MINNESOTA HOUSING

**MEETINGS SCHEDULED FOR NOVEMBER**

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

**THURSDAY, NOVEMBER 21, 2019**

**Regular Board Meeting**
10:00 a.m.

Lake Superior Conference Room- Fourth Floor

**UPDATED 11/21/19**

**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, November 21, 2019.

**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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**St. Paul, MN 55102**
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**Mission**

*Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.*

**Vision**

*All Minnesotans live in a safe, stable home they can afford in a community of their choice.*

**AGENDA**
**Minnesota Housing Board Meeting**
**Thursday November 21, 2019**
**10:00 a.m.**

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. (page 5) Regular Meeting of October 17, 2019
5. **Reports**
   A. **Chair**
   B. **Commissioner**
   C. **Committee**
6. **Consent Agenda**
   A. (page 9) 2020 Board Meeting Schedule
   B. (page 11) Selection and Approval , Clover Patch Apartments, D3833 Saint Charles
   C. (page 19) Approval, Grant Extension and Funding Modification for the Landlord Risk Mitigation Fund Pilot and Reallocation of Family Homeless Prevention and Assistance Funds to the Landlord Risk Mitigation Fund Pilot
7. **Action Items**
   A. (page 23) Approval, selection of CSG Advisors as the Agency's Financial Advisor for the 2020-2023 timeframe.
   B. (page 25) Approval, Changes to Housing Tax Credit Compliance Guide
   C. (page 29) Approval, Homework Starts with Home- Program Changes
   D. (page 45) Approval, Single Family Selections, Community Homeownership Impact Fund
   E. (page 131) Approval, 2019 Multifamily Selections, Amortizing and Deferred Loans, and 2020 Housing Tax Credits
8. **Discussion Items**
   A. (page 205) 1st Quarter FY2020 Financial Reporting package
   B. (page 215) 2019 Affordable Housing Plan and 2016-19 Strategic Plan: 4th Quarter Progress Report
9. **Information Items**
   A. (page 221) 2019 Cost Containment Report
10. **Other Business**
    None.
11. **Adjournment**

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**DRAFT Minutes**
**Minnesota Housing Board Meeting**
**Thursday October 17, 2019**
**1:00 p.m.**

1. **Call to Order.**
   Chair DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance agency at 1:05 p.m.
2. **Roll Call.**
   **Members Present:** Julie Blaha, Terri Thao, Stephanie Klinzing, John DeCramer, Craig Klausing and Melanie Benjamin.
   **Minnesota Housing Staff present:** Kevin Carpenter, Matthew Dieveney, Rachel Franco, Sara Gomoll, Anne Heitlinger, Jennifer Ho, Summer Jefferson, Kasey Kier, Tresa Larkin, Debbi Larson, James Lehnhoff, Eric Mattson, Jill Mazullo, Katie Moore, Tom O'Hern, Tony Peleska, Devon Pohlman, Caryn Polito, Paula Rindels, Lael Robertson, Rachel Robinson, Irene Ruiz - Briseno, Danielle Salus, David Schluchter, Terry Schwartz, Anne Smetak, Jodell Swenson, Susan Thompson, and Mike Thone.
   **Others present**: Michele Adams, Kutak Rock (via conference call); Ramona Advani, Office of the Minnesota State Auditor; Anne Mavity, Minnesota Housing Partnership
3. **Agenda Review**
   No changes.
4. **Approval**
   **Regular Meeting Minutes of September 26, 2019**
   **Motion:** Julie Blaha moved to approve the September 26, 2019 minutes. Seconded by Melanie Benjamin. Motion carries 6-0.
   **Election of Vice Chair**
   **Motion:** Craig Klausing moved to approve the election of Terri Thao as Vice Chair of the Minnesota Housing Board of Directors. Seconded by Stephanie Klinzing. Motion Carries 4-0. Julie Blaha and Terri Thao abstained.
5. **Reports**
   A. **Chair**
   None.
   B. **Commissioner**
   Commissioner Ho shared the following with the board:
   - Delighted to have a fully staffed Servant Leadership Team
   - All management has completed the Intercultural Development Inventory (IDI)
   - Selections are complete and public announcement will take place after the November 21 board meeting.
   - Staff is preparing for the 2020 Legislative Session
   - Toured Mino Oski Ain Dah Yung
   - Spent two days with Governor's Cabinet members, Deputy Commissioners and Assistant Commissioners at the Government to Government State Tribal Relations Training earlier this month.
   - NCSHA Annual Conference next week. Chair DeCramer is also attending.
   - Congressman Stauber signed on to the Federal Affordable Housing Credit Improvement Act
   - Attending the White Pines Grand Opening and visiting Boise Forte in the next few weeks.

C. **Committee**

None.

**6. Consent Agenda**

A. Selection and Commitment, Low and Moderate Income Rental Program (LMIR) and Flexible Financing for Capital Costs (FFCC)

- Northcrest Townhomes, D2793, Mora;

B. Funding Modification, Publicly Owned Housing Program (POHP)

- Oak Court Apartments, D7770, Crookston;

**Motion:** Terri Thao moved to approve the Consent Agenda Items. Seconded by Craig Klausing. Motion carries 6-0.

**7. Action Items**

A. **Proposed State of Minnesota Housing Tax Credit 2021 Qualified Allocation Plan (QAP) and the 2021 HTC Program Procedural Manual, Including Discussion of Public Comments**

Devon Pohlman presented to the board a request for approval of the 2021 Housing Tax Credit (HTC) Qualified Allocation Plan (QAP), Housing Tax Credit (HTC) Procedural Manual, and Self Scoring Worksheets (SSW). Chair DeCramer opened up the discussion. Board members asked a series of questions and staff provided answers. Chair DeCramer and Jennifer Ho thanked staff for their hard work and commitment to the QAP.

**Motion**: Stephanie Klinzing moved to approve the Proposed State of Minnesota Housing Tax Credit 2021 Qualified Allocation Plan (QAP) and the 2021 HTC Program Procedural Manual, Including Discussion of Public Comments. Seconded by Julie Blaha. Motion carries 5-0. Melanie Benjamin abstained.

B. **Approval, 2020-23 Strategic Plan**

Rachel Robinson presented to the board a request for approval of the Minnesota Housing 2020-23 Strategic Plan. Chair DeCramer opened the discussion. Terri Thao inquired on metrics and timing of reporting back to the board. Commissioner Ho provided a response**.** **Motion**: Craig Klausing moved to approve the 2020-23 Strategic Plan. Seconded by Terri Thao. Motion carries 6-0.

C. **Approval, 2020-21 Affordable Housing Plan**

Rachel Robinson presented to the board a request for approval of the Minnesota Housing 2020-21 Affordable Housing Plan. Chair DeCramer opened the discussion. There were no questions from the board. **Motion**: Stephanie Klinzing moved to approve the 2020-21 Affordable Housing Plan. Seconded by Terri Thao. Motion carries 6-0.

D. **Approval, Updated Delegation of Authority Request**

Tom O'Hern presented to the board a request to amend existing delegated authority related to the funding sources and estimates contained in the two-year Affordable Housing Plan. Chair DeCramer opened the discussion. Board members asked a series of questions and staff provided answers. **Motion**: Craig Klausing moved to approve the Updated Delegation of Authority Request. Seconded by Terri Thao. Motion carries 6-0.

E. **Resolution Authorizing Amendments to Minnesota Housing Finance Agency Direct Purchase Revolving Line of Credit Notes**

Kevin Carpenter presented to the board a request for approval of a resolution authorizing the amendment and extension of the Agency's Direct Purchase Revolving Line of Credit Note

Agreement. Michelle Adams from Kutak Rock joined the meeting to review the resolution. Chair DeCramer opened the discussion. **Motion**: Stephanie Klinzing moved to approve the Resolution Authorizing Amendments to Minnesota Housing Finance Agency Direct Purchase Revolving Line of Credit Notes. Seconded by Melanie Benjamin. Motion carries 6-0.

**8. Discussion Items**
None.

**9. Information Items**
None.

**10. Other Business**
None.

**11. Adjournment**
The meeting was adjourned at 2:47 p.m.

______________________
John DeCramer, Chair

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MINNESOTA HOUSING

**Board Agenda Item:** 6.A
**Date: 11/21/2019**

**Item:** 2020 Meeting Schedule

**Staff Contact(s):**
Rachel Franco, 651.296.2172, rachel.franco@state.mn.us

**Request Type:**

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

**Summary of Request:**
Staff requests approval of the 2020 meeting schedule. Committee and special meetings will be scheduled as needed and in consultation with board members.

**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):**
- Meeting schedule

All meetings are on Thursdays and will begin at 1:00 p.m. unless otherwise noted.

**<u>2020 Schedule of Minnesota Housing Board Meetings</u>**

January 23

February 27

March 26 (early meeting, 10:00 am)

April 23

May 28

June 25

July 23

August 27

September 24

October 22

November 19 (early meeting, 10:00 am, for RFP selections and one week early due to Thanksgiving Holiday)

December 17 *(one week early due to Christmas Holiday)*

**Board Agenda Item: 6.B**
**Date: 11/21/2019**

**Item:** **Approval,** Selection and Commitment, Asset Management Loan
- Clover Patch Apartments, D3833 Saint Charles

**Staff Contact:**
Erin Coons, 651.296.9836, erin.coons@state.mn.us

**Request Type:**

☒ Approval
- ☐ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

**Summary of Request:**
Minnesota Housing staff has completed the underwriting and technical review of the proposed development and recommends the adoption of a resolution authorizing approval of an Asset Management Loan program commitment in the amount up to $1,167,000 and subject to the terms and conditions of Minnesota Housing's term letter.

**Fiscal Impact:**
This asset management loan will be a 0% deferred loan and therefore will not earn interest for the Agency.

**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
- Development Summary
- Resolution
- Resolution Attachment

**Background:**
Asset management loans as are funded through Housing Investment Fund Pool 3 or Financing Adjustment Factor (FAF) and Financing Adjustment (FA) financing and are awarded to properties on a year-round basis. Eligible properties must have current affordable housing restrictions and must be in good standing with their existing requirements. Clover Patch has an Agency Preservation Affordable Rental Investment Fund (PARIF) loan, and provides U.S. Department of Agriculture (USDA) Rural Development (RD) rental assistance to 20 of the 32 tenants.

**DEVELOPMENT SUMMARY:**

| | | | | | |
|---|---|---|---|---|---|
| | | | | D# | D3833 |
| Name: | Clover Patch Apartments | | | App#: | M20176 |
| Address: | 100-400 Clover Court | | | | |
| City: | Saint Charles | County: | Winona | Region: | SEMIF |

**MORTGAGOR:**
Ownership Entity: Three Rivers Community Action, Inc.
Sponsor: Three Rivers Community Action, Inc.

**DEVELOPMENT TEAM:**
General Contractor: TLS Companies, LLC – Rochester
Architect: Blumentals/Architecture Inc. – Minneapolis
Attorney: Dunlap & Seeger – Rochester
Management Company: Lloyd Management, Inc. – Mankato
Service Provider: Not Applicable

**CURRENT FUNDING REQUEST/PROGRAM and TERMS:**

| | | |
|---|---|---|
| $1,167,000 | Asset Management | |
| | Funding Source: | Pool 3 |
| | Interest Rate: | 0% |
| | Term (Years): | 15 years, coterminous with existing PARIF loan |
| | Cash Flow Note: | No |
| | HAP Extension Required: | N/A |

**RENT GRID:**

| UNIT TYPE | NUMBER | GROSS RENT | AGENCY LIMIT |
|---|---|---|---|
| 1 BR | 25 | $ 511 | $ 693 |
| 2 BR | 7 | $ 541 | $ 858 |
| **TOTAL** | **32** | | |

**NOTE:** The subject property's rent and income limits include USDA RD restrictions based on their budget based model under the existing USDA Rental Assistance Agreement. The asset management loan will match the existing PARIF loan and will have income restrictions at 80% of area median income (AMI) for the state of Minnesota, as defined by the U.S. Department of Housing and Urban Development (HUD).

**Purpose:**
Clover Patch Apartments is an affordable housing development located in the city of Saint Charles. This 32-unit development consists of 25 one-bedroom units and seven, two-bedroom units. All units serve general occupancy tenants. The project has 20 units of Rural Development rental assistance under an existing Section 515 rural rental housing loan. The asset management loan will be used to fund critically needed repairs related to the drainage of the property, which has created a water intrusion problem that will be corrected if the loan is approved.

**Populations Served:**
The development provides housing for general occupancy tenants in Saint Charles. Saint Charles is located 20 miles from Winona and Rochester in Winona County. Under the loan terms, the property will remain affordable.

**Project Feasibility:**
The project is feasible as proposed. The asset management loan is the only source being used, and the project is ready to proceed as soon as funds are available.

**Development Team Capacity:**
Three Rivers Community Action was established in 1966, and their current portfolio consists of mainly affordable properties in southern and southeastern Minnesota. Three Rivers provides social services as well as other community services including transportation, energy assistance and family advocacy services. Agency staff has no concerns with regard to providing the loan to the property.

**Physical and Technical Review:**
TLS Companies is the general contractor and has the capacity to effectively complete the project. They have successfully completed many similarly sized affordable housing developments in Minnesota. Minnesota Housing staff has reviewed the scope of work and determined that the repairs are critically needed in order to maintain the building.

**Market Feasibility:**
Saint Charles is located in Winona County. Affordable and market rate properties in the primary market area have low rental vacancy levels. The project is located in close proximity to services and jobs. The average vacancy rate for the city of Saint Charles is 5 percent, with units remaining vacant for fewer than 60 days.

| **DEVELOPMENT COST SUMMARY** (estimated) | **Total** | | **Per Unit** |
|---|---|---|---|
| **Total Development Cost** | $ 1,167,000 | | $ 36,469 |
| **Acquisition or Refinance Cost** | $ 0 | | $ 0 |
| **Gross Construction Cost** | $ 1,134,513 | | $ 35,453 |
| **Soft Costs (excluding Reserves)** | $ 32,487 | | $ 1,015 |
| **Non-mortgageable Costs** | $ 0 | | $ 0 |
| **Reserves** | $ 0 | | $ 0 |
| **Developer Fee** | $ 0 | | $ 0 |
| | | | |
| **Agency Deferred Loan Sources** | | | |
| Asset Management Loan | $ 1,167,00 | | $ 36,469 |
| Total Loan-to-Cost Ratio | | 100% | |
| | | | |
| **Other Non-agency Sources** | $ 0 | | $ 0 |
| **Total Non-agency Sources** | $ 0 | | $ 0 |

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

**RESOLUTION NO. MHFA 19-**

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT**
**ASSET MANAGEMENT LOAN PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide an asset management loan for a development to be occupied by persons and families of low- and moderate- income, as follows:

| | |
|---|---|
| Name of Development: | Clover Patch Apartments |
| Sponsors: | Three Rivers Community Action, Inc. |
| Location of Development: | Saint Charles |
| Number of Units: | 32 |
| Amount of Development Cost: | $1,167,000 |
| Amount of Mortgage: | $1,167,000 |

WHEREAS, Agency staff has determined that such application is eligible under the program guidelines and thresholds of the Asset Management Loan program.

**NOW THEREFORE, BE IT RESOLVED**:

THAT, the board hereby authorizes Agency staff to issue a selection and approval to provide an Asset Management loan funded through Pool 3 financing to said applicant for the indicated development, upon the following terms and conditions:

1. The amount of the loan shall not exceed $1,167,000; and
2. The interest rate of the loan shall be 0 percent; and
3. The term of loan shall be coterminous with the existing Agency debt; and
4. The proposed rehabilitation work must be completed within 12 months of the loan closing, and any funds not used by end of this period shall be determined to be unneeded and ineligible for disbursement; and
5. The mortgagor shall agree with the terms set forth in Minnesota Housing's term letter; and
6. The mortgagor shall execute documents embodying the above in form and substance as deemed acceptable to Agency staff.

Adopted this 21st day of November 2019

____________________________________
CHAIRMAN

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November 7th, 2019
Jennifer Larson
Three Rivers Community Action, Inc
1414 North Star Drive
Zumbrota, MN 55992

RE: Term Letter
Clover Patch Apartments, Saint Charles D3833 M20176

Dear Ms. Larson:

Minnesota Housing Finance Agency ("Minnesota Housing") staff have approved your request for a loan or loans subject to the terms and conditions contained in this letter (the "Terms"). The Terms are subject to Minnesota Housing's Board of Directors' approval and meeting all underwriting standards, delivery of required due diligence, satisfactory loan documentation, and other loan closing requirements. The Terms do not constitute a commitment to lend on the part of Minnesota Housing and relate only to the specific financing referenced in this letter.

**Borrower:** Three Rivers Community Action, Inc.

**Sponsor:** Three Rivers Community Action, Inc.

**Development Description/Purpose:** Limited scope rehabilitation of a 32-unit affordable development located in Saint Charles, Minnesota

| | |
|---|---|
| **Program:** | Asset Management |
| **Loan Amount:** | $1,166,472 |
| **Interest Rate** | 0% |
| **Term:** | Coterminous with PARIF loan |
| **Nonrecourse or Recourse** | Recourse |
| **Construction/Permanent Loan or Construction Bridge Loan or End Loan** | Construction/ Permanent Loan |
| **Lien Priority:** | 5th |

**Escrows:** Real estate tax escrow and property insurance escrow will not be held by Minnesota Housing.

**Closing Costs:** Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.

**Expiration Date:** This term letter will expire on the earlier of (i) six months from the date of this letter or (ii) Minnesota Housing board approval of a loan commitment

**Additional Terms:** N/A

**Rent and Income Restrictions:** Asset Management loan restrictions will be coterminous units with the existing PARIF loan, and will have income restrictions at 80% of median income for the State of Minnesota, as defined by HUD.

**Other Conditions:** N/A

**Not a Binding Contract:** This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to Erin Coons erin.coons@state.mn.us on or before 11/25/2019.

If you have any questions related to this letter, please contact Erin Coons at 651-296-9836 or by e-mail at erin.coons@state.mn.us.

We appreciate the opportunity to work with you on your affordable housing development.

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

**AGREED AND ACCEPTED BY:**

Three Rivers Community Action, Inc

By: ________________________________________
Jennifer Larson, Executive Director

Date Accepted: __________________________

MINNESOTA HOUSING

**Board Agenda Item:** 6.C
**Date: 11/21/2019**

**Item:** Approval, Grant Extension and Funding Modification for the Landlord Risk Mitigation Fund Pilot and Reallocation of Family Homeless Prevention and Assistance Funds to the Landlord Risk Mitigation Fund Pilot

**Staff Contact(s):**
Diane Elias, 651.284.3176, diane.elias@state.mn.us
Nancy Urbanski, 651.296.3683, nancy.urbanski@state.mn.us

**Request Type:**

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

**Summary of Request:**
Staff requests approval of the attached resolution authorizing a two-year contract extension and additional funding for the Landlord Risk Mitigation Fund Pilot Grant Agreements. The additional funding will come from returned Family Homeless and Prevention Assistance Program (FHPAP) funds in the amount of $114,869..

**Fiscal Impact:**
FHPAP funds are state appropriated resources, with individual awards structured as grants, which do not earn interest for the Agency.

**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
- Resolution

**Background**
As part of former Governor Dayton's Equity Agenda, the 2016 Minnesota Legislature approved a one-time appropriation of $250,000 to establish a Landlord Risk Mitigation Fund (LRMF) Pilot. The pilot was initiated to create or expand risk mitigation programs to reduce landlord financial risks when renting to persons with barriers trying to access housing opportunities. Beneficiaries of the funds are administrators who subsequently contract with landlords who rent to persons eligible under the Family Homeless Prevention and Assistance Program (FHPAP) guidelines. Eligible FHPAP households include individuals, families and youth who have high housing barriers including poor rental, credit or criminal background histories. Landlord risk mitigation funds are used by administrators to reimburse landlords for costs associated with an enrolled tenant, including, but not limited to, non-payment of rent or damage costs above those costs covered by security deposits.

Along with the $250,000 appropriation, $100,000 in FHPAP funds and $56,642 of Pool 3 funds were previously approved for additional needs of the pilot to reimburse for costs associated with housing navigation services, including but not limited to, housing location services for households, landlord/tenant mediation, and landlord recruitment, engagement and retention.

Three applications were funded and contracts were executed with St. Louis County, Lutheran Social Service of Minnesota, and Carver County on behalf of the Suburban Metro Continuum of Care for a three-year term effective September 1, 2017 through August 31, 2020. Collectively, these grantees projected to serve 180 households during the duration of the pilot.

As of August 31, 2019, the date in which the most recent data is available, a total of 103 households had obtained housing   Twenty one of the 103 households have successfully completed their one-year lease.

As of August 31, 2019, there have been three landlord claims filed totaling $4427.63: $3431.58 for non-payment of rent and $996.05 for repairs, resulting in a relatively low 2.91 percent claim rate.

Two-year data suggests that the three grantees are serving the target households intended when the LRMF concept was developed. The following tables represent the households served with rental barriers listed by type:

| Criminal | Percent |
|---|---|
| Drug offense | 29.58% |
| Non-violent offense | 48.52% |
| Sex offense | 4.14% |
| Violent crime offense | 17.75% |
| More than one offense | 31.36% |

| Credit | Percent |
|---|---|
| Low credit | 68.64% |
| No credit | 27.81% |

| Rental | Percent |
|---|---|
| One or more unlawful detainer | 47.34% |

The most recently submitted data from grantees indicates that while 103 households have obtained housing, an additional 40 households have been enrolled but have not yet identified housing. HMIS data shows it takes 29 to 123 days from intake for a household to obtain housing. This is likely due to the continued low vacancy rates coupled with households having multiple barriers.

In order for these 40 enrolled households to obtain housing and receive support for the duration of their tenancy, we are requesting to extend the LRMF contract term by an additional two years (through August 2022). Extending the contract term will also provide the opportunity to enroll additional households and landlords, which will provide more data to evaluate the effectiveness of the program.

During the first two years of the pilot, it has become evident that housing navigation services are essential in order to aid households with locating housing, including recruitment of landlords and providing move-in assistance. It is also apparent that services such as landlord-tenant mediation are essential in providing additional support to assist households in maintaining housing stability.

A landlord survey conducted in 2018 revealed that the reason most landlords initially agreed to participate in the LRMF pilot was to have access to the risk fund if needed. However, after leasing up a household, 50 percent of landlords stated the largest benefit of the program was the household having a case manager who supports them or having someone to talk to if issues arise, compared to 37.5 percent who stated the largest benefit was access to the fund if needed for damages or unpaid rent.

In order to maintain the current level of staffing for such housing navigation, we are requesting to add additional funding for housing navigation services in the amount of $114,869. This additional funding source would derive from recently returned FHPAP funds. Each grantee would receive an increase proportionate to their original award. Due to the low landlord claim rate, no additional funds are needed for the landlord risk pool.

Staff recommends approval of the resolution to extend the two-year contract term and commitment of returned FHPAP funds to provide housing navigation services and administrative costs.

Agenda Item: 6.C
Resolution

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

**RESOLUTION NO. MHFA 19-**

**RESOLUTION APPROVING CONTRACT EXTENSION/COMMITMENT**
**LANDLORD RISK MITIGATION FUND PILOT**

WHEREAS, the Minnesota Housing Finance Agency (Agency) will execute a two-year term extension of the Landlord Risk Mitigation Pilot Fund to grantees and commit additional funds as indicated below in order to provide housing navigation services and administrative costs to prevent and end homelessness from September 1, 2020 through August 31, 2022.

**NOW THEREFORE, BE IT RESOLVED**:

THAT, the Board hereby authorizes Agency staff to extend and amend with additional funding the grant agreements by using state resources as set forth on the attachment, subject to changes allowable under Agency and Board policies:

1. Agency staff shall review and approve the indicated grantees for up to the total recommended amount for an extended term through August 31, 2022.

| Grantee | Additional 2020-22 Award |
|---|---|
| Carver County | $ 54,175 |
| Lutheran Social Service of Minnesota | $ 24,578 |
| St. Louis County | $ 36,116 |
| **TOTAL** | **$ 114,869** |

2. The issuance of grant amendments in form and substance acceptable to Minnesota Housing staff and the execution of the individual grant amendments shall occur no later than twelve months from the adoption date of this Resolution; and

3. The sponsors and such other parties shall execute all such documents relating to said grant as Minnesota Housing, in its sole discretion, deems necessary.

Adopted this 21st day of November 2019

________________________________________

CHAIRMAN

MINNESOTA HOUSING

**Board Agenda Item:** 7.A
**Date: 11/21/2019**

**Item:** Approval, selection of CSG Advisors as the Agency's Financial Advisor for the 2020-2023 time frame.

**Staff Contact(s):**
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us
Terry Schwartz, 651.296.2404, terry.schwartz@state.mn.us

**Request Type:**

| | |
|---|---|
| ☒ Approval | ☐ No Action Needed |
| ☒ Motion | ☐ Discussion |
| ☐ Resolution | ☐ Information |

**Summary of Request:**
Staff recommends the appointment of CSG Advisors to serve as the Agency's Financial Advisor for the period covering 2020-2023.

**Fiscal Impact:**
CSG's proposed fees are the same as current fees, with the exception of modest increases in hourly billing rates for the rare separately billed special projects.

**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

Background

Every four years, the Agency issues an RFP for Financial Advisory Services. On October 10, 2019, staff issued an RFP for services for the 2020-2023 timeframe. Three firms responded: Caine Mitter & Associates, cfX, and CSG Advisors.

An internal team of finance and legal staff individually reviewed the three firms using criteria outlined in the RFP including: i) qualifications and expertise of the firm and proposed staff, ii) relevant prior experience, including experience with the Agency, and iii) answers to the specific questions asked in the RFP. Independently, each review team member determined that CSG was their recommended advisor, sometimes by a substantial margin.

Each firm approached fees in different ways, such that a true "apples-to-apples" comparison is difficult, as assumptions about the Agency's future activity are needed. Nonetheless, under a set of reasonable forecasts of that future activity, Finance staff project that CSG's approach to fees likely would result in the Agency incurring financial advisory fees that were neither the highest nor the lowest of the three proposed approaches.

CSG has been the Agency's financial advisor for the past twelve years. Prior to that, Caine Mitter was the Agency's financial advisor for a number of years.

Taking all these factors into account, staff recommends the appointment of CSG Advisors as the Agency's Financial Advisor, effective from January 1, 2020 thru December 31, 2023. As has been the practice in the past, the contract will be structured to give the Agency the right to terminate, for any reason, the contract at the end of 2021.

MINNESOTA HOUSING

**Board Agenda Item:**7.B
**Date: 11/21/2019**

**Item:** Approval, Changes to Housing Tax Credit Compliance Guide

**Staff Contact:**
Renee Dickinson, 651.296.9491, renee.dickinson@state.mn.us

**Request Type:**
☒ Approval
☒ Motion
☐ Resolution
☐ No Action Needed
☐ Discussion
☐ Information

**Summary of Request:**
Staff requests approval for the proposed amendments to the Housing Tax Credit (HTC) Compliance Guide.

**Fiscal Impact:**
Staff expect that the financial impact to the Agency from instituting the two new fees (re-inspection and utility allowance) will be very modest: perhaps $1,000 from the re-inspection fee and $2,500 from the utility allowance fee in the first year. As the re-inspection fee is meant to discourage certain existing behaviors and the utility allowance review fee is only required if an owner wishes to change to one of the methodologies that requires agency review, it is reasonable to assume that the amount collected in subsequent years may decline.

**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
- Request Details

**Background:**

Section 42 (m)(i)(B)(iii) of the Internal Revenue Code requires housing tax credit agencies to include in their Housing Tax Credit Qualified Allocation Plan (QAP) a procedure to monitor all tax credit projects for compliance with the requirements of Section 42 throughout the compliance period. The purpose of the Housing Tax Credit Compliance Guide is to set forth the procedures to be followed by Minnesota Housing and the owners of tax credit projects in order to comply with the requirements of Section 42. The Compliance Guide is reviewed and updated on a regular basis to conform with federal regulations, policy requirements, and best practices.

**Proposed Amendments:**

**Recommendation 1:** Limit rent increases on Housing Tax Credit (HTC)-assisted units to no more than once annually.

> **Background:** When a person signs a multi-month lease for an apartment, it is customary that rents are held constant during the full term of the lease. However, some tax credit property owners have included lease provisions that allow rents to increase during the term of the lease, typically in conjunction with HUD's annual release of new income limits and/or decreases in annual utility allowances. Staff have received a number of complaints from tenants of HTC-assisted developments who have experienced rent increases during the term of the lease. Households with fixed or extremely low income are most vulnerable when it comes to multiple rent increases as they may be unable to absorb them into their budget and are left with few affordable options. Approving this recommendation will mean that all low-income residents occupying HTC-assisted units, regardless of whether they are on a multi-month lease or month-to-month lease, can rely on a stable rent amount for a full year.

**Recommendation 2:** Define good cause for eviction, lease non-renewal or eviction as "(a) serious or repeated material violation(s) of the terms and conditions of the lease."

> **Background:** IRC §42(h)(6)(E)(ii) provides that low-income tenants are protected against eviction or termination of tenancy for other than good cause but does not define what constitutes good cause.

**Recommendation 3:** Require a form of Resident Notification Letter and Lease Rider for all HTC-assisted units (except for those also assisted with Section 8 and using the HUD Model Lease) to notify residents of the requirement for good cause termination, protections under VAWA, and the annual limit on rent increases.

> **Background:** Most residents are unaware of the good cause protection and owners do not always provide a reason for lease termination, non-renewal or eviction in their notices. Also, the 2013 amendments of the Violence Against Women Reauthorization Act (VAWA) explicitly extended VAWA's protections to applicants of and tenants in tax credit properties. The Resident Notification Letter will contain language notifying residents of their right to good cause eviction, lease non-renewal or termination of tenancy; protections under the Violence Against Women

Act (VAWA); and that their rent will not increase more than once annually. The Lease Rider will incorporate the good cause protection and one annual rent increase into the lease itself. The current compliance guide recommends owners use HUD's VAWA Lease Addendum.

**Recommendation 4**: Establish a $125 re-inspection fee.

**Background:** Under Minnesota landlord/tenant law, a landlord may only enter a tenant's unit for a "reasonable business purpose," which includes state and local fire, health, housing or building inspections, after making a good faith effort to give the tenant reasonable notice. When compliance officers schedule HTC inspections (up to 30 days in advance of the inspection date) they request that the owner provide such reasonable notice at least 24 hours in advance of the inspection date to all residents of low-income units that their unit may be inspected. In a small number of cases, compliance officers have had to return on a later date to complete inspections because the owner or its agent failed to meet the compliance officer on the scheduled date or because the owner failed to notify all residents as instructed and the compliance officer was unable to inspect the required number of units. The additional, unanticipated time spent by a compliance officer to return to complete an inspection is not currently covered by annual monitoring fees. Owners can easily avoid this re-inspection fee by meeting the compliance officer as scheduled and providing the notice to residents as instructed. The fee is based on $30/hour average compliance officer wage x estimate of 4+ hours to reschedule the inspection, issue the confirmation notice, refresh the list of units selected for inspection, make arrangements for a vehicle and hotel accommodations (if applicable), and travel time.

**Recommendation 5:** Establish a $100.00 review fee when owners request to change methodology to the Energy Consumption Model (ECM), HUD Utility Schedule Model (HUSM) or Average of Actual Consumption.

**Background**: If an owner wishes to change methodology to the ECM, HUSM, or Average of Actual Consumption a request must be submitted to Minnesota Housing at the beginning of the 90-day period before utility allowances can be used in determining the gross rent. Minnesota Housing staff review and base a decision for approval or non-approval of the methodology and allowance figures on the completeness, quality and accuracy of information provided. Once the change in methodology has been approved, the owner must update the allowance annually but submission to Minnesota Housing is not required. Utility allowance and source documentation are subsequently reviewed as part of the on-site inspection.

Prior to 2019, staff had not received a request to change to any of these methodologies and was unaware of the time and effort it would take to complete a review. In 2019, staff received more than twenty-five requests. Reviewing these requests is time-consuming as the supporting documentation contains hundreds of pages of rate information that staff needs to review to determine that all applicable rates, riders, taxes, surcharges, and tariffs are accounted for in the calculations. In addition, nearly every request required two or more reviews due to errors, unclear information or lack of supporting documentation. The review fee is based on $30/hour average compliance officer wage x estimate of 3+ hours to review, document, and approve a request. Current annual monitoring fees do not account for this work.

**Recommendation 6**: Allow only one request for changing utility allowance methodology to ECM, HUSM, or Average of Actual Consumption in a 12-month period.

**Background:** In 2019, Minnesota Housing received several requests to change to the ECM utility allowance methodology only a few months after approving owner's use of the HUSM methodology. This recommendation is consistent with limiting owners to one rent increase annually and will reduce unnecessary burden on the agency.

**Next Steps:**

If approved, the Housing Tax Credit Compliance Guide will be updated to reflect these changes as well as Section 42 regulatory updates, including language regarding the Average Income Minimum Set-aside election. The updated guide will be released in December 2019 along with communications to our developer and property management partners.

**Board Agenda Item:** 7.C
**Date: 11/21/2019**

**Item:** Approval, Homework Starts with Home – Program Changes

**Staff Contact(s):**
Diane Elias, 651.284.3176, diane.elias@state.mn.us
Joel Salzer, 651.296.9828, joel.salzer@state.mn.us

**Request Type:**

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

**Summary of Request:**
Homework Starts with Home (HSWH) was awarded $3.5 million in discrete state appropriated program funding in 2019. The program builds upon the Rental Assistance Pilot for Homeless and Highly Mobile Families with School-Age Children (HHM pilot). Previous funding for HHM/HSWH was awarded to grantees in July 2018, using state appropriated funding from the Housing Trust Fund (HTF) and Family Homeless and Prevention Assistance Program (FHPAP). Although administered through Minnesota Housing, HSWH is a partnership with other units of state government, including the Minnesota Department of Education (MDE), the Minnesota Interagency Council on Homelessness (MICH), the Minnesota Department of Human Services (DHS), and the Minnesota Two-Gen Policy Network.

Staff requests approval of the changes to the HSWH program in order to invite applicants to respond to a Request for Proposals (RFP), which would be issued in December 2019. Staff also recommends approval for a dual track RFP that would allow applicants to apply for either a HSWH grant or a planning grant, funded from the HTF appropriation, to build capacity and prepare for a future HSWH grant application.

**Fiscal Impact:**
Each of HSWH, HTF and FHPAP are state appropriated resources with individual awards structured as grants, which do not earn interest for the agency.

**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 and Recommendations
- Homeless and Highly Mobile Students Pilot Evaluation

**Background and Recommendations:**
HSWH is a program focused on addressing homelessness among students and their families. Last year (2018), public and charter schools across Minnesota identified 8,079 students experiencing homelessness. The students attended 1,387 schools statewide, spanning 308 school districts and 78 counties. Homelessness disproportionally impacts certain households such as African Americans; Native Americans; students with disabilities; and lesbian, gay, bisexual, transgender, questioning, intersex or asexual (LGBTQIA) young people. After a decade of growth (with increases averaging 15 percent per year), the trajectory of student homelessness has decreased two years in a row.

During the 2013 legislative session, Minnesota Housing secured a Housing Trust Fund (HTF) appropriation to launch the HHM pilot, which served over 190 households at 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 (refer to attached evaluation). Based on the success of this pilot, the 2015 Legislature allocated a one-time HTF appropriation of $2 million for the HSWH program. Minnesota Housing committed the one-time appropriation to the existing grantees to continue pilot operations for three more years.

In 2017, the Legislature directed $1.75 million of HTF funds and $250,000 of Family Homeless Prevention and Assistance Program (FHPAP) funds to HSWH. Minnesota Housing invested additional unspent funds from HTF and FHPAP which brought the total available to $3.9 million. The Heading Home Minnesota Funders Collaborative also contributed funds which increased the amount to $4.15 million. Minnesota Housing collaborated with MICH, MDE, DHS, and the Heading Home Minnesota Funders Collaborative to develop the initial HSWH program that would build upon the successes of and expand on what was learned from the HHM pilot. These partners created a leadership team to guide the development and implementation of the program. Minnesota Housing is represented by Ryan Baumtrog, Assistant Commissioner, Policy; John Patterson, Director of Planning, Research and Evaluation; Joel Salzer, Housing Stability Team Manager; and Diane Elias, Program Manager.

To inform the program concept for HSWH Round 1, the HSWH leadership team developed and issued a Request for Information (RFI) in October 2017 seeking guidance from stakeholders about what was needed to end student homelessness 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.

Minnesota Housing issued an RFP, received 14 applications and, including the amount awarded by philanthropic funding, awarded $4.15 million in funding to five of those applicants in 2018:

- Solid Ground (Ramsey, Washington), a program serving four school districts in Ramsey and Washington counties
- Bi-County Community Action Program (Beltrami) project, a program serving the Bemidji area
- Project for Pride in Living (Hennepin), a program serving the Northside Achievement Zone in Minneapolis

- Wilder Foundation (Ramsey), a program serving the St. Paul Promise Neighborhood in Ramsey County
- Clay County Housing and Redevelopment Authority (Becker, Clay, Douglas, Otter Tail, Pope, Wadena, Wilkin), a program serving the West Central Continuum of Care.

In 2019, HSWH received a $3.5 million appropriation from the Legislature to establish HSWH as an ongoing program that would be administered by Minnesota Housing. To prepare for issuing the RFP for Round 2, staff met with HSWH grant administrators to receive feedback on the implementation of the program and suggestions for program changes. In addition, staff met with the HSWH Leadership Team to hear their concerns and ideas for the upcoming RFP. Staff also connected with HSWH partners including MDE, MICH, DHS, and the Minnesota Two-Gen Policy Network to ensure the program reflected current priorities of Governor Walz's administration. The HSWH program incorporates key elements from HSWH Round 1 but will enhance these elements based on experience with prior participants and emerging priorities from the governor and MICH for HSWH Round 2. HSWH Round 2 will be structured over three years to align with existing FHPAP and HTF grant cycles. This action allows HSWH grantees an opportunity to apply for future funding without having a program gap. However, future funding will be through a competitive process and there is no guarantee of funding for prior grantees.

What follows is an outline of recommended new additions and key changes to the upcoming RFP for Round 2.

**A. (New) Distribution of Funds:**
In addition to the $3.5mm in discrete appropriation for HSWH, the distribution of funds between FHPAP and HTF is flexible under the 2019 appropriation. In the 2017 HSWH appropriation, funds were divided between HTF in the amount of $1.75 million and FHPAP in the amount of $250,000. In the 2019 appropriation, the distribution may be determined by Minnesota Housing staff. As a result, applicants may have additional funding for services that was previously unavailable.

**B. (New) Dual Track RFP:**
We are recommending the RFP contain two tracks – one track, using the $3.5 million direct appropriation for HSWH, for applicants who are prepared to implement a HSWH program and a second track, using $300,000 of HTF funding, for applicants who want to plan for applying to the HSWH program in the future. HSWH has some complexity due to the requirement of having collaborating partners and attempting to utilize the Preliminary Practice Model, which identifies key components such as Housing First and two generational approaches. The planning track allows interested partners, who may not otherwise apply, to have access to the program and the opportunity to be more competitive in future rounds.

**C. (New) Special Impact Bonus:**
We recommend the RFP offer additional points for those projects that include strategies to:

- End homelessness for youth and/or families
- Significantly reduce the number of unsheltered youth and family households

The special impact bonus points are being added to further address the priorities of the governor and MICH.

**D. (Change) Outcomes:**

The HSWH program supports the *Heading Home Together: Minnesota's 2018 – 2020 Action Plan to Prevent and End Homelessness* and its efforts to *prevent* homelessness whenever possible, and if homelessness does occur, to ensure that it is *rare*, *brief* and *nonrecurring*. HSWH outcomes include:

- Reducing the number of students who become homeless for the first time ("prevent")
- Reducing the total number of students experiencing homelessness ("rare")
- Reducing the amount of time that students and their families remain homeless ("brief")
- Reducing the number of students who return to homelessness ("nonrecurring")
- Improving school attendance and academic achievement among students who have experienced or who are at risk of homelessness

*Key Change:* Outcomes will be measured by race and ethnicity to work toward achieving equitable results, which is a priority of the governor and MICH. We also intend to provide reports to grantees using HMIS data to reduce their administrative burden.

**E. (Change) Eligible Applicants:**

The RFP requires collaborative responses from multiple organizations or entities operating within the same geographic area, each of which are named as collaborators on a signed memorandum of understanding (MOU) that outlines each collaborator's role. Key partners will include the FHPAP grant administrator, the HTF administrator, schools, county and tribal governments, housing agencies, philanthropic and community-based organizations, faith-based organizations, associations and trade groups, and the business sector.

*Key Change:* A new criterion of the program is that the lead applicant must be an HTF administrator or FHPAP grant administrator in order to promote program accountability. In the first round of HSWH funding, the lead applicant was not always eligible to be the direct recipient of funds; therefore, they were not under contract with Minnesota Housing. The change ensures that the lead applicant will be accountable for carrying out the program in accordance with Minnesota Housing requirements. For the planning grant opportunity, this criterion does not apply.

**F. (Change) Eligible Recipients:**

Eligible applicants will include families with children who are pre-K to 12$^{th}$ grade and unaccompanied youth who are homeless or at risk of homelessness.

*Key Change:* We will add the following language to the RFP instructions and application "It is expected that this program will reach students who are disproportionately impacted by homelessness such as African Americans, Native Americans, students with disabilities, and LGBTQIA young people."

**G. (Change) Program Design:**

The program requires adoption of the preliminary practice model, including the following best practices:

- Equity focus
- Nothing about us without us (involving program participants in guiding program implementation)
- Early identification and trauma-informed responses
- Two-generational approaches
- Progressive Engagement
- Housing First orientation
- Leveraging mainstream resources

*Key Change:* Our current HSWH grant administrators have indicated that implementing the entire Preliminary Practice Model is a challenge. Rather than expecting the entire model to be implemented at application submission, applicants will be asked in this RFP to identify at least one component of the Preliminary Practice Model that is fully implemented along with components that are partially implemented or have not yet implemented. They will also be asked to describe plans on how they expect to improve implementation of at least one practice.

**Next Steps:**
Staff anticipates issuing an RFP in December 2019 with recommendations going to the board in early summer 2020. Staff recommends approval of the changes to the HSWH program. Staff also recommends approval of the dual track RFP to allow applicants to apply for either a planning grant or a HSWH grant.

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# Evaluation of the Rental Assistance Pilot for Homeless or Highly Mobile Families with School-Age Children

**February 2017**

Minnesota Department of Education

Minnesota Housing Finance Agency

## Key Findings

- Existing data and research show that housing instability has a significant impact on school attendance and educational performance.
- All students entering the pilot were experiencing housing instability or school changes, and two-thirds were homeless or doubled up on the day they entered the program.
- At the end of the pilot, 90 percent of the students with a known housing status were stably housed.
- The students who achieved stable housing during the pilot had stable and better attendance than homeless students statewide.
- In contrast, homeless students who did not receive rental assistance missed enough school to be considered chronically absent.

## Background

In 2013, the Minnesota Legislature appropriated $2 million through the Housing Trust Fund for an initial rental assistance pilot project for families with school-age children who have changed schools or homes at least once in a school year.[1] The goal of the pilot was to improve school attendance by stabilizing their housing. Minnesota Housing collaborated with the Minnesota Department of Education (MDE) to develop and conduct the evaluation. The students in the pilot and study were selected by each of the pilot administrators: Northside Achievement Zone (NAZ) with Project Pride for Living (PPL), Saint Paul Promise Neighborhoods (SPPN) with the Wilder Foundation, and Clay County.

For the 2014-15 school year, the administrators enrolled 121 eligible families and 277 students in the pilot, with most of the students in elementary school. As initially designed, the families received up to two years of rent assistance for the 2014-15 and 2015-16 school years, allowing them to spend only 30 percent of their income on rent with the assistance subsidizing the rest of their rental costs. The purpose of the assistance was to improve housing stability and school attendance and ultimately academic performance.

This evaluation assesses housing stability and school attendance, but not academic performance, which generally takes several years to measure an impact and is beyond the timeline of this evaluation. Statewide standardized academic assessments do not show academic performance for individual students, since those assessments are scaled across all students and are designed to determine how effectively schools are delivering academic standards, not individual student performance.

### Program Descriptions

*Northside Achievement Zone (NAZ)*

NAZ is a collaboration of organizations and schools partnering with families to prepare children to be ready for college when graduating from high school. Families and children move through a “cradle-to-career” pipeline that provides a range of support services from prenatal through college to career. NAZ concentrates programming and services within a 13- by 18-block area in North Minneapolis. It is

[1] Although the threshold for participants in the legislation was changing schools or moving homes at least once in a year, the administrators targeted families with significantly more than one school change or moves within a year.

designated a federal Promise Neighborhood and encompasses an area of Minneapolis with disproportionate poverty and violence. Residents face high unemployment and rates of homelessness and school changes. NAZ families have an unemployment rate of 63 percent and an annual median income of around $18,000. In the 2015-16 school year, 7.9 percent of the students in the NAZ partner public schools were identified as homeless, compared to 5.6 percent for all other schools in the Minneapolis Public School district. [2]

Achievement coaches who provide wraparound services are central to NAZ's model. These coaches work with each NAZ family to determine their needs, help them connect with resources, and provide support. They are located at each partner school to support NAZ families and students.

*Saint Paul Promise Neighborhood (SPPN)*

The goal of SPPN is to stabilize lives and improve student achievement for residents. The SPPN zone includes the Frogtown and Summit-University neighborhoods of Saint Paul, spanning a 250-block area with an estimated 22,000 residents. SPPN received a federal Promise Neighborhoods planning grant in 2010. The zone has a high rate of children (35 percent compared to 25 percent statewide) and people of color or Hispanic ethnicity (78 percent compared to 17 percent statewide). The zone includes a large number of recent immigrants, and more than one-third of residents speak a language other than English at home. Residents also have high rates of poverty; nearly all children in SPPN qualify for Free and Reduced Price Lunch program. In the 2015-16 school year, the rate of homelessness for students attending SPPN schools was 4.4 percent, compared with 2.1 percent for all other Saint Paul Public Schools.

Participating families receive various wraparound supports including tenant training, employment training, and peer-support networking. These supports are provided through community navigators who are co-located in each of the partner schools.[3] Navigators work with each family to determine what supports they need and help them get those supports. For families participating in the rent assistance pilot, navigators also work closely with the SPPN rental assistance housing specialist to help families find and maintain housing.

*Clay County Housing and Redevelopment Authority*

The Clay County Housing and Redevelopment Authority (HRA) partnered with the Moorhead Public School District to implement the pilot. The HRA's main role was to provide rental assistance and housing; they worked closely with other organizations that provide supportive services, including mental health providers and social service organizations. The HRA's relationship with Churches United for the Homeless and Lakes and Prairie Community Action Partnership (CAP) was particularly valuable in providing families additional support. Households in the pilot were supported by access to employment training, vocational rehabilitation, education programs and treatment programs. In addition to collaborating with other entities to provide support, the HRA benefited from the strong coordinated assessment and referral infrastructure in the community. In the 2015-16 school year, Moorhead Public Schools had a homelessness rate of 0.9 percent across its student body.

[2] The NAZ partner schools were: Ascension Catholic School, Elizabeth Hall International Elementary School, Harvest Prep and Seed Academy, KIPP Stand Academy, Nellie Stone Johnson School, North High School, Patrick Henry High School, PYC Arts & Technical High School, and Sojourner Truth Academy Elementary School. Included in this report are data only from public school NAZ partners. All the public schools were in the Minneapolis Public School District.
[3] The SPPN partner schools include Jackson Elementary, Maxfield Elementary, and Saint Paul City School. Benjamin Mays Elementary School was added to the SPPN partner schools later and not included in the study. All the public schools were in the Saint Paul Public Schools District.

# Context

A growing body of research shows that housing instability has a negative impact on a child's academic success.[4] As shown in Figures 1 and 2, children who qualify for free and reduced-priced lunch and experience homelessness have lower attendance and perform worse on statewide standardized tests than students who qualify for free and reduced priced lunch but are not experiencing homelessness.[5]

**Figure 1:** Attendance - Students receiving free and reduced-priced lunch

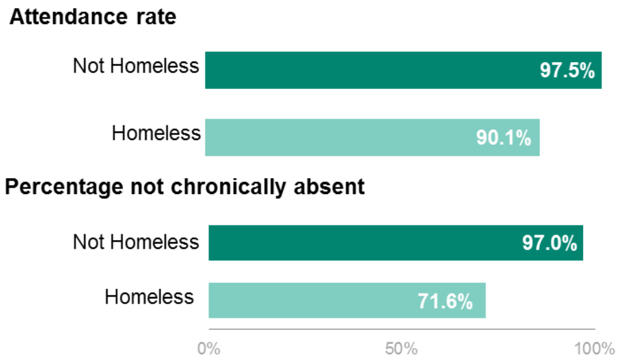
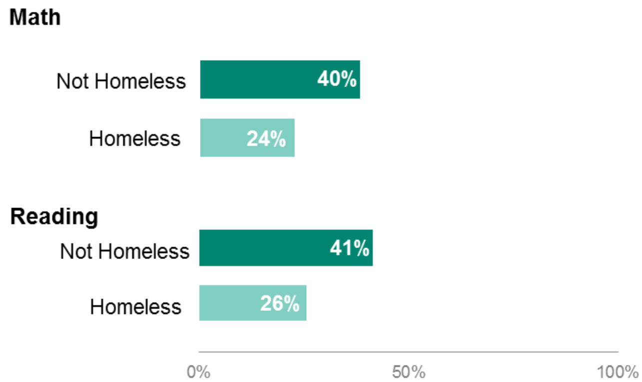



**Figure 2:** Academic proficiency - Students receiving free and reduced-priced lunch




These data show that housing instability impacts educational success beyond the educational disparities for low income students. These impacts can be lasting, particularly when they occur in elementary school.[6] By sixth grade, low attendance correlates with low academic achievement and low graduation rates.[7] In terms of proficiency, homeless third graders are 37 percent less likely than their low income but housed peers to demonstrate reading proficiency and 34 percent less likely to demonstrate math proficiency.[8] Low reading proficiency in third grade correlates with significantly lower academic success.[9]

[4] Reynolds, Arthur, Chin-Chih Chen and Janette E. Herbers. "School Mobility and Educational Success: A Research Synthesis and Evidence on Prevention." University of Minnesota, 2009.
[5] Eligibility for the USDA's free and reduced price lunch program is based on income and is a proxy for low-income.
[6] Hernandez, D.J., 2011. Double Jeopardy: How Third-Grade Reading Skills and Poverty Influence High School Graduation. Annie E. Casey Foundation.
[7] "Destination Graduation: Sixth Grade Early Warning Indicators for Baltimore City Schools: Their Prevalence and Impact." Baltimore Education Research Consortium, 2011.
[8] "Minnesota Report Card." Minnesota Department of Education. Retrieved February 21, 2017 from http://rc.education.state.mn.us.
[9] Early Warning: Why reading by the end of third-grade matters. The Annie E. Casey Foundation, 2010.

In addition to the impacts that housing instability has on attendance and educational success, homelessness also has a fiscal impact on school districts. All school districts in the state are responsible for maintaining school stability through periods of homelessness by providing transportation to homeless students to help them stay in their school. The table below shows the higher annual transportation costs for homeless students.

**Table 1:** Transportation costs per student per year
(2015-16 School Year)

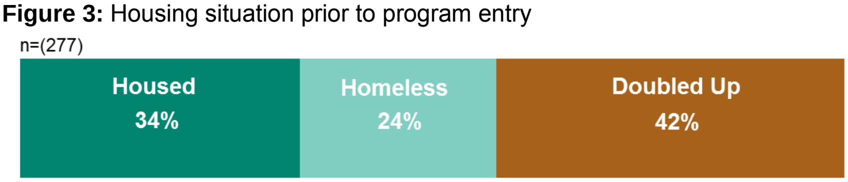
| | Minneapolis Public Schools | Saint Paul Public Schools | Moorhead Public Schools |
|---|---|---|---|
| Homeless students | $5,224.06 | $2,705.24 | $326.24 |
| Housed students | $402.66 | $399.90 | $511.94 |

# Pilot Results[10]

## Housing Stability

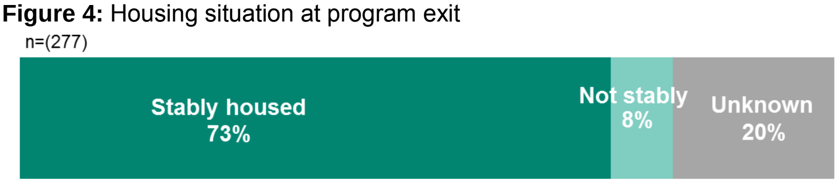
**All students entering the pilot were experiencing housing instability or school changes, and two-thirds were homeless or doubled up on the day they entered the program.[11]**

**Figure 3:** Housing situation prior to program entry




**At the end of the pilot, 90 percent of the students with a known housing status were stably housed.[12]**

**Figure 4:** Housing situation at program exit




[10] The pilot housing data for this evaluation were collected from the Homeless Management Information System in spring 2016. This data get periodically updated throughout the year. School attendance data were extracted from the Minnesota Automated Reporting Student System (MARSS) updated by school districts on a regular schedule.

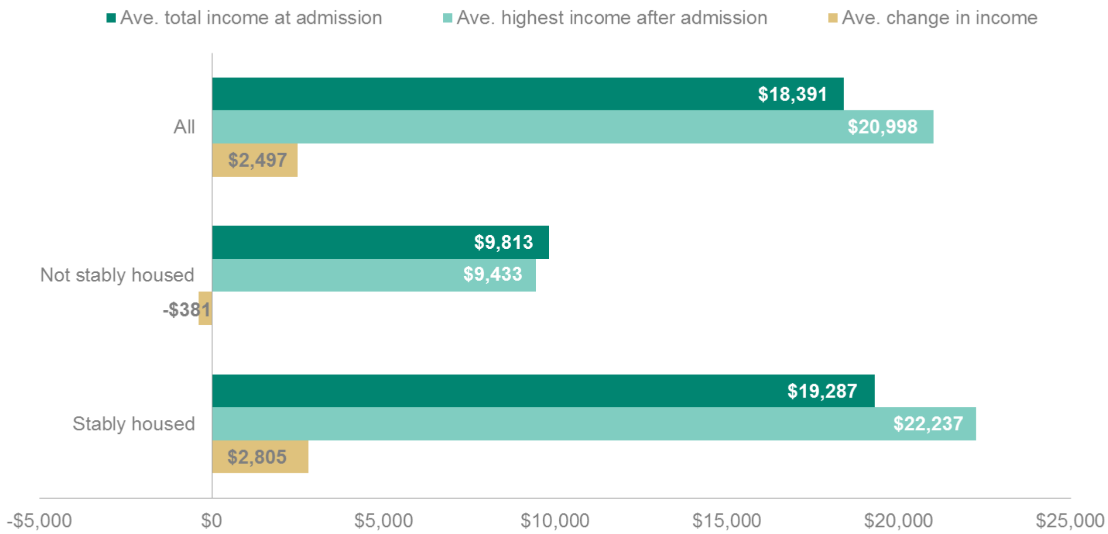
[11] Students in the pilot program were considered *housed* if they lived in rental housing without a subsidy or were in foster care. *Doubled-up* students were staying or living with a family member or friend. Students considered *homeless* were in an emergency shelter, hotel or motel paid for with an emergency shelter voucher, or living in a place not meant for habitation. Many in the "doubled up" group likely meet the federal definition of homeless.

[12] Students who left the program with a positive exit and those who remained in their housing with rental assistance by the end of the program (June 30, 2016) were considered *stably housed*. Positive exit scenarios include transitioning to unsubsidized housing, receiving Section 8 or another permanent housing subsidy, purchasing a home, an increase in gross monthly income exceeding programs limits, and a changed type of housing subsidy. Students were considered *not stably housed* if they had a negative exit from the program. Negative exits include being legally evicted or receiving a notice to vacate for criminal or drug activity or other lease violations, including not paying rent.

**Families that achieved housing stability had higher incomes and were less likely to have a member with a disability.**

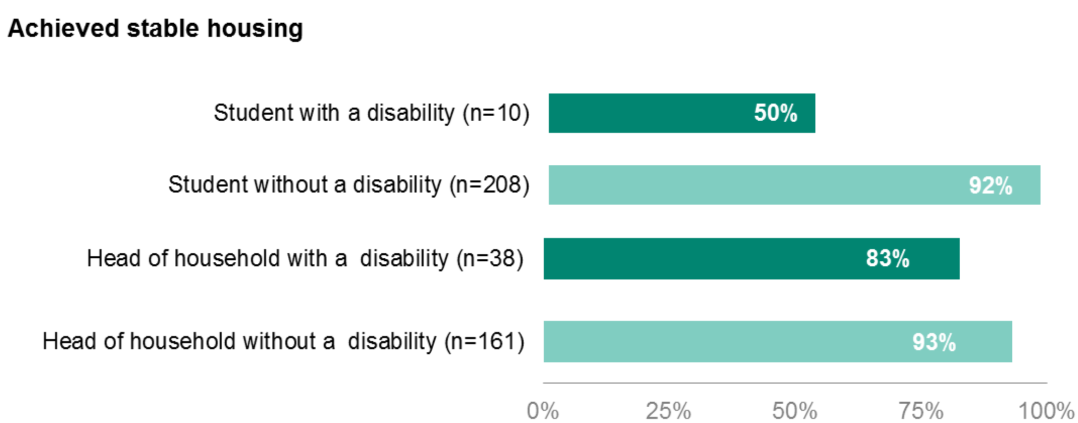
Stably housed families in the pilot had higher average annual incomes at program entry than households that did not achieve housing stability ($19,287 compared to $9,433). In addition, the average annual income of stably housed households increased by 15 percent during the pilot, while the annual income of those that were not stably housed decreased slightly.

**Figure 5:** Average Annual Income




Having a family member with a disability was correlated with a struggle to achieve stable housing. This indicates these families may need more supports to achieve stable housing.

**Figure 6:** Percentage achieving housing stability



## Attendance and Other Improvements

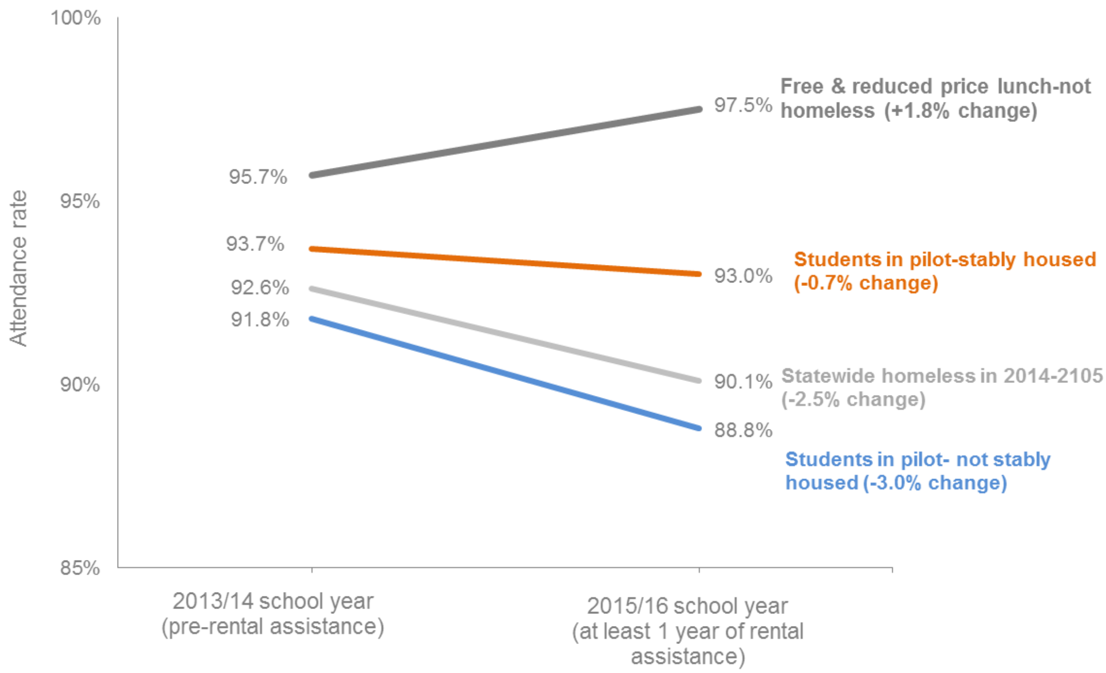
**The students in the pilot who achieved stable housing had stable and better attendance than homeless students statewide.**

We compared the attendance rates for the 2013-14 school year (the year before the families in the pilot first received rent assistance) to the 2015-16 school year (the second year of the pilot), and made the comparison for three groups:

1. All students in the rental assistance pilot (broken out between those stably housed and not stably housed during the pilot).
2. All students in the state who were identified as homeless in the 2014-15 school year.
3. All students in the state who qualified for free and reduced price lunch but were **not** homeless in 2014-15.

Figure 7 shows the change in attendance rate for these groups before and after families received the rental subsidy. The attendance rate for the pilot students who were stably housed stayed essentially the same (a 0.7 percentage point decline from 93.7 to 93.0 percent). In contrast, the attendance rate for pilot students who were not stably housed at program exit decreased by 3 percentage points (from 91.8 to 88.8 percent). For context, the attendance rate during the same period for all students statewide who experienced homelessness in the 2014-15 school year decreased by 2.5 percentage points (from 92.6 to 90.1 percent).

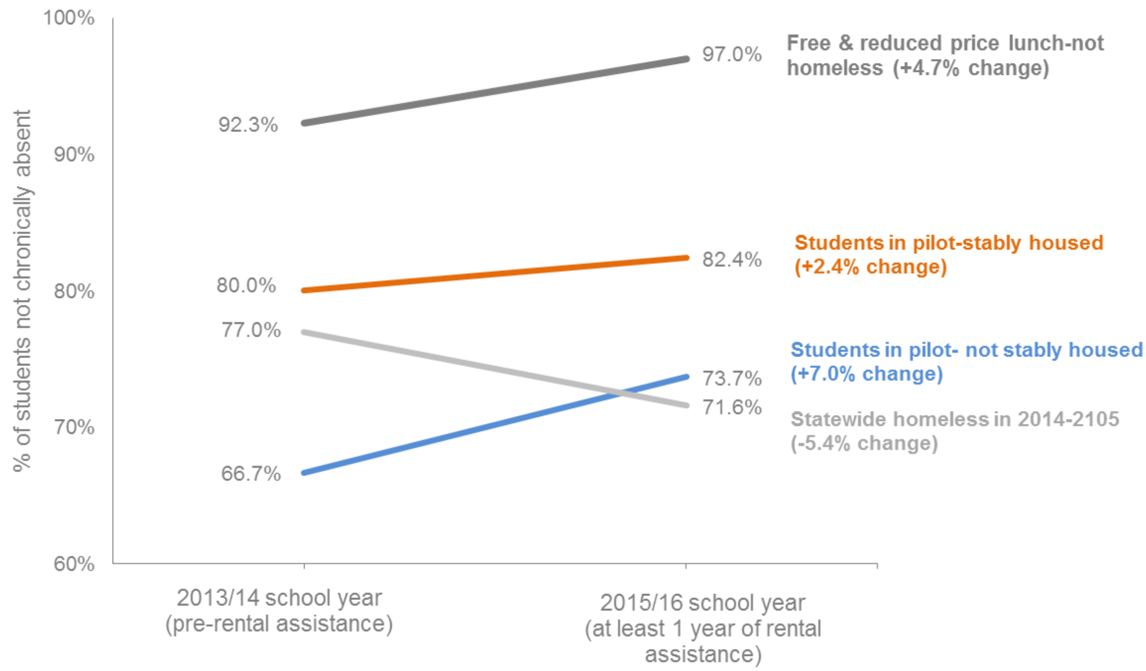
**Figure 7:** Attendance rates pre- and post-rental assistance




Another measure of attendance is chronic absenteeism. A student is considered chronically absent if they are absent for 10 percent or more school days or present for less than 90 percent of school days in a school year. Figure 8 shows the change in the percentage of students who were *not* chronically absent.

An increase in the percentage indicates an improvement in attendance. For homeless students statewide, the not-chronically-absent rate decreased by 5.4 percentage points—meaning that the number of chronically absent homeless students increased during the pilot period. However, for students in the pilot who were stably housed, their not-chronically-absent rate increased by 2.4 percentage points—a decrease in the number of chronically absent students. The rate for students in the pilot who were not stably housed increased by 7 percentage points, however it is hard to draw conclusions from this change because the overall number of these students was low (only 19 students).

**Figure 8:** Not chronically absent rates pre- and post-rental assistance




**Experience of Families**

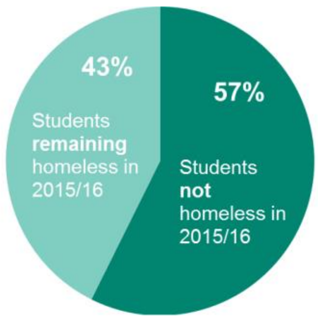
Program administrators also heard directly from families about the positive impact of the rental assistance.

- A NAZ parent shared that since participating in the pilot her children are no longer experiencing the behavioral issues they had the prior year and her daughter has been on the honor roll all year.
- Another NAZ family described that before receiving the rental subsidy they were told their son would have to move to a special education school as a result of behavioral problems. However, after stabilizing their housing, their seventh grade son is reading at a $10^{th}$ grade level and was recently recognized as a talented and gifted student by the state.
- A dad from Clay County said that his two children with learning disabilities have shown great improvement at school since they moved into stably housing. And another Clay County parent has seen her three children's grades improve and an added benefit is that they can participate in extracurricular activities at school now that they have housing.

## Conclusions

Data on the length of time students experience homeless show that many homeless families resolve their housing instability within a year, while other families struggle to achieve stable housing. Over half (57 percent) of the students statewide who were identified as homeless during the 2014-15 school year, were not homeless the following year (Figure 9). The remaining 43 percent were once again identified as homeless the following year.

**Figure 9:** Homeless status in the 2015-16 school year of students flagged as homeless in the 2014-15 school year
**(n=6,593)**




These results suggest that assessing needs and providing tiered assistance may be the most effective strategy for serving students experiencing homelessness.

- Families that are likely to resolve their housing instability with a small amount of support should receive short-term assistance, similar to what is provided under Minnesota Housing's Family Homeless Prevention and Assistance Program (FHPAP). This will prevent homelessness for these families or minimize how long it lasts.
- Families that need longer-term assistance but do not need additional supports would benefit from longer-term rent assistance.
- Families that struggle with housing stability even with rent assistance would likely benefit from supportive housing (i.e., housing with services), particularly those families who have an adult or child with a disability.

Rental assistance successfully helped families achieve stable housing. Ninety percent of students with a known housing status were stably housed during the pilot. In addition, students achieving housing stability through rental assistance had stable and better attendance than all homeless students statewide. These findings indicate that rental assistance was an important factor in helping students stabilize their school attendance after experiencing housing instability.

Assessing changes in school performance is more difficult. To see the smaller and more incremental improvements that we would expect from housing stability, we would need to track students over a longer period of time or collect data that would capture student academic growth and do so more frequently than the Minnesota Comprehensive Assessments (MCA), the statewide assessment tool. Some schools conduct such assessments, which could help for future evaluation efforts, if available.

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**Board Agenda Item:** 7.D
**Date: 11/21/2019**

**Item:** Approval, Single Family Selections, Community Homeownership Impact Fund

**Staff Contact(s):**
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**Request Type:**

| | |
|---|---|
| ☒ Approval | ☐ No Action Needed |
| ☐ Motion | ☐ Discussion |
| ☒ Resolution | ☐ Information |

**Summary of Request:**
Staff requests Board approval of the Single Family Consolidated Request for Proposals (RFP) and Community Homeownership Impact Fund (Impact Fund) Selection Committee Recommendations.

**Fiscal Impact:**
The financial impact from commitments made under the Impact Fund vary. Loans and grants made under the Economic Development and Housing Challenge (EDHC), or with the proceeds of Housing Infrastructure Bonds, generally are deferred and do not earn interest for the Agency. Interim Construction loans made from pool 2 are repayable and earn interest for the Agency.

**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 and Funding Recommendations
- Maps of Impact Fund Recommended Projects
- Project Summaries
- 2019 Single Family Consolidated RFP Summary Spreadsheet
- 2019 Single Family Consolidated RFP Non-Recommended Applications
- Resolution

**BACKGROUND**
Minnesota Housing and its funding partners, the Greater Minnesota Housing Fund (GMHF) and the Metropolitan Council, accepted proposals under the Single Family Consolidated Request for Proposals (RFP). The primary source of funds for the RFP is through the Agency's Community Homeownership Impact Fund (Impact Fund), which is a mix of Pool 2 and state appropriated resources, with additional resources from the funding partners. The RFP used a common application form and procedure, with applications due June 6, 2019.

The Agency and its funding partners received 41 single family proposals totaling $21,646,820. Applicants requested $20,977,820 from the Agency, $204,000 from GMHF and $465,000 from the Metropolitan Council. Applicants requested $6,994,485, or 32 percent of total requests, to serve communities in Greater Minnesota. Applicants requested $14,652,335, or 68 percent of total requests, to serve the seven-county Twin Cities metropolitan area.

**Proposal Review and Selection Process**
All proposals were reviewed, scored and ranked based on scoring and selection criteria approved by the Agency's Board on February 21, 2019. First, staff assessed the extent to which a proposal meets the Agency's funding priorities. These include workforce housing, efficient land use, location efficiency, community recovery, community economic integration, universal design and accessibility features, large family housing, senior housing, reaching underserved populations, leverage, and foreclosure remediation.

The Agency's leadership and staff then scored proposals during separate selection committees for Greater Minnesota proposals and seven-county Twin Cities metropolitan area proposals. Co-funders and other external partners participated in the selection committee discussions.

Selection committee scores are based on an applicant's organizational capacity, project feasibility, and community need. The organizational capacity assessment includes a consideration of an applicant's financial health and ability to implement the proposed project. The project feasibility assessment includes a consideration of the economic viability of a project and the proposed project costs as compared to Impact Fund's historical cost thresholds which are based on an analysis of typical project costs under past Impact Fund awards. The community need assessment considers the identified need based on local demographics, workforce, and economic factors in the community and how the proposal meets the identified need.

**Impact Fund Eligible Activities**
The Impact Fund is available statewide. The program offers significant versatility in the type of funds available and the type of eligible activities. The types of funds available include grants, deferred loans, and interim construction loans. The types of eligible activities include the following:

- Acquisition, rehabilitation and resale of housing units.
- Downpayment or affordability gap assistance programs that effectively serve homebuyers who may have difficulty accessing existing programs. Affordability gap assistance is the difference between the purchase price of a home and the first mortgage that a buyer can secure.
- Owner-occupied rehabilitation programs that effectively serve borrowers who are unable to obtain financing through other single-family home improvement programs.
- New construction of homes.
- Tribal Indian Housing Program to provide first mortgage financing, downpayment assistance, and owner-occupied rehabilitation for tribally-enrolled members.

The Agency provides value gap and interim construction financing for acquisition, rehabilitation, resale and new construction projects. Value gap is the difference between the total development cost of a unit and the after-improved appraised value of said unit.

**FUNDING RECOMMENDATIONS**

The Agency and its funding partners recommend funding 37 proposals for a total of $16,909,777. Ten selections totaling $6,451,770, or 38 percent of total projects selected, will serve communities in Greater Minnesota. Twenty-seven selections totaling $10,458,007, or 62 percent of total projects selected, will serve the seven-county Twin Cities metropolitan area. Four of the proposals received are not recommended for funding and several of the proposals are recommended to be funded for less than the amount requested. One proposal will be funded only by the Metropolitan Council.

Staff recommends $16,270,777 in funding from Minnesota Housing for 36 proposals. State appropriated Economic Development Housing Challenge (EDHC) funds will support 36 of these proposals, totaling $12,501,109. This includes $3,227,240 in Indian Housing Set Aside funds for three proposals. Staff also recommends interim construction financing from Pool 2 in the total amount of $1,975,000 for four applicants to support the construction or rehabilitation and resale of 29 units. Loans from Housing Infrastructure Bond proceeds in the amount of $1,794,668 are recommended for five proposals to support 51 community land trust units.

GMHF intends to provide $204,000 to support proposals in Greater Minnesota and the Metropolitan Council intends to provide $435,000 to support proposals in the seven-county Twin Cities metropolitan area. These allocations are contingent upon approval from the board of each funding partner.

**Reaching Underserved Populations**

Although all recommended selections market to underserved populations in general (households of color, single headed households with minor children, and households with one or more disabled individuals), 26 organizations focus their outreach to specific underserved populations within their target area. Fifteen of these organizations serve the seven-county Twin Cities metropolitan area and 11 serve Greater Minnesota.

Statewide, the percent of households of color or Indigenous communities served under the Impact Fund decreased slightly from 60 percent in 2018 to 57 percent in 2018. Ninety-three percent of households served had a household income below 80 percent area median income (AMI) relative to the median income for the area. The high percent of lower income households served was true for both Greater Minnesota and the Twin Cities metropolitan area.

Marketing techniques include the use of culturally-specific and culturally-oriented radio stations and shows, promotional materials on social media, websites and magazine ads targeted to various ethnic communities.

**Serving American Indian Households**

Staff recommends $3,227,240 in funds to serve tribally-enrolled American Indian Households, a 107 percent increase from 2018. Staff recommends providing $1,000,000 in funds to the Upper Sioux Community Housing Authority and $1,500,000 in funds to the Lower Sioux Indian Community to provide first mortgage financing for tribally-enrolled members to purchase homes on and around their reservations. White Earth Reservation Housing is recommended to receive $727,240 to provide financing for owner-occupied rehabilitation for tribally-enrolled members on the White Earth Reservation and in Becker, Clearwater, and Mahnomen Counties.

**Addressing Minnesota's Changing Demographics**
This year, multiple applicants proposed to serve large families and seniors. Fourteen of the applicants recommended to receive funding intend to build one or more large family homes with four or more bedrooms. Twelve of the applicants intend to build or rehabilitate homes that will enable seniors to age in place.

**Workforce Housing**
Workforce Housing communities are those that have seen job growth, are a top job center, have long commutes, and have low housing vacancy rates. Agency staff recommends funding 32 proposals totaling $14,237,897 that will serve areas that have a need for workforce housing. This is an increase of almost $2 million from 2018. Six of these proposals will serve communities Greater Minnesota and 26 proposals will serve the seven-county Twin Cities metropolitan area.

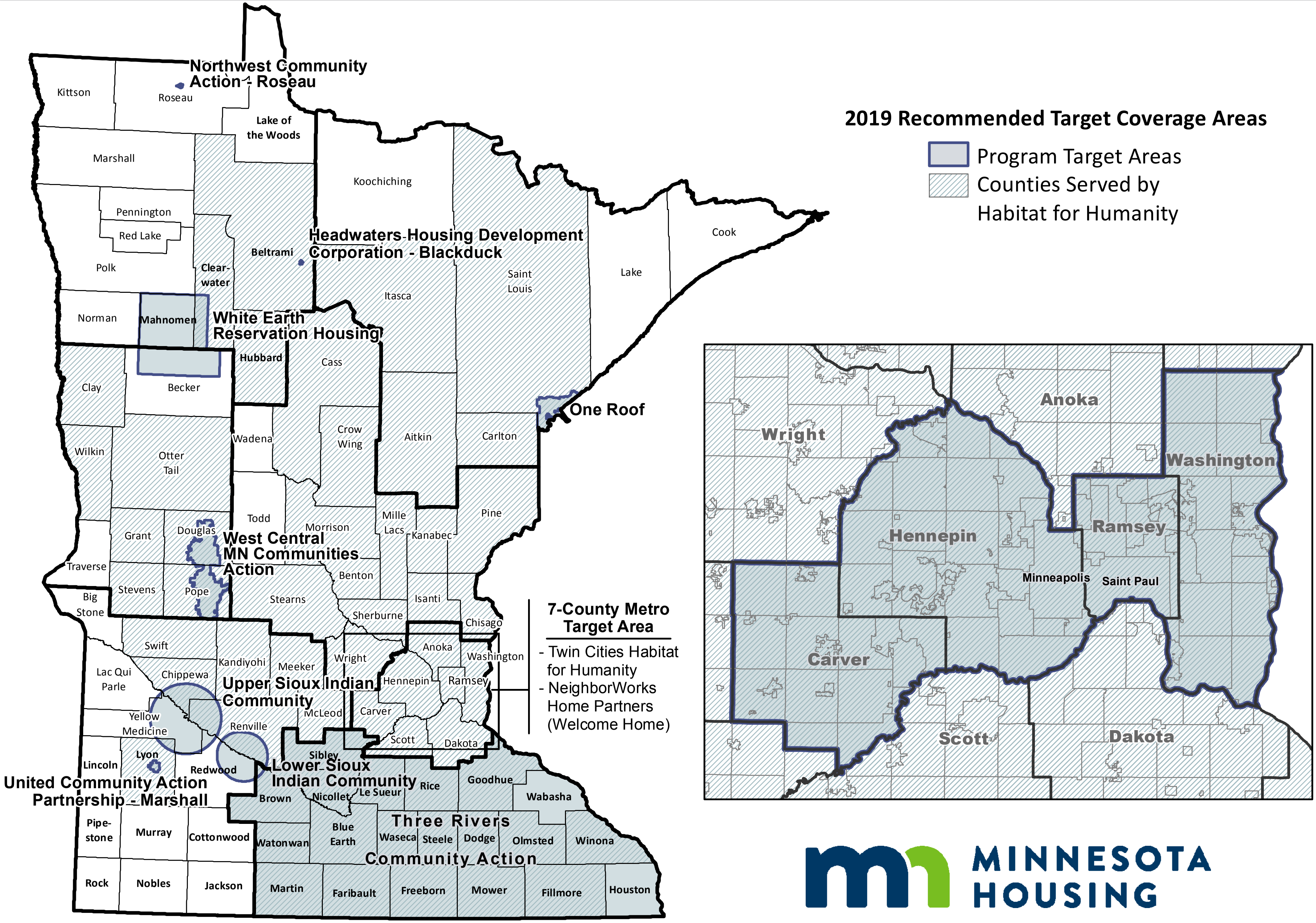
**Community Recovery**
Community recovery areas have lagging housing price recovery, lower median incomes, and older housing stock. Agency staff proposes to provide $5,833,597 for 14 proposals that will serve community recovery areas. All 14 proposals will serve the seven-county Twin Cities metropolitan area.

**Community Economic Integration**
Community economic integration areas have higher median family incomes and greater access to jobs. Agency staff proposes to provide $6,308,492 for 13 proposals that will serve community economic integration areas. Twelve of the recommended proposals will serve the seven-county Twin Cities metropolitan area and one proposal will serve communities in Greater Minnesota.

**NEXT STEPS**
**Funding Agreements**
Final funding selection letters will be sent to the organizations once funding partners have obtained approval from their respective Boards. Selections are subject to the program requirements as outlined in each individual Funding Agreement. Funding Agreements will be sent to all recipients in early December.

**Debriefing Meetings**
Agency staff will reach out to applicants who are not recommended for funding and will offer each a debriefing meeting and technical assistance.

# 2019 Impact Fund Recommended Applications




MINNESOTA HOUSING

| Build Wealth Minnesota, Inc. | |
|---|---|
| **Project** | Near North Infill Development |
| **Location** | Near North Minneapolis and surrounding neighborhoods |
| **Activity** | New Construction and Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | 4+ bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 5 | $ 300,000 |
| **Funding Recommended** | 2 | $ 158,750 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | $ $20,000 |

## Organization Information

Build Wealth Minnesota, Inc (BWM) is a nonprofit organization whose primary mission is to strengthen underserved communities by empowering families to build sustainable social and economic wealth.

Over the past five years, BWM has originated and closed 195 affordability gap loans and developed four new construction homes. BWM is an administrator for the City of Minneapolis Homeownership Opportunity Minneapolis (HOM) Program and an approved Minneapolis Community Planning and Economic Development (CPED) Home Ownership Works (HOW) developer.

## Project Description

The funds will be used for value gap and affordability gap for the new construction of two single family homes in north Minneapolis and surrounding neighborhoods. The applicant will serve households at or below 80 percent area median income (AMI).

BWM will purchase lots from the City of Minneapolis under the Minneapolis Homes Initiatives that supports infill development of vacant lots in Minneapolis. BWM proposes to construct homes with at least four bedrooms to accommodate larger households and multigenerational and blended families that need larger units.

Near North Minneapolis has a high percentage of households of color and Hispanic ethnicity with 55 percent African American, 17 percent Asian and 9 percent Hispanic. The median household income is $27,694 with approximately 51 percent of the neighborhood living below the poverty level and an additional 16 percent at the poverty level. The homeownership rate is 33 percent, which is significantly lower than Hennepin County’s homeownership rate of 62 percent. Nearly two-thirds of renters are cost-burdened. The newly developed affordable homes will create opportunities for households already renting in the neighborhood to purchase homes and remain in the neighborhood.

The City of Minneapolis has a large inventory of over 300 vacant lots. BWM will select lots that are available for purchase from the City of Minneapolis under the Minneapolis Homes Initiative. Developing homes on vacant lots will help to stabilize neighborhoods and restore home values in North Minneapolis. Increased homeownership in the neighborhood may also curb crime and blight, and incentivize other developers to invest in housing.

BWM's proposal meets Minnesota Housing's strategic priority of reducing Minnesota's racial homeownership disparity. This program requires comprehensive financial coaching, education and wrap around support to ensure successful homeownership. The proposed project also meets the agency's priority to finance housing responsive to Minnesota's changing demographics by constructing large family homes with at least four bedrooms.

## Costs and Subsidy

Typical Development Cost Per Unit: $330,000
Historical High Cost Threshold: $402,255
Percent Below Historical High Cost Threshold: 18%

The anticipated per-unit construction cost of $256,000 is below the industry average of $384,150 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Value Gap Subsidy Per Unit: $10,000
Historical High Subsidy Threshold: $ 57,973
Percent Below Historical High Subsidy Threshold: 83%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $10,000
Historical High Subsidy Threshold: $ 50,808
Percent Below Historical High Subsidy Threshold: 80%

| **Build Wealth MN, Inc.** | |
|---|---|
| **Project** | Family Stabilization Plan and Infill Development Plan |
| **Location** | Near North Minneapolis, Brooklyn Park, Brooklyn Center, East Saint Paul, and the Seven-County Twin Cities metropolitan area |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 50 | $ 525,000 |
| **Funding Recommended** | 25 | $ 262,500 |

| **Co-Funder Information** | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Build Wealth Minnesota, Inc (BWM) is a nonprofit organization whose primary mission is to strengthen underserved communities by empowering families to build sustainable social and economic wealth.

Over the past five years, BWM has originated and closed 195 affordability gap loans and developed four new construction homes. BWM is an administrator for the City of Minneapolis Homeownership Opportunity Minneapolis (HOM) Program and an approved Minneapolis Community Planning and Economic Development (CPED) Home Ownership Works (HOW) developer.

## Project Description

The funds will be used to provide downpayment and closing cost assistance in the Twin Cities seven-county metropolitan area with a focus in the areas of Near North Minneapolis, Brooklyn Park, Brooklyn Center and the East Side of Saint Paul. The applicant will serve households at or below 80 percent AMI.

The Family Stabilization Plan provides wraparound support services for underserved families through coaching and resource alignment to help build stability and self-sufficiency. The program enables households to start building sustainable assets and wealth in preparation for homeownership. This proposed project will provide downpayment and closing cost assistance through the Family Stabilization 2nd Chance Lending Program and may be used with culturally specific alternative lending products.

The majority of program participants that need affordability gap financing have lower incomes or larger household sizes requiring three and four bedroom units. In the target areas, property prices have substantially increased but incomes are not increasing at the same rate. Currently there is 2.1 months of housing inventory and the median sales prices in the Twin Cities metropolitan area is $281,000. The median household income in Hennepin County is $67,989 and $57,717 for Ramsey County. About 68 percent of households in Hennepin County and 70 percent of households in Ramsey County are cost burdened, paying more than 30 percent of their income for housing.

There are several downpayment assistance programs that are available in the target areas including Minneapolis HOM, Minnesota Housing downpayment assistance, and NeighborWorks Home Partners but some of these funds are limited or not available to all lenders. BWM has a Funding Specialist that will evaluate all possible funding sources, community products, land trust, affordable housing concepts that best meets the need of each program participant. When possible, multiple funding sources will be layered to maximize opportunities for lower cost and making housing affordable.

BWM's proposal meets Minnesota Housing's strategic priority of reducing Minnesota's racial homeownership disparity. The homeownership rate in Hennepin County is over 62 percent and in Ramsey County, it is 59 percent. In Minnesota, only 41 percent of people of color and 23 percent of African Americans own their homes. Household income for households of color is significantly lower than white households, directly impacting affordability and the ability to purchase a home.

**Costs and Subsidy**

Typical Impact Fund Affordability Gap Subsidy Per Unit: $10,000

| Carver County Community Development Authority | |
|---|---|
| **Project** | Carver County CDA Community Land Trust Countywide Expansion |
| **Location** | Carver County |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 8 | $ 380,000 |
| **Funding Recommended** | 8 | $ 380,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | $ $20,000 |

## Organization Information

The Carver County Community Development Authority (CDA) provides affordable housing opportunities that foster economic and community development in Carver County. It strives to be an innovative leader in creating housing and economic opportunities to create "Communities for a Lifetime" within the county. Carver County CDA has overseen the acquisition or resale of 16 units over the past five years.

Homes purchased with assistance through these funds will be placed into the Carver County Community Land Trust (CCCLT). The CCCLT (formerly Chaska CLT) has been in existence since 2003 and currently has 31 homes in the trust. Twenty-three of the homes were new construction homes and seven homes were purchased through the Homebuyer Initiated Program.

## Project Description

The funds will be used to provide affordability gap assistance to homebuyers to purchase homes through the Carver County Community Land Trust (CCCLT). It will serve households at or below 80 percent AMI.

The Countywide Expansion Project is a Homebuyer Initiated Program (HIP) and is designed to promote CLT homeownership throughout Carver County. The HIP program of the CLT model allows the homebuyer to select a property throughout the county that fits their housing needs. The homes purchased with this subsidy are placed into the CCCLT. The perpetual long term affordability of the CLT model means the home is affordable for today's buyer and may be attractive to future buyers seeking employment and housing in close proximity to one another.

The Cities of Chaska and Watertown are a focus but other areas within the county are eligible based on the potential homeowner's choice of location that best suits their housing needs. Both cities have committed funds to the project. The City of Waconia is also a target area and could be pledging financial support through a reduction in water fees associated with certain types of housing activity.

Carver County is comprised of 11 cities of varying population with 102,119 residents calling the county home. There are approximately 37,795 jobs in Carver County with almost 50 percent of these being low-to moderate-income jobs. The top three industries—manufacturing, retail trade, healthcare and social assistance—account for many of these jobs with wages paid at or below 80 percent AMI. This project will enable low- to moderate-wage workers to purchase homes closer to their places of employment within the county.

Lack of downpayment assistance resources is a critical issue for low-income buyers in Carver County. Limited assistance may be available through qualified lenders including those using Minnesota Housing products. The county is not a HUD entitlement community and therefore does not qualify for federal programs. There are currently no local programs to help low- to moderate-income borrowers purchase homes. This project fills the gap in resources by providing the downpayment assistance needed for lower-income homebuyers to purchase homes in the county.

**Costs and Subsidy**

Typical Impact Fund Affordability Gap Subsidy Per Unit: $47,500

| City of Lakes Community Land Trust | |
|---|---|
| **Project** | CLCLT Homebuyer Initiated Program |
| **Location** | City of Minneapolis |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 10 | $ 600,000 |
| **Funding Recommended** | 10 | $ 600,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

The City of Lakes Community Land Trust (CLCLT) is a nonprofit whose mission is to create community ownership that preserves affordability and inclusivity. The mission is realized through several key homebuyers, development, and homeowner support services provided through the organization.

CLCLT has assisted 337 households into perpetually affordable homeownership. Of those, 153 households were served through the Homebuyer Initiated Program (HIP), including receiving affordability gap assistance. CLCLT has close to 300 homes in its CLT portfolio.

## Project Description

The funds will be used for affordability gap assistance for ten borrowers to purchase homes through the City of Lakes Community Land Trust (CLCLT) Homebuyer Initiated Program (HIP) in the City of Minneapolis. The applicant will serve households at or below 80 percent AMI.

CLCLT's HIP enables low- and moderate-income homebuyers to choose a home in Minneapolis within their purchasing power with an owner-occupied rehabilitation component to the program. This component of the program will provide funding in the form of downpayment and closing cost assistance for households to purchase homes of their choice. The rehabilitation component addresses deferred maintenance, mechanical, safety and code issues, identified environmental hazards (e.g. lead, radon, etc.), and some energy efficiency needs that a house has at the time of purchase. CLCLT is also applying for owner-occupied rehabilitation funds for HIP.

Market conditions and other variables are making it increasingly difficult for low- and moderate-income households to own a home. The median household income is $52,321 and median home price in Minneapolis is $224,070. Using a 5 percent interest rate, a household earning Minneapolis' median income could afford approximately $180,000 in mortgage financing before becoming cost-burdened. This is a difference of approximately $44,000, demonstrating a significant affordability gap need between market value and what the typical Minneapolis household can afford.

The affordability gap is even greater for CLCLT buyers. The typical CLCLT homebuyer's income is 22 percent less than the Minneapolis median income. As a result, even more affordability gap financing is needed in addition to existing downpayment assistance. This project will fill that gap by providing the additional assistance needed for these lower income households to purchase in Minneapolis.

The project furthers Minnesota Housing's strategic priorities to address Minnesota's racial and ethnicity homeownership disparity. CLCLT has been effective in reaching households of color. To date, 55 percent of CLCLT homebuyers are households of color.

## Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit: $60,000

| City of Lakes Community Land Trust | |
|---|---|
| **Project** | CLCLT Homeowner Initiated Program |
| **Location** | City of Minneapolis |
| **Activity** | Owner-Occupied Rehabilitation |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 10 | $ 250,000 |
| **Funding Recommended** | 10 | $ 250,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

The City of Lakes Community Land Trust (CLCLT) is a nonprofit whose mission is to create community ownership that preserves affordability and inclusivity. The mission is realized through several key homebuyers, development, and homeowner support services provided through the organization.

CLCLT has assisted 337 households into perpetually affordable homeownership. Of those, 153 households were served through HIP, including receiving owner-occupied rehabilitation assistance. CLCLT has close to 300 homes in its CLT portfolio.

CLCLT will work with Hennepin County Lead Safe Home Program to perform lead risk assessments and clearance inspections on homes built before 1978 purchased through the Homebuyer Initiated Program (HIP). It will also work with Hennepin County Environmental Respone Fund (ERF) that provides funding for asbestos and lead remediation on CLCLT homes. The City of Minneapolis Community Planning and Economic Devleopment (CPED) has provided substantial rehabilitation and construction funding through various housing initiatives and pass through of federal funding.

## Project Description

The funds will be used for ten homeowners to rehabilitate homes in the City of Minneapolis. The applicant will serve households at or below 80 percent AMI.

CLCLT’s HIP enables low- and moderate-income homebuyers to choose a home in Minneapolis within their purchasing power with an owner-occupied rehabilitation component to the program. The component of the project will provide funding for homeowners to rehabilitate propeties acquired through HIP. The rehabilitaion addresses deferred maintenance, mechanical, safety and code issues, identified environmental hazards (e.g. lead, radon), and some energy efficiency needs that a house has at the time of purchase. Most common rehabiltation work addresses roofs, siding, lead, asbestos, radon, and electrical and plumbing issues and is completed within 12 months of closing.

The average age of housing in Minneapolis is 77 years old and 72 percent of all owned homes were built before 1950. Many of these older homes available for purchase require some level of rehabilitation to be habitable. On average, a HIP home requires at minimum $25,000 to address identified deferred maintenance, safety and code issues, environmental hazards, and energy efficiency improvements. The majority of homes require significantly more rehabilitation, typically for asbestos and lead remediation and to complete all energy efficiency suggestions. The average cost of rehabilitation for HIP homes acquired in 2018 was $32,000.

HIP's owner-occupied rehabilitation completed post-purchase is done to minimize the potential for a CLCLT buyer to experience a significant home-related repair within the first two years of homeownership because such repairs can derail a lower-income homeowner. Simultaneously, the rehabilitation completed on HIP homes addresses a number of deferred maintenance issues and improves aging housing stock throughout the City of Minneapolis.

There are other programs that are potential options for future repair and home improvement needs of CLCLT HIP buyers. However, shortly after closing, it is not in the best interest of a low- and moderate-income homeowner to incur more debt, and in some cases, they may not be able to qualify for other programs.

The project furthers Minnesota Housing’s strategic priorities to address Minnesota's racial and ethnicity homeownership disparity. CLCLT has been effective in reaching households of color. To date, 55 percent of CLCLT homebuyers are households of color.

**Costs and Subsidy**

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $25,000

| City of Lakes Community Land Trust | |
|---|---|
| **Project** | LEEF Townhomes |
| **Location** | Harrison Neighborhood of Minneapolis |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | 2, 3 and 4 bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 18 | $ 1,271,586 |
| **Funding Recommended** | 10 | $ 867,168 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

The City of Lakes Community Land Trust (CLCLT) is a nonprofit whose mission is to create community ownership that preserves affordability and inclusivity. The mission is realized through several key homebuyer, development, and homeowner support services that are provided through the organization.

The CLCLT is an experienced Impact Fund administrator but new to this type of townhome development. They will partner with Twin Cities Habitat for Humanity (TCHFH), who has extensive experience as a developer and general contractor of single family homes. TCHFH has also built townhomes similar to the proposed LEEF Townhome project. TCHFH has developed and built over 1,264 homes in the Twin Cities, including over 300 townhome units. The CLCLT and TCHFH has also collaborated on a townhome project in south Minneapolis where TCHFH homes were built on CLCLT owned lots. In this project, TCHFH has the first right of refusal and the CLCLT has second right. Under both conditions, future buyers are subject to the CLCLT resale restrictions and resale fomula.

## Project Description

The funds will be used for affordability gap assistance to enable ten homebuyers to purchase the newly constructed townhomes in the Harrison neighborhood of Minneapolis. Funds will also be used to acquire the vacant lot upon which the townhomes will be built. The applicant will serve households at or below 80 percent AMI.

CLCLT is partnering with TCHFH to build 18 permanently affordable townhomes in the Harrison neighborhood of Minneapolis. The townhomes will be built in two phases. These funds will provide affordability gap assistance to the homebuyers of the townhomes built under Phase 1. CLCLT and TCHFH are securing development gap funds from other sources. These funds will not be used for development or value gap.

The CLCLT and TCHFH will build a combination of two, three, and four bedroom townhomes with a tuck-under garage unit. This proposed project is a part of a larger redevelopment initiative of the Basset Creek Valley area that is being spearheaded and developed by Wellington Management, Inc. (WMI). The project will bring the first opportunity for affordable homeownership into the redevelopment plan. The townhomes will help to bridge the traditional residential neighborhoods to the more modern commercial development in the Basset Creek Valley area, which is intended to be targeted as an anti-displacement strategy in a neighborhood that faces increasing gentrification.

The Harrison neighborhood has 3,826 residents. Sixty-five percent of residents are households of color, which appears to be changing quickly as more white, non-Hispanic households move into the rapidly gentrifying neighborhood. The neighborhood is home to three breweries. The FIRM fitness club and International Market Square are to the east side of the neighborhood, and Wirth Park is to the west side. Light rail lines are planned along the northern and southern borders of the neighborhood. It continues to be "ground zero" for Minneapolis gentrification.

The proposed project creates access to affordable homeownership in an area of Minneapolis where the housing market has changed rapidly, compromising the ability even further for current residents and lower-income households to achieve homeownership near the city core and significant transit access. While there has been an increase in single family homes being built in the neighborhood, these homes commanding $325,000 in asking prices, are out of reach for low-income homebuyers.

Through the CLT model, not only will this development provide an opportunity for affordable homeownership, the initial investment will be leveraged over time to keep a small segment of the Harrision neighborhood affordable long-term. The townhome design also facilitates an opportunity for medium density housing, which is supported by the community and offers a different housing type not readily available in North Minneapolis.

This project furthers the Agency’s strategic priority to reduce Minnesota's the racial and ethnic homeownership disparity. CLCLT and TCHFH serve households of color at a rate of two to three times that of the average Minneapolis rate. They also serve households with larger family sizes and have marketed developments to immigrant and refugee households. Both organizations effectively align counseling and coaching for homebuyers with mortgage financing to post-purchase programs.

## Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit (2 and 3 bedrooms): $69,977

Typical Impact Fund Affordability Gap Subsidy Per Unit (4 bedrooms): $81,977

| City of Minneapolis Community Planning & Economic Development (CPED) | |
|---|---|
| **Project** | Rehab Support Program |
| **Location** | 43 neighborhoods in the City of Minneapolis |
| **Activity** | Owner-Occupied Rehabilitation |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 30 | $ 250,890 |
| **Funding Recommended** | 20 | $ 167,260 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

The City of Minneapolis Department of Community Planning and Economic Development's (CPED) mission is to grow a vibrant, livable, safely built city for everyone. Its vision is a driving force for innovation, collaboration and sustainability by providing thoughtful design and access to the tools and resources needed for all Minneapolis residents and businesses to prosper. Its purpose is to create healthy, mixed income housing markets in the City of Minneapolis by developing opportunities to purchase or sustain a home and responsibly managing city development properties.

## Project Description

The funds will be used to provide a discounted interest rate for Community Fix Up Loans (CFUL) for 20 households in 43 neighborhoods in the City of Minneapolis. The applicant will serve households at or below 115 percent AMI.

The proposed project is part the Minneapolis CPED's Rehab Support Program through the Minnesota Housing Community Fix Up Loan (CFUL) initiative, which offers home improvement loans up to $30,000 to homeowners in 43 select neighborhoods in the City of Minneapolis. This CFUL initiative offers a higher loan maximum amount with a lower interest rate and more affordable monthly payments than traditional loan products. The project also provides assistance to homeowners in the development of a scope of work, oversight of construction and connects to other volunteer or grant programs, in addition to the affordable financing tool. The grant funds will be used to discount the CFUL interest rate to two percent.

The 43 targeted neighborhoods comprise of 78 percent of all homes in Minneapolis that have a condition rating of six to eight, according the City Assessor's Office. Ratings fall on a scale of one (no maintenance needs) to eight (significant maintenance needs). Sixty-one percent of homes in the City that are 75 years of age or older are located within this target area. The median incomes within these neighborhoods are approximately $40,000 per year, and almost half of all households are cost-burdened. According to census data, approximately two-thirds of the households in the described neighborhoods are households of color. At least 51 percent of the homes in these neighborhoods are owner-occupied. The proposed project will provide a low interest home maintenance loan to homeowners in the target area along with the support needed to address deficiencies in the home to preserve the existing housing, rather than allow maintenance issues to impair the livability of homes.

The project meets Minnesota Housing's strategic priority to preserve the existing housing stock by incentivizing repairs. The target areas are not only identified as in greater need of repair, but also as a concentration of households that are experiencing economic hardship. The program promotes and supports successful homeownership by improving the livability of the home and encouraging long-term ownership, builds wealth through energy savings, equity building, and increased property values.

**Costs and Subsidy**

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $8,363

| City of Minneapolis Community Planning & Economic Development (CPED) | |
|---|---|
| **Project** | Minneapolis Homes Development Assistance Program |
| **Location** | City of Minneapolis – North Minneapolis, South Central Minneapolis, and Northeast Minneapolis |
| **Activity** | New Construction |
| **Typical # of Bedrooms** | 3 bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 25 | $ 1,000,000 |
| **Funding Recommended** | 25 | $ 1,000,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

The City of Minneapolis Community Planning & Economic Development's (CPED) mission is to grow a vibrant, livable, safely built city for everyone. Its vision is to be a driving force for innovation, collaboration and sustainability by providing thoughtful design and access to the tools and resources needed for all Minneapolis residents and businesses to prosper. Its purpose is to create healthy, mixed income housing markets in the City of Minneapolis by developing opportunities to purchase or sustain a home and responsibly managing city development properties.

The City of Minneapolis has partnered with developers to finance over 180 new construction homes since 2013. This total does not include single family construction projects completed by other funding programs, such as the Home Ownership Works (HOW) or Community Development Block Grant (CDBG).

## Project Description

The funds will be used to provide value gap for the new construction of homes in Near North, Camden, Phillips, Powderhorn and Northeast neighborhoods in the City of Minneapolis. The applicant will serve households at or below 115 percent AMI.

This project is part of the existing Minneapolis Homes Development Assistance Program (MHDA), which is one component of Minneapolis Homes programs that provide financing and education to homebuyers, developers, and homeowners. MHDA is offered through a Request for Proposals (RFP) process to award project gap and affordability gap funding to developers building on city-owned vacant lots and incorporates the Missing Middle Housing Pilot program. The MHDA program will assist in creating mixed income neighborhoods by requiring long term affordable (30+ year) housing projects in higher income neighborhoods and encourages community partnerships and geographic focus of resources to achieve high impact investments in all neighborhoods. MHDA builds off the framework of the Green Homes North program, which includes capacity building training for new developers, emphasis on workforce development partnerships, and encouragement of sustainable and diverse home designs.

North Minneapolis, including Camden and Near North communities, are still recovering from the 2008-

2014 housing crisis and the 2011 Minneapolis tornado, but has also seen the greatest percentage sales price increases in the city. North Minneapolis is the most diverse community in Minneapolis where 41 percent of households are Black or African American, 29 percent are White or Caucasian, 14 percent are Asian or Pacific Islander, and 8 percent are Hispanic or Latino. Median income for North Minneapolis is $41,659 and 48 percent of households are cost-burdened. Of the 24,035 housing units in North Minneapolis, 8 percent are vacant. Of the occupied units, 51 percent are owner-occupied and 49 percent are rental. Seventy-two percent of workers live within 10 miles of their places of employment. MHDA provides an opportunity for renters and homeowners in North Minneapolis to own new construction property, while also reducing the number of vacant lots concentrated in the neighborhood.

South Central and Northeast Minneapolis are also diverse communities, 38 percent are White, 27 percent are Hispanic or Latino, 26 percent are Black or African American, and 4 percent are Asian or Pacific Islander. Median income in these neighborhoods is $41,921 with 45 percent of households cost-burdened. Of the 25,663 housing units, 6 percent are vacant. Of the occupied units 30 percent are owner-occupied and 70 percent are rental. Eighty percent of workers in these neighborhoods live within 10 miles of their place of employment. MHDA properties provide an opportunity for workers in South and Northeast Minneapolis to afford homeownership within their communities.

This proposed project furthers Minnesota Housing's strategic priority to reduce racial and ethnic homeownership disparity. The Minneapolis City Council included eliminating disparities as a goal of their 2040 Comprehensive Plan and the MHDA program works toward this goal by evaluating development proposals by historic rate of service to households of color or indigenous households and methods of marketing homes to underserved households. Households served by the City's single family new construction programs have been 70 percent households of color over the past five years.

## Costs and Subsidy

Typical Development Cost Per Unit: $345,000
Historical High Cost Threshold: $402,255
Percent Below Historical High Cost Threshold: 14%

The anticipated per-unit construction cost of $257,000 is below the industry average of $306,845 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Value Gap Subsidy Per Unit: $40,000
Historical High Subsidy Threshold: $57,973
Percent Below Historical High Subsidy Threshold: 30%

| Community Neighborhood Housing Services dba NeighborWorks Home Partners | |
|---|---|
| **Project** | Welcome Home Minnesota |
| **Location** | Seven–county Twin Cities metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties) |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 16 | $ 88,000 |
| **Funding Recommended** | 16 | $ 88,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Community Neighborhood Housing Services dba NeighborWorks Home Partners (NWHP) is a nonprofit organization with the mission to empower individuals and communities by helping people buy, fix, and keep their homes. NWHP provides comprehensive homeownership services to help prepare potential homebuyers through financial education, one-on-one pre-purchase mortgage counseling and homebuyer education workshops. NWHP also offers downpayment assistance to help low- to moderate-income households purchase homes as well as post-purchase and foreclosure counseling.

NWHP has extensive experience processing, originating, closing and servicing loans. NWHP is NMLS registered for loan origination and servicing and is a HUD-approved lender for downpayment assistance programs including amortizing fixed rate and term loans, due on sale and deferred loans, and forgivable loans. Staff has maintained licenses, certifications and registrations in compliance with all state and federal regulations. In the last three years, NWHP has provided 585 downpayment assistance loans to homebuyers.

NWHP will partner with Sakan Community Resource (Sakan) to launch a downpayment assistance program to assist low- to moderate-income families purchase owner-occupied homes that are using zero interest first mortgage financing. To date, Sakan has provided $174,000 in financial resources and support services to 16 households to purchase homes.

## Project Description

The funds will be used to provide downpayment assistance to households purchasing in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80 percent AMI.

This program will assist homeowners that are unable to access traditional first mortgage financing to move out of escalating rental payments and over-crowded housing conditions. NWHP will be the loan administrator, co-marketer, and provide financial coaching and homebuyer education. Sakan will support the success of Minnesotans through faith-based financial tools and will provide a one-to-one match of zero percent downpayment financing for these requested Minnesota Housing Impact Funds.

For the majority of low- to moderate-income households, rising values and limited inventory of affordable homes already increase the initial barrier to homeownership. Some households, such as those that cannot utilize interest-bearing products, face additional barriers. These households tend to have no credit or limited credit because they do not have a formal credit history. They often do not utilize products such as credit cards that help build good credit. This lack of a credit score or a low credit score pose a challenge to accessing traditional mortgage products.

Additionally, even if households are ready to purchase, there is a lack of non-interest bearing first mortgage and downpayment assistance options. While some zero percent interest downpayment assistance products are available, the required first mortgage product is interest bearing. In other cases, the products are available only in limited target areas such Hennepin and Ramsey counties. Other areas within the seven-county metropolitan area do not have access to these existing programs. As a result, there is a growing need for zero percent downpayment assistance products that are compatible with non-interest bearing first mortgages for the purchase of homes. This project will fill that gap.

The proposed project furthers Minnesota Housing's strategic priority to reduce the racial and ethnic homeownership disparity. NWHP is partnering with Sakan to expand outreach to underserved populations to promote and support successful homeownership. In the past five years, about 53 percent of households served by NWHP were households of color. The project also furthers the Agency's strategic priority to finance housing that is responsive to Minnesota's changing demographics by addressing the need for downpayment assistance, which is critical for low- to moderate-income households needing zero percent interest financing.

## Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit: $5,000

| Community Neighborhood Housing Services dba NeighborWorks Home Partners | |
|---|---|
| **Project** | Community Keys |
| **Location** | Saint Paul's Frogtown, Midway, North End, Payne-Phalen and Dayton's Bluff neighborhoods; Minneapolis' Shingle Creek, Lind-Bohanon, Humboldt, Webber-Camden, Cleveland, Folwell, McKinley, Willard Hay, Near North, Jordan, Hawthorne, Harrison, and Sumner-Glenwood Heritage Park neighborhoods |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 20 | $ 210,000 |
| **Funding Recommended** | 20 | $ 210,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Community Neighborhood Housing Services dba NeighborWorks Home Partners (NWHP) is a nonprofit organization with the mission to empower individuals and communities by helping people buy, fix, and keep their homes. NWHP provides comprehensive homeownership services to help prepare potential homebuyers through financial education, one-on-one pre-purchase mortgage counseling and homebuyer education workshops. NWHP also offers downpayment assistance to help low- to moderate-income households purchase homes as well as post-purchase and foreclosure counseling.

NWHP has extensive experience processing, originating, closing and servicing loans. NWHP is NMLS registered for loan origination and servicing and is a HUD-approved lender for downpayment assistance programs including amortizing fixed rate and term loans, due on sale and deferred loans, and forgivable loans. Staff has maintained licenses, certifications and registrations in compliance with all state and federal regulations. In the last three years, NWHP has provided 585 downpayment assistance loans to homebuyers.

## Project Description

The funds will be used to provide downpayment assistance to households to purchase homes in the cities of Minneapolis and Saint Paul. NWHP will focus on the following neighborhoods in Minneapolis: Shingle Creek, Lind-Bohanon, Humbolt, Webber-Camden, Cleveland, Folwell, McKinley, Willard-Hay, Near North, Jordan, Hawthorne, Harrison and Sumner-Glenwood Heritage Park. It will focus on the following neighborhoods in Saint Paul: Frogtown, Rondo, Dayton's Bluff, North End, and Payne-Phalen. The applicant will serve households at or below 80 percent AMI.

Recent public investments in transit, education, and greenspace have triggered a rapid rebound in the housing market in the proposed target areas. This project will help low- to moderate-income households purchase homes in urban core urban neighborhoods with access to jobs and transportation. There are between 93,615 and 150,902 jobs in Saint Paul's target area and between 130,328 and 195,680 jobs in

Minneapolis' target areas. The average distance to work is about seven miles in Saint Paul and Minneapolis.

In the targeted neighborhoods in Minneapolis, the median income is $35,915 with 72 percent of households cost-burdened. In Saint Paul targeted neighborhoods, the median income is $37,125 with 68 percent of households cost-burdened. With property values and home prices rising while income and employment gains are not keeping pace with the high poverty rates, low- to moderate-income homebuyers continue to face barriers to purchasing homes in these cities.

Community Keys provides a typical loan amount of $20,000 to help low- to moderate-income households purchase homes in a market with rapidly increasing home prices. The program will be leveraged with funds committed from the Community Development Financial Institution (CDFI) to provide more affordability to more homebuyers purchasing in the target neighborhoods.

NWHP's Community Keys program furthers Minnesota Housing's strategic priorities to reduce the racial and ethnic homeownership disparity and to address specific and critical local housing needs. In the past five years, about 53 percent of households served by NWHP were households of color or Hispanic ethnicity.

**Costs and Subsidy**

Typical Impact Fund Affordability Gap Subsidy Per Unit: $10,000

| Dayton's Bluff Neighborhood Housing Services | |
|---|---|
| **Project** | Village on Rivoli Pocket Neighborhood |
| **Location** | Railroad Island neighborhood in Saint Paul |
| **Activity** | New Construction |
| **Typical # of Bedrooms** | 3 and 4 bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 7 | $ 376,959 |
| **Funding Recommended** | 7 | $ 376,959 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Dayton's Bluff Neighborhood Housing Services (DBNHS) is a nonprofit organization whose mission is to improve the quality of life in the Saint Paul neighborhoods it serves through affordable housing development, housing rehabilitation, and other community development activities. DBNHS offers Community Development Block Grant (CDBG) programs, Minnesota Housing Rehabilitation, Emergency and Fix Up loan programs, and has completed single family housing development projects. Over the past five years, it has constructed 29 new homes and rehabilitated an additional 18 vacant homes.

DBNHS will partner with Nu Hus (formerly SM+RT Homes) and Stratford Homes. Nu Hus of Saint Paul will be the general contractor for the project and has built more than 15 modular homes in Minneapolis and Saint Paul in the past three years. Stratford Homes in Stratford, WI will build the modular components for the homes.

## Project Description

The funds will be used to provide value gap for the new construction of seven homes in the Railroad Island neighborhood of Saint Paul. The applicant will serve households at or below 115 percent AMI.

Railroad Island Housing Initiative is a housing development plan that was created through a partnership between the Railroad Island Task Force, the City of Saint Paul, and Dayton's Bluff Neighborhood Housing Services (DBNHS). The Railroad Island Housing Initiative has a goal to build and sell 100 new units in Saint Paul's Railroad Island neighborhood.

The Village on Rivoli is one element of the Railroad Island Housing Initiative. This proposed project is phase three of the Village on Rivoli. At completion, the Village on Rivoli will consist of 38 single-family homes. To date, twelve have been completed and sold and nine more modular homes are under construction. The homes will be built with modular construction components that will be stacked one on top of another, reducing onsite work and saving construction costs.

The target area is one of the oldest and poorest neighborhoods in Saint Paul, with 37 percent of the housing stock owner-occupied and 63 percent are rentals. In the east side of Saint Paul, the demand for affordable single-family housing is strong and the supply is limited. In March 2019, there was a 27-day inventory of homes for sale in the Payne-Phalen neighborhood. In 2018, DBNHS listed five new single-family homes for sale on Rivoli street and all five houses had purchase agreements within a week of the list date. Currently, DBNHS has six new houses not yet listed for sale and homebuyers have been asking to make offers.

About eight blocks from the Village on Rivoli site, the Beacon Bluff (the old 3M site) is being redeveloped and is estimated that more than 1,000 jobs will be located at the site when completed. Saint Paul Port Authority staff has said that one of the primary concerns for businesses that are interested in moving to this site is the lack of quality workforce housing. The Village on Rivoli project will address this concern.

This project furthers Minnesota Housing's strategic priority to finance housing responsive to Minnesota's changing demographics by building compact three and four bedroom houses using a pocket neighborhood design. These homes with more bedrooms will accommodate larger families and multigenerational families.

This project also furthers the Agency's goal to reduce Minnesota's racial and ethnic homeownership disparity through their marketing and partnerships. Over the past three years over 80 percent of households served were households of color.

## Costs and Subsidy

<u>Typical Development Cost Per Unit (3 bedrooms):</u> $361,805
Historical High Cost Threshold: $402,416
Percent Below Historical High Cost Threshold: 10%

The anticipated per-unit construction cost of $273,340 is above the industry average of $269,522 for a unit of similar new construction in a similar geographic area.

<u>Typical Development Cost Per Unit (4 bedrooms):</u> $356,405
Historical High Cost Threshold: $402,255
Percent Below Historical High Cost Threshold: 11%

The anticipated per-unit construction cost of $268,300 is below the industry average of $279,546 for a unit of similar new construction in a similar geographic area.

| Habitat for Humanity of Minnesota | |
|---|---|
| **Project** | Habitat Minnesota IF Owner Occupied Repairs Pilot |
| **Location** | 52 counties throughout the State of Minnesota – Aitkin, Beltrami, Benton, Blue Earth, Brown, Carlton, Cass, Chippewa, Chisago, Clay, Clearwater, Crow Wing, Dodge, Douglas, Faribault, Fillmore, Freeborn, Goodhue, Grant, Hubbard, Isanti, Itasca, Kanabec, Kandiyohi, LeSueur, Lyon, Martin, McLeod, Meeker, Mille Lacs, Morrison, Mower, Nicollet, Olmstead, Otter Tail, Pine, Pope, Renville, Rice, Sherburne, Sibley, St. Louis, Stearns, Steele, Stevens, Swift, Waseca, Watonwan, Wilkin, Winona and Wright |
| **Activity** | Owner-Occupied Rehabilitation |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 20 | $ 150,000 |
| **Funding Recommended** | 20 | $ 150,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Habitat for Humanity of Minnesota (HFH-MN) is a nonprofit statewide resource development and support organization that serves, advocates for and advances the work of Minnesota's Habitat for Humanity affiliates to build simple, decent, affordable housing in partnership with people in need. Affiliates seek to break the cycle of poverty by working in partnership with low-income families to meet this goal.

HFH-MN will partner with 25 affiliates around the state that will administer the Critical Home Repair (CHR) program locally within their community. HFH-MN offered a similar CHR program from 2012 through 2015 with grant funds from the Federal Home Loan Bank – Des Moines. During this time, affiliates were able to fund projects for 76 households in need of critical repairs.

## Project Description

The funds will be used to provide financing for homeowners living within 52 counties throughout Minnesota to rehabilitate their homes. The applicant will serve households at or below 40 percent AMI.

The proposed project is part of a pilot program for Habitat for Humanity of Minnesota (HFH-MN), called Critical Home Repair (CHR). CHR's mission is to preserve affordable housing for low-income owner-occupants struggling to repair their homes in order to maintain a safe and decent place to live. CHR is available to homeowners of single family homes and manufactured homes. The project scope will include health, safety, and livability such as replacement of roofs, siding, windows and doors, entrance repairs, functional landscaping, weatherization, mechanical system replacement, electrical, plumbing, accessibility improvements, and structural repairs.

The funds will be provided to homeowners as five year, deferred, forgivable loans. If homes are sold within those five years, the funds will be recaptured and returned to the pool to be recycled for use by another homeowner. This program is unique in that it is available to homeowners in a slightly higher income bracket of 40 percent AMI compared to 30 percent AMI for the Agency's Rehabilitation Loan Program. The affiliates will substantially contain costs through in-kind donations in materials, skilled and volunteer labor.

HFH-MN will provide ongoing training and support to the affiliates to ensure their successful participation in this program, work with affiliates to pre-qualify the families and units, ensure the rehabilitation meets the necessary requirements, and coordinate and request disbursements on behalf of all affiliates. Thirteen greater Minnesota affiliates have participated in a similar repair program in the past two years that included affiliates located in Fergus Falls, Duluth, Cambridge, Glenwood, Winona, Alexandria, Bemidji, Red Wing, Austin, Fairmount and Blue Earth, Rochester, Aitkin, and Grand Rapids. HFH-MN expects the most production from these affiliates who have well-established programs; however there are additional affiliates who have expressed critical community need and desire to participate in more home preservation projects within their service area.

The need in any one affiliate service area can vary, but there are many older homes and senior households, often times with disabilities, that cannot afford to move based on an income of less than 40 percent AMI. In the northern region of the state, 21 percent of senior-owned households are cost-burdened and pay more than 30 percent of their income on housing. In the central region, 25 percent of senior households are cost-burdened. In addition to the cost-burdened households in the northern and central regions, two counties in the southern region are expected to see an increase in its senior population by up to 93 percent, causing the need to address widespread seniors that are cost-burdened. With the aging housing stock comes an increased demand for critical home repair to keep these homes livable and affordable. By creating an accessible home and correcting deferred maintenance, more senior homeowners will be able to remain in their homes longer and preserve the current inventory of affordable homes.

The project furthers Minnesota Housing's strategic priority to preserve the existing housing stock. With rising construction costs across the state, many Habitat for Humanity affiliates are aligning their efforts to repair and preserve existing housing which is less expensive than building new homes and to address critical home repairs in their communities. The project also furthers Minnesota Housing's strategic priority to finance housing responsive to Minnesota's changing demographics as much of the project targets senior homeowners with the oldest baby boomers reaching age 70 in 2016, and most lower-income seniors are still homeowners and living independently.

## Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $7,500

| **Headwaters Housing Development Corporation** | |
|---|---|
| **Project** | Blackduck Single Family Project |
| **Location** | City of Blackduck |
| **Activity** | New Construction |
| **Typical # of Bedrooms** | 3 and 4 bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 2 | $ 250,000 |
| **Funding Recommended** | 2 | $ 250,000 |

| **Co-Funder Information** | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Headwaters Housing Development Corporation (HHDC) is a subsidiary of the Headwaters Regional Development Commission, a local unit of government. Its mission is to ensure quality affordable housing options for low- and moderate-income households throughout the Headwaters Region.

Over the past five years, HHDC has completed 21 single family projects. The majority of its work has been in multifamily with 83 multifamily units completed within the past five years. The Agency provided funds in 2018 to the applicant through the Workforce and Affordable Homeownership Development Program. The Applicant constructed and sold two single family detached homes in the City of Blackduck under that award.

## Project Description

The funds will be used to develop two single-family detached homes in the City of Blackduck. The applicant will serve households at or below 80 percent AMI.

The homes will be three to four bedroom slab-on-grade ramblers with attached garages. The project is an expansion of the homes that the applicant has already completed in the City of Blackduck. The City of Blackduck and the broader Beltrami County is facing an increasing scarcity of workers due in part to the lack of affordable housing. A recent study projects that many workers will age out of the workforce over the next decade. While there is population growth in the County, this is due to more births (i.e., children who cannot work) rather than working households moving to the County. Despite this, Beltrami County is the largest employment center in the upper northwest region of the state. As a result, there is a need to attract more workers to the County.

Blackduck has a growing diverse population. Being situated between the Red Lake and Leech Lake reservations, there is an increasing number of American Indian households in Blackduck. There is also an increasing number of Hispanic households who have moved to the area to work at Anderson Fabrics manufacturing company.

While there are close to 1,300 vacant jobs in Beltrami County, many of the wages make it difficult for workers to afford living in the County. Similarly, many of the jobs in the City of Blackduck are low- to moderate-wage jobs. The median income in the City of Blackduck is $35,750. Within Beltrami County, many households are unable to afford housing due to their earnings. As a result, many households seek employment in other areas with more affordable housing, further decreasing the available workforce.

To support the area's economic competitiveness, there needs to be more affordable housing so workers will remain in the area. The average home value in the County is close to $200,000, which is higher than what the typical working household can afford. The applicant's proposed homes will be sold at a purchase price of $135,000, significantly lower than the County's average and more affordable to the local workforce. This project will expand the affordable homeownership opportunities in the City of Blackduck, enabling low- to moderate-wage workers to remain in the City.

The project meets the Agency's strategic priority to develop workforce housing to support the state's economic competitiveness. Anderson Fabrics in Blackduck has attracted many workers to the City. There is also an estimated 400 jobs available in the area. Despite this, there is a lack of quality affordable housing the Blackduck. This project will enable lower-income workers to purchase homes in Blackduck.

**Costs and Subsidy**

Typical Development Cost Per Unit: $176,500
Historical High Cost Threshold: $227,987
Percent Below Historical High Cost Threshold: 23%

The anticipated per-unit construction cost of $145,000 is below the industry average of $199,211 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Value Gap Subsidy Per Unit: $25,000
Historical High Subsidy Threshold: $56,343
Percent Below Historical High Subsidy Threshold: 56%

| Hennepin County Housing and Redevelopment Authority | |
|---|---|
| **Project** | Home Accessibility Ramps Program |
| **Location** | Hennepin and Ramsey Counties |
| **Activity** | Owner-Occupied Rehabilitation |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 42 | $ 249,900 |
| **Funding Recommended** | 42 | $ 249,900 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

**Organization Information**

The Hennepin County Housing and Redevelopment Authority (HCHRA) is a government entity whose mission is to serve the housing and economic development and redevelopment needs of the citizens of Hennepin County and its municipalities. The Home Accessibility Ramps Program helps HCHRA to meet its mission of providing decent, affordable housing by assisting homeowners to stay in their existing homes.

The Home Accessibility Ramps Program has built and has under construction 360 ramps funded by CRV/Impact Funds since 1999. Although this was a jointly operated program with Tree Trust, a local nonprofit, HCHRA will open up a Request for Proposal (RFP) process to identify a partner agency to construct and install the ramps. HCHRA is also a Minnesota Housing lender for the Community Fix Up Program loan program and staff has administered owner-occupied rehabilitation that is funded by CDBG.

**Project Description**

The funds will be used to construct accessibility ramps and long-tread, low-rise steps for homeowners in Hennepin and Ramsey counties. The applicant will serve households at or below 115 percent AMI.

The Home Accessibility Ramps Program is a continuation of the program that has been jointly operated by Hennepin County Housing and Redevelopment Authority (HCHRA) and Tree Trust. HCHRA's will review all applications, and verify income and other grant document requirements. HCHRA and its contracted partner will market the program across their networks to find interested and eligible homeowners. The contracted partner's will conduct an individualized assessment of each home, propose a design appropriate for the disability and for the house of each homeowner, obtain and store materials, and construct and install the ramps.

In Hennepin and Ramsey counties, 25 percent of the population is over age 55. The median age of housing is 50 years and older housing stock is less accessible for individuals with disabilities. The median household income in Hennepin County is $67,989 and $57,717 in Ramsey County with about 68 percent of households cost-burdened. Households that are cost-burdened but have limited equity, deferred maintenance, wage insecurity, or the fixed income of a senior, will be less likely to afford an accessibility repair.

There are several programs available to homeowners in Hennepin and Ramsey Counties to address accessibility repairs, such as the Agency's Emergency and Accessibility Program, its 30 percent AMI limit is insufficient to address the needs of slightly higher income households. These households' incomes are too high for ELP but still too low to afford an accessibility ramp. The program will fill a gap in eligibility requirements and have lower barriers for accessing the program.

The project furthers Minnesota Housing's strategic priority to preserve the existing housing stock and keep it affordable by installing ramps that are portable, reusable, and removable if the homeowner moves out of the home. It also addresses Minnesota's changing demographics by enabling seniors to age in place. The ramps program will provide homebuyers a low barrier way to safely enter and exit their home and allow them to continue to be a part of their community and live independently.

**Costs and Subsidy**

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $5,950

| **Housing and Redevelopment Authority of the City of Saint Paul, Minnesota** | |
|---|---|
| **Project** | Downpayment Assistance Program |
| **Location** | City of Saint Paul |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | N/A |

| | **# of Units** | **Total** |
|---|---|---|
| **Funding Requested** | 50 | $ 1,025,000 |
| **Funding Recommended** | 50 | $ 1,025,000 |

| **Co-Funder Information** | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

The Housing and Redevelopment Authority (HRA) of the City of Saint Paul is a legally distinct public entity which undertakes housing, commercial and business development activities. Staff of the City of Saint Paul's Department of Planning and Economic Development, provide support to the HRA, with the goal of building community wealth through business, housing, jobs, planning, financial and cultural assets.

The City of Saint Paul's housing team completed 102 downpayment assistance loans over the past five years, provided 214 Saint Paul homeowners with 0 percent deferred payment rehabilitation loans over the past five years, and assisted 76 homeowners with Minnesota Housing's Fix-Up loan.

## Project Description

The funds will be used to provide affordability gap financing to households to purchase homes in the City of Saint Paul. The applicant will serve households at or below 60 percent AMI.

The proposed project is designed to stem gentrification and displacement by bringing homeownership within reach of residents in areas experiencing and vulnerable to gentrification. The project will provide financial assistance to bridge affordability gaps that exist between what households in financial situations typical to these neighborhoods, prior to gentrification, can afford and prices in those same neighborhoods today. This project will also increase affordability and the resources available to low-income residents in today's increasingly pressured market so that they can attain homeownership, build long-term financial stability and provide wealth building opportunities.

With home prices climbing, residents in financial situations, typical to and residing in traditionally underserved communities, are becoming cost-burdened at greater rates and at risk of being priced out of the housing market completely. The median home price in the target area is at $171,500 at the end of 2018 and has risen further in the first three months of 2019. Prices at this level are unaffordable to households with incomes between the pre-gentrification median and up to 50 percent AMI. In many cases, it is unaffordable without assistance to those households with incomes up to 60 percent AMI. While most renters in the target area are cost-burdened, the housing payments of principal, interest, taxes and insurance after downpayment assistance will be less than the typical rent charged for a duplex or single-family home.

There are several downpayment assistance programs in the proposed target area including Minnesota Housing's downpayment assistance programs, NeighborWorks Home Partners' Down Payment Assistance Programs, US Bank's American Dream Program, Family Assets for Independence in Minnesota (FAIM) and Twin Cities Habitat for Humanity's mortgage and homeownership programs. The loan limits of these programs are generally too low to meet the affordability gap needs of the proposed targeted population. At lower price points of homes more than $171,500 and toward the upper end of the income limit of 55 percent and 60 percent AMI, NeighborWorks Home Partners' programs and Minnesota Housing's downpayment assistance programs may suffice to cover downpayment and closing costs. However, at higher but still modest price points of $215,000 to $230,000, greater assistance is needed to achieve affordability, even toward the upper end of the income limits. At lower income levels at 50 percent AMI and at the pre-gentrification median household income in the target area of $47,150, greater assistance is needed to achieve affordability, even at price points at and below $171,150. The HRA is targeting households earning 60 percent AMI, which is lower than the existing downpayment assistance programs that are available to homebuyers.

The project furthers the Agency's strategic priority to address Minnesota's racial and ethnic homeownership disparity. The target area is comprised of some of the city's most diverse neighborhoods with people of color constituting 69 percent of the population in the target area, compared to 44 percent in the City of Saint Paul as a whole. Roughly one-quarter of the target area population is Black or African American, 26 percent is Asian, 13 percent Hispanic or Latino, four percent is of two or more races, and one percent is American Indian.

## Costs and Subsidy

Impact Fund Affordability Gap Subsidy Per Unit: $20,000

| Lower Sioux Indian Community | |
|---|---|
| **Project** | Cansayapi Homebuyers Project |
| **Location** | Lower Sioux Reservation and within the 10 mile federally designated service area for the tribe |
| **Activity** | Tribal Indian Housing Program |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 10 | $ 1,500,000 |
| **Funding Recommended** | 10 | $ 1,500,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

The Lower Sioux Indian Community Housing Authority is a tribally designated housing entity for the Lower Sioux Indian Community (LSIC). The mission of the housing authority is to provide decent and affordable housing activities for its tribally-enrolled members.

The Lower Sioux Housing Authority (LSHA) has provided financing to tribally-enrolled members to purchase, construct and rehabilitate homes. It has closed three first mortgages and will close an additional five mortgages in the summer of 2019. This depletes LSHA's Tribal Indian Housing Program (TIHP) funds and leaves 43 people on the waiting list.

## Project Description

The funds will be used to provide first mortgage financing for ten households to purchase or construct homes within the Lower Sioux Reservation and its ten mile service area. The applicant will serve households at or below 115 percent AMI. It intends to target 75 percent of funds to households at or below 80 percent AMI and the remaining 25 percent of funds for households between 80 percent AMI and 115 percent AMI.

The project is part of LSHA's TIHP and is included in its recently adopted Housing Action Plan for 2019-2020. This plan calls for expanding homeownership and rental opportunities for Lower Sioux families as well as building the capacity of the tribe to develop future housing for their rural tribal community. LSHA will implement the project and serve as the lender, as it has for other TIHP projects. It will also conduct outreach to prospective homebuyers and provide homebuyer education and counseling.

There are currently not enough homes on the Lower Sioux Reservation to meet the needs of the growing population. At present there are 155 homes on Lower Sioux's 743 acre reservation. LSIC has 1,139 tribally-enrolled members and a 1.1 percent five year annual growth rate. Over one-third of the members are under 18 years of age. LHSA has a waiting list of over 40 households seeking housing. Due to the lack of housing on the reservation, LSIC members are forced to live off reservation within the 10 mile service area which spans three counties.

In a recent survey, 65 percent of LSIC members identified single family housing is one of the top priorities. Despite this, there are barriers to homeownership. It is difficult for LSIC members to access mortgages from other lenders. First, most lenders do not offer mortgage loans for properties purchased on tribal trust land. Second, historical tensions make it difficult for tribally-enrolled members to trust traditional lending institutions. Finally, underwriting criteria such as minimum credit scores do not make LSIC members strong candidates for traditional loan products. This program fills a unique niche because it is provided by a trusted source, LSHA that is willing to lend on tribal trust land.

To meet the needs for affordable housing for their growing membership at Lower Sioux the Cansayapi Project will provide first mortgages to the next ten families on the waitlist to purchase or build a home. This will reduce the number on the waitlist and increase homeownership amongst tribally-enrolled members.

The Cansayapi Project meets agency's strategic priority to reduce the race and ethnic homeownership gap by increasing the number of American Indian homeowners.

**Costs and Subsidy**

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $150,000

| Neighborhood Development Alliance | |
|---|---|
| **Project** | Oakdale Avenue Project Phase 2 |
| **Location** | Saint Paul – West Side |
| **Activity** | New Construction |
| **Typical # of Bedrooms** | 3 bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 6 | $ 852,000 |
| **Funding Recommended** | 6 | $ 852,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | $ 120,000 |

## Organization Information

Neighborhood Development Alliance (NeDA) is a nonprofit organization with the mission to build affordable housing and empower communities to create sustainability through financial education and guidance.

Throughout NeDA's tenure, it has built or rehabilitated 93 units of homeownership housing and 148 units of rental housing. It has built two townhome projects. It built six row houses in partnership with Habitat for Humanity. It also built the 20-unit State Street Townhomes. The row homes and townhomes are all ownership units. Despite this, they have not built anything similar in the past five years.

## Project Description

The funds will be used to develop two three-unit townhomes along Oakdale Avenue on the West Side of the City of Saint Paul. The applicant will serve households at or below 80 percent AMI. The recommended funds also include interim loan funds for the development and construction of the homes.

The proposed project is a continuation of the Oakdale Avenue Project that was funded with Impact Funds in 2017. The Oakdale Avenue Project consists of six smaller contiguous lots and are currently owned by NeDA or held by the City of Saint Paul. The 2017 project is awarded to develop a three-unit townhome complex under Phase 1 on two of the six lots. Phase 2 will result in an additional two three-unit townhome complexes on the other four lots. Phase 1 homes will be modular built. NeDA intends to explore panelized construction in additional modular construction for Phase 2. These new affordable homes will replace what was once dilapidated single family homes, a duplex, and a triplex that had previously been foreclosed upon.

The homes will have three bedrooms, meeting the needs of young and growing families. Many of NeDA's prior clients were families with young children and individuals seeking to purchase their first homes. It will incorporate sustainable building practices and energy efficient products to reduce the ongoing costs of home maintenance.

The West Side is an ideal location for jobs. There are 102,421 low- and moderate-wage jobs within seven and a half miles of the neighborhood. The lots are directly on two bus routes and the area is very walkable. The median family income is $44,778. The median sale price of a home in the area is $265,000.

This project will meet the high demand for housing by making an additional six units of affordable homeownership housing available to lower income and first-time homebuyer households in the community. The homes are projected to be priced at $200,000, significantly lower than the median sale price of homes in the area. Additionally, to preserve long term affordability in the community, NeDA intends to place resale restrictions on the homes. Homes will need to be resold to households at or below 80 percent AMI if the homes are sold within 15 years of the original purchase.

The goals are multifold. NeDA wants to economically integrate the neighborhood. There are many lower-income housing projects both rental and homeownership that target households below 60 percent AMI. Targeting households up to 80 percent AMI will further economically integrate this neighborhood. NeDA also wants increase density and housing options while creating homeownership opportunities, hence why it proposes the townhome model instead of single-family detached homes. Finally, it wants to prevent displacement of these households and gentrification of the neighborhood.

The project meets the Agency's strategic priority to reduce the racial and ethnic homeownership disparity. Over 63 percent of households on the West Side are households of color. Latino households are 30 percent of the population on the West Side. NeDA has a comprehensive marketing strategy in both English and Spanish that includes local papers such as La Voz, participating in community events, and its bilingual website. It has been effective in reaching households of color through its marketing. This project will create homeownership opportunities that will help renters of color move into homeownership in their neighborhood of choice.

## Costs and Subsidy

Typical Development Cost Per Unit: $346,249
Historical High Cost Threshold: $402,255
Percent Below Historical High Cost Threshold: 14%

The anticipated per-unit construction cost of $241,500 is above the industry average of $187,600 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Value Gap Subsidy Per Unit: $42,000
Historical High Subsidy Threshold: $57,973
Percent Below Historical High Subsidy Threshold: 28%

| Northside Home LLC | |
|---|---|
| **Project** | Northside Home |
| **Location** | City of Minneapolis neighborhoods of Harrison, Near North, Willard Hay, Jordan, Hawthorne, McKinley, Cleveland, Folwell, and Webber-Camden |
| **Activity** | New Construction and Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | 3+ bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 4 | $ 222,000 |
| **Funding Recommended** | 2 | $ 111,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Northside Home LLC (NSH) is a nonprofit organization that grew from the need to stem the effects of the foreclosure crisis in North Minneapolis and to ensure that Northside residents were the primary beneficiaries of any stabilization efforts. NSH is a homeownership initiative undertaken in partnership between Urban Homeworks (UHW) and Project for Pride in Living (PPL). PPL and UHW have been working together on the NSH initiative since 2013. This partnership allows the two organizations to effectively produce more affordable single family homes in north Minneapolis than either nonprofit would be able to produce alone. They have been able to leverage more diverse funding sources working together.

PPL and UHW have significant experience developing new construction single family homes. Since 2014 UHW and PPL have completed and sold 23 new construction single family homes, largely through the City of Minneapolis' Green Homes North program and the City of Saint Paul's Inspiring Communities program. NSH is in the process of developing its first new construction single family home (a panelized construction in partnership with the University of Minnesota). NSH has primarily worked on acquisition, rehabilitation, resale projects.

## Project Description

The funds will be used to provide value gap and affordability gap for the new construction of two single family homes in North Minneapolis. The applicant will serve households at or below 115 percent AMI.

PPL and UHW will serve as the developers and will both perform developer functions such as acquiring, managing development including bidding, contracts, permit, construction, and selling the homes to qualified buyers. PPL will manage the finance operations including monitoring the financials, paying invoices, and initiating audits for NSH. UHW will perform the property management functions that include lawn maintenance and repairs on completed buildings, and maintaining security systems on property not yet occupied.

Minnesota Compass report indicates that 73 percent of most employed residents in North Minneapolis work within ten miles of their home and 24 percent of residents work within 24 miles. Despite the number of employed residents, 47 percent of households are cost-burdened, including both renter and owner-occupied households. This demonstrates that many are likely working low paying jobs, are underemployed or simply have high costs of living compared to current wages.

According to the City of Minneapolis, in 2018 there were nearly 500 vacant lots throughout the city with roughly 400 of those lots located in North Minneapolis. As of May 31, 2019, there were 126 vacant lots in North Minneapolis that were available for sale from the City of Minneapolis. According to a MLS search, only 37 homes were constructed in the targeted area since 2016 and all these units received some type of development subsidy from the City of Minneapolis.

According to Minneapolis Area Association of Realtors (MAAR), the median sale price in the Twin Cities metro was $281,000 in April of 2019. New construction homes in North Minneapolis are selling between $235,000 and $300,000, a price range that is out of reach for a household earning 80 percent or less AMI without significant assistance. NSH will work to ensure homebuyers are aware of existing resources and receiving all the assistance that is available to them.

This project furthers Minnesota Housing’s strategic priority to reduce Minnesota's racial and ethnic homeownership disparity by marketing to households of color. Minneapolis has one of the lowest homeownership rates among Black and African American households in the United States. The homeownership gap for Minneapolis between white and non-white households was 50 percent. In 2018, 89 percent of the households that NSH served were households of color or Hispanic Ethnicity.

The project also furthers the Agency’s strategic priorities of financing housing responsive to Minnesota's changing demographics and addressing specific and local critical housing needs. The majority of Northside Home's projects are focused on producing homeownership options for larger nuclear families with a minimum of three bedrooms and two baths and up to four or five bedroom. This accommodates changing demographics particularly for larger immigrant households and extended families sharing housing to save on rising housing costs.

## Costs and Subsidy

<u>Typical Development Cost Per Unit:</u> $366,515
Historical High Cost Threshold: $402,255
Percent Below Historical High Cost Threshold: 9%

The anticipated per-unit construction cost of $277,300 is below the industry average of $298,515 for a unit of similar new construction in a similar geographic area.

<u>Typical Impact Fund Value Gap Subsidy Per Unit:</u> $45,000
Historical High Subsidy Threshold: $57,973
Percent Below Historical High Subsidy Threshold: 22%

<u>Typical Impact Fund Affordability Gap Subsidy Per Unit:</u> $10,645
Historical High Subsidy Threshold: $11,816
Percent Below Historical High Subsidy Threshold: 10%

| Northwest Community Action, Inc. | |
|---|---|
| **Project** | Roseau New Construction Affordability Project |
| **Location** | City of Roseau |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 1 | $ 55,640 |
| **Funding Recommended** | 1 | $ 55,640 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Northwest Community Action, Inc. is a nonprofit organization with the mission to enable low-income families and individuals of all ages to attain skills, knowledge and motivations, and secure the opportunities needed for them to become self-sufficient.

## Project Description

The funds are requested for affordability gap financing to enable a household to purchase one new construction single family home in the City of Roseau. The applicant will serve a household at or below 100 percent AMI.

This proposed project is part of a more comprehensive community development strategy around affordable housing that includes rehabilitation of substandard homes in the same general area of the proposed new construction single family home. The primary goal of this Roseau New Construction Affordability Project is to create affordable workforce housing and to ensure ongoing affordability of housing in the City of Roseau.

The target area's workforce is heavily manufacturing based on the presence of Polaris Industries in Roseau and Marvin Windows in Warroad just 22 miles east of Roseau. Manufacturing employment in Roseau represents 32 percent of the City's workforce followed by healthcare (13 percent), educational (12 percent) and retail trade (10 percent).

The housing stock in the City suffers from limited unit availability, aging homes, extremely small size and functional obsolescence of the units. The homeowner vacancy rate in Roseau was 0 percent with only six new homes have been constructed since 2010. With the need for workers at Polaris and Marvin Windows the demand for affordable housing will continue to be an issue as the community grows. It is anticipated the community will continue to witness a constant demand for additional housing, particularly newer housing units.

Northwest Community Action plans to utilize a program available from Roseau County which could provide eligible applicants with a $7,500 loan for downpayment assistance. This program is administered through the Northwest Minnesota Multi-County Housing and Redevelopment Authority. NWCA anticipates that additional funding assistance is necessary to adequately fill the affordability gap need.

NWCA will utilize Minnesota Housing's and Roseau County's downpayment assistance programs before using Impact Funds.

Northwest Community Action (NWCA) will have the following implementation partners that include the City of Roseau and the Roseau School District. The City of Roseau will provide construction financing and the Roseau School District's construction trades class will provide construction labor for the home. Northwest Community Action will be the general contractor and manage the process for affordability gap financing. This will be the second house constructed between these partners. This project will provide an educational opportunity to communities around funding availability to address workforce housing needs in markets served by NWCA.

## Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit: $55,640

| One Roof Community Housing | |
|---|---|
| **Project** | One Roof Community Housing Acquisition-Rehab-Resale |
| **Location** | City of Duluth and surrounding areas |
| **Activity** | Acquisition, Rehabilitation, and Resale/Affordability Gap |
| **Typical # of Bedrooms** | 3 bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 20 | $ 1,700,000 |
| **Funding Recommended** | 15 | $ 1,450,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

One Roof Community Housing (One Roof) is a nonprofit organization with the mission to strengthen the foundations of its community by providing housing services and building and sustaining affordable homes and healthy neighborhoods. One Roof develops affordable community land trust homes and affordable rental housing. It also offers downpayment and closing cost assistance, homebuyer education and credit counseling and loans for multifamily and owner-occupied rehabilitation, and coordinates participatory community planning efforts in Duluth's core neighborhoods.

Since January of 2014, One Roof has developed and sold 52 acquisition rehabilitation properties. At the time of application, One Roof developed and completed nine properties in 2019.

## Project Description

The funds will be used to acquire, rehabilitate, and resell CLT units in the City of Duluth and surrounding areas. Funds will be used for value gap for the acquisition and rehabilitation of the homes and affordability gap for homebuyers purchasing the rehabilitated homes. The applicant will serve households at or below 80 percent AMI. The recommended funds also include interim loan funds for the development and construction of the homes.

Through its construction company, Common Ground LLC, One Roof will act as developer for all acquisition rehabilitation projects. One Roof will also act as realtor and market the completed homes through its realty company, One Roof Community Realty along other specialty contract servicers.

Equitable access to housing is supported in Duluth's 2017 Housing Action Framework, which is an interim plan before the adoption of the Imagine Duluth 2035 Comprehensive Plan. One Roof will expand equitable access to housing for low- to moderate-income households by making all of Duluth's neighborhoods accessible to reduce the degree of disparity that exists within the city. One Roof has been effective at reaching lower income households. Sixty percent of the homebuyers served by One Roof are at or below 60 percent AMI and over 80 percent are first-time homebuyers.

One Roof seeks to simultaneously address the need for rehabilitation of old housing stock and to create affordable homeownership opportunities for the workforce. In economic integration areas, the vast majority of the housing stock is not affordable to low- to moderate-income households. For these homes, the subsidy will be heavier on affordability gap to help buyers purchase the rehabilitated homes. This will increase the affordability of these homes for low- to moderate-income buyers. In community recovery areas, while the list prices of homes appear to exist on the edge of what is affordable, the deferred maintenance issues that need to be addressed on these properties make the homes less affordable because additional costs will be incurred to make the homes livable. As a result, in community recovery areas, more of the subsidy would go towards rehabilitation work with a smaller amount of the subsidy going towards increasing affordability relative to the amount that would be applied to economic integration area properties.

This project meets Minnesota Housings strategic priority of preserving the existing housing stock. The properties in Duluth are of an advanced age and many require repair to make the homes habitable. Duluth is at an increased risk of losing homes to disrepair.

This project also meets the strategic priority of reducing Minnesota racial and ethnic homeownership disparity. In 2018, 37 percent of households served were households of color. One Roof has also partnered with the Fond Du Lac tribe to reach American Indian households.

## Costs and Subsidy

Typical Development Cost Per Unit (Community Recovery Areas): $207,500
Historical High Cost Threshold: $232,880
Percent Below Historical High Cost Threshold: 11%

Typical Impact Fund Value Gap Subsidy Per Unit: $25,000
Historical High Subsidy Threshold: $54,804
Percent Below Historical High Subsidy Threshold: 54%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $25,000
Historical High Subsidy Threshold: $54,804
Percent Below Historical High Subsidy Threshold: 54%

***

Typical Development Cost Per Unit (Economic Integration Areas): $230,000
Historical High Cost Threshold: $232,880
Percent Below Historical High Cost Threshold: 1%

Typical Impact Fund Value Gap Subsidy Per Unit: $25,000
Historical High Subsidy Threshold: $54,804
Percent Below Historical High Subsidy Threshold: 54%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $25,000
Historical High Subsidy Threshold: $54,804
Percent Below Historical High Subsidy Threshold: 54%

| PRG, Inc. | |
|---|---|
| **Project** | PRG - North Minneapolis Infill |
| **Location** | North Minneapolis |
| **Activity** | New Construction |
| **Typical # of Bedrooms** | 3 bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 8 | $ 394,460 |
| **Funding Recommended** | 8 | $ 394,460 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

PRG is a nonprofit organization that has developed quality, affordable housing and provided related services since 1976 to enhance neighborhood stability and family self-sufficiency. It serves the seven-county metropolitan area at the request of neighborhood groups and other stakeholders and combines housing education and one-on-one counseling with bricks and mortar development.

In the past five years, PRG has completed 17 new construction projects and 34 substantial rehabilitation projects. Of the last 29 homes that were sold by PRG, seven of those homes were purchased by Minneapolis Public Housing Authority (MPHA) households.

## Project Description

The funds will be used for value gap and affordability gap for the new construction of eight homes in North Minneapolis. The applicant will serve households at or below 80 percent AMI.

PRG’s urban infill housing program is designed to address vacant land and increase the supply of quality affordable homeownership opportunities for lower income households, particularly larger families of color, including those from the MPHA partnership. The MPHA partnership is an effort to help families renting through MPHA move into homeownership.

Demand is strong for larger units due in part to growing numbers of East African, Southeast Asia and Latino immigrant households with larger families. The need is demonstrated by the fact that over the past five years 34 percent of PRG homes have been purchased by households of five or more family members.

PRG’s proposed project will build new construction homes that address the need for larger households. The housing stock in Minneapolis is quite old and the option to expand space in older housing that large household’s desire and need are limited. Expansion of existing housing stock to below grade space is often not possible due to clearance, headroom and moisture issues. Expansion above grade is often not possible due to small lot sizes and setbacks and zoning constraints. New construction solves the below grade issue and is the least costly option to finish. Larger households find this appealing because it offers the relatively affordable opportunity to purchase with the option to finish added space at a later date when their financial condition permits. Since 2016, PRG's program design has resulted in home sales to households earning an average of 65 percent of AMI with an average household size of 5.1.

This project furthers the Agency's strategic priority to reduce Minnesota's racial and ethnic homeownership disparity by marketing its homeownership opportunities to households of color. Over the past five years, 34 percent of households served have been households of color. In addition, the project also furthers the Agency's strategic priority to address specific and critical local housing needs by continuing the work of rebuilding the north side and being intentional about who this work benefits in the community.

**Costs and Subsidy**

Typical Development Cost Per Unit: $349,308
Historical High Cost Threshold: $402,255
Percent Below Historical High Cost Threshold: 13%

The anticipated per-unit construction cost of $267,125 is below the industry average of $286,999 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Value Gap Subsidy Per Unit: $39,308
Historical High Subsidy Threshold: $57,973
Percent Below Historical High Subsidy Threshold: 32%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $10,000
Historical High Subsidy Threshold: $11,816
Percent Below Historical High Subsidy Threshold: 15%

| Rebuilding Together Twin Cities | |
|---|---|
| **Project** | Critical Repair Projects for Low-Income Homeowners in North and South Minneapolis, Saint Paul and Brooklyn Center, Robbinsdale, and Crystal |
| **Location** | North and South Minneapolis, Saint Paul and Brooklyn Center, Robbinsdale, and Crystal |
| **Activity** | Owner-Occupied Rehabilitation |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 20 | $ 160,000 |
| **Funding Recommended** | 20 | $ 160,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Rebuilding Together Twin Cities is a nonprofit organization that transforms the lives of low-income homeowners by improving the safety and health of their homes and revitalizes communities. Rebuilding Together has a Certified Aging in Place Specialist on staff, and is a Certified Lead Renovation agency. Rebuilding Together Twin Cities is one of 13 affiliates of National Rebuilding Together, a nonprofit organization established in 1988.

Within the last five years, Rebuilding Together successfully completed 591 projects similar to those proposed in this application.

## Project Description

The funds will be used to provide loans to homeowners to rehabilitate homes in the cities of Minneapolis, Saint Paul, Brooklyn Center, Robbinsdale, and Crystal. The applicant will serve households at or below 50 percent AMI.

The proposed project will be part of Rebuilding Together's Safe at Home Program and Home Repair Program. These programs are designed to address health, safety, accessibility and livability needs of low-income homeowners through rehabilitation projects. Many of the households served are older adults, individuals with disabilities, members of the armed services, and families with children. Rebuilding Together coordinates the volunteers, skilled labor, tools and supplies necessary to repair the homes. Rebuilding Together will oversee the process from start to finish, including program outreach, qualifying homeowners, selecting and completing projects, and evaluating project execution to continually improve programming.

Rebuilding Together has a robust network of community partners that help to conduct outreach, identify households in need, and aid in project rehabilitation work. Rebuilding Together has partnerships with the Builders Association of the Twin Cities, Housing First Minnesota, the National Association of the Remodeling Industry, Hearts & Hammers and A Brush with Kindness to help with the actual rehabilitation work. It partners with the East Side Neighborhood Development Company, Hmong American Partnership and Asian Economic Development Association to help identify additional assistance programs that are available to provide more comprehensive services for each homeowner.

The target areas were selected because of the demonstrated need for owner-occupied rehabilitation. Ninety percent of the owner-occupied housing within the target areas was built before 1979, indicating an aging housing stock. The average homeownership rate in the target areas is 54 percent, with an average poverty rate of 24 percent, and nearly 60 percent of homeowners are considered cost-burdened. Over half of the communities within the target areas are communities of color.

Due to daily economic stressors, many low-income and cost-burdened homeowners must defer regular maintenance and basic repairs to their home. Senior homeowners face additional challenges as they look to age in place in homes they have occupied for many years and are often on fixed incomes. When small maintenance and repair projects go unattended, homes fall into disrepair and safety and stability decline, while health hazards grow and compound. The rehabilitation and repair work with Rebuilding Together's proposed project will allow homeowners to preserve the asset of their homes and free up their limited financial resources for other basic living needs.

There are several programs available to the homeowners within the target areas of this proposal, but many require monthly repayments. The homeowners that are served by Rebuilding Together are extremely low income and do not have the resources to make the monthly payments required by a typical rehabilitation loan. In 2018, 100 percent of the homeowners served by Rebuilding Together were at or below 50 percent AMI and 54 percent were at or below 30 percent AMI. Rebuilding Together receives frequent calls from homeowners who have been referred by similar rehabilitation loan programs that are unable to assist them. In order to prevent duplication of services and prioritization of non-Impact Fund resources, Rebuilding Together has established eligibility determination policies, practices and procedures, and leverages all available resources to ensure that Impact fund dollars are maximized.

The project furthers Minnesota Housing's strategic priority to preserve the existing housing stock and to meet the needs of Minnesota's changing demographics. Rebuilding Together meets these priorities by targeting households with at least one resident who is 55+ and older, and completing home rehabilitations and accessibility modifications that allow seniors to age in place.

## Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $8,000

| Richfield Housing and Redevelopment Authority | |
|---|---|
| **Project** | RF64 Homebuyer Assistance Program |
| **Location** | City of Richfield |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 8 | $ 94,336 |
| **Funding Recommended** | 8 | $ 94,336 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

The Richfield Housing and Redevelopment Authority (HRA) is a governmental entity with the goal to provide housing opportunities across the spectrum of affordability and to help ensure broad access to homeownership. It has been actively involved in providing affordable homeownership opportunities since its inception in 1974

Richfield HRA has completed two loans through the Richfield First-Time Homebuyer program that was launched in Fall of 2018. Additional homebuyers have been approved but have been unable to locate homes in the tight, competitive Richfield housing market.

Richfield HRA will partner with multiple implementation partners. It will oversee the program. Boisclair Corporation (Boisclair) will be responsible for compliance, administration and financial oversight of all financial resources from the developer's side. Exit Realty Edina will be responsible for all marketing and sales efforts. NHH Properties will be responsible for overall project management and coordination of the RF64 project. Lastly, New American Funding will be the processing entity.

## Project Description

The funds will be used to provide affordability gap financing to homebuyers to purchase homes in the City of Richfield. The applicant will serve households at or below 100 percent AMI.

Richfield HRA’s RF64 Homebuyer Assistance Program will offer downpayment assistance to buyers of townhomes in the RF64 development area, located in the Cedar Corridor of Richfield on the City's eastern side that has 218 market-rate apartment units and 72 townhomes. Ninty-five percent of the homes will be affordable to households earning up to 115 percent AMI. In order to deepen the affordability and make the homes available more broadly, downpayment assistance financing will be available to households earning up to 100 percent AMI, with priority given to households at 80 percent AMI. The funds may be paired with the HRA’s First Time Homebuyer Program, which is targeted toward Richfield renters in an effort to expand homeownership opportunities for underserved households and address the city's homeownership disparity.

The proposed program would focus on serving the RF64 development in order to expand homeownership opportunities for underserved populations. Richfield has seen significant increases in households of color over the last two decades with about 38 percent of Richfield's population identifying as non-White. The median income for the White population is $63,270 and $48,986 for households that identify as Hispanic or Latino. Eighty-seven percent of the city's owner-occupied units are owned by White households while only 3 percent of homes are owned by Black or African American households and about 4 percent by Hispanic or Latino households.

Due to the high costs of affordable new construction, those making 100 percent AMI and especially those at or below 80 percent AMI need additional assistance beyond the existing downpayment assistance programs. Minnesota Housing downpayment assistance programs will be available to homebuyers as well as the Richfield First-time Homebuyer Program that offers up to $10,000 for Richfield renters below 80 percent AMI. The Richfield First-time Homebuyer Program will be zero interest and deferred until sale of home or forgiven after ten years. Despite this, with the average home sales price in Richfield noted at $287,251, additional downpayment assistance is often required.

This project furthers Minnesota Housing's strategic priority to reduce Minnesota's racial and ethnic homeownership disparity through marketing efforts aimed at households of color, including multilingual sales and lending teams to reach out to Latinx households.

**Costs and Subsidy**

Typical Impact Fund Affordability Gap Subsidy Per Unit: $11,792

| Rondo Community Land Trust | |
|---|---|
| **Project** | Rondo Community Land Trust Homebuyer Initiated Program (HIP) |
| **Location** | City of Saint Paul with focus on 5 zip codes (55106, 55117, 55103, 55104, 55107) |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 8 | $ 193,200 |
| **Funding Recommended** | 8 | $ 193,200 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

The Rondo Community Land Trust (CLT) is a nonprofit affordable housing land trust with the mission to strengthen and preserve communities by providing and advocating for permanently affordable, sustainable housing for families and individuals with low to moderate incomes. It promotes the utilization of the land trust model as a method of preserving affordable housing and economic growth and neighborhood stabilization. It also supports and celebrates cultural diversity by providing affordable business opportunities to increase community economic wealth, property values and jobs.

Rondo CLT operates in Saint Paul and Suburban Ramsey County. Rondo CLT is named after Rondo Avenue, a main commercial corridor that was renamed Concordia Avenue during the construction of Interstate 94. The construction displaced many long-term residents and fractured the predominantly African American Rondo neighborhood.

For 25 years Rondo CLT has successfully developed affordable housing for modest-income households in Saint Paul. Its current portfolio is comprised of 51 affordable land trust units. To date, it has successfully managed 22 resale transactions.

## Project Description

The funds will be used to provide affordability gap assistance to homebuyers to purchase homes in the City of Saint Paul with a focus on the following neighborhoods: Eastside, North End, Frogtown, Rondo, Westside, and Midway. The applicant will serve households up to 80 percent AMI with a focus on households between 50 and 80 percent AMI.

The project is part of Rondo CLT's Homebuyer Initiated Program (HIP). Through the HIP program, households receive affordability gap assistance to purchase a home and a grant to rehabilitate the home to ensure that it is decent, safe, and mechanically as well as structurally sound. These funds will cover the affordability gap portion of HIP. Staff also recommends funding the owner-occupied rehabilitation portion of HIP. These eight units will be the same eight units recommended under the HIP owner-occupied rehabilitation application.

Homebuyers participating in the HIP program may purchase a home on the open market with the help of two grants and agree to become a part of the Rondo CLT. The homebuyer purchases only the house and agrees to enter into a 99-year ground lease agreement with Rondo CLT to lease the land. The homebuyer pays a $15 monthly lease fee to Rondo CLT which gives the homeowner full use of the land and long-term support services from Rondo CLT.

While the target neighborhoods show signs of increasing home values, when compared to the rest of the City, home prices and homeownership rates remain some of the lowest. The Saint Paul Area Association of Realtors reports that, in 2018, the average sales price of homes within Rondo CLT's proposed target area was approximately $183,150. Moreover, there are high percentages of cost-burdened, low-income households of color within the target neighborhoods.

Rondo CLT has collaborated with several community partners throughout its tenure to carry forward its mission. It proposes to continue to draw on these established relationships to provide downpayment assistance grants through its HIP program. In particular, it intends to draw on two key long-term partnerships with the Neighborhood Development Alliance (NeDA) and Land Title. NeDA will provide financial counseling and homebuyer workshops for Rondo CLT applicants as well as foreclosure prevention counseling services, as needed. In addition, Land Title will provide closing, legal document filing, and recording services for both Rondo CLT and the new homebuyers.

Rondo CLT's proposal meets Minnesota Housing's strategic priorities of reducing Minnesota's racial and ethnic homeownership disparity. It does so through its direct marketing and outreach activities and its target area comprised of neighborhoods within the City of Saint Paul exhibiting the greatest disparities in homeownership rates and the highest availability of homes priced within the income targets of the homebuyers its aims to serve.

**Costs and Subsidy**

Typical Impact Fund Affordability Gap Subsidy Per Unit: $24,150

| Rondo Community Land Trust | |
|---|---|
| **Project** | Rondo Community Land Trust Homebuyer Initiated Program (HIP) |
| **Location** | City of Saint Paul with focus on 5 zip codes (55106, 55117, 55103, 55104, 55107) |
| **Activity** | Owner-Occupied Rehabilitation |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 8 | $ 206,800 |
| **Funding Recommended** | 8 | $ 206,800 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

The Rondo Community Land Trust (CLT) is a nonprofit affordable housing land trust with the mission to strengthen and preserve communities by providing and advocating for permanently affordable, sustainable housing for families and individuals with low to moderate incomes. It promotes the utilization of the land trust model as a method of preserving affordable housing and economic growth and neighborhood stabilization. It also supports and celebrates cultural diversity by providing affordable business opportunities to increase community economic wealth, property values and jobs.

Rondo CLT operates in Saint Paul and Suburban Ramsey County. Rondo CLT is named after Rondo Avenue, a main commercial corridor that was renamed Concordia Avenue during the construction of Interstate 94. The construction displaced many long-term residents and fractured the predominantly African American Rondo neighborhood.

For 25 years Rondo CLT has successfully developed affordable housing for modest-income households in Saint Paul. Its current portfolio is comprised of 51 affordable land trust units. To date, it has successfully managed 22 resale transactions.

## Project Description

The funds will be used to provide owner-occupied rehabilitation grants to homebuyers in the City of Saint Paul with a focus on the following neighborhoods: Eastside, North End, Frogtown, Rondo, Westside, and Midway. The applicant will serve households up to 80 percent AMI with a focus on households between 50 and 80 percent AMI.

The project is part of Rondo CLT’s Homebuyer Initiated Program (HIP). Through the HIP program, households receive affordability gap assistance for the purchase a home and a grant to rehabilitate the home to ensure that it is decent, safe, and mechanically as well as structurally sound. These funds will cover the rehabilitation portion of the HIP program. Staff also recommends funding the affordability gap portion of the HIP program. These eight units will be the same eight units recommended under the HIP affordability gap application.

Homebuyers participating in the HIP program may purchase a home on the open market with the help of two grants and agree to become a part of the Rondo CLT. On average, the housing stock across the City of Saint Paul was built 77 years ago. This coupled with the high rate of households that are cost-burdened indicates a strong need for rehabilitation grant assistance. As a result, homes purchased through HIP typically require some level of rehabilitation.

Alongside a real estate agent, homebuyers search for a home within their price range. Once a home is selected, together the homebuyer and Rondo CLT work with a contractor to determine if the property meets the HIP guidelines. Rondo CLT works with HIP homeowners and a general contractor to develop a scope of rehabilitation work and to carry forward a competitive bidding process.

Rondo CLT will oversee the rehabilitation construction work to ensure that it conforms to the scope of work and that is completed well in a timely manner. It will also manage all of aspects of construction including bidding, payment requests, lien waivers, punch list and other inspections to ensure progress to the final sign off. Rondo will partner with Flannery Construction Company to provide general contracting services and will work closely with the Center for Energy and Environment (CEE) to complete an energy audit on the home and to incorporate any energy audit work into the scope. It will also work with the Ramsey County Public Health Department to perform lead and radon testing.

Rondo CLT's proposal meets Minnesota Housing's strategic priorities of reducing Minnesota's racial and ethnicity homeownership disparity. It does so through its direct marketing and outreach activities and its target area comprised of neighborhoods within the City of Saint Paul exhibiting the greatest disparities in homeownership rates and the highest availability of homes priced within the income targets of the homebuyers its aims to serve.

## Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $25,850

| Three Rivers Community Action Inc. | |
|---|---|
| **Project** | Emerging Markets Gap Financing |
| **Location** | 20 counties of Southeastern Minnesota - Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Nicollet, Olmsted, Rice, Sibley, Steele, Wabasha, Waseca, Watonwan, and Winona |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 20 | $ 200,000 |
| **Funding Recommended** | 20 | $ 200,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | $ 170,000 |
| **Metropolitan Council** | N/A |

## Organization Information

Three Rivers Community Action, Inc. is a nonprofit organization with the mission of working with community partners to address basic needs of the people in its service area, thereby improving the quality of life of the individual, family and community. Three Rivers is a HUD certified Community Housing Development Organization (CHDO) that creates affordable housing throughout twenty counties in Southeast and South Central Minnesota. In addition to housing development, Three Rivers administers the following housing focused programming: emergency assistance, downpayment assistance, homelessness prevention, homeownership programs, financial literacy and coaching, pre-purchase counseling and homebuyer education.

Since 2008, Three Rivers has administered 165 affordability gap loans through the Emerging Markets Gap Financing program using funds through Impact Fund.

## Project Description

The funds will be used to provide affordability gap financing for homebuyers to purchase homes in 20 counties throughout Southeastern Minnesota. The applicant will serve households at or below 80 percent AMI.

The Emerging Markets Gap Financing program has been offered by Three Rivers Community Action (Three Rivers) since 2008, and is a part of the organization’s Achieve Homeownership program that was established to help identify and address the homeownership barriers faced by the region’s growing number of households of color. The Achieve Homeownership program uses culturally-tailored programming to address specific needs of the region’s new immigrants through offering financial literacy classes and intensive financial coaching and providing matched savings incentives through the Family Assets for Independence in Minnesota (FAIM) program.

The employment opportunities in the target area are strong, but the level of pay from the typical job is limited and not adequate to support the purchase of a median priced home. The majority of underserved households targeted in this proposal have annual incomes around 41 percent of the state median income. The majority of these households have larger household sizes, ranging on average from four to eight family members. According to the 2018 Annual Report from the Southeast Minnesota Realtors Group, the median sales prices of single family homes have increased 8.7 percent across the region, as compared to 2017.When affordable homes come on the market, they sell quickly, usually with multiple offers that are often more than the asking price. As a result, lower income households require more downpayment assistance to be able to purchase homes.

There are other downpayment and closing cost assistance programs available in Minnesota, and all participants at Three Rivers are required to first explore these resources before applying for funds from Three Rivers. Homebuyers accepted into the Emerging Markets Gap Finance program must use an affordable first mortgage product, contribute a minimum of $500 of their own funds, have exhausted all other downpayment assistance sources, complete a Home Stretch course, and purchase a home in one of the 20 counties of southeastern Minnesota. Homebuyers may access additional homeownership programming and resources offered by Three Rivers as needed. This comprehensive approach helps to position homebuyers to achieve affordable, sustainable homeownership.

This proposal meets the Agency's strategic priority to reduce Minnesota's racial and ethnic homeownership disparity by providing need based downpayment and closing cost assistance to underserved households, primarily households of color. Many of the households served are low-income and are considered large families, a combination that sometimes requires multiple sources of financial assistance to achieve homeownership. By providing affordability gap assistance, Three Rivers is able to break down the cost barrier and provide households with the financial boost they need to enter homeownership for the first time. On average, 88 percent of households served in the last five years were households of color.

## Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit: $10,000

| Twin Cities Habitat for Humanity, Inc. | |
|---|---|
| **Project** | Twin Cities Habitat for Humanity Scattered Site Acquisition-Rehab 2019 |
| **Location** | Seven-county Twin Cities metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties) |
| **Activity** | Acquisition, Rehabilitation, and Resale |
| **Typical # of Bedrooms** | 3 bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 20 | $ 600,000 |
| **Funding Recommended** | 10 | $ 300,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Twin Cities Habitat for Humanity, Inc. (TC Habitat) is a nonprofit organization with the mission to eliminate poverty housing from the Twin Cities area and to make decent, affordable shelter for all people a matter of conscience. TC Habitat serves as the builder, bank and the bridge to affordable homeownership for households earning 40 to 80 percent AMI.

TC Habitat runs five key programs: a homeownership program which gives low-income families the opportunity to purchase TC Habitat developed and rehabilitated homes and homes in the open market; the Mortgage Foreclosure Prevention Program that provides foreclosure counseling to homeowners in Minneapolis; the A Brush With Kindness program that provides painting and home repair to low-income owner occupants; the Age in Place Program that enables seniors to stay in their homes through completing home rehabilitations and accessibility modifications; and TC Habitat's Advocacy program that publicly lobbies for affordable housing and housing programs at the Minnesota State Legislature.

In the past five years, TC Habitat has acquired, rehabilitated and sold 84 similar homes to qualified homebuyers.

## Project Description

The funds will be used to provide value gap and affordability gap assistance for the acquisition, rehabilitation and resale of 10 homes in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80 percent AMI.

In order to benefit as many families as possible with its limited resources, TC Habitat works to minimize the amount of resources spent on property acquisition by maximizing the usage of donated lots and purchasing moderately priced properties on the open market. It has built strong partnerships with local municipalities to acquire reduced or subsidized properties and to advocate for inclusionary housing policies in these communities. Many of these properties are located in the core cities and inner-ring suburban communities, which provides homeowners with better proximity to jobs, amenities and transit. TC Habitat also has a partnership with the Department of Corrections to provide inmates with workforce training programs and job skills, in turn reducing construction costs.

Much of the housing in the seven-county metropolitan area is in need of rehabilitation with an average housing stock age of forty-six years. Rehabilitating homes stabilizes neighborhoods by improving aging housing stock and eliminating poverty housing. TC Habitat is committed to acquiring and rehabilitating at least one property that is foreclosed, vacant or abandoned at the time of acquisition.

The neighborhoods in this proposal experience a lack of affordable housing, with 69 percent of homeowners and more than 80 percent of renters considered cost-burdened. The median household income for neighborhoods in this proposal range from $42,263 to $95,732. The central cities have significantly lower median household incomes in comparison to the suburban communities, which demonstrate a need for mixed income communities.

An average of 29 percent of the communities located within the target area of this proposal are communities of color, with a range of 6 percent to 78 percent for the seven-county metropolitan area. The disparity between the central cities and suburban communities reflect the needs of these communities to expand the racial makeup of their neighborhoods. Rehabilitating homes in these communities will allow TC Habitat to match its housing with the needs of its homebuyers and address the racial disparities within these communities.

This project furthers Minnesota Housing’s strategic priorities by reducing Minnesota’s racial and ethnic homeownership disparity and financing housing responsive to Minnesota's changing demographics. TC Habitat meets these priorities by assisting low-income communities, immigrant communities, large families, multi-generational families, and households with disabled persons from underserved groups to access affordable homeownership. Nearly 90 percent of households served are households of color with many of them being immigrants. TC Habitat at has also increased its ability to serve households with disabilities, with 13 percent of homes sold in 2018 were to households with at least one person who identified as having a disability.

## Costs and Subsidy

Typical Development Cost Per Unit: $297,079
Historical High Cost Threshold: $282,273
Percent Above Historical High Cost Threshold: 5%

Typical Impact Fund Value Gap Subsidy Per Unit: $15,000
Historical High Subsidy Threshold: $16,567
Percent Below Historical High Subsidy Threshold: 9%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $15,000
Historical High Subsidy Threshold: $10,375
Percent Above Historical High Subsidy Threshold: 45%

| Twin Cities Habitat for Humanity, Inc. | |
|---|---|
| **Project** | Twin Cities Habitat for Humanity 2019 New Construction Affordability Gap |
| **Location** | Seven-county Twin Cities metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties) |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | 4 bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 16 | $ 640,000 |
| **Funding Recommended** | 12 | $ 480,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Twin Cities Habitat for Humanity, Inc. (TC Habitat) is a nonprofit organization with the mission to eliminate poverty housing from the Twin Cities area and to make decent, affordable shelter for all people a matter of conscience. TC Habitat serves as the builder, bank and the bridge to affordable homeownership for households earning 40 to 80 percent AMI.

TC Habitat runs five key programs: a homeownership program which gives low-income families the opportunity to purchase TC Habitat developed and rehabilitated homes and homes in the open market; the Mortgage Foreclosure Prevention Program that provides foreclosure counseling to homeowners in Minneapolis; the A Brush With Kindness program that provides painting and home repair to low-income owner occupants; the Age in Place Program that enables seniors to stay in their homes through completing home rehabilitations and accessibility modifications; and TC Habitat's Advocacy program that publicly lobbies for affordable housing and housing programs at the Minnesota State Legislature.

TC Habitat has closed 55 similar Impact funded affordability gap loans since 2016.

## Project Description

The funds will be used to provide affordability gap assistance to homebuyers to purchase TC Habitat built homes in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80 percent AMI.

This project is similar to TC Habitat's model of new construction homes utilizing volunteer and in-kind skilled labor. The difference is that the funds will be used for downpayment assistance for the purchase of the new construction homes, rather than for value gap for the development of the homes. TC Habitat has acquired 12 lots. Eight lots are located in Saint Paul and four lots in Hugo.

Within the Saint Paul target area 83 percent of renters and 53 percent of homeowners are cost-burdened. The target area also has the highest percentile for poverty rate, the highest percentile for communities of color, and are designated as community recovery tracts.

Within the Hugo target area, 74 percent of renters and 44 percent of homeowners are cost-burdened. The project sites are located in an economic integration priority tract and are located in the second lowest percentile for communities of color. Development of affordable homes in this area reflects TC Habitat's commitment to avoid concentrating poverty in the urban core and focusing half of its home production within the suburbs.

Both of the project sites in Saint Paul and Hugo are located in workforce housing priority areas. The unemployment rates in Saint Paul and Hugo is about 3 percent, respectively. With a healthy unemployment rate considered to be five percent, these statistics signal the need for additional workers and workforce housing in both locations.

TC Habitat homebuyers are very low-income households, earning on average $27,589 or 33 percent AMI. Affordability gap assistance provided by TC Habitat makes homeownership a reality for homebuyers that cannot typically qualify for a conventional mortgage due to their inability to pay a conventional mortgage rate. TC Habitat is unique among applicants in providing seller financing. Habitat homeowners have few other available options for downpayment and closing cost assistance. There are few products that pair with Habitat first mortgage financing and many are not available to the entire target area or available to low-income households.

This project furthers Minnesota Housing's strategic priorities by reducing Minnesota's racial and ethnic homeownership disparity and financing housing responsive to Minnesota's changing demographics. TC Habitat meets these priorities by assisting low-income communities, immigrant communities, large families, multi-generational families, and households with disabled persons from underserved groups to access affordable homeownership. Nearly 90 percent of households served are households of color with many of them being immigrants. TC Habitat at has also increased its ability to serve households with disabilities, with 13 percent of homes sold in 2018 were to households with at least one person who identified as having a disability.

## Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit: $40,000

| **Twin Cities Habitat for Humanity, Inc.** | |
|---|---|
| **Project** | TC Habitat for Humanity 2019 SAAG Open Market Program |
| **Location** | Seven-county Twin Cities metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties) |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 48 | $ 983,904 |
| **Funding Recommended** | 48 | $ 983,904 |

| **Co-Funder Information** | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Twin Cities Habitat for Humanity, Inc. (TC Habitat) is a nonprofit organization with the mission to eliminate poverty housing from the Twin Cities area and to make decent, affordable shelter for all people a matter of conscience. TC Habitat serves as the builder, bank and the bridge to affordable homeownership for households earning 40 to 80 percent AMI.

TC Habitat runs five key programs: a homeownership program which gives low-income families the opportunity to purchase TC Habitat developed and rehabilitated homes and homes in the open market; the Mortgage Foreclosure Prevention Program that provides foreclosure counseling to homeowners in Minneapolis; the A Brush With Kindness program that provides painting and home repair to low-income owner occupants; the Age in Place Program that enables seniors to stay in their homes through completing home rehabilitations and accessibility modifications; and TC Habitat's Advocacy program that publicly lobbies for affordable housing and housing programs at the Minnesota State Legislature.

From August 2017 to May 2019, TC Habitat provided homeowners with 61 affordability gap loans through its Open Market Program, averaging five closings a month. Eighty-seven percent of TC Habitat Open Market homebuyers purchased single-family detached homes, while thirteen percent of homebuyers purchased condominiums or townhomes. The homes have been predominately in Hennepin, Ramsey, Washington, Anoka, Dakota, Scott and Carver counties.

## Project Description

The funds will be used to provide affordability gap assistance to homebuyers to purchase homes on the open market in the seven-county Twin Cities metropolitan area. The applicant will serve households at or below 80 percent AMI.

TC Habitat's SAAG (stand-alone affordability gap) Open Market Program creates opportunities for low-income households to purchase homes enabling them to move into their neighborhoods of choice. The Open Market Program will prepare homebuyers to purchase existing homes on the open market, provide financial coaching and homebuyer education, and use TC Habitat's low interest mortgage product that is provided by its mortgage subsidiary, TCHFH Lending, Inc. The mortgages are accompanied by affordability gap assistance, allowing the families to increase their purchasing power and exercise choice in selecting the housing best suited for their needs.

Data from the Saint Paul Area Association of Realtors show a 0.9 months inventory of homes in the $190,000 to $250,000 range within the seven-county metropolitan area. This indicates a tight buyer's market, with homes averaging thirty-four days on the market. A healthy market for buyers is considered a minimum of three months. The average closing time for a TC Habitat homebuyer is four to six months, and it is not unusual for the homebuyer to have considered over twenty properties before successfully acquiring a home.

Homeownership opportunities for buyers in this price range tend to be located in Minneapolis and Saint Paul. Affordability gap financing vastly increases a homebuyer's purchasing power and provides them the opportunity to explore communities outside of the urban core. In the past three years, seventy-eight percent of Open Market purchases have been in the suburbs, thus increasing the diversity and mixed income makeup of households throughout these communities.

There are a few downpayment assistance programs that cover the entire seven-county metropolitan area and can pair with TC Habitat's first mortgage financing. TC Habitat's Open Market Program gives homebuyers increased purchasing power by providing the financial assistance to purchasing a home affordable and providing homebuyers with the ability to choose the location and size of a home that suits their needs.TC Habitat requires Open Market homebuyers to complete pre-purchase homebuyer and financial counseling, and it stays in close contact with all clients who become homeowners. Optional post-purchase classes on understanding mortgage escrows and home maintenance are offered quarterly, and are designed for adult learners with diverse backgrounds.

This project furthers Minnesota Housing's strategic priorities by reducing Minnesota's racial and ethnic homeownership disparity and financing housing responsive to Minnesota's changing demographics. TC Habitat meets these priorities by assisting low-income communities, immigrant communities, large families, multi-generational families, and households with disabled persons from underserved groups to access affordable homeownership. Nearly 90 percent of households served are households of color with many of them being immigrants. Thirty percent of TC Habitat Open Market buyers are made up of households of six or more family members.

**Costs and Subsidy**

Typical Impact Fund Affordability Gap Subsidy Per Unit: $20,000

| Two Rivers Community Land Trust | |
|---|---|
| **Project** | Own Sweet Home |
| **Location** | Cities of Oakdale, Forest Lake, Woodbury and Cottage Grove |
| **Activity** | Acquisition, Rehabilitation, and Resale |
| **Typical # of Bedrooms** | 3 bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 4 | $ 125,000 |
| **Funding Recommended** | 4 | $ 20,770 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | $ 50,000 |

## Organization Information

Two Rivers Community Land Trust (Two Rivers CLT) is a nonprofit community land trust with the mission to provide permanently affordable housing for low- and moderate-income individuals, families and households within Washington County. Established in 1986, its purpose is to undertake activities to promote and provide housing for low- and moderate-income persons in the community and shall promote the betterment of the community by preserving affordable housing for such persons.

Two Rivers CLT has nearly 20 years of housing development and sales experience. As of March 2019, it has 56 land assets totaling over $3 million. It has 49 acquisition, rehabilitation properties and an additional 7 new construction homes in its CLT portfolio. Two Rivers CLT has assisted with 75 affordable home sales transactions including 19 resale transactions.

## Project Description

The funds will be used to provide value gap to acquire, rehabilitate, and resell four single family homes located in the cities of Oakdale, Forest Lake, Woodbury and Cottage Grove in Washington County. The applicant will serve households with incomes up to 65 percent AMI with a focus on households between 50 and 65 percent AMI.

Two Rivers CLT will implement Own Sweet Home as part of its larger Greenhouse Project consistent with the CLT model to create permanently affordable homeownership options. Rehabilitation efforts will use HUD rehabilitation and Green Communities standards as benchmarks with focused intentions of making the home energy efficient and maintenance free for the initial five years of ownership.

The four cities were selected due to accessibility to jobs, transportation, and schools. Property acquisitions will be made within close proximity to transit and when possible, in strong performing school districts. Rising home prices, limited inventory, and slow wage growth all impact the affordability of homes throughout Washington County. According to the Realtors Association, the median sale price of homes in Washington County is $315,365. The current inventory of homes for sale is at 2.2 months' supply, a slight increase from this time last year. The number of affordable homes produced in Washington County, through both the public and private sectors, are not keeping pace with the need for workforce housing.

Washington County is largely a job growth area. The Metropolitan Council forecasts a need of a 46 percent increase in jobs in the county or 33,453 new jobs by 2040. The City of Woodbury is expected to experience the greatest growth in jobs in the county and was recently labeled by the Minneapolis – Saint Paul Business Journal as healthcare's new favorite suburb. The Minnesota Department of Employment and Economic Development (DEED) reported that 4,800 healthcare sector jobs were added in Woodbury; however the median wage paid by the employment sector as a whole in the county is $39,800. Only one in five of the new jobs are expected to have wages to support buying a moderately priced home in the county. As a result, many of the workers filling jobs located within the county are either cost-burdened, paying more than 30 percent of their income on housing, or reside outside of the county.

Two Rivers is poised to address the need for additional long term affordable workforce housing in the target area. The CLT model increases affordability through removing the cost of the land from the purchase. Two Rivers estimates that the average land costs are 22 percent of the property market value. In addition, Two Rivers has developed strong relationships to generate a list of approved lenders. Its preferred lenders are familiar with the peculiarities of the CLT model and strive to secure the best products and terms for its buyers and a seamless closing transaction, which sets it apart from other sources of downpayment assistance offered in the Own Sweet Home target area.

This project furthers Minnesota Housing's strategic priority to address specific and critical local housing needs. The Own Sweet Home target area includes communities that have demonstrated a great need for workforce housing and economic integration. The proposal also includes leveraged resources, both direct financial and in-kind commitments, conveying the support of several local stakeholders and community partners.

## Costs and Subsidy

Typical Development Cost Per Unit: $279,435
Historical High Cost Threshold: $355,207
Percent Below Historical High Cost Threshold: 21%

Typical Impact Fund Value Gap Subsidy Per Unit: $5,192.50
Historical High Subsidy Threshold: $58,634
Percent Below Historical High Subsidy Threshold: 91%

| United Community Action Partnership, Inc. | |
|---|---|
| **Project** | Marshall Parkway II Home Ownership Program |
| **Location** | City of Marshall |
| **Activity** | New Construction and Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | 2, 3 and 4 bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 6 | $ 814,890 |
| **Funding Recommended** | 6 | $ 814,890 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

United Community Action Partnership, Inc. (UCAP) is a nonprofit corporation with the mission to eliminate poverty by empowering individuals and strengthening communities. It strives to be a catalyst to remove obstacles and provide opportunities, tools, and hope as a pathway out of poverty.

Marshall Parkway II is an extension to the previous Impact Funds awarded in 2016 and 2018. Under the 2016 award, UCAP completed five new construction units. Over the past five years, UCAP has completed a total of 11 new construction projects.

UCAP will partner with Ace Home and Hardware, Southwest Minnesota Housing Partnership, and Keller Williams Preferred Realty. All three partners have worked with UCAP on their past projects and are familiar with the Marshall Parkway II Home Ownership Program.

## Project Description

The funds will be used for the new construction of six homes on infill lots located in the city of Marshall. The recommended funds include interim loan funds for the development and construction of the homes. The applicant will serve households at or below 115 percent AMI.

The six unit project is an extension of the Marshall Parkway II Home Ownership Program pilot project that was funded with Impact Funds in 2016 and 2018. UCAP's goal is to provide a variety of housing options that meets a lower price point of $160,000 - $175,000 and to offer housing options for larger families. UCAP is proposing to build a combination of smaller and more affordable two and three bedroom slab-on grade homes, and four-bedroom split entry homes for larger families. The slab-on grade homes will meet visitability requirements and some will include Universal Design elements.

UCAP will work with three main partners to assist in key functions of its proposal. Ace Home and Hardware will provide building plans and project estimates for construction costs. Southwest Minnesota Housing Partnership will provide homebuyer education and counseling for potential homebuyers. Finally, Keller Williams Preferred Realty will provide local market insight and estimated sale value for the proposed plans.

The manufacturing industry is the largest employment sector in Marshall, followed by health services and retail trade. The overall unemployment rate in Marshall is 3 percent in 2018. Roughly 10,732 workers commute into the City of Marshall for work and 26 percent of those commuters travel over 50 miles. The median household income was $44,745 in the City of Marshall, compared to $51,920 in Lyon County. This information suggests that Marshall residents have lower incomes and fewer housing resources than residents in surrounding areas. The poverty rate in the city of Marshall is at 15.2 percent and over 53 percent of households are cost-burdened.

The housing demand in Marshall is the highest for modestly priced housing ranging from $100,000 to $150,000. There are currently only ten homes for sale in Marshall within that price range and four homes for sale between $150,000 and $175,000. In 2019 the median sale price of homes in Marshall increased 35 percent to $200,750. While there is a strong demand for modestly-priced homes, developers have found it difficult to build new single-family detached homes in that price range due to high construction costs.

Recently, the City of Marshall revised the Protective Covenants for this neighborhood to allow homes with less square footage, no basements, and smaller garage. UCAP revised its three bedroom home design to reflect these needs. Less square footage and garage space will reduce the appraised value of the homes and make them more affordable for the target market. The four bedroom split-entry home will be an affordable option for growing and large families.

A 2015 Marshall Housing Needs Analysis housing study found a pent-up demand for additional senior housing units including the creation of at least 37 units for homeownership by the year 2020. The two and three bedroom homes will incorporate the universal design features making them more useable and marketable to seniors and people with disabilities.

UCAP indicates that in previous projects, lower income homebuyers needed more downpayment assistance, despite other available resources such as USDA loan with downpayment assistance. UCAP will determine eligibility for the affordability gap funding based on the homebuyer's income and housing ratio. If a minimum downpayment assistance loan is needed, those households will be referred to the local lenders to access other existing funding available such as through the Agency’s deferred payment loan program.

This project furthers the Agency’s strategic priority to reduce the racial and ethnic homeownership disparity by creating housing that is responsive to Minnesota's changing demographics. Based on conversations with the community, employers, and realtors, UCAP has found that households of different cultures prefer different amenities and styles of housing and will incorporate these preferences into the proposed homes.

The project also furthers the Agency’s strategic prioirty to address specific and critical local housing needs through creating workforce housing. UCAP has partnered with local employers, the City of Marshall, Marshall Economic Development Authority (EDA), and the work they do within their programs to identify the needs of the community. This includes housing options for families in manufacturing and retail jobs, safe and accessible homes for the aging population, and large family housing.

| **Costs and Subsidy** |
| --- |
| |

Typical Development Cost Per Unit (2 bedrooms with visitability): $205,065
Historical High Cost Threshold: $227,987
Percent Below Historical High Cost Threshold: 10%

The anticipated per-unit construction cost of $155,315 is below the industry average of $161,671 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Value Gap Subsidy Per Unit (2 bedrooms with visitability): $45,065
Historical High Subsidy Threshold: $56,343
Percent Below Historical High Subsidy Threshold: 20%

***

Typical Development Cost Per Unit (3 bedrooms): $234,212
Historical High Cost Threshold: $227,987
Percent Above Historical High Cost Threshold: 3%

The anticipated per-unit construction cost of $179,512 is below the industry average of $187,997 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Value Gap Subsidy Per Unit (3 bedrooms): $59,212
Historical High Subsidy Threshold: $56,343
Percent Above Historical High Subsidy Threshold: 5%

The typical development costs are higher because UCAP will incorporate structural insulated panels (SIP) into the construction of the three bedroom homes.

***

Typical Development Cost Per Unit (4 bedrooms): $247,668
Historical High Cost Threshold: $227,987
Percent Above Historical High Cost Threshold: 9%

The anticipated per-unit construction cost of $189,880 is below the industry average of $289,343 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Value Gap Subsidy Per Unit (4 bedrooms): $37,668
Historical High Subsidy Threshold: $56,343
Percent Below Historical High Subsidy Threshold: 33%

Typical Impact Fund Affordability Gap Subsidy Per Unit (4 bedrooms): $28,000
Historical High Subsidy Threshold: $12,017
Percent Above Historical High Subsidy Threshold: 133%

The typical value gap is higher because UCAP will build a split entry home instead of a rambler and anticipates that the home will be valued at a more affordable price point. The typical Impact Fund affordability gap subsidy is higher because the historical Impact Fund subsidy is a representation of all of Greater Minnesota and not just the City of Marshall.

| Upper Sioux Community Housing Authority | |
|---|---|
| **Project** | 2019 USCHA Homeownership Program |
| **Location** | Upper Sioux Community and 15 mile service area surrounding the reservation |
| **Activity** | Tribal Indian Housing Program |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 11 | $ 1,000,000 |
| **Funding Recommended** | 11 | $ 1,000,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Upper Sioux Community Housing Authority (USCHA) is a part of the Upper Sioux Indian Community (USIC), a federally recognized tribal entity. It strives to provide decent, safe, and sanitary housing through the elimination of substandard housing and homelessness by providing supportive services and financial assistance programs. It seeks to increase affordable homeownership opportunities to improve the living conditions for all of its members.

The USCHA has been administering TIHP since 1999. For a good portion of that time, it administered TIHP for both USIC and LSIC. The Lower Sioux TIHP portfolio was taken on by LSIC and LSHA in 2016. USCHA has been successful in processing, administering, and servicing loans.

## Project Description

Funds will be used to provide first mortgage financing to tribally-enrolled members to purchase homes within the Upper Sioux Indian Community and its 15 mile service area. The applicant will serve households at or below 115 percent AMI.

The proposed project will be administered similar to the USCHA's existing TIHP program. All guidelines, policies, and procedures will follow the Agency's TIHP Procedural Manual, and USCHA TIHP Procedural Manual. A revolving fund for principal repayment and interest income will be utilized and loaned back out as funds allow.

USIC is located in Yellow Medicine County and has a 15 mile service radius around the reservation and covers portions of six counties. There is a high demand for a home purchase financing in the target area. USCHA committed $544,663 or 65 percent of its 2018 Impact Fund grant in the first two months of the award contract period. Additionally it has pre-approved pipeline in the amount of $267,000 for a total of 97 percent of its 2018 award.

The 2019 Homeownership Program will continue to allow USCHA to provide funding for its tribally-enrolled members. It will allow USCHA to continue to serve the community with finance options that may not be available from local lenders. Community Members feel more comfortable working with

USCHA, which offers one stop service along with a direct per capita payment service.

This project meets the Agency's strategic priority to reduce the racial and ethnic homeownership disparity by providing homeownership opportunities to eligible tribally-enrolled members. In 2018, USCHA served 100 percent households of color and 88 percent single-headed households.

**Costs and Subsidy**

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $90,909

| Urban Homeworks, Inc | |
|---|---|
| **Project** | Homeownership Within Reach |
| **Location** | Near North, Willard Hay, Jordan, Hawthorne, McKinley, Cleveland, and Folwell |
| **Activity** | New Construction and Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | 3+ bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 4 | $ 222,000 |
| **Funding Recommended** | 2 | $ 111,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

Urban Homeworks (UHW) is a nonprofit organization with the mission to provide high quality, affordable homeownership opportunities through the acquisition and rehabilitation of at-risk properties to a highly improved, energy-efficient standard, while employing small local subcontractors in the process. The improved properties are then sold to low-to- moderate-income families, with marketing to local households of color in an effort to reduce the homeownership gap between white and non-white households in Minneapolis.

UHW is shifting their focus to new construction under Impact Fund, which previously had been acquisition, rehabilitation and resale. To date, UHW has completed 29 new construction units (15 in a multifamily condo building and 14 single-family detached homes). The factors contributing to the shift in activities is that acquisition and rehabilitation costs have risen making the economies of acquisition rehabilitation resale projects unsustainable in most cases. This shift also addresses the many vacant lots in North Minneapolis that are available for development. UHW has experience with new construction, primarily through the City of Minneapolis's Green Homes North program and the City of Saint Paul's Inspiring Communities program. In the last few years, UHW has partnered with the University of Minnesota to build five panelized houses using their perfect wall engineering system for a near zero-energy home and is currently working on three new construction projects using Superior Walls panel engineering and has extensive experience with traditional site built new construction.

## Project Description

The funds will be used to provide value gap and affordability gap for the new construction of two single-family homes in North Minneapolis. The applicant will serve households at or below 115 percent AMI.

The projects will be completed under UHW's Homeownership within Reach program which utilizes small businesses and contractors of color for construction and targets local renters in North Minneapolis with financial coaching to achieve homeownership goals by purchasing the homes developed through this project. This program is an overarching continuation of UHW's efforts to reclaim vacant lots in North Minneapolis, reconnect neighborhoods that have been impacted by large numbers of tear downs, and add to the supply of affordable single-family homes.

According to the City of Minneapolis, in 2018 there were nearly 500 vacant lots throughout the city with roughly 400 of those lots located in North Minneapolis. As of May 31, 2019, there were 126 vacant lots in North Minneapolis that were available for sale from the City of Minneapolis. According to a MLS search, only 37 homes have been constructed in the target area since 2016 and all these units received some type of development subsidy from the City of Minneapolis. The median sales price for these homes is $234,900.

New construction homes in North Minneapolis are selling between $235,000 and $300,000, a price range that is out of reach for a household earning 80 percent AMI or less without significant assistance. Even with existing downpayment assistance programs available that is affordable with a 33 percent housing ratio or less is very difficult to achieve at these income limits.

This project furthers the Minnesota Housing's strategic priority to reduce the racial and ethnic homeownership disparity by partnering with local funders and with financial and homeownership counseling organizations to ensure household stability and success in the short and long term. Over the past five years, 71 percent of households served were households of color. The project also furthers the Agency's strategic priority of responding to changing demographics and housing needs through producing homeownership options for larger families, especially larger immigrant households and extended families that share housing to save in rising housing costs.

## Costs and Subsidy

Typical Development Cost Per Unit: $366,515
Historical High Cost Threshold: $402,255
Percent Below Historical High Cost Threshold: 9%

The anticipated per-unit construction cost of $277,300 is below the industry average of $317,221 for a unit of similar new construction in a similar geographic area.

Typical Impact Fund Value Gap Subsidy Per Unit: $45,000
Historical High Subsidy Threshold: $57,973
Percent Below Historical High Subsidy Threshold: 22%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $10,645
Historical High Subsidy Threshold: $11,816
Percent Below Historical High Subsidy Threshold: 10%

| West Central Minnesota Communities Action Inc. | |
|---|---|
| **Project** | West Central Minnesota Communities Action Inc., Affordable Housing Project |
| **Location** | City of Alexandria and Glenwood |
| **Activity** | Affordability Gap/Downpayment Assistance |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 4 | $ 120,000 |
| **Funding Recommended** | 4 | $ 100,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | $ 34,000 |
| **Metropolitan Council** | N/A |

## Organization Information

West Central Minnesota Communities Action Inc's (WCMCA) mission is to break financial barriers by providing affordable homeownership for income qualified families that will in turn invest into their local communities in a more permanent manner and provide local businesses the workforce they need to ensure opportunity for expansion and job growth while keeping Greater Minnesota thriving.

WCMCA's role in the proposed project will be the General Contractor and provide homebuyer education and counseling. WCMCA will utilize partnerships with the Department of Corrections (DOC), Pope County HRA, Glenwood Development Foundation, and Hilltop Lumber to purchase land and construct affordable workforce housing with a goal of four homes. Since 1998, WCMCA has partnered with the Department of Corrections Institution Community Work Crew (ICWC) Program that provides hands on training for low risk inmates. Through this partnership, 122 homes have been constructed to serve low- to moderate-income families since 1998.

## Project Description

The funds will be used to provide affordability gap assistance for four borrowers to purchase new construction homes in the Cities of Alexandria and Glenwood. The applicant will serve households at or below 80 percent AMI.

While WCMCA will be involved in the new construction of the homes, these funds will not be used for value gap or for the development of the homes. The funds will only be provided to the buyers of the newly developed homes.

WCMCA's goal is to work with local manufacturers, educational institutions, and healthcare providers who have expressed a great need for workforce housing in the communities. Through collaboration with these partners, WCMCA anticipates additional funding streams to make these homes more affordable to potential homebuyers through downpayment assistance. WCMCA is working with Pope County HRA, Glenwood Development and the City of Glenwood to secure downpayment assistance of $4,000 each for two homebuyers. Hilltop Lumber has offered four sets of house plans upon the approval of funding for this project. WCMCA is committed to providing closing cost assistance of up to $2,500 per sale for the four homes in this project.

The cities of Alexandria and Glenwood are listed on the Greater Minnesota Communities with net growth of 100 jobs or more. The City of Alexandria is a top ten jobs growth center in Greater Minnesota. Between Douglas and Pope counties, there are 7,000 jobs and a 3.95 percent unemployment rate. The primary employment sectors in Alexandria are education and health services, manufacturing, and trade/transportation/utilities which make up 68 percent of identified employment. In 2017, the average annual wage for full-time employment was $42,850.

The need for workforce housing is imperative to the growth and continued viability of Alexandria and Glenwood. WCMCA homes are listed and sell for approximately $210,000, which on average sell for $10,000 - $15,000 under market value due to the partnership with the DOC's ICWC. Despite this lower purchase price, the homes are still unaffordable to those at or below 80 percent without a large downpayment. With 49 percent of households in the area considered cost-burdened, the likelihood of homebuyers having a substantial downpayment is low. The affordability gap assistance from this project will allow WCMCA to leverage other downpayment assistance from the community to help those who would otherwise not be able to afford a WCMCA home to gain access to safe, affordable, low maintenance housing.

This project furthers Minnesota Housing's strategic priorities to address specific and critical local housing need. WCMCA will create quality homes that otherwise would not be available or affordable to those of lower income. The selection process ensures equitable access to housing by prioritizing those that are underserved and underrepresented in homeownership.

## Costs and Subsidy

Typical Impact Fund Affordability Gap Subsidy Per Unit: $29,500

| West Hennepin Affordable Housing Land Trust | |
|---|---|
| **Project** | Homes Within Reach (HWR) |
| **Location** | 12 suburban cities in Hennepin County |
| **Activity** | Acquisition, Rehabilitation, and Resale |
| **Typical # of Bedrooms** | 3 bedrooms |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 8 | $ 480,000 |
| **Funding Recommended** | 8 | $ 480,000 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | $ 120,000 |

## Organization Information

West Hennepin Affordable Housing Land Trust/Homes Within Reach's (WHAHLT/HWR) is a nonprofit with a mission to utilize the CLT model to create and preserve homeownership for working families that are unable to purchase a home in suburban Hennepin County.

In the past five years, HWR has created 41 affordable homes and assisted with 14 resales using the CLT model in nine suburban communities in Hennepin County. WHAHLT has been in existence since 2002 and has assisted 175 families to purchase homes. Overall, HWR currently has 150 properties its CLT portfolio with 25 resales while also expanding its original service area from one to twelve (12) communities with a focus on workforce housing needs.

## Project Description

The funds will be used to provide value gap and affordability gap financing for the acquisition, rehabilitation, and resale of eight single family homes through the CLT model in twelve suburban communities located in Hennepin County. These communities include the following cities: Bloomington, Brooklyn Park, Deephaven, Eden Prairie, Edina, Golden Valley, Maple Grove, New Hope, Minnetonka, Richfield, St. Louis Park and Wayzata. The applicant will served households at or below 80 percent AMI.

The CLT model in suburban Hennepin County is particularly effective in creating affordable housing due to the high land values in these suburban communities. The cost of land spans from $60,000 to $200,000 in these communities. The median home sales price is $251,421 which includes dwelling and land, while the HWR sales price for a home, excluding the land, was $145,000 in 2018. Through the CLT model, WHAHLT is able to bring homeownership within reach by removing the cost of the land value from the mortgage equation to approximately 30 to 60 percent below typical market value.

A growing number of Hennepin County suburban community's entry-level properties are not affordable for a large portion of the workforce households who live, work or provide essential community services in these communities. The ten communities served by HWR experienced a median sales price increase of 7.7 percent to $265,000 in 2018. As of March 2019, the inventory of single family homes in the target market sits at 1.9 months' supply.

Fifty-nine percent of homeowners in the target cities are cost-burdened. As of December 31, 2018, HWR served 172 families with an average income of $43,963 from 2002 to 2018 and $50,608 in 2018. From 2002 to 2018, households served through HWR had incomes ranging from 32 percent to 79 percent AMI, with a program wide average of 59 percent AMI for new sales and 62 AMI percent for resales. Households within these income ranges are typically over burdened with housing-related expense and have the least possible options available to own a home.

The growth of WHAHLT's HWR project is supported through the ongoing investment from numerous communities in Hennepin County. The cities ongoing allocation of funds for this program speaks to their recognition of the need and willingness to develop long-term affordable housing options for their communities.

The project furthers Minnesota Housing's strategic priority to reduce Minnesota's racial and ethnic homeownership disparity by creating long-term affordable homeownership for low- to moderate-income workforce families. During that same period, 39 percent of households served through HWR were households of color.

## Costs and Subsidy

Typical Development Cost Per Unit: $337,350
Historical High Cost Threshold: $355,207
Percent Below Historical High Cost Threshold: 5%

Typical Impact Fund Value Gap Subsidy Per Unit: $30,000
Historical High Subsidy Threshold: $58,634
Percent Below Historical High Subsidy Threshold: 49%

Typical Impact Fund Affordability Gap Subsidy Per Unit: $30,000
Historical High Subsidy Threshold: $58,634
Percent Below Historical High Subsidy Threshold: 49%

| White Earth Reservation Housing Authority | |
|---|---|
| **Project** | White Earth Reservation Housing Authority Homeowner Rehabilitation Program 2019 |
| **Location** | Homeowners within the boundary of the White Earth Reservation in Becker, Clearwater and Mahnomen counties |
| **Activity** | Owner-Occupied Rehabilitation |
| **Typical # of Bedrooms** | N/A |

| | # of Units | Total |
|---|---|---|
| **Funding Requested** | 55 | $ 999,955 |
| **Funding Recommended** | 40 | $ 727,240 |

| Co-Funder Information | |
|---|---|
| **Greater Minnesota Housing Fund** | N/A |
| **Metropolitan Council** | N/A |

## Organization Information

The White Earth Reservation Housing Authority (WERHA) as the tribally designated housing entity of the White Earth Nation with the mission to preserve, maintain and enhance the quality of life for its White Earth Nation Tribal members and future generations. The WERHA accomplishes its mission through programs and projects that are designed to promote the social, environmental, community and economic development.

Over the past five years, the applicant has completed 145 owner-occupied rehabilitation projects.

## Project Description

The funds will be used to provide loans to assist low-income tribally-enrolled homeowners with water and sewer repairs or replacement and other rehabilitation needs within the White Earth Reservation and Becker, Clearwater, and Mahnomen counties. The applicant will serve households at or below 80 percent AMI.

The funds will be used to address health and safety concerns in the home including roofs, siding, windows, heating systems, plumbing, flooring, electrical and water and sewer repairs or replacements. WERHA maintains a priority waiting list of homeowners that need assistance to complete repairs to their homes to address health and safety concerns. This list contains 99 White Earth tribally-enrolled members who are homeowners living on the reservation. WERHA is targeting 35 homeowners with home rehabilitation at an average cost of $40,000 per unit and targeting 20 homeowners with water and/or sewer repair or replacement at an average cost of $15,000 per unit. WERHA will not overlap these households.

The White Earth Reservation spans 1,300 miles and includes five incorporated cities and five major villages. There are 9,188 people that live on the reservation, of which, 4,029 identify themselves as Native American. This project will be marketed to White Earth tribally-enrolled members who are low income, own their homes as their primary residences, and the homes are in substandard condition. The majority of homes on the White Earth Reservation are over 20 years old.

The purchase price of homes on the White Earth Reservation is higher than what many current homeowners can afford and there has been little new construction of homes. As a result, it would be difficult for existing homeowners to purchase new homes if they need to move out of their substandard homes. The project will help homeowners maintain the integrity of their homes which will allow them to remain in their home and their community of choice.

The intent of this project is to serve those families that cannot be served by other programs. WERHA will first direct homeowners to other programs. Tribally-enrolled members living on tribal trust lands are often unable to secure a loan from traditional banking institutions. The scope and design of this project will address the unmet needs of tribally-enrolled members who are living in substandard conditions and do not have access to other sources of financing to complete the repairs on their own.

This project reaches underserved communities and focuses on people with the greatest need, fewest choices and largest barriers. This program ensures the tribally-enrolled members have equitable access to housing that is safe and affordable.

## Costs and Subsidy

Typical Development Cost Per Unit: Not applicable

Typical Impact Fund Subsidy Per Unit: $18,181

# 2019 Minnesota Housing Single Family Funding Selections

| | Impact Fund Unit Count | | | | Priorities* # of Units | Minnesota Housing Funding | | | | Funding Partners | | Total Funding | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Location - Administrator - Project Name | Exist | New | Total Units | 80% AMI | Workforce Housing | EDHC (excludes Indian Set-Aside) | HIB | Indian Set-Aside | Interim Loan | Greater Minnesota Housing Fund | Met Council | Total Minnesota Housing Funding | Total Partner Funding | Total Funding |
| **METRO AREA** | | | | | | | | | | | | | | |
| **Minneapolis** | | | | | | | | | | | | | | |
| Build Wealth, MN Inc. – Near North Infill Development | | 2 | 2 | 2 | 2 | $ 158,750 | | | | | $ 20,000 | $ 158,750 | $ 20,000 | $ 178,750 |
| Build Wealth, MN Inc. – Family Stabilization Plan & Infill Development | 25 | | 25 | 25 | 25 | $ 262,500 | | | | | | $ 262,500 | $ - | $ 262,500 |
| City of Lakes Community Land Trust – City of Lakes Community Land Trust Homebuyer Initiated Program (CLCLT HIP) - Stand-Alone Affordability Gap | 10 | | 10 | 10 | 10 | $ 400,000 | $ 200,000 | | | | | $ 600,000 | $ - | $ 600,000 |
| City of Lakes Community Land Trust – City of Lakes Community Land Trust Homebuyer Initiated Program (CLCLT HIP) - Owner-Occupied Rehabilitation | | | 0 | | 0 | $ 250,000 | | | | | | $ 250,000 | $ - | $ 250,000 |
| City of Lakes Community Land Trust – LEEF Townhomes | | 10 | 10 | 10 | 10 | $ 135,000 | $ 732,168 | | | | | $ 867,168 | $ - | $ 867,168 |
| City of Minneapolis acting by and through its Department of Community Planning and Economic Development – Minneapolis Homes Development Assistance Program | | 25 | 25 | 15 | 25 | $ 1,000,000 | | | | | | $ 1,000,000 | $ - | $ 1,000,000 |
| City of Minneapolis acting by and through its Department of Community Planning and Economic Development – Rehab Support Program | 20 | | 20 | 5 | 20 | $ 167,260 | | | | | | $ 167,260 | $ - | $ 167,260 |
| Northside Home LLC – Northside Home | | 2 | 2 | 1 | 2 | $ 111,000 | | | | | | $ 111,000 | $ - | $ 111,000 |
| PRG Inc. – PRG - North Minneapolis Infill | | 8 | 8 | 8 | 8 | $ 394,460 | | | | | | $ 394,460 | $ - | $ 394,460 |
| Urban Homeworks – Homeownership Within Reach | | 2 | 2 | 1 | 2 | $ 111,000 | | | | | | $ 111,000 | $ - | $ 111,000 |
| **Total Minneapolis** | **55** | **49** | **104** | **77** | **104** | **$ 2,989,970** | **$ 932,168** | **$ -** | **$ -** | **$ -** | **$ 20,000** | **$ 3,922,138** | **$ 20,000** | **$ 3,942,138** |
| **St. Paul** | | | | | | | | | | | | | | |
| Dayton's Bluff Neighborhood Housing Services – Village on Rivoli Pocket Neighborhood | | 7 | 7 | 4 | 7 | $ 376,959 | | | | | | $ 376,959 | $ - | $ 376,959 |
| Housing and Redevelopment Authority of the City of Saint Paul, Minnesota – Downpayment Assistance Program | 50 | | 50 | 50 | 50 | $ 1,025,000 | | | | | | $ 1,025,000 | $ - | $ 1,025,000 |
| Neighborhood Development Alliance – Oakdale Avenue Project Phase 2 | | 6 | 6 | 6 | 6 | $ 252,000 | | | $ 600,000 | | $ 120,000 | $ 852,000 | $ 120,000 | $ 972,000 |
| Rondo Community Land Trust – Rondo Community Land Trust Homebuyer Initiated Program - Stand-Alone Affordability Gap | 8 | | 8 | 8 | 8 | $ 193,200 | | | | | | $ 193,200 | $ - | $ 193,200 |
| Rondo Community Land Trust – Rondo Community Land Trust Homebuyer Initiated Program - Owner-Occupied Rehabilitation | | | 0 | | 0 | $ 206,800 | | | | | | $ 206,800 | $ - | $ 206,800 |
| **Total Saint Paul** | **58** | **13** | **71** | **68** | **71** | **$ 2,053,959** | **$ -** | **$ -** | **$ 600,000** | **$ -** | **$ 120,000** | **$ 2,653,959** | **$ 120,000** | **$ 2,773,959** |
| **Seven-County Metro Area (Some units may be located in Minneapolis and St. Paul)** | | | | | | | | | | | | | | |
| Carver County Community Development Agency – Carver County CDA Community Land Trust Countywide Expansion | 8 | | 8 | 8 | 8 | $ 20,000 | $ 360,000 | | | | $ 20,000 | $ 380,000 | $ 20,000 | $ 400,000 |
| Community Neighborhood Housing Services dba NeighborWorks Home Partners – Community Keys | 20 | | 20 | 20 | 20 | $ 210,000 | | | | | | $ 210,000 | $ - | $ 210,000 |
| City of Shoreview – Shoreview/Rondo CLT Townhomes | | 7 | 7 | 7 | 7 | | | | | | $ 105,000 | $ - | $ 105,000 | $ 105,000 |
| Community Neighborhood Housing Services dba NeighborWorks Home Partners – Welcome Home Minnesota | 16 | | 16 | 16 | 16 | $ 88,000 | | | | | | $ 88,000 | $ - | $ 88,000 |

# 2019 Minnesota Housing Single Family Funding Selections

| | Impact Fund Unit Count | | | | Priorities* # of Units | Minnesota Housing Funding | | | | Funding Partners | | Total Funding | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Location - Administrator - Project Name** | **Exist** | **New** | **Total Units** | **80% AMI** | **Workforce Housing** | **EDHC** (excludes Indian Set-Aside) | **HIB** | **Indian Set-Aside** | **Interim Loan** | **Greater Minnesota Housing Fund** | **Met Council** | **Total Minnesota Housing Funding** | **Total Partner Funding** | **Total Funding** |
| Hennepin County Housing and Redevelopment Authority – Home Accessibility Ramps Program | 42 | | 42 | 25 | 42 | $ 249,900 | | | | | | $ 249,900 | $ - | $ 249,900 |
| Rebuilding Together Twin Cities – Critical Repair Projects for Low-Income Homeowners in North and South Minneapolis, St. Paul, and Brooklyn Center, Robbinsdale, and Crystal | 20 | | 20 | 20 | 20 | $ 160,000 | | | | | | $ 160,000 | $ - | $ 160,000 |
| Richfield Housing and Redevelopment Authority – RF64 Homebuyer Assistance Program | | 8 | 8 | | 8 | $ 94,336 | | | | | | $ 94,336 | $ - | $ 94,336 |
| Twin Cities Habitat for Humanity, Inc. – Twin Cities Habitat for Humanity, Scattered Site Acquisition-Rehab 2019 | 10 | | 10 | 10 | 10 | $ 300,000 | | | | | | $ 300,000 | $ - | $ 300,000 |
| Twin Cities Habitat for Humanity, Inc. – Twin Cities Habitat for Humanity 2019 New Construction Affordability Gap | | 12 | 12 | 12 | 12 | $ 480,000 | | | | | | $ 480,000 | $ - | $ 480,000 |
| Twin Cities Habitat for Humanity, Inc. – TC Habitat 2019 SAAG Open Market Program | 48 | | 48 | 48 | 48 | $ 983,904 | | | | | | $ 983,904 | $ - | $ 983,904 |
| Two Rivers Community Land Trust – Own Sweet Home | 4 | | 4 | 4 | 4 | $ 20,770 | | | | | $ 50,000 | $ 20,770 | $ 50,000 | $ 70,770 |
| West Hennepin Affordable Housing Land Trust – Homes Within Reach | 10 | | 10 | 10 | 10 | $ 240,000 | $ 240,000 | | | | $ 120,000 | $ 480,000 | $ 120,000 | $ 600,000 |
| **Total Seven-County Metro Area** | **178** | **27** | **205** | **180** | **205** | **$ 2,846,910** | **$ 600,000** | **$ -** | **$ -** | **$ -** | **$ 295,000** | **$ 3,446,910** | **$ 295,000** | **$ 3,741,910** |
| **Total METRO AREA** | **291** | **89** | **380** | **325** | **380** | **$ 7,890,839** | **$ 1,532,168** | **$ -** | **$ 600,000** | **$ -** | **$ 435,000** | **$ 10,023,007** | **$ 435,000** | **$ 10,458,007** |

# 2019 Minnesota Housing Single Family Funding Selections

| | Impact Fund Unit Count | | | | Priorities* # of Units | Minnesota Housing Funding | | | | Funding Partners | | Total Funding | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Location - Administrator - Project Name | Exist | New | Total Units | 80% AMI | Workforce Housing | EDHC (excludes Indian Set-Aside) | HIB | Indian Set-Aside | Interim Loan | Greater Minnesota Housing Fund | Met Council | Total Minnesota Housing Funding | Total Partner Funding | Total Funding |
| **GREATER MINNESOTA** | | | | | | | | | | | | | | |
| **Northeast** | | | | | | | | | | | | | | |
| One Roof Community Housing – One Roof Community Housing Acquisition-Rehab-Resale | 15 | | 15 | 15 | 15 | $ 487,500 | $ 262,500 | | $ 700,000 | | | $ 1,450,000 | $ - | $ 1,450,000 |
| **Total Northeast** | **15** | **0** | **15** | **15** | **15** | **$ 487,500** | **$ 262,500** | **$ -** | **$ 700,000** | **$ -** | **$ -** | **$ 1,450,000** | **$ -** | **$ 1,450,000** |
| **Northwest** | | | | | | | | | | | | | | |
| Headwaters Housing Development Corporation – Blackduck Single Family Project | | 2 | 2 | 2 | 0 | $ 50,000 | | | $ 200,000 | | | $ 250,000 | $ - | $ 250,000 |
| Northwest Community Action – Roseau New Construction Affordability Project | | 1 | 1 | | 0 | $ 55,640 | | | | | | $ 55,640 | $ - | $ 55,640 |
| White Earth Reservation Housing – White Earth Reservation Housing Authority Homeowner Rehabilitation Program 2019 | 40 | | 40 | 40 | 40 | | | $ 727,240 | | | | $ 727,240 | $ - | $ 727,240 |
| **Total Northwest** | **40** | **3** | **43** | **42** | **40** | **$ 105,640** | **$ -** | **$ 727,240** | **$ 200,000** | **$ -** | **$ -** | **$ 1,032,880** | **$ -** | **$ 1,032,880** |
| **Southeast** | | | | | | | | | | | | | | |
| Three Rivers Community Action, Inc. – Emerging Markets Gap Financing | 20 | | 20 | 20 | 20 | $ 200,000 | | | | $ 170,000 | | $ 200,000 | $ 170,000 | $ 370,000 |
| **Total Southeast** | **20** | **0** | **20** | **20** | **20** | **$ 200,000** | **$ -** | **$ -** | **$ -** | **$ 170,000** | **$ -** | **$ 200,000** | **$ 170,000** | **$ 370,000** |
| **Southwest** | | | | | | | | | | | | | | |
| Lower Sioux Indian Community In The State of Minnesota – Cansayapi Homebuyers Project | 10 | | 10 | 7 | 10 | | | $ 1,500,000 | | | | $ 1,500,000 | $ - | $ 1,500,000 |
| United Community Action Partnership, Inc. – Marshall Parkway II Home Ownership Program | | 6 | 6 | 4 | 6 | $ 339,890 | | | $ 475,000 | | | $ 814,890 | $ - | $ 814,890 |
| Upper Sioux Community Housing Authority – 2019 USCHA Homeownership Program | 11 | | 11 | 7 | 11 | | | $ 1,000,000 | | | | $ 1,000,000 | $ - | $ 1,000,000 |
| **Total Southwest** | **21** | **6** | **27** | **18** | **27** | **$ 339,890** | **$ -** | **$ 2,500,000** | **$ 475,000** | **$ -** | **$ -** | **$ 3,314,890** | **$ -** | **$ 3,314,890** |
| **West Central** | | | | | | | | | | | | | | |
| West Central MN Communities Action Inc. – West Central Minnesota Communities Action Inc, Affordable Housing Project | 4 | | 4 | 4 | 4 | $ 100,000 | | | | $ 34,000 | | $ 100,000 | $ 34,000 | $ 134,000 |
| **Total West Central** | **4** | **0** | **4** | **4** | **4** | **$ 100,000** | **$ -** | **$ -** | **$ -** | **$ 34,000** | **$ -** | **$ 100,000** | **$ 34,000** | **$ 134,000** |
| **Multiple Regions/Statewide** | | | | | | | | | | | | | | |
| Habitat for Humanity of Minnesota, Inc. – Habitat Minnesota IF Owner Occupied Repairs Pilot | 20 | | 20 | 20 | 20 | $ 150,000 | | | | | | $ 150,000 | $ - | $ 150,000 |
| **Total Multiple Regions/Statewide** | **20** | **0** | **20** | **20** | **20** | **$ 150,000** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 150,000** | **$ -** | **$ 150,000** |
| **Total GREATER MINNESOTA** | **120** | **9** | **129** | **119** | **126** | **$ 1,383,030** | **$ 262,500** | **$ 3,227,240** | **$ 1,375,000** | **$ 204,000** | **$ -** | **$ 6,247,770** | **$ 204,000** | **$ 6,451,770** |
| | | | | | | | | | | | | | | |
| **Total STATEWIDE** | **411** | **98** | **509** | **444** | **506** | **$ 9,273,869** | **$ 1,794,668** | **$ 3,227,240** | **$ 1,975,000** | **$ 204,000** | **$ 435,000** | **$ 16,270,777** | **$ 639,000** | **$ 16,909,777** |

*Units may achieve multiple priorities

**Note: All Co-Funder awards are contingent upon individual board approval.**

**KEY:**

**Exist:** Includes Acquisition/Rehabilitation/Resale, Stand-Alone Affordability Gap, Owner-Occupied Rehabilitation and Tribal Indian Housing Program.

**New:** Includes New Construction

**Workforce Housing**: Proposed units will be in communities that have had job growth, are top job centers, have seen employers significantly increase jobs, or have long commutes

**80% AMI**: Proposed units will serve households up to 80 percent of area median income (AMI)

**EDHC**: Economic Development & Housing Challenge Program

**Met Council**: Metropolitan Council

# 2019 Minnesota Housing Single Family Non-Recommended Applications

| Administrator - Project Name - Location | Funding Requested |
|---|---|
| **METRO** | |
| Carver County Community Development Agency – Carver County CDA Habitat CLT Expansion Project - City of Chaska | $623,000 |
| City of Lakes Community Land Trust – City of Lakes Community Land Trust (CLCLT) New Construction - City of Minneapolis | $600,000 |
| City of Lakes Community Land Trust – City of Lakes Community Land Trust Project: Sustained Legacy - City of Minneapolis | $550,000 |
| City of Shoreview – Shoreview/Rondo CLT Townhomes - City of Shoreview | $503,300 |
| Greater Metropolitan Housing Corporation – GMHC Infill New Construction - North Minneapolis | $210,000 |
| **Total METRO - 5 projects** | **$2,486,300** |
| | |
| **Total STATEWIDE - 5 projects** | **$2,486,300** |

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

REVISED 11/21/19

**RESOLUTION NO. MHFA 19-071**

**RESOLUTION APPROVING SELECTION OF PROJECTS FOR GRANT FUNDS, DEFERRED LOAN FUNDS, AND CONSTRUCTION FINANCING RELATED TO THE FOLLOWING PROGRAMS AND FUNDING SOURCES: ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE (EDHC), HOUSING INVESTMENT FUND (POOL 2), AND HOUSING INFRASTRUCTURE BOND (HIB) PROCEEDS**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide grant funds, deferred loan funds, and construction financing for single family homeownership housing units, affordability gap, owner-occupied rehabilitation, and Tribal Indian Housing Program serving persons and families of low- and moderate-income; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; that such grants and loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

**NOW THEREFORE, BE IT RESOLVED**:

The Board hereby authorizes Agency staff to enter into grant and loan contracts, for the applications and in the amounts set forth below, subject to the terms and conditions contained herein and in the respective grant and loan agreements:

| 2019 Applicant Name | Project/Program Name Title | Funding Source | $ Awarded |
|---|---|---|---|
| Build Wealth, MN Inc. | Near North Infill Development | EDHC – Grant | $ 158,750 |
| Build Wealth, MN Inc. | Family Stabilization Plan & Infill Development Plan | EDHC – Grant<br>EDHC – Loan | $ 12,500<br>$ 250,000 |
| Carver County Community Development Agency | Carver County CDA Community Land Trust Countywide Expansion | EDHC – Grant<br>HIB – Loan | $ 20,000<br>$ 360,000 |
| City of Lakes Community Land Trust | City of Lakes Community Land Trust Homebuyer Initiated Program (CLCLT HIP) – Stand-Alone Affordability Gap | EDHC – Grant<br>HIB – Loan | $ 400,000<br>$ 200,000 |
| City of Lakes Community Land Trust | City of Lakes Community Land Trust Homebuyer Initiated Program (CLCLT HIP) - Owner-Occupied Rehabilitation | EDHC – Grant | $ 250,000 |
| City of Lakes Community Land Trust | LEEF Townhomes | EDHC – Grant<br>HIB – Loan | $ 135,000<br>$ 732,168 |
| City of Minneapolis acting by and through its Department of Community Planning and Economic Development | Rehab Support Program | EDHC – Grant | $ 167,260 |

| | | | |
|---|---|---|---|
| City of Minneapolis acting by and through its Department of Community Planning and Economic Development | Minneapolis Homes Development Assistance Program | EDHC – Grant | $ 1,000,000 |
| Community Neighborhood Housing Services dba NeighborWorks Home Partners | Welcome Home Minnesota | EDHC – Grant<br>EDHC – Loan | $ 8,000<br>$ 80,000 |
| Community Neighborhood Housing Services dba NeighborWorks Home Partners | Community Keys | EDHC – Grant<br>EDHC – Loan | $ 10,000<br>$ 200,000 |
| Dayton's Bluff Neighborhood Housing Services | Village on Rivoli Pocket Neighborhood | EDHC – Grant | $ 376,959 |
| Habitat for Humanity of Minnesota, Inc. | Habitat Minnesota IF Owner Occupied Repairs Pilot | EDHC – Grant | $ 150,000 |
| Headwaters Housing Development Corporation | Blackduck Single Family Project | EDHC – Grant<br>Pool 2 – Loan | $ 50,000<br>$ 200,000 |
| Hennepin County Housing and Redevelopment Authority | Home Accessibility Ramps Program | EDHC – Grant | $ 249,900 |
| Housing and Redevelopment Authority of the City of Saint Paul, Minnesota | Downpayment Assistance Program | EDHC – Grant<br>EDHC – Loan | $ 25,000<br>$ 1,000,000 |
| Lower Sioux Indian Community In The State of Minnesota | Cansayapi Homebuyers Project | EDHC – Grant | $ 1,500,000 |
| Neighborhood Development Alliance | Oakdale Avenue Project Phase 2 | EDHC – Grant<br>Pool 2 – Loan | $ 252,000<br>$ 600,000 |
| Northside Home LLC | Northside Home | EDHC – Grant<br>EDHC – Loan | $ 90,000<br>$ 21,000 |
| Northwest Community Action | Roseau New Construction Affordability Project | EDHC – Grant | $ 55,640 |
| One Roof Community Housing | One Roof Community Housing Acquisition-Rehab-Resale | EDHC – Grant<br>HIB – Loan<br>Pool 2 – Loan | $ 487,500<br>$ 262,500<br>$ 700,000 |
| PRG Inc. | Infill Housing | EDHC – Grant<br>EDHC – Loan | $ 314,460<br>$ 80,000 |
| Rebuilding Together Twin Cities | Critical Repair Projects for Low-Income Homeowners in North and South Minneapolis, St. Paul, and Brooklyn Center, Robbinsdale, and Crystal | EDHC – Grant | $ 160,000 |
| Richfield Housing and Redevelopment Authority | RF64 Homebuyer Assistance Program | EDHC – Loan | $ 94,336 |
| Rondo Community Land Trust | Rondo Community Land Trust Homebuyer Initiated Program – Stand-Alone Affordability Gap | EDHC – Grant | $ 193,200 |
| Rondo Community Land Trust | Rondo Community Land Trust Homebuyer Initiated Program – Owner-Occupied Rehabilitation | EDHC – Grant | $ 206,800 |

| | | | |
|---|---|---|---|
| Three Rivers Community Action, Inc. | Emerging Markets Gap Financing | EDHC – Loan | $ 200,000 |
| Twin Cities Habitat for Humanity, Inc. | Twin Cities Habitat for Humanity, Scattered Site Acquisition-Rehab 2019 | EDHC – Grant<br>EDHC – Loan | $ 150,000<br>$ 150,000 |
| Twin Cities Habitat for Humanity, Inc. | Twin Cities Habitat for Humanity 2019 New Construction Affordability Gap | EDHC – Loan | $ 480,000 |
| Twin Cities Habitat for Humanity, Inc. | TC Habitat 2019 SAAG Open Market Program | EDHC – Grant<br>EDHC – Loan | $ 23,904<br>$ 960,000 |
| Two Rivers Community Land Trust | Own Sweet Home | EDHC – Grant | $ 20,770 |
| United Community Action Partnership, Inc. | Marshall Parkway II Home Ownership Program | EDHC – Grant<br>EDHC – Loan<br>Pool 2 – Loan | $ 283,890<br>$ 56,000<br>$ 475,000 |
| Upper Sioux Community Housing Authority | 2019 USCHA Homeownership Program | EDHC – Grant | $ 1,000,000 |
| Urban Homeworks | Homeownership Within Reach | EDHC – Grant<br>EDHC – Loan | $ 90,000<br>$ 21,000 |
| West Central MN Communities Action Inc. | West Central Minnesota Communities Action Inc, Affordable Housing Project | EDHC – Grant<br>EDHC – Loan | $ 2,000<br>$ 98,000 |
| West Hennepin Affordable Housing Land Trust | Homes Within Reach | EDHC – Grant<br>HIB – Loan | $ 240,000<br>$ 240,000 |
| White Earth Reservation Housing | White Earth Reservation Housing Authority Homeowner Rehabilitation Program 2019 | EDHC – Grant | $ 727,240 |
| | | **Total Awarded:** | $ 16,270,777 |

1. The execution of the grant or loan contract for all funds awarded by the Agency in form and substance acceptable to the Agency shall occur no later than nine months from the adoption date of this Resolution; all Housing Investment Funds (Pool 2) must be repaid within 26 months from the effective date of the loan contract; and all other funds must be expended and all reporting of the use of funds shall be completed within 20 months from the effective date of the grant or loan contract; and

2. With respect to loans funded with bond proceeds, the Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency; and

3. The applicant and any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the grant or loan contract, to the construction of the homeownership housing units, and the origination and closing of deferred loans, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary.

Adopted this 21st day of November 2019

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**Board Agenda Item:** 7.E
**Date: 11/21/2019**

**Item:** 2019 Multifamily Selections, Amortizing and Deferred Loans, and 2020 Housing Tax Credits

**REVISED 11/21/19**

**Staff Contact(s):**

Devon Pohlman, 651.296.8255, devon.pohlman@state.mn.us
Katie Moore, 651.296.6354, katie.moore@state.mn.us

**Request Type:**

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

**Summary of Request:**

Staff requests the following approvals related to the 2019 Consolidated Request for Proposals (RFP):

- Adoption of resolutions approving the selection of projects for further processing, and the commitment of deferred financing and, subject to final underwriting and due diligence, authorizing the closing of loans related to the following programs and/or funding sources:
  - Economic Development and Housing Challenge (EDHC)
  - Preservation Affordable Rental Investment Fund (PARIF)
  - National Housing Trust Fund (NHTF)
  - HOME Investment Partnerships (HOME)
  - Housing Infrastructure Bond (HIB) Proceeds
- Adoption of a resolution approving the allocation of federal 9% Low Income Housing Tax Credits (LIHTC)
- Adoption of a resolution approving the selection of projects for further processing under the Low and Moderate Income Rental (LMIR) and Flexible Financing for Capital Costs (FFCC) programs

**Fiscal Impact:**

The Consolidated RFP funding recommendations include numerous funding sources, and the fiscal impacts of these commitments vary. Generally, deferred financing from state or federal appropriated or Pool 3 funds do not earn interest for the Agency. Bond-financed bridge loans earn spread income, as well as certain fee income, for the Agency. LMIR loans from Pool 2 earn interest revenue, without interest expense, for the Agency (as well as certain fee income).

**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
- Selections
- Trends
- Predictive cost model
- Funding recommendation map
- Summaries of funding recommendations
    - Consolidated
    - Detailed
    - Strategic Priority
- Development summaries
- Non-selected applications
- Resolutions

**BACKGROUND**

Minnesota Housing's annual Consolidated RFP process allows housing sponsors to apply for resources from the Agency and its funding partners using a common application and procedure. As of the June 3, 2019 application deadline, Minnesota Housing and its funding partners received 77 applications that requested approximately $198 million in deferred loans, $155 million in permanent first mortgage financing, and $52.5 million in Agency-administered 2020 Round 1 competitive 9% HTCs.

On May 24, 2018, the Minnesota Housing Board approved the 2020 HTC Qualified Allocation Plan (QAP), Self-scoring Worksheet, HTC Program Procedural Manual and timetables for applications. The total Minnesota 9% HTC allocation is approximately $15,486,854.

Through the authority specified in Minn. Stat. § 462A.222 and 462A.223, Duluth; Rochester; St. Cloud; Washington County; Minneapolis; St. Paul and Dakota County are authorized to administer HTC allocations as suballocators.

The city of Minneapolis, St. Paul, Dakota County and Washington County administer their tax credits locally as suballocators. Duluth, St. Cloud and Rochester have entered into Joint Powers Agreements with Minnesota Housing. Minnesota Housing will perform the credit allocation and compliance monitoring. The 2020 HTC allocation available and administered by Minnesota Housing is $11,499,286, which includes $782,766 from Joint Powers suballocator credits.

Minnesota Housing also offers amortizing mortgage financing for eligible developments, in addition to other deferred funding on an open pipeline basis throughout the year.

A second, competitive HTC application round (2020 Round 2) will close on January 31, 2020, incorporating any remaining tax credits or tax credits returned following the conclusion of 2020 HTC Round 1.

Proposals submitted to Minnesota Housing are extensively reviewed by a team of staff underwriters, architects, asset management and supportive housing staff for:

- Consistency with Minnesota Housing's mission and strategic priorities
- Compliance with statutes and program rules
- Consistency with program priorities
- Financial feasibility, market need, architectural quality and overall development team capacity

**SELECTIONS**

Minnesota Housing received 77 applications and processed 76 applications after one applicant withdrew in the 2019 RFP. This is a 20 percent increase over the number of applications received in last year's RFP. Based on review of the applications, Minnesota Housing staff and funding partners recommend 38 development applications for continued processing using various combinations of LMIR Bridge and permanent first mortgage financing, Minnesota Housing deferred loan capital, housing tax credits, funding partner contributions, and rental assistance. All selected applications are subject to final underwriting and due diligence review before closing on financing.

The 2019 RFP selections represent a 66 percent increase in the number of projects recommended for selection compared to the 2018 RFP. The increase in the number of projects and total number of units recommended in the 2019 RFP/2020 HTC Round 1 is largely attributable to a significant increase in the amount of Housing Infrastructure Bonds authorized by the Minnesota Legislature in its 2019 session. The recommended developments assist to remove barriers and provide equitable access to housing opportunities that are affordable throughout Minnesota communities.

| Funding Type | Proposals | Totals |
|---|---|---|
| Permanent First Mortgage Financing | 18 | $69,974,000 |
| LMIR Bridge First Mortgage Financing | 5 | $28,274,000 |
| Minnesota Housing Deferred Loan Capital | 28[1] | $164,266,709 |
| Housing Tax Credits (9%) | 12 | $11,395,746 |
| Funding Partner Contributions (GMHF & Met Council LHIA) | 10 | $2,935,000 |

**Amortizing Mortgages**

Eighteen first mortgages are recommended for processing under the Low and Moderate Income Rental (LMIR) program. Developments recommended for LMIR first mortgage selection are anticipated to be funded through Housing Investment Fund – Pool 2 resources, and are anticipated to be insured under the HUD Risk-Share Mortgage Insurance Program. The LMIR mortgage terms will generally be a 30 to 40-year amortization with fixed rates, and they must be in first lien position. Loans processed under HUD's Risk-Share Mortgage Insurance program will include a mortgage insurance premium, currently at 0.125 percent, in addition to the interest charged on the loan.

Five developments are also being recommended for LMIR Bridge Loans, which will likely be funded with the proceeds of short-term tax-exempt bonds issued by the Agency. The bonds will be structured so that the developments are eligible for 4% HTCs. The Bridge Loans generally will have 18- to 24-month terms, be in first lien position and carry a fixed interest rate.

Additionally, Minnesota Housing staff recommends that two developments[2] receive an award of deferred funding through the Flexible Financing for Capital Costs (FFCC) program, which is available in conjunction with LMIR loans or other first mortgage funding. FFCC is funded through the Housing Affordability Fund – Pool 3.

[1] This number includes two Housing Tax Credit (9%) proposals receiving additional deferred funding.
[2] Projects include Colonial Square Apartments ($690,000) and Mayowood Apartments ($113,446) for a total of $803,446 in FFCC awards.

Selections for the LMIR and FFCC loans through this RFP do not represent commitments for funding. Prior to closing, and after final underwriting and due diligence, Board approval will be sought for all LMIR and FFCC loans in order to enter into loan commitments.

**Housing Infrastructure Bonds**

Housing Infrastructure Bonds (HIBs) are limited obligation tax-exempt bonds issued by Minnesota Housing as authorized under Minnesota Statute 462A.37. Proceeds of HIBs will be used to fund deferred loans for the construction or rehabilitation of permanent supportive housing for individuals without a permanent residence, including providing permanent supportive housing for people with behavioral health needs; the new construction of housing for seniors age 55 and above; and the rehabilitation of federally assisted rental housing.

The 16 developments recommended for further processing with HIBs constitute the largest single-year investment since the bonding authorities were created in 2012. Each of the targeted uses of HIBs also encompass statutory and bonding requirements designed to address specific and critical local housing needs and meet the Agency's strategic priorities.

Permanent Supportive Housing and Behavioral Health:

Six recommended developments will provide 474 units of permanent supportive housing; including housing for individuals and families experiencing homelessness; individuals exiting institutions such as nursing homes, treatment facilities, foster care, board and care facilities; formerly incarcerated individuals exiting correctional facilities; and people with behavioral health needs. Of these units, 345 will serve individuals and families experiencing or at risk of homelessness, and 129 units will serve individuals with behavioral health needs, including mental illness and substance use disorders. In 2018, $30 million in HIB authority was targeted by the Minnesota Legislature for behavioral health needs. This year's recommendations, combined with developments selected in the 2018 RFP, are expected to largely exhaust this specific authority.

Senior Housing:

Four recommended developments will provide 265 units of housing for individuals 55 and older with incomes less than 50% of area median income (AMI). These developments will provide access to supportive housing services that can increase over time to support residents as they age in place and experience increasing levels of disability. The Agency further acknowledges the need for housing specifically targeting lower-income seniors and prioritizes developments that serve households with incomes less than 30% of AMI. Sixty-five units (25%) will be further income-restricted to meet the needs of the low-income senior population and HIB statutory preferences.

Preservation:

HIBs may also be used to preserve federally subsidized rental housing by addressing capital needs, facilitating a necessary change in ownership, or preventing imminent risk of loss due to market conversion. Of the eight recommended developments meeting the preservation strategic priority, three will be funded with HIBs, positioning 161 units to maintain their subsidy for the long term.

HIB Production:

A total of 893 units or approximately 42% of all units in the 2019 RFP will be supported through loans financed with the proceeds of HIBs. Of those 893 units, 39 percent of the units will provide permanent supportive housing, 14 percent will serve people with behavioral health needs, 30 percent will serve seniors, and 17 percent will support the preservation of existing units.

**Deferred Loans**

In addition to HIBs, projects recommended for deferred loans will be funded through the Housing Affordability Fund – Pool 3, state appropriations, and federal appropriations. Minnesota Housing allocates deferred loans[3] through four key programs:

- Preservation Affordable Rental Investment Fund (PARIF) funds appropriated by the Minnesota Legislature fund the preservation of federally assisted housing units. Seven projects are recommended for PARIF.
- Economic Development and Housing Challenge (EDHC) program funds appropriated by the Legislature will be used to finance new construction throughout the state. Five projects are recommended for EDHC.
- National Housing Trust Fund (NHTF) federally appropriated resources will support new construction of supportive housing units serving very low-income households. One project is recommended for NHTF.
- HOME Investment Partnerships (HOME) federally appropriated program resources will be used to finance new construction throughout the state and will support projects with units that meet several strategic priorities, including permanent supportive housing units serving high priority homeless and people with disabilities, along with Greater Minnesota workforce housing needs. Two projects are recommended for HOME.

The deferred loans recommended for selection will generally be 30-year, deferred loans repayable upon maturity. The average per unit deferred loan award is $102,600[4].

**Housing Tax Credits**

*Market Trends*

Twelve projects are recommended for 9% HTCs; seven in Greater Minnesota and five in the Twin Cities metropolitan area. Nine of the twelve 9% HTC projects are progressing with no deferred loan needs. The 12 projects recommended for 9% HTCs are projected to generate over $148 million in equity throughout the state, assuming the current level of $0.83-0.96 investor credit pricing.

Eight projects are recommended for deferred loans with a 4% HTC financial structure and are expected to generate equity proceeds of approximately $43 million. Demand for the private activity bonds needed to generate these 4% HTCs continues to be strong. Minnesota Housing anticipates using approximately $55 million of its private activity entitlement volume cap to issue the bonds financing the projects seeking to qualify for 4% HTC in this RFP.

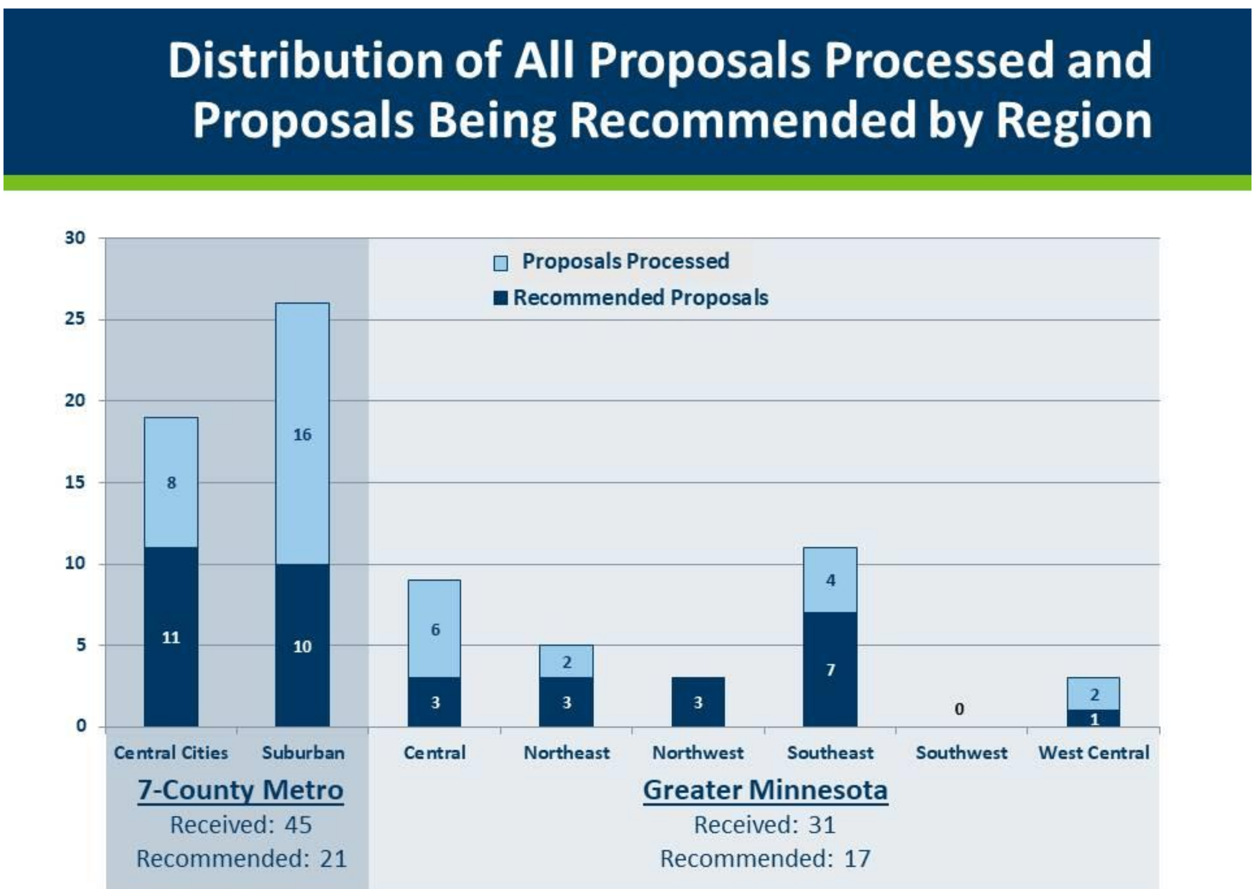
There are no waivers requested for the 2020 HTC Round 1 recommendations.

[3] In addition to Housing Infrastructure Bonds deferred loans.
[4] Minnesota Housing will continue to process 1,603 units with deferred loans from EDHC, FFCC, NHTF, HOME, PARIF and HIB.

**Geographic Distribution**
Minnesota Housing received 77 applications and processed 76 applications after one applicant withdrew. Forty-five were in the seven-county Twin Cities metropolitan area, including 19 in the cities of Minneapolis and St. Paul and 26 in suburban locations. The remaining 31 proposals were from Greater Minnesota. Minnesota Housing did not receive any applications from the southwest region of the state.

Of the 38 recommended proposals, 21 are in the seven-county Twin Cities metropolitan area, including 11 in the cities of Minneapolis and St. Paul and 10 in suburban locations. The remaining 17 proposals are in Greater Minnesota.

| Project Location | Recommended Proposals | Percentage of Total | Recommended Amount[5] | Percentage of Total |
|---|---|---|---|---|
| Metro | 21 | 55.0% | $144,160,250 | 61.5% |
| Greater Minnesota | 17 | 45.0% | $ 90,080,459 | 38.5% |
| **Total** | **38** | **100.0%** | **$234,240,709** | **100.0%** |

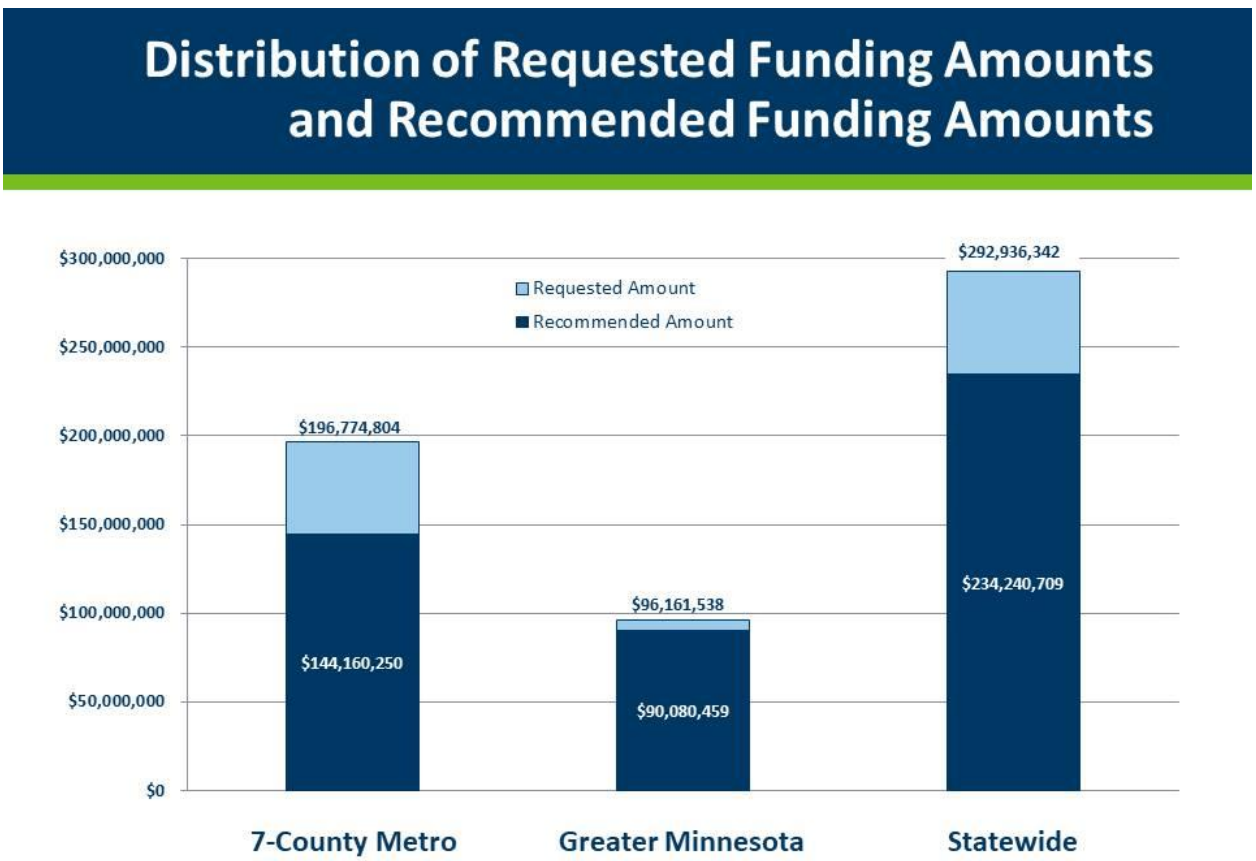


Excludes one application that was withdrawn prior to scoring and feasibility reviews.

[5] Dollar amounts include EDHC, FFCC, HOME, NHTF, PARIF, HIB and LMIR first mortgages. Minnesota Housing Bridge Loans, Funding Partner resources and Housing Tax Credits are excluded. Selected project numbers are subject to change during final underwriting and closing.

The metro area represented 58 percent of all applications received and 67 percent of the overall funding request. The 21 projects recommended for funding represent 55 percent of the overall projects recommended and 61 percent of overall funding. Greater Minnesota represented 42 percent of the applications received and 33 percent of the overall funding requested. The 17 projects recommended for funding represent 45 percent of the overall projects recommended and 39 percent of overall funding.

| Project Location | Proposals Processed | Percentage of Total[6] | Requested Amount[7] | Percentage of Total |
|---|---|---|---|---|
| Metro | 45 | 59.0% | $196,774,804 | 67.0% |
| Greater Minnesota | 31 | 41.0% | $ 96,161,538 | 33.0% |
| **Total** | **76** | **100.0%** | **$292,936,342** | **100.0%** |




**Vouchers**

The Metro Housing and Redevelopment Authority of the Metropolitan Council (Metro HRA) and the St. Paul Public Housing Authority contributed 45 project-based U.S. Department of Housing and Urban

[6] Percentage of total applications received.

[7] Dollar amount includes total deferred and amortizing first mortgage requests. Minnesota Housing Bridge Loans and Housing Tax Credits are excluded.

Development-Veterans Affairs Supportive Housing (HUD-VASH) vouchers this funding round. Five[8] recommended proposals have voucher requests submitted to those funding partners. Metro HRA and the St. Paul Public Housing Authority will announce their award selections following the conclusion of Minnesota Housing's RFP recommendations.

**MEETING AGENCY PRIORITIES**

**Improving the Housing System**

*Focus on the people and places most impacted, especially children.*
Minnesota Housing continues to prioritize developing new units affordable to households at or below the 30% Area Median Income (AMI) level. The Agency is currently developing a methodology to measure progress creating rental units affordable to individuals and families at 30% of AMI. The 2019 RFP selection include approximately 579 net new units (27 percent of total units), with and without rental assistance, that will be affordable to Minnesotans at this income level.

In addition to developing new 30% AMI units, several projects will contribute new units to the workforce housing supply in Minnesota communities. Of the units selected, 1,359 units, or 63 percent, respond to the housing needs of workers in communities that have experienced job growth, are expecting future expansion, or where there is a shortage of housing that is limiting job expansion. A combination of federal and state appropriated programs support the creation of workforce housing projects, including approximately $11.5 million in annual 9% HTCs, $16 million in the EDHC program, $11 million in the federal HOME program and funding partner support.

**Preserve and Create Housing Opportunities**

*Preserve the condition and affordability of existing housing.*
There are 556 units (26 percent of total units) in nine projects recommended for Board approval this year that meet the Agency priority of preserving existing rental housing. This reflects an increase of 28 percent in total units preserved over last year. Investing in these units will address critical capital needs, facilitate a necessary change in ownership or prevent imminent risk of loss due to market conversion. It will also position the properties to maintain their subsidy for the long term. A combination of state appropriated PARIF funds of just under $18 million, in addition to $17 million in HIBs, support preservation of these units.

*Increase the development of new housing that is affordable.*
In the Twin Cities metro, this year's selections will increase housing units with 1,001 of net new housing units created through new construction or adaptive reuse. The number of units created in Greater Minnesota is 599. Combined, a total of 1,600 units or 74 percent of total units recommended for selection create new rental housing units that are affordable.

**Support People Needing Services**

*Prevent and end homelessness.*
If the Board approves the recommended selections, a total of 556 units (27 percent of total units) will directly support the 5,000-unit goal in the Plan to Prevent and End Homelessness. Fifty-two percent will serve high priority homeless households who are households prioritized by the state's Coordinated

[8] Projects include Core Crossings, Cranberry Ridge, Element, Owasso Gardens and Stryker Senior Housing.

Entry (CE) system. These permanent supportive housing opportunities are in thirty-two of the recommended projects. A combination of 9% HTCs and $75 million in HIBs directly support this goal.

*Support people with disabilities.*
Recommended selections continue to advance the objectives of Minnesota's Olmstead Plan, with 221 units (10% of total units) specifically set aside to serve people with disabilities in 23 properties.

*Support older Minnesotans.*
Over the next 17 years, the number of Minnesotans age 65 or older will increase by about 400,000, which will create new housing challenges. Initially, as baby boomers retire, they may desire to live independently and age-in place, but as they get older and disabilities increase, housing needs will become more complex. Minnesota Housing is taking steps to provide older Minnesotans with a range of housing and support options as their needs change. With the addition of seniors as an eligible use under the HIB program, four recommended developments will provide 265 units (12 percent of total units) of housing for individuals 55 and older with incomes less than 50% of AMI.

**Strengthen Communities**

*Support tribal nations and indigenous communities.*
Minnesota Housing recognizes the sovereignty of tribal nations but also understands the Agency must do a better job of working to meet the housing needs of American Indians living on tribal lands and throughout Minnesota. If approved, the 2019 RFP/2020 HTC Round 1 recommendations represent 135 units (6 percent of total units) in four projects throughout the state[9]. Funding of $18.9 million in HIBs and $1.2 million in state appropriated PARIF, in addition to funding partner investment, directly supports the creation and preservation of these units.

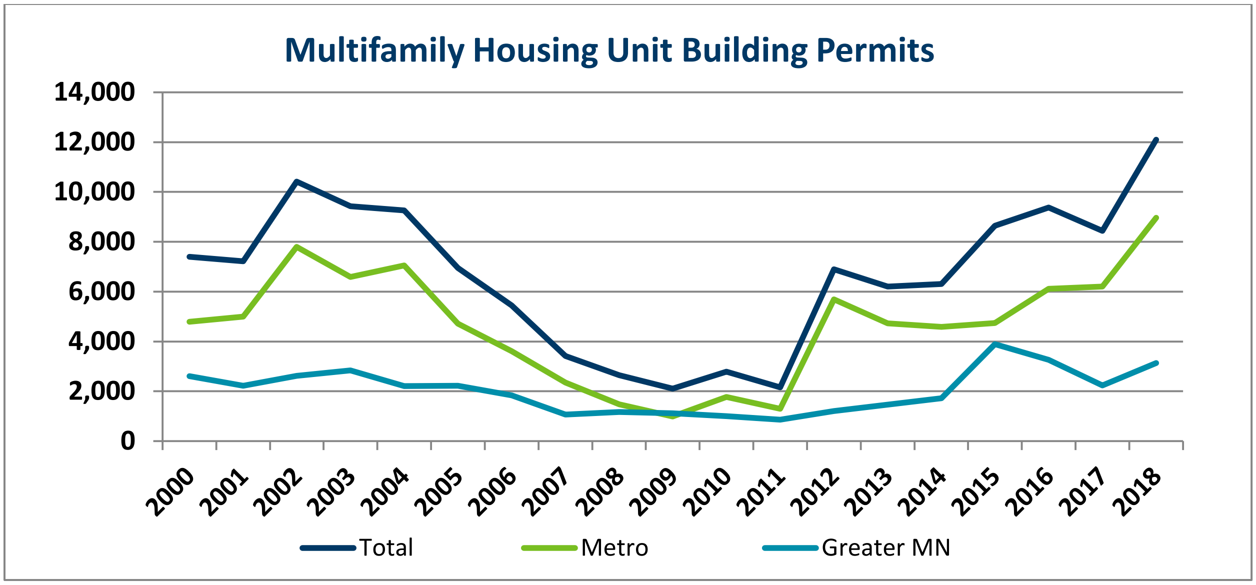
**TRENDS**

*Market Conditions*
Minnesota has a shortage of rental housing that is affordable. According to the U.S. Census Bureau, the percentage of Minnesota renter households that are cost burdened (paying 30 percent or more of their income on rent) has increased from 37 percent in 2000 to 46 percent in 2018. Among lower-income renters (with incomes less than $50,000), 70 percent (or 249,000 households) are cost burdened.

Low vacancy rates are driving up rents and increasing the need for affordable rental housing. The rental vacancy rate in many parts of Minnesota is below the 5 percent that is generally considered optimal for a balanced market. According to Marquette Advisor's *Apartment Trends,* the rental vacancy rate for the Twin Cities metro area was 2.3 percent for the second quarter of 2019.

Minnesota Housing believes low vacancy rates have occurred for three reasons. First, with a relatively healthy economy, there are more households due to fewer households doubling up and fewer young adults living with their parents. Second, the homeownership rate in Minnesota dropped from 76 percent in 2006 to 71 percent in 2018. With fewer households owning and more households renting, the demand for rental units increased and rental vacancy rates declined. Third, as shown in the table below, very few new rental units were created during the period of the Great Recession and immediately after (2005-2014). Construction of new units did not keep pace with the increasing demand. Now, production is finally at a point where vacancy rates should start to increase.

[9] Two projects are located in Greater Minnesota and two projects are located in Minneapolis.




*Source: HUD SOCDS Buildings Permits Database*

Overall, Minnesota's economy is slightly better than the country as a whole. In August of 2019, the state's seasonally adjusted unemployment rate was 3.3 percent, compared to 3.7 percent nationally. To keep up with rising rents, the low unemployment rate must consistently translate into higher wages for renters. While the median income for renters did not kept pace with inflation and rent increases from 2000 through 2010, the situation has improved in recent years with the median income of Minnesota renters growing faster than the median rent. Since 2010, the percentage of Minnesota renters who are cost burdened has declined from 50 percent to 46 percent. We need that trend to continue. Increasing the supply of housing that is affordable and preserving what we already have is critical. With 2,156 units recommended for selection in the 2019 RFP, 1,600 net new units will be created and 556 units preserved. The 2019 projects recommended for selection comprise nearly a 61% increase in net new and preserved units compared with the 2018 RFP.

**PREDICTIVE COST MODEL**

Minnesota Housing staff analyzes all proposals on a total development cost (TDC) and per unit cost basis using a predictive cost model. Minnesota Housing's research division developed this model as a method to identify proposals having higher than expected costs. The model typically explains 55 percent to 76 percent of the variation of TDC, leaving 24-45 percent of the variation unexplained. To account for this uncertainty, Minnesota Housing instituted a 25 percent buffer around predicted costs. With the 25 percent threshold, staff will on average need to conduct further investigation for one out of six proposals. If a project exceeds the predictive cost model estimate by more than 25 percent, staff will undertake a thorough evaluation of the project's costs and other development costs in similar geographies for comparable properties, including potential mitigation methods, and report this information to the Board.

Of the 38 projects recommended for selection in the 2019 RFP/2020 HTC Round 1, six projects exceed the predictive cost model estimate by more than 25 percent. Of these, four are at least partially the result of staff recommending the developments with financing structures that replace the proposed tax credit equity with deferred funds. With significantly more HIBs available this year, we were able to structure HIB projects with and without HTCs ultimately maximizing the number of units produced through the RFP. The model associates higher costs with tax credit structures; therefore the model predicts lower costs overall when tax credits are not included in the financing for these four proposals even though the proposed development itself is unchanged. Staff requests the board waive the Predictive Cost Model for ~~six~~ seven projects outlined below.

Spring Creek II
The budgeted TDC per unit of $345,764 is 47.24% above the $234,832 predictive model estimate. Additional costs are incurred due to the local building code, which imposes higher standards than may be incurred in other locations. Extensive off-site work includes extending existing roads and utilities to the project site and construction of storm water retention areas, which are not typical. The proposed project costs for this townhome construction have been evaluated by Agency architects, and costs are in line with development expectations for similar project types within the region.

White Earth Mahnomen
The estimated TDC per unit of $209,693 is 56 percent above the $134,544 predicted cost. Costs are somewhat impacted by additional fees associated with work on tribal lands as well as the relatively remote location. Despite the higher costs, this tribal proposal is the first development for White Earth that will provide high priority homeless and behavioral health housing for single households.

Colonial Square
The development exceeds the model estimate by 35 percent. Because this building is 106 years old, the scope of work is extensive, leading to higher overall costs. An Agency architect has determined the project's construction costs are reasonable given the building’s age.

Prairie Estates
The TDC per unit of $311,772 is 30.7 percent above the $199,913 predictive model estimate. This development is proposed with a financing structure that replaces the originally proposed tax credit equity with deferred funds. The model would predict the TDC at 18 percent higher with a credit structure. Therefore, if this were structured with HTCs, the costs would be within the 25 percent predictive cost model threshold. This rehabilitation proposal reflects a significant scope of work and includes the construction of new above ground parking garages for the residents.

Parkview Heights
The proposed TDC of $242,061 per units is 79.1 percent above the $133,934 predictive model estimate. This is attributable to two primary factors. This development is structured with deferred funds in lieu of HTCs. If this proposal were structured with HTCs, the model would predict 18 percent higher costs. Under that scenario, the costs would exceed the model by 42 percent rather than 79 percent. Second, the level of rehabilitation need is extensive, even beyond the level typically assumed for a substantial rehabilitation preservation project leading to higher than typical costs.

East Conifer
The development’s proposed TDC per unit of $317,247 is 57.8 percent above the $201,105 model. High costs are attributable largely to the need for significant operating reserves to be capitalized to ensure the long-term feasibility of the proposal. Secondly, staff is recommending a funding structure that replaces tax credit equity with deferred funds. Assuming a tax credit structure, the model would predict costs 16 percent higher than under the current structure. The Agency architect has determined the project's construction costs for the townhome development are reasonable.

Mayowood Apartments
The proposed TDC per unit is $279,290, 35 percent above the $205,683 predictive model estimate. Assuming a tax credit structure, the TDC would exceed the predictive cost model by 17 percent. High costs can be attributed to two main things. First, the site utilities are high as a result of the storm water retention system that is required based on location and the city. Second, the construction costs and construction demand are also higher because of the location in Rochester. The Agency architect has determined the cost for the project and the scope of work is reasonable.

**NEXT STEPS**

With the Board's approval, the 38 proposed developments identified in this report will receive a notice that they have been selected for additional processing. The developers will work with Minnesota Housing staff, other funding partners, and the local communities to finalize project details so that they may close on funding to start construction.

Because of the time period between the original application submittals and being able to start construction, it is common for project costs and funding sources to evolve. Projects that are selected for amortizing first mortgage and/or projects using private activity volume limited bonds will return to the Minnesota Housing Board for final approvals. Projects that are selected for only HTCs and/or deferred funding will go to the Agency's Mortgage Credit Committee for final review and approval.

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

**RESOLUTION NO. MHFA 19-XX**

**RESOLUTION APPROVING SELECTION OF DEVELOPMENTS FOR FURTHER PROCESSING AND COMMITMENT OF PROJECTS FOR DEFERRED FINANCING AND AUTHORIZING THE CLOSING OF LOANS RELATED TO THE FOLLOWING PROGRAMS AND FUNDING SOURCES: ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE (EDHC), PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF), NATIONAL HOUSING TRUST FUND (NHTF), HOME INVESTMENT PARTNERSHIP PROGRAM (HOME), HOUSING INFRASTRUCTURE BOND (HIB) PROCEEDS.**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low- and moderate-income for certain developments; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

**NOW THEREFORE, BE IT RESOLVED**:

The Board hereby authorizes Agency staff to enter into loan agreements, and to close said loans, for the applications and in the amounts set forth below, subject to the terms and conditions contained herein:

| Property # | Project # | Project Name | Funding Source | $ Awarded |
|---|---|---|---|---|
| D8111 | M18183 | 4100 Apartments | EDHC | $ 888,634 |
| D8109 | M18165 | Amber Apartments | NHTF-Capital | $ 2,906,047 |
| D3192 | M18161 | American House Recapitalization | HIB | $ 2,486,915 |
| D8222 | M18206 | Anishinabe III Supportive Housing | HIB | $ 7,236,673 |
| D8207 | M18143 | Aurora Heights | EDHC | $ 6,126,000 |
| D8235 | M18237 | Bimosedaa | HIB | $ 8,157,000 |
| D8198 | M18127 | Birchwood Apartments | HIB | $ 6,337,712 |
| D7955 | M18193 | Bloom Lake Flats | HIB | $ 9,464,233 |
| D1753 | M18312 | Century Hills Townhomes | PARIF | $ 3,980,000 |
| D0729 | M18133 | Colonial Square Apartments | HIB | $ 7,710,000 |
| D7991 | M18141 | Decker Dwellings | EDHC | $ 1,847,073 |
| D8228 | M18252 | East Conifer | HIB | $ 6,239,295 |
| D8135 | M18158 | Element | EDHC | $ 5,216,800 |

| Property # | Project # | Project Name | Funding Source | $ Awarded |
|---|---|---|---|---|
| D3353 | M18110 | Maplewood Gardens | HIB<br>PARIF | $ 3,623,293<br>$ 1,739,679 |
| D8208 | M18145 | Mayowood Apartments | HIB | $ 7,896,535 |
| D8118 | M18227 | North Moorhead Village | EDHC<br>HOME | $ 1,644,117<br>$ 4,521,123 |
| D8233 | M18240 | Owasso Gardens | HIB | $ 5,530,000 |
| D3419 | M18114 | Parkview Heights | HIB<br>PARIF | $ 5,361,000<br>$ 1,350,000 |
| D8224 | M18219 | Pine Bend/Rice Lake Rehabilitation Project | PARIF | $ 1,238,943 |
| D0659 | M18112 | Prairie Estates | PARIF | $ 2,930,111 |
| D8212 | M18173 | Sabathani Senior Housing | HIB | $ 5,416,183 |
| D8102 | M18128 | Snelling Yards Senior Housing | HIB | $ 3,975,000 |
| D8103 | M18081 | Spring Creek II | EDHC<br>HOME | $ 313,338<br>$ 6,478,877 |
| D0800 | M18278 | Stonehouse Square Apartments | PARIF | $ 2,086,673 |
| D8203 | M18163 | Stryker Senior Housing | HIB | $ 9,450,000 |
| D8214 | M18180 | White Earth Mahnomen Project | HIB | $ 3,525,000 |
| D3608 | M18130 | Wilder Square | PARIF | $ 4,152,009 |
| | | | **Total Awarded:** | **$139,828,263** |

1. Agency staff shall review and approve the Mortgagor or Grantee; and

2. The issuance of a mortgage loan commitment for all EDHC, PARIF, National Housing Trust Fund, HOME, HIB and loans from Agency resources in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 20 months from the adoption date of this Resolution; but if a development elects the End Loan Commitment, the End Loan Commitment shall occur no later than 20 months from the adoption date of this Resolution, and construction of the development shall be completed within 18 months from the date of End Loan Commitment; and

3. With respect to loans funded with bond proceeds, the Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency; and

4. The sponsor, the builder, the architect, the mortgagor and any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the loan, to the security for the loan, to the construction of the development and to the operation of the development, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary; and

5. Each PARIF mortgagor will enter into an agreement with the Agency that complies with subd. 8b of Minn. Stat. § 462A.21 and the rider to the appropriation providing funds to the program (Minnesota Laws 2015, First Special Session, Chapter 1, article 1, section 3, subdivision 7).

Adopted this 21st day of November 2019

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CHAIRMAN

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

**RESOLUTION NO. MHFA 19-xx**

**RESOLUTION APPROVING SELECTIONS LOW AND MODERATE INCOME RENTAL (LMIR) AND FLEXIBLE FINANCING FOR CAPITAL COSTS (FFCC) PROGRAMS**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low- and moderate-income for certain developments; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions, and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

**NOW THEREFORE, BE IT RESOLVED**:

The Board hereby selects the below referenced developments for further processing under the LMIR, LMIR Bridge Loan and FFCC programs:

| Property # | Project # | Project Name | Funding Source | $ Awarded |
|---|---|---|---|---|
| D8111 | M18183 | 4100 Apartments | LMIR 1st Mortgage | $ 6,193,000 |
| D8218 | M18181 | Amundson Flats | LMIR 1st Mortgage | $ 6,182,000 |
| D8207 | M18143 | Aurora Heights | LMIR 1st Mortgage | $ 2,911,000 |
| D8238 | M18260 | Century Heights | LMIR 1st Mortgage | $ 7,302,000 |
| D0729 | M18133 | Colonial Square Apartments | LMIR 1st Mortgage<br>FFCC | $ 1,790,000<br>$ 690,000 |
| D8135 | M18158 | Element | LMIR 1st Mortgage<br>LMIR Bridge Loan | $ 4,812,000<br>$ 7,980,000 |
| D8242 | M18270 | Elk Ridge Lodge | LMIR 1st Mortgage | $ 3,390,000 |
| D3353 | M18110 | Maplewood Gardens | LMIR 1st Mortgage | $ 1,347,000 |
| D8208 | M18145 | Mayowood Apartments | FFCC | $ 113,446 |
| D8118 | M18227 | North Moorhead Village | LMIR 1st Mortgage<br>LMIR Bridge Loan | $ 1,886,000<br>$ 5,715,000 |
| D8233 | M18240 | Owasso Gardens | LMIR 1st Mortgage<br>LMIR Bridge Loan | $ 3,208,000<br>$ 1,734,000 |
| D3419 | M18114 | Parkview Heights | LMIR 1st Mortgage | $ 4,411,000 |
| D0659 | M18112 | Prairie Estates | LMIR 1st Mortgage | $ 3,489,000 |
| D8212 | M18173 | Sabathani Senior Housing | LMIR 1st Mortgage | $ 2,825,000 |
| D8102 | M18128 | Snelling Yards Senior Housing | LMIR 1st Mortgage<br>LMIR Bridge Loan | $ 7,546,000<br>$ 7,190,000 |
| D8103 | M18081 | Spring Creek II | LMIR 1st Mortgage<br>LMIR Bridge Loan | $ 1,218,000<br>$ 5,655,000 |

| Property # | Project # | Project Name | Funding Source | $ Awarded |
|---|---|---|---|---|
| D8236 | M18256 | Spring Lake Lofts | LMIR 1st Mortgage | $ 5,238,000 |
| D8203 | M18163 | Stryker Senior Housing | LMIR 1st Mortgage | $ 446,000 |
| D8239 | M18262 | The Lofts at Evergreen Knoll | LMIR 1st Mortgage | $ 5,780,000 |
| | | | **Total Awarded:** | **$ 99,051,446** |

Adopted this 21st day of November 2019

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CHAIRMAN

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

**RESOLUTION NO. MHFA 19-XX**

**RESOLUTION APPROVING SELECTION OF EXODUS II FOR FURTHER PROCESSING AND COMMITMENT FOR DEFERRED FINANCING AND AUTHORIZING THE CLOSING OF LOANS RELATED TO HOUSING INFRASTRUCTURE BOND (HIB) PROCEEDS.**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction financing and permanent financing for a multifamily rental housing development serving persons and families of low- and moderate-income for certain developments; and

WHEREAS, Agency staff has reviewed the application and determined that the application is in compliance under the Agency's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the application will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

**NOW THEREFORE, BE IT RESOLVED**:

The Board hereby authorizes Agency staff to enter into loan agreements, and to close said loans, for the application and in the amounts set forth below, subject to the terms and conditions contained herein:

| Property # | Project # | Project Name | Funding Source | $ Awarded |
|---|---|---|---|---|
| D8241 | M18268 | Exodus II | HIB<br>HIB (Bridge) | $ 21,667,000<br>$ 1,968,000 |
| | | | **Total Awarded:** | **$ 23,635,000** |

1. Agency staff shall review and approve the Mortgagor or Grantee; and

2. The Agency is able to issue and sell tax-exempt bonds on terms acceptable to the Agency, and the City of Minneapolis agrees to transfer to the Agency sufficient private activity bond volume cap to issue tax-exempt bonds for the project sufficient to make the project preliminarily eligible for federal housing tax credits under Section 42(h)(4); and

3. The sponsor, the builder, the architect, the mortgagor and any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the loan, to the security for the loan, to the construction of the development and to the operation of the development, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary.

Adopted this 21st day of November 2019

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CHAIRMAN

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

**RESOLUTION NO. MHFA 19-xx**

**RESOLUTION APPROVING ALLOCATION OF FEDERAL LOW INCOME HOUSING TAX CREDITS FOR CALENDAR YEAR 2020 TO CERTAIN QUALIFIED LOW-INCOME HOUSING BUILDINGS**

WHEREAS, in accordance with the Tax Reform Act of 1986 and the provisions of Minn. Stat. § 462A.221-462A.223, the Minnesota Housing Finance Agency (Agency) has received applications as a duly designated housing credit agency for allocations to certain developments of the Low Income Housing Tax Credit program provided by Section 42 of the Internal Revenue Code of 1986 (the Code); and

WHEREAS, the Agency has applied to said applications the criteria set forth for selection in Minnesota Housing's Amended Qualified Allocation Plan (QAP) and Procedural Manual for the Low Income Housing Tax Credit Program (the Manual), duly adopted by the Agency for 2020; and

WHEREAS, the Agency has determined to reserve, for future allocation, portions of the state allocation of the Low Income Housing Tax Credits to the developments identified below, pending final Agency staff review and delivery by the applicants of additional certifications and information required for the Agency's issuance of such allocations.

**NOW, THEREFORE, BE IT RESOLVED:**

The Board hereby authorizes Agency staff to allocate portions of the state allocation of Low Income Housing Tax Credits as set out below upon meeting the requirements for allocation contained in Section 42 of the Code, the Manual and QAP subject to the terms and conditions contained herein:

**Metro Selections**

| Property # | Project # | Project Name | Funding Source | $ Awarded |
|---|---|---|---|---|
| D8111 | M18183 | 4100 Apartments | 9% LIHTC | $887,011 |
| D8218 | M18181 | Amundson Flats | 9% LIHTC | $1,062,143 |
| D8231 | M18244 | Core Crossings | 9% LIHTC | $1,210,155 |
| D8021 | M18122 | Cranberry Ridge | 9% LIHTC | $1,156,523 |
| D8236 | M18256 | Spring Lake Lofts | 9% LIHTC | $1,143,580 |
| | | | **Total Awarded:** | $5,459,412 |

**Greater Minnesota Selections**

| Property # | Project # | Project Name | Funding Source | $ Awarded |
|---|---|---|---|---|
| D8207 | M18143 | Aurora Heights | 9% LIHTC | $291,949 |
| D3312 | M18147 | Birch Lake Apartments | 9% LIHTC | $246,460 |
| D8238 | M18260 | Century Heights | 9% LIHTC | $1,116,460 |
| D8242 | M18270 | Elk Ridge Lodge | 9% LIHTC | $1,197,000 |
| D8232 | M18242 | Owatonna Workforce Housing | 9% LIHTC | $880,557 |
| D8239 | M18262 | The Lofts at Evergreen Knoll | 9% LIHTC | $1,231,110 |
| D8244 | M18282 | Vista Apartments | 9% LIHTC | $972,798 |
| | | | **Total Awarded:** | $5,936,334 |

**Summary of Housing Tax Credit Selections**

| | |
|---|---|
| **Total Number of Housing Tax Credits Selections** | **12** |
| **Total Amount of Housing Tax Credits Awarded** | **$11,395,746** |

1. Pursuant to the above-referenced statutes and the allocation ranking factors contained in the Manual when applied to the applications submitted, Agency staff is hereby authorized to make the Low Income Housing Tax Credits reservations and allocations for the above developments in the amounts shown for calendar year 2020 of the Low Income Housing Tax Credits, upon compliance with all of the requirements contained in Section 42 of the Code, the QAP and Manual; and

2. Notification letters concerning the above be forwarded to the approved applicants; and

3. Execution of all documents related to the allocation, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary.

Adopted this 21st day of November 2019

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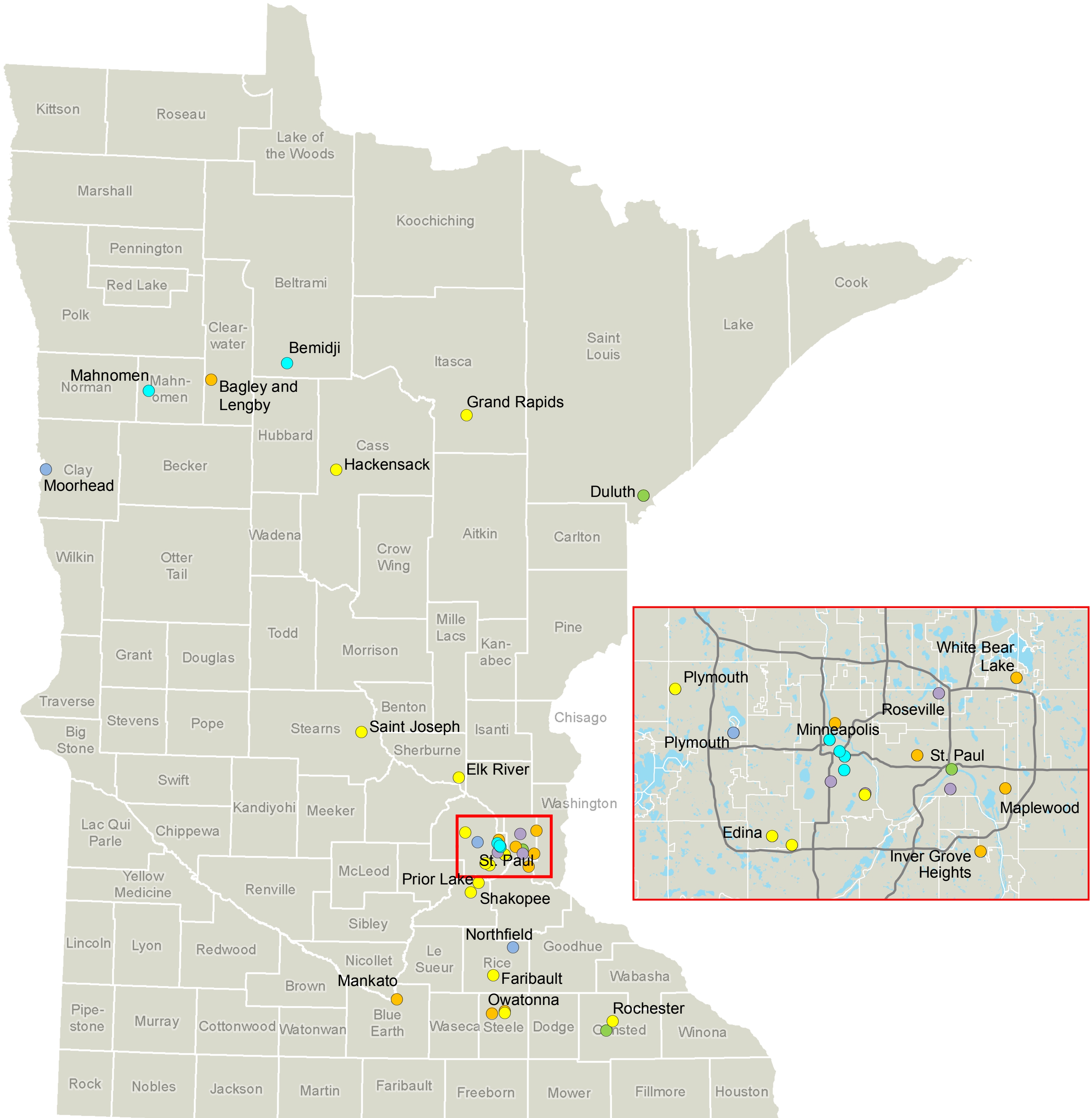
CHAIRMAN

# 2019 Minnesota Housing Multifamily Investment




**Recommended Funding**

- 9% Housing Tax Credits
- 4% Housing Tax Credits
- Housing Infrastructure Bonds-Behavorial Health
- Housing Infrastructure Bonds-Permanent Supportive Housing
- Housing Infrastructure Bonds-Senior
- Preservation

MINNESOTA HOUSING

Source: Minnesota Housing. Date: 11/6/2019

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## 2019 Minnesota Housing Multifamily Funding Selections: Consolidated

| Project Name | Developer | City | Total Units | Total Affordable Units | Permanent Amortizing Mortgage | LMIR BL | Minnesota Housing Deferred | Funding Partner Deferred* | Estimated Syndication - 9% | Estimated Syndication - 4% | Total Development Costs |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Greater Minnesota** | | | | | | | | | | | |
| **Central** | | | | | | | | | | | |
| Birch Lake Apartments | D. W. Jones Development, Inc. | Hackensack | 19 | 18 | | | | | $2,095,548 | | $2,549,753 |
| Elk Ridge Lodge | CommonBond Communities | Elk River | 60 | 60 | $3,390,000 | | | | $11,490,000 | | $15,383,909 |
| Vista Apartments | St. Michael Development Group, LLC/Belisle Development, LLC/Ember Lake, LLC | Saint Joseph | 48 | 48 | | | | | $8,365,226 | | $9,738,723 |
| **Northeast** | | | | | | | | | | | |
| Aurora Heights | D. W. Jones, Inc. | Grand Rapids | 56 | 56 | $2,911,000 | | $6,126,000 | $100,000 | $2,452,126 | | $11,847,438 |
| Birchwood Apartments | Center City Housing | Duluth | 30 | 30 | | | $6,337,712 | | | | $6,912,063 |
| Decker Dwellings | Decker Dwellings Developer LLC | Duluth | 42 | 42 | | | $1,847,073 | | $8,455,206 | | $10,830,544 |
| **Northwest** | | | | | | | | | | | |
| East Conifer | Headwaters Housing Development Corporation | Bemidji | 24 | 24 | | | $6,239,295 | $200,000 | | | $7,613,925 |
| Pine Bend/Rice Lake Rehabilitation Project | White Earth Reservation Housing Authority | Bagley | 23 | 23 | | | $1,238,943 | $200,000 | | | $2,249,177 |
| White Earth Mahnomen Project | WEDCH LLC | Mahnomen | 24 | 24 | | | $3,525,000 | $200,000 | | | $5,032,638 |
| **Southeast** | | | | | | | | | | | |
| Century Heights | Century Heights Development LLC | Rochester | 76 | 76 | $7,302,000 | | | | $10,382,040 | | $18,237,406 |
| Colonial Square Apartments | Tapestry Development, LLC | Mankato | 77 | 77 | $1,790,000 | | $8,400,000 | | | $4,990,253 | $15,525,325 |
| Mayowood Apartments | Center City Housing | Rochester | 30 | 30 | | | $8,009,981 | | | | $8,378,709 |
| Owatonna Workforce Housing | LWO Development LLC | Owatonna | 36 | 36 | | | | | $7,836,174 | | $8,712,646 |
| Parkview Heights | Twin Cities Housing Development Corporation | Owatonna | 48 | 48 | $4,411,000 | | $6,711,000 | $200,000 | | | $11,619,092 |
| Spring Creek II | Three Rivers Community Action, Inc. | Northfield | 32 | 32 | $1,218,000 | $5,655,000 | $6,792,215 | | | $2,815,573 | $11,064,457 |
| The Lofts at Evergreen Knoll | Evergreen Knoll Development LLC | Faribault | 76 | 76 | $5,780,000 | | | | $11,448,178 | | $17,784,146 |
| **West Central** | | | | | | | | | | | |
| North Moorhead Village | Commonwealth Development Corporation | Moorhead | 46 | 46 | $1,886,000 | $5,715,000 | $6,165,240 | | | $2,962,840 | $11,019,841 |
| **Greater MN Totals** | | | **747** | **746** | **$28,688,000** | **$11,370,000** | **$61,392,459** | **$900,000** | **$62,524,498** | **$10,768,666** | **$174,499,792** |
| | | | | | | | | | | | |
| **Project Name** | **Developer** | **City** | **Total Units** | **Total Affordable Units** | **Permanent Amortizing Mortgage** | **LMIR BL** | **Minnesota Housing Deferred** | **Funding Partner Deferred** | **Estimated Syndication - 9%** | **Estimated Syndication - 4%** | **Total Development Costs** |
| **Metro** | | | | | | | | | | | |
| **Minneapolis** | | | | | | | | | | | |
| Amber Apartments | RS EDEN | Minneapolis | 81 | 76 | | | $2,906,047 | | $10,877,840 | | $18,081,623 |
| Anishinabe III Supportive Housing | Project for Pride in Living, Inc. | Minneapolis | 40 | 40 | | | $7,236,673 | | | | $9,721,673 |
| Bimosedaa | Beacon Interfaith Housing Collaborative | Minneapolis | 48 | 48 | | | $8,157,000 | | | $3,318,733 | $16,169,968 |
| Bloom Lake Flats | Project for Pride in Living, Inc. | Minneapolis | 42 | 42 | | | $9,464,233 | $350,000 | | | $13,606,948 |
| Exodus II | Catholic Charities of the Archiocese of St. Paul and Minneapolis | Minneapolis | 167 | 167 | | | $23,635,000 | | | $15,232,172 | $46,689,795 |
| Sabathani Senior Housing | Sabathani Community Center | Minneapolis | 48 | 48 | $2,825,000 | | $5,416,183 | | | | $11,777,292 |
| Snelling Yards Senior Housing | Ecumen Services Inc. | Minneapolis | 100 | 100 | $7,546,000 | $7,190,000 | $3,975,000 | | | $5,774,210 | $22,721,534 |
| Stonehouse Square Apartments | CB Stonehouse Square Development LLC (to be formed) | Minneapolis | 79 | 71 | | | $2,086,673 | | $8,555,476 | | $26,449,083 |
| **Saint Paul** | | | | | | | | | | | |
| American House Recapitalization | Beacon Intefaith Housing Collaborative | Saint Paul | 69 | 69 | | | $2,486,915 | $335,000 | | | $7,353,299 |
| Stryker Senior Housing | Neighborhood Development Alliance, Inc. (NeDA) | Saint Paul | 57 | 57 | $446,000 | | $9,450,000 | | | | $11,691,792 |
| Wilder Square | CommonBond Communities | Saint Paul | 136 | 136 | | | $4,152,009 | | $10,390,915 | | $32,491,182 |
| **Suburban** | | | | | | | | | | | |
| 4100 Apartments | Aeon | Edina | 70 | 70 | $6,193,000 | | $888,634 | $500,000 | $8,248,377 | | $22,780,958 |
| Amundson Flats | Edina Group Development LLC | Edina | 62 | 62 | $6,182,000 | | | | $9,876,942 | | $16,380,110 |
| Century Hills Townhomes | Boisclair Corporation | White Bear Lake | 55 | 55 | | | $3,980,000 | | $2,941,000 | | $12,543,993 |
| Core Crossings | St. Michael Development Group, LLC/Belisle Development, LLC/Ember Lake, LLC | Shakopee | 59 | 59 | | | | | $10,890,306 | | $15,854,062 |
| Cranberry Ridge | Beacon Interfaith Housing Collaborative | Plymouth | 45 | 45 | | | | | $10,292,025 | | $14,375,057 |
| Element | St. Michael Development Group, LLC/Belisle Development, LLC/Ember Lake, LLC | Plymouth | 58 | 58 | $4,812,000 | $7,980,000 | $5,216,800 | $500,000 | | $4,323,303 | $15,882,899 |
| Maplewood Gardens | Twin Cities Housing Development Corporation | Maplewood | 29 | 29 | $1,347,000 | | $5,362,972 | | | | $7,228,442 |
| Owasso Gardens | CB Owasso Gardens Development LLC (to be formed) | Roseville | 60 | 60 | $3,208,000 | $1,734,000 | $5,530,000 | | | $3,709,390 | $14,591,023 |
| Prairie Estates | Twin Cities Housing Development Corporation | Inver Grove Heights | 40 | 40 | $3,489,000 | | $2,930,111 | $350,000 | $3,105,775 | | $12,470,901 |
| Spring Lake Lofts | Prior Lake Group Development LLC | Prior Lake | 64 | 64 | $5,238,000 | | | | $10,634,230 | | $16,329,815 |
| **Metro Totals** | | | **1409** | **1396** | **$41,286,000** | **$16,904,000** | **$102,874,250** | **$2,035,000** | **$85,812,886** | **$32,357,808** | **$365,191,448** |
| **State Totals** | | | **2156** | **2143** | **$69,974,000** | **$28,274,000** | **$164,266,709** | **$2,935,000** | **$148,337,384** | **$43,126,474** | **$539,691,240** |

*Funding Partner Deferred includes funds from the Greater Minnesota Housing Fund (GMHF) and the Metropolitan Council Local Housing Incentives Account (LHIA).

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| 2019 Minnesota Housing Multifamily Funding Selections: Detailed | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Project Name** | **Developer** | **City** | **Total Units*** | **Total Affordable Units** | **LMIR 1st Mortgage** | **LMIR Bridge** | **Flexible Financing Cap Cost** | **HIB - BH** | **HIB - Senior** | **HIB - SH Homeless** | **HIB - Preservation** | **PARIF** | **HOME MF** | **EDHC MF** | **National Housing Trust Fund** | **Housing Tax Credits 9% Request** | **Housing Tax Credits 4% Request** | **GMHF** | **Met Council** |
| **Greater Minnesota** | | | | | | | | | | | | | | | | | | | |
| **Central** | | | | | | | | | | | | | | | | | | | |
| Birch Lake Apartments | D. W. Jones Development, Inc. | Hackensack | 19 | 18 | | | | | | | | | | | | $246,460 | | | |
| Elk Ridge Lodge | CommonBond Communities | Elk River | 60 | 60 | $3,390,000 | | | | | | | | | | | $1,197,000 | | | |
| Vista Apartments | St. Michael Development Group, LLC/Belisle Development, LLC/Ember Lake, LLC | Saint Joseph | 48 | 48 | | | | | | | | | | | | $972,798 | | | |
| **Northeast** | | | | | | | | | | | | | | | | | | | |
| Aurora Heights | D. W. Jones, Inc. | Grand Rapids | 56 | 56 | $2,911,000 | | | | | | | | | $6,126,000 | | $291,949 | | $100,000 | |
| Birchwood Apartments | Center City Housing | Duluth | 30 | 30 | | | | $6,337,712 | | | | | | | | | | | |
| Decker Dwellings | Decker Dwellings Developer LLC | Duluth | 42 | 42 | | | | | | | | | | $1,847,073 | | | | | |
| **Northwest** | | | | | | | | | | | | | | | | | | | |
| East Conifer | Headwaters Housing Development Corporation | Bemidji | 24 | 24 | | | | | | $6,239,295 | | | | | | | | $200,000 | |
| Pine Bend/Rice Lake Rehabilitation Project | White Earth Reservation Housing Authority | Bagley | 23 | 23 | | | | | | | | $1,238,943 | | | | | | $200,000 | |
| White Earth Mahnomen Project | WEDCH LLC | Mahnomen | 24 | 24 | | | | | | $3,525,000 | | | | | | | | $200,000 | |
| **Southeast** | | | | | | | | | | | | | | | | | | | |
| Century Heights | Century Heights Development LLC | Rochester | 76 | 76 | $7,302,000 | | | | | | | | | | | $1,116,460 | | | |
| Colonial Square Apartments | Tapestry Development, LLC | Mankato | 77 | 77 | $1,790,000 | | $690,000 | | | | $7,710,000 | | | | | | $549,590 | | |
| Mayowood Apartments | Center City Housing | Rochester | 30 | 30 | | | $113,446 | $7,896,535 | | | | | | | | | | | |
| Owatonna Workforce Housing | LWO Development LLC | Owatonna | 36 | 36 | | | | | | | | | | | | $880,557 | | | |
| Parkview Heights | Twin Cities Housing Development Corporation | Owatonna | 48 | 48 | $4,411,000 | | | | | | $5,361,000 | $1,350,000 | | | | | | $200,000 | |
| Spring Creek II | Three Rivers Community Action, Inc. | Northfield | 32 | 32 | $1,218,000 | $5,655,000 | | | | | | | $6,478,877 | $313,338 | | | $331,277 | | |
| The Lofts at Evergreen Knoll | Evergreen Knoll Development LLC | Faribault | 76 | 76 | $5,780,000 | | | | | | | | | | | $1,231,110 | | | |
| **West Central** | | | | | | | | | | | | | | | | | | | |
| North Moorhead Village | Commonwealth Development Corporation | Moorhead | 46 | 46 | $1,886,000 | $5,715,000 | | | | | | | $4,521,123 | $1,644,117 | | | $336,720 | | |
| **Greater MN Totals** | | | **747** | **746** | **$28,688,000** | **$11,370,000** | **$803,446** | **$14,234,247** | | **$9,764,295** | **$13,071,000** | **$2,588,943** | **$11,000,000** | **$9,930,528** | | **$5,936,334** | **$1,217,587** | **$900,000** | |

| Project Name | Developer | City | Total Units | Total Affordable Units | LMIR 1st Mortgage | LMIR Bridge | Flexible Financing Cap Cost | HIB - BH | HIB - Senior | HIB - SH Homeless | HIB - Preservation | PARIF | HOME MF | EDHC MF | National Housing Trust Fund | Housing Tax Credits 9% Request | Housing Tax Credits 4% Request | GMHF | Met Council LHIA |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Metro** | | | | | | | | | | | | | | | | | | | |
| **Minneapolis** | | | | | | | | | | | | | | | | | | | |
| Amber Apartments | RS EDEN | Minneapolis | 81 | 76 | | | | | | | | | | | $2,906,047 | | | | |
| Anishinabe III Supportive Housing | Project for Pride in Living, Inc. | Minneapolis | 40 | 40 | | | | | | $7,236,673 | | | | | | | | | |
| Bimosedaa | Beacon Interfaith Housing Collaborative | Minneapolis | 48 | 48 | | | | | | $8,157,000 | | | | | | | $385,903 | | |
| Bloom Lake Flats | Project for Pride in Living, Inc. | Minneapolis | 42 | 42 | | | | | | $9,464,233 | | | | | | | | | $350,000 |
| Exodus II | Catholic Charities of the Archiocese of St. Paul and Minneapolis | Minneapolis | 167 | 167 | | | | | | $23,635,000 | | | | | | | $1,620,768 | | |
| Sabathani Senior Housing | Sabathani Community Center | Minneapolis | 48 | 48 | $2,825,000 | | | | $5,416,183 | | | | | | | | | | |
| Snelling Yards Senior Housing | Ecumen Services Inc. | Minneapolis | 100 | 100 | $7,546,000 | $7,190,000 | | | $3,975,000 | | | | | | | | $634,592 | | |
| Stonehouse Square Apartments | CB Stonehouse Square Development LLC (to be formed) | Minneapolis | 79 | 71 | | | | | | | | $2,086,673 | | | | | | | |
| **Saint Paul** | | | | | | | | | | | | | | | | | | | |
| American House Recapitalization | Beacon Intefaith Housing Collaborative | Saint Paul | 69 | 69 | | | | $2,486,915 | | | | | | | | | | | $335,000 |
| Stryker Senior Housing | Neighborhood Development Alliance, Inc. (NeDA) | Saint Paul | 57 | 57 | $446,000 | | | | $9,450,000 | | | | | | | | | | |
| Wilder Square | CommonBond Communities | Saint Paul | 136 | 136 | | | | | | | | $4,152,009 | | | | | | | |
| **Suburban** | | | | | | | | | | | | | | | | | | | |
| 4100 Apartments | Aeon | Edina | 70 | 70 | $6,193,000 | | | | | | | | | $888,634 | | $887,011 | | | $500,000 |
| Amundson Flats | Edina Group Development LLC | Edina | 62 | 62 | $6,182,000 | | | | | | | | | | | $1,062,143 | | | |
| Century Hills Townhomes | Boisclair Corporation | White Bear Lake | 55 | 55 | | | | | | | | $3,980,000 | | | | | | | |
| Core Crossings | St. Michael Development Group, LLC/Belisle Development, LLC/Ember Lake, LLC | Shakopee | 59 | 59 | | | | | | | | | | | | $1,210,155 | | | |
| Cranberry Ridge | Beacon Interfaith Housing Collaborative | Plymouth | 45 | 45 | | | | | | | | | | | | $1,156,523 | | | |
| Element | St. Michael Development Group, LLC/Belisle Development, LLC/Ember Lake, LLC | Plymouth | 58 | 58 | $4,812,000 | $7,980,000 | | | | | | | | $5,216,800 | | | $480,415 | | $500,000 |
| Maplewood Gardens | Twin Cities Housing Development Corporation | Maplewood | 29 | 29 | $1,347,000 | | | | | | $3,623,293 | $1,739,679 | | | | | | | |
| Owasso Gardens | CB Owasso Gardens Development LLC (to be formed) | Roseville | 60 | 60 | $3,208,000 | $1,734,000 | | | $5,530,000 | | | | | | | | $398,899 | | |
| Prairie Estates | Twin Cities Housing Development Corporation | Inver Grove Heights | 40 | 40 | $3,489,000 | | | | | | | $2,930,111 | | | | | | | $350,000 |
| Spring Lake Lofts | Prior Lake Group Development LLC | Prior Lake | 64 | 64 | $5,238,000 | | | | | | | | | | | $1,143,580 | | | |
| **Metro Totals** | | | **1409** | **1396** | **$41,286,000** | **$16,904,000** | | **$2,486,915** | **$24,371,183** | **$48,492,906** | **$3,623,293** | **$14,888,472** | | **$6,105,434** | **$2,906,047** | **$5,459,412** | **$3,520,577** | | **$2,035,000** |
| **State Totals** | | | **2156** | **2142** | **$69,974,000** | **$28,274,000** | **$803,446** | **$16,721,162** | **$24,371,183** | **$58,257,201** | **$16,694,293** | **$17,477,415** | **$11,000,000** | **$16,035,962** | **$2,906,047** | **$11,395,746** | **$4,738,164** | **$900,000** | **$2,035,000** |

**KEY:**

**LMIR 1st Mortgage:** Low and Moderate Income Rental Program Permanent First Mortgage
**LMIR Bridge:** Low and Moderate Income Rental Program Bridge Loan
**FFCC:** Flexible Financing Capital Costs deferred loans
**HIB - BH:** Housing Infrastructure Bond proceeds dedicated to Behavioral Health needs
**HIB - Senior:** Housing Infrastructure Bond proceeds dedicated to senior housing
**HIB - Homeless:** Housing Infrastructure Bond proceeds dedicated to permanent supportive housing.
**HIB - Preservation:** Housing Infrastructure Bond proceeds dedicated to preserving existing affordable housing
**PARIF:** Affordable Rental Investment Fund - Preservation deferred loans for preserving existing affordable rental housing
**HOME:** HOME Investment Partnerships Program
**EDHC MF:** Economic Development and Housing / Challenge Fund
**NHTF:** National Housing Trust Fund
**Housing Tax Credit 4%:** 4% Housing Tax Credits awarded non-competitively
**Housing Tax Credit 9%:** 9% Housing Tax Credits awarded competitively by Minnesota Housing
**GMHF:** Greater Minnesota Housing Fund
**Met Council:** Metropolitan Council Local Housing Incentives Account
**Note:** All Co-Funder allocations are contingent upon individual board approval.
*Total units includes market rate and affordable units.

## 2019 Minnesota Housing Multifamily Funding Selections: Priorities

| Project Name | Developer | City | Total Units | Total Affordable Units | Federally Assisted Housing Units | Preservation Non-Federally Assisted Units | New Construction / Adaptive Reuse Affordable | Workforce Housing Units* | Homeless Units** | People with Disabilities Units | Senior HIB |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Greater Minnesota** | | | | | | | | | | | |
| **Central** | | | | | | | | | | | |
| Birch Lake Apartments | D. W. Jones Development, Inc. | Hackensack | 19 | 18 | 16 | 2 | | | | | |
| Elk Ridge Lodge | CommonBond Communities | Elk River | 60 | 60 | | | 60 | 41 | 13 | 6 | |
| Vista Apartments | St. Michael Development Group, LLC/Belisle Development, LLC/Ember Lake, LLC | Saint Joseph | 48 | 48 | | | 48 | 34 | 9 | 5 | |
| **Northeast** | | | | | | | | | | | |
| Aurora Heights | D. W. Jones, Inc. | Grand Rapids | 56 | 56 | | | 56 | 42 | 14 | | |
| Birchwood Apartments | Center City Housing | Duluth | 30 | 30 | | | 30 | | 25 | 5 | |
| Decker Dwellings | Decker Dwellings Developer LLC | Duluth | 42 | 42 | | | 42 | 28 | 9 | 5 | |
| **Northwest** | | | | | | | | | | | |
| East Conifer | Headwaters Housing Development Corporation | Bemidji | 24 | 24 | | | 24 | | 20 | 4 | |
| Pine Bend/Rice Lake Rehabilitation Project | White Earth Reservation Housing Authority | Bagley | 23 | 23 | 23 | | | 23 | | | |
| White Earth Mahnomen Project | WEDCH LLC | Mahnomen | 24 | 24 | | | 24 | | 20 | 4 | |
| **Southeast** | | | | | | | | | | | |
| Century Heights | Century Heights Development LLC | Rochester | 76 | 76 | | | 76 | 64 | 8 | 4 | |
| Colonial Square Apartments | Tapestry Development, LLC | Mankato | 77 | 77 | 77 | | | 53 | 12 | 12 | |
| Mayowood Apartments | Center City Housing | Rochester | 30 | 30 | | | 30 | | 25 | 5 | |
| Owatonna Workforce Housing | LWO Development LLC | Owatonna | 36 | 36 | | | | 32 | 4 | | |
| Parkview Heights | Twin Cities Housing Development Corporation | Owatonna | 48 | 48 | 48 | | | 44 | 4 | | |
| Spring Creek II | Three Rivers Community Action, Inc. | Northfield | 32 | 32 | | | 32 | 20 | 8 | 4 | |
| The Lofts at Evergreen Knoll | Evergreen Knoll Development LLC | Faribault | 76 | 76 | | | 76 | 64 | 8 | 4 | |
| **West Central** | | | | | | | | | | | |
| North Moorhead Village | Commonwealth Development Corporation | Moorhead | 46 | 46 | | | 46 | 30 | 10 | 6 | |
| **Greater MN Totals** | | | **747** | **746** | **164** | **2** | **544** | **475** | **189** | **64** | |

| Project Name | Developer | City | Total Units | Total Affordable Units | Federally Assisted Housing Units | Preservation Non-Federally Assisted Units | New Construction / Adaptive Reuse Affordable | Workforce Housing Units* | Homeless Units** | People with Disabilities Units | Senior HIB |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Metro** | | | | | | | | | | | |
| **Minneapolis** | | | | | | | | | | | |
| Amber Apartments | RS EDEN | Minneapolis | 81 | 76 | | | 76 | 37 | 22 | 17 | |
| Anishinabe III Supportive Housing | Project for Pride in Living, Inc. | Minneapolis | 40 | 40 | | | 40 | | 34 | 6 | |
| Bimosedaa | Beacon Interfaith Housing Collaborative | Minneapolis | 48 | 48 | | | 48 | | 40 | 8 | |
| Bloom Lake Flats | Project for Pride in Living, Inc. | Minneapolis | 42 | 42 | | | 42 | | 35 | 7 | |
| Exodus II | Catholic Charities of the Archiocese of St. Paul and Minneapolis | Minneapolis | 167 | 167 | | | 167 | | 84 | 83 | |
| Sabathani Senior Housing | Sabathani Community Center | Minneapolis | 48 | 48 | | | 48 | 44 | 4 | | 48 |
| Snelling Yards Senior Housing | Ecumen Services Inc. | Minneapolis | 100 | 100 | | | 100 | 89 | 11 | | 100 |
| Stonehouse Square Apartments | CB Stonehouse Square Development LLC (to be formed) | Minneapolis | 79 | 71 | 27 | 44 | | 79 | | | |
| **Saint Paul** | | | | | | | | | | | |
| American House Recapitalization | Beacon Intefaith Housing Collaborative | Saint Paul | 69 | 69 | | 69 | | | 58 | 11 | |
| Stryker Senior Housing | Neighborhood Development Alliance, Inc. (NeDA) | Saint Paul | 57 | 57 | | | 57 | 57 | | | 57 |
| Wilder Square | CommonBond Communities | Saint Paul | 136 | 136 | 90 | 46 | | 129 | 7 | | |
| **Suburban** | | | | | | | | | | | |
| 4100 Apartments | Aeon | Edina | 70 | 70 | | | 70 | 58 | 8 | 4 | |
| Amundson Flats | Edina Group Development LLC | Edina | 62 | 62 | | | 62 | 50 | 8 | 4 | |
| Century Hills Townhomes | Boisclair Corporation | White Bear Lake | 55 | 55 | 55 | | | 55 | | | |
| Core Crossings | St. Michael Development Group, LLC/Belisle Development, LLC/Ember Lake, LLC | Shakopee | 59 | 59 | | | 59 | 47 | 8 | 4 | |
| Cranberry Ridge | Beacon Interfaith Housing Collaborative | Plymouth | 45 | 45 | | | 45 | 25 | 15 | 5 | |
| Element | St. Michael Development Group, LLC/Belisle Development, LLC/Ember Lake, LLC | Plymouth | 58 | 58 | | | 58 | 46 | 8 | 4 | |
| Maplewood Gardens | Twin Cities Housing Development Corporation | Maplewood | 29 | 29 | 29 | | | 25 | 4 | | |
| Owasso Gardens | CB Owasso Gardens Development LLC (to be formed) | Roseville | 60 | 60 | | | 60 | 52 | 8 | | 60 |
| Prairie Estates | Twin Cities Housing Development Corporation | Inver Grove Heights | 40 | 40 | 40 | | | 35 | 5 | | |
| Spring Lake Lofts | Prior Lake Group Development LLC | Prior Lake | 64 | 64 | | | 64 | 52 | 8 | 4 | |
| **Metro Totals** | | | **1,409** | **1,396** | **241** | **159** | **996** | **880** | **367** | **157** | **265** |
| **State Totals** | | | **2,156** | **2,142** | **405** | **161** | **1,540** | **1,355** | **556** | **221** | **265** |

*Workforce Housing units include any units that are not Homeless or People with Disabilities units.

**Homeless units include High Priority Homeless (HPH) units that will prioritize the population identified by the County's Coordinated Entry Stystem.

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MINNESOTA HOUSING

**Development Summary**

**Selected Applications: November 21, 2019**

## Birch Lake Apartments

| | |
|---|---|
| Developer | D. W. Jones, Inc. |
| Location | Hackensack |
| Property Number (D#) | D3312 |
| Project Number | M18147 |

## Project Description

The development involves the acquisition and substantial rehabilitation of a 19 unit development in Hackensack. It is a 2 story walk-up building with 15 one-bedroom, and 4 two-bedroom units.
The development meets the following strategic priorities:
• Preservation of federally assisted properties

## Cost Containment

• TDC per unit of $134,198 is 6.68% below the $143,799 predictive model estimate.
• The development received points for cost containment.

## Populations Served

• The development will provide general occupancy housing for 19 single, and family households
• The households will have incomes at or below 60% of MTSP; no units will serve High Priority Homeless, or People With Disabilities households.
• 12 units will benefit from project-based Section 8 rental assistance.
• 4 units will benefit from project-based Rural Development rental assistance.
• 2 additional units of assistance will be added after the transfer with an 8bb transfer or Rural Development rental assistance.

## Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $203 |
| Energy Rebates | $1,056 |
| First Mortgage | $335,000 |
| Rural Development Assumed Loan | $67,946 |
| Syndication Proceeds | $2,095,548 |
| Total Permanent Financing | $2,499,753 |
| FUNDING GAP REMAINING | $50,000 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Elk Ridge Lodge

| | |
|---|---|
| Developer | CommonBond Communities |
| Location | Elk River |
| Property Number (D#) | D8242 |
| Project Number | M18270 |

### Project Description

The proposed development is located in the City of Elk River, in Sherburne County, designated as a Rural/Tribal Area. Elk Ridge Lodge involves the new construction of a 60 unit low-income apartment building; it is a three-story elevator building with 15 one-bedroom, 30 two-bedroom, and 15 three-bedroom units.
The development meets the following strategic priorities:

- Greater Minnesota workforce housing.
- Project provides permanent supportive housing for High Priority Homeless and People With Disabilities.
- Project meets the Community Development Initiative criteria.

### Cost Containment

- Adjusted TDC per unit of $256,398 is 15.63% above the $221,732 predictive model estimate.
- The development did not receive points for cost containment.

### Populations Served

- The development will provide workforce, and supportive housing; including 45 units (75%) will be 2 or more bedroom units for families; 7 units will be designated High Priority Homeless (4 single adults and 3 families), and 6 units will be designated for People With Disabilities.
- The households will have incomes at or below 30% of MTSP, and 60% of MTSP;
- 13 units will serveHigh Priority Homeless, and People With Disabilities, and will benefit from Housing Support from Sherburne County.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $251,199 |
| Employer Support 1 | $500 |
| Employer Support 2 | $500 |
| Employer Support 3 | $500 |
| Energy Rebates | $10,100 |
| Minnesota Housing First Mortgage | $3,390,000 |
| Sales Tax Rebate | $241,110 |
| Syndication Proceeds | $11,490,000 |
| Total Permanent Financing | $15,383,909 |

MINNESOTA HOUSING

**Development Summary**

**Selected Applications: November 21, 2019**

**Vista Apartments**

| | |
|---|---|
| Developer | St. Michael Development Group, LLC |
| Location | St. Joseph |
| Property Number (D#) | D8244 |
| Project Number | M18282 |

**Project Description**

The development involves the new construction of a 48 unit mixed-income development in Saint Joseph. It is a 3 story elevator building with 12 one-bedroom, 21 two-bedroom, and 15 three-bedroom units.
The development meets the following strategic priorities:
- Greater Minnesota workforce housing
- Economic integration
- Community development initiative
- Permanent supportive housing

**Cost Containment**

- TDC per unit of $202,890 is 0.34% below the $203,574 predictive model estimate.
- The development received points for cost containment.

**Populations Served**

- The development will provide general occupancy and supportive housing for 48 households including single, family, high priority homeless and people with disabilities.
- The households will have incomes at or below 30%, and 60% MTSP; 4 units will serve high priority homeless households and 5 units will serve people with disabilities.
- 9 units will benefit from Housing Support rental assistance.

**Capital Sources of Funding**

| Name of Source | Award Amount |
|---|---|
| Energy Rebates | $2,609 |
| First Mortgage | $1,118,000 |
| Syndication Proceeds | $8,365,226 |
| Total Permanent Financing | $9,485,835 |
| FUNDING GAP REMAINING | $252,888 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Aurora Heights

| | |
|---|---|
| Developer | D. W. Jones, Inc. |
| Location | Grand Rapids |
| Property Number (D#) | D8207 |
| Project Number | M18143 |

### Project Description

The project involves the construction of a new 56-unit, 100% tax credit development in Grand Rapids. The development consists of a three-story, 38-unit elevator building with 14 one-bedroom, 20 two-bedroom, and four three-bedroom units; and three two-story townhome buildings consisting of 16 three-bedroom units and two four-bedroom units.

The development meets the following strategic priorities:

- Permanent supportive housing

### Cost Containment

- TDC per unit of $211,561 is 3.1% below the $218,352 predictive model estimate.
- The development received points for cost containment.

### Populations Served

- The development will provide workforce housing to the community, and supportive housing for High Priority Homeless (HPH).
- Tenants will have household incomes at or below the 30%, 60%, and 80% of MTSP limits; four units will serve HPH households.
- 14 units will benefit from project-based Section 8 (via RAD 2 conversion) rental assistance designated for:
    - Four HPH units serving singles, and
    - 10 units for homeless single adults with a disability.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $7 |
| EDHC MF | $6,126,000 |
| Employer Contributions | $1,000 |
| Energy Rebates | $13,890 |
| Greater MN Housing Fund (GMHF) | $100,000 |
| Minnesota Housing First Mortgage | $2,911,000 |
| Sales Tax Rebate | $243,415 |
| Syndication Proceeds | $2,452,126 |
| Total Permanent Financing | $11,847,438 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Birchwood Apartments

| | |
|---|---|
| Developer | Center City Housing Corp |
| Location | Duluth |
| Property Number (D#) | D8198 |
| Project Number | M18127 |

### Project Description

The development involves the new construction of a 30 unit development in Duluth. It is a 3 story elevator building with 30 one-bedroom units.

The development meets the following strategic priorities:

- Economic integration
- Community development initiative
- Supportive housing

### Cost Containment

- TDC per unit of $230,402 is 11% above the $206,864 predictive model estimate.
- The development did not receive points for cost containment.

### Populations Served

- The development will provide supportive housing for single High Priority Homeless and People With Disabilities.
- The households will have incomes at or below 30% and 60% MTSP; 7 units will serve High Priority Homeless, 5 units will serve People with Disabilities.
- 30 units will benefit from project-based Housing Support income supplement.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| City of Duluth | $200,000 |
| Energy Rebates | $1,800 |
| Hsg Infrastructure Bds (HIB) | $6,337,712 |
| MF Sales Tax Rebate | $172,552 |
| St. Louis County | $200,000 |
| Total Permanent Financing | $6,912,064 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Decker Dwellings

| | |
|---|---|
| Developer | Decker Dwellings Developer LLC |
| Location | Duluth |
| Property Number (D#) | D7991 |
| Project Number | M18141 |

### Project Description

The development involves the acquisition, new construction, of a 42 unit development in city of Duluth. It is a 3 story elevator building with 10 one-bedroom, 21 two-bedroom, and 11 three-bedroom units.

The development meets the following strategic priorities:
- Greater Minnesota workforce housing
- Economic integration
- Community development initiative
- Permanent supportive housing

### Cost Containment

- TDC per unit of $257,870 is 8.06 % above the $238,644 predictive model estimate.
- The development did not receive points for cost containment.

### Populations Served

- The development will provide general occupancy, workforce, supportive housing for single, family, High Priority Homeless, and People With Disabilities.
- The households will have incomes at or below 30%, 50%, 60% and 80% of MTSP; 4 units will serve High Priority Homeless, and 5 units will serve People With Disabilities.
- 9 units will benefit from project-based Section 8 rental assistance.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| City of Duluth | $275,000 |
| EDHC MF | $1,847,073 |
| Energy Rebates | $4,625 |
| Sales Tax Rebate | $248,640 |
| Syndication Proceeds | $8,455,206 |
| Total Permanent Financing | $10,830,544 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

**East Conifer**

| | |
|---|---|
| Developer | Headwaters Housing Development Corporation |
| Location | Bemidji |
| Property Number (D#) | D8228 |
| Project Number | M18252 |

**Project Description**

The development involves the new construction of a 24 unit development in Bemdji. It consists of four two-story townhome buildings with four one-bedroom, 14 two-bedroom, and six three-bedroom units.
The development meets the following strategic priorities:
• Permanent supportive housing
The development serves an important policy goal of:
• Access to fixed transit
• Greater Minnesota workforce housing
• Tribal housing
• Permanent supportive housing

**Cost Containment**

• TDC per unit of $317,247 is 57.8% above the $201,105 Predictive Cost Model estimate.
• A waiver is recommended because:
  • The agency architect has determined the project's development costs for a townhome development are reasonable.
  • The supportive housing development requires significant amount of operating reserves to be capitalized at closing increasing the project's total development costs.
  • The Predictive Model associates higher costs with tax credit developments. Staff is recommending a funding structure which replaces tax credit equity with deferred funds. The only thing that is changing is the funding structure, not the building itself. In this situation, the model may overstate the cost savings associated with not being a tax credit development. Assuming a tax credit structure, the model would predict costs of $234,332.

• The development did not receive points for cost containment.

**Populations Served**

• The development will provide workforce and supportive housing for individuals and families with children that can benefit from supportive services including households experiencing long term homelessness, High Priority Homeless (HPH) and People With Disabilities (PWD) (primarily SPMI and chemical dependency)
• The households will have incomes at or below 60% of MTSP including 7 units for HPH, and the four units for PWD at incomes at of below 30% of MTSP.
• All 24 units will benefit from rental assistance consisting of:
  • 12 units of project-based Section 8 (not yet committed);
  • 8 units of Housing Support; and
  • 4 units of rental assistance from the Red Lake Reservation Housing Authority

**Capital Sources of Funding**

| Name of Source | Award Amount |
|---|---|
| Energy Rebates | $8,000 |
| Federal Home Loan Bank (FHLB) Grant | $1,000,000 |
| Greater MN Housing Fund (GMHF) | $200,000 |

| | |
|---|---|
| Hsg Infrastructure Bds (HIB) | $6,239,295 |
| MF Sales Tax Rebate | $166,630 |
| Total Permanent Financing | $7,613,925 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Pine Bend/Rice Lake Rehabilitation Project

| | |
|---|---|
| Developer | White Earth Reservation Housing Authority |
| Location | Bagley and St. Lengby |
| Property Number (D#) | D8224 |
| Project Number | M18219 |

### Project Description

The development involves the substantial rehabilitation and preservation of up to 23 scattered site units on the White Earth Reservation, specifically located about 30 miles west of Bemidji in Bagley and Lengby. The project is proposed to include 23 two-story single family homes with 14 three-bedroom and nine four-bedroom units.

The development meets the following strategic priorities:
- Tribal housing
- Community development initiative
- Preservation

### Cost Containment

- TDC per unit of $97,790 is 8.41% below the $106,770 predictive model estimate.
- The development received 6 points for cost containment based on the threshold of $198,872/unit.

### Populations Served

- The development will provide workforce housing for families with children and is likely to also serve Tribal elders and people with disabilities
- As a development operated on the White Earth Reservation, it will provide housing for the Native American population.
- The households will have incomes at or below 80% of MTSP with rents up to 80% of MTSP.
- Five units will benefit from project based rental assistance funded through Native American Housing and Self Determination (NAHASDA). In addition, the White Earth Reservation Housing Authority (WERHA) commits to providing operating subsidy for all units.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| FHLB - AHP (Affordable Housing Program ) | $708,739 |
| Energy Rebates | $1,495 |
| Greater MN Housing Fund (GMHF) | $200,000 |
| PARIF | $1,238,943 |
| WERHA Deferred Loan | $100,000 |
| Total Permanent Financing | $2,249,177 |

MINNESOTA HOUSING

# Development Summary

# Selected Applications: November 21, 2019

## White Earth Mahnomen Project

| | |
|---|---|
| Developer | WEDCH LLC |
| Location | Mahnomen |
| Property Number (D#) | D8214 |
| Project Number | M18180 |

## Project Description

The housing will be new construction, a 2-story apartment building with 24 efficiency units, serving single adult individuals. The project site is a vacant lot in the town of Mahnomen. The property is owned by the tribe on a fee simple basis, and is in the process of being transferred to Tribal trust.

The development meets the following strategic priorities:

- Tribal housing
- Community development initiative
- Permanent supportive housing

## Cost Containment

- TDC per unit of $209,693 is 56 % above the $134,544 predictive model estimate.
  - Costs outside of the model may be reflective of the difficulty in luring sub-contractors to more remote tribal locations with their unique legal and relationship concerns.
  - Soft costs are also higher than anticipated by the model, in part because of developer fee at 14%, and other soft costs.
- The development received points for cost containment. The cost containment methodology allows a 15% cost differential for tribal developments.

## Populations Served

- The development will provide supportive housing for 20 single High Priority Homeless (HPH) and 4 units for People With Disabilities (PWD)
- The households will have incomes at or below 30% and 50% of MTSP;
- 19 units will benefit from Housing Support (HS) income supplement, 5 units are underwritten at $100/month, which is the Agency guideline for HPH units without rental assistance.
- Although only 19 units are committed, the developer's proposal indicates that all 24 units will have HS.

## Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Energy Rebates | $4,800 |
| Enterprise Foundation | $50,000 |
| FHLB | $1,000,000 |
| General Partner Cash | $400 |
| Greater MN Housing Fund (GMHF) | $200,000 |
| Hsg Infrastructure Bds MF | $3,525,000 |
| Sales Tax Rebate | $102,438 |
| White Earth RBC | $150,000 |
| Total Permanent Financing | $5,032,638 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Century Heights

| | |
|---|---|
| Developer | Joseph Development |
| Location | Rochester |
| Property Number (D#) | D8238 |
| Project Number | M18260 |

### Project Description

The development involves the new construction of a 76 unit general occupancy housing development in Rochester. It is a 4 story elevator building with 13 one-bedroom, 40 two-bedroom, and 23 three-bedroom units.
The development meets the following strategic priorities:
- Greater Minnesota Workforce Housing
- Economic Integration
- Community Development Initiative
- Supportive Housing

### Cost Containment

- The budgeted TDC per unit of $239,966 is 0.92% above the $237,774 predictive model estimate.
- The development scored 6 points for cost containment.

### Populations Served

- The development will provide workforce housing primarily for families and supportive housing for single adults. Four units will serve high priority homeless, and four units will serve people with disabilities, targeting individuals with serious and persistent mental illness.
- Households served will have incomes at or below 60% of MTSP. Eight supportive housing households will have incomes at or below 30% MTSP and will benefit from housing support rental assistance.
- 46 of the households will have rents restricted to 50% MTSP and the remaining 30 households will have rents restricted to 60% MTSP.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $513,681 |
| Energy Rebates | $38,640 |
| General Partner Cash | $1,045 |
| Minnesota Housing First Mortgage | $7,302,000 |
| Syndication Proceeds | $10,382,040 |
| Total Permanent Financing | $18,237,406 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Colonial Square Apartments

| | |
|---|---|
| Developer | Tapestry |
| Location | Mankato |
| Property Number (D#) | D0729 |
| Project Number | M18133 |

### Project Description

Colonial Square involves the renovation and preservation of a 100% project-based Section 8 development at risk of loss due to critical physical needs.

The development involves the acquisition and substantial rehabilitation of a 77-unit development in Mankato. The development consist of a four-story elevator building with 54 one-bedroom and 23 two-bedroom units.
The development meets the following strategic priorities:
- Community Development
- Preservation
- Permanent Supportive Housing

### Cost Containment

- TDC per unit of $201,628 is 33.4% above the $151,121 predictive model estimate.
  - The agency architect has determined the project's construction costs are reasonable given the extension scope of work for the 106 year old building
  - The acquisition cost of $62,338 per unit is reasonable for the market and intermediary cost are less than 20%

- The development did not receive points for cost containment.

### Populations Served

- Colonial Square Apartments will serve singles, small families as well as special populations.
  - 12 one-bedroom units will be set-aside for People With Disabilities (PWD) targeting people with a serious and persistent mental illness, chemical dependency, brain injury or development disability.
  - The balance of units are targeted as workforce housing for individuals, two-person households, and small families.
- The 100% tax-credit project have units restricted to household incomes at or below 30% and 60% MTSP levels.
- All 77 units will benefit from project-based Section 8.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| City of Mankato 2019 Funds | $25,000 |
| City of Mankato 2020 Funds Deferred | $75,000 |
| Developer Fee | $125,072 |
| Energy Rebates | $20,000 |
| Flexible Financing Cap Costs | $690,000 |
| Hsg Infrastructure Bds (HIB) MF | $7,710,000 |
| Interim Income | $100,000 |
| Minnesota Housing First Mortgage | $1,790,000 |
| Syndication Proceeds | $4,990,253 |
| Total Permanent Financing | $15,525,325 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

**Mayowood Apartments**

| | |
|---|---|
| Developer | Center City Housing Corp |
| Location | Rochester |
| Property Number (D#) | D8208 |
| Project Number | M18145 |

**Project Description**

The development involves the new construction of a 30 unit development in Rochester. It is a 3 story elevator building with 30 one-bedroom units.

The development meets the following Strategic Priorities:

- Economic integration
- Supportive housing

**Cost Containment**

- TDC per unit of $279,290 is 35% above the $205,683 predictive model estimate.
    - The Predictive Model associates higher costs with tax credit developments. Staff is recommending a funding structure which replaces tax credit equity with deferred funds. The only thing that is changing is the funding structure, not the building itself. In this situation, the model may overstate the cost savings associated with not being a tax credit development. Assuming a tax credit structure, the TDC would exceed the predictive cost model by 17%.

- The development did not receive points for cost containment.

**Populations Served**

- The development will provide supportive housing for single High Priority Homeless and People With Disabilities.
- The households will have incomes at or below 30% and 60% of MTSP; 4 units will serve High Priority Homeless, 5 units will serve People With Disabilities.
- 30 units will benefit from project-based Housing Support income supplement.

**Capital Sources of Funding**

| Name of Source | Award Amount |
|---|---|
| Energy Rebates | $2,800 |
| Flexible Financing Cap Costs Hsg | $113,446 |
| Infrastructure Bds (HIB) MF | $7,896,535 |
| Rochester Area  Foundation Sales | $210,000 |
| Tax Rebate | $155,929 |
| Total Permanent Financing | $8,378,709 |

MINNESOTA HOUSING

**Development Summary**

**Selected Applications: November 21, 2019**

**Owatonna Workforce Housing**

| | |
|---|---|
| Developer | LWO Development, LLC |
| Location | Owatonna |
| Property Number (D#) | D8232 |
| Project Number | M18242 |

**Project Description**

The development involves the new construction of a 36 unit 100% affordable LIHTC development in Owatonna, MN. It is a two story over parking elevator building with nine one-bedroom, and twenty-seven two-bedroom units. The development will offer four units set aside for HPH that will receive rental assistance from the Owatonna HRA and Services from South Central Human Relations Center.

The development meets the following strategic priorities:

- Greater Minnesota Workforce Housing
- Community Development Initiative
- Supportive Housing for High Priority Homeless

**Cost Containment**

- TDC per unit of $242,018 is 4.24% above the $232,165 predictive model estimate.
- The development received points for cost containment.

**Populations Served**

- The development will provide workforce housing for 36 single adults, couples, and families. Four units are set aside to serve High Priority Homeless.
- The households will have incomes at or below 30% of MTSP and 60% of MTSP.
- Four units will benefit from rental assistance through the City of Owatonna Housing & Redevelopment Authority
- The development has a fully executed commitment for the rental subsidies for four units from the City of Owatonna HRA.

**Capital Sources of Funding**

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $776 |
| Energy Rebates | $8,000 |
| First Mortgage | $667,000 |
| Syndication Proceeds | $7,836,174 |
| Total Permanent Financing | $8,511,949 |
| FUNDING GAP REMAINING | $200,697 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Parkview Heights

| | |
|---|---|
| Developer | TCHDC |
| Location | Owatonna |
| Property Number (D#) | D3419 |
| Project Number | M18114 |

### Project Description

Parkview Heights project involves the renovation and preservation of a 100% project-based Section 8 development at risk of loss due to threat of market conversion.

The development involves the acquisition and substantial rehab of a 48 unit project-based Section 8 development located in Owatonna. It consist of 8 two-story townhouse buildings with 8 two-bedrooms units, 36 three-bedroom units, and 4 four-bedroom units. All 48 units benefit from project-based Section 8 rental assistance. The project will be funded with a non-volume cap HIB loan and will not be financed with low-income housing tax credits.

The development meets the following strategic priorities: Preservation and Supportive Housing

### Cost Containment

- TDC per unit of $242,064 is 80.7% above the $133,934 predictive model estimate.
  - The model associates higher costs with tax credit developments. Staff is recommending a funding structure which replaces tax credit equity with deferred funds. The only thing that is changing is the funding structure, not the building itself. In this situation, the model may overstate the cost savings associated with not being a tax credit development. Assuming a tax credit structure, the model would predict costs would increase to $169,015, 42% above.
  - The Parkview Heights renovation is a substantial rehabilitation project. The level of rehab is considerably more than what is typically done for a preservation project. At Parkview Heights, all unit interiors will be completely gutted and will have new flooring, cabinets/vanities, plumbing fixtures, and appliances installed. Several units will have interior wall moved and half-baths installed on the first floors. In addition, water infiltration issues will be corrected in the renovation.

- The development did not received points for cost containment.

### Populations Served

The development will provide affordable housing for families with children, and supportive housing for households designated as High Priority Homeless (HPH).

- The households will have incomes at or below 50%; 60% and up to 80% MTSP as specified under the LMIR program and the HIB program.
  - Four units are set aside for High Priority Homeless (HPH) households.
  - All 48 units will benefit from project-based Section 8 HAP rental subsidy
  -

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $492 |
| Energy Rebates | $21,600 |
| Greater MN Housing Fund (GMHF) | $200,000 |
| Infrastructure Bds (HIB) MF | $5,361,000 |

| | |
|---|---|
| Interim Income | $125,000 |
| Minnesota Housing First Mortgage | $4,411,000 |
| PARIF | $1,350,000 |
| Sales Tax Rebate | $150,000 |
| Total Permanent Financing | $11,619,092 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Spring Creek II

| | |
|---|---|
| Developer | Three Rivers Community Action, Inc. |
| Location | Northfield |
| Property Number (D#) | D8103 |
| Project Number | M18081 |

### Project Description

The development involves the new construction of a 32 unit mixed-income development in Northfield. There are 5 two-story town home buildings with 8 two-bedroom, 22 three-bedroom and 2 four-bedroom units.
The development meets the following strategic priorities:

- Greater Minnesota Workforce Housing
- Permanent Supportive Housing

### Cost Containment

- TDC per unit of $345,764 is 47.24% above the $234,832 predictive model estimate.
- The development did not receive points for cost containment.

### Populations Served

- The development will provide workforce housing for 24 families and supportive housing for 4 high priority homeless families and 4 households with a member with developmental disabilities.
- Eight households will have incomes at or below 30% MTSP and 24 households will have incomes at or below 60% of MTSP.
- The 8 supportive housing units will benefit from housing support rental assistance.
- 28 of the 32 total units are proposed as HOME funded units with 22 (80%) High HOME and 6 (20%) Low HOME units.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| EDHC MF | $313,338 |
| Energy Rebates | $30,400 |
| General Partner Cash | $280 |
| HOME MF | $6,478,877 |
| Minnesota Housing First Mortgage | $1,218,000 |
| Sales Tax Rebate | $207,989 |
| Syndication Proceeds | $2,815,573 |
| Total Permanent Financing | $11,064,457 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

**The Lofts at Evergreen Knoll**

| | |
|---|---|
| Developer | Joseph Development |
| Location | Faribault |
| Property Number (D#) | D8239 |
| Project Number | M18262 |

**Project Description**

The proposed project will be located in Rice County which is a Rural/Tribal designated area. The Lofts at Evergreen Knoll involves the new construction of a 76-unit 100% affordable development in Faribault, MN. It is a three stories over one level of underground parking, elevator building with 19 one-bedroom, 37 two-bedroom, and 20 three-bedroom units. The project will offer eight units set aside for HPH and PWD that will be subsidized through Housing Support vouchers.

The development meets the following strategic priorities:

• Greater Minnesota workforce housing

• Permanent supportive housing with units set aside for High Priority Homeless (HPH) and People With Disabilities (PWD)

**Cost Containment**

• TDC per unit of $234,002 is 0.27 % above the $233,364 predictive model estimate and it is within Agency's underwriting guidelines.

• The development received 6 points for cost containment. Project TDC/unit is $234,002 vs. $242,819 threshold.

**Populations Served**

• The development will provide workforce housing for 76 single adults and families with children.

• Four units will be set aside for People with Disabilities; and four units will be set aside for High Priority Homeless.

• The households will have incomes at or below 30% MTSP and 60% of MTSP as follows:

• Eight units will benefit from rental assistance through Housing Support vouchers.

• The developer has proposed to keep 4 1-bdrm units income restricted at or below 30% of MTSP and rent restricted at 50% MTSP limit.

• Agency's underwriting includes making a change to the application proposed rent structure on 10 2-bdrm units income restricted at or below 60% of MTSP and restricted at 60% MTSP rent limit, these units rents were reduced to the target rent per the HMO recommend $1,106 Gross/$1,054 Net.

**Capital Sources of Funding**

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $538,863 |
| Energy Rebates | $15,825 |
| General Partner Cash | $1,280 |
| Minnesota Housing First Mortgage | $5,780,000 |
| Syndication Proceeds | $11,448,178 |
| Total Permanent Financing | $17,784,146 |

MINNESOTA HOUSING

## Development Summary

## Selected Applications: November 21, 2019

### North Moorhead Village

| | |
|---|---|
| Developer | Commonwealth Development Corporation of America |
| Location | Moorhead |
| Property Number (D#) | D8118 |
| Project Number | M18227 |

### Project Description

The development involves the new construction of a 46 unit development in Moorhead. It is a 3 story elevator building with 8 one-bedroom, 19 two-bedroom, 13 three-bedroom and 6 four-bedroom units.
The development meets the following strategic priorities:
- Greater Minnesota workforce housing
- Community development initiative
- Supportive housing

### Cost Containment

- TDC per unit of $239,562 is 2.48% above the $233,762 predictive model estimate.
- The development did not receive points for cost containment.

### Populations Served

- The development will provide general occupancy, workforce and supportive housing for families.
- The households will have incomes at or below 30% and 60% of MTSP; 4 units will serve High Priority Homeless, and 6 will serve People With Disabilities.
- Ten units will benefit from project-based Housing Support income supplement.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $961 |
| EDHC MF | $1,644,117 |
| Energy Rebates | $4,800 |
| HOME MF | $4,521,123 |
| Minnesota Housing First Mortgage | $1,886,000 |
| Syndication Proceeds | $2,962,840 |
| Total Permanent Financing | $11,019,841 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Amber Apartments

| | |
|---|---|
| Developer | RS EDEN |
| Location | Minneapolis |
| Property Number (D#) | D8109 |
| Project Number | M18165 |

### Project Description

The development involves the new construction of a 81 unit mixed-income development in Minneapolis. It is a 5 story elevator building with 80 efficiency units and 1 one-bedroom unit.
The development meets the following strategic priorities:
- Access to fixed transit
- Economic integration
- Community development initiative
- Supportive housing

### Cost Containment

- TDC per unit of $223,230 is 1% below the $225,237 predictive model estimate.
- The development received 6 points for cost containment.

### Populations Served

- The development will provide general occupancy, workforce, supportive housing for singles, High Priority Homeless and People With Disabilities.
- The households will have incomes at or below 30% and 60% of MTSP, and five units will be unrestricted. Five units will serve High Priority Homeless and 17 units will serve People With Disabilities.
- 22 units will benefit from Housing Support income supplement.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Clean-up funds | $60,300 |
| Energy Rebates | $30,000 |
| Hennepin Co. AHIF | $300,000 |
| Hennepin Co. TOD | $250,000 |
| Met Council | $412,800 |
| Minneapolis CPED | $2,235,473 |
| NHTF-National HTF-Capital | $2,906,047 |
| Private Funding | $698,995 |
| Sales Tax Rebate | $310,168 |
| Syndication Proceeds | $10,877,840 |
| Total Permanent Financing | $18,081,623 |

MINNESOTA HOUSING

**Development Summary**

**Selected Applications: November 21, 2019**

## Anishinabe III Supportive Housing

| | |
|---|---|
| Developer | Project for Pride in Living, Inc. |
| Location | Minneapolis |
| Property Number (D#) | D8222 |
| Project Number | M18206 |

## Project Description

The development involves the acquisition of land, and new construction of a 40 unit low-income development in Minneapolis. The proposed development is a 4 story elevator building offering 40 supportive housing units, all SRO/no kitchen with private bathrooms units. The project is Phase III of American Indian Community Development Corporation (AICDC) Anishinabe campus on Franklin Avenue and will be connected to Anishinabe Bii Gii Wiin to facilitate food and other services. The target population are homeless individuals suffering from substance use disorders. Non-housing space includes a service kitchen and dining hall for meal service. All units will be assisted by Housing Support (fka GRH) base rent and supplemental service assistance.
The development meets the following strategic priorities:

- Access to fixed transit
- Community Development Initiative
- Permanent Supportive Housing

## Cost Containment

- The TDC per unit of $243,042 is 13.14% above the predictive cost model of $214,819.
- The development did not receive points for cost containment.

## Populations Served

- The development will provide supportive housing for 40 individuals.
- The households will have incomes at or below 30% MTSP, and 50% of MTSP.

The project was selected based on the following additional rent and income restrictions:

1. 20 units designated for High Priority Homeless
2. 6 units for People With Disabilities
3. All 40 units will provide rental assistance for a minimum of 10 years

- The development was awarded 40 project-based Housing Support vouchers from Hennepin County Human Services and Public Health Department.

## Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| City of Mpls Affordable Housing Trust Fund | $1,200,000 |
| Energy Rebates | $10,000 |
| Federal Home Loan Bank (FHLB) Grant | $1,000,000 |
| Hsg Infrastructure Bds (HIB) MF | $7,236,673 |
| Sales Tax Rebate | $175,000 |
| Shakopee Mdewakanton Sioux Community | $100,000 |
| Total Permanent Financing | $9,721,673 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

**Bimosedaa**

| | |
|---|---|
| Developer | Beacon Interfaith Housing Collaborative |
| Location | Minneapolis |
| Property Number (D#) | D8235 |
| Project Number | M18237 |

**Project Description**

The development involves the acquisition, substantial rehabilitation, adaptive reuse, historic preservation of a 48 unit development in downtown Minneapolis. It is a 7 story elevator building with 48 efficiency units.

The development meets the following strategic priorities:
- Access to fixed transit
- Community development initiative
- Permanent supportive housing

**Cost Containment**

- TDC per unit of $336,874 is 6.94% above the $315,009 predictive model estimate.
- The development did not receive points for cost containment.

**Populations Served**

- The development will provide general occupancy, supportive housing for single, High Priority Homeless and People With Disabilities.
- The households will have incomes at or below 30% of MTSP; 24 units will serve High Priority Homeless and 8 units for People With Disabilities.
- All 48 units will benefit from Housing Support rental assistance.

**Capital Sources of Funding**

| Name of Source | Award Amount |
|---|---|
| Energy Rebates | $6,500 |
| Federal Historic Proceeds | $2,312,588 |
| Federal Home Loan Bank (FHLB) Grant | $1,000,000 |
| Hsg Infrastructure Bds (HIB) MF | $8,157,000 |
| Minnneapolis Affordable Housing Trust Fund | $1,440,000 |
| Sales Tax Rebate | $70,000 |
| Shakopee Mdewakanton Sioux Community | $100,000 |
| State Historic Proceeds | $2,365,147 |
| Syndication Proceeds | $3,318,733 |
| Total Permanent Financing | $16,169,968 |

MINNESOTA HOUSING

**Development Summary**

**Selected Applications: November 21, 2019**

**Bloom Lake Flats**

| | |
|---|---|
| Developer | Project for Pride in Living |
| Location | Minneapolis |
| Property Number (D#) | D7955 |
| Project Number | M18193 |

**Project Description**

The development involves the new construction of a 42 unit permanent supportive housing development in Minneapolis. It is a 4 story elevator building with 17 studio, 10 one-bedroom, 11 two-bedroom, and 4 three-bedroom units.
The development meets the following strategic priorities:
- Community Development Initiative
- Supportive Housing

**Cost Containment**

- TDC per unit of $323,975 is 11.19% above the $291,363 predictive model estimate.
- The development did not received points for cost containment.

**Populations Served**

- The development will provide permanent supportive housing for 42 households for people living with HIV/AIDS.
- 21 units will serve high priority homeless single adults. 21 units will serve households with behavioral health or a mental health diagnosis including single adults and families.
- All 42 units will benefit from rental assistance. 25 units will have project-based Section 8 rental assistance through Minneapolis Public Housing Authority and 17 households will benefit from housing support.
- 28 units will be restricted to households with incomes and rents at 30% MTSP and the remaining 14 units will have 50% MTSP rent and income limits.

**Capital Sources of Funding**

| Name of Source | Award Amount |
|---|---|
| City AHTF | $1,310,000 |
| Energy Rebates | $20,900 |
| Hennepin County AHIF | $350,000 |
| Hennepin County TOD | $400,000 |
| Hsg Infrastructure Bds (HIB) MF | $9,464,233 |
| Met Council LCDA | $1,400,000 |
| Met Council LHIA | $350,000 |
| Sales Tax Rebate | $311,815 |
| Total Permanent Financing | $13,606,948 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

**Exodus II**

| | |
|---|---|
| Developer | Catholic Charities |
| Location | Minneapolis |
| Property Number (D#) | D8241 |
| Project Number | M18268 |

**Project Description**

The Exodus II project involves the acquisition, substantial rehabilitation, and adaptive reuse of a facility into 167 units of permanent supportive housing. The development is a six-story elevator building that will contain 113 SRO units and 54 efficiency units.

The development meets the following strategic priorities:
- Supportive Housing
- Access to fixed transit
- Economic integration

**Cost Containment**

- TDC per unit of $279,580 is 17.0% above the $238,908 predictive model estimate.

- The development did not receive points for cost containment.

**Populations Served**

- The development will provide supportive housing for 167 High Priority Homeless and People With Disabilities individuals consisting of:
    - 95 units for elderly and medically frail (PSH)
    - 13 units for Veterans Administration Supportive Housing (VASH)
    - 59 units for single adults experiencing chronic homelessness w/preference for veterans

The households will have incomes at or below 30% MTSP for 126 units, and 50% of MTSP for 41 units
- 113 units will benefit from Housing Support rental assistance
- 54 units will benefit from project-based Section 8

**Capital Sources of Funding**

| Name of Source | Award Amount |
|---|---|
| Catholic Charities Contribution | $4,289,990 |
| Federal Home Loan Bank (FHLB) Grant | $1,000,000 |
| General Partner Cash | $633 |
| Hsg Infrastructure Bds (HIB) MF | $21,667,000* |
| Minneapolis AHTF Funds | $4,000,000 |
| Sales Tax Rebate | $500,000 |
| Syndication Proceeds | $15,232,172 |
| Total Permanent Financing | $46,689,795 |

*$21,667,000 of permanent financing and $1,968,000 of interim financing for a total HIB award of $23,635,000.

MINNESOTA HOUSING

**Development Summary**

**Selected Applications: November 21, 2019**

## Sabathani Senior Housing

| | |
|---|---|
| Developer | Sabathani Community Center |
| Location | Minneapolis |
| Property Number (D#) | D8212 |
| Project Number | M18173 |

## Project Description

The development involves the new construction of a 48 unit development in Minneapolis. It is a 3 story elevator building with 9 efficiencies, 35 one-bedroom and 4 two-bedroom units.

The development meets the following Strategic Priorities:

- Access to fixed transit
- Community development initiative
- Supportive housing

## Cost Containment

- TDC per unit of $247,444 is 14% above the $216,496 predictive model estimate.
- The development did not receive points for cost containment.

## Populations Served

- The development will provide general occupancy and supportive housing for seniors and High Priority Homeless.
- The households will have incomes at or below 30% and 50% of MTSP; 4 units will serve High Priority Homeless
- 4 units will benefit from project-based Housing Support income supplement.

## Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Additional City of Minneapolis Trust Fund | $600,000 |
| City of Minneapolis Trust Fund | $1,250,000 |
| Deferred Developer Fee | $200,000 |
| Energy Rebates | $20,000 |
| Hennepin County AHIF | $800,000 |
| Hsg Infrastructure Bonds Bds (HIB) MF | $5,416,183 |
| Met Council LCDA | $516,109 |
| Minnesota Housing First Mortgage | $2,825,000 |
| Sabathani Land Donation | $50,000 |
| Sales Tax Rebate | $100,000 |
| Total Permanent Financing | $11,777,292 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Snelling Yards Senior Housing

| | |
|---|---|
| Developer | Ecumen Services, Inc. |
| Location | Minneapolis |
| Property Number (D#) | D8102 |
| Project Number | M18128 |

### Project Description

The development involves the acquisition,new construction of a 100 unit development in city of Minneapolis. It is a 4 story elevator building with 12 zero-bedroom, 74 one-bedroom, and 14 two-bedroom.

The development meets the following strategic priorities:

- Access to fixed transit
- Economic integration
- Community development initiative
- Permanent supportive housing

### Cost Containment

- TDC per unit of $227,216 is 9.81 % below the $251,928 predictive model estimate.
- The development received points for cost containment.

### Populations Served

- The development will provide general occupancy, supportive housing age restricted senior and High Priority Homeless.
- The households will have incomes at or below 30%, 50% and 80% of MTSP; 10 units will serve High Priority Homeless.
- 11 units will benefit from VASH project-based vouchers rental assistance.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $300,000 |
| Energy Rebates | $35,000 |
| EPA Brownfields | $30,000 |
| Hennepin County AHIF | $300,000 |
| Hennepin County TOD | $300,000 |
| Hsg Infrastructure Bds (HIB) MF | $3,975,000 |
| Met Council - LCDA | $1,000,000 |
| Met Council - TBRA | $100,000 |
| Minneapolis Affordable Housing Trust Fund | $2,850,000 |
| Minnesota Housing First Mortgage | $7,546,000 |
| Sales Tax Rebate | $511,324 |
| Syndication Proceeds | $5,774,210 |
| Total Permanent Financing | $22,721,534 |

MINNESOTA HOUSING

**Development Summary**

**Selected Applications: November 21, 2019**

**Stonehouse Square Apartments**

| | |
|---|---|
| Developer | CommonBond Communities |
| Location | Minneapolis |
| Property Number (D#) | D0800 |
| Project Number | M18278 |

**Project Description**

The development involves the acquisition and substantial rehabilitation of a 79 unit mixed-income development in Minneapolis. Includes various buildings with 64 units in a 5 story elevator building, 3 townhouse units, and 4 units in a walk-up apartment building. In total all buildings include a unit mix of 4 studio apartments, 48 one-bedroom, and 19 two-bedroom units.
The development meets the following strategic priorities:
- Community development initiative
- Preservation of federally assisted properties

**Cost Containment**

- TDC per unit of $335,095 is 15.40% above the $290,371 predictive model estimate.
- The development did not receive points for cost containment.

**Populations Served**

- The development will provide general occupancy for 71 households including single, and family units.
- The households will have incomes at or below 50%, 60% and 70% of MTSP.
- 29 units will benefit from project-based Section 8 rental assistance.
- The development has been awarded an additional 10 project-based vouchers from Minneapolis PHA.

**Capital Sources of Funding**

| Name of Source | Award Amount |
|---|---|
| City of Minneapolis - AHTF | $870,000 |
| Deferred Developer Fee | $412,629 |
| Energy Rebates | $11,045 |
| Federal Historic Proceeds | $2,170,734 |
| First Mortgage | $8,065,000 |
| Hennepin County | $500,000 |
| Interim Income | $430,293 |
| PARIF | $2,086,673 |
| Sales Tax Rebate | $393,428 |
| State Historic Proceeds | $2,553,805 |
| Syndication Proceeds | $8,555,476 |
| TBRA/ERF/DEED | $400,000 |
| Total Permanent Financing | $26,449,083 |

# Development Summary

## Selected Applications: November 21, 2019

### American House Recapitalization

| | |
|---|---|
| Developer | Beacon Interfaith Housing Collaborative |
| Location | Saint Paul |
| Property Number (D#) | D3192 |
| Project Number | M18161 |

### Project Description

The development involves the acquisition and substantial rehabilitation of a 69 unit development in St. Paul. It is a 6 story elevator building with 69 single room occupancy units.
The development meets the following strategic priorities:
- Access to fixed transit
- Economic integration
- Community development initiative
- Supportive housing

### Cost Containment

- TDC per unit of $106,570 is 44% below the $191,034 predictive model estimate.

### Populations Served

- The development will provide workforce and supportive housing for single High Priority Homeless and People With Disabilities.
- The households will have incomes at or below 30% of MTSP; 58 units will serve High Priority Homeless, 11 units will serve People With Disabilities.
- 69 units will benefit from project-based Housing Support income supplement.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| City of Saint Paul | $750,000 |
| Energy Rebates | $3,000 |
| Existing Debt | $2,930,546 |
| Hsg Infrastructure Bds (HIB) MF | $2,486,915 |
| Met Council LHIA | $335,000 |
| Owner Equity | $790,000 |
| Sales Tax Rebate | $57,838 |
| Total Permanent Financing | $7,353,299 |

MINNESOTA HOUSING

**Development Summary**

**Selected Applications: November 21, 2019**

## Stryker Senior Housing

| | |
|---|---|
| Developer | Neighborhood Development Alliance, Inc. |
| Location | Saint Paul |
| Property Number (D#) | D8203 |
| Project Number | M18163 |

## Project Description

Stryker Senior Housing involves the acquisition, new construction of a 57 unit mixed-income development in St. Paul. It is a 3 story elevator building with 49 one-bedroom, and 8 two-bedroom.

The development meets the following strategic priorities:
• Community development initiative

## Cost Containment

• TDC per unit of $205,109 is 11.72 % below the $232,330 predictive model estimate.
• The development did not request and did not receive points for cost containment.

## Populations Served

• The development will provide age restricted housing for seniors.
• The households will have incomes at or below 30% and 60% of MTSP;
• The development is requesting 15 project-based rental assistance (PBA) and 5 project-based vouchers (VASH) from St. Paul PHA.

## Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $226,755 |
| Energy Rebates | $12,825 |
| General Partner Cash | $100 |
| Hsg Infrastructure Bds (HIB) MF | $9,450,000 |
| Minnesota Housing First Mortgage | $446,000 |
| Ramsey County ERF / Met Council TBRA/DEED | $330,000 |
| Sales Tax Rebate | $247,380 |
| St Paul HRA HOME Funds | $750,000 |
| St Paul HRA Land Loan | $228,732 |
| Total Permanent Financing | $11,691,792 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Wilder Square

| | |
|---|---|
| Developer | CommonBond Communities |
| Location | Saint Paul |
| Property Number (D#) | D3608 |
| Project Number | M18130 |

### Project Description

The development involves the substantial rehabilitation of a 136 unit mixed-income development in Saint Paul. It is a 11 story elevator building with 125 one-bedroom, and 11 two-bedroom.
The development meets the following strategic priorities:

- Community development initiative
- Preservation of federally assisted properties
- Permanent supportive housing

### Cost Containment

- TDC per unit of $238,906 is 12.3% above the $212,732 predictive model estimate.
- The development did not receive points for cost containment.

### Populations Served

- The development will provide general occupancy and supportive housing for single, family, and high priority homeless household units.
- The households will have incomes at or below 30%, 50%, 60%, and 80% of MTSP; 7 units will serve high priority homeless households.
- 90 units will benefit from project-based Section 8 rental assistance.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| City of St. Paul HOME | $1,000,000 |
| Deferred Developer Fee | $1,552,294 |
| Energy Rebates | $14,500 |
| Environmental Remediation Grants | $650,200 |
| Federal Home Loan Bank (FHLB) Grant | $500,000 |
| First Mortgage | $10,739,000 |
| HUD working capital LOC | $379,788 |
| PARIF | $4,152,009 |
| Sales Tax Rebate | $313,727 |
| Seller Loan | $2,300,000 |
| Syndication Proceeds | $10,390,915 |
| Total Permanent Financing | $31,992,432 |
| FUNDING GAP REMAINING | $498,750 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

**4100 Apartments**

| | |
|---|---|
| Developer | Aeon |
| Location | Edina |
| Property Number (D#) | D8111 |
| Project Number | M18183 |

**Project Description**

The development involves the new construction of a 70 unit mixed-income development in Edina. It is a 4 story elevator building with 17 one-bedroom, 35 two-bedroom, and 18 three-bedroom units.
The development meets the following strategic priorities:
- Economic integration
- Community development initiative
- Permanent supportive housing

**Cost Containment**

- TDC per unit of $326,885 is 23.21% above the $265,311 predictive model estimate.
- The development did not receive points for cost containment.

**Populations Served**

- The development will provide general occupancy and supportive housing for 70 units, including single, family, High Priority Homeless, People With Disabilities households.
- The households will have incomes at or below 30%, 50% and 60% MTSP; 4 units will serve High Priority Homeless, and 4 units will serve People With Disabilities.
- 8 units will benefit from rental assistance through Housing Support.

**Capital Sources of Funding**

| Name of Source | Award Amount |
|---|---|
| Charlson Foundation Grant | $10,000 |
| City of Edina HRA Contribution | $2,400,000 |
| Deferred Developer Fee | $293,386 |
| EDHC MF | $888,634 |
| Energy Rebates | $35,000 |
| General Partner Cash | $100 |
| Hennepin County Funding | $500,000 |
| Met Council LHIA | $500,000 |
| Minnesota Housing First Mortgage | $6,193,000 |
| Sales Tax Rebate | $305,500 |
| Syndication Proceeds | $8,248,377 |
| Total Permanent Financing | $19,373,997 |
| FUNDING GAP REMAINING | $3,406,960 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Amundson Flats

| | |
|---|---|
| Developer | MWF Properties, LLC |
| Location | Edina |
| Property Number (D#) | D8218 |
| Project Number | M18181 |

### Project Description

The development involves the new construction of a 62 unit mixed-income development in Edina. It is a four story elevator building with 8 one-bedroom, 23 two-bedroom, and 31 three-bedroom units.

The development meets the following strategic priorities:
- Economic integration
- Community development initiative
- Permanent supportive housing

### Cost Containment

- TDC per unit of $264,065 is 1.61% below the $268,376 predictive model estimate.
- The development received points for cost containment.

### Populations Served

- The development will provide general occupancy and supportive housing for 62 single, family, High Priority Homeless, and People With Disabilities.
- The households will have incomes at or below 30%, and 60%  MTSP; 4 units will serveHigh Priority Homeless, and 4 units will serve People With Disabilities.
- 8 units will benefit from Housing Support rental assistance.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $304,317 |
| Energy Rebates | $15,780 |
| General Partner Cash | $1,071 |
| Minnesota Housing First Mortgage | $6,182,000 |
| Syndication Proceeds | $9,876,942 |
| Total Permanent Financing | $16,380,110 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

**Century Hills Townhomes**

| | |
|---|---|
| Developer | Boisclair Corporation |
| Location | White Bear Lake |
| Property Number (D#) | D1753 |
| Project Number | M18312 |

**Project Description**

The Century Hills Townhomes project is the renovation and preservation of a 100% project-based Section 8 development at risk due to critical physical needs.

The development involves the acquisition and substantial rehabilitation of a 55 unit development in White Bear Lake. The development consist of 13 townhome buildings with 30 two-bedroom, 23 three-bedroom units, and two four-bedroom units.
The development meets the following strategic priorities:
• Economic integration
• Preservation

**Cost Containment**

• TDC per unit of $228,073 is 13.7 % above the $200,668 predictive model estimate.
• The development did not receive points for cost containment.

**Populations Served**

• The development will provide workforce housing for large families with children.
• The households will have incomes at or below 60% of MTSP.
• All 55 units will benefit from project-based Section 8 rental assistance.

**Capital Sources of Funding**

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $337,500 |
| First Mortgage | $4,676,000 |
| Interim Income | $250,000 |
| PARIF | $3,980,000 |
| Syndication Proceeds | $2,941,000 |
| Total Permanent Financing | $12,184,500 |
| FUNDING GAP REMAINING | $359,493 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Core Crossings

| | |
|---|---|
| Developer | St. Michael Development Group, LLC |
| Location | Shakopee |
| Property Number (D#) | D8231 |
| Project Number | M18244 |

### Project Description

The development involves the acquisition,new construction, of a 59 unit mixed-income, mixed-use development in Shakopee. It is a 5 story elevator building with 14 one-bedroom, 25 two-bedroom, and 20 three-bedroom units.

• The 59 units will be located within one five-story elevator building with underground parking that will feature a brick and fiber-cement exterior. In addition, the building includes approximately 14,489 square feet of non-residential space on the first floor.

• The non-housing space will be a separate legal parcel that will be owned by a separate entity to mitigate the risk associated with the commercial space operations. Shakopee Crossings Ltd Partnership will be owner; who is also the master developer of the Crossings retail areas on both sides of Highway 21. This retail portion of the building will include a mix of restaurant, services and general retail.

• The financing of approximately $2,093,849 (excluding the Tenant Improvements) needed for the commercial space shell construction is not in place yet.

The development meets the following strategic priorities:

• Economic integration
• Community development initiative
• Permanent supportive housing

### Cost Containment

• TDC per unit of $268,713 is 6.80 % above the $251,611 predictive model estimate.
• The development received points for cost containment.

### Populations Served

• The development will provide general occupancy, workforce, and supportive housing for single, family, High Priority Homeless and People With Disabilities.

• The households will have incomes at or below 30% and 60% of MTSP; 4 units will serve High Priority Homeless and 4 units will serve People With Disabilities.

• 8 units will benefit from Housing Support rental assistance.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Energy Rebates | $11,612 |
| First Mortgage | $3,816,000 |
| General Partner Cash | $1,090 |
| Scott County CDA | $200,000 |
| Syndication Proceeds | $10,890,306 |
| Total Permanent Financing | $14,919,008 |
| FUNDING GAP REMAINING | $935,054 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Cranberry Ridge

| | |
|---|---|
| Developer | Beacon Interfaith Housing Collaborative |
| Location | Plymouth |
| Property Number (D#) | D8021 |
| Project Number | M18122 |

### Project Description

The development involves the new construction of a 45 unit development located in Plymouth. It is a three story elevator building with three 1-bedrooms units, nineteen 2-bedroom units, and twenty 3-bedroom units and three 4 bedroom units. 10 of the units benefit from project-based section 8 rental assistance.

The development meets the following strategic priorities:
• Supportive Housing
• Economic Integration

### Cost Containment

• TDC per unit of $319,446 is 20% above the $264,653 predictive model estimate.
• The development received 0 points for cost containment.

### Populations Served

• The development will provide general occupancy housing for single, family, High Priority Homeless and People With Disabilities.
• The households will have incomes at 30% and 50% of MTSP; 7 units will serve High Priority Homeless; 5 units will serve People With Disabilities.
• 10 units will benefit from project-based Section 8 rental assistance.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| City of Plymouth | $527,000 |
| Energy Rebates | $10,000 |
| First Mortgage | $1,195,000 |
| General Partner Cash | $5,169 |
| Hennepin County HRA HOME | $1,050,000 |
| Interfaith Outreach | $200,000 |
| Sales Tax Rebate | $200,000 |
| Syndication Proceeds | $10,292,025 |
| Wayzata Community Church | $500,000 |
| Total Permanent Financing | $13,979,194 |
| FUNDING GAP REMAINING | $395,863 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

| Element | |
|---|---|
| Developer | St. Michael Development Group, LLC |
| Location | Plymouth |
| Property Number (D#) | D8135 |
| Project Number | M18158 |

**Project Description**

The development involves the new construction of a 58 unit mixed-income development in Plymouth. It is a 4 story elevator building with 10 one-bedroom, 32 two-bedroom, and 16 three-bedroom units.

The development meets the following strategic priorities:
- Economic integration
- Community development initiative
- Permanent supportive housing

**Cost Containment**

- TDC per unit of $273,843 is 6.62% above the $256,850 predictive model estimate.
- The development received points for cost containment.

**Populations Served**

- The development will provide general occupancy and supportive housing for 58 households including single, family, high priority homeless, people with disabilities and long term homeless.
- The households will have incomes at or below 30%, 50% and 60% MTSP; 4 units will serve high priority homeless and 4 units will serve people with disabilities.
- 6 units will benefit from project-based vouchers from the Plymouth HRA, and 4 units will benefit from Housing Support from Hennepin County

**Capital Sources of Funding**

| Name of Source | Award Amount |
|---|---|
| EDHC MF | $5,216,800 |
| Energy Rebates | $30,000 |
| General Partner Cash | $796 |
| Hennepin County AHIF | $400,000 |
| Hennepin County AHIF | $200,000 |
| Hennepin County HOME | $200,000 |
| Interfaith Outreach & Community | $200,000 |
| Partners Met Council - LHIA | $500,000 |
| Minnesota Housing First Mortgage | $4,812,000 |
| Syndication Proceeds | $4,323,303 |
| Total Permanent Financing | $15,882,899 |

MINNESOTA HOUSING

**Development Summary**

**Selected Applications: November 21, 2019**

**Maplewood Gardens**

| | |
|---|---|
| Developer | Twin Cities Housing Development Corporation |
| Location | Maplewood |
| Property Number (D#) | D3353 |
| Project Number | M18110 |

**Project Description**

The Maplewood Gardens project involves the renovation and preservation of a 100% project-based Section 8 development at risk of loss due to threat of market conversion.

The development involves the acquisition and substantial rehabilitation of a 29-unit development consisting of three, two-story townhome buildings with 13 two-bedroom, and 16 three-bedroom units.
The development meets the following strategic priorities:

- Preservation
- Economic integration
- Permanent Supportive Housing

**Cost Containment**

- TDC per unit of $249,257 is 5.8% above the $235,603 predictive model estimate.

- The development did not received points for cost containment.

**Populations Served**

- The development will provide affordable housing for families with children, and supportive housing for households designated as High Priority Homeless (HPH).
- The households will have incomes at or below 60% of MTSP;
    - Four units are set aside for High Priority Homeless (HPH) households.
    - 15 units meet the guidelines for ADA accessibility

- All 29 units will benefit from project-based Section 8 HAP rental subsidy

**Capital Sources of Funding**

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $103 |
| Energy Rebates | $25,000 |
| General Partner Cash | $50,000 |
| Hsg Infrastructure Bds (HIB) MF | $3,623,293 |
| Interim Income | $50,000 |
| Minnesota Housing First Mortgage | $1,347,000 |
| PARIF | $1,739,679 |
| Ramsey County HOME Deferred Loan | $300,000 |
| Sales Tax Rebate | $93,367 |
| Total Permanent Financing | $7,228,442 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Owasso Gardens

| | |
|---|---|
| Developer | CommonBond Communities |
| Location | Roseville |
| Property Number (D#) | D8233 |
| Project Number | M18240 |

### Project Description

The development involves the acquisition,  new construction of a 60 unit mixed-income, development in Roseville. It is a 3 story elevator building with 40 one-bedroom, and 20 two-bedroom.

The development meets the following strategic priorities:
- Economic integration
- Community development initiative
- Permanent supportive housing

### Cost Containment

- TDC per unit of $243,184 is 1.67% below the $239,196 predictive model estimate.
- The development did not receive points for cost containment.

### Populations Served

- The development will provide general occupancy, supportive housing for age restricted seniors and High Priority Homeless.
- The households will have incomes at or below 30% and 60% of MTSP; 8 units will serve  High Priority Homeless.
- 8 units will benefit from Housing Support rental assistance.
- The development is also requesting 8 (VASH) project-based vouchers from St. Paul PHA, and will swap out the Housing Support to be able to serve veterans instead.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| City of Roseville CDBG | $295,000 |
| Deferred Developer Fee | $325,175 |
| Energy Rebates | $3,280 |
| Hsg Infrastructure Bds (HIB) MF | $5,530,000 |
| Met Council - LCDA | $750,000 |
| Minnesota Housing First Mortgage | $3,208,000 |
| Ramsey County HOME | $400,000 |
| Sales Tax Rebate | $370,178 |
| Syndication Proceeds | $3,709,390 |
| Total Permanent Financing | $14,591,023 |

MINNESOTA HOUSING

**Development Summary**

**Selected Applications: November 21, 2019**

## Prairie Estates

| | |
|---|---|
| Developer | Twin Cities Housing Development Corporation |
| Location | Inver Grove Heights |
| Property Number (D#) | D0659 |
| Project Number | M18112 |

## Project Description

Prairie Estates involves the renovation and preservation of a 100% project-based Section 8 development at risk of loss due to threat of market conversion.

The development involves the acquisition and substantial rehabilitation of a 40-unit development in Inver Grove Heights. The development consists of nine, two-story townhome buildings with two one-story accessible units and includes 14 two-bedroom, 22 three-bedroom units, and 4 four-bedroom units. All 40 units benefit from project-based Section 8 rental assistance. The project will be funded with a PARIF loan and will not be financed with low-income housing tax credits.
The development meets the following strategic priorities: Preservation and Supportive Housing

## Cost Containment

- TDC per unit of $311,773 is 30.70% above the $238,538 predictive model estimate. This proposal reflects a significant scope of work and includes the construction of new above ground parking garages for the residents. The agency architect has determined the project's development costs for a townhome development are reasonable.
- The development did not receive points for cost containment.

## Populations Served

- The development will provide affordable housing for families with children, and supportive housing for households designated as High Priority Homeless (HPH).
- The households will have incomes at or below 80% of the greater of statewide median or area median income, not adjusted for household size, in compliance with the PARIF loan.
  - Four units are set aside for High Priority Homeless (HPH) households.
  - 2 units meet the guidelines for ADA accessibility.

- All 40 units will benefit from project-based Section 8 rental assistance subsidy.

## Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| DCCDA HOME | $707,291 |
| DCCDA HOPE | $750,000 |
| Energy Rebates | $17,000 |
| General Partner Cash | $303 |
| Interim Income | $115,879 |
| Met Council - LHIA | $350,000 |
| Minnesota Housing First Mortgage | $3,489,000 |
| PARIF | $2,930,111 |
| Sales Tax Rebate | $109,202 |
| Syndication Proceeds | $3,105,775 |
| Total Permanent Financing | $11,574,561 |
| FUNDING GAP REMAINING | $896,340 |

MINNESOTA HOUSING

# Development Summary

## Selected Applications: November 21, 2019

### Spring Lake Lofts

| | |
|---|---|
| Developer | MWF Properties, LLC |
| Location | Prior Lake |
| Property Number (D#) | D8236 |
| Project Number | M18256 |

### Project Description

The development involves the new construction of a 64 unit development in Prior Lake. It is a 4 story elevator building with 14 one-bedroom, 30 two-bedroom, and 20 three-bedroom units.

The development meets the following strategic priorities:

- Economic integration
- Community development initiative
- Supportive housing

### Cost Containment

- TDC per unit of $255,153 is less than 1% above the $254,690 predictive model estimate.
- The development received points for cost containment.

### Populations Served

- The development will provide general occupancy housing for single, family, High Priority Homeless, and People With Disabilities
- The households will have incomes at or below 30% and 60% of MTSP; 4 units will serve High Priority Homeless, 4 units will serve People With Disabilities.

### Capital Sources of Funding

| Name of Source | Award Amount |
|---|---|
| Deferred Developer Fee | $452,321 |
| Energy Rebates | $4,143 |
| General Partner Cash | $1,121 |
| Minnesota Housing First Mortgage | $5,238,000 |
| Syndication Proceeds | $10,634,230 |
| Total Permanent Financing | $16,329,815 |

**2019 Minnesota Housing Multifamily Non-Recommended Applications**

| Developer | Project Name | Location | Funding Type | Funding Request |
|---|---|---|---|---|
| **GREATER MINNESOTA** | | | | |
| **Central** | | | | |
| Aeon | Big Lake Station - Family | Big Lake | 9% Tax Credits | $1,150,000 |
| | | | Deferred Loans | $6,053,298 |
| | | | First Mortgage | $5,019,000 |
| | | | 4% Tax Credits | $466,518 |
| Mille Lacs Corporate Ventures | Red Willow Estates | Onamia | 9% Tax Credits | $893,291 |
| Aeon | Big Lake Station -Senior | Big Lake | Deferred Loans | $9,612,374 |
| | | | First Mortgage | $6,583,000 |
| | | | 4% Tax Credits | $701,821 |
| Roers Investments LLC | Sunrise Lofts | Wyoming | 9% Tax Credits | $1,036,030 |
| Central Minnesota Housing Partnership, Inc. | Vasa Crossing Townhomes | Mora | Deferred Loans | $6,317,089 |
| | | | First Mortgage | $1,270,000 |
| | | | 4% Tax Credits | $309,454 |
| | | | First Mortgage | $1,270,000 |
| | | | 9% Tax Credits | $1,015,104 |
| Walker Methodist | Walker Methodist Cambridge | Cambridge | Deferred Loans | $3,300,000 |
| **Northeast** | | | | |
| Accessible Space, Inc. | Van Apartments | Duluth | Deferred Loans | $2,153,796 |
| | | | 9% Tax Credits | $1,400,000 |
| Brewery Creek Developer LLC | Brewery Creek | Duluth | Deferred Loans | $8,307,107 |
| | | | First Mortgage | $1,298,000 |
| | | | 4% Tax Credits | $591,770 |
| | | | Deferred Loans | $1,532,606 |
| | | | First Mortgage | $1,298,000 |
| | | | 9% Tax Credits | $1,350,000 |
| **Southeast** | | | | |
| Southwest Minnesota Housing Partnership | Gateway Apartments | Mankato | Deferred Loans | $9,473,811 |
| | | | First Mortgage | $3,347,000 |
| | | | 4% Tax Credits | $931,018 |
| Roers Investments LLC | Willow Street Lofts | Faribault | 9% Tax Credits | $1,448,110 |
| Commonwealth Development Corporation of America | Water's Edge Apartments | Winona | First Mortgage | $1,230,000 |
| | | | 9% Tax Credits | $1,020,946 |
| | | | Deferred Loans | $6,420,455 |
| | | | First Mortgage | $1,197,000 |
| | | | 4% Tax Credits | $283,596 |
| Joseph Development | Rosa Place II | Mankato | Deferred Loans | $6,453,602 |
| | | | First Mortgage | $2,601,000 |
| | | | 4% Tax Credits | $328,226 |
| | | | First Mortgage | $2,601,000 |
| | | | 9% Tax Credits | $1,010,000 |
| **West Central** | | | | |
| D. W. Jones, Inc. | Central Lakes Apartments II | Alexandria | Deferred Loans | $3,372,025 |
| | | | First Mortgage | $2,135,634 |
| | | | 4% Tax Credits | $120,536 |
| | | | First Mortgage | $2,135,634 |
| | | | 9% Tax Credits | $511,600 |
| American Covenant Senior Housing Foundation | American Covenant Fergus Falls East | Fergus Falls | Deferred Loans | $4,099,811 |
| | | | 4% Tax Credits | $246,965 |
| **Total GREATER MINNESOTA - 14 developments** | | | Deferred Loans: | $67,095,974 |
| | | | First Mortgage: | $31,985,268 |
| | | | 9% Tax Credits: | $10,835,081 |
| | | | 4% Tax Credits: | $3,979,903 |
| | | | Operating Subsidy: | $0 |
| | | | Rent Assistance: | $0 |

| Developer | Project Name | Location | Funding Type | Funding Request |
|---|---|---|---|---|
| **Metro** | | | | |
| **Minneapolis** | | | | |
| Malcolm Yards Affordable Development Partners, LLC | Malcolm Yards | Minneapolis | Deferred Loans | $1,172,092 |
| | | | 4% Tax Credits | $948,599 |
| Nor Development & Seward Redesign Inc | Waadag Commons | Minneapolis | First Mortgage | $778,000 |
| | | | 9% Tax Credits | $1,168,314 |
| | | | Deferred Loans | $6,478,737 |
| | | | First Mortgage | $778,000 |
| | | | 4% Tax Credits | $445,280 |
| Roers Investments LLC | Raines Building | Minneapolis | Deferred Loans | $2,700,000 |
| Alliance Housing | 3301 Nicollet | Minneapolis | Deferred Loans | $6,471,412 |
| | | | 4% Tax Credits | $529,329 |
| | | | 9% Tax Credits | $1,250,000 |
| Snelling Yards Developers, LLC | Snelling Yards Apartments - Workforce | Minneapolis | Deferred Loans | $2,042,680 |
| Lake Street Developers, LLC | Lake Street Apartments, Phase II | Minneapolis | Deferred Loans | $1,707,836 |

| | | | | |
|---|---|---|---|---|
| Bryn Mawr Development Partners, LLC | Bryn Mawr Affordable Senior | Minneapolis | Deferred Loans | $6,244,686 |
| | | | First Mortgage | $8,817,000 |
| | | | 4% Tax Credits | $789,724 |
| **St. Paul** | | | | |
| JBVang Partners | The Parkway | Saint Paul | Deferred Loans | $672,906 |
| **Suburban** | | | | |
| Aeon | Greenway Terrace - Phase 2 | Ramsey | 9% Tax Credits | $1,160,000 |
| | | | Deferred Loans | $6,225,393 |
| | | | First Mortgage | $4,662,000 |
| | | | 4% Tax Credits | $467,628 |
| St. Michael Development Group, LLC/Belisle Development, LLC/Ember Lake, LLC | Edison II | Roseville | Deferred Loans | $50,000 |
| | | | 9% Tax Credits | $1,268,894 |
| | | | Deferred Loans | $7,036,216 |
| | | | First Mortgage | $4,053,000 |
| | | | 4% Tax Credits | $454,973 |
| Beacon Interfaith Housing Collaborative | Vista 44 | Hopkins | Deferred Loans | $8,510,000 |
| | | | 9% Tax Credits | $457,910 |
| | | | Deferred Loans | $1,575,000 |
| | | | 9% Tax Credits | $1,250,000 |
| Connelly Development, LLC | Shady Oak Crossing | Minnetonka | 9% Tax Credits | $1,250,000 |
| Community Asset Foundation | Chaska Supportive Housing (fka My Home Apartments) | Chaska | Deferred Loans | $1,951,854 |
| | | | Operating Subsidy | $832,581 |
| JBVang Associates | Frost & English | Maplewood | Deferred Loans | $329,375 |
| | | | First Mortgage | $3,461,000 |
| | | | 9% Tax Credits | $1,300,000 |
| | | | Deferred Loans | $7,845,139 |
| | | | First Mortgage | $3,461,000 |
| | | | 4% Tax Credits | $468,483 |
| Volunteers of America | Anoka Senior | Anoka | Deferred Loans | $6,000,000 |
| | | | 4% Tax Credits | $615,547 |
| Project for Pride in Living | Sedgeview Terrace | Savage | Deferred Loans | $7,862,852 |
| | | | First Mortgage | $3,459,000 |
| | | | 4% Tax Credits | $456,624 |
| | | | First Mortgage | $3,459,000 |
| | | | 9% Tax Credits | $1,313,596 |
| Duffy Development Co | Bottineau Ridge Phase III | Maple Grove | First Mortgage | $1,933,000 |
| | | | 9% Tax Credits | $1,250,000 |
| SRPB Strategic Housing, LLC | Roseville Apartments | Roseville | Deferred Loans | $1,500,000 |
| MWF Properties, LLC | Richfield Flats | Richfield | First Mortgage | $4,538,000 |
| | | | 9% Tax Credits | $920,000 |
| Duffy Development Co | Rogers Main Street Senior Housing | Rogers | Deferred Loans | $5,154,097 |
| | | | First Mortgage | $1,661,000 |
| | | | 4% Tax Credits | $287,597 |
| Duffy Development Co | Rogers Main Street Workforce Housing | Rogers | Deferred Loans | $942,383 |
| | | | First Mortgage | $4,545,000 |
| | | | 9% Tax Credits | $1,250,000 |
| MWF Properties, LLC | Sundance Lofts | Woodbury | Deferred Loans | $1,400,000 |
| | | | First Mortgage | $12,760,000 |
| | | | 4% Tax Credits | $946,304 |
| MWF Properties, LLC | Northwood Apartments | Rogers | First Mortgage | $5,747,000 |
| | | | 9% Tax Credits | $1,077,000 |
| | | | Deferred Loans | $6,152,943 |
| | | | First Mortgage | $5,747,000 |
| | | | 4% Tax Credits | $432,983 |
| MWF Properties, LLC | Hazelwood Cove | Maplewood | Deferred Loans | $650,000 |
| | | | First Mortgage | $24,779,000 |
| | | | 4% Tax Credits | $1,153,552 |
| **Total METRO - 24 developments** | | | Deferred Loans: | $90,675,601 |
| | | | First Mortgage: | $94,638,000 |
| | | | 9% Tax Credits: | $14,915,714 |
| | | | 4% Tax Credits: | $7,996,624 |
| | | | Operating Subsidy: | $832,581 |
| | | | Rent Assistance: | $0 |

| | | |
|---|---|---|
| **Total MINNESOTA - 38 developments** | Deferred Loans: | $157,771,575 |
| | First Mortgage: | $126,623,268 |
| | 9% Tax Credits: | $25,750,795 |
| | 4% Tax Credits: | $11,976,527 |
| | Operating Subsidy: | $832,581 |
| | Rent Assistance: | $0 |

*NOTE: 4% Housing Tax Credits are not part of the selection process. The numbers listed are for informational purposes and indicate 4% tax credits were included in the financial structure of the project.

**Board Agenda Item:** 8.A
**Date: 11/21/2019**

**Item:** 1st Quarter FY2020 Financial Reporting Package

**Staff Contact(s):**
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us
Terry Schwartz, 65-296-2404, terry.schwartz@state.mn.us

**Request Type:**

☐ Approval
  ☐ Motion
  ☐ Resolution

☒ No Action Needed
  ☒ Discussion
  ☐ Information

**Summary of Request:**
Staff will review 1st quarter financial results.

**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):**
- Noteworthy Items
- Financial Dashboard
- Selected Financial Statements – 1st quarter FY 2020

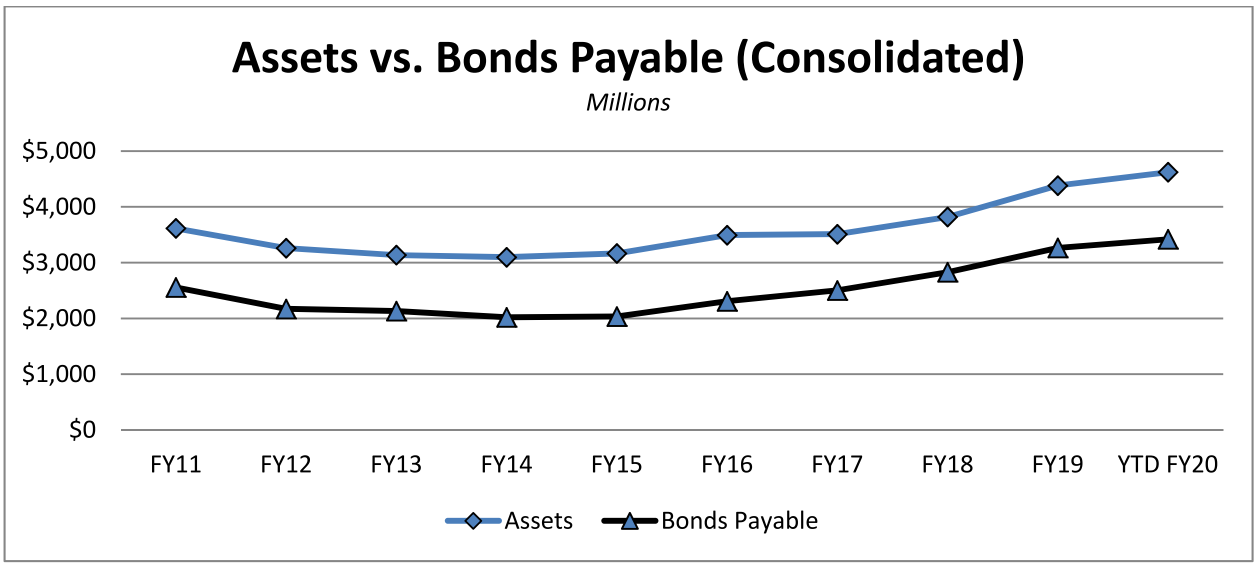
**Minnesota Housing Finance Agency**
**FY 2020 1st Quarter Financial Results**
**Noteworthy Items**

Consolidated Balance Sheet – 9/30/19 vs. 9/30/18

Assets continue to grow and are up $673 million over one year ago. We continue to recognize substantial growth in the Mortgage-Backed Securities (MBS) portfolio and a slight increase in cash and investments, offset by a modest decline in loans. A large part of the quarterly growth in cash and investments is due to the receipt of state appropriations in the first quarter.

Single family loans continue to run off as new production is securitized into MBS.

The bonds payable liability increased by $498.7 million over one year ago, primarily due to continued bond financing of our strong homeownership production.

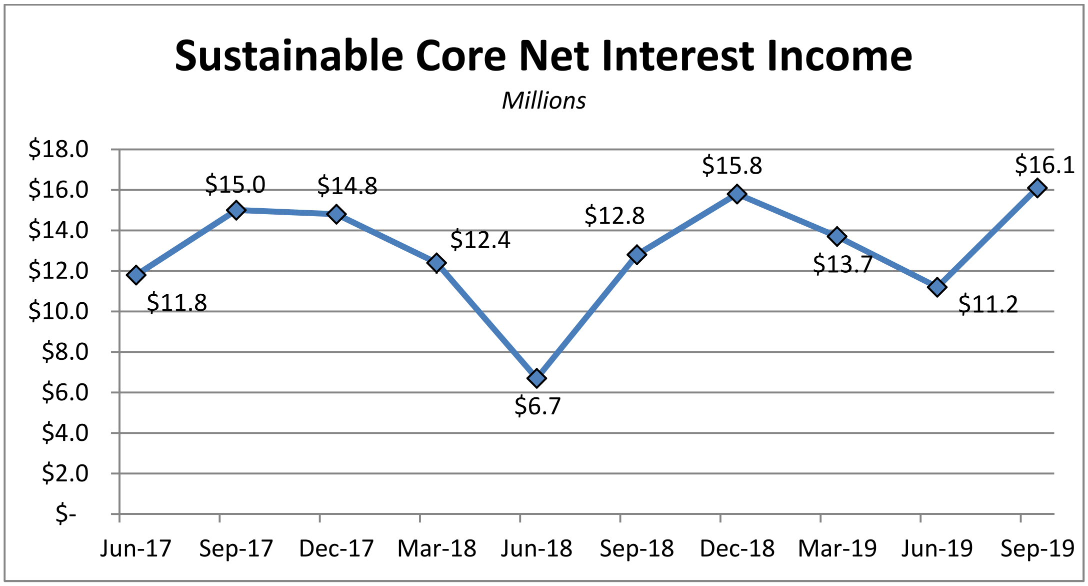



Operating Results Sustainable Core – 3 month FY 20 vs. 3 months FY 19

In the Sustainable Core, In Q1 FY20 Net Interest Income was $16.1 million, compared to Q1 FY19 which was $12.8 million, an increase of 25.8%.

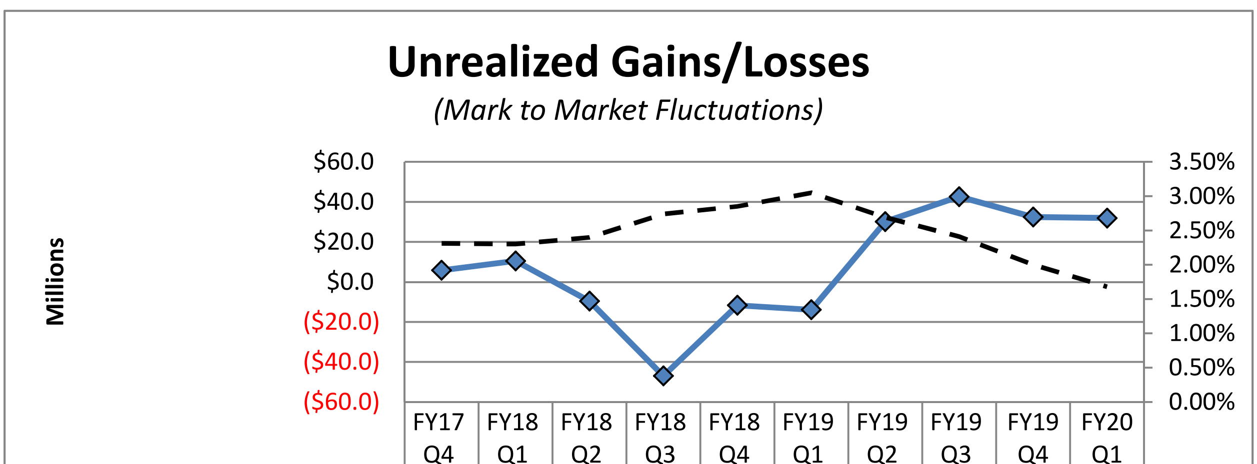
Total interest revenue for the 1st quarter hit $36.3 million, comparably similar to the prior quarter and up $3.8 million from 1st quarter FY19.

Interest expense for the 1st quarter was $20.2 million, down from $25.4 million from prior quarter, and comparably similar to 1st quarter FY19 which was $19.7 million. Most of the fluctuation in quarterly interest expense is attributable to the accounting rules pertaining to the expense recognition of bond premium in new bond sales.




Sustainable Core operating expenses were $8.4 million for the quarter, up from ($4.3) million in the prior quarter (due to the year-end pension adjustment). Year-over-year, for the 3 month period, operating expenses are up by roughly $.8 million.

Also booked a $31.9 million unrealized gain on the MBS portfolio in the quarter and YTD, following a $32.4 million unrealized gain in the fourth quarter FY19. Quarterly fluctuations in this line will continue as the mark-to-market impact of our fixed rate MBS in various interest rate environments is recognized.




| | FY17 Q4 | FY18 Q1 | FY18 Q2 | FY18 Q3 | FY18 Q4 | FY19 Q1 | FY19 Q2 | FY19 Q3 | FY19 Q4 | FY20 Q1 |
|---|---|---|---|---|---|---|---|---|---|---|
| Unrealized Gains/Losses | $5.8 | $10.5 | ($9.6) | ($47.0) | ($11.7) | ($13.9) | $30.1 | $42.6 | $32.4 | $31.9 |
| Treasury Rate | 2.31% | 2.30% | 2.40% | 2.74% | 2.85% | 3.05% | 2.69% | 2.41% | 2.00% | 1.68% |

**BALANCE SHEET***
**Quarterly Financial Dashboard - Selected Reporting**
**As of September 30, 2019 - ($ million)**

| | Quarter End | Prior Quarter End | Change from Prior Quarter | Year Ago ** | Change From Year Ago |
|---|---|---|---|---|---|
| **CONSOLIDATED** | | | | | |
| **Total Assets** | **4,621.8** | **4,382.0** | **239.8** | **3,948.0** | **673.8** |
| *Program Securities* | 2,780.7 | 2,688.0 | 92.7 | 2,172.7 | 608.0 |
| *Loans, net* | 951.7 | 955.0 | (3.3) | 979.3 | (27.6) |
| *Other investments and cash* | 865.1 | 739.0 | 126.1 | 766.7 | 98.4 |
| **Total Liabilities** | **3,622.4** | **3,448.0** | **174.4** | **3,123.7** | **498.7** |
| Net Position | | | | | |
| *restricted by Resolution* | 456.7 | 426.5 | 30.2 | 305.5 | 151.2 |
| *restricted by Covenant* | 499.2 | 487.7 | 11.5 | 471.5 | 27.7 |
| *restricted by Law* | 197.5 | 151.8 | 45.7 | 194.2 | 3.3 |
| *unrestricted - State Appr-Backed Debt* | (179.8) | (160.8) | (19.0) | (160.8) | (19.0) |
| *other* | 5.2 | 6.1 | (0.9) | 4.7 | 0.5 |
| **Total Net Position** | **978.8** | **911.3** | **67.5** | **815.1** | **163.7** |
| **CONSOLIDATED EXCLUDING APPROPRIATED** | | | | | |
| **Total Assets** | **4,376.0** | **4,204.5** | **171.5** | **3,716.8** | **659.2** |
| **Net Position** | **961.1** | **920.3** | **40.8** | **781.7** | **179.4** |
| **SUSTAINABLE CORE** | | | | | |
| **Total Assets** | **4,258.7** | **4,091.0** | **167.7** | **3,607.6** | **651.1** |
| *Program Securities* | 2,780.7 | 2,687.7 | 93.0 | 2,172.7 | 608.0 |
| *Loans, net* | 826.2 | 832.5 | (6.3) | 866.7 | (40.5) |
| *Other investments & cash* | 627.9 | 570.8 | 57.1 | 541.7 | 86.2 |
| **Total Liabilities** | **3,394.3** | **3,261.0** | **133.3** | **2,926.0** | **468.3** |
| *Bonds payable, net* | 3,239.1 | 3,104.0 | 135.1 | 2,772.3 | 466.8 |
| **Net Position** | **843.8** | **807.3** | **36.5** | **672.4** | **171.4** |

* Assets and liabilities do not include deferred inflows/outflows
** As restated for State appropriated debt liability

**STATEMENT OF OPERATIONS**
**Quarterly Financial Dashboard - Selected Reporting**
**As of September 30, 2019 - ($ million)**

| | This Quarter | Prior Quarter | Change from Prior Quarter | FYTD | Last Year FYTD | Change |
|---|---|---|---|---|---|---|
| **CONSOLIDATED** | | | | | | |
| Revenues | 198.7 | 139.7 | 59.0 | 198.7 | 130.8 | 67.9 |
| Expenses | 112.2 | 103.3 | 8.9 | 112.2 | 93.7 | 18.5 |
| **Net** | **86.5** | **36.4** | **50.1** | **86.5** | **37.1** | **49.4** |
| **SUSTAINABLE CORE** | | | | | | |
| Interest revenue | 36.3 | 36.6 | (0.3) | 36.3 | 32.5 | 3.8 |
| Other revenue | 15.1 | 11.9 | 3.2 | 15.1 | 11.1 | 4.0 |
| Unrealized gain (loss) | 31.9 | 32.4 | (0.5) | 31.9 | (13.8) | 45.7 |
| **TOTAL REVENUE** | **83.3** | **80.9** | **2.4** | **83.3** | **29.8** | **53.5** |
| Interest Expense | 20.2 | 25.4 | (5.2) | 20.2 | 19.7 | 0.5 |
| Operating Expenses(1) | 8.4 | (4.3) | 12.7 | 8.4 | 7.6 | 0.8 |
| Other Expenses | 13.2 | 8.9 | 4.3 | 13.2 | 8.7 | 4.5 |
| **TOTAL EXPENSE** | **41.8** | **30.0** | **11.8** | **41.8** | **36.0** | **5.8** |
| **Revenue over Expense** | **41.5** | **50.9** | **(9.4)** | **41.5** | **(6.2)** | **47.7** |
| **Net Interest Income** | **16.1** | **11.2** | **4.9** | **16.1** | **12.8** | **3.3** |
| *Annualized Net Interest Margin(2)* | *1.54%* | *1.12%* | | *1.54%* | *1.43%* | |

(1) Salaries, benefits and other general operating; includes YE Pension Adj
(2)Annualized Net Interest Income/Average assets for period

Agenda Item: 8.A
Selected Financial Statements

**Minnesota Housing Finance Agency**
**Fund Financial Statements**
**Statement of Net Position (in thousands) - UNAUDITED**
**Proprietary Funds**
**As of September 30, 2019 (with comparative totals as of September 30, 2018)**

| | General Reserve | Rental Housing | Bond Funds: Residential Housing Finance | Bond Funds: Homeownership Finance Bonds | Bond Funds: Multifamily Housing Bonds | Bond Funds: HOMES$^{SM}$ | Appropriated Funds: State Appropriated | Appropriated Funds: Federal Appropriated | Total as of September 30, 2019 | Total as of September 30, 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | |
| Cash and cash equivalents | 102,541 | $ 28,899 | $ 269,284 | $ 49,013 | $ 1,577 | $ - | $ 182,882 | $ 14,102 | $ 648,298 | $ 419,010 |
| Investments-program mortgage-backed securities | - | - | 1,088,711 | 1,691,960 | - | - | - | - | 2,780,671 | 2,172,655 |
| Investment securities-other | - | 22,325 | 170,377 | - | - | $ 16,445 | 7,622 | - | 216,769 | 347,675 |
| Loans receivable, net | - | 132,103 | 765,116 | - | 13,702 | - | 40,798 | - | 951,719 | 979,300 |
| Interest receivable on loans and program mortgage-backed securities | - | 568 | 6,546 | 5,308 | 50 | - | 15 | - | 12,487 | 11,023 |
| Interest receivable on investments | 169 | 112 | 972 | 54 | 3 | 42 | 286 | 12 | 1,650 | 1,535 |
| Interest rate swap agreements | - | - | 495 | - | - | - | - | - | 495 | 4,827 |
| FHA/VA insurance claims, net | - | - | 557 | - | - | - | - | - | 557 | 841 |
| Real estate owned, net | - | - | 835 | - | - | - | - | - | 835 | 1,249 |
| Capital assets, net | 5,184 | - | - | - | - | - | - | - | 5,184 | 4,727 |
| Other assets | 2,656 | 3 | 384 | 25 | - | - | - | 90 | 3,158 | 5,156 |
| Total assets | 110,550 | 184,010 | 2,303,277 | 1,746,360 | 15,332 | 16,487 | 231,603 | 14,204 | 4,621,823 | 3,947,998 |
| **Deferred Outflows of Resources** | | | | | | | | | | |
| Deferred loss on refunding | - | - | 54 | - | - | - | - | - | 54 | 1,754 |
| Deferred loss on interest rate swap agreements | - | - | 14,082 | - | - | - | - | - | 14,082 | 239 |
| Deferred pension expense | 26,658 | - | - | - | - | - | - | - | 26,658 | 38,618 |
| Total deferred outflows of resources | 26,658 | - | 14,136 | - | - | - | - | - | 40,794 | 40,611 |
| Total assets and deferred outflows of resources | $ 137,208 | $ 184,010 | $ 2,317,413 | $ 1,746,360 | $ 15,332 | $ 16,487 | $ 231,603 | $ 14,204 | $ 4,662,617 | $ 3,988,609 |
| **Liabilities** | | | | | | | | | | |
| Bonds payable, net | $ - | $ 39,900 | $ 1,535,059 | $ 1,634,820 | $ 13,420 | $ 15,904 | $ 179,845 | $ - | $ 3,418,948 | $ 2,933,125 |
| Interest payable | - | 215 | 10,409 | 5,023 | 34 | 42 | - | - | 15,723 | 14,106 |
| Interest rate swap agreements | - | - | 14,082 | - | - | - | - | - | 14,082 | 1,908 |
| Net pension liability | 10,441 | - | - | - | - | - | - | - | 10,441 | 47,879 |
| Accounts payable and other liabilities | 3,698 | 4,784 | 32,550 | 81 | - | - | 32 | - | 41,145 | 22,350 |
| Interfund payable (receivable) | (4,802) | - | 3,741 | - | - | - | 976 | 85 | - | - |
| Funds held for others | 72,329 | - | 2,000 | - | - | 541 | 47,190 | 4 | 122,064 | 104,363 |
| Total liabilities | 81,666 | 44,899 | 1,597,841 | 1,639,924 | 13,454 | 16,487 | 228,043 | 89 | 3,622,403 | 3,123,731 |
| **Deferred Inflows of Resources** | | | | | | | | | | |
| Deferred gain on interest rate swap agreements | - | - | 495 | - | - | - | - | - | 495 | 4,827 |
| Deferred revenue-service release fee | - | - | 10,791 | 8,134 | - | - | - | - | 18,925 | 17,234 |
| Deferred pension credit | 42,028 | - | - | - | - | - | - | - | 42,028 | 27,699 |
| Total deferred inflows of resources | 42,028 | - | 11,286 | 8,134 | - | - | - | - | 61,448 | 49,760 |
| Total liabilities and deferred inflows of resources | $ 123,694 | $ 44,899 | $ 1,609,127 | $ 1,648,058 | $ 13,454 | $ 16,487 | $ 228,043 | $ 89 | $ 3,683,851 | $ 3,173,491 |
| Commitments and contingencies | | | | | | | | | | |
| **Net Position** | | | | | | | | | | |
| Restricted by bond resolution | - | 139,111 | 217,396 | 98,302 | 1,878 | - | - | - | 456,687 | 305,464 |
| Restricted by covenant | 8,330 | - | 490,890 | - | - | - | - | - | 499,220 | 471,517 |
| Restricted by law | - | - | - | - | - | - | 183,405 | 14,115 | 197,520 | 194,245 |
| Unrestricted by State Appropriation-backed Debt | - | - | - | - | - | - | (179,845) | - | (179,845) | (160,835) |
| Invested in capital assets | 5,184 | - | - | - | - | - | - | - | 5,184 | 4,727 |
| Total net position | 13,514 | 139,111 | 708,286 | 98,302 | 1,878 | - | 3,560 | 14,115 | 978,766 | 815,118 |
| Total liabilities, deferred inflows of resources, and net position | $ 137,208 | $ 184,010 | $ 2,317,413 | $ 1,746,360 | $ 15,332 | $ 16,487 | $ 231,603 | $ 14,204 | $ 4,662,617 | $ 3,988,609 |
| | - | - | - | - | - | - | - | - | - | - |

This information on the funds of the Agency for the three-month period ended September 30, 2019 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the three-month period ended September 30, 2019, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2019 and for the fiscal year then ended.

See accompanying notes to financial statements.

**Minnesota Housing Finance Agency**
**Fund Financial Statements - UNAUDITED**
**Statement of Revenues, Expenses and Changes in Net Position (in thousands)**
**Proprietary Funds**
**Three Months Ended September 30, 2019 (with comparative totals for Three Months Ended September 30, 2018)**

| | General Reserve | Bond Funds: Rental Housing | Bond Funds: Residential Housing Finance | Bond Funds: Homeownership Finance Bonds | Bond Funds: Multifamily Housing Bonds | Bond Funds: HOMES℠ | Appropriated Funds: State Appropriated | Appropriated Funds: Federal Appropriated | Total for the Three Months Ended September 30, 2019 | Total for the Three Months Ended September 30, 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | |
| Interest earned on loans | $ - | $ 1,721 | $ 9,091 | $ - | $ 151 | $ - | $ 60 | $ - | $ 11,023 | $ 12,019 |
| Interest earned on investments-program mortgage-backed securities | - | - | 7,801 | 14,813 | - | - | - | - | 22,614 | 18,021 |
| Interest earned on investments-other | 179 | 318 | 2,242 | 160 | 8 | 128 | 931 | 80 | 4,046 | 3,747 |
| Net G/L on Sale of MBS Held for Sale/HOMES℠ Certificates | - | - | 3,881 | - | - | - | - | - | 3,881 | 1,383 |
| Appropriations received | - | - | - | - | - | - | 64,049 | 49,552 | 113,601 | 99,671 |
| Administrative reimbursement | 7,733 | - | - | - | - | - | - | - | 7,733 | 6,492 |
| Fees earned and other income | 2,347 | 54 | 666 | 384 | - | - | 415 | - | 3,866 | 3,429 |
| Unrealized gains (losses) on investments | - | 555 | 18,783 | 12,639 | - | - | (55) | - | 31,922 | (13,942) |
| Total revenues | 10,259 | 2,648 | 42,464 | 27,996 | 159 | 128 | 65,400 | 49,632 | 198,686 | 130,820 |
| **Expenses** | | | | | | | | | | |
| Interest | - | 334 | 6,933 | 12,702 | 101 | 128 | - | - | 20,198 | 19,667 |
| Financing, net | - | - | 3,934 | 1,437 | - | - | - | - | 5,371 | 2,319 |
| Loan administration and trustee fees | - | 20 | 659 | 142 | 1 | - | 26 | - | 848 | 847 |
| Administrative reimbursement | - | 288 | 3,840 | 2,489 | 24 | - | 976 | - | 7,617 | 6,371 |
| Salaries and benefits | 7,039 | - | - | - | - | - | - | - | 7,039 | 6,609 |
| Other general operating | 1,013 | 3 | 639 | 27 | - | - | 358 | - | 2,040 | 1,880 |
| Appropriations disbursed | - | - | - | - | - | - | 9,226 | 49,560 | 58,786 | 53,192 |
| Reduction in carrying value of certain low interest | - | - | - | - | - | - | - | - | - | - |
| rate deferred loans | - | - | 153 | - | - | - | 8,947 | - | 9,100 | 2,227 |
| Provision for loan losses | - | (114) | 1,044 | - | - | - | 242 | - | 1,172 | 603 |
| Total expenses | 8,052 | 531 | 17,202 | 16,797 | 126 | 128 | 19,775 | 49,560 | 112,171 | 93,715 |
| Revenues over (under) expenses | 2,207 | 2,117 | 25,262 | 11,199 | 33 | - | 45,625 | 72 | 86,515 | 37,105 |
| **Other changes** | | | | | | | | | | |
| Non-operating transfer of assets between funds & Adj. | (3,162) | 13 | 159 | 2,990 | - | - | (19,010) | - | (19,010) | (19,943) |
| Change in net position | (955) | 2,130 | 25,421 | 14,189 | 33 | - | 26,615 | 72 | 67,505 | 17,162 |
| **Net Position** | | | | | | | | | | |
| Total net position, beginning of period | 14,469 | 136,981 | 682,865 | 84,113 | 1,845 | - | (23,055) | 14,043 | 911,261 | 797,956 |
| Total net position, end of period | $ 13,514 | $ 139,111 | $708,286 | $ 98,302 | $ 1,878 | $ - | $ 3,560 | $ 14,115 | $ 978,766 | $ 815,118 |

This information on the funds of the Agency for the three-month period ended September 30, 2019 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the three-month period ended September 30, 2019, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2019 and for the fiscal year then ended.

Total net position, beginning of period adjusted to GASB 68.
See accompanying notes to financial statements.

**Minnesota Housing Finance Agency**
**Supplementary Information(Unaudited)**
**Statement of Net Position (in thousands)**
**General Reserve & Bond Funds**
**As of September 30, 2019 (with comparative totals for September 30, 2018)**

| | General Reserve | Rental Housing | Bond Funds: Residential Housing Finance Bonds | Bond Funds: Residential Housing Finance Pool 2 | Bond Funds: Homeownership Finance Bonds | Bond Funds: Multifamily Housing Bonds | Bond Funds: HOMES$^{SM}$ | General Reserve & Bond Funds Excluding Pool 3 Total As Of September 30, 2019 | General Reserve & Bond Funds Excluding Pool 3 Total As Of September 30, 2018 | Residential Housing Finance Pool 3 Total As Of September 30, 2019 | General Reserve & Bond Funds Total As Of September 30, 2019 | General Reserve & Bond Funds Total As Of September 30, 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | | |
| Cash and cash equivalents | $ 102,541 | $ 28,899 | 244,682 | $ 14,326 | $ 49,013 | $ 1,577 | $ - | $ 441,038 | $ 276,395 | $ 10,276 | $ 451,314 | $ 282,861 |
| Investments-program mortgage-backed securities | - | - | 1,088,711 | - | 1,691,960 | - | - | 2,780,671 | 2,172,655 | - | 2,780,671 | 2,172,655 |
| Investment securities-other | - | 22,325 | 18,287 | 129,844 | - | - | 16,445 | 186,901 | 265,269 | 22,246 | 209,147 | 295,878 |
| Loans receivable, net | - | 132,103 | 375,866 | 304,518 | - | 13,702 | - | 826,189 | 866,695 | 84,732 | 910,921 | 936,396 |
| Interest receivable on loans and program mortgage-backed securities | - | 568 | 5,211 | 1,293 | 5,308 | 50 | - | 12,430 | 10,920 | 42 | 12,472 | 10,984 |
| Interest receivable on investments | 169 | 112 | 486 | 455 | 54 | 3 | 42 | 1,321 | 1,240 | 31 | 1,352 | 1,305 |
| Interest rate swap agreements | - | - | 495 | - | - | - | - | 495 | 4,827 | - | 495 | 4,827 |
| FHA/VA insurance claims, net | - | - | 557 | - | - | - | - | 557 | 841 | - | 557 | 841 |
| Real estate owned, net | - | - | 569 | 266 | - | - | - | 835 | 1,249 | - | 835 | 1,249 |
| Capital assets, net | 5,184 | - | - | - | - | - | - | 5,184 | 4,727 | - | 5,184 | 4,727 |
| Other assets | 2,656 | 3 | 31 | 352 | 25 | - | - | 3,067 | 2,767 | 1 | 3,068 | 5,030 |
| Total assets | 110,550 | 184,010 | 1,734,895 | 451,054 | 1,746,360 | 15,332 | 16,487 | 4,258,688 | 3,607,585 | 117,328 | 4,376,016 | 3,716,753 |
| **Deferred Outflows of Resources** | | | | | | | | | | | | |
| Deferred loss on refunding | - | - | 54 | - | - | - | - | 54 | 1,754 | - | 54 | 1,754 |
| Deferred loss on interest rate swap agreements | - | - | 14,082 | - | - | - | - | 14,082 | 239 | - | 14,082 | 239 |
| Deferred pension expense | 26,658 | - | - | - | - | - | - | 26,658 | 38,618 | - | 26,658 | 38,618 |
| Total deferred outflows of resources | 26,658 | - | 14,136 | - | - | - | - | 40,794 | 40,611 | - | 40,794 | 40,611 |
| Total assets and deferred outflows of resources | $ 137,208 | $ 184,010 | $ 1,749,031 | $ 451,054 | $ 1,746,360 | $ 15,332 | $ 16,487 | $ 4,299,482 | $ 3,648,196 | $ 117,328 | $ 4,416,810 | $ 3,757,364 |
| **Liabilities** | | | | | | | | | | | | |
| Bonds payable, net | $ - | $ 39,900 | $ 1,500,059 | $ 35,000 | $ 1,634,820 | $ 13,420 | $ 15,904 | $ 3,239,103 | $ 2,772,290 | $ - | $ 3,239,103 | $ 2,772,290 |
| Interest payable | - | 215 | 10,390 | 19 | 5,023 | 34 | 42 | 15,723 | 14,106 | - | 15,723 | 14,106 |
| Interest rate swap agreements | - | - | 14,082 | - | - | - | - | 14,082 | 1,908 | - | 14,082 | 1,908 |
| Net pension liability | 10,441 | - | - | - | - | - | - | 10,441 | 47,879 | - | 10,441 | 47,879 |
| Accounts payable and other liabilities | 3,698 | 4,784 | 491 | 32,058 | 81 | - | - | 41,112 | 22,267 | 1 | 41,113 | 22,324 |
| Interfund payable (receivable) | (4,802) | - | - | 3,741 | - | - | - | (1,061) | (758) | - | (1,061) | (916) |
| Funds held for others | 72,329 | - | - | 2,000 | - | - | 541 | 74,870 | 68,305 | - | 74,870 | 68,305 |
| Total liabilities | 81,666 | 44,899 | 1,525,022 | 72,818 | 1,639,924 | 13,454 | 16,487 | 3,394,270 | 2,925,997 | 1 | 3,394,271 | 2,925,896 |
| **Deferred Inflows of Resources** | | | | | | | | | | | | |
| Deferred gain on interest rate swap agreements | - | - | 495 | - | - | - | - | 495 | 4,827 | - | 495 | 4,827 |
| Deferred revenue-service release fee | - | - | 6,118 | 4,673 | 8,134 | - | - | 18,925 | 17,234 | - | 18,925 | 17,234 |
| Deferred pension credit | 42,028 | - | - | - | - | - | - | 42,028 | 27,699 | - | 42,028 | 27,699 |
| Total deferred inflows of resources | 42,028 | - | 6,613 | 4,673 | 8,134 | - | - | 61,448 | 49,760 | - | 61,448 | 49,760 |
| Total liabilities and deferred inflows of resources | $ 123,694 | $ 44,899 | $ 1,531,635 | $ 77,491 | $ 1,648,058 | $ 13,454 | $ 16,487 | $ 3,455,718 | $ 2,975,757 | $ 1 | $ 3,455,719 | $ 2,975,656 |
| Commitments and contingencies | | | | | | | | | | | | |
| **Net Position** | | | | | | | | | | | | |
| Restricted by bond resolution | - | 139,111 | 217,396 | - | 98,302 | 1,878 | - | 456,687 | 305,464 | - | 456,687 | 305,464 |
| Restricted by covenant | 8,330 | - | - | 373,563 | - | - | - | 381,893 | 362,248 | 117,327 | 499,220 | 471,517 |
| Restricted by law | - | - | - | - | - | - | - | - | - | - | - | - |
| Unrestricted by State Appropriation-backed Debt | - | - | - | - | - | - | - | - | - | - | - | - |
| Invested in capital assets | 5,184 | - | - | - | - | - | - | 5,184 | 4,727 | - | 5,184 | 4,727 |
| Total net position | 13,514 | 139,111 | 217,396 | 373,563 | 98,302 | 1,878 | - | 843,764 | 672,439 | 117,327 | 961,091 | 781,708 |
| Total liabilities, deferred inflows, and net position | $ 137,208 | $ 184,010 | $ 1,749,031 | $ 451,054 | $ 1,746,360 | $ 15,332 | $ 16,487 | $ 4,299,482 | $ 3,648,196 | $ 117,328 | $ 4,416,810 | $ 3,757,364 |
| | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | | | - | - | - | | | - | | |

This information on the funds of the Agency for the three-month period ended September 30, 2019 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the three-month period ended September 30, 2019 , subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2019 and for the fiscal year then ended.

**Minnesota Housing Finance Agency**
**Supplementary Information (Unaudited)**
**Statement of Revenues, Expenses and Changes in Net Position (in thousands)**
**General Reserve & Bond Funds**
**Three Month Ended September 30, 2019 (with comparative totals for the three month ended September 30, 2018)**

| | General Reserve | Bond Funds: Rental Housing | Bond Funds: Residential Housing Finance: Bonds | Bond Funds: Residential Housing Finance: Pool 2 | Bond Funds: Homeownership Finance Bonds | Bond Funds: Multifamily Housing Bonds | Bond Funds: HOMES℠ | General Reserve & Bond Funds Excluding Pool 3 Total for Three Months Ended September 30, 2019 | General Reserve & Bond Funds Excluding Pool 3 Total for Three Months Ended September 30, 2018 | Residential Housing Finance Pool 3 Total for Three Months Ended September 30, 2019 | General Reserve & Bond Funds Total for Three Months Ended September 30, 2019 | General Reserve & Bond Funds Total for Three Months Ended September 30, 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | | | |
| Interest earned on loans | $ - | 1,721 | $ 5,100 | $ 3,871 | $ - | $ 151 | $ - | $ 10,843 | $ 11,851 | $ 120 | 10,963 | $ 11,943 |
| Interest earned on investments-program mortgage-backed securities | - | - | 7,801 | - | 14,813 | - | - | 22,614 | 18,021 | - | 22,614 | 18,021 |
| Interest earned on investments-other | 179 | 318 | 934 | 1,140 | 160 | 8 | 128 | 2,867 | 2,674 | 168 | 3,035 | 2,887 |
| Net G/L on Sale of MBS Held for Sale/HOMES℠ Certificate | - | - | - | 3,881 | - | - | - | 3,881 | 1,383 | - | 3,881 | 1,383 |
| Appropriations received | - | - | - | - | - | - | - | - | - | - | - | - |
| Administrative reimbursement | 7,733 | - | - | - | - | - | - | 7,733 | 6,492 | - | 7,733 | 6,492 |
| Fees earned and other income | 2,347 | 54 | 262 | 404 | 384 | - | - | 3,451 | 3,177 | - | 3,451 | 3,347 |
| Unrealized gains (losses) on Investments | - | 555 | 7,351 | 11,400 | 12,639 | - | - | 31,945 | (13,767) | 32 | 31,977 | (13,858) |
| Total revenues | 10,259 | 2,648 | 21,448 | 20,696 | 27,996 | 159 | 128 | 83,334 | 29,831 | 320 | 83,654 | 30,215 |
| **Expenses** | | | | | | | | | | | | |
| Interest | - | 334 | 6,420 | 513 | 12,702 | 101 | 128 | 20,198 | 19,667 | - | 20,198 | 19,667 |
| Financing, net | - | - | 3,931 | 3 | 1,437 | - | - | 5,371 | 2,319 | - | 5,371 | 2,319 |
| Loan administration and trustee fees | - | 20 | 404 | 250 | 142 | 1 | - | 817 | 826 | 5 | 822 | 831 |
| Administrative reimbursement | - | 288 | 2,386 | 1,103 | 2,489 | 24 | - | 6,290 | 5,230 | 351 | 6,641 | 5,567 |
| Salaries and benefits | 7,039 | - | - | - | - | - | - | 7,039 | 6,609 | - | 7,039 | 6,609 |
| Other general operating | 1,013 | 3 | 25 | 341 | 27 | - | - | 1,409 | 1,017 | 273 | 1,682 | 1,668 |
| Appropriations disbursed | - | - | - | - | - | - | - | - | - | - | - | - |
| Reduction in carrying value of certain low interest rate deferred loans | - | - | - | (55) | - | - | - | (55) | (42) | 208 | 153 | 681 |
| Provision for loan losses | - | (114) | 432 | 454 | - | - | - | 772 | 417 | 158 | 930 | 556 |
| Total expenses | 8,052 | 531 | 13,598 | 2,609 | 16,797 | 126 | 128 | 41,841 | 36,043 | 995 | 42,836 | 37,898 |
| | 2,207 | 2,117 | 7,850 | 18,087 | 11,199 | 33 | - | 41,493 | (6,212) | (675) | 40,818 | (7,683) |
| **Other changes** | | | | | | | | | | | | |
| Non-operating transfer of assets between funds | (3,162) | 13 | 6,003 | (10,844) | 2,990 | - | - | (5,000) | - | 5,000 | - | - |
| Change in net position | (955) | 2,130 | 13,853 | 7,243 | 14,189 | 33 | - | 36,493 | (6,212) | 4,325 | 40,818 | (7,683) |
| **Net Position** | | | | | | | | | | | | |
| Total net position, beginning of period | 14,469 | 136,981 | 203,543 | 366,320 | 84,113 | 1,845 | - | 807,271 | 678,651 | 113,002 | 920,273 | 789,391 |
| Total net position, end of perioc | $ 13,514 | $ 139,111 | $ 217,396 | $ 373,563 | $ 98,302 | $ 1,878 | $ - | $ 843,764 | $ 672,439 | $ 117,327 | $ 961,091 | $ 781,708 |
| | - | - | | | - | - | - | | | - | | |

This information on the funds of the Agency for the three-month period ended September 30, 2019 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the three-month period ended September 30, 2019 subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2019 and for the fiscal year then ended.

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MINNESOTA HOUSING

**Board Agenda Item:** 8.B
**Date: 11/21/2019**

**Item:** 2019 Affordable Housing Plan and 2016-19 Strategic Plan: Fourth Quarter Progress Report

**Staff Contact(s):**
John Patterson, 651.296.0763, john.patterson@state.mn.us

**Request Type:**

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☐ Discussion
- ☒ Information

**Summary of Request:**
Staff has attached for your review and discussion the fourth progress report for the 2019 Affordable Housing Plan and the 2016-19 Strategic Plan.

**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):**
- 2019 Affordable Housing Plan and 2016-19 Strategic Plan: Fourth Quarter Progress Report

# 2019 Affordable Housing Plan and 2016-19 Strategic Plan Fourth Quarter Progress Report

**(October 1, 2018 – September 30, 2019)**

**November 14, 2019**

## Overview

In 2019, we had a very strong year – exceeding our original overall forecast for committing funds and assisting households. Home mortgage lending was particularly strong, with net commitments reaching nearly $1 billion. Most importantly, we had strong activity across all program areas.

Tables 1 through 3 present program activity, which are followed by notes for each line item in the tables. Table 4 presents updated funding by program.

### Table 1: Production (Units or Households with Funding Commitments) and Programmatic Measures

**Quarter 4 of 2019 AHP (100% through AHP)**

| | Original AHP Forecast | Actual Year-to-Date | Portion of AHP Forecast Completed |
|---|---|---|---|
| **Single Family Production – Homes** | | | |
| 1. Home First Mortgages | 4,324 | 5,079 | 117% |
| 2. Other Homeownership Opportunities | 301 | 271 | 90% |
| 3. Owner-Occupied Home Improvement/Rehabilitation | 1,354 | 1,296 | 96% |
| 4. Total | 5,979 | 6,646 | 111% |
| **Homebuyer Education, Counseling and Training - Households** | | | |
| 5. Homebuyer Education and Counseling* | 20,224 | 20,453 | 101% |
| **Multifamily Production – Rental Units** | | | |
| 6. New Rental Construction | 1,307 | 1,288 | 99% |
| 7. Rental Rehabilitation | 2,259 | 2,489 | 110% |
| 8. Refinance Only (No Construction or Rehabilitation) | 313 | 272 | 87% |
| 9. Asset Management | 183 | 32 | 17% |
| 10. Total | 4,061 | 4,081 | 100% |
| **Rental Assistance and Operating Subsidies - Households** | | | |
| 11. State Funded Rental Assistance* | 3,021 | 2,558 | 85% |
| 12. Operating Subsidies* | 894 | 894 | 100% |
| 13. Section 8 Contracts | 28,259 | 28,063 | 99% |
| 14. Total | 32,174 | 31,515 | 98% |
| **Homeless Prevention** | | | |
| 15. Family Homeless Prevention and Assistance Program (FHPAP)* & Housing Opportunities for Persons with AIDS (HOPWA) | 7,144 | 6,301 | 88% |
| **Increase Homeownership for Households of Color** | | | |
| 16. Percentage of First-Time Homebuyer Mortgages Going to Households of Color or Hispanic Ethnicity | 35.0% | 34.4% | ** |

* Funds for Homebuyer education, state funded rent assistance, operating subsidies, and FHPAP are committed by the Board in July-September, at the end of an AHP. Thus, funds committed under the 2018 AHP (in July-September 2018) are funding program activity in 2019 (October 1, 2018 to September 30, 2019). To reflect 2019 program activity for these programs, this table shows the households supported in 2019 with 2018 AHP funds. For all other programs, the table shows the households and housing units supported with 2019 AHP funds.

** Not Applicable.

### Table 2: Deployment of Resources

**Quarter 4 of 2019 AHP (100% through AHP)**

| | AHP Forecast | Actual for Year |
|---|---|---|
| 17. Percentage of Originally Budgeted Funds that are Committed Under the AHP | >95% by end of the year | 108% |

### Table 3: Management of Loan Assets

**Quarter 4 of 2019 AHP (100% through AHP)**

| | AHP Benchmark | Actual |
|---|---|---|
| 18. Share of Home Mortgages Purchased in Previous 24 Months that are 30+ Days Past Due or In Foreclosure (9/30/19) | 4.60%* | 4.69%** |
| 19. Percentage of Multifamily Developments with Amortizing Loan on Watch List | Under 10% | 4.8% |
| 20. Percentage of Outstanding Multifamily Loan Balances on Watch List | Under 10% | 1.8% |

* This is a benchmark, rather than a forecast, and it is based on the performance of other housing finance agencies from across the country that have their mortgages serviced by US Bank.
**The information presented is based on MBS loans purchased in the previous 24 months. As such, the information is not directly relevant to the security of any bonds of the Agency and should not be relied upon for that purpose. The Agency publishes separate disclosure reports for each of its bond resolutions.

## Discussion of Items in the Tables 1 - 3

- **Line 1:** Home mortgage lending was very strong. We originally forecasted financing 4,324 mortgages with $800 million of mortgage capital. We reached nearly 5,100 home mortgages.

- **Line 2:** Production under other homeownership opportunities performed largely as expected. The primary activity in this area is new development and acquisition/rehabilitation/resale through the Community Homeownership Impact Fund. We reached 90% of the forecast.

- **Line 3:** Overall, owner-occupied home improvement and rehabilitation operated as expected. Strong lending under the Fix-Up Fund and Community Fix-Up Fund programs offset lower than anticipated activity under the Rehabilitation Loan program. This line item also includes owner-occupied rehabilitation under the Community Homeownership Impact Fund.

- **Line 4:** Overall, home buying and improvement activities performed better than expected, reaching 111% of the original forecast.

- **Line 5:** Households assisted through homebuyer education and counseling exceeded the original forecast of just over 20,000 households.

- **Line 6**: Funding of rental new construction performed as expected, reaching nearly 1,300 new housing units.

- **Line 7:** Rental rehabilitation activity was also on track, exceeding the original goal.

- **Line 8:** This activity involves refinancing multifamily loans (largely first mortgages) for existing rental housing without any construction or rehabilitation involved. We fund this activity on a year-round pipeline basis.

- **Line 9:** Under Asset Management, we reached 17% of the forecast. We have oriented this program to focus on shorter-term and immediate needs of the properties in our portfolio, and we are directing properties to the annual Consolidated RFP for longer-term needs. By targeting the program to shorter-term and immediate needs, forecasting the amount and timing of program demand is more uncertain. We can go through periods of no activity, followed by a periods of a lot of activity. In addition, the funding per unit this past year was substantially higher than expected, $78,000 per unit rather than the expected $30,000.

- **Line 10:** Overall, rental production operated largely as expected.

- **Line 11:** The number of households assisted by our rent assistance programs (Bridges, Housing Trust Fund, and Section 811) reached 85% of the forecast. Given the very low rental vacancy rates across Minnesota, some voucher holders have had a difficult time finding housing to use their vouchers, which is limiting the number of household assisted. In addition, we are still in the process of launching and ramping up a new rent assistance pilot for students experiencing homelessness, called Homework Starts with Home.

- **Line 12:** Operating subsidies performed as expected.

- **Line 13:** The administration of Section 8 contracts operated as expected. This is a very stable program with consistent funding and households served.

- **Line 14:** Overall, rent assistance and operating subsidy activity (federal and state) performed as expected.

- **Line 15:** Homeless prevention activity only reached 88% of the year-end forecast.

- **Line 16:** We continue to effectively serve communities of color through homeownership. We estimate that 34% of renters between the ages of 25 and 44 (the prime first-time homebuyer ages) and who are potentially income-ready to buy a home are households of color. During the 2019 AHP, 34.4% of our first-time homebuyer mortgages (Start Up) went to households of color, nearly reaching our goal of 35.0%.

- **Line 17:** We committed 108% of the funds originally budgeted in the 2019 AHP.

- **Line 18:** Our 30+ day delinquency rate for home mortgages purchased in the last 24 months (including loans in foreclosure) was 4.69% in September 2019, which is in line with our "peer" benchmark of 4.60%. This data comes from US Bank, which services loans in mortgage backed securities (MBS) for us and many other housing finance agencies across the country.

The information is based on MBS loans purchased in the previous 24 months. As such, the information is not directly relevant to the security of any of our bonds and should not be relied upon for that purpose. We publish separate disclosure reports for each of our bond resolutions.

- **Lines 19-20**: We are meeting our goal for minimizing the number and share of loans on the multifamily watch list.

## Updated Funding Levels

Table 4 shows the funds available during the 2019 AHP, including the original AHP amount and changes by program. The Home Mortgage program (line 1) accounts for nearly all of the increase. The smaller changes are mostly revised estimates of uncommitted funds that carried forward from the 2018 AHP to the 2019 AHP or loan repayments above expected levels.

## Table 4: 2019 Affordable Housing Plan and Funding Updates

| | | Original 2019 Funding Level | Revisions | Updated Funding |
|---|---|---|---|---|
| | **Homebuyer Financing and Home Refinancing** | **$840,000,000** | **$147,840,046** | **$987,840,046** |
| 1 | Home Mortgage Loans | $800,000,000 | $143,932,112 | $943,932,112 |
| 2 | Deferred Payment Loans | $22,000,000 | $2,095,007 | $24,095,007 |
| 3 | Monthly Payment Loans | $18,000,000 | $1,812,928 | $19,812,928 |
| | **Homebuyer/Owner Education and Counseling** | **$2,777,000** | **$72,392** | **$2,849,392** |
| 4 | Homebuyer Education, Counseling & Training (HECAT) | $1,527,000 | $72,392 | $1,599,392 |
| 5 | Enhanced Homeownership Capacity Initiative | $1,250,000 | $0 | $1,250,000 |
| | **Home Improvement Lending** | **$26,494,000** | **$2,478,262** | **$28,972,262** |
| 6 | Home Improvement Loan Program | $17,000,000 | $2,184,936 | $19,184,936 |
| 7 | Rehabilitation Loan Program (RLP) | $9,494,000 | $293,326 | $9,787,326 |
| | **Rental Production- New Construction and Rehabilitation** | **$179,920,842** | **$10,059,121** | **$189,979,963** |
| 8 | Multifamily First Mortgages | $105,000,000 | $0 | $105,000,000 |
| 9 | Flexible Financing for Capital Costs (FFCC) | $0 | $5,214,981 | $5,214,981 |
| 10 | Multifamily Flexible Capital Account | $5,000,000 | -$5,000,000 | $0 |
| 11 | Low-Income Housing Tax Credits (LIHTC) | $12,413,026 | $317,738 | $12,730,764 |
| 12 | National Housing Trust Fund | $3,445,781 | $169,390 | $3,615,171 |
| 13 | HOME | $11,885,573 | $4,303,359 | $16,188,932 |
| 14 | Preservation - Affordable Rental Investment Fund (PARIF) | $17,782,453 | $1,200,963 | $18,983,416 |
| 15 | Asset Management | $3,500,000 | $0 | $3,500,000 |
| 16 | Rental Rehabilitation Deferred Loan Pilot (RRDL) | $9,735,313 | $3,755,690 | $13,491,003 |
| 17 | Publicly Owned Housing Program (POHP) - GO Bonds | $9,231,696 | $97,000 | $9,328,696 |
| 18 | Workforce Housing Development | $1,927,000 | $0 | $1,927,000 |
| | **Rental Assistance Contract Administration** | **$178,810,000** | **$0** | **$178,810,000** |
| 19 | Section 8 - Performance Based Contract Administration | $141,460,000 | $0 | $141,460,000 |
| 20 | Section 8 - Traditional Contract Administration | $37,350,000 | $0 | $37,350,000 |
| | **Housing Stability for Vulnerable Populations** | **$29,870,556** | **$3,053,455** | **$32,924,011** |
| 21 | Housing Trust Fund (HTF) Rent Assist. and Operating Sub. | $15,495,000 | $719,270 | $16,214,270 |
| 22 | Bridges Rent Assistance | $4,596,635 | $230,563 | $4,827,198 |
| 24 | Section 811 Supportive Housing Rent Assistance | $912,000 | $0 | $912,000 |
| 24 | Family Homeless Prevention and Assist. Program (FHPAP) | $8,668,476 | $2,097,613 | $10,766,089 |
| 25 | Housing Opportunities for Persons with AIDS (HOPWA) | $198,445 | $6,009 | $204,454 |
| | **Multiple Use Resources** | **$85,026,481** | **$5,466,066** | **$90,492,547** |
| 26 | Economic Development and Housing/Challenge (EDHC) | $16,601,481 | $934,464 | $17,535,945 |
| 27 | Single Family Interim Lending | $1,900,000 | $0 | $1,900,000 |
| 28 | Housing Infrastructure Bonds (HIB) | $60,000,000 | $0 | $60,000,000 |
| 29 | Community-Owned Manufactured Home Parks | $2,000,000 | $1,000,000 | $3,000,000 |
| 30 | Technical Assistance and Operating Support | $2,525,000 | $531,602 | $3,056,602 |
| 31 | Strategic Priority Contingency Fund | $2,000,000 | -$2,000,000 | $0 |
| 32 | Strategic Investments / Loans | TBD | $5,000,000 | $5,000,000 |
| | **Other** | **$2,368,232** | **$333,140** | **$2,701,372** |
| 33 | Manufactured Home Relocation Trust Fund | $621,178 | $77,323 | $698,501 |
| 34 | Disaster Relief Contingency Fund | $1,747,054 | $255,817 | $2,002,871 |
| | **Total** | **$1,345,267,111** | **$169,302,482** | **$1,514,569,593** |

MINNESOTA HOUSING

**Board Agenda Item:** 9.A
**Date: 11/21/2019**

**Item:** **2019 Cost Containment Report**

**Staff Contact(s):**
Primary Contact, 651.296.0763, john.patterson@state.mn.us

**Request Type:**

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☐ Discussion
- ☒ Information

**Summary of Request:**
Staff is providing the 2019 Cost Containment report for your review. The report provides context for the projects that the Board is reviewing this month.

**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):**
- 2019 Cost Containment Report

MINNESOTA HOUSING

# 2019

# Cost Containment Report

## October 17, 2019

# OVERVIEW AND CONTEXT

Containing the cost of developing housing is a critical issue in Minnesota. In 2017, about 550,000 Minnesota households were cost burdened by spending more than 30 percent of their income on housing.[1] If we are to address the need for affordable housing, we must build and preserve as many affordable units as possible with the limited resources available, which requires us to be cost conscious. However, cost containment requires tradeoffs and a balanced approach.

- Using lower quality materials and less efficient systems will reduce upfront costs, but they can also increase ongoing maintenance, repair, and utility costs, which may not be cost-effective in the long run.
- Using lower quality materials and more basic designs for a building's exterior will also reduce costs, but they will also make it more challenging to fit affordable housing in the surrounding neighborhood, particularly higher-incomes communities, which can lead to community opposition and increase costs related to delays, re-design, and projects not moving forward.
- Siting developments in less expensive locations can save money, but it can also reduce the tenants' access to jobs, services, amenities, safe neighborhoods, public transportation, good schools, and other benefits.

We based our 2020-23 Strategic Plan on the principle that housing is the foundation for success, providing individuals, families and communities the opportunity to thrive. To achieve this outcome for as many lower-income households as possible, we need to finance high-quality, durable, location-efficient housing that provides access to jobs, transit, and other amenities and is built at the lowest possible cost. We are balancing the goal of cost containment with other policy objectives.

Overall, as the following assessment shows, we have been effective at containing costs over the last decade and a half – maintaining relatively consistent total development costs (TDC) while pursuing other policy objectives that tend to increase costs, including supportive housing for people experiencing homelessness and people with disabilities, energy-efficient and healthy homes, and locations that provide access to jobs, transit, and other amenities. Nevertheless, we are under constant pressure to do more with less and will continue to identify and pursue additional strategies to contain and reduce costs.

This report is broken into two sections – the first addresses multifamily costs, and the second addresses single family costs.

[1] Minnesota Housing analysis of data from the U.S. Census Bureau's American Community Survey (2018, 1-year sample).

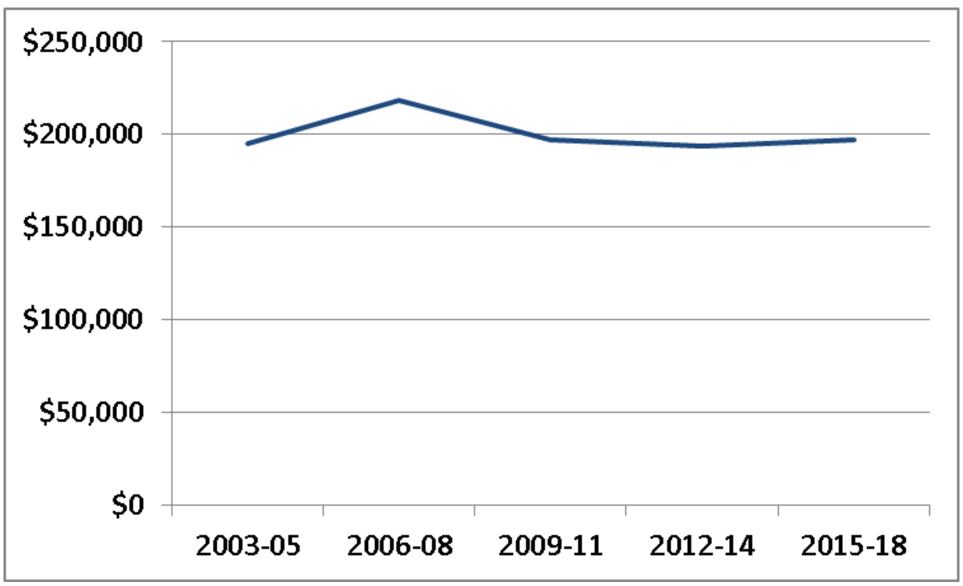
# MULTIFAMILY COSTS

In a typical year, we distribute over $150 million for multifamily development.[2] We must ensure that these funds are efficiently and effectively used to address the significant shortage of affordable housing. The first part of this section provides an overview of our results, and the second part outlines our strategies for achieving those results and improving performance.

## Overview of Multifamily Costs

Overall, the average TDC per unit has been around $200,000 for the last decade, after controlling for inflation in residential construction costs (which accounts for changes in material and wage costs over time). The data in Figure 1 applies to all types of developments, including new construction, rehabilitation, metro area, Greater Minnesota, tax credit, and non-tax credit. The trend line is influenced not only by the underlying cost trends but also by the mix of projects in a given year.[3] For example, a larger share of resources going to new construction developments with tax credits in the metro area will increase average costs, while a larger share going to rehabilitation developments without tax credits in Greater Minnesota will decrease average costs.

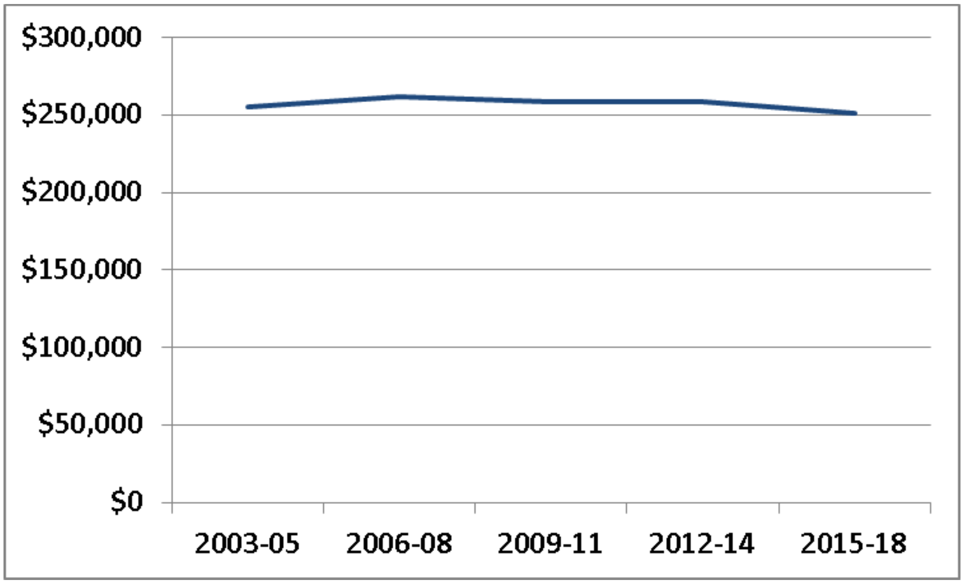
**Figure 1: Average TDC per Unit 2003 to 2018 – All Types of Developments (Adjusted for Construction Inflation, 2019 Dollars)**




[2] This includes syndication proceeds from 9% housing tax credits.
[3] To increase the comparability of the data, we excluded developments with a TDC per unit that were less than $40,000, which took out rehabilitation projects with a more limited scope of work and added consistency to the level of rehabilitation being assessed. We also excluded developments with an overall acquisition cost of less than $10,000, which excludes projects with no acquisition or heavily subsidized acquisition.

To control for the mix of projects in the trend line, Figure 2 shows average TDC per unit just for new construction projects with tax credits in the metro area. Again, average costs are relatively constant, but at a slightly higher $250,000 level. The relatively consistent or contained cost is the key finding.

**Figure 2: TDC per Unit 2003 to 2018 – New Construction with Tax Credits in the Metro Area (Adjusted for Construction Inflation, 2019 Dollars)**




Most importantly, we have contained costs while taking on policy initiatives that tend to increase costs.

- In 2003, we added a selection and funding priority for supportive housing for people experiencing homelessness, which is generally a more costly type of development.
- In 2007, we added our Green Communities Overlay, which requires our developments to have energy-efficient and healthy-home features.
- In the last several of years, we strengthened our location efficiency priority by making it more geographically precise and increasing the points it receives in the selection process. Housing that is in a walkable neighborhood and near transit, good schools, jobs, and other amenities can be more expensive.

While we added or enhanced these policy objectives, we also added cost containment provisions.

- In 2006, we first developed and used our predictive cost model, which compares a development's proposed costs with the costs that we would expect for that development based on the Agency's experience with similar projects and industry-wide standards. This process flags high cost developments and helps maintain costs at a reasonable level.
- With the Qualified Allocation Plan (QAP) for the 2014 Low-Income Housing Tax Credits (LIHTC), we added a selection criterion that gives preference to the 50 percent of tax credit applications with the lowest TDC per unit.

- In 2014, we also launched the Minnesota Challenge to Lower the Cost of Affordable Housing, which was initiated as an idea competition to identify and address system-level factors (such as land use policies or design standards) that increase costs for all developments. Since this initial competition, we have carried out several activities to address these systemic-cost drivers. We try to carry out at least one initiative each year.

More information on these initiatives is provided in the report's next section.

To effectively contain costs, we must understand the factors that drive costs. Table 1 provides a break out of costs by project type, location and cost component.

- New construction with tax credits in the Twin Cities metro area is the most expensive type of project, while rehabilitation without tax credits in Greater Minnesota is the least expensive.

- Not surprisingly, construction accounts for the clear majority of costs in new construction projects, while construction and acquisition costs are both key cost drivers of rehabilitation projects. Addressing these costs will have the largest impact in reducing or containing TDCs.

- While soft costs account for a smaller share of TDC (13 percent to 24 percent), they should be a key focus of cost containment strategies. Reducing construction costs can affect the quality, durability, and energy efficiency of the housing; and reducing acquisition costs can affect location efficiency. While soft costs are a necessary component of a housing development, eliminating inefficiencies in these costs will not affect the quality of the housing.

- Low-Income Housing Tax Credits (LIHTC) appear to add five to eleven percentage points to the share of TDC attributable to soft costs, which is not surprising given the added complexity and cost of putting together and financing a tax credit deal. For developments without tax credits, soft costs account for 13 percent to 16 percent of TDC. That percentage jumps to 21 percent to 24 percent for developments with tax credits.

**Table 1: Share of TDC by Project Type, Location and Cost Component**
**Developments Completed between 2003 and 2018 (Adjusted for Construction Inflation, 2019 Dollars)**

| | | | Avg. TDC per Unit | Share of TDC: Construction | Share of TDC: Acquisition | Share of TDC: Soft | N |
|---|---|---|---|---|---|---|---|
| New Const. | LIHTC | Metro | $256,806 | 69% | 7% | 24% | 84 |
| New Const. | No-LIHTC | Metro | $205,179 | 74% | 10% | 16% | 18 |
| New Const. | LITHC | Greater MN | $212,201 | 73% | 5% | 22% | 57 |
| New Const. | No-LIHTC | Greater MN | $187,625 | 79% | 8% | 13% | 14 |
| Rehab | LIHTC | Metro | $202,934 | 35% | 41% | 23% | 38 |
| Rehab | No-LIHTC | Metro | $136,850 | 42% | 45% | 14% | 23 |
| Rehab | LITHC | Greater MN | $127,455 | 41% | 38% | 21% | 43 |
| Rehab | No-LIHTC | Greater MN | $87,239 | 41% | 43% | 16% | 17 |

## Strategies for Containing and Reducing Multifamily Costs

As mentioned earlier, we have taken a three pronged approach to containing costs.

1. Assess Cost Reasonableness
2. Incent Cost Containment and Reductions in the Selection of Projects for Housing Tax Credits
3. Address Systemic Cost Drivers

### *Strategy 1: Assess Cost Reasonableness*

Minnesota Housing assesses each development for cost reasonableness. An important tool for identifying high cost developments is our predictive cost model. The model predicts a development's TDC per unit based on its characteristics. To develop the parameters for the model, we run a multivariate regression analysis on the inflation-adjusted costs and characteristics of the developments that the Agency financed between 2003 and 2018. The analysis uses the historical data to assess the effect that each of the following factors simultaneously has on TDC per unit:

- Activity Type:
  - New Construction
  - Extensive Rehabilitation[4]
  - More Limited Rehabilitation
  - Combination of New Construction and Rehabilitation
  - Conversion/Adaptive-Reuse
- Building Type:
  - Walkup
  - Elevator
  - Townhome
  - Single Family Home/Duplex
- Number of Stories
- Unit Size – based on average number of bedrooms per unit in the development
- Gross Square Footage
- Location:
  - Minneapolis or Saint Paul
  - Suburbs in Twin Cities Seven-County Metro Area
  - Greater Minnesota – Large City[5]
  - Greater Minnesota – Regional Job Center[6]

[4] This involves more extensive work on the interior, exterior, electrical, and mechanical systems of a property. "Extensive" versus "more limited" is determined by staff using internal definitions.
[5] The large cities are Duluth, Rochester, St. Cloud, Moorhead, and Mankato; and include a five-mile commute shed around the cities.

- Greater Minnesota - Rural
- Year Built
- Garage Type:
    - None
    - Above ground
    - Underground
- Acquisition:
    - Land
    - Structure
    - None
- Financing:
    - Tax Credits
    - Number of Funding Sources
- Special Costs:
    - Historic Preservation
    - Environmental Abatement
    - Supportive Housing

Using those same factors for a proposed development and the model's cost parameters for those factors, the model provides a predicted cost for that development. The model is also benchmarked against industry-wide cost data to ensure that our costs are in line with the industry.

Overall, the model has worked very well for us. It explains a sizable portion (55 percent to 76 percent) of the variation in the costs for developments that we financed between 2003 and 2018, which is a robust result.[7] For comparison, Abt Associates (a national consulting firm) released in August 2018 a cost analysis of housing tax credit developments from across the county, and their regression models explained 52 to 54 percent of the variation in the national data.[8] Similarly, the U.S. Government Accountability Office (GAO) released in September 2018 another cost analysis of tax credit developments, and their regression models explained 63 to 65 percent of the variation in their national

[6] There are 51 regional job centers, which are the top 15 percent of cities and townships in number of jobs. They include: Albert Lea, Albertville, Alexandria, Austin, Baxter, Bemidji, Brainerd, Buffalo, Cambridge, Cloquet, Cold Spring, Crookston, Detroit Lakes, Elk River, Fairmont, Faribault, Fergus Falls, Goodview, Grand Rapids, Hibbing, Hutchinson, International Falls, La Prairie, Little Falls, Marshall, Montevideo, Monticello, Morris, North Mankato, Northfield, Onamia, Owatonna, Park Rapids, Perham, Pipestone, Red Wing, Roseau, Saint Michael, Saint Peter, Sartell, Sauk Rapids, Thief Rivers Falls, Virginia, Waite Park, Waseca, Willmar, Windom, Worthington, and Wyoming. These areas also include a five-mile commute shed around the cities.

[7] The model explains about 79% of the variation in construction costs and about 64% of the variation in acquisition and soft costs.

[8] Abt Associates, *Variation in Development Costs for LIHTC Projects* (prepared for the National Council of State Housing Agencies, August 30, 2018). The adjusted R-Squared values shown in the appendix varied from 0.5222 to 0.5433.

data.[9] Besides the statistical rigor, the model has proven very effective over the last 13 years in objectively and systematically flagging developments with high costs. Each year, we revise and enhance the model based on the previous year's results and staff feedback.

Over time, we have tested models that predict costs on a per-unit and a per-square-foot basis. Based on our testing, the per-unit models have explained a larger share of the variation. We believe that this has occurred for two reasons. First, some costs are clearly tied to the unit and do not increase with the size of the units. For example, apartments regardless of unit size have one kitchen (unless single-room-occupancy). Second, and most importantly, the per-unit model that we use includes a cost factor that accounts for unit size. Developments with larger units and more bedrooms have higher predicted costs.

Under the current practice, when staff recommend to the Board developments for funding, they identify the developments that have a proposed cost that is more than 25 percent higher than the predicted cost from the model, and the Board can decide to grant a waiver allowing the higher cost. For these projects, staff explains why the proposed costs are reasonable even though they are above the 25 percent threshold. There are a wide range of reasons why the costs could be reasonable. For example, a housing development and site may be critical to meet a local housing need, but the site requires an unusually large amount of environmental remediation.

While the predictive cost model is a useful tool to identify high-cost developments, it is not the only way that Agency staff review cost reasonableness. The professional judgment and expertise of our underwriting and architectural staff also play a critical role in the assessment of cost reasonableness. Even if a project has costs that are within the 25 percent predictive cost model threshold, staff will still question costs if they seem high given the context of the development. Our staff has extensive experience reviewing funding applications and development costs. Each year, they typically evaluate 75 or more applications.

### *Strategy 2: Incent Cost Containment and Reductions in the Selection of Projects for Low-Income Housing Tax Credits*

Starting with our Qualified Allocation Plan (QAP) for the 2014 Low-Income Housing Tax Credits, we added a cost criterion for selecting developments to receive the credits. The 50 percent of tax credit applications with the lowest TDC per unit are eligible to receive six points in the selection process. We control for activity-type and location cost differences by dividing the applications into four groups.

1. New Construction in the Twin Cities metro area
2. New Construction in Greater Minnesota
3. Rehabilitation in the Twin Cities metro area
4. Rehabilitation in Greater Minnesota

[9] U.S. Government Accountability Office (GAO), *Low-Income Housing Tax Credit: Improved Data and Oversight Would Strengthen Cost Assessments and Fraud Risk*, (September 2018, GAO-18-637). The adjusted R-Squared values shown in Appendix II varied from 0.626 to 0.648.

Within each of the four groups, the applications with the lowest costs are eligible for the points. As a result, projects are only competing with similar projects for the points. When comparing costs and awarding points, we also adjust the costs to account for unit size differences. Projects with predominantly smaller units (efficiencies and one bedroom) have their costs adjusted upward when making comparisons; and projects with predominantly large units (three or more bedrooms) have their costs adjusted downward.[10] This levels the playing field when comparing costs.

We added the criterion to encourage cost reductions, not just cost reasonableness. With cost reasonableness and the predictive cost model, developers only have the incentive to propose costs that are in line with previous projects that we have funded. With the scoring criterion, they have the incentive to identify costs that may not be necessary, and reduce their costs in the hope of being in the 50 percent of developments with the lowest costs. Because the competition is "blind" (developers do not know the costs of the competing applications and how their development will rank on cost), developers have an incentive to reduce their costs as far as prudently possible.

We do not want the competition to become a "race to the bottom," with developers sacrificing quality and other policy objectives in the name of cost reduction. Thus, we strategically chose to award six points to projects that meet this criterion.

Table 3 provides the maximum points awarded under each selection criteria for the 2020 QAP.

- Six points are meaningful in the selection process and should influence the decisions of developers. In many years, there is only a one point difference between the last project selected for credits and the first one not selected. There are often several projects within six points of the selection threshold. For example, with the November 2018 selections, 15 of the 45 applications for 9% tax credits scored within this range.

- The six points for cost containment are no more than the points awarded for workforce housing, location efficiency, economic integration, homelessness, people with disabilities, and large families. Developers do not have an incentive to sacrifice those other funding priorities to achieve cost containment.

- Finally, developers cannot sacrifice quality and energy efficiency because all developments must meet our design and green standards.

[10] To be classified as a development with small units, 75 percent or more of the units have to be efficiencies or have one bedroom. To be classified as a development with large units, 50 percent or more of the units have to have three or more bedrooms.

**Table 3: Tax Credit Selection Points, 2020 QAP**

| Criterion | Points |
|---|---|
| Preservation | 30 |
| Rental Assistance | 26 |
| Unacceptable Practices | -25 |
| Supportive Housing for Homeless | 22 |
| Financial Readiness to Proceed / Leveraged Funds | 16 |
| Lowest Income / Rent Reduction | 13 |
| People with Disabilities | 10 |
| Other Contributions | 10 |
| Rural/Tribal | 10 |
| Economic Integration | 9 |
| Location Efficiency | 9 |
| Long-Term Affordability | 9 |

| Criterion | Points |
|---|---|
| Large Family | 7 |
| Intermediary (Soft) Costs | 6 |
| Workforce Housing Community | 6 |
| **Cost Containment** | **6** |
| Higher Performing Schools | 4 |
| Community Development Initiative | 3 |
| Minority- / Women-Owned Business | 3 |
| Universal Design | 3 |
| Smoke Free Building | 1 |
| QCT / Community Revitalization | 1 |
| Eventual Tenant Ownership | 1 |

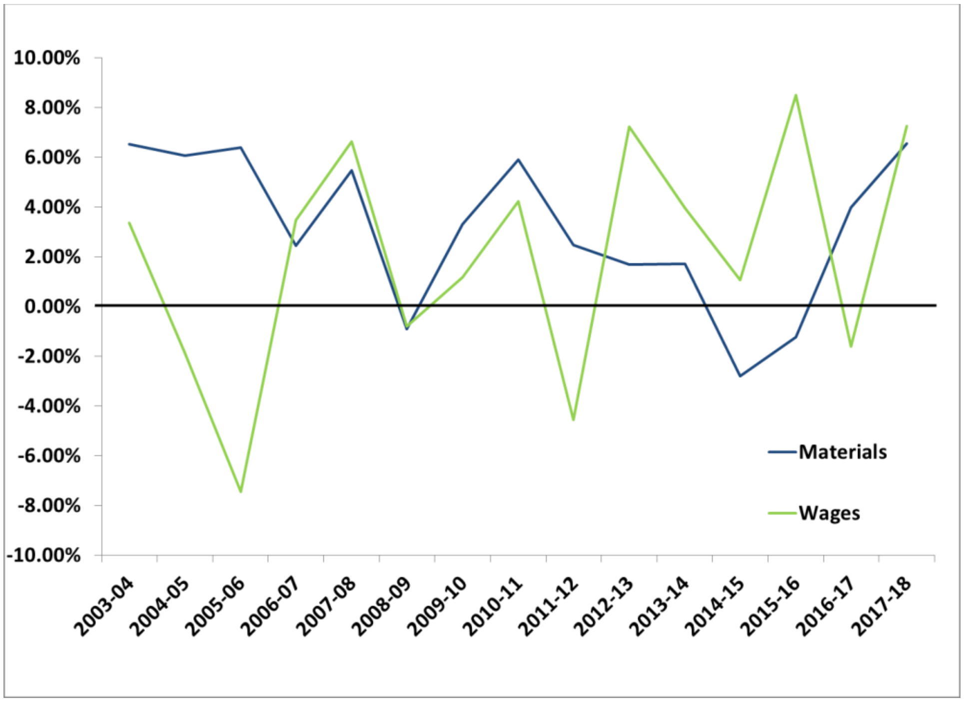
We have limited the application of this selection priority to just developments applying for housing tax credits for two reasons. First, tax credit developments generally have higher costs and containment is a larger issue. Second, the level of work done on tax credit developments, particularly rehabilitation, is more consistent across tax-credit projects and allows for more appropriate and equivalent cost comparisons. The level of rehabilitation, particularly for non-tax credit developments, can vary a lot, and we do not want to incent developers to just pick the projects with minimal rehabilitation needs. Even though non-tax credit applications (those applying just for first mortgages or deferred loans) do not receive points under this selection priority, they are subject to a cost reasonableness analysis, including the requirement that it receive a waiver if the per unit TDC exceeds 25 percent of the predicted costs.

Like other scoring criterion, we monitor it closely for unintended consequences by assessing the type, size, nature, and location of developments scoring and not-scoring well on it to make sure that the selected projects meet our overall strategic and funding priorities.

One of the challenges for developers created by the cost-containment criterion is managing fluctuations in construction costs, particularly labor costs. Figure 4 shows the annual changes in multifamily construction costs. The blue line shows changes in the Produce Price Index (PPI) for residential construction materials, and the green line shows changes in wages for multifamily residential construction workers in Minnesota.[11] Wages in particular can vary dramatically from year to year. Developers may plan for a modest 2 percent increase in wages in their funding application, only to find they have increased by 7 percent when construction starts. By taking the cost containment points in the selection process, developers are held accountable for keeping their costs down when construction occurs, even if costs spike. If final actual costs come in too high, we can assess developers with *negative* four points for their next tax credit application.

[11] Construction material cost data is from the Bureau of Labor Statistics, and the construction wage data is from the Minnesota Department of Employment and Economic Development's *Quarterly Census Employment and Wages*.

**Figure 4: Residential Construction Inflation, 2003 to 2018**




### *Strategy 3: Address Systemic Cost Drivers*

The first two tactics address costs that are specific to individual developments. We also understand that systemic cost drivers outside the control of developers are a critical issue that we need to address. These cost drivers ranged from local policies and regulations that increase the cost of housing (such as maximum densities), to the large cash reserves that funders and investors may require for affordable housing developments, to the complexity of assembling the multiple sources of funding that make an affordable housing deal work.

In January 2014, Enterprise Community Partners and the Urban Land Institute's (ULI's) Terwilliger Center for Housing released a report on best practices from across the country to address these systemic cost drivers.[12] Overall, the report finds that containing and reducing costs in a prudent and effective way does not involve a single magic bullet. Rather, affordable housing costs are driven by dozens of small inefficiencies. As one of the lead authors described it, "death by a thousand cuts."[13]

To take on these cost drivers, we partnered with the McKnight Foundation, Enterprise, and ULI/Regional Conference of Mayors to create an initiative for Minnesota to implement these types of practices, which became the MN Challenge to Lower the Cost of Affordable Housing. It began in the winter of 2014 as an idea competition. We asked the development community to create cross-discipline teams (developers,

[12] Enterprise Community Partners and Urban Land Institute's Terwilliger Center for Housing, *Bending the Cost Curve on Affordable Rental Development: Understanding the Drivers of Costs* (January 2014).
[13] Michael Spotts, Enterprise Community Partner, presentation to the Affordable Housing Investors Council (AHIC), Portland Oregon, October 9, 2014.

funders, attorneys, local officials, housing advocates, etc.) and develop and submit ideas to address these systemic cost drivers. From the 12 submissions, we selected one to receive $70,000 for implementation.[14]

The winning idea was submitted by the Center for Urban and Region Affairs at the University of Minnesota, the Housing Justice Center, and Becker Consulting. Their proposal addresses the issue of local practices and policies that add to the cost of affordable housing, including fees, land-use and zoning policies, approval processes, and others. These cost drivers have been identified and known for years. The value of this idea was identifying and implementing best practices to address them, which included providing technical assistance to communities to pursue the practices and encouraging regional organizations to incorporate the implementation strategies into their policies and guidelines, including the Metropolitan Council's Planning Handbook and Housing Performance Scores and ULI's Tool Box for local communities.

As part of our overall cost containment strategy, we try to initiate at least one cost containment initiative each year.

- **2014 – Minnesota Housing's Multifamily Remodel Project.** While the MN Cost Challenge was kicking off, we were also initiating a remodel project for our Multifamily Division to redesign and streamline our application and funding processes - everything from proposal inception through application, selection, underwriting, closing, construction management, and lease up. The purpose of the remodel is to reduce the time it takes a development to move from concept to occupancy. A key finding from the Enterprise/ULI report identified complexity, uncertainty, and delays in the funding process as cost drivers. Several issues identified in the MN Cost Challenge's submissions addressed complexity, uncertainty, and delays in our application and funding processes. These issues and ideas were passed on to the Agency's team leading the remodel project. Even though the redesign is still being implemented, it has already achieved some positive outcomes. For example, we created a customized online portal to receive funding applications for the multifamily consolidated RFP, eliminating paper applications.
- **2015 – MinnDocs – Consolidated Legal Documents**. Most affordable housing projects have multiple deferred loan funding sources, each with their own set of legal documents and attorneys, which add unnecessary costs. The Enterprise/ULI report highlighted Massachusetts' practice that consolidates legal documents for all subordinate debt into a single set. Because the development community in Minnesota was intrigued by this idea, we decided to pursue it. In 2015, we received a grant from the McKnight foundation to implement the practice. With the number of community partners involved, Minnesota Housing and community partners have struggled to finalize a single set of loan documents. Massachusetts estimates that consolidated legal documents have reduced their costs by about $10,000 per subordinate loan for each development. Because the context is different in Minnesota, we are unlikely to achieve that

[14] The initiative was jointly funded by the McKnight Foundation and Minnesota Housing.

level of savings. Nevertheless, MinnDocs has the potential to chip away at the soft costs associated with multifamily funding sources.

- **2016 - Minnesota Housing's Design and Construction Standards.** As part of our annual preparation for the consolidated RFP, we review these standards. During 2016, we specifically reviewed the standards with an emphasis on cost containment. We focused on reducing life-cycle costs (which includes ongoing maintenance, repair, and utility costs), not just upfront development costs. Specifically, we surveyed architects, general contractors, and developers who work on the developments that we finance about the standards and costs. We received 66 responses. Based on the feedback, we made several design changes that should reduce costs. For example, we clarified that a separate dining room is not required in units with two or more bedrooms but that a dining area (or eat in kitchen) is sufficient. Each of the changes to the standards will unlikely result in significant savings, but they are more examples of small savings that can lead to larger savings when combined with each other over time.

- **2017 – Developer Fees.** These fees compensate developers for the time, compliance requirements, and risks associated with developing affordable housing and can account for a substantial portion of a development's softs costs. The maximum developer fee that Minnesota Housing allows is 15 percent of TDC for the first 50 units and 8 percent for additional units. In 2017, we assessed our fees and found that they are consistent with other states and that the average fee taken by our developers is 7 percent of TDC, well below our maximum. Given our cost containment incentives, it appears that developers are typically taking the minimum fee that still allows the deal to work for them. If developers applying for tax credits take a higher fee, their applications will be less competitive in a highly competitive process, particularly for 9% tax credits. Based on this analysis, we decided not to adjust our developer fee structure at this time, but it is an area that we will continue to assess given the size of these costs.

- **2018 – Housing Task Force.** Minnesota Housing was a lead sponsor of the Task Force, providing much of the staff support. The cost of developing housing was a primary issue addressed by the Task Force, which made several cost-related recommendations, including:

    - Position Minnesota as a national leader in the advancement of housing innovation and technology, which should increase the efficiency and productivity of developing housing and reduce the costs.

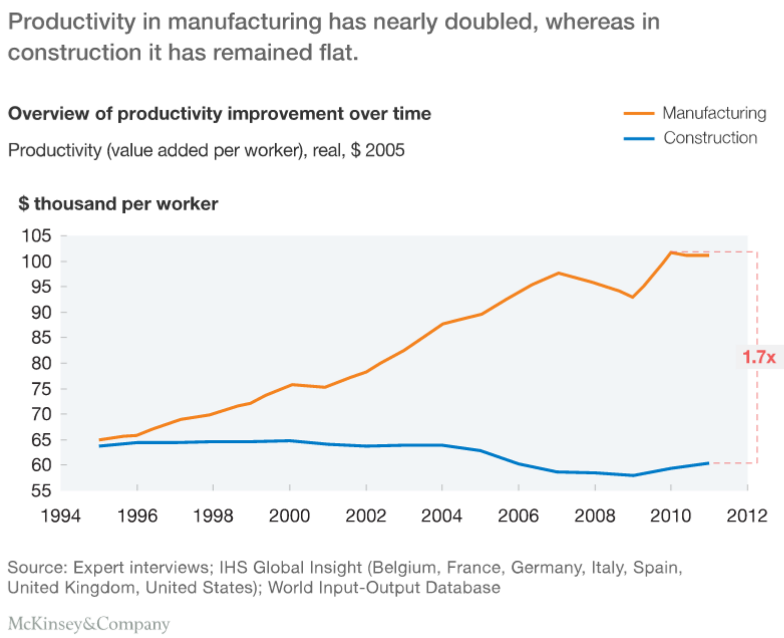
    - Grow the pool of talent in Minnesota's building trades to enable the sector to meet current and future demand, which should address the current shortage of skilled labor.

    - Create a statewide review panel to evaluate regulations related to building standards, land use, and environmental stewardship for their impact on housing affordability.

While these actions are largely outside the scope of our work, they will directly impact the cost of the housing that we finance.

- **2019 – Construction Revolution Summit.** We recently helped organize and co-sponsored the Summit, which brought together construction industry leaders to discuss barriers and opportunities to advancing offsite construction (including modular and panelized), which has struggled to take hold in the United State but has the potential to significantly reduce the cost of housing construction.

  Housing construction is ripe for a major systemic change. Unlike other industries, it has not experienced meaningful productivity increases over the last few decades. We are building homes the same way we did 50 years ago.




  Without productivity gains, reducing the cost of housing construction will remain elusive. Some estimates suggest that offsite construction could reduce costs by as much as 20%. The Summit was held on September 16, and the planning team, of which we are a member, is developing an action plan for moving forward.

## SINGLE FAMILY COSTS

While we typically distribute over $150 million annually for multifamily development, we typically distribute less than $10 million for single family development through our Community Homeownership Impact Fund. Consequently, we have focused our cost containment efforts more heavily on multifamily projects. In addition, while we directly administer multifamily funding to developers, we rely on local administrators to identify and fund the single-family projects. As a result, the level of cost data that we collect at the Agency for single-family projects is less detailed.

Nevertheless, single-family cost containment is also critical, and we are in the process of enhancing our strategies.

## Overview of Single-Family Costs

The total development costs for the single-family projects that we have financed are reasonable and consistent with industry benchmarks. Table 5 shows the median cost per home by location and activity for developments that we have financed over the last six and one-half years.

**Table 5: Impact Fund – Median TDC by Location and Project Type**
**Loans Closed October 1, 2012 through April, 2019**

| Location | New Construction | Acquisition/Rehab/ Resale |
|---|---|---|
| Greater Minnesota | $170,549 | $201,777 |
| Metro | $367,924 | $286,283 |
| **Total** | **$360,875** | **$281,720** |

Excludes projects by Habitat for Humanity and Community Land Trusts

The costs in Table 5 are generally consistent with industry standards. Table 6 shows the RSMeans industry-wide costs for new construction (excluding acquisition and some soft costs) in Minneapolis/Saint Paul for different sized homes. Our costs are in line with these benchmarks.

- The RSMeans construction costs for a 1,600 square-foot 2-story home with an unfinished basement and average class design is $247,379, which is in the middle of the cost range shown in the Table 6 ($181,198 to $311,098).

- Assuming that construction costs account for 75 percent of the TDC and that acquisition and additional soft costs account for the remaining 25 percent, the TDC would be $329,839.

- The $367,924 median TDC for new construction financed by Minnesota Housing in the metro area (see Table 5) is relatively consistent with the RSMeans costs, but it is 12% higher.

**Table 6: RSMeans Estimated Construction Costs, 2019 (Excluding Acquisition and Some Soft Costs)**
**In Minneapolis/Saint Paul, Average Class, Wood Siding, Attached One-Car Garage, One Full Bath**

| | 1,000 Sqft | 1,400 Sqft | 1,600 Sqft | 2,000 Sqft |
|---|---|---|---|---|
| **Two Story** | | | | |
| No basement | $181,198 | $213,998 | $233,685 | $265,808 |
| With unfinished basement | $191,310 | $226,423 | $247,379 | $281,514 |
| With finished basement | $206,640 | $247,961 | $271,553 | $311,098 |

Source: RSMeans, *Residential Cost Data, 2019*

## Strategies for Containing and Reducing Single-Family Costs

Until 2015, we relied solely on the professional expertise and judgment of our staff to assess the cost reasonableness of single-family projects. We are now becoming more systematic and objective in our assessment. Table 7 shows the range of costs per home that we have financed for new construction over the last six and one-half years. The benchmark for the 80th percentile is our threshold for flagging developments with a high cost per home. For example, if a new construction project in Minneapolis/Saint Paul proposes a TDC per home that exceeds $402,255, it will be flagged for additional scrutiny by staff. This is similar to using the threshold of 25 percent above the predictive model for multifamily projects.

As we collect better single-family cost data over a longer period of time, we will start reporting trend data and potentially develop a predictive cost model. This will allow us to create an accurate and formal process for reporting cost outliers to the Board when making selection and funding recommendations. While the current threshold of the 80th percentile has proven valuable for an initial discussion, it has deficiencies. It does not account for cost difference resulting from home sizes, garages, number of bathrooms, and other factors.

**Table 7: Impact Fund – TDC Benchmarks for New Construction, by Location**

| | TDC |
|---|---|
| **Greater Minnesota** | |
| Median | $170,549 |
| 20th percentile | $153,053 |
| 80th percentile | $227,987 |
| **Twin Cities Metro** | |
| Median | $367,924 |
| 20th percentile | $340,863 |
| 80th percentile | $402,255 |
| **Total** | |
| Median | $360,875 |
| 20th percentile | $251,362 |
| 80th percentile | $384,563 |

Excludes projects by Habitat for Humanity and Community Land Trusts

# CONCLUSION

Over the last decade and a half, we have successfully contained development costs while adding new policy initiatives that tend to increase costs. However, given the shortage of affordable housing, limited resources, and the need to do more, cost containment remains a critical issue. As this report highlights, there is no magic bullet. Rather, we must pursue multiple efforts to address the dozens of inefficiencies in the affordable housing development process. Minnesota Housing cannot do it alone. It will take an industry-wide partnership.

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