

This document provides an overview of the Minnesota Housing Finance Agency (“Minnesota Housing”) Multifamily Consolidated Request for Proposals (“RFP”) and Housing Tax Credits (“HTCs”) Rounds 1 and 2, as well as important application information. It includes information on the following:

1. Overview of the Multifamily Consolidated RFP and HTC Rounds 1 and 2
2. Steps to Getting Started
3. Application Review and Selection Process
4. Application Reference Materials
5. What to Expect After Selection

## Overview of the Multifamily Consolidated RFP and HTC Rounds 1 and 2

These application instructions apply to the following Minnesota Housing RFP processes:

- The Multifamily Consolidated RFP
- HTC Round 1
- HTC Round 2

**The Multifamily Consolidated RFP**, offered once per year, provides a means of "one stop shopping" by consolidating and coordinating multiple housing resources into one multifamily application process. Applicants request funding for a specific housing development and/or activities that meet a specific housing need and generally do not apply for specific funding sources.

**HTC Round 1** is offered through the Multifamily Consolidated RFP and uses a forward selection process, with selections taking place in the fall of the year preceding the allocation year of the HTCs.

**HTC Round 2** makes available for allocation any HTCs remaining or returned since HTC Round 1. Additionally, HTC Round 2 establishes a waiting list for HTCs that may be returned. In HTC Round 2, all projects located in suballocator jurisdictions may apply directly to Minnesota Housing.

For more information on the HTC application cycle and who is eligible to apply for HTC Round 1 and/or HTC Round 2, refer to the current HTC Program Procedural Manual.

This document is intended to provide general instructions and information regarding Minnesota Housing’s process. Each funding source is subject to specific requirements and limitations that are not set out in detail, or modified by, this document. The allocation of HTCs is governed by the State of Minnesota HTC 2021 Qualified Allocation Plan (“QAP”), HTC Program Procedural Manual, the HTC Self-scoring Worksheet and Deferred Loan Priority Checklist, and the HTC and Deferred Scoring Guide. Applicants who are applying for 9% HTCs or deferred loans with 4% HTCs should consult those documents.

## Steps to Getting Started

Interested applicants can follow six basic steps to get started:

1. Review available funding opportunities and request technical assistance.
2. Review eligibility requirements.
3. Review additional funding and application requirements.
4. Determine the financial structure and what application type you need to submit (single or dual).

5. Create a Multifamily Customer Portal (“Portal”) account.
6. Gather your materials and apply by the deadlines.

This document outlines steps and considerations for submitting an application. Applications that do not include one or more of the following specific conditions by the applicable deadline may be considered ineligible for further processing:

- Complete Intent to Apply (“ITA”) checklist items as outlined in the [Multifamily Customer Portal](#).
- The qualification forms and complete financial information. This includes the Qualification of Service Provider, when applicable.
- The required application fees.
- Evidence of site control.
- A Site Map.
- The Multifamily Workbook.

**NOTE:** To be considered for a 9% HTC project or a deferred loan with 4% HTCs project, the HTC tab in the Multifamily Workbook must be completed.

- Submission of the HTC Self-scoring Worksheet and Deferred Loan Priority Checklist.
- For HTC projects, submission of a market study.

The Multifamily Consolidated RFP, HTC Round 1 and HTC Round 2 are highly competitive in nature. A typical funding round will result in requests equal to four to five times the amount of funding that is available.

**NOTE:** Applicants must use the most current version of application forms, which can be found in Portal.

### **Step 1: Review Available Funding Opportunities and Request Technical Assistance**

A number of funding sources depend on availability of state or federal resources. Notification of state resources and amounts available will be provided following the conclusion of Minnesota’s legislative session.

#### **Multifamily Consolidated RFP / HTC Round 1 Resources:**

- Amortizing mortgages
- 9% HTCs
- Deferred loans
- Funding Partner Programs – [review a complete list and overview](#) of our funding partner programs and priorities.

Minnesota Housing also reviews applications with 4% HTCs at this time. Although projects may be selected for deferred loans with 4% HTCs in the Multifamily Consolidated RFP, projects will not receive an award of 4% HTCs at that time. The project must undergo the Preliminary Determination process. Section 42 of the Internal Revenue Code (“IRC”) establishes procedures for obtaining HTCs through the issuance of tax-exempt volume limited bonds (Sections 42(m)(1)(D) and 42(m)(2)(D)). As part of the process to obtain approvals for using 4% HTCs in a proposal, applicants must submit a separate application to Minnesota Housing for review and issuance of the required 42(m)(1)(D), and as appropriate, 42(m)(2)(D) Preliminary Determination for 4% HTCs.

#### **HTC Round 2 Resources:**

- Amortizing mortgages
- 9% HTCs
- Deferred loans, subject to funding availability

Interested applicants should also request technical assistance by emailing [TechnicalAssistanceRequest.MHFA@state.mn.us](mailto:TechnicalAssistanceRequest.MHFA@state.mn.us). Additionally, timely information and updates can be received by signing up for Minnesota Housing’s [eNews](#).

## Step 2: Review Eligibility Requirements

Projects must fall into the categories listed below in order to be eligible for funding<sup>1</sup>:

1. Eligible Housing Types
  - Permanent general occupancy rental housing
  - Senior housing<sup>2</sup>
  - Permanent supportive housing
2. Eligible Projects
  - Have a minimum of four units
  - Can be scattered site buildings on different tracts of land if the project is 100 percent rent and income restricted
3. Eligible Activities
  - New construction
  - Acquisition of land or existing structures
  - Rehabilitation of housing
  - Adaptive reuse/conversion to housing from another use
  - Preservation
  - Demolition
  - Construction financing
  - Permanent financing
  - Rental assistance
  - Operating assistance if eligible for capital funding from the National Housing Trust Fund

### Ineligible Projects

Any residential rental unit that is part of a hospital, nursing home, sanitarium, life care facility, trailer park or intermediate care facility for the mentally and physically handicapped is not considered for use by the general public; therefore, it is not eligible for HTC's under Section 42. Projects with buildings having four or fewer residential units must comply with 42(i)(3)(c). Some programs may have other ineligible project types; refer to specific program manuals/guides available on Minnesota Housing's website for additional details.

## Step 3: Review Additional Funding and Application Requirements

### Funding and Application Requirements

Additional funding and application requirements include:

- Project feasibility
- Organizational capacity
- Financial capacity
- Strategic and selection priorities
- Deferred loan funding priorities
- Underwriting standards

### Project Feasibility

Projects must demonstrate and satisfy the following feasibility requirements in their application:

- Whether the proposed site is appropriate for the proposed housing.
- Whether the proposed housing is needed in the intended market based upon population, job growth and very low housing vacancy rates.

<sup>1</sup> HTC eligibility is governed by the HTC QAP, HTC Program Procedural Manual, and HTC Self-scoring Worksheets.

<sup>2</sup> Developments with age restrictions may not be eligible under some funding sources.

- Whether the costs of developing the housing are reasonable.
- Whether the applicant has demonstrated cost containment efforts for all stages and aspects of the development without compromising overall development quality.
- Whether the housing is economically viable.
- For permanent supportive housing, whether the service model, staffing and secured funding are adequate to address the needs of the population to be served.

### **Financial and Organizational Capacity**

Applicants must submit the required qualification forms. The forms can be accessed on Minnesota Housing's [website](#), along with additional information and instructions for submittal.

Projects must demonstrate and satisfy the following capacity requirements in their application:

- The applicant's related housing experience
- Whether the applicant has successfully completed similar projects or is partnering with other organizations that have successfully completed similar projects
- Whether the applicant has strong current and expected ongoing capacity to complete the proposed housing as well as other proposals being developed by the organization
- Whether the applicant has the capacity to maintain the rental housing long-term

### **Strategic and Selection Priorities**

When determining funding awards, Minnesota Housing will give priority to those proposals that best meet the greatest number of Strategic Priority Policy Thresholds as outlined in the current QAP, which reflects Minnesota Housing's policy goals for the current funding round. Proposals must meet at least one strategic priority to be eligible for funding from Minnesota Housing. Developments that meet the most of these criteria will receive priority.

### **Deferred Loan Funding Priorities**

Minnesota Housing offers different sources of deferred funding through the Multifamily Consolidated RFP, which are typically comprised of federally appropriated funds, state appropriated funds and Minnesota Housing allocated funds. Minnesota Housing evaluates the proposals for the best available deferred loan funding source. See Minnesota Housing program guides and manuals for specific funding sources and requirements.

### **Minnesota Housing Multifamily Underwriting Standards**

Refer to the Minnesota Housing Multifamily Underwriting Standards for information on Minnesota Housing's underwriting standards. These standards are used by Minnesota Housing for underwriting and sizing of all funding awards, including HTCs.

### **Other Requirements**

In addition to the funding and application requirements above, other considerations include:

- Payment standards
- Rent and income limits
- Design standards
- Site control
- Prevailing Wage
- Tenant selection plans

### **Payment Standards**

Public Housing Agencies ("PHAs") adopt payment standard schedules that establish the Housing Choice Voucher ("HCV") and the Veterans Affairs Supportive Housing ("VASH") voucher payment standards amounts for unit sizes in the PHA jurisdiction. Minnesota Housing encourages developers to be aware of the payment standards in the project area so that units seeking Minnesota Housing financing are accessible to voucher holders.

## **Rent and Income Limits**

Minnesota Housing will require rent and income limits consistent with those specified in the owner's application, and as underwritten by Minnesota Housing for selected projects, provided that they are not higher than applicable program statutory rent and [income limits](#).

## **Multifamily Design Standards**

Minnesota Housing is committed to constructing or rehabilitating multifamily housing to a standard that when properly maintained, remains decent, safe and affordable for a long-term duration.

Applications are subject to an architectural concept review that is conducted by the Minnesota Housing staff architect assigned to the project. In evaluating various design/construction alternatives available to a particular project, Minnesota Housing seeks to find solutions that create the most lasting value with the lowest life-cycle costs, while maintaining a reasonable initial cost. Design concept changes may be required as a condition of selection.

Minnesota Housing has established minimum design standards that are applicable to the construction/rehabilitation project being proposed. Minnesota Housing's Rental Housing Design and Construction Standards incorporate requirements from a variety of sources to further Minnesota Housing's charge to facilitate the provision of decent, safe and sanitary housing in the state. Overall, Minnesota Housing's standards ensure that financed affordable housing is sustainable, cost-effective, healthy, and energy efficient. The type of housing and funding program often dictates which standards apply. Refer to the Minnesota Housing [Building Standards](#) webpage for the Rental Housing Design/Construction Standards and other design information.

## **Site Control**

Applicants must demonstrate acceptable evidence of title/site control, which includes the following: a purchase agreement, purchase option or letter of intent from a governmental body for a sole developer. If there is no transfer of ownership, then the warranty deed or contract for deed is acceptable.

The evidence of site control **must**:

- Be current - not expired.
- Be fully executed by both buyer and seller.
- **Include the legal description of the property.**
- Have the purchase price clearly indicated.
- Extend at least through the calendar year of the funding round, including automatic extensions. If the purchase agreement does not contain a specific date of expiration, but rather a series of phases with timeframes, the applicant must document how long the agreement extends, given the allowable timeframes.

## **Prevailing Wage**

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under Minn. Stat. § 116J.871. In broad terms, the statute applies to awards that meet the following conditions: (1) new housing construction (not rehabilitation); and (2) a single entity receives from Minnesota Housing \$200,000 or more of grant proceeds or \$500,000 of loan proceeds. The statute excludes new housing construction in which total financial assistance at a single project site is less than \$100,000.

Please note the following statutory provisions:

- A state agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in section 177.42, subdivision 6. Minn. Stat. § 116J.871, subd. 2.

- It is a misdemeanor for a person who has certified that prevailing wages will be paid to laborers and mechanics under subdivision 2 [see above] to subsequently fail to pay the prevailing wage. Each day a violation of this subdivision continues is a separate offense. Minn. Stat. § 116J.871, subd. 3 .

In addition, a separate prevailing wage statute, Minn. Stat. § 177.41-.43, may apply if funds are used for a building that is publicly owned or leased.

All questions regarding state prevailing wages and compliance requirements should be directed to the Department of Labor and Industry as follows:

Division of Labor Standards and Apprenticeship  
 Karen Bugar, State Program Administrator  
 443 Lafayette Road N, St. Paul, MN 55155  
 651-284-5091 or [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us)

### **Tenant Selection Plans (“TSP”)**

Each property funded through Minnesota Housing is required to have a TSP. Projects that are selected to serve specific populations (e.g., high priority homeless, people with disabilities, seniors) need to have TSPs that address the specified population. Minnesota Housing will review TSPs prior to loan closing, at HTC carryover (9%), or 42(m) application (4% HTCs) to ensure that the plan is structured to adequately reach the intended population.

Minnesota Housing is developing a review checklist for TSPs submitted as part of due diligence. This checklist will provide a guide for projects to verify the TSP is structured to serve the intended population(s) and includes the necessary components based on funding requirements as well as state and federal TSP guidance. Minnesota Housing staff will then use the completed checklist to inform their review of each project’s TSP submitted as part of due diligence. An online training is being developed that will outline the timeline, process, and FAQs about implementation.

For more information, see Minnesota Housing’s [Tenant Selection Plan guidance](#) and the report conducted by Wilder Research, “[Success in Housing: How Much Does Criminal Background Matter?](#)”

### **Step 4: Determine The Financial Structure And What Application Type You Need To Submit**

A dual application is an application submitted with two different financial structures which results in a primary and a secondary application. The project can be financed and structured with 9% HTCs, a deferred loan with 4% HTCs, or only a deferred loan with no HTCs.

Dual applications allow Minnesota Housing to maximize the available funding resources as well as the number of applications funded through the Multifamily Consolidated RFP.

Minnesota Housing will review the application and score it as a 9% HTC proposal and as a deferred loan with 4% HTCs per the respective criteria and priorities as outlined in Minnesota Housing’s Qualified Allocation Plan (QAP and, the HTC Self-scoring Worksheet and Deferred Loan Priority Checklist. The two proposals should have the same structure and selection priorities (same unit mix, tenant population, design/scope of work, management and operating expenses, rent structure, etc.).

### **Guidance for Dual Applications**

- In order to be considered as a dual application, you must submit the required dual application checklist items in Portal.
- Applicants should submit the HTC Self-scoring Worksheet and Deferred Loan Priority Checklist and two Workbooks reflecting both the 9% HTCs and the deferred loan with 4% HTCs proposals. The primary and secondary submissions should be identical (unit mix, tenant population, design/scope of work, management and operating expenses, rent structure, etc.).

operating expenses, rent structure, etc.), with only minor variations in the development budget for the deferred loan with 4% HTCs version.

- Minnesota Housing will not issue tax-exempt volume limited bonds for developments located in Minneapolis, St. Paul or Dakota County unless the development receives an award of Housing Infrastructure Bonds (“HIBs”).
- Minnesota Housing will generally not issue tax-exempt bonds where the amount necessary to meet the 50 percent test is less than \$2,000,000.

### **Guidance for HIB Eligible Projects**

HIB deferred loans may be structured in different ways: one structure uses tax-exempt volume cap and can qualify the project for 4% HTCs, while other bond structures do not use bond cap and do not qualify the development for 4% HTCs. As tax-exempt volume cap bonds are limited, having the flexibility to structure HIB loans without 4% HTCs allows Minnesota Housing to deploy even more funding during the Multifamily Consolidated RFP.

An HIB eligible application submitted as a deferred loan with 4% HTCs (either by itself or as part of a Dual Application) may also be reviewed for only a deferred loan. This review is at Minnesota Housing’s discretion and will be informed by the availability of HIBs and other considerations and eligibility requirements.

This applies to projects meeting both of the following criteria:

- Projects sponsored by a non-profit or governmental organization

AND

- Projects that are HIB eligible (senior, supportive housing, preservation)

Minnesota Housing strongly encourage sponsors to submit an additional Workbook and Bond Test Analysis form as part of the application with a deferred loan only structure. These materials may be submitted as Supplemental Materials in the Application Checklist.

There can be significant complexities with a deferred loan only structure if there are no other non-HIB sources of funding. In particular:

- If the project contains a community service facility
- If the land or building are acquired prior to selection by Minnesota Housing
- If the buyer and seller are related parties
- If reserves are required

Any sponsor with a project meeting the criteria above should meet with Minnesota Housing staff for technical assistance.

### **Step 5: Create a Portal Account**

Applicants apply for funding through Minnesota Housing’s online Portal. The Portal allows applicants to log in, custom build an application checklist based on the type of proposal submitted, and upload all application materials. **Most items have descriptive help text for submission.** [Review instructions on how to navigate Portal and submit an application.](#)

To apply through the Portal, applicants will need to request a user account. To request an account, please complete the [online form](#).

**NOTE:** Refer to the [Multifamily Customer Portal User Guides](#) for more information.

## Property and Project Numbers

On many Minnesota Housing forms, applicants are asked to provide a property number (D#) and a project number (M#). A D# is a four digit number assigned by Minnesota Housing to represent the property. The Portal will automatically assign an M# and a secondary M# number in case applicants are submitting a dual application.

Applicants need to list the primary M# in their workbook and the HTC Self-scoring Worksheet and Deferred Loan Priority Checklist. Enter the secondary M# in the dual application workbook and the HTC Self-scoring Worksheet and Deferred Loan Priority Checklist.

The D#, M# and secondary M# can be found in the project detail section of an applicant's project.



The screenshot shows a web interface with a navigation bar at the top containing 'Funding Round' and 'Projects'. Below the navigation bar, there is a header section for 'Project Sample Project' with a 'Printable View' link on the right and a '< Back to List' link on the left. A link for 'Project Phases (1)' is also present. The main content area is titled 'Project Detail' and contains a table with the following information:

Project Name	Sample Project	Funding Round	<a href="#">2018 RFP/2019 HTC Round 1</a>
Primary Address	400 Wabasha Street	Project #	M17836
City	Saint Paul	Secondary Project #	M17837
ZIP Code	55101	D #	D0484
County	Ramsey		
Project Status	In Process		

## Step 6: Gather Your Materials and Apply By the Deadlines

Applicants are responsible to know all requirements that are needed in order to submit a complete application based on the specific housing proposal and activity type.

Required Submission Items	How to Submit	Application Due Date
<b>Multifamily Consolidated RFP (including HTC Round 1)</b>		
Intent to Apply	<a href="#">Multifamily Customer Portal</a>	May 14, 2020 by noon
Qualification Forms Financial Information Site Control	<a href="#">Multifamily Secure Upload Tool</a>	June 18, 2020 by noon
<a href="#">Fee Remittance Form</a> , including supporting documentation  <b>NOTE:</b> All fees are non-refundable	Minnesota Housing Attention: Tamara Wilson 400 Wabasha Street North, Suite 400 St. Paul, MN 55102	July 16, 2020  <b>Note:</b> if hand delivering, the deadline is 4:00 p.m.
Application Package	<a href="#">Multifamily Customer Portal</a>	July 16, 2020 by noon
<b>HTC Round 2 – Projected Due Dates</b>		
Intent to Apply	<a href="#">Multifamily Customer Portal</a>	February 12, 2021 by noon
Qualification Forms and Financial Information	<a href="#">Multifamily Secure Upload Tool</a>	February 12, 2021 by noon
<a href="#">Fee Remittance Form</a> , including supporting documentation  <b>NOTE:</b> All fees are non-refundable	Minnesota Housing Attention: Tamara Wilson 400 Wabasha Street North, Suite 400 St. Paul, MN 55102	February 12, 2021  <b>Note:</b> if hand delivering, the deadline is 4:00 pm
Application Package	<a href="#">Multifamily Customer Portal</a>	(tentative) February 26, 2021 by noon

## Application Review and Selection Process

In addition to the items listed above, Minnesota Housing considers the following when reviewing applications and making selection decisions:

- Geographic distribution: Minnesota Housing evaluates geographic distribution of resources throughout the state when making Multifamily Consolidated RFP selection decisions.
- Amount of funding requested: Minnesota Housing considers the amount of funding requested in comparison to available resources in order to fully fund as many projects as possible.
- [Minnesota Housing Strategic Plan](#): Among comparable applications, Minnesota Housing considers how the proposed project aligns with the goals and objectives outlined in the Strategic Plan and attempts to balance project types (e.g. permanent supportive housing, seniors).

## Application Reference Materials

Consult the following resources for scoring guidance when applying for funds from Minnesota Housing:

Application Type	Scoring Guide	HTC Self-scoring Worksheet	Deferred Loan Priority Checklist
Multifamily Consolidated RFP /HTC Round 1	X	X	x <sup>3</sup>
HTC Round 2	X	X	x (If funding is available)

## After Selection

If a project is selected for further processing, Minnesota Housing will send a letter to the applicant detailing the terms and conditions of funding along with next steps.

All selected proposals will be subject to scoring criteria and conditions of selection for the term of the loan and/or the Declaration of Land Use Restrictive Covenants (LURA).

**Please note:** Minnesota Housing reserves the right to withdraw this request for proposals, to not make selections, and to modify dates and submission material requirements as it deems necessary. Minnesota Housing will post notice of any such changes on its website and is not able to reimburse any Applicant for costs incurred in the preparation or submittal of proposals. Minnesota Housing also reserves the right, in its sole discretion, to approve nonmaterial errors or nonmaterial omissions in application submissions.

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<sup>3</sup> The Deferred Loan Priority Checklist is not applicable to 9% HTC-only applications.  
Multifamily Application Instructions  
Multifamily Consolidated RFP and HTC Rounds 1 and 2