

Multifamily Financing Summary



Creating, Preserving and Financing Affordable Housing

Minnesota Housing is active across the entire affordable rental housing continuum, from working to prevent and end homelessness to serving low- and moderate-income rental households.

We offer an array of competitive financing options to our customers, who include for-profit and nonprofit developers and multifamily building owners throughout the state.

With assets totaling \$3.16 billion, a superior credit rating and more than 40 years of experience, we have the financial strength and knowledge to meet your financing needs.

\$977 million

2016 Program Budget

AA+/Aa1

Credit Rating

\$63 million

State Appropriations FY2016

\$3.16 billion

Total Assets

\$200 million

Federal Resources FY2016

2.88%

Operating Costs*

*As percentage of assistance provided



Financing Opportunities

Minnesota Housing offers a variety of financing products and deferred loans for rental properties in Minnesota as well as grant funding for efforts that advance the agency's priority of preventing and ending homelessness.

Grant funding is typically available on a biennial basis through a variety of competitive RFP processes. Financing is available on a pipeline basis and/or through the Consolidated RFP.

The Consolidated RFP, offered once per year, consolidates and coordinates multiple housing resources into one application process. Funding partners include the Metropolitan Council, Department of Employment and Economic Development, Family Housing Fund and Greater Minnesota Housing Fund.

The RFP is published in April. Application materials and more information can be found on the Minnesota Housing website.

Technical Assistance

All applicants are encouraged to seek Technical Assistance from Minnesota Housing before developing an application. Please contact Diana Lund, Multifamily Production Manager, at diana.lund@state.mn.us to request a session.

Additional Resources

Visit www.mnhousing.gov and click on the Multifamily Rental Partners page for more information regarding:

- Rent and income limits
- Application materials
- Program guides and manuals
- Underwriting standards
- Housing Tax Credit Qualified Allocation Plan

Contact Minnesota Housing at 651.296.9832 or 800.657.3647.

AMORTIZING FIRST MORTGAGES

FHA/HUD Section 223(f): Acquisition and Refinancing

- *Term:* Maximum of 35 years, fully amortizing
- *Interest Rate:* Fixed for term of loan, determined by market conditions at time of rate lock
- *Availability:* Applications accepted throughout the year

Funds may be used for acquisition, refinance or moderate rehabilitation of multifamily rental housing. Eligible properties include existing multifamily rental apartments with at least five rental units; market rate, moderate income or subsidized rents. Project must be constructed or substantially rehabilitated more than three years prior to date of application for mortgage insurance.

FHA/HUD Section 221(d)(4): Construction or Substantial Rehabilitation

- *Term:* Actual construction period plus 40 years (fully amortizing with interest only payable during construction period)
- *Interest Rate:* Fixed for term of loan, including construction period, determined by market conditions at time of rate lock
- *Availability:* Applications accepted throughout the year

Funds may be used for new construction or substantial rehabilitation of multifamily rental housing. Eligible properties include market rate, low-to-moderate income and subsidized multifamily properties.



AMORTIZING FIRST MORTGAGES

HUD Risk Share Streamlined Refinance

- *Term:* Up to 12 years beyond remaining term of existing Risk Share mortgage; not to exceed the original term of the original loan; not to exceed 75 percent remaining economic life
- *Interest Rate:* Will be published for each calendar quarter. Upon receipt of a signed loan application, interest rate will be held for six months to allow for loan closing. Final interest rate will be fixed for full term of the loan.
- *Availability:* Applications accepted throughout the year

Funds may be used to refinance existing HUD Risk Share loans for affordable multifamily housing. Funds are for first mortgage fixed-rate amortizing debt for multifamily rental housing affordable to low- and moderate-income households. Properties must have an existing HUD Risk Share loan through Minnesota Housing.

Low and Moderate Income Rental Program (LMIR) and Flexible Financing for Capital Costs (FFCC)

- *Term:* 30-years, fully amortizing
- *Interest Rate:* Fixed for the full term of the LMIR loan
- *Availability:* Applications accepted throughout the year and through the annual RFP process

Funds may be used for the refinance, acquisition, rehabilitation or new construction/conversion of rental apartment buildings that house low- and moderate-income Minnesotans. Must qualify under project selection criteria for multi-unit development mortgage loans found in the Multifamily RFP Guide. Generally, properties with less than 24 housing units are not financially feasible

FFCC is a deferred loans at low or no interest, available only in conjunction with LMIR first mortgage loans.

Economic Development and Housing Challenge Program (EDHC)

- *Term:* Typically 30 years
- *Interest Rate:* Generally 0 percent unless a higher rate is necessary to allow the funding source to be used with other sources, such as housing tax credits
- *Availability:* Applications accepted through the annual RFP process

Funds may be used for construction, acquisition, and rehabilitation of permanent rental housing that supports economic development and redevelopment activities, job creation, or job preservation within a community or region by meeting locally identified housing needs.

HOME Investment Partnerships (HOME) Program

- *Term:* 30 years
- *Interest Rate:* 0 percent unless other funds, such as tax credits, require an interest rate
- *Availability:* Applications accepted throughout the year and during the annual RFP process

Funds may be used for rehabilitation or acquisition and rehabilitation of federally assisted multifamily rental housing.

Preservation Affordable Rental Investment Fund (PARIF)

- *Term:* Deferred up to 30 years
- *Interest Rate:* 0 percent unless other funds, such as tax credits, require an interest rate
- *Availability:* Applications accepted throughout the year and during the annual RFP process

Funds may be used to preserve at risk project based federally subsidized developments or existing supportive housing developments. Funds may be used for acquisition, rehabilitation and debt restructuring. Funds may also be used for limited equity takeout in conjunction with a high priority federally subsidized preservation effort.

Publicly Owned Housing Program (POHP)

- *Term:* 20 years
- *Interest Rate:* 0 percent interest deferred loan forgiven after 20 years, if no event of default. Applicant is required to continue to own and operate the development for a public purpose until the property is sold.
- *Availability:* Applications accepted through a stand-alone RFP process

Funds may be used for rehabilitation of public housing developments owned by a local unit of government, particularly to address health, safety, and conservation issues of a capital nature.

Rental Rehabilitation Deferred Loan Pilot Program (RRDL)

- *Term:* 10-30 years, depending on loan amount
- *Interest Rate:* 0 percent
- *Availability:* Applications accepted in one of three ways:
 1. Contact the closest administrator to apply for funding. Refer to the RRDL webpage for a list of participating administrators.
 2. During an open RFP process, submit a Program Model application to become a program administrator.
 3. Submit a Specific Project application directly to Minnesota Housing for:
 - A project located outside an administrator's area
 - A project needing rehabilitation beyond the administrator's qualifications
 - A project owned by an administrator

Funds may be used for moderate rehabilitation of existing small or midsize rental housing in Greater Minnesota. The goal is to preserve affordability and provide low- and moderate-income households with access to decent housing that is convenient to jobs, transportation, and essential services.

Family Homeless Prevention and Assistance Program (FHPAP)

- *Term:* Two-year grant cycles
- *Interest Rate:* N/A
- *Availability:* Applications accepted through a competitive RFP issued every two years in January

Funds may be used for direct assistance (rent, utilities and other expenses) or services (housing search, support services, case management, independent living skills or other services) to households who are 200 percent or below the family poverty guidelines and homeless or at imminent risk of homelessness.

Section 811 Project-Based Rental Assistance

- *Term:* 20-year Rental Assistance Contract with initial funding for five years and 30-year use restriction
- *Interest Rate:* N/A
- *Availability:* Applications accepted throughout the year and through the annual RFP process

Funds may be used for project-based rental assistance for low-income adults ages 18-62 with disabilities. The rental assistance covers the difference between the tenant payment and the property's rent. Eligible owners have a multifamily property financed by Minnesota Housing or in the Minnesota Housing Low-Income Housing Tax Credit or Project-Based Section 8 portfolio (with unsubsidized units).

Additional Grant Programs

- Housing Trust Fund Rental Assistance
- Bridges Rental Assistance
- Housing Opportunities for Persons with AIDS (HOPWA) Rental Assistance
- Operating Subsidy

Low-Income Housing Tax Credit Program (LIHTC)

- *Term:* 15-year compliance period and 30-year extended use period
- *Interest Rate:* N/A
- *Availability for 9% credits:* Applications accepted only through annual RFP and Supplemental Round 2
- *Availability for 4% credits:* Applications accepted throughout the year in conjunction with tax-exempt bonds

The Low Income Housing Tax Credit is a federal income tax credit awarded to owners and then sold to investors to generate capital for construction or acquisition with substantial rehabilitation of eligible rental housing.

Applicants must meet the priorities of Minnesota Housing's HTC Qualified Allocation Plan (QAP). Visit www.mnhousing.gov to view the QAP.



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

