# APPENDIX B: PROGRAM DESCRIPTIONS

## NOTES ON READING THE PROGRAM DESCRIPTIONS:

- "Housing Investment Fund" and "Pool 2" refer to the same resource, which is described in Appendix A.
- "Housing Affordability Fund" and "Pool 3" refer to the same resource, which is described in Appendix A.
- The sum of the projections for the number of housing units or households assisted by individual programs during the plan period exceed the total number of households projected to be served across all programs. This occurs because some households or housing units will receive assistance from multiple programs to achieve needed affordability levels.
- The projections for the number of households or units assisted generally are based on the average assistance per household or unit for the last five years, by program, adjusted for inflation and program trends and changes.
- The funding levels described in the narratives are estimates of the amounts we expect to deploy in 2020-2021. The number of households the Agency expects to serve with each funding source is an estimate, and the final numbers will depend on actual expenditures and will be reported in the annual Program Assessment Report.
- "Program" is used broadly throughout the Affordable Housing Plan to refer to Minnesota Housing programs, initiatives, and activities.

# HOMEBUYER FINANCING AND HOME REFINANCING

## HOME MORTGAGE LOANS

We offer two home mortgage programs – Start Up serving first-time home buyers and Step Up for borrowers who do not qualify for Start Up. Step Up offers both purchase and refinance options. Under the programs, participating lenders originate fully-amortizing first mortgages throughout the state. To support home mortgage borrowers, we also offer downpayment and closing-cost loans structured to meet the needs of low- and moderate-income homeowners. To promote successful homeownership, our home mortgage programs also require at least one borrower in a first time homebuyer household to complete homebuyer education.

In our current business model for homeownership, we access capital to finance the purchase of mortgage-backed securities containing our program mortgages primarily by selling bonds in the municipal bond market. Program mortgages not eligible for bond sales are sold on the secondary market.

We remain committed through our programs to serve households of color and households with incomes below 80% of area median income.

Current household income limits for Start Up:

| Property Location | Maximum Household Income | |
|---|---|---|
| | 1-2 person | 3 or more |
| Minneapolis/Saint Paul Metro Area (11-county) | $100,000 | $115,000 |
| Dodge & Olmstead Counties | $93,800 | $107,800 |
| All Other Counties | $88,600 | $101,800 |

Current income limits for Step Up:

| Property Location | Maximum |
|---|---|
| Minneapolis/Saint Paul Metro Area (11-county) | $149,500 |
| Dodge & Olmstead Counties | $149,500 |
| All Other Counties | $132,500 |

Purchase price limits:

| Property Location | Maximum |
|---|---|
| Minneapolis/Saint Paul Metro Area (11-county) | $330,100 |
| All Other Counties | $283,300 |

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 4,622 loans
- $800,803,963 total loan amount
- $173,259 average loan
- A median household income of $55,148 or 66% of the statewide median income
- 34% of households were of color or from indigenous communities

Our home mortgage programs are experiencing high production, which is heavily supported by downpayment and closing-cost loans. Ninety-seven percent of home mortgage borrowers use some type of downpayment and closing-cost loan, which is comparable with other top-producing housing finance agencies nationally.

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $2,000,000,000.

We expect production in 2020 and 2021 to be similar to 2019, with the potential to grow to $1 billion in net first mortgage loans by 2021. Industry changes or changes in market conditions could affect production.

Based on resources available for new activity, we expect to finance mortgages for about 5,130 households each of the two years. Reducing the homeownership disparity for households of color and indigenous communities will continue to be a priority.

## DEFERRED PAYMENT LOANS

We offer two downpayment and closing-cost loans—Deferred Payment Loans (DPLs) and Monthly Payment Loans (MPLs)—that support homeowners receiving Start Up and Step Up first mortgage loans. For the past two years, approximately 97% of our borrowers have received one of these downpayment and closing-cost loans.

The Deferred Payment Loan provides an interest-free, deferred loan for downpayment and closing costs to income-eligible first-time homebuyers purchasing a home under the Start Up program. Borrowers that receive DPL lack the necessary funds for standard mortgage downpayment and closing costs. The maximum loan amount is $10,000. The program serves lower income households than the amortizing Monthly Payment Loan and is funded through a combination of state appropriations and Pool 3 funds.

To ensure that funds support successful homeownership, DPL requires borrowers to contribute a minimum cash investment of the lesser of one percent of the purchase price or $1,000 and have a credit score of at least 640.

Current income limits are adjusted by household size. Limits for households of one to two members are:

| Property Location | Maximum |
|---|---:|
| Minneapolis/Saint Paul Metro Area (11-county) | $72,000 |
| Dodge & Olmstead Counties | $72,000 |
| All Other Counties | $64,000 |

Current purchase price limits are:

| Property Location | Maximum |
|---|---:|
| Minneapolis/Saint Paul Metro Area (11-county) | $330,100 |
| All Other Counties | $283,300 |

Current purchase price limits match the Start Up program purchase price limits.

### Program Performance and Trends

The availability of DPL is a driver of overall home mortgage production, particularly among lower-income and more targeted borrowers. DPL has been our most effective tool for serving households of color and indigenous communities.

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 3,021 loans
- $23,786,550 total loan amount
- $7,874 average loan
- A median household income of $49,635 or 59% of the statewide median income
- 36% of households were of color or from indigenous communities

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $71,770,000.

If home mortgage demand remains very strong, additional resources may be needed to support DPL, or we will have to make program changes.

Based on resources available for new activity, we expect to support 3,260 households each of the two years.

## MONTHLY PAYMENT LOANS

Monthly Payment Loans (MPLs) are interest-bearing, amortizing loans that provide downpayment and closing-cost funds. MPLs support our Start Up and Step Up home mortgage loan programs. Borrowers who qualify for MPLs receive up to $15,000. MPLs use Pool 2 resources and have a 10-year term with an interest rate equal to that of the first mortgage.

To ensure that funds support successful homeownership, MPL requires borrowers to contribute a minimum cash investment of the lesser of one percent of the purchase price or $1,000 and have a credit score of at least 640.

Current household income limits for Start Up:

| Property Location | Maximum Household Income | |
|---|---|---|
| | 1-2 person | 3 or more |
| Minneapolis/Saint Paul Metro Area (11-county) | $100,000 | $115,000 |
| Dodge & Olmstead Counties | $93,800 | $107,800 |
| All Other Counties | $88,600 | $101,800 |

Current income limits for Step Up:

| Property Location | Maximum |
|---|---|
| Minneapolis/Saint Paul Metro Area (11-county) | $149,500 |
| Dodge & Olmstead Counties | $149,500 |
| All Other Counties | $132,500 |

Current purchase price limits are:

| Property Location | Maximum |
|---|---|
| Minneapolis/Saint Paul Metro Area (11-county) | $330,100 |
| All Other Counties | $283,300 |

### Program Performance and Trends

Demand for this program has remained strong since its introduction in late 2012.

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 1,454 loans
- $13,939,200 total loan amount
- $9,587 average loan
- A median household income of $74,040 or 88% of the statewide median income
- 29% of households were of color or from indigenous communities

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $44,000,000.

We anticipate approximately 30% of overall home mortgage production will involve MPL. MPL production is subject to overall home mortgage production trends, the interest rate environment, the overall percentage of our borrowers who need a downpayment and closing-cost loan, and program design. Given that MPL is available with both home mortgage options, the demand for MPL depends upon the demand for first mortgage loans.

Based on resources available for new activity, we expect to fund loans for 1,760 households each of the two years.

# HOMEBUYER/OWNER EDUCATION AND COUNSELING

## HOMEOWNERSHIP EDUCATION, COUNSELING & TRAINING (HECAT) FUND

The Homeownership Education, Counseling and Training (HECAT) Fund supports comprehensive pre-purchase services, including: in-person homeownership education (Home Stretch and Realizing the American Dream), homeownership services (financial wellness and homebuyer counseling), home equity conversion (reverse mortgage) counseling, and foreclosure prevention counseling. Besides the state appropriation, Family Housing Fund, Greater Minnesota Housing Fund and the Minnesota Homeownership Center have annually contributed a total of $550,000 to the program. We award the funds through a competitive annual Request for Proposals (RFP) process. The online homeownership education course, Framework, is an alternate option for homeownership education and is not funded through HECAT.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 7,911 households served through the traditional HECAT program and an additional 12,135 households through Framework
- $1,591,500 total funding
- $182 average Minnesota Housing assistance per household
- A median household income of $37,200 or 44% of the statewide median income
- 53% of households were of color or from indigenous communities

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $3,064,000.

Based on resources available for new activity, the program will assist 21,890 households each of the two years (including online Framework training).

## ENHANCED HOMEOWNERSHIP CAPACITY INITIATIVE

Households of color are an increasing share of the state's population, yet Minnesota's homeownership disparity (the homeownership rate differential between white/non-Hispanic households and households of color) is the fourth-highest in the nation. These households often struggle to access the mortgage market.

The Homeownership Capacity program is funded with Pool 3 resources and provides intensive financial education, coaching, and case management services to prepare families for sustainable homeownership. It serves a range of households but has targeted efforts to reach households of color and low-to-moderate income households to increase their probability of successful homeownership. In the most recent round of funding, fifteen organizations will provide services–eight in the Twin Cities metro, four in Greater Minnesota, two in both areas, and one statewide.

### Program Performance and Trends

This initiative supports new and expanded homeowner training efforts through existing organizations, which leverage funds from a number of sources.

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 997 households served
- $1,172,140 total grant amount
- $1,176 average Minnesota Housing funding per household
- A median household income of $36,000 or 43% of the statewide median income
- 85% of households were of color or from indigenous communities

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $3,000,000.

Based on the resources available for new activity, we anticipate serving approximately 1,250 households each of the two years.

# HOME IMPROVEMENT LENDING

## HOME IMPROVEMENT LOAN PROGRAM

The Home Improvement Loan Program (including Fix Up and Community Fix Up Loans) uses Pool 2 resource to provide fully-amortizing home improvement loans to low- and moderate-income homeowners to improve the livability and energy efficiency of their homes. The Community Fix Up component is an add-on for eligible Fix Up lending partners and provides affordable financing to support community partnerships that target resources. Lending partners working with Community Fix Up are able to offer a slightly lower interest rate compared to the regular Fix Up Loan Program. Fix Up and Community Fix Up loans are key tools for addressing the state's aging housing stock.

The program serves a broad range of incomes and promotes economic diversity in lending. With higher loan-to-value limits than traditional loan products and an unsecured loan option, borrowers are able to improve and preserve their homes when other financing options may not be available to them.

| Property Location | Income Limit |
|---|---:|
| Minneapolis/Saint Paul  Metro Area (11-county) | $149,500 |
| Dodge & Olmstead Counties | $149,500 |
| All Other Counties | $132,500 |

(No Income limit for unsecured energy incentive and secured energy/accessibility loans.)

Maximum loan amount:
- $50,000 for secured loans
- $15,000 for unsecured loans and secured energy/accessibility loans.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 —September 30, 2018, we reported:
- 617 loans
- $11,887,522 total loan amount
- $19,267 average loan
- A median household income of $70,200 or 83% of the statewide median income
- 9% of households were of color or from indigenous communities

Changes to the program were implemented in July 2018. Since implementation, loan production has increased nearly 40%.

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $42,000,000.

Program staff will conduct a program analysis each year to identify program changes to better serve Minnesotans across the state. Staff will continue to offer lender training and will focus on lender outreach and new lender onboarding to make the program more accessible throughout the state.

Based on current loan production trends and the resources available for new activity, we anticipate serving approximately 1,050 households each of the two years.

## REHABILITATION LOAN PROGRAM (RLP)

The Rehabilitation Loan Program (RLP) provides zero-interest, deferred loans to extremely-low-income homeowners at or below 30% of area median income (AMI) to improve the safety, livability, or energy efficiency of their homes. The homes are rehabilitated to the greatest extent practicable to meet rehabilitation standards. Homeowners who need emergency assistance or have an essential accessibility need are referred to the Emergency & Accessibility Loan (ELP) component of the program.

A network of over 30 lender partners, such as community action agencies and local units of government, administer RLP/ELP throughout the state. The maximum loan term is 15 years for properties taxed as real property and 10 years for manufactured homes taxed as personal property and located in a manufactured home community. All loans are forgiven after the loan term if the borrower does not sell, transfer title, or cease to occupy the property during the loan term.

Current income limits are adjusted by household size, from $21,000 for a single person household to $30,000 for a four-person household. Other borrower assets cannot exceed $25,000.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 236 loans
- $5,348,625 total loan amount
- $22,664 average loan
- A median household income of $14,658 or 17% of statewide median income
- 4% of households were of color or from indigenous communities

Over the past year, staff completed two in-person lender trainings and conducted outreach to current and potential new lenders to address gaps in the program's coverage.

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $19,544,000.

In 2020-2021, staff will improve service to manufactured home owners, including assessing the ability to incorporate manufactured home replacement into the program which would require a statutory change. Staff will also implement lender oversight that will include providing training and technical assistance to lenders to improve delivery of the program. Finally, program staff will conduct a gaps analysis to assess how the program has served households of color, indigenous communities, seniors, and households with a disabled member. Program staff will then prioritize outreach to ensure these households will be adequately served.

Based on resources available for the program, we expect to fund rehabilitation loans for approximately 360 households each of the two years.

# RENTAL PRODUCTION - NEW CONSTRUCTION AND REHABILITATION

## MULTIFAMILY FIRST MORTGAGES

We make available Multifamily First Mortgages through our Low and Moderate Income Rental (LMIR) program, using resources from Pool 2 and Agency bond proceeds. Direct loans are generally made under LMIR in combination with HUD's Risk Sharing Program.

The LMIR program makes interest-bearing, amortizing first mortgages available for the refinance, acquisition, rehabilitation, new construction, or conversion of rental developments that house low- and moderate-income Minnesotans. LMIR loans include both rent and income restrictions. We also finance construction (bridge) loans under this program. Financing is available to housing sponsors both through the Request for Proposals (RFP) process and on a year-round basis. To enhance LMIR loans, we may also offer a companion low- or no-interest, deferred loan under the Flexible Financing for Capital Cost (FFCC) program, resulting in a lower overall interest rate on a blended basis.

Current rent restrictions: a minimum of 40% of units must be affordable to households with incomes at 60% of the area median income; or 20% of units must be at affordable to households with incomes at 50% area median income; and the balance of units may have rents at the Minnesota Housing determined "market rate".

Current tenant income restrictions: 40% of units must be occupied by households with incomes at 60% or less of the area median income; or 20% of units must be occupied by households with incomes at 50% or less of area median income; and 25% of units may be occupied by households with unrestricted incomes. The balance of the units may be occupied by households with incomes equal to or less than 100% of the area median income.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017– September 30, 2018, we reported:

- 13 loans for developments with 666 units
- $27,641,000 total loan amount
- $41,503 average LMIR assistance per unit
- A median household income of $24,544 or 29% of the statewide median income
- 55% of households were of color or from indigenous communities

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $150,000,000.

To broaden the benefit and flexibility of our first mortgage programs, we have improved the program to make it more beneficial to borrowers and began exploring ways to streamline our application and review processes. We have also developed a year-round funding approach to enhance the marketing and benefit of our mortgage products.

Based on resources available for the program for permanent first mortgages, we expect to finance 1,000 rental units in each of the two years.

## FLEXIBLE FINANCING FOR CAPITAL COSTS (FFCC)

We provide Flexible Financing for Capital Costs (FFCC) deferred loans at low or no interest, using Pool 3 resources. FFCC is generally available only in conjunction with Agency-originated first mortgage loans for the refinance, acquisition, rehabilitation, new construction, or conversion of rental developments that house low- and moderate-income Minnesotans. Loans include both rent and income restrictions.

Current rent restrictions: a minimum of 40% of units must be affordable to households with incomes at 60% of the area median income; or 20% of units must be at affordable to households with incomes at 50% area median income; and the balance of units may have rents at the Minnesota Housing determined "market rate".

Current tenant income restrictions: 40% of units must be occupied by households with incomes at 60% or less of the area median income; or 20% of units must be occupied by households with incomes at 50% or less of area median income; and 25% of units may be occupied by households with unrestricted incomes. The balance of the units may be occupied by households with incomes equal to or less than 100% of the area median income.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 5 FFCC loans for developments with 217 units
- $1,741,978 total loan amount
- $8,028 average FFCC assistance per unit

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $12,000,000.

Based on resources available for the program for permanent first mortgages, we expect to finance 420 rental units in each of the two years.

## LOW-INCOME HOUSING TAX CREDITS (LIHTC)

Low-Income Housing Tax Credits (LIHTCs) provide federal income tax credits to owners and investors in the construction or acquisition/substantial rehabilitation of eligible rental housing. The U. S. Department of Treasury's Internal Revenue Service (IRS) allocates 9% tax credits based upon state population and a per capita amount that increases each year with the cost of living. Syndication proceeds are the amounts of private equity invested in developments as a result of federal housing tax credits awarded and then sold to investors. The award of 9% LIHTCs to developments is a highly competitive process, with requests far exceeding available credits. Housing financed with 9% LIHTC must meet income and rent restrictions for a minimum of 30 years.

The Minnesota Legislature designated Minnesota Housing as the primary allocating agency of LIHTC in Minnesota and qualified local cities and counties as suballocators.

We award 9% tax credits in two rounds of a competitive allocation process held each year. Round 1 is held concurrent with our Request for Proposals, and a smaller Round 2 is traditionally held early in the next calendar year. We establish a waiting list of unfunded or partially funded applications at the conclusion of Round 2.

Section 42 of the Internal Revenue Code requires that tax credit allocating agencies develop an allocation plan for the distribution of the tax credits within the jurisdiction of the allocating agency. Our Qualified Allocation Plan (QAP) includes selection criteria and preferences required by Section 42 and deemed appropriate to local conditions and established by us based on input from the public, partners and stakeholders.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 1,018 LIHTC units receiving 9% tax credits
- $111,586,589 in syndication proceeds (investor equity from the sale of credits)
- $109,614 average syndication amount per unit
- A median household income of $20,800 or 25% of the statewide median income
- 46% of households were of color or from indigenous communities

### Expected Activity for 2020-2021

It is expected that Minnesota Housing will allocate $23,205,000 in 9% tax credits in 2020-21, which should generate about $200,000,000 in syndication proceeds for the two years combined.

We expect to allocate tax credits to support 650 rental units in each of the two years.

## NATIONAL HOUSING TRUST FUND (NHTF)

The National Housing Trust Fund (NHTF) is an affordable housing production program that complements existing Federal, State, and local efforts to increase and preserve the supply of safe, affordable housing for extremely low-income households, including families experiencing homelessness. The Fund is capitalized through contributions from the government sponsored enterprises Fannie Mae and Freddie Mac and administered by U.S. Department of Housing and Urban Development.

Current Rent Restrictions: Rents for an extremely low-income tenant shall not exceed affordability at 30% of the area median income (AMI). HUD will publish the NHTF rent limits on an annual basis.

Current Income Restrictions: NHTF-assisted units must be occupied by households with incomes at or below 30% of the AMI.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017– September 30, 2018 we reported:

- 1 loan for development with 30 units
- $2,700,000 total loan amount
- $90,000 average NHTF assistance per unit

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $6,558,000.

The program will provide financing for one to two developments that are:

- New construction,
- Acquisition with rehabilitation,
- Rehabilitation without acquisition, or
- Operating subsidies for one of the above developments that produces new units meeting the permanent supportive housing strategic priority (up to 30% of the grant)

Based on the available resources, funds are expected to support 40 units in each of the two years.

## HOME

HOME provides deferred loans for new construction, rehabilitation or acquisition/rehabilitation of permanent affordable rental housing, including housing with state or federal project-based rental subsidies. The program is funded with federal appropriations.

We allocate HOME funds through the annual Request for Proposals (RFP) process and on a year-round basis.

Tenant income limit: The U.S. Department of Housing and Urban Development (HUD) annually sets limits for the HOME program.

Rent limits: HUD annually sets limits for the HOME program.

Maximum assistance amount: HUD annually sets the maximum per-unit subsidy.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 2 loans for developments with 176 units
- $7,256,506 total loan amount
- $41,230 average HOME assistance per unit
- A median household income of $12,222 or 15% of the statewide median income
- 57% of households were of color or from indigenous communities

This program is a critical tool in the long-term preservation of expiring project-based Section 8 contracts, as well as other project-based assisted housing.

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $20,497,000.

In 2020-21, HOME funds will be used to support either new construction or rehabilitation needs. We anticipate financing about 140 rental units in each of the two years.

## PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF)

PARIF provides loans to fund the preservation of: 1) permanent affordable rental housing with federal project-based rent subsidies that are in jeopardy of being lost, 2) existing supportive housing developments, and 3) the newly added use of Naturally Occurring Affordable Housing properties. Eligible activities under PARIF include rehabilitation, acquisition and rehabilitation, and debt restructuring.

We allocate PARIF funds, which are state appropriations, through our annual Request for Proposals (RFP) process and on a year-round basis, allowing us to act more quickly to meet the immediate needs of developments that would be adversely impacted if required to wait for the next RFP.

Tenant income limit: PARIF is subject to the federal guidelines for the units being preserved.

Maximum assistance amount: None

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 4 loans for developments with 481 units
- $6,839,491 total loan amount
- $14,219 average PARIF assistance per unit
- A median household income of $14,328 or 17% of the statewide median income
- 43% of households were of color or from indigenous communities

This program is a critical tool in the long-term preservation of expiring project-based Section 8 contracts, properties with Rural Development rental assistance, and other project-based federally assisted housing.

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $28,436,000.

We anticipate that approximately 100% of the funds will be awarded through the 2019 RFP. Any funds not awarded and any repayments received may be available on a year-round basis.

Based on resources available for new activity, we expect to fund 410 rental units in each of the two years.

## ASSET MANAGEMENT

Under the Asset Management program, resources are available on a year-round basis to fund deferred maintenance, capital improvements, or acquisition or to buy out partners. Properties with Minnesota Housing financing are eligible, including those with existing affordability restrictions or rental assistance contracts administered by Minnesota Housing. Because we prioritize properties already in Minnesota Housing's portfolio, referrals primarily come from Minnesota Housing's asset management and compliance staff.

Under the Asset Management program, we can provide a range of loan types, including interest-bearing, non-interest bearing, amortizing, and/or deferred loans.

Owners receiving funds under this program must agree to extend affordability restrictions to be coterminous with the new loan.

Funding for Asset Management comes from two sources: (1) Financing Adjustment Factor (FAF)/Financing Adjustment (FA), and (2) Pool 3. FAF/FA are federal funds and come from a financing agreement between the U.S. Department of Housing and Urban Development (HUD) and Minnesota Housing.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we provided $1,019,328 in asset management assistance for 236 units in 3 developments.

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $6,000,000.

Based on resources available for new activity, we expect to fund about 200 rental units in each of the two years.

## RENTAL REHABILITATION DEFERRED LOAN PILOT PROGRAM (RRDL)

RRDL provides deferred loans at no interest to individuals, developers, nonprofits, units of government, and tribal housing corporations for the moderate rehabilitation of existing affordable permanent rental housing throughout Greater Minnesota. The program is funded with state appropriations and designed to serve owners of smaller federally-assisted properties or naturally affordable properties that do not apply or would not be competitive in our regular Consolidated Request for Proposals process.

RRDL funds are available on a year round basis and through targeted RRDL Request for Proposals. Owners may apply directly to Minnesota Housing for RRDL funds. Loan terms range from 10 to 30 years depending on the loan amount. Properties containing eight or more units may apply for loans where 10% of the loan amount is forgiven after the loan term has been met.

Current tenant income limit: 80% of the greater of the statewide or area median income (AMI) for a family of four, not adjusted for family size.

Maximum loan amount: $35,000 per unit up to a maximum loan of $500,000.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 13 loans for developments with 167 units
- $1,765,329 total loan amount
- $10,571 average RRDL assistance per unit
- A median household income of $16,391 or 20% of the statewide median income
- 17% of households were color or from indigenous communities

### Expected Activity for 2020-2021

RRDL continues to not reach as many naturally affordable properties as intended, especially properties with 1-7 units. As we move into the 2020-2021 AHP, staff have streamlined the application and underwriting processes for projects 8 units or more, and is continuing to refine program changes for projects with 1-7 units.

A special one-time RFP for properties assisted by USDA Rural Development (RD) that have 8 units or more has been issued. Owners of non-RD properties of 8 units or more can still apply directly to Minnesota Housing for RRDL funds.

Expected 2020-2021 funding is $17,986,000.

Based on resources available, we expect to finance 600 rental units.

## PUBLICLY OWNED HOUSING PROGRAM (POHP)

Through the Publicly Owned Housing Program (POHP), we provide deferred, forgivable loans at no interest to eligible public housing authorities or housing and redevelopment authorities to preserve/rehabilitate properties that they own and operate under HUD's Public Housing program. The program is funded with state General Obligation (GO) bond proceeds, which can be used only for eligible capital costs of a non-recurring nature that add value or life to the buildings.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 2 loans for developments with 174 units
- $2,009,918 total loan amount
- $11,551 average POHP assistance per unit
- A median household income of $10,680 or 13% of the statewide median
- 24% of households were of color or from indigenous communities

### Expected Activity for 2020-2021

As of the start of the 2020, expected 2020-2021 funding is $1,750,000. If there is a bonding bill during the 2020 legislative session and GO bond proceeds for POHP are included, the amount will go up.

Based on resources currently available, we expect to finance 110 rental units each of the two years.

## WORKFORCE HOUSING DEVELOPMENT PROGRAM

This competitive program targets small to mid-size cities in Greater Minnesota with rental workforce housing needs. Funds may be used for qualified expenditures that result in the direct development of rental properties, including: (1) acquisition of a property, (2) construction or improvements, or (3) provision of loans, grants, interest rate subsidies, public infrastructure, and related financing costs. Funds are targeted to proposals with the greatest proportion of market rate units, but can be used for developments with rent and income restrictions imposed by other funding sources for some units. Communities with 30,000 or fewer residents have a funding priority.

Funding is available under a stand-alone request for proposals (RFP). Proposals are ranked and scored according the Workforce Housing Development Program statute. Proposed rents are evaluated against the current and projected jobs and wages within the community. Funding is solely from state appropriations.

### Program Performance and Trends

This is a relatively new program, and data are not yet available.

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $6,000,000.

Based on resources and past program performance, we expect the funds to support the development of 120 units of new rental housing in Greater Minnesota in each of the two years.

# RENTAL ASSISTANCE CONTRACT ADMINISTRATION

## SECTION 8 – PROJECT-BASED RENTAL ASSISTANCE

The Housing and Community Development Act of 1974 created the project-based Section 8 Housing Assistance Payments Program. Under the program, the U. S. Department of Housing and Urban Development (HUD) entered into contracts with property owners to provide rental assistance for a fixed period of time for families with incomes no greater than 80% of the area median income. No new development has been funded under this program since the mid-1980s; however, HUD and the agency collaborate to not only preserve and extend existing contracts but also transfer project-based budget authority from developments with owners that want to exit the program to partially-assisted or previously-unassisted properties. Under existing contracts, tenants pay no more than 30% of adjusted household income for rent. HUD pays the difference between tenant rent payments and the contract rent of assisted units.

We provided permanent mortgage financing for more than 235 Section 8 Traditional Contract Administration (TCA) properties developed from 1975 to the mid-1980s. We currently manage 121 of these TCA contracts.

Through a contract with HUD under the Performance Based Contract Administration (PBCA) authority, the agency, as a PHA, administers existing project based Section 8 contracts for another 406 properties.

Under these contracts, the agency helps administer this important federal program, including performing management and occupancy reviews, processing contract renewals and annual rent adjustments, processing monthly payment vouchers, responding to tenant concerns, and following up on Real Estate Assessment Center physical inspections. In addition to ensuring that this deeply affordable housing resource remains viable and in compliance with federal requirements, these activities assist us in identifying and planning for the preservation needs of developments with Section 8 assistance.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

| TCA | PBCA |
|---|---|
| • 6,726 households assisted<br>• $43,952,331 in Housing Assistance Payments (HAP)<br>• $6,535 average HAP assistance per household<br>• A median household income of $12,864 or 15% of the statewide median income<br>• 29% of households were of color or from indigenous communities | • 21,349 households assisted<br>• $140,893,369 in Housing Assistance Payments (HAP)<br>• $6,600 average (HAP) assistance per household<br>• A median household income of $12,311 or 15% of the statewide median income<br>• 39% of households were of color or from indigenous communities |

Geographic distribution of developments is important in understanding differences in assistance (and tenants assisted) between PBCA and TCA. A greater proportion of PBCA units are located in the Twin Cities Metropolitan Area than TCA units.

### Expected Activity for 2020-2021

Our current PBCA agreement with HUD has been extended several times. The agency continues to work with HUD regarding extensions to that agreement and the possibility of a federal RFP regarding PBCA services in the future. We currently manage 406 PBCA contracts under this agreement. PBCA revenue earned through administration of the contracts pays 100% of the cost of administering the program.

Expected 2020-2021 funding is $374,000,000.

We expect to assist an estimated 29,220 units in each of the two years.

# HOUSING STABILITY FOR POPULATIONS NEEDING EXTRA SUPPORT

## HOUSING TRUST FUND (HTF)

Historically, funding for the HTF has been used to fund capital, rental assistance, and operating subsidy expenses. In recent years, we have used HTF state appropriations for rental assistance and some operating subsidies. HTF serves High Priority Homeless (HPH) families and individuals, defined as households prioritized for permanent supportive housing by the Coordinated Entry System.

Current tenant income limit: 60% of the area median income (AMI) for the Minneapolis/Saint Paul metro region, with priority for proposals at 30% of AMI and proposals to serve High Priority Homeless households.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:
- 1,611 households assisted
- $9,625,871 in total disbursements
- $7,753 average HTF assistance per household
- A median household income of $9,762 or 12% of the statewide median income
- 64% of households were of color or from indigenous communities

### Expected Activity for 2020-2021

Minnesota Housing provides HTF rental assistance and operating subsidies under two-year contracts with local administrators. For rent assistance, we will enter into new two-year contracts in 2021. For operating subsidies, we will enter into new two-year contracts in 2020.

In previous AHPs, the Homework Starts with Home pilot, which provides rent assistance to families experiencing homelessness with school-age children, was funded under this program. With the 2020-21 AHP, it is now a standalone program.

Expected 2020-2021 funding is $27,292,000.

Based on resources available, we expect to provide rental assistance for an estimated 1,690 households and assist 890 units through operating subsidies.

## HOMEWORK STARTS WITH HOME

Homework Starts with Home is a state-funded program that provides rent assistance and other supports to families with school-age children experiencing housing instability that we administer in partnership with the Department of Education (MDE) and others. It was created in response to the increasing number of students experiencing homelessness and is built upon the successful Rental Assistance Pilot for Homeless and Highly Mobile Families. The program serves people who are homeless or at imminent risk of homelessness, including: (a) families with children eligible for a pre-Kindergarten through grade 12 academic program and (b) youth (with or without children of their own) who are eligible for an academic program who are facing housing instability without their parent or guardian. The goals of the program are to create housing stability and improve academic achievement.

In 2018, the Homework Starts with Home was started with $4.15 million of one-time funding from Housing Trust (rent assistance), the Family Homeless Prevention and Assistance Program (other supports), and the Heading Home Minnesota Funders Collaborative (other supports). With initial funding, three communities were awarded funds through a competitive Request for Proposals. A collaborative approach involving local housing organizations, schools, and service providers is a key feature of the local program design.

With the 2020-21 biennial budget from the state Legislature, it is now a standalone program.

### Program Performance and Trends

This is a new program and results have not been reported.

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $3,500,000, which is just state funding.

Once fully operational, we expect to annually assist roughly 220 families.

## BRIDGES

Bridges is a state-funded rental assistance program for people with a mental illness. The goal of Bridges is to assist individuals so they can live in integrated settings in their communities until a permanent housing subsidy is available. Bridges operates in selected counties throughout the state and is administered through local housing organizations. The Minnesota Department of Human Services and Minnesota Housing collaborate in the administration of this program.

Tenants are responsible for a portion of the rent, which is generally equal to 30% of their income. The program is designed to be a bridge to a permanent rent subsidy, such as a Section 8 Housing Choice Voucher.

Bridges is an important component of Minnesota Housing's contribution to achieving the goals of Minnesota's Olmstead Plan, as well as a significant part of the state's Plan to Prevent and End Homelessness. In 2015, the program started prioritizing households with:
- Persons residing in an institution or other segregated setting who will be homeless upon discharge,
- Persons experiencing homelessness for one year or more, or multiple times in the last three years, and
- People experiencing or at imminent risk of homelessness.

Current tenant income limit: 50% of area median income.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:
- 894 households assisted
- $4,354,591 in total disbursements
- $6,519 average Bridges assistance per household
- A median household income of $9,949 or 12% of the statewide median income
- 30% of households were color or from indigenous communities

### Expected Activity for 2020-2021

Bridges funds rent assistance under two-year contracts with local administrators. Minnesota Housing entered the most recent contracts in 2019 AHP, and we will enter into the next set of contracts in 2021.

Expected 2020-2021 funding is $9,176,000.

Based on the resources available, we expect to assist an estimated 710 households in each of the two years.

## SECTION 811 SUPPORTIVE HOUSING PROGRAM

Section 811 is a federal program through which the U.S. Department of Housing and Urban Development (HUD) has provided funding to states for project-based rental assistance to create integrated, cost-effective supportive housing units for people with disabilities. The goals of the program are to:
- Increase housing opportunities for people with disabilities,
- Transition people with disabilities from institutions to community-based settings,
- Reduce public costs of homelessness and institutional care,
- Create a centralized outreach and referral system, and
- Develop new service linkages.

We implement the program in partnership with the Minnesota Department of Human Services (DHS). DHS staff coordinates all outreach, screening, and referrals for 811 units and works with property owners to ensure support services are offered to tenants.

The state enters into contracts with selected public and private rental property owners for a minimum of 20 years, with initial funding for a period of five years. Funding beyond the first five years is subject to federal appropriations. The project-based rent assistance covers the difference between the tenant's payment and the approved gross rent. A small portion of the grant is used to pay for administrative expenses.

The Section 811 program is an important tool for achieving the goals of the Olmstead Plan to provide integrated housing options for people with disabilities. It is a unique opportunity to expand supportive housing for people with disabilities and leverage Medicaid resources for services.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 100 households assisted
- $601,892 in total disbursements
- $6,019 average Section 811 assistance per household
- A median household income of $8,709 or 10% of the statewide median income
- 50% of households were of color or from indigenous communities

HUD initially awarded Minnesota $3 million for up to 85 units of project-based rental assistance. We awarded all of this funding for 84 project-based rental assistance subsidies (one unit less than the original goal of 85 units). In 2015, we received a second round of funding for an additional 75 units, which were awarded to existing or new properties through the Multifamily Consolidated RFP process in 2015 through 2017. As these projects are completed and the units lease up, the number of households assisted will increase.

### Expected Activity for 2020-2021

In 2020 and 2021, we expect to disburse about $1,560,000 and support roughly 150 households, each of the two years.

## FAMILY HOMELESS PREVENTION AND ASSISTANCE PROGRAM (FHPAP)

Under FHPAP, we assist families with children, unaccompanied youth, and single adults who are homeless or are at imminent risk of homelessness. Funds are used for a broad range of purposes aimed at preventing homelessness, shortening the length of stay in emergency shelters, eliminating repeat episodes of homelessness, and assisting individuals and families experiencing homelessness to secure permanent affordable housing.

FHPAP assists extremely low-income people primarily through short-term rent assistance (limited to 24 months but typically less than three months), security deposits, utilities and transportation assistance, and case management services. FHPAP grants also encourage and support innovations at the county, region, or local level for a more seamless and comprehensive homelessness response system.

Grant funds are awarded through a competitive Request for Proposals process. In the seven-county Twin Cities metro area, only counties are eligible to apply for funding. In Greater Minnesota, eligible applicants include counties, groups of contiguous counties acting together, or community-based nonprofit organizations or Tribal Nations.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 5,536 households assisted
- $7,602,359 in total disbursements
- $1,373 average FHPAP assistance per household
- A median household income of $11,628 or 14% of the statewide median income
- 61% of households were of color or from indigenous communities

The total number of households served has declined over the past few years because the program has targeted assistance to households with higher needs and utilized rapid rehousing as a strategy. Rapid rehousing provides short term rental assistance, housing case management and housing navigation services.

### Expected Activity for 2020-2021

FHPAP also operates under two-year contracts with local administrators. Minnesota Housing entered into the most recent contracts in 2019, and we will enter into new contracts in 2021.

Expected 2020-2021 funding is $21,038,000.

Based on the resources available, we expect to assist an estimated 6,190 households in each of the two years.

## HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

The Housing Opportunities for Persons with AIDS (HOPWA) program provides grants for housing assistance and services (including short-term rent, mortgage, and utility assistance) for people with Acquired Immune Deficiency Syndrome (AIDS), HIV-positive status, or related diseases and their families. The U.S. Department of Housing and Urban Development (HUD) allocates formula funds to local jurisdictions based on the number of individuals living with HIV or AIDS. The City of Minneapolis receives and administers a direct award for the 13-county Minneapolis/Saint Paul Metropolitan Statistical Area. We receive a direct award for the portion of the state not covered by the City of Minneapolis grant and contract with JustUs Health to administer these funds.

Current tenant income limit: 80% of area median income, adjusted for family size.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:
- 174 households assisted in 50 counties
- $155,433 of assistance disbursed
- $893 average HOPWA assistance per household
- A median household income of $20,127 or 24% of the statewide median income
- 50% of households were of color or from indigenous communities

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $448,000.

Based on the resources available, we expect to assist an estimated 240 households in each of the two years.

# MULTIPLE USE RESOURCES

## ECONOMIC DEVELOPMENT AND HOUSING/CHALLENGE (EDHC) – REGULAR

Under the Economic Development and Housing/Challenge Program (EDHC), we provide grants or deferred loans for construction, acquisition, rehabilitation, interest rate reduction, interim or permanent financing, refinancing, and gap funding. Funds are used to support economic and community development within an area by meeting locally identified housing needs for either renter or owner-occupied housing.

Our Multifamily and Single Family divisions allocate these resources to proposals submitted through competitive Request for Proposals (RFP) processes. Staff evaluates proposals according to EDHC selection standards and our strategic priorities. RFP funding for single family housing is available under the Community Homeownership Impact Fund ("Impact Fund"), which is the umbrella program for EDHC, Housing Infrastructure Bonds (HIB), and Single Family Interim Lending for homeownership activities.

We make EDHC loans and grants to local governments, private developers, tribal and urban Indian housing authorities, or nonprofit organizations for both multifamily (minimum of four units) and single family projects. EDHC requires that 50% of the funds be used for projects that have leveraged funds from non-state resources. Preference is given to proposals with the greatest portion of costs covered by non-state resources.

Current income limit: 115% of the greater of area or state median income for owner-occupied housing and 80% of the greater of area or state median income for rental housing.

Maximum loan amount: None beyond funding availability.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

| Multifamily EDHC | Single Family EDHC - Impact Fund |
|---|---|
| • 7 loans to developments with 233 units<br>• $6,792,072 total loan amount<br>• $29,151 average EDHC assistance per unit<br>• A median household of $20,387 or 24% of the statewide median income<br>• 72% of households were of color or from indigenous communities | • 198 units<br>• $4,802,082 total loan/grant amount<br>• $24,253 average EDHC assistance per home<br>• A median household income of $41,600 or 49% of statewide median income<br>• 58% of households were of color or from indigenous communities |

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $42,850,000.

We will allocate funds through our Single Family and Multifamily RFPs, with any remaining funds made available on a year-round basis in multifamily and through an incentive fund in Single Family.

Based on resources available for new activity, we expect to fund an estimated 700 housing units in each of the two years.

## SINGLE FAMILY INTERIM LENDING

Single Family Interim Lending provides loans, most often to smaller nonprofit organizations, to acquire, rehabilitate, demolish, or construct owner-occupied housing under the Community Homeownership Impact Fund ("Impact Fund"). The homes are then sold to households with incomes at or below 115% of the area median income (AMI). Interim loans are financed with Agency resources and have a term of 26 months. Funds are awarded annually through the Single Family Request for Proposals process in accordance with our mission and priorities.

### Program Performance and Trends

Performance data on interim lending are reported under the Impact Fund program in the EDHC description. The Impact

Fund is the umbrella program under which we deliver the Economic Development and Housing/Challenge program and interim construction financing for single family owner-occupied housing.

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $2,500,000.

For 2020 and 2021, Single Family Interim Lending will be funded through interest-earning Pool 2 resources.

Based on resources available for new activity, we anticipate making interim or construction loans to administrators for approximately 20 housing units in each of the two years.

## HOUSING INFRASTRUCTURE BONDS (HIBS)

Housing Infrastructure Bonds (HIBs) are issued by Minnesota Housing, as authorized by the Minnesota Legislature, to address specific critical housing needs. HIB proceeds may be used to finance the following project types:

- The acquisition, construction, or rehabilitation of affordable permanent supportive housing for individuals and families without a permanent residence and people with behavioral health needs;
- The acquisition, rehabilitation, adaptive reuse or new construction of senior housing;
- The preservation of existing federally subsidized rental housing by funding acquisition, rehabilitation, and refinancing; and
- The acquisition of land by community land trusts and used for affordable single-family homeownership opportunities.

HIB funds are allocated through the annual Multifamily and Single-Family Requests for Proposals (RFP). HIBs can be issued as governmental, 501c3, and private activity bonds. If the bonds are issued as private activity bonds, applicants also may access 4% housing tax credits. HIB proceeds are typically provided as deferred, no interest loans.

Current income limit: 80% of the greater of area or state median income for owner-occupied housing and 80% of the greater of area or statewide median income, not adjusted for household size for rental housing.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported two supportive housing developments:

- 177 units
- $13,475,837 total loan amount
- $76,135 average HIB assistance per unit
- A median household income of $8,645 or 10% of the statewide median income
- 49% of households were of color or from indigenous communities

We financed one preservation project:

- 75 units
- $3,134,528 total loan amount
- $41,794 average HIB assistance per unit
- A median household income of $15,211 or 19% of the statewide median income
- 50% of households were of color or from indigenous communities

We financed land acquisition by community land trusts:

- 4 homes
- $83,000 total loan amount
- $20,750 average HIB assistance per unit
- A median household income of $41,978 or 49% of the statewide median income
- 75% of households were of color or from indigenous communities

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $130,000,000.

Based on the resources available, we expect to finance an estimated 560 housing units in each of the two years.

## WORKFORCE AFFORDABLE HOMEOWNERSHIP PROGRAM

In the 2016 Supplemental Budget, the Legislature authorized Minnesota Housing to establish the Workforce Affordable Homeownership Program. The funds may be used for the development of homeownership opportunities and can be used for development costs, rehabilitation, land development, and residential housing. In addition, the legislation allows for manufactured home community infrastructure development and repair and storm shelter development. Eligible program applicants are nonprofit organizations, cooperatives and community land trusts.

### Expected Activity for 2020-2021

Expected 2020-21 Funding is $500,000. Funds will be awarded through a request for proposals.

Based on resources available for the program, we expect to provide assistance for 5 homes each of the two years.

## MANUFACTURED HOME COMMUNITIES

With our 2020-22 Strategic Plan, we are enhancing our approach to supporting manufactured housing and communities, which will include administering Manufactured Home Park Redevelopment Grants. While this program was created in statute in 2001, it was funded for the first time for the 2020-21 biennium. Under this program, we will focus on infrastructure improvements, such as storm shelters and community facilities, to preserve manufactured home communities.

As we refine our overall strategy, we may develop other ways to support manufactured housing.

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $2,000,000.

Based on the resources available, we expect to support an estimated 100 housing units in each of the two years.

## TECHNICAL ASSISTANCE AND OPERATING SUPPORT

The Technical Assistance and Operating Support program provides grants that enhance the ability of housing and community development organizations to meet Minnesota's affordable housing needs. This program supports all our strategic objectives by:

- Providing resources for the state's homeless response system – including the state's Homeless Management Information System, the regional Continuum of Care's homelessness assistance planning, and coordinated entry;
- Providing grants to specific organizations – including the Homeownership Center for its statewide counseling network and HousingLink for its statewide affordable housing website; and
- Supporting capacity building programs and initiatives – including the Capacity Building Initiative, Community Developer Capacity, and the Capacity Building Intermediary program.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we funded $2,208,062 of activity under this program.

### Expected Activity for 2020-2021

Expected 2020-2021 funding is $4,290,000.

# OTHER

## MANUFACTURED HOME RELOCATION TRUST FUND

The Manufactured Home Relocation Trust Fund requires owners of manufactured home parks to pay $15 per licensed lot into a Trust Fund each year if the fund's balance is below $2,000,000. The park owner is authorized to collect funds from each manufactured homeowner either monthly or in a lump sum that is paid to Minnesota Management and Budget for deposit into the Trust Fund. The Trust Fund is available to homeowners who must relocate because the park they live in is being closed.

The statute sets out a process for determining the amount of money for which a homeowner is eligible for either moving or selling their home. Minnesota Management and Budget collects the assessment, and we make payments to homeowners, with claims overseen by an appointed neutral third party, for eligible costs.

### Program Performance and Trends

State law suspends collection of the fee if the balance in the account is equal to or exceeds $2 million. The current balance is below the $2 million, triggering the collection of fees.

For the Program Assessment period of October 1, 2017 – September 30, 2018, we reported:

- 61 households assisted
- $281,371 total disbursements
- $4,613 average assistance per household

### Expected Activity for 2020-2021

Disbursements from the fund vary significantly from year to year. We are not making an estimate of the funding level at this time. As of June 30, 2019, the fund had a $650,000 uncommitted balance.

## DISASTER RECOVERY

Disaster response programs provide funding for the repair or replacement of renter or owner-occupied housing damaged by natural disasters such as flood or tornado. We distribute these funds through the Disaster Recovery program for single family properties and also assist in repairing damaged rental buildings, providing relocation services to renters displaced or homeless due to disasters, building organizational capacity to respond to disasters, and covering administrative costs related to disaster outreach.

Funds are typically delivered through administrators under contract to deliver ongoing Agency programs for the areas impacted by a disaster. These include administrators for the Single Family Rehabilitation Loan Program (RLP), the Multifamily Rental Rehabilitation Deferred Loan Program (RRDL), and the Family Homeless Prevention and Assistance Program (FHPAP).

Disaster Recovery funds provide homeowners and smaller rental property owners with deferred loans at no interest for repair costs that are not covered by federal assistance or insurance proceeds. The loan is forgiven if the homeowner remains in the property for 10 years, or for rental properties, if property owners keep rents affordable for 10 years. There are no income limits under Disaster Recovery program.

### Program Performance and Trends

Typically, activities have been funded by special appropriations from the Minnesota Legislature following a federal disaster declaration and determination of the level of available federal funding from the Federal Emergency Management Agency and the Small Business Administration. State appropriations have ranged from $1,000,000 for the May 2011 Minneapolis tornado to $12,720,000 for the August 2012 flooding in northeast Minnesota

For the program assessment period October 1, 2017 – September 30, 2018, we did not fund any loans under this program.

### Expected Activity for 2020-2021

At the start of the 2020-21 AHP, no funds have been appropriated. Typically, the Minnesota Legislature appropriates funds for this program following the declaration of a disaster.  If the Minnesota Legislature does not appropriate funds following a federal disaster declaration, the Agency may fund activities through the Disaster Relief Contingency Fund.

## DISASTER RELIEF CONTINGENCY FUND

The Minnesota Legislature established this fund in 2001 as the account into which we deposit all repayments of previously made disaster relief loans or grants. Funds deposited in this account are used to assist with rehabilitation or replacement of housing that is damaged by a natural disaster in areas covered by a presidential declaration of disaster. Funding also may be used for capacity building grants for disaster response and flood insurance payments.

The terms and conditions under which the funds are made available are at the sole discretion of Minnesota Housing. Eligible uses of funds have included writing down the interest rate on Home Improvement Loans and activating the Disaster Recovery program.

### Program Performance and Trends

For the Program Assessment period of October 1, 2017 – September 30, 2018, we funded 9 loans for $198,287.

### Expected Activity for 2020-2021

Disbursements from the fund vary significantly from year to year. We are not making an estimate of a funding level at this time. As of June 30, 2019, the fund had a $1.8 million uncommitted balance.

MINNESOTA HOUSING

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