. 2018 (Parkway Overlook)	S. 2018 (Vista on Gessner)	S. 2018 (Vista on Gessner)
Program	Single Family / Negotiated	Single Family / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated
Rating(s)	Aaa / - / -	Aaa / - / -	Aaa / - / -	- / AA+ / -	Aaa / - / -	Aaa / - / -
Tax Status	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT
Use of Funds	New Money	New Money	Refunding	New Money	New Money	New Money
Maturity	2048	2048	2038	2036	2035	2035
Price	100.000	102.978	100.000	100.000	100.000	100.000
Coupon/Yield	3.300	3.7C/3.3Y at 125% PSA	3.330	3.500	3.400	3.400
Indicator	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative
5-Year US Treasury CMT	2.54	2.54	2.57	2.56	2.41	2.41
7-Year US Treasury CMT	2.74	2.74	2.76	2.72	2.55	2.55
10-Year US Treasury CMT	2.83	2.83	2.85	2.78	2.63	2.63
3% GNMA I @ 100% PSA	3.27	3.27	3.28	3.12	3.02	3.02
3% GNMA I @ Dir Forecast	3.32 (153%)	3.32 (153%)	3.35 (153%)	3.14 (159%)	3.02 (162%)	3.02 (162%)
9-Year MMD	2.35	2.35	2.35	2.32	2.13	2.13
10-Year MMD	2.42	2.42	2.42	2.39	2.20	2.20
MBS PREPAY HISTORY (%PSA)						
Past 3 months	-	-	-	-	-	-
Past 6 months	-	-	-	-	-	-
Past 12 months	-	-	-	-	-	-
Since issuance	-	-	-	-	-	-
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)						
At 100% PSA	10.7	10.4	-	-	-	-
At 150% PSA	8.7	8.3	-	-	-	-
At 200% PSA	7.3	6.8	-	-	-	-
At 300% PSA	5.4	5.1	-	-	-	-
WEIGHTED AVERAGE MORTGAGE RATE	4.41%	4.55%	3.98%	4.50%	4.45%	4.45%
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	3.62%	4.00%	3.33%	3.50%	3.40%	3.40%
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	357	357	240	217	204	204
Notes				Fannie Mae MTEB monthly pass-through structure with 35-year amortization		
Sr Manager	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets	Wells Fargo	RBC Capital Markets	RBC Capital Markets

TAX-EXEMPT PASS-THROUGH BOND PRICING COMPARABLES, 2017 TO DATE PLUS MHFA 2016

Pricing Date	11/9/17	11/9/17	11/9/17	12/20/17	1/23/18	10/4/17
Amount	\$69,238,429	\$53,938,946	\$34,700,000	\$5,392,000	\$11,173,000	\$34,700,000
Issuer	Minnesota HFA	Missouri HDC	Texas DHCA	Minnesota HFA	California MFA	Texas DHCA
Series	2017 Series I	2017 Series C	S. 2017 (Casa I&B, Hogar)	MF S. 2017A (Amorce II)	S. 2017A (Casa Rita)	S. 2017 (Casa I&B, Hogar)
Program	Single Family / Negotiated	Single Family / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated
Rating(s)	Aaa / - / -	- / AA+ / -	Aaa / - / -	Aaa / - / -	- / AA+ / -	Aaa / - / -
Tax Status	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT
Use of Funds	New Money	New Money	New Money	New Money	New Money	New Money
Maturity	2047	2047	2034	2034	2033	2033
Price	103.115	103.115	100.000	100.000	100.000	100.000
Coupon/Yield	3.30C/2.87Y	3.30C/2.87Y	3.220	3.220	3.200	3.150
Indicator	Indicative Yield 11/9/17	Indicative Yield 11/9/17	Indicative Yield 11/9/17	Indicative Yield 12/20/17	Indicative Yield 1/23/18	Indicative Yield 10/4/17
5-Year US Treasury CMT	2.01	2.01	2.01	2.24	2.43	1.92
7-Year US Treasury CMT	2.20	2.20	2.20	2.40	2.55	2.15
10-Year US Treasury CMT	2.33	2.33	2.33	2.49	2.63	2.33
3% GNMA I @ 100% PSA	2.85	2.85	2.85	2.96	3.04	2.82
3% GNMA I @ Dir Forecast	2.80 (175%)	2.80 (175%)	2.80 (175%)	2.94 (173%)	3.04 (164%)	2.75 (179%)
9-Year MMD	1.83	1.83	1.83	2.05	2.08	1.91
10-Year MMD	1.93	1.93	1.93	2.13	2.15	2.01
MBS PREPAY HISTORY (%PSA)						
Past 3 months	-	-	-	-	-	-
Past 6 months	-	-	-	-	-	-
Past 12 months	-	-	-	-	-	-
Since issuance	-	-	-	-	-	-
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)						
At 100% PSA	10.8	10.8	10.7	-	-	-
At 150% PSA	8.7	8.7	8.6	-	-	-
At 200% PSA	7.3	7.3	7.2	-	-	-
At 300% PSA	5.4	5.4	5.4	-	-	-
WEIGHTED AVERAGE MORTGAGE RATE	4.61%	4.61%	4.14%	4.42%	4.19%	4.11%
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	4.15%	4.15%	3.56%	3.22%	3.20%	3.15%
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	357	357	357	192	180	192
Notes	Fannie Mae MTEB monthly pass-through structure with 35-year amortization and 16-year balloon, 3 separate loans	Fannie Mae MTEB monthly pass-through structure with 35-year amortization and 16-year balloon, 3 separate loans	Fannie Mae MTEB monthly pass-through structure with 35-year amortization	Fannie Mae MTEB monthly pass-through structure with 35-year amortization	Fannie Mae MTEB monthly pass-through structure with 35-year amortization; remarketing after 12/17 initial close	Fannie Mae MTEB monthly pass-through structure with 35-year amortization and 16-year balloon, 3 separate loans
Sr. Manager	Stifel	Stifel	RBC Capital Markets	Dougherty & Co.	Wells Fargo	Jefferies

TAX-EXEMPT PASS-THROUGH BOND PRICING COMPARABLES, 2017 TO DATE PLUS MHFA 2016

Pricing Date	Amount	Issuer	Series	Program	Rating(s)	Tax Status	Use of Funds	Maturity	Price	Coupon/Yield	9/12/17	8/15/17	6/19/17	6/7/17	5/10/17
Indicator	Indicative Yield	Indicative Yield	Indicative Yield	Indicative Yield	Indicative Yield	Indicative Yield	Indicative Yield	Indicative Yield	Indicative Yield	Indicative Yield	9/8/17	8/15/17	6/19/17	6/7/17	5/10/17
5-Year US Treasury CMT	1.75	1.83	1.80	1.74	1.94										
7-Year US Treasury CMT	1.99	2.09	2.02	1.99	2.22										
10-Year US Treasury CMT	2.17	2.27	2.19	2.18	2.41										
3% GNMA I @ 100% PSA	2.76	2.82	2.76	2.74	2.89										
3% GNMA I @ Dir Forecast	2.67 (184%)	2.753 (177%)	2.691 (163%)	2.665 (164%)	2.86 (160%)										
9-Year MMD	1.74	1.76	1.76	1.73	2.06										
10-Year MMD	1.86	1.91	1.86	1.83	2.17										
MBS PREPAY HISTORY (%PSA)															
Past 3 months	-	-	-	-	-										
Past 6 months	-	-	-	-	-										
Past 12 months	-	-	-	-	-										
Since issuance	-	-	-	-	-										
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)															
At 100% PSA	10.7	10.6	10.5	10.8	10.7										
At 150% PSA	8.7	8.6	8.5	8.8	8.7										
At 200% PSA	7.2	7.1	7.1	7.4	7.3										
At 300% PSA	5.4	5.3	5.3	5.6	5.5										
WEIGHTED AVERAGE MORTGAGE RATE	4.27%	4.48%	4.13%	4.27%	4.23%										
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	3.61%	4.06%	2.97%	3.79%	3.61%										
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	357	355	354	359	357										
Notes															
Sr Manager		RBC Capital Markets	RBC Capital Markets	George K. Baum	RBC Capital Markets	Ramirez & Co.	RBC Capital Markets								

TAX-EXEMPT PASS-THROUGH BOND PRICING COMPARABLES, 2017 TO DATE PLUS MHFA 2016

Pricing Date	10/20/16	1/24/17	2/3/17	2/9/17	3/13/17	2/9/17
Amount	\$20,445,117	\$62,315,562	\$26,000,000	\$24,966,329	\$23,903,940	\$24,966,329
Issuer	Minnesota HFA	Illinois HDA	Illinois HDA	Minnesota HFA	Minnesota HFA	Minnesota HFA
Series	2016 Series G	2017 Series A	2017 Series A	2017 Series A	2017 Series C	2017 Series A
Program	Single Family / Negotiated	Single Family / Negotiated	Multifamily / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated
Rating(s)	Aaa / - / -	Aaa / - / -	Aaa / - / -	Aaa / - / -	Aaa / - / -	Aaa / - / -
Tax Status	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT
Use of Funds	New Money	New Money	New Money	New Money	New Money	New Money
Maturity	2046	2047	2059	2047	2047	2047
Price	100.000	100.000	100.000	100.000	100.000	100.000
Coupon/Yield	2.300	3.125	4.050	2.930	3.080	2.930
Indicator	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative
5-Year US Treasury CMT	Yield 10/20/16 1.26	Yield 1/24/17 1.94	Yield 2/3/17 1.93	Yield 2/9/17 1.88	Yield 3/13/17 2.14	Yield 2/9/17 1.88
7-Year US Treasury CMT	Spread +104	Spread +119	Spread +212	Spread +105	Spread +94	Spread +105
10-Year US Treasury CMT	1.55	2.27	2.27	2.20	2.43	2.20
3% GNMA I @ 100% PSA	+75	+86	+178	+73	+65	+65
3% GNMA I @ Dir Forecast	+54	+66	+156	+53	+46	+46
9-Year MMD	-16	+21	+114	+7	-2	-2
10-Year MMD	+14	+24	+116	+11	-4	-4
MBS PREPAY HISTORY (%PSA)	2.16 (224%)	2.89 (160%)	2.89 (160%)	2.82 (160%)	3.12 (159%)	3.12 (159%)
Past 3 months	1.61	2.23	2.23	2.18	2.39	2.39
Past 6 months	1.72	2.32	2.33	2.28	2.49	2.49
Past 12 months	-	-	-	-	-	-
Since issuance	-	-	-	-	-	-
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)	-	-	-	-	-	-
At 100% PSA	10.5	10.4	-	10.4	10.5	10.4
At 150% PSA	8.5	8.5	-	8.5	8.5	8.5
At 200% PSA	7.1	7.1	-	7.1	7.1	7.1
At 300% PSA	5.3	5.3	-	5.2	5.3	5.2
WEIGHTED AVERAGE MORTGAGE RATE	3.67%	3.60%	-	3.84%	3.79%	3.84%
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	3.10%	3.15%	-	3.20%	3.30%	3.20%
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	357	354	-	355	356	355
Notes			Projected weighted average life is 11.65 yrs at lockout expiration (4/1/29), 15.82 yrs at Section 42 compliance period end (2/1/34)			
Sr Manager	RBC Capital Markets	Citigroup	Jefferies	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets

TAX-EXEMPT PASS-THROUGH BOND PRICING COMPARABLES, 2017 TO DATE PLUS MHFA 2016

Pricing Date	9/12/16	7/14/16	3/10/16	1/12/16
Amount	\$35,494,509	\$35,389,598	\$50,970,802	\$97,273,565
Issuer	Minnesota HFA	Minnesota HFA	Minnesota HFA	Minnesota HFA
Series	2016 Series E	2016 Series C	2016 Series B	2016 Series A
Program	Single Family / Negotiated			
Rating(s)	Aaa / - / -			
Tax Status	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT	Tax Exempt, Non-AMT
Use of Funds	New Money	New Money	New Money	New Money
Maturity	2046	2046	2046	2046
Price	100.000	100.000	100.000	100.000
Coupon/Yield	2.350	2.330	2.700	2.950
Indicator	Indicative Yield 9/12/16 Spread	Indicative Yield 7/14/16 Spread	Indicative Yield 3/10/16 Spread	Indicative Yield 1/12/16 Spread
5-Year US Treasury CMT	1.21 +114	1.10 +123	1.45 +125	1.55 +140
7-Year US Treasury CMT	1.50 +85	1.36 +97	1.75 +95	1.88 +107
10-Year US Treasury CMT	1.68 +67	1.53 +80	1.93 +77	2.12 +83
3% GNMA I @ 100% PSA	2.47 -12	2.45 -12	2.67 +3	2.75 +20
3% GNMA I @ Dir Forecast	2.16 (230%) +19	2.08 (252%) +25	2.55 (189%) +15	2.67 (175%) +28
9-Year MMD	1.43 +92	1.32 +101	1.76 +94	1.67 +128
10-Year MMD	1.52 +83	1.41 +92	1.88 +82	1.78 +117
MBS PREPAY HISTORY (%PSA)				
Past 3 months	-	-	-	-
Past 6 months	-	-	-	-
Past 12 months	-	-	-	-
Since issuance	-	-	-	-
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)				
At 100% PSA	10.6	10.6	10.5	10.6
At 150% PSA	8.6	8.6	8.5	8.6
At 200% PSA	7.2	7.2	7.1	7.2
At 300% PSA	5.4	5.4	5.3	5.3
WEIGHTED AVERAGE MORTGAGE RATE	3.81%	3.85%	4.01%	3.96%
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	3.22%	3.23%	3.53%	3.49%
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	358	357	354	357
Notes				
Sr Manager	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets

TAXABLE PASS-THROUGH BOND PRICING COMPARABLES, 2017 TO DATE PLUS MHFA 2016

Pricing Date	11/9/17	11/9/17	11/9/17	11/9/17	10/31/17	9/28/17
Amount	\$46,156,952	\$46,156,952	\$10,700,000	\$10,693,777	\$10,693,777	\$59,891,354
Issuer	Minnesota HFA	Minnesota HFA	Utah HC	Illinois HDA	Illinois HDA	New York City HDC
Series	2017 Series J	2017 Series J	2017 Series B	2017 Series B	2017 Series B	2017 Series A
Program	Single Family / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated			
Rating(s)	Aaa / - / -	Aaa / - / -	Aa3 / - / -	Aaa / - / -	Aaa / - / -	- / AA+ / -
Tax Status	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable
Use of Funds	New Money	New Money	New Money	New Money	Refunding	New Money
Maturity	2047	2047	2048	2048	2043	2046
Price	100.000	100.000	100.000	100.000	100.000	100.000
Coupon/Yield	3.100	3.100	2.690	2.690	3.210	3.098
Indicator	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative
5-Year US Treasury	2.54	2.01	2.01	2.01	2.01	1.89
7-Year US Treasury	2.74	2.20	2.20	2.20	2.23	2.13
10-Year US Treasury	2.83	2.33	2.33	2.33	2.38	2.31
3% GNMA I @ 100% PSA	3.27	2.85	2.85	2.85	2.86	2.83
3% GNMA I @ Dir Forecast	3.32 (153%)	2.80 (175%)	2.80 (175%)	2.80 (175%)	2.86	2.77 (178%)
9-Year MMD	2.35	1.83	1.83	1.83	1.91	1.90
10-Year MMD	2.42	1.93	1.93	1.93	2.01	2.00
MBS PREPAY HISTORY (%PSA)						
Past 3 months	-	-	-	-	-	-
Past 6 months	-	-	-	-	-	-
Past 12 months	-	-	-	-	-	-
Since issuance	-	-	-	-	-	-
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)						
At 100% PSA	10.8	10.7	8.7	8.7	-	-
At 150% PSA	8.7	8.7	6.6	6.6	-	-
At 200% PSA	7.3	7.2	5.3	5.3	-	-
At 300% PSA	5.5	5.4	4.0	4.0	-	-
WEIGHTED AVERAGE MORTGAGE RATE	4.41%	4.14%	-	-	5.80%	6.90%
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	3.62%	3.56%	-	-	-	-
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	357	357	-	-	312	-
Notes					Projected weighted average life is 16.16 yrs at 0% CPR, 7.55 yrs at 10% CPR, 5.71 yrs at 15% CPR, and 4.60 yrs at 20% CPR ; priced at +120 to 5-year UST	Projected weighted average life is 17.21 yrs at 0% CPR, 10.08 yrs at 10% CPR, 8.42 yrs at 15% CPR, and 7.37 yrs at 20% CPR ; priced at +120 to 5-year UST
Sr Manager	RBC Capital Markets	RBC Capital Markets	Zions Bank	Zions Bank	Jefferies	Jefferies

TAXABLE PASS-THROUGH BOND PRICING COMPARABLES, 2017 TO DATE PLUS MHFA 2016

Pricing Date	8/16/17	8/9/17	6/27/17	6/7/17
Amount	\$50,168,626	\$34,444,074	\$52,000,000	\$29,610,000
Issuer	Colorado HFA	District of Columbia HFA	Colorado HFA	Texas DHCA
Series	2017 Series AA	Series 2017	2017 Series A	2017 Series B
Program	Single Family / Negotiated	Multifamily / Negotiated	Single Family / Negotiated	Single Family / Negotiated
Rating(s)	Aaa / - / -	Aaa / - / -	Aaa / AAA / -	Aa1 / AA+ / -
Tax Status	Taxable	Taxable	Taxable	Taxable
Use of Funds	New Money	Refunding	New Money	Refunding
Maturity	2047	2049	2047	2038
Price	100.000	100.000	100.000	100.000
Coupon/Yield	3.030	3.236	3.000	2.750
Indicator	Indicative	Indicative	Indicative	Indicative
5-Year US Treasury	Yield 9/8/17 1.75	Yield 8/9/17 1.81	Yield 6/27/17 1.83	Yield 6/7/17 1.74
7-Year US Treasury	Spread 9/8/17 +125	Spread 8/9/17 +143	Spread 6/27/17 +117	Spread 6/7/17 +101
10-Year US Treasury	Yield 9/8/17 1.99	Yield 8/9/17 2.06	Yield 6/27/17 2.04	Yield 6/7/17 1.99
3% GNMA I @ 100% PSA	Spread 9/8/17 +83	Spread 8/9/17 +100	Spread 6/27/17 +79	Spread 6/7/17 +57
3% GNMA I @ Dir Forecast	Yield 9/8/17 2.76	Yield 8/9/17 2.80	Yield 6/27/17 2.83	Yield 6/7/17 2.74
9-Year MMD	Spread 9/8/17 +33	Spread 8/9/17 +44	Spread 6/27/17 +17	Spread 6/7/17 +1
10-Year MMD	Yield 9/8/17 2.67 (184%)	Yield 8/9/17 2.725 (173%)	Yield 6/27/17 2.774 (164%)	Yield 6/7/17 2.665 (164%)
	Spread 9/8/17 +126	Spread 8/9/17 +149	Spread 6/27/17 +123	Spread 6/7/17 +102
	Yield 9/8/17 1.74	Yield 8/9/17 1.75	Yield 6/27/17 1.77	Yield 6/7/17 1.73
	Spread 9/8/17 +114	Spread 8/9/17 +134	Spread 6/27/17 +112	Spread 6/7/17 +92
	Yield 9/8/17 1.86	Yield 8/9/17 1.90	Yield 6/27/17 1.88	Yield 6/7/17 1.83
MBS PREPAY HISTORY (%PSA)				
Past 3 months	-	-	-	-
Past 6 months	-	-	-	114%
Past 12 months	-	-	-	163%
Since issuance	-	-	-	225%
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)				
At 100% PSA	10.7	-	10.9	7.6
At 150% PSA	8.7	-	8.9	6.2
At 200% PSA	7.2	-	7.4	5.1
At 300% PSA	5.4	-	5.6	3.7
WEIGHTED AVERAGE MORTGAGE RATE	4.27%	5.54%	4.50%	5.94%
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	3.61%	-	4.00%	5.44%
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	357	-	359	251
Notes		Projected weighted average life is 17.08 yrs at 0% CPR, 9.03 yrs at 10% CPR, 7.34 yrs at 15% CPR, and 6.30 yrs at 20% CPR ; priced at +120 to 7-year UST		
Sr Manager	RBC Capital Markets	Jefferies	RBC Capital Markets	Ramirez & Co.

TAXABLE PASS-THROUGH BOND PRICING COMPARABLES, 2017 TO DATE PLUS MHFA 2016

Pricing Date	5/10/17	5/23/17	6/7/17	5/2/17	4/18/17
Amount	\$19,348,474	\$150,083,524	\$42,787,085	\$27,898,301	\$27,100,000
Issuer	Minnesota HFA	Virginia HDA	Texas DHCA	New Mexico MFA	Louisiana HC
Series	2017 Series F	2017 Series A	2017 Series C	2017 Series A-2	Series 2017
Program	Single Family / Negotiated				
Rating(s)	Aaa / - / -	Aaa / AAA / -	Aa1 / AA+ / -	Aaa / - / -	Aaa / - / -
Tax Status	Taxable	Taxable	Taxable	Taxable	Taxable
Use of Funds	New Money	Refunding	New Money	Refunding	Refunding
Maturity	2047	2039	2047	2038	2038
Price	100.000	100.000	100.000	100.000	100.000
Coupon/Yield	3.200	3.125	3.100	2.980	2.875
Indicator	Indicative	Indicative	Indicative	Indicative	Indicative
5-Year US Treasury	Yield 1.94	Yield 1.84	Yield 1.74	Yield 1.81	Yield 1.71
7-Year US Treasury	Spread +126	Spread +129	Spread +136	Spread +117	Spread +117
10-Year US Treasury	Yield 2.22	Yield 2.10	Yield 1.99	Yield 2.09	Yield 1.98
3% GNMA I @ 100% PSA	Spread +79	Spread +84	Spread +92	Spread +89	Spread +90
3% GNMA I @ Dir Forecast	Yield 2.83	Yield 2.81	Yield 2.74	Yield 2.29	Yield 2.18
9-Year MMD	Spread +34	Spread +25	Spread +44	Spread +15	Spread +15
10-Year MMD	Yield 2.86 (160%)	Yield 2.876 (161%)	Yield 2.665 (164%)	Yield 2.78 (160%)	Yield 2.65 (161%)
MBS PREPAY HISTORY (%PSA)	Spread +114	Spread +116	Spread +137	Spread +91	Spread +95
Past 3 months	Yield 2.17	Yield 1.97	Yield 1.83	Yield 2.18	Yield 2.02
Past 6 months	Spread +103	Spread +116	Spread +127	Spread +80	Spread +86
Past 12 months	Yield -	Yield -	Yield -	Yield 71%	Yield 103%
Since issuance	Yield -	Yield -	Yield -	Yield 114%	Yield 114%
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)	Yield -	Yield -	Yield -	Yield 147%	Yield 150%
At 100% PSA	Yield -	Yield -	Yield -	Yield 238%	Yield 258%
At 150% PSA	Yield 10.7	Yield 8.0	Yield 10.9	Yield 7.9	Yield 6.1
At 200% PSA	Yield 8.7	Yield 6.7	Yield 8.9	Yield -	Yield 4.7
At 300% PSA	Yield 7.3	Yield 5.6	Yield 7.4	Yield 5.6	Yield 3.8
WEIGHTED AVERAGE MORTGAGE RATE	Yield 5.5	Yield 4.2	Yield 5.6	Yield 4.1	Yield 2.7
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	Yield 4.23%	Yield 5.57%	Yield 4.38%	Yield 6.03%	Yield 6.08%
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	Yield 3.61%	Yield -	Yield 3.84%	Yield 5.53%	Yield 5.26%
Notes	357	241	360	238	251
Sr Manager	RBC Capital Markets	Wells Fargo	Ramirez & Co.	RBC Capital Markets	J.P. Morgan

TAXABLE PASS-THROUGH BOND PRICING COMPARABLES, 2017 TO DATE PLUS MHFA 2016

Pricing Date	Amount	Series	Program	Rating(s)	Tax Status	Use of Funds	Maturity	Price	Coupon/Yield	3/13/17	2/9/17	10/20/16	9/12/16	7/14/16
Indicator	Yield	Spread	Yield	Spread	Yield	Spread	Yield	Spread	Yield	Spread	Yield	Spread	Yield	Spread
5-Year US Treasury	2.14	+129	1.88	+137	1.26	+139	1.21	+147	1.10	+163				
7-Year US Treasury	2.43	+100	2.20	+105	1.55	+110	1.50	+118	1.36	+137				
10-Year US Treasury	2.62	+81	2.40	+85	1.76	+89	1.68	+100	1.53	+120				
3% GNMA I @ 100% PSA	3.10	+33	2.86	+39	2.46	+19	2.47	+21	2.45	+28				
3% GNMA I @ Dir Forecast	3.12 (159%)	+31	2.82 (160%)	+43	2.16 (224%)	+49	2.16 (230%)	+52	2.08 (252%)	+65				
9-Year MMD	2.39	+104	2.18	+107	1.61	+104	1.43	+125	1.32	+141				
10-Year MMD	2.49	+94	2.28	+97	1.72	+93	1.52	+116	1.41	+132				
MBS PREPAY HISTORY (%PSA)														
Past 3 months	-		-		-		-		-					
Past 6 months	-		-		-		-		-					
Past 12 months	-		-		-		-		-					
Since issuance	-		-		-		-		-					
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)														
At 100% PSA	10.5		10.5		10.5		10.6		10.6					
At 150% PSA	8.6		8.5		8.6		8.7		8.6					
At 200% PSA	7.2		7.1		7.2		7.3		7.2					
At 300% PSA	5.3		5.3		5.4		5.5		5.4					
WEIGHTED AVERAGE MORTGAGE RATE	3.79%		3.84%		3.67%		3.81%		3.85%					
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	3.30%		3.20%		3.10%		3.22%		3.23%					
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	356		355		357		358		357					
Notes														
Sr Manager														