



MEETINGS SCHEDULED FOR OCTOBER

Location:

Minnesota Housing
400 Sibley Street, Suite 300
St. Paul, MN 55101

THURSDAY, OCTOBER 22, 2015

Regular Board Meeting
State Street Conference Room – First Floor
10:00 a.m.

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, October 22, 2015.

Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 are met. In accordance with Minn. Stat. §462A.041, the Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.

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Equal Opportunity Housing and Equal Opportunity Employment

AGENDA

Minnesota Housing Board Meeting

Thursday, October 22, 2015

10:00 a.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
 - A. Regular Meeting of September 24, 2015
5. **Reports**
 - A. **Chair**
 - B. **Commissioner**
 - C. **Committee**
6. **Consent Agenda**
 - A. Loan Modification, Family Housing Fund Foreclosure Remediation Loan
 - B. Commitment, Low and Moderate Income Rental (LMIR) Program
 - Woodland Village, St. Cloud, D1492
 - C. Selection/Commitment, Section 811 Demonstration Program Rental Assistance Contract
 - Gateway Lofts, Minneapolis, D3906
 - D. Selection/Commitment, Bridges Rental Assistance
 - Brainerd Housing and Redevelopment Authority
 - E. Modification, Low and Moderate Income Rental (LMIR) Program
 - Woodmount, Cottage Grove, D0365
7. **Action Items**
 - A. Resolution Relating to Rental Housing Bonds; Authorizing the Issuance and Sale Thereof for a Multifamily Housing Development in St. Cloud, Minnesota
 - B. Approval, Enhanced Financial Capacity Homeownership Initiative Reallocation
 - C. 2015 Consolidated Request for Proposals
 - D. Single Family Selections, Community Homeownership Impact Fund
 - E. Multifamily Selections, Amortizing Loan, Deferred Loan and 2016 Housing Tax Credits
8. **Discussion Items**

None
9. **Informational Items**
 - A. New Loan Product, HUD Risk Share Streamlined Refinance
10. **Other Business**

None.
11. **Adjournment**

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MINUTES

MINNESOTA HOUSING FINANCE AGENCY BOARD MEETING**Thursday, September 24, 2015**

1:00 p.m.

State Street Conference Room – 1st Floor

400 Sibley Street, St. Paul, MN 55101

1. Call to Order.

Chair John DeCramer called to order the regular meeting of the Board of the Minnesota Housing Finance Agency at 1:03 p.m.

2. Roll Call.

Members present: Gloria Bostrom, John DeCramer, George Garnett and Celeste Grant (Proxy for Rebecca Otto). Craig Klausung joined the meeting at 1:12 p.m. Joe Johnson and Stephanie Klinzing were absent.

Minnesota Housing staff present: Choua Vang, Kevin Knase, Tal Anderson, Ryan Baumtrog, Paula Beck, Dan Boomhower, Chuck Commerford, Jessica Deegan, Rachel Franco, Anne Heitlinger, Krissi Hoffmann, Ruth Hutchins, Karen Johnson, Kasey Kier, Debbi Larson, Diana Lund, Nira Ly, Eric Mattson, Ashley Oliver, John Patterson, Devon Pohlman, Caryn Polito, Paula Rindels, Irene Ruiz-Briseno, Megan Ryan, Becky Schack, Kayla Schuchman, Barb Sporlein, Will Thompson, Mary Tingerthal, Rob Tietz, Karin Todd, Xia Yang.

Others present: Cory Hoepfner, RBC Capital Markets; Dave Amsden, Kutak Rock; Paul Rebholz, Wells Fargo; Susan Thompson, Habitat for Humanity Minnesota; Chip Halbach, Minnesota Housing Partnership; Tom O’Hern, Assistant Attorney General.

3. Agenda Review

Chair DeCramer announced that item 6.A. requesting an extension of the Family Housing Fund Foreclosure Remediation Loan had been revised to include a longer extension period and to delegate authority to the Commissioner for up to two additional extensions.

4. Approval of the Minutes.**A. Regular Meeting of August 27, 2015**

Mr. Garnett moved approval of the minutes as written. Ms. Bostrom seconded the motion. Motion carried 5-0.

5. Reports**A. Chair**

None.

B. Commissioner

Commissioner Tingerthal reminded the Board that the October 22 meeting would begin at 10:00 a.m. Commissioner Tingerthal stated that the selections for the competitive consolidated request for proposals would be presented at that meeting and the morning timing was to allow time for media activity in the afternoon. Commissioner Tingerthal stated that the tentative plan is to have a media event in Rochester and shared that there was an event last year in the Twin Cities. This year’s event will be in Greater Minnesota due to the amount of anticipated funding activity in the area.

Commissioner Tingerthal shared that she had received an unexpected invitation to serve on the newly formed Consumer Advisory Council to the Federal Reserve Board of Governors. The first meeting conflicts with the regularly scheduled November Board meeting and members would be contacted to find an alternative date for that meeting. Commissioner Tingerthal added that the Governor’s office held a press conference to announce her appointment to the Council.

Next, Commissioner Tingerthal stated that the cover memos used in the board materials had been updated to reflect the new strategic priorities and some additional changes to format had been made. Commissioner Tingerthal asked that members share their feedback on the new format.

Commissioner Tingerthal shared that the Agency's general counsel, Paula Beck, has accepted a position with Sherman and Associates, an affordable housing developer where she had previously been employed. Commissioner Tingerthal stated that work to fill the general counsel position will begin immediately and requested that members to share their contacts in the legal world with her.

The following employee introductions were made:

- Barb Sporlein introduced Rachel Franco, who will provide administrative assistance to the Agency administration divisions.
- Ashley Oliver introduced Irene Ruiz-Briseno, who will perform loan processing activities in the Multifamily division.

C. August 31 Program and Policy Committee Meeting

Chair DeCramer reported that the Committee had discussed comments received on the draft 2016 Affordable Housing Plan and also discussed the formula used for calculating the distribution of tax credits to sub-allocators. The committee voted in favor to update the data used in the formula, which will be requested by staff later in the meeting. **MOTION:** Ms. Bostrom moved to accept the report of the committee. Ms. Grant seconded the motion. Motion carries 5-0.

6. Consent Agenda

A. Approval, Extension, Family Housing Fund Foreclosure Remediation Loan

Mr. Garnett requested separate consideration of this item and asked that staff provide a brief presentation regarding the program and the nature of the loan. Ms. Karen Johnson stated that funding was used by the Family Housing Fund to provide resources to the Greater Metropolitan Housing Corporation (GMHC) to facilitate foreclosure remediation activities in North Minneapolis, predominately the acquisition and rehabilitation of single family homes.

Ms. Johnson stated the existing facilities matured in June and staff has been working with the Family Housing Fund and GMHC to review GMHC's portfolio and more time is needed to complete thorough analysis of each organization. Following these analyses, staff will recommend a restructuring of the facilities.

Commissioner Tingerthal added that staff has had numerous conversations with both organizations about the conditions under which the Agency would be willing to extend the loans. Ms. Tingerthal added that the program was conceived at the beginning of the foreclosure crisis and involves a number of parcels in Minneapolis, and staff is looking to have the City of Minneapolis participate in the conditions of the loan if it is extended. Staff is at this time requesting the additional time to ensure the final recommendation is good and reasonable. **MOTION:** Mr. Garnett moved approval of the loan extension and the adoption of Resolution No. MHFA 15-044. Ms. Grant seconded the motion. Motion carries 4-0, with Ms. Bostrom recusing herself.

B. Neighborhood Stabilization Program (NSP1) Hennepin County Target Area Expansion

MOTION: Ms. Gloria Bostrom moved approval of item 6.B. Mr. Klausung seconded the motion. Motion carries 5-0.

7. Action Items

A. Resolution Relating to Multifamily Housing Revenue Bonds, Series 2015 (Winhaven Court); Authorizing the Issuance and Sale Thereof

Mr. Rob Tietz presented this request, with Mr. Dave Amsden of Kutak Rock joining by phone. Mr. Tietz requested approval of the issuance and sale of Multifamily conduit bonds on a not-to-exceed basis for both amount and rate. Mr. Tietz stated the proceeds of the bonds would be used for the acquisition and rehabilitation of a 118-unit building in Winona that serves elderly populations at or below 60% of AMI. Mr. Tietz added that the bonds will allow the property to receive 4% tax credits. The proceeds will be used to finance construction costs. Mr. Tietz added that the bonds are fully secured, the developer will pay all issuance costs and the Agency will receive a minor fee as issuer, but will have no moral or legal obligation to bondholders. Mr. Tietz offered verbal correction to the cover memo, stating the Agency would receive a fee of ten basis points.

Mr. Amsden described the parameters of the bonds, stating that they are fully collateralized and are not general obligations of the Agency. Mr. Amsden added that the resolution has a maximum term of four years and the bonds will be repaid in full following construction and sustained occupancy of the project.

In response to a question from Ms. Bostrom, Mr. Tietz stated that this is a public offering and is being underwritten by Stifel, Nicolaus & Company. **MOTION:** Ms. Bostrom moved approval and adoption of Resolution No. MHFA 15-043. Mr. Klausing seconded the motion. Motion carries 5-0.

Following voting, Mr. Tietz shared with the Board that the Agency had priced the second housing infrastructure bond transaction of \$31 million in early September. Mr. Tietz stated it was a solid execution by the underwriting team and added that there is just over \$10 million remaining in the first allocation of housing infrastructure bonds and an additional \$10 million in authority was received in the past legislative session.

B. 2016 Affordable Housing Plan

Mr. John Patterson requested approval of the 2016 Affordable Housing Plan, stating it had previously been discussed quite thoroughly. Mr. Patterson stated that funding for the Enhanced Homeownership Capacity Initiative had been increased by \$100,000 based on comments at the committee discussion. Mr. Patterson added that the program is still being evaluated but has had good outcomes so far and is reaching the intended audience. Mr. Patterson next pointed out that there were changes in the carryforward balances, adding that this is normal. Mr. Patterson stated, at the suggestion of Minnesota Housing Partnership, a change had made to language within the document to explicitly state the Agency would work with the Met Council on their housing policy plan. Chair DeCramer asked that members keep their plan and reference it to monitor progress through the year. **MOTION:** Ms. Bostrom moved approval of the 2016 Affordable Housing Plan. Mr. Garnett seconded the motion. Motion carries 5-0.

The Board thanked staff for their work on the plan and Chair DeCramer stated that he appreciated that the Agency gets input from other areas, and while it may sometimes not result in an immediate change, those comments carryforward to future years.

C. Approval, Eventual Tenant Homeownership Guide

Ms. Anne Heitlinger requested approval of the guide, which will be used by the owners of tax credit developments who wish to convert assisted rental units to homeownership opportunities for tenants, an action that is allowable following completion of a 15-year compliance program. Ms. Heitlinger described the information in the guide, which details the process and requirements for these conversions to take place. Ms. Heitlinger stated she expected most conversions to be tribal owned single family homes.

In response to a question from Mr. Klausung, Ms. Heitlinger stated that all new tenants must comply with tax credit program income limits when they begin residency, but, over time, income may increase beyond the limit. An existing tenant whose income has increased would still be eligible to purchase their unit because they met the income restriction at the time they began occupancy.

Mr. Garnett inquired if it was a good idea to take affordable rental units out of the marketplace at a time when there is such a shortage of affordable units. Ms. Heitlinger responded that, because IRS guidance allows this to happen, the Agency is not in a position to not allow the conversions, but added that it is allowed only after completing 15-years of providing affordable rents. When conversion occurs, the rental units become affordable homeownership opportunities. Commissioner Tingerthal added that the majority of the projects that would be eligible were financed many years ago and are on tribal lands. Ms. Tingerthal shared that the preference of the tribes has been to use the Low Income Housing Tax Credit to develop scattered site housing and it is a fairly natural combination to have a single family house, and she believed it would be highly unlikely for an ownership conversion to occur in an apartment building, or in the metro area.

Ms. Bostrom asked for more information about the conversion, inquiring if it was available only to tribes and which tribes will be participating. Ms. Heitlinger responded that the opportunity would be available to all owns and that Red Lake is poised to implement conversion and Boise Forte, Leech Lake and White Earth may participate in the future. Ms. Heitlinger added that the conversion process is not well known because there is a 15-year compliance period prior to becoming eligible. Commissioner Tingerthal added that a dialogue about the program began with the tribes a few years ago and they have been planning for the year 15 conversion by working with tenants to help them become homeowners and identifying the role of the tribes, who had been managing the properties as rental that will no longer be on their books. Commissioner Tingerthal stated that the model has not been used in many places and the Agency is pioneering the creation of a guide of this type. **MOTION:** Mr. Garnett moved approval of the guide. Mr. Klausung seconded the motion. Motion carries 5-0.

D. Commitment Extension, Housing Infrastructure Bond - Housing Trust Fund (HIB-HTF) Program - VA St. Cloud (formerly known as CommonBond VA St. Cloud), St. Cloud

Mr. Dan Walsh presented this request to extend the commitment for this 37-unit new construction development that will provide housing for veterans who have experienced or are at risk of homelessness, and is located at the VA medical center campus in St. Cloud. Mr. Walsh stated the development was approved to receive housing infrastructure bonds and the financing package for the development has been restructured since selection and commitment. Mr. Walsh stated that the extension represents caution by staff in the event the closing date moves. **MOTION:** Ms. Bostrom moved approval of the extension and adoption of Resolution No. MHFA 15-045. Mr. Garnett seconded the motion. Motion carries 5-0.

E. Selections, Homeownership Education, Counseling and Training Fund

Ms. Ruth Hutchins requested approval of selections under the HECAT program, stating all applicants from whom a completed application was received were being recommended for funding. Ms. Hutchins stated the program provides funding for homeownership counseling services, including per-purchase, foreclosure and reverse mortgage counseling. Strong efforts have been made to reach households of color, with 47% of clients receiving counseling being households of color. Eleven of the recommended organizations have a focus on serving households of color, with five having been added to the program in the past few years.

Mr. Garnett expressed a concern about not fully funding efforts in communities of color, where we could increase homeownership among households of color. Mr. Garnett stated his perception of the effort to be, over time, something of a failure in terms of impact on communities of color, adding he did not think the delivery has been done well and doesn't believe the selected organizations can establish trust relationships within communities of color. Mr. Garnett stated he felt it is important to fully fund the organizations that have trust relationships with communities of color, adding he did not feel that some of the selected organizations have those trust relationships. **MOTION:** Mr. Garnett moved that action be delayed until October and direction be provided to staff to figure out how to fully fund those agencies that were not funded fully.

Ms. Hutchins described the application and review process, stating applications are reviewed and scored by two reviewers and are then reviewed with co-funders to determine which applicants will be awarded funds. Ms. Hutchins added that past performance is considered in the review process to ensure that the Agency is being good financial stewards and is stretching resources as far as possible. Ms. Hutchins added that, of the 11 organizations focused on serving households of color, nine are experienced. Six had their requests "right sized" based on previous year production. The "right sizing" is to ensure the organizations can meet their goals. Mr. Garnett responded that he questioned if a smaller award will give an organization the opportunity to have any sort of impact, for example, a \$12,000 award doesn't support a staff person. Mr. Garnett stated that, if the Agency is going to get traction in reaching more homebuyers of color and have impact on the racial disparities, it needs to fund the efforts of organizations based in those communities. Mr. Garnett stated he didn't think the past experience in this area is very good and the Agency is unable to show performance and impact, adding he could not support the recommendation in its current form. Ms. Hutchins responded that the organization receiving the \$12,000 award is a new organization as of April, 2015 and the homeownership counseling activities were not fully funded in part because the organization does not currently have certified staff. Ms. Hutchins added that staff is cautious with new organizations because the Agency needs to know that the organization will be able to provide services to clients. Ms. Kasey Kier added that there are a number of organizations that do a good job of serving households of color, even if that is not their focus area, and also employ persons of color and are having a big impact in the metro and in greater Minnesota. Ms. Kier stated that staff worked with the Agency Research Division to see how the percentages of persons being served in different geographic areas of the state aligned with demographics and found them to match up well.

Chair DeCramer called attention to the motion on the floor. The motion was not considered due to lack of a second. Discussion was continued.

Ms. Bostrom stated she supported the Agency's policy and goals for improving the number of homeowners within communities of color and thought that, just because a request was large, it does not mean an organization has the capacity to use it. Ms. Bostrom stated she assumed that staff reviewed factors relating to past and future capacity, given the limited amount of available funding, and considered how to deploy those resources to help the Agency best meets its goal of supporting homeownership. Ms. Bostrom stated she was not in favor of the motion on the floor and moved approval of the recommendations, with the thought that staff would take very seriously the comments that had been made.

MOTION: Mr. Garnett restated his motion to defer action and return the recommendations to staff so they can determine how the Agency can fully fund the requests from the six organizations that serve communities of color that were not recommended for full funding. Ms. Hutchins stated that

the organizations receive 50% of their award up front and that not acting today would delay by at least one month the disbursement of funds to these organizations, creating a significant impact for smaller organizations. The motion was not considered due to lack of a second.

MOTION: Ms. Bostrom moved approval of the staff recommendations. Mr. Klausung seconded the motion and spoke to the motion, stating he agreed with Mr. Garnett's sentiments, but did not at this time have a strong basis for believing fully funding the six organizations will get the Agency where it wants to be without additional information. Mr. DeCramer inquired if there was more specific information available about these organizations, for example, how many families of color counseled by them moved to homeownership. Ms. Hutchins responded that she did not have those specifics, but did know that at least 25% have moved on to homeownership. Ms. Hutchins stated staff could look closer and review the outcomes for the organizations that focus on serving households of color compared to other organizations. Mr. DeCramer responded that the Board would like to see outcomes related to homeownership included in the future.

Commissioner Tingerthal commented that the design of the homebuyer counseling programs has historically been modeled on the Federal model, which is compliance light and the fees are not that high for providing the training. Ms. Tingerthal stated that there has not historically been a lot of follow through in this model to determine if counseled individuals purchased a home. Ms. Tingerthal suggested a different standard of reporting or follow up may be appropriate for state funded counseling, provided it did not carry burdensome reporting costs. Commissioner Tingerthal also pointed out that there was an increase in the 2016 Affordable Housing Plan to the Enhanced Homeownership Capacity Initiative, a program that provides intensive pre-purchase counseling and more detailed tracking of participants. Commissioner Tingerthal stated 452 households are currently in the program, some of whom have completed the program, and some of whom have just started, and 92% of the participants are households of color. Ms. Grant stated her agreement that there should be more knowledge about outcomes to determine if the counseling is effective. Commissioner Tingerthal added that part of the counseling curriculum is deciding whether homeownership is right for the participant and not everyone who participates becomes a homeowner.

Mr. Garnett stated that it is insanity to keep doing the same thing over and over again and expecting a different outcome and the Agency has been doing the same homeownership education with the same flawed curriculum and the same flawed agencies. Mr. Garnett stated that Minnesota has the third largest homeownership disparity in the country and that is failure, adding that whatever is being done today is not working. Mr. Garnett stated his argument has been and continues to be that if we do not radically change our approach, the disparity will not change, adding that we know from other endeavors that interventions tied to culturally based approaches and community based organizations within the communities they serve are more effective and that is measurable. Mr. Garnett stated that research is not needed because it is a well-established human behavior knowledge that we should be using and implementing through our funding decisions, stating if we invest in certain types of activities, we will get certain results. **MOTION:** The motion on the floor to approve the staff recommendations passed 4-1, with Mr. Garnett voting no.

F. Updated Calculation for Distributing Housing Tax Credits to Sub-allocators

Mr. John Patterson presented this request to update the data used in calculating the distribution of low-income housing tax credits, stating it had been thoroughly discussed at the July board meeting and at the August committee meeting. Mr. Garnett restated his opposition, stating he fundamentally believes it is a mistake to move funding away from communities that need and want

it, adding that low income areas are where additional investment is needed and assistance is fought in the suburban areas. Mr. Garnett stated that decisions drive us down a road where outcomes are not achievable and a better use of the funds is investment in low-income neighborhoods where the Agency can contribute to economic improvement. Ms. Grant added that she hoped that disparity would be taken into account in the formula in future years. Mr. Patterson clarified that this is rental program and the strategic priority related to disparities is in regards to homeownership rates.

MOTION: Ms. Bostrom moved approval of updating the data used in the allocation formula. Mr. Klausung seconded the motion. Motion carries 4-1, with Mr. Garnett voting no.

8. Discussion Items

A. 2015 Cost Containment Report

Mr. John Patterson presented the highlights of the cost containment report, stating the Agency has an interest in supporting high-quality, durable, energy efficient buildings at the lowest possible cost, but does not want to sacrifice policy goals while pursuing cost containment. Mr. Patterson addressed the questions of looking at costs on a per unit or per square foot basis and stated that some costs are directly associated with the unit and the model seems to work best when predicting on a per unit basis, but still considers unit size, for example a three- or four-bedroom unit is not disadvantaged.

Ms. Bostrom stated that she felt some of the policies the Agency has implemented may be adding to the cost of affordable housing and these limited resources are bearing the brunt of initiatives that don't necessarily warrant the increased costs, naming site development costs in particular. Ms. Bostrom added that housing funds are used to offset excessive costs in other areas that aren't found in a more standard development and it skews the cost per unit over time, so we look at the cost per unit and it isn't really reflective of affordable housing, it is reflective of other factors and questioned how the Agency can address that. Mr. Patterson stated that, when he came to the Agency and refined the model, using data from RS Means, he found that the Agency's costs were about 20% higher and the costs are now about 7% higher than market rate new construction. Mr. Patterson added that there are adjustments made for environmental remediation and projects with high costs are flagged for and explained to the Board.

Commissioner Tingenthal added that, on the question of remediation, the Met Council has a grant program available and the Agency frequently sees applicants apply those non-housing funds to do the remediation work.

Mr. DeCramer requested more information about soft costs increasing as the number of funding sources increased and also requested additional information about the MN Cost Challenge.

Mr. Patterson responded that soft costs can be up to 25% of the total development cost of tax credit developments. Mr. Patterson added that soft costs are necessary, but there are inefficiencies in the process that need to be addressed, and that the Agency is looking at ways to reduce costs on a system-wide level and not just on an individual project basis. The MN Cost Challenge was an opportunity to find ways to reduce those costs and the winning idea looked develops best practices for working with local governments to make local regulations friendlier towards affordable housing development. The winning team is also trying to have those ideas included in both the Urban Land Institute tool kit and the Met Council planning guide.

Next, Mr. Patterson stated that complexity in the funding process, as well as uncertainties and delays add to the cost. The Agency's "Multifamily Remodel" project is looking at the entire internal

process to help reduce those costs. Another effort, MinnDocs, follows a national best practice from Massachusetts for the use of consolidated loan documents for subordinate debt. The MinnDocs project is anticipated to be in place by June, 2016. Finally, staff will look at design standards and green standards this spring and determine what costs are added by these requirements and if they burden the implementation of other policy goals.

Commissioner Tingerthal shared that the report from the MN Cost Challenge's winning team is in its final draft form, but is very academic in nature. The McKnight Foundation is considering producing a simplified version of the findings and recommendations that can be shared with key people such as mayors, city councils, and city staff. Commissioner Tingerthal also shared that one of the most impactful ways to bring down costs is through density and the Agency's policy of awarding no more than \$1 million in Low-Income Housing Tax Credits to a single developer reduces project sizes and the Agency may want to think about if this policy is forcing projects to be smaller.

Ms. Bostrom thanked staff for the report and stated there is a need to continue to push for lower costs. Ms. Bostrom added that she is glad the Agency is looking at size of units and ways to incent development partners towards cost containment. Mr. DeCramer stated he thought providing information about the cost containment strategies from the Challenge was a good idea for city councils. Discussion item. No action needed.

9. Informational Items

A. Report of Action Under Delegated Authority - - Certain Changes to the Affordable Housing Plan

Informational item. No presentation or discussion.

10. Other Business

None.

11. Adjournment.

The meeting was adjourned at 2:35 p.m.

Item: Loan Modification, Family Housing Fund Foreclosure Remediation Loan

Staff Contact(s):

Karen Johnson, 651.297.5146, karen.l.johnson@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 adoption of a Resolution to modify a \$5 million, Pool 3, Foreclosure Remediation Loan to the Family Housing Fund (FHF) that matures on November 19, 2015 by extending the term for 12 months, reducing the interest rate from 3% to a zero interest loan, and requiring quarterly principal loan payments.

Fiscal Impact:

The Foreclosure Remediation loan was funded using existing Pool 3 resources and complies with the Economic Development and Housing Challenge Fund rules. A reduced loan interest rate will impact the amount of annual income earned which has traditionally served as a source of funds for the Pool 3 investments.

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

In April 2007, Minnesota Housing provided a \$10 million interim Foreclosure Remediation loan to the FHF using \$5 million funded from Pool 2 and \$5 million funded from Pool 3 for a blended annual interest rate of 3% for foreclosure remediation efforts in targeted neighborhoods of Minneapolis. The transaction was structured as two concurrent loans, both to mature on July 19, 2010.

The loan proceeds were provided to the FHF to fund nonprofit housing development organizations to facilitate foreclosure remediation activities through the acquisition, demolition, renovation and/or construction of housing units in North Minneapolis for sale to and occupancy by low- and moderate-income households (115% AMI). The FHF selected the Greater Metropolitan Housing Corporation (GMHC) to initiate these activities and funded a coterminous \$10MM loan to GMHC. GMHC in turn used these funds to acquire and redevelop targeted properties and transfer them to new, stable owners.

In October 2008, the FHF requested an extension on the existing \$10 million Foreclosure Remediation loans. While FHF noted that GMHC had made considerable progress acquiring properties in North Minneapolis, remaining challenges induced them to request the extension. These challenges included delayed closings due to numerous title issues, poor property conditions lengthening the time to rehabilitate the homes, increased rehabilitation costs, limited mortgage choices for buyer(s) as a result of the tightened credit markets, and local market challenges stemming from long-term perceptions of the North Minneapolis area. The board approved an extension on the existing \$10 million loans to a maturity date of July 19, 2015 and further amended the terms to require semi-annual interest payments.

In June 2015, the board approved a 90-day extension on the existing \$10 million FHF Foreclosure Remediation loans for a maturity date of October 13, 2015 to allow staff additional time to complete a thorough analysis on the FHF and GMHC.

Staff continued conversations with the FHF and GMHC to assess the structure of the existing credit facilities, analyze the financials of each organization, and review GMHC's portfolio of properties acquired using the proceeds of the loan. Correspondence with the City of Minneapolis regarding the review of GMHC's strategic acquisition portfolio also occurred. In addition, Minnesota Housing received a \$5 loan million prepayment from the FHF.

While significant progress had been achieved, anticipating that additional time would be needed to make a recommendation for restructuring the loans, in September 2015, the board approved an additional extension for an extended maturity date of November 19, 2015 and granted the Commissioner the authority to authorize no more than two additional 30-day extensions on the each of the \$5 million credit facilities.

Continued progress has been made and the City of Minneapolis has agreed to purchase 42 of the 51 properties remaining in GMHC's strategic acquisition portfolio and has secured funds for the acquisition. The City of Minneapolis will work with GMHC to structure a bulk purchase transaction, to have a purchase agreement in place by November 19, 2015 and to complete the sales transaction by January 15, 2016.

FHF will continue to pay down on the \$5 million Foreclosure Remediation Loan funded from Pool 3 using the net proceeds of the sales from the nine properties remaining in GMHC's strategic acquisition

portfolio. Four homes have already been sold and the FHF anticipates making an additional principal loan payment of the net proceeds by November 19, 2015, with additional payments of the net proceeds from the sales of the five properties remaining when development is complete and the homes are sold.

Finally, in an effort to continue repayment of the loan, staff requests that the existing \$5 million, Pool 3, Foreclosure Remediation Loan to the FHF be extended for a 12-month period from the date of closing, to reduce the interest rate from 3% to a zero interest loan, and to require the FHF to make quarterly principal payments of \$37,500, which is equal to the 3% interest payment currently in place.

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street – Suite 300
Saint Paul, Minnesota 55101

RESOLUTION NO. MHFA 15-

**RESOLUTION APPROVING AN EXTENSION OF THE FORECLOSURE REMEDIATION
LOANS TO THE FAMILY HOUSING FUND**

WHEREAS, the Board adopted Resolution No. MHFA 07-23 related to the financing of two concurrent \$5 million Foreclosure Remediation loans funded from Pool 2 and Pool 3 to the Family Housing Fund (FHF) on April 26, 2007;

WHEREAS, by motion the Board approved a modification of terms to extend the loan maturity to July 19, 2015 and to require semi-annual interest payments on the existing financing to the FHF on October 23, 2008;

WHEREAS, the Board adopted Resolution No. MHFA 15-025 modifying the term extending the loan maturity to October 13, 2015;

Whereas, the Board adopted Resolution No. MHF 15-044 extended the loan maturity to November 19, 2015 and authorized the Commissioner to approve no more than two additional 30-day extensions on the existing \$5 million Foreclosure Remediation Loans to the FHF;

Whereas, Agency staff seeks to modify the term by extending the loan maturity for 12-months from the date of loan closing; to reduce the interest rate from 3% to 0% and to require the FHF to make quarterly principal payments of \$37,500; and

WHEREAS, Agency staff has determined that changes to the terms of the credit facility will assist in fulfilling the purposes of Minnesota Statutes, Chapter 462A.

NOW THEREFORE, BE IT RESOLVED THAT the Board hereby approves the following:

1. Extension of the maturity date on the existing \$5 million, Pool 3, Foreclosure Remediation loan to the FHF for 12-months from the date of closing; and
2. Modification of the interest rate on the existing \$5 million, Pool 3, Foreclosure Remediation loan from 3% to 0%; and
3. Require the FHF to make principal payments on the \$5 million, Pool 3, Foreclosure Remediation loan using the net proceeds from the sale between GMHC and the City of Minneapolis and the sale of the four homes by GMHC ; and
4. Require the FHF to make principal payments on the \$5 million, Pool 3, Foreclosure Remediation loan with the net sales proceeds of the inventory remaining in the GMHC's strategic acquisition portfolio as the properties are sold; and
5. Require quarterly principal payments of \$37,500 from the FHF on the Foreclosure Remediation loan.

NOW THEREFORE, BE IT FURTHER RESOLVED THAT all other provisions in Resolutions No. MHFA 07-23 and of the motion adopted on October 23, 2008 remain in force and effect.

Adopted this 22th day of October, 2015.

CHAIRMAN

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Item: Woodland Village, Saint Cloud, D1492

Staff Contact(s):

Caryn Polito, 651.297.3123, caryn.polito@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:

Agency staff has completed the underwriting and technical review of the proposed development and recommends the adoption of a resolution authorizing the issuance of a Low and Moderate Income Rental (LMIR) program commitment in the amount of \$1,008,000, and a Low and Moderate Income Rental Bridge Loan (LMIRBL) program commitment not to exceed \$1,600,000 and a deferred funding commitment in the amount of \$1,307,709 under the Flexible Financing for Capital Costs (FFCC) program, subject to the terms and conditions of the Agency mortgage loan commitment.

Fiscal Impact:

In the 2015 Affordable Housing Plan (AHP), the Board allocated \$85 million in new activity for the LMIR program which includes \$35 million from the Housing Investment Fund (Pool 2) and \$50 million for LMIR and LMIR Bridge Loan activity through tax-exempt bonding. The AHP also allocated \$4.5 million in new activity under the FFCC program (funded through the Housing Affordability Fund-Pool 3). Funding for this loan falls within the approved budget and the loan will be made at an interest rate and terms consistent with what is described in the AHP. Additionally, this loan should generate approximately \$25,000 in fee income (origination fee) as well as interest earnings which will help offset Agency operating costs.

Meeting Agency Priorities:

- Address Specific and Critical Local Housing Needs
- Finance Housing Responsive to Minnesota's Changing Demographics
- Preserve Housing with Federal Project-Based Rent Assistance
- Prevent and End Homelessness
- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity

Attachment(s):

- Background
- Development Summary
- Resolution

The Minnesota Housing Finance Agency (Agency) Board, at its October 23, 2014, meeting, approved this development for processing under the Low and Moderate Income Rental (LMIR) program. The following summarizes the changes in the composition of the proposal since that time:

DESCRIPTION:	SELECTION		COMMITMENT		VARIANCE	
Total Development Cost	\$ 3,004,879		\$ 3,000,987		(\$ 3,892)	
Gross Construction Cost	\$ 1,856,129		\$ 1,856,129		\$ 0	
Agency Sources:						
LMIR	\$ 1,050,000		\$ 1,008,000		(\$ 42,000)	
FFCC	\$ 1,307,709		\$ 1,307,709		\$ 0	
Total Agency Sources	\$ 2,357,709		\$ 2,315,709		(\$ 42,000)	
Other Non-Agency Sources:						
Tax Credit Equity	\$ 647,170		\$ 650,298		\$ 3,128	
Deferred Developer Fee	\$ 0		\$ 34,980		\$ 34,980	
Gross Rents:						
Unit Type	# of DU	Rent	# of DU	Rent	# of DU	Rent
2 BR with Housing Trust Fund (HTF) restrictions until 2023, then 50% Area Median Income (AMI)	2	\$532	2	\$585	0	\$53
3 BR with HTF restrictions until 2023, then 50% AMI	6	\$614	6	\$675	0	\$61
2 BR @ 50% AMI	7	\$886	6	\$900	(1)	\$14
3 BR @ 50% AMI	17	\$1024	18	\$1025	1	\$1
Total Number of Units	32		32		0	
LTH Units	0		0		0	

Factors Contributing to Variances:

1. TDC and construction costs

Total Development Cost (TDC) and construction costs have not changed significantly since selection. The owner/developer, architect, and general contractor are all Sand Companies affiliates. The scope of work has not changed since selection.

The development cost per unit remains within the Agency's predictive model. The model allows a development to exceed the predictive model by 25%. At the time of selection, the budgeted TDC per unit of \$93,902 was 27.8% below the \$130,009 predictive model estimate. At the time of commitment, the budgeted TDC per unit of \$93,781 is 27.9% below the \$130,009 predictive model estimate.

2. First mortgage underwriting

The Agency first mortgage has decreased by \$42,000. Since selection, Agency asset management staff has approved slight increases in rents, to be in line with what current

residents are paying, and slight increases in expenses. The developer is offsetting the reduced first mortgage by deferring developer fee of \$34,980.

3. Unit mix and rents

The unit mix has been corrected since selection to accurately match what currently exists in the building. Rents have increased slightly to be in line with what residents are currently paying and 2015 tax credit rent limits. Eight units have existing HTF loan restrictions until the loan matures in 2023, at which point the units will be restricted to 50% AMI rents.

Other significant events since Board Selection:

N/A

DEVELOPMENT:

Name:	Woodland Village	D1492	
Address:	845, 805, 875 15 th Ave SE	App#:	M16850
City:	St. Cloud	County:	Sherburne
		Region:	CMIF

MORTGAGOR:

Ownership Entity: St. Cloud Woodland Village, LLC
 General Partner/Principals: Granite City Communities, LLC / Sand Companies

DEVELOPMENT TEAM:

General Contractor: Sand Construction, LLC, Waite Park
 Architect: Sand Architects, LLC, Waite Park
 Attorney: Peter Fuchsteiner, Esq., St. Cloud
 Management Company: Sand Property Management, LLC
 Service Provider: N/A

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

\$ 1,008,000	LMIR First Mortgage	
	Funding Source:	Hsg Investment Fund(Pool 2)
	Interest Rate:	5.25%
	MIP Rate:	0.25%
	Term (Years):	30
	Amortization (Years):	30
\$ 1,307,709	Flexible Financing Cap Cost	
	Funding Source:	Hsg Affordability Fund(Pool 3)
	Interest Rate:	0.00%
	Term (Years):	30
\$ 1,600,000	LMIR Bridge Loan	
	Funding Source:	Tax Exempt Future Bond Sale
	Interest Rate:	2.0% estimated
	Term (Months):	18

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORD-ABILITY*
2 BR	2	964	\$ 585	\$ 585	\$ 23,400
3 BR	6	1,055	\$ 675	\$ 675	\$ 27,000
2BR	6	964	\$ 900	\$ 975	\$ 36,000
3BR	18	1,055	\$ 1,025	\$ 1,126	\$ 41,000
TOTAL	32				

Purpose:

Woodland Village Townhomes is the rehabilitation of a 32-unit development in the city of Saint Cloud in Sherburne County. The townhomes are located just across the river from St. Cloud State University, in a top growth community for jobs in Greater Minnesota. The property consists of three townhome buildings with a mix of two- and three-bedroom units. There are 32 detached garage stalls and 58 surface parking stalls.

Sand Companies acquired the property in 2010 along with two other distressed properties from the dissolved St. Cloud Housing Coalition and prevented the property from entering foreclosure. The current transaction does not include acquisition but does include refinancing of the existing Greater Minnesota Housing Fund (GMHF) mortgage, which matured in February 2015.

Target Population:

Woodland Village will target families with children, including immigrants and single heads of households with children. Three units will be targeted for people with physical disabilities.

Minnesota Housing has an existing HTF loan on the property that Sand assumed from St. Cloud Housing Coalition. The loan will be forgiven in 2023; until that time eight of the 32 units have rents and incomes restricted to 30% of AMI. Once the loan is forgiven, the rent restrictions will be raised to 50% of AMI and incomes to 60% AMI. The remaining 24 units have rents restricted to 50% AMI with incomes at or below 60% AMI.

Project Feasibility:

The project is feasible as proposed. Short-term tax-exempt bonds to be issued by Minnesota Housing will be used to meet the 50% test, qualifying the development for 4% tax credits of approximately \$73,086. Limited partner WNC will contribute \$650,298 in tax credit equity based on \$0.89/credit, up from \$0.88/credit at selection. The first mortgage amount is supported by Minnesota Housing underwriting standards. The developer has committed \$34,980 in deferred developer fee.

Development Team Capacity:

Sand Companies currently manages and will continue to manage Woodland Village. The property management division was established in 1996 and currently has 31 developments with a total of 1,258 residential units. Its current portfolio consists of tax credit financed affordable housing and market rate housing.

Physical and Technical Review

This existing property, built in 1993, consists of three 2-story townhome buildings and 32 detached garage stalls. The scope of work includes siding, windows, doors, kitchen cabinets, flooring, light fixtures, plumbing fixtures, bath fans, baseboard radiation, appliances, boilers, water heaters, playground equipment, landscaping and irrigation.

Market Feasibility:

The Market Study prepared by Bowen National Research reports low vacancy rates in the St. Cloud area with a projected increase in rental households through 2018. The property is located in close proximity to major employers in St. Cloud and is just across the river from St. Cloud State University.

DEVELOPMENT COST SUMMARY (estimated):

	Total	Per Unit
Total Development Cost	\$3,000,987	\$93,781
Acquisition or Refinance Cost	\$446,400	\$13,950
Gross Construction Cost	\$1,856,129	\$58,004
Soft Costs (excluding Reserves)	\$598,458	\$18,702
Reserves	\$100,000	\$3,125
Total LMIR Mortgage	\$1,008,000	\$31,500
First Mortgage Loan-to-Cost Ratio		34%
Agency Deferred Loan Sources		
Flexible Financing Cap Costs (FFCC)	\$1,307,709	\$40,866
LMIR Bridge Loan	\$1,600,000	\$50,000
Total Agency Sources (Permanent)	\$2,315,709	\$72,366
Total Loan-to-Cost Ratio		77%
Other Non-Agency Sources		
Syndication Proceeds	\$650,298	\$20,322
Deferred Developer Fee	\$34,980	\$1,093
Total Non-Agency Sources	\$685,278	\$21,415

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

RESOLUTION NO. MHFA 15-

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM
LOW AND MODERATE INCOME RENTAL BRIDGE LOAN (LMIRBL) PROGRAM
AND FLEXIBLE FINANCING FOR CAPITAL COSTS (FFCC) PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction and permanent financing for a multiple unit housing development to be occupied by persons and families of low and moderate income as follows:

Name of Development:	Woodland Village
Sponsors:	St. Cloud Woodland Village, LLC
Guarantors:	Leo Sand, James Sand and James Thelen
Location of Development:	St. Cloud
Number of Units:	32
General Contractor:	Sand Construction, LLC, Waite Park
Architect:	Sand Architects, LLC, Waite Park
Amount of Development Cost:	\$3,000,987
Amount of LMIR Mortgage:	\$1,008,000
Amount of LMIR Bridge Loan (BL) (not to exceed):	\$1,600,000
Amount of FFCC Loan:	\$1,307,709

WHEREAS, the Agency has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the construction of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

WHEREAS, the Agency has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A and the Agency's rules, regulations and policies.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide construction and permanent mortgage loans to said applicant from Housing Investment Fund (Pool 2 under the LMIR Program) and the sale of new tax-exempt bonds (under the LMIRBL Program) and from Housing Affordability Fund (Pool 3 under the FFCC Program) for the indicated development, upon the following terms and conditions:

1. The amount of the LMIR amortizing loan shall not exceed \$1,008,000; and

2. The interest rate on the permanent LMIR loan shall be 5.25 percent per annum plus 0.25 percent per annum HUD Risk Share Mortgage Insurance Premium, with monthly payments based on a 30 year amortization; and
3. The term of the permanent LMIR loan shall be 30 years; and
4. The amount of the FFCC loan shall be \$1,307,709; and
5. Repayment of the FFCC loan shall be deferred, with interest up to one percent, and the loan term shall be coterminous with the LMIR loan; and
6. The Combined LMIR and FFCC Loan Commitment shall be entered into on or before April 30, 2016 and shall have an 18 month term (which shall also be the LMIR and FFCC Commitment Expiration Date); and
7. The amount of the LMIR Bridge Loan shall not exceed \$1,600,000; and
8. The LMIR Bridge Loan transaction will be financed with the proceeds of tax-exempt bonds of the Agency, and the commitment is subject to the ability of the Agency to sell bonds on terms and conditions, and in a time and manner acceptable to the Agency; and
9. The interest rate pursuant to the Bridge Loan will be based on the interest rate on the series of bonds issued to finance the Bridge Loan plus up to the maximum allowable spread, and is estimated to be 2.0 percent per annum payable in a balloon payment no more than 18 months after closing; and
10. Agency staff shall review and approve the Mortgagor; and
11. The Mortgagor shall execute an Agency Mortgage Loan Commitment with terms and conditions embodying the above in form and substance acceptable to Agency staff; and
12. Leo Sand, James Sand and James Thelen shall guarantee the mortgagor's construction completion and payment obligations regarding operating cost shortfalls and debt service until the property has achieved a 1.15 debt service coverage ratio (assuming stabilized expenses) for three successive months; and
13. Leo Sand, James Sand and James Thelen shall guarantee the mortgagor's payment under LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and
14. The sponsor, the builder, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deem necessary shall execute all such documents relating to said loan, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deem necessary.

Adopted this 22nd day of October, 2015.

CHAIRMAN

Item: Section 811 Demonstration Program Rental Assistance Contract
D3906 Gateway Lofts

Staff Contact(s):

Vicki Farden, 651-296-8125, vicki.farden@state.mn.us

Joel Salzer, 651-296-9828, joel.salzer@state.mn.us

Request Type:

- | | |
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| <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 REQUEST:

Adoption of the attached Resolution authorizing up to \$182,524 for a Section 811 Rental Assistance Contract (RAC) for a period of five years. This action will provide initial funding for a five year RAC for four new supportive housing units for people with disabilities.

FISCAL IMPACT:

The Section 811 Project-based Rental Assistance (PRA) Program is funded by a demonstration grant from the Department of Housing and Urban Development (HUD) for a five year term, with subsequent annual renewals. Funding for the first year of the program was allocated in the 2015 Affordable Housing Plan (AHP) and has not been identified for any other purpose.

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

The 811 Project Based Rental Assistance (PRA) is a Demonstration Program of HUD. Minnesota Housing, in partnership with the Department of Human Services (DHS), was selected to participate in the Demonstration Program and was awarded \$3,085,500 for 85 units of PRA in February 2013.

Minnesota Housing signed a Cooperative Agreement with HUD in October 2014. The term of the agreement is 20 years, with initial funding provided for five years, with annual renewals subject to appropriations for the remainder of the term.

The purpose of the Section 811 PRA Demonstration Program is to expand the supply of supportive housing that promotes and facilitates community integration for people with significant and long-term disabilities. The program advances two key Minnesota initiatives: (1) to prevent and end homelessness and, (2) move people from institutional settings to the most inclusive community setting possible, which directly addresses crucial action steps of the State's Olmstead plan. The 811 PRA will provide new affordable housing opportunities to allow more people to exit homelessness and long-term care facilities.

The 811 PRA provides a project-based rent assistance subsidy that covers the difference between the tenant payment and the approved gross rent. Tenants pay 30% of their adjusted gross income for rent and utilities. Eligible tenants are extremely low-income persons with disabilities between the ages of 18 and 62. In Minnesota, we chose to further target the eligible population to persons exiting institutions through the DHS Money Follows the Person Program, or persons experiencing long-term homelessness and working with the Project for Assistance in Transition from Homelessness (PATH).

All 811 PRA units must be leased no later than October 2016, so the agency is marketing the program to existing multifamily properties that have been financed by Minnesota Housing or are in Minnesota Housing's Low Income Housing Tax Credit or Project Based Section 8 Portfolio of developments with existing unsubsidized units.

After an initial RFP process in 2014 that yielded two selected properties in April 2015, Minnesota Housing is currently accepting applications for 811 PRA on a pipeline basis. On August 31, 2015, Alliance Housing submitted an application for four units at Gateway Lofts. This property meets all of the 811 program selection criteria, including proximity to services and transportation. The application was reviewed by staff and is recommended for selection.

D#	Property Name	Location	Owner	# of units	5 year RAC funding
3906	Gateway Lofts	Minneapolis	Alliance Housing	4	\$ 182,524

With the addition of these 4 units, we will have a total of 71 units committed for 811 PRA and need 14 more units to complete our contract commitment with HUD. Applications for 811 PRA will continue to be available on a pipeline basis until all 85 units are committed. Through our extensive marketing efforts, we expect two or three additional properties to submit applications in the next few months and continue advancing toward our goal of having all 85 units committed by the end of 2015.

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

RESOLUTION NO. MHFA 15-

**RESOLUTION APPROVING SELECTION/COMMITMENT SECTION 811 DEMONSTRATION PROGRAM
RENTAL ASSISTANCE CONTRACT**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide a Section 811 Rental Assistance Contract for a property serving individuals who are extremely low income, and disabled; and

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to enter into a Rental Assistance Contract using federal resources as set forth below, subject to changes allowable under the HUD Section 811 Program, upon the following conditions:

1. Agency staff shall review and approve the recommended Rental Assistance Contract for the following property up to the total recommended amount for five years:

D#	Property Name	Location	Owner	# of units	5 year RAC funding
3906	Gateway Lofts	Minneapolis	Alliance Housing	4	\$ 182,524

2. The issuance of the Rental Assistance Contract in form and substance acceptable to the Agency staff and the closing of the contract shall occur no later than twelve months from the adoption date of this Resolution; and
3. The sponsors and such other parties shall execute all such documents relating to said contract, to the security therefore, as the Agency, in its sole discretion, deems necessary.

Adopted this 22nd day of October, 2015.

CHAIRMAN

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Item: Bridges rental assistance selection and commitment; Brainerd Housing and Redevelopment Authority

Staff Contact(s):

Carrie Marsh, 651.215.6236 carrie.marsh@state.mn.us

Elaine Vollbrecht, 651. 296.9953, Elaine.vollbrecht@state.mn.us

Request Type:

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| <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 recommends an award of \$130,000 in Bridges funding administered through the Bridges Rental Assistance program. The recommendation will transfer administration of the Bridges program to a new housing administrator, the Brainerd Housing and Redevelopment Authority, for the Region V+ adult mental health initiative (Region V+), encompassing Aitkin, Cass, Crow Wing, Morrison, Todd, and Wadena counties.

Fiscal Impact:

Bridges funds are state appropriated resources, with no fiscal impact on the Agency's budget. Funding for this proposed award was reserved for the region during grant selections in May 2015, in anticipation of a new grant effective January 1, 2016.

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

In May, Minnesota Housing and the Department of Human Services Adult Mental Health Division (DHS-AMH) staff recommended six months of funding for the current housing agency, Morrison County HRA. This allowed for continued rental subsidies for current participants while looking for a new housing agency to assume the administrator role for the region at the expiration of Morrison County's six month grant term. DHS-AMH and Minnesota Housing staff consulted with Region V+ in order to support their outreach to housing agencies in the area. After considering the various public housing agencies in the service area, Region V+ indicated to Minnesota Housing that the Brainerd HRA was interested in learning more about being an administrator for the Bridges program. The Brainerd HRA met with Region V+ to discuss the partnership and has submitted an application for funding.

The Brainerd HRA has experience managing 320 units of Housing Choice Vouchers and has demonstrated a commitment to serving people who have a mental illness. The Bridges grant agreement with the Brainerd HRA will be from January 1, 2016 to June 30, 2017 and will serve an estimated 18 households each month. The service area will include Aitkin, Cass, Crow Wing, Morrison, Todd, and Wadena counties.

At the end of June 2015, all eleven participants were notified of the upcoming change in the Bridges program administration and that Region V+ was searching for a new housing administrator. Several participants have since moved, or are scheduled to move, onto a Housing Choice Voucher, with the help of local housing agencies prioritizing Bridges participants on their waiting list. Brainerd HRA will assume administration of the remaining nine participants' housing subsidies. These participants will be notified of the change via letters from Morrison County and the Brainerd HRA and through communication by the Region V+.

Administrator	Grant Amount	Grant Term
Brainerd HRA	\$130,000	1/1/2016 – 6/30/2017

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, MN 55101

RESOLUTION NO. MHFA 15-

RESOLUTION APPROVING SELECTION/COMMITMENT BRIDGES

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide rental assistance for persons with mental illnesses and persons with mental illness who also have long histories of homelessness; and

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to enter into a grant agreement using State and Agency resources as set forth below, subject to the availability of state appropriations and also subject to changes allowable under the multifamily funding modification policy, upon the following conditions:

1. The Agency staff shall review and approve the Grantee for the amount indicated; and
2. The issuance of grant agreements in form and substance acceptable to the Agency staff and the closing of the individual grants shall occur no later than six months from the adoption date of this Resolution; and
3. The sponsors and such other parties shall execute all such documents relating to said grant, as the Agency, in its sole discretion, deems necessary.

Administrator	Grant Amount	Grant Term
Brainerd HRA	\$130,000	1/1/2016 – 6/30/2017

Adopted this 22 day of October, 2015.

CHAIRMAN

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Item: Modification of Low and Moderate Income Rental (LMIR) loan, Woodmount, Cottage Grove, D0365

Staff Contact(s):

Erin Coons, 651.296.9836, erin.coons@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:

Agency staff recommends the adoption of a resolution authorizing the modification of an existing Low and Moderate Income Rental (LMIR) loan to be extended subject to the terms and conditions of the Agency loan commitment.

Fiscal Impact:

The extension of the term of the LMIR first mortgage will increase the interest earned by the Agency by an additional \$1,558,705.

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

The development was financed with an Agency Low- and Moderate-Income Rental (LMIR) first mortgage in 2006 in the amount of \$3,120,000 which will mature in September 2016. The loan has a 10- year term with a 30-year amortization; the balloon payment of this loan will be 2,553,037.

The owner has requested that the LMIR loan be modified by extending the term to match the amortization (30 years), resulting in a new maturity date of September 30, 2036. By extending the term of the loan the agency can expect to earn an additional \$1,558,705 in interest over the additional 20 years.

The development has been well maintained with \$125,876 in capital improvements completed over the last three years. In addition the property has a very large reserve account and will likely be able to handle any additional repairs as needed.

In exchange for the extended term, the owner will be required to commit to keeping Woodmount Townhomes in the Section 8 program as long as the loan remains on the property, which will be approximately 20 years beyond expiration of the current housing assistance payments (HAP) contract, currently set to expire on December 4, 2017. A 20-year commitment provides a 2:1 return on the Agency's investment of \$2,553,037 leveraging an approximate present value of \$5,659,728 in federal subsidies. The continued renewals of the HAP contract for the remaining life of the loan will extend the owner's commitment to remain in the Section 8 program to September 30, 2036.

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

RESOLUTION NO. MHFA 15-

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

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received a request to modify permanent financing of an existing loan for a multiple unit housing development to be occupied by persons and families of low and moderate income, as follows:

Name of Development:	Woodmount Townhomes
Sponsors:	Woodmount Townhouses Associates, LLLP
Guarantors:	Thies and Talle Enterprises, Inc; Ken Talle and David Thies
Location of Development:	Cottage Grove
Number of Units:	50
Amount of Original LMIR Mortgage:	\$3,120,000

WHEREAS, staff proposes to modify the existing LMIR mortgage subject to following terms:

- 1.The term of the LMIR amortizing mortgage will be extended by 20 years to match the amortization period of the loan with a new maturity date of September 30, 2036; and
2. The owner will agree to keep the development in the Section 8 program or other Housing Assistance Program (HAP) for the term of the loan. This requirement will be waived in the event the LMIR loan is prepaid; and
- 3.The interest rate on the LMIR loan shall remain at 5.2 percent per annum, with monthly payments based on a 30 year amortization schedule; and
4. Thies and Talle Enterprises, Inc., Ken Talle and David Thies shall each continue to guarantee the mortgagor’s payment under the LMIR Regulatory Agreement and LMIR Mortgage with the Agency.

NOW THEREFORE, BE IT RESOLVED:

Contingent upon staff obtaining a commitment by the owner to keep the development in the Section 8 program or other Housing Assistance program for as long as the loan remains of the property, Minnesota Housing will extend the term of the LMIR loan to Woodmount Townhouses, LLLP for an additional 20 years on the above described terms and conditions.

Adopted this 22nd day of October 2015.

CHAIRMAN

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Item: Resolution Relating to Rental Housing Bonds; Authorizing the Issuance and Sale Thereof for a Multifamily Housing Development in St. Cloud, Minnesota

Staff Contact(s):

Rob Tietz, 651.297.4009, rob.tietz@state.mn.us

Paula Rindels, 651-296-2293, paula.rindels@state.mn.us

Request Type:

- | | |
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| <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:

Agency staff is preparing to issue bonds, in an amount not to exceed \$1,600,000, to provide a bridge loan to SCI Associates, LLC for the Woodland Village project. . The board will be asked to adopt a resolution approving the terms of the bond issue on a not-to-exceed basis.

Fiscal Impact:

The transaction will result in the Agency earning approximately a 1% spread on the bonds.

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):

- Preliminary Official Statement (sent under separate cover)
- Resolution (sent under separate cover)

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Item: Approval, Enhanced Financial Capacity Homeownership Initiative Reallocation

Staff Contact(s):

Ruth Hutchins, 651.297.3128, ruth.hutchins@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:

The Enhanced Financial Capacity Homeownership Initiative (Homeownership Capacity) pilot is designed to expand the efforts of organizations that currently provide intensive financial empowerment and homeownership training. The goal of this initiative is to increase the probability of successful homeownership among households of color or Hispanic ethnicity and low-income individuals and to address the homeownership gap between white/non-Hispanic and households of color or Hispanic ethnicity.

Staff is hereby requesting a reallocation of \$20,000 to three providers as a result of White Earth Investment Initiative's decision to withdraw their participation in Homeownership Capacity prior to the start of the second year of this pilot.

Fiscal Impact:

The Homeownership Capacity Program is supported by the 2015 Affordable Housing Plan budget in the use of Pool 3 funds for this initiative.

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
- Proposed Homeownership Capacity Provider Coverage Map

BACKGROUND

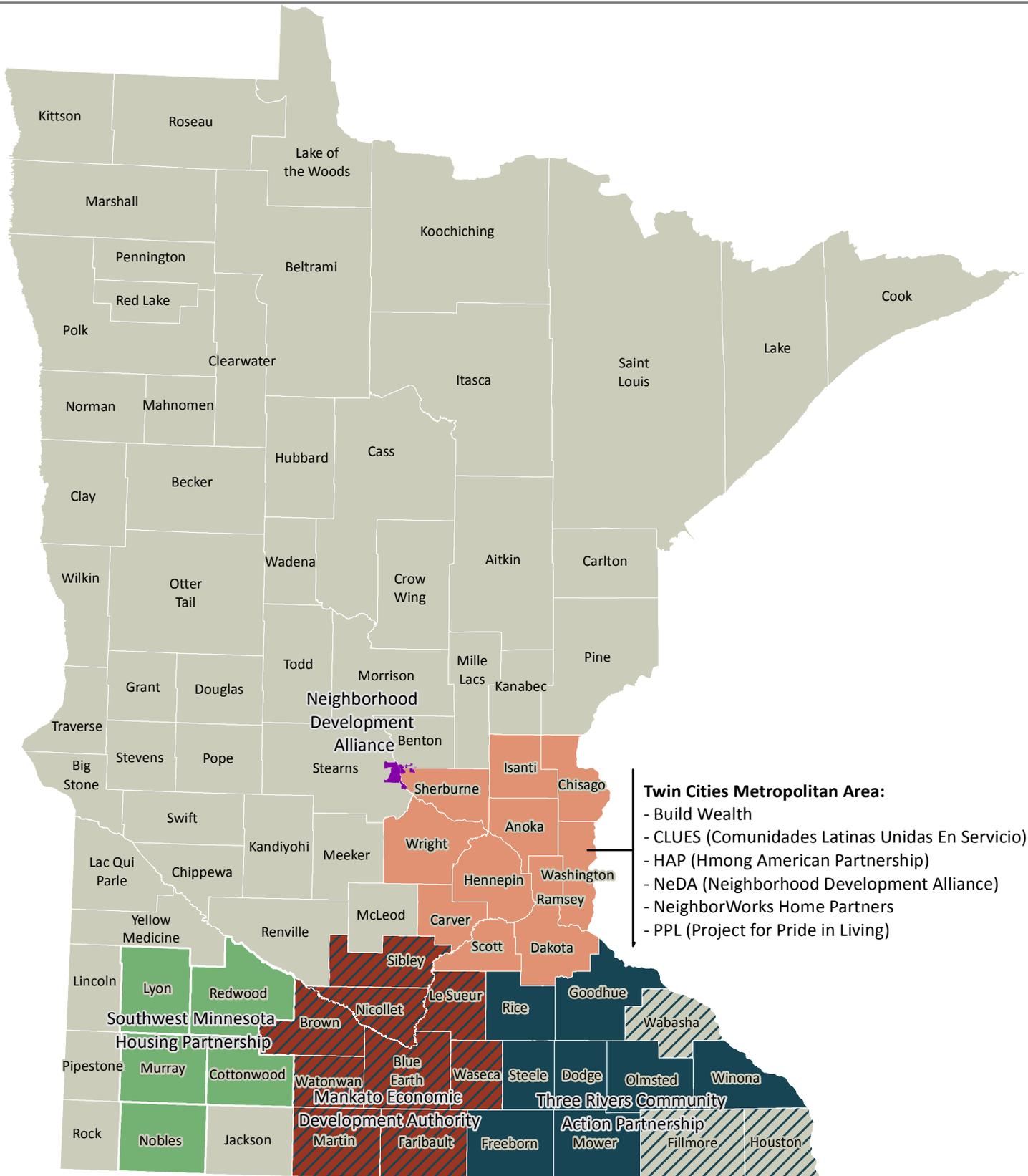
At the May, 2015 board meeting, the Agency board approved Homeownership Capacity funding for the program year that started October 1, 2015. Since then, White Earth Investment Initiative, one of the 10 approved agencies for funding, experienced staff turnover. Due to limited staff capacity, they determined they would not be able to meet the requirements of the Homeownership Capacity program and notified program staff that they would be withdrawing their participation. They were approved for \$20,000 in funding which now must be reallocated. Staff is recommending that the available funds be reallocated to the following three agencies:

Agency	Original Approved Award	Proposed Award Including Reallocation
Mankato Economic Development Authority*	\$ 6,500	\$ 12,050
Neighborhood Development Alliance	\$ 93,500	\$ 100,000
Three Rivers Community Action	\$ 75,000	\$ 82,950

*New provider for the 15/16 year.

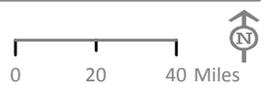
The above recommendations are based on the following criteria:

1. The target population for Homeownership Capacity services are households of color and/or low-income renters. As of June 30, 2015, 92% of the households that entered Homeownership Capacity among all seven providers are households of color and 95% of the households are at or below 80% AMI. Three Rivers Community Action and Neighborhood Development Alliance have demonstrated their ability to serve the target populations Homeownership Capacity intends to reach. As of June 30, 2015, 89% of the clients served are households of color and 97% of the clients are at or below 80% AMI for each agency.
2. This proposal continues to allow for geographic diversity by maximizing statewide coverage among the approved providers.
3. The average amount per client for agencies funded under Homeownership Capacity is \$1,250. The above three agencies were funded slightly below the average per client amount in the original recommendations due to the funds available at that time. With the additional funds available for reallocation this allowed the proposed awards to be brought closer to that average.



- Twin Cities Metropolitan Area:**
- Build Wealth
 - CLUES (Comunidades Latinas Unidas En Servicio)
 - HAP (Hmong American Partnership)
 - NeDA (Neighborhood Development Alliance)
 - NeighborWorks Home Partners
 - PPL (Project for Pride in Living)

 Neighborhood Development Alliance	 Southwest Minnesota Housing Partnership
 Three Rivers Community Action Partnership	 Mankato Economic Development Authority
 Three Rivers Community Action Partnership - phone only	 Twin Cities Metropolitan Area



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Item: 2015 Consolidated Request for Proposals

Staff Contact(s):

Kasey Kier, 651-297-3137, kasey.kier@state.mn.us

Wes Butler, 651-296-3028, wes.butler@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:

Each year, the board is asked to approve both single family and multifamily recommendations under the Consolidated Request for Proposals (RFP). These recommendations are made after a thorough review of pertinent data within and pertaining to applications that have been received under the RFP. The following provides background information regarding the process.

Fiscal Impact:

Funds committed under the RFP are from a variety of sources that have been budgeted under the 2016 Affordable Housing Plan.

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

The Consolidated Request for Proposals (RFP) is both a document and an annual process that allows organizations to apply for multifamily and single family funding from a variety of sources through a single application. Housing Tax Credits are also distributed through the RFP. Funding sources may include Minnesota Housing, Metropolitan Council, Greater Minnesota Housing Fund, Minnesota Department of Human Services, Minnesota Department of Employment and Economic Development, Family Housing Fund, and the Minnesota Department of Corrections.

The RFP contains information regarding available funding, due dates and eligibility criteria. It is published in the State Register (the official publication of the State of Minnesota's Executive Branch) and on the Agency website. Information regarding its availability is shared with funding partners, lenders, developers, housing-focused community organizations and members of the media. A number of information and technical assistance sessions are held subsequent to publication of the RFP.

Applications are reviewed for eligibility and scored by the Agency and its funding partners. The highest scoring applications are reviewed for capacity and feasibility by Agency staff, funding partners and collaborating partners. Multifamily applications undergo further review, including site visits. Following these comprehensive reviews, the Agency and its funding partners meet to determine which applications will be recommended for approval to the Minnesota Housing Board. This year, a number of improvements were made to the application and selection processes in both Single Family and Multifamily. The Community Profiles provided on the Agency's website were used by applicants in preparing their proposals and by Agency staff in evaluating the proposals for funding.

At the board meeting, staff will provide an overall summary of how this year's selection recommendations will help the Agency meet its production and program targets in the Affordable Housing Plan and its strategic priorities.

Item: Single Family Selections, Community Homeownership Impact Fund

Staff Contacts:

Tal Anderson, 651.296.2198, tal.anderson@state.mn.us

Nick Boettcher, 651.296.9567, nick.boettcher@state.mn.us

Nancy Slattsveen, 651.296.7994, nancy.slattsveen@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 board approval of Minnesota Housing Finance Agency Single Family Community Homeownership Impact Fund (Impact Fund) Selection and Funding Committee recommendations.

Fiscal Impact:

The Agency's 2016 Affordable Housing Plan (AHP) includes single family interim construction lending, Economic Development and Housing/Challenge (EDHC) Program funds, and Housing Infrastructure Bond (HIB) proceeds under the Impact Fund. EDHC and Housing Infrastructure Bond proceeds are shared with the Agency's Multifamily division. These financial resources provide the funds to implement the recommendations of the Impact Fund Selection and Funding committees.

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

Attachments:

- Background and Discussion
- Maps of Impact Fund Funded Projects
- Project Summaries (for those recommended for funding)
- 2015 Single Family Consolidated RFP Summary Spreadsheet
- 2015 Single Family RFP Non-Recommended Applications

BACKGROUND

The Agency and its funding partners, the Greater Minnesota Housing Fund and the Metropolitan Council, accepted proposals under the Single Family Consolidated Request for Proposals (RFP). The application process used a common application form and procedure, with applications due June 16, 2015. The Agency's Impact Fund supplies the majority of funding available through this RFP.

Thirty-nine single family proposals were received requesting \$17,881,741 in resources in addition to one proposal requesting Metropolitan Council funds in the amount of \$150,000.

Proposal Review and Selection Process

All proposals were reviewed, scored and ranked according to the following criteria:

- The extent to which the proposal meets program selection standards and funding priorities, including:
 - Foreclosure remediation
 - Community recovery
 - Community economic integration
 - Efficient land use
 - Location efficiency
 - Leverage
 - Workforce housing
 - Reaching underserved populations.
- The extent to which project costs are reasonable.
- The extent to which the organization is financially sound and capable of carrying out the proposed activity.
- The level of need within the community for the proposed housing activity.
- The feasibility of the proposal based on market conditions.

All proposals were reviewed and evaluated by both Agency and funding partner staff. In early September, staff reviewers presented proposals to the Metro and Greater Minnesota selection committees, whose members scored proposals on organizational capacity, feasibility, and community need. Selection committees are comprised of staff and management from the Agency and representatives of the Metropolitan Council, Greater Minnesota Housing Fund, Minnesota Department of Employment and Economic Development, Minnesota Department of Corrections, and United States Department of Agriculture Rural Development.

Impact Fund Eligible Activities

The Impact Fund program is available statewide. The program offers significant versatility in the types of allowable programs, providing support for value gap (grant), affordability gap (deferred loan) and construction financing activities (interim loan). While program specifics vary by regional needs, the types of programs recommended for funding generally include one of four categories:

1. Acquisition, rehabilitation and resale of vacant units, often targeted in neighborhoods most in need of community stabilization.
2. Down payment or affordability gap assistance programs that effectively serve underserved populations and target communities with other needs, or support priorities such as increasing homeownership rates or recovering from the impact of foreclosures.

3. Owner-occupied rehabilitation programs serving households in communities with a high need to address an aging housing stock. Such programs are directed toward borrowers unable to obtain financing through other single-family home improvement programs.
4. New construction activity, particularly in markets with growing workforce populations, as evidenced by data, or targeted to a more specific niche of households via specialized programs with high-demand waiting lists.

DISCUSSION

Geographic Distribution of Proposals

Requests totaled \$17,881,741. Applicants requested \$12,783,911 to serve parts of the Twin Cities metropolitan area. This represents 71% of the total amount requested. Greater Minnesota applicants requested \$5,097,830, representing 29% of the total amount requested.

Funding Recommendations

Available funding sources from the Agency and its funding partners for single family activity in the consolidated RFP total \$7,919,375, are as follows:

- Minnesota Housing Impact Fund: \$7,064,375
- Greater Minnesota Housing Fund: \$255,000
- Metropolitan Council: \$600,000

Twelve awards from the Impact Fund totaling \$2,782,700 (or 39% of Impact Fund resources) will serve Greater Minnesota. Sixteen awards totaling \$4,281,675 (or 61% of Impact Fund resources) will serve the Twin Cities metro area. Nine Twin Cities metropolitan area awards will serve the cities of Minneapolis or Saint Paul, two will serve suburban locations, and five will serve both central cities and suburbs.

Specific funding sources are detailed as follows:

- EDHC funding in the amount of \$5,977,875 to support 28 projects or programs. Sixteen of these are located in the Twin Cities metropolitan area and will receive \$3,980,175. Twelve are located in Greater Minnesota and will receive \$1,997,700. 320 units will be built or rehabilitated.
- Housing Infrastructure Bond proceeds in the amount of \$526,500 to support land acquisition by community land trusts in the Twin Cities metropolitan area and Greater Minnesota. Twenty-six units are to be acquired, rehabilitated and resold and 10 new homes are to be built.
- Interim construction loan financing totaling \$560,000 will be made available for two applications (along with EDHC funds) to support the construction or rehabilitation and resale of 15 units.

Reaching Underserved Populations

Although all awardees market to underserved populations in general (households of color, single female heads of households with minor children, and households with one or more disabled individuals), eleven organizations focus their outreach to specific populations within their target area, six in the Twin Cities metropolitan area and five in Greater Minnesota.

Statewide, the percentage of households of color or Hispanic ethnicity served under the Impact Fund has increased steadily over the past three years, from 39% in 2012 to 59% in 2014. Administrators in Greater Minnesota have tended to serve households with lower incomes (relative to the median for the area) and more single-headed households than have Administrators in the Twin Cities metro.

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

Community Economic Integration

Community economic integration areas have higher median family incomes and greater access to jobs. The following awardees have substantially focused their proposals on economic integration priority areas: City of Big Lake, City of Thief River Falls, Habitat for Humanity of Minnesota, Hennepin County HRA, One Roof Community Housing, Three Rivers Community Action, Inc., Twin Cities Habitat for Humanity, and the West Hennepin Affordable Housing Land Trust.

Workforce Housing

Proposals recommended for funding will invest \$3,462,539 in new homeownership opportunities in areas of the state most in need of workforce housing. This figure represents nearly half of the total awarded resources. Impact Fund income limits accommodate more than 90% of new jobs expected to be created in these communities.

Family Housing Provided to Community Land Trusts

HIB proceeds are available to support the purchase of properties by community land trust (CLT) organizations. CLTs own residential land and lease it on a 99-year term to a low- or moderate-income individual who owns the structure on the land. Resale is restricted to income-qualified households. Staff recommends providing \$526,500 in HIB funds to three CLTs in the form of 30-year forgivable loans. Two of these CLTs are located in the Twin Cities metropolitan area (the City of Lakes Community Land Trust and the West Hennepin Affordable Housing Land Trust) and one, One Roof Community Housing, is in Greater Minnesota.

The use of tax-exempt Housing Infrastructure Bond proceeds requires that loans funded by this source be forgivable. However, Economic Development Housing/Challenge Program rule 4900.3634 requires that 30-year deferred loans be repaid. As in previous years, staff requests a waiver of this requirement of 4900.3634, to allow lending of Housing Infrastructure Bond proceeds on 30-year forgivable terms.

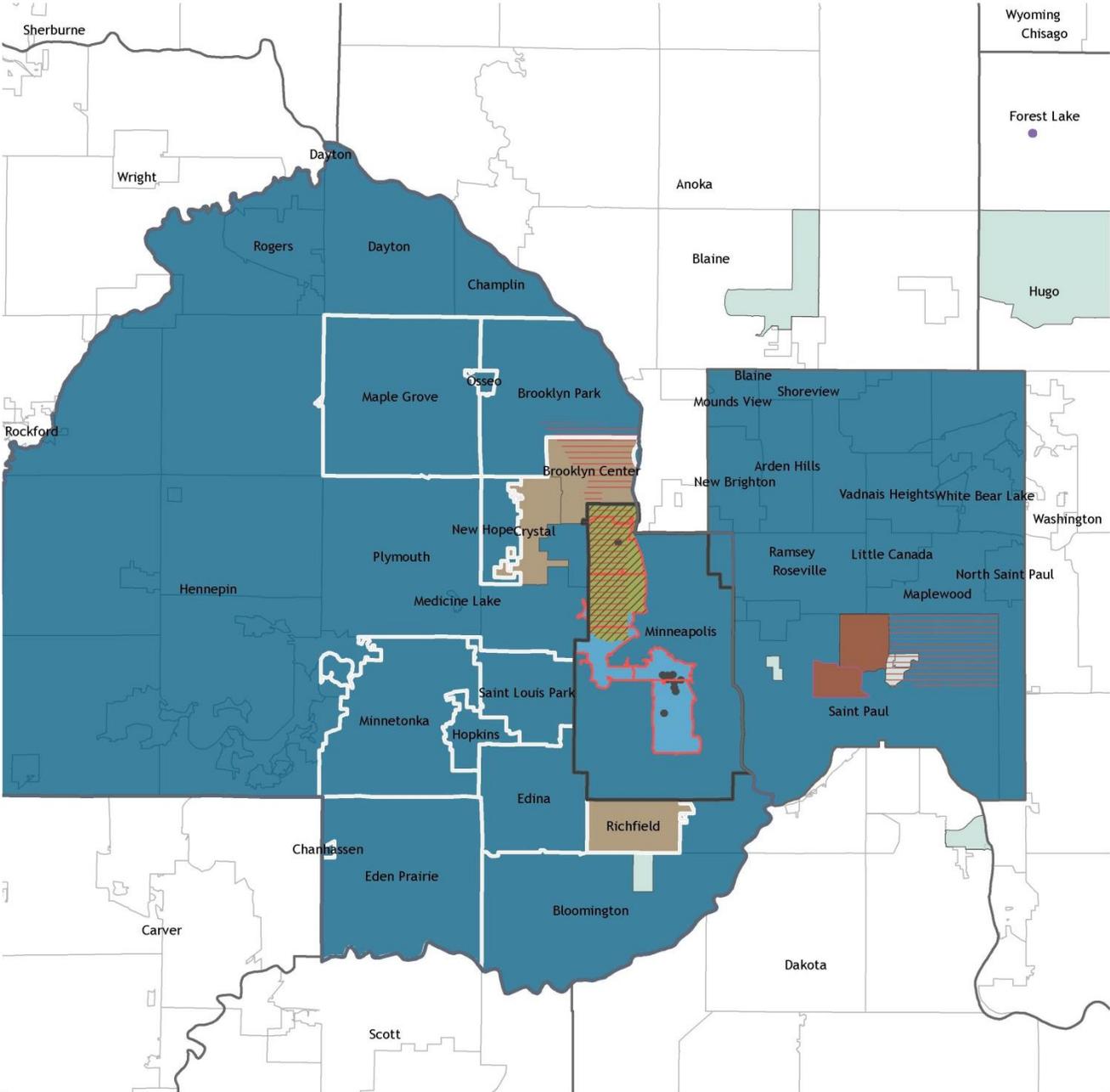
Funding Agreements

Final funding awards will be presented to the awardees once funding partners have obtained Board approval. Awards are subject to the Funding Agreement to meet program requirements as outlined in each individual Funding Agreement. Funding Agreements will be sent to each awardee in early December.

Debriefing Meetings

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

Twin Cities Metro Community Homeownership Impact Fund Recommended Applications



Acquisition Rehab Resale Affordability Gap New Construction Owner Occupied Rehab

-  City of Lakes CLT
-  Hennepin Co HRA
-  Northside Home LLC
-  PRG - Foreclosure Recovery
-  Twin Cities Land Bank
-  West Hennepin - Homes Within Reach
-  Build Wealth
-  Community NHS -Community Keys
-  Minneapolis - Green Homes North
-  PRG - Foreclosure Recovery
-  Twin Cities Habitat for Humanity
-  Two Rivers CLT - Ivy Estates (Met Council Only)
-  GMHC - Suburban Fix up
-  Hennepin County - Ramps
-  Minneapolis - Rehab Support Program
-  Rebuilding Together
-  Construction Consultants - Minneapolis Infill

10.07.2015



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2015 Minnesota Housing Single Family Funding Selections
Metro Area Development Summaries

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Applicant Name: City of Lakes Community Land Trust
City of Applicant: Minneapolis
Name of Proposal: CLCLT Homebuyer Initiated Program (HIP)
Activity Type: Acquisition, Rehabilitation, & Resale
City/Cities: Minneapolis
County: Hennepin
RHAG Region: Metro
Max Request: \$1,000,000.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

The City of Lakes Community Land Trust (CLCLT) requests \$727,500 to support the acquisition, rehabilitation and resale of 15 homes through its Homebuyer Initiated Program (HIP). Specifically, CLCLT requests \$540,000 in Grant funds for Affordability and Value Gap financing and \$187,500 in Housing Infrastructure Bond (HIB) financing. Homebuyers earning up to 80 percent of area median income (AMI) may purchase anywhere in the City of Minneapolis.

Selection Standards

Project Feasibility

Minneapolis is experiencing low housing vacancy rates. Land trust ownership has been well-established and there is strong support from current land trust owners and neighborhood groups for this proposal. In addition, this group has effective partnerships with lenders and real estate agents. This award is likely to be completed in a timely manner given past results.

Community Need

Affordability is a challenge for low- and moderate-income homebuyers. Applicant projects a typical household income in the \$35,000 per year range. CLCLT has been successful in addressing the racial disparity in homeownership. For example, 73 percent of households served in 2015 have been families of color. While land trust ownership has been concentrated in low- and moderate-income neighborhoods where price appreciation has been relatively low, this HIP model allows mobility within Minneapolis.

Organizational Capacity

CLCLT has had a stable and competent staff operating the HIP in Minneapolis for many years. CLCLT has effectively partnered with the City of Minneapolis, PRG, African Development Center, Strickland and Associates, Urban Homeworks, Alerus, Bremer, US Bank, Wells Fargo, the Greater Metropolitan Housing Corporation (for pre-purchase inspection and rehabilitation management services) and Hennepin County (for lead risk assessments, clearance inspections and gap funds).

Applicant Name: City of Minneapolis Department of Community Planning and Economic Development
City of Applicant: Minneapolis
Name of Proposal: Green Homes North Round 5
Activity Type: New Construction
City/Cities: Minneapolis
County: Hennepin
RHAG Region: Metro
Max Request: \$500,000.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

The City of Minneapolis Department of Planning and Economic Development (CPED) is requesting grant funds for value gap to build 10 new construction homes in North Minneapolis, as part of a fifth phase of its Green Homes North (GHN) initiative (a cumulative goal of 100 new green homes in five years). There will be an average per unit subsidy of \$105,958, of which \$41,666.67 is requested from the Community Homeownership Impact Fund (Impact Fund). Homes will be sold to homebuyers that make up to 115% of the area median income (AMI).

Selection Standards

Project Feasibility

Ten units are requested under Phase five. Thirteen units were completed and sold under phase one, and CPED has reported only one phase two home as completed and sold. GHN phase one closed in 2015. Minnesota Housing failed to award the City funds under GHN Phase four. The application states that of 56 total GHN units constructed to-date, 40 have sold. Of the 28 units funded between GHN phases one through three at least 14 are supported by Impact Fund Dollars. The 40 homes sold had sale prices from \$150,000 to \$220,000, and may positively impact home values in North Minneapolis. Current median sales prices are as follows:

- City of Minneapolis: \$212,000 (up 7.3% since 2013)
- Camden: \$110,000 (up 25.1% since 2013)
- Near North: \$110,000 (up 20.2% from 2013)

A Comparative Market analysis submitted with the application contains a much higher median price (\$174,900) of comparable listings than the two Northside MLS areas above-listed. The application acknowledges that home values have increased and this is supported with GHN sales prices in the range of \$172,900-\$216,500. It also argues that they are not yet stabilized, and additional value gap subsidy is needed to support ongoing new construction to “boost the confidence of the market...” Developers may choose from CPED’s vacant lot list based on their knowledge of the market (180 lots currently on the list). The month’s supply for the GHN neighborhoods (3.3-3.6) is similar to the city as a whole (3.1).

Cost Assessment

- Proposed Total Development Cost (TDC) per unit: \$290,958
 - Historical High-Cost Threshold*: \$313,625
 - Percent Under Historical High-Cost Threshold: 7.2 percent
- *Historical High-Cost Threshold = 80th Percentile (FileMaker Data)

Community Need

While the number of foreclosures in North Minneapolis has declined in the past couple years, the area still has vacant homes and 350 vacant lots (180 of which are on the GHN vacant lot list). This project will continue the process of stabilizing these volatile neighborhoods and help increase housing values in an area that has seen many foreclosures due to declining market values in previous years.

Organizational Capacity

CPED has received multiple Impact Fund awards in the past, including funding for three of the previous four GHN phases; phase four has shown some progress, and phases two and three are currently being considered for extensions. CPED is responsible for program guidelines, the Impact Fund Funding Agreement, and ongoing business decisions concerning the use of the funds. CPED has offered housing programs since the

1960s and continues to seek opportunities to offer mortgage, home improvement, development and business financing options. Staff includes three individuals with many years of experience in mortgage and home improvement lending and affordable housing programs. Implementation partners include Minnesota Housing lenders, Wells Fargo, and US Bank; North Minneapolis based realtors and minority-and women-owned business contractors and builders that worked on Neighborhood Stabilization Program (NSP) rehabilitation and GHN rounds one through four.

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Applicant Name: City of Minneapolis Department of Community Planning and Economic Development
City of Applicant: Minneapolis
Name of Proposal: Rehab Support Program
Activity Type: Owner-Occupied Rehabilitation
City/Cities: Minneapolis
County: Hennepin
RHAG Region: Metro
Max Request: \$1,300,000.00

Funding Recommendations

Amount:
 Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
 Amount Requested:
 Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota’s Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota’s Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Development Readiness/Leverage Resources

Project Description

The City of Minneapolis, Department of Community Planning and Economic Development (CPED) is requesting deferred loan funds for its Rehab Support Program (RSP) to rehabilitate owner-occupied properties in multiple North, Northeast and South Minneapolis neighborhoods. Eligible homeowners must match the Community Homeownership Impact Fund (Impact Fund) contribution dollar-for-dollar through leverage sources of the homeowner's choosing (e.g. own cash; gifts; Fix Up loan; home equity loan; neighborhood funds). CPED's average loan amount will be \$12,000 with a maximum loan amount of \$20,000 per household.

Selection Standards

Project Feasibility

The homeowner one-to-one match provides a good leverage source for this program. The funding will make financing available to homeowners to improve the value of their home, but lack equity to do so.

Community Need

The RSP is a part of a larger strategy to positively impact the housing market in many Minneapolis neighborhoods, and is consistent with the housing goals of Minneapolis adopted in 2014 (e.g. "High-quality, affordable housing choices exist for all ages, incomes, and circumstances."). In addition, the North Side portion of the target area is the Minneapolis Urban Promise Zone. The target areas have a moderate ongoing need for community recovery and foreclosure remediation, and this proposal will sustain funding for an existing program and will allow more homeowners to complete repairs and make improvements to their homes that will enhance area appraised values. While this program requires the homeowner to address housing maintenance code violations (if any) like other programs offered by CPED, unlike other programs its focus goes beyond low income homeowners (less than or equal to 80 percent of area median income (AMI)) and also allows the homeowners earning up to 115 percent of AMI to make improvements including kitchen and bath remodels, flooring and siding replacements, new and expanded garages, permanent functional landscaping, HVAC, additions or refinishing and building or repairing patios and decks.

Organizational Capacity

CPED has offered housing programs since the 1960s and continues to seek opportunities to offer mortgage, home improvement, development and business financing options. Staff includes three individuals with many years of experience in mortgage and home improvement lending and affordable housing programs. Greater Metropolitan Housing Corporation (GMHC) will serve as the Processing Entity (lender) who will provide ongoing review of borrower applications for program requirements and compliance. GMHC has been under contract to provide such services for CPED programs for more than ten years.

Applicant Name: Construction Consultant Minneapolis Metro, Inc.
City of Applicant: Minneapolis
Name of Proposal: Construction of Four-Bedroom Single Family homes
Activity Type: New Construction
City/Cities: Minneapolis
County: Hennepin
RHAG Region: Metro
Max Request: \$3,871,000.00

Funding Recommendations

Amount:
 Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
 Amount Requested:
 Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota’s Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota’s Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Workforce Housing
- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources

Project Description

Construction Consultant Minneapolis Metro, Inc., a private, for-profit developer and property manager, requests \$109,250 in value gap grant funds to construct two single-family, four bedroom homes in one or two of the Webber-Camden, Midtown Phillips, East Phillips, or Powderhorn Park neighborhoods of Minneapolis.

Selection Standards

Project Feasibility

The specific cultural competency of Construction Consultant Minneapolis Metro, Inc. and its partners aligns neatly with the Agency and City of Minneapolis goals of closing the homeownership gap.

Cost Assessment

- Proposed Total Development Cost (TDC): \$284,625 per unit
 - Historical High Cost Threshold*: \$313,625 per unit
 - Percent below Historical High Cost Threshold: 9.2 percent
- *Historical High Cost Threshold = 80th Percentile (File Maker Data)

Value Gap Subsidy Assessment

- Proposed Value Gap: \$54,000 per unit
 - Historical High Value Gap Threshold*: \$50,580
 - Percent above/below Historical High Value Gap Threshold: 6.7 percent above
- *Historical High Value Gap Threshold = 80th Percentile (Filemaker Data)

Anecdotal evidence of recent construction-cost increases may justify this higher value gap subsidy.

Community Need

This proposal targets a need for large-family housing for multigenerational households among the African (specifically Somali) immigrant population. Described in this proposal is a preference for word-of-mouth marketing, which this group is suited to accommodate through the African Families Development Network, Build Wealth and professional and personal connections.

Organizational Capacity

A first-time applicant to the Community Homeownership Impact Fund (Impact Fund), Construction Consultant Minneapolis Metro, Inc. has worked extensively with the Somali-American community through property management, real estate sales, and through African Families Development Network (AFDN). Applicant has partnered with Build Wealth Minnesota, Inc., who is an experienced Impact Fund administrator and will provide pre-purchase homebuyer training.

Applicant Name: Northside Home LLC
City of Applicant: Minneapolis
Name of Proposal: Northside Home - Homeownership Program
Activity Type: Acquisition, Rehabilitation, & Resale
City/Cities: North Minneapolis
County: Hennepin
RHAG Region: Metro
Max Request: \$240,000.00

Funding Recommendations

Amount:
 Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
 Amount Requested:
 Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota’s Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota’s Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

Northside Home LLC (Northside) requests value gap funds to acquire and rehabilitate six at-risk and/or foreclosed single family and potentially duplex homes in North Minneapolis, specifically the area bounded by 53rd Avenue on the north, Bassett Creek on the south, Interstate 94 on the east, and Theodore Worth Parkway on the west. Once rehabilitated, Northside will either sell or lease the homes. Their goal is to rehabilitate 50 similar at-risk properties within five years. After renovation, Northside Home LLC will either sell the home, or will lease it to a tenant that is not yet eligible for a mortgage but who will be eligible within 20 months. Lessees are required to work with a financial coach provided by Project for Pride in Living (PPL) toward mortgage eligibility. This includes classes in budgeting and improving the credit score. An average of \$30,000 per unit value gap is being requested from the Community Homeownership Impact Fund (Impact Fund).

Selection Standards

Project Feasibility

Community Profiles indicate that decent safe, affordable housing which will help to stabilize neighborhoods and alleviate blight and vacant homes is needed in the target area. Total value gap is reasonable and six months rehabilitation time is also reasonable for the area.

Community Need

Northside is trying to address multiple issues in North Minneapolis:

- Create a pathway to homeownership for households of color in North Minneapolis (many have incomes around 80 percent of area median income (AMI) but face credit and other barriers in accessing mortgages);
- Reduce the racial and ethnic disparity in homeownership (to-date, over 90 percent of Northside-served households have been of color);
- Purchase and stabilize vacant, at-risk properties in North Minneapolis neighborhoods (thereby preventing the risk of home purchases by opportunistic investors who are focused on immediate profit rather than on community building) and
- Bring quality investment to neglected properties by employing local contractors.

Other data about the community need:

- Median incomes of \$37,288 78 percent from communities of color;
- Median poverty rate of 29% but up to 60% in certain pockets;
- A high unemployment rate (20 percent) versus the Twin Cities metro area (5 percent) and
- Older housing stock (median age 73 years).

Organizational Capacity

Northside is a Limited Liability Corporation formed in partnership with PPL and Urban Homeworks to acquire distressed properties in North Minneapolis. Northside Home LLC has its own board of directors (and new, audited financial statements) separate from the partner organizations' boards of directors. In this partnership, Urban Homeworks will be the general contractor for three properties, the general contractor for the remaining three properties will bid on the rehabilitation and PPL will provide financial literacy and accounting services. Both PPL and Urban Homeworks are experienced in developing for-sale single family homes for eligible buyers. Between them, they have rehabilitated 150 homes throughout Minneapolis and surrounding suburbs. In addition, they both have real estate development, scattered site rental experience, project management and architectural experience, along with household and financial coaching. Mortgage lenders include Wells Fargo, US Bank, and Bremer.

Applicant Name: PRG, Inc.
City of Applicant: Minneapolis
Name of Proposal: Foreclosure Recovery V-Acq/Rehab/Resale
Activity Type: Acquisition, Rehabilitation, & Resale
City/Cities: Multiple Zip Codes
County: Hennepin
RHAG Region: Metro
Max Request: \$100,000.00

Funding Recommendations

Amount:
 Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
 Amount Requested:
 Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota’s Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota’s Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

Powderhorn Residents Group, Inc. (PRG) requests value gap financing to acquire, rehabilitate and sell three homes in the North and South Minneapolis zip codes of 55404, 55407, 55411, 55405 or 55412. PRG will focus on the area near 24th & Bloomington in the Phillips neighborhood, and on the Harrison and Jordan neighborhoods. PRG projects an average subsidy per unit of \$75,000, \$25,000 of which will be supported by the Community Homeownership Impact Fund (Impact Fund). The repayment deadline for \$120,000 in interim construction financing awarded to PRG under #10-2014-23 will be extended through the new award term to allow this funding to be recycled.

Selection Standards**Project Feasibility**

PRG proposes a fifth round of foreclosure recovery funding to continue their efforts in the identified target areas. These areas all have low vacancy rates, but a diversity of median home prices from \$87,500 in the Jordan neighborhood of North Minneapolis to \$149,500 in Harrison and \$167,500 in Phillips. These neighborhoods have a high concentration of underserved communities and a high poverty rate among the population of the three focus areas. The Agency's goal to work with diverse underserved populations and reduce homeownership disparities is bolstered by the fact that 65 percent of PRG homes sales in the past five years have been to households of color. Value gap leverage of \$50,000 and \$15,000 for acquisition and rehabilitation of each unit has been promised by Minneapolis CPED HOME funds and the East Phillips Improvement Coalition, respectively. This project will further PRG's short term goal to reduce the number of vacant and blighted homes and lots and increase the number of affordable housing units that will require no major repairs or system replacement in the next ten years. The project also furthers their long term goal to increase the number of owner-occupants with deep ties to the community to stabilize the neighborhood and encourage economic growth and development.

Community Need

The Community needs addressed by this proposal include:

- Continuing the foreclosure and community recovery work to address blight and its impacts;
- Encouraging higher rates of homeownership (crowding out investors);
- Providing high quality opportunities to underserved and low- to moderate-income households and
- Continuing to build successful neighborhood-based partnerships.

There is a clear need for affordable homeownership in these neighborhoods, particularly for persons of color, who make up the majority of the population here.

Organizational Capacity

PRG has developed over 70 single family acquisition-rehab-resale and infill new construction units in the past five years, and has been an active administrator in Minneapolis and Brooklyn Park foreclosure remediation efforts, using with both the Neighborhood Stabilization Program (NSP) and Impact Fund Dollars.

Applicant Name: PRG, Inc.
City of Applicant: Minneapolis
Name of Proposal: Foreclosure Recovery V - New Construction
Activity Type: New Construction
City/Cities: Multiple Zip Codes
County: Hennepin
RHAG Region: Metro
Max Request: \$110,000.00

Funding Recommendations

Amount:
 Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
 Amount Requested:
 Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota’s Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota’s Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

Powderhorn Residents Group, Inc. (PRG) requests value and affordability gap financing to build two new units in the North and South Minneapolis zip codes of 55404, 55407, 55411, 55405 or 55412 with the focus on the 24th & Bloomington area of the Phillips neighborhood and the Hawthorne and Jordan neighborhoods. PRG projects an average subsidy per unit of \$136,000, \$55,000 of which will be supported by the Community Homeownership Impact Fund (Impact Fund). The interim construction loan of \$120,000 (also referenced in the Acquisition-Rehabilitation-Resale proposal) awarded to PRG last year is to be extended through this award's performance period. Both home sales will likely be restricted to households with incomes less than 80 percent of area median income (AMI) as required by Minneapolis CPED HOME guidelines.

Selection Standards**Project Feasibility**

PRG proposes a fifth round of foreclosure recovery funding to continue their efforts in the identified target areas. These target areas all have low vacancy rates, but a diversity of median home prices from \$87,500 in the Jordan neighborhood of North Minneapolis to \$149,500 in Harrison and \$167,500 in Phillips. These neighborhoods have a high concentration of underserved communities and a high poverty rate among the population of the three focus areas. The Agency's goal to work with diverse underserved populations and reduce homeownership disparities is bolstered by the fact that 65 percent of PRG homes sales in the past five years have been to households of color. Value gap leverage of \$50,000 and \$15,000 for each unit has been promised by Minneapolis CPED HOME funds and the East Phillips Improvement Coalition, respectively. This project will further PRG's short term goal to reduce the number of vacant and blighted homes and lots and increase the number of affordable housing units that will require no major repairs or system replacement in the next ten years. The project also furthers their long term goal to increase the number of owner-occupants with deep ties to the community to stabilize the neighborhood and encourage economic growth and development.

Cost Assessment

- Proposed Total Development Cost (TDC): \$305,000 per unit
- Historical High Cost Threshold: \$313,625 per unit
- Percent Below High Cost Threshold: 2.7 percent
- *Historical High Cost Threshold = 80th Percentile (FileMaker Data)

Though at the top of the range, proposed new construction total development costs and total project subsidy are within the Impact Fund's historical 20th to 80th percentile threshold and hard costs are below the RS Means threshold by \$50,000 per unit.

Community Need

The Community needs addressed by this proposal include:

- Continuing the foreclosure and community recovery work to address blight and its impacts;
- Encouraging higher rates of homeownership (crowding out investors);
- Providing high quality opportunities to underserved and low- to moderate-income households, and
- Continuing to build successful neighborhood-based partnerships.

There is a clear need for affordable homeownership in these neighborhoods, particularly for persons of color, who make up the majority of the population here.

Organizational Capacity

PRG has developed over 70 single family acquisition-rehabilitation-resale and infill new construction units in the past five years. They have been a leader in Minneapolis and Brooklyn Park foreclosure remediation efforts using the Neighborhood Stabilization Program (NSP) and Impact Fund dollars.

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Applicant Name: Community Neighborhood Housing Services dba NeighborWorks
City of Applicant: St Paul
Name of Proposal: Community Keys
Activity Type: Affordability Gap/Downpayment Program
City/Cities: St. Paul
County: Ramsey
RHAG Region: Metro
Max Request: \$80,000.00

Funding Recommendations

Amount:

Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:

Amount Requested:

Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota’s Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota’s Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

Community Neighborhood Housing Services (CNHS) dba NeighborWorks Home Partners is requesting stand alone Affordability Gap funds to continue their Community Keys program. Qualified homebuyers earning up to 115 percent of area median income (AMI) will purchase in the Frogtown Rondo Home Fund service area and the Northside of Saint Paul neighborhoods. Each participant will receive up to \$7,500 in assistance in the form of a Community Homeownership Impact Fund (Impact Fund) deferred loan and CNHS dba NeighborWorks will receive an Administration Fee of \$500 per unit in the form of a grant.

Selection Standards

Project Feasibility

The Community Keys proposal is designed to provide affordability gap to offset the increasing home values the recovering market and light rail investment has triggered in the Frogtown Rondo and Saint Paul Northside neighborhoods. The program will provide affordability assistance not otherwise available through Minnesota Housing programs and could work in combination with Minnesota Housing down payment and closing cost assistance programs. Committed leverage of \$75,000 is provided from NeighborWorks America.

Community Need

The target area for this proposal has a homeownership rate of roughly half the homeownership rate statewide and 68 percent of those homeowners are cost burdened. Other down payment assistance programs are not affordable when coupled with a market rate first mortgage and therefore do not meet the needs of the population demographic in this area. This proposal will couple this affordability gap with fully amortizing first mortgages currently significantly below market with an interest rate of two percent. The monthly payment will be \$50.00 or less in order to provide affordability to more homeowners. Increasing homeownership in the target area will help to eradicate vacancy and sub-standard housing and create strong, affordable neighborhoods.

Organizational Capacity

CNHS has successfully administered the Community Keys program with Impact Fund dollars since 2013 and they have significant experience administering other home loan programs. This year the Local Initiative Support Corporation (LISC) will support its program and NeighborWorks America will provide leverage in the amount of \$75,000 to support the program.

Applicant Name: Twin Cities Community Land Bank LLC
City of Applicant: Minneapolis
Name of Proposal: Home Fund Project Area, Part 3
Activity Type: Acquisition, Rehabilitation, & Resale
City/Cities: Frogtown & Rondo Neighborhoods, St. Paul
County: Ramsey
RHAG Region: Metro
Max Request: \$400,000.00

Funding Recommendations

Amount:
 Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
 Amount Requested:
 Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota’s Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota’s Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

Twin Cities Community Land Bank LLC (the Land Bank) is requesting \$300,000 to finance Part 3 of the Land Bank's Strategic Acquisition of vacant and abandoned property in the Frogtown Rondo Home Fund Project Area. The Land Bank will acquire single family properties that are tax-forfeited, bank-owned, or long-term vacant and provide financing for developers to renovate the homes. The Land Bank requests value gap funding for the development of these properties from the Community Homeownership Impact Fund (Impact Fund).

Selection Standards

Project Feasibility

The Land Bank has two open Impact Fund awards. It has completed construction on four of five properties from its 2013 award. The fifth property is under construction. It is currently working on four of five projects under its 2014 award. It is feasible that the Land Bank will be able to complete six projects within the next 20 month contract period. The Land Bank has identified potential homes to acquire and the potential developers of these homes. The Land Bank will provide construction financing to the developers of all of the projects. The total development cost per unit is below the median for units in the St. Paul/Minneapolis area. While the average value gap amount requested is \$50,000, the Land Bank expects that the majority of units will receive \$42,800 in value gap.

Community Need

Housing in the Frogtown Rondo neighborhoods is becoming increasingly unaffordable for its current residents. More than half of the households with incomes below \$75,000 are cost burdened with 30% or more of their income going to housing costs. The homeownership rate in the area is less than 40%. There is also a low rental vacancy rate. The area served by the Frogtown Rondo Home Fund's Cooperatively Developed Plan currently has 160 vacant properties. While some of the homes are owned by the City of St. Paul or Ramsey County, many are privately owned and unaffordable to low or moderate income homebuyers. Most of the vacant homes require substantial rehabilitation so that they are brought up to code before they can be marketed and sold. The project will market to buyers of color, first-time homebuyers, and neighborhood residents earning up to 115 percent of area median income (AMI).

Organizational Capacity

Since 2009, the Land Bank has acquired over 1200 properties resulting in the preservation of 1600 units of affordable housing. It partners with municipalities, non-profits, private developers, and community groups to develop affordable housing. It has originated 436 loans, including reduced interest rate loans, for a total of \$64 million in development financing. The Land Bank has identified partners who will rehabilitate the proposed properties. These partners have extensive experience in housing development. Some of the partners worked with the Land Bank on its 2013 and 2014 Impact Fund awards so are familiar with the Impact Fund program requirements. Staff members have a mix of development, legal, and financial backgrounds. The primary contact for the application has approximately 10 years of experience in housing and economic development.

Applicant Name: Build Wealth Minnesota, Inc.
City of Applicant: Minneapolis
Name of Proposal: Family Stabilization Plan
Activity Type: Affordability Gap/Downpayment Program
City/Cities: Multiple
County: Multiple
RHAG Region: Metro
Max Request: \$304,000.00

Funding Recommendations

Amount:

Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:

Amount Requested:

Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota’s Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota’s Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

Build Wealth Minnesota, Inc. (Build Wealth) requests deferred loan funds in the amount of \$127,500 for down payment and closing cost assistance to 12 borrowers (average loan amount of \$10,625 per borrower) and \$22,500 in grant funds to cover program administration for those 12 borrowers (average of \$1,875 per borrower). The total award requested is \$150,000 supported by the Community Homeownership Impact Fund (Impact Fund). Build Wealth proposes an income limit of 80 percent of area median income (AMI) with an exception for homes built by Construction Consultant Minneapolis Metro, Inc. where the household income limit is up to 115 percent of AMI.

Selection Standards

Project Feasibility

Build Wealth served all ten clients under their 2013 Impact Fund award by the end of August 2015. They report two loans closed under their 2014 Family Stabilization Plan Impact Fund award. The goal is 12 loans by August 1, 2016. Build Wealth references efforts at data collection and analysis conducted through the Housing Opportunities Made Equitable Collaborative (HOMEEO) to measure and demonstrate progress Build Wealth and their HOMEEO partners make in reducing the racial gap in homeownership rates and improving opportunity within the neighborhoods served. Housing vacancy, incomes and purchasing power are all relatively low in the areas Build Wealth proposes to serve. Considering also that alternatives (saving, spending down savings or borrowing at interest) are all expensive compared to deferred, no-interest downpayment assistance, this program will continue to attract borrowers and real estate agents.

Community Need

Build Wealth has targeted reducing the racial disparity in homeownership.

Organizational Capacity

Minnesota Housing has funded Build Wealth for similar activities through four prior Impact Fund awards (in the range of 10 to 12 units per award) which Build Wealth completed in a timely manner. Applicant has experience working with the City of Minneapolis and other community development groups active in their target area and has been successful in serving underserved populations.

Applicant Name: Greater Metropolitan Housing Corporation
City of Applicant: Minneapolis
Name of Proposal: Suburban Fix Up Incentive Program
Activity Type: Owner-Occupied Rehabilitation
City/Cities: Brooklyn Center, Crystal, Richfield
County: Hennepin
RHAG Region: Metro
Max Request: \$171,975.00

Funding Recommendations

Incomes Served

Amount:

Less than 50% of AMI

Number of Units:

50% to 80% of AMI

80% to 115% of AMI

Co-Funder Info

Name:

Amount Requested:

Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota’s Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota’s Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Development Readiness/Leverage Resources

Project Description

Greater Metropolitan Housing Corporation (GMHC) is requesting \$171,975 to fund a Community Fix Up loan (CFUL) write-down initiative in the cities of Brooklyn Center, Crystal and Richfield. The interest rate will be discounted to 3%, allowing homeowners additional funds to make improvements of their choice to improve the livability of their homes.

Selection Standards

Project Feasibility

This Community Fix Up Initiative is a continuation the current Community Fix Up Loan Program (CFUL) initiative that GMHC has with the Agency. Since 2013, GMHC has originated 57 loans totaling \$1,554,886.02 in CFUL production using the Community Homeownership Impact Fund (Impact fund), the Targeted Home Improvement Pilot (THIP), and funds from the three partner cities to discount the interest rate in the target areas.

Community Need

The three target areas have high homeownership rates, ranging from 70.1 percent to 74.5 percent and 61 percent to 74 percent of those homeowners are cost burdened. The average age of the housing stock is in excess of 50 years and there are 2707 homes in the target area in need of rehabilitation.

Organizational Capacity

GMHC has consistently been a top producer for the Fix Up loan program and also administers the Minnesota Housing (the Agency) Rehabilitation and Emergency Loan Programs. Staff at GMHC's Housing Resource Centers have extensive experience working on home improvement programs. They have partnered with the cities of Richfield, Brooklyn Center and Crystal since 2012 and have successfully administered Community Fix Up initiatives in these communities.

Applicant Name: Hennepin County Housing and Redevelopment Authority
City of Applicant: Minneapolis
Name of Proposal: Home Accessibility Ramps Program
Activity Type: Owner-Occupied Rehabilitation
City/Cities: Multiple
County: Hennepin, Ramsey
RHAG Region: Metro
Max Request: \$174,600.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Development Readiness/Leverage Resources

Project Description

Hennepin County Housing and Redevelopment Authority (HCHRA) is requesting grant funds to cover costs associated with construction of up to 36 accessibility projects (ramps, long-tread, low-riser steps, and walkways) and to maintain/repair previously-built projects. The average cost per new accessibility project supported by the Community Homeownership Impact Fund (Impact Fund) is \$4,000. The Home Accessibility Ramps Program (Ramps Program) will be available to disabled homeowners earning up to 115 percent of Area Median Income (AMI) in both Ramsey and Hennepin Counties.

Selection Standards

Project Feasibility

According to the 2010 U.S. Census about one in five Americans has a disability and one in ten is severely disabled. Many involve physical limitation, and often they are unable to live full or independent lives if they are unable to remain in their homes. The Ramps Program promotes and supports successful homeownership and stabilizes the lives of individuals who have limited mobility. The National Multiple Sclerosis Society, Minnesota Chapter, the ALS Association of Minnesota, the Metropolitan Center for Independent Living and the Minneapolis Department of Veterans Affairs will all provide referrals to their clients and patients who need a ramp or low-tread steps.

Community Need

Elderly individuals or those who have physically-limiting disabilities often have difficulty with ingress and egress in older housing. The Ramps Program has been a cost-effective way to preserve accessible affordable housing for low-income homeowners in Hennepin and Ramsey counties since 1999. Although their proposal indicates they will serve incomes up to 115 percent of AMI, this program has had great success at serving low-income, disabled homeowners earning less than 50 percent of AMI. There is no other program that addresses this need in Hennepin and Ramsey counties.

Organizational Capacity

Since 1999 the HRA in partnership with Tree Trust, has built and/or repaired 290 modular wheelchair ramps and long-tread, low-riser steps in Hennepin and Ramsey Counties using a total of \$1,045,208 of Impact Funds or on average \$3,604 per installation. HCHRA and Tree Trust have a proven track record under previous Impact Fund awards.

Applicant Name: Hennepin County Housing and Redevelopment Authority
City of Applicant: Minneapolis
Name of Proposal: Tax Forfeit to Affordable Homeownership
Activity Type: Acquisition, Rehabilitation, & Resale
City/Cities: Minneapolis, Suburbs
County: Hennepin
RHAG Region: Metro
Max Request: \$210,000.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

Hennepin County Housing and Redevelopment Authority (HCHRA) is requesting funds for affordability gap and value gap to acquire and rehabilitate two tax forfeited properties, one in Minneapolis and one in suburban Hennepin County. Once rehabilitated, the properties will be sold to City of Lakes Community Land Trust (CLCLT) and West Hennepin Affordable Housing Land Trust (WHAHLT). The two community land trusts will sell the homes to qualified homebuyers earning up to 80 percent of area median income (AMI). HCHRA is requesting a developer fee of \$5,000 per unit.

Selection Standards

Project Feasibility

HCHRA will purchase, rehabilitate and sell to CLCLT and WHAHLT, two tax-forfeited single family housing units thereby returning them to neighborhood assets. This project will provide long-term affordability by selling the units to the land trusts and provide economic opportunity by contracting with Sentence to Serve Homes and their job training program for the rehabilitation. Two families otherwise unlikely to afford homeownership will be provided with decent, safe and affordable housing through the land trusts. Sentence to Serve Homes will help defray costs to the end borrower by reducing the cost of the rehabilitation and will provide the job training necessary to help the offenders in the program develop marketable skills and become contributing members of the community.

Community Need

This project serves the well-established need to expand the stock of decent, safe affordable housing for families living in the city of Minneapolis and in suburban Hennepin County. Additionally, this project will add the two properties to the homes available in Minneapolis and suburban Hennepin County with long-term affordability and return these properties to the Hennepin County tax role turning them into community assets once more. Sentence to Serve Homes will reduce the cost of rehabilitation and enable the land trusts to sell to families not otherwise able to afford a home.

Organizational Capacity

HCHRA has been an administrative agency for local, federal and state-funded housing programs for over 30 years. HCHRA is operated through the Housing Division of Hennepin County's Department of Housing, Community Works and Transit (HCWT), which is responsible for the administration of a variety of federal, state and county programs to address housing and community development needs throughout Hennepin County. HCHRA has a proven track record under previous Community Homeownership Impact Fund (Impact Fund) awards.

Applicant Name: Rebuilding Together Twin Cities
City of Applicant: Minneapolis
Name of Proposal: Critical Repair Projects for Low- Income Homeowners
Activity Type: Owner-Occupied Rehabilitation
City/Cities: North and South Mpls, East St. Paul, Brooklyn Park, Brooklyn Center
County: Hennepin, Ramsey
RHAG Region: Metro
Max Request: \$80,000.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Development Readiness/Leverage Resources

Project Description

Rebuilding Together Twin Cities (Rebuilding Together) is requesting grant funds in the amount of \$75,000 for owner-occupied rehabilitation of ten units averaging \$7,500 per unit. In addition, Rebuilding Together is requesting the Community Homeownership Impact Fund (Impact Fund) support an additional grant of \$5,000 to cover the administration fee of \$500 per unit for the ten units. Eligible households who need basic home repairs, will earn up to 50 percent of area median income (AMI). Participants must be located in various neighborhoods of North and South Minneapolis; the East Side of Saint Paul and in Brooklyn Park or Brooklyn Center.

Selection Standards

Project Feasibility

The proposed program is a comprehensive strategy in terms of local partnerships. Rebuilding Together works with partners in each community, such as the East Side Neighborhood Development Corporation; whose collective service area covers the majority of the target area in East St. Paul. They also have strong relationships with the Builder's Association of the Twin Cities Foundation, Wells Fargo, The Opus Group, Dayton's Bluff Community Council, Meals on Wheels, ClearCorps and block nurse programs that will serve as referral partners for homeowners and assist in finding additional project partners (funding and volunteers) in order to facilitate the bundling of services. Typical renovation work includes: installing ramps, widening doorways; modifying bathrooms and/or kitchens; installing grab bars, handrails, re-roofing, weatherizing, plumbing repairs, electrical repairs, re-carpeting, painting, and replacing or repairing siding.

Community Need

Rebuilding Together has selected target areas in North and South Minneapolis, East Saint Paul and Brooklyn Center and Brooklyn Park that have experienced high rates of foreclosure, have aging housing stock and an aging population earning less than 50 percent of AMI. Homeowners in these areas have lived in their homes for 20 years or more and because of the declining values experienced during the foreclosure crisis, have insufficient equity to support needed home repairs. This proposal will provide deferred, forgivable loans for needed repairs which, when coupled with other area programs will help stabilize these communities.

Organizational Capacity

The Twin Cities Chapter of Rebuilding Together is a local affiliate of a national organization that has existed since 1997 and has coordinated more than 8,000 volunteers in the repair of 597 homes and 33 non-profit facilities in the Twin Cities. Rebuilding Together will oversee the entire process, including outreach to community partners, locating and selecting homeowners, completing project work scopes, matching volunteers or contractors appropriately with repair work, and managing implementation. On average, the households served in the program have owned their homes for more than 20 years and Rebuilding Together is a Certified Lead Renovation agency and adheres to lead safe work practices on all their work sites.

Applicant Name: Twin Cities Habitat for Humanity
City of Applicant: Saint Paul
Name of Proposal: Scattered Site New Construction 2016
Activity Type: New Construction
City/Cities: Multiple
County: Multiple
RHAG Region: Metro
Max Request: \$1,174,680.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

Twin Cities Habitat for Humanity (TCHFH) is requesting deferred loan funds for affordability gap financing and grant funds for value gap financing for 34 homes in the following locations: Blaine, Bloomington, Hugo, Prior Lake, and the Camden, Near North and Phillips Neighborhoods in Minneapolis, and also for the Greater East Side, Payne-Phalen, Near North-South Como, Thomas-Dale (Frogtown), and Battle Creek neighborhoods of St. Paul. Thirty-four units will receive \$17,012 (on average) in value gap and 11 units will receive on average, \$37,298 in affordability gap. The total assistance requested from the Community Homeownership Impact Fund (Impact Fund) is \$988,680. TCHFH bases its home design on the needs of the families it serves. The average home has three to four bedrooms and is typically 1,500 square feet.

Selection Standards**Project Feasibility**

Eligible households will have incomes at or below 60 percent of area median income (AMI). TCHFH's construction model contains hard costs by incorporating volunteer and homeowner labor, AmeriCorps staff, and donated materials coordinated through its own warehouse.

Cost Assessment

- Proposed Total Development Cost (TDC) per unit: \$287,813
- Historical High-Cost Threshold*: \$313,625
- Percent Below Historical High-Cost Threshold: 8.2 percent

*Historical High Cost Threshold = 80th Percentile (File Maker Data)

TCHFH's focus on age-in-place work includes wider doorways and a visitable entrance that allows homeowners stability for many years.

Community Need

The families supported under this proposal will live in safe and healthy homes suited to their needs that blend well with surrounding neighborhood architecture. TCHFH's mortgage product will ensure that the families will not be cost burdened and reduce the risk of housing instability. This proposal addresses the community needs of economic integration, overall community recovery, foreclosure crisis recovery, workforce housing creation, and creating location efficient affordable housing. Minnesota Housing's priorities are addressed by multiple homes within this proposal. Thirty-one homes meet more than one priority and five of our priorities are addressed by several homes within this proposal.

Organizational Capacity

Since 1985 TCHFH has built and sold over 1,000 homes in the seven-county metro area through its homeownership program. In an average year they complete and sell 50 units through new construction and acquisition-rehabilitation projects. One of TCHFH's core strengths is its ability to carry out all development, construction, and marketing functions for each house. In doing so, TCHFH serves as the builder, the bank, and the bridge to affordable homeownership for the families it serves.

Applicant Name: Two Rivers CLT
City of Applicant: Woodbury
Name of Proposal: Ivy Estates
Activity Type: New Construction
City/Cities: Forest Lake
County: Washington
RHAG Region: Metro

Max Request:

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

Two Rivers Community Land Trust (Two Rivers) requests \$150,000 in grant funds from Metropolitan Council for six new affordable homeownership units in a small subdivision called Ivy Estates located in Forest Lake. The site for Ivy Estates has been platted, yet undeveloped for nearly a decade. The project will generate additional tax revenue and raise surrounding property values. Two Rivers will retain ownership of the land, while buyers will purchase the home and pay a monthly ground lease fee.

In 2010, the original developer of Ivy Estates was facing foreclosure. Two Rivers was awarded a loan through Minnesota Housing’s Land Acquisition for Affordable New Development (LAAND) program to purchase six lots in the Ivy Estates subdivision for the purpose of creating affordable housing once the market recovered.

Total development cost of a three bedroom, two bath rambler style home is \$255,000. The land is valued at \$40,550 per unit. Proposed time line is as follows: March, 2016 break ground on first unit and complete sixth unit August, 2017.

Selection Standards

Project Feasibility

Community Need

Organizational Capacity

Partner Funding Only

Applicant Name: West Hennepin Affordable Housing Land Trust
City of Applicant: Minnetonka
Name of Proposal: Homes Within Reach
Activity Type: Acquisition, Rehabilitation, & Resale
City/Cities:
County: Hennepin
RHAG Region: Metro
Max Request: \$228,000.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

West Hennepin Affordable Housing Land Trust (WHAHLT) is requesting value gap from the Community Homeownership Impact Fund (Impact Fund) for its Homes Within Reach Program (HWR). WHAHLT proposes to acquire, rehabilitate, and resell single family, detached units in western Hennepin County to increase the affordable housing stock available through the land trust. During the past 13 years, HWR has served 11 communities (Brooklyn Park, Deephaven, Edina, Eden Prairie, Golden Valley, Maple Grove, Minnetonka, New Hope, Richfield, St. Louis Park and Wayzata) and is working to implement the program in Bloomington and Crystal. Homes selected will be located in well-established neighborhoods, are typically between 30 and 60 years old, have three or four bedrooms and have at least a single car garage. Lot size will range from 0.25 to 0.5 acre and vary depending on its location. The acquisition price of an entry level home ranges from \$160,000 to \$250,000 depending on location, type and size. The HWR community land trust program serves households with incomes up to 80 percent of area median income (AMI). Historically, HWR has served households between 32 percent and 79 percent AMI, the average program wide AMI is 60.2 percent for new sales and resales.

Selection Standards

Project Feasibility

While specific sites have not yet been determined, likely locations of properties will ensure proximity to transit, infrastructure, educational opportunities, commercial services and employment centers. This proposal includes leverage dollars from a number of suburban communities. The land trust offers a significant affordability enhancement by working in areas where housing values can be some of the highest in Hennepin County.

Community Need

This Community Land Trust model is designed to provide low-and-moderate-income homebuyers access to affordable home-ownership while maintaining long-term affordability of the homes within the land trust. WHAHLT's service area includes communities that demonstrate a high or moderate need for homeownership, areas such as Saint Louis Park and Brooklyn Park that demonstrate a need for community stabilization and foreclosure recovery and finally, areas that demonstrate a need for economic integration with proximity to job centers.

Organizational Capacity

WHAHLT's history demonstrates their ability to serve low-and-moderate-income homeowners. WHAHLT has increased its service area from one community in 2002 to the 11 communities it serves today. To date, WHAHLT holds title to 111 parcels of land. They partner with rehabilitation advisors, contractors, mortgage lenders, and a homebuyer educator (Community Action Partnership of Suburban Hennepin). WHAHLT has successfully developed strong leverage partners with a variety of local communities in Hennepin County's western suburbs.

2015 Minnesota Housing Single Family Funding Selections

Greater Minnesota Development Summaries

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Applicant Name: City of Big Lake
City of Applicant: Big Lake
Name of Proposal: City of Big Lake New Construction
Activity Type: New Construction
City/Cities: Big Lake
County: Sherburne
RHAG Region: Central
Max Request: \$100,000.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota’s Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota’s Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

The City of Big Lake (Big Lake) requests Community Homeownership Impact Funds (Impact Fund) in the amount of \$25,000 in value gap for each of four properties for a total of \$100,000. The project is a part of the Big Lake's Neighborhood Stabilization Program (NSP) which is funded through Minnesota Housing. Big Lake acquired and demolished four foreclosed properties using NSP funds and needs value gap funds to develop homes on the sites to be sold to households at or below 115 percent area median income (AMI).

Selection Standards

Project Feasibility

In light of the three projects that Big Lake completed in the past year in partnership with Tri-CAP, it is feasible that Big Lake will be able to complete all four units within the 20-month timeframe. A developer agreement with Tri-CAP is already in place to complete the four projects. The lots have been acquired and prepared for construction. The Greater Minnesota Housing Fund provided construction financing for the three previously completed projects and will provide construction financing for these four projects. GMHF is supportive of Big Lake's Impact Fund application. Big Lake will use NSP dollars to provide down payment and closing cost assistance to homebuyers.

Cost Assessment

- Proposed Value Gap: \$25,000 per unit
- Historical High Cost Threshold*: \$36,021 per unit
- Percent Below Historical High Cost Threshold: 3.1 percent

*Historical High Cost Threshold = 80th Percentile (File Maker Data)

Community Need

There is a high demand and low supply of housing in the area. Home prices increase as housing inventory is reduced. Homeowners in the target area are cost burdened with more than 30 percent of their income going to housing costs. The four properties are located within a foreclosure priority area and a job growth and long commute area.

Organizational Capacity

Big Lake has completed eight single family housing development projects under its Minnesota Housing Neighborhood Stabilization Program (NSP). Of these eight projects, Big Lake worked with Tri-County Action Program (Tri-CAP) on developing three properties. Big Lake has a developer agreement with Tri-CAP to complete the four proposed projects under this application. The projects will be completed in the same manner as the three projects that have been completed. While Big Lake staff does not have prior housing development experience, they have worked closely with Tri-CAP on the development of the NSP properties. Tri-CAP has constructed and sold more than 125 homes since 1997. The partnership with Tri-CAP minimizes concerns about Big Lake's staff experience in housing development.

Applicant Name: Lakes and Pines CAC
City of Applicant: Mora
Name of Proposal: CMLMP (Cloquet, Moose Lake, Mora, Princeton) Deferred Loan Program
Activity Type: Owner-Occupied Rehabilitation
City/Cities: Cloquet, Moose Lake, Mora, Princeton
County: Carlton, Kanabec, Isanti
RHAG Region: Central
Max Request: \$225,000.00

Funding Recommendations

Amount:

Number of Units:

Incomes Served

Less than 50% of AMI

50% to 80% of AMI

80% to 115% of AMI

Co-Funder Info

Name:

Amount Requested:

Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Development Readiness/Leverage Resources

Project Description

Lakes and Pines Community Action Council, Inc. (Lakes and Pines) is requesting \$139,500 in the form of a deferred loan to finance a three percent interest rate write-down of loans originated by the Department of Employment and Economic Development (DEED) under the Small Cities Development Program (SCDP) Owner-occupied rehabilitation loan program. These loans will be available to individual households in Cloquet, Moose Lake, Mora and Princeton. Homeowners may earn up to 80 percent of area median income (AMI).

Selection Standards

Project Feasibility

The SCDP loan program interest rate write-down will allow the SCDP funds awarded in the target area to serve more borrowers than the loan program without the interest rate write-down. Homeowners whose home values have either declined or remained the same and need to make repairs to their homes will be better able to do so with a zero percent interest rate.

Community Need

The areas that are being targeted have a higher percentage of homeowners over the age of 55 who live on fixed incomes. In addition, many homes in the target area were built prior to 1980 and are in need of repair to maintain livability. In Moose Lake alone, more than 60 percent of homes were constructed prior to 1980 and two of the four cities are in high need foreclosure areas. Many of Lakes and Pines programs have not historically been available in Cloquet and this funding represents an opportunity to serve that city as well. In addition, the target area is in need of community stabilization and this program will help to achieve stability by allowing residents relying on fixed incomes to remain in their homes.

Organizational Capacity

Lakes and Pines works with Rehabilitation and Emergency Loans as well as the Fix-Up Loan Program through Minnesota Housing. There was a concern about Lakes and Pines capacity to deliver the program after the loss of a key staff person however Lakes and Pines has hired a qualified person to fill that void and now have the capacity to deliver the program.

Applicant Name: Arrowhead EOA
City of Applicant: Virginia
Name of Proposal: AEOA NE MN Community Impact Project -OO
Activity Type: Owner-Occupied Rehabilitation
City/Cities: Virginia and Carlton County
County: St Louis, Carlton
RHAG Region: Northeast
Max Request: \$325,000.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Development Readiness/Leverage Resources

Project Description

Arrowhead Economic Opportunity Agency (AEOA) is requesting a total of \$205,000 from the Community Homeownership Impact Fund (Impact Fund) to assist 10 households as follows:

- \$75,000 in deferred loan funds for five low-income households that are in high-need of Energy Assistance to convert their current steam heating systems, and
- \$125,000 in deferred loan funds for energy efficient rehabilitation of five households needing priority repairs such as mechanical upgrades and roof, window and door replacement as well as for necessary health and or safety-related repairs.

AEOA will target households earning up to 80% of area median income (AMI), families with children, households of color and the elderly who live on fixed incomes. AEOA requests \$500 per unit in grant funds for administration fees.

Selection Standards

Project Feasibility

AEOA is working with the city of Virginia on a comprehensive neighborhood revitalization project. Specific needs have been identified in the targeted areas. Energy updates will help low-income homeowners afford their utility bills and addressing health and safety repairs will improve the housing stock. This project has committed leverage from Weatherization and community development block grant (CDBG) funds.

Community Need

The Virginia Steam Conversion portion of the application will target five low income homeowners who struggle to pay for their high cost steam heat and are dependent on Energy Assistance programs. More efficient heating systems will reduce the need for energy assistance. The Virginia-targeted neighborhood has 44 homes in need of rehabilitation. A survey was completed in this area in 2013 which indicated 52 homeowners with a need for a wide range of rehabilitation including windows, doors, siding, plumbing, insulation, and roof repair or replacement. Of these 52 households, 29 earned less than \$30,000 per year and 18 earned less than \$21,000 per year. Fourteen households in the target area reported earning more than \$38,401.

Organizational Capacity

AEOA is a private, non-profit Community Action Agency that has provided services to Northeastern Minnesota for fifty years. AEOA is one of the largest producers and one of the strongest performers in the Rehabilitation Loan Program and a top producer in the Fix Up loan program. AEOA will be the program administrator.

Applicant Name: Lakes and Pines CAC
City of Applicant: Mora
Name of Proposal: CMLMP (Cloquet, Moose Lake, Mora, Princeton) Deferred Loan Program
Activity Type: Owner-Occupied Rehabilitation
City/Cities: Cloquet, Moose Lake, Mora, Princeton
County: Carlton, Kanabec, Isanti
RHAG Region: Central

Please see summary on page 99 for information about Lakes and Pines CAC award.

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Applicant Name: One Roof Community Housing
City of Applicant: Duluth
Name of Proposal: Housing Resource Connection 2015 New Construction
Activity Type: New Construction
City/Cities: Duluth
County: St Louis
RHAG Region: Northeast
Max Request: \$1,050,000.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

One Roof Community Housing (One Roof) requests \$450,000 in grant, deferred loan and Housing Infrastructure Bond funds, and an additional \$310,000 in interim construction financing, to support the construction and sale of 10 homes in Duluth's Central Hillside, East Hillside and Lakeside neighborhoods. Five or six of these homes will be land-trust properties sold to buyers earning less than 80 percent of area median income (AMI) and four or five will be market-rate, non-community land trust (CLT) homes sold to buyers earning less than 115 percent AMI. One Roof is also requesting \$34,000 from the Greater Minnesota Housing Fund (GMHF) to cover additional affordability gap.

Selection Standards

Project Feasibility

The Land Trust ownership model is well-established in Duluth. Community Profiles indicate the target area has a low housing vacancy rate and a robust demand for affordable housing units. Cost Assessment

- Proposed Total Development Cost (TDC): \$250,000 per unit
 - Historical High Cost Threshold*: \$297,102
 - Percent under Historical High Cost Threshold: 15.85 percent
- *Historical High Cost Threshold = 80th Percentile (File Maker Data)
Affordability gap subsidy is to be provided based on individual borrower need.

Community Need

One Roof presents compelling evidence of need for affordable new homes in the Duluth area for a growing workforce, including market data and a housing study.

Organizational Capacity

One Roof has existed since 2012, after the merger of Northern Communities Land Trust and Duluth Neighborhood Housing Services (NHS). Its business lines include CLT homes and affordable rental housing development, down payment and closing cost assistance, homebuyer education and credit counseling, loans for owner-occupied and multifamily rehabilitation and participatory community planning. As of June of 2015, One Roof had developed and sold 260 single family units through its land trust program, 65 of which were new construction projects; it has also managed 90 resales to date, for 350 total households served. The average income served by One Roof is 60 percent AMI. More than 90 percent of One Roof homebuyers have been first-time buyers. Implementation partners include Common Ground LLC, to coordinate all rehabilitation activities including bidding and construction, One Roof Community Realty to sell homes, the Duluth HRA, to provide lead paint risk evaluations and abatement via Healthy Homes funds, Duluth LISC to provide oversight of At Home in Duluth plans and area lenders such as North Shore Bank and Wells Fargo. One Roof has had a stable staff, is experienced with the Community Homeownership Impact Fund, and has completed awards on time in the past.

Applicant Name: One Roof Community Housing & Housing and Redevelopment Authority of Duluth
City of Applicant: Duluth
Name of Proposal: Housing Resource Connection 2015 Rehab
Activity Type: Acquisition, Rehabilitation, & Resale
City/Cities: Duluth, Proctor, Hermantown
County: St Louis
RHAG Region: Northeast
Max Request: \$570,000.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

One Roof Community Housing, Inc. (One Roof) and the Housing and Redevelopment Authority of Duluth (Duluth HRA), as co-applicants, request \$200,000 in grant and Housing Infrastructure Bond proceeds to cover affordability and value gaps, and an additional \$250,000 in interim construction financing, to acquire, rehabilitate, and resell five homes to land-trust buyers. Three or four of these homes will be located in Duluth, and another one or two in Proctor or Hermantown (or one in each city). Homebuyers will have household incomes of no more than 80% of area median income (AMI). One Roof also requests \$34,000 from the Greater Minnesota Housing Fund to cover additional affordability gap.

Selection Standards

Project Feasibility

Community Profiles indicate the target area has a low housing vacancy rate and a robust demand for affordable housing units.

Community Need

Applicant presents compelling evidence of need for affordable new homes in Duluth area for a growing workforce, including market data and a housing study. Proctor and Hermantown are each within 10 miles of Duluth and serve as bedroom communities for part of the Duluth area workforce.

Organizational Capacity

One Roof has existed since 2012, after the merger of Northern Communities Land Trust and Duluth Neighborhood Housing Services (NHS). Its business lines include CLT homes and affordable rental housing development, down payment and closing cost assistance, homebuyer education and credit counseling, loans for owner-occupied and multifamily rehabilitation and participatory community planning. As of June of 2015, One Roof had developed and sold 260 single family units through its land trust program, 65 of which were new construction projects; it has also managed 90 resales to date, for 350 total households served. The average income served by One Roof is 60 percent AMI. More than 90 percent of One Roof homebuyers have been first-time buyers. Implementation partners include Common Ground LLC, to coordinate all rehabilitation activities including bidding and construction, One Roof Community Realty to sell homes, the Duluth HRA, to provide lead paint risk evaluations and abatement via Healthy Homes funds, Duluth LISC to provide oversight of At Home in Duluth plans and area lenders such as North Shore Bank and Wells Fargo. One Roof has had a stable staff, is experienced with the Community Homeownership Impact Fund, and has completed awards on time in the past.

Applicant Name: One Roof Community Housing & Housing and Redevelopment Authority of
Duluth
City of Applicant: Duluth
Name of Proposal: Housing Resource Connection 2015 Rehab-OO
Activity Type: Owner-Occupied Rehabilitation
City/Cities: Duluth
County: St. Louis
RHAG Region: Northeast
Max Request: \$450,000.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Development Readiness/Leverage Resources

Project Description

One Roof Community Housing (One Roof) and the Housing and Redevelopment Authority of Duluth (Duluth HRA) request \$50,000 in grant funds for a Community Fix-Up Initiative to write down the Fix-Up interest rate in Duluth's Central Hillside, East Hillside, Lincoln Park, and West Duluth neighborhoods. Interest rates are to be written down to 3 percent or 1 percent depending on specific geography and household income.

Selection Standards

Project Feasibility

This is an established administrator and home improvement lender working in an area they have served for years. The Agency's Home Improvement team agrees this request is feasible given Applicant's progress on past CRV Community Fix-Up write down and Targeted Home Improvement Pilot awards. This proposal is very similar to One Roof's Targeted Home Improvement Pilot award.

Community Need

This area is one with aging and some dilapidated housing stock in need of rehabilitation.

Organizational Capacity

One Roof has existed since 2012, after the merger of Northern Communities Land Trust and Duluth Neighborhood Housing Service (NHS); business lines include community land trust (CLT) homes and affordable rental housing development; down payment and closing cost assistance; homebuyer education and credit counseling; loans for owner-occupied and multifamily rehabilitation; and participatory community planning. One Roof has had a stable staff, is experienced with CRV and the Impact Fund, and have completed awards on time in the past, including prior Community Fix-Up Initiatives.

Applicant Name: City of Thief River Falls
City of Applicant: Thief River Falls
Name of Proposal: Building a Better Neighborhood Phase 2
Activity Type: Affordability Gap/Downpayment Program
City/Cities: Thief River Falls
County: Pennington
RHAG Region: Northwest
Max Request: \$325,000.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

The City of Thief River Falls requests affordability gap to assist ten homebuyers to purchase new homes in a new subdivision in the city. Minnesota Housing awarded value and affordability gap funds to the city in 2014 for the first five units of this 7-acre, 26-unit development for value gap, affordability gap and interim construction financing. This new request supports the second phase planned for the site. The total projected affordability gap per unit is \$38,200, \$21,700 of which is to be supported by the Community Homeownership Impact Fund (Impact Fund).

Selection Standards

Project Feasibility

Job growth together with low vacancy rates and long commutes of area workers in Thief River Falls demonstrate the demand for new housing in the city. The proposal is innovative because they are using a Building Better Neighborhoods (BBN) floor plan design that has smaller, more affordable floor plans and land-efficient lot sizes. Phase 1 of the project is under way, with a signed purchase agreement for the land. During the late summer and fall of 2015, the builder will market and pre-sell three homes and then plans to build two speculative homes that will use the \$350,000 interim loan funds to cover the entire development cost. The affordability gap request appears reasonable given the anticipated appraised values and typical borrower needs.

Community Need

There is a well-defined community need for workforce housing for households in the target area. Household income in the area varies from \$35,000 to \$75,000 per year (slightly less than 50 percent to 100 percent of area median income (AMI)). There are currently no homes available for which a borrower earning this income could qualify. The area's workforce includes employees of Digi-Key and Arctic Cat, both of which have grown much more quickly in recent years than the workforce in the immediate area. The application states that Digi-Key created 200 jobs in 2014 and now employs 3,200 people. The company currently busses 114 workers from Bagley, MN and East Grand Forks and Grand Forks North Dakota. Digi-Key projects a ten percent growth in jobs annually for the next few years. Arctic Cat announced in May 2015 a planned \$27 million expansion to its manufacturing plant, and will add 39 new jobs.

Organizational Capacity

The City of Thief River Falls partnered with developers to plat 129 single family lots between 2008 and 2014 and additional multifamily units will be completed in 2015. Program staff led by the Thief River Falls Task Force with the support of Minnesota Housing Partnership's Housing Institute, has addressed local housing needs for the past two years. The Midwest Minnesota Community Development Corporation (MMCDC) is listed as both the processing entity and the developer of the project by virtue of its purchasing of the site, platting of the lots, and providing \$350,000 in construction financing to the builder. MMCDC's affiliated Northwest Minnesota Housing Cooperative will likely act as builder. MMCDC has developed housing in northern Minnesota during the past 44 years, including scattered site single family housing in the City of Thief River Falls.

Applicant Name: Headwaters RDC
City of Applicant: Bemidji
Name of Proposal: Headwaters Region Owner Occupied Rehabilitation
Activity Type: Owner-Occupied Rehabilitation
City/Cities: Multiple
County: Beltrami, Clearwater, Lake of the Woods, Mahnommen, Hubbard.
RHAG Region: Northwest
Max Request: \$250,000.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Development Readiness/Leverage Resources

Project Description

Headwaters Regional Development Commission (HRDC) is requesting a deferred loan in the amount of \$100,000 to rehabilitate ten owner occupied homes in Beltrami, Lake of the Woods, Hubbard, Clearwater and Mahnomen counties. This project will serve households earning up to 80 percent of area median income (AMI).

Selection Standards

Project Feasibility

The target area has a homeownership rate of 77.6 percent; 33 percent of those homeowners are over 55 years of age and 45 percent of homeowners in the target area are cost burdened. The area has older single family homes in need of repair; 60 percent of the homes were constructed prior to 1980.

Community Need

The Northwest area of Minnesota serviced by HRDC is more in need of owner-occupied housing rehabilitation than most areas of the state. Many homeowners in the target area are cost burdened and there is a large senior population demographic, living on fixed incomes that use these programs to make the home repairs necessary to allow them to age in place and preserve the stability of the community. Generally the target area is home to 14.5 percent of people living in poverty as compared with 11.2 percent statewide. In addition, Beltrami and Mahnomen counties have nearly double the state percentage of people living in poverty at 20.2 percent and 24.3 percent respectively.

Organizational Capacity

HRDC has been involved in rehabilitation of housing since 1984 and has been extremely active in that area since 2009. HRDC is a Minnesota Housing approved partner under the Fix Up Loan Program, the Rehabilitation Loan Program and the Emergency and Accessibility Loan Program. In addition they administer a variety of owner-occupied rehabilitation loan programs through both Hubbard County HRA and Beltrami County HRA. They were awarded \$80,000 under the 2014 Impact Fund Program, all of which has been awarded to individual households.

Applicant Name: Three Rivers Community Action, Inc.
City of Applicant: Zumbrota
Name of Proposal: Affordability Gap Financing Program
Activity Type: Affordability Gap/Downpayment Program
City/Cities: Multiple
County: 20 Counties in SE MN
RHAG Region: Southeast
Max Request: \$200,000.00

Funding Recommendations

Amount:
Number of Units:

Incomes Served

- Less than 50% of AMI
- 50% to 80% of AMI
- 80% to 115% of AMI

Co-Funder Info

Name:
Amount Requested:
Amount Recommended:

Meeting Agency Priorities

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

Three Rivers Community Action, Inc. (Three Rivers) is requesting deferred loan funds for their Affordability Gap Financing Program to increase homeownership rates among households earning up to 80 percent of the Area Median Income (AMI) in southeastern Minnesota. Outreach will be targeted to households of color, new immigrants, single female-headed households with children and households with a disabled family member. The service area includes the following 20 Counties: Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Nicollet, Olmsted, Rice, Sibley, Steele, Wabasha, Waseca, Watonwan and Winona. While it is a buyer-driven program, specifically targeted cities include: Austin, Faribault, Northfield, Owatonna, and Rochester. Eligible buyers will qualify for up to \$18,500 in assistance with a maximum of \$10,000 from the Community Homeownership Impact Fund (Impact Fund) and a maximum of \$8,500 from Greater Minnesota Housing Fund.

Selection Standards

Project Feasibility

The Affordability Gap Financing program is a part of a comprehensive strategy to increase homeownership rates among households earning up to 80 percent of AMI in southern Minnesota. This effort is consistent with Minnesota Housing's goals to provide homebuyer education, counseling and affordable mortgage financing across the state. In the past two and a half years, 53 percent of the buyers using need-based Impact Fund gap assistance, from Three Rivers, were households of color.

Community Need

The southeastern Minnesota region has a growing immigrant population given employment opportunities such as the Mayo Clinic, Hormel, and Faribault Foods. Related to this, Minnesota has a large disparity in homeownership rates between white households and communities of color. The Affordability Gap Financing program is a part of Three Rivers' comprehensive strategy to address this disparity and increase homeownership rates among households of color in the region. This program provides counseling and education for households within one year of purchasing a home; in addition, this program will provide a source of entry cost assistance and affordability gap, which are frequent needs for income-qualified households from communities of color when purchasing a home.

Organizational Capacity

Three Rivers is a nonprofit human service organization that has served south central and southeastern Minnesota since 1966. It offers Headstart, senior programs, weatherization, energy assistance, transitional housing, and housing development. Since 2008, the Achieve Homeownership programs have identified and addressed barriers to home purchases faced by low income and households of color, counseling 700 households, and providing Impact Fund-supported affordability gap to 75 households, 73 percent went to households of color, 19 percent to households headed by single women, and 8 percent to households containing a disabled family member. Three Rivers' staff has strong experience in a variety of programs including: pre-purchase counseling and education, owner-occupied rehabilitation, affordability gap, and both single family and multifamily rehabilitation and development.

Applicant Name: Southwest Minnesota Housing Partnership
City of Applicant: Slayton
Name of Proposal: Southwest Regional Rehab Pool
Activity Type: Owner-Occupied Rehabilitation
City/Cities: Multiple
County: Rock, Nobles, Jackson, Pipestone, Murray, Cottonwood, Lincoln, Lyon, Redwo
RHAG Region: Southwest
Max Request: \$165,000.00

Funding RecommendationsAmount: Number of Units: **Incomes Served** Less than 50% of AMI 50% to 80% of AMI 80% to 115% of AMI**Co-Funder Info**Name: Amount Requested: Amount Recommended: **Meeting Agency Priorities**

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
 Finance Housing Responsive to Minnesota's Changing Demographics
 Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
 Foreclosure Remediation
 Community Recovery
 Efficient Land Use
 Location Efficiency
 Development Readiness/Leverage Resources

Project Description

Southwest Minnesota Housing Partnership (SWMHP) is requesting \$150,000 in deferred loan funds for owner occupied rehabilitation of 10 single family homes through the Regional Rehabilitation Loan Pool Program and \$15,000 in grant funds for a developer fee of \$1,500 per unit to cover the costs of program administration. SWMHP will serve households earning up to 80 percent of area median income (AMI) in Redwood, Nobles, Murray Lyon, Cottonwood, Jackson, Lincoln, Pipestone and Rock Counties. The program will address needed repairs to preserve the affordable housing stock in the target area.

Selection Standards

Project Feasibility

SWMHP's Regional Rehabilitation Pool has delivered this program to a large service area in need of home rehabilitation through long-established field administrators and funding participants. The target area falls within the service area of a comprehensive plan developed by SWMHP in conjunction with other agencies from city and county government. The plan considers owner-occupied rehabilitation to be the most effective means of stabilizing communities in the target area and a mainstay of preserving affordable housing because the age of the housing (56 years on average) in the target area and an 11 percent poverty rate coupled with declining values in some rural areas prevent occupants from financing the work through conventional means.

Community Need

SWMHP has typically used Small Cities Development Program (SCDP) to match Community Homeownership Impact Fund (Impact Fund) and Greater Minnesota Housing Fund (GMHF) dollars for this program. This year however, SCDP funded SWMHP exclusively for multi-family projects and funds have not been requested from GMHF. That coupled with the relative age of most of the homes, the 11 percent poverty rate in the target area and declining values in some rural areas of the target area demonstrates critical need for this program.

Organizational Capacity

SWMHP has managed the Regional Rehab Pool since 2002. It has provided approximately \$2.3 million to complete 360 rehabilitation projects on owner-occupied properties across Southwestern Minnesota. SWMHP will conduct inspections, prepare scopes of work, assist homeowners with the contractor selection process and conduct inspections during rehabilitation.

Applicant Name: Midwest Minnesota CDC
City of Applicant: Detroit Lakes
Name of Proposal: Ash Avenue Restoration
Activity Type: New Construction
City/Cities: Frazee
County: Becker
RHAG Region: West Central
Max Request: \$262,400.00

Funding RecommendationsAmount: Number of Units: **Incomes Served** Less than 50% of AMI 50% to 80% of AMI 80% to 115% of AMI**Co-Funder Info**Name: Amount Requested: Amount Recommended: **Meeting Agency Priorities**

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
 Finance Housing Responsive to Minnesota's Changing Demographics
 Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
 Foreclosure Remediation
 Community Recovery
 Efficient Land Use
 Location Efficiency
 Economic Integration
 Development Readiness/Leverage Resources
 Workforce Housing

Project Description

Midwest Minnesota Community Development Corporation (MMCDC) is requesting value gap and affordability gap for two units, to be constructed on infill lots in the City of Frazee. MMCDC will purchase and demolish vacant, substandard homes allowing two, 936 square foot rambler style homes to be constructed. In addition to value gap of \$23,000 per unit MMCDC anticipates there will be affordability gap of \$42,600 per household. The Community Homeownership Impact Fund (Impact Fund) will provide up to \$16,000 of the total affordability gap. MMCDC will offer Rural Development mortgage products with in-house underwriting (coupled with county, city and local employer incentives) with the first mortgage and will serve households earning up to 115 percent of area median income (AMI).

Selection Standards**Project Feasibility**

MMCDC objectives are twofold: First, they want to assist the City of Frazee by removing blighted and vacant homes and second, create affordable workforce housing options for the nearby communities of Detroit Lakes and Perham. Both Detroit Lakes and Perham are unique in that they are resort communities. Much of the housing stock is seasonal, non-homestead properties, thus creating housing costs unaffordable to full-time residents. Rebuilding homes in Frazee will add affordable housing options for the local workforce and rebuild the depressed housing market.

Cost Assessment

▣ Proposed Total Development Cost (TDC) per unit: \$178,100

▣ Historical High-Cost Threshold*: \$178,686

▣ Percent Below Historical High-Cost Threshold: .3 percent

*Historical High Cost Threshold = 80th Percentile (Filemaker Data)

Community Need

The City of Frazee is working to create a needed affordable workforce housing solution that benefits multiple communities. The City of Frazee is located between Detroit Lakes and Perham both of which are ten miles from Frazee. The long term impact includes; an increased tax base, and increased aesthetics of the neighborhood. The existing homes being demolished are situated on narrow lots, facing commercial properties. MMCDC will reposition the new homes so that each faces the existing residential neighborhood thus becoming a part of the housing community rather than the commercial area.

Organizational Capacity

Both MMCDC and Northwest Minnesota Housing Cooperative have extensive backgrounds in affordable housing. Together they have built over 200 affordable homes. They manage and market their own properties with onsite staff.

Applicant Name: Habitat for Humanity of Minnesota
City of Applicant: Minneapolis
Name of Proposal: Habitat for Humanity of MN - Impact Fund #3
Activity Type: New Construction
City/Cities:
County: 53 Counties in Greater Minnesota
RHAG Region: Multiple
Max Request: \$345,000.00

Funding RecommendationsAmount: Number of Units: **Incomes Served** Less than 50% of AMI 50% to 80% of AMI 80% to 115% of AMI**Co-Funder Info**Name: Amount Requested: Amount Recommended: **Meeting Agency Priorities**

- Reduce Minnesota's Racial and Ethnicity Homeownership Disparity
- Finance Housing Responsive to Minnesota's Changing Demographics
- Address Specific and Critical Local Housing Needs

Meeting Funding Priorities

- Cooperatively-Developed Plan
- Foreclosure Remediation
- Community Recovery
- Efficient Land Use
- Location Efficiency
- Economic Integration
- Development Readiness/Leverage Resources
- Workforce Housing

Project Description

Habitat for Humanity of Minnesota (Habitat) requests \$345,000 in value gap grant funds on behalf of its 31 Greater Minnesota affiliates serving 53 counties statewide. If funded, Habitat will distribute Community Homeownership Impact Fund (Impact Fund) dollars to its affiliates to construct 23 homes in partnership with homeowners earning up to 50 percent of area median income (AMI).

Selection Standards

Project Feasibility

Habitat for Humanity of Minnesota has received at least eight prior Impact Fund awards for similar activity and has completed these awards on time, usually surpassing the agreed-upon unit goal by two or three units. Habitat demonstrates a strong commitment to Green Communities, employing a full-time Sustainable Building Program Manager to assist its affiliates with all aspects of compliance with the Enterprise Green Communities Criteria (including the Minnesota Overlay). In addition, Habitat has partnered with Xcel Energy and Clean Energy Resource Teams to produce a 30-minute homeowner education DVD which accompanies its written manual instructing homeowners on the proper use and care of Green Communities homes.

Cost Assessment

- Proposed Total Development Cost (TDC): \$129,768 per unit
 - Historical High Cost Threshold*: \$178,686 per unit
 - Percent Below Historical High Cost Threshold: 27.3 percent
- *Historical High Cost Threshold = 80th Percentile (File Maker Data)

Community Need

Habitat targets the lowest-income homebuyers (less than 50 percent AMI) who are cost burdened as renters and would be cost-burdened as owners but for Habitat's assistance. In addition, Habitat has in the past and does through this proposal, target areas that are otherwise untouched by Impact Fund resources. Based on Habitat's analysis, the wages of those jobs typically held by Habitat homeowners have remained low for the last three years with the majority paying a wage of less than 40 percent AMI, assuming full-time work. Each of the top three positions, greater than 70 percent of all job vacancies, are part-time. Based on a three-year trend, Habitat forecasts that wages will remain less than 50 percent AMI for the workforce in the areas it proposes to serve. There will continue to be a high number of cost-burdened, low-income households in need of Habitat's affordable housing.

Organizational Capacity

Habitat's Greater Minnesota affiliates have been building homes for more than twenty years. As of fiscal year end (June 30, 2014), these affiliates had constructed and rehabilitated 1,101 homes. Habitat has had stable leadership and employs competent staff to administer their programs.

2015 Minnesota Housing Single Family Funding Selections

Agenda Item: 7.D

Administrator - Project Name - Location	Impact Fund Unit Count				Priorities* # of Units			Minnesota Housing Funding			Funding Partners		Total Funding		
	Rehab Exist	New To be Built	Total Units	Afford Units	Forecl Remed	Comm Recovery	Workforce Housing	EDHC	Infrastructure Bond Funds	Interim Construction	Greater Minnesota Housing Fund	Met Council	Total Minnesota Housing Funding	Total Partner Funding	Total Funding
METRO AREA															
Minneapolis															
City of Lakes Community Land Trust - CLCLT Homebuyer Initiated Program (HIP)	15		15	15	2	7	15	\$ 540,000	\$ 187,500			\$ 150,000	\$ 727,500	\$ 150,000	\$ 877,500
City of Minneapolis - Green Homes North 5		10	10	7	8	7	10	\$ 416,670					\$ 416,670		\$ 416,670
City of Minneapolis - Rehab Support Program	20		20	15	10	16		\$ 280,000					\$ 280,000		\$ 280,000
Construction Consultant Minneapolis Metro, Inc. - New Const. of Four-Bedroom SF Homes		2	2	1	1	1	2	\$ 109,250					\$ 109,250		\$ 109,250
Northside Home LLC - "Northside Home" Homeownership Program	6		6	4	6	6	6	\$ 180,000					\$ 180,000		\$ 180,000
PRG, Inc. - Foreclosure Recovery V - Acq/Rehab	3		3	3	1	2	3	\$ 75,000					\$ 75,000		\$ 75,000
PRG, Inc. - Foreclosure Recovery V - New Const.		2	2	1	1	2	2	\$ 110,000					\$ 110,000		\$ 110,000
Total Minneapolis	44	14	58	46	29	41	38	\$ 1,710,920	\$ 187,500	\$ 0	\$ 0	\$ 150,000	\$ 1,898,420	\$ 150,000	\$ 2,048,420
Saint Paul															
Community Neighborhood Housing Services - Community Keys	10		10	7		9	10	\$ 80,000					\$ 80,000		\$ 80,000
Twin Cities Community Land Bank - Home Fund Project/ Strategic Acq. of Vacant & Abandoned Property, Part 3	6		6	5		5	6	\$ 300,000					\$ 300,000		\$ 300,000
Total Saint Paul	16	0	16	12	0	14	16	\$ 380,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 380,000	\$ 0	\$ 380,000
Seven-County Metro Area (Some units may be located in Minneapolis and Saint Paul)															
Build Wealth MN, Inc. - Family Stabilization Plan	10	2	12	12	11	7	10	\$ 150,000					\$ 150,000		\$ 150,000
Greater Metropolitan Housing Corporation - Suburban Fix Up Incentive Program (interest write-down)	29		29	29	14			\$ 171,975					\$ 171,975		\$ 171,975
Hennepin County HRA - Home Accessibility Ramps Program	36		36	36	29	30		\$ 174,600					\$ 174,600		\$ 174,600
Hennepin County HRA - Tax Forfeit to Affordable Homeownership	2		2	2	2	2	2	\$ 210,000					\$ 210,000		\$ 210,000
Rebuilding Together Twin Cities - Critical Repair Project	10		10	10	9	8		\$ 80,000					\$ 80,000		\$ 80,000
Twin Cities Habitat for Humanity - Scattered Site New Construction 2016		34	34	34	21	17	26	\$ 988,680				\$ 186,000	\$ 988,680	\$ 186,000	\$ 1,174,680
Two Rivers CLT - Ivy Estates												\$ 150,000		\$ 150,000	\$ 150,000
West Hennepin Affordable Housing Land Trust - Homes Within Reach	6		6	6	5	3	3	\$ 114,000	\$ 114,000			\$ 114,000	\$ 228,000	\$ 114,000	\$ 342,000
Total Seven-County Metro Area	93	36	129	129	91	67	41	\$ 1,889,255	\$ 114,000	\$ 0	\$ 0	\$ 450,000	\$ 2,003,255	\$ 450,000	\$ 2,453,255
Total METRO AREA	153	50	203	187	120	122	95	\$ 3,980,175	\$ 301,500	\$ 0	\$ 0	\$ 600,000	\$ 4,281,675	\$ 600,000	\$ 4,881,675

*Units may achieve multiple priorities

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

KEY:

Afford Units: Proposed units to serve households at or below 80% of area median income

Forecl Remed: Foreclosure Remediation

Comm Recovery: Community Recovery

Workforce Housing: Proposed units to be built within Job Growth or Top Jobs Communities or Job Growth or Top Jobs and Long Commute Communities

EDHC: Economic Development & Housing Challenge Program

Met Council: Metropolitan Council

2015 Minnesota Housing Single Family Funding Selections

Administrator - Project Name - Location	Impact Fund Unit Count				Priorities* # of Units			Minnesota Housing Funding			Funding Partners		Total Funding		
	Rehab Exist	New To be Built	Total Units	Afford Units	Forecl Remed	Comm Recovery	Workforce Housing	EDHC	Infrastructure Bond Funds	Interim Construction	Greater Minnesota Housing Fund	Met Council	Total Minnesota Housing Funding	Total Partner Funding	Total Funding
GREATER MINNESOTA															
Central															
City of Big Lake - City of Big Lake New Construction		4	4	2	4			\$ 100,000					\$ 100,000		\$ 100,000
Lakes & Pines Community Action Council, Inc. - CMLMP Deferred Loan Program (Mora, Princeton)	5		5	5	3			\$ 77,500					\$ 77,500		\$ 77,500
Total Central	5	4	9	7	7	0	0	\$ 177,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 177,500	\$ 0	\$ 177,500
Northeast															
Arrowhead Economic Opportunity Agency - NE Minnesota Community Impact Project	10		10	10		2		\$ 205,000					\$ 205,000		\$ 205,000
Lakes & Pines Community Action Council, Inc. - CMLMP Deferred Loan Program (Cloquet, Moose Lake)	4		4	4				\$ 62,000					\$ 62,000		\$ 62,000
One Roof Community Housing - Housing Resource Connection, New Construction		10	10	6		5	10	\$ 300,000	\$ 150,000	\$ 310,000	\$ 34,000		\$ 760,000	\$ 34,000	\$ 794,000
One Roof Community Housing; Duluth HRA - Housing Resource Connection 2015 Acq - Rehab	5		5	5	1	3	5	\$ 125,000	\$ 75,000	\$ 250,000	\$ 34,000		\$ 450,000	\$ 34,000	\$ 484,000
One Roof Community Housing; Duluth HRA - Housing Resource Connection, Owner Occupied Rehab Interest Rate Write Down	12		12	10		12		\$ 50,000					\$ 50,000		\$ 50,000
Total Northeast	31	10	41	35	1	22	15	\$ 742,000	\$ 225,000	\$ 560,000	\$ 68,000	\$ 0	\$ 1,527,000	\$ 68,000	\$ 1,595,000
Northwest															
City of Thief River Falls - Building a Better Neighborhood 2		10	10	9			10	\$ 217,000					\$ 217,000		\$ 217,000
Headwaters Regional Development Commission - Headwaters Region Owner Occupied Rehabilitation	10		10	10				\$ 100,000			\$ 85,000		\$ 100,000	\$ 85,000	\$ 185,000
Total Northwest	10	10	20	19	0	0	10	\$ 317,000	\$ 0	\$ 0	\$ 85,000	\$ 0	\$ 317,000	\$ 85,000	\$ 402,000
Southeast															
Three Rivers Community Action, Inc. - Affordability Gap Financing Program	10	2	12	12			8	\$ 120,000			\$ 102,000		\$ 120,000	\$ 102,000	\$ 222,000
Total Southeast	10	2	12	12	0	0	8	\$ 120,000	\$ 0	\$ 0	\$ 102,000	\$ 0	\$ 120,000	\$ 102,000	\$ 222,000
Southwest															
Southwest MN Housing Partnership - Owner Occupied Regional Pool	10		10	10	2	4		\$ 165,000					\$ 165,000		\$ 165,000
Total Southwest	10	0	10	10	2	4	0	\$ 165,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 165,000	\$ 0	\$ 165,000
West Central															
Midwest Minnesota Community Development Corporation - Ash Avenue Restoration		2	2	1			2	\$ 131,200					\$ 131,200		\$ 131,200
Total West Central	0	2	2	1	0	0	2	\$ 131,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 131,200	\$ 0	\$ 131,200
Multiple Regions/Statewide															
Habitat for Humanity of Minnesota - Impact Fund #3		23	23	23	6	6	10	\$ 345,000					\$ 345,000		\$ 345,000
Total Multiple Regions/Statewide	0	23	23	23	6	6	10	\$ 345,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 345,000	\$ 0	\$ 345,000
Total GREATER MINNESOTA	66	51	117	107	16	32	45	\$ 1,997,700	\$ 225,000	\$ 560,000	\$ 255,000	\$ 0	\$ 2,782,700	\$ 255,000	\$ 3,037,700
Total STATEWIDE	219	101	320	294	136	154	140	\$ 5,977,875	\$ 526,500	\$ 560,000	\$ 255,000	\$ 600,000	\$ 7,064,375	\$ 855,000	\$ 7,919,375

*Units may achieve multiple priorities

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

KEY:

Afford Units: Proposed units to serve households at or below 80% of area median income

Workforce Housing: Proposed units to be built within Job Growth or Top Jobs Communities or Job Growth or Top Jobs and Long Commute Communities

Forecl Remed: Foreclosure Remediation

EDHC: Economic Development & Housing Challenge Program

Comm Recovery: Community Recovery

Met Council: Metropolitan Council

2015 Minnesota Housing Single Family Non-Recommended Applications

Administrator - Project Name - Location	Funding Requested
GREATER MINNESOTA	
Northwest	
Hubbard County Housing Redevelopment Agency - Owner-occupied	\$90,000
Northeast	
Arrowhead Economic Opportunity Agency - NE Minnesota Community Impact	\$100,000
Southwest	
New Ulm Economic Development Authority - Milford Heights Subdivision	\$40,430
Southeast	
First Homes - Heritage Homes Project 2015	\$600,000
Total GREATER MINNESOTA - 4 projects	\$830,430
METRO	
City of Minneapolis Department of Community Planning and Economic Development - Homeownership Opportunity Minneapolis	\$284,000
Dayton's Bluff Neighborhood Housing Services - Village on Rivoli	\$325,000
Greater Metropolitan Housing Corporation - Mpls. Community Revital. III - Senior Housing Regeneration Program - Acq/Rehab/Resale	\$325,000
Greater Metropolitan Housing Corporation - Mpls. Community Revital. III - Senior Housing Regeneration Program - New Construction	\$493,656
Robert Engstrom Capital Management, LLC - Brooklyn Park Single Family and Ramsey County Townhome Pilot Program	\$300,000
Twin Cities Community Land Bank LLC - North Mpls Landlord Portfolio Pilot Project	\$560,000
Two Rivers Community Land Trust - Free to Stay Pilot Program	\$552,000
Total METRO - 7 developments	\$2,839,656
Total STATEWIDE - 11 developments	\$3,670,086

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Item: Multifamily Selections, Amortizing Loan, Deferred Loan, Bridge Loan, Grants and 2016 Housing Tax Credits.

Staff Contact(s):

Kayla Schuchman, 651.296.3705, kayla.schuchman@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 the following approvals related to the 2015 Consolidated Request for Proposal (RFP):

- Adoption of a resolution approving the selection and commitment of projects for deferred financing, authorizing the closing of loans, and granting waivers related to housing infrastructure bonds.
- Adoption of a resolution allocating federal low income housing credits and granting waivers related to federal low income housing tax credits.
- Adoption of a resolution approving mortgage loan commitments under the Preservation Affordable Rental Investment Fund (PARIF) program.
- Adoption of a resolution approving selection and commitment of Section 811 Project Rental Assistance grants.
- Adoption of a resolution approving selections under the Low- and Moderate-Income Rental (LMIR) and Flexible Financing for Capital Costs (FFCC) programs.

Fiscal Impact:

The Consolidated RFP funding recommendations include numerous funding sources.

In the 2016 Affordable Housing Plan (AHP), the board allocated the following for amortized lending:

- \$15 million for HUD Multifamily Accelerated Processing (MAP) program lending
- \$70 million in for the LMIR program
 - \$30 million from the Housing Investment Fund - Pool 2
 - \$40 million through tax-exempt bonding

In the 2016 AHP, the board allocated the following for deferred lending:

- \$3.5 million under the FFCC program (Housing Affordability Fund – Pool 3)

Preservation Affordable Rental Investment Fund (PARIF) and other remaining deferred funding are from state or federal appropriations and do not impact the Agency's financial condition. Housing Tax Credits (HTC) are a federal resource and do not impact the Agency's financial condition.

The Agency will generate approximately \$335,572 in fee income from construction oversight on the deferred and amortizing loans being recommended. An additional \$467,044 in fee income from LMIR and MAP origination fees is anticipated, as well as ongoing interest income from LMIR loans.

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
- Predictive Cost Model rationale
- Waivers requested
- Resolutions
- Funding recommendation map
- Summaries of funding recommendations
 - Consolidated
 - Detailed
 - Strategic Priority
- Development summaries
- Non-selected applications

BACKGROUND

Minnesota Housing's annual Multifamily RFP process allows housing sponsors to apply for resources from the Agency and its funding partners using a common application and procedure.

As of the June 18, 2015 application deadline, Minnesota Housing and its funding partners received applications for 78 proposals, requesting approximately \$145 million in deferred loans, \$50 million in permanent first mortgage financing, and \$22 million in Agency-administered 2016 Round 1 competitive tax credits.

On April 24, 2014, the Board approved the 2016 HTC Qualified Allocation Plan (QAP), procedural manual and timetables for applications. The total Minnesota tax credit allocation is approximately \$12,551,497. Through authority provided by Minnesota Statutes Sections 462A.222 and 462A.223; Duluth, Rochester, St. Cloud, Washington County, Minneapolis, St. Paul and Dakota County are authorized to administer housing tax credit allocations as suballocators.

The City of Minneapolis, City of St. Paul, Dakota County and Washington County administer their tax credits locally as suballocators. Duluth, St. Cloud and Rochester have entered into Joint Powers Agreements with the Agency. Their credits are apportioned back to the Agency for selection processes and certain allocation and compliance functions. The Agency administers \$8,497,037 in credit allocations including \$755,401 from Joint Powers Suballocator credits.

In addition to the annual Multifamily RFP process, amortizing mortgage financing and preservation funding are also available from Minnesota Housing on an open pipeline basis for developments that meet the eligibility criteria outlined in the Multifamily Consolidated Request for Proposal guide.

Additionally, a second competitive round for tax credits (2016 Round 2) will be held January 26, 2016 incorporating tax credits remaining or returned following the conclusion of 2016 Round 1. Based on the recommendations in this report regarding 2016 Round 1 tax credits, the Agency will have a remaining tax credit balance of \$196,243.

Proposals submitted to Minnesota Housing are extensively reviewed by a team of Agency underwriters, architects, management officers, and supporting housing officers for:

- Consistency with the mission and strategic priorities of the Agency.
- Compliance with statutes and program rules.
- Consistency with program priorities.
- Financial feasibility, market need, architectural quality, and overall development team capacity.

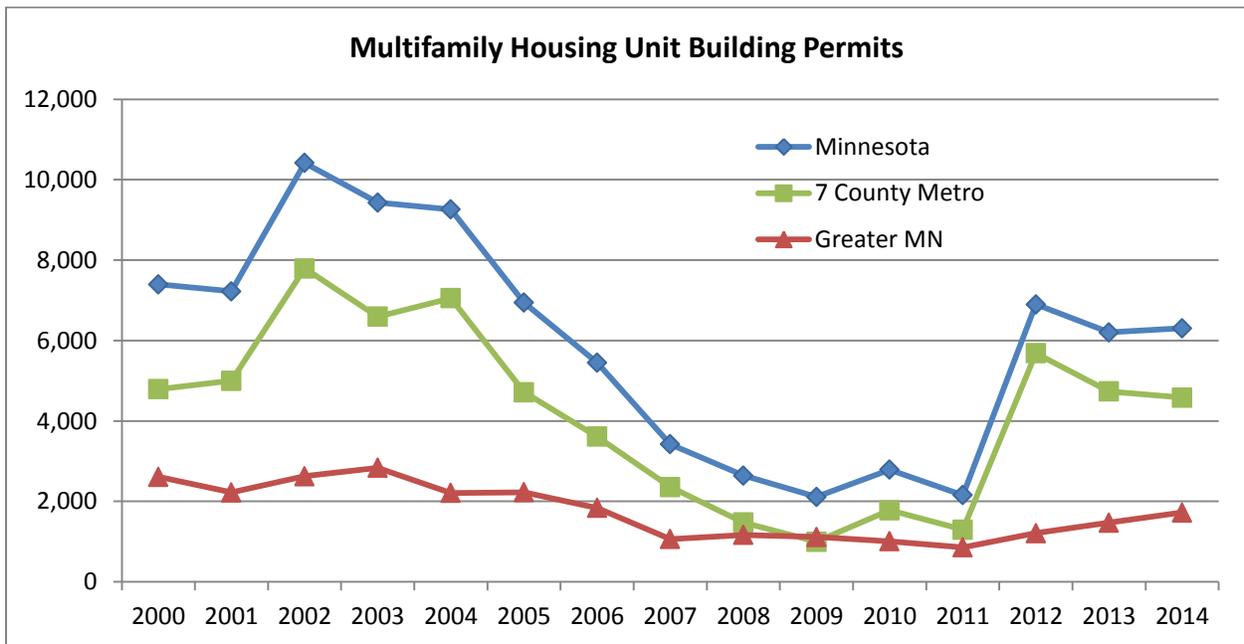
MARKET CONDITIONS

Minnesota has a severe shortage of affordable rental housing. According to the U.S. Census Bureau, the percentage of Minnesota renters who are cost burdened (paying 30 percent or more of their income on rent) increased from 37 percent in 2000 to 48 percent in 2014. Among lower-income renters (with incomes less than \$50,000), 68 percent, or about 257,000 households, are cost burdened.

The need for more affordable housing is increasing with rising rents. The rental vacancy rate in much of Minnesota is well below the 5 percent that is generally considered optimal for a balanced market. According to Marquette Advisor's *Apartment Trends*, the rental vacancy rate for the Twin Cities metropolitan area was 2.7 percent for the first quarter of 2015. Recent market studies also show

vacancies rates below 3 percent for much of Greater Minnesota. Low vacancy rates and a shortage of rental housing lead to rising rents.

Low vacancy rates have occurred for three reasons. First, with the improving economy, more households have been established as fewer are doubled up and fewer young adults live with their parents. Second, the homeownership rate in Minnesota dropped from 76 percent in 2006 to 72 percent in 2014. With fewer households owning and more renting, the rental vacancy rate declined. Third, as shown in the table below, very few new rental units were created during the Great Recession and its aftermath. The new units being constructed did not keep pace with the increasing demand. Only in recent years has production picked up.



Source: HUD SOCDs Buildings Permits Database

Overall, Minnesota’s economy is stronger than the rest of the country. In August of 2015, our seasonally adjusted unemployment rate was 4.0 percent, while it was 5.1 percent nationally. The question remains whether the low unemployment rate will finally translate into higher wages for renters. Since 2000, median incomes for renters have not kept pace with inflation and rent increases.

SELECTIONS

Of the 78 proposals received, funding from Minnesota Housing and funding partners will be provided for 23 developments with deferred, bridge, and permanent first mortgage loan financing, tax credits, and rental assistance recommended as follows. Some developments will receive more than one type of funding. Of the developments detailed on the funding recommendations attachment one will receive only Section 811 Rental Assistance and four additional developments will receive funding only from suballocator tax credits.

Funding Type	Proposals	Totals
Permanent First Mortgage Financing	11	\$ 18,316,000
Bridge Loan Financing	4	\$ 14,775,000

Deferred Loan Capital	17	\$ 39,322,979
Housing Tax Credits (9%)	12	\$ 8,300,794
Funding Partner Contributions	7	\$ 2,627,000
Section 811 Rental Assistance Grants	4	\$ 1,135,080

Amortizing Mortgages

Developments recommended for LMIR selection will be funded through the Housing Investment Fund - Pool 2. The LMIR mortgage terms will be 30-year amortizations and terms with fixed rates and must be in first lien position. The loans will be processed under HUD’s Risk Share Mortgage Insurance Program, and a mortgage insurance premium of 0.25 percent will be collected in addition to the interest.

Several developments are also being recommended for LMIR Bridge Loans, which will be funded with the proceeds of short-term tax-exempt bonds issued by the Agency. The bonds will be structured to ensure the developments will be eligible for 4 percent HTC. The Bridge Loans generally will be 18-month terms, in first lien position and carry a fixed interest rate.

Additionally, some developments are being recommended for deferred funding through the Flexible Financing for Capital Costs program, which is only available in conjunction with LMIR loans and is funded through the Housing Affordability Fund – Pool 3. Selections for the LMIR and FFCC loans through this RFP do not represent commitments for funding, but selections will allow up to 12 months for further processing and underwriting at the selected interest rate. Prior to closing, all LMIR and FFCC loans will seek board approval to enter into loan commitments, at which time the interest rate will be locked for six months.

The MAP program provides mortgage insurance through the Federal Housing Administration (FHA) to facilitate the new construction, rehabilitation, acquisition and refinance of multifamily rental housing. Loans will be funded by a third party lender and securitized into Ginnie Mae Mortgage Backed Securities (MBS) pools. These projects will be presented to the board for informational purposes after application is made to HUD.

Deferred Loans

Developments recommended for deferred loans will be funded through the Housing Affordability Fund – Pool 3, state appropriations and Housing Infrastructure Bonds. Housing Infrastructure Bonds authorized by the Legislature are used primarily for preservation and supportive housing. The current RFP selections target all available Housing Infrastructure Bond proceeds to supportive housing, complemented by preservation funding through the PARIF program and 9% HTC. The EDHC funds appropriated by the Legislature include set-asides for workforce housing and for Indian housing. The deferred loans recommended for selection will generally be 30-year deferred loans, repayable upon maturity, though forgivable loans may be issued for a limited number of supportive housing projects funded with Housing Infrastructure Bond proceeds.

Geographic Distribution

Of the 23 recommended proposals, ten are located in the seven-county Twin Cities metropolitan area, including four in the cities of Minneapolis and St. Paul and six in suburban locations. The remaining 13 proposals are located in Greater Minnesota.

Project Location	Recommended Proposals	Percentage of Total	Recommended Amount	Percentage of Total
Metro	10	43.5 percent	\$ 13,683,413	26.6 percent
Central City	4	17.4 percent	\$ 2,693,192	5.2 percent
Suburban	6	26.1 percent	\$ 10,990,221	21.4 percent
Greater Minnesota	13	56.5 percent	\$ 37,702,440	73.4 percent
Total	23	100 percent	\$ 51,385,853	100 percent

Nine applications requested Section 8 Project Based Voucher Rental Assistance from the Metro Housing and Redevelopment Authority and the Mankato Economic Development Agency. These awards will be announced independently by these agencies following the conclusion of the RFP recommendations.

The twelve proposals recommended for HTC are estimated to generate over \$80 million in equity, assuming the current investment of \$0.88- \$0.97 in investor credit pricing. The geographic distribution of these proposals is as follows:

HTC Project Location	Recommended Proposals	Percentage of Total	Recommended Amount	Percentage of Total
Metro	6	50 percent	\$ 40,607,119	49.1 percent
Central City	2	17 percent	\$ 13,302,152	16.1 percent
Suburban	4	33 percent	\$ 27,304,967	33.0 percent
Greater Minnesota	6	50 percent	\$ 42,150,244	50.9 percent
Total	12	100 percent	\$ 82,757,363	100 percent

Meeting Agency Priorities

Of the 1,091 total units recommended for board approval, 1,090 affordable units will be created or preserved that meet the following Agency priorities:

- Preservation of federally-subsidized rental housing**

There are 249 units recommended for board approval that meet the Agency priority of preserving federally-subsidized rental housing. Investing in these units will address critical capital needs, necessary change in ownership, or imminent risk of loss due to market conversion and should position the properties for the long term.
- Addressing specific and critical needs in rental housing markets**

There are 624 new construction units and preservation of 217 affordable units without Federal assistance recommended for board approval, meeting the Agency's priority of addressing critical needs in the rental housing market.
- Preventing and ending homelessness**

We've made significant strides in our efforts to end long-term homelessness. According to the 2012 Wilder Survey, after steep rises in the number of long-term homeless from 2003 to 2009, the rate of increase has slowed significantly, growing just under 11 percent since 2009. While the rate slowed significantly in the metro region (1 percent), the rate increased in greater Minnesota (28 percent), and families with children are the fastest growing segment of the long-term homeless population. Board approval of the 2015 Multifamily recommendations will advance 126 new housing opportunities at 15 sites for households with long histories of

homelessness. More than half of these developments are located in Greater Minnesota. Seven of the sites will serve homeless families and five will serve homeless youth. Another 161 units of supportive housing will be created for people experiencing homelessness, but who may not be long-term homeless. In total, 287 supportive housing units will be created.

- **Preventing foreclosure and supporting community recovery**

A total of 76 recommended units meet the Agency priority of preventing foreclosures and supporting community recovery.

TRENDS

The number of RFP applications this year (78 proposals) is lower than the amount of proposals received last year, perhaps due to the more limited availability of Housing Infrastructure Bond proceeds and Housing and Job Growth Initiative funding. Accordingly, the total number of units being funded is significantly lower – 1,090 units compared to 3,423 units funded in 2014. With the reduction in funding available, selections also leverage far less equity from 4 percent tax credits, with an estimated \$19 million of syndication proceeds projected for 4 percent projects, compared to an estimated \$80 million in 4 percent syndication proceeds last year.

Although the amount of Housing and Job Growth Initiative funding was significantly lower this year, selections heavily target development of new workforce housing in Greater Minnesota communities with workforce housing needs. There are 215 units being newly developed to respond to the housing needs of communities that have experienced job growth, are expecting future expansion, or where there is a shortage of housing that is limiting job expansion.

Selections generally were more weighted toward new construction this year, with 624, or 57 percent of units, funded going toward new construction, compared with 44 percent, or 1,503, last year. In addition, the selections proposed are more focused in Greater Minnesota, with 59 percent of selected projects being located in Greater Minnesota, compared to 45 percent last year. Of the selected Twin Cities Metro area projects, fewer units represent preservation in the central cities, with more new construction projects in higher income suburbs, including 139 new affordable units in Edina, Chaska, Dayton, and Mound. 112 units are also being recommended to support affordable housing along transit corridors in the Metro area.

As demonstrated in the data about meeting agency priorities above, proposals also heavily targeted the ending homelessness and the preserving federally-subsidized rental housing priorities, and to a lesser extent, the preventing foreclosures and supporting community recovery priority. In addition, selection of the four projects to receive Section 811 Rental Assistance Grants will expand the supply of integrated housing options for people with significant and long-term disabilities.

PREDICTIVE MODEL COST RATIONALE

Staff analyzes all proposals on a total and per unit cost basis using a Predictive Cost Model. This model was developed by Minnesota Housing research staff as one way to identify proposals having higher costs than expected. Agency staff works with applicants to understand and mitigate high costs. In August 2015, the board adopted a policy that requires staff to identify and provide rationale for all recommended proposals that exceed the predictive model estimate by greater than 25 percent. One application meets this threshold and is described below.

Center for Changing Lives, Duluth D7581/M17121

TDC	TDC Per Unit	Predictive Model Amount	Amount Per Unit above Predicted Amount	Percent above Predicted Model
\$ 4,607,500	\$ 230,375	\$ 166,466	\$ 63,909	38 percent

The budgeted TDC per unit for the housing space of \$230,375 is 38 percent above the \$166,466 predictive model estimate. The predicted costs for this development are comparatively small because of the large percentage of small studio units and lack of tax credits. The proposed costs are higher than the predicted costs because this is a complicated supportive housing infill project near Downtown Duluth.

WAIVERS REQUESTED**Waiver of Minnesota Administrative Rules**

Minnesota Rules 4900.3720 requires that Agency resources be provided in the form of a deferred loan, but that grant funding is permitted:

- When another funding source requires Agency funding in the form of a grant, or
- If the other funding source is of a greater amount than the Agency funding

Staff is requesting the board waive the conditions set forth in Minnesota Rules 4900.3720 to allow the Housing Infrastructure Bond loan to Center for Changing Lives to be a forgivable loan. Center for Changing Lives is a 100 percent supportive housing development and does not have other resources that require repayment.

Housing Tax Credit Waiver of Development Allocation Credit Limits

Article 8.0 of the 2016 QAP and Chapter 3.E. of the 2016 HTC Procedural Manual states that no developer or general partner may receive tax credits in excess of 10 percent of the state's per capita volume in any calendar year, and no individual development may receive credits in excess of \$1,000,000. This year the 10 percent volume developer cap is \$1,255,150. The Board may waive these limits for projects that involve community revitalization, historic preservation, preservation of existing federally assisted housing, housing with rents affordable to households at or below 30 percent of median income, or in response to significant proposed expansions in area employment, or natural disaster recovery efforts.

Staff is recommending a waiver to the \$1,000,000 per development cap and a waiver to the per developer cap of 10 percent of the state's per capita volume in any calendar year. This will allow for an aggregate amount of \$1,448,690 for Gateway Tower submitted by Center City Housing and One Roof Community Housing. This 150 unit development requesting \$1,448,690 in tax credits is supported by the City of Duluth and furthers the goals in its Redevelopment/Housing Development Plan that provides for community revitalization. The development also includes 15 units serving long term homeless households and 30 units with project-based Section 8 rental assistance. In addition, the mortgage amount is conservatively underwritten but maximized, the proposal contains costs using Minnesota Housing's methodology, and the city and the HRA have committed substantial funds. A waiver of the \$1,000,000 per development cap and the 10 percent per developer cap will allow the applicant to maximize the amount of equity available to fund development costs with a smaller remaining funding gap.

Staff is also recommending a waiver to the per developer cap of 10 percent of the state's per capita volume in any calendar year for Sand Companies. This will allow for an aggregate amount of \$1,646,671 combined for Balsam Apartments and Cornerstone Village II submitted by Sand Companies. Cornerstone Village II is a 48 unit development being recommended for \$852,892 in tax credits and Balsam Apartments is a 48 unit development being recommended for \$793,779 in tax credits. The developments are located in Saint Michael and Dayton, respectively, and further the goals of responding to significant proposed expansions in areas of employment. Cornerstone Village will include four units serving long term homeless households with rents affordable to households at or below 30 percent of median income. In addition, Balsam Apartments furthers the goals of economic integration and development of land involved in foreclosure. The amortizing mortgage amounts for both projects are conservatively underwritten but maximized, and the proposals meet the Agency's cost containment goals. The cities and the developer have committed funds to these projects and neither proposal includes a request for Minnesota Housing or funding partner deferred funds. A waiver of the 10 percent per developer cap will allow the applicant to maximize the amount of equity available to fund the development costs with no remaining funding gaps and no deferred loans from the Agency.

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**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

RESOLUTION NO. MHFA 15-

RESOLUTION APPROVING SELECTION AND MORTGAGE LOAN COMMITMENTS

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing, permanent financing, rental assistance and/or operating subsidies for multifamily rental housing developments and/or programs serving persons and families of low and moderate income for the following developments:

Project #	Project Name	Funding Source	\$ Awarded
17111	Bois Forte Homes III	EDHC Indian Housing MF	\$ 263,971
17121	Center For Changing Lives - Duluth	Hsg Infrastructure Bonds HTF	\$ 4,200,000
17147	Ivy Manor Apartments	EDHC MF	\$ 438,000
17112	Park Place of Bemidji	Hsg Infrastructure Bonds HTF	\$ 7,282,000
17268	1st Avenue Flats	EDHC Workforce MF	\$ 1,000,000
		EDHC MF	\$ 2,960,000
17274	Grand Terrace Apartments	EDHC Workforce MF	\$ 500,000
		EDHC MF	\$ 4,243,544
17150	Churches United Permanent Supportive Housing	Hsg Infrastructure Bonds HTF	\$ 5,080,000
17269	The Meadows Townhomes	EDHC Workforce MF	\$ 500,000
		EDHC MF	\$ 2,003,140
17109	Marshall Flats	EDHC MF	\$ 420,000
17165	66 West	Hsg Infrastructure Bonds EDHC	\$ 5,008,303
		Hsg Infrastructure Bonds Bridge	\$ 500,000
Total Awarded:			\$ 34,398,958

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to enter into loan/grant agreements, and to close said loans/grants from Agency resources and funds for the applications and in the amounts set forth in the attached chart upon the following conditions:

1. Agency staff shall review and approve the Mortgagor or Grantee; and
2. The issuance of a mortgage loan commitment for all Housing Infrastructure Bonds, Asset Management, EDHC and HOME HARP loans in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 20 months from the adoption date of this Resolution; but if a development elects the End Loan Commitment, the End Loan Commitment shall occur no later than 20 months from the adoption date of this Resolution and construction of the development shall be completed within 18 months from the date of End Loan Commitment; and
3. The sponsor, the builder, the architect, the mortgagor, and such other parties shall execute all such documents relating to said loan or grant, to the security therefore, to the construction and operation of the development, as Agency, in its sole discretion, deems necessary.

NOW THEREFORE, BE IT FURTHER RESOLVED:

THAT, the Board hereby waives Minnesota Rule 4900.3720 to allow the Housing Infrastructure Bond loan to Center for Changing Lives to be a forgivable loan.

Adopted this 22nd day of October, 2015

CHAIRMAN

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

RESOLUTION NO. MHFA 15-

**RESOLUTION ALLOCATING FEDERAL LOW INCOME HOUSING CREDITS
FOR CALENDAR YEAR 2016
TO CERTAIN QUALIFIED LOW INCOME HOUSING BUILDINGS**

WHEREAS, in accordance with the Tax Reform Act of 1986 and the provisions of Minnesota Statutes Sections 462A.221-462A.223, the Minnesota Housing Finance Agency (Agency) has received applications as a duly designated housing credit agency for allocations to certain developments of the Low Income Housing Credit provided by Section 42 of the Internal Revenue Code of 1986 (the Code); and

WHEREAS, the Agency has applied to said applications the criteria set forth for selection in the Qualified Allocation Plan (QAP) and Procedural Manual for Low Income Housing Tax Credit Program (the Manual), duly adopted by the Agency for 2016; and

WHEREAS, the Agency has determined to reserve, for future allocation, portions of the state ceiling of the Low Income Housing Credit to the developments identified below, pending final staff review and delivery by the applicants of additional certifications and information required for the Agency's issuance of such allocations.

WHEREAS, upon meeting the requirements for allocation contained in the Manual and QAP, the Agency will allocate portions of the state ceiling of Low Income Housing Credits to the following projects:

**Metro Selections
6 Projects**

Project #	Project Name	Funding Source	\$ Awarded
17163	Balsam Apartments	9% Housing Tax Credits	\$ 793,779
17109	Marshall Flats	9% Housing Tax Credits	\$ 82,154
17197	PRG 2 Portfolio	9% Housing Tax Credits	\$ 696,038
17137	Creeks Run Townhomes - Phase II	9% Housing Tax Credits	\$ 506,546
17202	Indian Knoll Manor	9% Housing Tax Credits	\$ 648,950
17218	Oxford Village Apartments	9% Housing Tax Credits	\$ 1,000,000
Total Awarded:			\$ 3,727,467

Greater Minnesota Selections
5 Projects

Project #	Project Name	Funding Source	\$ Awarded
17162	Cornerstone Village II	9% Housing Tax Credits	\$ 852,892
17117	Lady Luck Estates	9% Housing Tax Credits	\$ 738,571
17135	Gateway Tower	9% Housing Tax Credits	\$ 1,448,690
17147	Ivy Manor Apartments	9% Housing Tax Credits	\$ 467,847
17176	Park View Terrace	9% Housing Tax Credits	\$ 788,196
Total Awarded:			\$ 4,296,196

Rural Development/Small Project Selections
1 Project

Project #	Project Name	Funding Source	\$ Awarded
17208	North & South Oak Apartments	9% Housing Tax Credits	\$ 788,196
Total Awarded:			\$ 788,196

NOW, THEREFORE, BE IT RESOLVED:

1. THAT, pursuant to the above-referenced statutes and the allocation ranking factors contained in the Manual when applied to the applications submitted, Agency staff is hereby authorized to make the Low Income Housing Tax Credits reservations for the above developments in the amounts shown for calendar year 2016 of the Low Income Housing Credit, upon compliance with all of the requirements contained in the QAP and Manual,
2. THAT, Agency staff is authorized to allocate the portions of the state ceiling of Low Income Housing Tax Credits to the developments identified above in the amounts shown, subject to adjustments in accordance with the QAP and Manual, including a waiver to the \$1,000,000 per development cap for Gateway Tower and a waiver to allow the allocation of tax credits in an amount in excess of 10 percent of the State's per capita volume to one developer/general partner for the Balsam Apartments, Cornerstone Village II and Gateway Tower developments,
3. THAT, notification letters concerning the above be forwarded to the approved applicants.

Adopted this 22nd day of October, 2015

CHAIRMAN

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

RESOLUTION NO. MHFA 15-

**RESOLUTION APPROVING MORTGAGE LOANS & COMMITMENTS
PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF) PROGRAM**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low and moderate income for the following developments:

Project #	Project Name	Funding Source	\$ Awarded
17135	Gateway Tower	PARIF	\$ 274,800
17208	North & South Oak Apartments	PARIF	\$ 505,888
17176	Park View Terrace - 9% LIHTC Structure	PARIF	\$ 600,000
17133	Affirmation House	PARIF	\$ 500,000
17197	PRG 2 Portfolio	PARIF	\$ 195,000
17202	Indian Knoll Manor	PARIF	\$ 885,000
Total Awarded:			\$ 2,960,688

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to enter into loan agreements, and to close said loans from Agency resources and funds for the applications and in the amounts set forth in the above chart upon the following conditions:

1. Agency staff shall review and approve the Mortgagor; and
2. The issuance of a mortgage loan commitment for each PARIF loan in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 20 months from the adoption date of this Resolution; and if a development elects the End Loan Commitment, the End Loan Commitment shall occur no later than 20 months from the adoption date of this Resolution and construction of the development shall be completed within 18 months from the date of End Loan Commitment;
3. The sponsor, the builder, the architect, the mortgagor, and such other parties shall execute all such documents relating to said loan or grant, to the security therefore, to the construction and operation of the development, as Agency, in its sole discretion, deems necessary; and

4. Each Mortgagor will enter into an agreement with the Agency that complies with subd. 8b of Minn. Stat. § 462A.21, and the rider to the appropriation providing funds to the program (Minnesota Laws 2013, Regular Session, Chapter 85, article 1, section 4, subdivision 7), agreeing to participate in the applicable project based federally assisted housing program and to extend any existing low-income restrictions on the housing for the term of the loan and giving local units of government, housing and redevelopment authorities and nonprofit housing organizations the right of first refusal if the rental property is offered for sale during the term of the loan; and

RESOLVED, FURTHER, that it is hereby determined to finance the Developments with funds from the Preservation Affordable Rental Investment Fund state appropriations.

Adopted this 22nd day of October, 2015.

CHAIRMAN

**MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101**

RESOLUTION NO. MHFA 15-

RESOLUTION APPROVING SELECTION/COMMITMENT SECTION 811 RENTAL ASSISTANCE GRANTS

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide Section 811 Rental Assistance Contracts for properties serving individuals who are extremely low income, and disabled.

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

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to enter into Rental Assistance Contracts using federal resources as set forth below, subject to changes allowable under the HUD Section 811 Program, upon the following conditions:

1. Agency staff shall review and approve the recommended Rental Assistance Contracts (RAC) for up to the total recommended amount for five years;

Project #	Project Name	Funding Source	\$ Awarded
17135	Gateway Tower	Section 811 Rental Assistance	\$ 137,760
17268	1st Avenue Flats	Section 811 Rental Assistance	\$ 156,240
17202	Indian Knoll Manor	Section 811 Rental Assistance	\$ 411,240
17101	Park Haven Apartments	Section 811 Rental Assistance	\$ 429,840
Total Awarded:			\$ 1,135,080

2. The issuance of the RAC in form and substance acceptable to the Agency staff and the closing of the contract shall occur no later than twelve months from the adoption date of this Resolution; and
3. The sponsors and such other parties shall execute all such documents relating to said contract, to the security therefore, as the Agency, in its sole discretion, deems necessary.

Adopted this 22nd day of October, 2015.

CHAIRMAN

MINNESOTA HOUSING FINANCE AGENCY
400 Sibley Street, Suite 300
St. Paul, Minnesota 55101

RESOLUTION NO. MHFA 15-

RESOLUTION APPROVING SELECTIONS
LOW AND MODERATE INCOME RENTAL (LMIR) AND
FLEXIBLE FINANCING FOR CAPITAL COSTS (FFCC) PROGRAMS

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low and moderate income for the following developments:

Project #	Project Name	Funding Source	\$ Awarded
17162	Cornerstone Village	LMIR 1 st Mortgage	\$ 2,171,000
17135	Gateway Tower	LMIR 1 st Mortgage	\$ 600,000
		FFCC	\$ 93,770
17268	1 st Avenue Flats	LMIR 1 st Mortgage	\$ 3,643,000
		LMIR Bridge	\$ 6,800,000
		FFCC	\$ 1,180,000
17274	Grand Terrace Apartments	LMIR 1 st Mortgage	\$ 747,000
		LMIR Bridge	\$ 4,960,000
		FFCC	\$ 510,000
17269	The Meadows Townhomes	LMIR 1 st Mortgage	\$ 615,000
		LMIR Bridge	\$ 2,515,000
		FFCC	\$ 400,000
17134	72 Cesar Chavez	LMIR 1 st Mortgage	\$ 1,467,000
17163	Balsam Apartments	LMIR 1 st Mortgage	\$ 2,009,000
17137	Creeks Run Townhomes – Phase II	LMIR 1 st Mortgage	\$ 1,519,000
17202	Indian Knoll Manor	LMIR 1 st Mortgage	\$ 704,000
		FFCC	\$ 115,000
17218	Oxford Village Apartments	LMIR 1 st Mortgage	\$ 1,375,000
		FFCC	\$ 164,563
Total Awarded:			\$ 31,588,333

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

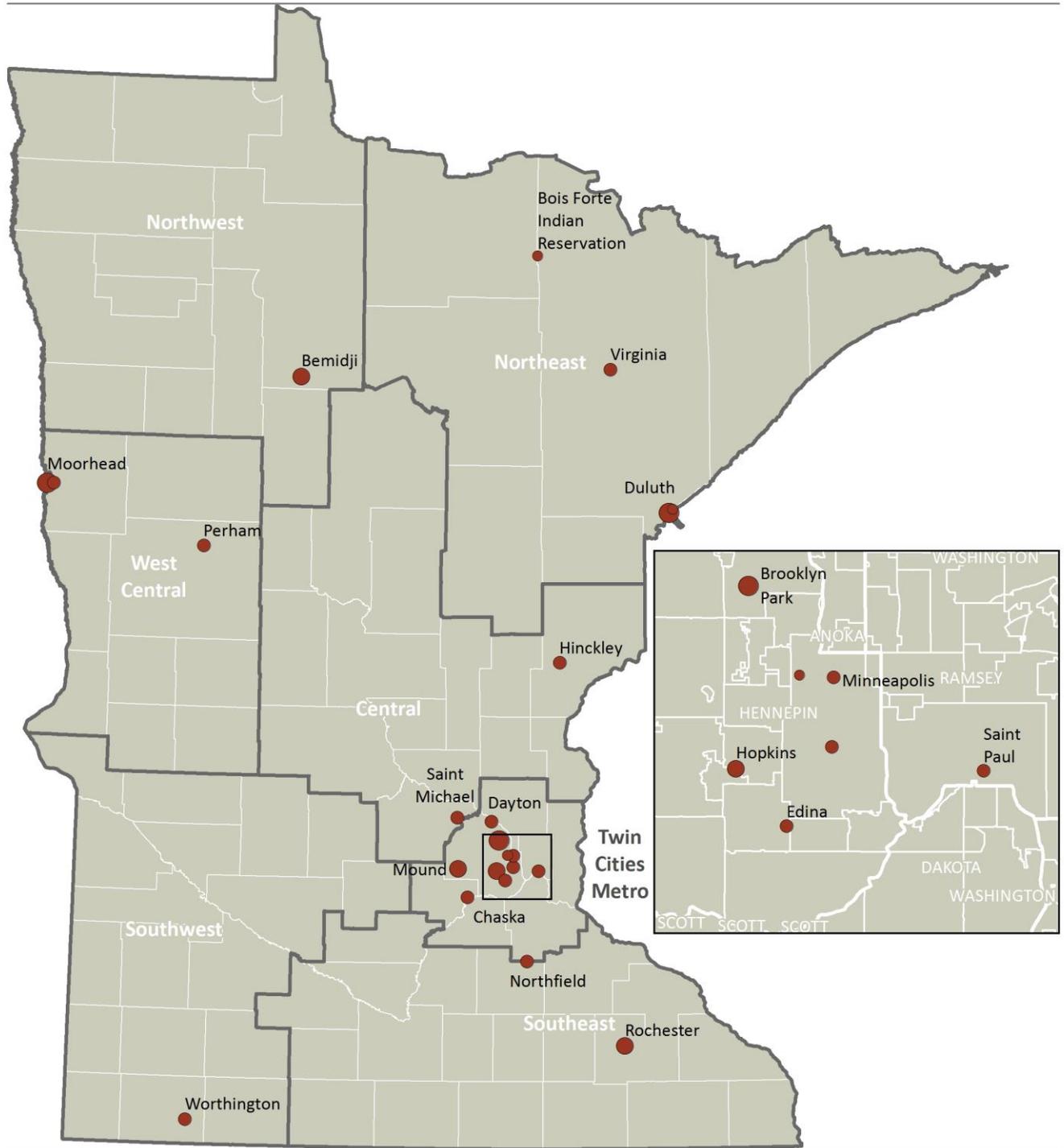
NOW THEREFORE, BE IT RESOLVED:

THAT, the board hereby selects the above referenced developments for further processing under the Low and Moderate Income Rental (LMIR) and Flexible Financing for Capital Costs (FFCC) programs.

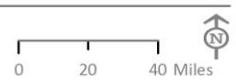
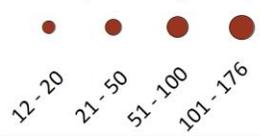
Adopted this 22nd day of October, 2015

CHAIRMAN

Minnesota Housing Multifamily RFP Funding Recommendations - October 2015



Developments (Units)



Source: Minnesota Housing Date: 10/07/2015



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Development Name	Total Units	Developer	City	Region	Permanent Amortizing Mortgage	Minnesota Housing Deferred	Funding Partner Deferred	Estimated Syndication	Other Sources	Total Development Cost
GREATER MINNESOTA										
Central										
Cornerstone Village II	48	St. Michael Housing Group II, LLC	Saint Michael	Central	\$ 2,171,000			\$ 7,676,032	\$ 2,171,000	\$ 9,847,032
Lady Luck Estates	28	Mille Lacs Corporate Ventures	Hinckley	Central				\$ 6,757,250	\$ 961,811	\$ 7,719,061
Northeast										
Bois Forte Homes III	20	Bois Forte Housing Department	Bois Forte Indian Reservation	Northeast		\$ 263,971		\$ 4,654,268	\$ 865,471	\$ 5,519,739
Center For Changing Lives - Duluth	20	Lutheran Social Service of Minnesota	Duluth	Northeast		\$ 4,200,000			\$ 4,607,500	\$ 4,607,500
Gateway Tower	150	Gateway Redeveloper, LLC	Duluth	Northeast	\$ 600,000	\$ 368,570		\$ 13,614,962	\$ 3,718,570	\$ 17,333,532
Ivy Manor Apartments	41	AEOA & Three Rivers Community Action, Inc.	Virginia	Northeast		\$ 438,000	\$ 300,000	\$ 4,069,856	\$ 3,043,270	\$ 7,113,126
Northwest										
Park Place of Bemidji	60	Center City Housing Corp	Bemidji	Northwest		\$ 7,282,000		\$ 2,901,000	\$ 7,960,058	\$ 10,861,058
Southeast										
1st Avenue Flats	68	1AF Development, LLC	Rochester	Southeast	\$ 3,643,000	\$ 5,140,000	\$ 300,000	\$ 3,222,543	\$ 10,464,587	\$ 13,687,130
North & South Oak Apartments	43	Three Rivers Community Action	Northfield	Southeast		\$ 505,888		\$ 2,466,219	\$ 2,155,172	\$ 4,621,391
Southwest										
Grand Terrace Apartments	48	Southwest Minnesota Housing Partnership	Worthington	Southwest	\$ 747,000	\$ 5,253,544		\$ 3,585,083	\$ 6,698,224	\$ 10,283,307
West Central										
Churches United Permanent Supportive Housing	43	Beyond Shelter, Inc.	Moorhead	West Central		\$ 5,080,000		\$ 2,273,761	\$ 5,972,099	\$ 8,245,860
Park View Terrace	121	Schuett Development LLC	Moorhead	West Central	\$ 3,466,000	\$ 600,000		\$ 7,565,925	\$ 5,458,846	\$ 13,024,771
The Meadows Townhomes	24	D.W. Jones, Inc.	Perham	West Central	\$ 615,000	\$ 2,903,140	\$ 200,000	\$ 4,299,959	\$ 769,748	\$ 5,069,707
Total GREATER MINNESOTA	714				\$ 11,242,000	\$ 32,035,113	\$ 800,000	\$ 63,086,858	\$ 54,846,355	\$ 117,933,213

2015 Minnesota Housing Multifamily Funding Selections: Consolidated

Development Name	Total Units	Developer	City	Region	Permanent Amortizing Mortgage	Minnesota Housing Deferred	Funding Partner Deferred	Estimated Syndication	Other Sources	Total Development Cost
METRO										
Minneapolis										
Affirmation House	12	Project for Pride in Living, Inc	Minneapolis	Metro		\$ 500,000			\$ 830,264	\$ 830,264
Marshall Flats	36	Clare Housing	Minneapolis	Metro		\$ 420,000	\$ 400,000	\$ 6,551,259	\$ 2,265,655	\$ 8,816,914
PRG 2 Portfolio	49	CommonBond Communities	Minneapolis	Metro		\$ 195,000		\$ 6,750,893	\$ 3,577,001	\$ 10,327,894
Saint Paul										
72 Cesar Chavez	40	Neighborhood Development Alliance, Inc (NeDA)	Saint Paul	Metro	\$ 1,467,000		\$ 400,000	\$ 8,486,462	\$ 2,852,713	\$ 11,339,175
Suburbs										
66 West	39	Beacon Interfaith Housing Collaborative	Edina	Metro		\$ 5,008,303	\$ 627,000	\$ 2,679,764	\$ 8,525,303	\$ 11,205,067
Balsam Apartments	48	St. Michael Development Group, LLC	Dayton	Metro	\$ 2,009,000			\$ 7,144,011	\$ 2,301,997	\$ 9,446,008
Creeks Run Townhomes - Phase II	36	Creeks Run Phase II Developer LLC	Chaska	Metro	\$ 1,519,000			\$ 4,862,355	\$ 3,922,585	\$ 8,784,940
Indian Knoll Manor	66	Aeon	Mound	Metro	\$ 704,000	\$ 1,000,000	\$ 400,000	\$ 6,099,520	\$ 5,175,324	\$ 11,274,844
Oxford Village Apartments	51	Project for Pride in Living, Inc.	Hopkins	Metro	\$ 1,375,000	\$ 164,563		\$ 9,199,080	\$ 5,111,374	\$ 14,310,454
Total METRO	377				\$ 7,074,000	\$ 7,287,866	\$ 1,827,000	\$ 51,773,345	\$ 34,562,216	\$ 86,335,561
Total STATEWIDE	1,091				\$ 18,316,000	\$ 39,322,979	\$ 2,627,000	\$ 114,860,203	\$ 89,408,572	\$ 204,268,774

Development Name	Total Units	Developer	City	Region	Permanent Amortizing Mortgage	Minnesota Housing Deferred	Funding Partner Deferred	Estimated Syndication	Other Sources	Total Development Cost
Suballocator HTC and Rental Assistance Only Projects										
Artspace Lofts	37	Artspace Projects, Inc.	Hastings	Metro				\$ 9,836,174	\$ 1,824,511	\$ 11,660,685
Jamestown Apartments	73	Twin Cities Housing Development Corporation	Saint Paul	Metro				\$ 13,754,569	\$ 6,049,968	\$ 19,804,537
Park Haven Apartments	176	Brooklyn Park Leased Housing Development V, LLC	Brooklyn Park	Metro	Rental Assistance Only - No Capital Funding Award					
PRG 1 Portfolio	42	CommonBond Communities	Minneapolis	Metro				\$ 7,178,330	\$ 6,825,790	\$ 14,004,120
Red Rock Square	42	MWF Properties, LLC	Newport	Metro				\$ 7,650,839	\$ 2,002,454	\$ 9,653,293

2015 Minnesota Housing Multifamily Funding Selections: Detailed

Development Name	Total Units	Developer	City	Region	Amortizing Loans		Bridge Loans		Deferred Loans						Section 811	Tax Credit Allocations			Funding Partners			
					LMIR 1st Mortgage	MAP	LMIR Bridge	HIB Bridge	FFCC	Hsg Infrastructure Bonds EDHC	Hsg Infrastructure Bonds HTF	PARIF	EDHC Workforce MF	EDHC MF	EDHC Indian Housing MF	9% MN Hsg HTC	Suballocator 9% Recommended*	TE Bond Deals - 4% HTC Recommended	GMHF	FHF	MN DEED	Met Council LHIA
GREATER MINNESOTA																						
Central																						
Cornerstone Village II	48	St. Michael Housing Group II, LLC	Saint Michael	Central	\$ 2,171,000												\$ 852,892					
Lady Luck Estates	28	Mille Lacs Corporate Ventures	Hinckley	Central													\$ 738,571					
Northeast																						
Bois Forte Homes III**	20	Bois Forte Housing Department	Bois Forte Indian Reservation	Northeast										\$ 263,971								
Center For Changing Lives - Duluth	20	Lutheran Social Service of Minnesota	Duluth	Northeast							\$ 4,200,000											
Gateway Tower	150	Gateway Redeveloper, LLC	Duluth	Northeast	\$ 600,000				\$ 93,770			\$ 274,800				\$ 137,760	\$ 1,448,690					
Ivy Manor Apartments	41	AEOA & Three Rivers Community Action, Inc.	Virginia	Northeast										\$ 438,000		\$ 467,847		\$ 300,000				
Northwest																						
Park Place of Bemidji	60	Center City Housing Corp	Bemidji	Northwest								\$ 7,282,000							\$ 308,703			
Southeast																						
1st Avenue Flats	68	1AF Development, LLC	Rochester	Southeast	\$ 3,643,000		\$ 6,800,000		\$ 1,180,000			\$ 1,000,000	\$ 2,960,000		\$ 156,240			\$ 342,858	\$ 300,000			
North & South Oak Apartments	43	Three Rivers Community Action	Northfield	Southeast								\$ 505,888				\$ 277,131						
Southwest																						
Grand Terrace Apartments	48	Southwest Minnesota Housing Partnership	Worthington	Southwest	\$ 747,000		\$ 4,960,000		\$ 510,000			\$ 500,000	\$ 4,243,544					\$ 381,430				
West Central																						
Churches United Permanent Supportive Housing	43	Beyond Shelter, Inc.	Moorhead	West Central								\$ 5,080,000						\$ 244,515				
Park View Terrace	121	Schuett Development LLC	Moorhead	West Central		\$ 3,466,000						\$ 600,000				\$ 788,196						
The Meadows Townhomes	24	D.W. Jones, Inc.	Perham	West Central	\$ 615,000		\$ 2,515,000		\$ 400,000			\$ 500,000	\$ 2,003,140					\$ 162,990	\$ 200,000			
Total GREATER MINNESOTA	714				\$ 7,776,000	\$ 3,466,000	\$ 14,275,000	\$0	\$ 2,183,770	\$0	\$ 16,562,000	\$ 1,380,688	\$ 2,000,000	\$ 9,644,684	\$ 263,971	\$ 294,000	\$ 4,573,327	\$0	\$ 1,440,496	\$ 800,000	\$0	\$0

*Subject to city/county board approvals

**Partially funded

KEY:

LMIR 1st Mortgage - Low and Moderate Income Rental Program Permanent First Mortgage

MAP - HUD Multifamily Accelerated Processing programs Section 221(d) and 223(f)

LMIR Bridge - Low and Moderate Income Rental Program Bridge Loan

FFCC - Flexible Financing for Capital Costs deferred loans in conjunction with LMIR loans

Housing Infrastructure Bonds EDHC - Bond proceeds administered through Economic Development and Housing/Challenge Fund for a variety of housing needs

Housing Infrastructure Bonds HTF - Bond proceeds administered through Housing Trust Fund for supportive housing

PARIF - Affordable Rental Investment Fund - Preservation deferred loans for preserving existing affordable rental housing

EDHC Workforce MF - Economic Development and Housing/Challenge Fund for Housing and Job Growth Initiative

EDHC MF - Economic Development and Housing/Challenge Fund

EDHC Indian Housing MF - Economic Development and Housing/Challenge Fund for Indian housing set-aside

Section 811 - HUD Section 811 project-based rental assistance

9% MN Hsg HTC - 9% Housing Tax Credits awarded competitively by Minnesota Housing

9% Suballocator Recommended - 9% Housing Tax Credits awarded competitively by a suballocator

TE Bond Deals 4% HTC Recommended - 4% Housing Tax Credits awarded non-competitively

GMHF - Greater Minnesota Housing Fund

FHF - Family Housing Fund

Met Council LHIA - Metropolitan Council Local Housing Incentives Account

2015 Minnesota Housing Multifamily Funding Selections: Detailed

Development Name	Total Units	Developer	City	Region	Amortizing Loans		Bridge Loans		Deferred Loans					Section 811	Tax Credit Allocations			Funding Partners																									
					LMIR 1st Mortgage	MAP	LMIR Bridge	HIB Bridge	FFCC	Hsg Infrastructure Bonds EDHC	Hsg Infrastructure Bonds HTF	PARIF	EDHC Workforce MF	EDHC MF	EDHC Indian Housing MF	9% MN Hsg HTC	Suballocator 9% Recommended*	TE Bond Deals - 4% HTC Recommended	GMHF	FHF	MN DEED	Met Council LHIA																					
METRO																						Minneapolis																					
Affirmation House	12	Project for Pride in Living, Inc	Minneapolis	Metro																																							
Marshall Flats	36	Clare Housing	Minneapolis	Metro										\$ 420,000		\$ 82,154	\$ 246,941				\$ 400,000																						
PRG 2 Portfolio	49	CommonBond Communities	Minneapolis	Metro												\$ 696,038																											
Saint Paul																																											
72 Cesar Chavez	40	Neighborhood Development Alliance, Inc (NeDA)	Saint Paul	Metro	\$ 1,467,000												\$ 903,867				\$ 400,000																						
Suburbs																																											
66 West	39	Beacon Interfaith Housing Collaborative	Edina	Metro				\$ 500,000		\$ 5,008,303								\$ 294,509	\$ 227,000		\$ 400,000																						
Balsam Apartments	48	St. Michael Development Group, LLC	Dayton	Metro	\$ 2,009,000											\$ 793,779																											
Creeks Run Townhomes - Phase II	36	Creeks Run Phase II Developer LLC	Chaska	Metro	\$ 1,519,000											\$ 506,546																											
Indian Knoll Manor	66	Aeon	Mound	Metro	\$ 704,000				\$ 115,000			\$ 885,000			\$ 411,240	\$ 648,950					\$ 400,000																						
Oxford Village Apartments	51	Project for Pride in Living, Inc.	Hopkins	Metro	\$ 1,375,000				\$ 164,563							\$ 1,000,000																											
Total METRO	377				\$ 7,074,000	\$0	\$0	\$ 500,000	\$ 279,563	\$ 5,008,303	\$0	\$ 1,580,000	\$0	\$ 420,000	\$0	\$ 411,240	\$ 3,727,467	\$ 1,150,808	\$ 294,509	\$0	\$ 227,000	\$0	\$ 1,600,000																				
Total STATEWIDE	1,091				\$ 14,850,000	\$ 3,466,000	\$ 14,275,000	\$ 500,000	\$ 2,463,333	\$ 5,008,303	\$ 16,562,000	\$ 2,960,688	\$ 2,000,000	\$ 10,064,684	\$ 263,971	\$ 705,240	\$ 8,300,794	\$ 1,150,808	\$ 1,735,005	\$ 800,000	\$ 227,000	\$0	\$ 1,600,000																				

Development Name	Total Units	Developer	City	Region	Amortizing Loans		Bridge Loans		Deferred Loans					Section 811	Tax Credit Allocations			Funding Partners				
					LMIR 1st Mortgage	MAP	LMIR Bridge	HIB Bridge	FFCC	Hsg Infrastructure Bonds EDHC	Hsg Infrastructure Bonds HTF	PARIF	EDHC Workforce MF	EDHC MF	EDHC Indian Housing MF	9% MN Hsg HTC	Suballocator 9% Recommended*	TE Bond Deals - 4% HTC Recommended	GMHF	FHF	MN DEED	Met Council LHIA
Suballocator HTC and Rental Assistance Only Projects																						
Artspace Lofts	37	Artspace Projects, Inc.	Hastings	Metro													\$ 1,014,140					
Jamestown Apartments	73	Twin Cities Housing Development Corporation	Saint Paul	Metro													\$ 160,000					
Park Haven Apartments	176	Brooklyn Park Leased Housing Development V, LLC	Brooklyn Park	Metro										\$ 429,840								
PRG 1 Portfolio	42	CommonBond Communities	Minneapolis	Metro												\$ 266,304						
Red Rock Square	42	MWF Properties, LLC	Newport	Metro												\$ 549,092						

*Subject to city/county board approvals

**Partially funded

KEY:

LMIR 1st Mortgage - Low and Moderate Income Rental Program Permanent First Mortgage

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TE Bond Deals 4% HTC Recommended - 4% Housing Tax Credits awarded non-competitively

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Development Name	Developer	City	Region	Total Units	Pres Fed	Pres HTC	Pres/ Rehab	New Affordable Housing	Fore-closure	Supportive		TOD	Tribal	Greater MN Workforce	Economic Integration	PCD	Elderly	Perm Supp Hsg	Market Rate
										LTH	Non-LTH								
GREATER MINNESOTA																			
Central																			
Cornerstone Village II	St. Michael Housing Group II, LLC	Saint Michael	Central	48				48		4				48	48			4	
Lady Luck Estates	Mille Lacs Corporate Ventures	Hinckley	Central	28				28		4			28	28				4	
Northeast																			
Bois Forte Homes III	Bois Forte Housing Department	Bois Forte Indian Reservation	Northeast	20				20		4			20			20		4	
Center For Changing Lives - Duluth	Lutheran Social Service of Minnesota	Duluth	Northeast	20				20		4	16							20	
Gateway Tower	Gateway Redeveloper, LLC	Duluth	Northeast	150	30		120			15	5					150	25	20	
Ivy Manor Apartments	AEOA & Three Rivers Community Action, Inc.	Virginia	Northeast	41			41			7	15							22	
Northwest																			
Park Place of Bemidji	Center City Housing Corp	Bemidji	Northwest	60				60		10	50		10				10	60	
Southeast																			
1st Avenue Flats	1AF Development, LLC	Rochester	Southeast	68				68						68					
North & South Oak Apartments	Three Rivers Community Action	Northfield	Southeast	43	43										43				
Southwest																			
Grand Terrace Apartments	Southwest Minnesota Housing Partnership	Worthington	Southwest	48				47						47					1
West Central																			
Churches United Permanent Supportive Housing	Beyond Shelter, Inc.	Moorhead	West Central	43				43		22	21						2	43	
Park View Terrace - 9% LIHTC Structure	Schuett Development LLC	Moorhead	West Central	121	121					7							121	7	
The Meadows Townhomes	D.W. Jones, Inc.	Perham	West Central	24				24						24	24				
Total GREATER MINNESOTA				714	194	0	161	358	0	77	107	0	58	215	115	170	158	184	1

2015 Minnesota Housing Multifamily Funding Selections: Priorities

Development Name	Developer	City	Region	Total Units	Pres Fed	Pres HTC	Pres/ Rehab	New Affordable Housing	Fore-closure	Supportive		TOD	Tribal	Greater MN Workforce	Economic Integration	PCD	Elderly	Perm Supp Hsg	Market Rate
										LTH	Non-LTH								
METRO																			
Minneapolis																			
Affirmation House	Project for Pride in Living, Inc	Minneapolis	Metro	12			12			4	7	12						11	
Marshall Flats	Clare Housing	Minneapolis	Metro	36				36	36	7	29					36		36	
PRG 2 Portfolio	CommonBond Communities	Minneapolis	Metro	49	5	44						49				49			
Saint Paul																			
72 Cesar Chavez	Neighborhood Development Alliance, Inc (NeDA)	Saint Paul	Metro	40				40	40										
Suburbs																			
66 West	Beacon Interfaith Housing Collaborative	Edina	Metro	39				39		21	18							39	
Balsam Apartments	St. Michael Development Group, LLC	Dayton	Metro	48				48						48					
Creeks Run Townhomes - Phase II	Creeks Run Phase II Developer LLC	Chaska	Metro	36				36		4								4	
Indian Knoll Manor	Aeon	Mound	Metro	66	50			16		7							50	7	
Oxford Village Apartments	Project for Pride in Living, Inc.	Hopkins	Metro	51				51		6		51						6	
Total METRO				377	55	44	12	266	76	49	54	112	0	0	48	85	50	103	0
Total STATEWIDE				1,091	249	44	173	624	76	126	161	112	58	215	163	255	208	287	1

Development Name	Developer	City	Region	Total Units	Pres Fed	Pres HTC	Pres/ Rehab	New Affordable Housing	Fore-closure	Supportive		TOD	Tribal	Greater MN Workforce	Economic Integration	PCD	Elderly	Perm Supp Hsg	Market Rate
										LTH	Non-LTH								
Suballocator HTC and Rental Assistance Only Projects																			
Artspace Lofts	Artspace Projects, Inc.	Hastings	Metro	37	Suballocator Tax Credits Only														
Jamestown Apartments	Twin Cities Housing Development Corporation	Saint Paul	Metro	73	Suballocator Tax Credits Only														
Park Haven Apartments	Brooklyn Park Leased Housing Development V, LLC	Brooklyn Park	Metro	176	Rental Assistance Award Only														
PRG 1 Portfolio	CommonBond Communities	Minneapolis	Metro	42	Suballocator Tax Credits Only														
Red Rock Square	MWF Properties, LLC	Newport	Metro	42	Suballocator Tax Credits Only														

RFP Development Summary

Selected Applications: October 22, 2015

Developer Name:	St. Michael Development Group, LLC	Project City:	Saint Michael
Project Name:	Cornerstone Village II	Dev #:	D7736
		App #:	M17162

Project Description

Cornerstone Village II is a new construction project in St. Michael. It is a 48-unit, four-story elevator building being developed by Sand Companies, and it will include a mix of one-, two- and three-bedroom apartments. This development is just south of Cornerstone Village Phase I, which is a 42-unit tax credit development completed in 2011 with an average vacancy rate of less than 2%.

The development meets the Agency's strategic priorities of providing workforce housing, economic integration and supportive housing for homeless families.

Targeted Population

Cornerstone Village II will provide 44 units of general occupancy workforce housing and 4 units designated for persons that have experienced long-term homelessness (LTH). All of the units will be rent restricted at 50% AMI and income restricted at 60% AMI. Although rent restricted at 50% AMI, the 4 two-bedroom LTH units are underwritten with gross rents at \$180 in order to be affordable to the population being served. The general occupancy population to be served includes single men and women, families, single head of households with minor children, and individuals and households of color.

Cost Containment

The budgeted TDC per unit of \$205,049 is 10.7% below the \$229,729 predictive model estimate.

The development received 4 points for cost containment in its tax credit application.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	12	\$812	50% AMI	60% AMI
2BR	16	\$975	50% AMI	60% AMI
2BR	4	\$180	50% AMI	60% AMI
3BR	16	\$1,126	50% AMI	60% AMI

Permanent Capital Funding Sources

Sources	Amount
LMIR 1st Mortgage	\$2,171,000
Syndication Proceeds*	\$7,676,032

Super RFP Funding

Capital Funds	Amount
LMIR 1st Mortgage	\$2,171,000
<u>Housing Tax Credits</u>	\$852,892

Total Sources: \$9,847,032

Total Recommended: \$2,171,000

Total: 48

RFP Development Summary Selected Applications: October 22, 2015

Developer Name:	Mille Lacs Corporate Ventures	Project City:	Hinckley
Project Name:	Lady Luck Estates	Dev #:	D7703
		App #:	M17117

Project Description

Lady Luck Estates is a new construction of 4 two-story townhomes and 6 two-story duplex buildings with a total of 28 units in the city of Hinckley. The Mille Lacs Corporate Ventures, an economic development subsidiary of the Mille Lacs Band, will provide additional financing for this project in the form of a \$961,811 deferred loan with 2.5% interest for 30 years. Project cash flow will fund the Supportive Services. RBC Capital is the Tax Credit Syndicator providing \$.91 per credit.

The development meets Supportive Housing/homelessness and addresses critical rental housing strategic priorities.

Targeted Population

The development will provide housing for Families targeting households of color and single head of households with minor children.

The households will have incomes at or below 60% AMI; Four of the units will serve households who have experienced homelessness.

Cost Containment	Rent Information																																													
<p>The budgeted TDC per unit of \$275,681 is 23.64% above the \$222,970 predictive model estimate.</p> <p>The development received 4 HTC points for cost containment.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Unit Type</th> <th style="text-align: center;">Unit Count</th> <th style="text-align: center;">Gross Rent</th> <th style="text-align: center;">Rent Restriction</th> <th style="text-align: center;">Income Restriction</th> </tr> </thead> <tbody> <tr><td>2BR</td><td style="text-align: center;">3</td><td style="text-align: center;">\$830</td><td style="text-align: center;">60% AMI</td><td style="text-align: center;">60% AMI</td></tr> <tr><td>2BR</td><td style="text-align: center;">4</td><td style="text-align: center;">\$700</td><td style="text-align: center;">50% AMI</td><td style="text-align: center;">60% AMI</td></tr> <tr><td>2BR</td><td style="text-align: center;">1</td><td style="text-align: center;">\$185</td><td style="text-align: center;">None</td><td style="text-align: center;">None</td></tr> <tr><td>2BR</td><td style="text-align: center;">4</td><td style="text-align: center;">\$185</td><td style="text-align: center;">30% AMI</td><td style="text-align: center;">60% AMI</td></tr> <tr><td>3BR</td><td style="text-align: center;">4</td><td style="text-align: center;">\$978</td><td style="text-align: center;">60% AMI</td><td style="text-align: center;">60% AMI</td></tr> <tr><td>3BR</td><td style="text-align: center;">6</td><td style="text-align: center;">\$978</td><td style="text-align: center;">60% AMI</td><td style="text-align: center;">60% AMI</td></tr> <tr><td>3BR</td><td style="text-align: center;">5</td><td style="text-align: center;">\$808</td><td style="text-align: center;">50% AMI</td><td style="text-align: center;">60% AMI</td></tr> <tr><td>3BR</td><td style="text-align: center;">1</td><td style="text-align: center;">\$483</td><td style="text-align: center;">30% AMI</td><td style="text-align: center;">60% AMI</td></tr> </tbody> </table>	Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction	2BR	3	\$830	60% AMI	60% AMI	2BR	4	\$700	50% AMI	60% AMI	2BR	1	\$185	None	None	2BR	4	\$185	30% AMI	60% AMI	3BR	4	\$978	60% AMI	60% AMI	3BR	6	\$978	60% AMI	60% AMI	3BR	5	\$808	50% AMI	60% AMI	3BR	1	\$483	30% AMI	60% AMI
Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction																																										
2BR	3	\$830	60% AMI	60% AMI																																										
2BR	4	\$700	50% AMI	60% AMI																																										
2BR	1	\$185	None	None																																										
2BR	4	\$185	30% AMI	60% AMI																																										
3BR	4	\$978	60% AMI	60% AMI																																										
3BR	6	\$978	60% AMI	60% AMI																																										
3BR	5	\$808	50% AMI	60% AMI																																										
3BR	1	\$483	30% AMI	60% AMI																																										

Permanent Capital Funding Sources		Super RFP Funding	
Sources	Amount	Capital Funds	Amount
Syndication Proceeds*	\$6,757,250		<null>
Mille Lacs Corporate	\$961,811		
		<u>Housing Tax Credits</u>	\$738,571
Total Sources:	\$7,719,061	Total Recommended:	28

RFP Development Summary

Selected Applications: October 22, 2015

Developer Name:	Bois Forte Band Housing Division	Project City:	Tower
Project Name:	Bois Forte Homes III	Dev #:	D7641
		App #:	M17111

Project Description

Bois Forte Homes III is a new construction development on the Bois Forte Reservation. Bois Forte III is 10 duplexes with a total of 20 units, all one story structures. The duplexes will be located in two different communities on the Reservation: Nett Lake (4 units) and Vermillion (16 units).

The development meets the both the supportive housing/ending homelessness and addressing critical rental housing needs strategic priorities. The development will incorporate 4 LTH units. The Reservation has a significant waiting list for Band members wishing to be housed on the Reservation, and in the meantime, many households are doubled up. The development also serves an important policy goal of increasing affordable housing on tribal lands.

Targeted Population

The development will provide housing for families, including 4 long term homeless families (it is anticipated that 2 households will be drug dependent and 1 with serious mental illness) targeting households of individuals and households of color and single head of households with minor children. The households will have incomes at or below 60% AMI; 4 units will serve households who have experienced homelessness.

Cost Containment

The budgeted TDC per unit of \$275,987 is 17% above the \$235,395 predictive model estimate. The development did not claim cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
2BR	2	\$650	50% AMI	60% AMI
2BR	8	\$650	50% AMI	60% AMI
3BR	2	\$784	50% AMI	60% AMI
3BR	8	\$784	50% AMI	60% AMI

Permanent Capital Funding Sources

<u>Sources</u>	<u>Amount</u>
EDHC Indian Housing MF	\$263,971
HRRRB	\$100,000
Projected energy rebates	\$1,500
Bois Forte RTC	\$500,000
Syndication Proceeds*	\$4,654,268
GAP	\$63,971

Super RFP Funding

<u>Capital Funds</u>	<u>Amount</u>
EDHC Indian Housing MF	\$263,971
 <u>Housing Tax Credits</u>	 N/A

Total Sources: \$5,583,710

Total Recommended: \$263,971

Total: 20

RFP Development Summary Selected Applications: October 22, 2015

Developer Name:	Lutheran Social Service of Minnesota	Project City:	Duluth
Project Name:	Center For Changing Lives -	Dev #:	D7581
		App #:	M17121

Project Description

Center for Changing Lives is a new construction three-story elevator building with 20 units. The first floor primarily consists of community and program spaces for LSS' homeless youth services. This portion of the building will be condominiumized and separately financed without Minnesota Housing funding.

Agency underwriters and a staff architect have worked closely with the development team to determine the costs related to the housing and program spaces. Staff agrees with the proposed cost allocation. The development meets the supportive housing/homelessness strategic priority.

Targeted Population

The development will provide permanent and transitional housing for homeless youth and is expected to serve households of color and disabled individuals. Ten households will have incomes at or below 30% AMI and the remaining 10 households will have incomes at or below 60% AMI. Sixteen units will be targeted towards households who have experienced homelessness or who are at risk of long-term homelessness ("LTH"). Four units will be reserved for households who have experienced LTH. Ten units will be assisted by project based Section 8.

Cost Containment	Rent Information																				
<p>The budgeted TDC per unit for the housing space of \$230,375 is 38% above the \$166,466 predictive model estimate. The predicted costs for this development are comparatively small because of the large percentage of small studio units and lack of tax credits. The proposed costs are higher than the predicted costs because it is a complicated supportive housing project at an infill site near downtown Duluth.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Unit Type</th> <th style="text-align: center;">Unit Count</th> <th style="text-align: center;">Gross Rent</th> <th style="text-align: center;">Rent Restriction</th> <th style="text-align: center;">Income Restriction</th> </tr> </thead> <tbody> <tr> <td>0BR/SRO</td> <td style="text-align: center;">10</td> <td style="text-align: center;">\$100</td> <td style="text-align: center;">30% AMI</td> <td style="text-align: center;">30% AMI</td> </tr> <tr> <td>1BR</td> <td style="text-align: center;">4</td> <td style="text-align: center;">\$575</td> <td style="text-align: center;">50% AMI</td> <td style="text-align: center;">60% AMI</td> </tr> <tr> <td>1BR</td> <td style="text-align: center;">6</td> <td style="text-align: center;">\$575</td> <td style="text-align: center;">50% AMI</td> <td style="text-align: center;">60% AMI</td> </tr> </tbody> </table>	Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction	0BR/SRO	10	\$100	30% AMI	30% AMI	1BR	4	\$575	50% AMI	60% AMI	1BR	6	\$575	50% AMI	60% AMI
Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction																	
0BR/SRO	10	\$100	30% AMI	30% AMI																	
1BR	4	\$575	50% AMI	60% AMI																	
1BR	6	\$575	50% AMI	60% AMI																	

Permanent Capital Funding Sources	Super RFP Funding	
<u>Sources</u>	<u>Capital Funds</u>	<u>Amount</u>
Hsg Infrastructure Bonds	Hsg Infrastructure Bonds HTF	\$4,200,000
LISC Grant		\$7,500
City of Duluth HOME		\$200,000
City of Duluth CDBG		\$200,000
	<u>Housing Tax Credits</u>	N/A
Total Sources:	Total Recommended:	\$4,200,000
		Total: 20

RFP Development Summary

Selected Applications: October 22, 2015

Developer Name:	Gateway Redeveloper LLC	Project City:	Duluth
Project Name:	Gateway Tower	Dev #:	D7715
		App #:	M17135

Project Description

Gateway Tower is an acquisition, substantial rehab development. The Gateway Tower is an elevator building with 150 units in a 14 story high-rise. There are currently 3 units that have been vacant for 3 years and are not habitable. These units have been demolished to the studs due to mold related issues and as part of the proposal, will be converted to serve support services functions and community space.

The development meets the Preservation and Supportive Housing/Homelessness strategic priorities. The development serves an important policy goal of addressing foreclosure remediation and preservation of federally assisted.

Targeted Population

The development will provide housing for single, youth, elderly, homeless, special populations, chemical dependencies, brain injuries, or physical or developmental disabilities targeting households of individuals and households of color, single head of households with minor children, and disabled individuals. The households will have incomes at or below 30% AMI, and 60% AMI; 15 units will serve households who have experienced homelessness, and 30 units will be assisted by Project-Based Section 8 Vouchers. The Duluth HRA has also committed 50 new units of Public Housing assistance to the development, subject to HUD approval.

Cost Containment

The budgeted TDC per unit of \$115,558 is 34.68% below the \$176,917 predictive model estimate.

The development received 4 HTC points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
0BR/SRO	3	\$429	60% AMI	60% AMI
0BR/SRO	8	\$429	30% AMI	60% AMI
1BR	66	\$636	60% AMI	60% AMI
1BR	2	\$579	60% AMI	60% AMI
1BR	28	\$579	30% AMI	60% AMI
1BR	4	\$574	50% AMI	60% AMI
1BR	5	\$429	30% AMI	60% AMI
1BR	15	\$429	30% AMI	60% AMI
1BR	19	\$429	30% AMI	60% AMI

Permanent Capital Funding Sources

Sources	Amount
LMIR 1st Mortgage	\$600,000
Syndication Proceeds*	\$13,614,962
Flexible Financing Cap Cost	\$93,770
Duluth HRA	\$1,400,000
City of Duluth	\$200,000
GMHF	\$500,000
Sales Tax Rebate	\$150,000
PARIF	\$274,800
FHLB-Federal Home Loan	\$500,000

Super RFP Funding

Capital Funds	Amount
Flexible Financing Cap Costs	\$93,770
GMHF	\$500,000
LMIR 1st Mortgage	\$600,000
PARIF	\$274,800
Housing Tax Credits	\$1,448,690

Total Sources: \$17,333,532

Total Recommended: \$1,468,570

Total: 150

RFP Development Summary Selected Applications: October 22, 2015

Developer Name:	Arrowhead Economic Opportunity Agency	Project City:	Virginia
Project Name:	Ivy Manor Apartments	Dev #:	D1678
		App #:	M17147

Project Description

Ivy Manor is an acquisition and substantial rehab/historic preservation development. Ivy Manor is a walk-up that will be converted to elevator with 41 units, 3 stories. The development meets the Supportive Housing/homelessness strategic priorities. The development serves an important policy goal of addressing housing near a Greater Minnesota workforce community with access to transit.

Targeted Population

The development will provide housing for individuals with SPMI, chemical dependencies, or physical disabilities, targeting households of disabled individuals. Rents will be affordable to households with incomes at or below 30% AMI and 50% AMI; 7 units will serve households who have experienced homelessness. 22 units will have rent assistance.

Cost Containment	Rent Information																																								
<p>The budgeted TDC per unit of \$173,672 is 19% below the \$214,555 predictive model estimate.</p> <p>The development received no HTC points for claiming cost containment points</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Unit Type</th> <th style="text-align: center;">Unit Count</th> <th style="text-align: center;">Gross Rent</th> <th style="text-align: center;">Rent Restriction</th> <th style="text-align: center;">Income Restriction</th> </tr> </thead> <tbody> <tr><td>0BR/SRO</td><td style="text-align: center;">1</td><td style="text-align: center;">\$332</td><td style="text-align: center;">30% AMI</td><td style="text-align: center;">60% AMI</td></tr> <tr><td>0BR/SRO</td><td style="text-align: center;">2</td><td style="text-align: center;">\$332</td><td style="text-align: center;">30% AMI</td><td style="text-align: center;">60% AMI</td></tr> <tr><td>0BR/SRO</td><td style="text-align: center;">12</td><td style="text-align: center;">\$332</td><td style="text-align: center;">30% AMI</td><td style="text-align: center;">60% AMI</td></tr> <tr><td>1BR</td><td style="text-align: center;">5</td><td style="text-align: center;">\$533</td><td style="text-align: center;">50% AMI</td><td style="text-align: center;">60% AMI</td></tr> <tr><td>1BR</td><td style="text-align: center;">6</td><td style="text-align: center;">\$533</td><td style="text-align: center;">50% AMI</td><td style="text-align: center;">60% AMI</td></tr> <tr><td>1BR</td><td style="text-align: center;">14</td><td style="text-align: center;">\$533</td><td style="text-align: center;">30% AMI</td><td style="text-align: center;">60% AMI</td></tr> <tr><td>2BR</td><td style="text-align: center;">1</td><td style="text-align: center;">\$593</td><td style="text-align: center;">50% AMI</td><td></td></tr> </tbody> </table>	Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction	0BR/SRO	1	\$332	30% AMI	60% AMI	0BR/SRO	2	\$332	30% AMI	60% AMI	0BR/SRO	12	\$332	30% AMI	60% AMI	1BR	5	\$533	50% AMI	60% AMI	1BR	6	\$533	50% AMI	60% AMI	1BR	14	\$533	30% AMI	60% AMI	2BR	1	\$593	50% AMI	
Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction																																					
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1BR	14	\$533	30% AMI	60% AMI																																					
2BR	1	\$593	50% AMI																																						

Permanent Capital Funding Sources		Super RFP Funding			
Sources	Amount	Capital Funds	Amount		
Syndication Proceeds*	\$4,069,856	GMHF	\$300,000		
Historic Proceeds	\$2,192,320	EDHC MF	\$438,000		
sales tax rebate	\$109,220				
energy rebate	\$3,729				
EDHC MF	\$438,000				
GMHF	\$300,000				
		<u>Housing Tax Credits</u>	\$467,847		
Total Sources:	\$7,113,125	Total Recommended:	\$738,000	Total:	41

RFP Development Summary

Selected Applications: October 22, 2015

Developer Name:	Center City Housing Corporation	Project City:	Bemidji
Project Name:	Park Place of Bemidji	Dev #:	D7851
		App #:	M17112

Project Description

Park Place Bemidji is a new construction development. Park Place Bemidji is a two-story elevator building with 60 units. The development meets the Supportive Housing/homelessness strategic priorities.

Targeted Population

The development will provide housing for individuals with chemical dependencies targeting households of color and disabled individuals.

The units will be affordable to households with incomes at or below 30% AMI and 60% AMI; 10 units will serve households who have experienced homelessness. All 60 units will have rental assistance with 40 GRH units and 20 project-based section 8 units.

Cost Containment

The budgeted TDC per unit of \$181,018 is 6.64% above the \$169,741 predictive model estimate.

The development received 4 HTC points for claiming cost containment points

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
0BR/SRO	20	\$691	30% AMI	60% AMI
0BR/SRO	20	\$691	60% AMI	60% AMI
0BR/SRO	10	\$478	30% AMI	60% AMI
0BR/SRO	10	\$478	60% AMI	60% AMI

Permanent Capital Funding Sources

<u>Sources</u>	<u>Amount</u>
Hsg Infrastructure Bonds HTF	\$7,282,000
FHLB-Federal Home Loan	\$500,000
Sales Tax Rebate	\$173,058
Energy Rebates	\$5,000
Syndication Proceeds*	\$2,901,000

Super RFP Funding

<u>Capital Funds</u>	<u>Amount</u>
Hsg Infrastructure Bonds HTF	\$7,282,000
<u>Housing Tax Credits</u>	N/A

Total Sources: **\$10,861,058**

Total Recommended: **\$7,282,000**

Total: **60**

RFP Development Summary

Selected Applications: October 22, 2015

Developer Name:	1AF Development, LLC	Project City:	Rochester
Project Name:	1st Avenue Flats	Dev #:	D7872
		App #:	M17268

Project Description

First Avenue Flats is a new construction development. The First Avenue Flats is a four-story elevator building with 68 units in Rochester MN.

The development meets both the Supportive Housing/Homelessness and Addresses Critical Rental Housing strategic priorities. The development serves an important policy goal of addressing Workforce Housing.

Targeted Population

The development will provide housing for singles and families, and will target single head of households with minor children.

The households will have incomes at or below 60% AMI; 4 units will be awarded Section 811 rental assistance. As required by Minnesota Housing tax exempt bond statutes 20% of the units will have rents at FMR. Units with 811 rental assistance must have rents at the lower of FMR or 50% AMI, and will count toward the 20% requirement.

Cost Containment

The budgeted TDC per unit of \$201,281 is 13.43 percent below the \$232,513 predictive model estimate.

The development is not eligible for cost containment points under the 4% structure.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	12	\$766	50% AMI	60% AMI
1BR	4	\$651	50% AMI	60% AMI
2BR	42	\$920	50% AMI	60% AMI
2BR	10	\$877	30% AMI	60% AMI

Permanent Capital Funding Sources

Sources	Amount
Remaining Gap	\$100,000
LMIR 1st Mortgage	\$3,643,000
General Partner Cash	\$322
Syndication Proceeds*	\$3,222,543
Deferred Developer Fee	\$2,213
GP Deferred Loan	\$1,251,452
Energy Rebate on	\$27,600
Flexible Financing Cap Cost	\$1,180,000
EDHC MF	\$2,960,000
EDHC Workforce MF	\$1,000,000
GMHF	\$300,000

Super RFP Funding

Capital Funds	Amount
GMHF	\$300,000
LMIR 1st Mortgage	\$3,643,000
Flexible Financing Cap Costs	\$1,180,000
EDHC Workforce MF	\$1,000,000
EDHC MF	\$2,960,000
LMIR BL	\$6,800,000

Housing Tax Credits

N/A

Total Sources: \$13,687,130

Total Recommended: \$15,883,000

Total: 68

RFP Development Summary

Selected Applications: October 22, 2015

Developer Name:	Three Rivers Community Action Inc	Project City:	Northfield
Project Name:	North & South Oak Apartments	Dev #:	D7881
		App #:	M17208

Project Description

North & South Oak Apartments is an acquisition and substantial rehab development. The North & South Oak Apartments is a walk-up two story building with 43 units located in Northfield. The development meets the preservation and addresses critical rental housing strategic priorities. The development serves an important policy goal of addressing, preservation of federally assisted and economic integration.

Targeted Population

The development will provide housing for families and singles targeting households of individuals and households of color and single head of households with minor children. The households will have incomes at or below 60% AMI; 18 of units are assisted by Rural Development.

Cost Containment

The budgeted TDC per unit of \$107,474 is 46% of the \$199,044 predictive model estimate.

The development did not claim cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	23	\$601	50% AMI	60% AMI
2BR	1	\$634	Employee	Employee
2BR	19	\$634	50% AMI	60% AMI

Permanent Capital Funding Sources

Sources	Amount
1st Mortgage	\$917,000
Syndication Proceeds*	\$2,465,223
PARIF	\$505,888
GMHF PRLF	\$100,000
Northfield HRA	\$68,800
sales tax rebate	\$41,821
energy rebate	\$2,020
General Partner Cash	\$245
FHLB-Federal Home Loan	\$500,000
Deferred Developer Fee	\$20,386

Super RFP Funding

Capital Funds	Amount
PARIF	\$505,888
<u>Housing Tax Credits</u>	\$277,019

Total Sources: \$4,621,383

Total Recommended: \$505,888

Total: 43

RFP Development Summary Selected Applications: October 22, 2015

Developer Name:	Southwest Minnesota Housing Partnership	Project City:	Worthington
Project Name:	Grand Terrace Apartments	Dev #:	D7719
		App #:	M17274

Project Description

Grand Terrace Apartments is a new construction development. Grand Terrace is a three story elevator building with 48 units in Worthington. The development addresses critical rental housing strategic priorities. The development serves an important policy goal of addressing workforce housing in Greater Minnesota.

Targeted Population

The development will provide housing for general occupancy. The households will have incomes at or below 60% AMI; Four units will give preference to households who have experienced homelessness.

Cost Containment		Rent Information																																																																																																																								
<p>The budgeted TDC per unit of \$214,236 is 2.64% above the \$208,723 predictive model estimate.</p> <p>The development is not eligible for cost containment points as a 4% proposal.</p>		Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction																																																																																																																				
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2BR	2	\$715	50% AMI	60% AMI																																																																																																																						
2BR	22	\$715	50% AMI	60% AMI																																																																																																																						
2BR	4	\$643	50% AMI	60% AMI																																																																																																																						
3BR	2	\$797	50% AMI	60% AMI																																																																																																																						
3BR	9	\$797	50% AMI	60% AMI																																																																																																																						
Total:	48																																																																																																																									

RFP Development Summary

Selected Applications: October 22, 2015

Developer Name:	Beyond Shelter Inc	Project City:	Moorhead
Project Name:	Churches United Permanent	Dev #:	D7744
		App #:	M17150

Project Description

The Churches United project involves the new construction of 43 units of permanent supportive housing for homeless individuals and families in Moorhead. The development will include one three-story elevator building with unit mix that includes studios, one-, two-, three- and four-bedroom units. All of the units will receive rental assistance via Group Residential Housing (GRH), HUD Continuum of Care (CoC) or Veterans Affairs Supportive Housing (VASH) voucher. The development meets the Agency's strategic priority of providing supportive housing for homeless persons.

Targeted Population

The Churches United project will include 43 units for individuals and families that are homeless or at risk of homelessness, including 22 units meeting the Agency's definition of Long Term Homeless (LTH). All of the units will be income- and rent-restricted at 50% AMI, but the project is planning to have rental assistance for all of the units. The populations served will include youth, disabled individuals, single men, single women, families, single-head of households with minor children and persons of color.

Cost Containment

The budgeted TDC per unit of \$191,764 is 15% below the \$225,449 predictive model estimate.

This development is not receiving 9% tax credits and is therefore not eligible for cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
0BR/SRO	1	\$668	30% AMI	60% AMI
0BR/SRO	17	\$668	30% AMI	60% AMI
1BR	1	\$716	30% AMI	60% AMI
1BR	3	\$716	30% AMI	60% AMI
2BR	2	\$836	50% AMI	60% AMI
2BR	7	\$836	50% AMI	60% AMI
3BR	9	\$992	50% AMI	60% AMI
4BR	3	\$1,107	50% AMI	60% AMI

Permanent Capital Funding Sources

Sources	Amount
General Partner Cash	\$227
Syndication Proceeds*	\$2,273,761
Hsg Infrastructure Bonds	\$5,080,000
AHP	\$500,000
Churches United (local)	\$364,750
Energy Rebates	\$24,792
Deferred Developer Fee	\$2,330

Super RFP Funding

Capital Funds	Amount
Hsg Infrastructure Bonds HTF	\$5,080,000
<u>Housing Tax Credits</u>	N/A

Total Sources: \$8,245,860

Total Recommended: \$5,080,000

Total: 43

RFP Development Summary Selected Applications: October 22, 2015

Developer Name:	Schuett Development LLC	Project City:	Moorhead
Project Name:	Park View Terrace	Dev #:	D1005
		App #:	M17176

Project Description

Park View Terrace is a related-party acquisition/rehabilitation of an existing eight-story elevator building for seniors in Moorhead. The project was built in 1977 and includes 121 units. All of the units receive project-based rental assistance via a HAP contract that will continue to be renewed for the life of the new Minnesota Housing loans.

The development meets the Agency's strategic priorities of preserving affordable housing and providing supportive housing for homeless individuals.

Targeted Population

Parkview Terrace provides 112 one-bedroom units and 9 two-bedroom units for seniors aged 62 or greater. In conjunction with this rehabilitation and refinance, the project will set seven of the one-bedroom units aside for persons experiencing homelessness. Under tax credit guidelines 50% of the units will be rent restricted at 30% AMI and the remaining 50% will be rent restricted at 50% AMI, but the HAP contract covers all units and the HAP rents can be higher than the tax credit limit so long as the tenant is not paying more than the tax credit limit out-of-pocket. The populations served include seniors and disabled individuals, including single men, single women and persons of color.

Cost Containment	Rent Information																									
<p>The budgeted TDC per unit of \$107,643 is 33.6% below the \$162,212 predictive model estimate.</p> <p>The development received 4 points for cost containment in its tax credit application.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Unit Type</th> <th style="text-align: center;">Unit Count</th> <th style="text-align: center;">Gross Rent</th> <th style="text-align: center;">Rent Restriction</th> <th style="text-align: center;">Income Restriction</th> </tr> </thead> <tbody> <tr> <td>1BR</td> <td style="text-align: center;">7</td> <td style="text-align: center;">\$630</td> <td style="text-align: center;">30% AMI</td> <td style="text-align: center;">60% AMI</td> </tr> <tr> <td>1BR</td> <td style="text-align: center;">51</td> <td style="text-align: center;">\$630</td> <td style="text-align: center;">50% AMI</td> <td style="text-align: center;">60% AMI</td> </tr> <tr> <td>1BR</td> <td style="text-align: center;">54</td> <td style="text-align: center;">\$630</td> <td style="text-align: center;">30% AMI</td> <td style="text-align: center;">60% AMI</td> </tr> <tr> <td>2BR</td> <td style="text-align: center;">9</td> <td style="text-align: center;">\$728</td> <td style="text-align: center;">50% AMI</td> <td style="text-align: center;">60% AMI</td> </tr> </tbody> </table>	Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction	1BR	7	\$630	30% AMI	60% AMI	1BR	51	\$630	50% AMI	60% AMI	1BR	54	\$630	30% AMI	60% AMI	2BR	9	\$728	50% AMI	60% AMI
Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction																						
1BR	7	\$630	30% AMI	60% AMI																						
1BR	51	\$630	50% AMI	60% AMI																						
1BR	54	\$630	30% AMI	60% AMI																						
2BR	9	\$728	50% AMI	60% AMI																						

Permanent Capital Funding Sources		Super RFP Funding	
<u>Sources</u>	<u>Amount</u>	<u>Capital Funds</u>	<u>Amount</u>
MAP Mortgage	\$3,466,000	PARIF	\$600,000
Syndication Proceeds*	\$7,565,925	MAP	\$3,466,000
PARIF	\$600,000		
Existing Reserves	\$970,000		
Deferred Developer Fee	\$422,846		
		<u>Housing Tax Credits</u>	\$788,196
Total Sources:	\$13,024,771	Total Recommended:	\$4,066,000
		Total:	121

RFP Development Summary

Selected Applications: October 22, 2015

Developer Name:	D.W. Jones Inc	Project City:	Perham
Project Name:	The Meadows Townhomes	Dev #:	D7859
		App #:	M17269

Project Description

The Meadows Townhomes is a new construction, workforce housing development located in Perham, MN. The Meadows is a 24 unit, two-story townhome development with a mix of two and three bedroom units.

The development meets the "addresses critical rental housing" strategic priority. The development serves an important policy goal of addressing economic integration.

Targeted Population

The development will provide housing for families, targeting individuals and households of color, single head of households with minor children, and disabled individuals.

The households will have incomes at or below 60% AMI, with the exception of one employee unit that will be unrestricted.

Cost Containment

The budgeted TDC per unit of \$216,079 is 5.26% above the \$205,277 predictive model estimate.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
2BR	1	\$718	60% AMI	60% AMI
2BR	1	\$718	50% AMI	60% AMI
2BR	1	\$718	60% AMI	60% AMI
2BR	1	\$718	50% AMI	60% AMI
2BR	4	\$718	50% AMI	60% AMI
2BR	4	\$718	60% AMI	60% AMI
3BR	1	\$830	60% AMI	Employee
3BR	2	\$830	50% AMI	60% AMI
3BR	4	\$830	50% AMI	60% AMI
3BR	5	\$830	60% AMI	60% AMI

Permanent Capital Funding Sources

<u>Sources</u>	<u>Amount</u>
LMIR 1st Mortgage	\$615,000
Syndication Proceeds*	\$1,466,763
EDHC Workforce MF	\$500,000
Flexible Financing Cap Cost	\$400,000
EDHC MF	\$2,003,140
GMHF	\$200,000
Energy Rebates	\$1,000

Super RFP Funding

<u>Capital Funds</u>	<u>Amount</u>
LMIR BL	\$2,515,000
EDHC Workforce MF	\$500,000
EDHC MF	\$2,003,140
GMHF	\$200,000
LMIR 1st Mortgage	\$615,000
Flexible Financing Cap Costs	\$400,000

Housing Tax Credits

N/A

Total Sources: **\$5,185,903**

Total Recommended: **\$6,233,140**

Total: **24**

RFP Development Summary Selected Applications: October 22, 2015

Developer Name:	Project for Pride in Living Inc	Project City:	Minneapolis
Project Name:	Affirmation House	Dev #:	D7648
		App #:	M17133

Project Description

Affirmation House is a substantial rehab development. Affirmation House is a three story walk-up building with 12 units. The development meets the Supportive Housing/Homelessness strategic priority. The development serves important policy goals of addressing foreclosure remediation and preservation of existing supportive housing.

Targeted Population

The development will provide housing for single men with physical or developmental disabilities targeting households of color and disabled individuals. The households will have incomes at or below 50% AMI; 4 units will serve individuals who have experienced long-term homelessness and 7 units will serve households who have experienced homelessness. Eleven units are assisted by GRH rental assistance.

Cost Containment	Rent Information																									
The budgeted TDC per unit of \$69,189 is 29.05 percent below the \$97,516 predictive model estimate.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Unit Type</th> <th style="text-align: center;">Unit Count</th> <th style="text-align: center;">Gross Rent</th> <th style="text-align: center;">Rent Restriction</th> <th style="text-align: center;">Income Restriction</th> </tr> </thead> <tbody> <tr> <td>0BR/SRO</td> <td style="text-align: center;">2</td> <td style="text-align: center;">\$690</td> <td style="text-align: center;">50% AMI</td> <td style="text-align: center;">50% AMI</td> </tr> <tr> <td>1BR</td> <td style="text-align: center;">4</td> <td style="text-align: center;">\$691</td> <td style="text-align: center;">50% AMI</td> <td style="text-align: center;">50% AMI</td> </tr> <tr> <td>1BR</td> <td style="text-align: center;">5</td> <td style="text-align: center;">\$691</td> <td style="text-align: center;">50% AMI</td> <td style="text-align: center;">50% AMI</td> </tr> <tr> <td>1BR</td> <td style="text-align: center;">1</td> <td style="text-align: center;">\$661</td> <td style="text-align: center;">50% AMI</td> <td style="text-align: center;">50% AMI</td> </tr> </tbody> </table>	Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction	0BR/SRO	2	\$690	50% AMI	50% AMI	1BR	4	\$691	50% AMI	50% AMI	1BR	5	\$691	50% AMI	50% AMI	1BR	1	\$661	50% AMI	50% AMI
Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction																						
0BR/SRO	2	\$690	50% AMI	50% AMI																						
1BR	4	\$691	50% AMI	50% AMI																						
1BR	5	\$691	50% AMI	50% AMI																						
1BR	1	\$661	50% AMI	50% AMI																						

Permanent Capital Funding Sources	Super RFP Funding																							
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Sources</u></th> <th style="text-align: center;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>PARIF</td> <td style="text-align: right;">\$500,000</td> </tr> <tr> <td>City of Minneapolis AHTF</td> <td style="text-align: right;">\$125,250</td> </tr> <tr> <td>Hennepin County AHIF</td> <td style="text-align: right;">\$201,500</td> </tr> <tr> <td>Deferred Developer Fee</td> <td style="text-align: right;">\$3,514</td> </tr> </tbody> </table>	<u>Sources</u>	<u>Amount</u>	PARIF	\$500,000	City of Minneapolis AHTF	\$125,250	Hennepin County AHIF	\$201,500	Deferred Developer Fee	\$3,514	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Capital Funds</u></th> <th style="text-align: center;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>PARIF</td> <td style="text-align: right;">\$500,000</td> </tr> <tr> <td> <u>Housing Tax Credits</u></td> <td style="text-align: center;"> N/A</td> </tr> </tbody> </table>	<u>Capital Funds</u>	<u>Amount</u>	PARIF	\$500,000	 <u>Housing Tax Credits</u>	 N/A	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Total Sources:</td> <td style="text-align: right;">\$830,264</td> <td style="text-align: right;">Total Recommended:</td> <td style="text-align: right;">\$500,000</td> <td style="text-align: right;">Total:</td> <td style="text-align: center;">12</td> </tr> </table>	Total Sources:	\$830,264	Total Recommended:	\$500,000	Total:	12
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PARIF	\$500,000																							
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<u>Capital Funds</u>	<u>Amount</u>																							
PARIF	\$500,000																							
 <u>Housing Tax Credits</u>	 N/A																							
Total Sources:	\$830,264	Total Recommended:	\$500,000	Total:	12																			

RFP Development Summary

Selected Applications: October 22, 2015

Developer Name:	Clare Housing	Project City:	Minneapolis
Project Name:	Marshall Flats	Dev #:	D7658
		App #:	M17109

Project Description

Marshall Flats is a new construction development. Marshall Flats is a four-story elevator building with 36 units

The development meets the Supportive Housing/homelessness and support community recovery strategic priorities. The development serves an important policy goal of addressing foreclosure remediation.

Targeted Population

The development will provide housing for persons with HIV/AIDS and SPMI, with or without chemical dependency, targeting households of disabled individuals and unaccompanied youth.

The units will have rents affordable to individuals with incomes at or below 30% AMI and 50% AMI; 7 units will serve households who have experienced homelessness. All units are assisted by GRH.

Cost Containment

The budgeted TDC per unit of \$244,914 is 8% above the \$226,029 predictive model estimate.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
0BR/SRO	1	\$721	50% AMI	50% AMI
0BR/SRO	7	\$721	30% AMI	30% AMI
0BR/SRO	14	\$721	50% AMI	60% AMI
1BR	14	\$721	50% AMI	60% AMI

Permanent Capital Funding Sources

<u>Sources</u>	<u>Amount</u>
Syndication Proceeds*	\$6,551,259
HOPWA	\$150,000
FHLB-Federal Home Loan sales tax and energy rebate	\$500,000
Minneapolis AHTF	\$140,655
EDHC MF	\$655,000
Met Council LHIA	\$420,000
	\$400,000

Super RFP Funding

<u>Capital Funds</u>	<u>Amount</u>
EDHC MF	\$420,000
Met Council LHIA	\$400,000
 <u>Housing Tax Credits</u>	 N/A

Total Sources: **\$8,816,914**

Total Recommended: **\$820,000**

Total: **36**

RFP Development Summary Selected Applications: October 22, 2015

Developer Name:	CommonBond Communities	Project City:	Minneapolis
Project Name:	PRG 2 Portfolio	Dev #:	D7875
		App #:	M17197

Project Description

PRG 2 is an acquisition and substantial rehabilitation development. It consists of scattered site walk-up and duplex buildings with 49 units in total. The development meets the preservation strategic priority and serves the important policy goal of addressing preservation of critical affordable units.

Targeted Population

The development will primarily provide housing for families targeting households of color and single head of households with minor children. The households will have incomes at or below 50% AMI and 60% AMI. At least five units are assisted by project based Section 8.

Cost Containment		Rent Information				
The anticipated TDC per unit of \$210,773 approximately equals the predictive model estimate.		Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
		1BR	2	\$648	50% AMI	50% AMI
		2BR	5	\$941	50% AMI	60% AMI
		2BR	2	\$804	50% AMI	50% AMI
		2BR	5	\$764	50% AMI	60% AMI
		2BR	2	\$758	50% AMI	60% AMI
		2BR	4	\$702	50% AMI	50% AMI
		3BR	1	\$939	50% AMI	60% AMI
		3BR	9	\$934	50% AMI	60% AMI
		3BR	1	\$905	50% AMI	60% AMI
		3BR	1	\$879	50% AMI	50% AMI
		3BR	9	\$816	50% AMI	50% AMI
		3BR	1	\$785	50% AMI	50% AMI
		4BR	6	\$1,061	50% AMI	60% AMI
		4BR	1	\$1,005	50% AMI	50% AMI
Permanent Capital Funding Sources		Super RFP Funding				
Sources	Amount	Capital Funds	Amount			
Mpls AHTF	\$728,210	PARIF	\$195,000			
Seller Loan/Seller Capital	\$1,021,022					
Family Housing Fund	\$357,000					
City Assumed Existing	\$954,979					
Met Council TBRA	\$25,000					
Energy Rebates	\$15,000					
Sales Tax Rebate	\$154,000					
Syndication Proceeds*	\$6,750,893					
PARIF	\$195,000					
Deferred Developer Fee	\$126,790					
		<u>Housing Tax Credits</u>	\$696,038			
Total Sources: \$10,327,894		Total Recommended: \$195,000		Total: 49		

RFP Development Summary

Selected Applications: October 22, 2015

Developer Name:	Neighborhood Development Alliance, Inc	Project City:	Saint Paul
Project Name:	72 Cesar Chavez	Dev #:	D7840
		App #:	M17134

Project Description

72 Cesar Chavez is a new construction, mixed-use development. The 72 Cesar Chavez is an elevator building with 40 units, three stories above a parking structure and commercial space.

The development meets the Supportive Housing/homelessness and new affordable housing strategic priorities. The development serves an important policy goal of addressing foreclosure remediation.

Targeted Population

The development will provide housing for families and homeless families targeting households of color and single head of households with minor children. The households will have incomes at or below 60% AMI; 4 units will serve households who have experienced homelessness. The 4 units will not have rental assistance and the LTH rents are set at Agency required limit. NeDA, the developer is providing a commitment of \$20,000 annually for five years for supportive services for the LTH units.

Cost Containment

The budgeted TDC per unit of \$283,337 is 17.88% above the \$240,426 predictive model estimate.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	10	\$812	50% AMI	60% AMI
2BR	4	\$955	50% AMI	50% AMI
2BR	16	\$955	50% AMI	60% AMI
3BR	10	\$1,126	50% AMI	60% AMI

Permanent Capital Funding Sources

<u>Sources</u>	<u>Amount</u>
LMIR 1st Mortgage	\$1,467,000
General Partner Cash	\$862
Syndication Proceeds*	\$8,486,462
St Paul HRA Land Loan	\$329,800
Met Council LCDA	\$550,000
Met Council LHIA	\$400,000
GAP remaining	\$105,051

Super RFP Funding

<u>Capital Funds</u>	<u>Amount</u>
Met Council LHIA	\$400,000
LMIR 1st Mortgage	\$1,467,000
 <u>Housing Tax Credits</u>	 N/A

Total Sources: \$11,339,175

Total Recommended: \$1,867,000

Total: 40

RFP Development Summary Selected Applications: October 22, 2015

Developer Name:	Beacon Interfaith Housing Collaborative	Project City:	Edina
Project Name:	66 West	Dev #:	D7720
		App #:	M17165

Project Description

66 West is the adaptive reuse of a former bank and new construction of 39 units in Edina, MN. 66 West is an elevator building with two stories. The development will include 39 efficiency apartments, community space for residents, and on-site office space.

The development meets the Supportive Housing/homelessness strategic priorities. The development serves an important policy goal of addressing workforce housing needs.

Targeted Population

The development will provide housing for homeless youth targeting individuals and households of color and disabled individuals. The households will have incomes at or below 30% AMI; 21 of units will serve households who have experienced long-term homelessness.

Cost Containment		Rent Information				
The budgeted TDC per unit of \$287,309 is 16.53% above the \$246,552 predictive model estimate.		Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
		0BR	1	\$675	30% AMI	30% AMI
		0BR	2	\$675	30% AMI	30% AMI
		0BR	2	\$675	30% AMI	30% AMI
		0BR	2	\$675	30% AMI	30% AMI
		0BR	4	\$675	30% AMI	30% AMI
		0BR	7	\$675	30% AMI	30% AMI
		0BR	21	\$675	30% AMI	30% AMI
Permanent Capital Funding Sources		Super RFP Funding				
Sources	Amount	Capital Funds	Amount			
Hsg Infrastructure Bonds	\$5,008,303	Hsg Infrastructure Bds EDHC MF	\$5,008,303			
Hennepin County HOME/	\$800,000	Met Council LHIA	\$400,000			
Syndication Proceeds*	\$2,679,764	LMIR BL	\$373,068			
City of Edina TIF	\$550,000	FHF	\$227,000			
ECLC/Private	\$202,000					
Sales Tax Rebate	\$140,000					
Met Council LCDA	\$900,000					
Energy Rebates	\$25,000					
FHLB-Federal Home Loan	\$273,000					
Met Council LHIA	\$400,000					
FHF	\$227,000					
		<u>Housing Tax Credits</u>	N/A			
Total Sources: \$11,205,067		Total Recommended: \$6,008,371		Total: 39		

RFP Development Summary Selected Applications: October 22, 2015

Developer Name:	Creeks Run Phase II Developer LLC	Project City:	Chaska
Project Name:	Creeks Run Townhomes - Phase	Dev #:	D7861
		App #:	M17137

Project Description

Creeks Run II is a new construction project in Chaska. It is a 36-unit, two-story townhouse development being built by Everwood Development, and it will include a mix of two-, three- and four-bedroom apartments. This development adjacent to Creeks Run Phase I, which is a 40-unit tax credit development completed in 2014 that was 100% preleased in one day and has had only frictional vacancy since opening.

The development meets the Agency's strategic priority of providing permanent supportive housing and serves important policy goals of addressing foreclosure remediation and being affordable to the local workforce.

Targeted Population

Creeks Run II will provide 32 units of general occupancy workforce housing and 4 units designated for persons that have experienced long-term homelessness (LTH). All of the units except the LTH units will be rent restricted at 50% AMI and income restricted at 60% AMI. The four LTH units will be rent restricted at 30% AMI. The general occupancy population to be served includes families, single head of households with minor children, and individuals and households of color. This project is specifically designed to serve large families and almost 90% of the units include three or four bedrooms. The LTH units include 2 two-bedroom units and 2 three-bedroom units.

Cost Containment	Rent Information																														
<p>The budgeted TDC per unit of \$244,026 is 10.1% below the \$271,549 predictive model estimate.</p> <p>The development received 4 points for cost containment in its tax credit application.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Unit Type</th> <th style="text-align: center;">Unit Count</th> <th style="text-align: center;">Gross Rent</th> <th style="text-align: center;">Rent Restriction</th> <th style="text-align: center;">Income Restriction</th> </tr> </thead> <tbody> <tr> <td>2BR</td> <td style="text-align: center;">2</td> <td style="text-align: center;">\$975</td> <td style="text-align: center;">50% AMI</td> <td style="text-align: center;">60% AMI</td> </tr> <tr> <td>2BR</td> <td style="text-align: center;">2</td> <td style="text-align: center;">\$815</td> <td style="text-align: center;">30% AMI</td> <td style="text-align: center;">30% AMI</td> </tr> <tr> <td>3BR</td> <td style="text-align: center;">24</td> <td style="text-align: center;">\$1,126</td> <td style="text-align: center;">50% AMI</td> <td style="text-align: center;">60% AMI</td> </tr> <tr> <td>3BR</td> <td style="text-align: center;">2</td> <td style="text-align: center;">\$839</td> <td style="text-align: center;">30% AMI</td> <td style="text-align: center;">30% AMI</td> </tr> <tr> <td>4BR</td> <td style="text-align: center;">6</td> <td style="text-align: center;">\$1,256</td> <td style="text-align: center;">50% AMI</td> <td style="text-align: center;">60% AMI</td> </tr> </tbody> </table>	Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction	2BR	2	\$975	50% AMI	60% AMI	2BR	2	\$815	30% AMI	30% AMI	3BR	24	\$1,126	50% AMI	60% AMI	3BR	2	\$839	30% AMI	30% AMI	4BR	6	\$1,256	50% AMI	60% AMI
Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction																											
2BR	2	\$975	50% AMI	60% AMI																											
2BR	2	\$815	30% AMI	30% AMI																											
3BR	24	\$1,126	50% AMI	60% AMI																											
3BR	2	\$839	30% AMI	30% AMI																											
4BR	6	\$1,256	50% AMI	60% AMI																											

Permanent Capital Funding Sources		Super RFP Funding			
Sources	Amount	Capital Funds	Amount		
LMIR 1st Mortgage	\$1,519,000	LMIR 1st Mortgage	\$1,519,000		
Syndication Proceeds*	\$4,862,355				
Energy Rebate	\$12,600				
		<u>Housing Tax Credits</u>	\$506,546		
Total Sources: \$6,393,955		Total Recommended: \$1,519,000		Total:	36

RFP Development Summary

Selected Applications: October 22, 2015

Developer Name:	Aeon	Project City:	Mound
Project Name:	Indian Knoll Manor	Dev #:	D7878
		App #:	M17202

Project Description

Indian Knoll Manor is an acquisition, substantial rehab and new construction development. The Indian Knoll Manor will be a combination of one four-story, elevator building with 62 garden-style units and one two-story building with four townhome units.

The development meets the Preservation, Supportive Housing/Homelessness and Addresses Critical Rental Housing strategic priorities. The development serves an important policy goal of addressing preservation of federally assisted rental assistance.

Targeted Population

The development will provide housing for families, singles, elderly, homeless and special populations, and will target households of color, single head of households with minor children, and disabled individuals.

The households will have incomes at or below 30% AMI, and 60% AMI; 7 units will serve households who have experienced homelessness; 50 units are assisted by Section 8 currently. Metro HRA is recommending 16 project based vouchers through this RFP.

Cost Containment

The budgeted TDC per unit of \$170,831 is 16.22% below the \$203,907 predictive model estimate.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
0BR/SRO	2	\$641	30% AMI	30% AMI
0BR/SRO	7	\$430	30% AMI	30% AMI
1BR	2	\$830	30% AMI	30% AMI
1BR	7	\$796	30% AMI	30% AMI
1BR	26	\$535	30% AMI	30% AMI
1BR	7	\$430	30% AMI	30% AMI
2BR	4	\$1,000	60% AMI	60% AMI
2BR	1	\$670	30% AMI	30% AMI
3BR	6	\$1,351	30% AMI	30% AMI
3BR	1	\$1,351	30% AMI	30% AMI
3BR	3	\$1,351	60% AMI	60% AMI

Permanent Capital Funding Sources

<u>Sources</u>	<u>Amount</u>
LMIR 1st Mortgage	\$704,000
General Partner Cash	\$100
Syndication Proceeds*	\$6,099,520
Seller Loan	\$2,535,000
Sales Tax Rebate	\$116,000
Hennepin County HRA	\$300,000
Existing Reserves	\$65,000
Deferred Developer Fee	\$55,224
Flexible Financing Cap Cost	\$115,000
PARIF	\$885,000
Met Council LHIA	\$400,000

Super RFP Funding

<u>Capital Funds</u>	<u>Amount</u>
PARIF	\$885,000
Met Council LHIA	\$400,000
Flexible Financing Cap Costs	\$115,000
LMIR 1st Mortgage	\$704,000
<u>Housing Tax Credits</u>	\$648,950

Total Sources: **\$11,274,844**

Total Recommended: **\$2,104,000**

Total: **66**

2015 Minnesota Housing Multifamily Non-Recommended Applications

Developer - Project Name - Location	Funding Requested
GREATER MINNESOTA	
Central	
D.W. Jones Inc. - Country Terrace Apartments - Motley	Housing Tax Credits: \$152,738 Rent Assistance: \$84,168
D.W. Jones Inc. - Riverview Apartments & Hilltop Villas - Sebeka	Housing Tax Credits: \$191,758 Rent Assistance: \$96,072
Holdingford Cityview Apartments LLC - Cityview Townhomes - Holdingford	Housing Tax Credits: \$53,466 Minnesota Housing First Mortgage: \$763,000 Deferred Loans: \$590,246
MetroPlains LLC - Main Street Flats - Cambridge	Housing Tax Credits: \$468,907 Minnesota Housing First Mortgage: \$708,975 Deferred Loans: \$339,965
MetroPlains LLC - Sun Villa Townhomes - Saint Cloud	Housing Tax Credits: \$530,802 Minnesota Housing First Mortgage: \$302,088 Deferred Loans: \$681,046
Monarch Development Group, LLC - Cygnet Landing - Monticello	Housing Tax Credits: \$997,528 Housing Tax Credits: \$328,708 Minnesota Housing First Mortgage: \$2,030,000 Minnesota Housing First Mortgage: \$2,708,000 Deferred Loans: \$6,301,463
Natures Edge Townhomes, LLC - Natures Edge Townhomes - Sartell	Housing Tax Credits: \$695,478 Minnesota Housing First Mortgage: \$1,114,000 Deferred Loans: \$499,480
TPLE Developer, LLC - Lakes Edge - Buffalo	Housing Tax Credits: \$1,000,000 Housing Tax Credits: \$361,554 Minnesota Housing First Mortgage: \$2,807,000 Minnesota Housing First Mortgage: \$2,807,000 Operating Subsidy: \$32,400 Operating Subsidy: \$32,400 Deferred Loans: \$6,261,488
Northeast	
D.W. Jones Inc. - Forest Park Townhomes - Hibbing	Housing Tax Credits: \$689,193 Minnesota Housing First Mortgage: \$629,000
Pastoret, LLC - Pastoret Terrace - Duluth	Housing Tax Credits: \$750,463 Housing Tax Credits: \$329,577 Minnesota Housing First Mortgage: \$58,476 Minnesota Housing First Mortgage: \$1,312,000 Rent Assistance: \$44,448 Deferred Loans: \$600,000 Deferred Loans: \$3,121,451
Northwest	
Tri-Valley Opportunity Council - Agassiz Townhomes - Crookston	Housing Tax Credits: \$631,297 Minnesota Housing First Mortgage: \$438,000 Rent Assistance: \$56,304 Deferred Loans: \$506,748
Southeast	
Cohen Esrey Affordable Partners, LLC - Freeborn Historic Residences - Albert Lea	Housing Tax Credits: \$378,803 Deferred Loans: \$456,541
Cohen Esrey Affordable Partners, LLC - Kasson Historic Residences - Kasson	Housing Tax Credits: \$383,675 Minnesota Housing First Mortgage: \$315,613
CommonBond Communities - Mankato Workforce Housing - Mankato	Housing Tax Credits: \$949,875 Minnesota Housing First Mortgage: \$489,000 Rent Assistance: \$79,176 Deferred Loans: \$820,953
CommonBond Communities - Two Waters Townhomes - Red Wing	Housing Tax Credits: \$991,524 Minnesota Housing First Mortgage: \$1,093,000
Harold Teasdale - River Bluff Apartments - Mankato	Housing Tax Credits: \$503,317 Minnesota Housing First Mortgage: \$8,079,000 Deferred Loans: \$1,226,376

2015 Minnesota Housing Multifamily Non-Recommended Applications

Mankato Housing Apartments A Limited - Walnut Towers - Mankato	Housing Tax Credits: \$867,441 Housing Tax Credits: \$371,880 Minnesota Housing First Mortgage: \$3,995,000 Minnesota Housing First Mortgage: \$3,995,000 Deferred Loans: \$1,621,431 Deferred Loans: \$6,157,035
SEMCAC - SEMCAC Housing - Spring Valley	RRDL: \$192,170 Deferred Loans: \$1,820,538
Three Rivers Community Action Inc - Fox Pointe Townhomes - Austin	Housing Tax Credits: \$793,867 Minnesota Housing First Mortgage: \$687,000 Deferred Loans: \$603,191
Titan Development and Investments, Inc. - Northgate Plaza - Rochester	Housing Tax Credits: \$569,228 Minnesota Housing First Mortgage: \$7,961,000 Rent Assistance: \$1,413,360 Deferred Loans: \$8,104,725
Southwest	
West Central	
Total GREATER MINNESOTA - 20 developments	Minnesota Housing First Mortgage: \$42,292,152 Housing Tax Credits: \$12,990,079 Deferred Loans: \$39,712,677 Operating Subsidy: \$64,800 Rent Assistance: \$1,773,528 RRDL: \$192,170 Total: \$97,025,406

2015 Minnesota Housing Multifamily Non-Recommended Applications

Developer - Project Name - Location	Funding Requested
METRO	
Minneapolis	
Aeon - Health Supported Housing HSH - Minneapolis	Housing Tax Credits: \$1,000,000 Housing Tax Credits: \$490,000 Rent Assistance: \$739,920 Rent Assistance: \$739,920 Deferred Loans: \$2,350,000 Deferred Loans: \$7,200,000
Aeon - Aeon Prospect Park - Minneapolis	Housing Tax Credits: \$1,000,000 Minnesota Housing First Mortgage: \$4,790,000 Rent Assistance: \$318,960 Deferred Loans: \$1,990,000
Beacon Interfaith Housing Collaborative - Great River Landing - Minneapolis	Housing Tax Credits: \$1,000,000 Housing Tax Credits: \$625,400 Rent Assistance: \$573,280 Rent Assistance: \$573,280 Deferred Loans: \$1,200,280 Deferred Loans: \$6,895,322
Community Housing Development - House of Charity Housing - Minneapolis	Housing Tax Credits: \$1,200,000 Housing Tax Credits: \$669,764 Rent Assistance: \$43,550 Rent Assistance: \$43,550 Deferred Loans: \$6,297,835
The Cornerstone Group - Boeser Phase 1 - Minneapolis	Minnesota Housing First Mortgage: \$21,058,745 Minnesota Housing First Mortgage: \$5,251,858 Deferred Loans: \$1,540,000
Hope Community, Inc. - Hope Block Stabilization Phase II - Minneapolis	Deferred Loans: \$796,337
Indian Neighborhood Club - Indian Neighborhood Club Expansion - Minneapolis	Rent Assistance: \$42,000 Deferred Loans: \$555,000
NFAHS Development LLC - Madison Apartments - Minneapolis	Housing Tax Credits: \$666,533 Minnesota Housing First Mortgage: \$9,127,000 Deferred Loans: \$1,750,000
Plymouth Stevens House Developer LLC - Plymouth Stevens House - Minneapolis	Housing Tax Credits: \$910,396 Minnesota Housing First Mortgage: \$10,163,000 Deferred Loans: \$1,800,000
Project for Pride in Living Inc - PPL YouthLink Supportive Housing - Minneapolis	Housing Tax Credits: \$845,655 Operating Subsidy: \$108,670 Rent Assistance: \$258,648 Deferred Loans: \$1,484,522 Deferred Loans: \$1,484,522
Urban Homeworks, Inc. - Urban Homeworks Rental Reclaim VI - Minneapolis	Minnesota Housing First Mortgage: \$950,000 Deferred Loans: \$1,880,300
West Bank CDC Inc - Riverside Homes of Minneapolis, LP - Minneapolis	Deferred Loans: \$2,111,000
Saint Paul	
Catholic Charities of St. Paul and Minneapolis - Dorothy Day Place - Saint Paul	Housing Tax Credits: \$2,269,235 Housing Tax Credits: \$969,183 Operating Subsidy: \$57,384 Operating Subsidy: \$57,384 Rent Assistance: \$341,755 Rent Assistance: \$341,755 Deferred Loans: \$11,946,940
Model Cities of Saint Paul - Central Exchange - Saint Paul	Housing Tax Credits: \$498,705 Minnesota Housing First Mortgage: \$1,192,000 Deferred Loans: \$2,160,000
Model Cities of Saint Paul - Model Cities Supportive Housing - Saint Paul	Housing Tax Credits: \$201,586
Neighborhood Development Center - NWUD - Saint Paul	Housing Tax Credits: \$498,371 Minnesota Housing First Mortgage: \$2,740,000 Deferred Loans: \$2,000,000
The Public Housing Agency of the City of St. Paul - Ravoux Hi-Rise - Saint Paul	Deferred Loans: \$4,685,148

2015 Minnesota Housing Multifamily Non-Recommended Applications

Sherman Associates Development LLC - West Side Flats Phase III-B - Saint Paul	Minnesota Housing First Mortgage: \$10,060,000 Deferred Loans: \$1,579,076
St. Paul Public Housing Authority - Mt. Airy Family Public Housing Exterior Repairs - Saint Paul	Deferred Loans: \$8,870,830
Suburban	
Aeon - Crest Phase II - Brooklyn Center	Housing Tax Credits: \$781,000 Minnesota Housing First Mortgage: \$2,521,000 Rent Assistance: \$129,060 Deferred Loans: \$1,800,000
Anoka County Community Action Program - Blaine University Avenue Townhomes - Blaine	Housing Tax Credits: \$532,343 Minnesota Housing First Mortgage: \$1,118,000 Deferred Loans: \$350,000
Anoka County Community Action Program - Skyline II Fridley - Fridley	Housing Tax Credits: \$263,416 Minnesota Housing First Mortgage: \$453,000 Deferred Loans: \$400,000
Boisclair Corporation - BNR - Brooklyn Park	Housing Tax Credits: \$1,300,000 Housing Tax Credits: \$1,000,000 Minnesota Housing First Mortgage: \$17,425,500 Minnesota Housing First Mortgage: \$17,425,500 Deferred Loans: \$6,400,000 Deferred Loans: \$8,404,072
Carver County CDA - Windstone Townhomes - Chaska	Rent Assistance: \$41,280
CommonBond Communities - Rum River Veterans Cottages - Anoka	Rent Assistance: \$33,360 Rent Assistance: \$33,360 Deferred Loans: \$960,000 Deferred Loans: \$5,090,000
Connelly Development LLC - Pike Lake Marsh - Prior Lake	Housing Tax Credits: \$1,120,000 Minnesota Housing First Mortgage: \$3,634,000 Operating Subsidy: \$21,600 Rent Assistance: \$7,200
Duffy Development Company Inc - Bottineau Phase II - Maple Grove	Housing Tax Credits: \$1,000,000 Minnesota Housing First Mortgage: \$244,000
Duffy Development Company Inc - Bottineau Ridge Apartments - Maple Grove	Rent Assistance: \$56,520
Sherman Associates Development LLC - The Villages at Frost-English (Senior) - Maplewood	Minnesota Housing First Mortgage: \$7,292,205 Deferred Loans: \$2,500,000
Shoreview Area Housing Initiative - Shoreview Area Housing Initiative - Shoreview	Deferred Loans: \$546,175
The Waters Senior Living Management, LLC - Minnetonka Affordable Housing - Minnetonka	Housing Tax Credits: \$990,714 Housing Tax Credits: \$510,769 Minnesota Housing First Mortgage: \$5,000,000 Minnesota Housing First Mortgage: \$5,000,000 Deferred Loans: \$975,000 Deferred Loans: \$5,680,098
Brooklyn Park Leased Housing Development V, LLC - Park Haven Apartments - Brooklyn Park*	Housing Tax Credits: \$1,000,000 Minnesota Housing First Mortgage: \$6,940,000 Minnesota Housing First Mortgage: \$8,130,000 Deferred Loans: \$2,000,000 Deferred Loans: \$1,400,000
*While the development is not recommended to receive capital funding, it is recommended for Section 811 Project-Based Rental Assistance	
Total METRO - 31 developments	Minnesota Housing First Mortgage: \$140,515,808 Housing Tax Credits: \$21,343,070 Deferred Loans: \$107,082,457 Operating Subsidy: \$301,558 Rent Assistance: \$4,260,878 Total: \$273,503,771
Total MINNESOTA - 51 developments	

Item: New Loan Product – HUD Risk Share Streamlined Refinance

Staff Contact(s):

Tresa Engel, 651.284.3177, Tresa.Engel@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:

Documentation related to the newly approved HUD Risk Share Streamlined Refinance program is being presented for informational purposes. HUD recently granted approval for Minnesota Housing to use streamlined procedures in certain circumstances under the Agency's current HUD Risk Share program.

Fiscal Impact:

Refinance loans originated under this program will be accounted for in the LMIR program production activity for the applicable AHP. An origination fee will be earned on each loan based on 2% on the first \$5 million in financing and 1% on the amount above \$5 million; the minimum origination fee is \$25,000. A new 10 year prepayment lockout will be included for each loan originated and affordability restrictions will be extended on each loan.

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
- Approval Letter
- Term Sheet
- Program Outline

Background

Minnesota Housing is an approved Risk Share lender through the Department of Housing and Urban Development (HUD). We currently submit our LMIR loans to HUD for 50/50 Risk Share insurance and have approximately 75 risk share loans in our portfolio.

Minnesota Housing has not historically offered an effective refinance loan program for our risk share customers, which has resulted in significant portfolio runoff in recent years. Interest rates for other lending programs were highly competitive and lending terms were favorable for refinance elsewhere. To combat this issue, Minnesota Housing has developed a Risk Share Streamlined Refinance loan product.

This new program allows existing risk share transactions the opportunity to refinance their existing debt with Minnesota Housing to a lower interest rate, with minimal due diligence items required because the loan has already been in the Minnesota Housing portfolio for several years and we are familiar with the property operations.

Some general program terms include:

- Loan amount up to the original risk share loan amount.
- The interest rate will be approximately 0.50% lower than the current LMIR interest rate based on a quarterly rate set.
- No “cash out” is available to the developer, however any existing equity can be used to make repairs to the property or be deposited into the replacement reserves account.



OFFICE OF HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

SEP 17 2015

Ms. Mary Tingerthal
Commissioner
Minnesota Housing Finance Agency
400 Sibley Street
Suite 300
Saint Paul, MN 55101

Dear Ms. Tingerthal:

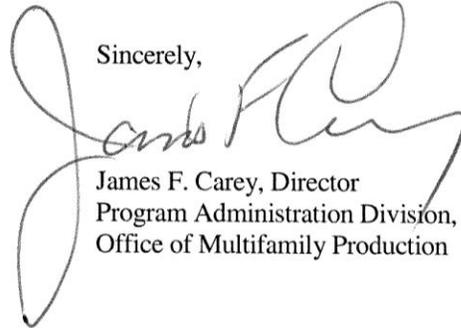
This is in response to your letter of July 24, 2015, requesting HUD's approval before implementing changes to the Minnesota Housing Finance Agency (Minnesota Housing) Multifamily Underwriting Standards Manual to incorporate a Streamlined Refinance Product under Minnesota Housing's 542(c) Risk Share Low and Moderate Income Rental Program. In Accordance with Article III (G) of Minnesota Housing's Risk Sharing Agreement with HUD executed on May 3, 1994, which states: *"The HFA shall notify the Commissioner before implementing any amendment to the HFA's underwriting standards and procedures, loan terms and conditions and will provide the Commissioner with copies of any amendments with five (5) business days before implementation of such amendments by the HFA."*

Through the Streamline Program, Minnesota Housing would provide a refinance loan program for approximately 15 existing risk sharing loans totaling over \$ 20 million. Loans will be insured at Level I risk level. The program is similar in scope to HUD's 223(a) (7) mortgage insurance program. The loans will include a new 10 year lockout provision and participants would agree, in exchange for a lower interest rate and low cost refinance, to extend the affordability restriction for the term of the new loan.

In accordance with regulations in 24 CFR 266.200(c) and Chapter 3-2(D) of the Risk Sharing Handbook 4590.1, insured mortgages cannot exceed the sum of the total cost of financing, repairs and transaction costs; occupancy levels cannot be less than 93 percent based on a 12-month period, the mortgage cannot exceed an amount supportable by the lower of unit rents being collected and has not been in default within the 12 months prior to application for refinancing. Minnesota Housing's amended underwriting standards and proposed Streamline Refinance Program meets the above mention requirements.

We hereby acknowledge that Minnesota Housing has complied with Article III(G) of the risk sharing agreement that requires HFAs to fully disclose and provide copies of its underwriting standards and procedures to HUD.

Sincerely,

A handwritten signature in black ink, appearing to read "James F. Carey". The signature is fluid and cursive, with a large initial "J" and "C".

James F. Carey, Director
Program Administration Division,
Office of Multifamily Production

Cc: Paul Woxland, Director
Minneapolis Asset Management Division

Minnesota Housing Multifamily Programs

Program Term Sheet



HUD Risk Share Streamlined Refinance

PARAMETERS	REQUIREMENTS
Loan Purpose	Funds available 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.
Eligible Properties	Must have an existing HUD Risk Share loan through Minnesota Housing.
Borrower	No change in partnership allowed with the refinance.
HUD Risk Share	Loans must be insured at 50% in the Level I Risk Share program.
Loan Parameters	<p>Maximum Loan Amount The loan amount will be the lesser of:</p> <ul style="list-style-type: none"> • Original principal balance of existing Risk Share mortgage • Unpaid principal balance of existing Risk Share mortgage plus critical repairs, as approved by Minnesota Housing architect, and allowable closing costs <p>Debt Coverage Ratio (DCR)</p> <ul style="list-style-type: none"> • Minimum DCR of 1.15 - 1.25 as determined by Minnesota Housing; and • Must maintain a breakeven cash flow for a minimum of 15 years on a proforma basis.
Cash Out	No cash out allowed with the refinance.
Term and Amortization	Up to 12 years beyond remaining term of existing Risk Share mortgage Not to exceed the original term of the original loan, and Not to exceed 75% remaining economic life
Recourse	All monetary obligations must be guaranteed, except principal and interest, for the life of the loan.
Interest Rate	The interest rate will be published for each calendar quarter. Upon receipt of a signed loan application, the interest rate will be held for a period of six months to allow for loan closing. The final interest rate will be fixed for the full term of the loan.
Prepayment and Assumption	10 year lockout; Prepayment in full any time after 10 years only with agency approval. Prepayment fees may apply.
Third Party Reports	Capital needs assessment, to be ordered and submitted by borrower
Fees and Expenses	<ul style="list-style-type: none"> • Origination Fee of 2% on the first \$5 million in financing and 1% on the amount above \$5 million; minimum origination fee is \$25,000 • Mortgage Insurance Premium (MIP) of 0.25% for HUD Risk Share Level I, one year due at closing, then paid monthly in addition to interest on the loan. • Borrower is responsible for all legal fees and closing costs. These fees may be included when determining mortgage amount.
Escrows	Existing escrows must be transferred to the new loan, including but not limited to: real estate taxes, insurance, replacement reserves, residual receipts.
Repairs Qualifications	Repairs or rehabilitation must be completed to a standard that when properly maintained, remains decent, safe, and affordable for the duration of the financing compliance period. Refer to the Building Standards page for full design/construction and related information.
Funding Sources	Housing Investment Fund: Agency generated non-federal resource
Return on Equity	Maximum 15% based on actual developer equity. No distributions for nonprofit owned developments

HUD Risk Share Streamlined Refinance Program Outline**I. Documentation needed for underwriting****a. Obtained by Agency In-House**

- i. 6 months of rent rolls
- ii. Operating information (YEP, Tracker, Port reports as applicable)
- iii. HAP Contract, if applicable
- iv. Occupancy history for the past three years
- v. Audited Financials for the past three years
- vi. Current debt and escrow balances

b. Developer Submittals

- i. Workbook, including all outstanding development obligations
- ii. Application Fee (determine dollar amount)
- iii. Identification of key principals
- iv. PCNA Report
- v. Work Scope, if applicable
- vi. Identification of known environmental issues
 1. Lead-Based paint
 2. Asbestos
 3. Mold
- vii. Evidence of zoning (or certification of no change)
- viii. Title Report
- ix. Survey (updated or certification of no change)

II. HUD Risk Share Application

- i. Application Cover Letter
- ii. Mortgage Credit Committee (MCC) Report (executed copy)/ MCC equivalent (Clearinghouse form with cashflow to be used)
- iii. Workbook
- iv. Appendix 4 - 4590.01 , U.S. Department of Housing and Urban Development, Request for HUD-Retained Processing, Housing Finance Agency Risk Sharing Pilot Program
 1. Created by RS Tech – Refer to the RS Tech Training Manual
- v. Location Map – HDO or Preselection folder
- vi. Legal Description of the Property - HDO or Preselection folder
- vii. Statutory Worksheet, Multifamily Programs
 1. Provided by Environmental Officer
 2. Include the executed Statutory Worksheet and all environmental back up
- viii. 2530 Clearance

III. Docket/Endorsement

- i. HUD endorsement form
- ii. Certifications to HUD
- iii. Mortgage Note
- iv. Recorded Combination Mortgage
- v. Statement with True and correct copy certificate
- vi. Byrd amendment
- vii. Loan policy of title insurance
- viii. Recorded Regulatory agreement
- ix. Certificate of liability and property insurance
- x. MIP Check
- xi. Cover letter
- xii. Development details
- xiii. Documentation that project meets firm approval conditions
- xiv. Amortization schedule – This is generally given in the docket. If not request from the closer
- xv. Risk sharing agreement