

Item: Approval, Community Homeownership Impact Fund Program Procedural Manual

Staff Contact(s):

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Request Type:

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|----------------------------------------------|-------------------------------------------|
| <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 the Community Homeownership Impact Fund (Impact Fund) Program Procedural Manual.

Fiscal Impact:

There is no direct fiscal impact as a result of the Impact Fund Procedural Manual changes. The Impact Fund Program is funded with State appropriated Economic Development and Housing Challenge funds, Pool 2, and housing infrastructure bond proceeds awarded to Administrators via an annual request for proposals process. The Impact Fund Procedural Manual will guide the use and management of funds awarded to Impact Fund Administrators.

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
- Community Homeownership Impact Fund Program Procedural Manual

Background

Since 1999, Minnesota Housing has operated the Community Homeownership Impact Fund (Impact Fund) Program (formerly known as the Community Revitalization Fund [CRF or CRV]), offering funding statewide via the Single Family Request for Proposals (RFP). The Impact Fund awards funds to Administrators to address locally-identified needs for affordable, single family, owner-occupied housing.

The Impact Fund Procedural Manual changes are made to standardize practices throughout the Agency, within the Single Family Division, and to clarify existing procedures and language. Below is a summary of the revisions to the Impact Fund Procedural Manual.

Alignment with the Agency's Visitability Requirement

The revised Impact Fund Procedural Manual clarifies that new construction units to be completed under Impact Fund contracts effective on or after June 1, 2018 and receiving state-appropriated Impact Fund dollars for either Value Gap or interim loan financing, or both, are subject to the visitability requirement. Previously, the requirement applied only to units benefitting from state-appropriated interim loan dollars.

Clarifications to Existing Policies or Procedures

These revisions clarify, but do not substantively change, policies and procedures contained in prior versions of the Impact Fund Procedural Manual. The revised Impact Fund Procedural Manual:

- Clarifies that employees and other parties affiliated with the Administrator, a Processing Entity, or the State of Minnesota are eligible for assistance provided they receive assistance at the same costs, terms and conditions as similarly situated unaffiliated households and receive no special consideration or access compared to similarly situated unaffiliated households.
- Clarifies that household incomes must not exceed 80 percent of the greater of state, county or area median income in community land trust units benefitting from housing infrastructure bonds.
- Directs Administrators to statutory prevailing wage requirements referenced in their contracts.
- Clarifies that units benefitting from Impact Fund dollars for only Affordability Gap and not for Value Gap or interim loan financing are exempt from Green Communities Criteria, except for the criterion incorporating the Minnesota Housing Lead Based Paint Guidebook. The requirements of the Agency's Lead Based Paint Guidebook still apply if an Administrator's rehabilitation activity includes the identification and correction of lead-paint related health and safety hazards.
- Clarifies that the administration fee is compensation for the making of a grant or loan to a household, supported by Impact Fund dollars, and not necessarily for all services performed in a project.
- Clarifies that the developer fee is compensation for development services, and not necessarily for all services performed in a project.
- Directs Administrators to the Agency's Terms of Use for marketing materials and Agreement requirements for marketing and use of the Agency's name or logo.
- Dedicates a section for manufactured housing in the chapter on deferred loans and reiterates that manufactured housing is an eligible property type.

Effective Date and Applicability

Following board approval, the proposed new Impact Fund Procedural Manual would go into effect February 21, 2019.

Agreements, Grant Contracts and Loan Contracts currently in effect refer to the Procedural Manual as may be amended; therefore, this updated version would apply to all activity occurring on and after February 21, 2019.