

DEFERRED LOANS

Preservation Affordable Rental Investment Fund (PARIF)

Program Overview

Minnesota Housing's goal under the PARIF Program is to preserve federally assisted and supportive housing for low-income individuals and families. Federally assisted developments include those with Section 8 contracts, Rural Development rental assistance or financing, and on tribal land, NAHASDA funding.

Application Process

Applications accepted through the annual RFP process and throughout the year.

Lending Terms

Eligible Properties:	At risk, project-based, federally subsidized developments or existing supportive housing developments.
Loan Purpose:	Funds may be used for acquisition, rehabilitation and debt restructuring. Funds may also be used for limited equity takeout in conjunction with a high priority federally subsidized preservation effort.
Loan Parameters:	Generally, funds will be made available as a 0 percent loan, unless a higher rate is necessary to allow PARIF to be used with other sources, such as housing tax credits. Principal and interest, if any, will generally be due and payable at the end of the loan term, which is typically 30 years; however Minnesota Housing, at its sole discretion, may require provisions necessitating a percentage of cash flow be repaid annually. Loan terms may be adjusted based on requirements and conditions of the federal assistance or other funding sources. For developments assisted with PARIF funds, a declaration running with the land will be filed requiring continued participation in the federal program or as supportive housing. Additionally, for federally assisted developments, there will be a right of first refusal.
Borrower:	Single asset entity.
Recourse:	Non-recourse, unless to a non-single asset entity.
Interest Rate:	Zero percent unless other funds, such as tax credits, require an interest rate.
Prepayment and Assumption:	The mortgage may be prepaid in full at any time; the covenants and conditions in the declarations run with the land and will remain in effect for the term of affordability regardless if the loan is paid in full or an assumption is allowed. A prepayment fee in an amount equal to the approximate administrative costs incurred by Minnesota Housing in processing the prepayment will be charged. At Minnesota Housing's sole discretion, the loan may be considered for an assumption (but not guaranteed), contingent on Minnesota Housing's approval of the proposed ownership entity and assumption of all contractual obligations with Minnesota Housing. If approved, an assumption fee equal to 1/2 of 1 percent of the outstanding mortgage amount will be charged.

- Income and Rent Limits:** For federally assisted units, income and rent limits follow the federal program being preserved. Income limits for supportive housing developments are 80 percent of the statewide median income.
- Rehab Standards:** Construction or rehabilitation to a standard that meets the Minnesota Housing's Rental Housing Design/Construction Standards, with sufficient rehabilitation to ensure that projected capital needs for the next 15 years can be met with property reserves.
- Monitoring:** Owners must submit an owner's certification and report occupancy data annually using Minnesota Housing's online reporting tool. Properties will be inspected periodically. Owners may also be required to submit annual operating data.
- Third Party Reports:** Third party reports may include a Minnesota Housing commissioned appraisal, environmental, radon, market study, physical needs assessment, and a 20-year capital expenditure analysis.

Questions

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