



**MEETINGS SCHEDULED FOR DECEMBER**

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

**THURSDAY, DECEMBER 19, 2019**

**Regular Board Meeting**  
1:00 p.m.

Lake Superior Conference Room- Fourth Floor

**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, December 19, 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.*

This page intentionally left blank.



400 Wabasha Street North, Suite 400  
 St. Paul, MN 55102  
 P: 800.657.3769  
 F: 651.296.8139 | TTY: 651.297.2361  
[www.mnhousing.gov](http://www.mnhousing.gov)

### **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 December 19, 2019**

**1:00 p.m.**

- 1. Call to Order**
- 2. Roll Call**
- 3. Agenda Review**
- 4. Approval of Minutes**
  - A. (page 5) Regular Meeting of November 21, 2019
- 5. Reports**
  - A. **Chair**
  - B. **Commissioner**
  - C. **Committee**
- 6. Consent Agenda**
  - A. (page 9) Sungold Heights, Worthington MN, Manufactured Home Park Loan Commitment
  - B. (page 13) Assumption of Low and Moderate Income Rental (LMIR) Loan, Le Sueur Meadows Apartments, D2929, Le Sueur
- 7. Action Items**
  - A. (page 17) Approval, Changes to the Housing Tax Credit Program Eventual Tenant Ownership Guide
- 8. Discussion Items**
  - A. (page 31) Dashboard Overview: Tracking and Reporting Results Under the 2020-23 Strategic Plan and 2020-21 Affordable Housing Plan
  - B. Board Meeting Feedback
- 9. Information Items**
  - A. (page 39) Consolidated Annual Performance Evaluation Report (CAPER) for 2019
  - B. (page 111) Post-Sale Report, Homeownership Finance Bonds (HFB), 2019 Series G (Taxable)
- 10. Other Business**

None.
- 11. Adjournment**

This page intentionally left blank.

**DRAFT Minutes**  
**Minnesota Housing Board Meeting**  
**Thursday November 21, 2019**  
**10:02 a.m.**

**1. Call to Order.**

Chair DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance agency at 10:02 a.m.

**2. Roll Call.**

**Members Present:** Ramona Advani, Nawal Noor, Terri Thao, Stephanie Klinzing, John DeCramer, Craig Klausing and Melanie Benjamin.

**Minnesota Housing Staff present:** Tal Anderson, Noemi Arocho, Kevin Carpenter, Erin Coons, Jessica Deegan, Renee Dickinson, Matthew Dieveney, Suzanne Dilla, Diane Elias, Rachel Franco, John Hawkinson, Anne Heitlinger, Darryl Henchen, Jennifer Ho, Aaron Keniski, Summer Jefferson, Kasey Kier, Tresa Larkin, Debbi Larson, Song Lee, James Lehnhoff, Nira Ly, Eric Mattson, Jill Mazullo, Leighann McKenzie, Connie Montgomery, Katie Moore, Shannon Myers, Maggie Nadeau, Tom O'Hern, Ashley Oliver, Charissa Osborn, John Patterson, Devon Pohlman, Paula Rindels, Rachel Robinson, Gayle Rusco, Danielle Salus, Rick Smith, Anne Smetak, Jodell Swenson, Eric Thiewes, Mike Thomas, Susan Thompson, Mike Thone, LeAnne Tomera, Jennifer Wille, Sarah Woodward and Kristy Zack.

**Others present:**

**3. Agenda Review**

No changes.

**4. Approval**

**Regular Meeting Minutes of October 17, 2019**

**Motion:** Melanie Benjamin moved to approve the October 17, 2019 minutes. Seconded by Terri Thao. Motion carries 7-0.

**5. Reports**

**A. Chair**

Chair DeCramer updated the board on his recent trip to Boston for the NCSHA Annual Conference. He attended a one day session geared specifically to members of Housing Finance Agency boards. He highly recommends the training for Minnesota Housing board members.

**B. Commissioner**

Commissioner Ho shared the following with the board:

- Excited about today's board meeting and celebrating the hard work of the Agency
- Held a new board orientation this morning with Melanie and Nawal
- Attended NCSHA Annual Meeting and elected to the Board of Directors
- Toured Dayton's Bluff; met with Latinx Manufactured Homes owners in Apple Valley; traveled to Cloquet for the grand opening of White Pines; had Tribal Consultations in Bois Forte
- Homeownership Event in North Minneapolis
- Attended a Listening Session for the Olmstead Implementation Office
- Attended the Grand Opening ceremony of the Mino Oski Supportive Housing Project
- Commissioner Core Training held by Minnesota Management Budget Office
- Plan to establish an Equity Team at the Agency

New Employee Introductions:

- Renee Dickinson introduced Connie Montgomery, Compliance Officer, Multifamily Division
- Shannon Myers introduced John Hawkinson, Executive Assistant, Multifamily Division

**C. Committee**

None.

**6. Consent Agenda**

A. 2020 Board Meeting Schedule

B. Selection and Approval , Clover Patch Apartments, D3833 Saint Charles

C. 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

**Motion:** Craig Klausing moved to approve the Consent Agenda Items. Seconded by Stephanie Klinzing. Motion carries 7-0.

**7. Action Items**

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

Kevin Carpenter presented to the board a request for approval of the appointment of CSG Advisors to serve as the Agency's Financial Advisor for the period covering 2020-2023. Chair DeCramer opened up the discussion. There were no questions from the board.

**Motion:** Craig Klausing moved the Approval, Selection of CSG Advisors as the Agency's Financial Advisor for the 2020-2023 timeframe. Seconded by Terri Thao. Motion carries 7-0.

**B. Approval, Changes to Housing Tax Credit Compliance Guide**

Renee Dickinson presented to the board a request for approval of the proposed amendments to the Housing Tax Credit (HTC) Compliance Guide. Chair DeCramer opened the discussion. Board members asked a series of questions and staff provided answers. **Motion:** Terri Thao moved Approval, Changes to Housing Tax Credit Compliance Guide. Seconded by Stephanie Klinzing. Motion carries 7-0.

**C. Approval, Homework Starts with Home Program Changes**

Diane Elias presented to the board a request for approval of the changes to the Homework Starts with Home (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 Housing Trust Fund (HTF) appropriation, to build capacity and prepare for a future HSWH grant application. Chair DeCramer opened the discussion. Board members asked a series of questions and staff provided answers. **Motion:** Stephanie Klinzing moved Approval, Homework Starts with Home- Program Changes. Seconded by Melanie Benjamin. Motion carries 7-0.

**D. Approval, Single Family Selections, Community Homeownership Impact Fund**

Single Family staff presented to the board a request for approval of the Single Family Consolidated Request for Proposals (RFP) and Community Homeownership Impact Fund (Impact Fund) Selection Committee Recommendations. Chair DeCramer opened the discussion. Board members asked a series of questions and staff provided answers.

**Motion:** Nawal Noor moved the Approval, Single Family Selections, Community Homeownership Impact Fund with the exception of Rondo Community Land Trust and Homebuyer Initiated Program and Marshall Parkway II Home Ownership Program Owner-Occupied Rehabilitation . Seconded by Stephanie Klinzing. Motion carries 5-0. Terri Thao and John DeCramer abstained.

**Motion:** Craig Klausing moved the Approval, Single Family Selections, Rondo Community Land Trust and Homebuyer Initiated Program. Seconded by Ramona Advani. Motion carries 6-0. Terri Thao abstained.

**Motion:** Melanie Benjamin moved the Approval, Single Family Selections, Marshall Parkway II Home Ownership Program Owner-Occupied Rehabilitation. Seconded by Terri Thao. Motion carries 6-0. John DeCramer abstained.

#### **E. Approval, 2019 Multifamily Selections, Amortizing and Deferred Loans, and 2020 Housing Tax Credits**

Multifamily staff presented to the board a request 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.

Chair DeCramer opened the discussion. Board members asked a series of questions and staff provided answers.

**Motion:** Terri Thao moved Approval, Multifamily Selections, Deferred Financing. Seconded by Craig Klausing. Motion carries 7-0.

**Motion:** Terri Thao moved Approval, Multifamily Selections, LMIR and FFCC. Seconded by Ramona Advani. Motion carries 7-0.

**Motion:** Craig Klausing moved Approval, Multifamily Selections, Exodus II. Seconded by Nawal Noor. Motion carries 7-0.

**Motion:** Ramona Advani moved Approval, Multifamily Selections, Low Income Housing Tax Credits. Seconded by Stephanie Klinzing. Motion carries 7-0.

### **8. Discussion Items**

#### **A. 1<sup>st</sup> Quarter FY2020 Financial Reporting package**

Kevin Carpenter provided the board an overview of the 1<sup>st</sup> quarter financials.

#### **B. 2019 Affordable Housing Plan and 2016-19 Strategic Plan: Fourth Quarter Progress Report**

John Patterson provided the board with an update on the 2019 Affordable Housing Plan and Strategic Plan. Board members were also given binders that contained the final versions of the 2020-2022 Affordable Housing Plan.

### **9. Information Items**

#### **A. 2019 Cost Containment Report**

### **10. Other Business**

None.

**11. Adjournment**

The meeting was adjourned at 12:30 p.m.

---

John DeCramer, Chair

DRAFT



**Item:** Sungold Heights, Worthington MN, Manufactured Home Park Loan Commitment

**Staff Contact(s):**

Tresa Larkin, 651.284.3177, tresa.larkin@state.mn.us

**Request Type:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Approval   | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion     | <input type="checkbox"/> Discussion       |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Information      |

**Summary of Request:**

Staff requests final Board authorization for a deferred, forgivable, secured loan to finance infrastructure improvements at Sungold Heights, a 106-site manufactured home community in Worthington, MN.

**Fiscal Impact:**

The loan, funded from Pool 3, will be deferred and forgivable; the Agency will not earn interest.

**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:**

At the May 23, 2019 Board Meeting, agency staff recommended, and the Board approved, an initial commitment of a manufactured home loan for Sungold Heights to provide needed infrastructure at the park. The initial commitment by the agency facilitated the purchase of the park by the newly formed resident cooperative. Since that time, additional underwriting and due diligence has been completed, and final approval is recommended. The loan will be deferred, forgivable, secured and funded from Pool 3 resources.

Loan funds will be used to complete necessary infrastructure improvements including sanitary sewers, water mains, street work and electrical power distribution at the park. These repairs and improvements have been identified as necessary by a third party property condition assessment report. The improvements will benefit the residents and ensure that the infrastructure serving the homes remains viable for long term use.

Sungold is now owned by a resident cooperative; the residents are primarily monolingual in Spanish, Karen and Lao. The cooperative entered into a contract with Northcountry Cooperative Foundation to provide assistance in the development of good governance and oversight practices as they take over the ownership of the park. A condition of the Minnesota Housing loan will be maintaining this contract, or a contract with a comparable entity, throughout the term of the loan.

The key loan terms are outlined below:

Project:	Sungold Heights Worthington, MN
Borrower:	Sungold Heights, Inc.
Number of Units:	106
Maximum Loan Amount:	\$1,000,000
Interest rate:	0.0%
Payment terms:	Deferred loan with a term up to five years, which is forgivable upon completion of the necessary work scope
Guaranty:	Non-recourse
Lien Position:	2nd lien position
Funding Source:	Pool 3

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

**RESOLUTION NO. MHFA 19-XXX**

**RESOLUTION APPROVING COMMITMENT OF A MANUFACTURED HOME LOAN**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received a request to provide a loan to a manufactured home development to facilitate conversion of the development to cooperative ownership as follows:

Name of Development: Sungold Heights  
Location of Development: Worthington  
Number of Units: 106  
Amount of Loan Commitment (up to): \$1,000,000

WHEREAS, Agency staff has determined that such project is eligible for a commitment under the Agency's statute; and that the financing of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

**NOW THEREFORE, BE IT RESOLVED:**

1. The Board hereby authorizes Agency staff to issue a final commitment and close a loan for infrastructure improvements at said manufactured home development from Pool 3 resources; and
2. The amount of the loan will not exceed \$1,000,000; and
3. The loan shall be a deferred loan with a term up to five-years, which is forgivable upon completion of the necessary work scope; and
4. The interest rate shall be 0.0%; and
5. The mortgagor must maintain its contract with Northcountry Cooperative Foundation, or a comparable entity, to provide assistance in the development of good governance and oversight practices throughout the term of the Agency's loan; and
6. The mortgagor and any other party that Agency staff, in their sole discretion deem necessary, shall execute all such documents related to the loan and the security for the loan subject to such terms and conditions, including any required representations and warranties, as the Agency deems necessary in its sole discretion.

Adopted this 19th day of December 2019

---

CHAIRMAN

This page intentionally left blank.

**Item:** Approval, Assumption of Low and Moderate Income Rental (LMIR) Loan  
- Le Sueur Meadows Apartments, Le Sueur, D2929

**Staff Contact(s):**

Megan Sanders, 651.297.5142; megan.sanders@state.mn.us

**Request Type:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Approval   | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion     | <input type="checkbox"/> Discussion       |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Information      |

**Summary of Request:**

Approval of the assumption of a Low and Moderate Income Rental (LMIR) loan with the original amount of \$2,070,000 by CB LSM I, LLC (CommonBond Communities).

**Fiscal Impact:**

The LMIR loan will continue to amortize and still 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):**

- Request Summary
- Resolution

**Request Summary:**

Le Sueur Meadows Apartments is a nine-building, 40-unit apartment development located in Le Sueur, Minnesota consisting entirely of two-bedroom units. Minnesota Housing funded the property with a Low and Moderate Income Rental (LMIR) loan in 2001. The original loan amount was \$2,070,000, but to help stabilize the property, the loan was restructured in 2009 to a new LMIR loan in the amount of \$1,150,000 and an Asset Management loan in the amount of \$738,961. The LMIR loan has a current outstanding balance of \$798,536. Le Sueur Meadows Apartments is owned by Le Sueur Meadows, LLC with Sherman Associates as the managing member.

Sherman Associates has entered into a purchase agreement with CommonBond Communities to have CB LSM I, LLC purchase the property. As a result of this proposed purchase, CommonBond Communities has asked to assume the LMIR and Asset Management loan. If approved, the acquisition is expected to occur in early 2020.

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

**RESOLUTION NO. MHFA 19-**

**RESOLUTION APPROVING MORTGAGE LOAN ASSUMPTION  
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received a request to allow the assumption of a Low and Moderate Income Rental (LMIR) loan to be occupied by persons and families of low- and moderate-income, as follows:

Name of Development:	Le Sueur Meadows Apartments
Assumption Entity:	CB LSM I, LLC
Sponsors:	CommonBond Communities
Location of Development:	Le Sueur, MN
Number of Units:	40
Original Loan Amount:	\$2,070,000
Current Loan Balance:	\$798,536

WHEREAS, Agency staff has determined that such application is eligible under program guidelines and thresholds of the Low and Moderate Income Rental (LMIR) Rental Program.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the board hereby authorizes Agency staff to allow the assumption of the Low and Moderate Income Rental (LMIR) loan for the indicated development, upon the following terms and conditions:

1. Assumption must occur within six months of this resolution; and
2. The original terms and conditions of the loan prior to this assumption will continue with the newly assumed loan; and
3. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff.
4. CommonBond Communities shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency.

Adopted this 19<sup>th</sup> day of December 2019

---

CHAIRMAN

This page intentionally left blank.



**Board Agenda Item: 7.A**  
**Date: 12/19/2019**

**Item:** Approval, Changes to the Housing Tax Credit Program Eventual Tenant Ownership Guide

**Staff Contact(s):**

Rachel Robinson, 651.297.3125, rachel.robinson@state.mn.us

James Lehnhoff, 651.296.3028, james.lehnhoff@state.mn.us

**Request Type:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Approval | <input type="checkbox"/> No Action Needed |
| <input checked="" type="checkbox"/> Motion   | <input type="checkbox"/> Discussion       |
| <input type="checkbox"/> Resolution          | <input type="checkbox"/> Information      |

**Summary of Request:**

Staff requests approval of changes to the Housing Tax Credit Program Eventual Tenant Ownership Guide to be implemented by the multifamily division for owners who wish to convert tax credit units to homeownership units following the 15 year compliance period.

**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):**

- Background
- Revised Housing Tax Credit Program Eventual Tenant Ownership Guide

Eventual Tenant Ownership (ETO) is an option under the Low Income Housing Tax Credit (LIHTC) Program where a rental project may be converted to homeownership and the units conveyed to income qualified tenants after the initial 15 year compliance period. The ETO option can create homeownership opportunities for low-income families at very low purchase prices.

Following extensive staff development of best practices for conversion to homeownership, the Board adopted a guide for ETO applicants in 2015. The IRS provides only a minimal amount of guidance on the conversion process for these homes: who is qualified to purchase and minimum and maximum purchase prices. The 2015 Minnesota Housing guide added steps including checklists, physical condition assessments, and rehabilitation minimums. In recent years, however, the guide has been identified as a barrier to converting units to homeownership, particularly in areas of Tribal sovereignty. To date no LIHTC homes administered by Minnesota Housing have been converted to homeownership.

A large number of Tribal LIHTC developments, particularly for four communities—Red Lake, Leech Lake, White Earth, and Bois Forte—were created from inception to be converted to homeownership under ETO. The Agency portfolio of units that are potentially eligible for ETO includes approximately 700 units in 26 projects in these four communities, with over 250 of these units immediately eligible for conversion. In general, these homes are single family and duplex, and were new construction in areas of Tribal sovereignty, and are owned by the Tribes or their housing authorities. The first was built in 1997 in Red Lake and the most recent is under construction in Bois Forte.

In consultation between the Commissioner and Tribal leadership, the Agency's existing ETO guide has been identified as a barrier to successful transfer of these homes. The requirements of the guide have proven to be challenging for Tribal housing staff, especially as there is a cost to the capital needs assessments and potential for renovation costs without aligned resources. The proposed modified ETO guide would require only the specific steps aligned with IRS code. The remaining elements of the guide will remain as recommendations and best practices rather than requirements.

The Agency will continue to discuss and consult with housing staff and leadership of the Tribes to advance their homeownership conversion goals. For Tribal developments, conversion to homeownership would help close ownership gaps for indigenous communities. As needed, Agency staff will also work closely with non-Tribal owners who are interested in conversion to align their goals with the Agency's LIHTC responsibilities.



# **Housing Tax Credit Program Eventual Tenant Ownership Guide**

*December 2019*



*The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.*

*An equal opportunity employer.*

*This information will be made available in alternative format upon request.*

## Contents

<b>Introduction .....</b>	<b>2</b>
<b>Housing Tax Credits.....</b>	<b>2</b>
<b>Compliance with Section 42 Requirements.....</b>	<b>2</b>
<b>Chapter 1 - Tenant to Homeowner Transition Requirements .....</b>	<b>3</b>
<b>1.1 Summary of Minnesota Housing Approvals Needed .....</b>	<b>3</b>
<b>1.2 Tenant Eligibility and Right to Remain .....</b>	<b>3</b>
<b>1.3 Purchase Price .....</b>	<b>4</b>
<b>1.4 Transition Plan .....</b>	<b>4</b>
<b>1.5 Request for Approvals .....</b>	<b>4</b>
<b>Chapter 2 – Tenant to Homeowner Transition Best Practices .....</b>	<b>5</b>
<b>2.1 Transition Teams .....</b>	<b>5</b>
<b>2.2 Review of Legal Documents .....</b>	<b>5</b>
<b>2.3 Working with Renters and Future Homeowners.....</b>	<b>6</b>
<b>2.4 Assessing and Addressing Physical Needs.....</b>	<b>6</b>
<b>2.5 Exit of the Limited Partner.....</b>	<b>6</b>
<b>2.6 Financing Homeownership Resources .....</b>	<b>6</b>
<b>Appendix A: Terms .....</b>	<b>8</b>
<b>Appendix B: Transition Plan Template.....</b>	<b>10</b>

## Introduction

### Housing Tax Credits

This guide is intended to provide information and guidance to property owners related to Eventual Tenant Ownership under the Minnesota Housing Financing Agency (Minnesota Housing) Low Income Housing Tax Credit (HTC) program. Minnesota Housing is designated by the Minnesota Legislature as the primary allocating agency for federal HTC in Minnesota.

Qualified local cities and counties have also been designated by the legislature as suballocators of HTC and allocate HTC through their own competitions. Currently the cities of St. Paul and Minneapolis and the counties of Washington and Dakota are suballocators. This guide applies only to developments with HTC allocated or awarded by Minnesota Housing.

### Compliance with Section 42 Requirements

This guide is intended to comply with Internal Revenue Code (IRC) Section 42, as it may be amended or interpreted from time to time by regulation or public pronouncement issued by the Internal Revenue Service (IRS). If any portion of this guide is found to be inconsistent with any provisions of IRC Section 42, or official IRS interpretations thereof, then such inconsistent provision(s) shall be construed and applied in a manner so as to comply with IRC Section 42.

This guide has **not** been reviewed or approved by the IRS and should not be relied upon for compliance with the Internal Revenue Code, Treasury Regulations or any other laws or regulations governing Tax Credits. The responsibility for compliance with Section 42 rests with the property owner. Interested parties should obtain advice from independent sources, including consultation with knowledgeable legal counsel and tax professionals.

## Chapter 1 - Tenant to Homeowner Transition Requirements

Under the Low Income Housing Tax Credit (HTC) program, a property owner (which may include tribal governments, for-profits, qualified nonprofits, certain tenant groups, and governmental entities) may convert rental units to homeownership units following the initial 15-year Compliance Period for all buildings. This is accomplished by allowing the tenants to exercise a Right of First Refusal (ROFR) as provided for in Section 42(i)(7) of the Internal Revenue Code (Code).

Detached single family units, duplexes, and multifamily complexes are eligible for transition to homeownership. This process guide describes Minnesota Housing's requirements for an owner to convert one or more rental units to homeownership. This conversion can take place at any time after the initial Compliance Period and during the Extended Use Period.

### 1.1 Summary of Minnesota Housing Approvals Needed

In order for Minnesota Housing to release a Declaration of Land Use Restrictive Covenants Agreement (LURA) for a unit that is converted to homeownership, the following information must be submitted for approval:

- Proof that the household purchasing the property was originally income-eligible for the property (see 1.2);
- The purchase price for the property meets minimum and maximum requirements (see 1.3);
- A Transition Plan for transition from rental to homeownership, if required by the LURA (see 1.4);
- If the LURA did not originally contemplate transition of units to homeownership, a request to Minnesota Housing to amend the LURA to allow for such transition; and
- A request to Minnesota Housing to release the unit(s) from the LURA (see 1.5).

### 1.2 Tenant Eligibility and Right to Remain

- Units may only be sold to income-eligible tenants; however, all existing tax-credit-qualified tenants may purchase their units, even if their income is currently above the tax credit income limit.
- If a tenant is unable or uninterested in purchasing their unit, they must be allowed to remain in their unit. They cannot be evicted or have their tenancy terminated unless the lease terms are violated. Tenants may voluntarily relocate to a comparable or better unit. As the LURA is in effect until a unit is sold, vacant units must be made available for rent; they cannot be held vacant until a tenant is found who is both tax-credit-qualified and interested in purchasing the unit.
- Due to the fact that not all tenants may choose to purchase their units, owners must be prepared to continue operating rental units through the end of the Extended Use Period.
- If the LURA does not allow for transition, the owner must apply to Minnesota Housing to amend the LURA to provide tenants a ROFR.

### **1.3 Purchase Price**

The Code (Section 42(i)(7)(B)) mandates a Minimum Purchase Price for each unit sold to a qualified tenant exercising the ROFR. That price is the sum of:

- i. the principal amount of outstanding indebtedness secured by the building (other than indebtedness incurred within the 5 year period ending on the date of the sale to the tenants); and
- ii. all federal, state, and local taxes attributable to such a sale.

Except in the case of federal income taxes, any additional tax due as a result of (ii) is not included in calculating (ii).

The Maximum Purchase Price for any unit is the amount that is affordable to a household meeting the tax credit income restrictions applicable to that unit.

Once a qualified purchaser has been identified and a Transition Plan has been submitted, the owner can work with Minnesota Housing for the unit to be released from the LURA.

### **1.4 Transition Plan**

If the LURA requires a transition plan be submitted to Minnesota Housing prior to transition to tenant ownership, the owner must submit a plan to Minnesota Housing prior to the unit being released. The plan must detail the timeline and process for converting the property to homeownership. It is recommended that the content of the transition plan include information such as:

- Description of how current limited partner will exit;
- If there is outstanding debt, how it will be handled;
- Proof of the household's original eligibility for tenancy;
- Purchase price of the unit;
- Homeownership education and training services that will be provided, if any;
- If a duplex or multifamily complex, if there will be any units not transitioning to homeownership and how that will be managed; and
- If a tenant will be voluntarily relocating, information regarding the relocation and benefits that will be provided.

A Transition Plan template that may be utilized is attached to this guide as Appendix B.

### **1.5 Request for Approvals**

Requests for approvals related to the Eventual Tenant Ownership transition process should be submitted to Minnesota Housing. Please see Minnesota Housing's website for information on how to submit requests.

In evaluating requests for approvals related to Eventual Tenant Ownership, Minnesota Housing staff may request any information, may impose any additional conditions or requirements, or may deny a request as determined in the sole discretion of Minnesota Housing. Proposals that seek to transition multifamily developments to tenant ownership will include additional complexity and owners should anticipate additional information and documentation will be required throughout the process. Owners should also be aware that Minnesota Housing may seek additional information and documentation and impose additional requirements or deny a request related to noncompliance with a LURA, purchase price, or exigent health and safety conditions in Minnesota Housing's sole discretion.

## Chapter 2 – Tenant to Homeowner Transition Best Practices

Strategies such as those suggested below may assist owners in making sure all requirements have been met and a clear plan to move forward for both the new homeowner and the transferring owner is in place. Minnesota Housing recognizes that not all transitions are the same; steps suggested below are at the discretion of the owner.

### 2.1 Transition Teams

Assembling a team of professionals can be helpful in analyzing the possibility of transition and assist in implementing the eventual Transition Plan.

These professionals may include (but are not limited to):

- An attorney to review key Section 42 requirements, partnership documents, the LURA, loan agreements with existing lenders, and to advise on options.
- An accountant to review partnership financials and to advise on Exit Taxes.
- A needs assessor to determine the physical needs of the units. The needs assessor could be a licensed architect, licensed professional engineer, or an individual who meets the definition of a Qualified Rehab Specialist (QRS).
- A cost estimator or construction contractor may be necessary if immediate (life safety) needs and improvements are necessary. Cost estimating may also be provided by a needs assessor.
- A homeownership educator to help create a training and support program.
- Asset or property management staff to determine how to simultaneously operate both the rental property and the homeownership transition program, perhaps for the remainder of the Extended Use Period, if all the units are not sold.

If a transition team is assembled, Minnesota Housing staff in both the multifamily and single family divisions are available to provide further technical assistance on the transition planning and implementation, if desired.

### 2.2 Review of Legal Documents

A review of legal documentation may alert owners to any steps needed to make the eventual transition happen smoothly. Documents to review may include:

- LURA – The LURA must contain language granting the tenants a ROFR allowing for transition. If it does not, the owner may submit a request to Minnesota Housing to amend the LURA.
- Limited Partnership Agreement – Determine if the Limited Partnership Agreement contains an ROFR provision. If not, discuss with the limited partner if the Limited Partnership Agreement can be amended. This document should also specify what will be necessary for the limited partner to exit.
- Loan Documents – Information that could be helpful include:
  - If any of the loan documents or regulatory agreements contain restrictions on the disposition (e.g., use of reserves or additional income restrictions).
  - If all existing lenders will agree to partial payoffs or releases as individual units are sold.

## MINNESOTA HOUSING – EVENTUAL TENANT OWNERSHIP GUIDE – DRAFT 12/6/19

- If transition will trigger debt repayment and if so, how lenders will be repaid.
- If a request needs to be made to Minnesota Housing for subordination or partial repayment of any existing loans.

### **2.3 Working with Renters and Future Homeowners**

Frequent communication with the households in the units to be converted helps create a smooth transition process. Even if a prospective tenant is not interested in becoming a homeowner, they are still eligible to rent a unit and cannot be turned down on that basis. Communication should include:

- A general price estimate for the unit;
- Homeownership training and counseling opportunities available; and
- If a tenant is unable to or uninterested in purchasing their unit, information regarding staying in their unit and continuing to rent.

### **2.4 Assessing and Addressing Physical Needs**

Prior to selling properties to tenants, the owner may want to have the physical needs of the property assessed. Minnesota Housing has templates for physical needs assessments for both multifamily buildings and single family homes that may be helpful. These templates, as well as the Limited Scope Design Standards and Limited Scope Sustainability Standards, can be found on our [Building Standards](#) web page.

### **2.5 Exit of the Limited Partner**

After the initial Compliance Period, owners should work with the limited partner to sell/transfer the limited partnership interest to an affiliate of the general partner or sponsor. Owners should notify Minnesota Housing of a change in ownership by submitting a request.

### **2.6 Financing Homeownership Resources**

Minnesota Housing offers [a variety of programs](#) for first mortgage financing and down payment and closing cost assistance.

In addition to the programs listed at the above-noted link, Minnesota Housing also offers the [Community Homeownership Impact Fund](#) to its partners to finance affordable housing projects in member communities. The Impact Fund provides loans and grants awarded through the Single Family Request for Proposals (RFP), a competitive application process that may be used for new construction housing, acquisition-rehabilitation-resale of existing housing or affordability gap financing. Minnesota Housing examines overall scores of applicants based on project eligibility, feasibility and organizational capacity. Partners are required to serve households earning at or below 115 percent of area median income (AMI).

Finally, Minnesota Housing offers [Homebuyer Education, Counseling and Training](#) to provide financial support for the full continuum of homeownership education and counseling services, and to support cooperative relationships and partnerships that provide access to clients for a full range of homeownership education and counseling activities. Eligible entities include nonprofit housing organizations as defined in Minnesota Statutes Section 462A.03, Subd. 22, which includes housing and

redevelopment authorities and other political subdivisions.

Additional information is available through the [Minnesota Homeownership Center](#).

Other programs for individuals interested in purchasing their first home are available through various resources, including but not limited to:

- [Department of Housing and Urban Development \(HUD\)](#)
- [Rural Development](#)
- [Federal Home Loan Bank](#)
- [Department of Veteran's Affairs](#)

The best way to determine the most suitable program is for each purchaser to contact a local lender.

Minnesota Housing has a [network of lenders](#) across the state who work with our programs as well as offer other financing programs.

## Appendix A: Terms

Term	Definition
<b>Affordability Restrictions</b>	Recorded tenant income and rent restrictions that are placed on a project by a city, state (including the state credit allocating agency), bank or other lender of funds to the project. These restrictions are monitored by designated credit agencies and are enforceable for a set period of time. The restrictions bind the property and are assumed by any purchaser of the property.
<b>Compliance Period</b>	Begins the first year tax credits are taken for each building and ends at the conclusion of the 15th taxable year after the first credit year.
<b>Extended Use Period</b>	Begins after the Compliance Period and ends on the later of 1) the date specified by the agency in the agreement and 2) the date 15 years after the close of the Compliance Period.
<b>Income Eligible Households</b>	A household whose gross annual income (adjusted for household size) is within the median income limit for a unit given its tax credit restrictions.
<b>Declaration of Land Use Restrictive Covenants Agreement (LURA)</b>	The document containing the Affordability Restrictions and other restrictions placed on the project related to the Housing Tax Credits.
<b>Minimum Purchase Price</b>	The Minimum Purchase Price for a qualified tenant exercising their Right of First Refusal is the sum of the property's Outstanding Debt and any taxes due upon the sale of the property, as defined in IRS Code 42(i)(7)(B).
<b>Maximum Purchase Price</b>	The purchase price which is affordable to the household meeting the tax credit income restrictions applicable to a particular unit.
<b>Outstanding Debt</b>	The sum of all debt secured by the project, including accrued interest. Although a loan may have a 30-year term, upon a transfer, including sale to a tenant, the full amount of the debt must be repaid, assumed or forgiven, unless the lender approves a modification.

<b>Right of First Refusal (ROFR)</b>	A right offered that gives the holder the right to purchase the property at a Minimum Purchase Price. The statutory authority for the ROFR is contained in Section 42(i)(7) of the Code, which applies to projects with Housing Tax Credits allocated after 1989.
--------------------------------------	---

### Appendix B: Transition Plan Template

Under the Low Income Housing Tax Credit program, a property owner may convert rental units to homeownership units following the initial 15-year Compliance Period for all buildings. The LURA must allow for the transition. If the LURA requires a Transition Plan, a Transition Plan must be provided to Minnesota Housing to complete the transition. Below is a template Transition Plan that may be utilized to satisfy this requirement.

Property Owner: \_\_\_\_\_

Property Address: \_\_\_\_\_

The property is a: \_\_\_\_\_ Single Family Home      \_\_\_\_\_ Duplex      \_\_\_\_\_ Multifamily complex; # of units: \_\_\_\_\_

Has the property completed the initial 15 year Compliance Period? (Y/N) \_\_\_\_\_ Year complete: \_\_\_\_\_

Does the LURA allow a Right of First Refusal? (Y/N) \_\_\_\_\_

If no, has a request been submitted to Minnesota Housing to amend the LURA? (Y/N) \_\_\_\_\_

Was the household purchasing the property originally income-eligible to rent a tax credit unit? (Y/N) \_\_\_\_\_  
(Please attach proof to this plan)

Purchase Price of the property: \_\_\_\_\_

Does this purchase price meet the minimum requirements? (See Section 1.3) (Y/N) \_\_\_\_\_

Does the Purchase Price meet the maximum requirements? (See Section 1.3) (Y/N) \_\_\_\_\_

Is there a plan for the Limited Partner in the property to exit? Please explain.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Will homeownership education and training services be provided? Please explain.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Will there be any units not transitioning to homeownership? Please explain.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Are there any tenants who are voluntarily relocating? If yes, please explain what information regarding relocation and benefits will be provided.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_ Signature of Owner: \_\_\_\_\_

**Item:** Dashboard Overview: Tracking and Reporting Results for the 2020-22 Strategic Plan and 2020-21 Affordable Housing Plan

**Staff Contact(s):**

John Patterson, 651.296.3762, john.patterson@state.mn.us

**Request Type:**

- |                                     |  |
|-------------------------------------|--|
| <input type="checkbox"/> Approval   | <input checked="" type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion     | <input checked="" type="checkbox"/> Discussion       |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Information                 |

**Summary of Request:**

For your review and discussion, staff is providing an overview of the proposed structure that we will use to track and report results for the 2020-2022 Strategic Plan and 2020-2021 Affordable Housing Plan. We are still working out the details but want the Board's thoughts and feedback before finalizing.

- What information would you like to see to track the Agency's progress and results?
- How frequently?
- What metrics do you find most meaningful and informative?
- Do you have suggested changes to the proposed structure or content?

**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):**

- Dashboard Overview: Tracking and Reporting Results for the 2020-22 Strategic Plan and 2020-21 Affordable Housing Plan

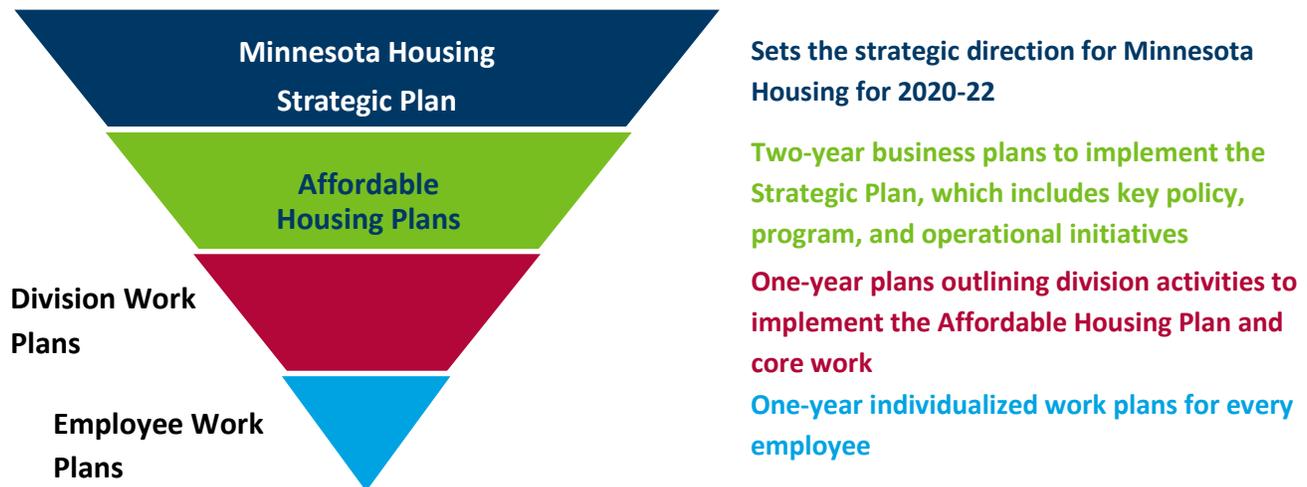
# Dashboard Overview: Tracking and Reporting

## 2020-22 Strategic Plan and 2020-21 Affordable Housing Plan

What gets tracked and measured gets done. Effectively choosing and implementing metrics provides accountability and transparency, inspires action and makes plans tangible. Are we successfully implementing our plans?

Different metrics serve different purposes. A few concepts and terms will help clarify our tracking and reporting structure.

- **Population Metrics** track outcomes for the overall population (many of whom may not participate in our programs). The homeownership rate for households of color and indigenous communities is an example. These are important because they track the broader societal objectives that we are trying to achieve through our programs, even if we only have indirect or limited influence on the final results.
- **Program Metrics** track the work that we do. The number and share of our first-time homebuyer mortgages going to households of color and indigenous communities is an example of a program metric. These are important because they track our contribution to the larger societal objective and we have more control and influence over them. These are the metrics that inform our programmatic and business decisions.
- **SMART Goals** are Specific, Measurable, Achievable, Relevant, and Time-bound. They establish specific targets that we are trying to achieve, as tracked by the metrics. For example, last year, we had the goal of 35% of our first-time homebuyer mortgages going to households of color or indigenous communities. While we came just shy of achieving the goal in 2019, reaching 34.3%, having the goal was a success. In recent years, we have dramatically increased our lending to households of color and indigenous communities – from 515 loans (23.1% of all loans) in 2011 to 1,402 loans (34.3%) in 2019.
- **Minnesota Housing’s Strategy Management Framework**



This diagram shows how we align our work going from the Strategic Plan to the work plans of each employee. The strategic and supporting plans align the work of every employee, and every employee sees how their work supports the strategic plan. We can accomplish the objectives outlined in the Strategic Plan if every employee is focused on and working toward them in a coordinated fashion.

The following sections outline the reporting and tracking structure that we will overlay on the top two sections of the Strategy Management Framework, which includes the Strategic Plan and Affordable Housing Plan.

## **Strategic Plan: Monitoring Progress on 14 Objectives**

Our 2020-2022 Strategic Plan outlines 14 strategic objectives that we will pursue over the next three years, which are organized under five areas of focus. To monitor progress, we have identified one to four metrics for each objective that we will track and report. Depending on the nature of the strategic objective, the identified metrics are population based, program based, or a mix of the two. Our goal is to turn the curve for each metric in a positive direction, for example, increasing the number of owner-occupied homes selling for \$250,000 or less that we help develop and finance, which will increase the inventory of affordable homes for sale.

Visually processing 35 metrics at once would be overwhelming. To present the metrics, we will create an interactive dashboard on our website that will allow the user to select one of the five focus areas and then drill down to an individual strategic objectives and metrics. The dashboard will provide historical statewide trends, with the possibility of adding regional data later, allowing the user to drill down and assess regional trends.

The following lists the Strategic Plan's 5 focus areas, 14 objectives, and 35 metrics.

### **Focus Area: Improve the Housing System**

#### **1. Focus on the People and Places Most Impacted, Especially Children**

- Share of households from the following communities that are cost burdened or overcrowded in their housing – lowest income, households of color, indigenous communities, seniors, children, large families, and people with disabilities
- Share of households that we serve who are either lowest income, of color, from an indigenous community, from a large family, or have disability

#### **2. Create an Inclusive and Equitable Housing System**

- Disparities for housing cost burden, homeownership, poverty, and homelessness, by race
- Disparities for housing cost burden, homeownership, poverty, and homelessness, by disability status
- Share of households that we serve who are of color, from an indigenous community or have a member who has a disability
- Number and share of developments that Minnesota Housing finances that have a minority-owned or women-owned business on the development team

**3. Finance Housing to Improve All Areas of Life**

- Number of programs that we administer in partnership with other state agencies
- Number of households served by Homework Starts with Home

**Focus Area: Preserve and Create Housing Opportunities****4. Preserve the Condition and Affordability of Existing Housing**

- Number of existing rental units affordable to households with an income at or below 50% of the area median income (AMI)
- Number of units with federal project-based rent assistance
- Number and share of existing homes valued at \$250,000 or less (with metro and Greater Minnesota split)
- Number of housing units rehabilitated with Minnesota Housing financing (owner-occupied and rental)

**5. Increase the Development of New Housing that is Affordable**

- Number of new units funded by Minnesota Housing with deeply affordable rents
- Number and share of new owner-occupied homes selling for \$250,000 or less that Minnesota Housing helped develop and finance (with a metro and Greater Minnesota split)
- Number of new owner-occupied and rental homes financed by Minnesota in Greater Minnesota communities with substantial job growth

**6. Increase Access to Rental Assistance**

- Number of rental assistance vouchers or Housing Supports in Minnesota
- Share of Housing Choice Vouchers successfully placed

**7. Support and Preserve Manufactured Housing**

- Number of Minnesota households living in manufactured housing
- Number of manufactured home communities lost annually in Minnesota
- Number of manufactured home communities converted to cooperative ownership

**Make Homeownership More Accessible****8. Address Homeownership Barriers and Reduce Disparities**

- Homeownership rates for households of color and indigenous communities
- Annual number of home mortgages purchased by Minnesota Housing
- Number and share of Minnesota Housing's first-time homebuyer mortgages going to households of color and indigenous communities

## Support People Needing Services

### 9. Effectively Link Services with Housing

- Number of supportive housing units financed by Minnesota Housing
- Share of service providers in our supportive housing portfolio that have the capacity to bill Medical Assistance for housing-related services (themselves or through a partner)

### 10. Prevent and End Homelessness

- Number of people experiencing homelessness, by population (chronic, families with children, veterans, youth, sleeping outside, etc.)
- Homelessness disparities by race and disability status

### 11. Support People with Disabilities

- Share of households participating in Minnesota Housing programs who have a member with a disability

### 12. Support Older Minnesotans

- Number of homes owned by older adults rehabilitated through the Rehab Loan Program, Fix-Up Fund, and Impact Fund
- Number of new senior rental housing units developed with Minnesota Housing funds
- Number of existing senior rental units rehabilitated with Minnesota Housing funds

## Strengthen Communities

### 13. Strengthen Disinvested Communities

- Number of RFP development awards going to Greater Minnesota communities that have not received an award in the last five years
- Number of census tracts in Minnesota that are classified as Qualified Census Tracts, which are low-income, high-poverty areas

### 14. Support Tribal Nations and Indigenous Communities

- American Indian disparities in housing cost-burden, homeownership, poverty, and homelessness
- Share of households served by Minnesota Housing who are American Indians

These metrics will be updated on an annual basis to track and assess longer term progress.

## Strategic Plan: SMART Goals

In the next month or two, we will establish SMART goals for four of the metrics listed below.

- By 2022, XX% of our first-time homebuyer mortgages will go to households of color and indigenous communities

- By 2022, XX% of the new rental units that we finance through the consolidated RFP will be deeply affordable
- By 2022, we will annually finance the rehabilitation of X,XXX units of housing (owner-occupied or rented)
- TBD

These are the goals that we are prioritizing and will most closely manage. We will update progress on a quarterly basis.

## Affordable Housing Plan: Quarterly Progress Reports

For the last several years, we have tracked our quarterly progress in implementing the Affordable Housing Plan (AHP). We will continue providing these quarterly reports but with a revised format that will focus on bigger picture issues and provide more context to assess progress.

### 2020 Households and Housing Units to be Assisted (Based on Board Selections and Loan Commitments)

	2020 Year-End Forecast	2020 Actual to Date	2019 Actual at This Date	Share of 2020 Forecast Reached to Date	Historical Benchmark for Share at this Date
Home Mortgage Lending					
Homebuyer Education and Coaching					
Home Improvement Lending					
Other Owner-Occupied Opportunities					
Rental New Construction					
Rental Rehabilitation					
Rental Refinance Only					
State Rent Assistance and Operating Subsidies					
Section 8 Contract Administration					
Homeless Prevention and Other Supports					

- **2020 Year-End Forecast:** The number of households or housing units that we expect to assist by the end of the program year – for example, 5,130 home mortgages.
- **2020 Actual to Date:** The level that we actually reach at the end of each quarter – for example, this could be 1,355 home mortgages after the first quarter.
- **2019 Actual at This Date:** The level that we reached at this point last year – for example, 1,037 home mortgages after the first quarter. This allows us to assess this year’s activity relative to last year’s.
- **Share of 2020 Forecast Reached to Date:** With 1,380 home mortgages after the first quarter and a year-end forecast of 5,130, this would be 26%. For pipeline programs with continuous activity throughout the year, this would typically be around 25% after the first quarter. For programs with once a year RFPs, it would be 0% until the quarter that the RFP occurs, when it would jump to something near 100%.
- **Historical Benchmark for Share at this Date:** The share of the forecast that we have historically reached by the end of each quarter, which adds context to the share of the forecast that we have reached to date in in 2020. For example, our home mortgage lending has a strong seasonal factor, with most mortgages

occurring in April through September. Thus, we typically see less than 25% of the mortgages occurring in the first quarter. Having a first quarter share over 25% indicates strong activity relative to what we originally forecasted.

These core output metrics (program-based) allow us to track our progress in implementing the Affordable Housing Plan, ideally reaching or surpassing our original forecast by the end of the year. The Affordable Housing Plan is our business plan for implementing the Strategic Plan, and the two plans are closely aligned. If we implement the Affordable Housing Plan as planned, we should succeed in implementing the Strategic Plan.

## **Reporting to the Board**

As we have in the past, we will continue reporting to the Board our progress in implementing the Strategic Plan and Affordable Housing Plan on quarterly basis. The report will include information on our progress in achieving the SMART goals and implementing the Affordable Housing Plan. Once the online, interactive dashboard with the metrics for our 14 strategic objectives is up and running, the quarterly Board report will include a link to the dashboard so that Board members can explore this more detailed information if they want it.

## **Tracking and Reporting for Division and Employee Work Plans**

Our Strategy Management Framework (page 1) also includes division and employee work plans. We collect and analyze large amounts of detailed internal information to track our progress in implementing these plans. For example, this includes home mortgage lender satisfaction with the training we provide them. Our staff uses this information to manage our day-to-day operations.

This page intentionally left blank.

**Item:** Consolidated Annual Performance and Evaluation Report (CAPER) for 2019

**Staff Contact(s):**

Jessica Deegan, 651.297.3120, jessica.deegan@state.mn.us

**Request Type:**

- |                                     |  |
|-------------------------------------|--|
| <input type="checkbox"/> Approval   | <input checked="" type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion     | <input type="checkbox"/> Discussion                  |
| <input type="checkbox"/> Resolution | <input checked="" type="checkbox"/> Information      |

**Summary of Request:**

Staff are submitting the agency's Consolidated Annual Performance and Evaluation Report (CAPER) to the U.S. Department of Housing and Urban Development to report on activities during Federal Fiscal Year 2019 for the HOME Investment Partnerships (HOME), National Housing Trust Fund (NHTF), and Housing Opportunities for Persons with AIDS (HOPWA) programs as well as actions completed to address impediments to fair housing choice.

**Fiscal Impact:**

Reports on Federal Fiscal Year 2019 expenditures from HOME, NHTF and HOPWA grants totaling \$14.5 million.

**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):**

- Summary and Background
- CAPER document

**Background**

Minnesota Housing, along with the Department of Employment and Economic Development and Department of Human Services, reports annually on certain federal funds administered by the U.S. Department of Housing and Urban Development. The activities reported occurred during Federal Fiscal Year 2019 (October 1, 2018-September 30, 2019). For Minnesota Housing, this includes HOME Investment Partnerships (HOME), National Housing Trust Fund (NHTF), and the Housing Opportunities for Persons with AIDS programs (HOPWA). In addition, this report includes actions to address impediments to fair housing choice completed during the year.

**Summary of Program Activities**

During federal fiscal year 2019, the agency expended \$11.6 million in HOME resources completing 154 units, \$2.7 million in NHTF resources completing 16 units, and assisted 156 households through HOPWA with \$159,000 in resources.

We are on track to meet our affordable housing goals as part of the 5 year plan (this report reflects year 3 of the plan). For affordable housing production using HOME and NHTF resources, we were just below our goal of 200 constructed and rehabilitated for the year, but on track for the five year plan.

**Summary of Fair Housing Activities**

During the last year, Minnesota Housing took many actions to address impediments to fair housing choice. These actions are identified in the 2019 Analysis of Impediments adopted by the board in September 2018. A few highlights of our efforts this past year include:

- Addressing insufficient housing for large families:
  - Minnesota Housing Single Family programs provided affordable first mortgage loans to 1,271 households with four or more people, and additionally assisted 1,091 households in the homeownership capacity program. In addition, the agency funded an estimated 740 rental units suitable for large families.
- Addressing homeownership and mortgage lending gaps:
  - In 2019, 34.4% of Minnesota Housing's Start up program loans for first time homebuyers went to households of color and Indigenous communities (1,403 of 4,083 loans).
- Addressing very high standards for rentals:
  - The Landlord Risk Mitigation Fund has had a good start with 78 households with significant barriers obtaining housing.
  - Minnesota Housing's Supportive Housing team has led a year-long effort to align tenant selection plans so that properties with designated units meant to serve at risk populations reach the people they are intended to serve.
- Addressing challenges to accessing economic and other opportunities:
  - Minnesota Housing promotes contracting opportunities for women and minority business entities through expanded marketing and outreach requirements for contracting and purchasing by minority or women business enterprises beyond federally funding to all developments receiving a deferred funding source in multifamily.
- Addressing a shortage of resources for persons with disabilities to transition to independent living settings:
  - Minnesota Housing's Bridges program provides housing assistance for people with very low incomes and a mental illness, served 807 households in 2019. In addition, the

Section 811 program, which provides rental assistance with services to households with an adult with a disability, served 125 households in 2019.



**State of Minnesota  
Consolidated Annual Performance  
and Evaluation Report  
for Federal Fiscal Year 2019**

**December 2019**

Table of Contents

CR-05 - Goals and Outcomes ..... 3

CR-10 - Racial and Ethnic composition of families assisted ..... 7

CR-15 - Resources and Investments 91.520(a) ..... 8

CR-20 - Affordable Housing 91.520(b) ..... 17

CR-25 - Homeless and Other Special Needs 91.220(d, e); 91.320(d, e); 91.520(c) ..... 19

CR-30 - Public Housing 91.220(h); 91.320(j) ..... 22

CR-35 - Other Actions 91.220(j)-(k); 91.320(i)-(j) ..... 22

CR-40 - Monitoring 91.220 and 91.230 ..... 47

CR-45 - CDBG 91.520(c) ..... 49

CR-50 - HOME 91.520(e) ..... 49

CR-55 - HOPWA 91.520(e) ..... 54

CR-56 – HTF NEW SECTION ..... 55

CR-60 - ESG 91.520(g) (ESG Recipients only) ..... 55

CR-65 - Persons Assisted ..... 64

CR-70 – ESG 91.520(g) - Assistance Provided and Outcomes ..... 67

CR-75 – Expenditures ..... 68

## CR-05 - Goals and Outcomes

**Progress the jurisdiction has made in carrying out its strategic plan and its action plan. 91.520(a)**

**This could be an overview that includes major initiatives and highlights that were proposed and executed throughout the program year.**

As designed by the U.S. Department of Housing and Urban Development (HUD), this report primarily pertains to those programs funded through federal assistance allocated to Minnesota state agencies under Community Development Block Grants (CDBG), Emergency Solutions Grants (ESG), HOME Investment Partnership (HOME), the National Housing Trust Fund (NHTF), and Housing Opportunities for Persons with AIDS (HOPWA). The state makes this report available on behalf of the Minnesota Department of Employment and Economic Development (DEED), the Minnesota Department of Human Services (DHS), and Minnesota Housing Finance Agency (Minnesota Housing).

It is important to note that the state provides affordable housing and community development through a variety of programs, many of which are funded through agency resources or state appropriations. In Federal Fiscal Year (FFY) 2019, Minnesota Housing alone committed funds to assist over 41,000 households with rent assistance, down payment and first mortgage financing, homebuyer education, the rehabilitation or construction of affordable rental housing, and other assistance (not including 30,000 units of Section 8 housing for which Minnesota Housing administers the housing assistance contract). Additional information about other housing and community development may be obtained through Minnesota Housing, DEED and DHS.

The state has identified objectives and expected outcomes for federally funded housing and community development assistance through a process of public hearings and forums held throughout the state. Housing advocates, service providers, residents, and other stakeholders are invited to participate in these events and to provide input on local needs, priorities, and problems (see the citizen participation plan and public comments attached to the *Consolidated Housing and Community Development Plan, FY 2017-2021*). The Annual Action Plan addresses how objectives are to be met each year. Under most federal programs covered in this report, the state has been close to meeting its previous annual projections. The economy has improved and unemployment is low at 3.2 percent in September 2019.

As of the end of 2019, the third year in its five-year plan (2017-2021), Minnesota had achieved 65% of its five-year goals.

DEED's Small Cities Development Program's accomplishments are close to matching the goals set in the annual action plan. Commercial projects have exceeded the goal with 110 accomplishments compared to the expected goal of 56. Owner occupied housing rehabilitation projects have 287 accomplishments compared to the expected goal of 300. Not meeting the goal is due to several factors, such as the delay of allocated funds, difficulties in obtaining lead certified contractors, and the short construction season. Rental housing rehabilitation projects have 248 accomplishments compared to the expected goal of 450. Not meeting the goal is also due to delayed allocated funds and landlords being hesitant to participate due to Fair Market rents. The unit of measure for Public facilities projects is based on persons assisted for both Low and Moderate Income (LMI) and other than LMI. Public facility projects have exceeded the goal of 3,235 assisted persons with a total accomplishments of 5,720 assisted persons, consisting of 4,520 LMI persons and 1,200 other than LMI persons. DEED's Minnesota Investment Fund (MIF) projected zero for LMI jobs with zero accomplishments. Due to elevated funding levels from other state

funded sources, federal resources have not been used, hence with the authority of the DEED Commissioner, these funds have been reallocated to the Small Cities Development Program.

It is important to note for budgeting and planning purposes that Minnesota Housing projects the number of units for which it expects to make funding commitments; projecting the completion of HOME-assisted units is difficult because multifamily projects may take a few years to complete.

**Comparison of the proposed versus actual outcomes for each outcome measure submitted with the consolidated plan and explain, if applicable, why progress was not made toward meeting goals and objectives. 91.520(g)**

Categories, priority levels, funding sources and amounts, outcomes/objectives, goal outcome indicators, units of measure, targets, actual outcomes/outputs, and percentage completed for each of the grantee’s program year goals.

Goal	Category	Source / Amount	Indicator	Unit of Measure	Expected Program Year 2019	Actual Program Year 2109	Percent Complete
Create suitable living environment - DEED	Affordable Housing	CDBG: \$10,980,827	Rental units rehabilitated	Household Housing Unit	450	248	55%
			Homeowner housing rehabilitated	Household Housing Unit	300	287	96%
Enhance Affordable Housing Opportunities-Minnesota Housing	Affordable Housing	HOME: \$9,748,270 NHTF: \$3,228,942	Rental units rehabilitated	Household Housing Unit	100	141	141%
			Rental housing constructed	Household Housing Unit	100	29	29%
Promote Economic Development	Non-Housing Community Development	CDBG: \$2,918,750	Façade treatment/business building rehabilitation	Business	56	110	196%
			Jobs created/retained	Jobs	0	0	0%
			Businesses Assisted	Businesses Assisted	0	0	0%
Facilitate Housing and Service for the Homeless	Homeless	ESG: \$2,021,133	Tenant-based rental assistance/rapid rehousing	Households Assisted	200	225	113%
			Homeless person Overnight Shelter	Persons Assisted	10,200	8305	81%
			Homelessness Prevention	Persons Assisted	100	137	137%
Provide Funds for Special-Needs Housing and Services	Non-Homeless Special Needs	HOPWA: \$159,306	Homelessness Prevention	Persons Assisted	180	156	87%
Address Public Facility and Infrastructure Needs-DEED	Non-Housing Community Development	CDBG: \$8,186,775	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing	Persons Assisted	3,235 persons	5720	177%

**Table 1 - Accomplishments – Program Year & Strategic Plan to Date**

**Assess how the jurisdiction’s use of funds, particularly CDBG, addresses the priorities and specific objectives identified in the plan, giving special attention to the highest priority activities identified.**

Minnesota’s objectives in the distribution of housing and community development resources are to create suitable living environments; provide decent, affordable housing; and create economic opportunities within the state. In working to achieve those objectives, the state has prioritized populations with the greatest need for assistance (see SP-25 “Priority Needs” in the **2017-2021 Consolidated Plan for Housing and Community Development**).

Priorities include renters with incomes at or below 30% of area median income (AMI), homeowners with incomes of 51% to 80% of AMI, and non-homeless people with special needs. NHTF and HOME-funded units, in particular, reflect these priorities— For HOME units, 38% of renter households occupying units completed in FFY 2019 had incomes below 30% of AMI. 100% of units for NHTF had incomes below 30% of AMI.

In addition to general affordable housing, Minnesota Housing assists the homeless or people with special needs at risk of being homeless who struggle with housing stability through several programs funded by the state legislature, including the Family Homeless Prevention and Assistance Program, Bridges rental assistance, the state Housing Trust Fund rent assistance, and Housing Infrastructure Bonds. These programs assisted more than 10,500 households in 2019.

With its federal resources, the state assists the greatest number of people through the Emergency Solutions Grant (ESG). ESG assistance includes operating and supportive service costs for emergency shelter facilities and rental assistance and housing relocation and stabilization services for homeless persons and those at imminent risk of homelessness who need to be re-housed.

With its federal resources, the state provides the greatest amount of assistance through the Community Development Block Grant (CDBG) Small Cities Development Program (SCDP). As noted in the Action Plan, CDBG focused on creating suitable living environments, economic development and public facilities and infrastructure. The unit of measure for Public facilities projects is based on persons assisted. The goal for Table 1 and Table 2 for housing is to create suitable living environments as noted in the Action Plan instead of the listed providing decent affordable housing. These spending priorities have been established through the planning process of where the most need is, as well as the capacity to make an impact on those in need in the State of Minnesota. The amount spent on each category is determined both by past performance and the current ability to meet housing and community development needs in Minnesota. Current economic development funds will be utilized for the SCDP program. State resources with fewer restrictions were made available to assist with the creation of jobs for low to moderate income persons. With the authority of the DEED Commissioner, CDBG funds set aside for those activities that were not used were reallocated to other CDBG activities.

**CR-10 - Racial and Ethnic composition of families assisted****Describe the families assisted (including the racial and ethnic status of families assisted).****91.520(a)**

	CDBG	HOME	ESG	HOPWA	NHTF
White	870	137	4347	86	14
Black or African American	9	15	2853	60	1
Asian	0	0	154	1	0
American Indian or American Native	4	2	1269	3	1
Native Hawaiian or Other Pacific Islander	2	0	44		0
More than one race	9	3	0	6	0
<b>Total</b>	<b>894</b>	<b>157</b>	<b>8667</b>	<b>156</b>	<b>16</b>
Hispanic	16	2	719	9	0
Not Hispanic	878	155	7948	147	16

**Table 2 – Table of assistance to racial and ethnic populations by source of funds****Narrative**

According to the Census Bureau's estimates in the *American Community Survey, 2018*, low and moderate income households (those earning less than \$50,000 in 2017) of a race other than white comprise an estimated 18% of the households in Minnesota, and households of Hispanic or Latino ethnicity comprise an estimated 5% of the households in Minnesota.

CDBG assisted 894 households in FFY 2019. Of that number, 870 were white, 9 Black/African American, 4 American Indian/Alaskan Native, 2 Native Hawaiian/Other Pacific Islander, 1 American Indian/Alaskan Native & white, and 8 other multi-racial. Also, of the total households, 3% were of a race other than white. Among CDBG-assisted households, 97% of households were white, 1% Black/African American, less than 1% American Indian/Alaskan Native, less than 1% Native Hawaiian/Other Pacific Islander, and less than 1% multi-racial.

As summarized in the IDIS Report *HOME Summary of Accomplishments for FFY 2019*, 87% of HOME-assisted households were white, 10% Black/African American, 0% Asian, 1% American Indian/Alaskan Native, and 2% more than one race. Of the total HOME-assisted households, 1% of households were Hispanic. The IDIS Report HTF Beneficiary Report shows that 87% of households for these units were white, 6.3% were Black/African American.

Note that HOME funds historically have been available primarily in non-entitlement areas, which are less diverse and may have limited previous opportunity for HOME-funded projects to serve a higher percentage of people of color or Hispanic ethnicity.

With ESG funding, DHS assisted 8,667 households during Program Year 2019. Of those, the majority of the population identified as either White or Black/African American. More specifically, nearly 50%

identify as white and 33% identify as Black or African American. Ninety-two percent of persons in ESG-funded programs identified as Non-Hispanic ethnicity.

DEED, Minnesota Housing, and DHS's current *Analysis of Impediments to Fair Housing Choice* report and action plan corresponds with the final three years of the Consolidated Plan. A full disclosure of the impediments can be found in the *2018 Analysis of Impediments to Fair Housing Choice for Minnesota* available at: [Analysis of Impediments to Fair Housing Choice](#)

Each year, the state documents agency actions taken to overcome impediments (see CR 35 of this report).

## CR-15 - Resources and Investments 91.520(a)

Identify the resources made available

Source of Funds	Resources Made Available	Amount Expended During Program Year
CDBG	29,551,716	14,270,692
HOME	9,748,270	11,659,506
HOPWA	224,186	159,306
ESG	2,055,825	2,055,825
NHTF	3,228,942	2,700,000

**Table 3 – Resources Made Available**

### Narrative

Funding provided by HUD to Minnesota for FFY 2019 under housing and community development programs is shown above. Note that amounts expended may include funds from previous allocations.

State agencies provide a large amount of assistance other than federal funds for affordable housing. For example, in FFY 2019 Minnesota Housing committed loans/grants for approximately \$1.4 billion in housing assistance to non-Section 8 households. Minnesota Housing resources include bond sale proceeds and other mortgage capital, federal housing tax credits, state appropriations, and its own resources. (These figures from the agency's most recent reporting are shown for context and differ from expenditures shown in IDIS because Minnesota Housing reports on loans/grants committed for funding while IDIS includes funds for projects that are completed and occupied in the reporting year.)

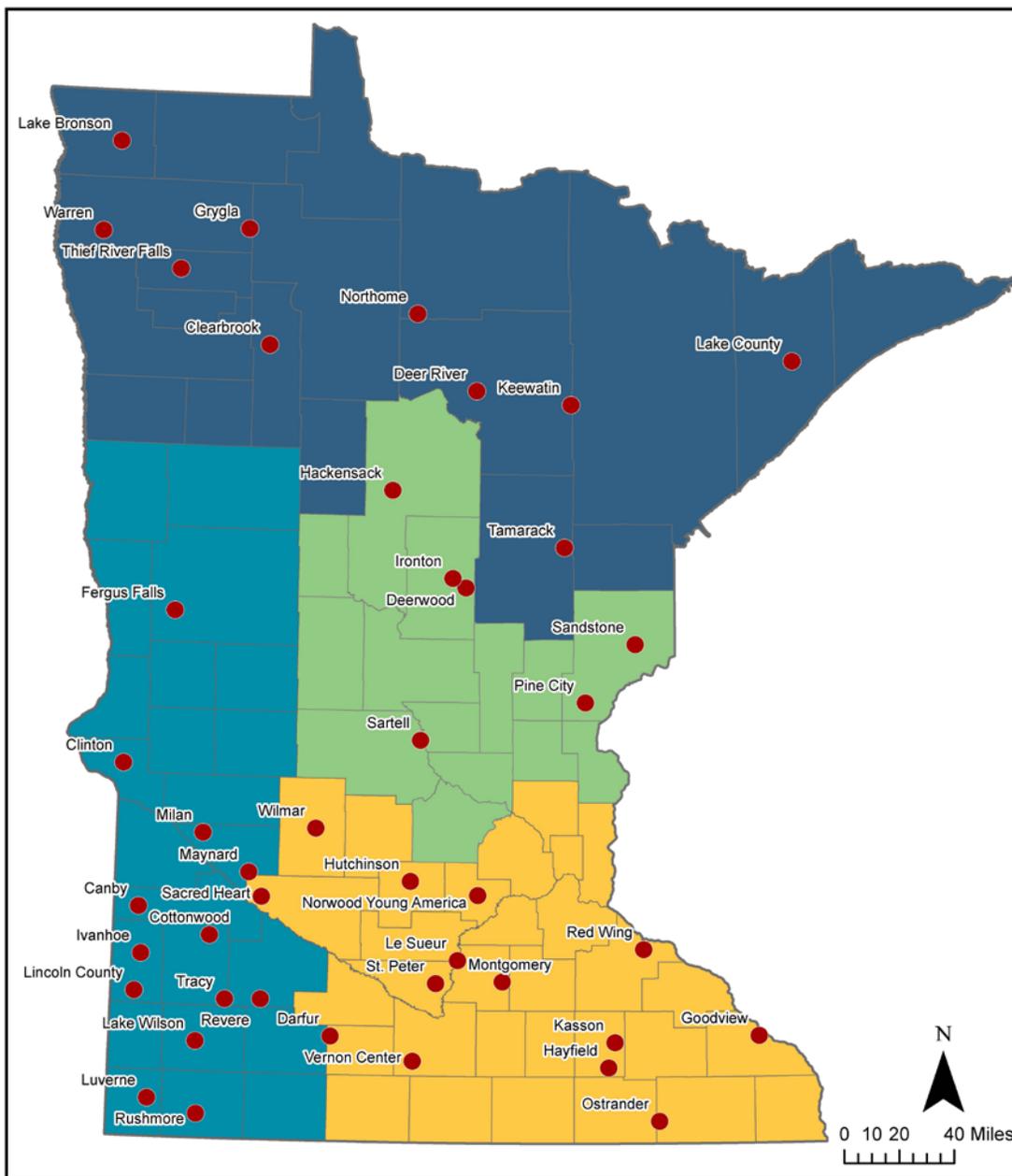
In addition, HUD awarded funding to Minnesota (\$3.1 million in 2013 and \$3 million in 2015) for the Section 811 demonstration that Minnesota Housing and DHS currently are implementing. Under this demonstration, Minnesota Housing provides rent assistance on behalf of households with a disabled member.

**Identify the geographic distribution and location of investments**

<b>Target Area</b>	<b>Planned Percentage of Allocation</b>	<b>Actual Percentage of Allocation</b>	<b>Narrative Description</b>
Non-Entitlement	100	100	Funding Distribution for CDBG Small Cities program
Statewide	100	100	ESG, HOME and NHTF are available statewide

**Table 4 – Identify the geographic distribution and location of investments**

## 2019 Awarded Projects Small Cities Development Program



Prepared by: Economic Analysis Unit,  
Operations Division, DEED (May 2019)

2019 AWARDED PROJECTS  
SMALL CITIES DEVELOPMENT PROGRAM  
AWARD DATE: May 1, 2019

Canby, \$1,040,750- Owner and Commercial Rehabilitation  
Cottonwood/Boyd, \$414,000 Owner occupied Rehabilitation  
Fergus Falls, \$575,000- Owner-occupied Rehabilitation  
Goodview, \$599,265- Owner and Multi-Family Rental Rehabilitation  
Grygla, \$382,375- Owner, Multi-Family Rental, and Commercial Rehabilitation  
Hayfield, \$581,900- Owner-occupied Rehabilitation  
Hutchinson, \$469,751- Multi-Family Rental Rehabilitation  
Ivanhoe/Arco, \$569,250- Owner and Commercial Rehabilitation  
Kasson, \$517,500- Owner-occupied Rehabilitation  
Lake Bronson, \$379,500 Owner-occupied Rehabilitation  
Lake Wilson/Chandler, \$414,000 Owner-occupied Rehabilitation  
Lake County, \$777,975- Owner and Commercial Rehabilitation  
Lincoln County, \$595,937 Rental Rehabilitation  
Milan/Watson, \$784,000- Owner, Rental, and Commercial Rehabilitation  
Montgomery, \$431,250 Owner-occupied Rehabilitation  
Norwood/Young America, \$556,600- Multi-family rental and Commercial rehabilitation  
Pine City, \$770,500- Owner and Commercial Rehabilitation  
Rushmore, \$287,500- Owner-occupied Rehabilitation  
Sartell, \$513,000- Owner-Occupied and Multi-Family Rental Rehabilitation  
St. Peter, \$598,500- Owner-occupied Rehabilitation  
Tracy, \$579,600- Owner-occupied Rehabilitation  
Warren, \$241,500- Owner-occupied Rehabilitation

**Narrative**

The largest percentage of assistance that the state provides with federal resources is through CDBG, particularly for the rehabilitation of owner-occupied homes and the improvement of public facilities. In 2019, 13.5% of the distribution of funds were for publicly or privately owned commercial buildings, 44% for housing which includes owner occupied housing projects and rental housing, 32.4% for public facility and improvements, 9.2% for general administration, and 0.9% for technical assistance. A map showing the distribution of projects awarded funding in 2019 is attached in IDIS and inserted above.

Listed below are outreach and training sessions conducted in 2019:

April 2019 - HUD CDBG Program Webinar - Phase 3 Project Financing.

June 2019 - SCDP Implementation Trainings.

June 2019 – Iron Range Resources and Rehabilitation Board (IRRRB) - Community Development Resources & Partner Funding Workshop.

July 2019 – SCDP Application Webinar.

July 2019 – East Central Regional Development Commission - SCDP Overview.

October 2019 – Rural Water Conference – Outreach to cities for public facility projects.

October 2019 – NAHRO Fall Conference - Roundtable discussion on SCDP programs.

October 2019 - House of Representative Mini Session - Overview of Economic Development Programs.

HOME funds are available statewide. In 2019, 10% of completed HOME-funded units were in projects located in the seven-county Twin Cities metro.

Minnesota targets HOPWA funds to areas outside the 13-county Twin Cities metropolitan area, which is served by the City of Minneapolis HOPWA grant.

Minnesota Housing received \$16,897 in federal funds in FFY 2019 that are not counted in the performance toward goals because they do not meet HUD's definition of assisted households, are not part of the Action plan, or are reported separately.

ESG Shelter resources are distributed statewide, with priority given for non-entitlement areas, and secondly to entitlement areas which have used their full ESG allocation for emergency shelter operations and have additional need for emergency shelter resources. For ESG Prevention and Rapid Re-Housing funding, funds are only awarded to applications from non-ESG entitlement areas of the state, resulting in all ESG Housing funds being expended in these Balance of State areas.

## Leveraging

**Explain how federal funds leveraged additional resources (private, state and local funds), including a description of how matching requirements were satisfied, as well as how any publicly owned land or property located within the jurisdiction that were used to address the needs identified in the plan.**

ESG requires a one-to-one matching of funds. The State and its ESG sub-recipients expended \$2,055,825 in non-ESG funds which were provided by federal, state, local and private sources as match for ESG-eligible activities. The single largest source these funds, \$763,000 came from the State Emergency Service Program (ESP) appropriation to fund emergency shelter across the state.

DEED leverages its CDBG housing rehabilitation funds with Minnesota Housing, USDA Rural Development, lender, and property owner contributions. Each applicant jurisdiction is expected to provide as much local money as practicable, contingent upon the financial capability of the applicant. DEED, the Public Facility Authority, and Rural Development coordinate funds for correcting or improving public infrastructure, especially for low- and moderate-income communities. DEED staff estimates that CDBG projects historically have leveraged nonfederal funds in an amount at least equal to CDBG funds.

In 2019, of those projects receiving HOME funds, HOME dollars comprised 32% of total funds committed to those projects.

Minnesota Housing allocates Low-Income Housing Tax Credits for the development of affordable rental housing, often in conjunction with agency-financed first mortgages and/or other contributions, such as deferred or gap funding including HOME and NHTF. In 2019, Minnesota Housing closed \$46.2 million in loans and gap funding for developments with 1,299 tax credit units that also received nearly \$89 million in syndication proceeds from investors.

<b>Fiscal Year Summary – HOME Match</b>	
1. Excess match from prior Federal fiscal year	138,667,438
2. Match contributed during current Federal fiscal year	13,848,603
3. Total match available for current Federal fiscal year (Line 1 plus Line 2)	152,516,041
4. Match liability for current Federal fiscal year	397,676
5. Excess match carried over to next Federal fiscal year (Line 3 minus Line 4)	152,118,365

**Table 5 – Fiscal Year Summary - HOME Match Report**

Match Contribution for the Federal Fiscal Year									
Project No. or Other ID	Date of Contribution	Cash (non-Federal sources)	Foregone Taxes, Fees, Charges	Appraised Land/Real Property	Required Infrastructure	Site Preparation, Construction Materials, Donated labor	Bond Financing	Total Match	
1	09/30/2019	10,002,639	0	0	0	0	0	10,002,639	
2	09/30/2019	3,845,964	0	0	0	0	0	3,845,964	

Table 6 – Match Contribution for the Federal Fiscal Year

**HOME MBE/WBE report**

Program Income – Enter the program amounts for the reporting period			
Balance on hand at beginning of reporting period	Amount received during reporting period	Total amount expended during reporting period	Amount expended for TBRA
3,000,979	5,825,496	2,069,796	0
			Balance on hand at end of reporting period
			6,756,679

Table 7 – Program Income

<b>Minority Business Enterprises and Women Business Enterprises – Indicate the number and dollar value of contracts for HOME projects completed during the reporting period</b>						
	Total	Minority Business Enterprises				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
<b>Contracts</b>						
Dollar Amount	\$1,890,468	0	0	0	0	\$1,890,468
Number	3	0	0	0	0	3
<b>Sub-Contracts</b>						
Number	159	2	0	1	2	154
Dollar Amount	\$20,939,290	\$387,720	0	\$17,500	\$72,382	\$20,461,688
	Total	Women Business Enterprises	Male			
<b>Contracts</b>						
Dollar Amount	\$1,890,468	0	\$1,890,468			
Number	3	0	3			
<b>Sub-Contracts</b>						
Number	159	19	140			
Dollar Amount	\$20,939,290	\$1,061,902	\$19,874,388			

**Table 8 – Minority Business and Women Business Enterprises**

<b>Minority Owners of Rental Property – Indicate the number of HOME assisted rental property owners and the total amount of HOME funds in these rental properties assisted</b>						
	Total	Minority Property Owners				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	0	0	0	0	0	0
Dollar Amount	0	0	0	0	0	0

**Table 9 – Minority Owners of Rental Property**

<b>Relocation and Real Property Acquisition</b> – Indicate the number of persons displaced, the cost of relocation payments, the number of parcels acquired, and the cost of acquisition						
Parcels Acquired		0		0		
Businesses Displaced		0		0		
Nonprofit Organizations Displaced		0		0		
Households Temporarily Relocated, not Displaced		0		0		
Households Displaced	Total	Minority Property Enterprises				White Non-Hispanic
		Alaskan Native or American Indian	Asian or Pacific Islander	Black Non-Hispanic	Hispanic	
Number	0	0	0	0	0	0
Cost	0	0	0	0	0	0

Table 10 – Relocation and Real Property Acquisition

**CR-20 - Affordable Housing 91.520(b)**

**Evaluation of the jurisdiction's progress in providing affordable housing, including the number and types of families served, the number of extremely low-income, low-income, moderate-income, and middle-income persons served.**

	<b>One-Year Goal</b>	<b>Actual</b>
Number of Homeless households to be provided affordable housing units	0	0
Number of Non-Homeless households to be provided affordable housing units	950	705
Number of Special-Needs households to be provided affordable housing units	180	156
<b>Total</b>	<b>1130</b>	<b>861</b>

**Table 11 – Number of Households**

	<b>One-Year Goal</b>	<b>Actual</b>
Number of households supported through Rental Assistance	200	225
Number of households supported through the Production of New Units	100	29
Number of households supported through Rehab of Existing Units	850	676
Number of households supported through Acquisition of Existing Units	0	0
<b>Total</b>	<b>1150</b>	<b>930</b>

**Table 12 – Number of Households Supported**

**Discuss the difference between goals and outcomes and problems encountered in meeting these goals.**

The one-year goal of 950 units, set out in the state's 2019 Action Plan, was stated as the goal for rehabilitated and newly constructed rental units funded through HOME, NHTF, or CDBG.

We anticipate variation in funding new construction versus rehabilitation in HOME and NHTF, and while the plan evenly splits the activities (100 units for each new construction and rehabilitation, as cited in Table 1), activities year to year will not reflect an even split depending on market need, and applications received by Minnesota Housing.

For Emergency Solutions Grant (ESG) funding, the goal of providing rapid re-housing assistance to 200 persons was achieved, with 225 persons receiving this assistance. Providers also served more

households than expected with homeless prevention funds (137) which had a goal of serving 100 persons. From year to year, the exact numbers of persons served with prevention versus rapid re-housing assistance varies based on need.

**Discuss how these outcomes will impact future annual action plans.**

Outcomes for activities in FFY 2019 do not seem to suggest a need to change activities in the next action plan.

Based on stakeholders' responses to a survey of local housing needs, input from public meeting participants, and an analysis of Census data, Minnesota has prioritized housing needs in its **Consolidated Housing and Community Development Plan, FY 2017-2021**. The state will continue to solicit input from stakeholders and partners annually in order to respond to the housing and community development needs of Minnesota communities and will write future annual action plans based on that process, e.g., based on new or changing assistance needs identified by communities, stakeholders, and other assistance providers.

**Include the number of extremely low-income, low-income, and moderate-income persons served by each activity where information on income by family size is required to determine the eligibility of the activity.**

Number of Households Served	CDBG Actual	HOME Actual	NHTF Actual
Extremely Low-income	102	56	16
Low-income	191	98	0
Moderate-income	174	0	0
<b>Total</b>	<b>467</b>	<b>154</b>	<b>16</b>

**Table 13 – Number of Households Served**

**Narrative Information**

As reported in IDIS, 98% of beneficiaries of CDBG rehabilitation housing programs in 2018 had incomes at or below 80% of HUD median income. Two percent served non low-mod income participants while the remainder 98% served extremely low to moderate participants meeting HUD's below 80% income limits and CDBG requirements of 51% of rental property be occupied by LMI participants. In accordance with guidelines, all households assisted with HOME funds have gross incomes at or below 80% of area median income and tenant rents meet the affordability requirements of 24 CFR 92.252. For FFY 2018, 36% were in the lowest income category (30% of area median or less), 64% were in the 31%-50% category, and 0% were in the 51%-80% category.

All HOPWA-assisted households had gross incomes at or below 80% of area median income; 44% had incomes at or below 30% of area median.

## **CR-25 - Homeless and Other Special Needs 91.220(d, e); 91.320(d, e); 91.520(c)**

**Evaluate the jurisdiction's progress in meeting its specific objectives for reducing and ending homelessness through:**

### **Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs.**

The annual Point-in-Time count showed, as of January 2018, an overall decrease of 6% in the total number of Minnesotans experiencing homelessness (from January 2017), a 14% decrease in homelessness among families with children, and a 20% decrease in the number of unaccompanied youth experiencing homelessness. The number of unsheltered persons (living outdoors, in vehicles, etc.) increased slightly (1%) from 2017 to 2018, but more alarmingly, our preliminary 2019 PIT count data suggests a 47 percent one-year increase from 2018 to 2019 in the number of unsheltered people, reflecting a shortage of emergency shelter and low-barrier housing with support services in many areas of the state relative to need.

The State of Minnesota provides funding to a number of street outreach, emergency shelter, and transitional housing programs primarily with state resources. State agencies worked in collaboration with the CoC Committees to develop coordinated assessment systems in all areas of Minnesota, which will serve as a focal point for assessing the individual needs of both unsheltered and sheltered people.

The Minnesota Interagency Council on Homelessness is led by the Lieutenant Governor and includes 14 Cabinet-level agencies working together to end homelessness in Minnesota. Having met the goal of the Business Plan to End Long-Term Homelessness (to provide 4,000 additional housing opportunities by 2015), the Interagency Council, in partnership with stakeholders across the state, adopted [Heading Home Together: Minnesota's 2018 – 2020 Action Plan to Prevent and End Homelessness](#), which include principles and strategies to guide efforts to prevent and end homelessness in Minnesota.

This plan reflects a growing community understanding and emerging consensus about what is needed to prevent and end homelessness in Minnesota, and the strategies necessary to achieve that goal. The specific content of the plan represents a synthesis of Federal policy requirements and guidance, local practitioner knowledge, the insight of people with lived experience of homelessness, and extensive input from stakeholders all across Minnesota. Numerous organizations statewide have endorsed the guiding principles for this plan. These partners have also contributed substantially to shaping its strategies.

The Minnesota Interagency Council on Homelessness has provided technical assistance to assist in the establishment of CoCs, which have developed regional plans that identify assistance needs of people experiencing homelessness or people at risk of becoming homeless, gaps in regional service delivery for the homeless, and a strategy for addressing those gaps. Currently, 10 CoC regions exist in Minnesota covering the entire state. DHS has offered each CoC committee the opportunity to review and provide recommendations on each ESG application submitted from their region, as well as other DHS-administered homeless programs. This ensures that ESG funding is used to address locally determined priorities for shelter, prevention and rapid re-housing. In addition, in 2019 Minnesota Housing supported six CoCs in Greater Minnesota with grants ranging from \$42,000 to \$55,000 each for operating costs.

During the past two years, DHS has initiated a Best Practices and Technical Assistance effort to encourage shelter providers to reduce the number of barriers faced by vulnerable populations seeking emergency shelter. These populations may be part of the increase in unsheltered persons who are unable to access emergency shelter due to limited space as well as sobriety, criminal background exclusions, work or case management participation requirements and other barriers to entry.

Minnesota Housing secured \$60 million in new Housing Infrastructure Bonds during the 2019 legislative session. Since 2012, Minnesota Housing has financed more than 1,400 units of permanent supportive housing using Housing Infrastructure Bonds. Additional permanent supportive housing resources are typically financed with low-income housing tax credits.

To promote early identification and more effective responses to the needs of Minnesota students experiencing housing instability and homelessness, Minnesota Housing, the Minnesota Department of Education, the Minnesota Department of Human Services, the Minnesota Interagency Council on Homelessness, and the Heading Home Minnesota Funders Collaborative have developed an initiative called Homework Starts with Home. Under this initiative, five school- and community-based collaborative programs will help more than 200 homeless or at-risk families with school-age children achieve housing stability and promote academic success. These efforts are supported with three-year grants totaling \$4.15 million from three sources: Housing Trust Fund, Family Homeless Prevention and Assistance Program, and philanthropic support.

In 2015, 2017, and 2019 the Minnesota Legislature made an appropriation of \$125,000 to support the statewide Homeless Management Information System (HMIS). This system helps housing and service providers to more effectively coordinate assistance and services to meet the needs of the homeless or near-homeless people. Minnesota Housing and the Department of Human Services annually supports the operation of HMIS, along with contributions from providers and CoCs. In 2019, Minnesota Housing contributed \$300,000 to HMIS.

### **Addressing the emergency shelter and transitional housing needs of homeless persons**

ESG funding is used to strengthen the Continuum of Care (CoC) systems by providing direct services to homeless persons. ESG funds were provided to sub-recipients in every CoC region, each of which has a priority to provide shelter and supportive services for homeless individuals and families. ESG funds also were provided to shelters in all CoC regions to pay for the operating and service costs of these programs, and to re-housing providers to rapidly re-house persons experiencing homelessness.

CoC organizations apply to HUD annually for funding under the McKinney Vento Homeless Assistance Program to address homelessness. In addition, the state funds both site-based and scattered-site transitional housing with approximately \$3.2 million in state funds each year, and emergency shelters and day shelters with \$844,000 per year in state funds.

**Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: likely to become homeless after being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); and, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs**

The state received \$2,021,133 in FFY 2019 in ESG program funding to support sub-recipients' ongoing efforts to provide shelter and rapid re-housing and prevention assistance to homeless and at-risk households. In addition, DHS received \$106,375 for state administrative costs. ESG funds were used to provide supportive services to persons through the emergency shelter where they were staying, as well as prevent and rapidly re-house households who were at-risk of or experiencing homeless. Supportive services included case management, transportation, mental health care, substance abuse treatment, childcare, and legal advice and assistance.

One of the state's most significant strategies for providing homelessness prevention assistance is the Family Homeless Prevention and Assistance Program (FHPAP). The Minnesota Legislature increased the base funding for the program from \$17.038 million to \$20.538 million for the next two year period. With these resources, Minnesota Housing assisted over 5,500 households in 2018 by providing short-term housing and services, primarily to families with children with median incomes below \$12,000. The state also provides \$23.3 million in base appropriation funding for the state Housing Trust Fund, annually serving around 1,600 households. This funding is used for rental assistance for families and individuals, many of whom have experienced homelessness. In 2019, the Legislature increased funding for the Bridges rental assistance program from \$8.2 million to \$8.7 million for the next two years. Under the Bridges program, Minnesota Housing provides rental assistance to households in which one or more adult members has a serious mental illness, annually serving around 890 households. This program helps people with disabilities live in a more community-based and integrated setting while receiving services.

**Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

People experiencing homelessness are often unable to access and use mainstream programs because of the inherent conditions of homelessness, as well as the structure and operations of the programs themselves. While all low-income populations face barriers to applying for, retaining, and using the services provided by mainstream programs, these barriers are compounded by the inherent conditions of homelessness, such as transience, instability, and a lack of basic resources. Furthermore, the underlying structure and operations of mainstream programs are often not conducive to ensuring that the special needs of homeless people are met.

Accordingly, any program providing services or resources that contribute to preventing or ending homelessness should ensure that people experiencing homelessness are not disproportionately disadvantaged in accessing these resources, when compared to people who are stably housed.

In September 2014, the agencies comprising the Minnesota Interagency Council on Homelessness adopted five Foundational Services Practices intended to help our “mainstream” programs – those not specifically targeted to people experiencing homelessness – work better for people experiencing homelessness who are eligible for those programs.

The five Foundational Service Practices are:

1. know the housing status of people served
2. actively reach out to the homeless
3. limit requirements for in-person appointments
4. assist with gathering required verifications/ documentation
5. allow for multiple methods of communication about benefits and services.

Currently, nine of the Council agencies have implemented these practices across one or more programs in their agency, including Minnesota Housing, and are seeing increasing accessibility to programs and also an increase in innovation in how agencies are working with individuals and families experiencing homelessness.

The Council, primarily through the work of the Minnesota Department of Veterans Affairs, developed a Veterans Registry that enables service providers to identify the resources each individual veteran experiencing homelessness needs and to make the appropriate connections with those resources. The annual Point-in-Time count shows that veterans’ homelessness in Minnesota has been drastically reduced since 2010 by 53%. The number of veterans experiencing homelessness increased by 7.1% since 2017. Five regions of the state, representing 71 of the state’s 87 counties, have been confirmed by the Federal government as having met all criteria to show they have ended Veteran homelessness. These regions have also presented evidence that they have systems in place to meet the needs of Veterans at-risk of or experiencing homelessness on an ongoing basis. As of October 14, 2019 288 Veterans remain on the Veterans Registry statewide.

Minnesota's Homeless Youth Act (HYA) program funds outreach, shelter housing and services to homeless youth across the state. The funding levels and number of youth served are as follows:

2015	\$3,119,000	5,594 Youth
2016	\$4,119,000	14,961 Youth
2017	\$4,152,000	12,332 Youth
2018	\$5,619,000	12,662 Youth
2019	\$5,619,000	2019 service data not available at this time

Minnesota Housing places a priority in its Request for Proposals and funding selection process on rental housing development that includes units of supportive housing for high priority homeless individuals. Most developments that receive funding have at least some supportive housing units.

### **CR-30 - Public Housing 91.220(h); 91.320(j)**

#### **Actions taken to address the needs of public housing**

In 2018, the Legislature appropriated \$10 million in general obligation bond proceeds for the purpose of preserving public housing. The funds are used for health, safety and energy efficiency improvements in existing public housing in all 87 counties. Those resources went to 29 developments across the state, preserving 1,622 housing units. Since 2012, the Legislature has authorized \$45.5 million in resources specifically for the preservation of public housing:

<b>Year</b>	<b>Amount</b>	<b># of Projects</b>	<b># of Units</b>
2012	\$5.5 million	14	950
2014	\$20 million	35	2,438
2017	\$10 million	27	1,844
2018	\$10 million	20	1,622
<b>Total</b>	<b>\$45.5 million</b>	<b>96</b>	<b>6,854</b>

#### **Actions taken to encourage public housing residents to become more involved in management and participate in homeownership**

Minnesota does not own or manage public housing and does not have access to public housing residents to encourage them to participate in management or homeownership.

Minnesota Housing encourages homeownership for lower income households through outreach and education under the Enhanced Homeownership Capacity Initiative and the Homeownership Education, Counseling, and Training Program. Minnesota Housing's affordable mortgage financing and down payment loans are available to first-time and repeat homebuyers that meet income requirements. In 2018, these programs served over 20,000 potential homebuyers.

#### **Actions taken to provide assistance to troubled PHAs**

The state recognizes the need for preservation and rehabilitation of federally assisted affordable housing, and provides General Obligation Bond proceeds for rehabilitation under Minnesota Housing's Publicly Owned Housing Program, but Minnesota had no specific goal in the Action Plan for 2019 to provide financial or other assistance to troubled PHAs in the state.

### **CR-35 - Other Actions 91.220(j)-(k); 91.320(i)-(j)**

#### **Actions taken to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment. 91.220 (j); 91.320 (i)**

In 2014, Minnesota Housing, the McKnight Foundation, Urban Land Institute of Minnesota (ULI-MN)/ Regional Council of Mayors (RCM), and Enterprise Community Partners sponsored a competition (Minnesota Challenge) to generate ideas for reducing the per-unit cost of developing affordable multifamily rental housing. The competition winner, the University of Minnesota's Center for Urban and Regional Affairs, identified specific local policies, requirements, and procedures that increase costs and hinder the development of affordable housing. The report also identifies best practices for overcoming barriers to affordable housing development and strategies for implementing those best practices.

Minnesota Housing has implemented cost containment measures in its funding selection process by identifying projects with high costs (based on Agency and industry standards) and requiring justification for those with higher-than-expected costs. Details can be found here: [Annual Cost Containment Report](#)

The state has identified limited resources as a barrier to the provision of affordable housing. In 2014, the Minnesota Legislature authorized Minnesota Housing to issue \$80 million in Housing Infrastructure Bonds to finance the construction or preservation of an estimated 1,500 units; and in 2015, the legislature authorized an additional \$10 million in Housing Infrastructure Bonds. Infrastructure bonds may be used to: finance permanent supportive housing for the homeless, preserve existing federally assisted housing, acquire/rehabilitate foreclosed rental housing, or develop new rental housing on foreclosed parcels of land. In 2017, the Legislature authorized another \$55 million in Housing Infrastructure Bonds. In 2018, the Legislature authorized \$80 million in Housing Infrastructure Bonds (HIB), including a \$30 million priority for permanent supportive housing for persons with behavioral health issues, and \$10 million for public housing rehabilitation. In 2019, the Legislature authorized \$60 million in Housing Infrastructure Bonds.

The Legislature also provides additional development resources in the agency's biennial budget. For FY 2020-21 they authorized:

1. \$30.850 million for the Economic Development and Housing Challenge program to fund both multifamily rental and singly family homeownership new construction and redevelopment.
2. \$4 million in the Greater Minnesota Workforce Housing Program for financial assistance to build market-rate and mix-income residential rental properties.
3. \$8.436 million in preservation resources to assist with repair, rehabilitation and stabilization of federally assisted rental housing that is at risk of aging out of federal assistance programs
4. \$7.486 million in rental rehabilitation loans to preserve rental housing in small communities
5. \$5.544 million in single family rehabilitation loans to help low-income homeowners make basic health and safety improvements to their homes.
6. \$2 million in funding for the manufactured home park redevelopment to provide grants for manufactured home park acquisition, improvements and infrastructure.

**Actions taken to address obstacles to meeting underserved needs. 91.220(k); 91.320(j)**

In its five-year plan, Minnesota identifies that the greatest unmet housing need is among extremely low-income renters (<30% are median income) and moderate income homeowners (51%-80% of are median income). To address that need: 1) DEED uses 85% of CDBG funds to assist low- and moderate-income households (i.e., defined by HUD as 80% or less of median income); the remaining funds are used for community development; 2) Minnesota Housing allocates HOME resources to rental new construction and rehabilitation. In addition, while activities of the first NHTF project are not reported in this CAPER, 100% of households assisted must be extremely low-income.

The distribution of assistance shows that 59% of all households in HOME-assisted units reported (all years since 1992) were in the lowest income category (30% of area median or less), 32% were in the 31%-50% category, and 10% were in the 51%-80% category.

Under the Section 811 PRA Supportive Housing Program, HUD has awarded Minnesota two rounds of funding for a total of 159 units of project-based rental assistance to create integrated supportive housing for people with disabilities who are extremely low-income. Minnesota is focusing these units to serve people who are long-term homeless or leaving institutions of care. Minnesota Housing is implementing this program in collaboration with the Minnesota Department of Human Services (DHS). DHS coordinates outreach and referrals for 811 applicants and ensures that tenants are connected to service providers. The 811 PRA program is an important tool to support the goals of the state's Olmstead Plan to provide integrated housing options for people with disabilities. Minnesota Housing has awarded contracts to

property owners for 130 units at 18 properties, and has selected an additional 29 new units at 6 properties which are in the process of financing and construction. There are currently 127 households living in Section 811 PRA units.

For the 2020-2021 biennium, the Minnesota Legislature appropriated funds to people with some of the greatest housing needs, including: \$8.7 million through the Bridges program to provide rent assistance to households experiencing mental illness; \$20.5 million for family homeless prevention and assistance; and \$23.3 million for the state Housing Trust Fund, which provides rent assistance to households at the lowest income levels. In 2018, median annual household income for these programs were \$9,949, \$11,628 and \$9,792 respectively.

In addition, in 2019, the Minnesota Legislature provided \$3.5 million in base funding for the Homework Starts with Home initiative to provide rental assistance to families with school age children that are homeless or highly mobile. The Workforce Housing Development program received \$4 million in base funding which provide development resources for housing in underserved communities in Greater Minnesota. The Legislature also authorized \$60 million in Housing Infrastructure Bonds.

Commissioner Ho, Deputy Commissioner, Assistant Commissioners, and other members of the Servant Leadership team traveled throughout the state to have in-depth conversations with new and existing partners with a special focus on meeting with communities most impacted, see the work we have previously funded, and identify ways Minnesota Housing can adapt to meet the communities' unique needs. These community visits included Bemidji, Marshall, Willmar, Cloquet, Faribault, Mankato, St. Peter, Rochester, and others. Minnesota Housing also hosted a series of community solutions events to inform its 2020 to 2022 Strategic Plan:

- I. Worthington – June 5, 2019
- II. Detroit Lakes – June 11, 2019
- III. Mora – June 12, 2019
- IV. Saint Paul – June 24, 2019
- V. Bloomington, June 26, 2019

Over 250 people from all walks of life came to share their ideas about how the State of Minnesota can do a better job of ensuring that people have a place to call home. We held small group conversations on the following topics which were informed by previous engagement through the 2017-2018 Governor's Housing Task Force and listening to communities most impacted:

1. Create an Inclusive, Equitable, and Just Housing System so that Everyone Can Prosper
2. Support and Preserve Manufactured Housing
3. Address Barriers to Homeownership and Closing the Racial Disparity
4. Preserve the Condition and Affordability of the Housing that is at the Greatest Risk of Being Lost
5. Effectively Link Services with Housing
6. Meet the Housing Needs of Lower-Income Older Minnesotans
7. Develop Workforce Housing to Support Minnesota's Economic Competitiveness
8. Increase Housing Investments in Rural and Urban Communities that Have been Disinvested, including Tribal Nations

Minnesota Housing found that every region and every community is unique and communities grapple with market dynamics, demographic changes, and distinct local economies. In Greater Minnesota, there were similar themes around lack of available affordable housing to support the local workforce, challenges in navigating the complex RFP process to access Minnesota Housing resources, preserving and improving the condition of manufactured home communities. In Saint Paul and Bloomington, we heard concerns around displacement due to rising housing cost and sales of previously affordable rental, the need for larger family rental options. In all regions we heard that single family new construction is \$300,000 or higher and simply not affordable, particularly to first time homebuyers.

**Actions taken to reduce lead-based paint hazards. 91.220(k); 91.320(j)**

DEED requires that all proposed housing rehabilitation projects on homes built prior to 1978 complete a lead risk assessment by a certified risk assessor. All lead hazards identified must be included in the rehabilitation work conducted by a certified renovator (EPA RRP training) and workers. A lead based paint abatement supervisor is required if the total lead work of the project exceeds \$25,000. Grantees must provide all housing occupants the required handouts and lead hazard information pamphlet and collect owner acknowledgement of receipt. If lead is found through an assessment, all notices in 24 CFR Part 35 must be provided.

**Actions taken to reduce the number of poverty-level families. 91.220(k); 91.320(j)**

The Minnesota Family Investment Program (MFIP) is the state's major public assistance initiative for low-income families with children (funded with a combination of federal TANF and state funds). MFIP's three main goals are to help people leave and remain independent of welfare, obtain and keep jobs, and increase income/decrease poverty. Efforts to ensure that the state meets MFIP goals include: employment and job training services, health care assistance, and child care subsidies for MFIP families. This includes a diversionary work program that helps people to find employment before they reach the need for MFIP. The 2019 Minnesota Legislature approved the first increase (of \$100/month) in 33 years to the MFIP monthly cash benefit.

In addition to administering ESG and state-funded homeless assistance programs, the Office of Economic Opportunity (OEO) administers a variety of federal and state funded anti-poverty and self-sufficiency programs, allocating approximately \$110 million a year in federal and state appropriations to more than 200 organizations and programs working with low-income families in Minnesota. These programs address families' basic social needs while providing opportunities for the development of the skills necessary for economic self-sufficiency, and include Federal and State Community Action Grants, Individual Development Accounts (IDA) programs, Supplemental Nutrition Assistance Program (SNAP) Education and Outreach, USDA Commodities (TEFAP) and Minnesota Food Shelf Funding (MFSP).

**Actions taken to develop institutional structure. 91.220(k); 91.320(j)**

Affordable housing and community development assistance in Minnesota depends upon a large network of local lenders, developers, housing authorities, community action agencies, nonprofit organizations, faith-based organizations, and local governments throughout the state. The state fosters cooperation through interagency task forces, councils, and other cooperative efforts identified in its ***Consolidated Plan for Housing and Community Development 2017-2021***.

DEED, DHS, and Minnesota Housing work to minimize assistance gaps and to coordinate available resources in a variety of ways: Minnesota Housing and its partners, such as the Metropolitan Council, issue joint requests for proposals and coordinate the process of reviewing and selecting proposals for funding with other agencies. HUD, the U.S. Department of Agriculture, and Minnesota Housing have an interagency agreement to align/reduce state and federal physical inspections of subsidized rental housing. Minnesota Housing and DHS have been working together to develop a more coordinated grant-making process for resources available through both agencies to address the needs of people experiencing homelessness.

In 2019 Minnesota Housing allocated \$1.25 million in grants to local organizations under the Technical Assistance and Operating Support Program, which is funded through both legislative appropriations (\$650,000 for the 2019-2020 biennium) and Minnesota Housing resources.

**Actions taken to enhance coordination between public and private housing and social service agencies. 91.220(k); 91.320(j)**

The state hosts a number of councils or work groups, including:

1. The Metro Interagency Stabilization Group (ISG), which works cooperatively to address policy and financing issues related to the stabilization and preservation of federally assisted and publically funded rental housing in the Twin Cities metro area. ISG members include Minnesota Housing, the Family Housing Fund, the Minneapolis Community, Planning and Economic Development Department, the Saint Paul Planning and Economic Development Department, Hennepin County, HUD, and the Federal Home Loan Bank of Des Moines.

2. The Greater Minnesota Interagency Stabilization Group (ISG), is a consortium of public and nonprofit funders created to cooperatively address policy issues and financing for the preservation of federally assisted rental housing outside of the Twin Cities metro area. The participants include Minnesota Housing, HUD, USDA, DEED, Minnesota National Association of Housing and Redevelopment Officials (NAHRO), Federal Home Loan Bank of Des Moines, Duluth LISC, and the Greater Minnesota Housing Fund.
3. By coordinating information about properties at risk of converting to market rate housing or at risk of loss due to physical deterioration, the participants are able to strategically target their combined resources.
4. The Minnesota Interagency Council on Homelessness, which includes 14 state agencies, works to investigate, review, and improve the current system of service delivery to people who are homeless or at risk of becoming homeless; improve coordination of resources and activities of all state agencies relating to homelessness; and advise Minnesota Housing in managing the Family Homelessness Prevention and Assistance Program (FHPAP). Some work of the council is supported by private foundations that fund certain activities under the state's action plan.
5. The Stewardship Council, works to address the capital, service, and operating needs of supportive housing for homeless families and individuals. The council includes representatives from federal, state, and local agencies as well as private philanthropic organizations and nonprofit agencies.
6. The Minnesota HIV Housing Coalition, which facilitates access to quality housing and appropriate support services for individuals and families living with HIV in Minnesota. The Coalition advises the City of Minneapolis and Minnesota Housing on the expenditure of HOPWA funds.
7. The Olmstead Subcabinet, which includes 13 state agencies/entities responsible for the development and implementation of the state's Olmstead Plan. The plan strives to ensure that Minnesotans with disabilities will have the opportunity to live, learn, work, and enjoy life in the most integrated setting of their choice.

**Identify actions taken to overcome the effects of any impediments identified in the jurisdictions analysis of impediments to fair housing choice. 91.520(a)**

State Agencies most recently conducted an Analysis of Impediments to Fair Housing and adopted it in September, 2018.

The state submits the following actions taken in FFY 2019 to address impediments in its 2018 ***Analysis of Impediments to Fair Housing***:

## **State of Minnesota Analysis of Impediments to Fair Housing Choice Federal Fiscal Year 2019 Report**

### **Introduction**

It is the policy of Minnesota Housing to affirmatively further fair housing throughout its programs so that individuals of similar income levels have equal access, regardless of protected class status. Minnesota Housing's fair housing policy incorporates the requirements of the Fair Housing Act, Title VII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Fair Housing is an important issue across the country; it is crucial that low-income households have access to affordable housing free from discrimination in communities of their choice.

The State of Minnesota's current [Analysis of Impediments to Fair Housing Choice \(AI\) and Action](#) Plan were approved by Minnesota Housing's Board of Directors in September of 2018<sup>1</sup>. Staff developed a three year action plan to address challenges to fair housing choice for protected classes identified in the AI. The following reflects activities through all of Minnesota Housing's programming as well as includes actions in collaboration with the following state partners:

- Department of Human Services (DHS)
- Department of Human Rights (DHR)
- Department of Employment and Economic Development (DEED)
- Minnesota Interagency Council on Homelessness
- Olmstead Implementation Office

The goals areas reflect in the AI are to:

- 1) Address Disproportionate Housing Needs
- 2) Address Discrimination and Improve Opportunities for Mobility
- 3) Expand Access to Housing for Persons with Disabilities
- 4) Address Limited Knowledge of Fair Housing Laws through Education, Outreach and Developing Tools and Resources
- 5) Decrease the Loss of Housing Through Displacement and Eviction

---

<sup>1</sup> Find report here <http://www.mnhousing.gov/sites/np/fairhousing>

## **Goal 1: Address Disproportionate Housing Needs**

In this goal area, the State of Minnesota seeks to identify programmatic funding or collaborative responses that can support efforts to increase housing opportunities through expanded or streamlined existing funding resources and through collaboration with a variety of partners to provide services and information and identify other resources.

This goal area addresses a variety of challenges in the housing market faced by households of color and Indigenous communities<sup>2</sup>, persons with disabilities, and large families to achieve access to safe quality housing in a community of their choice.

### **Challenge 1.a. | Rental Housing in Poor Condition**

Rental housing in poor condition is the top barrier found across the state, particularly for the most vulnerable low income renters from protected classes under fair housing law. Minnesota Housing and partners prioritize preserving federally assisted housing and existing affordable housing to ensure conditions are safe as part of the state's key actions to improve conditions. Additionally, supporting tenant education of their rights helps to address this challenge.

***Action: Continue and consider expanding programs to support small rental developments (5-50 units) through continued funding of public housing rehabilitation programs and supporting smaller PHAs to build capacity.***

#### **Publicly Owned Housing Program (POHP):**

POHP is a competitive funding program that uses the proceeds of General Obligation Bonds (GO) to provide financing in the form of a 20-year, deferred, forgivable loan to public housing authorities and agencies (PHAs). PHAs use these loans to rehabilitate and preserve public housing in the state. Funds can be used only for capital costs that add value or life to the buildings.

In year 1, there were 16 projects that closed under the POHP program, and 16 new projects selected for funding with 2018 GO Bond proceeds, representing 1,380 public housing units across the state.

#### **Rental Rehabilitation Deferred Loan Program (RRDL):**

The RRDL program provides resources to rehabilitate existing rental housing in Greater Minnesota so that affordability is preserved and low to moderate income households have access to safe and decent housing.

During year 1, there were 16 RRDL loans that closed, and 1 project selected for funding. The RRDL program has been undergoing a redesign and in September 2019 issued a new RFP specifically targeted to housing with USDA Section 515 mortgages that have 8 units or more. The intent is to provide funding to RD properties that are aging and/or have unmet deferred maintenance needs.

#### **Small Cities Development Program (SCDP):**

SCDP awards grants to local units of government outside of the 7 county metro, which, in turn, administers funds for the purpose of rehabilitating local housing stock, commercial buildings and infrastructure projects. Deferred Loans are used for rental, single-family rental, mixed use rental or multiple-family housing rehabilitation. This past year, the program has funded the rehabilitation of 248 rental units.

---

<sup>2</sup> The Analysis of Impediments plan uses the term "People of Color or Hispanic Ethnicity" – in this report, the term "People of Color and Indigenous Communities" will be used interchangeably as consistent with Minnesota Housing's most recently adopted Strategic Plan.

**Action: Investigate resources for quick response fund for life/safety concerns by continuing and considering expansion of resources for developments currently in Minnesota Housing's portfolio, and considering establishment of a receivership revolving loan fund under state statute 504B.451.**

**Asset Management Loan Program (FA/FAF):**

The Asset Management Loan program provides resources on a pipeline basis to address immediate critical repairs, and deferred maintenance. Part of the funding for this program comes from Financing Adjustment and Financing Adjustment Factor (FA/FAF), which are federal funds.

In year 1, two loans, totaling approximately \$3 million were closed, which stabilized fifty units of Project Based Section 8 housing in 2 projects.

**Action: Continue support for HOME Line as a hotline for tenants' rights.**

Minnesota Housing entered into a new two year funding contract with HOME Line in the amount of \$400,000 in August of 2019, continuing funding from previous years at similar amounts. In calendar year 2018, HOME Line fielded 13,240 tenant calls, most common reasons related to repairs, security deposits, and evictions.

**Challenge 1.b. | Insufficient housing for large families**

In Minnesota, large families and immigrant families face much higher rates of cost burden and overcrowding than other types of renters. Large families are also disproportionately affected by difficulties in finding landlords who accept Section 8 and are met with markets with smaller units. Single family homes are often better sized and configured for larger families.

**Action: For rental development resources, continue to provide points for large family housing in selection criteria of Minnesota Housing funding resources, including through the Low Income Housing Tax Credit Qualified Allocation Plan.**

In the 2018 RFP / 2019 HTC funding round, Minnesota Housing funded an estimated 1,020 New Construction units, with an estimated 740 units suitable for large families. The [2019 Housing Tax Credit Self Scoring Worksheet](#) defines large family housing as units that contain two or more bedrooms in Section 1(A)(1). These units represent 73 percent of the overall New Construction units funded.

**Action: For homeownership activities, continue to support the enhanced financial capacity program in reaching people of color and indigenous communities including large immigrant families, prioritize large family housing in the Impact Fund, provide priorities for large families in down payment assistance, and evaluate how these priorities reach large families.**

In FFY 2019 Minnesota Housing's Single Family loan programs provided affordable first mortgage loans to 1,271 households with four or more people.

**Impact Fund**

The Impact Fund funded the development of 34 new construction and acquisition, rehabilitation, resale four or more bedroom units during this time. It also provides downpayment and first mortgage financing 25 households that purchased homes with four or more bedrooms.

### **Enhanced Financial Homeownership Capacity**

In 2018, Minnesota Housing completed a program evaluation that covered program period August 1, 2014 through December 31, 2017. The median household size was three for households with incomes under \$40,000 and 4 for >\$40,000. In addition, 87% of the households identified a household of color or from indigenous communities.

In FFY, 1,091 households started the Homeownership Capacity financial wellness coaching services.

### **Challenge 1.c. | Homeownership and mortgage lending gaps**

Minnesota experiences one of the largest racial disparities in homeownership in the country, consistently in the bottom three states. Homeownership represents one of the most common wealth building opportunities for households and provides stability for families. A disparity in homeownership rates for households of color and Indigenous communities exacerbates racial disparities in education, health and other outcomes.

***Action: Enhance and continue partnerships to remove barriers to homeownership and reduce the lending gaps between households of color or Hispanic Ethnicity and white non-Hispanic households, as well as continue supporting and strengthening the Homeownership Opportunity Alliance.***

In FFY 2019, 34.4% of Minnesota Housing's Start Up program first time homebuyer loans went to households of color and Indigenous communities (1,403 of 4,083 loans).

#### **Homeownership Opportunity Alliance:**

Minnesota Housing is co-leading (with the Minnesota Homeownership Center) an industry-wide coalition to expand homeownership for households of color, called [the Homeownership Opportunity Alliance](#) (HOA). The HOA works to address barriers to homeownership, educates the industry on the market opportunity to serve households of color, and has launched a [campaign called "Get Ready. Be Ready!"](#) to connect households of color with [homebuyer education services and build awareness that homeownership is possible.](#)

In FFY 2019 the HOA accomplished the following:

- Developed and implemented operating principles, added new members to the leadership team, and created work plans for the Community Engagement/Campaign work team and Product Development work team.
- Continued the "Get Ready. Be Ready!" campaign outreach and marketing to the African American and African Immigrant communities, including radio, print, and social media efforts.
  - Organized/participated in 7 community events (Sister Spokesman event, Closing the Gap event in St. Paul 4/9/19, Equitable Housing event in Rochester, Minnesota Urban League Family Days booth, and 3 pop-up events)
  - Partnered with KMOJ 89.9 Radio as part of their Financial Fitness Series, resulting in 8 radio interviews
  - Created a Facebook page, with now over 500 followers
  - Created a LinkedIn page, with now nearly 50 followers

***Action: Identify homeownership education activities occurring in the market and evaluate program activities; this includes the Homebuyer Education Counseling, and Training (HECAT) program at Minnesota Housing, supporting***

**partners in working on initiatives to help households save for downpayments, and other homeownership capacity activities:**

**Multi-family homeownership initiative:**

The Single Family and Multifamily Divisions at Minnesota Housing collaborated with CommonBond Housing to promote homeownership at various Minnesota Housing owned/financed multifamily rental properties, accomplishing the following during FFY2019:

- Created posters and flyers for rental property managers and asset managers to distribute and post.
- Hosted 3 first-time homebuyer events at two different properties, with a total of 38 attendees.
- Hosted one first-time homebuyer event to educate CommonBond Staff, with approximately 285 attendees.
- 6 of the 12 families that moved out of the two buildings reported they bought their own home. (Residents are not required to disclose why or where they are moving so some surveys were left blank.)

**Homebuyer Education, Counseling, and Training (HECAT):**

HECAT provides financial support to eligible nonprofit organizations and governmental entities to deliver a variety of homeownership education, counseling and training services to Minnesotans.

- 430 households received Home Equity Conversion Mortgage counseling
- 897 households received foreclosure counseling
- 1,384 households received financial wellness coaching
- 1,135 households received 1:1 counseling services
- 2,891 households attending in-person homebuyer education classes
- 12,979 households received on-line homebuyer education through Framework

***Action: Partner with Tribal Nations to consider strategies to increase homeownership for American Indian households both on and off tribal lands, including continued work on the feasibility of eventual tenant ownership for eligible tax credit properties and conducting a mortgage lending session at bi-annual Indian Housing conference.***

The 2019 Minnesota Indian Housing Conference took place August 21-23 at Treasure Island Resort and Casino. The conference included several sessions on homeownership, including training on financing single family purchase and home improvement, presented by USDA Home finance specialist and a local lender. Another session focused on developing capacity for a successful homeownership program in tribal communities to build wealth and strengthen communities. Another session provided training on providing homebuyer education in Indian Country.

**Challenge 1.d. | Very high standards for rentals**

When rental properties require standards out of reach for many renters, the barriers to getting housing increase dramatically, especially in a very tight rental market, and impact people of color, people with disabilities and large families most dramatically. Properties often require three times income, high security deposits, and require no past record of criminal activities or credit problems.

***Action: If found effective, seek additional resources to expand the Landlord Risk Mitigation Fund program to help address housing needs of persons with criminal records, substance abuse challenges and other barriers.***

The Landlord Risk Mitigation Fund (LRMF), administered by Minnesota Housing, provides financial assurances for landlords concerned about additional risks related to damaged property, non-payment of rent, or evictions costs. Landlords renting to tenants enrolled in these programs can access reimbursement from these funds when damages and expenses exceed a tenant's security deposit.

The LRMF started September 2017. Since then 78 households with significant barriers have obtained housing. In addition, 21 households have successfully completed their twelve month lease. There have only been three landlord claims, or 3.8% of households.

The following tables provide information on household served by subpopulations and race:

<b>Subpopulations</b>	<b>Percent</b>
Veteran	3.78
Chronically Homeless	9.57
Long-Term Homeless	50.00
Discharged from Jail/Prison	10.11
Domestic Violence at any point in	39.89
Fleeing domestic violence	18.67
Any Disability	38.59
Chronic Health Condition	5.17
Physical Disability	8.62
Serious Mental illness	26.72
Substance Use Disorder	14.66
Developmental Disability	4.31

<b>Race</b>	<b>Percent*</b>
White	53.00
Black or African-American	29.54
Multiple Races	10.74
American Indian or Alaska Native	4.40
Asian	1.00
Native Hawaiian	.30
Don't Know/Missing	1.00

*\*Rounded*

Due to the success of the LRMF program to date, Minnesota Housing sought board approval to provide a two year contract extension to the three current grantees.

***Action: Monitor local ordinances such as nuisance laws, “crime free” housing ordinances, and source of income protections.***

During the Summer of 2019, Minnesota Housing hired an intern to conduct research on these fair housing issues to set a base of understanding for the agency. The research found Crime Free Housing Programs are predominately sponsored by police departments around the country and statewide in Minnesota. In a review of selected cities we found St. Paul, Anoka, Coon Rapids, Brooklyn Center, Plymouth, West St. Paul, Robbinsdale, and Worthington all have a variation of a crime-free housing program implemented. In these programs, Police departments have full autonomy when determining which tenants landlords need to evict when they violate the ordinance.

At DEED, every CDBG Grantee must pass adopt the following policies; a Citywide Drug Free Work Place, Anti-displacement policy, Prohibition of Excessive Force, Section 3 and Fair Housing policy.

***Action: Regularly provide informational materials on best practices related to tenant selection plans to owners and manager of properties of Minnesota Housing financed rental developments.***

Minnesota Housing’s Supportive Housing team has been leading a year-long effort to align that Tenant Selection Plans so that properties with designated units meant to serve specific populations reach the people they are intended to serve. Minnesota Housing published its Tenant Selection Plans Guidance in Spring 2019. Key aspects of this guidance include 1) the requirement of a Tenant Selection Plan and it must be available to applicants before they apply, and 2) an opportunity for unselected applicants to appeal and provide mitigating circumstances.

### **Challenge 1.e. | Affordable housing and landlords accepting housing choice vouchers only located in higher poverty areas**

When a household receives a tenant based Housing Choice Voucher, they are able to find housing of their choice in the marketplace. However, voucher holders face many barriers in utilizing vouchers and often face landlords who do not accept the voucher or have rents above payment standards.

***Action: Continue to prohibit properties with funding through Minnesota Housing from refusing to lease to a tenant based on the status of the tenant as a voucher-holder or recipient of similar rental assistance.***

Owners of properties financed through Minnesota Housing cannot refuse to lease a unit in the project because the applicant holds a voucher. Compliance of this requirement is monitored through affordability period.

## **Goal 2: Address Discrimination and Improve Opportunities for Mobility**

In this goal area, the State of Minnesota intends to identify strategic and collaborative approaches to consider both place based solutions and mobility solutions to provide households access to housing in communities of their choice.

### **Challenge 2.a. | Non-white and Hispanic residents are disproportionately segregated into some, often high poverty neighborhoods**

Decades of housing policies that racially segregated communities and continued implicit and explicit practices disproportionately limit choice of households of color and Indigenous communities in Minnesota.

***Action: Support efforts to review where investments in creation, preservation, and rehabilitation of affordable housing is occurring relative to areas of concentrated poverty and economic opportunity to encourage a full range of housing choices. (For example, helping to keep HousingLink’s Low Income Housing Tax Credit development database current to report distributions).***

Minnesota Housing annually reviews the distribution of investments in affordable housing. The Low income Housing Tax Credit (LIHTC) is the predominant tool for financing new affordable housing. New LIHTC units financed by Minnesota Housing between 2005 and 2018 are spread throughout the Twin Cities Metropolitan Region, with just ten percent of these units located in HUD’s defined “Racially and Ethnically Concentrated Areas of Poverty”.

Minnesota Housing provides ongoing support of the HousingLink Streams database, which includes LIHTC and other affordable housing to make data accessible for analysis.

***Action: Continue incentives in the state of Minnesota’s Low Income Housing Tax Credit Qualified Allocation Plan to develop in high opportunity area areas including access to quality schools, employment, transportation, and higher income communities.***

Since 2010, Minnesota Housing’s Qualified Allocation Plan includes geographic priority areas that consider access to jobs, transportation, quality schools, economic integration as well as priorities for Qualified Census Tracts (and Tribal equivalent areas) and areas with planned community development activities. The incentives balance priorities of community reinvestment activities with investment in communities that have few options for affordable housing to increase geographic choice.

### **Challenge 2.b. | Challenges in accessing housing in concentrated areas of wealth or other opportunities**

Households of color or Indigenous communities, large families, and voucher holders disproportionately lack access to housing in concentrated areas of wealth or other opportunities.

***Action: Evaluate and continue solutions that mitigate barriers to developing housing in areas of wealth or other opportunities. (For example, address barrier of NIMBYism).***

Through its Intermediary Capacity Building Grant program, Minnesota Housing provides grants to organizations to provide a combination of pass-through grants and technical assistance to cities and organizations. One intermediary grantee, Minnesota Housing Partnership (MHP), provides Housing Institutes in Greater Minnesota to make significant progress toward the development, rehab, or preservation of affordable housing units or other positive community housing outcomes. The technical assistance MHP provides, together with pass-through grant dollars to fund the development of planning efforts allow grantees in Greater Minnesota be better positioned to address their affordable housing needs. In the metropolitan Twin Cities Region, Intermediary Grantee Urban Land Institute (ULI), provides “Navigating Your Competitive Future” workshops for suburban, primarily higher wealth communities. ULI provides approximately ten workshops per year. The format is a two-hour interactive workshop outlining the need for communities to be responsive to demographic changes and feature presentations of national and state-wide trends, focused community change data, a panel discussion and interaction with workshop participants. ULI also provides deeper technical assistance through half-day Technical Assistance Panels (TAPs) which are focused dialogues and technical review of development potential on a particular site or local development issue.

***Action: Monitor any proposed regulatory changes regarding source of income protections.***

Minnesota Housing is evaluating source of income protection policy work at the City of Minneapolis and other local jurisdictions through policy and community development efforts.

***Action: Support development of Housing Hub wait list management tool to streamline tenant access to project based Section 8 wait lists in communities of their choice.***

Minnesota Housing provided \$200,000 to Housing Link in 2019 to develop Housing Hub. Housing Hub is a new online tool being developed to address the challenges low income renters and property management companies face with the current waiting list process for Project Based Section 8 housing. Housing Hub is expected to go live for beta testing of first adopters in January 2019, and they have been working on its development since the beginning of 2018.

### **Challenge 2.c. | Challenges accessing economic and other opportunities**

Racially segregated communities have experienced disinvestment and continue to experience disinvestment that reduces economic opportunities in these communities. Accessing opportunities disproportionately impacts persons with Limited English Proficiency.

***Action: Promote contracting opportunities for women and minority business entities in all programs.***

Minnesota Housing promotes contracting opportunities for women and minority business entities in two ways.

First, Minnesota Housing expanded marketing and outreach requirements for contracting and purchasing by minority or women business enterprises (MBE/WBE) beyond federally funded multifamily developments to all developments receiving any deferred funding source, including state and bond financed properties with a deferred loan. The agency set benchmark participation goals of 6 percent of contracts for women business enterprises statewide and 4 percent for minority business enterprises in Greater Minnesota and 13 percent for minority business enterprises in the Twin Cities Metro. The agency developed a reporting system, which was finalized in 2019 to report on such efforts. After a single year of data collection, despite encountering some additional kinks to work out in the data system, we're finding that projects are meeting the women business enterprise goals and are not meeting the minority business enterprise goals. For the Metro, contracting to minority business enterprises achieved 1.5 percent of contract dollar amounts and just under 7 percent of the number of contracts greater than \$25,000.

Second, to broaden experience of MBE/WBEs as a key member of the development team, Minnesota Housing provides points in selection when a member of the development team is a MBE/WBE (including, for example, owner or executive director of development entity, general contractor, architect, property manager). During the 2018 RFP, 21 of the 24 selected projects were awarded points under the MBE/WBE selection criteria, showing a commitment from developers around the state to contract with women and minority business entities.

In addition, DEED requires CDBG Grantees to solicit and provide bidding opportunities to MBE/WBE. As a result MBE/WBE have access to hundreds of rehab job opportunities.

***Action: Continue to support the preservation of affordable housing opportunities as a strategy for community investment.***

Minnesota Housing sponsored a preservation convening with 50 partners held in October to address rural rental housing preservation. USDA Rural Development 515 properties have unique preservation challenges, and Minnesota Housing includes a set aside in the Low Income Housing Tax Credit program and has recently partnered with USDA RD to focus a specific initiative of Rental Rehabilitation Development Loan program for 515 properties.

Minnesota Housing is also the contract administrator for the Performance Based and Traditional Contract administration programs for project based Section 8 properties in Minnesota. The administration relationship with these properties allows the state to focus on preservation needs of these properties.

### **Goal 3: Expand Access to Housing for Persons with Disabilities**

The State of Minnesota seeks to identify collaborative and programmatic funding responses to rehabilitate and create new accessible affordable housing options, support accessibility improvements in single units, and help people with disabilities transition into independent living settings.

#### **Challenge 3.a. | Shortage of affordable, accessible housing**

For people with disabilities, simply acquiring housing and remaining housed are significant challenges. Wait lists for affordable, accessible housing are years long in many rural areas.

**Action: Evaluate and enhance existing funding resources to provide preference in housing developments for persons with disabilities, including preference points in the Low Income Housing Tax Credit Qualified Allocation Plan and other competitive capital funding resources.**

#### **Multifamily Request for Proposals and Low Income Housing Tax Credit Allocation:**

In the 2018 RFP / 2019 HTC funding round, Minnesota Housing funded an estimated 1,020 New Construction units, with an estimated 93 units that will be reserved for individuals who meet one or more of the definitions of People with Disabilities as outlined in 1(C)(1)(i-v) of the 2019 Housing Tax Credit Self Scoring Worksheet. This represents 9 percent of the overall units funded.

It is important to note that these units reflect a percentage of units that developers were able to claim points on in the 2019 Housing Tax Credit Self Scoring Worksheet and will be held to as a baseline throughout the compliance period. A much larger percentage of units, which are not formally tracked by Minnesota Housing, can serve disabled households.

#### **Publicly Owned Housing Program (POHP):**

Since POHP program inception, accessibility has been one of the four critical areas that are prioritized for funding. As projects complete rehabilitation, staff recommends that accessibility improvements be incorporated into the buildings.

#### **Rental Rehabilitation Deferred Loan Program (RRDL):**

For RRDL, funds are prioritized for deferred maintenance items. When accessibility improvements make sense within the scope of work, they are encouraged – staff architects look for opportunities to incorporate accessibility improvements within RRDL projects. When RRDL funds are used for Federally subsidized developments - accessibility issues are addressed in the scope of work.

**Action: If found effective, seek additional resources to expand the Landlord Risk Mitigation Fund program.**

Action within Challenge 1.b. above discusses the LRMF program activities.

### Challenge 3.b. | Shortage of resources to make accessibility improvements

If a voucher holder requires a reasonable accommodation, PHAs may not have the resources available to assist with the accommodation. There are also not resources to assist non voucher holders in accessibility improvements more broadly.

***Action: Provide education and outreach of existing homeownership programs to make accessibility improvements, including streamlining Minnesota Housing’s Rehabilitation Loan Program to make program more accessible to lenders, and promote to seniors and persons with disabilities, evaluating the Impact Fund projects for accessibility improvements, continuing to promote Minnesota Housing’s Fix Up Fund for persons with disabilities, and continuing to provide priorities for down payment assistance.***

#### **Fix Up loan program:**

During FFY 2019, Minnesota Housing provided home improvement loans to at least 20 households with a disability.

#### **Homeownership Programs:**

In FFY 2019 Minnesota Housing provided affordable first mortgage loans to 55 households with disabilities, all of whom also received a Minnesota Housing downpayment and closing cost loan.

#### **Impact Fund:**

During FFY 2019, Minnesota Housing funded the new construction of 26 homes that included accessibility features. Through the Impact Fund it also provided rehabilitation funding to 26 homeowners to make their homes accessible.

#### **Rehabilitation Loan Program/Emergency & Accessibility Loan Program:**

During FFY 2019, Minnesota Housing funded rehabilitation and accessibility loans to 78 households with an individual with a disability. Twenty-six of these loans were used to make accessibility improvements to the home.

### Challenge 3.c. | Shortage of resources to transition to independent living settings

There is a shortage of workers to help transition to and support independent living, and processes to apply for supports are complex and onerous.

***Action: Collaborate with housing and supports activities in the state’s Olmstead Plan and initiatives that increase the number of people with disabilities who live in the most integrated housing of their choice.***

There are several key activities and expected outcomes in the [Olmstead work plan](#) related to housing and services in partnership with Minnesota Housing. These include:

- Housing stability outcomes for people entering the Bridges program. Bridges, implemented by contracting with housing agencies that provide rental assistance who

are partnered with mental health entities, will increase the number of households who will have affordable, integrated housing and support services and will increase housing stability. (more information below)

- Utilizing the Section 811 Project Rental Assistance funding, which provides rental assistance to people with disabilities who are either homeless or exiting an institution. (more information below) Reviewing HousingLink's annual analytics report for website, communication and/or outreach enhancements and refine, as needed to better serve people with disabilities.

***Action: Minnesota Housing will continue to provide rental assistance to persons with serious mental illness, and evaluate program effectiveness.***

The Bridges Rental Assistance program provides housing assistance for people with very low incomes and a mental illness while they wait for a Housing Choice Voucher or another rental subsidy. Eligible uses for Bridges funding include temporary rental assistance payments and security deposits paid directly to landlords on behalf of qualified participants. In FFY 2019, the Bridges program served 807 households. Bridges received a base increase of \$500,000 and will be expanding the definition of institution for the program to include correctional facilities. The goal of this expansion is to expand the population served that is disparately impacted by homelessness.

***Action: Minnesota Housing and DHS will continue implementation of the Section 811 rental assistance pilot, partner with HUD in program evaluation, and if found effective, consider other funding sources available for similar program should no further federal assistance become available.***

In the Section 811 program, 125 households were served in FFY 2019. The 811 program households have average incomes less than \$10,000 annually and are receiving on average, monthly assistance of about \$550. All households include an individual with a disability and half of households identify as a person of color or from Indigenous communities. Minnesota Housing is preparing to apply for a third round of Section 811 for population currently served and expanding to individuals currently underserved or that do not have access to the program and residing in institutional settings.

#### ***Goal 4: Address Limited Knowledge of Fair Housing Laws Through Education, Outreach, and Developing Tools and Resources***

The State of Minnesota will engage in collaborative approaches to expand education efforts by partnering with the Department of Human Rights, participation in conferences, and sustaining and improving tools like the Affirmative Fair Housing Marketing Toolkit.

##### **Challenge 4.a. | Limited knowledge of fair housing laws and resources**

A perennial fair housing issue is lack of knowledge. Tenants, landlords, lenders, and borrowers do not always know their rights or responsibilities.

***Action: Support efforts to maintain and promote the FairHousingMN.org website and online tool to develop Affirmative Fair Housing Marketing Plans and expand education and oversight of AFHMPs in Minnesota Housing's portfolios.***

In calendar year 2019, reviews of AFHMP's were included with all physical inspections conducted by compliance officers on properties financed with Housing Tax Credits, HOME, National Housing Trust, and/or agency deferred loans. In PORT (Minnesota Housing's online reporting and tracking tool for properties), an additional task was added to each physical inspection job in order to track these reviews and compliance officers use the AFHMP review [procedures](#) created for this purpose. The AFHMP review task is completed when the AFHMP has been reviewed or the compliance officer determines that the AFHMP review is not applicable because the property is not required to have an AFHMP or the AFHMP is already reviewed by another staff person or another entity. The compliance officer either enters the date the AFHMP was actually reviewed, or checks the task "not applicable" box and selects one of the following: Reviewed by HUD, USDA, or HMO; Less than 5 units; Emergency Shelter; Public Housing or Publicly Owned.

As of 9/30/2019, of the 303 inspections due in CY 2019, 119 AFHMP's have been successfully reviewed, 61 were not applicable (e.g. reviewed by other entity), and the remaining inspections are not yet completed.

***Action: Work with Minnesota Department of Human Rights, Minnesota NAHRO, Minnesota Multi Housing Association and similar organizations to provide education regarding housing discrimination laws through their annual conferences.***

Minnesota Housing staff continues to meet with industry partners to explore the possibilities of training multifamily property owners, managers and service providers on fair housing. Meetings are conducted with Minnesota Multi Housing Association, Minnesota NAHRO and HUD, to brainstorm for and develop trainings on current issues to draw attendees in and educate them in fair housing.

Training session topics are developed by reaching out to MMHA members, as well as our customers, to determine where gaps in knowledge exist and further training is desired.

Training sessions were available during the 2019 Working Together Conference and were publicized by Minnesota Housing via email blasts to owners, agents and service providers as well as having the information displayed and promoted on our website. Minnesota Multi Housing Association and Minnesota NAHRO sent multiple email blasts as well as hard copy mailings.

2019 Working Together Conference included:

Two specific fair housing sessions:

- 1) Fair Housing
- 2) Property Owners and the Minnesota Human Rights Act: A Guide to Discrimination-Free Housing

Three additional sessions were available to address questions related to Fair Housing:

- 1) Protecting Home: CommonBond's Social Return on Investment Analysis of its Eviction Prevention Program
- 2) Ask the Attorney
- 3) Ask the Attorney II

***Action: Continue to support educational opportunities and outreach efforts with suburban community elected and appointed officials to understand the important and effectively plan for a full range of housing choices.***

As described under 2.b, the Urban Land Institute's "Navigating Your Competitive Future" workshops are offered for suburban communities and participants include both elected and appointed officials.

***Action: Distribute fair housing educational materials at annual conferences, public venues, and other opportunities.***

Minnesota Housing promotes fair housing in many ways each year. This year, in addition to many fair housing related topics at the annual Working Together Conference described above, staff continue to distribute materials and fair housing brochures when attending public and community events to promote agency programs such as PRIDE festival, Rondo Days, etc. In addition to external materials, Minnesota Housing's internal cultural competency committee hosts monthly events that are often directly related to fair housing issues. For example, in the last year, the committee has hosted events related to redlining history, Ramadan, and gender diversity, to name a few. Agency staff are required to attend 4 hours of training through this program each year.

In FY 2019, DEED's Small Cities Development Program staff have distributed 106 Fair Housing posters in Hmong, Spanish and Somali languages. 16 Fair Housing Pamphlets and 6 Fair Housing CD's have been distributed to Grantees.

***Action: Each State CDBG Grantee must complete at least one fair housing activity each year.***

Each of the 128 State CDBG grantees completed at least one unique fair housing activity each reporting period.

DEED Small Cities Development Program (SCDP) staff carries out education efforts for grantees and potential grantees on fair housing and equal opportunity topics during SCDP Implementation trainings and SCDP application webinar trainings.

SCDP hosted two training sessions to 95 grantees, guiding grantees through the implementation process and creation of policies; Fair housing, Section 3, Drug Free policy training and etc.

DEED staff also distributed Fair Housing and Equal Opportunity for All brochures and posters (multiple languages) to attendees at the NAHRO conferences and SCDP trainings during the year.

## **Goal 5: Decrease the Loss of Housing Through Displacement and Eviction**

To move towards this goal, the State of Minnesota will identify opportunities to support preservation of Naturally Occurring Affordable Housing (NOAH) and other ways to mitigate the effects of displacement or evictions.

### **Challenge 5.a. | Redevelopment displacing current renters of Naturally Occurring Affordable Housing (NOAH)**

NOAH properties reflect a large stock of homes that are affordable to lower income households and are without subsidy. Redevelopment of NOAH properties is displacing current residents, and is predominantly occurring in the Twin Cities Region. It is estimated that Minnesota is losing 2,000 units every year after the sale and improvement of a property.

***Action: Continue support of the NOAH Impact Fund and partner with the Greater Minnesota Housing Fund to evaluate the effectiveness of the fund.***

Naturally occurring affordable housing (NOAH) is unsubsidized housing that is affordable to moderate and low income renters. An increasing number of naturally affordable rental developments are being converted to higher-market rents or are simply operated under poor management and in disrepair. These conditions threaten the stability of families and communities, these impacts disproportionately impact persons of color and persons with disabilities. Minnesota Housing has joined with the Greater Minnesota Housing Fund to invest in the NOAH Impact Fund to finance the acquisition and preservation of naturally affordable class B and Class C rental housing in partnership with high performing owner-operators with the shared social goal of preserving affordability for the long term.

This year, for the second year, Minnesota Housing invested \$5 million into the fund. To date, the fund has made available over \$25 million to acquire and preserve affordable multifamily properties, including a 118 complex apartment building in Little Canada, preserving affordability for people at or below 60% of Area Median Income. In April of 2019, the NOAH Impact Fund was recognized as an award recipient of the HUD Secretary's Award for Public-Private Partnerships.

***Action: Collaborate with Fannie Mae and Freddie Mac (the GSEs) in considering products and solutions to support NOAH as identified in the GSE's Duty to Serve plans.***

Minnesota Housing purchased \$18,930,000 in NOAH participation certificates from Freddie Mac for four projects located in Minnesota.

***Action: Monitor state legislation regarding right of first refusal and opportunity to purchase measures for manufactured home parks (tenant purchase rights) and consider the next steps for Minnesota Housing related to the preservation of manufactured home parks to address critical infrastructure issues that limit preservation opportunities, or offset/replace opportunities that are no longer available.***

During the most recent legislative session, the State legislature increased funding for the Manufactured Home Park Redevelopment Program (specifically for park acquisition, a new use, and infrastructure improvements): \$2 million in FY20, and \$2m/biennium (\$1m/year) starting in FY22-23.

This session also saw changes to the Manufactured Home Relocation Trust Fund (MHRTF) program:

- Increased trust fund maximum balance from \$1 million to \$2 million
- Increased the current allowable relocation radius from 25 to 50 miles of the closed park without raising maximum relocation costs for households that receive funds
- Required local governments to determine if there was an ordinance in effect on May 26, 2007 that provided compensation to displaced residents, rather than requiring Minnesota Housing to make this determination
- Timing-related issue fixes:
  - Changes minimum notice for park closures from 9 months to 12 months
  - Extends deadline for residents to vacate from 60 days to 90 days after the required public hearing
  - Adds requirement for re-issuing closure statements if a park does not close within 24 months of initial closure statement

#### **Challenge 5.b. | Eviction filings negatively impact renters regardless of outcome**

Evictions disproportionately impact households of color and Indigenous communities and even an eviction filing will raise ongoing barriers to accessing housing.

***Action: Monitor work to define and limit predatory rental practices, including questionable eviction practices and poor conditions of rental units.***

Minnesota Housing policy and community development staff are tracking and evaluating the work of local jurisdictions related to this, including in Minneapolis. Further work will be done in later years of the work plan.

## ***Next Year's Planned Additional AI Actions***

The State of Minnesota partnership will develop a work plan for FY 2020 along with the development of the 2020 Annual Action Plan under the Consolidated Plan. Actions in 2020 are intended to reflect an evaluation and continuation of this year's actions along with a more robust work planning effort to embed actions into different divisions with Minnesota Housing and partnering agencies.

In addition to continuing work from year one of this plan, the following are additional actions identified to tackle in the upcoming years. These actions are labeled with the goal area and challenge type they reflect:

- 1.a. - Track and evaluate results of rental inspections on Minnesota Housing financed rental properties; consider ways to standardize evaluating different inspection types across programs.
- 1.b. - Explore with our partners the feasibility of creating a capital program for small scale rental housing development in rural communities with significant rental housing needs.
- 1.c. - Evaluate any loan products developed by the GSEs (Fannie Mae and Freddie Mac) for tribal lending as a result of their Duty to Serve Underserved Markets Plans.
- 1.d. - Monitor any proposed regulatory changes that would remove evictions and unlawful detainers from a renters' court record with a favorable court ruling, identify implications for projects financed by Minnesota Housing.
- 1.e. - Work with Local Housing Authorities to identify and address barriers to project basing Section 8 housing choice vouchers and utilizing housing choice vouchers in lower poverty areas.
- 2.c. - Review and update state language access plans to promote access to state programs for persons with Limited English Proficiency (LEP).
- 2.c. - Collaborate with partners at the state and regional level to evaluate ways to address community disinvestment and economic isolation.
- 3.a. - Conduct gaps analysis of accessible housing opportunities for persons with disabilities in Minnesota, through surveys and data evaluation, leveraging HousingLink's work. Utilize data collected by DHS Aging and Disabilities Divisions through the long term services and supports biennial gaps analysis. Identify how Minnesota Housing and other state housing resources are serving persons with disabilities.
- 3.b. - Evaluate resources to make accessibility improvements on a single rental unit.
- 3.c. - Leverage Minnesota Housing and DHS relationship to explore more streamlined connections between housing and support services.

- 4.a. - Develop a Reasonable Accommodation resource on Housing Benefits 101 (HB101.org) to educate persons with disabilities and support professionals about Reasonable Accommodations.
  
- 5.a. - Evaluate resources that could provide short term assistance to tenants displaced by a building sale or renovation. Create informational materials to provide to communities and other stakeholders regarding the Low Income Rental Classification (LIRC) program. Monitor state legislative efforts that require communication between property owners and tenants regarding ownership/tenancy changes at a minimum of 60 days prior to sale of the building.
  
- 5.b. - Monitor state legislative efforts to limit evictions to only appear on a tenant's record following court judgement. Research just cause eviction ordinances and tenant protection ordinances.

## **CR-40 - Monitoring 91.220 and 91.230**

**Describe the standards and procedures used to monitor activities carried out in furtherance of the plan and used to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements**

Small Cities Development Program (SCDP): DEED monitors each grantee through two monitoring methods conducted by SCDP staff; desk and on-site. Desk monitoring is conducted on an ongoing basis from the start of the grant until closeout. The SCDP staff representative reviews startup documents; policies and procedures, environmental documents, ongoing activities, disbursement request, labor standards, annual reports/performance measurements, audits, final reporting, and closeouts reporting. On-Site monitoring is conducted by SCDP staff at least once during the term of the funding agreement. The State can decide to conduct a desk versus an on-site monitoring based on cost and time evaluation. Follow-up monitoring may occur if there are significant findings of noncompliance with program requirements or if other administrative difficulties become apparent from reviews. Monitoring of economic development projects uses the same process as those established through the state of Minnesota's CDBG competitive program.

DEED has developed a checklist to assist in the monitoring areas such as grant management; fair housing and equal opportunity employment; Davis Bacon Labor Standards; inspections and bidding; and contractor payments. Staff ascertain if the activities stated within the approved application are eligible activities and address federal objectives, and if adequate progress has been made by the grantee within the time stated in the funding agreement. Attached is the SCDP Internal Monitoring Procedures.

ESG: Each year DHS program staff review all ESG grantees using a risk analysis tool created with technical assistance from HUD. The tool has four broad areas of analysis: 1) General agency information, e.g., previous monitoring results; 2) program operations, e.g., compliance and reporting issues; 3) fiscal operations; and 4) agency Board of Directors/Executive Management.

The tool allows DHS staff to determine if a grantee needs immediate attention or can receive a visit as part of regular monitoring. A regular monitoring rotation ensures grantees are monitored at least once every two years. Staff review a random selection of files for specific documentation of: homelessness, disability status, target population, on-going assessment, follow-up, and supportive services. Staff verify the full number of participants being served, timeliness and eligibility of grant expenditures, and eligibility of matching fund expenditures.

HOME: Minnesota Housing monitors HOME Rental Rehabilitation and Affordable Rental Preservation properties for compliance, requiring owners to submit tenant income and rent information for review annually. Multifamily staff physically inspect each property at least as frequently as required by 24 CFR §92.504(d) for compliance with property standards and to verify the accuracy of information owners submitted.

On-site inspection consists of a review of administrative records as well as a physical inspection and tenant file review of 20% of the HOME-assisted units. Minnesota Housing typically inspects a minimum of four HOME units (or all HOME units if property has four HOME units or less). If a property is found to be out of compliance, the owner receives notice of noncompliance. If noncompliance is not corrected within the allotted period, usually 30 days, the owner is given a 10-day grace period in which to address issues. If noncompliance remains uncorrected, possible action may be an extension of the effective period or calling the loan due.

HOPWA Monitoring : Minnesota Housing monitors the HOPWA program. Inspection of properties assisted under Housing Opportunities for Persons with AIDS (HOPWA) includes a physical inspection of the property, tenant file review to conform eligibility, and HOPWA Development Review using the checklist that covers whether there are service plans in place; whether HOPWA residents receive the services offered to them; if any adverse actions have been taken against residents since the last HOPWA review; if residents were terminated from the program, review evidence of due process that was provided the tenants; and compliance with audit and record retention requirements.

Requirements include: 1) owners annual submission of a Deferred Loan Owner Certification and report of unit events, including income and rent certifications, in the Property Online Reporting Tool; and 2) property inspections per Minnesota Housing Board-approved inspection cycle unless they have compliance issues that require more frequent inspections. The inspection cycle is every two years for properties with \$500,000 or more of deferred loan financing; every five years for deferred loan amounts greater than \$100,000 and less than \$500,000; and every 10 years for deferred loans of \$100,000 or less, unless the property also received Low-Income Housing Tax Credits, in which case the property is inspected according to the tax credit schedule. Monitoring of emergency rent and mortgage assistance includes: monthly review of administrative budget, production, and utilization of funding; evidence that the grantee is collecting appropriate demographic data; and biennial site visits to the grantee to review the following:

Policies and procedures

Compliance with audit and data practices requirements

Documentation of compliance with time limits for assistance

Documentation of all aspects of tenant eligibility

Documentation that each participant was provided an opportunity to receive case management services

Source documentation of rental, mortgage, or utility expense

**Description of the efforts to provide citizens with reasonable notice and an opportunity to comment on performance reports.**

The state notified the public of the availability of the draft the State Register and through state social media outlets and eNews, including to organizations and partners that work directly with minorities, non-English speaking persons and persons with disabilities. For example, per our Citizen Participation Plan, we reach out to a wide network of councils and coalitions focusing on specific populations, including the Council on Asian Pacific Minnesotans, Central Cultural Chicano, CLUES, Council for Minnesotans of African Heritage, Minnesota Council on Latino Affairs, and the Upper Midwest American Indian Center. In addition, our eNews distribution includes an extensive network of providers for persons with disabilities, through the Olmstead Implementation Office currently located at Minnesota Housing. The draft CAPER for 2019 was available for public comment for 18 days beginning November 15, 2019, and extending through the close of the business day on December 2, 2019. Minnesota Housing and DEED posted copies of the CAPER on their websites and hard copies were available from Minnesota Housing, DEED, and DHS upon request. The electronic copies of the CAPER we created were fully accessible documents suitable for screen readers.

Public input into the draft CAPER is considered in preparing the final report to HUD and the state responds in writing to each commenter. No public comments were received on the FFY 2019 CAPER draft.

**CR-45 - CDBG 91.520(c)**

**Specify the nature of, and reasons for, any changes in the jurisdiction’s program objectives and indications of how the jurisdiction would change its programs as a result of its experiences.**

The state does not plan on changing its objectives. Our experiences indicate that requests for DEED’s CDBG funds are twice as much as our allocation. Therefore we think our objectives align with the interest shown.

<b>Does this Jurisdiction have any open Brownfields Economic Development Initiative (BEDI) grants?</b>	No
--	----

**[BEDI grantees] Describe accomplishments and program outcomes during the last year.**

**CR-50 - HOME 91.520(e)**

**Include the results of on-site inspections of affordable rental housing assisted under the program to determine compliance with housing codes and other applicable regulations**

**Please list those projects that should have been inspected on-site this program year based upon the schedule in §92.504(d). Indicate which of these were inspected and a summary of issues that were detected during the inspection. For those that were not inspected, please indicate the reason and how you will remedy the situation.**

Minnesota Housing has used past HOME allocations to fund down payment assistance to first-time homebuyers, rehabilitation loans to homeowners, and rehabilitation loans to owners of rental property. Currently, based on the critical need to both preserve existing affordable rental housing and develop new housing to meet a growing gap of affordable housing, all HOME funds have been allocated to fund rental housing activities, in a combination of rehabilitation and new construction.

In 2018, Minnesota Housing realigned its HOME inspections to be conducted once every three years in accordance with the 2013 HOME rule. The following table lists results of on-site inspections conducted in 2019 of properties funded under the HOME Rental Rehabilitation Program and HOME Affordable Rental Preservation programs. Among the 1,181 HOME units, thirty (30) were found to be in violation of program standards; all violations have been or are in the process of being corrected. One property is scheduled for inspection on November 14, 2019.

Violence Against Women Reauthorization Act of 2013. Minnesota Housing implemented the final rule of VAWA, promulgated in 2016 and effective December 16, 2016. For HOME (and National Housing Trust Fund) properties, this implementation included notice of occupancy rights and certification forms distributed at appropriate times, the development and adoption of an emergency transfer plan (found here: [Minnesota Housing Finance Agency Emergency Transfer Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking](#)). Policies and procedures were put in place to ensure privacy and data security for reporting of VAWA transfer requests and results. For FFY 2019, there were no transfer requests made.

Inspection Date Range: 1/1/2019 to 12/31/2019

Property Number	Property Name	City	Total HOME Units	IDIS Number	Compliance End Date	No Longer Monitored Date	No Longer Monitored Reason	Date of Physical Inspection	Date of File Review	Compliance Status	# of units with violations
D0012	Northbridge Apartments	Albert Lea	26	8936	2/6/2024						
D0216	College Drive Townhouses	Brainerd	20	5656	9/30/2019						
D0232	Unity Place	Brooklyn Center	98	8339	7/10/2024						
D0246	Woodmere Apartments	Buffalo	54	7043	1/9/2023						
D0419	The Crossroads	Dodge Center	37	5596	4/28/2020						
D0489	Yorkdale Townhomes	Edina	22	8933	11/13/2028			4/24/2019	4/24/2019	Habitability violations noted during inspection have been corrected. No tenant file violations	5
D0665	Jackson Family Housing	Jackson	12		8/8/2021			5/29/2019	5/10/2019	Habitability violations noted during inspection have been corrected. No tenant file violations.	1
D0703	Edgewood Townhomes (fka Groveland Estates)	Litchfield	29	7115	7/17/2023						
D0714	Stone Creek Townhomes	Luverne	19	5567	5/20/2020			6/27/2019	6/24/2019	Habitability violations noted during inspection have been corrected. No tenant file violations.	1

Property Number	Property Name	City	Total HOME Units	IDIS Number	Compliance End Date	No Longer Monitored Date	No Longer Monitored Reason	Date of Physical Inspection	Date of File Review	Compliance Status	# of units with violations
D0734	Gus Johnson Plaza	Mankato	26	9345	3/16/2026						
D0854	Seward Square	Minneapolis	19	9238	4/22/2025			Scheduled for 11/14/2019	In process	Compliance officer inadvertently accepted a 2018 physical inspection report by the tax credit suballocator for the 2019 physical inspection. While this would be accepted for agency deferred loans, it is not accepted for HOME. CO did request HOME tenant files for review. However, the compliance officer failed to complete the tenant file review before leaving the agency for another job. The newly assigned compliance officer is in the process of completing the tenant file review and has scheduled the physical inspection.	
D1048	Westgate-New Prague	New Prague	36	5868	8/16/2020						
D1130	Storybrook Apartments	Pipestone	12	8231	8/9/2023						
D1194	Jordan Tower II	Red Wing	86	9850	7/19/2037					Tenant file violations noted during inspection have been corrected. No habitability violations.	5
D1552	Lewis Park Apartments	Saint Paul	63	9239	5/9/2025						
D1886	Three Rivers Duplexes	Northfield	8		12/31/2026						
D1893	Fisher Townhomes	Fisher	10		11/21/2030			9/30/2019	10/4/2019	Habitability violations in 2 units. No tenant file violations. Correction in process	2
D2391	West Birch Townhomes	Princeton	8		10/12/2028						

Property Number	Property Name	City	Total HOME Units	IDIS Number	Compliance End Date	No Longer Monitored Date	No Longer Monitored Reason	Date of Physical Inspection	Date of File Review	Compliance Status	# of units with violations
D2393	Ridgeview Court Townhomes	Paynesville	8		11/1/2028						
D3370	Ebenezer Tower	Minneapolis	43	9344	7/1/2031						
D3435	Country Village Apts	Redwood Falls	33	5565	8/22/2019						
D3468	Como By The Lake	Saint Paul	24	10068	10/22/2033						
D3475	Maryland Park	Saint Paul	32	9381	1/5/2026						
D3524	Morningside Terrace / Bluff View Flats	Winona	26	9709	4/5/2027						
D3787	New San Marco Apartments	Duluth	6	4944	6/4/2028						
D6401	River Valley Apartments	Wabasha	24	5881	5/25/2020						
D7586	Minneapolis Portfolio Preservation (MP3)	Minneapolis	183	9577	1/21/2027			9/26/2019	10/1/2019	Habitability violations in 7 buildings and 11 units. No tenant file violations. Corrections in process	11
D7713	Seward Towers East and West	Minneapolis	122	9710	8/4/2027						
D7717	Solace Apartments	Saint Peter	16	100090	12/6/2037			3/6/2019	2/28/2019		
D7718	Maplewood Apartments	Saint Peter	24	9711	5/4/2032						
D7858	Riverview Apartments & Hilltop Villas	Sebekka	23	9851	2/3/2034						
D7963	Amorce II	Robbinsdale	32	9958	4/2/2034			9/5/2019	8/13/2019	Habitability violations in 2 buildings and 5 units. Correction in process. Numerous issues were found in tenant files and HOME rents; however, owner was able to clarify the required number of HOME tenant files and rents are compliant.	5

**Provide an assessment of the jurisdiction's affirmative marketing actions for HOME units. 92.351(b)**

Minnesota Housing has provided a *HOME Compliance Guide* to owners and management agents of each HOME-assisted rental property. The guide covers all HOME compliance issues including leases, rents, incomes, maintaining unit mix, affirmative marketing, and property standards.

Minnesota Housing's guides for lending or development promote and require compliance with fair housing laws and regulations. Minnesota Housing requires Affirmative Fair Housing Marketing Plans for the marketing and occupancy of assisted units in developments of five units or more. Owners are required to review Affirmative Fair Housing Marketing Plans every one to two years, and as part of its inspection procedures, Minnesota Housing will review to determine if updates are needed.

According to HUD's *HOME Summary of Accomplishments*, in HOME projects completed in FFY 2019, 13% of householders were of a race other than white and 1% were of Hispanic ethnicity. According to the Census Bureau's *American Community Survey, 2017*, an estimated 18% of Minnesota's low and moderate income households are of a race other than white and 5% are of Hispanic ethnicity.

Note that HOME funds historically have been available primarily in non-entitlement areas, which are less diverse and may have limited previous opportunity for HOME-funded projects to serve a higher percentage of people of color or Hispanic ethnicity. This year's accomplishments reflects the completion of three HOME properties totaling 157 units.

**Refer to IDIS reports to describe the amount and use of program income for projects, including the number of projects and owner and tenant characteristics**

Minnesota Housing does not separately track activities (or parts of activities) that are funded with program income, which the agency uses in accordance with grant specific accounting and which may be used simultaneously with new grant funds. Tracking project, owner, and/or tenant characteristics separately is impossible; however, since program income is not used for purposes different from entitlement funds, characteristics presumably would be the same as entitlement-funded activities.

**Describe other actions taken to foster and maintain affordable housing. 91.220(k) (STATES ONLY: Including the coordination of LIHTC with the development of affordable housing). 91.320(j)**

Minnesota Housing requests funding proposals from housing sponsors under a consolidated application process. The agency combines tax credits with amortizing mortgages and deferred loans using state appropriations, agency resources, and contributions from funding partners to make tax credit developments more affordable to lower income households.

Based on an assessment of local housing needs, Minnesota Housing has developed and updates a tax credit allocation plan that gives preference to certain types of development, e.g., those that serve the lowest income households and the high-priority homeless, and those that preserve federally assisted housing, and/or provide increased geographic choice. The state's most recent Qualified Allocation Plan and priorities for housing tax credit allocation may be viewed at: [Tax Credits](#)

In 2018, Minnesota Housing awarded housing tax credits that resulted in a total of more than \$183 million in syndication proceeds for an estimated 698 affordable rental units; suballocators allocated an additional \$4.3 million in tax credits for 593 units.

**CR-55 - HOPWA 91.520(e)**

**Identify the number of individuals assisted and the types of assistance provided**

**Table for report on the one-year goals for the number of households provided housing through the use of HOPWA activities for: short-term rent, mortgage, and utility assistance payments to prevent homelessness of the individual or family; tenant-based rental assistance; and units provided in housing facilities developed, leased, or operated with HOPWA funds.**

<b>Number of Households Served Through:</b>	<b>One-year Goal</b>	<b>Actual</b>
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	180	156
Tenant-based rental assistance	0	0
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0	0

**Table 14 – HOPWA Number of Households Served**

**Narrative**

The state provided housing assistance to 156 households through the use of HOPWA funds for: short-term rent, mortgage, and utility assistance payments to prevent homelessness of the individual or family. The five-year plan projected 180 households be served with HOPWA funds in 2018. The five year goal for HOPWA households served of 1,100 is based upon HUD projections for Minnesota through formula modernization, which will be phased in over a five year period.

Since 1999, Minnesota Housing has received an annual allocation of HOPWA funds from HUD to provide housing assistance and support services to people outside the 13-county Twin Cities metro area (which is served through a grant to the City of Minneapolis). Minnesota Housing and the Department of Human Services collaborate to undertake outreach efforts to help meet the needs of people with HIV/AIDS living in Greater Minnesota. This collaboration allows for greater coordination in the implementation of HIV/AIDS related projects.

Minnesota Housing received \$224,186 in HOPWA funds in FFY 2019 and committed this HOPWA funding to JustUs Health, formerly known as the Minnesota AIDS Project (MAP). JustUs Health (formerly MAP) is an agency that has established statewide networks to deliver assistance in areas of need throughout Greater Minnesota. JustUs Health's Greater Minnesota emergency housing assistance program has worked closely with HIV service providers in Greater Minnesota, including the Mayo Clinic's HIV Clinic and Social Services, the Rural AIDS Action Network, and JustUs Health's own case management program in Duluth.

Using HOPWA assistance, JustUS Health provides short-term rent, mortgage, and utility assistance to prevent the homelessness of eligible individuals or families.

**CR-56 – HTF NEW SECTION**

**Describe the extent to which the grantee complied with its approved HTF allocation plan and the requirements of 24 CFR part 93.**

Tenure Type	0 – 30% AMI	0% of 30+ to poverty line (when poverty line is higher than 30% AMI)	% of the higher of 30+ AMI or poverty line to 50% AMI	Total Occupied Units	Units Completed, Not Occupied	Total Completed Units
Rental	100	0	0	16	0	16
Homebuyer	0	0	0	0	0	0

**Table 15 - CR-56 HTF Units in HTF activities completed during the period**

**Narrative**

Minnesota Housing completed the state’s first housing development utilizing National Housing Trust Fund (NHTF) during this fiscal year. Solace Apartments, in St Peter Minnesota contains 32 new construction supportive housing units geared towards families, particularly for women exiting the criminal justice system. The housing, fully occupied, was funded in combination of Federal HOME funds and the NHTF program and is limited to households with Extremely Low Incomes.

As described in the NHTF allocation plan for FY 2019 within the state’s 2019 Action Plan, the funds were distributed to an eligible entity through the agency’s broader Request for Proposals and not specifically applied for. The project met the published feasibility requirements, as well as strategic and selection priorities published in the Action Plan. This particular project met strategic priorities to provide permanent supportive housing, as well as provide housing in areas of the state with shortages due to job growth or with strong job markets. Specific selection priorities that this property encompassed include long term affordability, access to higher performing schools, consistency with Local continuum of care priorities, and family housing. The property leveraged the low income housing tax credit and stayed within the published maximum per-unit development subsidy and meets or exceeds all of the published design and construction standards.

**CR-60 - ESG 91.520(g) (ESG Recipients only)**

**ESG Supplement to the CAPER in *e-snaps***

## For Paperwork Reduction Act

### 1. Recipient Information—All Recipients Complete

#### Basic Grant Information

Recipient Name	MINNESOTA
Organizational DUNS Number	804832640
EIN/TIN Number	411599130
Identify the Field Office	MINNEAPOLIS
Identify CoC(s) in which the recipient or subrecipient(s) will provide ESG assistance	Minneapolis/Hennepin County CoC

#### ESG Contact Name

Prefix	Mr
First Name	ISAAC
Middle Name	D
Last Name	WENGERD
Suffix	0
Title	Agency Policy Specialist

#### ESG Contact Address

Street Address 1	MN Dept Human Services
Street Address 2	444 Lafayette St.
City	St. Paul
State	MN
ZIP Code	55164-
Phone Number	6514313815
Extension	0
Fax Number	6514317309
Email Address	ISAAC.WENGERD@STATE.MN.US

#### ESG Secondary Contact

Prefix	
First Name	
Last Name	
Suffix	
Title	
Phone Number	
Extension	
Email Address	

### 2. Reporting Period—All Recipients Complete

Program Year Start Date	10/01/2018
-------------------------	------------

**Program Year End Date**

09/30/2019

**3a. Subrecipient Form – Complete one form for each subrecipient**

**Subrecipient or Contractor Name:** MINNESOTA

**City:** Saint Paul

**State:** MN

**Zip Code:** 55101, 1938

**DUNS Number:** 804832640

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Unit of Government

**ESG Subgrant or Contract Award Amount:** 106375

**Subrecipient or Contractor Name:** THREE RIVERS COMMUNITY ACTION COUNCIL

**City:** Zumbrota

**State:** MN

**Zip Code:** 55992, 0157

**DUNS Number:**

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 70000

**Subrecipient or Contractor Name:** United Community Action Program

**City:** Willmar

**State:** MN

**Zip Code:** 56201, 3304

**DUNS Number:** 037473485

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 77000

**Subrecipient or Contractor Name:** KOOTASCA COMMUNITY ACTION, INC.

**City:** Grand Rapids

**State:** MN

**Zip Code:** 55744, 3982

**DUNS Number:**

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 30000

**Subrecipient or Contractor Name:** INTER-COUNTY COMMUNITY COUNCIL

**City:** Oklee

**State:** MN

**Zip Code:** 56742, 0189

**DUNS Number:**

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 37500

**Subrecipient or Contractor Name:** SIMPSON HOUSING SERVICES

**City:** Minneapolis

**State:** MN

**Zip Code:** 55404, 2347

**DUNS Number:** 783848922

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 50000

**Subrecipient or Contractor Name:** LAKES AND PRAIRIES COMMUNITY ACTION PARTNERSHIPS

**City:** Moorhead

**State:** MN

**Zip Code:** 56560, 2083

**DUNS Number:** 039375647

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 100000

**Subrecipient or Contractor Name:** RED LAKE HOMELESS SHELTER, INC

**City:** Redlake

**State:** MN

**Zip Code:** 56671, 0280

**DUNS Number:** 623149254

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 50000

**Subrecipient or Contractor Name:** SALVATION ARMY ROCHESTER

**City:** Rochester

**State:** MN

**Zip Code:** 55906, 3706

**DUNS Number:** 125485958

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Faith-Based Organization

**ESG Subgrant or Contract Award Amount:** 105250

**Subrecipient or Contractor Name:** SCOTT CARVER DAKOTA CAP

**City:** Shakopee

**State:** MN

**Zip Code:** 55379, 1840

**DUNS Number:** 085104610

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 124381

**Subrecipient or Contractor Name:** ST. STEPHEN'S HUMAN SERVICES

**City:** Minneapolis

**State:** MN

**Zip Code:** 55404, 3315

**DUNS Number:** 607313850

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 50000

**Subrecipient or Contractor Name:** Interfaith Action of Greater Saint Paul

**City:** Saint Paul

**State:** MN

**Zip Code:** 55105, 1815

**DUNS Number:** 138618165

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Faith-Based Organization

**ESG Subgrant or Contract Award Amount:** 65000

**Subrecipient or Contractor Name:** Community Action Center of Northfield, Inc.

**City:** Northfield

**State:** MN

**Zip Code:** 55057, 2760

**DUNS Number:** 164131369

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 40000

**Subrecipient or Contractor Name:** Catholic Charities - St. Paul/Mpls Higher Ground/Dorothy Day

**City:** Minneapolis

**State:** MN

**Zip Code:** 55403, 2513

**DUNS Number:** 108504168

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Faith-Based Organization

**ESG Subgrant or Contract Award Amount:** 83013

**Subrecipient or Contractor Name:** Mahube-Otwa Community Action Partnership

**City:** Detroit Lakes

**State:** MN

**Zip Code:** 56501, 2722

**DUNS Number:** 037473071

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 85500

**Subrecipient or Contractor Name:** New Pathways

**City:** Cambridge

**State:** MN

**Zip Code:** 55008, 1519

**DUNS Number:** 044054570

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 41750

**Subrecipient or Contractor Name:** Our Saviour's Outreach Ministries

**City:** Minneapolis

**State:** MN

**Zip Code:** 55404, 3842

**DUNS Number:** 601158137

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Faith-Based Organization

**ESG Subgrant or Contract Award Amount:** 45000

**Subrecipient or Contractor Name:** Ours to Serve House of Hospitality, Inc.

**City:** Bemidji

**State:** MN

**Zip Code:** 56601, 2918

**DUNS Number:** 962478096

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 91826

**Subrecipient or Contractor Name:** Partners for Affordable Housing

**City:** Mankato

**State:** MN

**Zip Code:** 56001, 4430

**DUNS Number:** 015129260

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 142465

**Subrecipient or Contractor Name:** Salvation Army - Brainerd

**City:** Brainerd

**State:** MN

**Zip Code:** 56401, 3506

**DUNS Number:** 081033115

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Faith-Based Organization

**ESG Subgrant or Contract Award Amount:** 10000

**Subrecipient or Contractor Name:** Salvation Army - St. Cloud

**City:** Saint Cloud

**State:** MN

**Zip Code:** 56304, 1247

**DUNS Number:** 002805922

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Faith-Based Organization

**ESG Subgrant or Contract Award Amount:** 112500

**Subrecipient or Contractor Name:** Semcac

**City:** Rushford

**State:** MN

**Zip Code:** 55971, 8812

**DUNS Number:** 066860073

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 26000

**Subrecipient or Contractor Name:** Ruth's House of Hope

**City:** Faribault

**State:** MN

**Zip Code:** 55021, 6027

**DUNS Number:** 149047396

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Other Non-Profit Organization

**ESG Subgrant or Contract Award Amount:** 25000

**Subrecipient or Contractor Name:** Dorothy Day House of Hospitality

**City:** Moorhead

**State:** MN

**Zip Code:** 56560, 3531

**DUNS Number:** 164181034

**Is subrecipient a victim services provider:** N

**Subrecipient Organization Type:** Faith-Based Organization

**ESG Subgrant or Contract Award Amount:** 55000

**Subrecipient or Contractor Name:** Grace House of Itasca County  
**City:** Grand Rapids  
**State:** MN  
**Zip Code:** 55744, 3835  
**DUNS Number:** 799149344  
**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 80000

**Subrecipient or Contractor Name:** Institute for Community Alliances  
**City:** Minneapolis  
**State:** MN  
**Zip Code:** 55404,  
**DUNS Number:** 046826826  
**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 75000

**Subrecipient or Contractor Name:** Prarie Five CAC  
**City:** Montevideo  
**State:** MN  
**Zip Code:** 56265, 1352  
**DUNS Number:** 055557813  
**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 19890

**Subrecipient or Contractor Name:** Bi-County Community Action Program, Inc.  
**City:** Bemidji  
**State:** MN  
**Zip Code:** 56601, 8669  
**DUNS Number:** 087682670  
**Is subrecipient a victim services provider:** N  
**Subrecipient Organization Type:** Other Non-Profit Organization  
**ESG Subgrant or Contract Award Amount:** 20000

## CR-65 - Persons Assisted

### 4. Persons Served

#### 4a. Complete for Homelessness Prevention Activities

Number of Persons in Households	Total
Adults	71
Children	66
Don't Know/Refused/Other	0
Missing Information	0
<b>Total</b>	<b>137</b>

Table 16 – Household Information for Homeless Prevention Activities

#### 4b. Complete for Rapid Re-Housing Activities

Number of Persons in Households	Total
Adults	118
Children	107
Don't Know/Refused/Other	0
Missing Information	0
<b>Total</b>	<b>225</b>

Table 17 – Household Information for Rapid Re-Housing Activities

#### 4c. Complete for Shelter

Number of Persons in Households	Total
Adults	7,138
Children	1,161
Don't Know/Refused/Other	5
Missing Information	1
<b>Total</b>	<b>8,305</b>

Table 18 – Shelter Information

#### 4d. Street Outreach

Number of Persons in Households	Total
Adults	0

Children	0
Don't Know/Refused/Other	0
Missing Information	0
<b>Total</b>	<b>0</b>

**Table 19 – Household Information for Street Outreach**

**4e. Totals for all Persons Served with ESG**

<b>Number of Persons in Households</b>	<b>Total</b>
Adults	7,327
Children	1,334
Don't Know/Refused/Other	5
Missing Information	1
<b>Total</b>	<b>8,667</b>

**Table 20 – Household Information for Persons Served with ESG**

**5. Gender—Complete for All Activities**

	<b>Total</b>
Male	5,729
Female	2,909
Transgender	27
Don't Know/Refused/Other	1
Missing Information	1
<b>Total</b>	<b>8,667</b>

**Table 21 – Gender Information**

## 6. Age—Complete for All Activities

	<b>Total</b>
Under 18	1,334
18-24	764
25 and over	6,563
Don't Know/Refused/Other	5
Missing Information	1
<b>Total</b>	<b>8,667</b>

Table 22 – Age Information

## 7. Special Populations Served—Complete for All Activities

### Number of Persons in Households

<b>Subpopulation</b>	<b>Total</b>	<b>Total Persons Served – Prevention</b>	<b>Total Persons Served – RRH</b>	<b>Total Persons Served in Emergency Shelters</b>
Veterans	443	1	4	438
Victims of Domestic Violence	605	6	27	572
Elderly	0	9	11	1,423
HIV/AIDS	47	0	0	47
Chronically Homeless	2,535	0	33	2,500
<b>Persons with Disabilities:</b>				
Severely Mentally Ill	3,151	20	38	3,091
Chronic Substance Abuse	1,268	4	9	1,225
Other Disability	3,084	14	15	3,039
Total (Unduplicated if possible)	0	0	0	0

Table 23 – Special Population Served

**CR-70 – ESG 91.520(g) - Assistance Provided and Outcomes****10. Shelter Utilization**

Number of New Units - Rehabbed	0
Number of New Units - Conversion	0
Total Number of bed-nights available	382,987
Total Number of bed-nights provided	351,616
Capacity Utilization	91.81%

Table 24 – Shelter Capacity

**11. Project Outcomes Data measured under the performance standards developed in consultation with the CoC(s)****SHELTER GOAL**

**GOAL:** 10,252 individuals in households receiving safe, adequate emergency shelter. **OUTCOME:** 8,305

The goal of sheltering 10,252 individuals was not achieved. Year-to-year changes in the capacity and average length of stay of shelters funded with ESG will occasionally affect whether or not the planned goal is achieved (versus actual).

**PREVENTION/RAPID RE-HOUSING GOALS**

**GOAL:** 325 persons are stably re-housed.

The goal of stably re-housing 325 persons in households (total for prevention and rapid re-housing) was achieved, as 362 persons achieved this outcome in 2019.

**GOAL:**

## CR-75 – Expenditures

### 11. Expenditures

#### 11a. ESG Expenditures for Homelessness Prevention

	Dollar Amount of Expenditures in Program Year		
	2017	2018	2019
Expenditures for Rental Assistance	0	0	40,244
Expenditures for Housing Relocation and Stabilization Services - Financial Assistance	0	0	20,333
Expenditures for Housing Relocation & Stabilization Services - Services	0	0	150,098
Expenditures for Homeless Prevention under Emergency Shelter Grants Program	0	0	0
<b>Subtotal Homelessness Prevention</b>	<b>0</b>	<b>0</b>	<b>210,675</b>

Table 25 – ESG Expenditures for Homelessness Prevention

#### 11b. ESG Expenditures for Rapid Re-Housing

	Dollar Amount of Expenditures in Program Year		
	2017	2018	2019
Expenditures for Rental Assistance	0	0	165,601
Expenditures for Housing Relocation and Stabilization Services - Financial Assistance	0	0	29,140
Expenditures for Housing Relocation & Stabilization Services - Services	0	0	205,183
Expenditures for Homeless Assistance under Emergency Shelter Grants Program	0	0	0
<b>Subtotal Rapid Re-Housing</b>	<b>0</b>	<b>0</b>	<b>399,924</b>

Table 26 – ESG Expenditures for Rapid Re-Housing

#### 11c. ESG Expenditures for Emergency Shelter

	Dollar Amount of Expenditures in Program Year		
	2017	2018	2019
Essential Services	0	0	633,498
Operations	0	0	584,768
Renovation	0	0	0
Major Rehab	0	0	0
Conversion	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>1,218,266</b>

Table 27 – ESG Expenditures for Emergency Shelter

**11d. Other Grant Expenditures**

	Dollar Amount of Expenditures in Program Year		
	2017	2018	2019
Street Outreach	0	0	0
HMIS	0	0	94,838
Administration	0	0	132,122

Table 28 - Other Grant Expenditures

**11e. Total ESG Grant Funds**

Total ESG Funds Expended	2017	2018	2019
	0	0	2,055,825

Table 29 - Total ESG Funds Expended

**11f. Match Source**

	2017	2018	2019
Other Non-ESG HUD Funds	0	0	70,213
Other Federal Funds	0	0	193,085
State Government	0	0	980,208
Local Government	0	0	245,745
Private Funds	0	0	507,093
Other	0	0	0
Fees	0	0	0
Program Income	0	0	0
<b>Total Match Amount</b>	<b>0</b>	<b>0</b>	<b>1,996,344</b>

Table 30 - Other Funds Expended on Eligible ESG Activities

**11g. Total**

Total Amount of Funds Expended on ESG Activities	2017	2018	2019
	0	0	4,111,650

Table 31 - Total Amount of Funds Expended on ESG Activities

**Item:** Post-Sale Report, Homeownership Finance Bonds (HFB), 2019 Series G (Taxable)

**Staff Contact(s):**

Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

**Request Type:**

- |                                     |  |
|-------------------------------------|--|
| <input type="checkbox"/> Approval   | <input checked="" type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion     | <input type="checkbox"/> Discussion                  |
| <input type="checkbox"/> Resolution | <input checked="" type="checkbox"/> Information      |

**Summary of Request:**

The Agency sold \$90,294,924 of Homeownership Finance Bonds on November 13, 2019 with a closing on November 26, 2019. In accordance with the Debt and Balance Sheet Management Policy the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

**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):**

- Post-Sale Report

Via Email Delivery

**MEMORANDUM**

**Date:** November 23, 2019

**To:** Minnesota Housing Finance Agency

**From:** Gene Slater, Tim Rittenhouse, David Jones, Eric Olson

**Re:** Post-Sale Report  
\$90,294,924 Homeownership Finance Bonds (HFB)  
2019 Series G (Taxable)

---

**BOND CRITERIA**

The 2019 Series G Homeownership Finance Bonds, like Series E in June and Series F in July, were issued to finance single-family new production with all-taxable debt. This was possible because of the extraordinary drop in interest rates over the last several months.

The key criteria for issuing the debt were:

1. ***Avoid major interest rate risk*** by continuing to hedge pipeline production until loans are either sold or permanently financed by bond issues.
2. ***Maintain high ratings on all Minnesota Housing single-family bonds***, with Series G rated Aaa.
3. ***Enable Minnesota Housing to continue ongoing contributions to key state housing needs*** by strengthening its long-term sustainability.
4. ***Provide at least a comparable expected level of return to selling MBS***, at reasonably anticipated prepayment speeds.
5. ***Use bond volume cap as efficiently and sparingly as possible***, to continue both its single-family and multi-family programs.

**KEY RESULTS FOR MINNESOTA HOUSING**

**Key Measurable Objectives.** Minnesota Housing's objectives for each issue reflect its overall goal: Maintain a long-term sustainable program that continues to finance production on the balance sheet so long as this is the best execution. Minnesota Housing therefore seeks to:

1. Obtain a present value return for Minnesota Housing at least similar to selling the same MBS in the secondary market, assuming a reasonable prepayment speed.
2. Obtain, if possible, the 1.125% spread on the overall issue that the IRS would allow if the issue were all tax-exempt.
3. Balance the amount of (a) new volume cap needed in financing such production and (b) the amount of zero participations required, so that the Agency can continue its program in future years.
4. Where possible, use opportunities to balance the impact of hedge gains and losses across transactions on Agency current year income.

**Accomplishments.** The results were extraordinarily successful in meeting Minnesota Housing's objectives:

- **Leveraging Limited Volume Cap.** The issue was structured so that Minnesota Housing could finance all \$90.294 million of new mortgages on balance sheet *without using any volume cap*.
- **Spread and Zero Participations.** As a taxable financing, the issue was not subject to IRS yield limits nor did it use or generate any zero participations. The agency was able to obtain and retain a spread of 1.38%, 26 basis points above IRS yield limits for tax-exempt bonds.
- **Attractive Bond Yield.** The bond rate was 3.02% on this taxable series.
- **Economic Return to Minnesota Housing.** The relative benefits to Minnesota Housing from issuing the bonds depend on how long the mortgages remain outstanding. The break-even prepayment speed<sup>1</sup> compared to selling the loans was 168% PSA, similar to average prepayment speeds on similar loans in this indenture.<sup>2</sup> The net present value to Minnesota Housing (after net service release premiums) is projected to be approximately \$3.8 million at 150% PSA prepayment speed.
- **Choices.** By being able to issue the entire transaction taxably, the Agency did not need any volume cap or zero participations while still obtaining a very attractive spread.
- **Hedging.** The loan production pipeline remained fully hedged until bonds were sold. Minnesota Housing netted a gain of \$78,000 when it terminated the hedges.
- **Sizing and Investor Demand.** The issue was sized based on the available pipeline. The Agency initially offered approximately \$70 million, and received a total of \$152 million of

---

<sup>1</sup> The break-even speed measures how fast mortgages can prepay while still assuring Minnesota Housing at least the same present value as an MBS sale.

<sup>2</sup> The updated average prepayment speed on all securities in the HFB indenture in the last 12 months, a period when market mortgage rates have dropped significantly, is 177% PSA.

bond orders. Given the level of demand, the Agency increased the issue size to finance over \$20 million of additional MBS with all taxable debt as well.

**Implications.** Key implications include:

- **Pass-Through Approach.** Minnesota Housing has been the national leader in issuing single-family pass-through bonds to help finance production on-balance sheet. The net financial benefit from pass-through bonds compared to traditionally structured bonds varies from issue to issue. Given varying levels of demand for such bonds especially for taxable pass-throughs, the Agency has been sizing pass-through series based on the demand from investors. Series G garnered more than twice as many orders as the original amount of bonds offered.
- **Balance Sheet Management.** Minnesota Housing, in recent years, has been able to finance almost all tax-exempt eligible production as the best execution return to the Agency.
- **Volume Cap.** Minnesota Housing's single-family production together with demand for multi-family issuance in the State remains so great that private activity volume cap is a major constraint on tax-exempt issuance. To help address this, the Agency was again able to issue all the debt as taxable. This market environment represents a unique opportunity that Minnesota Housing should take advantage of as long as it remains available.

#### **TIMING AND STRUCTURE**

**Timing.** The issue was priced on Wednesday Nov. 13<sup>th</sup>, for closing on Tuesday, Nov. 26<sup>th</sup>.

**Sizing.** The sizing reflected the specific hedged MBS in Minnesota Housing's pipeline.

**Major Design Decisions.** Key decisions by Minnesota Housing were to:

- Continue to include a 10-year par call at Minnesota Housing's option, so that the Agency can potentially take advantage of interest rates in the future to either refund the bonds or sell the MBS and pay off the bonds.
- Include GNMA, FNMA and FHLMC MBS in the issue, with no percentage limit on any category. This provides Minnesota Housing the ability to adjust to the actual mix of loans in its pipeline.
- Maximize the amount of taxable bonds, while still obtaining a spread of at least 1.125%.

**Rating.** Bonds under the HFB indenture are rated Aaa by Moody's.

**Hedging.** Minnesota Housing has remained fully hedged on its pipeline until bonds were sold. This protects the Agency from risk if interest rates rise between the time the loans are committed and when they are packaged into MBS and either the corresponding bonds are sold or the MBS are sold via TBA. The purpose of this strategy is to help make the Agency largely indifferent to changes in rates.

**BOND SALE RESULTS.** Key highlights are:

- 1. Investor Interest for Series 2019 G.** There was excellent interest for these taxable pass-through bonds from 11 institutional investors, the largest number on any Minnesota taxable pass-through series.
- 2. Treasuries.** Yields have dropped dramatically this year, driven by the trade war with China and the Fed shifting from rate hikes to 3 rate cuts before recently pausing. The 10-year was 2.91% when HFB Series 2018 IJ was priced on Dec. 13<sup>th</sup>. With the Fed announcement that it would suspend rate hikes, the yield declined to 2.65% when HFB 2019 AB was priced on Feb. 7, 2019 and 2.64% when RHFB 2019 ABCD was priced on March 7<sup>th</sup>. Resurgence of the trade war with China led to a flight for quality, with the 10-year dropping to 2.42% when HFB 2019 CD was priced on May 14, 2.10% when 2019 E priced on June 13 and 2.13% when 2019 F priced in July. Resumption of the trade war with China and fears of global economic slowdown led to a flight to quality, with the 10 year Treasury at 1.53% when RHFB EFGH was priced in mid-August. Rates have since stabilized, with the 10 year Treasury at 1.88% when Series G was priced on November 13.
- 3. Municipals.** The municipal market index outperformed Treasuries during the first half of 2019, reflecting positive inflows into municipal bond funds, high redemptions and modest new supply. When 2019 CD was priced in May, the 10 year MMD Index had dropped to 71.5% of the 10 year Treasury, the lowest ratio in several years. Since then, Treasury yields plummeted far more than municipals, and the MMD/Treasury ratio has returned to more typical levels in the mid 80% range.

Issue	Date	10-Year Treasury	10-Year MMD	MMD/Treasury Ratio
2018 HFB G/H	10/17/18	3.19%	2.72%	85.3%
2018 RHFB EFGH	11/14/18	3.12%	2.70%	86.5%
2018 HFB IJ	12/13/18	2.91%	2.40%	82.5%
2019 HFB AB	2/7/19	2.65%	2.14%	80.8%
2019 RHFB ABCD	3/7/19	2.64%	2.08%	78.8%
2019 HFB CD	5/14/19	2.42%	1.73%	71.5%
2019 HFB E	6/13/19	2.10%	1.66%	79.0%

Issue	Date	10-Year Treasury	10-Year MMD	MMD/Treasury Ratio
2019 HFB F	7/16/19	2.13%	1.58%	74.2%
2019 RHFB EFGH	8/20/19	1.55%	1.23%	79.4%
2019 HFB G	11/13/19	1.88%	1.58%	84.0%
Change from 2019 HFB F		- 25 bp	- 0 bp	+ 9.8%

4. **Comparison to GNMA Yields.** Investors compare yields on pass-through issues to current-coupon GNMA's, although pass-through bonds provide much less liquidity in the global markets. GNMA yields dropped by 12 basis points since the last pass-through, 2019 F in July, while both Minnesota Housing's yields and Treasury's dropped by more than 20 basis points. The result is that Minnesota Housing's spread to GNMA's was 44 basis points, the tightest spread in the past year.

	2018 E/F Aug. '18	2018 G/H Oct. '18	2018 I/J Dec. '18	2019 A/B Feb. '19	2019 C/D May '19	2019 E June '19	2019 F July '19	2019 G Nov '19
<b>Minn. Housing bond yield</b>								
Tax-Exempt	3.45%	3.75%	3.60%	3.45%	3.15%	n.a.	n.a.	n.a.
Taxable	3.80%	4.10%	4.00%	3.80%	3.55%	3.25%	3.23%	3.02%
<b>Yield on GNMA I, 3.0 current coupon, at dealer prepay speed</b>	3.35%	3.72%	3.42%	3.15%	2.92%	2.71%	2.70%	2.58%
<b>Minn. Housing v. GNMA</b>								
Tax-exempt	+10 bp	+3 bp	+18 bp	+30 bp	+23 bp	n.a.	n.a.	n.a.
Taxable	+45 bp	+38 bp	+58 bp	+65 bp	+63 bp	+54 bp	+53 bp	+44 bp

5. **Comparable Taxable Pass-Through Transactions:** Aside from Minnesota, other issuers of par new money taxable pass-throughs in 2019 include Colorado, Virginia and Escambia County Florida. Series G's 114 basis point spread was tighter than the other issues over the last 3 months.

Minnesota Housing Finance Agency  
HFB 2019 Series G Post-Sale Report

	Minn. Taxable 2019 B	Minn. Taxable 2019 D	Minn. Taxable 2019 E	Colorado Taxable 2019 AA	Minn. Taxable 2019 F	Colorado Taxable 2019 BB-2	Virginia Taxable 2019 A	Escambia Taxable 2019 C	Minn. Taxable 2019 G
<b>Size</b>	\$30.4 m.	\$30.6 m.	\$45.9 m.	\$59.2 m.	\$59.9 m.	\$25.0 m.	\$108.5 m.	\$8.5 m.	\$90.3 m.
<b>Type</b>	New Money	New Money	New Money	New Money	New Money	New Money	New Money	New Money	New Money
<b>Rating</b>	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
<b>Pricing Date</b>	2/7/19	5/14/19	6/13/19	7/11/19	7/16/19	8/13/19	10/21/19	10/30/19	11/13/19
<b>Price</b>	Par	Par	Par	Par	Par	Par	Par	Par	Par
<b>Ave. Life at 150% PSA</b>	8.9 years	8.9 years	8.9 years	8.9 years	8.9 years	8.9 years	8.8 years	8.8 years	8.7 years
<b>Yield</b>	3.80%	3.55%	3.25%	3.18%	3.23%	2.85%	2.95%	3.00%	3.02%
<b>Spread to 10yr US Treas.</b>	+115 bp	+ 113 bp	+ 115 bp	+ 110 bp (at bond lock in)	+ 110 bp	+ 117 bp	+ 115 bp	+122 bp	+ 114 bp
<b>Spread to 3% GNMA (at Dealer Prepay Speed)</b>	+65 bp	+63 bp	+54 bp	+46 bp	+53 bp	+39 bp	+45 bp	+56 bp	+44 bp
<b>Underwriter</b>	RBC	RBC	RBC	RBC	RBC	RBC	Wells	RBC	RBC

### **UNDERWRITING**

**Underwriters.** RBC was the senior manager; regular co-managers were J.P. Morgan, Piper Jaffray and Wells Fargo. Monthly pass-through bonds are sold only to institutional investors, so there was no selling group.

**Underwriter Fees.** Management fees were appropriate, consistent with industry standards, in the same range as fees for other housing issues of similar size and structure.

\*\*\*\*\*

**ISSUE DETAILS**

**Economic Calendar.** The key releases leading up to the sale included CPI and Core CPI which both came in slightly stronger than expected. Fed Reserve chairman Powell indicated that the Fed will hold on interest rate changes absent a material change in the economy; although unemployment remains near record-low levels, there has been no sign of inflation exceeding Fed targets. Thus the Fed is adopting a neutral stance before considering any further rate changes. The market has been more affected by tweets and signs of what may come in US-China trade talks. Optimism on trade talks pushed up interest rates the week before the sale, but this optimism was walked back in the days prior to the sale, with the 10 year dropping back toward prior levels in the mid-1.80s.

**Municipal Calendar.** The 30 day visible supply was \$18.77 billion, 45.6% above the weekly average for the last three months and more than twice the 2019 average. The largest sales for the week were negotiated issues of \$790 million for Texas Transportation Commission followed by \$775 million for Central Plains Energy Project. Structured single-family issues during the week of sale included SONYMA for \$203 million, Pennsylvania for \$123 million and Rhode Island for \$98 million.

**MBS Yields.** MBS yields are very relevant because investors can choose between purchasing MBS directly or buying Minnesota Housing’s bonds backed by MBS. As described above, bond purchasers look as much to the spread between Minnesota Housing’s taxable pass-through bonds and MBS as they do to the spread between Minnesota Housing bonds and Treasuries. GNMA yields dropped by 12 basis points since the July pass-through issue, while Minnesota’s taxable yield dropped by 23 basis points, similar to the drop in 10 year Treasury yields.

Minnesota Housing Finance Agency  
HFB 2019 Series G Post-Sale Report

Type	Delivery	Coupon	Measure	Aug 16, 2018	Oct 17, 2018	Dec 13, 2018	Feb 7, 2019	May 14, 2019	Jun 13, 2019	July 16, 2019	Nov 13, 2019
GNMA	Current	3.0	Price	97.92	95.70	97.48	99.08	100.45	101.48	101.52	102.08
			Yield*	3.35%	3.72%	3.42%	3.15%	2.92%	2.71%	2.70%	2.58%
			Dealer Forecast % PSA	149%	146%	148%	147%	173%	195%	205%	210%
FNMA	Current	3.5	Price	99.39	97.58	98.83	100.30	101.27	102.11	102.11	102.36
			Yield*	3.58%	3.82%	3.66%	3.45%	3.24%	3.00%	2.85%	2.78%
			Dealer Forecast % PSA	126%	117%	122%	133%	224%	284%	383%	407%
10yr US Treas.	n/a	n/a	Yield	2.87%	3.19%	2.91%	2.65%	2.42%	2.10%	2.13%	1.88%
10yr MMD	n/a	n/a	Yield	2.43%	2.72%	2.40%	2.14%	1.73%	1.66%	1.58%	1.58%
GNMA to 10-Year Treasury	n/a	n/a	Yield*	116.7%	116.6%	117.5%	118.9%	120.7%	129.0%	126.8%	137.2%
GNMA to 10-Year MMD	n/a	n/a	Yield*	137.9%	136.8%	142.5%	147.2%	168.8%	163.3%	170.9%	163.3%
Minnesota Housing	Tax- exempt			<b>3.30%</b>	<b>3.45%</b>	<b>3.75%</b>	<b>3.60%</b>	<b>3.45%</b>	<b>3.15%</b>	<b>n.a.</b>	<b>n.a.</b>
	Taxable			<b>3.65%</b>	<b>3.80%</b>	<b>4.10%</b>	<b>4.00%</b>	<b>3.80%</b>	<b>3.55%</b>	<b>3.25%</b>	<b>3.02%</b>

\* Yield at dealer forecast prepayment speed

TAXABLE NEW MONEY HOUSING PASS-THROUGH BOND PRICING COMPARABLES, PAST 12 MONTHS PLUS EARLIER MHFA

Pricing Date	11/13/19	10/30/19	10/21/19	8/13/19	8/13/19	7/16/19
Amount	\$90,294,924	\$6,481,473	\$106,477,770	\$49,861,602	\$25,000,000	\$59,850,816
Issuer	Minnesota HFA	Escambia County HFA	Virginia HDA	Colorado HFA	Colorado HFA	Minnesota HFA
Series	2019 Series G	2019 Series C	2019 Series A	Series 2019BB-1	Series 2019BB-2	2019 Series F
Program	Single Family / Negotiated					
Rating(s)	Aaa / - / -	Aaa / - / -	Aaa / AAA / -	Aaa / - / -	Aaa / - / -	Aaa / - / -
Tax Status	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable
Use of Funds	New Money					
Maturity	2049	2049	2049	2049	2049	2049
Price	100.000	100.000	100.000	103.000	100.000	100.000
Coupon/Yield	3.020	3.000	2.950	3.60C/3.19Y at 150% PSA	2.850	3.230
Indicator	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative
5-Year US Treasury	Yield 1.69	Yield 1.61	Yield 1.61	Yield 1.57	Yield 1.57	Yield 1.88
7-Year US Treasury	Spread +123	Spread +139	Spread +134	Spread +162	Spread +128	Spread +135
10-Year US Treasury	Yield 1.79	Yield 1.69	Yield 1.70	Yield 1.62	Yield 1.62	Yield 2.00
3% GNMA I @ 100% PSA	Spread +114	Spread +122	Spread +115	Spread +151	Spread +117	Spread +123
3% GNMA I @ Dir Forecast	Yield 2.72	Yield 2.65	Yield 2.69	Yield 2.66	Yield 2.66	Yield 2.80
9-Year MMD	Spread +30	Spread +56	Spread +45	Spread +73	Spread +39	Spread +43
10-Year MMD	Yield 2.58 (210%)	Yield 2.44 (237%)	Yield 2.50 (237%)	Yield 2.46 (232%)	Yield 2.46 (232%)	Yield 2.70 (205%)
MBS PREPAY HISTORY (%PSA)	Yield 1.50	Yield 1.47	Yield 1.42	Yield 1.23	Yield 1.23	Yield 1.51
Past 3 months	Spread +152	Spread +153	Spread +153	Spread +196	Spread +162	Spread +172
Past 6 months	Yield 1.58	Yield 1.55	Yield 1.50	Yield 1.30	Yield 1.30	Yield 1.58
Past 12 months	Spread +144	Spread +145	Spread +145	Spread +189	Spread +155	Spread +165
Since issuance	Yield -					
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)	Yield -					
At 100% PSA	10.8	10.8	10.8	11.0	11.0	10.9
At 150% PSA	8.7	8.8	8.8	8.9	8.9	8.9
At 200% PSA	7.3	7.3	7.3	7.5	7.5	7.4
At 300% PSA	5.4	5.4	5.5	5.6	5.6	5.6
WEIGHTED AVERAGE MORTGAGE RATE	4.80%	4.69%	4.79%	4.90%	4.90%	4.72%
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	4.26%	4.09%	-	4.48%	4.48%	4.31%
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	356	357	356	359	359	359
Notes						
Sr Manager	RBC Capital Markets	RBC Capital Markets	Wells Fargo	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets

TAXABLE NEW MONEY HOUSING PASS-THROUGH BOND PRICING COMPARABLES, PAST 12 MONTHS PLUS EARLIER MHFA

Pricing Date	7/11/19	6/13/19	5/14/19	2/7/19	12/13/18	10/17/18
Amount	\$59,202,830	\$45,949,045	\$30,555,019	\$30,351,057	\$37,500,014	\$31,783,596
Issuer	Colorado HFA	Minnesota HFA	Minnesota HFA	Minnesota HFA	Minnesota HFA	Minnesota HFA
Series	Series 2019AA	2019 Series E	2019 Series D	2019 Series B	2018 Series J	2018 Series H
Program	Single Family / Negotiated					
Rating(s)	Aaa / - / -					
Tax Status	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable
Use of Funds	New Money					
Maturity	2049	2049	2049	2049	2049	2048
Price	100.000	100.000	100.000	100.000	100.000	100.000
Coupon/Yield	3.180	3.250	3.550	3.800	4.000	4.100
Indicator	Indicative Yield					
5-Year US Treasury	1.88	1.84	2.20	2.46	2.75	3.04
7-Year US Treasury	1.99	1.96	2.30	2.54	2.83	3.13
10-Year US Treasury	2.13	2.10	2.42	2.65	2.91	3.19
3% GNMA I @ 100% PSA	2.81	2.80	2.94	3.13	3.35	3.61
3% GNMA I @ Dir Forecast	2.72 (205%)	2.71 (195%)	2.92 (173%)	3.15 (147%)	3.42 (148%)	3.72 (146%)
9-Year MMD	1.51	1.59	1.66	2.04	2.33	2.64
10-Year MMD	1.58	1.66	1.73	2.14	2.40	2.72
MBS PREPAY HISTORY (%PSA)						
Past 3 months	-	-	-	-	-	-
Past 6 months	-	-	-	-	-	-
Past 12 months	-	-	-	-	-	-
Since issuance	-	-	-	-	-	-
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)						
At 100% PSA	11.0	11.0	11.0	11.0	10.9	10.9
At 150% PSA	8.9	8.9	8.9	8.9	8.9	8.8
At 200% PSA	7.4	7.4	7.5	7.5	7.4	7.4
At 300% PSA	5.6	5.6	5.6	5.6	5.5	5.5
WEIGHTED AVERAGE MORTGAGE RATE	4.89%	4.81%	4.78%	5.24%	5.05%	5.07%
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	4.50%	4.38%	4.33%	4.56%	4.55%	4.50%
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	359	359	359	358	357	357
Notes						
Sr Manager	RBC Capital Markets					

TAXABLE NEW MONEY HOUSING PASS-THROUGH BOND PRICING COMPARABLES, PAST 12 MONTHS PLUS EARLIER MHFA

Pricing Date	8/16/18	4/12/18	2/13/18
Amount	\$52,573,028	\$20,217,638	\$38,247,494
Issuer	Minnesota HFA	Minnesota HFA	Minnesota HFA
Series	2018 Series F	2018 Series D	2018 Series B
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated
Rating(s)	Aaa / - / -	Aaa / - / -	Aaa / - / -
Tax Status	Taxable	Taxable	Taxable
Use of Funds	New Money	New Money	New Money
Maturity	2048	2048	2048
Price	100.000	100.000	100.000
Coupon/Yield	3.800	3.650	3.650
Indicator	Indicative	Indicative	Indicative
5-Year US Treasury	Yield 2.75	Yield 2.67	Yield 2.54
7-Year US Treasury	Spread +105	Spread +98	Spread +111
10-Year US Treasury	2.82	2.78	2.74
3% GNMA I @ 100% PSA	2.87	2.83	2.83
3% GNMA I @ Dir Forecast	3.29	3.22	3.27
9-Year MMD	3.35 (149%)	3.27 (153%)	3.32 (153%)
10-Year MMD	+45	+38	+33
	2.37	2.35	2.35
	2.43	2.40	2.42
	+137	+125	+123
MBS PREPAY HISTORY (%PSA)			
Past 3 months	-	-	-
Past 6 months	-	-	-
Past 12 months	-	-	-
Since issuance	-	-	-
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)			
At 100% PSA	11.0	10.7	10.8
At 150% PSA	8.9	8.7	8.7
At 200% PSA	7.4	7.3	7.3
At 300% PSA	5.5	5.4	5.5
WEIGHTED AVERAGE MORTGAGE RATE	5.12%	4.33%	4.41%
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	4.39%	3.67%	3.62%
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	358	357	357
Notes			
Sr Manager	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets

This page intentionally left blank.