This package contains revisions for item 7.A

MEETINGS SCHEDULED FOR OCTOBER

Location:

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

WEDNESDAY, OCTOBER 19, 2016

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 Wednesday, October 19, 2016.

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

Wednesday, October 19, 2016

10:00 a.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. Regular Meeting of September 22, 2016
5. **Reports**
   A. Chair
   B. Commissioner
   C. Committee
6. **Consent Agenda**
   A. Approval, Final Consolidated Plan for Housing and Community Development 2017-2021 and 2017 Annual Action Plan
   B. Approval, Multifamily Division Section 3 and Minority or Women Business Enterprises Compliance Guides
   C. Commitment, Low and Moderate Income Rental (LMIR) Program and Flexible Financing for Capital Costs (FFCC)
   - Oxford Village, Hopkins, D7661
   D. Commitment, Low and Moderate Income Rental (LMIR) Program, Low and Moderate Income Rental Bridge Loan (LMIR-BL) Program, and Flexible Financing for Capital Costs (FFCC)
   - Grand Terrace Apartments, Worthington, D7719
7. **Action Items**
   A. Amendment, Qualified Allocation Plan (QAP) and Procedural Manual, 2017 and 2018 Housing Tax Credit (HTC) Program REVISED
   B. Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, 2016 Series C, for a Multifamily Housing Development in Worthington, Minnesota
   C. Resolution Authorizing Homeownership Finance Bonds Generally and Authorizing the Issuance and Sale of Homeownership Finance Bonds 2016 Series G and H and Approving the Execution and Delivery of Related Documents
   D. 2016 Consolidated Request for Proposals
   E. Single Family Selections, Community Homeownership Impact Fund
   F. Multifamily Selections, Amortizing Loans, Deferred Loans, 2017 Housing Tax Credits, and Tax-exempt Bonds
8. **Discussion Items**
   None.
9. **Informational Items**
   A. Post-Sale Report, Homeownership Finance Bonds 2016 Series EF
10. **Other Business**
    None.
11. **Adjournment**

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DRAFT MINUTES

MINNESOTA HOUSING FINANCE AGENCY BOARD MEETING
Thursday, September 22, 2016
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 1:04 p.m.
2. **Roll Call.**
   Members present: John DeCramer, Joe Johnson, Craig Klausing, Stephanie Klinzing, Rebecca Otto, and Terri Thao.
   Minnesota Housing staff present: Gene Aho, Tal Anderson, Dan Boomhower, Wes Butler, Kevin Carpenter, Chuck Commerford, Erin Coons, Jessica Deegan, Ruth DuBose, Rachel Franco, Lori Gooden, Cassie Gordon, Tasia Griffith, Anne Heitlinger, Karen Johnson, Kasey Kier, Kevin Knase, Tresa Larkin, Judith Leatherwood, Kim Luchsinger, Diana Lund, Carrie Marsh, Rose Marsh, Tom O'Hern, John Patterson, Caryn Polito, William Price, Annie Reierson, Cheryl Rice, Paula Rindels, Megan Ryan, Becky Schack, Kayla Schuchman, Terry Schwartz, Barb Sporlein, Mary Tingerthal, Katie Topinka, Heidi Welch, Xia Yang.
   Others present: Rachel Robinson, John Rocker, Greater Minnesota Housing Fund; Chip Halbach, Minnesota Housing Partnership; Chris Flannery, Melanie Lien, Piper Jaffray; Ramona Advani, Office of the State Auditor.
3. **Agenda Review**
   Chair DeCramer announced that agenda item 7.B regarding Grandview Terrace had been removed from the agenda and would be considered at a future meeting and that item 8.B, the presentation by the Agency's Cultural Competency Committee, would be presented prior to the consideration of the consent agenda.
4. **Approval of the Minutes.**
   A. Regular Meeting of August 25, 2016
   Auditor Otto requested two corrections to the minutes: first, that Ramona Advani be included in the list of guests and that Resolution No. MHFA 16-037 was amended prior to adoption. Auditor Otto moved approval of the minutes as amended. Joe Johnson seconded the motion. Motion carries 6-0.
5. **Reports**
   A. Chair
   There was no report from the Chair.
   B. Commissioner
   Commissioner Tingerthal shared with members that Megan Ryan, Communications Director, would prepare an overview of Agency marketing efforts to be presented at the December meeting. This overview is being provided in response to communications at the last committee meeting and will cover what the Agency is doing with conventional and new forms of media in the marketplace.

   Next, Commissioner Tingerthal shared that the Agency held a Community and Housing Dialogue in Grand Marais earlier that week. Commissioner Tingerthal stated the event had a great turnout of 60 attendees, which included area employers. The next dialogue is tentatively planned for November in the Saint Peter or Mankato area.

   The following new employee introductions were made:

- Gene Aho introduced Annie Reierson, co-manager for the single family rehab loan program. Ms. Reierson has both regulatory and operations experience and was previously employed with Neighborworks Home Partners.
- Cassie Gordon introduced Taisa Griffith, housing management officer on the PBCA team. Ms. Griffith has eight years of experience in housing compliance and was previously employed with Premier Management.

C. Finance and Audit Committee Meeting of August 25, 2016.

Chair DeCramer reported the Program and Policy Committee had met by phone on September 9 to review and discuss public comments received on the draft affordable housing plan. No action was taken at the committee meeting. **MOTION:** Stephanie Klinzing moved to accept the committee report. Craig Klausing seconded the motion. Motion carries 6-0.

6. Consent Agenda

A. Housing Trust Fund Rental Assistance Program; Re-entry Initiative

MOTION: Joe Johnson moved approval of the consent agenda and the adoption of Resolutions No. MHFA 16-038. Auditor Otto seconded the motion. Motion carries 6-0.

7. Action Items

A. Selections, Homeownership Education, Counseling and Training Fund

Ruth DuBose requested approval of the HECAT funding recommendations, stating funding for the program is obtained through state appropriations and contributions from the Minnesota Homeownership Center, the Greater Minnesota Housing Fund, and the Family Housing Fund. Ms. DuBose stated 40 organizations are being recommended for a total of $1.6 million in funding that is anticipated to serve 8,500 households. The funding will provide reverse mortgage counseling, foreclosure counseling and homebuyer education. Ms. DuBose stated that all organizations submitted applications have been recommended for funding. Ms. DuBose stated, in the previous year, the HECAT program provided pre-purchase education services to more than 9,000 households, reverse mortgage counseling to 700 households, and assisted 67% of foreclosure counseling clients to avoid foreclosure. Ms. DuBose stated the program makes strong efforts to reach households of color and 44% of clients served in the metro area and 26% of those served in Greater Minnesota were households of color or Hispanic ethnicity.

Craig Klausing inquired about benchmarks for the success rate for foreclosure counseling. Ms. DuBose stated that about 744 households who received counseling were able to avoid foreclosure, but she was unsure how that compared to national statistics. Commissioner Tingerthal stated that the Agency does look at its own portfolio performance against national numbers. Gene Aho stated that HUD has a success rate on loan modifications that runs at about 50%, and the Agency's own portfolio has very successful loss control comparatively. Joe Johnson stated that, as a lender who has been involved with foreclosures, the success rates seemed to be very good numbers to him. Ms. DuBose added that 64% of the counseling clients who avoided foreclosure sold their property.
MOTION: Auditor Otto moved approval of the funding selections. Craig Klausing seconded the motion. Motion carries 5-0, with Joe Johnson recusing himself due to a conflict of interest related to an association with One Roof.

B. Commitment, Low and Moderate Income Rental (LMIR) Program - Grand Terrace Apartments, Worthington, D7719

This item was pulled from the agenda.

C. Concept Approval, Habitat for Humanity "Home Loan Impact Fund 2020"

Tal Anderson and Kevin Carpenter requested approval of participation in an investment concept. It was clarified that this loan fund does not have any relationship with the Agency's own Impact Fund. It was shared that, since 2005, the Agency has allocated a $2 million mix of Pool 2 and Pool 3 resources to provide a secondary market for Habitat for Humanity loans, 80% of which has been

deployed in the Twin Cities area. Twin Cities Habitat for Humanity has developed a loan pool with private capital in an effort to double its production over the next four years. With funding from this new pool, borrowers would make payments on interest bearing mortgages, with down payment assistance or affordability loans reducing the amount of the first mortgage to ensure payments would be equivalent to what they had been under the former interest-free lending model. The principles guiding the Agency's participation in the pool would ensure continuing statewide coverage for Habitat programs, with Habitat for Humanity Minnesota continuing to recycle the existing awards and ensuring no more than $1 million of the Agency's investment come from Pool 3. Habitat for Humanity Minnesota has indicated there is sufficient capital in the existing fund to meet needs in the balance of the state. Mr. Carpenter added that the original concept anticipated a $6 million to $8 million investment by the Agency; staff is currently requesting approval to invest up to $10 million to allow a doubling of production. It was stated that Habitat's homeownership rates among households of color or Hispanic ethnicity are 80% to 90%, compared to 30% for Agency programs and 8% to 9% in the general market.

Mr. Carpenter stated the board was being asked to approve two specific participation concepts: first, a commitment to invest up to $10 million dollars in a fund anticipated to be approximately $76 million; second, a contingent commitment to backstop a commitment by Twin Cities Habitat for Humanity to provide money later to fund the take out of a given class of investors. Providing this backstop is intended to attract more long-term investors to the fund.

Mr. Carpenter descripted the fund, the classes of securities, anticipated rates of return, and repayment structure. Mr. Carpenter stated that the return on the Agency's investment is driven almost entirely on the quality and performance of the underlying loan portfolio; stating expectations have been created around what default and prepayment scenarios. A stress test model has also been run. The Agency anticipates receiving interest payments throughout the investment period and a repayment period of 25 years for the class D investments and 30 years for the class E investments.

Mr. Carpenter further descripted the structure of the fund and risk analyses performed by staff. Mr. Carpenter also described credit enhancements that will be put in place to protect investments by the Agency.

Mr. Carpenter reiterated that the board was being asked to approve the concept at this time and actual investment will not occur until procedures and documentation have been established. Regarding the backstop, Commissioner Tingerthal added that if the Agency were to provide the $4.9 million, it would not be a grant but rather a purchase of the remaining securities in the fund and interest would be paid on those securities. Commissioner Tingerthal added that it is difficult for traditional banks to go beyond a 17-year investment from a capital standpoint, which is why the Agency is being asked to provide that backstop.

In response to a question from Joe Johnson, Mr. Carpenter stated Twin Cities Habitat for Humanity is providing an $8 million guarantee. Mr. Carpenter added that they are actively fundraising for the soft seconds that will allow the buy-down of the monthly loan payments.

In response to a question from Chair DeCramer, Mr. Carpenter stated that the investment is with Twin Cities Habitat for Humanity, not Habitat for Humanity Minnesota. Commissioner Tingerthal shared that one part of the negotiations regarding the investment in the new fund was that capital from the existing loan pools remain available to fund production in Greater Minnesota and that

Twin Cities Habitat for Humanity would not utilize those statewide funds for a four year period. Commissioner Tingerthal stated that Twin Cities Habitat for Humanity represented 83% of the activity in those pools and because they would no longer be accessing that funding, there is confidence that sufficient resources will be available for other Habitat chapters to fund new loans in Greater Minnesota.

Terri Thao inquired about the timing of the next update. Mr. Carpenter responded that the board would be informed as staff get to closing and funding.

John DeCramer inquired about monitoring and Mr. Carpenter responded that all fund investors will require significant monthly or quarterly reporting regarding loan performance. Commissioner Tingerthal added that the Agency had conversations with Twin Cities Habitat for Humanity regarding loan originations because the new regulatory requirements make originations difficult. Twin Cities Habitat for Humanity worked on an RFP and selected Sunrise Banks to handle documentation, underwriting, and disclosure duties related to origination, AmeriNational will service the loans, and Community Reinvestment Fund, a CDFI, will provide the investor reports. Commissioner Tingerthal added that AmeriNational provides servicing of the Agency's home improvement and targeted mortgage opportunity program loans.

Joe Johnson inquired about the delinquency rates on Habitat loans. Commissioner Tingerthal responded that she did not have the figure with him, but the base case used a 10% default rate and the actual default right is significantly lower. Commissioner Tingerthal added that Habitat has basically a right of first refusal, so they are able to buy back a troubled property and recycle it to another program participant; the likelihood of a Habitat property going all the way through to foreclosure is extremely unlikely. **MOTION:** Auditor Otto moved approval of participation and of the program concept. Joe Johnson seconded the motion. Motion carries 6-0.

D. Concept Approval, Greater Minnesota Housing Fund "NOAH Impact Fund"

Kevin Carpenter presented this request and acknowledged the efforts of staff Matt Dieveney, stating he had drafted the request and did much of the work behind it. Mr. Carpenter also acknowledged the work of partners at Habitat for Humanity and the Greater Minnesota Housing Fund.

Mr. Carpenter described the fund as a new way to use Agency resources to leverage private resources to address the market issue of naturally affordable housing, which is increasingly at risk of loss to private investors who make investments and increase rents beyond the affordability for existing tenants. Mr. Carpenter stated that an Agency investment in the fund would help to provide ready access to capital to enable private purchasers to preserve the affordability of these types of properties. By accessing the capital, the owner would agree to keep rents affordable. Mr. Carpenter stated that 11 potential owner-operators have been identified that may acquire buildings with a combination of equity fund resources and debt financing. Access to fund capital would come with some form of partnership where the purchase agrees to comply with requirements regarding acceptance of Section 8 vouchers, affirmative marketing, and other activities that align with the mission of the Agency.

Mr. Carpenter described the classes of securities in the fund and the anticipated earnings and repayment structure for each class. Mr. Carpenter cautioned that many details were still being determined and the request today was for concept approval of participation of up to $10 million in the fund. Mr. Carpenter stated staff believes the fund is a viable and appropriate investment. In response to Chair DeCramer, Mr. Carpenter stated that Hennepin County is expected to participate in the fund as a Class B investor.

Stephanie Klinzing stated that both funds being presented this month are very complicated and it is important for board members to understand the deals in order to understand the risks involved. Ms. Klinzing added that the bottom line for participation is that participation will create affordable housing. Ms. Klinzing stated that participation fits well with the mission of the Agency and working in partnership with other mission-driven organizations. Ms. Klinzing thanked Habitat for Humanity and Greater Minnesota Housing Fund for bringing the opportunities to the Agency.

Terri Thao agreed that these activities are good partnerships and inquired if the Agency would be willing to look at other funding opportunities of this kind. Mr. Carpenter responded that he would welcome the opportunity to look at additional opportunities, stating there is not an extensive history but does fulfil responsible stewardship of capital and leverage of private capital in the preservation or creation of affordability housing that may not otherwise exist. **MOTION:** Auditor Otto moved concept approval and approval of the Agency's participation in the fund. Stephanie Klinzing seconded the motion. Motion carries 5-0, with Joe Johnson recusing himself due to his membership on the board of the Greater Minnesota Housing Fund.

E. Approval, 2017 Affordable Housing Plan

John Patterson requested approval of the Affordable Housing Plan, stating the proposed plan had been discussed very thoroughly at past two meetings. Mr. Patterson stated the funding levels were essentially the same as what had been presented at the committee meeting, but some activities have had their source of funding changed. Mr. Patterson stated that discussion regarding senior housing had been added based on comments received. Craig Klausing requested clarification about funding changes and Mr. Patterson responded that some first mortgage funding had been changed to MAP lending. Auditor Otto commended staff on the amount of work completed related to the plan. **MOTION:** Terri Thao moved adoption of the 2017 Affordable Housing Plan. Joe Johnson seconded the motion. Motion carries 6-0.

8. Discussion Items

A. 2016 Cost Containment Report

John Patterson provide highlights of the cost containment report, sharing that strategies used by the Agency to encourage cost-containment include the predictive cost model and cost containment incentives for tax credits. Mr. Patterson acknowledged that some items like green overlays and locational efficiency may drive up costs while we are trying to keep costs down. The report also addresses some unintended consequences, like the padding of budgets to cover potential increased labor costs in response to point penalties for cost over-runs. Agency staff continues to investigate ways in which it can help reduce the costs for individual developments, such as reducing the amount of time to get a project from approval to closing and introducing standard documents so fewer lawyer hours are needed. Mr. Patterson acknowledged that these are small reductions, but, over time, they add up to meaningful amounts.

Auditor Otto stated she appreciated staff providing the report and looking at ways to reduce costs, but cautioned that developers need to make a profit and workers need to be paid as well. Auditor Otto stated that there is always concern that the Agency not create consequences that have a negative impact on workers, sustainability, long-term affordability, or quality of materials used. Mr. Patterson agreed, stating the focus on cost reduction is to eliminate inefficiencies that drive up soft costs, which can account for 20% of a project. Commissioner Tingerthal added that one of the Agency's internal focuses is to reduce the amount of time for processing and, this year, the goal is to be very close to having 100% of projects closing within the 20-month commitment period. That is an increase from 50% in previous funding cycles. Commissioner Tingerthal added that part of that

reduction can be attributed to the selection of projects that are ready to proceed, as well as anticipating issues, and having project launch meetings. Discussion item. No action needed.

B. Agency Cultural Competency Committee

Committee members Cheryl Rice and Heidi Welch introduced the other committee members and acknowledged the contributions of former co-chair, Nouchie Xiong, who recently left Agency employment. The committee was formed in June 2015 to develop and implement an agency-wide framework to foster a more culturally competent staff. An organization assessment was completed in February 2016. More than 100 employees responded and one third of the respondents indicated they were a member of an underrepresented group. The assessment showed areas for improvement but also showed a strong foundation from which to build cultural competency. Two key areas of concern were identified as commitment to diversity in leadership and management and training to help employees work with people from other cultures. Focus groups were held following the assessment and ideas were heard about recruitment, recognition, retention, and training. The committee will conduct an assessment every two years.

Next, committee members reviewed activities the committee has sponsored and activities planned for 2017, which include the facilitation of sessions with community partners regarding servicing diverse markets. Commissioner Tingerthal stated there are engagement opportunities for board members as well, proposing that members have interviews with staff so that we can share more about their background.

Terri Thao expressed appreciation that the committee would involve external and internal parties and inquired about the level of Agency's involvement relative to that of other state agencies. Commissioner Tingerthal responded that the Agency had recently completed an across-the-board assessment of development activities as part of a statewide inventory and staff who participated got the impression that we are further along than most other agencies.

Joe Johnson inquired about the response rate of the survey. Chery Rice responded that a 50% response rate was good. Stephanie Klinzing inquired if any of the survey results were surprising and Cheryl Rice responded that she did not find anything surprising. Heidi Welch agreed, stating that there are always extremes, so she was not surprised to see that 15% of respondents disagreed or strongly disagreed that the Agency is welcoming. Stephanie Klinzing inquired if the tenure of respondents was known and Heidi Welch responded that the committee wanted the survey to be as anonymous as possible, and tenure could be a strong identifier so that information was not requested. Auditor Otto stated that the 15% is a baseline and does not have to be alarming, adding that, as the work of the committee continues that number can and should change. Auditor Otto stated it is important work and it is wonderful that the Agency is pursing it. Chair DeCramer agreed that it is important work and thanked the committee for the update. Discussion item. No action needed.

9. Informational Items

A. Post-Sale Report, State Appropriation Bonds (Housing Infrastructure) 2016 Series ABC

Informational item. No action needed.

B. Quarterly Status Report, Enhanced Financial Capacity Homeownership Initiative (Homeownership Capacity)

Informational item. No action needed.

10. Other Business

Chair DeCramer requested an update on the vacant board member position. Commissioner Tingerthal stated she had submitted a recommendation to the Governor the previous week and hoped to know more soon.

Stephanie Klinzing provided a report of her activities related to her position on the Board of Aging. Ms. Klinzing stated the board just finished its legislative priorities for 2017 and it includes a priority of supporting affordable housing solutions for older adults. Ms. Klinzing stated the board has been talking a lot about housing and they are very interested in learning how they can link their work with affordable housing.

Commissioner Tingerthal shared that Wilder Research has been engaged to do some research on elderly homeownership and property rehabilitation that may be needed for them to remain in their homes. Conducting this research will allow the Agency to have a better measure of the need. Commissioner Tingerthal stated that the Agency has made the case for many years for an increase in funding for the rehab loan program, which serves a large number of elderly people who are making energy or accessibility improvements. Commissioner Tingerthal added that the report from Wilder will be shared with the board.

11. Adjournment.

The meeting was adjourned at 2:32 p.m.

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Board Agenda Item: 6.A
Date: 10/19/2016

Item: Final Consolidated Plan for Housing and Community Development 2017-2021 and 2017 Annual Action Plan

Staff Contact(s):
Jessica Deegan, 651.297.3120, jessica.deegan@state.mn.us

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

Summary of Request:
We are asking the board to approve the final Consolidated Plan for Housing and Community Development 2017-2021 and 2017 Annual Action Plan for submission to the U.S. Department of Housing and Urban Development.

Fiscal Impact:
The Annual Action Plan has fiscal impact and describes to the Department of Housing and Urban Development how the State will use its HOME, National Housing Trust Fund and HOPWA funds in program year 2017. Amounts for these programs are included in the draft 2017 Affordable Housing Plan at $10,904,245, $3,000,000 and $153,742 respectively. Together these programs account for just over 1% of the total 2017 Affordable Housing Plan's budget. The amount of the HOME program in the 2017 Affordable Housing Plan includes nearly two years of allocations due to timing.

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
- Relevant pages of plans
- Public comments and agency responses

Background

To be eligible to receive HOME Investment Partnerships (HOME), National Housing Trust Fund and Housing Opportunities for Persons with AIDS (HOPWA), Community Development Block Grant (CDBG), and Emergency Solutions Grant (ESG) program funds, the State must have a five year 'Consolidated Plan' and an 'Annual Action Plan.' The Department of Employment and Economic Development (DEED) is the lead agency for preparing the plans, but DEED, Minnesota Housing, and the Department of Human Services (the consolidated plan agencies) work collaboratively to prepare them.

The consolidated plan, developed this year for program years 2017-2021, describes the state's economic and demographic profile, the housing market, a needs assessment for housing and homeless, community development needs, and goals and objectives for housing, community development, and housing and services for special needs populations.

The annual plan describes to the public and HUD the activities that will be undertaken with the federal funds for the program year beginning October 1, 2016, to address the goals and objectives of the Consolidated Plan. HUD has 45 days to review and comment, approve, or disapprove the Annual Action Plan.

Both the consolidated and annual action plans were developed after soliciting and considering public comment through three focus groups, three webinars with funding stakeholders, four public hearings (three held in Greater Minnesota), and an on-line survey that was widely publicized to the public and stakeholders.

Minnesota Housing takes the lead on evaluating performance under the Annual Action Plan through the annual Consolidated Annual Performance and Evaluation Report (CAPER).

Previous Actions by the Board

At the March 2016 meeting, the Board approved the 2016 Annual Action Plan.

At the July 2016 meeting, the Board approved the National Housing Trust Fund Allocation as substantial amendments to the 2012-16 Consolidated Plan and the 2016 Annual Action Plan.

MINNESOTA CONSOLIDATED PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT

2017-2021

Minnesota Housing Finance Agency

Minnesota Department of Human Services

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

2017 – 2021 Minnesota Consolidated Plan for Housing and Community Development

Prepared for the:
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Final Report

October 10, 2016

Executive Summary

ES-05 Executive Summary - 91.300(c), 91.320(b)

1. Introduction

Since the U.S. Department of Housing and Urban Development (HUD) has required consolidating the planning, application, reporting, and citizen participation processes for the formula grant programs: Community Development Block Grants (CDBG), Home Investment Partnerships (HOME), National Housing Trust Fund (NHTF), Emergency Solutions Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA). The new single-planning process, termed the Consolidated Plan for Housing and Community Development, was intended to more comprehensively fulfill three basic goals: to offer decent housing, to provide a suitable living environment, and to expand economic opportunities.

According to HUD, the Consolidated Plan is designed to be a collaborative process whereby a community establishes a unified vision for housing and community development actions. It offers entitlement communities the opportunity to shape these housing and community development programs into effective, coordinated housing and community development strategies. It also allows for strategic planning and citizen participation to occur in a comprehensive context, thereby reducing duplication of effort.

As the lead agency for the Consolidated Plan for the State of Minnesota, the Minnesota Department of Employment and Economic Development (DEED), in coordination with the Minnesota Housing Finance Agency (Minnesota Housing), and the Department of Human Services (DHS), hereby follows HUD's guidelines for citizen and community involvement. Furthermore, these agencies are responsible for overseeing these citizen participation requirements, those that accompany the Consolidated Plan and the CDBG, HOME, HOPWA, NHTF, and ESG programs, as well as those that complement the DEED planning processes already at work in the state.

PURPOSE OF THE CONSOLIDATED PLAN

The Minnesota Consolidated Plan for Housing and Community Development for 2017 to 2021 is the comprehensive five-year planning document identifying the needs and respective resource investments in satisfying the state's housing, homeless and non-homeless special population, community development, and economic development needs.

2. Summary of the objectives and outcomes identified in the Plan Needs Assessment Overview

The strategies of the programs administered by the DEED, Minnesota Housing, and DHS are to provide decent housing, a suitable living environment, and expanded economic opportunities for the state's low- and moderate-income residents. The agencies strive to accomplish these strategies by maximizing and effectively utilizing all available funding resources to conduct housing and community development activities that will serve the economically disadvantaged residents of the state. By addressing needs and creating opportunities at the individual and local government levels, the agencies hope to improve the quality of life for all residents of the state. These strategies are further explained as follows:

· *Providing decent housing* requires helping homeless persons obtain appropriate housing and assisting those at risk of homelessness, preserving the affordable housing stock, increasing availability of permanent housing that is affordable to low- and moderate-income persons without discrimination, and increasing the supply of supportive housing.

· *Providing a suitable living environment* entails improving the safety and livability of neighborhoods, increasing access to quality facilities and services, and reducing the isolation of income groups within an area through integration of low-income housing opportunities.

· *Expanding economic opportunities* involves creating jobs that are accessible to low and moderate-income persons, making mortgage financing available for low- and moderate-income persons at reasonable rates, providing access to credit for development activities that promote long-term economic and social viability of the community, and empowering low-income persons to achieve

These strategies will be purposed through the Goals as outlined in the Strategic Plan section of this Plan.

3. Evaluation of past performance

The State's evaluation of its past performance has been completed in a thorough Consolidated Annual Performance and Evaluation Report (CAPER). This document states the objectives and outcomes identified in the State's last Plan for 2012 to 2016 Consolidated Plan and includes an evaluation of past performance through measurable goals and objectives compared to actual performance. The past year CAPER can be found at: http://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp and http://www.mnhousing.gov/wcs/Satellite?c=Page&cid=1358904876622&pagename=External%2FPage%2FEXTStandardLayout

4. Summary of citizen participation process and consultation process

As part of the consolidated planning process, the lead agency must consult with a wide variety of organizations in order to gain understanding of the housing and community development stage. This Consolidated Plan represents a collective effort from a broad array of entities in Minnesota including private, non-profit and public organizations, non-entitled communities, county governments, Continuum of Care organizations, and various other state agencies. The public participation process included focus groups, outreach committees, public input sessions, and a Housing and Community Development Needs Surveys.

5. Summary of public comments

Public comment narratives are attached as an appendix in Citizens Participation Comments.

6. Summary of comments or views not accepted and the reasons for not accepting them

Public comment narratives are attached as an appendix in Citizens Participation Comments. The State did not reject any comments.

7. Summary

The 2017-2021 Consolidated Plan has the following goals for the 5 year planning period. These goals will use HOME, ESG, HOPWA, NHTF and CDBG funds.

- Provide Decent Affordable Housing - DEED

Fund housing rehabilitation activities for low to moderate income homeowner and rental households through CDBG funds, DEED

- Enhance Affordable Housing Opportunities –Minnesota Housing

Fund housing activities for low-to-moderate income rental and homeowner households, including renovation and new construction

- Promote Economic Development

Encourage robust economic growth through the development and retention of businesses and jobs throughout the State

- Facilitate Housing and Service for the Homeless

Provide funds for service providers to meet the various housing and service needs of the homeless population in Minnesota

- Provide Funds for Special-Needs Housing and Services

Continue to fund programs that provide housing and services to special needs populations, including those with HIV/AIDS

- Address Public Facility and Infrastructure Needs

Address community needs through improvements to public facilities and infrastructure

Additionally, throughout this document, data is presented in two forms. Tables with HUD generated data appear in blue. Additional tables have been added to supplement these data, provide additional information, or more up-to-date figures. Narrative throughout this document will make reference to both sets of tables.

I. The Process

PR-05 Lead & Responsible Agencies 24 CFR 91.300(b)

1. Describe agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
Lead Agency	MINNESOTA	
CDBG Administrator	MINNESOTA	Department of Employment and Economic Development
HOPWA Administrator	MINNESOTA	Minnesota Housing Finance Agency
HOME Administrator	MINNESOTA	Minnesota Housing Finance Agency
ESG Administrator	MINNESOTA	Department of Human Services

Table 1 – Responsible Agencies

Narrative

The Minnesota Housing Finance Agency will also administer the National Housing Trust Fund (NHTF).

Consolidated Plan Public Contact Information

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SP-25 Priority Needs – 91.315(a)(2)

Priority Needs

Table 45 – Priority Needs Summary

1	**Priority Need Name**	Homelessness
	Priority Level	High
	Population	Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse Veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth
	Geographic Areas Affected	
	Associated Goals	Facilitate Housing and Service for the Homeless
	Description	Homelessness continues to be a high priority throughout the State
	Basis for Relative Priority	This priority was established using the Needs Assessment, survey, public and stakeholder input.
2	**Priority Need Name**	Low-Moderate Income Renter and Owner Households
	Priority Level	High
	Population	Extremely Low Low Moderate Middle
	Geographic Areas Affected	
	Associated Goals	Enhance Affordable Housing Opportunities
	Description	Low-Moderate income renter and owner households are a high priority in the state due to the level of cost burdens and other housing needs for these households.
	Basis for Relative Priority	This priority needs was established through the Needs Assessment, survey, public and stakeholder input.

3	**Priority Need Name**	Economic Opportunities
	Priority Level	High
	Population	Non-housing Community Development
	Geographic Areas Affected	
	Associated Goals	Promote Economic Development
	Description	Economic Opportunities continue to be a high priority for the State to encourage continued economic growth.
	Basis for Relative Priority	This priority was established using the Market Analysis, surveys, public and stakeholder input.
4	**Priority Need Name**	Public Facilities and Infrastructure
	Priority Level	High
	Population	Non-housing Community Development
	Geographic Areas Affected	
	Associated Goals	Address Public Facility and Infrastructure Needs
	Description	There are many community needs throughout the State that can be met through public facilities and infrastructure. This continues to be a high level need for the State.
	Basis for Relative Priority	This priority was established through the Needs Assessment, Market Analysis, surveys, and public and stakeholder input.
5	**Priority Need Name**	Human Services
	Priority Level	High
	Population	Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence
	Geographic Areas Affected	
	Associated Goals	Provide Funds for Special-Needs Housing & Services

	Description	Special Needs populations continue to have a variety of unmet needs. Human services continue to be a high priority in the State.
	Basis for Relative Priority	This priority was established through the Needs Assessment, surveys, and public and stakeholder input.

Narrative (Optional)

SP-35 Anticipated Resources - 91.315(a)(4), 91.320(c)(1,2)

Introduction

The following section describes the annual allocation the State of Minnesota expects to receive for program years 2017-2021.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	16,995,275	0	0	16,995,275	0	
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	5,978,110	0	0	5,978,110	0	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	153,742	0	0	153,742	0	
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	2,064,352	0	0	2,064,352	0	
NHTF	Public - federal	Acquisition Multifamily rental new construction Multifamily rental rehab	3,000,000			3,000,000		

Table 47 - Anticipated Resources

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The HOME match requirement is met through tenant-based rental assistance from Minnesota Housing's Bridges program, which provides a rent subsidy for up to five years to persons with mental illness until they can obtain a permanent rent subsidy; and the State Housing Trust Fund program. The CDBG match will be a mix of private, local, and state resources such as loans from local banks, weatherization funds, and Minnesota Housing rehabilitation loans. CDBG-Economic Development match is through local initiatives, local banks, and owner equity.

DHS has required its sub-recipients to provide eligible matching funds at the sub-recipient level for each dollar requested in ESG funding. To ensure compliance with the requirement, DHS has required identification of matching funds in all sub-recipient contracts and reimbursement requests. In addition, review of ESG matching funds has been added to the ESG Monitoring Protocol for ESG subrecipients and ensures that the adequate documentation of eligibility exists for funds used to match ESG. Because of the diverse nature of local homelessness program funding, it is not possible to summarize at the State level the exact types and amounts of each funding source, but the most common sources of matching funds include state Family Homelessness Prevention and Assistance Funds (FHPAP), State and HUD Transitional Housing Program funds (for scattered-site programs), Minnesota Community Action Grants, Private Foundations and Individual Donations.

Minnesota Housing's HOME program leverages other agency, private, and low-income housing tax credit investment.

If appropriate, describe publically owned land or property located within the state that may be used to address the needs identified in the plan

The State will not use state-owned land to address the needs identified in the plan, though CDBG recipients may use locally-owned land.

Discussion

SP-45 Goals Summary – 91.315(a)(4)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Provide Decent Affordable Housing - DEED	2017	2021	Affordable Housing	Non entitlement	Low-Moderate Income Renter and Owner Households	CDBG: $47,812,500	Rental units rehabilitated: 500 Household Housing Unit Homeowner Housing Rehabilitated: 1500 Household Housing Unit
2	Enhance Affordable Housing Opportunities – Minnesota Housing	2017	2021	Affordable Housing	Statewide	Low-Moderate Income Renter and Owner Households	HOME: $29,890,550 National Housing Trust Fund $15,000,000	Rental units rehabilitated: 955 Household Housing Units Rental units constructed: 955 Household Housing Units Other: 60 other
3	Promote Economic Development	2017	2021	Non-Housing Community Development	Non-Entitlement	Economic Opportunities	CDBG: $6,562,500	Jobs created/retained: 320 Jobs Businesses assisted: 375 Businesses Assisted Facade treatment/business building rehabilitation: 375 Business

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
4	Facilitate Housing and Service for the Homeless	2017	2021	Homeless	Statewide	Homelessness	ESG: $9,424,236	Tenant-based rental assistance / Rapid Rehousing: 2015 Households Assisted Homeless Person Overnight Shelter: 55760 Persons Assisted Homelessness Prevention: 215 Persons Assisted
5	Provide Funds for Special-Needs Housing & Services	2017	2021	Non-Homeless Special Needs	Non-Entitlement	Human Services	HOPWA: $855,358	Homelessness Prevention: 1100 Persons Assisted
6	Address Public Facility and Infrastructure Needs	2017	2021	Non-Housing Community Development	Non-Entitlement	Public Facilities and Infrastructure	CDBG: $20,625,000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 2200 Persons Assisted Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 3500 Households Assisted

Table 50 – Goals Summary

Goal Descriptions

1	**Goal Name**	Provide Decent Affordable Housing-DEED
	Goal Description	*Fund housing rehabilitation activities for low to moderate income homeowner and rental households through CDBG funds, DEED.*
2	**Goal Name**	Enhance Affordable Housing Opportunities
	Goal Description	*Fund housing activities for low-to-moderate income rental households, including renovation, new construction, and operating subsidy.*
3	**Goal Name**	Promote Economic Development
	Goal Description	*Encourage robust economic growth through the development and retention of businesses and jobs throughout the State*
4	**Goal Name**	Facilitate Housing and Service for the Homeless
	Goal Description	*Provide funds for service providers to meet the various housing and service needs of the homeless population in Minnesota.*
5	**Goal Name**	Provide Funds for Special-Needs Housing & Services
	Goal Description	*Continue to fund programs that provide housing and services to special needs populations, including those with HIV/AIDS*
6	**Goal Name**	Address Public Facility and Infrastructure Needs
	Goal Description	*Address community needs through improvements to public facilities and infrastructure*

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.315(b)(2)

Minnesota Housing anticipates serving 1,910 households through rental housing rehabilitation and new construction. DEED anticipates serving 2,000 households through homeowner and rental housing rehabilitation. All of these households must have incomes no greater than 80 percent AMI.

V. Annual Action Plan

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

The following section describes the annual allocation the State of Minnesota expects to receive for program years 2017-2021.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	16,995,275	0	0	16,995,275	0	
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	5,978,110	0	0	5,978,110	0	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	153,742	0	0	153,742	0	
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	2,064,352	0	0	2,064,352	0	
NHTF	Public - federal	Acquisition Multifamily rental new construction Multifamily rental rehab	3,000,000			3,000,000		

Table 51 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The HOME match requirement is met through tenant-based rental assistance from Minnesota Housing's Bridges program, which provides a rent subsidy for up to five years to persons with mental illness until they can obtain a permanent rent subsidy; and the State Housing Trust Fund program. The CDBG match will be a mix of private, local, and state resources such as loans from local banks, weatherization funds, Minnesota Housing rehabilitation loans. CDBG-Economic Development match is through local initiatives, local banks, owner equity.

DHS has required its sub-recipients to provide eligible matching funds at the sub-recipient level for each dollar requested in ESG funding. To ensure compliance with the requirement, DHS has required identification of matching funds in all sub-recipient contracts and reimbursement requests. In addition, review of ESG matching funds has been added to the ESG Monitoring Protocol for ESG subrecipients and ensures that the adequate documentation of eligibility exists for funds used to match ESG. Because of the diverse nature of local homelessness program funding, it is not possible to summarize at the State level the exact types and amounts of each funding source, but the most common sources of matching funds include state Family Homelessness Prevention and Assistance Funds (FHPAP), state and HUD Transitional Housing Program funds (for scattered-site programs), Minnesota Community Action Grants, Private Foundations and Individual Donations.

Minnesota Housing's HOME and National Housing Trust Fund programs also leverage other agency, private, and low-income housing tax credit investment.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The State will not use state-owned land to address the needs identified in the plan, though CDBG recipients may use locally-owned land.

Discussion

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Provide Decent Affordable Housing-DEED	2017	2021	Affordable Housing	Non-Entitlements	Low-Moderate Income Renter and Owner Households	CDBG: $9,562,500	Rental units rehabilitated: 100 Household Housing Units Homeowner housing Rehabilitated: 300 Household Housing Units
2	Enhance Affordable Housing Opportunities-Minnesota Housing	2017	2021	Affordable Housing	Statewide	Low-Moderate Income Renter and Owner Households	HOME: $5,978,110 NHTF: $3,000,000	Rental units rehabilitated: 199 Household Housing Units Rental units constructed: 199 Household Housing Units
3	Promote Economic Development	2017	2021	Non-Housing Community Development	Non-Entitlement	Economic Opportunities	CDBG: $1,312,500	Jobs created/retained: 75 Jobs Businesses assisted: 10 Businesses Assisted Facade treatment/business building rehabilitation: 75 Business
4	Facilitate Housing and Service for the Homeless	2017	2021	Homeless	Statewide	Homelessness	ESG: $1,884,847	Tenant-based rental assistance / Rapid Rehousing: 403 Households Assisted Homeless Person Overnight Shelter: 11,152 Persons Assisted Homelessness Prevention: 43 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	Provide Funds for Special-Needs Housing & Services	2017	2021	Non-Homeless Special Needs	Statewide	Human Services	HOPWA: $171,072	Homelessness Prevention: 220 Persons Assisted
6	Address Public Facility and Infrastructure Needs	2017	2021	Non-Housing Community Development	Non-Entitlement	Public Facilities and Infrastructure	CDBG: $4,125,033	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 440 Persons Assisted Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit: 700 Households Assisted

Table 52 – Goals Summary

Goal Descriptions

1	**Goal Name**	Provide Decent Affordable housing-DEED
	Goal Description	*Fund housing rehabilitation activities for low to moderate income homeowner and rental households through CDBG funds, DEED.*
2	**Goal Name**	Enhance Affordable Housing Opportunities
	Goal Description	*Fund housing activities for low-to-moderate income rental households, including rehabilitation and new construction*
3	**Goal Name**	Promote Economic Development
	Goal Description	*Encourage robust economic growth through the development and retention of businesses and jobs throughout the State. $1,312,500 in CDBG and $2,483,306 in CDBG-ED funds will be used.*
4	**Goal Name**	Facilitate Housing and Service for the Homeless

	Goal Description	*Provide funds for service providers to meet the various housing and service needs of the homeless population in Minnesota, including emergency shelter*
5	**Goal Name**	Provide Funds for Special-Needs Housing & Services
	Goal Description	*Continue to fund programs that provide housing and services to special needs populations, including those with HIV/AIDS*
6	**Goal Name**	Address Public Facility and Infrastructure Needs
	Goal Description	*Address community needs through improvements to public facilities and infrastructure*

AP-25 Allocation Priorities – 91.320(d)

Introduction:

The following section describes the allocation priorities for FY 2017.

Funding Allocation Priorities

	Create Decent and Affordable Housing	Enhance affordable housing Opportunities (%)	Promote Economic Development (%)	Facilitate Housing and Service for the Homeless (%)	Provide Funds for Special-Needs Housing & Services (%)	Address Public Facility and Infrastructure Needs (%)	Total (%)
CDBG	64	0	9	0	0	27	100
HOME	0	100	0	0	0	0	**100**
HOPWA	0	0	0	0	100	0	**100**
ESG	0	0	0	92	8	0	**100**
NHTF	0	100					**100**

Table 53 – Funding Allocation Priorities

Reason for Allocation Priorities

Percentages include administration costs. Allocation priorities are based on needs in market study, needs assessment and public input.

CDBG: CDBG spending will be split between affordable housing, economic development and public facilities and infrastructure. These spending priorities have been established through the planning process of where the most need is, as well as the capacity to make an impact on those in need in the State of Minnesota. The amount spent on each category is determined both by past performance and the current ability to meet housing and community development needs in the State. Economic Development funds will be utilized to support the Minnesota Investment Fund Program by providing gap financing to businesses creating jobs that benefit LMI workers.

HOPWA: Federal regulations dictate both the geography in which HOPWA funds may be used and the beneficiaries. Because only 15% of persons living with HIV/AIDS live in counties outside the seven-county Twin Cities metropolitan area and most are already housed, preventing homelessness is a more cost-effective approach than housing development or tenant-based rent assistance.

NHTF: National Housing Trust Funds will be directed towards efforts to enhance affordable housing opportunities for low and extremely

low income renters through new construction and rehabilitation.

HOME: Many federally assisted and naturally affordable housing developments need rehabilitation to preserve their federal rent subsidy or affordability of their units. There is a growing need for affordable rental housing. All of the HOME funds will be directed toward enhancing the affordable housing opportunities for low to moderate income households throughout the State.

ESG: The total funds for ESG will be spent on services and housing, including homelessness prevention and emergency shelter, for homeless households and households at-risk of homelessness in the State.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

For CDBG, the distribution of funds address the high needs of low to moderate income households, economic opportunities, and public facilities and infrastructure.

For HOME and NHTF, the Consolidated Plan ranks the low to moderate income households as a high need. There is a high need for rental and owner rehabilitation. Funds will be targeted to projects that will serve low to moderate income households in the State.

Minnesota uses its HOPWA resources to maintain persons with HIV/AIDS in their current housing by providing emergency assistance because that is the most pressing need identified for this population.

As outlined in the Consolidated Plan, ESG funds will be used to meet the priority needs of providing emergency shelter, prevention and rapid re-housing to persons at-risk of, and experiencing, homelessness.

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

The term affordable housing that is used in 24 CFR 92.252 and 92.254 includes several elements that are not requirements of ESG, HOPWA and CDBG. Therefore, the only units that receive federal assistance that can be assured of meeting the standard of "affordable housing" and are described here are HOME units.

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	398
Special-Needs	0
Total	398

Table 57 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	199
Rehab of Existing Units	199
Acquisition of Existing Units	0
Total	398

Table 58 - One Year Goals for Affordable Housing by Support Type

Discussion:

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Consolidated Plan for Housing and Community Development 2017-2021
and
2017 Annual Action Plan

Public comments and agency responses

From: Deb Foster [mailto:deb.foster@adycenter.org]
Sent: Wednesday, September 14, 2016 12:45 AM
To: *MHFA_MN Housing

Greetings…I appreciate this opportunity to shed some light on this critical issue…

No approval to use HOME and NHTF funds to target any ethnic groups within the MN Housing Plan for Housing and Community Development lends to multiple concerns. However, it is particularly problematic when it comes to the **American Indian** population. The decades of historical genocide and continued attempts to eradicate the Native people through the boarding school era which lasted throughout the mid 1970's, has created a population that is experiencing the **highest poverty, health and homeless disparities of any other ethnic group in the state of MN.**

And here's why – many of the families and children we are currently working with today, have been stripped of their culture, their traditions, their language, their rights, and their entire sense of identity, to name a few. It is these homeless youth that are walking through our doors everyday who have/are being raised by parents or grandparents - who were abused physically, sexually and emotionally through the boarding school era of the 50's, 60's and 70's. Resulting in multiple generations that have struggled significantly with little to no means to establish a healthy foundation for any type of self-sufficiency, as opposed to other ethnic groups who do have their language, traditions and culture to build upon.

One of the sole reason why we are still experiencing such high levels of inequalities within the American Indian communities is because federal, state and county entities continue to rely on and believe that mainstream, conventional homeless youth service strategies work for all homeless youth and young adults. The continued disparities clearly demonstrate otherwise.

American Indian culturally responsive services and housing provide our youth with critical means to re-identify and re-establish a sense of who they are as human beings, a place to escape the negative, re-learn and establish pride in what it truly means to be Native. It is ONLY from this framework will we witness the healing and growth that is necessary for our young people to finally experience success in achieving multiple other goals such as finishing H.S., pursuing Secondary Ed, securing gainful employment and have the stamina and confidence to pursue additional personal and professional goals. We witness this every day within our communities; however, misconceptions and lack of resources inhibit this progress.

Furthermore, the Tribal College movement—started in the 1960's and continuing successfully today—has effectively demonstrated that creating spaces and places for education and services within a culturally appropriate context creates success for Native communities and families.

> **"The key to producing successful American Indian students in our modern educational system...is to first ground these students in their American Indian belief and value systems." (Richard Littlebear, 1999) Research conducted by Coggins, Williams, & Radin (1997) and affirmed by Cleary and Peacock (1998) support the position that traditional culture has a positive role in developing academically successful American Indian students. To be fairly compared, American Indian students must first be grounded in their beliefs and value systems and next be assessed and compared fairly.**

This concept is one of the founding principle of the Ain Dah Yung Center.

If Minnesota wants to diminish this discrepancy within American Indian communities, then it will acknowledge and prioritize the importance of targeting culturally responsive housing and services for our Native homeless youth and young adults. In addition, the coordinated entry system currently does not address these Native needs either, thus not equipped to direct Native youth to appropriate housing/services which additionally threatens the federal funding that specifically supports American Indian youth housing services within MN, especially within the urban areas.

Finally, we know that approximately **2% of the population of MN is American Indian, it is outrageous that more than 20% of the homeless youth population is American Indian.** The Ain Dah Yung Center and other Native agencies know how to fix this…please join us so that we can finally demonstrate the change that Minnesota needs to decrease these horrendous incongruities within our Native communities and for our young people.

I welcome any questions or continued conversations.
Chi Miigwetch!
Deb

Response: Minnesota Housing appreciates the comments and recognizes that American Indian communities face significant disparities in homelessness. It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, or sexual orientation. Minnesota Housing is required to follow federal fair housing laws as well as program-specific regulations, which prohibit preferences or limitations that violate nondiscrimination requirements.

Minnesota Housing Partnership www.mhponline.org 651-649-1710

September 14, 2016

2017 – 2021 MINNESOTA CONSOLIDATED PLAN
FOR HOUSING AND COMMUNITY DEVELOPMENT

Below are Comments submitted on behalf of Minnesota Housing Partnership.

By Chip Halbach

1. HOME dollars should be used to construct new affordable housing.

   It is not clear from the draft the extent to which HOME dollars can be used to produce new affordable housing, a need found across the state. It appears on page 144 that new construction is allowed, but on page 155 the draft states that HOME dollars are for rehab. We recommend maximizing the use of HOME funds for new affordable housing production.

For HOME and National Housing Trust Fund, new construction is allowed and both the five year plan and one year action plan should include an estimated 50/50 split between the production of new units and rehabilitation of existing units. The table on 155 has been updated to reflect this estimate.

2. Senior housing should be included as an explicit objective for some portion of HOME dollars being used for rental housing development.

   The draft points out there are 27,000 extremely low income senior rental households who are cost burdened, and an additional 21,000 extremely low income senior households who own homes but are severely cost burdened. These figures represent a current major need for rental housing that includes services oriented to a senior population.

To keep HOME resources as flexible as possible, Minnesota Housing does not target populations (besides income) in program implementation. There are other state and federal resources that can be used for senior housing. Minnesota Housing is not using HOME for any single family programs and the agency is using other strategies for single family rehab opportunities to allow seniors to stay in their homes and age in place.

3. Strengthen Community Housing Development Organizations.

   In several parts of the state housing development is not occurring in part due to lack of local capacity. HOME funds can be used to support this capacity building and the Consolidated Plan should include a strategy for this purpose.

Minnesota Housing chooses to use all HOME funds for housing production activities to increase and preserve the state's affordable rental housing stock. The agency agrees that capacity building is an important component of production, and utilizes other state and agency resources through the Capacity Building Initiative and other initiatives to provide grants to organizations.

4. Geographic targeting of funds to support communities where the workforce outpaces the supply of housing.

   Various reports by Minnesota Housing have identified numerous Greater Minnesota communities where there is inadequate housing to support the local workforce. While a priority to support such

communities has been adopted by Minnesota Housing, DEED should commit some portion of SCDP funds to these same communities.

DEED partners with Minnesota Housing on some developments which can occur in areas where housing is needed to support the workforce. In addition, DEED has a Workforce Development Housing Program which awards grants in communities where there is not an adequate supply of housing to meet workforce demands.

DEED does not target CDBG funds for any specific geographical area.

5. Linkage to Strategies to Affirmatively Further Fair Housing.

   The state in its utilization of community development resources has an obligation to commit funding to address impediments to fair housing. The Consolidated Plan should reflect how that obligation is being met.

To adopt the Annual Action Plan and Consolidated Plan, the agencies (Minnesota Housing, MN DEED, and MN DHS) certify to affirmatively further fair housing. A key component of this certification is to conduct an Analysis of Impediments to Fair Housing, which is a companion document to the Consolidated Plan. The agencies report on actions to address impediments to fair housing as defined in the current AI each year in the Consolidated Performance Evaluation Report (CAPER), the reporting mechanism of the Consolidated Planning process. The agencies are undergoing the development of a new AI to reflect this Consolidated Plan.

EMPLOYMENT AND ECONOMIC DEVELOPMENT
MINNESOTA

September 28, 2016

Sue Watlov Phillips
Metropolitan Interfaith Council on Affordable Housing
463 Maria Avenue
Saint Paul, MN 55106

Original comments from Metropolitan Interfaith Council on Affordable Housing (MICAH) along with responses from Department of Employment and Economic Development (DEED), Minnesota Housing (MH), and Department of Human Services (DHS):

1. We appreciate the overview and more detailed data prepared by Western Economic Services LLC., contracted to develop this draft. The inclusion of additional data and charts by various income levels and basic race categories is very helpful. More detailed information by the various groups that are in each racial group by neighborhoods and specific locations in communities are critical as we target the limited funding available.

No response required.

2. We appreciate the specific concern identified about Lead hazards, we did not see any resources allocated to address this important health issue. We hope the State will support MICAH's Lead Poisoning Prevention Act- Dustin Luke Shields Act as the Bill is reintroduced in 2017 State Legislative Session (This bill was named after a MICAH staff's child who was poisoned by lead.).

Response from DEED: With CDBG funds through DEED, all houses and rental units built before 1978 who receive rehabilitation dollars from CDBG funds are required to be tested for lead based paint issues. If issues are present, they must be remediated as part of the rehabilitation program.

3. MICAH appreciates being listed as an outreach contact organization that has a copy of Consolidated Plan.

No response required.

4. We appreciate the excellent work MHFA does do in coordinating resources with State and Federal appropriations and resources. We continue to request greater transparency in use of all our resources being managed by MHFA.

Response from MH: Minnesota Housing provides details of plans for all funds the agency manages in the annual Affordable Housing Plan. The Affordable Housing Plan is found on Minnesota Housing's website at www.mnhousing.gov > About Us > Plans and Reports.

5. MICAH is very concerned about limited discussion of Fair Housing enforcement throughout the plan and no resources identified to not only identify impediments to Fair Housing but plan to address them through testing for Fair Housing violations, monitoring contracts and encouraging inclusionary zoning. We are also concerned that the State is not requiring and monitoring contracts to ensure people at risk and/or experiencing homeless are decision makers at Interagency, CoCs, and provider levels. We are also concerned that communities are violating the 8th amendment when they criminalize homelessness as determined by the U.S. Department of Justice.

Response from MH: To adopt the Annual Action Plan and Consolidated Plan, the agencies (Minnesota Housing, MN DEED, and MN DHS) certify to affirmatively further fair housing. A key component of this certification is to conduct an Analysis of Impediments to Fair Housing, which is a companion document to the Consolidated Plan. The agencies report on actions to address impediments to fair housing as defined in the current AI each year in the Consolidated Performance Evaluation Report (CAPER), the reporting mechanism of the Consolidated Planning process. The agencies are undergoing the development of a new AI to reflect this Consolidated Plan.

Response from DHS: While the State strongly supports the inclusion of persons at risk or experiencing homelessness in setting homelessness policies at the local, state and Federal level, the specific purpose of the State Interagency Council on Homelessness is to provide internal coordination on homelessness policy between the 11 member state agencies. Homeless participation is a requirement of CoC entities, and is monitored through their primary funding source, the Federal Dept. of Housing and Urban Development.
With regards to requiring providers to include persons at risk or experiencing homelessness in their decision-making, the State has chosen not to add non-statutory requirements into State contracts, In the Family Homeless Prevention and Assistance Program, it is a statutory requirement monitored by Minnesota Housing. Other State homeless programs do monitor participation of formerly homeless persons in decision-making and continue to advance the issue with their providers.

6. We are very concerned about the increasing number of people paying more than 30% of their income for housing and are very low income are not listed as a targeted group in use of CDBG and Home funds. This is required target group for the Housing Trust resources. We ask it to be a targeted group for all funds.

Response from DEED: DEED does not target CDBG funds for any purpose. However, HUD requires 70% of spent funds to benefit LMI populations that are 80% of the area median income.

Response from MH: As reported in the Consolidated Plan, there are over 240,000 renter households with incomes less than 80 percent of Area Median Income (AMI) that are cost burdened, about half of

those households have incomes less than 30 percent of AMI. We recognize there is a significant need for affordable rental housing across the income spectrum, and choose to keep the HOME resources as flexible as possible to meet the needs of the state. While HOME has not been targeted specifically to households at below 30% AMI, the median household income for households assisted by HOME funds is $16,915,or 21.9% of state median income (as reported in the 2015 Annual Program Assessment).

7. We are very concerned about undercount and misrepresentation of all people experiencing homeless by the Point in Time Count. The PIT at best gives numbers from HUD funded shelters and programs. Many agencies especially faith communities are not participating in HUD funding due to restrictions. There is little or no incentive to do a count beyond those in homeless facilities because HUD awards points to communities as high performers if homeless numbers are decreasing. Thus there is little incentive to "find" everyone that is experiencing homelessness. To continue to utilize this poor data set continues to confuse the public and elected officials who can see the numbers of people at risk and/or experiencing homelessness are growing in their communities due to the lack of affordable housing and wages/public assistance benefits that are not at livable incomes. We disagree with National Alliance to End Homelessness on causes of homelessness. The primary causes are lack of affordable housing and the lack of livable incomes. We all have personal issues, those with resources have housing, and many of those without resources don't have housing.

Response from DHS: The State shares some of the respondents concerns about the limitations and likely undercount of the actual homeless population in the Point in Time (PIT) process, though we believe it can provide information on trends in the numbers of literally homeless persons. Regarding participation in the PIT, many non-HUD funded shelters and providers participate and State-funded programs are also required to participate in the PIT. Whenever possible, the State puts any PIT trends in context of on-going needs (not identified by the PIT) and other limitations of such a one-time survey.

8. MICAH continues to be very concerned about the cost of funding HMIS and requests an audit of all costs of HMIS- by each State agency, staff time, resources in systems, and provider staff time and costs for systems. We are also concerned about data privacy of people experiencing homelessness, HMIS, coordinated entry and other homeless regulations which may be barriers for people accessing homeless services.

Response from DHS: The Consolidated Plan comment process is not intended to be a vehicle for audit requests of State funding to a particular activity. Less than 1.5 percent of ESG funds are used for HMIS costs, which is well below program reporting costs for many other areas. Any further information on state use of HMIS funds would need to be submitted through the State's public data request process.

9. In previous Plans, the State listed all the State resources and brief description of each resource and State agency administering it, that are coordination with the Federal resources in the plan. Please include this again. The statement of coordinating with community resources would be enhanced by this information. Unfortunately, our community resources also have many barriers to accessing them by people with limited income, diverse populations, and people at risk or experiencing homelessness which is not clearly stated in the draft.

Response from DEED: Since the last HUD 5 Year Consolidated Plan was completed in 2012, the online template to complete the plan has changed. However, in sections SP-35 and AP-15, we added which agencies are responsible for each fund in hopes to add clarity to your question.

10. Capacity Building: It appears that MHFA continues to fund the same organizations with these resources. These funds should be focused on funding smaller multi-cultural organizations who never get legislative funds (and MHFA funds) because they're still competing with larger mainstream organizations. The communities they serve remain underserved and unserved as a result.

    Expanding capacity building resources to culturally diverse organizations assist in addressing the programs that have traditionally had limited reach into our diverse communities.

Response from MH: Minnesota Housing chooses to use all HOME funds for housing production activities to increase and preserve the state's affordable rental housing stock. We utilize other state and agency resources through the Capacity Building Initiative and other initiatives to provide grants to organizations.

11. Rental Housing

    MICAH is very concerned about our Rental Units now often called Naturally Occurring Affordable Housing Units (NOAH). We would like to see Federal dollars focused on saving more of these units. We are pleased to see the State making some efforts to use some resources to limit the loss to conversion to a higher market rate- this will limit the further reduction our affordable housing stock. We encourage you to support Cities changing their rental licensing laws to require owners that rehab or redevelopment existing housing to keep current tenants including those on Section 8/Housing Choice Vouchers and other subsidies such as HTF, GRH, Bridges, so we do not have a wave of new people experiencing homelessness.

Response from MH: The highest needs identified through the consolidated plan process included construction of new rental housing and rental housing for very low-income households. While Minnesota Housing has a strategic priority to preserve affordable housing units with federal subsidy, the agency recognizes the growing need to preserve naturally occurring affordable housing as well, and will look to support initiatives such as the Naturally Occurring Affordable Housing (NOAH) fund at Greater Minnesota Housing Fund to address this issue.

The agency recognizes there are barriers experienced by households with vouchers and has recently provided Tenant Selection Plan guidance to developments in our portfolio to help address some of these barriers.

Senior Rental Housing:

MICAH supports increased resources designated for senior rental housing.

MICAH also encourages MHFA to reinstate the Share A Home Program. A new approach with some matches could potentially develop a reverse mortgage opportunity so when the senior passes or moves into other housing the individual or family sharing the home is already paying the mortgage.

Response from MH: To keep HOME and National Housing Trust Fund (NHTF) resources as flexible as possible, Minnesota Housing does not target populations (besides income) in program implementation. There are other state resources that can be used for senior housing. Minnesota Housing is not using HOME or NHTF for any single family programs and the agency is using other strategies for single family rehab opportunities to allow seniors to stay in their homes and age in place.

12. MICAH is very concerned about HUD's direction of limiting and/or de- funding shelters and transitional housing programs. We are pleased the State's commitment to Emergency Shelters and Transitional Housing in this plan. We encourage the utilization of HOME TBRA to assist in rent subsidies for transitional programs not funded in last CoC funding cycle. We need a strong Continuum to Housing which includes Prevention, Outreach, Shelters, Rapid Re- Housing, Transitional Housing, Supportive Housing with transition plans to Permanent affordable Housing (Subsidized and unsubsidized). MICAH would like to see state allow HOME funds to be utilized for Tenant Based Rent Subsidies (HOME- TBRA) we believe 10% of State allocation of HOME funds utilized for rent subsidies would assist people to afford rents now. The goal for people experiencing homelessness should be permanent housing not permanent supportive housing.

Response from DHS: The State shares some of the respondents concerns about the Federal limitations on shelter and site-based transitional housing funding. As noted by the respondent, DHS has maximized available resources (where appropriate) for areas where emergency shelters are underfunded, and to identify where site-based transitional housing is a critical but at-risk component of the housing continuum.

Response from MH: We recognize the significant need for rental assistance; however, the highest needs identified through the consolidated plan process included construction of new rental housing and rental housing for very low-income households. Both the five year plan and future one year allocation plan should include an estimated 50/50 split between the production of new units and rehabilitation of existing units.

13. MICAH is very concerned about the State's continual investment into Supportive Housing when there is no expectation on the State funding side for people to make progress/set goals, etc. We are please HUD has some expectations. Neither the State nor HUD have a clear plan how to transition people from supportive housing into other permanent housing. The plan indicates that "since 2004, 4,000 permanent supportive housing opportunities have been created for long term homeless and chronic homeless by the State" . Thus we have many of the same people living in permanent supportive housing who have been using HUD's Homeless Supportive Housing and State funding for 10-15 years instead of people currently experiencing homeless having access

to these units. We are also very concerned about the additional funds the State puts into Supportive Housing Units- including Long Term Housing Trust Funds, LIHTC, DHS Supportive Housing Service funding. We request the State itemize the costs of each person/family unit in housing and current length of stay and percentage of successful transition to permanent housing from these programs.

Response from DHS: The ESG funds covered by this Consolidated Planning Process are not used to fund Permanent Supportive Housing. With regard to the State's overall investment in Permanent Supportive Housing, there are currently initiatives underway to incentivize a "step down" approach to supportive housing (including through the DHS Long Term Supportive Services Funding grants). This increased focus will provide greater access to existing units for new households in need of Permanent Supportive Housing. Any requests for itemization of service/unit costs, length of stay or other program data should be made through the State's public data request process.

14. MICAH encourages listing the landlord risk mitigation pilot as a model in the draft and that MHFA quickly implemented as it has the potential to create housing opportunities for many in our communities. One of MICAH Board Members met a resident at Dakota Woodlands shelter who told her that "The poor are not going to have good credit scores".

Response from MH: The Landlord Risk Mitigation Fund, as authorized by the 2016 Legislature will be implemented under the 2017 Affordable Housing Plan and is out of scope for the Consolidated Plan as a state fund. The Affordable Housing Plan is found on Minnesota Housing's website at www.mnhousing.gov > About Us > Plans and Reports.

15. Please describe the impact on real people, number of units not created, due to the lack of funding for affordable housing resources through a capital investment bill last session in the draft

Response from MH: Minnesota Housing acknowledges that the lack of a capital investment bill impacts affordable housing development. The funding of the state legislature is out of scope for the Consolidated Plan, which addresses HOME, NHTF, CDBG, ESG, and HOPWA funds through the US Department of Housing and Urban Development.

16. Please describe in more detail the coordination of FHPAP funding with Federal Resources – to prevent more families of color from needing to go to shelters or exist in homelessness. MICAH Board Member reported she has heard people speak to deplorable conditions caused by the overcrowding at several Hennepin County emergency shelters and to urge MHFA to increase the means to alleviate this situation.

Response from MH: Minnesota Housing recognizes the importance of homeless prevention. There is no explicit coordination of FHPAP funding with HOME or National Housing Trust Fund.

17. The CDBG plan should be expanded to include relocation costs and transition costs of people from metro area to other areas of state with available housing and job opportunities. There are jobs and lower cost housing/rentals that could offer more immediate assistance and help to give

families a fresh start outside of Twin Cities sooner. A plan that offers transition costs, counseling, and assistance in job/housing restart in out-state communities would be lifeline to those stuck in homeless cycle in the metro area. Without a plan and transition funding to support this concept, we seem to always look at long term approaches that will capture all. This hurts families.

Response from DEED: Minnesota's State CDBG funds cannot be used for those in the metro area, along with any other entitlement areas. In addition, the state does not intend to use CDBG funds for relocation, transition, counseling, and assistance with jobs and housing in greater Minnesota communities. DEED consistently receives applications for amounts in excess of the yearly allocation for the activities currently funded.

18. The Leveraging of resources part of the plan should be expanded. Leveraging with other interests provides a better value on expenditures.

Response from DEED: Since leverage resources change every year, it is difficult for the State to foresee what will be available and used in future years. This is a plan for the next five years, so general statements are provided. The best source for leverage used for a project or program is at the local level.

19. More effective reclamation of foreclosed homes (in addition to Habitat for Humanity) with Federal resources.

    Due to mortgage insurance, lending institutions are not incented to reclaim foreclosed homes so they stay vacant for periods of times while people remain homeless. Mechanisms should be put in place to reverse this trend and reclaim the house and have it add to the rental housing stock or first time home buyers.

    This process should be so structured to avoid speculators flipping homes for big profits. Also safeguards to preserve erosion of affordable housing stock in cases of gentrification by profit-oriented development.

Response from MH: Minnesota Housing recognizes the continued need for foreclosure remediation activities in the state. However, the agency is using the limited federal resources of HOME and National Housing Trust Fund for rental housing production and preservation activities.

20. U.S. Department of Education Directive on Homelessness- No discussion about how this coordination will occur in the plan.

    State Plans: https://www.federalregister.gov/articles/2016/03/17/2016-06073/mckinney-vento-education-for-homeless-children-and-youths-program#h-9

    Guidance out on July27,2016
    :http://www2.ed.gov/policy/elsec/leg/essa/160240ehcyguidance072716.pdf

https://www.federalregister.gov/articles/2016/03/17/2016-06073/mckinney-vento-education-for-homeless-children-and-youths-program

https://www.cde.state.co.us/fedprograms/essarequirementstable080816

DHS response: Coordination with all other Federal homelessness program funding and initiatives occurs primarily through the State's Office to Prevent and End Homelessness, and the corresponding Minnesota Interagency Council on Homelessness. The State's Department of Education is a member of the Council, including the State's Homeless Education coordinator. The Office to Prevent and End Homelessness has worked with the MN Dept. of Education to co-sponsor trainings for the State's McKinney Vento liaisons in each school district.

21. Public Comments: It would be helpful to know specifically the overview provided prior to the public comment discussion and specifically where the comments from the 100 people experiencing homelessness were located, population, race, ethnicity, age of people commenting.

Response: The question is unclear. It is unclear what "the overview provided" is referring too, and also the reference to "the 100 people experiencing homelessness…" is unclear.

Thank you for your comments and interest in the HUD 5 Year Consolidated Plan.

Sincerely,

Hillary Friend

Hillary Friend
Grants Coordinator

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Item: Multifamily Division Section 3 and Minority or Women Business Enterprises Compliance Guides

Staff Contact(s):
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Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests approval of the Multifamily Division Section 3 and Minority or Women Business Enterprises (MBE/WBE) compliance guides. The guides are separated and updated for 2016; Section 3 continues to apply only to federally funded developments while MBE/WBE goals will be applied to all multifamily projects receiving deferred funding.

Fiscal Impact:
Section 3 and MBE/WBE hiring goals will apply to federally funded developments (Section 3) and all deferred (MBE/WBE) in the RFP selections being considered this month.

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
- Section 3 Compliance Guide
- Minority and Women Business Enterprises Compliance Guide

Background

Federal regulations require Minnesota Housing to provide equal access to the economic opportunities generated by the use of certain federal funds (e.g. HOME/National Housing Trust Fund/NSP) for low- and very low-income residents, and firms that employ low- and very low-income residents from communities in the project's close geography. In addition, these funds must provide opportunities for MBE/WBE, which are businesses with at least 51% ownership is by minorities or women. In addition, state procurement standards have similar requirements for small and targeted business enterprises, including MBE/WBE. Together, these requirements impact training, employment, and contracting activities undertaken by us and owner/developers of developments we provide funding.

Summary of Requirements

	Section 3	MBE/WBE
Program Applicability	Federal Production Programs (effectively: HOME/NHTF/NSP)	• To Date: Federal Production Programs. • 2016 RFP and Beyond: Projects with multifamily deferred funding (federal and state).
Triggers	Applies to projects exceeding $200,000 in Section 3 covered assistance and contractors with contracts exceeding $100,000 (regardless of funds used to pay the contract).	Applies to all project related contract awards that exceed $25,000.

Goals and Requirements	• HUD established numerical goals:
	  • 30% of aggregate new hires for the year are Section 3 residents.
	  • 10% of total dollar amount of all covered contracts for building trade work is awarded to Section 3 businesses.
	  • 3% of total dollar amount of all other contracts are awarded to Section 3 businesses.
	• Section 3 is a **results** goal.
		• Minnesota Housing established participation goals for both MBE/WBE:
		  • 6% of total amount of all contracts for WBE across the state.
		  • 13% of total amount of all contracts for MBE in the Twin Cities Metro and 4% for MBE in Greater Minnesota.
		• MBE/WBE is a **process** goal. Developers and contractors must make a good faith effort that affirmative steps are taken to hire MBE/WBE contractors.

Reporting and Compliance	• Minnesota Housing requires compliance and reporting by recipients that trigger the requirements. • Annually, the agency aggregates the activities over the year and submits to HUD. • The agency created a new electronic form for this RFP to streamline reporting to us. • If numerical goals are not met, recipients (and the agency) must provide detailed documentation and maintain it in an audit ready format.	• Minnesota Housing will require compliance and reporting by recipients of deferred funds. • The federally funded projects will be reported, with Section 3, in aggregate for the agency to HUD each year. • If participation goals are not achieved, the agency may require rebidding activities if it is determined that the marketing and outreach was not sufficient to attempt to contract with MBE/WBE.

Multifamily
Section 3 Compliance Guide

October 2016

EQUAL HOUSING OPPORTUNITY

Minnesota Housing does not discriminate on the basis of race, color, creek, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, or sexual or affectional orientation in the provision of services.

Minnesota Housing is an equal opportunity employer.

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

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Introduction

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968. The purpose of Section 3 "is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons." Section 3 regulations can be found at 24 CFR §135.

Chapter 1

1.01 What is a Section 3 Assisted Project?

A Section 3 assisted Project is a Project where federal funds are provided for work arising in connection with housing construction, reconstruction, conversion or rehabilitation. This funding is provided through federal resources from the US Department of Housing and Urban Development's (HUD) Multifamily Housing and Community Development Programs. A Section 3 assisted Project does not include FHA insurance programs such as HUD Risk Share.

1.02 Who is a Recipient?

A Recipient is any entity who receives Section 3 covered assistance either directly from HUD or from another Recipient.

Examples of Recipients:

- Minnesota Housing
- Owners/developers who receive Section 3 covered assistance from Minnesota Housing and are contracting with others to conduct construction

Examples of who would not be a Recipient:

- Contractors are not Recipients.
- The ultimate beneficiary under a HUD program is not a Recipient. An example of an ultimate beneficiary would be a tenant living in an assisted property.

1.03 Recipient Responsibilities

Minnesota Housing works with Recipients to achieve the requirements of Section 3, which include all of the following:

- Attempt to reach the numerical goals of 24 CFR §135.30
- Inform Recipients of Section 3 requirements
- Assist Recipients and their Contractors to meet Section 3 requirements and objectives
- Monitor the performance of Recipients with respect to the objectives and requirements of 24 CFR §135

All Recipients are responsible for the actions specified in 24 CFR §135.32. Recipients must:

- Comply with Section 3 in their operations and in the operations of their Contractors and Subcontractors
- Notify potential Contractors of the Section 3 requirements, and incorporate the Section 3 Clause in 24 CFR §135.38 in all solicitations and Contracts
- Obtain the compliance of Contractors and Subcontractors and not enter into Contracts when there is notice or knowledge that a Contractor has violated 25 CFR §135

- Implement procedures designed to notify Section 3 Residents about training and employment opportunities and Section 3 covered businesses about contracting opportunities generated by Section 3 covered assistance
- Facilitate the training and employment of Section 3 Residents and the award of Contracts to Section 3 Business Concerns by undertaking activities such as those described in the Appendix to 24 CFR §135 (also see Appendices I and J)
- Document steps taken to comply with 24 CFR §135, the results of actions taken and impediments
- Complete referenced appendices found in Combined Guidance for Compliance (Appendix B) that detail responsibilities for completion of each required form
- Recipients must provide this Multifamily Section 3 Compliance Guide and all appendices to prospective Contractors before bidding

Minnesota Housing will provide the Section 3 Guide packet at the time of Project launch. The packet includes Appendices A – M to assist the Owner/Developer in complying with Section 3 at the time the requirements are triggered. Please contact the program manager for more details.

1.04 Contractor/Subcontractor Responsibilities

The Contractor/Subcontractor is responsible for all of the following:

- If the Contractor/Subcontractor must hire new employees to complete the Project , or needs to subcontract portions of the work to another business, he/she is required to direct newly created employment and subcontracting opportunities to Section 3 Residents and Section 3 Business Concerns to try to reach the numerical goals specified below
- Include the Appendix H in all Section 3 covered Contracts
- Undertake and document efforts that offer training and employment opportunities to Section 3 Residents when hiring is required for the Project
- Undertake and document efforts to award Contracts to Section 3 Business Concerns
- Report to the Recipient hiring, contracting and training efforts and results
- Complete referenced appendices found in Appendix B that detail responsibilities for completion of each required form

Chapter 2

2.01 What is a Section 3 Covered Contract?

A Section 3 covered contract is a contract or subcontract, including a professional service contract (architect, engineer, surveyor, etc.), awarded by a Recipient or Contractor for work generated by the expenditure of Section 3 covered assistance or for work in connection with a Section 3 covered Project. It does not include Contracts for the purchase of supplies and materials without installation.

2.02 Who Must Comply with Section 3?

The following must comply with Section 3:

- Recipients exceeding $200,000 of Section 3 covered assistance; and
- Recipients' Contractors and Subcontractors with Contracts exceeding $100,000 for housing construction, regardless of the source of funds to pay the contract. Refer to Section 3 Applicability Flow Chart (Appendix D)

For example, an Owner/Developer (Recipient) combines $300,000 of HOME Program Funds/National Housing Trust Fund with $120,000 of Project reserves for a total Project cost of $420,000. Even though the Recipient chooses to pay the $120,000 contract for heating system replacement with Project reserves, that heating Contractor is subject to Section 3.

2.03 What is a Section 3 Business Concern?

A Section 3 Business Concern is a business that can provide evidence they meet one of the following criteria:

- The business is at least 51 percent owned by Section 3 Residents
- At least 30 percent of the business's permanent full-time employees are Section 3 Residents or were Section 3 Residents within 3 years of their first employment with the company
- A commitment to subcontract more than 25 percent of the dollar award of all Subcontracts to business concerns that meet the first two bullets

To be designated as a Section 3 Business Concern, a self-certification must be completed on HUD's Section 3 website. See Certification for Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capability (Appendix K). Please retain all of the documentation showing that your business meets the requirements of a Section 3 Business Concern. When Minnesota Housing conducts monitoring on Section 3 requirements, the business might be asked to provide all of the necessary documentation to confirm the business's eligibility.

2.04 Who is a Section 3 Resident?

A Section 3 resident is a resident of the metropolitan statistical area or non-metropolitan county in which the Section 3 covered assistance is expended who is either:

- A Public Housing Resident; or
- A Low- or Very Low-Income person

To determine if a resident meets the Section 3 definition, the resident must complete and submit to the employer the Section 3 Eligibility for Preference Resident Employment Opportunity Data form (Appendix L).

Chapter 3

3.01 Numerical Goals

Recipients are evaluated according to how well they meet the following numerical goals (also known as Safe Harbor Standards) with respect to Section 3 covered Projects:

- At least 30 percent of aggregate New Hires of Recipients, Contractors and Subcontractors for the year are Section 3 Residents
- At least 10 percent of the total dollar amount of all Section 3 covered Contracts for building trade work is awarded to Section 3 Business Concerns
- At least 3 percent of the total dollar amount of all other Section 3 covered Contracts is awarded to Section 3 Business Concerns (e.g., architectural or accounting services required by a construction contract)

If the goals are not met, the Recipient and their Contractors are required to provide documentation on what procedures they followed to attempt to reach the goals. They will also be required to document what, if any, barriers impacted the failure to reach the goals.

3.02 Employment, Training and Contracting Requirements

Minnesota Housing, the Owner/Developer and the contractor commit to employ Section 3 Residents for 30 percent of the aggregate number of New Hires for each year over the duration of the Project. Priority must be given in the following order of preference to:

- Category 1 Residents: Residents of the housing development or developments for which the section 3 covered assistance is expended
- Category 2 Residents: Residents of other housing developments managed by the HA that is expending the section 3 covered housing
- Category 3 Residents: Participants in HUD Youthbuild programs being carried out in the metropolitan area (or nonmetropolitan county) in which the section 3 covered assistance is expended
- Category 4 Residents: Other section 3 residents, (this includes low-income residents of the metropolitan area or non-metropolitan county who do not reside in the Service Area)

Minnesota Housing, the Owner/Developer and the Contractor commit to award Contracts arising in connection with a Project to Section 3 Business Concerns as follows:

- At least 10 percent of the total dollar amount of all contacts for building trade work; and
- At least three percent of the total dollar amount of all Contracts for any work other than building trade work (e.g., landscaping or professional services Contracts such as architectural, environmental or legal services)

Minnesota Housing, the Owner/Developer and the contactor must give priority consideration, where possible, to Section 3 Business Concerns in the following order of preference:

- Category 1 Businesses: Section 3 Business Concerns that provide economic opportunities for Section 3 Residents in the Service Area in which the Project is located
- Category 2 Businesses: Applicants selected to carry out HUD Youthbuild Programs
- Category 3 Businesses: Other Section 3 Business Concerns

Chapter 4

4.01 Monitoring

The development team, which includes but is not limited to the Owner/Developer, Contractor and professional service Contractors, must allow Minnesota Housing and HUD and their representatives to inspect all records related to the Project.

4.02 Section 3 Clause

All Section 3 covered Contracts must include the Section 3 Clause (Appendix H) in its bid package and Contracts.

4.03 Reporting Requirements

Recipients are required to collect a Section 3 Summary Report form (Appendix M) from each Contractor and Subcontractor working on Section 3 covered Projects. The forms will cover the period from October 1 of each year (the beginning of the program year) to either the completion of the Project, or September 30 of the following year, whichever occurs first.

4.04 Enforcement

Minnesota Housing reserves the right to withhold draw requests if compliance with Section 3 requirements is not met during underwriting and construction.

Chapter 5 – Contract Compliance and Equal Opportunity

5.01 Policy

It is the policy of Minnesota Housing to practice affirmative action to provide equal opportunity in all of our Projects, programs, and other endeavors. Minnesota Housing's goal is to achieve a client and Recipient mix that is representative of the people who live in our state and our communities so that all employment and contractual benefits that develop as a result of our programs will be shared by all Minnesotans. This policy applies to all Minnesota Housing employees and Minnesota Housing's external partners.

5.02 Purpose

The purpose of this policy is to make Minnesota Housing's commitment to act affirmatively to achieve equal opportunity in all facets of its operation, clear to both internal staff and outside parties with whom we do business.

5.03 Goals

Our goal is to ensure minority and female Contractors and Subcontractors equal access to business opportunities on Minnesota Housing financed Projects and to encourage the presence of minorities and women at all levels, including on the staffs of the program participants having contractual agreements with Minnesota Housing. Minnesota Housing's goal is to ensure that the workforces on the Projects and programs we finance reflect demographically the area in which they are located. These goals will apply for the length of the contract or the life of the mortgage. Minnesota Housing, at its discretion, may set numerical or percentage goals dependent on the location and size of a given Project. Current goals will be determined by staff based on the location of the Project.

5.04 Requirements

Minnesota Housing is required to comply with all applicable local, state, and federal laws. These requirements are passed on to everyone that Minnesota Housing does business with, either by contractual agreement or as a Minnesota Housing policy.

5.05 Sanctions

Minnesota Housing has the contractual authority to demand full payment of any loan or grant, stop proceeding with any Project at any stage, and cease to do business with any entity or individual that fails to follow its affirmative action policies or fails to meet its/his/her contractual equal opportunity obligations.

Chapter 6 – Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Housing providers are expected to comply with the applicable statutes, regulations, and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful to, because of protected class status:

- discriminate in the selection/acceptance of applicants in the rental of housing units;
- discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- represent a dwelling is not available when it is in fact available;
- deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- engage in harassment or quid pro quo negotiations related the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires housing provides to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility, and concluding all transactions.
As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

Certification and Acknowledgement

_Click here to enter text. , as the Click here to enter text.of Click here to enter text., hereby acknowledge that I have been supplied with a copy of and have read the Minnesota Housing Finance Agency Multifamily Section 3 Compliance Guide, including Appendix Click here to enter text., and fully understand and acknowledge, on behalf of Click here to enter text.The obligation to strictly comply with the requirements set forth therein.

I certify that the information provided in this Certification is true, correct and accurate.

_____ _____

Signature Date

Appendix A – Terms

Contractor	A Contractor awarded a contract for work arising in connection with the Project.
Contracts	A contract for work arising in connection with a Project that is for an amount more than $100,000.
Employment opportunities generated by Section 3 covered assistance	All employment opportunities generated by the expenditure of Section 3 covered public and Indian housing assistance (i.e., operating assistance, development assistance and modernization assistance, as described in 24 CFR §135.3(a)(1)). With respect to Section 3 covered housing and community development assistance, this term means all employment opportunities arising in connection with Section 3 covered Projects (as described in 24 CFR §135.3(a)(2)), including management and administrative jobs connected with the Section 3 covered Project. Management and administrative jobs include architectural, engineering or related professional services required to prepare plans, drawings, specifications or work write-ups and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk.
HOME Program Funds/National Housing Trust Fund	Funds awarded under HUD's programs or other assistance covered by Section 3 (such as Community Development Block Grant funds).
HUD	The United States Department of Housing and Urban Development
Low-Income Resident	Families (including single persons) whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families.
Minnesota Housing	The Minnesota Housing Finance Agency
New Hires	All full-time employees for permanent, temporary or seasonal employment opportunities hired after Project selection by Minnesota Housing.
Project	An acquisition, new construction or rehabilitation Project receiving more than $200,000 in Section 3 covered assistance.
Public Housing Resident	Any individual who resides in public housing as a signatory on a public housing lease, or as a member of the family of the individual(s) who is the signatory on the public housing lease, as defined in 24 CFR §963.5.
Recipient	Any entity that receives Section 3 covered assistance directly from HUD or from another Recipient (e.g., PHA, unit of state or local government,

	property owner, developer).
Safe Harbor Standards	A Recipient that meets the minimum numerical goals set forth in §135.30 will be considered to have complied with the Section 3 preference requirements.
Section 3	Section 3 of the Housing and Urban Development Act of 1968, as amended
Section 3 Business Concern	A business entity that is formed in accordance with Minnesota state law, and licensed under Minnesota state, county, or municipal law, to engage in the type of business activity for which it was formed. This may include nonprofit organizations. It must meet one of the following criteria: (i) the business is 51 percent or more owned by Section 3 Residents; or (ii) the business's permanent, full-time employees include persons at least 30 percent of whom are currently Section 3 Residents, or within three years of the date of the first employment with the business were Section 3 Residents; or (iii) the business may provide evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all Subcontracts to be awarded to businesses that meet the qualifications set for the above.
Section 3 Resident	A Section 3 Resident is: 1_ A Public Housing resident; or 2. An individual who resides in the metropolitan area or nonmetropolitan county in which the section 3 covered assistance, and who is a Low-Income Resident, or a Very-Low Income Resident.
Service Area	The geographical area in which the persons benefitting from the section 3 covered project reside. The service area shall not extend beyond the unit of general local government in which the section 3 covered assistance is expended. In HUD's Indian housing programs, the service area, for IHAs established by an Indian tribe as a result of the exercise of the tribe's sovereign power, is limited to the area of tribal jurisdiction.
"To the Greatest Extent Feasible"	Every effort must be made to comply with the regulatory requirements of Section 3. By this, the Department means that recipients of Section 3 covered financial assistance should make every effort within their disposal to meet the regulatory requirements. For instance, this may mean going a step beyond normal notification procedures for employment and contracting procedures by developing strategies that will specifically target Section 3 residents and businesses for these types of economic opportunities.
Very Low-Income Resident	Families (including single persons) whose incomes do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.
Youthbuild Programs	Programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and

	Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.

Appendix B – Combined Guidance for Compliance

***Capitalized terms are defined in Appendix B of the Multifamily Section 3 Compliance Guide**

Appendix and Name	Who Receives Documents from Minnesota Housing	When Minnesota Housing Gives Documents to Owner/Developer/ General Contractor	Who and When are Document(s) Returned to Minnesota Housing
Appendix B Combined Guidance for Compliance	• Owner/Developer • General Contractor	• Part of the MF-Section 3 Compliance Guide • Provided at time of selection	• Owner/Developer • Contractors • A copy of the Section 3 Compliance Guide and all appendices must be included in all bid packages
Appendix C Combined Contractor Compliance Activity Report	• Owner/Developer • Contractors Management and administrative jobs*	• Part of the MF-Section 3 Compliance Guide • Provided at the time of selection	• Contractors Management and administrative jobs* • A copy of the Section 3 Compliance Guide and all appendices must be included in all bid packages • Return the signed original with the bid packages • Update and return at Project completion or September 30, whichever occurs first. Final draw funds will not be released without this document

Appendix and Name	Who Receives Documents from Minnesota Housing	When Minnesota Housing Gives Documents to Owner/Developer/ General Contractor	Who and When are Document(s) Returned to Minnesota Housing
Appendix D Section 3 Applicability Flow Chart	• Owner/Developer	• Part of the MF-Section 3 Compliance Guide • Provided at the time of selection	• Owner keeps for reference • A copy of the Section 3 Compliance Guide and all appendices must be included in all bid packages
Appendix E Section 3 Compliance Checklist Owner/Developer (Recipient)	• Owner/Developer	• Part of the MF-Section 3 Compliance Guide • Provided at the time of selection	• Include in bid package • Include in all Contracts • Returns the signed original with the bid packages
Appendix F Section 3 Contractor/Sub-Contractor Compliance Plan	• Owner/Developer • General Contractor Management and administrative jobs*	• Part of the MF-Section 3 Compliance Guide • Provided at the time of selection	• Include in all bid packages • Contractors Management and administrative jobs* • Return the signed original with the bid packages
Appendix G Section 3 Contractor/ Subcontractor Compliance Checklist	• Owner/Developer • General Contractor Management and administrative jobs*	• Part of the MF-Section 3 Compliance Guide • Provided at the time of selection	• Contractors Management and administrative jobs* • Return the signed original with the bid packages
Appendix H Section 3 Clause	• Owner/Developer General Contractor Management and administrative jobs*	• Part of the MF-Section 3 Compliance Guide • Provided at the time of selection	• Include in all bid packages and Contracts and Subcontracts over $100,000

Appendix and Name	Who Receives Documents from Minnesota Housing	When Minnesota Housing Gives Documents to Owner/Developer/ General Contractor	Who and When are Document(s) Returned to Minnesota Housing
Appendix I Section 3 Training and Employment Options This form explains the requirements from 24 CFR §135 – and provides examples of efforts to offer training and employment opportunities to Section 3 Residents	• Owner/Developer • General Contractor Management and administrative jobs*	• Part of the MF-Section 3 Compliance Guide • Provided at the time of selection	• Include in all bid packages • Contractors Management and administrative jobs* • Return the signed original with the bid packages
Appendix J Section 3 Contracts and Procurement This form is to articulate the requirements from 24 CFR §135 – Examples of Efforts to award Contracts to Section 3 Business Concerns; and Examples of Procurement Procedures that provide preference for Section 3 Business Concerns	• Owner/Developer • General Contractor Management and administrative jobs*	• Part of the MF-Section 3 Compliance Guide • Provided at the time of selection	• Include in all bid packages • Contractors Management and administrative jobs* • Retain - must have available during an audit
Appendix K Section 3 Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capability	• General Contractors Management and administrative jobs*	• Part of the MF-Section 3 Compliance Guide • Provided at the time of selection	• Include in all bid packages • Contractors • Register on HUD's website when requesting preference

Appendix and Name	Who Receives Documents from Minnesota Housing	When Minnesota Housing Gives Documents to Owner/Developer/ General Contractor	Who and When are Document(s) Returned to Minnesota Housing
Appendix L Section 3 Eligibility for Preference Resident Employment Opportunity Data	• Owner/Developer • General Contractor Management and administrative jobs*	• Part of the MF-Section 3 Compliance Guide • Provided at the time of selection	• Include in bid package • Contractors • Return with Project closeout packet
Appendix M Section 3 Summary Report (HUD 60002)	• Owner/Developer • General Contractor Management and administrative jobs*	• Part of the MF-Section 3 Compliance Guide • Provided at the time of selection	• Include in bid package • Owner, • Contractors Management and administrative jobs* • Return at Project completion or October 7, whichever occurs first. Final draw funds will not be released without this document

***Definitions per 24 CFR §135 can be found in Appendix A:**

Appendix C – Combined Contractor Compliance Activity Report

SAMPLE REPORT – report is available electronically

Development Name	
Development Address	

Complete For All Contractors						**Complete for Section 3** *NOTE: If not federally funded, this section does not apply							
Contractor Name & Address	**Type of Business / Trade**	**General or Sub** (G/S)	**$ Amt. Of Bid**	**Contract Awarded** (Yes/ No)	**Date of Contract** If Awarded	**MBE** (Yes/ No)	**WBE** (Yes /No)	**MBE Ethnic Code** (See Reverse)	**Section 3 Business** (Yes/ No)	**Section 3 Contract** (Yes/ No)	**# of Pos. Currently Filled**	**# of New Positions to be filled for this contract**	**# of L.I.P.A.R.**
			$										
			$										
			$										
			$										
			$										
			$										
Total(s) Where Applicable			$										

I certify that this list is complete and accurate.

Property Owner's Signature: **Date**

PRINT Property Owner Name:

General Contractor's Signature: **Date**

PRINT General Contractor Name:

The information must be provided for all Contractors (i.e. generals and subcontractors) contacted for the Project. The information on the back of this page is provided to assist you in responding to the requested information. Attach additional sheets, if necessary.

Important Contract Compliance Information and Definitions

TERMS:

- **W/MBE** - Women or minority-owned business enterprise (i.e., having 51 percent ownership in the actual work of the business)
- **MINORITY -** Member of one of the following racial/ethnic groups:
  - Black/African American (non-Hispanic) - A person having origins in any of the black racial groups of Africa
  - American Indian or Alaskan Native - A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
  - Asian - A person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent. For example: Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine, Thailand and Vietnam
  - Native Hawaiian or other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guan, Samoa or Pacific Islands.
  - Hispanic or Latino - A person of Cuban, Mexican, Puerto Rican, South or Central American or other Spanish culture or origin, regardless of race.
- **L.I.P.A.R.** - Lower Income Project Area Residents; low-income individuals residing within the Section 3 determined Project area.

RACIAL/ETHNIC CODES:

1 White
2 Black/African American
3 American Indian or Alaskan Native
4 Asian
5 Native Hawaiian or Other Pacific Islander
6 Hispanic or Latino

***Capitalized terms are defined in Appendix B of the Multifamily Section 3 Compliance Guide**

Appendix D – Section 3 Applicability Chart

Recipient	If funds awarded are > $200,000
Developer	Section 3 is triggered and the Recipient must ensure Contractors (and Subcontractors) meet Section 3 requirements.
City	
Contractor	**If Contracts are > $100,000**
Contractor/Subcontractor	Section 3 is triggered and Contractors must ensure that Subcontractors are following Section 3 guidelines.
NOTE: Section 3 requirements do not apply to ultimate beneficiaries, therefore homebuyers and homeowners are not affected, although they should be encouraged to employ Section 3 Business Concerns.	

Recipient	If funds awarded are > $200,000
Developer	Section 3 is triggered and the Recipient must ensure Contractors (and Subcontractors) meet Section 3 requirements.
Contractor	**If Contracts are > $100,000**
Contractor/Subcontractor	Section 3 is triggered and Contractors must ensure that Subcontractors are following Section 3 guidelines.
NOTE: Section 3 requirements do not apply to "ultimate beneficiaries," therefore homebuyers and homeowners are not affected, although they should be encouraged to employ Section 3 Business Concerns. Section 3 applies to all federal funds received. If your Project is receiving funds from multiple sources, consult your other funding sources requiring Section 3 adherence.	

***Capitalized terms are defined in Appendix B of the Multifamily Section 3 Compliance Guide**

Appendix E – Section 3 Compliance Checklist Owner/Developer (Recipient)

Development Name and D Number:

As a Recipient of this HUD assistance exceeding $200,000, you are required to comply with Section 3. Section 3 requires that you, and any of your Contractors and Subcontractors with Contracts exceeding $100,000 associated with the Project, take steps so that low- and very low-income residents and Section 3 Business Concerns have an opportunity to benefit from the Project. Described below are steps you must take to ensure that you comply with Section 3 and against which you will be evaluated. Please initial each of the following items:

____ 1. Include Appendix H in all Contracts.

____ 2. Develop a list of Section 3 Business Concerns to use in selecting your Contractors and to distribute to your Contractors and to persons whom you provide funds under HOME/National Housing Trust Fund. The Minnesota United Certification Program and HUD websites contain lists of registered Section 3 Business Concerns. Contractors must register on HUD's website.

____ 3. Require your Contractors and Subcontractors to provide you copies of Subcontracts exceeding $100,000 showing inclusion of the Appendix H, and retain them for later review by Minnesota Housing, HUD or its representatives.

____ 4. If you hire employees for the Project, provide documentation of your efforts to identify and provide training and employment opportunities to Section 3 Residents. See Section 3 Contractor Training and Employment Opportunity Reporting (Appendix I) for examples of acceptable methods.

____ 5. If you award Contracts exceeding $100,000, you must take steps to provide Contracts to Section 3 Business Concerns and document your efforts. See Contracts and Procurement Reporting (Appendix J) for examples of acceptable steps you can take.

____ 6. If you or your Contractors and their Subcontractors encounter impediments in hiring Section 3 Residents or awarding Contracts to Section 3 Business Concerns, provide Minnesota Housing a written explanation of the impediments before any Contracts are signed for the Project.

____ 7. Assemble items 3-5 above and retain them for later review by Minnesota Housing, HUD or their representatives.

____ 8. Collect from your Contractors and Subcontractors with Contracts exceeding $100,000 a completed Section 3 Summary Report (HUD 60002) (Appendix M) regarding each entity's efforts and success in providing training and employment opportunities to Section 3 Residents and contracting with Section 3 Business Concerns.

____ 9. Submit the required Appendices to Minnesota Housing after the bids have been received but before construction Contracts are signed. If new Subcontractors are hired, submit the forms to Minnesota Housing before their Contracts are signed.

I certify that the information provided in this Certification is true, correct and accurate.

Print Name	Title	Date

Signature	Title	Date

***Capitalized terms are defined in Appendix B of the Multifamily Section 3 Compliance Guide**

Appendix F – Section 3 Contractor/Subcontractor Compliance Plan

A. The undersigned Contractor/Subcontractor for the _____Project hereby agrees to implement, at a minimum, the following steps directed at increasing the utilization of Section 3 Residents and Section 3 Business Concerns in accordance with 24 CFR subpart A §135.1.
B. To attempt to recruit Section 3 Residents from within the Service Area residents through local advertising media, signs placed at the proposed site for the Project and community organizations and public or private institutions operating within or serving the Service Area.
C. To seek assistance, where necessary, in implementing a Section 3 compliance plan.
D. To maintain a list of all Section 3 Residents who have made application for employment either on their own or on referral from any source, and to employ such persons if otherwise eligible and if a vacancy exists.
E. To maintain and provide the information requested on Section 3 Summary Report (HUD 60002) (Appendix M) related to employment and training records of Section 3 Residents.
F. To include this Section 3 compliance plan in all bid documents, and to require all bidders to submit a Section 3 compliance plan including utilization goals and the specific steps planned to accomplish those goals.
G. In the case of a general Contractor, to ensure that all Section 3 Business Concerns within the Project area are notified of pending sub-contractual opportunities.
H. To require all Subcontractors to complete a Contractor Compliance form (Appendix F) before awarding any Contracts.
I. To maintain records, including copies of correspondence, memoranda, etc., which document all steps taken to recruit Section 3 Residents and Section 3 Contractors from within the Service Area.
J. To provide the information requested on the combined Contractor Compliance Activity Report (Appendix C) related to Contractors and Subcontractors notified and selected and the number of women and minority employees, the number of vacant positions and the positions filled with lower income Section 3 Residents.

As officers and representatives of

_____

Name of Contractor/Subcontractor

We, the undersigned, have read and fully agree to this Section 3 Compliance Plan, and become a party to the full implementation of this program.

Print Name	Title	Date

Signature	Title	Date

By: _____

Its: _____

***Capitalized terms are defined in Appendix B of the Multifamily Section 3 Compliance Guide**

Appendix G – Section 3 Contractor/Subcontractor Compliance Checklist

Project I.D.:

This Project requires that Contractors and Subcontractors with Contracts of more than $100,000 who hire or award Contracts associated with the Project must take steps so that low- and very low-income residents and Section 3 Business Concerns have an opportunity to benefit from the Project. Described below are steps you must take to ensure that you comply with Section 3 and against which you will be evaluated. Please initial each item below acknowledging you understand and will comply with the following provisions:

1. Provide the Recipient (the entity that contracted with you to perform work) copies of Subcontracts over $100,000 showing inclusion of the Appendix H.
2. If you hire employees for the Project, provide the Recipient documentation of your efforts to identify and provide training and employment opportunities to Section 3 Residents. See Section 3 Contractor Training and Employment Opportunity Reporting (Appendix I) for examples of acceptable methods.
3. If you awarded Contracts for more than $100,000, you must take steps to provide Contracts to Section 3 Business Concerns and document your efforts. See Contracts and Procurement Reporting (Appendix J) for examples of acceptable steps you can take.
4. If you encounter impediments in hiring Section 3 Residents or in awarding Contracts to Section 3 Business Concerns, provide the Recipient a written explanation of the impediments prior to awarding any Contracts.
5. If you were unable to meet your numerical goals of 30 percent New Hires, 10 percent of the total dollar amount of all Section 3 covered Contracts for building trades work in connection with housing rehabilitation, housing construction and other public construction and 3 percent of the total dollar amount of all other Section 3 covered Contracts to Section 3 businesses, demonstrate why it was not feasible to meet the numerical goals. Obtain items 1-4 above from each entity that you subcontracted with for more than $100,000, and provide it to the Recipient.
6. You and each of your Subcontractors with Contracts over $100,000 must complete a Section 3 Summary Report (HUD 60002) (Appendix M) regarding each entity's efforts and success in providing training and employment opportunities to Section 3 Residents and contracting with Section 3 Business Concerns. You must collect the forms and submit them to the Recipient after the bids have been received but before construction Contracts are signed. If new Subcontractors are hired, submit the forms before their Contracts are signed.

I certify that the information provided in this Certification is true, correct and accurate.

Print Name	Title	Date
Signature	Title	Date

***Capitalized terms are defined in Appendix B of the Multifamily Section 3 Compliance Guide**

Appendix H – Section 3 Clause

All Section 3 covered Contracts must include the following Section 3 clause:

A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted Projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are Recipients of HUD assistance for housing.
B. The parties to this contract agree to comply with HUD's regulations in 24 CFR §135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual obligation or other impediment that would prevent them from complying with 24 CFR §135 regulations.
C. The Contractor agrees to send to each labor organization or representative of workers with which the Contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Contractor's commitments under this Section 3 clause and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth a minimum number and job titles subject to hire, the availability of apprenticeship and training positions, the qualifications for each and the name and location of the person(s) taking applications for each of the positions and the anticipated date the work shall begin.
D. The Contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR §135 and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the Subcontractor is in violation of the regulations in 24 CFR §135. The Contractor will not subcontract with any Subcontractor where the Contractor has notice or knowledge that the Subcontractor has been found in violation of the regulations in 24 CFR §135.
E. The Contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the Contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR §135 require employment opportunities be directed, were not filled to circumvent the Contractor's obligations under 24 CFR §135.
F. Noncompliance with HUD's regulations in 24 CFR §135 may result in sanctions, termination of this contract for default and debarment or suspension from future HUD assisted Contracts.
G. With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of Contracts and Subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

I certify that the information provided in this Certification is true, correct and accurate.

Print Name	Title	Date

Signature	Title	Date

***Capitalized terms are defined in Appendix B of the Multifamily Section 3 Compliance Guide**

Appendix I – Section 3 Contractor Training and Employment Opportunity Reporting

The Project you are working on has received federal funds that have triggered the obligations of 24 CFR §135 specific to Section 3 training and employment opportunities. Please note that your agency is required to provide at least one training opportunity and one employment opportunity per Project. Document in the space below what opportunity or opportunities you will provide for the Project, and attach supporting documentation to this report.

To complete this report, please refer to pages 2 and 3 of this form under "Training and Employment Options" for the list of potential training and employment opportunities and the potential advertising for training and employment opportunities.

Development Name: _____

Development Address: _____

Development Number: D_____

Contractor's Name and Title:_____

Training Opportunities

_____
_____
_____
_____

Employment Opportunities

_____
_____
_____
_____

Advertising Training and Employment Opportunities

_____
_____
_____
_____

I certify that the information provided in this Certification is true, correct and accurate.

_____

Signature Date

Section 3 Training and Employment Options

The financing package Minnesota Housing is considering for your development includes federal funds. Upon accepting federal funds, you will be required to track and report on Section 3 Business Concerns, as well as the corresponding obligations under 24 CFR §135 specific to training and employment opportunities. The examples below are taken directly from the regulations and are intended to provide guidance to you. You must utilize at least one training and employment opportunity as part of your compliance with Section 3. Minnesota Housing will monitor you for compliance with this requirement.

Non-compliance with any part of this requirement may result in penalties such as suspension of funding for the Project, debarment, and repayment if funds have been disbursed and/or other penalties as defined in the written agreement and/or loan agreement. It is important for you to understand your obligations as the owner of the property. Please note that HUD programs listed below may not be available in the State of Minnesota.

Examples of Training Opportunities

- Sponsor a HUD-certified Step-Up employment and training program for Section 3 Residents.
- Establish an apprentice training program, which is consistent with the requirements of the Department of Labor, for public and Indian housing residents and other Section 3 Residents in the building trades.
- Consult with state and local agencies administering training programs funded through the Jobs Training Partnership Act (JTPA) or JOBS, probation and parole agencies, unemployment. compensation programs, community organizations and other officials or organizations to assist with recruiting Section 3 Residents for the Contractor's training and employment positions.
- Undertake job counseling, education and related programs in association with local educational institutions.
- Undertake such continued job training efforts as may be necessary to ensure the continued employment of Section 3 Residents previously hired for employment opportunities.

Examples of Employment Opportunities

- Entering into ''first source'' hiring agreements with organizations representing Section 3 Residents.
- Contacting resident councils, resident management corporations or other resident organizations, where they exist, in the housing development or in developments where Category 1 or Category 2 persons reside as defined by 24 CFR §135.34 and community organizations in HUD-assisted Service Areas to request the assistance of these organizations in notifying residents of the training and employment positions to be filled.
- Sponsoring (scheduling, advertising, financing or providing in-kind services) a job informational meeting to be conducted by a Housing Authority (HA) or a contractor representative or representatives at a location in the housing development or developments where Category 1 or Category 2 persons reside as defined by 24 CFR §135.34, or in the Service Area of the Section 3 covered Project.

- Arranging assistance in conducting job interviews and completing job applications for residents of the housing development or developments where Category 1 or Category 2 persons reside as defined by 24 CFR §135.34 and in the Service Area in which a Section 3 Project is located.

- Arranging for a location in the housing development or developments where Category 1 persons reside or the Service Area of the Project where job applications may be delivered to and collected by a Recipient or Contractor representative or representatives.

- Conducting job interviews at the housing development or developments where Category 1 or Category 2 persons reside as defined by 24 CFR §135.34, or at a location within the Service Area of the Section 3 covered Project.

- Employing a job coordinator or contracting with a business concern that is licensed in the field of job placement (preferably one of the Section 3 Business Concerns identified in 24 CFR §135), that will undertake on behalf of the HA, other Recipient or Contractor, the efforts to match eligible and qualified Section 3 Residents with the training and employment positions that the HA or Contractor intends to fill.

- Where there are more qualified Section 3 Residents than there are positions to be filled, maintaining a file of eligible qualified Section 3 Residents for future employment positions.

- Contacting agencies administering HUD Youthbuild Programs, and requesting their assistance in recruiting HUD Youthbuild program participants for the HA's or Contractor's training and employment positions.

Advertising Training and Employment Opportunities

- Distributing flyers, which identify the positions to be filled, the qualifications required and where to obtain additional information about the application process, to every occupied dwelling unit in the housing development.

- Advertising the training and employment positions by posting flyers, which identify the positions to be filled, the qualifications required and where to obtain additional information about the application process, in the common areas or other prominent areas of the housing development or developments. For HAs, post such advertising in the housing development or developments where Category 1 or Category 2 persons reside; for all other Recipients, post such advertising in the housing development or developments and transitional housing in the Service Area of the Section 3 covered Project.

*Capitalized terms are defined in Appendix B of the Multifamily Section 3 Compliance Guide

Appendix J – Contracts and Procurement Reporting

The financing package Minnesota Housing is considering for your development includes federal funds. Upon accepting federal funds, you will be required to track and report on Section 3 Business Concerns as well as the corresponding obligations found under 24 CFR §135 specific to Contracts and procurement. The examples below are taken directly from the regulations and are intended to provide guidance to you. Minnesota Housing expects that you will utilize several of the examples of Contracts and use the applicable procurement requirements provided below as part of your compliance with Section 3. Minnesota Housing will monitor you for compliance with this requirement. Any non-compliance may result in penalties such as suspension of funding for the Project, debarment, and repayment if funds have been disbursed and/or other penalties as defined in the written agreement and/or loan agreement. It is important for you to understand your obligations as the owner of the property.

To complete this report, please refer to pages J-2 through J-4 of this document for the list of potential training and employment opportunities and the potential advertising for training and employment opportunities. Document in the space below what opportunities you provided for the Project, and attach supporting documentation to this report.

Development Name: _____

Development Address: _____

Development Number: D_____

Contractor's Name and Title:_____

Efforts to Award Contracts to Section 3 Business Concerns

_____

_____

_____

_____

Efforts to Provide for Procurement Preference for Section 3 Business Concerns from 24 CFR §135 (Appendix to §135)

_____

_____

_____

_____

I certify that the information provided in this Certification is true, correct and accurate.

_____

Signature Date

Contract and Procurement Opportunities

Examples of Efforts to Award Contracts to Section 3 Business Concerns:

1. Utilizing HUD's website to access Section 3 business contact information.
2. Utilizing procurement procedures for Section 3 Business Concerns similar to those provided in 24 CFR §905 for business concerns owned by Native Americans.
3. Contacting business assistance agencies, minority Contractor associations and community organizations to inform them of contracting opportunities and requesting their assistance in identifying Section 3 businesses that may solicit bids or proposals for Contracts for work in connection with Section 3 covered assistance.
4. Advertising contracting opportunities by posting notices, which provide general information about the work to be contracted and where to obtain additional information, in the common areas or other prominent areas of the housing development or developments owned and managed by the Housing Authority (HA).
5. Providing written notice of the contracting opportunities to all known Section 3 Business Concerns. This notice should be in sufficient time to allow the Section 3 Business Concerns to respond to the bid invitations or request for proposals.
6. Following up with Section 3 Business Concerns that have expressed interest in the contracting opportunities by contacting them to provide additional information on the contracting opportunities.
7. Coordinating pre-bid meetings at which Section 3 Business Concerns could be informed of upcoming contracting and subcontracting opportunities.
8. Carrying out workshops on contracting procedures and specific contract opportunities in a timely manner so that Section 3 Business Concerns can take advantage of upcoming contracting opportunities, with such information being made available in languages other than English where appropriate.
9. Advising Section 3 Business Concerns as to where they could seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing or insurance.
10. Arranging solicitations, times for the presentation of bids, quantities, specifications and delivery schedules in ways to facilitate the participation of Section 3 Business Concerns.
11. Where appropriate, breaking out contract work items into economically feasible units to facilitate participation by Section 3 Business Concerns.
12. Contacting agencies administering HUD Youthbuild Programs, and notifying these agencies of the contracting opportunities.
13. Advertising the contracting opportunities through trade association papers and newsletters and through the local media such as community television networks, newspapers of general circulation and radio advertising.
14. Developing a list of eligible Section 3 Business Concerns.
15. Establishing or sponsoring programs designed to assist residents of public or Indian housing in the creation and development of resident-owned businesses.
16. Establishing numerical goals (number of awards and dollar amount of Contracts) for award of Contracts to Section 3 Business Concerns.
17. Supporting businesses that provide economic opportunities to low-income persons by linking them to the support services available through the Small Business Administration (SBA), the Department of Commerce and comparable agencies at the state and local levels.
18. Actively supporting joint ventures with Section 3 Business Concerns.

Examples of Procurement Procedures That Provide for Preference for Section 3 Business Concerns from 24 CFR § 135 Appendix 135 Section III.

This Section III provides specific procedures that may be followed by Recipients and Contractors (collectively, referred to as the ''contracting party'') for implementing the Section 3 contracting preference for each of the competitive procurement methods authorized in 24 CFR §85.36(d).

1. *Small Purchase Procedures.* For Section 3 covered Contracts aggregating no more than $25,000, the methods set forth in this paragraph (1) or the more formal procedures set forth in paragraphs (2) and (3) of this Section III may be utilized.

   i. *Solicitation.*

      A. Quotations may be solicited by telephone, letter or other informal procedure provided that the manner of solicitation provides for participation by a reasonable number of competitive sources. At the time of solicitation, the parties must be informed of:

         - the Section 3 covered contract to be awarded with sufficient specificity;
         - the time within which quotations must be submitted; and
         - the information that must be submitted with each quotation.

      B. If the method described in paragraph (i)(A) is utilized, there must be an attempt to obtain quotations from a minimum of three qualified sources in order to promote competition. Fewer than three quotations are acceptable when the contracting party has attempted, but has been unable, to obtain a sufficient number of competitive quotations. In unusual circumstances, the contracting party may accept the sole quotation received in response to a solicitation provided the price is reasonable. In all cases, the contracting party shall document the circumstances when it has been unable to obtain at least three quotations.

   ii. *Award.*

      A. Where the Section 3 covered contract is to be awarded based upon the lowest price, the contract shall be awarded to the qualified Section 3 Business Concern with the lowest responsive quotation, if it is reasonable and no more than 10 percent higher than the quotation of the lowest responsive quotation from any qualified source. If no responsive quotation by a qualified Section 3 Business Concern is within 10 percent of the lowest responsive quotation from any qualified source, the award shall be made to the source with the lowest quotation.

      B. Where the Section 3 covered contract is to be awarded based on factors other than price, a request for quotations shall be issued by developing the particulars of the solicitation, including a rating system for the assignment of points to evaluate the merits of each quotation. The solicitation shall identify all factors to be considered, including price or cost. The rating system shall provide for a range of 15 to 25 percent of the total number of available rating points to be set aside for the provision of preference for Section 3 Business Concerns. The purchase order shall be awarded to the responsible firm whose quotation is the most advantageous, considering price and all other factors specified in the rating system.

2. *Procurement by sealed bids (Invitations for Bids).* Preference in the award of Section 3 covered Contracts that are awarded under a sealed bid (IFB) process may be provided as follows:

   i. Bids shall be solicited from all businesses (Section 3 Business Concerns, and non Section 3 Business Concerns). An award shall be made to the qualified Section 3 business concern with the highest priority ranking and with the lowest responsive bid if that bid—

      A. is within the maximum total contract price established in the contracting party's budget for the specific Project for which bids are being taken, and

      B. is not more than ''X'' higher than the total bid price of the lowest responsive bid from any responsible bidder. ''X'' is determined as follows:

	x=lesser of:
When the lowest responsive bid is less than $100,000	10% of that bid or $9,000.
At least $100,000, but less than $200,000	9% of that bid, or $16,000.
At least $200,000, but less than $300,000	8% of that bid, or $21,000.
At least $300,000, but less than $400,000	7% of that bid, or $24,000.
At least $400,000, but less than $500,000	6% of that bid, or $25,000.
At least $500,000, but less than $1 million	5% of that bid, or $40,000.
At least $1 million, but less than $2 million	4% of that bid, or $60,000.
At least $2 million, but less than $4 million	3% of that bid, or $80,000.
At least $4 million, but less than $7 million	2% of that bid, or $105,000.
$7 million or more	11⁄2% of the lowest responsive bid, with no dollar limit.

   ii. If no responsive bid by a Section 3 business concern meets the requirements of paragraph (2)(i) of this Section, the contract shall be awarded to a responsible bidder with the lowest responsive bid.

3. *Procurement under the competitive proposals method of procurement (Request for Proposals (RFP)).*

   i. For Contracts and Subcontracts awarded under the competitive proposals method of procurement (24 CFR *§*85.36(d)(3)), a Request for Proposals (RFP) shall identify all evaluation factors (and their relative importance) to be used to rate proposals.

   ii. One of the evaluation factors shall address both the preference for Section 3 Business Concerns and the acceptability of the strategy for meeting the greatest extent feasible requirement (Section 3 strategy), as disclosed in proposals submitted by all business concerns (Section 3 and non-Section 3 Business Concerns). This factor shall provide for a range of 15 to 25 percent of the total number of available points to be set aside for the evaluation of these two components.

   iii. The component of this evaluation factor designed to address the preference for Section 3 Business Concerns must establish a preference for these business concerns in the order of priority ranking as described in 24CFR §135.36.

   iv. With respect to the second component (the acceptability of the Section 3 strategy), the RFP shall require the disclosure of the Contractor's Section 3 strategy to comply with the Section 3 training and employment preference, or contracting preference, or both, if applicable. A determination of the Contractor's responsibility will include the submission of an acceptable

Section 3 strategy. The contract award shall be made to the responsible firm (either Section 3 or non-Section 3 business concern) whose proposal is determined most advantageous, considering price and all other factors specified in the RFP.

***Capitalized terms are defined in Appendix B of the Multifamily Section 3 Compliance Guide**

Appendix K – Certification for Business Concerns Seeking Section 3 Preference in Contracting and Demonstration of Capability

To certify your business as a Section 3 Business Concern, please log on to HUD's Section 3 website and complete your self-certification. Please retain all of the documentation demonstrating that your business meets the requirements of a Section 3 Business Concern. When Minnesota Housing conducts monitoring on Section 3 requirements, the business may be asked to provide all of the necessary documentation to confirm the business's eligibility.

***Capitalized terms are defined in Appendix B of the Multifamily Section 3 Compliance Guide**

Appendix L – Section 3 Eligibility for Preference

RESIDENT EMPLOYMENT OPPORTUNITY DATA
THE HOUSING AUTHORITY (or CITY OF)

Eligibility for Preference
A Section 3 resident seeking the preference in training and employment provided shall certify or submit evidence to the Recipient Contractor or Subcontractor, if requested, that the person is a Section 3 Resident as defined in 24 CFR §135.5. An example of evidence of eligibility for the preference is proof of receipt of public assistance, or proof of participation in a public assistance program.

Certification for Resident Seeking Section 3
Preference in Training and Employment

The information collected in this form will be used by the Recipient Contractor or Subcontractor and the Minnesota Housing Finance Agency to certify you as a Section 3 Resident. If you do not complete this form, you will not be eligible for preference.

I, _____, am a legal resident of the _____ and meet the income eligibility guidelines for a low- or very-low-income person as published on the reverse side of this document.
My permanent address is:
_____

I have attached the following documentation as evidence of my status:

___ Copy of Lease ___ Copy of receipt of public assistance ___ Copy of Evidence of participation in a public assistance program ___ Other evidence

Print Name	Title	Date
Signature	Title	Date

***Capitalized terms are defined in Appendix B of the Multifamily Section 3 Compliance Guide**

Section 3 Income Limits

All residents of public housing developments of the Housing Authority (HA) qualify as Section 3 Residents. Additionally, individuals residing in the city of who meet the income limits set forth below also qualify for Section 3 status.

A picture identification card and proof of current residency is required.

- Picture Identification Card presented YES NO
- Proof of Current Residency shown YES NO

Eligibility Guideline		
Number in Household	**Very Low Income**	**Low Income**
1 individual		
2 individuals		
3 individuals		
4 individuals		
5 individuals		
6 individuals		
7 individuals		
8 individuals		

Appendix M – Section 3 Summary Report

***Capitalized terms are defined in Appendix B of the Multifamily Section 3 Compliance Guide**

Section 3 Summary Report

Economic Opportunities for Low – and Very Low – Income Persons

U.S. Department of Housing and Urban Development
Office of Fair Housing And Equal Opportunity

OMB Approval No: 2529-0043
(exp. 11/30/2010)

HUD Field Office:

Section back of page for Public Reporting Burden statement

1. Recipient Name & Address: (street, city, state, zip)	2. Federal Identification: (grant no.)	3. Total Amount of Award:
	4. Contact Person	5. Phone: (Include area code)
	6. Length of Grant:	7. Reporting Period:
	9. Program Code: (Use separate sheet for each program code)	10. Program Name:

Part I: Employment and Training (** Columns B, C and F are mandatory fields. Include New Hires in E &F)

A	B	C	D	E	F
Job Category	**Number of New Hires**	**Number of New Hires that are Section 3 Residents**	**% of Aggregate Number of Staff Hours or New Hires are Section 3 Residents**	**% of Total Staff Hours for Section 3 Employees and Trainees**	**Number of Section 3 Trainees**
Professionals					
Technicians					
Office/Clerical					
Construction by Trade: Carpenter					
Trade: Electrician					
Trade: Plumber					
Trade: Masonry					
Trade: Laborers					
Other (List)					
Total					

*Program Codes
1 = Flexible Subsidy
2 = Section 202/811
3 = Public/Indian Housing
A = Development
B = Operation
C = Modernization
4 = Homeless Assistance
5 = HOME
6 = HOME State Administered
7 = CDBG Entitlement
8 = CDBG State Administered
9 = Other CD Programs
10 = Other Housing Programs

Part II: Contracts Awarded

1. Construction Contracts:	
A. Total dollar amount of all Contracts awarded on the Project	$
B. Total dollar amount of Contracts awarded to Section 3 businesses	$
C. Percentage of the total dollar amount that was awarded to Section 3 businesses	%

D. Total number of Section 3 businesses receiving Contracts	
2. Non-Construction Contracts:	
A. Total dollar amount all non-construction Contracts awarded on the Project/activity	$
B. Total dollar amount of non-construction Contracts awarded to Section 3 businesses	$
C. Percentage of the total dollar amount that was awarded to Section 3 businesses	%
D. Total number of Section 3 businesses receiving non-construction Contracts	

Part III: Summary

Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low-and very low-income persons, particularly those who are Recipients of government assistance for housing. (Check all that apply.)

☐ Attempted to recruit low-income residents through: local advertising media, signs prominently displayed at the Project site, Contracts with the community organizations and public or private agencies operating within the metropolitan area (or nonmetropolitan county) in which the Section 3 covered program or Project is located, or similar methods.

☐ Participated in a HUD program or other program which promotes the training or employment of Section 3 Residents.

☐ Participated in a HUD program or other program which promotes the award of Contracts to business concerns which meet the definition of Section 3 Business Concerns.

☐ Coordinated with Youthbuild Programs administered in the metropolitan area in which the Section 3 covered Project is located.

☐ Other; describe below.

Public reporting for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions,
searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.
This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB number.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, mandates that the Department ensures that employment and other economic opportunities generated by its housing and community development assistance programs are directed toward low- and very-low income persons, particularly those who are recipients of government assistance housing. The regulations are found at 24 CFR Part 135. The information will be used by the Department to monitor program recipients' compliance with Section 3, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients as self-monitoring tool. The data is entered into a database and will be analyzed and distributed. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs covered by Section 3. The information will be collected annually to assist HUD in meeting its reporting requirements under Section 808(e)(6) of the Fair Housing Act and Section 916 of the HCDA of 1992. An assurance of confidentiality is not applicable to this form. The Privacy Act of 1974 and OMB Circular A-108 are not applicable. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.

Form HUD-60002, **Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons.**

Instructions: This form is to be used to report annual accomplishments regarding employment and other economic

opportunities provided to low- and very low-income persons under Section 3 of the Housing and Urban Development Act of 1968. The Section 3 regulations apply to any ***public and Indian housing programs*** that receive: (1) development assistance pursuant to Section 5 of the U.S. Housing Act of 1937; (2) operating assistance pursuant to Section 9 of the U.S. Housing Act of 1937; or (3) modernization grants pursuant to Section 14 of the U.S. Housing Act of 1937 and to **recipients of housing and community development**
assistance in excess of $200,000 expended for: (1) housing rehabilitation (including reduction and abatement of lead-based paint hazards); (2) housing construction; or (3) other public construction projects; and to ***contracts and subcontracts in excess of $100,000*** awarded in connection with the Section-3-covered activity.
Form HUD-60002 has three parts, which are to be completed for all programs covered by Section 3. Part I relates to ***employment and training***. The recipient has the option to determine numerical employment/training goals either on the basis of the number of hours worked by new hires (columns B, D, E and F). Part II of the form relates to ***contracting***, and Part III summarizes recipients' ***efforts*** to comply with Section 3.
Recipients or contractors subject to Section 3 requirements must maintain appropriate documentation to establish that HUD financial assistance for housing and community development programs were directed toward low- and very low-income persons.* A recipient of Section 3 covered assistance shall submit one copy of this report to HUD Headquarters, Office of Fair Housing and Equal Opportunity. Where the program providing assistance requires an annual performance report, this Section 3 report is to be submitted at the same time the program performance report is submitted. Where an annual performance report is not required, this Section 3 report is to be
submitted by January 10 and, if the project ends before December 31,
within 10 days of project completion. ***Only Prime Recipients are required to report to HUD. The report must include accomplishments of all recipients and their Section 3 covered contractors and subcontractors.***
HUD Field Office: Enter the Field Office name .
1. Recipient: Enter the name and address of the recipient submitting this report.
2. Federal Identification: Enter the number that appears on the award form (with dashes). The award may be a grant, cooperative agreement or contract.
3. Dollar Amount of Award: Enter the dollar amount, rounded to the nearest dollar, received by the recipient.
4 & 5. Contact Person/Phone: Enter the name and telephone number of the person with knowledge of the award and the recipient's implementation of Section 3.
6. Reporting Period: Indicate the time period (months and year) this report covers.
7. Date Report Submitted: Enter the appropriate date.
8. Program Code: Enter the appropriate program code as listed at the bottom of the page.
9. Program Name: Enter the name of HUD Program corresponding with the "Program Code" in number 8.

Part I: Employment and Training Opportunities
Column A: Contains various job categories. Professionals are defined as people who have special knowledge of an occupation (i.e. supervisors, architects, surveyors, planners, and computer programmers). For construction positions, list each trade and provide data in columns B through F for each trade where persons were employed. The category of "Other" includes occupations such as service workers.
Column B: (Mandatory Field) Enter the number of new hires for each category of workers identified in **Column A** in connection with this award. New hire refers to a person who is not on the contractor's or recipient's payroll for employment at the time of selection for the Section 3 covered award or at the time of receipt of Section 3 covered
assistance.
Column C: (Mandatory Field) Enter the number of Section 3 new hires for each category of workers identified in **Column A** in connection with this award. Section 3 new hire refers to a Section 3 resident who is not on the contractor's or recipient's payroll for employment at the time of selection for the Section 3 covered award or
at the time of receipt of Section 3 covered assistance.
Column D: Enter the percentage of all the staff hours of new hires (Section 3 residents) in connection with this award.
Column E: Enter the percentage of the total staff hours worked for Section 3 employees and trainees (including new hires) connected with this award. Include staff hours for part-time and full-time positions.
Column F: (Mandatory Field) Enter the number of Section 3 residents that were trained in connection with this award.

Part II: Contract Opportunities
Block 1: Construction Contracts
Item A: Enter the total dollar amount of all contracts awarded on the project/program.
Item B: Enter the total dollar amount of contracts connected with this project/program that were awarded to Section 3 businesses.
Item C: Enter the percentage of the total dollar amount of contracts connected with this project/program awarded to Section 3 businesses.
Item D: Enter the number of Section 3 businesses receiving awards.
Block 2: Non-Construction Contracts
Item A: Enter the total dollar amount of all contracts awarded on the project/program.
Item B: Enter the total dollar amount of contracts connected with this project awarded to Section 3 businesses.
Item C: Enter the percentage of the total dollar amount of contracts connected with this project/program awarded to Section 3 businesses.
Item D: Enter the number of Section 3 businesses receiving awards.
Part III: Summary of Efforts – Self –explanatory

Submit one (1) copy of this report to the HUD Headquarters Office of Fair Housing and Equal Opportunity, at the same time the performance report is submitted to the program office. The Section 3 report is submitted by January 10. Include only contracts executed during the period specified in item 8. PHAs/IHAs are to report all contracts/subcontracts.

* The terms "low-income persons" and very low-income persons" have
the same meanings given the terms in section 3 (b) (2) of the United States Housing Act of 1937. ***Low-income persons*** mean families (including single persons) whose incomes do not exceed 80 percent of
the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the Secretary's findings such that variations are necessary because of prevailing levels of construction costs or unusually high- or low-income families. ***Very low-income persons*** mean low-income families (including single persons) whose incomes do not exceed 50 percent of the median family income area, as determined by the Secretary with adjustments or smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

Multifamily Division Minority or Women Business Enterprises Compliance Guide

October 2016

EQUAL HOUSING OPPORTUNITY

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

Minnesota Housing is an equal opportunity employer.

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

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Chapter 1 – Introduction

1.01 Policy Summary

It is the policy of Minnesota Housing that minority and women-owned business enterprises (MBE/WBE) have equal access to business opportunities resulting from Minnesota Housing-financed developments. This policy addresses marketing and outreach requirements for contracting and purchasing as described by state and federal procurement laws and regulations.

1.02 Applicability

Projects with deferred financing through Minnesota Housing trigger the MBE/WBE marketing and outreach requirements and performance goals described in this guide. Deferred financing includes the following state and federal programs: Economic Development and Housing Challenge, Preservation Affordable Rental Investment Fund, Publicly Owned Housing Program, Rental Rehabilitation Deferred Loan, HOME Investment Partnerships, and National Housing Trust Fund.

The owner/developer must take all necessary affirmative steps to ensure that it and its contractors use MBE/WBEs when possible, in accordance with this guide, for all project related contract awards that exceed $25,000.

1.03 Statutory and Regulatory Authorities

MBE/WBE marketing and outreach requirements are guided by state and federal regulations.

Procurement Regulations:

- **Minnesota Statutes § 16C.16.** Minnesota state procurement standards for purchasing goods and services from targeted group businesses, including those businesses that are majority owned and operated by women or specific minorities.
- **2 CFR §200.321.** Federal procurement standards for contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.

Specific Program Regulations:

- **HOME Investment Partnerships.** 24 CFR §92.350 directs participating jurisdictions, including Minnesota Housing, to establish and oversee a minority outreach program within the jurisdiction to ensure the inclusion of minorities and women, and entities owned by minorities and women, in all contracts entered into by the participating jurisdiction. §92.508(a)(7)(ii) requires documentation and record keeping of efforts taken to implement an outreach program, the amount of contracts and documentation.
- **National Housing Trust Fund.** 24 CFR §93.407(a)(5)(viii) requires records demonstrating compliance with 2 CFR §200.321 regarding grantee's activities related to MBE/WBE.

1.04 Responsibilities

Minnesota Housing

- Notify the owner/developer at selection of the MBE/WBE participation goals and objectives along with where to find this guide on Minnesota Housing's website.
- Provide this guide and all appendices to the owner/developer at the launch meeting.
- Monitor the performance of owner/developer with respect to MBE/WBE objectives and requirements.

Owner/Developer and Contractor/Subcontractors

- Provide this guide and all appendices to prospective contractors/subcontractors before bidding.
- Comply with MBE/WBE objectives and requirements in their operations and in the operations of their contractors/subcontractors.
- Implement procedures designed to notify MBE/WBEs about contracting opportunities generated by the assistance.
- Document steps taken to comply with participation goals, the results of actions taken and impediments using the Contracts and Procurement Report (Appendix C)
- Provide proof of certification[1] of all MBE/WBEs.
- Complete the Combined Contractor Compliance Activity Report (Appendix B) that detail responsibilities for completion of each required form. Reporting to Minnesota Housing is required before contracts are signed and also at the end of construction.

[1] Each MBE/WBE must be certified by the Minnesota Department of Administration (http://www.mmd.admin.state.mn.us/pdf/TGWebApp.pdf).

Chapter 2 – Requirements

2.01 Participation Goals

State and federal regulations direct that affirmative steps must be taken to ensure that MBE/WBEs are contracted when possible. When federal funds are included in a project, these steps must also include labor surplus area firms[2] and small and disadvantaged business enterprises. Outreach to minorities and women owned businesses must be conducted and documented to the satisfaction of Minnesota Housing for all contracts in excess of $25,000.

Minnesota Housing set individual participation goals for MBE and WBE. WBE goals are statewide. MBE goals differ for the Twin Cities Seven-County Metropolitan Area and Greater Minnesota. Participation goals are applied to the whole project and pertain to total amount of construction and related contracts.

Participation Goals[3]	Women Business Enterprises	Minority Business Enterprises
Greater Minnesota	6%	4%
Twin Cities 7 County Metro		13%

2.02 Affirmatively Marketing to Women and Minority-Owned Business Enterprises and Labor Surplus Area Firms

Developers/owners and contractors/subcontractors should maintain evidence of efforts made to demonstrate proof of MBE/WBE outreach. Efforts to include MBE/WBEs must allow for sufficient time to effectively participate in the bidding and/or application process. Good faith efforts to achieve success may be demonstrated by providing documentation detailing outreach plans and activities, including affirmative steps defined in federal regulations at 2 CFR §200.321:

1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
2. Ensuring that small and minority businesses, and women's business enterprises, are solicited whenever they are potential sources;
3. Dividing total requirements, when they are economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
4. Establishing delivery schedules, where the requirement permits, that encourage participation by small and minority businesses, and women's business enterprises;
5. Using the services and assistance, as appropriate, of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and

[2] A Labor Surplus Area (LSA) is defined by the US Department of Labor as a civil jurisdiction with an unemployment rate at least 20% above the average unemployment rate for all states during the two previous calendar years. That designation can also be petitioned under exceptional circumstances, demonstrating the area experiences a significant increase in unemployment which is neither temporary nor seasonal and which was not adequately reflected in the data for the two year reference period. The US Department of Labor keeps a list of current LSAs that is updated annually.

[3] Participation goals are based up the most recent "Survey of Business Owners" by the Minnesota Department of Employment and Economic Development (2012).

6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps 1-5.

A listing of current Minnesota certified MBE/WBE vendors can be found on the Department of Administration website.

Chapter 3 – Performance and Compliance

3.01 Compliance Summary

To demonstrate compliance with Minnesota Housing's affirmative marketing requirements, property owners must identify jobs bid and indicate those bid by minority-owned; women-owned; and, for federal funds only, small or disadvantaged businesses or local service area using the Minnesota Housing Combined Contractor Compliance Activity Report. The Combined Contractor Compliance Activity Report is a data collection tool to be included in bidding documents. All contractors and sub-contractors providing bids must complete this form. If not enough contractors (especially minority/women contractors) have been solicited, Minnesota Housing reserves the right to require work be re-bid affirmatively. Minnesota Housing may request additional documentation, if necessary, to ensure compliance with this obligation.

3.02 Compliance Timeline

Project Selection

- Minnesota Housing notifies owner/developer of requirements.

Project Launch

- Minnesota Housing provides this guidee and all appendices to owner/developer at time of project launch.
- The owner/developer certifies that they will comply with laws prohibiting discrimination in employment and that they hire affirmatively.

Underwriting

- Owner/developer creates bid package, and includes this guide and all appendices, and submits to Minnesota Housing for review and approval prior to bid request.
- General contractor certifies that they comply with laws prohibiting discrimination in employment and that they hire affirmatively[4].
- Owner/developer and general contractor provide contractor compliance activity reports and documentation to the extent that MBE/WBE bids were solicited.
- Minnesota Housing reviews compliance with applicable goals and reserves the right to require work to be re-bid affirmatively.

At Closing/Start of Construction

- Owner/developer and general contractor continue to monitor bidding and solicitations.
- Owner/developer and general contractor report on new bids and contracts.

Upon Completion of Construction

- Owner/developer and general contractor must update the Combined Contractor Compliance Activity Report with any new contracts and submit to Minnesota Housing.

[4] If the general contractor changes at any time during the project, the new general contractor must certify.

Chapter 4 – Contract Compliance and Equal Opportunity

5.01 Policy

It is the policy of Minnesota Housing to practice affirmative action to provide equal opportunity in all of our projects, programs, and other endeavors. Minnesota Housing's goal is to achieve a client and recipient mix that is representative of the people who live in our state and our communities so that all employment and contractual benefits that develop as a result of our programs will be shared by all Minnesotans. This policy applies to all Minnesota Housing employees and Minnesota Housing's external partners.

5.02 Purpose

The purpose of this policy is to make Minnesota Housing's commitment to act affirmatively to achieve equal opportunity in all facets of its operation, clear to both internal staff and outside parties with whom we do business.

5.03 Goals

Our goal is to ensure minority and female contractors and subcontractors equal access to business opportunities on Minnesota Housing financed projects and to encourage the presence of minorities and women at all levels, including on the staffs of the program participants having contractual agreements with Minnesota Housing. Minnesota Housing's goal is to ensure that the workforces on the projects and programs we finance reflect demographically the area in which they are located. These goals will apply for the length of the contract or the life of the loan. Minnesota Housing, at its discretion, may set numerical or percentage goals dependent on the location and size of a given project. Current goals will be determined by staff based on the location of the project.

5.04 Requirements

Minnesota Housing is required to comply with all applicable local, state, and federal laws. These requirements are passed on to everyone that Minnesota Housing does business with, either by contractual agreement or as a Minnesota Housing policy.

5.05 Sanctions

Minnesota Housing has the contractual authority to demand full payment of any loan or grant, stop proceeding with any project at any stage, and cease to do business with any entity or individual that fails to follow its affirmative action policies or fails to meet its/his/her contractual equal opportunity obligations.

Chapter 5 – Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Housing providers are expected to comply with the applicable statutes, regulations, and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful to, because of protected class status:

- discriminate in the selection/acceptance of applicants in the rental of housing units;
- discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- represent a dwelling is not available when it is in fact available;
- deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- engage in harassment or quid pro quo negotiations related the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires housing provides to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility, and concluding all transactions.
As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

Certification and Acknowledgement

___ (name), as the _____ (title) of _____ (company), hereby acknowledge that I have been supplied with a copy of and have read Minnesota Housing's Multifamily MBE/WBE Compliance Guide and fully understand and acknowledge, on behalf of _____ (company) the obligation to strictly comply with the requirements set forth therein.

I certify that the information provided in this Certification is true, correct and accurate.

_____ _____

Signature Date

Appendix A – Terms

Contractor/Subcontractor	Any entity that contracts to perform work in conjunction with the project or work generated by expenditure of Minnesota Housing deferred multifamily financing.
Minority	Persons who are of the following racial or ethnic groups: Black/African American, American Indian or Alaskan Native, Asian, Native Hawaiian or other Pacific Islander, Hispanic or Latino.
Minority Business Enterprise	A MBE is a business that is both owned and controlled by minorities. This means that there must not be less than 51 percent minority ownership of the business, and the minority ownership must control the management and daily operations of the business.
Women Business Enterprise	A WBE is a business that is both owned and controlled by women. This means that there must not be less than 51 percent women ownership of the business, and the women ownership must control the management and daily operations of the business.

Appendix B – Combined Contractor Compliance Activity Report

SAMPLE REPORT – report is available electronically

Development Name	
Development Address	

Complete For All Contractors						**Complete for MBE/WBE**			**Complete for Section 3** *NOTE: If not federally funded, this section does not apply				
Contractor Name and Address	**Type of Business / Trade**	**General or Sub** (G/S)	**$ Amount of Bid**	**Contract Awarded** (Yes/ No)	**Date of Contract** If Awarded	**MBE** (Yes/ No)	**WBE** (Yes /No)	**MBE Ethnic Code** (See Reverse)	**Section 3 Business** (Yes/ No)	**Section 3 Contract** (Yes/ No)	**# of Positions Currently Filled**	**# of New Positions to be Filled for this Contract**	**# of L.I.P.A.R.**
			$										
			$										
			$										
			$										
			$										
			$										
Total(s) Where Applicable			$										

I certify that this list is complete and accurate.

Property Owner's Signature: **Date**

PRINT Property Owner Name:

General Contractor's Signature: **Date**

PRINT General Contractor Name:

The information must be provided for all contractors (i.e. generals and subcontractors) contacted for the project. The information on the back of this page is provided to assist you in responding to the requested information. Attach additional sheets, if necessary.

Important Contract Compliance Information and Definitions

TERMS:

- **W/MBE** - Women or minority-owned business enterprise (i.e., having 51 percent ownership in the actual work of the business)
- **MINORITY -** Member of one of the following racial/ethnic groups:
  - Black/African American (non-Hispanic) - A person having origins in any of the black racial groups of Africa
  - American Indian or Alaskan Native - A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
  - Asian - A person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent. For example: Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine, Thailand and Vietnam
  - Native Hawaiian or other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guan, Samoa or Pacific Islands.
  - Hispanic or Latino - A person of Cuban, Mexican, Puerto Rican, South or Central American or other Spanish culture or origin, regardless of race.
- **L.I.P.A.R.** - Lower Income Project Area Residents; low-income individuals residing within the Section 3 determined project area.

RACIAL/ETHNIC CODES:

1 White
2 Black/African American
3 American Indian or Alaskan Native
4 Asian
5 Native Hawaiian or Other Pacific Islander
6 Hispanic or Latino

*Capitalized terms are defined in Appendix B of the Multifamily MBE/WBE Compliance Guide

Appendix C – Contracts and Procurement Report

The financing package Minnesota Housing is considering for your development includes deferred funds, and may include federal funds. Upon accepting these funds, you will be required to track and report on marketing and outreach activities to contract with MBE/WBEs. Minnesota Housing will monitor you for compliance with this requirement. Any non-compliance may result in penalties such as suspension of funding for the project, debarment, repayment if funds have been disbursed, and/or other penalties as defined in the written agreement and/or loan agreement. It is important for you to understand your obligations as the owner of the property.

Document in the space below what marketing and outreach activities you provided for the project, and attach supporting documentation to this report.

Development Name	
Development Address	
Development (D) Number	
Contractor's Name and Title	

Efforts to Award Contracts to MBE/WBE, and LSA, if applicable

_____
_____
_____
_____

Efforts to Provide for Procurement Preference for MBE/WBE, and LSA, if applicable

_____
_____
_____
_____

I certify that the information provided in this Contract and Procurements report is true, correct and accurate.

_____ _____
Signature Date

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Board Agenda Item: 6.C
Date: 10/19/2016

Item: Oxford Village, Hopkins, D7661

Staff Contact(s):
Ester Robards, 651.297.5141, ester.robards@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ 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 $885,000 and a deferred funding commitment in the amount of $358,507 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 2016 Affordable Housing Plan (AHP), the Board allocated $70 million in new activity for the LMIR program which includes $30 million from the Housing Investment Fund (Pool 2) and $40 million for LMIR and LMIR Bridge Loan activity through tax-exempt bonding. The AHP also allocated $3.5 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 $25,000 in fee income (origination fee and construction oversight 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

At its October 22, 2015, meeting, Minnesota Housing's board approved this development for processing under the Low and Moderate Income Rental (LMIR) and Flexible Financing for Capital Cost (FFCC) programs. The following summarizes the changes in the composition of the proposal since that time:

DESCRIPTION:	SELECTION		COMMITMENT		VARIANCE	
Total Development Cost	$ 14,310,454		$ 15,400,053		$ 1,089,599	
Gross Construction Cost	$ 9,688,687		$ 10,659,397		$ 970,710	
Agency Sources:						
LMIR	$ 1,375,000		$ 885,000		($ 490,000)	
FFCC	$ 164,563		$ 358,507		$ 193,944	
Total Agency Sources	**$ 1,539,563**		**$ 1,243,507**		**($ 296,056)**	
Other Non-Agency Sources:						
Tax Credit Equity	$ 9,199,080		$ 10,398,960		$ 1,199,880	
Deferred Developer Fee	$169,601		$ 358,656		$ 189,055	
Gross Rents:						
Unit Type	**# of DU**	**Rent**	**# of DU**	**Rent**	**# of DU**	**Rent**
0 BR @ 30% MTSP	3	$691	3	$691	0	$0
1 BR @ 30% MTSP	3	$691	3	$691	0	$0
1 BR @ 50% MTSP	4	$783	4	$798	0	$15
2 BR @ 50% MTSP	22	$952	27	$957	5	$5
2 BR @ 50% MTSP	5	$972	0		(5)	
3 BR @ 50% MTSP	13	$1,113	13	$1,110	0	($3)
2 BR	1	$952	1	$957	0	$5
Total Number of Units	**51**		**51**		**0**	
LTH Units	**6**		**6**		**0**	

Factors Contributing to Variances:

1. **TDC and construction costs and Tax Credit Equity**
   Construction costs have increased 10%. The developer has gone through two rounds of value engineering and the scope of work has been approved by staff architect, Erika Arms. The developer noted the increases are due to a highly competitive bidding environment. The increased costs are funded by increased tax credit equity resulting from increased pricing of $.94 at selection to $1.04.

   The development is within 125% of the predictive cost model. The TDC per unit of $301,962 is 8.5% above the $278,261 predictive model. At the time of selection the budgeted TDC per unit of $280,772 was 1% above the $278,261 predictive model estimate.

2. **First mortgage underwriting**
   The Agency first mortgage has decreased by $490,000 due to two factors: 1) Since selection, Agency staff was notified by the Hennepin County assessor that the property real estate taxes were projected to be $84,744, which was an increase of $24,744 from selection. This increase effectively reduced the LMIR mortgage by $193,944. The additional FFCC is to fill this gap. 2) Since selection, the syndicator, Wells Fargo, has agreed to a maximum first mortgage amount of $885,000 based on their underwriting standards. The developer has agreed to defer a portion of the developer fee to fill the remaining gap from the further reduced mortgage.

3. **Unit mix and rents**
   The unit mix has remained the same since selection. Four units – two, two-bedroom and two, three-bedroom units will be designated HOME units at or below 60% MTSP. There will be six, long-term homeless units.

Other Significant Events since Board Selection:

N/A

Agenda Item: 6.C
Development Summary

DEVELOPMENT:

				D7661	
Name:	Oxford Village			App#:	M17218
Address:	439 Blake Road North				
City:	Hopkins	County:	Hennepin	Region:	Metro

MORTGAGOR:

Ownership Entity:	Oxford Village, LP
General Partner/Principals:	Oxford Green LLC

DEVELOPMENT TEAM:

General Contractor:	Weis Builders, Inc., Minneapolis
Architect:	Cermak Rhodes Architects, St. Paul
Attorney:	Angela Christy, Faegre Baker Daniels LLP, Minneapolis
Management Company:	Project for Pride in Living, Inc.
Service Provider:	Project for Pride in Living, Inc.

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 885,000	LMIR First Mortgage	
	Funding Source:	Housing Investment Fund(Pool 2)
	Interest Rate:	4.75%
	MIP Rate:	0.125%
	Term (Years):	30
	Amortization (Years):	30
$ 358,507	Flexible Financing Cap Cost	
	Funding Source:	Housing Affordability Fund(Pool 3)
	Interest Rate:	0.00%
	Term (Years):	30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORD -ABILITY*
0 BR	3	492	$ 691	$ 691*	$ 18,000*
1 BR	3	797	$ 691	$ 691*	$ 19,320*
1 BR	4	797	$ 798	$ 805	$ 31,920
2 BR	27	1,025	$ 957	$ 966	$ 38,280
3 BR	13	1,232	$ 1,110	$ 1,115	$ 44,400
2 BR	1	1,025	$ 957	None	N/A
TOTAL	**51**				

*These units will utilize GRH rent assistance. Residents in these units will have incomes between $0 and 30% MTSP. The income affordability listed above is based on the 30% MTSP maximum rent limits.

Purpose:
Oxford Village Apartments is an acquisition, demolition and new construction development located in Hopkins. It is an elevator building that will have two sections: one that is four stories, located at the intersection of Blake Road and Oxford Street, and another that extends along Oxford Street and Cottageville Park toward the east that is three stories. The building will include underground parking for 48 stalls; there are 12 additional surface parking stalls.

Project for Pride in Living (PPL), the developer, purchased the project site, which contains six duplexes (12 units) in 2013. PPL operated those duplexes as rental units until August 2016 when all of the occupied units were relocated. The site has been re-platted and is zoned for the 51-unit development known as Oxford Village.

Population Served:
Six units will have rents at or below 30% MTSP rent limits. Forty-four units will have rents at or below 50% MTSP rent limits. One unit will be an unrestricted employee unit. The populations served will be families with children, single heads of household with children, and LTH single adults.

Project Feasibility:
The project is feasible as proposed. Limited partner Wells Fargo will contribute $10,398,960 in tax credit equity based on $1.04/credit, up from $0.94/credit at selection. The first mortgage amount is supported by Minnesota Housing underwriting standards. The developer has committed $358,656 in deferred developer fee.

Development Team Capacity:
Project for Pride in Living has strong organizational and financial capacity as well as substantial experience with similar tax credit properties. PPL was established in 1972 and property management activities began in 1980. They currently have 124 developments, with a total of 1,290 units. They have a staff of 190 with up to 20 years of experience. Their current portfolio consists of a variety of supportive housing models. PPL also provides case management and/or supportive services to residents in several long-term homeless households.

Physical and Technical Review:
N/A

Market Feasibility:
The market study, prepared by Joe Urban, Inc., reports low vacancy rates in the Hopkins area with a projected increase in rental households through 2018. The property is located in close proximity to major employers in Hopkins and the Twin Cities Metro. Oxford Village is located less than a half mile from the future Blake Road Station of the Southwest LRT and less than ¼ mile from stops of several MTC bus routes.

DEVELOPMENT COST SUMMARY (estimated):

	Total		Per Unit
Total Development Cost	$15,400,053		$301,962
Acquisition or Refinance Cost	$1,708,251		$33,495
Gross Construction Cost	$10,659,397		$209,008
Soft Costs (excluding Reserves)	$2,741,938		$53,763
Reserves	$290,467		$5,695
Total LMIR Mortgage	**$885,000**		**$17,353**
First Mortgage Loan-to-Cost Ratio		28%	
Agency Deferred Loan Sources			
Flexible Financing Cap Costs (FFCC)	$358,507		$7,030
Total Agency Sources (Permanent)	**$1,243,507**		**$24,382**
Total Loan-to-Cost Ratio		39%	
Other Non-Agency Sources			
Syndication Proceeds	$10,398,960		$203,901
Metropolitan Council LCA-TOD	$1,600,000		$$31,373
Hennepin County HOME	$725,000		$14,216
Hennepin County TOD	$400,000		$7,843
Metropolitan Council TBRA	$190,100		$3,727
Hennepin County ERF	$167,385		$3,282
Minnesota Brownfields	$24,445		$479
Sales Tax Rebate	$260,000		$5,098
Energy Rebate	$32,000		$627
Deferred Developer Fee	$358,656		$7,032
Total Non-Agency Sources	**$14,156,546**		**$277,579**

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

RESOLUTION NO. MHFA 16

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) 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:	Oxford Village
Sponsors:	Project for Pride in Living, Inc.
Guarantors:	Project for Pride in Living, Inc.
Location of Development:	Hopkins
Number of Units:	51
General Contractor:	Weis Builders, Inc., Minneapolis
Architect:	Cermak Rhodes Architects, St. Paul
Amount of Development Cost:	$15,400,053
Amount of LMIR Mortgage:	$885,000
Amount of FFCC Loan:	$358,507

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 a permanent mortgage loan to said applicant from Housing Investment Fund (Pool 2 under the LMIR Program) and from the 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 $885,000; and

2. The interest rate on the permanent LMIR amortizing loan shall be 4.75 percent per annum plus 0.125 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 amortizing loan shall be 30 years; and

4. The amount of the FFCC loan shall be $358,507; 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 amortizing loan; and

6. The Combined LMIR and FFCC Loan Commitment shall be entered into on or before October 19, 2016 and shall have an 18 month term (which shall also be the LMIR and FFCC Commitment Expiration Date); and

7. Agency staff shall review and approve the Mortgagor; and

8. 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

9. Project for Pride in Living, Inc. 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

10. Project for Pride in Living, Inc. shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and the LMIR Mortgage (other than principal and interest) with the Agency; and

11. 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 19th day of October 2016.

_____

CHAIRMAN

Item: Grand Terrace Apartments, Worthington, D7719

Staff Contact(s):
William Price, 651.296.9440, william.price@state.mn.us

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

Summary of Request:
Agency staff completed the underwriting and architectural 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 $973,000 and a Low and Moderate Income Rental Bridge Loan (LMIRBL) program commitment not to exceed $5,500,000 and a deferred funding commitment in the amount of $368,471 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 2016 Affordable Housing Plan (AHP), the Board allocated $70 million in new activity for the LMIR program which includes $30 million from the Housing Investment Fund (Pool 2) and $40 million for LMIR and LMIR Bridge Loan activity through tax-exempt bonding. The AHP also allocated $3.5 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 $25,000 in fee income (origination fee and construction oversight 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

At its October 22, 2015 meeting, the Minnesota Housing Board approved Grand Terrace Apartments for processing under the Low and Moderate Income Rental (LMIR) and Flexible Financing Capital Cost (FFCC) programs and approved the commitment of Economic Development Housing Challenge funds. The following table summarizes the changes in the composition of the proposal since that time:

DESCRIPTION:	SELECTION		COMMITMENT		VARIANCE	
Total Development Cost	$ 10,283,307		$ 10,827,035		$ 543,728	
Gross Construction Cost	$ 7,449,708		$ 8,066,425		$ 616,717	
Agency Sources:						
LMIR	$ 747,000		$ 973,000		$ 226,000	
FFCC	$ 510,000		$ 368,471		($ 141,529)	
EDHC	$ 4,743,544		$ 4,743,544		$ 0	
Total Agency Sources	**$ 6,000,544**		**$ 6,085,015**		**$ 84,471**	
Other Non-Agency Sources:						
Tax Credit Equity	$ 3,585,083		$ 4,040,163		$ 455,080	
City of Worthington	$ 300,000		$ 300,000		$ 0	
Sales Tax Rebate	$ 151,108		$ 188,176		$ 37,068	
Neighborworks Grant	$ 75,482		$ 75,482		$ 0	
Energy Rebate	$ 28,770		$ 28,770		$ 0	
Employer Contribution	$ 25,000		$ 25,000		$ 0	
Deferred Developer Fee	$ 117,320		$ 84,025		($ 33,295)	
Gross Rents:						
Unit Type	**# of DU**	**Rent**	**# of DU**	**Rent**	**# of DU**	**Rent**
1 BR	8	$595	8	$622	0	$27
2 BR/1 BA	29	$715	24	$717	(5)	$2
2 BR/2 BA			5	$742	5	$742
3 BR	11	$797	11	$830	0	$33
Total Number of Units	**48**		**48**		**48**	
LTH Units	**0**		**0**		**0**	

Factors Contributing to Variances:

1. **Total Development Costs**
   Total Development Cost (TDC) has increased 5% since selection due to rising construction costs, increased syndicator-required reserves, and increased financing fees. The developer was able to realize some cost savings elsewhere, but not enough to offset all of the increased costs. To fill the gap, the syndication proceeds increased by 13% due to higher than anticipated investor equity pricing. In addition, the Agency first mortgage and sales tax rebate increased slightly to fund the increased costs.

   The development cost per unit is above the Agency's predictive cost model. The model allows a development to exceed the predictive model by 25%. At the time of selection, the budgeted TDC per unit of $214,236 was 20% above the $177,550 predictive model estimate. At the time of commitment, the current per unit TDC of $222,563 is 27% above the model estimate.

Factors contributing to the increased TDC since selection include:

- Increased construction costs due to higher than anticipated construction bids and winter condition costs.
- Increased capitalized project reserves. The Agency will require reserves to remain with the project for the term of the Agency's loans or the project's extended use period, whichever is longer.
- Syndicator required due diligence fees not identified at selection including legal fees and the market study.

Project Costs Per Unit

DESCRIPTION:	SELECTION	COMMITMENT	VARIANCE
Acquisition	$8,297	$4,571	($3,726)
Construction Costs	$147,812	$160,550	$12,738
Construction Contingency	$7,391	$7,500	$109
Professional Fees	$9,409	$8,695	($714)
Developer Fee	$27,500	$27,500	$0
Syndication Fees	$83	$83	$0
Financing Costs	$9,410	$11,157	$1,747
Reserves	$4,333	$5,507	$1,174
Total	**$214,236**	**$225,563**	**$11,327**

2. **First Mortgage Underwriting**
   The Agency first mortgage has increased by $226,000. Since selection, the Mortgage Insurance Premium (MIP) required by the Department of Housing and Urban Development (HUD) was reduced from 0.25% to 0.125%, allowing the property to support a slightly larger mortgage. After further analysis of the proposed rents, it was determined that slightly higher rents could be supported. This change also contributed to an increased first mortgage.

3. **Employer and Local Contributions**
   The developer secured a $25,000 employer contribution from JBS Swift. The city of Worthington has agreed to provide Tax Increment Financing (TIF), making available $590,408 of income over a 26-year period. The TIF mortgage is wrapped into the LMIR first mortgage. The city of Worthington has also agreed to provide a $300,000 deferred loan.

4. **Unit Type**
   After the project was selected for funding, it was determined that due to the unique shapes of five two-bedroom units, a small second bathroom could be added to increase functionality. The increase in construction cost was absorbed by increased syndication proceeds since selection.

Other Significant Events since Board Selection:
None.

DEVELOPMENT:

D7718

Name:	Grand Terrace Apartments		App#: M17274
Address:	1585 Grand Avenue		
City:	Worthington	County: Nobles	Region: SWMIF

MORTGAGOR:

Ownership Entity:	Grand Terrace Apartments LP
General Partner/Principals:	SWMHP Grand Terrace Apartments LLC /Southwest Minnesota Housing Partnership

DEVELOPMENT TEAM:

General Contractor:	R.W. Carlstrom Co. Inc., Mankato
Architect:	I&S Group Inc., Mankato
Attorney:	Faegre Baker Daniels LLP, Minneapolis
Management Company:	Lloyd Management Inc., Mankato
Service Provider:	N/A

CURRENT FUNDING REQUEST/ PROGRAM and TERMS:

$ 973,000	LMIR First Mortgage	
	Funding Source:	Housing Investment Fund (Pool 2)
	Interest Rate:	4.75%
	MIP Rate:	0.125%
	Term (Years):	30
	Amortization (Years):	30
$ 368,471	Flexible Financing Cap Cost	
	Funding Source:	Housing Affordability Fund (Pool 3)
	Interest Rate:	1.00% (Up to)
	Term (Years):	30
$ 5,500,000	LMIR Bridge Loan	
	Funding Source:	Tax Exempt Future Bond Sale
	Interest Rate:	2.50% estimated
	Term (Months):	18
$ 4,743,544	EDHC MF	
	Funding Source:	Econ Dev and Housing Challenge
	Interest Rate:	1.00% (Up to)
	Term (Years):	30

RENT GRID:

UNIT TYPE	NUMBER	UNIT SIZE (SQ. FT.)	GROSS RENT	AGENCY LIMIT	INCOME AFFORD-ABILITY
1BR	2	672	$ 622	$ 718	$24,880
1BR	1	677	$ 622	$ 718	$24,880
1BR	5	689	$ 622	$ 718	$24,880
2BR	24	961	$ 717	$ 862	$28,680
2BR	2	976	$ 742	$ 862	$29,680
2BR	2	919	$ 742	$ 862	$29,680
2BR	1	906	$ 742	$ 862	$29,680
3BR	5	1,185	$ 824	$ 996	$32,960
3BR	5	1,221	$ 824	$ 996	$32,960
3BR	1	1,223	$ 824	$996	$32,960
TOTAL	**48**				

Purpose:
Grand Terrace Apartments is a new construction, workforce housing development located in Worthington, MN. The 48 unit, three-story elevator building includes a mix of one-, two- and three-bedroom units. The development meets the “Addresses Specific and Critical Local Housing Needs" Agency priority. The development also serves an important policy goal of creating workforce housing.

Population Served:
The development will provide housing for families and single individuals. Households will have incomes at or below 60% MTSP, with the exception of one employee unit that will be unrestricted.

Project Feasibility:
The project is feasible as proposed. Minnesota Housing will issue short-term tax-exempt bonds to meet the 50 percent test, qualifying the development for an annual 4% tax credit allocation of approximately $396,134. The Limited Partner will invest $4,040,163 in tax credit equity based on a $1.02/credit. The city of Worthington is contributing a $300,000 deferred loan. The first mortgage amount is supported by Minnesota Housing underwriting standards.

Development Team Capacity:
An affiliate of Southwest Minnesota Housing Partnership (SWMHP) will develop the property and act as the general partner. SWMHP has developed 1,442 units of affordable housing, including workforce housing developments that are of a similar size and scope as the proposed development. The developer has utilized Agency first mortgages, deferred loans, and tax credits with proven success.

The property will be managed by Lloyd Management. Lloyd Management was established in 1971 and currently manages 103 developments. Their current portfolio consists of tax credit, Section 8, HOME, market-rate, commercial, rural development and supportive housing developments.

Physical and Technical Review:
The applicant is proposing to construct a new 48-unit, four-story apartment building. Minnesota Housing's staff architect reviewed and approved the construction plans and specifications. The general contractor, R.W. Carlstrom Co. Inc., and the architect, I&S Group Inc., have capacity, and they have successfully utilized a similar building design in other nearby communities.

Market Feasibility:
The market study prepared by Prior and Associates reports that properties in the Worthington area maintain low vacancy rates, with projected growth of both population and households. The proposed rents are affordable to the local workforce.

DEVELOPMENT COST SUMMARY:

	Total		**Per Unit**
Total Development Cost	$10,827,035		$225,563
Acquisition or Refinance Cost	$219,426		$4,571
Gross Construction Cost	$8,066,425		$168,051
Soft Costs (excluding Reserves)	$2,276,859		$47,434
Reserves	$264,325		$5,507
Total LMIR Mortgage	**$973,000**		**$20,271**
First Mortgage Loan-to-Cost Ratio		9%	
Agency Deferred Loan Sources			
Flexible Financing Cap Cost	$368,471		$7,676
Bridge Loan	$5,500,000		$114,583
EDHC MF	$4,743,544		$98,824
Total Agency Sources	**$11,585,015**		**$241,354**
Total Loan-to-Cost Ratio		107%	
Other Non-Agency Sources			
City of Worthington	$300,000		$6,250
Sales Tax Rebate	$188,176		$3,920
Neighborworks Grant	$75,482		$1,573
Energy Rebate	$28,770		$559
Employer Contribution	$25,000		$521
General Partner Cash	$404		$8
Syndication Proceeds	$4,040,163		$84,170
Deferred Developer Fee	$84,025		$1,751
Total Non-Agency Sources	**$4,742,020**		**$98,792**

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

RESOLUTION NO. MHFA 16-

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:	Grand Terrace Apartments
Sponsors:	Grand Terrace Apartments Limited Partnership
Guarantors:	Southwest Minnesota Housing Partnership
Location of Development:	Worthington
Number of Units:	48
General Contractor:	R.W. Carlstrom Co. Inc., Mankato
Architect:	I&S Group Inc., Mankato
Amount of Development Cost:	$10,827,035
Amount of LMIR Mortgage:	$973,000
Amount of LMIR Bridge Loan (BL) (not to exceed)	$5,500,000
Amount of FFCC Loan:	$368,471

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 the Housing Investment Fund (Pool 2 under the LMIR Program), the sale of new tax-exempt bonds (under the LMIRBL program) and from the 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 $973,000; and

2. The interest rate on the LMIR amortizing loan shall be 4.75 percent per annum plus 0.125 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 amortizing loan shall be 30 years; and

4. The amount of the FFCC deferred loan shall be $368,471; and

5. Repayment of the FFCC loan shall be deferred, with interest up to one percent, and the loan term shall be co-terminus with the LMIR amortizing loan; and

6. The combined LMIR and FFCC End Loan Commitment shall be entered into on or before April 30, 2017 and shall have an 18 month term (that shall also be the LMIR and FFCC commitment expiration date); and

7. The amount of the LMIR Bridge Loan shall not exceed $5,500,000; and

8. The LMIR Bridge Loan transaction will be financed with Agency proceeds of tax-exempt bonds, 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 on the LMIR Bridge Loan will be based on the interest rate on the series of bonds issued to finance the LMIR Bridge Loan plus up to the maximum allowable spread and is estimated to be 2.5 percent per annum payable monthly, with the principal due 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. Southwest Minnesota Housing Partnership shall guarantee the mortgagor's payment obligation 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. Southwest Minnesota Housing Partnership 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 19th day of October 2016

_____

CHAIRMAN

REVISED Board Agenda Item: 7.A
Date: 10/19/2016

Item: Amendment, Qualified Allocation Plan (QAP), and Procedural Manual, and Self-Scoring Worksheet, 2017 and 2018 Housing Tax Credit (HTC) Program

Staff Contact(s):
Kayla Schuchman, 651.296.3705, kayla.schuchman@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☐ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff requests initial approval of amendments to the 2017 and 2018 Housing Tax Credit Program Qualified Allocation Plans (QAP), Procedural Manuals, and Self-Scoring Worksheets. Following a public comment period, staff anticipates seeking final approval of these amendments at the December 2016 Board meeting.

Fiscal Impact:
Housing Tax Credits are a federally sponsored program and will not have any direct fiscal impact on the Agency's financial condition. However, recommendations contained in this board memo and the proposed amendments to the QAP may have a significant impact on the ability of the Agency to have access to tax-exempt bonding authority to conduct its single family and multifamily program activities.

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
- Current and Amended 4% Tax Credit Requirements

At the May 26, 2016 board meeting, the Minnesota Housing board approved several revisions to the 2018 Qualified Allocation Plan (QAP), including revisions affecting the requirements for allocating 4% housing tax credits associated with tax exempt Private Activity Bonds. These revisions were proposed partially in response to public comments concerning the increasing scarcity of tax-exempt Private Activity Bonds allocated to the State by federal law. The commenters requested that the Agency closely manage the allotment of authority for Private Activity Bonds (PAB) for affordable housing, assigned, by Minnesota statute to governmental issuers. When projects receive an allocation of PABs for affordable rental housing, they must separately request an allocation of 4% housing tax credits from Minnesota Housing (or from the City of Minneapolis, the City of St. Paul, Dakota County or Washington County for projects located in those jurisdictions) if they wish to use such credits. Accordingly, Minnesota Housing and the other tax credit sub-allocators must address the requirements for allocating 4% housing tax credits within their QAPs.

At that time, staff recommended and the Board approved a 40 point minimum score in order to receive an allocation of 4% credits under the 2018 QAP, increased from a previous minimum score of 30 points. The Board also approved a new policy that Minnesota Housing will not allocate 4% tax credits to support an allocation of Private Activity Bonds in an amount greater than 53 percent of a project's eligible cost basis, as defined in low income housing tax credit rules.

Since May the demand for Private Activity Bonds for affordable housing has continued to be strong. The remaining balance of 2016 PAB authority (for affordable housing and other purposes) at Minnesota Management and Budget (MMB) for non-entitlement issuers was approximately $20 million as of the writing of this report. By comparison, over the past five calendar years the unused non-entitlement bonding authority at the time MMBs authority lapses has ranged from $164 million to $313 million. The amount of total unused PAB authority carried over by entitlement issuers (Minnesota Housing, Cities of Minneapolis and St. Paul, and Dakota County) for affordable housing at the end of the calendar year has, on average, been over $800 million over the past five years. This year, the amount of unallocated bonding authority available for carry forward by entitlement issuers could well be below $400 million by year-end and, if market conditions remain favorable, could be significantly lower than that in future years.

Staff is now proposing amendments to the 2017 QAP and the 2018 QAP as a means of ensuring that 4% housing tax credits are awarded to projects that meet the highest priority affordable rental housing needs in the State of Minnesota. Because these proposed changes will likely have an impact on projects that are intending to apply to Minnesota Management and Budget (MMB) for allocations of Private Activity Bonds starting on January 2, 2017 when a new federal entitlement of bonding authority becomes available, it is necessary that Minnesota Housing consider amendments to the QAPs at this time. Most affordable rental housing projects will not have a viable financing plan unless the projects also receive an allocation of 4% housing tax credits. Given the proposed changes, staff is also recommending that developers use a new pre-application for determination of 4% tax credit eligibility prior to applying for an allocation of Private Activity Bonds so they know whether the projects they are proposing will meet these new, higher standards.

Staff recommends that the proposed QAP amendments and policy changes apply to: (1) projects that submit an application for 4% tax credits on or after October 1, 2016; and projects that submitted an application for 4% tax credits prior to October 1, 2016 but have ~~not~~ been recommended for non-

selection (either as part of the RFP or as a pipeline application) on or prior to the date of this Board report. The requirements of the QAPs for 4% tax credit allocations in effect on September 30, 2016 will apply to all projects for which an application has been received by Minnesota Housing prior to October 1, 2016, and for which Minnesota Housing has not recommended non-selection.

Staff also recommends that the total development costs of all projects requesting 4% tax credits be reviewed for comparison with the Agency's predictive cost model and that any project with costs exceeding the predictive model by more than 25% will require a waiver form the Board.

Staff proposes that the Agency be open to receive public comments on the proposed amendments to the 2017 and 2018 QAPs from October 19 through November 16, 2016. Staff will review the public comments received and will present a final recommendation to the Board, taking into account the public comments, at its December 22, 2016 meeting. In the interim, staff recommends that the Board adopt a policy of not accepting applications for 4% housing tax credits or requests for Private Activity Bonds from Minnesota Housing between October 1, 2016 and December 22, 2016.

Current 4% Tax Credit Requirements:
Under the Minnesota Housing 2017 QAP, it is only necessary for a project to demonstrate that it is eligible for at least 30 points, as described in the QAP.

Under the Minnesota Housing 2018 QAP, it is necessary for a project to demonstrate that it is eligible for at least 40 points, as described in the QAP. The 2018 QAP also indicates that Minnesota Housing will not allocate 4% tax credits to support Private Activity Bonds in an amount greater than 53% of a project's eligible cost basis, as described in the low income housing tax credit rules.

The Strategic Priority Policy Thresholds contained in ~~the (~~both the 2017 and 2018~~?)~~ QAPs, which require 9% projects to meet at least one of several policy goals (Access to Fixed Transit, Greater Minnesota Workforce Housing, Economic Integration, Tribal Housing, Planned Community Development, Preservation, and Supportive Housing), do not apply to projects using Private Activity Bonds and 4% tax credits. In addition, the requirement that projects maintain affordability for a minimum of 30 years also does not apply to projects using Private Activity Bonds and 4% tax credits. Owners of such projects retain the right to terminate the restrictions at the end of the 15-year compliance period in the event Minnesota Housing does not present the owner (if requested by owner) with a qualified contract for the acquisition of the project, as allowed for by IRS regulations.

Proposed Amended 4% Tax Credit Requirements:

Staff recommends that the Board approve the following changes to the 2017 QAP and the 2018 QAP and the related policy recommendations. The Agency will conduct a public comment period between October 19 and November 16, 2016 and staff will present a final recommendation for amendments to the 2017 QAP and the 2018 QAP at the Board meeting on December 22, 2016.

Recommended changes to the 2017 QAP and the 2018 QAP

- Increase the minimum score required to receive an allocation of 4% tax credits to 50 points.
- Add the requirement that a project must meet at least one Strategic Priority Policy Threshold in the QAP under which the project was selected.
- Require that owners of projects qualifying for 4% tax credits under the 2017 QAP and the 2018 QAP ~~to~~ maintain the credit units in the projects for at least 30 years and Sections 42(h)(6)(E)(i)(II) and 42(h)(6)(F) of the Internal Revenue Code shall not apply to the projects.

Recommended change to the 2017 QAP

- Include the requirement that when Minnesota Housing is the issuer of tax-exempt bonds, bonding authority will be allocated for no more than 53% of a project's eligible cost basis, as defined in the low income housing tax credit rules.

Recommended policy changes

- Minnesota Housing will institute a new pre-application for determination of 4% tax credit eligibility. This process will be available to developers as a means of receiving a tax credit

scoring determination prior to submitting an application for Private Activity Bonds to MMB or Minnesota Housing. Developers will be strongly encouraged to submit such a pre-application. Staff will provide details of the pre-application process to the public by November 1, 2016.

- Minnesota Housing will not consider requests for 4% tax credits or for allocations of Private Activity Bonds made between October 1, 2016 and December 22, 2016.
- Minnesota Housing will require a waiver from the Board for any project seeking 4% tax credits whose total development costs exceed the predictive model by more than 25%.

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State of Minnesota
Housing Tax Credit
2017 Qualified Allocation Plan (QAP)

Relevant pages reflecting proposed changes.

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Article 8 – Credits for Buildings Financed by Tax-Exempt Bonds

8.0 Section 42 establishes a separate set of procedures to obtain tax credits through the issuance of tax-exempt bonds. Although the tax credits are not counted in the tax credit volume cap for the State of Minnesota, developers of projects should be aware that:

a. Section 42 (m)(1)(D) provides that in order for a project to receive an allocation of tax credits through the issuance of tax exempt bonds, the project must satisfy the requirements of the QAP applicable to the area in which the project is located. The Minnesota Housing QAP applies to all projects for which Minnesota Housing is the issuer of the bonds and all other projects for which the issuer is not located within the area covered by a suballocator QAP. The project must comply with the QAP that is in effect for the calendar year in which the tax-exempt bonds were first issued. If the tax-exempt bonds are issued on a short-term basis, the year the tax-exempt bonds are issued on a long-term basis may occur any time after the year the tax-exempt bonds were first issued. The effective QAP will always be the QAP for the year in which the tax-exempt bonds were first issued.

The Allocating Agency (Minnesota Housing or appropriate suballocator) must make a determination that the above requirements are satisfied. After this determination, the Allocating Agency will issue a preliminary determination letter. Application for this determination must be made to the appropriate Allocating Agency **prior to the issuance of the bonds.**

In order to qualify under Minnesota Housing's QAP, a developer must demonstrate that the project is eligible for no less than ~~**30 points.**~~ the required **minimum score.**

For applications submitted prior to October 1, 2016 and for which Minnesota Housing has not recommended non-selection as of October 19, 2016 the minimum score is **30 points.**

For applications submitted after October 1, 2016 or projects with an application submitted prior to October 1, 2016 that have been recommended for non-selection as of October 19, 2016 the minimum score is **50 points.** In addition, if the Agency is the bond issuer for the tax exempt bonds Minnesota Housing bond Volume cap will not be issued in an amount greater than 53 percent of basis as defined in tax exempt bond rules.

The threshold requirements in Article 5 of the QAP and Chapter 5 (A) of the "Housing Tax Credit Program Procedural Manual" do not apply to tax-exempt bond financed projects using credits not counted in the state's volume cap.

In order to receive the preliminary determination described above, the developer must submit to the Allocating Agency all documents required for an application for tax credits as established by the Allocating Agency's QAP and Procedural Manual and any additional information requested by the Allocating Agency. If Minnesota

Housing is the Allocating Agency, these documents are those required for an application for tax credits under Chapter 6 of the "Housing Tax Credit Program Procedural Manual" and any additional information required by Minnesota Housing. The developer must also submit to the Allocating Agency the required application fees identified in the agency's QAP/Manual.

b. Section 42 (m)(2)(D) provides that in order for a project to receive an allocation of tax credits through the issuance of tax exempt bonds, the governmental unit that issues the bonds (or on behalf of which the bonds were issued) must make a determination that the credit amount to be claimed does not exceed the amount necessary for the financial feasibility of the project and its viability as a qualified housing project throughout the credit period.

   The determination by the issuer must be made in a manner consistent with the tax credit Allocating Agency's (Minnesota Housing or appropriate suballocator) QAP and "Housing Tax Credit Program Procedural Manual." Section 42 requires that the issuer evaluation must consider:

   1. The sources and uses of funds and the total financing planned for the project.
   2. Any proceeds or receipts expected to be generated by reason of tax benefits.
   3. The percentage of the housing credit dollar amount used for project costs other than the cost of intermediaries.
   4. The reasonableness of the developmental and operational costs of the project.
   5. A comprehensive market study of the housing needs of low-income individuals in the area to be served by the project, conducted before the credit allocation is made, and at the developer's expense by a disinterested party approved by the Allocating Agency.

   This determination must be made **prior to the issuance of the bonds**.

c. Section 42 provides that in order for a project to be eligible for tax credits, the taxpayer/owner must enter into an extended use agreement (Declaration of Land Use Restrictive Covenants). Section 42(h)(6)(C)(ii) provides that the credit amount claimed for buildings financed by tax exempt bonds by the taxpayer/owner under Section 42 (h)(4) may not exceed the amount necessary to support the applicable fraction specified in the use agreement for the buildings.

d. After the project is placed in service, the development must submit to the Allocating Agency an application and appropriate fees for Form 8609 meeting the requirements of the Allocating Agency's QAP/Manual. The developer must also submit to the Allocating Agency any other related fees identified in the Allocating Agency's QAP/Manual.

Article 9 – Strategic Priority Policy Thresholds

9.0 To be eligible for tax credits, from the State's volume cap under Minnesota Housing's QAP and non-competitive tax credits with applications submitted after October 1, 2016 or projects with an application submitted prior to October 1, 2016 that have been recommended for non-selection as of October 19, 2016, a developer must demonstrate that the project meets at least one of the following priorities:

a. **Access to Fixed Transit**: Projects within one-half mile of a completed or existing LRT, BRT, or commuter rail station.

b. **Greater Minnesota Workforce Housing**: Projects in Greater Minnesota documenting all three of the following:

   1. Need: Projects in communities with low vacancy (typically considered 4 percent and below, documented by a market study or other third party data) and:

      i. That that have experienced net job growth of 100 or more jobs,

      ii. With 15 percent or more of the workforce commuting 30 or more miles to work, or

      iii. With planned job expansion documented by a local employer

   2. Employer Support

   3. Cooperatively Developed Plan: Projects that are consistent with a community-supported plan that addresses workforce housing needs.

c. **Economic Integration**: Projects located in higher income communities outside of rural/tribal designated areas with access to low and moderate wage jobs, meeting either First or Second Tier Community Economic Integration as defined in Selection Priority 2 on the "Self-Scoring Worksheet."

d. **Tribal**: Projects sponsored by tribal governments, tribally designated housing entities, or tribal corporate entities.

e. **Planned Community Development**: Projects that contribute to Planned Community Development efforts, as defined in section 6.A of the "Housing Tax Credit Program Procedural Manual," to address locally identified needs and priorities, in which local stakeholders are actively engaged.

f. **Preservation**: Existing federally assisted or other critical affordable projects eligible for points under Selection Priority 11 on the "Self-Scoring Worksheet."

g. **Supportive Housing**: Permanent housing proposals with at least 5 percent of units (rounded up to the next full unit), with a minimum of 4 units either:

   1. Set aside and rented to households experiencing long-term homelessness targeted to single adults, or

2. Set aside and rented to households experiencing long-term homelessness, at significant risk of long-term homelessness, or as prioritized for permanent supportive housing by the Coordinated Entry System, targeted to families with children or youth.

2017 Housing Tax Credit Program
Procedural Manual

Relevant pages reflecting proposed changes.

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O. Economically Integrated Projects

Project Economic Integration: Projects under common ownership and management that have tax credit units and market rate units are considered to be economically integrated. These projects receive priority points for selection, and may be eligible for the State Designated Basis Boost. (See Selection Priority #2, "Self-Scoring Worksheet," and Chapter 2.N of the Manual) In an economically integrated project each building must have an applicable fraction of less than 100 percent. Unless otherwise approved by Minnesota Housing, all buildings must have comparable applicable fractions with necessary variations due to building size. Tax credit selection points will generally be based upon the characteristics of only the tax credit units.

Note: The actual number of restricted units within the project must be consistent from selection, through carryover and to approval of an 8609 and maintained throughout the term of the declaration.

Community Economic Integration: Projects located in certain higher income communities (outside of rural/tribal designated areas) that are close to jobs are also considered to promote economic integration, and may be eligible for points in the "Self-Scoring Worksheet."

P. Annual Credit Amount

The tax credit is available each year for 10 years. The amount of tax credit awarded is based on the Qualified Basis multiplied by the applicable percentage. However, Section 42(m)(2) requires Minnesota Housing to limit the amount of credit to the amount necessary to assure project feasibility under rules established by the IRS. Therefore, the actual amount of tax credits awarded could be less than the maximum allowable if the analysis reveals the project would still be feasible with fewer tax credits.

The IRS publishes the applicable percentages on a monthly basis. These figures are used to calculate the maximum allowable annual credit amount for which the project will be eligible. (Also see Chapter 3.B.)

Q. Declaration of Land Use Restrictive Covenants

As a condition of receiving tax credits, a project will be subject to a Declaration of Land Use Restrictive Covenants (Declaration) between the owner and Minnesota Housing through which the owner commits the building(s) to low-income use for an extended use period of at least 15 years after the conclusion of the 15-year compliance period (a total of 30 years).

The Declaration terminates upon:

1. Foreclosure of the building (or deed in lieu of foreclosure); or
2. During the extended use period, upon failure of Minnesota Housing to find a purchaser by the end of one year after a request by the owner to Minnesota Housing to find a purchaser for the low-income portion of the building, at a statutory minimum purchase price, unless the owner has waived its right to exercise their option.

Throughout the term of the Declaration and for a three-year period after the termination of the Declaration, the owner shall not evict or terminate the tenancy of an existing tenant of any low-income unit other than for good cause and shall not increase the gross rent above the maximum allowed under the Code with respect to such low-income unit. Beginning with the 2007 tax credit program, tax credits (non-competitive credits, 4 percent) allocated in association with issuance of Tax Exempt Bonds will not be subject to the waiver of rights to request a Qualified Contract. Beginning with the 2017 tax credit program, tax credits (non-competitive credits, 4 percent) allocated in association with issuance of Tax Exempt Bonds with applications submitted after October 1, 2016 or projects with an application submitted prior to October 1, 2016 that have been recommended for non-selection as of October 19, 2016 must commit their developments to Section 42 income and rent restrictions for a period of 30 years beginning with the first day of the compliance period in which the building is part of a qualified low-income housing project. Beginning with the 2006 tax credit program, owners applying for the 9 percent credits (competitive credits, 9 percent) must commit their developments to Section 42 income and rent restrictions for a period of 30 years beginning with the first day of the compliance period in which the building is part of a qualified low-income housing project.

The Declaration must be recorded in accordance with 42(h)(6) as a restrictive covenant and submitted to Minnesota Housing prior to Minnesota Housing issuing the allocation (IRS Form 8609). The Declaration will set forth the commitments made by the owner to Minnesota Housing in obtaining points including any additional rent restrictions and occupancy requirements placed upon the building at the time of reservation. Non-compliance with these additional conditions may result in serious penalties being applied to the owner entities which could result in a ban on future allocations of tax credits being made to the owner entities.

R. Ineligible Properties

Any residential rental unit that is part of a hospital, nursing home, sanitarium, life care facility, manufactured housing park, or intermediate care facility for the mentally and physically handicapped is not for use by the general public and is not eligible for credit under section 42. Projects with buildings having four or fewer residential units must comply with 42(i)(3)(c).

S. Passive Loss Restrictions

There is a limit on the amount of credit any individual may effectively use due to passive loss restrictions and alternative minimum tax provisions. Consult your tax attorney or accountant for clarification of this regulation.

T. State Volume Limits

Each state is limited to the amount of tax credits it may allocate annually. An estimate of Minnesota's annual per capita volume limit is published annually in April.

Projects with tax-exempt bond financing, which are subject to a separate volume limitation, are not counted against the state volume limit. (See Article 8 of the QAP and Chapter 7 of the Manual for further details.)

Chapter 5 – Project Selection

A. First Round - Application Requirements

All applicants statewide must meet one of the threshold types as defined in Article 5 of the QAP. Greater Minnesota projects should also refer to the sample Threshold Letter in the Housing Tax Credits Application Reference Materials section on the Minnesota Housing website for a suggested format relating to evidencing thresholds. In meeting the requirements of thresholds, fractions of units are not counted as a whole unit. Where unit percentage calculations result in a fraction of a unit being required, the fraction of a unit must be rounded up to next whole unit.

In the final competition, projects that previously received an allocation of tax credits will receive priority in accordance with the provisions of Article 5 of the QAP.

B. Strategic Priority Policy Threshold

To be eligible for tax credits, from the State's volume cap under Minnesota Housing's QAP and non-competitive tax credits with applications submitted after October 1, 2016 or projects with an application submitted prior to October 1, 2016 that have been recommended for non-selection as of October 19, 2016, a developer must demonstrate that the project meets at least one of the Strategic Priority Policy Thresholds defined in Article 9.0 of the QAP.

C. Scoring

Minnesota Housing will first rank proposals in accordance with the Selection Priorities and Preference Points contained in the "Self-Scoring Worksheet" and, if necessary, Chapter 5.D Tie-Breakers, below. The highest-ranking proposals based on the selection priorities and preference points will then be reviewed in accordance with the following Project Selection requirements described in E through K of this Chapter. Minnesota Housing reserves the right to reject applications not meeting these project selection requirements, or to revise proposal features, and decrease associated scoring, to ensure project meets the requirements. Lower ranking proposals will only be processed further if tax credit volume cap remains available after the higher-ranking proposals are processed.

D. Tie Breakers

If two or more proposals have an equal number of points, the following will be used to determine selection:

1. First tie breaker: Priority will be given to the project with the greater number of points in Preference Priority criteria; if a tie still remains;
2. Second tie breaker: Priority will be given to a project located in a city that has not received tax credits in the last two years; if a tie still remains;

Chapter 7 – Tax Exempt Projects Seeking Tax Credits

A. General

Section 42 of the Internal Revenue Code establishes a separate set of procedures to obtain housing tax credits through the issuance of tax-exempt bonds. Although the tax credits are not counted in the tax credit volume cap for the State of Minnesota, developers of projects should be aware of the information contained in Article 8 of the "State of Minnesota Housing Tax Credit Qualified Allocation Plan."

The project must comply with the QAP that is in effect for the calendar year in which the tax-exempt bonds were first issued. If the tax-exempt bonds are initially issued on a short-term basis, the year the tax-exempt bonds are reissued on a long-term basis may occur any time after the year the tax-exempt bonds were first issued and the effective QAP will always be the QAP for the year in which the tax-exempt bonds were first issued.

Developers should also be aware of the requirements of Minn. Stat. § 474A.047 including subdivision 1, which requires the extension of existing U.S. Department of Housing and Urban Development (HUD) Housing Assistance Payment (HAP) contracts to the full extent available.

B. Application for Issuance of Preliminary Determination Letter

Applicants may receive a scoring determination prior to preliminary determination via the pre-application process. Pre-application is strongly encouraged in order to receive a scoring determination prior to seeking an allocation of bonding authority.

Prior to Bond issuance, the developer must submit to Minnesota Housing a full and complete application for issuance of a Preliminary Determination by Minnesota Housing pursuant to Section 42(m)(1)(D) [also see the QAP for additional detail]. The developer must submit to Minnesota Housing all documents required for an application for tax credits under Chapter 6.A of the Housing Tax Credit Program Procedural Manual and any additional information requested by Minnesota Housing. For projects in which Minnesota Housing is the allocating agency, the developer must submit an application fee (review fee). (See Chapter 8) In addition, if the issuer of the bonds is not Minnesota Housing, the initial submission must include a preliminary determination issued by the issuer of the bonds addressing the tax credit dollar amount and project costs pursuant to Section 42(m)(2)(D) of the Internal Revenue Code [also see the QAP for additional detail]. Based upon the submission of documents, Minnesota Housing will prepare a letter with its preliminary determination pursuant to Section 42(m)(1)(D) as to whether the project satisfies the requirements for allocation of a housing credit dollar amount under the QAP. A Preliminary Determination fee must be submitted to Minnesota Housing prior to release of the letter (See Chapter 8). **This process may take six weeks or more from the time the full application package is submitted. All applicants should develop their timelines and schedules accordingly.**

C. Election of Applicable Percentage

Self-Scoring Worksheet
2017 Housing Tax Credit Program

Relevant pages reflecting proposed changes.

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Self-Scoring Worksheet
Amended 2017 Housing Tax Credit Program

Development Name: _____

Development Number (D Number): _____

Application Number (M Number): _____

Development Address: _____

Development City: _____

Instructions

Strategic Priority Policy Threshold

- All projects (with the exception of those with applications for non-competitive ~~obtaining~~ tax credits in association with Tax Exempt Bonds submitted prior to October 1, 2016 and for which Minnesota Housing has not recommended non-selection as of October 19, 2016 ~~over and above the State's allocation of Housing Tax Credits~~) must meet **at least one** of the Strategic Priority Policy Thresholds defined in Article 9 of the "Housing Tax Credit Qualified Allocation Plan" in order to apply for Housing Tax Credits (HTC).

Minimum Point Requirements

- Request for Minnesota Housing administered tax credits from the State's volume cap must demonstrate the project is eligible for no less than 30 points.
- Request for tax credits in association with Tax Exempt Bonds over and above the State's allocation of tax credits with an application submitted prior to October 1, 2016 and for which Minnesota Housing has not recommended non-selection as of October 19, 2016 must demonstrate the project is eligible for no less than 30 points.
- Request for tax credits in association with Tax Exempt Bonds over and above the State's allocation of tax credits submitted after October 1, 2016 or a project with an application submitted prior to October 1, 2016 that has been recommended for non-selection as of October 19, 2016 must demonstrate the project is eligible for no less than 50 points.
- Minnesota Housing reserves the right to reject applications not meeting its project selection requirements as contained in the "Housing Tax Credit Program Procedural Manual," or to revise proposal features, and associated scoring, to ensure the project meets the requirements.

Documentation of Points

- Indicate the selection and/or preference priority points expected for your project. Where multiple points per section are available please check the appropriate box (☐) for points claimed.
- **Attach directly to this "Self-Scoring Worksheet" a separate detail sheet and documentation that clearly supports points claimed.** Minnesota Housing will determine actual selection points awarded. Points will not be awarded unless documentation is provided along with the application to justify the points claimed.

Extended Duration

- All projects, with the exception of those ~~obtaining~~ with applications for non-competitive tax credits in association with Tax Exempt Bonds submitted prior to October 1, 2016 and for which Minnesota Housing has not recommended non-selection as of October19, 2016, ~~over and above the State's allocation of tax credits~~ must maintain the duration of low-income use for a minimum of 30 years.
  The owner agrees that the provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not

apply to the project, and that the Section 42 income and rental restrictions will apply for the period of 30 years beginning with the first day of the compliance period in which the building is a part of a qualified low income housing project.

Design Standards

- The project must meet the requirements in the "Minnesota Housing Rental Housing Design/Construction Standards" and be evidenced by a Design Standards Certification form executed by the owner and architect.
- Additional design requirements will be imposed if Large Family Housing points are claimed or awarded or points are claimed or awarded which require specific design elements (i.e., high speed internet, universal design).

A Declaration of Land Use Restrictive Covenants

- Covering the rent restrictions and occupancy requirements presented at selection must be recorded against the property.

Affirmative Fair Housing

- Affirmative Fair Housing Marketing Regulations, held as centrally important by Minnesota Housing, require that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants of all majority and minority groups in the housing market area regardless of race, creed, color, religion, sex, national, origin, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. **All applicants must submit an Affirmative Fair Housing Marketing Plan at the time of 8609 documenting an acceptable plan to carry out an affirmative marketing program.**

State of Minnesota
Housing Tax Credit
2018 Qualified Allocation Plan (QAP)

Relevant pages reflecting proposed changes.

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Article 8 – Credits for Buildings Financed by Tax-Exempt Bonds

8.0 Section 42 establishes a separate set of procedures to obtain tax credits through the issuance of tax-exempt bonds. Although the tax credits are not counted in the tax credit volume cap for the State of Minnesota, developers of projects should be aware that:

a. Section 42 (m)(1)(D) provides that in order for a project to receive an allocation of tax credits through the issuance of tax exempt bonds, the project must satisfy the requirements of the QAP applicable to the area in which the project is located. The Minnesota Housing QAP applies to all projects for which Minnesota Housing is the issuer of the bonds and all other projects for which the issuer is not located within the area covered by a suballocator QAP. The project must comply with the QAP that is in effect for the calendar year in which the tax-exempt bonds were first issued. If the tax-exempt bonds are issued on a short-term basis, the year the tax-exempt bonds are issued on a long-term basis may occur any time after the year the tax-exempt bonds were first issued. The effective QAP will always be the QAP for the year in which the tax-exempt bonds were first issued.

NOTE: Minnesota Housing Bond volume cap will not be issued in an amount greater than 53 percent of basis as defined in tax exempt bond rules.

The Allocating Agency (Minnesota Housing or appropriate suballocator) must make a determination that the above requirements are satisfied. After this determination, the Allocating Agency will issue a preliminary determination letter. Application for this determination must be made to the appropriate Allocating Agency **prior to the issuance of the bonds.**

In order to qualify under Minnesota Housing's QAP, a developer must demonstrate that the project is eligible for no less than ~~**40** points~~**minimum score**.

For applications submitted prior to October 1, 2016 and for which Minnesota Housing has not recommended non-selection as of October 19, 2016 the minimum score is **40 points.**

For applications submitted after October 1, 2016 or projects with an application submitted prior to October 1, 2016 and have been recommended for non- selection as of October 19, 2016 the minimum score is **50 points.**

The threshold requirements in Article 5 of the QAP and Chapter 5 (A) of the Housing Tax Credit Program Procedural Manual do not apply to tax-exempt bond financed projects using credits not counted in the state's volume cap.

In order to receive the preliminary determination described above, the developer must submit to the Allocating Agency all documents required for an application for tax credits as established by the Allocating Agency's QAP and Procedural Manual and any additional information requested by the Allocating Agency. If Minnesota Housing is the Allocating Agency, these documents are those required for an application for tax credits under Chapter 6 of the Housing Tax Credit Program Procedural Manual and any additional information required by Minnesota Housing. The developer must also submit to the Allocating Agency the required application fees identified in the agency's QAP/Manual.

b. Section 42 (m)(2)(D) provides that in order for a project to receive an allocation of tax credits through the issuance of tax exempt bonds, the governmental unit that issues the

bonds (or on behalf of which the bonds were issued) must make a determination that the credit amount to be claimed does not exceed the amount necessary for the financial feasibility of the project and its viability as a qualified housing project throughout the credit period.

The determination by the issuer must be made in a manner consistent with the tax credit Allocating Agency's (Minnesota Housing or appropriate suballocator) QAP and Housing Tax Credit Program Procedural Manual. Section 42 requires that the issuer evaluation must consider:

1. The sources and uses of funds and the total financing planned for the project
2. Any proceeds or receipts expected to be generated by reason of tax benefits
3. The percentage of the housing credit dollar amount used for project costs other than the cost of intermediaries
4. The reasonableness of the developmental and operational costs of the project
5. A comprehensive market study of the housing needs of low-income individuals in the area to be served by the project, conducted before the credit allocation is made, and at the developer's expense by a disinterested party approved by the Allocating Agency

This determination must be made **prior to the issuance of the bonds**.

c. Section 42 provides that in order for a project to be eligible for tax credits, the taxpayer/owner must enter into an extended use agreement (Declaration of Land Use Restrictive Covenants). Section 42(h)(6)(C)(ii) provides that the credit amount claimed for buildings financed by tax exempt bonds by the taxpayer/owner under Section 42 (h)(4) may not exceed the amount necessary to support the applicable fraction specified in the use agreement for the buildings.

d. After the project is placed in service, the development must submit to the Allocating Agency an application and appropriate fees for Form 8609, meeting the requirements of the Allocating Agency's QAP/Manual. The developer must also submit to the Allocating Agency any other related fees identified in the Allocating Agency's QAP/Manual.

Article 9 – Strategic Priority Policy Thresholds

9.0 To be eligible for tax credits, from the state's volume cap under Minnesota Housing's QAP and non-competitive tax credits with , applications submitted after October 1, 2016 or projects with an application submitted prior to October 1, 2016 and have been recommended for non-selection of October, 19, 2016, a developer must demonstrate that the project meets at least one of the following priorities:

a. **Access to Fixed Transit**: Projects within one-half mile of a completed or existing LRT, BRT or commuter rail station.

b. **Greater Minnesota Workforce Housing**: Projects in Greater Minnesota documenting all three of the following:

   1. Need: Projects in communities with low vacancy (typically considered 4 percent and below, documented by a market study or other third party data) and:

      i. That have experienced net job growth of 100 or more jobs,

      ii. With 15 percent or more of the workforce commuting 30 or more miles to work, or

      iii. With planned job expansion documented by a local employer

   2. Employer Support

   3. Cooperatively Developed Plan: Projects that are consistent with a community-supported plan that addresses workforce housing needs.

c. **Economic Integration**: Projects located in higher income communities outside of rural/tribal designated areas with access to low and moderate wage jobs, meeting either First or Second Tier Community Economic Integration as defined in the Areas of Opportunity scoring criterion #2on the Self-Scoring Worksheet.

d. **Tribal**: Projects sponsored by tribal governments, tribally designated housing entities or tribal corporate entities.

e. **Planned Community Development**: Projects that contribute to Planned Community Development efforts, as defined in section 6.A of the Housing Tax Credit Program Procedural Manual, to address locally identified needs and priorities in which local stakeholders are actively engaged.

f. **Preservation**: Existing federally assisted or other critical affordable projects eligible for points under Scoring Criterion 4 on the Self-Scoring Worksheet.

g. **Supportive Housing**: Proposals that will serve people with disabilities or households experiencing homelessness that are eligible for points under Permanent Supportive Housing for Households Experiencing Homelessness (Scoring Criterion 1.B on the Self-Scoring Worksheet) or People with Disabilities (Scoring Criterion 1.C under the Self-Scoring Worksheet).

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2018 Housing Tax Credit Program
Procedural Manual

Relevant pages reflecting proposed changes.

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P. Annual Credit Amount

The tax credit is available each year for 10 years. The amount of tax credit awarded is based on the Qualified Basis multiplied by the applicable percentage. However, Section 42(m)(2) requires Minnesota Housing to limit the amount of credit to the amount necessary to ensure project feasibility under rules established by the IRS; therefore, the actual amount of tax credits awarded could be less than the maximum allowable if the analysis reveals the project would still be feasible with fewer tax credits.

The IRS publishes the applicable percentages on a monthly basis. These figures are used to calculate the maximum allowable annual credit amount for which the project will be eligible. (Also see Chapter 3.B.)

Q. Declaration of Land Use Restrictive Covenants

As a condition of receiving tax credits, a project will be subject to a Declaration of Land Use Restrictive Covenants (Declaration) between the owner and Minnesota Housing through which the owner commits the building(s) to low-income use for an extended use period of at least 15 years after the conclusion of the 15-year compliance period (a total of 30 years).

The Declaration terminates upon:

1. Foreclosure of the building (or deed in lieu of foreclosure); or
2. During the extended use period, upon failure of Minnesota Housing to find a purchaser by the end of one year after a request by the owner to Minnesota Housing to find a purchaser for the low-income portion of the building, at a statutory minimum purchase price, unless the owner has waived its right to exercise their option.

Throughout the term of the Declaration and for a three-year period after the termination of the Declaration, the owner must not evict or terminate the tenancy of an existing tenant of any low-income unit other than for good cause and must not increase the gross rent above the maximum allowed under the Code with respect to such low-income unit. Beginning with the 2007 tax credit program, tax credits (non-competitive credits, 4 percent) allocated in association with issuance of Tax Exempt Bonds, will not be subject to the waiver of rights to request a Qualified Contract. Beginning with the 2017 tax credit program, tax credits (non-competitive credits, 4 percent) allocated in association with issuance of Tax Exempt Bonds with applications submitted after October 1, 2016 or projects with an application submitted prior to October 1, 2016 that have been recommended for non-selection as of October 19, 2016 must commit their developments to Section 42 income and rent restrictions for a period of 30 years beginning with the first day of the compliance period in which the building is part of a qualified low-income housing project. -Beginning with the 2006 tax credit program, owners applying for the 9 percent credits (competitive credits, 9 percent) must commit their developments to Section 42 income and rent restrictions for a period of 30 years beginning with the first day of the compliance period in which the building is part of a qualified low-income housing project.

The Declaration must be recorded in accordance with 42(h)(6) as a restrictive covenant and submitted to Minnesota Housing prior to Minnesota Housing issuing the allocation (IRS Form 8609). The Declaration will set forth the commitments made by the owner to Minnesota Housing in obtaining points, including any additional rent restrictions and occupancy requirements placed upon the building at the time of reservation. Non-compliance with these additional conditions may result in serious penalties being applied to the owner entities that could result in a ban on future allocations of tax credits being made to the owner entities.

Chapter 5 – Project Selection

A. First Round - Application Requirements

All applicants statewide must meet one of the threshold types as defined in Article 5 of the QAP. Greater Minnesota projects should also refer to the sample Threshold Letter in the Housing Tax Credits Application Reference Materials section on Minnesota Housing's website for a suggested format relating to evidencing thresholds. In meeting the requirements of thresholds, fractions of units are not counted as a whole unit. Where unit percentage calculations result in a fraction of a unit being required, the fraction of a unit must be rounded up to the next whole unit.

In the final competition, projects that previously received an allocation of tax credits will receive priority in accordance with the provisions of Article 5 of the QAP.

B. Strategic Priority Policy Threshold

To be eligible for tax credits, from the state's volume cap under Minnesota Housing's QAP and non-competitive tax credits with applications submitted after October 1, 2016 or projects with an application submitted prior to October 1, 2016 that have been recommended for non-selection as of October 19, 2016, a developer must demonstrate that the project meets at least one of the Strategic Priority Policy Thresholds defined in Article 9 of the QAP.

C. Scoring

Minnesota Housing will first rank proposals in accordance with the Selection Priorities and Preference Points contained in the Self-Scoring Worksheet and, if necessary, Chapter 5.D Tie-Breakers, below. The highest-ranking proposals based on the selection priorities and preference points will then be reviewed in accordance with the following Project Selection requirements described in E through K of this chapter. Minnesota Housing reserves the right to reject applications not meeting these project selection requirements or to revise proposal features, and decrease associated scoring, to ensure the project meets the requirements. Lower ranking proposals will only be processed further if tax credit volume cap remains available after the higher-ranking proposals are processed.

D. Tie Breakers

If two or more proposals have an equal number of points, the following will be used to determine selection:

1. First tie breaker: Priority will be given to the project with the greater number of points in Preference Priority criteria; if a tie still remains;
2. Second tie breaker: Priority will be given to a project located in a city that has not received tax credits in the last two years; if a tie still remains;
3. Third tie breaker: Priority will be given to the project with the highest Percentage of Funds Committed, as measured by the Selection Priority category of Financial Readiness to Proceed; if a tie still remains;
4. Fourth tie breaker: Priority will be given to the project with the lowest percentage of intermediary costs; if a tie still remains;
5. Fifth tie breaker will be by lot.

Chapter 7 – Tax Exempt Projects Seeking Tax Credits

A. General

Section 42 of the Internal Revenue Code establishes a separate set of procedures to obtain housing tax credits through the issuance of tax-exempt bonds. Although the tax credits are not counted in the tax credit volume cap for the State of Minnesota, developers of projects should be aware of the information contained in Article 8 of the State of Minnesota Housing Tax Credit Qualified Allocation Plan.

The project must comply with the QAP that is in effect for the calendar year in which the tax-exempt bonds were first issued. If the tax-exempt bonds are initially issued on a short-term basis, the year the tax-exempt bonds are reissued on a long-term basis may occur any time after the year the tax-exempt bonds were first issued, and the effective QAP will always be the QAP for the year in which the tax-exempt bonds were first issued.

Developers should also be aware of the requirements of Minn. Stat. § 474A.047, including subdivision 1, which requires the extension of existing U.S. Department of Housing and Urban Development (HUD) Housing Assistance Payment (HAP) contracts to the full extent available.

B. Application for Issuance of Preliminary Determination Letter

Applicants may receive a scoring determination prior to requesting preliminary determination via the pre-application process. Pre-application is strongly encouraged in order to receive a scoring determination prior to seeking an allocation of bonding authority.

Prior to bond issuance, the developer must submit to Minnesota Housing a full and complete application for issuance of a Preliminary Determination by Minnesota Housing pursuant to Section 42(m)(1)(D) [also see the QAP for additional detail]. The developer must submit to Minnesota Housing all documents required for an application for tax credits under Chapter 6.A of the Housing Tax Credit Program Procedural Manual and any additional information requested by Minnesota Housing. For projects in which Minnesota Housing is the allocating agency, the developer must submit an application fee (review fee). (See Chapter 8) In addition, if the issuer of the bonds is not Minnesota Housing, the initial submission must include evidence from the issuer that the project received an approval of an allocation of tax-exempt bond volume cap from the state of Minnesota and a preliminary determination issued by the issuer of the bonds addressing the tax credit dollar amount and project costs pursuant to Section 42(m)(2)(D) of the Internal Revenue Code [also see the QAP for additional detail].

Based upon the submission of documents, Minnesota Housing will prepare a letter with its preliminary determination pursuant to Section 42(m)(1)(D) as to whether the project satisfies the requirements for allocation of a housing credit dollar amount under the QAP. A Preliminary Determination fee must be submitted to Minnesota Housing prior to release of the letter (See Chapter 8). **This process may take six weeks or more from the time the full application package is submitted. All applicants should develop their timelines and schedules accordingly.**

C. Election of Applicable Percentage

Section 42 of the Internal Revenue Code requires that the owner elect the applicable percentage for the project. The election is made at the time the tax-exempt obligations are issued to fix the percentage for the month in which the building is placed in service or the month in which the tax-exempt obligations

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Self-Scoring Worksheet
2018 Housing Tax Credit Program

Relevant pages reflecting proposed changes.

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Self-Scoring Worksheet
Amended 2018 Housing Tax Credit Program

Development Name: _____

Development Number: _____(D Number)

Application Number: _____(M Number)

Development Location:_____

Development City: _____

Please note the following:

1. Strategic Priority Policy Threshold:
   - All projects, with the exception of those ~~obtaining~~ with applications for non-competitive tax credits in association with Tax Exempt Bonds- submitted prior to October 1, 2016 and for which Minnesota Housing has not recommended non-selection as of October 19, 2016 ~~over and above the state's allocation of Housing Tax Credits (HTC)~~, must meet at least one of the Strategic Priority Policy Thresholds defined in Article 9 of the Housing Tax Credit- Qualified Allocation Plan (QAP) in order to apply for Housing Tax Credits (HTC).
2. Minimum Point Requirements:
   - Request for Minnesota Housing Finance Agency (Minnesota Housing) administered tax credits from the State's volume cap must demonstrate the project is eligible for not less than 70 points, excluding projects funded through the Rural Development/Small Projects Set-Aside.
   - Request for tax credits in association with Tax Exempt Bonds over and above the state's allocation of Housing Tax Credits with an application submitted prior to October 1, 2016 and for which Minnesota Housing has not recommended non-selection as of October 19, 2016 must demonstrate the project is eligible for not less than -40 points.
   - Request for tax credits in association with Tax Exempt Bonds over and above the state's allocation of Housing Tax Credits with an application submitted after October 1, 2016 or a project with an application submitted prior to October 1, 2016 that has been recommended for non-selection as of October 19, 2016 must demonstrate the project is eligible for not less than 50 points.
   - Minnesota Housing reserves the right to reject applications not meeting its Project Selection requirements as contained in the HTC Program Procedural Manual, to revise proposal features, and associated scoring, and to ensure the project meets the requirements.
3. Documentation of Points:

- Indicate the selection and/or preference priority points expected for your project. Where multiple points per section are available, please check the appropriate box (☐) for points claimed. **Attach directly to this self-scoring worksheet, a separate detail sheet and documentation that clearly supports points claimed. Minnesota Housing will determine actual selection points awarded; points will not be awarded unless documentation is provided along with the application to justify the points claimed.**

4. Extended Duration:
   - All projects, with the exception of those ~~obtainin~~with applications for~~g~~ non-competitive tax credits in association with Tax Exempt Bonds ~~over and above the state's allocation of Housing Tax Credits~~submitted prior to October 1, 2016 and for which Minnesota Housing has not recommended non-selection as of October 19, 2016, must maintain the duration of low-income use for a minimum of 30 years. The owner agrees that the provisions of IRC §§ 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provision would permit the owner to terminate the restrictions under this agreement at the end of the compliance period in the event Minnesota Housing does not present the owner with a qualified contract for the acquisition of the project) do not apply to the project, and the owner also agrees the Section 42 income and rental restrictions must apply for a period of 30 years beginning with the first day of the compliance period in which the building is a part of a qualified low-income housing project.
5. Design Standards:
   - The project must meet the requirements in the Minnesota Housing Rental Housing Design/Construction Standards and be evidenced by a Design Standards Certification form executed by the owner and architect. Additional design requirements will be imposed if Large Family Housing points are claimed/awarded or points are claimed/awarded that require specific design elements (e.g., High Speed Internet, Universal Design).
6. A Declaration of Land Use Restrictive Covenants:
   - Covering the rent restrictions and occupancy requirements presented at selection must be recorded against the property.
7. Affirmative Fair Housing:
   - Affirmative Fair Housing Marketing Regulations, held as centrally important by Minnesota Housing, require that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants of all majority and minority groups in the housing market area regardless of race, creed, color, religion, sex, national, origin, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. At the time of 8609, all applicants must submit an Affirmative Fair Housing Marketing Plan documenting an acceptable plan to carry out an affirmative marketing program.

Board Agenda Item: 7.B
Date: 10/19/2016

Item: Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, 2016 Series C, for a Multifamily Housing Development in Worthington, Minnesota.

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us
Paula Rindels, 651.296.2293, paula.rindels@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Staff is requesting authorization to issue short-term fixed rate tax-exempt bonds, in an amount not to exceed $5.5 million, to finance a short-term first lien bridge loan to a private owner for a portion of the costs of a project to acquire and construct a rental workforce housing development in Worthington, Minnesota. In addition to the short-term bridge loan financed by the issuance of bonds, Minnesota Housing is also contributing to the permanent financing through the issuance of a Low and Moderate Income (LMIR) loan, Flexible Financing for Capital Costs (FFCC) loan, and an Economic Development and Housing Challenge (EDHC) loan. This project will also receive an allocation of 4% Housing Tax Credits(HTCs).

Fiscal Impact:
Minnesota Housing will earn a spread (estimated at approximately 1%) while these bonds are outstanding.

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 (provided under separate cover)
- Resolution (provided under separate cover)

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Board Agenda Item: 7.C
Date: 10/19/2016

Item: Resolution Authorizing Homeownership Finance Bonds Generally and Authorizing the Issuance and Sale of Homeownership Finance Bonds 2016 Series G and H and Approving the Execution and Delivery of Related Documents.

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us
Terry Schwartz, 651.296.2404, terry.schwartz@state.mn.us
Paula Rindels, 651.296.2293, paula.rindels@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
Agency staff is preparing to issue bonds for the acquisition of newly originated single family mortgage-backed securities. Kutak Rock, LLP, the Agency's bond counsel, has prepared a resolution authorizing the terms of one or more bond issues, on a not-to-exceed basis. Bond Counsel and Agency staff have also prepared a Preliminary Official Statement for an offering of approximately $50 million in Homeownership Finance Bonds, 2016 Series G and H, which is expected to price in late October of 2016.

Fiscal Impact:
Minnesota Housing earns a spread (generally more than 1%) between the rate on the mortgage loans/securities and the interest rate on the bonds used to finance the acquisition of those securities.

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 (provided under separate cover)
- Resolution (provided under separate cover)

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Item: 2016 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:
☐ Approval
☐ Motion
☐ Resolution
☒ No Action Needed
☐ Discussion
☒ 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 2017 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 and Market Conditions Update

BACKGROUND

The 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, priorities, 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 informational 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.

MARKET CONDITIONS UPDATE

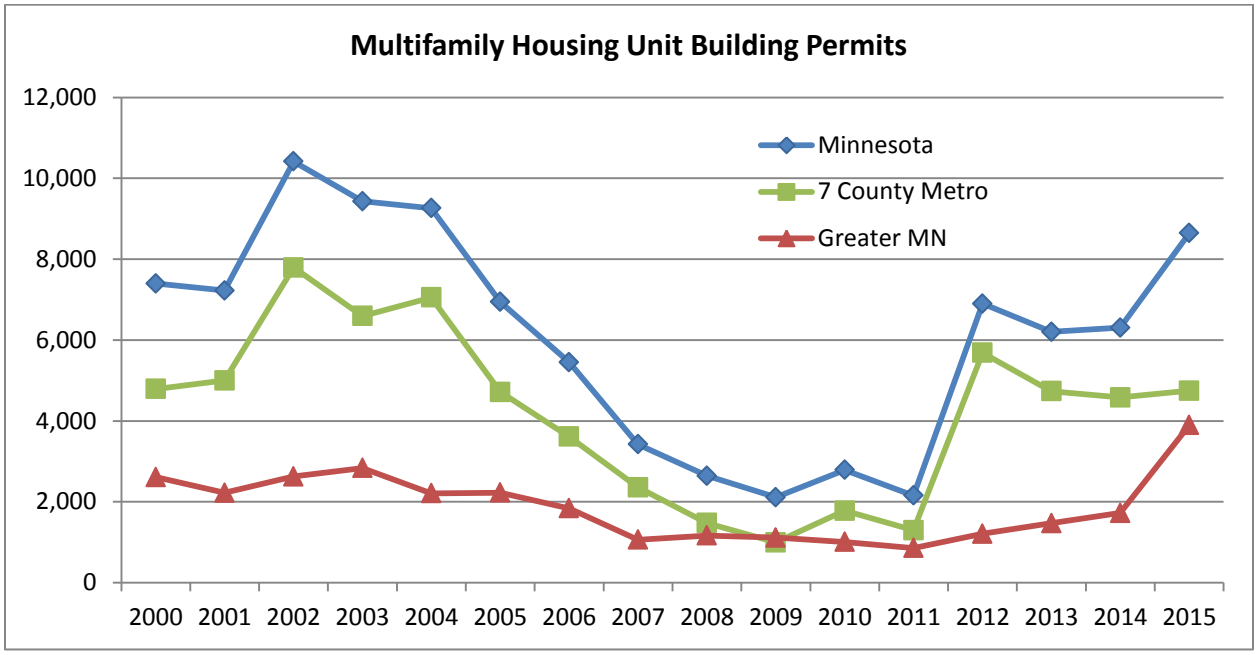
Multifamily Rental Market

The multifamily rental market remains one of the most active in the nation. Declining vacancy rates, low interest rates and higher median incomes have contributed to robust construction in this market segment. This is true for ultra-luxury, luxury, market-rate and affordable housing markets. Minnesota Housing financed projects which have recently opened report nearly 100% occupancy occurring within the first 30 days of rent-up. While this is great for the performance and cash flow of the projects, it is also a strong indicator of the need for additional affordable housing.

According to the U.S. Census Bureau, the percentage of Minnesota renters who are cost burdened (paying 30% or more of their income on rent) has increased from 37% in 2000 to 46% in 2015. Among lower-income renters (with incomes less than $50,000), 67% are cost burdened. Specifically, about 257,000 lower-income renter households in Minnesota are cost burdened.

The need for more affordable housing increases as vacancy rates fall and unrestricted rents to rise. The rental vacancy rate in much of Minnesota is well below the 5% that is generally considered optimal for a balanced market. According to Marquette Advisor's *Apartment Trends,* the rental vacancy rate for the Twin Cities metro area was 3.1% for the first quarter of 2016. Recent market studies also show vacancies rates below 5% for much of Greater Minnesota.

Low vacancy rates have occurred for three reasons. First, with the improving economy, more households have been established as fewer households are doubled up and fewer young adults live with their parents. Second, the homeownership rate in Minnesota dropped from 76% in 2006 to 71% in 2015. 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 immediately after (2008-2011). The new multifamily units being constructed did not keep pace with the increasing demand. Production picked up in 2012 (largely metro area) and again in 2015 (largely Greater Minnesota).



Source: HUD SOCDS Buildings Permits Database

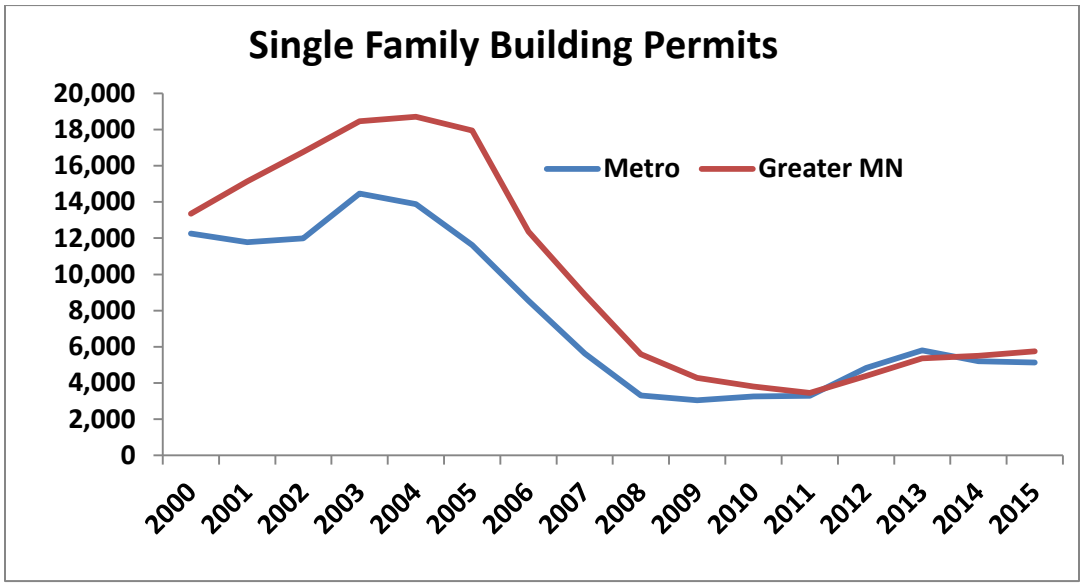
Single Family Homeownership

While homeownership became more affordable during and immediately after the Great Recession, affordability is once again declining. According to the U.S. Census Bureau, the percentage of Minnesota homeowners who are cost burdened by their housing payments (accounting for 30 percent or more of their income) increased from 17 percent in 2000 to 29 percent in 2008. Since then, the percentage has declined, reaching 19 percent in 2015. Significantly reduced home prices (particularly from 2009 to 2012) and very low interest rates (below 5 percent since early 2010) have made homeownership more affordable.

However, housing prices are increasing once again, which is reducing the supply of affordable homes for sale. While construction of new single family homes has rebounded somewhat since 2011, it remains at historically low levels, adding to the rising price of existing homes. The median sales price in the Twin Cities metropolitan area increased by 5.7 percent between August 2015 and August 2016. [1] In addition, the month's supply of homes for sale dropped from 3.7 months in August 2015 to 2.8 months in August 2016, which is well below the 5-month benchmark that indicates a balanced market. The limited supply will likely push prices even higher.

[1] Minneapolis Area Association of REALTORS, *Monthly Indicators* (August 2016)

As shown in the following graph, there has been relatively little single family new construction in recent years in Minnesota. In addition, it is very difficult to build a new home at an affordable price. According to RSMeans, the average construction costs for an average-class, wood-siding, 1,400-square-foot, 1½-story home in the Twin Cities with an unfinished basement is about $210,000.[2] When the cost of acquiring a developed lot and soft costs are included, the price reaches $300,000.



Source: HUD SOCDS Buildings Permits Database

Overall, Minnesota's economy is stronger than the rest of the country. In August of 2016, our seasonally adjusted unemployment rate was 4.0 percent, while it was 4.9 percent nationally. We need the low unemployment rate to consistently translate into higher wages for low- and moderate-income homebuyers. While the median income for renters has not kept pace with inflation and rent increases since 2000, it increased by 6.7% between 2014 and 2015 (after adjusting for inflation), which is an encouraging sign. The median income for homeowners has not kept pace with inflation since 2000, but it increased by 2.7 percent between 2014 and 2015 (after adjusting for inflation).

[2] RSMeans, *Residential Cost Data* (2016).

Board Agenda Item: 7.E
Date: 10/19/2016

Item: Single Family Selections, Community Homeownership Impact Fund

Staff Contact(s):
Nira Ly, 651.296.6345, nira.ly@state.mn.us

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

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

Fiscal Impact:
The Agency's 2017 Affordable Housing Plan (AHP) includes single family interim construction lending and Economic Development and Housing Challenge (EDHC) Program funds. EDHC funds 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

Attachment(s):
- Background and Funding Recommendations
- Maps of Impact Fund Recommended Projects
- Project Summaries
- 2016 Single Family Consolidated RFP Summary Spreadsheet
- 2016 Single Family Consolidated RFP Non-Recommended Applications

BACKGROUND
Minnesota Housing and its funding partners, the Greater Minnesota Housing Fund (GMHF) and the Metropolitan Council, accepted proposals under the Single Family Consolidated Request for Proposals (RFP). The primary source of funds for the RFP is through the Agency's Community Homeownership Impact Fund (Impact Fund) with additional resources from the funding partners. The RFP used a common application form and procedure, with applications due June 14, 2016.

The Agency and its funding partners received 42 single family proposals totaling $17,161,922. Applicants requested $16,274,922 from the Agency, $527,000 from GMHF and $360,000 from the Metropolitan Council. Applicants requested $5,926,712 or 35 percent of total requests to serve communities in Greater Minnesota. Applicants requested $11,235,210 or 65 percent of total requests to serve the seven-county Twin Cities metropolitan area.

Proposal Review and Selection Process
All proposals were reviewed, scored and ranked based on a number of factors approved by the Agency's Board of Directors on February 25, 2016. First, staff assessed the extent to which a proposal meets the Agency's funding priorities. These include workforce housing, efficient land use, location efficiency, community recovery, community economic integration, universal design and accessibility features, large family housing, senior housing, reaching underserved populations, leverage, and foreclosure remediation.

The Agency's senior leadership, staff and external partners then scored proposals during separate selection committees for Greater Minnesota proposals and seven-county Twin Cities metropolitan area proposals. Representatives of GMHF, Minnesota Department of Corrections, and the United States Department of Agriculture Rural Development scored Greater Minnesota Proposals. A representative of the Metropolitan Council scored seven-county Twin Cities metropolitan area proposals.

Selection committee scores are based on an applicant's organizational capacity, project feasibility, and community need. Organizational capacity includes a consideration of an applicant's financial health and ability to implement the proposed project. Project feasibility includes a consideration of the economic viability of a project and the proposed project costs as compared to the Impact Fund's historical high cost threshold. This threshold is based on an analysis of typical project costs under past Impact Fund awards. Community need includes consideration of whether there is a defined need based on local demographics, workforce, and economic factors in the community.

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

- Acquisition, rehabilitation and resale of housing units.
- Downpayment or affordability gap assistance programs that effectively serve homebuyers who may have difficulty accessing existing programs.
- Owner-occupied rehabilitation programs that effectively serve borrowers who are unable to obtain financing through other single-family home improvement programs.
- New construction of homes, particularly in markets with growing workforce populations or targeted to a more specific niche of households via specialized programs with high-demand waiting lists.

FUNDING RECOMMENDATIONS

The Agency and its funding partners recommend funding 32 proposals for a total of $10,611,986. Fourteen awards totaling $4,326,828 or 41 percent of total funds awarded will serve communities in Greater Minnesota. Eighteen awards totaling $6,285,158 or 59 percent of total funds awarded will serve the seven-county Twin Cities metropolitan area. Ten of the proposals received are not recommended for funding and several of the proposals are recommended to be funded for less than the amount requested.

The Agency will provide $9,556,986 in funding for the 32 proposals. Economic Development Housing Challenge (EDHC) funds will support each of these proposals, totaling $8,936,986. This includes $1,050,000 in Indian Housing Set Aside funds. Interim construction financing in the total amount of $620,000 will be provided to two applicants to support the construction or rehabilitation and resale of nine units.

GMHF will provide $255,000 to support proposals in Greater Minnesota and the Metropolitan Council will provide $800,000 to support proposals in the seven-county Twin Cities metropolitan area.

Reaching Underserved Populations

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

Statewide, the percentage of households of color or Hispanic ethnicity served under the Impact Fund increased steadily between 2012 and 2015. It dropped slightly this year from 53 percent in 2015 to 45 percent as of August 2016. Administrators in Greater Minnesota have tended to serve households with lower incomes (relative to the median income for the area) and more single-headed households than Administrators in the seven-county Twin Cities metropolitan area.

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.

Serving American Indian Households

The Agency will award $1,050,000 to the Lower Sioux Indian Community (LSIC) to provide affordable housing to its tribal members on and around its reservation. This funding will capitalize LSIC's Tribal Indian Housing Program, enabling it to provide first mortgages to six additional tribal members.

Addressing Minnesota's Changing Demographics

This year, multiple applicants proposed to serve large families and seniors. Nineteen of the applicants recommended to receive funding intend to build one or more large family homes with four or more bedrooms. One applicant proposed to build at least one home with an accessory dwelling unit to accommodate multi-generation households. Twelve of the applicants intend to build or rehabilitate homes that will enable seniors to age in place.

Workforce Housing
The Agency and its partners recommend funding 25 proposals totaling $9,255,266 that will serve areas that have a need for workforce housing. Two proposals have received committed leverage from local employers. Western Community Action's proposal in Marshall will receive construction financing, downpayment assistance, and other program funding from Turkey Valley Farms, LLC. The Perham Housing and Redevelopment Authority's proposal has received commitments from Arvig Communications Systems and KLN Enterprises. Each of these employers will contribute downpayment assistance funds to homebuyers.

Community Recovery
Community recovery areas have lagging housing price recovery, lower median incomes, and older housing stock. The Agency and its partners will award $10,044,608 for 27 proposals that will serve community recovery areas. Nine of these proposals will serve communities Greater Minnesota and 18 proposals will serve the seven-county Twin Cities metropolitan area.

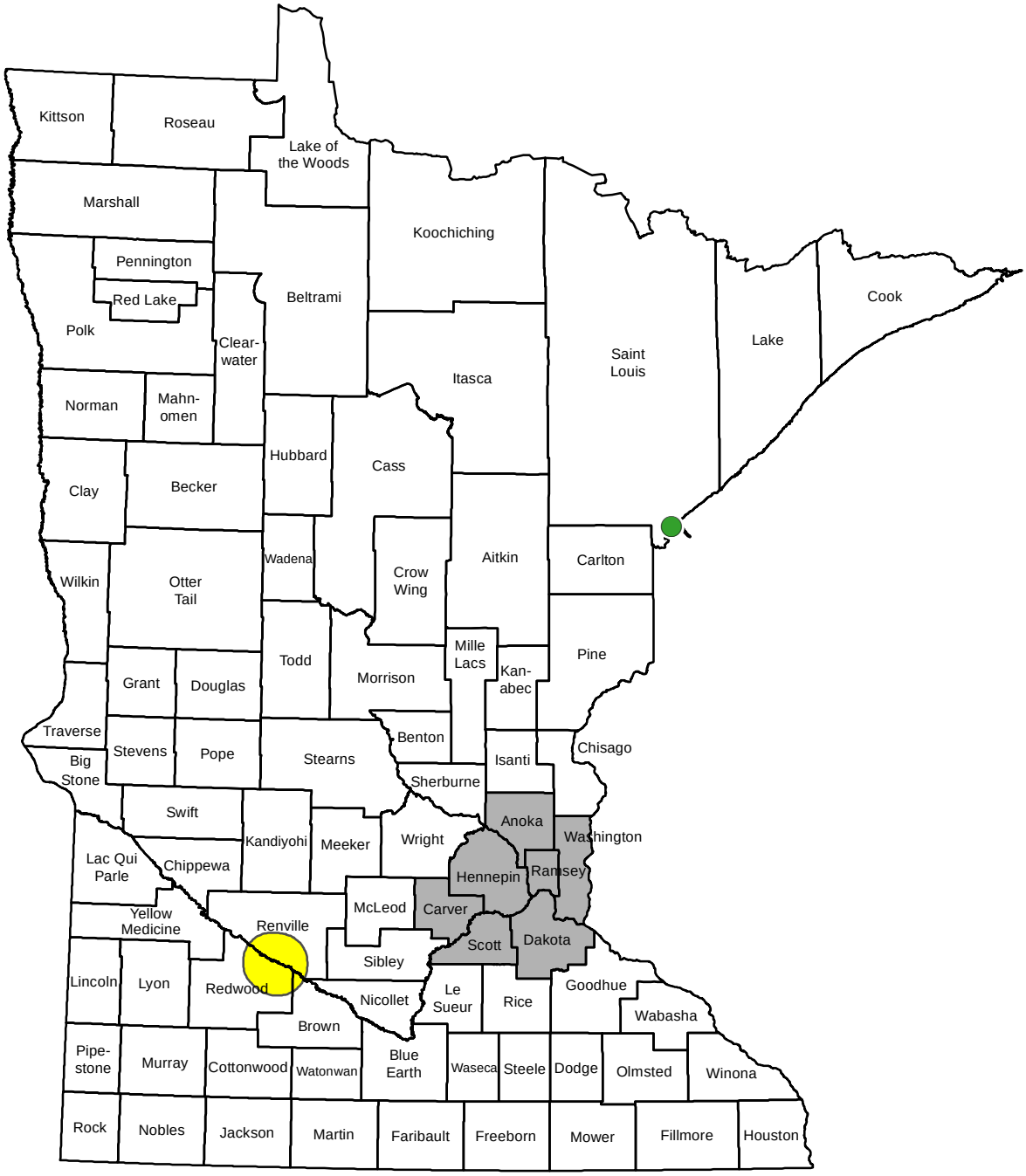
Community Economic Integration
Community economic integration areas have higher median family incomes and greater access to jobs. The Agency and its partners will award $5,977,846 for 16 proposals that will serve community economic integration areas. Seven of the recommended proposals will serve the seven-county Twin Cities metropolitan area and nine proposals will serve communities in southeastern Minnesota.

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

Maps of Impact Fund Recommended Projects

Greater Minnesota Impact Fund Recommended Acquisition Rehabilitation Applications

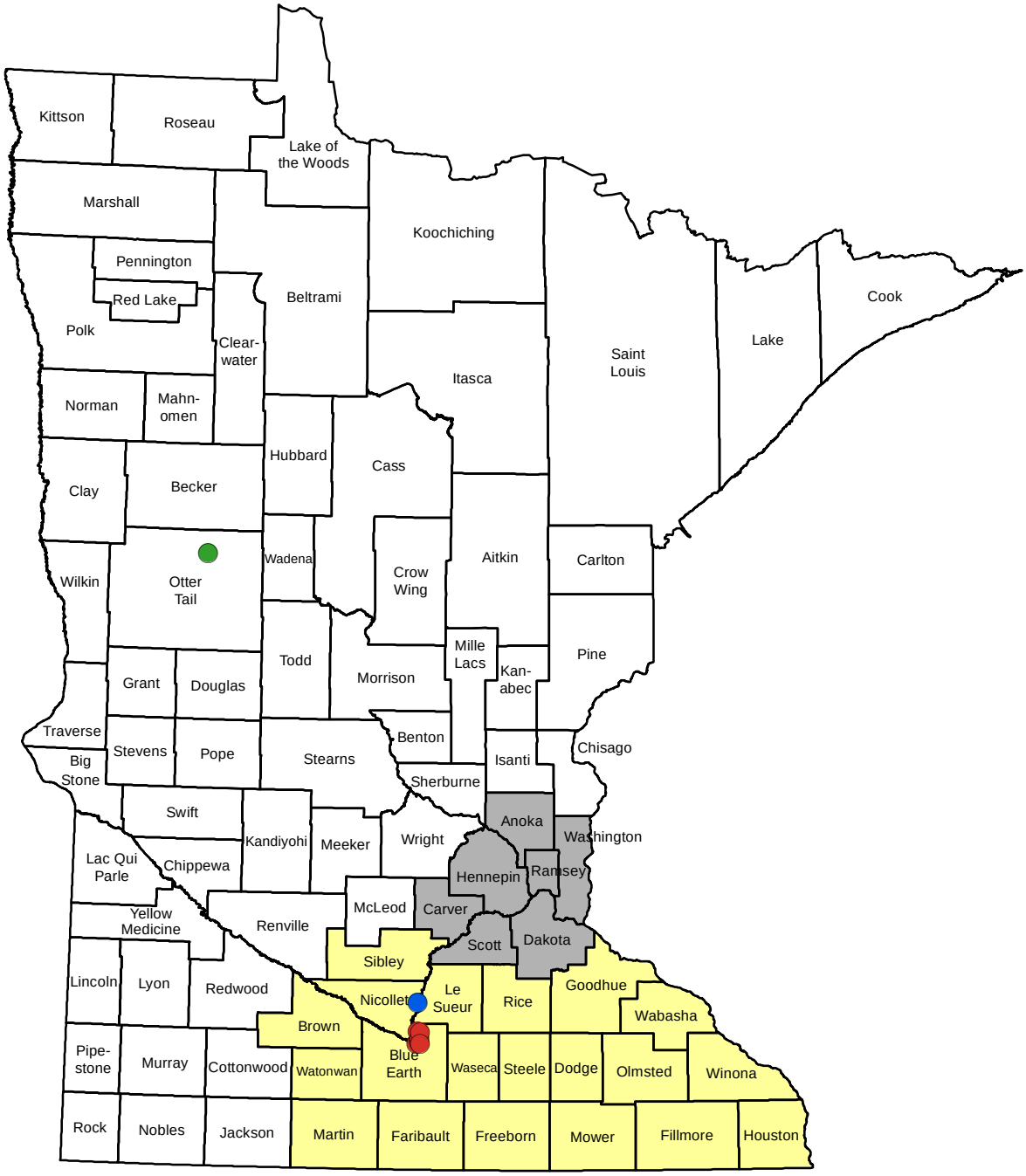


Recommended Applicants - Acquisition Rehabilitation

- One Roof
- Lower Sioux Indian Community

0 20 40 Miles

Greater Minnesota Impact Fund Recommended Affordability Gap and Down Payment Assistance Applications

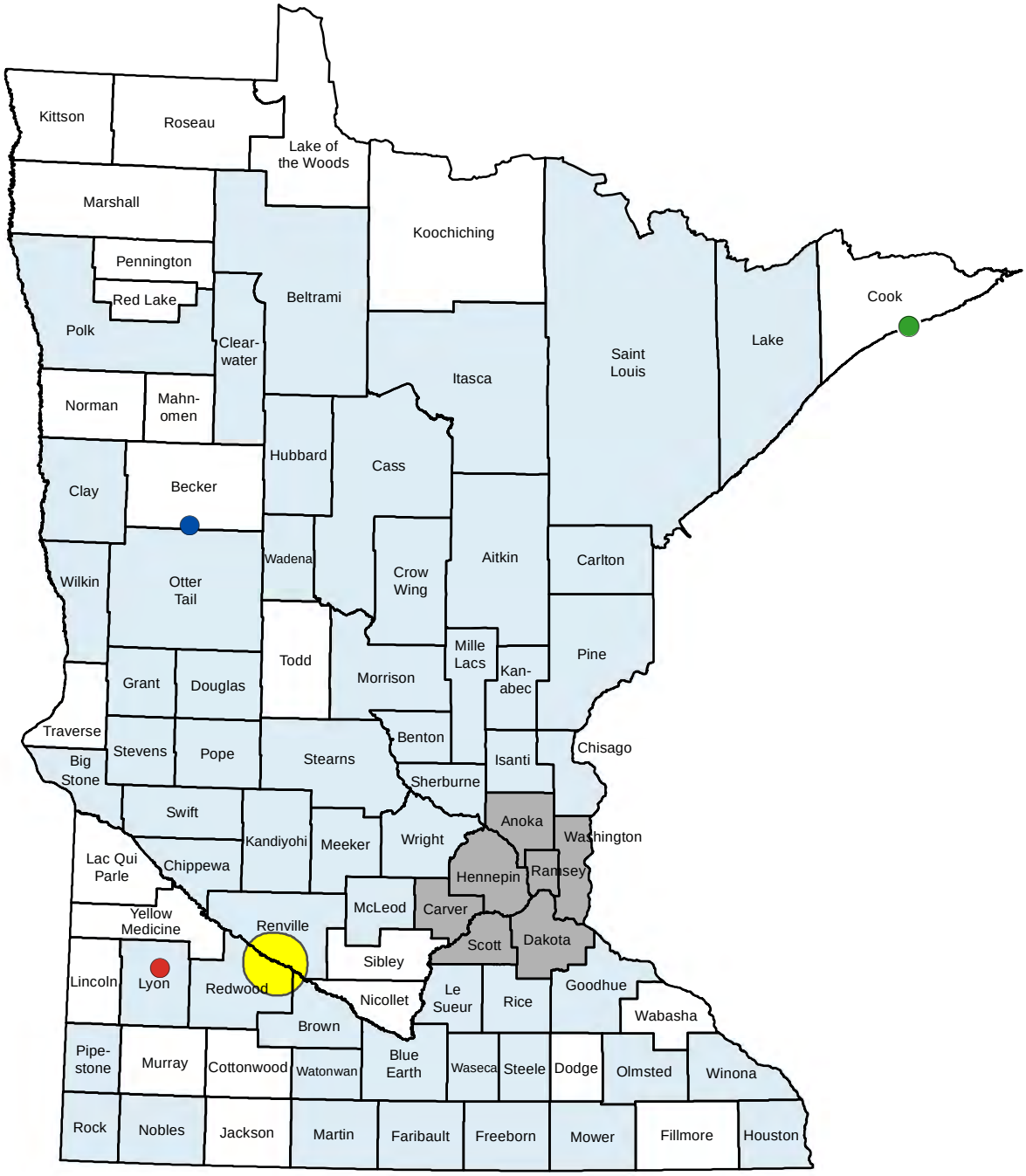


Recommended Applicants - Affordability Gap

- MN Valley Action Council
- Southwest MN Housing Partnership
- Three Rivers Community Action
- Perham

0 20 40 Miles

Greater Minnesota Impact Fund Recommended New Construction Applications

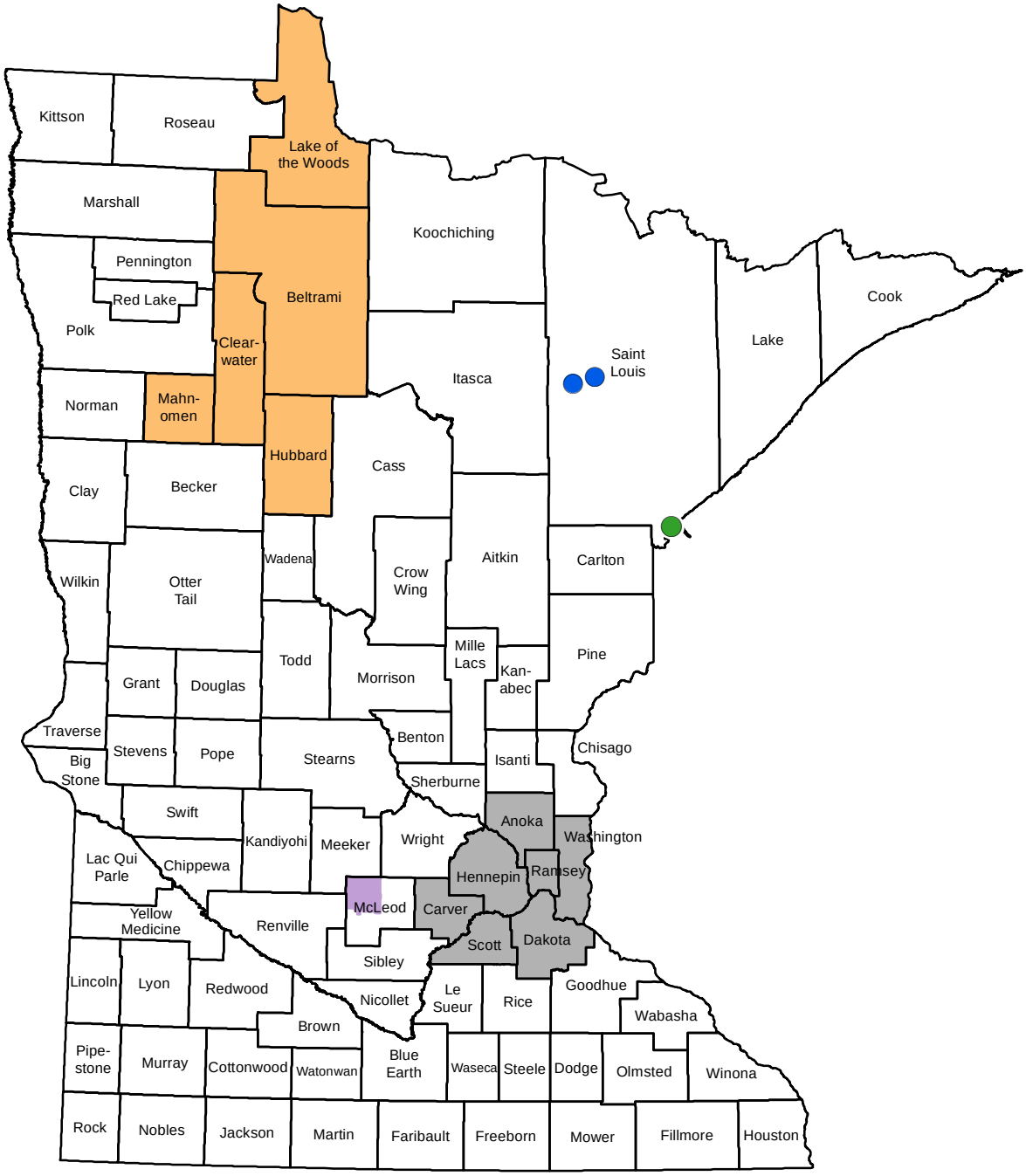


Recommended Applicants - New Construction

- Lower Sioux Indian Community
- Habitat for Humanity MN
- Western Community Action
- Midwest MN CDC
- One Roof

0 20 40 Miles

Greater Minnesota Impact Fund Recommended Owner Occupied Rehab Applications

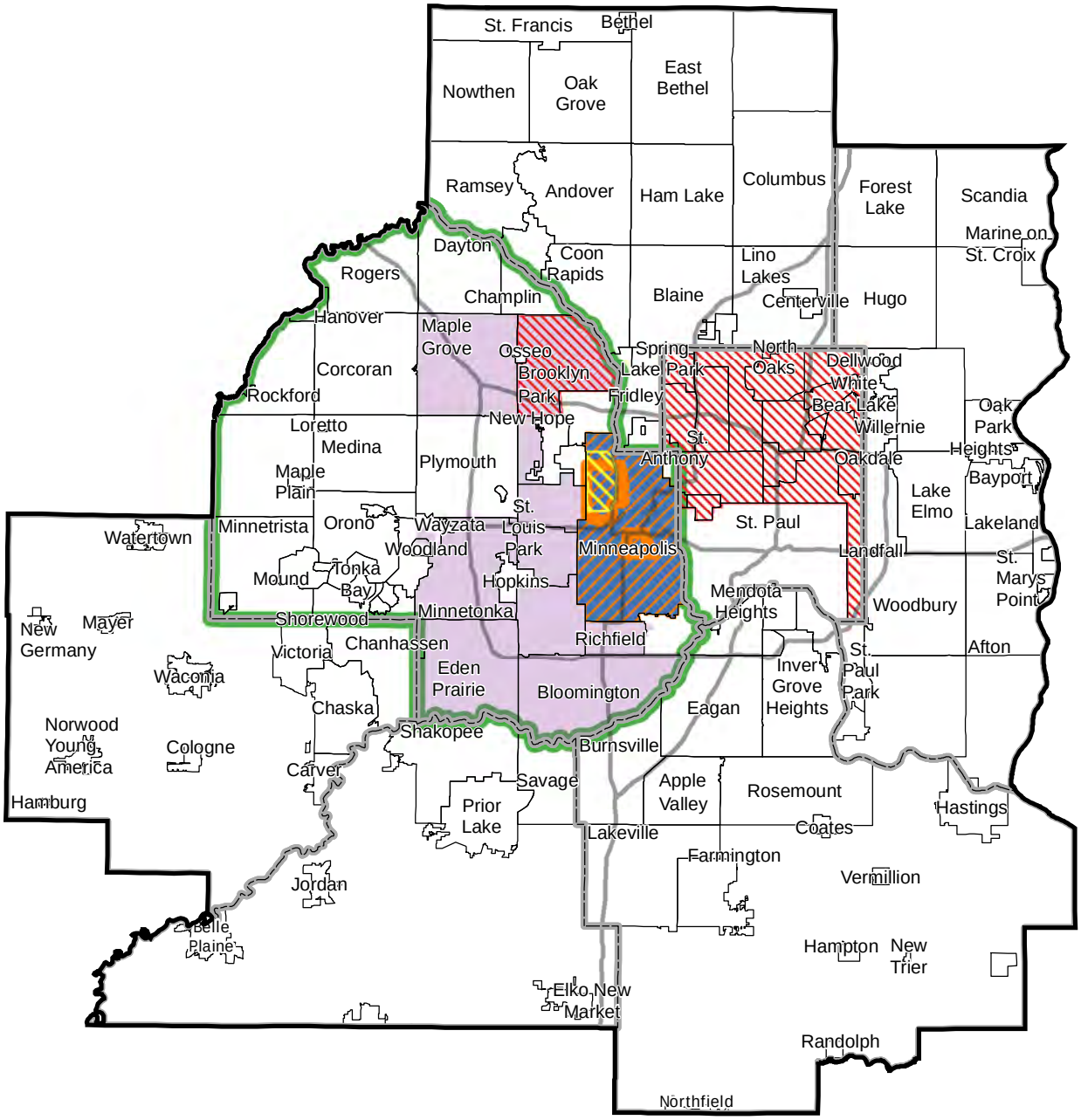


Recommended Applicants - Owner Occupied Rehab

- Headwaters HDC
- Hutchinson HRA
- Arrowhead EOA
- One Roof

0 20 40 Miles

7-County Metro Impact Fund Recommended Acquisition, Rehabilitation, Resale Applications

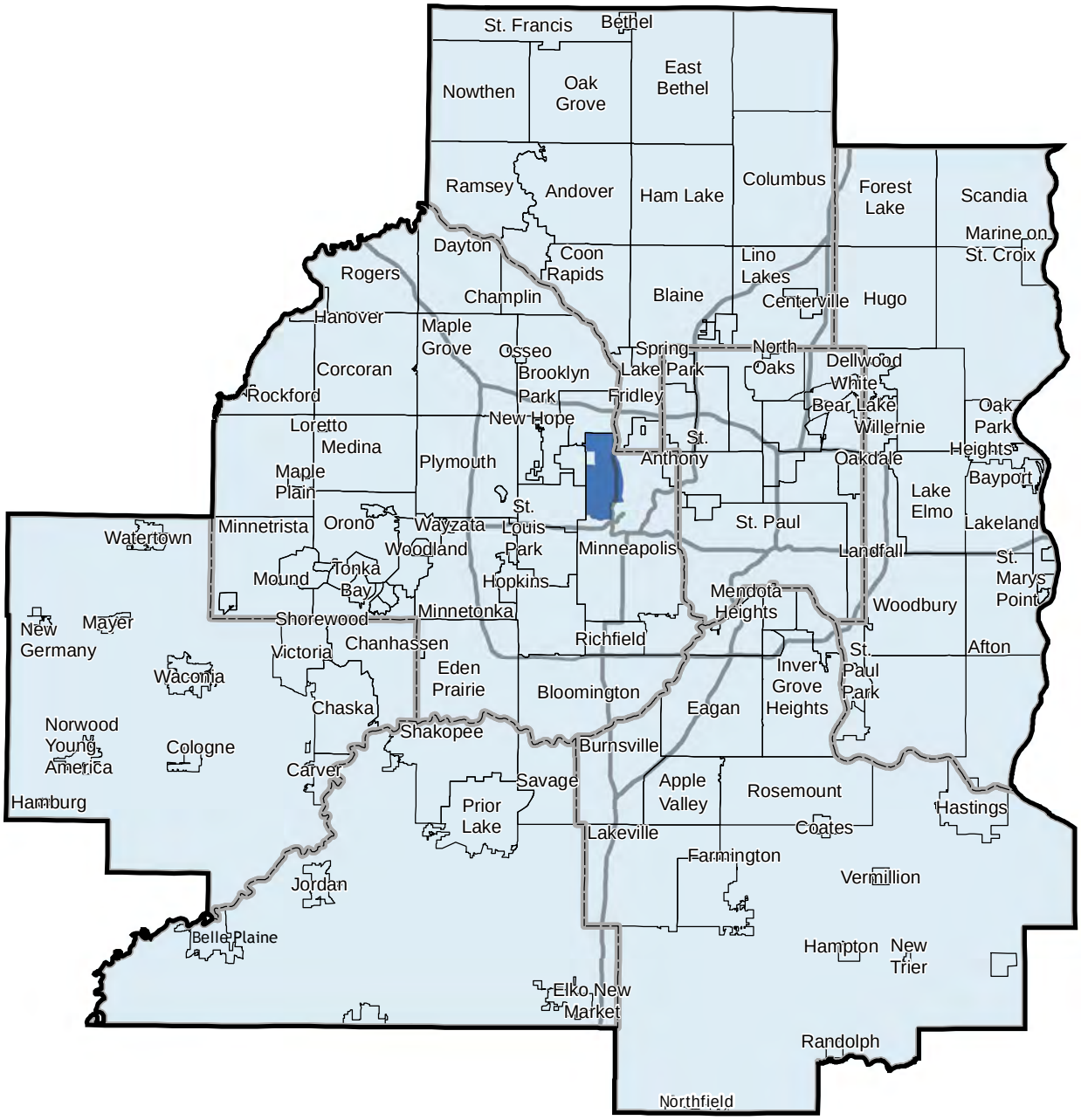


Acquisition, Rehabilitation, Resale Recommended Applications

- CLCLT - Homebuyer Initiated
- PRG-Neighborhood Stabilization
- CLCLT - Organization Initiated
- Robert Engstrom Capital Mngment
- Hennepin County - Tax Forfeit
- West Hennepin Affordable Housing Land Trust
- Northside Home LLC

0 3.5 7 Miles

7-County Metro Impact Fund Recommended Affordability Gap and Down Payment Assistance Applications

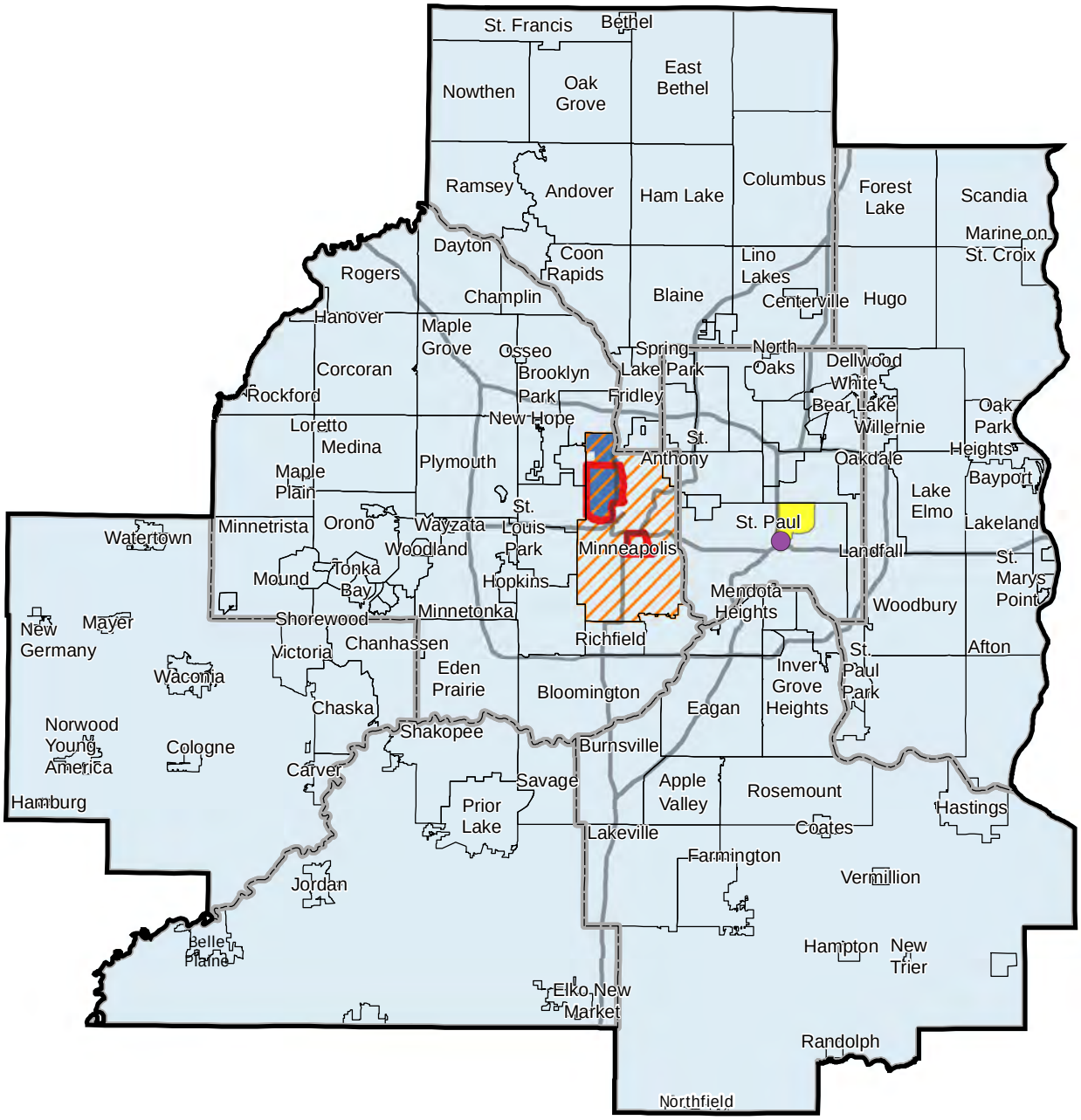


Affordability Gap and Down Payment Assistance Recommended Applications

- City of Minneapolis-Vacant Housing Recycling
- Twin Cities Habitat for Humanity - DPA

0 3.5 7 Miles

7-County Metro Impact Fund Recommended New Construction Applications

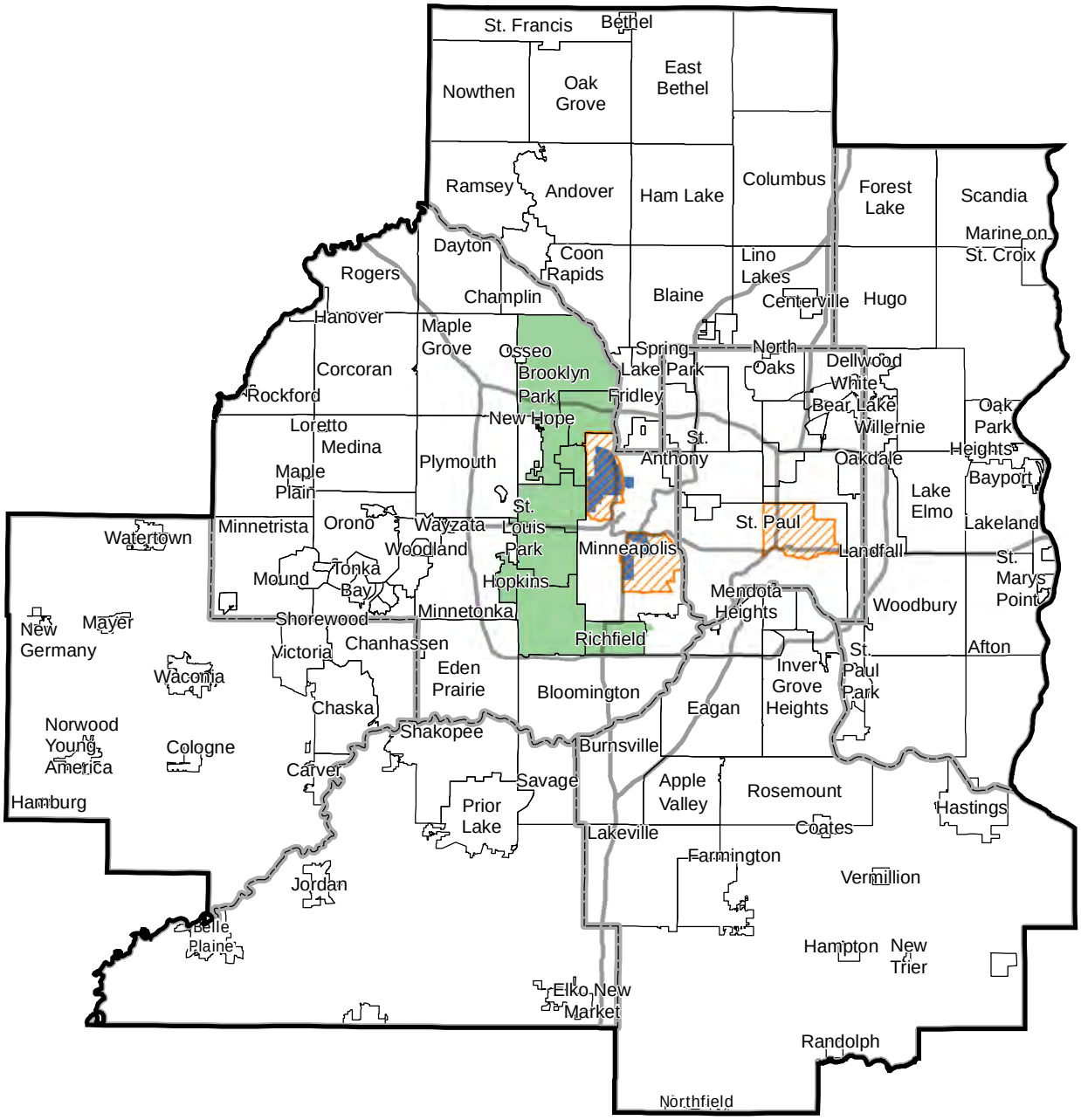


New Construction Recommended Applications

- PRG-Neighborhood Stabilization - NC
- CLCLT - NC
- City of Minneapolis-GHN - NC
- City of St. Paul - NC
- Twin Cities Habitat for Humanity - NC
- Daytons Bluff - NC

0 3.5 7 Miles

7-County Metro Impact Fund Recommended Owner Occupied Rehabilitation Applications

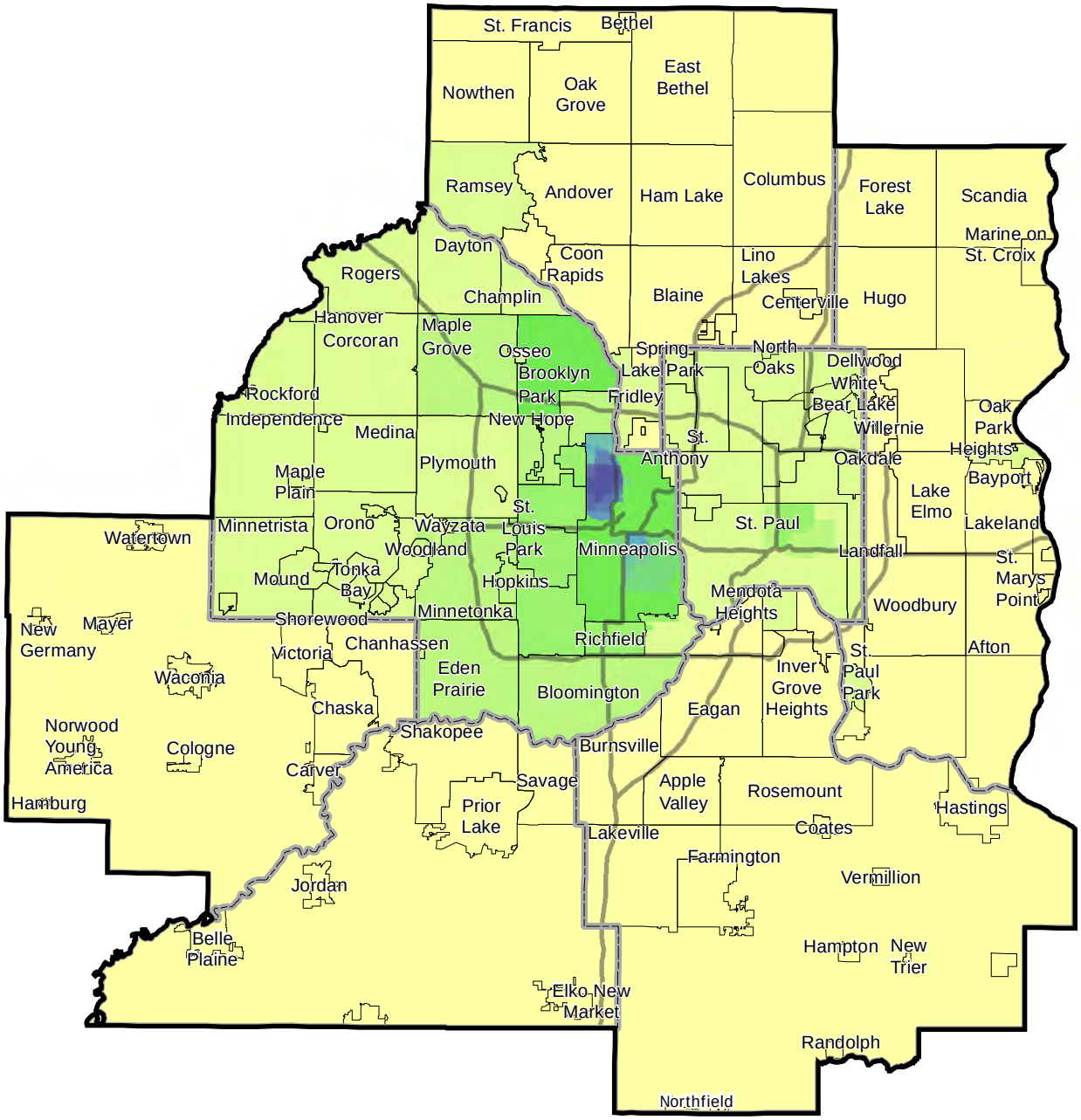


Owner Occupied Rehabilitation Recommended Applications

- City of Minneapolis - OOR
- Hennepin County-Healthy Assistance - OOR
- Rebuilding Together Twin Cities - OOR

0 3.5 7 Miles

7-County Metro Impact Fund Recommended Applications



Total recommended applications that target area

1 2 3 4 5 6 7 8 9 10 11 12 13

0 3.5 7 Miles

City of Lakes Community Land Trust	
Project	CLCLT Homebuyer Initiated Program (HIP) & Development
Location	The City of Minneapolis
Activity	Acquisition, Rehabilitation, & Resale

	# of Units	Total
Funding Requested	20	$ 1,250,000
Funding Recommended	15	$ 937,500

Co-Funder Information	
N/A	$ N/A

Project Description

The City of Lakes Community Land Trust (CLCLT) is a nonprofit community land trust (CLT). Its mission is to create community ownership that preserves affordable and inclusive housing. The CLCLT requests grant funds for the acquisition and rehabilitation of homes under its Homebuyer Initiated Program (HIP). HIP is a scattered site program that allows buyers to choose their homes. The CLCLT inspects and approves the home following execution of a purchase agreement and reserves the right to reject a home if it does not meet the program's criteria or is not structurally sound. The program is designed to promote choice among lower-income buyers. The CLCLT intends to serve households up to 80 percent area median income (AMI).

The CLCLT will prioritize reaching out to households of color. As of December 2015, 53.3 percent of CLCLT homeowners were households of color. Its goal is to ensure that at least 50 percent of all CLCLT homeowners are households of color. This will address Minnesota Housing's priority to reduce Minnesota's racial and ethnicity homeownership disparity.

The CLCLT will partner with NeighborWorks Home Partners who will provide post-purchase loan origination and foreclosure prevention counseling. The Greater Metropolitan Housing Corporation (GMHC) will provide pre-purchase inspections and reports for HIP homes. The City of Lakes Community Realty is a subsidiary of the CLCLT and will market and sell the CLCLT homes. The CLCLT has also partnered with the University District Alliance (UDA) to create affordable homeownership opportunities in student and rental housing development areas.

The CLCLT uses competitive bidding when hiring contractors and generally accepts the lowest responsible bid. Additionally, the CLCLT has a partnership with the Bloomington Home Depot for products. Home Depot donates $5,000 of product per month to the CLCLT with the agreement that the product will only be used for rehabilitating CLCLT homes.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $162,400
Historical High Cost Threshold: $278,764
Percent Below Historical High Cost Threshold: 41.7%

IMPACT FUND VALUE GAP SUBSIDY PER UNIT
Total Per Unit Subsidy: $20,000
Historical High Cost Threshold: $35,931
Percent Below Historical High Cost Threshold: 44.3%

IMPACT FUND AFFORDABILITY GAP SUBSIDY PER UNIT
Maximum Per Unit Subsidy: $50,888
Typical Per Unit Subsidy: $30,000

The per unit affordability gap subsidy is higher because the CLCLT serves very low income households that require a higher subsidy. The average household served is at 53 percent AMI.

Community Need

The majority of Minneapolis homeowners and renters are cost-burdened: 69.7 percent of homeowners and 72.9 percent of renters face monthly housing costs exceeding 30 percent of their monthly income. The median household income is $46,172 and the average homeowner's monthly housing cost is $1,571. The Minneapolis Area Association of Realtors (MAAR) report found that as of April 2016, the median sale price of a home was $231,431, which is a 17 percent increase from the end of 2013. There is a two month inventory of homes in the City of Minneapolis. The MAAR report found that as of May 2016, the inventory of available housing was 16.4% lower than it was at the same time in 2015. Increasing home values and decreasing inventory of homes has made it difficult for lower income households to be competitive when bidding on homes in a traditional purchase. The land trust model makes homes more affordable for low income households and better positions them to be competitive in purchasing homes.

Organization Information

The CLCLT has helped over 200 families purchase homes since its inception in 2002. It has a strong track record in completing acquisition rehabilitation projects. Over the past five years, the CLCLT acquired and rehabilitated 63 homes through its HIP program. The CLCLT has received funding from Minnesota Housing under its Impact Fund (formerly Community Revitalization Fund Program (CRV)) since 2003.

City of Lakes Community Land Trust	
Project	CLCLT New Construction
Location	City of Minneapolis
Activity	New Construction

	# of Units	Total
Funding Requested	5	$ 350,000
Funding Recommended	2	$ 140,000

Co-Funder Information	
N/A	$ N/A

Project Description

The City of Lakes Community Land Trust (CLCLT) is a nonprofit community land trust (CLT). Its mission is to create community ownership that preserves affordable and inclusive housing. The CLCLT requests grant funds to support new construction of homes in the City of Minneapolis. The CLCLT intends to serve households up to 80 percent area median income (AMI).

The CLCLT plans to build primarily multi-generational homes that will include accessary dwelling units. It has sought a Master Plan approval of its multi-generational home design and is working with an architect to develop a standard single-family home design. The type of home it builds will depend on the size of the lot it acquires. This goal will meet Minnesota Housing's priority to serve large families.

The CLCLT will prioritize reaching out to households of color. As of December 2015, 53.3 percent of CLCLT homeowners were households of color. Its goal is to ensure that at least half of all CLCLT homeowners are households of color. This will meet Minnesota Housing's priority to reduce Minnesota's racial and ethnicity homeownership disparity.

The CLCLT will partner with NeighborWorks Home Partners, which will provide post-purchase loan origination and foreclosure prevention counseling. The City of Lakes Community Realty is a subsidiary of the CLCLT and will market and sell the CLCLT homes.

The CLCLT uses competitive bidding when hiring contractors and generally accepts the lowest responsible bid. Additionally, the CLCLT has a partnership with the Bloomington Home Depot for products. Home Depot donates $5,000 of product per month to the CLCLT with the agreement that the product will only be used for rehabilitating CLCLT homes.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $315,000
Historical High Cost Threshold: $325,785
Percent Below Historical High Cost Threshold: 3.3%

IMPACT FUND VALUE GAP SUBSIDY PER UNIT
Total Per Unit Subsidy: $15,000
Historical High Cost Threshold: $49,980
Percent Below Historical High Cost Threshold: 70%

IMPACT FUND AFFORDABILITY GAP SUBSIDY PER UNIT
Maximum Per Unit Subsidy: $54,800
Typical Per Unit Subsidy: $54,800

The per unit affordability gap subsidy is higher because the households that the CLCLT serves are very low income and therefore require a higher subsidy. The average household AMI of the first purchaser of a CLCLT home was 53 percent AMI. The second sale was to households at an average of 49 percent AMI. Of homes that were sold a second time, 38 did not require additional subsidy.

Community Need

The CLCLT has seen a growing need for multigenerational and large family housing. While there is no data on the increase in large families, it has seen an increase in the number of households with four or more members through its work with culturally-specific realtors and its applicants. In 2016 alone, the CLCLT served two households with seven members. The new construction model will allow the CLCLT to design homes to accommodate these households.

Additionally, the majority of Minneapolis homeowners and renters are cost-burdened: 69.7 percent of homeowners and 72.9 percent of renters face monthly housing costs exceeding 30 percent of their monthly income. The median household income is $46,172 and the average homeowner's monthly housing cost is $1,571. The median home sale price as of April 2016 was $231,431, which is a 17 percent increase from the end of 2013. There is an ever increasing need to create and maintain affordable housing. The CLT model will ensure long term affordability of the units it develops.

Organization Information

The CLCLT has helped over 200 families purchase homes since its inception in 2002. It has a strong track record in completing acquisition rehabilitation projects and has recently begun venturing into new construction projects. CLCLT completed its first two new construction projects in 2015 and has two new construction projects currently in progress. CLCLT has received funding from Minnesota Housing under the Impact Fund since 2003.

City of Lakes Community Land Trust	
Project	CLCLT Organization Initiated Acquisition Rehabilitation Program
Location	The City of Minneapolis
Activity	Acquisition, Rehabilitation, & Resale

	# of Units	Total
Funding Requested	20	$ 1,100,000
Funding Recommended	10	$ 525,000

Co-Funder Information	
N/A	$ N/A

Project Description

The City of Lakes Community Land Trust (CLCLT) is a nonprofit community land trust (CLT). Its mission is to create community ownership that preserves affordable and inclusive housing. The CLCLT requests in grant funds for the acquisition and rehabilitation of homes under its organization initiated program. Through this program, the CLCLT acquires, rehabilitates, and resells homes. The homes are then placed in its community land trust and sold to eligible homebuyers. The CLCLT intends to serve households up to 80% area median income (AMI).

The CLCLT will prioritize homes along future or existing transit corridors in Minneapolis and in neighborhoods where there is a potential for significant home value appreciation. The CLCLT will also prioritize reaching out to households of color. As of December 2015, 53.3 percent of CLCLT homeowners were households of color. Its goal is to ensure that at least half of all CLCLT homeowners are households of color. This will address Minnesota Housing's priority to reduce Minnesota's racial and ethnicity homeownership disparity.

The CLCLT will partner with NeighborWorks Home Partners, which will provide post-purchase loan origination and foreclosure prevention counseling. The City of Lakes Community Realty is a subsidiary of the CLCLT and will market and sell the CLCLT homes. The CLCLT has also partnered with the University District Alliance (UDA) to create affordable homeownership opportunities in student and rental housing development areas.

The CLCLT uses competitive bidding when hiring contractors and generally accepts the lowest responsible bid. Additionally, the CLCLT has a partnership with the Bloomington Home Depot for products. Home Depot donates $5,000 of product per month to the CLCLT with the agreement that the product will only be used for rehabilitating CLCLT homes.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $224,275
Historical High Cost Threshold: $278,764
Percent Below Historical High Cost Threshold: 19.5%

IMPACT FUND VALUE GAP SUBSIDY PER UNIT
Total Per Unit Subsidy: $14,275
Historical High Cost Threshold: $35,931
Percent Below Historical High Cost Threshold: 60.3%

IMPACT FUND AFFORDABILITY GAP SUBSIDY PER UNIT
Maximum Per Unit Subsidy: $43,200
Typical Per Unit Subsidy: $30,000

The per unit affordability gap subsidy is higher because the CLCLT serves very low income households that require a higher subsidy. The average household served is at 53 percent AMI.

Community Need

The majority of Minneapolis homeowners and renters are cost-burdened: 69.7 percent of homeowners and 72.9 percent of renters face monthly housing costs exceeding 30 percent of their monthly income. The median household income is $46,172 and the average homeowner's monthly housing cost is $1,571. The Minneapolis Area Association of Realtors (MAAR) report found that as of April 2016, the median sale price of a home was $231,431, which is a 17 percent increase from the end of 2013. There is a two month inventory of homes in the City of Minneapolis. The MAAR report found that as of May 2016, the inventory of available housing was 16.4 percent lower than it was at the same time in 2015. Increasing home values and decreasing inventory of homes has made it difficult for lower income households to be competitive when bidding on homes in a traditional purchase. The land trust model makes homes more affordable for low income households and better positions them to be competitive in purchasing homes.

Organization Information

The CLCLT has helped over 200 families purchase homes since its inception in 2002. It has a strong track record in completing acquisition rehabilitation projects. Over the past five years, the CLCLT acquired and rehabilitated 63 homes through its Homebuyer Initiated Program (HIP). Prior to 2013, the CLCLT worked with other developers to acquire and rehabilitate homes. Since then, the CLCLT has selected and developed five properties on its own. The CLCLT has received funding from Minnesota Housing under its Impact Fund (formerly Community Revitalization Fund Program (CRV)) since 2003.

City of Minneapolis Department of Community Planning and Economic Development	
Project	Green Homes North/Infill Housing Development
Location	The following neighborhoods in the City of Minneapolis: Jordan, McKinley, Hawthorne, Folwell, Willard Hay, Harrison, Webber Camden, Lind-Bohanon, Cleveland, Near North, Shingle Creek, Victory, and Sumner Olson.
Activity	New Construction

	# of Units	Total
Funding Requested	12	$ 500,000
Funding Recommended	12	$ 500,000

Co-Funder Information	
N/A	$ N/A

Project Description

The City of Minneapolis, Department of Community Planning and Economic Development (City) requests grant funding for New Construction under its Green Homes North/Infill Housing Program (GHN). The goal of the City's GHN program is to provide affordable housing and to increase home values thereby strengthening the housing market in North Minneapolis. The City accepts proposals from local housing developers to purchase city-owned vacant lots and to construct new, quality, healthy single-family housing for resale to owner-occupants. The City intends to serve households up to 115 percent of area median income (AMI). To date, forty homes have been sold through the GHN program.

The City has issued proposals for GHN Round 6 and is targeting development on its Neighborhood Stabilization Program (NSP) vacant lots. The City has received over $1 million in NSP funding from Minnesota Housing.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $290,958
Historical High Cost Threshold: $325,785
Percent Below Historical High Cost Threshold: 10%

IMPACT FUND VALUE GAP SUBSIDY PER UNIT
Total Per unit subsidy: $41,666
Historical High Cost Threshold: $49,980
Percent Below Historical High Cost Threshold: 16%

Community Need

GHN is designed to help spur a return to quality, healthy, and affordable housing in North Minneapolis neighborhoods. The GHN program will target the North Minneapolis neighborhoods most impacted by the housing crisis and the May 2011 tornado. To maximize neighborhood stabilization efforts, the City will continue its investments in neighborhoods with the highest concentrations of mortgage foreclosures and households living in poverty, executed through a coordinated strategy among City departments, numerous community-based organizations, and developers. From 2008-2014, clustered neighborhood

investments have enabled over 700 families to become homeowners and has produced over 400 new or renovated quality rental and homeownership units.

In addition, the City currently has 321 city-owned vacant lots identified for residential infill development. Three hundred of these vacant lots are located in North Minneapolis.

Organization Information
The City has offered housing programs since the 1960s and continues to seek opportunities to offer mortgage, home improvement, development and business financing options. The City is experienced in administering public subsidy and has staff with extensive expertise in affordable housing and community development. The construction of new, green homes on city-owned vacant lots is strongly supported by the Minneapolis City Council, the Northside Home Fund Board, and the Minneapolis Promise Zone. In addition, the City has established sound partnerships with community development organizations, neighborhood groups, for profit and nonprofit developers, and local realtors to help to achieve the goals of the GHN program. Since 2011, the City has received four Impact Fund grant awards for its GHN program completing 30 units of newly constructed green homes in the target neighborhoods of North Minneapolis.

City of Minneapolis Department of Community Planning and Economic Development	
Project	Rehab Support Program
Location	The following neighborhoods in the City of Minneapolis: Jordan, McKinley, Hawthorne, Central, Folwell, East Phillips, Willard Hay, Bottineau, Ventura Village, Bryant, and Webber Camden.
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	95	$ 500,000
Funding Recommended	45	$ 236,842

Co-Funder Information	
N/A	$ N/A

Project Description

The City of Minneapolis, Department of Community Planning and Economic Development (City) is requesting grant funds for its Rehab Support Program (RSP). The RSP will write down the interest rate on Community Fix Up Loans for eligible borrowers seeking to repair, remodel, or make energy saving home improvements. The City intends to serve borrowers with household incomes of up to 115 percent of area median income (AMI). The City will continue to partner with the Greater Metropolitan Housing Corporation (GMHC) to administer the program and originate Community Fix Up Loans.

The goal of the RSP is to provide an incentive to homeowners to complete improvements to their homes that will potentially increase the value of the home and ideally will positively impact the values of the surrounding properties.

The City anticipates an average per-unit Impact Fund subsidy investment of $16,667 and a maximum investment of $20,000.

TOTAL REHABILITATION COST PER UNIT
Proposed Total Rehabilitation Cost: $18,000
Historical High Cost Threshold: $34,516
Percent Below Historical High Cost Threshold: 47%

IMPACT FUND SUBSIDY PER UNIT
Total Per Unit Subsidy: $5,263
Historical High Cost Threshold: $17,978
Percent Below Historical High Cost Threshold: 71%

Community Need

The City will target the RSP in neighborhoods that were previously impacted by high levels of foreclosures and owner-occupied properties in need of rehabilitation work. Overall, there is a large range in the appraised values of properties in the RSP target area however; during the past three years, the City reports that the majority of homes experienced a loss or minimal gains in value. In addition, the City estimates that there are approximately 22,973 owner-occupied homes in need of rehabilitation

work throughout the RSP target area.

Organization Information
The City has offered housing programs since the 1960s and continues to seek opportunities to offer mortgage, home improvement, development and business financing options. The City is experienced in administering public subsidy and has staff with extensive expertise in affordable housing and community development. The goals and intended outcomes of the RSP align with the City's broader housing and community development strategies. It has developed a strong partnerships with neighborhoods organizations and includes neighborhoods in the planning process for establishing the City's housing goals of which include safe and affordable housing options for residents. Since 2011, the City has received five Impact Fund grant awards for owner-occupied rehabilitation through a coordinated partnership with GMHC and has exceeded projections completing 80 units of owner-occupied rehab loans.

City of Minneapolis Department of Community Planning and Economic Development	
Project	Vacant Housing Recycling Program (VHRP) Homebuyer Assistance
Location	The following neighborhoods in the City of Minneapolis: Jordan, McKinley, Hawthorne, Folwell, Willard Hay, Harrison, Webber-Camden, Lind-Bohanon, Cleveland, Near North, Shingle Creek, Victory, and Sumner Olson.
Activity	Affordability Gap/Downpayment Program

	# of Units	Total
Funding Requested	30	$ 90,000
Funding Recommended	15	$ 45,000

Co-Funder Information	
N/A	$ N/A

Project Description

The City of Minneapolis, Department of Community Planning and Economic Development (the City) requests deferred loans funds to provide Affordability Gap financing through its Vacant Housing Recycling Program (VHRP) Homebuyer Assistance. In addition, the City requests grant funds to cover the administration costs to originate each deferred loan. The City will partner with the Greater Metropolitan Housing Corporation (GMHC) to administer its homebuyer financing programs and will require all buyers to participate in homebuyer counseling through the Minnesota Homeownership Center's Homeownership Advisor's Network.

The goal of the City's VHRP is to address vacancy and blight in North Minneapolis neighborhoods that were disproportionately impacted during the foreclosure and housing crisis over the last decade. Properties are primarily acquired through Hennepin County's tax forfeiture process and sold to developers with the strongest proposals for rehabilitation.

Through the VHRP, the City will invest in homebuyer assistance as a mechanism to increase access to affordable housing and incentivize long-term owner occupancy. City intends to provide affordability gap financing to homebuyers with incomes of up to 115 percent of area median income (AMI). The program will help income eligible buyers meet the minimum down payment requirements, pay for closing costs, and/or to write down the first mortgage principal to achieve a 25% target housing ratio.

IMPACT FUND AFFORDABILITY GAP SUBSIDY PER UNIT
Maximum Per Unit Subsidy: $5,000
Typical Per Unit Subsidy: $2,500

Community Need

The North Minneapolis housing market continues to experience a number of challenges, including market values that are lower than in the remainder of the City, higher concentrations of vacant and abandoned buildings and lots, and has an older housing stock of properties in poor condition and in need of repair.

In April of 2016, the Minneapolis Area Association of Realtors reported that the median sales prices of

homes in Minneapolis was $240,000. Comparatively, the median sale prices of homes in the Camden and Near North neighborhoods were $135,000 and $141,000 respectively.

Moreover, median household incomes in North Minneapolis are much lower than average with household poverty rates in the 80-100th percentile. From 2008-2014, the City's Residential and Real Estate Development (RRED) division has funded 710 homebuyers in purchase transactions of which 67% of the households served had incomes at or below 80% AMI.

Organization Information

The City has offered housing programs since the 1960s and continues to seek opportunities to offer mortgage, home improvement, development and business financing options. The City is experienced in administering public subsidy and has staff with extensive expertise in affordable housing and community development.

The VHRP is part of a larger strategy to positively impact the North Minneapolis housing market and neighborhood stabilization efforts. This strategy has been vetted and is supported by the Northside Home Fund Board, the Minneapolis Three Point Plan for Foreclosure Recovery, the Minneapolis Residential and Real Estate Development division, the Infill Development Working Group, as well as numerous community-based organizations, neighborhood groups, and developers.

Since 2011, the City has received three Impact Fund awards for homebuyer affordability gap assistance. The City partnered with GMHC to administer each of its past awards and, through the partnership, has exceeded projections regarding the total number of households receiving assistance.

Northside Home LLC	
Project	Northside Home
Location	North Minneapolis
Activity	Acquisition, Rehabilitation, & Resale

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

Co-Funder Information	
N/A	$ N/A

Project Description

Northside Home LLC (Northside Home) is a partnership between Urban Homeworks (UHW) and Project for Pride in Living (PPL), two nonprofit developers and property managers. PPL also offers other services such as employment training and financial training.

Northside Home requests grant funds to support the acquisition, rehabilitation and resale of of homes under its Northside Home Homeownership Program in North Minneapolis. Northside Home intends to serve households earning up to 115 percent of area median income (AMI), and to offer a lease-purchase option for interested buyers who cannot qualify for a mortgage but commit to efforts to improve their credit with a goal of qualifying for a traditional mortgage.

Both UHW and PPL perform developer functions through Northside Home. PPL manages the finance operations for the LLC. Urban Homeworks performs property management services.

This proposal promises to improve family and neighborhood stability in North Minneapolis, an area with more than its share of highly mobile families and vacant and deteriorated housing in need of reinvestment.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $180,000
Historical High Cost Threshold: $278,764
Percent Below Historical High Cost Threshold: 35%

IMPACT FUND SUBSIDY PER UNIT
Total Per unit subsidy: $25,000
Historical High Cost Threshold: $105,167
Percent Below Historical High Cost Threshold: 76%

Community Need

The purpose of Northside Home is to create a pathway to homeownership for emerging markets in North Minneapolis. This proposal seeks to address housing instability for cost-burdened households, low ownership rates among communities of color, and neighborhood destabilization due to on-going problems of foreclosed and abandoned properties.

IMPROVE FAMILIES' HOUSING STABILITY

Northside Home provides a path to homeownership by selling homes through a required program of credit enhancement and financial coaching, and bridging the time required to attain a mortgage through a lease-purchase option when necessary.

INCREASE HOMEOWNERSHIP OPPORTUNITIES FOR UNDERSERVED POPULATIONS

Of the 15 families currently occupying Northside Home properties, 13 (87 percent) are families of color, and nine (60 percent) are headed by a single adult.

Minnesota's households of color face challenges in the mortgage market, as evidenced by the racial and ethnicity homeownership disparity present in Minnesota. Northside Home provides a pathway to homeownership that utilizes the high touch approach, and a lease-purchase option, successful in delivering homeownership opportunities for families underserved in the traditional mortgage marketplace.

IMPROVE NEIGHBORHOOD STABILITY

Northside Home intends to target properties that are foreclosed, bank-owned, or otherwise at risk, thus converting nuisance properties to neighborhood assets.

The acquisition, rehabilitation, education and resale activity is complemented by Northside Home's efforts to bring jobs and economic activity to the neighborhood by hiring local contractors, with the goal of strengthening their businesses and keeping dollars in the community.

Organization Information

PPL and UHW are both relatively large and stable organizations. Both are experienced Impact Fund administrators, with regular awards from the Single Family Request for Proposal dating back to the early- and mid-2000s.

Both PPL and UHW have many years of experience in the purchase, renovation and sale of formerly blighted properties. Collectively, PPL and UHW bring to Northside Home the experience of 75 years of non-profit housing development and at least 150 affordable single family homes that have been developed for sale to eligible buyers. PPL works with lower-income individuals and families to achieve greater self-sufficiency through housing opportunities, and also through employment training, support services, and education. UHW provides ownership and rental housing opportunities, partnerships for construction training, networks for engaged neighbors, and opportunities for mobilized volunteers. Both UHW and PPL have experience in providing appropriate support for residents to ensure stability both for households and for the surrounding neighborhoods.

Northside Home's financial coaches serve as guides and facilitators to help potential homeowners, including lease-purchase tenants, prepare for homeownership and learn about the responsibilities of homeownership.

PRG, Inc.	
Project	PRG Neighborhood Stabilization – Acquisition Rehabilitation
Location	Multiple Minneapolis zip codes, with priority in the three target areas of the Harrison, Jordan and Phillips neighborhoods.
Activity	Acquisition, Rehabilitation, Resale

	# of Units	Total
Funding Requested	4	$ 220,000
Funding Recommended	4	$ 220,000

Co-Funder Information	
N/A	$ N/A

Project Description

PRG, Inc. is a non-profit organization that has developed quality, affordable housing and provides related services since 1976. Their purpose is to enhance neighborhood stability and family self-sufficiency.

PRG, Inc. requests grant funds and interim loan financing to acquire, rehabilitate and sell four homes in Minneapolis under its PRG Neighborhood Stabilization program. PRG, Inc. Intends to serve households with incomes up to 80 percent of the area median income (AMI).

The City of Minneapolis is waiving $18,000 in fees and PRG, Inc. can access both the City of Minneapolis Neighborhood Stabilization Program (NSP) and HOME funds as potential leverage.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $225,000
Historical High Cost Threshold: $278,764
Percentage Below Historical High Cost Threshold: 19%

IMPACT FUND VALUE GAP SUBSIDY PER UNIT
Total Per Unit Subsidy: $25,000
Historical High Cost Threshold: $35,700
Percentage Below Historic High Cost Threshold: 30%

IMPACT FUND SUBSIDY PER UNIT
Maximum Per Unit Subsidy: $37,500
Typical Per Unit Subsidy: $25,000

Community Need

Community needs include a continued presence of blighted and vacant properties and continued need for quality affordable housing. This proposal would provide high-quality homeownership opportunities to low- and moderate- income families, including those from underserved populations.

There is a clear need for affordable homeownership in the target areas and a low supply of homes for sale. Currently there is a three-month supply of homes in the Jordan neighborhood, less than a one month in the Harrison neighborhood and two months' supply in the Phillips neighborhood.

Demand is strong in PRG's target area for four bedroom units due in part to large numbers of new East African-American, Southeast Asian American and Latino American immigrant households with larger families. Since 2009 PRG has sold 56 homes to households of color, representing 69 percent of all PRG sales during the period.

Organization Information
Over the past five years, PRG has completed 57 acquisition, rehabilitation and resales. They have been an active administrator in the Minneapolis and Brooklyn Park foreclosure remediation efforts, funded with both NSP and Impact Fund dollars. Minnesota Housing awarded Impact Fund dollars to PRG for this same activity in each of the past three annual funding rounds. PRG's experience with the Impact Fund (formerly the Community Revitalization Fund, or CRV) dates back to 2001. PRG has retained capable staff experienced in the areas of housing development and project management, nonprofit budgeting and finance, real estate and marketing, and property acquisition.

PRG, Inc.	
Project	PRG Neighborhood Stabilization – New Construction
Location	Multiple Minneapolis ZIP codes, with priority in the three target areas of the Harrison, Jordan and Phillips neighborhoods.
Activity	New Construction

	# of Units	Total
Funding Requested	2	$ 110,000
Funding Recommended	2	$ 110,000

Co-Funder Information	
N/A	$ N/A

Project Description

PRG, Inc. is a non-profit organization that has developed quality, affordable housing and provides related services since 1976. Their purpose is to enhance neighborhood stability and family self-sufficiency.

PRG, Inc. requests deferred loan funds and grant funds to support two units of new construction on infill lots within fully developed neighborhoods under its PRG Neighborhood Stabilization program. Lots will be selected based on the following criteria: located in an area of concentrated redevelopment or be located on an otherwise stable block. PRG intends to serve households with incomes up to 80 percent of the area median (AMI).

The City of Minneapolis is waiving $4,970 in fees. Midtown Phillips Neighborhood Association is committing $15.000 and East Phillips Improvement Coalition is committing $15,000.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $310,000
Historical High Cost Threshold: $325,785
Percentage Below Historical High Cost Threshold: 5%

IMPACT FUND VALUE GAP SUBSIDY PER UNIT
Total Per Unit Subsidy: $35,000
Historical High Cost Threshold: $49,980
Percent Below Historic High Cost Threshold: 30%

IMPACT FUND AFFORDABILITY GAP SUBSIDY PER UNIT
Total Per Unit Subsidy: $20,000
Maximum Per Unit Subsidy: $30,000
Typical Per Unit Subsidy: $20,000

Community Need

Community needs include a continued presence of blighted and vacant properties and continued need for quality affordable housing. This proposal would provide high-quality homeownership opportunities to low- and moderate- income families, including those from underserved populations.

There is a clear need for affordable homeownership in the target areas and a low supply of homes for sale. Currently there is a three-month supply of homes in the Jordan neighborhood, less than a one month in the Harrison neighborhood and two months' supply in the Phillips neighborhood.

Demand is strong in PRG's target area for four bedroom units due in part to large numbers of new East African-American, Southeast Asian American and Latino American immigrant households with larger families. Since 2009 PRG has sold 56 homes to households of color, representing 69 percent of all PRG sales during the period.

Organization Information
Over the past five years, PRG has completed nine new construction projects. They have been an active administrator in the Minneapolis and Brooklyn Park foreclosure remediation efforts, funded with both NSP and Impact Fund dollars. Minnesota Housing awarded Impact Fund dollars to PRG for this same activity in each of the past three annual funding rounds. PRG's experience with the Impact Fund dates back to 2001. PRG has retained capable staff experienced in the areas of housing development and project management, nonprofit budgeting and finance, real estate marketing, and property acquisition.

Daytons Bluff Neighborhood Housing Services	
Project	Village on Rivoli
Location	Rivoli Street - Railroad Island in Saint Paul
Activity	New Construction

	# of Units	Total
Funding Requested	5	$ 310,025
Funding Recommended	4	$ 248,020

Co-Funder Information	
N/A	$ N/A

Project Description

Dayton's Bluff Neighborhood Housing Service (DBNHS) is a nonprofit whose mission is to improve the quality of life in Saint Paul neighborhoods through affordable housing development, housing rehabilitation and other community development strategies.

DBNHS requests grant funds for new construction of large, single family homes for its Village on Rivoli development. Planning of the Village on Rivoli development started in 2008. In 2013 and 2014, Minnesota Housing awarded $361,610 through the Impact Fund to support value gap in the development of seven homes. The homes are on track to be completed and sold in early 2017.

DBNHS is the developer of the Village on Rivoli. They partner and work closely with the Railroad Island Task Force and the City of Saint Paul. This proposal will complete the third phase of a five-phase Railroad Island Housing Initiative, which carries out the Railroad Island Master Plan.

DBNHS intends to serve large families earning up to 115 percent of area median income (AMI).

DBNHS has received committed leverage from a variety of funding sources including: Saint Paul STAR (Sales Tax Revitalization Program), Metropolitan Council Livable Communities Demonstration Account and the City of Saint Paul. DBNHS is committed to completing this project despite many cost overages, some of which they have absorbed themselves to keep the project moving.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $390,785
Historical High Cost Threshold: $325,785
Percent Above Historical High Cost Threshold: 20%

IMPACT FUND VALUE GAP SUBSIDY PER UNIT
Total Per unit subsidy: $62,005
Historical High Cost Threshold: $49,980
Percent Above Historical High Cost Threshold: 24%

The total development cost per unit is very high; one reason is due to required environmental remediation and geotechnical work. After years of hurdles, unforeseen problems and additional costs, seven homes are finally under construction.

The proposal addresses the following funding priorities: Large-Family Housing, Workforce Housing, and Addressing the Needs of Underserved Populations.

Community Need

Railroad Island is one of the oldest and poorest neighborhoods in Saint Paul. According to a housing condition survey, 67 percent of the properties need rehabilitation work expected to cost $50,000 or more.

According to Minnesota Housing's Community Profiles tool, Rivoli Street is located in one of the Twin Cities' Top 5 Job Growth areas. There are 119,922 jobs within five miles of the site. The census tract has a poverty rate of 47 percent, a homeownership rate of 33.3 percent and a median household income of $29,350. The majority of the populations, 65.2 percent, are households of color.

The projects addresses the lack of supply relative to demand for quality, affordable, large, single family housing that is suitable for large families who want to live on Saint Paul's lower East Side. This proposal addresses the need for workforce housing in close proximity to jobs.

Organization Information

DBNHS has over 35 years' experience developing, financing and selling both newly-constructed and rehabilitated affordable housing in Saint Paul. Since inception through December of 2015, DBNHS has been responsible for the rehabilitation, construction and assisted purchase of 3,181 affordable housing units (both ownership and rental) at a cost of $275,978,413. Most of these homes have been located on Saint Paul's East Side.

DBNHS has been an active Impact Fund administrator for many years. They have a wealth of experience completing projects, and have a very committed staff.

Saint Paul Housing and Redevelopment Authority	
Project	Inspiring Communities Program
Location	Payne-Phalen District 5 (The area bounded by Interstate 35E to the West, Larpenteur Ave to the North, McAfee St and Phalen Blvd to the East and South, and Grove St on the South)
Activity	New Construction

	# of Units	Total
Funding Requested	14	$ 560,000
Funding Recommended	14	$ 400,000

Co-Funder Information	
Metropolitan Council	$ 160,000

Project Description

The Housing and Redevelopment Authority of the City of Saint Paul (the HRA) requests grant funding for New Construction under its Inspiring Communities program. The HRA intends to serve households up to 115 percent of area mean income (AMI). The HRA proposes to combine Impact Fund subsidy with Neighborhood Stabilization Program (NSP) subsidy provided by Minnesota Housing, in order to complete one of its proposed projects. Both the Inspiring Communities program and NSP work to create and sustain housing in neighborhoods that have experienced high rates of foreclosure and vacancy.

The HRA will solicit proposals from developers through a request for proposal process and will then supply vacant lots, from HRA inventory, as well as development gap subsidy to the selected developer. All of the proposed project sites have been strategically acquired because of proximity to: a concentration of vacant or foreclosed homes, areas of disinvestment, decline in property values, neighborhood assets, neighborhood initiatives and the potential to leverage additional funding. New construction activity on these lots will result in a stronger Payne-Phalen neighborhood and will increase property values.

Metropolitan Council funds and Minnesota Housing funds will be combined in the same Projects where feasible.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $324,500
Historical High Cost Threshold: $325,785
Percent Below Historical High Cost Threshold: 0.03%

IMPACT FUND VALUE GAP SUBSIDY PER UNIT
Total Per unit subsidy: $28,571
Historical High Cost Threshold: $49,980
Percent Below Historical High Cost Threshold: 43%

Community Need

In the target area, there is a high concentration of cost burdened households, high rates of foreclosure and vacancy, an older housing stock and a concentration of underserved populations. Currently, the City

of Saint Paul has 149 registered vacant buildings (both residential and commercial) and 109 of these vacant buildings are within the applicant's target area. Approximately 30 percent of residents in the target area live below the poverty line. Residents travel approximately 7.5 miles to work. Much of the existing housing is occupied by families consisting of three or more people, underscoring the demand for homes outlined in the proposal and produced by the Inspiring Communities program. Within the target area there are many social services and initiatives that will supplement the Impact Fund subsidy, including local initiatives to improve schools, public safety and economic development.

Organization Information

The HRA has strong partnerships with community development organizations, nonprofits, for-profits, developers, realtors and neighborhood organizations that make it possible to achieve the objectives outlined in their application. The HRA is experienced in administering public subsidy for the creation and preservation of affordable housing. They currently implement the NSP (including an NSP award from Minnesota Housing) and a Homebuyer Assistance Incentive Program which provides affordability gap assistance to homebuyers.

The HRA has a long history of receiving Impact Fund awards and most recently received Impact Fund awards in 2013 and 2014 funding Acquisition-Rehabilitation and New Construction activity. The HRA successfully completed 22 units through these awards. The HRA is staffed by professionals with strong capacity and a wealth of experience in completing affordable housing projects.

Hennepin County Housing and Redevelopment Authority	
Project	Healthy Homes Assistance Project
Location	Brooklyn Center, Brooklyn Park, Crystal, Edina, Golden Valley, Hopkins, Richfield, Robbinsdale, St. Louis Park with Minneapolis and all of Hennepin County eligible for emergencies.
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	13	$ 75,000
Funding Recommended	13	$ 75,000

Co-Funder Information	
N/A	$ N/A

Project Description

Hennepin County Housing and Redevelopment Authority's (HCHRA) mission is to serve the residents of Hennepin County and its municipalities by undertaking or assisting housing projects that will provide decent, affordable housing and undertaking or assisting economic development or redevelopment projects at the lowest possible cost to the County residents.

HCHRA requests deferred loan funds for owner-occupied rehabilitation under its Healthy Homes Assistance Project (HHAP). HHAP provides grants or deferred loans to homeowners to address health and safety hazards in the home. HCHRA will provide emergency repairs such as addressing major plumbing or roof leaks in single family homes and manufactured homes. It will also use the funds to address smaller items like radon systems and other safety hazards in homes.

HCHRA will serve households up to 115 percent of the area median income (AMI) with priority given to families with incomes below 50 percent AMI or with health conditions such as uncontrolled asthma.

Hennepin County has committed $40,000 to HHAP from its rehabilitation program and lead-based paint grants.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $1,500 to $35,000
Historical High Cost Threshold: $16,289
Percent Above Historical High Cost Threshold: 16% (based on 2014 average of $13,651)

HHAP projects have a wide range of costs due to the varying degree of repair required. HCHRA was awarded funds in 2014 for the same activities. The average total development cost under that award was $13,651.

IMPACT FUND SUBSIDY PER UNIT
Total Per unit subsidy: $5,770
Historical High Cost Threshold:$5,812
Percent Below Historical High Cost Threshold: 7%

For emergency or small repair projects, Impact Fund subsidy will be the only source of funding for the

project and will range from $1500 to $8000. For more extensive repairs, Impact Fund subsidy will remain between $1500 to $8000 and remaining costs will be covered by other leveraged sources.

Community Need

Children spend up to 80 to 90 percent of their time indoors making it imperative to make the home environment as healthy and safe as possible. As homes age and incomes remain stagnant, families can fall behind on repairs or be unable to address sudden emergency conditions that arise. The population is aging and more households will need assistance with updates or installation of features that will make it easier for them to age in place and to prevent falls.

Organization Information

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. Staff has extensive experience in administering housing rehabilitation programs and has successfully completed lead hazard control and healthy homes projects with a broad range of partners and funding sources in many housing types across the county.

HCHRA has a proven track record under previous Impact Fund awards. It has been an Impact Fund administrator since 2001 and has served 414 households to date. In the last five years they have had nine Impact Fund awards serving 126 households.

Hennepin County Housing and Redevelopment Authority	
Project	Tax Forfeit to Affordable Homeownership
Location	Minneapolis and Suburban Hennepin County
Activity	Acquisition, Rehabilitation, & Resale

	# of Units	Total
Funding Requested	2	$ 210,000
Funding Recommended	2	$ 105,000

Co-Funder Information	
Metropolitan Council	$ 105,000

Project Description

Hennepin County Housing and Redevelopment Authority's (HCHRA) principle mission is to serve the residents of Hennepin County and its municipalities by undertaking or assisting projects that will create decent, safe and affordable housing for its residents, create jobs, expand the tax base, eliminate blight and provide for or facilitate the operation of public conveniences all at the lowest possible cost to County residents.

HCHRA requests a total of $210,000, $105,000 from Minnesota Housing and $105,000 from the Metropolitan Council, for the acquisition, rehabilitation and resale of two tax-forfeited properties, one in Minneapolis and one in suburban Hennepin County. Upon completion, these homes will be purchased by City of Lakes Community Land Trust (CLCLT) and West Hennepin Affordable Housing Land Trust (WHAHLT). CLCLT and WHAHLT will sell the units to qualified borrowers earning up to 80 percent of Area Median Income (AMI).

This project will remove blighted properties from their respective neighborhoods and replace them with affordable housing once again included in the tax rolls. Placing these properties in the land trusts will provide long-term affordability.

TOTAL DEVELOPMENT COST PER UNIT
Proposed total development cost: $306,950
Historical High Cost Threshold: $278,764
Percent Above High Cost Threshold: 10%

IMPACT FUND SUBSIDY PER UNIT
Total Per Unit Subsidy: $105,000
Historical High Cost Threshold: $105,167
Percent Below Historical High Cost Threshold: 0.1%

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 return two properties to the Hennepin County tax rolls turning them into community assets once more.

Sentence to Serve Homes will be used for the rehabilitation and not only provides cost containment and leverage for the project and homes for two deserving families but it also, through its training program, provides offenders with marketable skills to ease the transition from prison inmate to a contributing member of the community in which they will live when released from incarceration.

Organization Information
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 Impact Fund awards. It has been an Impact Fund administrator since 2001 and has served 414 households to date. In the last five years they have had nine Impact Fund awards serving 126 households. In addition, CLCLT and WHAHLT have long experience in running land trust programs and each has an excellent record when it comes to previous Impact Fund Awards.

Rebuilding Together Twin Cities	
Project	Critical Repair Projects for Low-Income Homeowners in North and South Minneapolis and East Saint Paul
Location	North Minneapolis, South Minneapolis, and East Saint Paul
Activity	Owner Occupied Rehabilitation

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

Co-Funder Information	
N/A	$ N/A

Project Description

Rebuilding Together Twin Cities (Rebuilding Together) is a nonprofit organization whose mission is to transform the lives of low-income homeowners by improving the safety and health of their homes and revitalizing communities. Rebuilding Together coordinates the volunteers, skilled labor, tools and supplies necessary to repair the homes. Their efforts are focused on serving older adults, individuals living with disabilities, active and retired members of the armed services, and families with children.

Rebuilding Together requests grant funds for Owner Occupied Rehabilitation projects for households up to 50 percent Area Median Income (AMI). Rebuilding Together's objectives are to make repairs and modifications to allow individuals to age in place, serve growing families, work to preserve existing housing stock and address critical housing needs.

Rebuilding Together will partner with Greater Metropolitan Housing Corporation (GMHC). GMHC will originate and underwrite interest-free, deferred, forgivable loans for homeowners served through Rebuilding Together's program. Rebuilding Together has an established partnership with GMHC and has a memorandum of understanding in place.

Rebuilding Together plans to complete 10-12 additional repair projects within the same target area through its "Kick off to Rebuild" campaign. The campaign, made possible through a partnership with the National Football League, a grant from National Rebuilding Together and other corporate sponsorships, will lead up to Super Bowl LII and will conclude with a large scale volunteer project. Rebuilding together plans to execute a massive press outreach to all media outlets regarding these projects.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $8,000
Historical High Cost Threshold: $34,516
Percent Below Historical High Cost Threshold: 77%

IMPACT FUND SUBSIDY PER UNIT
Total Per unit subsidy: $8,000
Historical High Cost Threshold: $17,987
Percent Below Historical High Cost Threshold: 55%

Community Need
The majority of households in the target area are cost burdened at 70 percent of total households. Low-income homebuyers are deferring regular maintenance and basic repairs to their homes. When regular home maintenance and small repairs go unattended, the homes fall into disrepair. Safety and stability decline while health hazards grow and compound. This is evident in the applications that Rebuilding Together receives. Many homeowners request assistance with larger-scale maintenance and repair projects such as roofs, electrical, and plumbing. There is also aging housing stock. In North Minneapolis, 67 percent of owner-occupied homes were built before 1950. In South Minneapolis, 83 percent of owner-occupied homes were built before 1950 and in East Saint Paul 72 percent of owner-occupied homes were built before 1950. Rebuilding Together currently has a waitlist of 118 homeowners in its target areas. On average, homeowners served have lived in their homes for more than 20 years. In 2015, 63 percent of the homeowners served had a household income under 30 percent AMI. Rebuilding Together will work strategically with community organizations to identify homeowners who are in need of services, and will solicit applications from homeowners who are not likely to apply for assistance without special outreach.

Organization Information
Rebuilding Together has revitalized 776 homes and 42 nonprofit centers with the help of nearly 9,000 volunteers since 1997. The applicant is one of 13 affiliates of National Rebuilding Together, a nonprofit organization established in 1988. Since 2012, Rebuilding Together has been awarded four consecutive Impact Fund awards for owner occupied rehabilitation and has completed 26 units under these awards. The organization has a wealth of experience completing rehabilitation and repair projects, has an experienced and able staff and an established volunteer base.

Robert Engstrom Capital Management, LLC	
Project	RECM Foreclosure Recovery
Location	Brooklyn Park and suburban Ramsey County
Activity	Acquisition, Rehabilitation, & Resale

	# of Units	Total
Funding Requested	10	$ 150,000
Funding Recommended	10	$ 150,000

Co-Funder Information	
N/A	$ N/A

Project Description

Robert Engstrom Capital Management, LLC (RECM) is a for-profit developer which has been active in single-family affordable homeownership development. They request $150,000 in grant funds to acquire and rehabilitate ten units (total) in Brooklyn Park and suburban Ramsey County. RECM intends to sell these homes to households earning up to 115 percent of area median income (AMI) in Brooklyn Park, and up to 80 percent AMI in Ramsey County.

The Brooklyn Park Economic Development Authority and Ramsey County have been supportive, financially and otherwise, of similar work completed by RECM.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $258,100
Historical High Cost Threshold: $278,764
Percent Below Historical High Cost Threshold: 7%

IMPACT FUND SUBSIDY PER UNIT
Total Per unit subsidy: $15,000
Historical High Cost Threshold: $35,931
Percent Below Historical High Cost Threshold: 58%

Community Need

This proposal addresses two primary needs in the community. First, it targets the most distressed properties, returning them to the normal (non-distressed) homeownership market and reducing blight. Second, it creates new opportunities for homeownership among low- and moderate-income buyers in areas of opportunity (i.e., community economic integration areas).

Housing price points within the target area have rebounded significantly since the end of the Great Recession. Quality housing for low-and-moderate income families is in short supply, and economic integration has become a critical development goal. This application seeks to serve the local workforce who otherwise might be priced out of the housing market.

Organization Information

RECM is an experienced and capable developer that over the past five years has rehabilitated and resold

over 120 homes. Their funding partners have included the Brooklyn Park Economic Development Authority, Ramsey County Housing and Redevelopment Authority (HRA), and the Twin Cities Community Land Bank, as well as Minnesota Housing. RECM has a reputation for taking on properties in remarkably poor condition and rehabilitating them to a high standard. They have received multiple awards from the Impact Fund since 2010 and completed them in a timely manner.

Twin Cities Habitat for Humanity	
Project	2016 Affordability Gap
Location	Seven-county Twin Cities metropolitan area
Activity	Affordability Gap/Downpayment Program

	# of Units	Total
Funding Requested	32	$ 660,896
Funding Recommended	32	$ 660,896

Co-Funder Information	
N/A	$ N/A

Project Description

Twin Cities Habitat for Humanity, Inc. (Twin Cities Habitat) strives to eliminate poverty housing from the Twin Cities area and to make decent, affordable shelter for all people a matter of conscience. Twin Cities Habitat operates four key programs: the hallmark Habitat homeownership program which builds and rehabilitates homes for sale to low income families; a mortgage foreclosure prevention counseling program; the A Brush With Kindness program, which provides painting and home repair to low-income owner-occupants, and; an advocacy program aimed at changing public perceptions around affordable housing.

Twin Cities Habitat requests deferred loan funds and (and an administrative fee paid from grant funds) to provide affordability gap financing to 32 households. Twin Cities Habitat intends to serve households earning between 60 percent and 80 percent of area median income (AMI) throughout the seven-county Twin Cities metropolitan area.

This proposal differs from Twin Cities Habitat's core model (also referred to as its "hallmark" model) of providing interest-free loans to very low-income buyers of Twin Cities Habitat-built homes. Homes through this proposal will be selected by the buyer from all homes for sale in the market in consultation with a real estate agent. Twin Cities Habitat expects that most homes targeted through this proposal, those in the price range of $180,000 - $220,000, will need some rehabilitation. A dedicated Twin Cities Habitat crew will undertake this rehabilitation in partnership with the homeowner. Twin Cities Habitat for Humanity Lending, a subsidiary of Twin Cities Habitat, will finance the first mortgages and charge interest at a 30-year fixed rate of between two percent and four-and-a-half percent based on the borrower's ability to pay. Housing payments, inclusive of principal, interest, taxes, insurance, any association dues, and a $50-per-month maintenance escrow deposit, will be set at 30 percent of income.

This proposal is a component of Twin Cities Habitat's broader efforts to reach 500 families by 2020, a goal they intend to reach in part through expanded income eligibility and by making more mortgage loans, including interest-bearing loans.

Twin Cities Habitat has developed a roster of referral partners, including the African Development Center; Build Wealth, MN; Bii Gii Wiin; Camphor Fiscally Fit; Hmong American Partnership; Model Cities; Neighborhood Development Alliance (NeDA); NeighborWorks Home Partners; PRG, Inc.; and Project for Pride in Living (PPL).

IMPACT FUND SUBSIDY PER UNIT
Maximum Per Unit Subsidy: $25,000
Typical Per Unit Subsidy: $20,153

Community Need

Homeownership options are limited for households earning less than 80 percent of area median income (AMI). This is particularly true in the most-widely desirable areas of opportunity, and for households of color, people with disabilities, and single-headed households. This proposal promises to expand choice for low-income homebuyers. It will lend a hand to those whose dreams of homeownership are just beyond arm's reach.

Twin Cities Habitat's efforts to date have focused on low-income households (those earning less than 50 percent of AMI). The model presented through this proposal is a means of expanding its services to moderate-income households (those earning up to 80 percent of AMI).

Habitat takes a hands-on approach to ensuring the success of their homebuyers. They provide the first-mortgage financing, as well as pre-purchase coaching and education. They help homebuyers network within their new communities to grow roots which support lasting and successful homeownership.

Each year, Twin Cities Habitat receives more than 1,000 inquiries about its homeownership program, and receives applications for homeownership from over 150 qualified buyers. With the expansion of the program, Habitat received over 2,000 inquiries over the first five months of this year

Organization Information

Through their staffing decisions and establishment of a referral network, Twin Cities Habitat has assembled a culturally diverse and competent outreach and implementation network.

Habitat has extensive experience in with home inspections, rehabilitation, homeownership education and counseling, and lending. They have received and successfully completed regular awards made through the Impact Fund.

Twin Cities Habitat has built and sold homes to over 1000 households in the Twin Cities area since 1985. Overall, Twin Cities Habitat constructs and sells around 45-55 homes annually. Below-market financing makes the payments affordable for homebuyers earning less than 80% of AMI. Twin Cities Habitat also buys back and rehabilitates eight to ten Habitat homes per year for subsequent resale to new Habitat homebuyers. Even with the fluctuations in the housing and credit markets in recent years, Twin Cities Habitat has been able to maintain a constant level of production and sales because its internally-controlled mortgage product helps assure financing and a viable pool of homebuyers.

Twin Cities Habitat for Humanity	
Project	Scattered Site New Construction 2017
Location	Seven-county Twin Cities Metropolitan Area
Activity	New Construction

	# of Units	Total
Funding Requested	26	$ 806,900
Funding Recommended	26	$ 606,900

Co-Funder Information	
Metropolitan Council	$ 200,000

Project Description

Twin Cities Habitat for Humanity, Inc. (Twin Cities Habitat) strives to eliminate poverty housing from the Twin Cities area and to make decent, affordable shelter for all people a matter of conscience. Twin Cities Habitat operates four key programs: the hallmark Habitat homeownership program which builds and rehabilitates homes for sale to low income families; a mortgage foreclosure prevention counseling program; its A Brush With Kindness program, which provides painting and home repair to low-income homeowners; and, an advocacy program aimed at changing public perceptions around affordable housing.

Twin Cities Habitat requests deferred loan funds for affordability gap and grant funds for value gap to support the construction of 26 single family homes. The Agency will provide $606,900 and the Metropolitan Council will provide $200,000.

At least nine of these homes will be built in suburban communities. Twin Cities Habitat has identified 17 specific potential project sites located in North Minneapolis and several Saint Paul neighborhoods, and nine sites throughout Robbinsdale, West Saint Paul, Saint Paul Park, Fridley, Ramsey, and Oak Park Heights. Twin Cities Habitat has however, requested flexibility to select similar sites, so funds provided through this award will be able to be used throughout the seven-county Twin Cities metropolitan area.

Units funded under this award will be developed under Twin Cities Habitat's "core" or "hallmark" model relying in part on donated labor and materials, including the homebuyer's sweat equity, and sold to buyers earning up to 60 percent of area median income (AMI) with the help of an interest-free first mortgage from Twin Cities Habitat.

Twin Cities Habitat has received formal support from staff at the Washington County Community Development Authority (including a recommendation for $160,000 in federal Community Development Block Grant funds) and at Anoka County (including a recommendation for $140,000 in federal HOME funds). Twin Cities Habitat has committed at least $3.176 million through its subsidiary, Twin Cities Habitat for Humanity Lending, for no-interest first mortgages.

TOTAL DEVELOPMENT COST PER UNIT (CENTRAL CITIES)
Proposed Total Development Cost: $262,137
Historical High Cost Threshold: $325,785
Percent Below Historical High Cost Threshold: 20%

IMPACT FUND SUBSIDY PER UNIT (CENTRAL CITIES)
Total Per unit subsidy: $21,124
Historical High Cost Threshold: $49,980
Percent Below Historical High Cost Threshold: 58%

IMPACT FUND SUBSIDY PER UNIT (SUBURBS)
Maximum Per Unit Subsidy: $25,000
Typical Per Unit Subsidy: $18,889

Community Need

Twin Cities Habitat's new construction activities have both direct and indirect, as well as quantitative and qualitative, impacts on the communities in which its projects are located. The obvious quantitative value to Twin Cities Habitat focusing resources to these areas is the creation of entirely new units of affordable homeownership. Many communities are struggling to meet their affordable housing needs. The Habitat for Humanity model is unique in its ability to efficiently and effectively assist communities in meeting their needs for affordable homeownership by bringing all components required for a successful project: a cost-effective construction model using volunteer labor and in-kind materials, services, and land; internally controlled financing that ensures homebuyers are mortgage-ready and have the approvals needed to close once the homes are completed; and brand recognition that ensures steady demand and a large pool of eligible applicants.

Additional quantitative community needs Twin Cities Habitat will address with the activities described in this proposal include, but are not limited to: re-instigating stalled developments; generating and increasing local property tax revenues; and directly adding value to the local economy through the construction of homes. Just as important, however, is the fact that this will all be done through new and existing partnerships with local governments. This will strengthen and continue relationships with existing partners in local government while also forging relationships with communities new to the Habitat model.

Twin Cities Habitat reports that for each dollar they spend building a new home, $1.80 is generated in the local economy. Empty lots are replaced with owner-occupied homes, which increases community safety and pride. Neighborhood property values increase, and the new Habitat homeowner adds to the tax base. The typical Twin Cities Habitat homeowner pays between $1,500 and $2,500 in property taxes each year.

Minnesota Housing welcomes proposals that seek to serve populations traditionally underserved by the conventional housing market, including communities of color, single-headed households, and households where one or more household members has a disability. Twin Cities Habitat has an excellent track record of making homeownership obtainable to these underserved populations.

Organization Information

Twin Cities Habitat has extensive experience in with home inspections, rehabilitation, homeownership education and counseling, and lending. They have received and successfully completed regular awards made by Minnesota Housing through the Impact Fund.

Twin Cities Habitat has built and sold homes to over one thousand households in the Twin Cities area since 1985. Overall, Twin Cities Habitat constructs and sells around 45-55 homes annually. Twin Cities Habitat also buys back and rehabilitates eight to ten Habitat homes per year for subsequent resale to new Habitat homebuyers. Even with the fluctuations in the housing and credit markets in recent years, Twin Cities Habitat has been able to maintain a constant level of production and sales because its internally-controlled mortgage product helps assure financing and a viable pool of homebuyers.

Twin Cities Habitat carries out all development, construction, and marketing functions in-house through a vertically-integrated production model. Twin Cities Habitat serves as the builder, the bank, and the bridge to affordable homeownership.

In acting as the builder, Twin Cities Habitat acquires the properties, builds or rehabs the homes, and markets them to eligible homebuyers in its homeownership program. Twin Cities Habitat recruits volunteers to construct and sponsor its homes, employing subcontractors as needed for reasons of professional licensure or specialized skills. Habitat homebuyers contribute sweat equity to their homes and other homes in production.

As the bank, Twin Cities Habitat provides first mortgages from a wholly-owned subsidiary and deferred, privately fundraised second mortgages (where additional affordability gap is needed beyond available third party resources) to its homebuyers which help assure affordability.

As the bridge, Twin Cities Habitat provides homeownership training as well as financial and budgeting courses to its homeownership program homebuyers, and helps them network within their new communities in order to provide a basis for lasting and successful homeownership. Habitat homebuyers are required to take 11 homeownership courses prior to purchasing their homes. This education around homeownership results in better understanding of what it takes to maintain a home, contributing to long term homeownership success.

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West Hennepin Affordable Housing Land Trust	
Project	Homes Within Reach
Location	Bloomington, Brooklyn Park, Deephaven, Edina, Eden Prairie, Golden Valley, Maple Grove, Minnetonka, New Hope, Richfield, St. Louis Park and Wayzata.
Activity	Acquisition, Rehabilitation, & Resale

	# of Units	Total
Funding Requested	9	$ 450,000
Funding Recommended	9	$ 115,000

Co-Funder Information	
Metropolitan Council	$ 335,000

Project Description

West Hennepin Affordable Housing Land Trust (WHAHLT) is a nonprofit committed to transforming people's lives through homeownership. Their mission is to use the Community Land Trust model to create and sustain affordable homeowner housing for low- to-moderate-income families that otherwise are unable to purchase a home in the suburbs of Hennepin County.

WHAHLT requests grant funds for acquisition-rehabilitation-resale under its Homes Within Reach Program (HWR). While specific sites have not been determined, likely locations of the properties will ensure proximity to transit, infrastructure, educational opportunities, commercial services and employment centers. 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. WHAHLT intends to serve households earning up to 80 percent of area median income (AMI). Historically, they have served households earning between 32 percent and 79 percent AMI. The average program wide earnings level is 60.2 percent of AMI for new sales and resales.

This proposal includes leverage dollars from a number of suburban communities. WHAHLT has successfully developed strong leverage partners with a variety of local communities including Bloomington, Eden Prairie, Edina, Minnetonka and St. Louis Park.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $310,600
Historical High Cost Threshold: $275,622
Percent Above Historical High Cost Threshold: 12.6%

IMPACT FUND VALUE /AFFORDABILITY GAP SUBSIDY PER UNIT
Total Per unit subsidy: $12,777
Historical High Cost Threshold: $34,969
Percent below Historical High Cost Threshold: 63%

The proposed total development cost falls above the Historical High Cost Threshold due to the high cost of land in many of the HWR target areas. The cost of land, in some areas of Hennepin County, is $110,000 per lot.

The proposal specifically addresses two priorities: Workforce Housing and Economic Integration.

Community Need
As a community land trust, the investment in land cost is protected through a resale restriction and a 99 year ground lease which restricts future buyers to households with a low-to-moderate-income. The land trust model offers a significant affordability enhancement by working in areas where housing values can be some of the highest in Hennepin County. WHAHLT's service area includes communities that have proximity to job centers, demonstrate a high or moderate need for homeownership and demonstrate a need for economic integration. The median family income for the HWR target area is $88,787 per household, compared to the HWR programs median family income of $43,293. Currently, the typical homeowner in the HWR service area is 62.3 percent cost-burdened.

Organization Information
WHAHLT's history demonstrates their ability to serve low-to-moderate-income households. Since 2005, WHAHLT has been selected for funding under ten Community Homeownership Impact Fund award rounds and has completed 62 units under these awards. They have increased their service area from one community in 2002 to 12 communities this year after implementing the program in the City of Bloomington. The growth and sustainability of the HWR program has been supported by the work of numerous partners, including rehabilitation advisors, mortgage lenders, and a homebuyer educator (Community Action Partnership of Suburban Hennepin). HWR has worked with several contractors in creating affordable homeownership.

Arrowhead EOA	
Project	Chisholm & Buhl Community Fix-Up Project
Location	The City of Buhl and the City of Chisolm
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	10	$ 55,000
Funding Recommended	10	$ 42,000

Co-Funder Information	
N/A	$ N/A

Project Description

Arrowhead Economic Opportunity Agency (AEOA) is a private, non-profit Community Action Agency. AEOA's mission is to strengthen communities by providing opportunities for people experiencing social and economic challenges. The organization offers a variety of programs including housing development, owner-occupied rehabilitation, homeownership, foreclosure prevention, homeless and basic need services, energy assistance and weatherization.

AEOA requests grant funds to discount Community Fix Up loans to three percent for 10 households in Chisholm and Buhl earning up to 80 percent of area median income. AEOA will prioritize energy efficiency repairs and replacements. The average discount amount is estimated to be $4,200.

Community Need

The communities of Chisolm and Buhl have a high number of homes that are over 75 years old and in need of rehabilitation. In Chisolm, 43.9 percent of homeowners are cost burdened. In Buhl, 29.8 percent of homeowners are cost burdened. AEOA states that these areas are currently underserved with regard to owner-occupied rehabilitation programs and housing assistance programs that target low-income households.

Organization Information

Since August 2011, AEOA has originated 320 Minnesota Housing Fix Up, Community Fix Up, Rehabilitation and Emergency loans. In their application, AEOA states that 1,188 similar projects have been completed in the past five years across various programs.

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One Roof Community Housing	
Project	2016 Grand Marais
Location	West 2nd Street and 14th Avenue, Grand Marais
Activity	New Construction

	# of Units	Total
Funding Requested	7	$ 375,500
Funding Recommended	4	$ 200,000

Co-Funder Information	
Greater Minnesota Housing Fund	$ 17,000

Project Description

One Roof Community Housing (One Roof) is a nonprofit whose mission is to strengthen the foundation of their communities by providing housing services, building and sustaining affordable homes and healthy neighborhoods.

One Roof requests grant funds for the construction of 1,000 and 1,200 square foot homes in Grand Marais. One Roof will serve as the developer, but will issue a Request for Proposal to local builders. A modular home design from Dynamic Homes is being considered as a construction option. One Roof intends to partner with a local real estate agent for listings and showings.

One Roof will serve households earning up to 115 percent of area median income (AMI) in an effort to avoid concentration of low - to moderate income households in a small geographical area. All the new homes will be placed in One Roof's community land trust. One Roof will offer the buyers its homeowner support services in order to ensure they are successful homeowners.

This project is a collaborative effort among One Roof, the City of Grand Marais and the Cook County - Grand Marais Economic Development Authority and will support Grand Marais' workforce housing needs. Arrowhead Economic Opportunity Agency (AEOA) will provide $7,500 in downpayment and closing cost assistance to buyers whose household income is at or below 80 percent AMI. The Greater Minnesota Housing Fund will provide a line of credit for development.

TOTAL DEVELOPMENT COST PER UNIT (1,000 SQ FT)
Proposed Total Development Cost: $288,000
Historical High Cost Threshold: $181,240
Percent Above Historical High Cost Threshold: 58.9%

TOTAL DEVELOPMENT COST PER UNIT (1,200 SQ FT)
Proposed Total Development Cost: $315,000
Historical High Cost Threshold: $181,240
Percent Above Historical High Cost Threshold: 73.8%

IMPACT FUND SUBSIDY PER UNIT
Total Per unit subsidy: $50,000
Historical High Cost Threshold: $14,870
Percent Above Historical High Cost Threshold: 236%

There is strong demand for building contractors in the area, which is driving high construction costs, including those seen in this proposal. The cost of real estate is also high relative to other Greater Minnesota communities.

Community Need

Market rate homeownership is not a reasonable option for many households, even some of those earning incomes even above the local median. The 2015 Cook County Housing Study shows that in recent years, only two single family homes have been built annually. The study estimates that 20 to 25 homes need to be built annually to meet demand.

There are 1,000 jobs in Grand Marais, many of which are seasonal. The economy is based on tourism drawn from Lake Superior and the Boundary Waters. Since Grand Marais has a strong tourism economy, as many as 40 to 50 percent of the homes are vacant much of the year. The target buyers will be those who live and work at permanent jobs in Grand Marais, but cannot afford to buy a home due to the value gap, affordability gap and housing shortage. Grand Marais has seen a small amount of long-term growth in its number of jobs.

Home values in Grand Marais have been stable for the last three years. The median sales price of single family homes sold in Grand Marais in 2014 to 2015 was $200,000. Median income in Grand Marais is $43,518. Cook County's median home price is consistently amongst the five highest counties in the state and the highest among rural counties.

Organization Information

As of June 1, 2016, One Roof has developed and sold 271 single family homes, 65 are new construction projects. The 2012 merger with Neighborhood Housing Services of Duluth has expanded One Roof's capacity to provide homeownership opportunities to previously excluded households, setting them up for success before purchasing a home and supporting them to be successful homeowners.

One Roof has been an active Impact Fund administrator for many years providing homeownership opportunities in Duluth and nearby areas. This proposal marks the 25th collaborative, single family application to Minnesota Housing and Greater Minnesota Housing Fund. Grand Marais has not received Impact Funds in the past.

One Roof Community Housing	
Project	Housing Resource Connection 2016 REHAB
Location	Central Hillside, East Hillside, Lincoln Park and West Duluth neighborhoods in Duluth, MN.
Activity	Acquisition, Rehabilitation, & Resale

	# of Units	Total
Funding Requested	11	$ 537,500
Funding Recommended	11	$ 495,000

Co-Funder Information	
Greater Minnesota Housing Fund	$ 42,500

Project Description

One Roof Community Housing, Inc. (One Roof) is a nonprofit whose mission is to strengthen the foundation of their communities by providing housing services and building and sustaining affordable homes and healthy neighborhoods.

One Roof and the Housing and Redevelopment Authority of Duluth (Duluth HRA) as partners, request grant funds for acquisition-rehabilitation- resale of homes to community land-trust buyers.
Homes are generally less expensive in the target area than in other parts of Duluth, but often require deferred maintenance costs of at least $30,000 to $50,000 in order to meet basic livability needs. The program will target foreclosed, blighted or vacant properties.

One Roof will serve as the developer in conjunction with their internal construction company, Common Ground, LLC. One Roof will provide homebuyer education and credit counseling classes as well as marketing. One Roof's realty company, One Roof Community Realty, will sell the homes.

One Roof intends to serve households earning up to 80 percent of area median income (AMI). Historically, the average income served by One Roof is 60 percent AMI.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $185,000
Historical High Cost Threshold: $173,085
Percent Above Historical High Cost Threshold: 6.8%

IMPACT FUND VALUE GAP SUBSIDY PER UNIT
Total Per unit subsidy: $26,500
Historical High Cost Threshold: $18,407
Percent Above Historical High Cost Threshold: 43.9%

IMPACT FUND AFFORDABILITY GAP SUBSIDY PER UNIT
Total Per unit subsidy: $18,500
Historical High Cost Threshold: $15,399
Percent Above Historical High Cost Threshold: 20.1%

Community Need
The median household income in the City of Duluth is $43,518; however, the household income of residents living in the target areas is $25,800. For this reason, market rate homeownership is not an option for many. According to Community Profile data, the target areas are located within five miles of at least 15,000 low-to-moderate wage jobs. The average age of homes in the target area is 85 years old, and many face an array of deferred maintenance and environmental hazards. Currently there are 66 homes for sale in the target areas. These factors are central to the decision made by the At Home in Duluth collaborative to focus on community revitalization efforts in the target areas where investment is most needed and feasible.

Organization Information
As of June 1, 2016, One Roof had developed and sold 271 single family homes, 206 were acquisition-rehabilitation-resale projects. The 2012 merger with Neighborhood Housing Services of Duluth has expanded One Roof's capacity to provide homeownership opportunities to previously excluded households, setting them up for success before purchase and supporting them as successful homeowners in the future. One Roof has been an active Impact Fund administrator for many years providing homeownership opportunities in Duluth and nearby areas. This proposal marks the 25th collaborative, single family application to Minnesota Housing and the Greater Minnesota Housing Fund.

One Roof Community Housing	
Project	Housing Resource Connection 2016 Rehab OO
Location	Central Hillside, East Hillside, Lincoln Park and West Duluth neighborhoods in Duluth, MN.
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	20	$ 384,000
Funding Recommended	20	$ 350,000

Co-Funder Information	
Greater Minnesota Housing Fund	$ 34,000

Project Description

One Roof Community Housing, Inc. (One Roof) is a nonprofit whose mission is to strengthen the foundation of their communities by providing housing services, building and sustaining affordable homes and healthy neighborhoods.

One Roof and the Housing and Redevelopment Authority of Duluth (Duluth HRA) as partners, request deferred loan funds for owner-occupied rehabilitation to be available to homeowners who live in Duluth's selected neighborhoods. Community Homeownership Impact Fund (Impact Fund) loans, of up to $35,000 per home, will address interior and exterior improvements, code requirements and health and safety improvements. The Duluth HRA will serve as the rehabilitation advisor.

One Roof intends to serve households up to 80 percent of area median income (AMI) for 80 percent of the awarded Impact Funds, and up to 115 percent of AMI for 20 percent of the Impact Funds. Only those borrowers who have exhausted all other options or cannot quality for other private or leveraged resources will have access to the Impact Funds. One Roof will conduct a credit analysis and perform an ability to pay analysis for every applicant regardless of their income.

The Duluth HRA will leverage the Impact Fund and Greater Minnesota Housing Fund resources with HUD Lead Based Paint Hazard Control grant funds, as well as a portion of the City of Duluth's federal CDBG and HOME funds.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $35,000
Historical High Cost Threshold: $20,400
Percent Above Historical High Cost Threshold: 71.5%

Although the typical rehabilitation costs are above the Historical High Cost Threshold in Greater Minnesota, the total rehabilitation cost is justified by the age and condition of the homes and incomes of homeowners in the target area. The selected target areas contain some of the oldest homes in Duluth. Low incomes of the homeowners prohibit them from performing needed maintenance and repairs.

Community Need

The average age of homes in the target area is 85 years old and many face an array of deferred

maintenance and environmental hazards. The median household income in the City of Duluth is $43,518; however, the household income in the target areas is $25,800. Owner-occupied homes appraised values are between $73,000 and $120,000. It is estimated that 1,800 – 2,000 homes in the target areas are in need of rehabilitation.

Although the City of Duluth promotes aging in place and pledges to assist in making accommodations for each homeowner's needs, the City doesn't know of the family's situation until the homeowner applies for funding. Many homes are in need of accessibility features such as ramps and wheelchair accessible doorways which will allow individuals to remain safely in their homes.

Organization Information

One Roof and the Duluth HRA have been active Impact Fund administrators offering owner-occupied rehabilitation programs to its residents for many years. Within the last few years, Impact Funds have assisted 34 homeowners.

The Housing Resource Connection (HRC) is the main City referral resource for the preservation and improvements; currently the HRC has a waiting list of over 50 people.

Headwaters HDC	
Project	Headwaters Region Owner Occupied Rehab
Location	Beltrami, Clearwater, Hubbard, Lake of the Woods, and Mahnomen counties.
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	35	$ 402,000
Funding Recommended	35	$ 300,000

Co-Funder Information	
Greater Minnesota Housing Fund	$ 85,000

Project Description

Headwaters Regional Development Commission (HRDC) is a regional development organization that is committed to helping create successful communities and a successful region.

HRDC requests deferred loan funds for owner occupied rehabilitation of 25 units in Beltrami, Clearwater, Hubbard, Lake of the Woods, and Mahnomen counties. The deferred funds will be offered to households with annual incomes that cannot support a Fix Up or other loan payment and are in excess of Minnesota Housing's Rehabilitation Loan program income limits. Deferred loans will also be used in conjunction with other funding sources when the project scope cannot be completed using one funding source.

HRDC also requests grant funds to discount the interest rate of 10 Community Fix Up loans as follows:

- a discount of three percent for households earning between 50 percent and 80 percent of area median income (AMI), and
- a discount of one percent for households earning below 50 percent of AMI.

The average discount amount is estimated to be $5,000 per loan.

HRDC has leverage funds available from Small Cities Development Program funds in the cities of Baudette, Blackduck and Bemidji.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $30,000
Historical High Cost Threshold: $21,708
Percent Above Historical High Cost Threshold: 28%

IMPACT FUND SUBSIDY PER UNIT
Maximum Per Unit Subsidy: $15,000
Typical Per Unit Subsidy: $10,000

Community Need

The Headwaters region has high poverty rates and an aging population. The poverty rate of Mahnomen, Beltrami and Clearwater counties is between 17.8 and 19.6 percent as compared to the Minnesota average poverty rate of 11.5 percent. Most of the population is over 55 years of age. The median age of

the housing stock in the Headwaters region is 34 years and 51.4 percent was constructed prior to 1980.

Organization Information
In the past five years, HRDC has completed 40 small cities owner occupied rehabilitation units, 47 Greater Minnesota Housing fund owner occupied units, and 14 Impact fund units. Since 2012, HRDC has closed 52 Minnesota Housing Rehabilitation and Emergency and Accessibility loans and 21 Fix Up and Community Fix Up loans. HRDC has been awarded Impact funds to discount Community Fix Up loans in the previous two years and have successfully administered the program.

Minnesota Valley Action Council	
Project	City of Mankato Mobile Home Replacement Pilot Program
Location	Mankato mobile home parks
Activity	Affordability Gap/Downpayment Program

	# of Units	Total
Funding Requested	3	$ 79,450
Funding Recommended	3	$ 79,450

Co-Funder Information	
N/A	$ N/A

Project Description

Minnesota Valley Action Council, Inc. (MVAC), based in Mankato, is a nonprofit community action agency that since 1965 has served the counties of Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley and Waseca. MVAC is an Agency home improvement programs lender which offers the Fix Up loan and Rehabilitation Loan Program (RLP).

Through this proposal, MVAC seeks to replace one deteriorated mobile home each in three of Mankato's six mobile home parks. These homes would cost less to replace than to repair. Impact Fund Dollars would be intended to serve households earning less than 30 percent of area median income.

MVAC has $70,000 in committed leverage from three sources: $40,000 in federal Community Development Block Grant (CDBG) funding from the City of Mankato, $20,000 from Continental Communities, which is the owner-operator of two mobile home parks (University Park and Southhaven) to be served, and $10,000 from Lime Valley Parkway Properties, the owner-operator of a third park to be served, the Lime Valley Mobile Home Park. Continental Communities' and Lime Valley Parkway Properties' financial support would come in the form of the owner-operator paying for the demolition and removal of the units to be replaced.

In the future, MVAC hopes to replace additional units, and expand this program to other Mankato-area mobile home parks. They are seeking additional leveraged funds from park owner-operators to make this possible.

IMPACT FUND SUBSIDY PER UNIT
Maximum Per Unit Subsidy: $26,483
Typical Per Unit Subsidy: $26,483

Community Need

Mankato's mobile home parks are relatively under-resourced areas with great need for reinvestment in the housing stock. Addressing this need has become a priority of the City of Mankato.

MVAC has been working in cooperation with the Mankato Departments of Public Safety and Community Development to address housing issues here. Through this proposal, MVAC will improve the quality of naturally-occurring affordable housing. This project will support continued viability of mobile home parks as an affordable housing option for residents.

Organization Information
MVAC is an experienced home improvement lender with a good reputation. They have experience with rehabilitation of mobile homes, and have owned and managed a mobile home park. This will be their first Impact Fund award and, accordingly, this request is modest.

Southwest Minnesota Housing Partnership	
Project	St. Peter Homeowner Affordability Gap
Location	Saint Peter
Activity	Affordability Gap/Downpayment Program

	# of Units	Total
Funding Requested	6	$ 100,000
Funding Recommended	6	$ 100,000

Co-Funder Information	
N/A	$ N/A

Project Description

Southwest Minnesota Housing Partnership (SWMHP) is a nonprofit community development corporation serving thirty counties in rural Minnesota. SWMHP requests deferred loans for affordability gap financing in connection with the Traverse Green development in St. Peter. SWMHP will construct affordable homes, and intends to serve workforce households earning up to 80 percent of area median income (AMI). The City of Saint Peter has committed construction and tax increment financing amd SWMHP has committed affordability gap assistance.

IMPACT FUND SUBSIDY PER UNIT
Maximum Per Unit Subsidy: $ 17,000
Typical Per Unit Subsidy: $ 14,500

Community Need

SWMHP has identified a substantial shortage of affordable workforce housing in St. Peter, with less than a five month supply of housing stock available. Specifically, there is a need for three and four bedroom homes in the $200,000 price range. To address this housing shortage SWMHP plans to construct additional homes in the Traverse Green development. The funds requested from Minnesota Housing will be used to bridge the gap between the fair market value of the home and the amount of the first mortgage loan for which the buyer qualifies.

Organization Information

SWMHP has an extensive and proven history of community development planning and strives to build stronger communities by providing the opportunity for homeownership to underserved populations in greater Minnesota. In each community, they provide development expertise to support local governments, businesses, school districts, community action agencies, and other service providers in their efforts to meet local housing needs.

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Three Rivers Community Action, Inc.	
Project	Affordability Gap Financing Program
Location	Twenty counties in southeastern Minnesota, with outreach to Rochester, Faribault, Northfield, Owatonna and Austin.
Activity	Affordability Gap/Downpayment Program

	# of Units	Total
Funding Requested	20	$ 259,500
Funding Recommended	20	$ 200,000

Co-Funder Information	
Greater Minnesota Housing Fund	$ 59,500

Project Description

Three Rivers Community Action, Inc. (Three Rivers) is a nonprofit community action agency serving southeastern Minnesota. Their main office is in Zumbrota and they also have offices in Rochester, Faribault and Wabasha.

Three Rivers requests deferred loan funds for their longstanding Affordability Gap Financing program. Funds will be available for downpayment assistance in a large area of southeastern Minnesota extending from the Minnesota River to the Mississippi and intended for households earning up to 80 percent of area median income.

Three Rivers expects loan amounts will average $10,000, inclusive of a $500 administration fee.

Three Rivers' Affordability Gap Financing program furthers the Agency's strategic priority of reducing Minnesota's racial and ethnicity homeownership disparity. Three Rivers has done very well over the years in reaching underserved populations, particularly households of color and Hispanic ethnicity. Three Rivers has developed close working relationships with multiple cultural organizations that are providing social services, educational programming, interpretation, immigrant services or other culturally specific resources to emerging markets households. These organizations include:

- Somali Community Resettlement Services, which serves Rochester and Faribault
- New Sudan American HOPE
- Asian-African Refugee Services in Austin
- Diversity Council in Faribault
- Rural Enterprise Center in Northfield
- Growing Up Healthy, which serves Northfield and Faribault
- Centro Campesino, which serves local housing authorities, city and county governments, churches, lenders, real estate agents and others in Owatonna and Rochester.

The Greater Minnesota Housing Fund (GMHF) is providing additional support for this proposal. It is expected that their support will average $7,500 per unit.

IMPACT FUND SUBSIDY PER UNIT
Maximum Per Unit Subsidy: $10,000
Typical Per Unit Subsidy: $9,000

Community Need
Many of Three Rivers' prospective clients are new immigrant households who are first time buyers, and often first generation buyers, who do not have access to sufficient funds for modest downpayments and closing costs. Additionally, the incomes of these households tend to be lower than that needed to purchase a home in tight housing markets like Rochester, where starter homes are in short supply. Three Rivers' Affordability Gap Financing program addresses the financial barriers to ownership, providing financial assistance for down payments, closing costs and affordability gap. This program's resources are often paired with other activities that work to prepare households of color or Hispanic Ethnicity for homeownership, including financial coaching, pre-purchase counseling and home buyer education programs offered by the culturally diverse and competent staff at Three Rivers.

Organization Information
Three Rivers has knowledgeable and capable program managers who have been with the organization and working on this program for years. Minnesota Housing has regularly awarded funds to Three Rivers for similar activity since at least 2008 and commends Three Rivers for their performance under the program. Last year, Three Rivers received the Agency's first-ever Impact Fund incentive fund award for their gap financing program. Three Rivers offers an extensive array of services to low- and moderate-income residents. These include Head Start, Home Delivered Meals, Family Self Sufficiency, Crisis Programs, Public Transportation, Senior Services, Weatherization, Rehabilitation Loan Programs, Energy Assistance, Homeless Prevention, Transitional Housing, Permanent Supportive Housing, Homeownership Programs, Financial Literacy, Financial Coaching, Pre-Purchase Counseling, Homebuyer Education, Family Assets for Independence in Minnesota (FAIM), Downpayment Assistance and Housing Development of rental and single family homes. Three Rivers' federal designations as a Community Housing Development Organization (CHDO) and a non-profit approved to administer secondary financing in conjunction with Federal Housing Administration (FHA) first mortgages demonstrate their commitment to and capacity in developing affordable housing and providing downpayment assistance. Since 2002, Three Rivers has built and sold 76 starter homes to low- and moderate-income households; acquired, rehabilitated and resold 21 foreclosed homes; and closed at least 163 second-mortgage loans providing funds for downpayment and closing costs or foreclosure prevention.

Hutchinson Housing and Redevelopment Authority	
Project	Owner Occupied Rehab Loan Program
Location	The City of Hutchinson
Activity	Owner-Occupied Rehabilitation

	# of Units	Total
Funding Requested	10	$ 73,878
Funding Recommended	10	$ 73,878

Co-Funder Information	
N/A	$ N/A

Project Description

The City of Hutchinson Housing and Redevelopment Authority (HRA) serves the City of Hutchinson and provides financing programs for home improvements.

The HRA requests grant funds to discount Community Fix Up loans for households with incomes below 60 percent of area median income (AMI) to an interest rate of 3 percent and households earning between 60 and 80 percent of AMI to an interest rate of 4 percent. The average discount amount the award will provide is anticipated to be $3,470.

The HRA also requests deferred loans for households earning up to 80 percent of AMI that do not qualify for a Community Fix Up or Rural Development loan.These loans will be used as a match for a current grant program that provides interest-free, forgivable deferred loans up to $10,000 for 50 percent of home improvement projects to homeowners earning up to 80 percent of AMI. The focus of the loan programs will be to correct housing deficiencies related to the health, safety and energy conservation of owner-occupied homes.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $20,000
Historical High Cost Threshold: $21,708
Percent Below Historical High Cost Threshold: 8%

IMPACT FUND SUBSIDY PER UNIT
Maximum Per Unit Subsidy: $10,000
Typical Per Unit Subsidy: $10,000

Community Need

In the City of Hutchinson, there are 5,979 owner-occupied housing units, 85 percent of which are over 17 years old and may be in need of improvements. The area has experienced a moderate loss in sales prices, and the higher loan to value limits of the Community Fix Up loan program allow homeowners to make necessary repairs.

Organization Information

The HRA states in the past five years they have completed 38 owner-occupied rehabilitation projects

and completed 31 Minnesota Housing Rehabilitation, Emergency/Accessibility, Fix Up and Community Fix Up loans.

Lower Sioux Indian Community	
Project	Home Ownership Initiative Phase IIIB
Location	The Lower Sioux Indian Community reservation and its 10 mile service area
Activity	Acquisition, Rehabilitation, & Resale and New Construction

	# of Units	Total
Funding Requested	6	$ 1,050,000
Funding Recommended	6	$ 1,050,000

Co-Funder Information	
N/A	$ N/A

Project Description

The Lower Sioux Indian Community (LSIC) is a federally-recognized tribe located in Redwood County. It has a total tribal population of 1,106 members. More than half of the members live on tribal land. The LSIC Housing Authority (HA) is leading the tribe's efforts to provide decent and affordable housing for LSIC families.

The LSIC requests funds for Phase IIIB of the LSIC Home Ownership Initiative. Phase IIIB is a continuation of the LSIC's efforts to create affordable housing for its tribal members. It will provide financing for new construction or acquisition of affordable homes for first time homebuyers. The LSIC intends to serve households earning up to 115 percent area median income (AMI).

Tribal leaders have set aside three, one-acre lots for first-time homebuyers. The LSIC has also invested in infrastructure for each of these three lots, including water, sewer, roads, sidewalks, streetlights, and electricity.

Lutheran Social Services provides financial counseling to help first time homebuyers be credit-ready to purchase. 101 Development Resources will assist with building inspections, home assessments, and recommendations for rehabilitation to ensure housing standards and building codes are met.

IMPACT FUND SUBSIDY PER UNIT
New Construction: up to $200,000
Acquisition Rehabilitation: up to $150,000

The project will provide financing directly to homebuyers to purchase and construct new homes or to purchase existing homes.

Community Need

There is currently no housing vacancy on the LSIC reservation and low vacancy in the LSIC's 10 mile service area outside of the reservation. In a community housing needs assessment survey conducted by the LSIC in May 2016, 37 percent of respondents stated that they need affordable housing. Of these respondents, 73 percent stated that they want housing on the reservation. The remainder stated that they want housing outside of the reservation.

There has been historic job growth on the LSIC reservation over the past few years due to a casino and hotel expansion, the development of the LSIC's health care center, and an increased need for social and

economic services. In Redwood County, where the LSIC reservation is located, there are 4,241 low-moderate wage jobs. This project will create affordable housing to address the workforce housing need on and around the reservation.

Organization Information
The LSIC has completed 14 homeownership housing projects under its comprehensive housing strategy. Its housing strategy also includes rental activities. The homeownership projects include conventional home purchases, lease to own, and contracts for title. The LSIC has experience in housing development and resale and housing finance. It has provided first mortgages, construction financing, and financing for contracts for title. The LSIC has received multiple Impact Fund (formerly Community Revitalization Fund Program(CRV)) awards.

Western Community Action, Inc.	
Project	Marshall Parkway II Home Ownership Program
Location	City of Marshall
Activity	New Construction

	# of Units	Total
Funding Requested	6	$ 1,382,334
Funding Recommended	5	$ 750,000

Co-Funder Information	
Greater Minnesota Housing Fund	$ 17,000

Project Description

Western Community Action, Inc. is a non-profit organization whose goal is to be a catalyst that removes obstacles and provides opportunities, tools and hope as a pathway out of poverty. They are being mentored by Arrowhead Economic Opportunity Agency (AEOA) for this construction project.

Western Community Action, Inc. requests deferred loan, grant and interim loan funds to assist with the construction and sale of single family homes in Marshall, MN.

Western Community Action, Inc. intends to serve households earning between 50 and 80 percent of area median income (AMI). The City of Marshall is a high job growth area and increasing cost of renting a home require families to spend more than 40 percent of their income on rent. This project meets the City of Marshall's community development recommendation to construct single family homes for the emerging Karen, Hispanic, Somali and Asian families in the affordability range.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $229,349
Historical High Cost Threshold: $176,987
Percent Above Historical High Cost Threshold: 30%

IMPACT FUND SUBSIDY PER UNIT
Total Per unit subsidy: $57,540
Historical High Cost Threshold: $15,399
Percent Above Historical High Cost Threshold: 274%

While Western Community Action, Inc. states that it is difficult to build new construction homes at an affordable price, it does not provide specific information regarding why the costs are high. The per unit subsidy includes funds for both value and affordabilty gap. A higher subsidy for affordability gap per unit is required to enable cost-burdened households to purchase new construction homes that are often valued at over $200,000 for the area.

Community Need

The City of Marshall's Community Development Plan (CDP) shows there is a growing need for single family homes for households of color or Hispanic Ethnicity. Western Community Action, Inc. has a 50-year history of working with underserved populations. The CDP identifies a need for large family

housing within the region.

Western Community Action, Inc. will construct three bedroom homes with unfinished basements that will provide large family housing. This proposal meets the needs of underserved populations in Marshall, while providing the opportunity for expanded capacity needs in the future.

Organization Information
Arrowhead Economic Opportunity Agency (AEOA) will serve as a development mentor and project manager. Heartland Community Action is merging with Western Community Action, Inc. and will provide staffing assistance with outreach, marketing and project management. Western Community Action, Inc. maintains staff with advanced knowledge in the non-profit sector. The housing director is a licensed contractor who is familiar with new construction. Other staff has experience in administering non-profit donations and grant funding. Merging with Heartland Community Action will allow them to maintain a full-time staff position to manage this project.

Midwest Minnesota CDC	
Project	Frazee Ash Ave Restoration
Location	City of Frazee - Ash Avenue
Activity	New Construction

	# of Units	Total
Funding Requested	2	$ 120,500
Funding Recommended	2	$ 120,500

Co-Funder Information	
N/A	$ N/A

Project Description

Midwest Minnesota Community Development Corporation (MMCDC) is a non-profit organization in Detroit Lakes. MMCDC rehabilitates and constructs affordable housing in rural communities with aging homes to fulfill the housing needs of the local workforce.

MMCDC requests deferred loan and grant funds to assist with the construction and sale of single family homes in the City of Frazee. MMCDC intends to serve households earning up to 80 percent of area median income (AMI).

MMCDC will purchase lots along Ash Avenue that currently house an unoccupied trailer and outbuildings. They intend to build the homes in partnership with Northwest Minnesota Housing Cooperative (NMHC) to meet the need for affordable workforce housing in the cities of Detroit Lakes and Perham. MMCDC and NMHC have partnered with the city to reduce permit and zoning costs. The first phase of the project was funded last year. MMCDC and NMHC plan to acquire the land and continue with the second phase of the project. Homes will be completed and sold in 2017-2018.

The total development cost exceeds the historical high cost threshold due to the removal of a dilapidated manufactured house, blighted detached buildings and site cleanup.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $200,500
Historical High Cost Threshold: $176,987
Percent Above Historical High Cost Threshold: 13%

IMPACT FUND SUBSIDY PER UNIT
Total Per unit subsidy: $56,000
Historical High Cost Threshold: $15,399
Percent Above Historical High Cost Threshold: 263%

IMPACT FUND AFFORDABILITY GAP SUBSIDY PER UNIT
Maximum Per Unit Subsidy: $4,250
Typical Per Unit Subsidy: $4,250

Community Need

The region suffers from a lack of decent, safe and affordable workforce housing. Perham is a high job

growth market and creating affordable housing in Frazee will provide affordable housing options within a 12-mile commute of this area. The region will benefit by allowing companies to grow their businesses and the cities of Detroit Lakes, Frazee and Perham will benefit from an increased tax base, increased enrollment in the local school systems and the revitalization of the community that job growth provides.

Organization Information
MMCDC and their partner NMHC have successfully built and sold over 200 affordable homes and have acquired and rehabilitated homes to resell on the White Earth Reservation. MMCDC's onsite staff will manage and market properties and assist with homeowner financing. MMCDC was awarded Impact Funds last year to start Phase 1 of the Ash Avenue restoration. NMHC is the developerof the project.

Perham HRA	
Project	Perham HRA - DPAP
Location	City of Perham
Activity	Affordability Gap/Downpayment Program

	# of Units	Total
Funding Requested	8	$ 56,000
Funding Recommended	8	$ 56,000

Co-Funder Information	
N/A	$ N/A

Project Description

The Perham Housing and Redevelopement Authority (HRA) is a nonpropfit that administers downpayment assistance and facilitates homeownership through various funding sources within the City of Perham, in Otter Tail County.

The HRA requests affordability gap deferred loan financing to address affordable workforce housing needs in Perham. To be eligble for gap assistance, homebuyers must work in or within one-half mile of Perham's city limits and purchase a home within the city limits. The HRA intends to serve workforce households earning up to 80 percent of area median income (AMI).

IMPACT FUND SUBSIDY PER UNIT
Maximum Per Unit Subsidy: $7,000
Typical Per Unit Subsidy: $7,000

Community Need

The area has a substantial shortage of affordable workforce housing with less than a five month supply of housing stock available. Specifically, there is a need for two- and three-bedroom homes for families living and working in Perham. Market data indicates only 17 homes meeting this criteria, within a $200,000 price range, are currently available, though many of these homes are still out of financial reach for many working families.

Organization Information

The HRA has over five years of experience administering downpayment assistance loans. They have made 34 downpayment assistance loans since 2011, averaging seven loans per year.

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Habitat for Humanity of Minnesota	
Project	Impact Fund #4
Location	Fifty- three counties throughout the state
Activity	New Construction

	# of Units	Total
Funding Requested	17	$ 255,000
Funding Recommended	17	$ 255,000

Co-Funder Information	
N/A	$ N/A

Project Description

Habitat for Humanity of Minnesota (Habitat Minnesota) is a nonprofit, statewide resource development and support organization that serves, advocates for and advances the work of Minnesota's Habitat for Humanity affiliates. These affiliates build simple, decent, affordable housing in partnership with communities and people in need.

Habitat Minnesota requests grant funds on behalf of its 31 Greater Minnesota affiliates. These affiliates serve 53 counties statewide. Habitat Minnesota intends to distribute Community Homeownership Impact Fund (Impact Fund) dollars to its affiliates to construct affordable homes. Each affiliate considers the cost of construction including the value of in-kind donations, appraised value, the homeowner's income and other debt when setting the first mortgage amount and term. Habitat Minnesota affiliates hold the first mortgage. Habitat Minnesota intends to serve households up to 60 percent of area median income (AMI).

Habitat Minnesota makes good use of homeowner and volunteer labor which produces cost savings for both the borrower and the Impact Fund subsidy. Volunteer labor includes framing, window installation, roofing, exterior finishing, drywall and interior finishing. Professional labor is contracted for site prep, concrete, plumbing, HVAC and electric. Each Habitat Minnesota job site has a supervisor on site at all times. For an average project, the value of donated materials and labor is estimated to be $15,876.

Habitat Minnesota has a total of $2,059,261 in committed leverage. The committed funds represent a portion of the approximately $7 million raised and invested annually in affordable housing by Greater Minnesota affiliates. They anticipate an average per unit Impact Fund investment of $15,000 and maximum investment of $21,312.

TOTAL DEVELOPMENT COST PER UNIT
Proposed Total Development Cost: $148,312
Historical High Cost Threshold: $181,240
Percentage Below Historical High Cost Threshold: 18.1%

IMPACT FUND SUBSIDY PER UNIT
Total Per Unit Subsidy: $15,000
Historical High Cost Threshold: $ 14,870
Percent Above Historic High Cost Threshold: .87%

The proposal specifically addresses two priorities: Workforce housing and addressing the needs of underserved populations. Although Habitat Minnesota serves 53 counties statewide, much of its target areas corresponds with Workforce Housing areas. Many of the target areas are located in long commute and job growth communities. Habitat Minnesota provides a detailed description of its outreach and marketing efforts. They have been very successful in reaching underserved populations.

Community Need

Habitat Minnesota targets low-income homebuyers: familes who are among the most cost-burdened households as renters and would be cost-burdened as owners but for Habitat Minnesota's assistance. The typical Habitat Minnesota homeowner earns $13.52 per hour, or $28,129 per year. (This figure equates to income at 36 percent of area median.)

Without Impact Fund support, many of the locations targeted in this proposal would be otherwise untouched by affordable-housing resources.

In 2017, Habitat Minnesota anticipates 45 to 50 low-income families will move from sub-standard, over-crowded and unsteady housing situations into stable homeownership. Habitat Minnesota identifes in its outreach plans immigrant populations, racial and ethnic minorities, cultural minorities, households with a member with a disability, and single-headed households with children. Habitat Minnesota selects families first, and homes second. Each home is designed to meet a particular family's needs. In 2015, 37 percent of households served were single-headed households with children, 70 percent were households of color or Hispanic ethnicity, and 11 percent were households that include a family member with a disability.

Organization Information

Greater Minnesota affiliates have been building homes for more than twenty years. Habitat Minnesota is in regular communication with its affiliates to be certain they are provided with the most meaningful and useful services and resources to support their work. Habitat Minnesota's model of selecting the family before the home is built, and financing the mortgage, has helped Habitat Minnesota continue to meet the need for affordable housing familiar to an increasing number of cost-burdened families. On average, Habitat Minnesota's affiliates serve over 130 partner families each year.

Since 2008, Impact Fund awards to Habitat Minnesota have helped 167 households achieve homeownership, through an average Impact Fund subsidy of $14,240 per unit. Habitat Minnesota is a high-performing administrator. They have strong leadership and employ capable staff in administration of the program.

2016 Minnesota Housing Single Family Funding Selections

	Impact Fund Unit Count				Priorities* - # of Units		Minnesota Housing Funding			Funding Partners		Total Funding		
Location - Administrator - Project Name	Rehab Exist	New To be Built	Total Units	80% AMI	Comm Recovery	Workforce Housing	EDHC	Indian Set-Aside	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) & Development	15		15	15	8	15	$ 937,500					$ 937,500	$ -	$ 937,500
City of Lakes Community Land Trust - CLCLT New Construction		2	2	2	1	2	$ 140,000					$ 140,000	$ -	$ 140,000
City of Lakes Community Land Trust - CLCLT Organization Initiated Acquisition, Rehabilitation Program	10		10	10	5	10	$ 525,000					$ 525,000	$ -	$ 525,000
City of Minneapolis - Green Homes North / Infill Housing Development		12	12	8	12	12	$ 500,000					$ 500,000	$ -	$ 500,000
City of Minneapolis - Rehab Support Program	45		45	30	45		$ 236,842					$ 236,842	$ -	$ 236,842
City of Minneapolis - Vacant Housing Recycling Program	15		15	10	15	15	$ 45,000					$ 45,000	$ -	$ 45,000
Northside Home LLC - Northside Home	10		10	7	10	10	$ 250,000					$ 250,000	$ -	$ 250,000
PRG, Inc. - PRG Neighborhood Stabilization - Acquistion, Rehabilitation, Resale	4		4	4	4	4	$ 100,000		$ 120,000			$ 220,000	$ -	$ 220,000
PRG, Inc. - PRG Neighborhood Stabilization - New Construction		2	2	2	2	2	$ 110,000					$ 110,000	$ -	$ 110,000
Total Minneapolis	**99**	**16**	**115**	**88**	**102**	**70**	**$ 2,844,342**	**$ -**	**$ 120,000**	**$ -**	**$ -**	**$ 2,964,342**	**$ -**	**$ 2,964,342**
Saint Paul														
Dayton's Bluff Neighborhood Housing Services - Village on Rivoli		4	4	2	4	4	$ 248,020					$ 248,020	$ -	$ 248,020
St. Paul Housing and Redevelopment Authority - Inspiring Communities Program		14	14	8	11	11	$ 400,000				$ 160,000	$ 400,000	$ 160,000	$ 560,000
Total Saint Paul	**0**	**18**	**18**	**10**	**15**	**15**	**$ 648,020**	**$ -**	**$ -**	**$ -**	**$ 160,000**	**$ 648,020**	**$ 160,000**	**$ 808,020**
Seven-County Metro Area (Some units may be located in Minneapolis and Saint Paul)														
Hennepin County Housing and Redevelopment Authority - Healthy Homes Assistance Project	13		13	9	3		$ 75,000					$ 75,000	$ -	$ 75,000
Hennepin County Housing and Redevelopment Authority - Tax Forfeit to Affordable Homeownership	2		2	2	1	1	$ 105,000				$ 105,000	$ 105,000	$ 105,000	$ 210,000
Rebuilding Together Twin Cities - Critical Repair Projects for Low-Income Homeowners	20		20	19	15		$ 160,000					$ 160,000	$ -	$ 160,000
Robert Engstrom Capital Management, LLC - RECM Foreclosure Recovery	10		10	7	3	10	$ 150,000					$ 150,000	$ -	$ 150,000
Twin Cities Habitat for Humanity - 2016 Affordability Gap	27	5	32	32	8	32	$ 660,896					$ 660,896	$ -	$ 660,896
Twin Cities Habitat for Humanity - Scattered Site New Construction 2017		26	26	26	26	26	$ 606,900				$ 200,000	$ 606,900	$ 200,000	$ 806,900
West Hennepin Affordable Housing Land Trust - Homes Within Reach	9		9	9	3	9	$ 115,000				$ 335,000	$ 115,000	$ 335,000	$ 450,000
Total Seven-County Metro Area	**81**	**31**	**112**	**104**	**59**	**78**	**$ 1,872,796**	**$ -**	**$ -**	**$ -**	**$ 640,000**	**$ 1,872,796**	**$ 640,000**	**$ 2,512,796**
Total METRO AREA	**180**	**65**	**245**	**202**	**176**	**163**	**$ 5,365,158**	**$ -**	**$ 120,000**	**$ -**	**$ 800,000**	**$ 5,485,158**	**$ 800,000**	**$ 6,285,158**

2016 Minnesota Housing Single Family Funding Selections

	Impact Fund Unit Count				Priorities* - # of Units		Minnesota Housing Funding			Funding Partners		Total Funding		
Location - Administrator - Project Name	Rehab Exist	New To be Built	Total Units	80% AMI	Comm Recovery	Workforce Housing	EDHC	Indian Set-Aside	Interim Construction	Greater Minnesota Housing Fund	Met Council	Total Minnesota Housing Funding	Total Partner Funding	Total Funding
GREATER MINNESOTA														
Northeast														
Arrowhead Economic Opportunity Agency - Chisholm and Buhl Community Fix-up Project	10		10	10	10		$ 42,000					$ 42,000	$ -	$ 42,000
One Roof Community Housing - 2016 Grand Marais		4	4	2		4	$ 200,000			$ 17,000		$ 200,000	$ 17,000	$ 217,000
One Roof Community Housing; Duluth HRA - Housing Resource Connection 2016 Rehab	11		11	11	11	11	$ 495,000			$ 42,500		$ 495,000	$ 42,500	$ 537,500
One Roof Community Housing; Duluth HRA - Housing Resource Connection - 2016 Rehab OO	20		20	16	20		$ 350,000			$ 34,000		$ 350,000	$ 34,000	$ 384,000
Total Northeast	**41**	**4**	**45**	**39**	**41**	**15**	**$ 1,087,000**	**$ -**	**$ -**	**$ 93,500**	**$ -**	**$ 1,087,000**	**$ 93,500**	**$ 1,180,500**
Northwest														
Headwaters Regional Development Commission - Headwaters Region Owner Occupied Rehab	35		35	35	9		$ 300,000			$ 85,000		$ 300,000	$ 85,000	$ 385,000
Total Northwest	**35**	**0**	**35**	**35**	**9**	**0**	**$ 300,000**	**$ -**	**$ -**	**$ 85,000**	**$ -**	**$ 300,000**	**$ 85,000**	**$ 385,000**
Southeast														
Minnesota Valley Action Council - City of Mankato Mobile Home Replacement Pilot Program	3		3	3	1	2	$ 79,450					$ 79,450	$ -	$ 79,450
Southwest MN Housing Partnership - St. Peter Homeowner Affordability Gap		6	6	6		4	$ 100,000					$ 100,000	$ -	$ 100,000
Three Rivers Community Action, Inc. - Affordability Gap Financing Program	15	5	20	20	8	15	$ 200,000			$ 59,500		$ 200,000	$ 59,500	$ 259,500
Total Southeast	**18**	**11**	**29**	**29**	**9**	**21**	**$ 379,450**	**$ -**	**$ -**	**$ 59,500**	**$ -**	**$ 379,450**	**$ 59,500**	**$ 438,950**
Southwest														
Hutchinson Housing and Redevelopment Authority - Owner Occupied Rehab Loan Program	10		10	10			$ 73,878					$ 73,878	$ -	$ 73,878
Lower Sioux Indian Community - Home Ownership Initiative Phase IIIB	3	3	6	2	3	6		$ 1,050,000				$ 1,050,000	$ -	$ 1,050,000
Western Community Action, Inc. - Marshall Parkway II Home Ownership Program		5	5	5	2	4	$ 250,000		$500,000	$17,000		$ 750,000	$ 17,000	$ 767,000
Total Southwest	**13**	**8**	**21**	**17**	**5**	**10**	**$ 323,878**	**$ 1,050,000**	**$ 500,000**	**$ 17,000**	**$ -**	**$ 1,873,878**	**$ 17,000**	**$ 1,890,878**
West Central														
Midwest Minnesota Community Development Corporation - Frazee Ash Avenue Restoration		2	2	2		1	$ 120,500					$ 120,500	$ -	$ 120,500
Perham Housing and Redevelopment Authority - Down Payment Assistance Program (DPAP)	6	2	8	8		8	$ 56,000					$ 56,000	$ -	$ 56,000
Total West Central	**6**	**4**	**10**	**10**	**0**	**9**	**$ 176,500**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 176,500**	**$ -**	**$ 176,500**
Multiple Regions/Statewide														
Habitat for Humanity of Minnesota - Impact Fund #4	17		17	17	6	15	$ 255,000					$ 255,000		$ 255,000
Total Multiple Regions/Statewide	**17**	**0**	**17**	**17**	**6**	**15**	**$ 255,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 255,000**	**$ -**	**$ 255,000**
Total GREATER MINNESOTA	**130**	**27**	**157**	**147**	**70**	**70**	**$ 2,521,828**	**$ 1,050,000**	**$ 500,000**	**$ 255,000**	**$ -**	**$ 4,071,828**	**$ 255,000**	**$ 4,326,828**
Total STATEWIDE	**310**	**92**	**402**	**349**	**246**	**233**	**$ 7,886,986**	**$ 1,050,000**	**$ 620,000**	**$ 255,000**	**$ 800,000**	**$ 9,556,986**	**$ 1,055,000**	**$ 10,611,986**

*Units may achieve multiple priorities

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

KEY:

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

Comm Recovery: Proposed units will be in community recovery areas with lower median household incomes, older housing stock, and higher than average declines in home sale prices

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

EDHC: Economic Development & Housing Challenge Program

Met Council: Metropolitan Council

2016 Minnesota Housing Single Family Non-Recommended Applications

Administrator - Project Name - Location	Funding Requested
GREATER MINNESOTA	
Northwest	
Headwaters Housing Development Corporation - Blackduck Single Family Development	$58,000
White Earth Reservation Tribal Council - White Earth Housing Rehabilitation and Water/Sewer Project	$505,000
Total GREATER MINNESOTA - 2 projects	**$563,000**
METRO	
American Indian Community Development Corporation - American Indian Homeownership Program, Ventura Village	$540,656
Greater Frogtown Community Development Corporation - Green Line's HIP Plus	$325,000
Greater Metropolitan Housing Corporation - Richfield Affordability Gap	$300,000
Journey Home MN - Vadnais Heights Veteran Village	$169,042
Noor Development Group -Single Family Proposal	$1,223,691
Robert Engstrom Capital Management LLC - New Construction	$240,000
Two Rivers Community Land Trust - Free to Stay Pilot	$200,000
Urban Homeworks, Inc. - Project: Reclaim	$350,000
Total METRO - 8 projects	**$3,348,389**
Total STATEWIDE - 10 projects	**$3,911,389**

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Item: Multifamily Selections, Amortizing Loan, Deferred Loan, Bridge Loan, Grants, 2017 Housing Tax Credits, and Tax-exempt Bonds.

Staff Contact(s):
Kayla Schuchman, 651.296.3705, kayla.schuchman@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:

Staff requests the following approvals related to the 2016 Consolidated Request for Proposals (RFP):

- Adoption of a resolution approving the selection and commitment of projects for deferred financing and authorizing the closing of loans related to the following programs:
  - Economic Development and Housing Challenge (EDHC)
  - Preservation Affordable Rental Investment Fund (PARIF)
  - HOME Investment Partnerships (HOME)
  - National Housing Trust Fund (NHTF) (see Fiscal Impact statement regarding National Housing Trust Fund for additional information)
- Adoption of a resolution approving the allocation of federal Low Income Housing Tax Credits and granting waivers related to federal Low Income Housing Tax Credits
- Adoption of a resolution approving selection and commitment of Section 811 Project-Based 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
- Adoption of a resolution approving selection and commitment of projects for deferred financing and authorizing the closing of loans under the Senior Rental Housing Pilot
- Adoption of a resolution approving the allocation of tax-exempt bond volume cap authority

Fiscal Impact:

The Consolidated RFP funding recommendations include numerous funding sources.

In the 2017 Affordable Housing Plan (AHP), the board allocated the following for amortized lending:

- $20 million for HUD Multifamily Accelerated Processing (MAP) program lending
- $60 million for the LMIR program
  - $25 million financed from the Housing Investment Fund - Pool 2
  - $35 million financed through tax-exempt bonding

In the 2017 AHP, the board allocated the following for deferred lending:

- $4.5 million under the Multifamily Flexible Capital Account (Housing Affordability Fund – Pool 3), which will fund selections under the FFCC program and the Senior Rental Housing Pilot.

An additional $2.7 million deferred loan for Solace Apartments is anticipated to meet the criteria of, and be funded by, the federal National Housing Trust Fund (NHTF) program. Minnesota Housing's NHTF allocation plan is currently in the HUD approval process.

Other remaining deferred funding is from state or federal appropriations and does 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 $128,000 in fee income from construction oversight on the deferred and amortizing loans being recommended. An additional $327,000 in fee income from LMIR and MAP origination fees is anticipated, as well as ongoing interest income from LMIR loans.

Tax-exempt bonds are a federal resource that can be used for both single-family and multifamily lending. Tax-exempt bond proceeds are limited by the amount of new bonding authority under a state allocation formula and the projected carryforward amount. The amount of new entitlement issuer volume cap allocated to Minnesota Housing annually is approximately $125 million. Issuance of conduit bonds will generate upfront fees for the Agency.

Meeting Agency Priorities:

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

Attachment(s):

- Background
- 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 16, 2016 application deadline, Minnesota Housing and its funding partners received applications for 71 proposals, requesting approximately $180 million in deferred loans, $48.6 million in permanent first mortgage financing, and $37.4 million in Agency-administered 2017 Round 1 competitive tax credits.

On April 23, 2015, the Board approved the 2017 HTC Qualified Allocation Plan (QAP), procedural manual and timetables, which apply for tax credit applications received on June 16, 2016. The total Minnesota tax credit allocation is approximately $12,900,545. 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 $9,546,045 in credit allocations including $661,797 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 Proposals Guide.

Additionally, a second competitive round for tax credits (2017 Round 2) will be held January 31, 2017 incorporating tax credits remaining or returned following the conclusion of 2017 Round 1.

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

SELECTIONS

Proposals were received for 71 developments. Of the proposals received, funding from Minnesota Housing and funding partners will be provided for 25 developments with deferred, bridge, and permanent first mortgage loan financing, tax credits, and rental assistance recommended as follows:

Funding Type	Proposals	Totals
Permanent First Mortgage Financing	6	$ 9,282,000
LMIR Bridge First Mortgage Financing	4	$ 13,580,000
Minnesota Housing Deferred Loan Capital	14	$ 31,611,547
Housing Tax Credits	13	$ 9,546,045
Funding Partner Contributions	10	$ 3,650,000

Amortizing Mortgages
Developments recommended for LMIR first mortgage selection are anticipated to be funded through the Housing Investment Fund – Pool 2, and insured under HUD's Risk Sharing Programs. Under the HUD-Federal Financing Bank Multifamily Risk-Sharing Program, loans may be sold to the Federal Financing Bank. The LMIR mortgage terms will generally be 30-year amortizations and terms with fixed rates, and they 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 0.125 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 tax credits. 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. Prior to closing, board approval will be sought for all LMIR and FFCC loans in order to enter into loan commitments.

The MAP program provides mortgage insurance through the Federal Housing Administration (FHA) to facilitate 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 and federal appropriations. PARIF funds appropriated by the Legislature fund both preservation of supportive housing and federally assisted housing. Federally-appropriated HOME funds are being used to support preservation of federally assisted housing, new construction of family housing, and to support creation of new supportive housing. The EDHC funds appropriated by the Legislature will be used to finance primarily new construction throughout the state, including a set-aside for Indian housing. The deferred loans recommended for selection will generally be 30-year deferred loans, repayable upon maturity.

Geographic Distribution
Of the 25 recommended proposals, 12 are located in the seven-county Twin Cities metropolitan area, including six 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	Estimated Total Development Cost	Percentage of Total
Metro	**12**	**48%**	**$ 139,752,561**	**54%**
Central City	*6*	*24%*	*$ 56,562,120*	*22%*
Suburban	*6*	*24%*	*$ 83,190,441*	*32%*
Greater Minnesota	**13**	**52%**	**$ 118,620,814**	**46%**
Total	**25**	**100%**	**$ 258,373,375**	**100%**

Eight applications requested Section 8 Project-Based Voucher Rental Assistance from the Metro Housing and Redevelopment Authority. These awards will be announced independently following the conclusion of the RFP recommendations.

The twelve proposals recommended for HTC are estimated to generate over $100 million in equity, assuming the current investment of $0.92 - $1.03 in investor credit pricing.

Meeting Agency Priorities
Of the 1,429 total units recommended for board approval, 1,357 affordable units will be created or preserved that meet the following Agency priorities:

- **Preservation of federally-subsidized rental housing**
  There are 460 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 715 new construction units and preservation of 182 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**
  The Agency's made significant strides in its efforts to end long-term homelessness. According to the 2015 Wilder Survey, after steep rises in the number of people experiencing long-term homelessness from 2003 to 2009, followed by a slower rate of increase through 2012, the number has decreased for the first time. Long-term homelessness decreased by 15 percent in Greater Minnesota, but remained about the same in the Metro region. Families with children are still the fastest growing segment of the long-term homeless population, while long-term homelessness among youth and veterans has decreased significantly. Board approval of the selections will advance 108 new housing opportunities at 21 sites for households with long histories of homelessness, including 80 units for families. Another 162 units of supportive housing will be created for people experiencing homelessness, but who may not be long-term homeless. In total, 270 supportive housing units will be created.

- **Housing responsive to changing demographics**
  RFP selections continue to advance the objectives of Minnesota's Olmstead Plan, with 35 units serving people with disabilities in this year's selections. In addition, there are 15 large family projects recommended for selection, a total of 629 two-bedroom units, and 303 units with three-bedrooms or larger. RFP selections also preserve 252 units for seniors, and through the Senior Rental Housing Pilot create new affordable units for senior households in both Greater Minnesota and the Twin Cities Metro, with 24 units recommended in Mora and 42 units in recommended in Woodbury.

TRENDS

Market Conditions
With favorable market conditions, Agency resources are able to go further. Interest rates are at historically low levels, which allow properties to leverage more debt. Equity prices for tax credits are at historically high levels, and Congress has permanently raised the applicable percentage that is used to calculate eligible tax credits on 9% projects to a flat 9% rate, resulting in higher syndication amounts. As a result of these market factors, in this year's RFP, the Agency has many projects that are progressing with 9% credits, an amortizing mortgage, and no Agency deferred loan. Compared to last year's RFP, where only one-third of 9% projects had no Agency deferred loan award, this year over two-thirds of 9% projects are being recommended without Agency and funding partner deferred resources through the RFP. Given favorable market conditions, more 4% tax credit projects are being selected this year as well, with estimated 4% tax credit equity proceeds of nearly $30 million compared to approximately $19 million with last year's selections. With this increase in 4% equity comes an increase in demand for tax-exempt bonds. As a result, developers and communities across the state are facing a shortage of volume cap for private activity tax-exempt bonding.

The number of units recommended for funding this year is up nearly one-third over last year, in part due to market conditions. The average deferred loan award recommended per unit is much lower this year at approximately $25,000 per unit, down from $38,000 per unit in the 2015 RFP. Another factor beyond market conditions that is driving this decrease may be the lack of Housing Infrastructure Bonds. Without the availability of Housing Infrastructure Bonds, the Agency is unable to fund as many new supportive housing projects, which tend to have a larger need for deferred loan resources.

Population Served
This year's selections include two proposals serving people that are homeless or at risk of homelessness and are exiting incarceration, which supports the goals of Heading Home: Minnesota's Plan to Prevent and End Homelessness. Also in support of the Heading Home Plan, selections continue to serve housing units for homeless families with children and unaccompanied youth.

There continues to be an increased focus on serving people with disabilities with this year's selections, likely due to the increased emphasis this goal has received in the funding priorities published for the RFP, under the Qualified Allocation Plan, and through availability of HUD Section 811 Project-Based Rental Assistance. In addition, while RFP selections have in the past preserved numerous senior units, current RFP selections also add to the supply of affordable senior housing with new construction under the Senior Rental Housing Pilot.

Selections will also result in 75 units serving tribal members, including 55 units sponsored by tribes or tribally-designated housing entities.

Geography
Selections this year are relatively similarly weighted between the Twin Cities Metro and Greater Minnesota.

Several projects will contribute new units to the housing supply in Greater Minnesota communities that have a need for new housing. There are 241 units being newly developed to respond to the housing needs of workers in communities that have experienced job growth, are expecting future expansion, or where there is a shortage of housing that is limiting job expansion.

In the Twin Cities Metro, selections will increase housing options in areas of opportunity. Five-hundred twenty-one units will be preserved or created in areas of opportunity, including 470 units in higher income census tracts with access to jobs, located both in the central cities and suburban communities. Of the units in higher income areas, 211 of them will also be located within one-half mile of a planned or completed light rail transit, bus rapid transit, or commuter rail station. In addition, 51 units will be preserved in an area with access to both jobs and transit. As demonstrated in the data about meeting agency priorities above, proposals also target priorities for ending homelessness and preserving federally-subsidized rental housing priorities.

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 selected proposal meets this threshold and is described below.

Bois Forte Homes III, Bois Forte D7641/M17467

TDC	TDC Per Unit	Predictive Model Amount	Amount Per Unit Above Predicted Amount	Percent above Predicted Model
$ 5,951,471	$ 297,574	$ 226,132	$ 71,442	31.6%

The TDC per unit of $297,574 is 31.6% above the predictive model estimate. The proposed costs are higher than the predicted costs because the project is located on two separate and remote sites on the Bois Forte reservation, and given the need to remove ledge rock on site. In addition, historically, tribal projects have often had higher costs, due in part to TERO fees (Tribal Employment Rights Ordinance) and other factors related to development of tribal land that are not taken into account by the predictive model.

WAIVERS REQUESTED

Housing Tax Credit Waiver of Development Allocation Credit Limits
Article 7.0 of the 2017 QAP and Chapter 2.E. of the 2017 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. For 2016, the 10 percent volume developer cap is $1,290,055. The board may waive these limits for projects that involve planned community development, 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 to allow for an aggregate amount of $1,045,000 for Pike Lake Marsh submitted by Connelly Development, LLC. The amount of the waiver request is $45,000.

This 68 unit development requesting $1,045,000 in tax credits is supported by the City of Prior Lake and the Scott County CDA and furthers the goals of responding to significant proposed expansion in area employment. Pike Lake Marsh will bring much needed affordable workforce rental family housing to an area of opportunity. In addition, the development also includes four units serving long term homeless households. This development furthers the objectives of the Scott County CDA and, more specifically, is a joint investment to implement the Scott County Association for Leadership and Efficiency's Planned Community Development "50 by 30" Housing, Workforce Development & Transportation in the 21st Century. The City of Prior Lake and Scott County CDA have committed substantial funds to the project and the proposal does not include a request for Minnesota Housing or funding partner deferred funds. A waiver of the $1,000,000 per development cap will allow the applicant to maximize the amount of equity available to fund development costs with no remaining funding gaps.

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

RESOLUTION NO. MHFA 16-

RESOLUTION APPROVING SELECTION AND COMMITMENT OF PROJECTS FOR DEFERRED FINANCING AND AUTHORIZING THE CLOSING OF LOANS RELATED TO THE FOLLOWING PROGRAMS: ECONOMIC DEVELOPMENT AND HOUSING CHALLENGE (EDHC), PRESERVATION AFFORDABLE RENTAL INVESTMENT FUND (PARIF), HOME INVESTMENT PARTNERSHIPS (HOME), NATIONAL HOUSING TRUST FUND (NHTF)

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
M17439	Como by the Lake	HOME	$ 2,556,350
M17442	Dublin Crossing	EDHC MF	$ 5,641,781
M17470	Indian Neighborhood Club Expansion	EDHC Indian Housing MF	$ 334,220
M17419	Madison Apartments	PARIF	$ 645,000
M17432	Main Street Flats	EDHC MF	$ 1,345,000
M17445	Minnehaha Townhomes	EDHC MF	$ 1,170,475
M17500	Model Cities	PARIF	$ 1,170,000
M17449	Ramsey Apartments	HOME	$ 992,951
M17451	RD Properties 2017	PARIF	$ 3,610,326
M17489	Reprise: Robbinsdale and New Hope	HOME	$ 5,338,420
M17454	Solace Apartments	HOME NHTF	$ 1,975,749 $ 2,700,000
M17412	Valleyhigh Flats	EDHC MF	$ 1,121,049
		Total Awarded:	$ 28,601,321

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A; 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 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 EDHC, PARIF, HOME and Agency Resources 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 any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the loan, to the security for the loan, to the construction of the development and to the operation of the development.

4. Each PARIF Mortgagor will enter into an agreement with the Agency that complies with subd. 8b of Minn. Stat. § 462A.21 and the rider to the appropriation providing funds to the program (Minnesota Laws 2015, First Special Session, Chapter 1, article 1, section 3, subdivision 7).

Adopted this 19th day of October 2016

_____

CHAIRMAN

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

RESOLUTION NO. MHFA 16-

RESOLUTION APPROVING ALLOCATION OF AND GRANTING WAIVERS RELATED TO FEDERAL LOW INCOME HOUSING TAX CREDITS FOR CALENDAR YEAR 2017 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 Tax 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 the Low Income Housing Tax Credit Program (the Manual), duly adopted by the Agency for 2017; 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 Tax Credits to the following projects:

Metro Selections
5 Projects

Project #	Project Name	Funding Source	$ Awarded
M17422	Bottineau Ridge Phase II	9% Housing Tax Credits	$ 977,556
M17485	Great River Landing 9%	9% Housing Tax Credits	$ 799,833
M17418	Pike Lake Marsh	9% Housing Tax Credits	$ 1,045,000
M17449	Ramsey Apartments	9% Housing Tax Credits	$ 821,448
M17476	Riverdale Station Apartments	9% Housing Tax Credits	$ 1,000,000
		Total Awarded:	$ 4,643,837

Greater Minnesota Selections
7 Projects

Project #	Project Name	Funding Source	$ Awarded
M17396	Agassiz Townhomes	9% Housing Tax Credits	$ 667,154
M17467	Bois Forte Homes III	9% Housing Tax Credits	$ 262,284
M17443	Fox Pointe Townhomes	9% Housing Tax Credits	$ 827,889
M17452	Red Lakes Homes XIII	9% Housing Tax Credits	$ 699,930
M17412	Valleyhigh Flats	9% Housing Tax Credits	$ 884,428
M17512	Westgate Apartments	9% Housing Tax Credits	$ 688,693
M17507	White Pine Apartments	9% Housing Tax Credits	$ 571,830
		Total Awarded:	$ 4,602,208

Rural Development/Small Project Selections

1 Project

Project #	Project Name	Funding Source	$ Awarded
M17455	Trailside Acres	9% Housing Tax Credits	$ 300,000
		Total Awarded:	$ 300,000

Summary of Housing Tax Credit Selections

Total Number of Housing Tax Credits Selections	13
Total Amount of Housing Tax Credits Awarded	$ 9,546,045

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 2017 of the Low Income Housing Tax 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 Pike Lake Marsh,

3. THAT, notification letters concerning the above be forwarded to the approved applicants.

Adopted this 19th day of October 2016

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CHAIRMAN

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

RESOLUTION NO. MHFA 16-

RESOLUTION APPROVING SELECTION AND COMMITMENT
SECTION 811 PROJECT-BASED RENTAL ASSISTANCE GRANTS

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide Section 811 Project-Based 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 (RACs) for up to the total recommended amount for five years;

Project #	Project Name	Funding Source	$ Awarded
M17441	Dublin Crossing	Section 811 Rental Assistance	$ 211,729
M17455	Trailside Acres	Section 811 Rental Assistance	$ 188,522
M17450	Ramsey Apartments	Section 811 Rental Assistance	$ 204,735
M17488	Reprise: Robbinsdale and New Hope	Section 811 Rental Assistance	$ 255,919
M17476	Riverdale Station Apartments	Section 811 Rental Assistance	$ 294,132
M17512	Westgate Apartments	Section 811 Rental Assistance	$ 183,435
		Total Awarded:	$ 1,338,472

2. The issuance of the RAC in form and substance acceptable to the Agency staff shall occur no later than twenty months from the adoption date of this Resolution; and

3. Any extension of an Agency provided capital funding commitment for a project listed above shall also extend the deadline for that project's RAC for the same term; and

4. 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 19th day of October 2016.

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CHAIRMAN

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

RESOLUTION NO. MHFA 16-

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
M17422	Bottineau Ridge Phase II	LMIR	$ 1,031,000
M17442	Dublin Crossing	LMIR	$ 2,352,000
		LMIR Bridge Loan	$ 5,650,000
		FFCC	$ 544,000
M17432	Main Street Flats	LMIR	$ 1,880,000
		LMIR Bridge Loan	$ 2,815,000
		FFCC	$ 500,000
M17428	Mysa House	LMIR	$ 630,000
		LMIR Bridge Loan	$ 1,970,000
		FFCC	$ 466,226
M17454	Solace Apartments	LMIR Bridge Loan	$ 3,145,000
M17507	White Pine Apartments	LMIR	$ 542,000
		Total Awarded:	$21,525,226

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations and policies; that such loans are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the applications will assist in fulfilling the purpose of Minn. Stat. ch. 462A; 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 19th day of October 2016

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CHAIRMAN

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

RESOLUTION NO. MHFA 16-

RESOLUTION APPROVING SELECTION AND COMMITMENT OF DEFERRED FINANCING AND AUTHORIZING THE CLOSING OF MORTGAGE LOAN COMMITMENTS UNDER THE SENIOR RENTAL HOUSING PILOT

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
M17428	Mysa House	Senior Rental Housing Pilot	$ 1,000,000
M17499	The Glen at Valley Creek	Senior Rental Housing Pilot	$ 500,000
		Total Awarded:	$ 1,500,000

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

1. Agency staff shall review and approve the Mortgagor; and

2. The issuance of a mortgage loan commitment for all Senior Rental Housing Pilot 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 any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to said loan or grant, to the security therefore, to the construction and operation of the development, as the Agency, in its sole discretion, deems necessary.

Adopted this 19th day of October 2016

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CHAIRMAN

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

RESOLUTION NO. MHFA 16-

RESOLUTION APPROVING RESERVATION OF TAX-EXEMPT BOND VOLUME CAP

WHEREAS, in conjunction with applications for 4% Low Income Housing Tax Credits, the Minnesota Housing Finance Agency (Agency) has received applications to issue bonds to finance the construction of multifamily rental housing developments serving persons and families of low- and moderate-income for the following developments:

Project #	Project Name	Funding Source	$ Reserved
M17442	Dublin Crossing	Tax Exempt Bonds	$ 5,650,000
M17432	Main Street Flats	Tax Exempt Bonds	$ 2,815,000
M17428	Mysa House	Tax Exempt Bonds	$ 1,970,000
M17451	RD Properties 2017	Tax Exempt Bonds	$ 12,000,000
M17489	Reprise: Robbinsdale and New Hope	Tax Exempt Bonds	$ 8,810,000
M17454	Solace Apartments	Tax Exempt Bonds	$ 3,145,000
		Total Reserved:	$ 34,390,000

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under Agency's rules, regulations and policies; that such financing is 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 approves the above referenced developments for further processing for reservation of tax-exempt bond volume cap subject to the following conditions:

1. If conduit bond financing is requested, the development and financing are in accordance with the Debt Management Policy, or the board approves a waiver as to one or more conditions in that policy; and

2. Agency staff reviews and approves the Mortgagor; and

3. All conditions must have been met by the Mortgagor for the Agency to provide funding for the development from grants or loans under the Consolidated RFP; and

4. The project qualifies for and is awarded 4% Low Income Housing Tax Credits under IRS and Agency rules, regulations and procedures; and

5. The issuance of tax-exempt bonds shall occur no later than 20 months from the adoption date of this Resolution; and

6. The sponsor, the builder, the architect, the mortgagor and any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the tax-exempt bonds, the security therefore, and the construction and operation of the development, as the Agency, in its sole discretion, deems necessary.

Adopted this 19th day of October 2016

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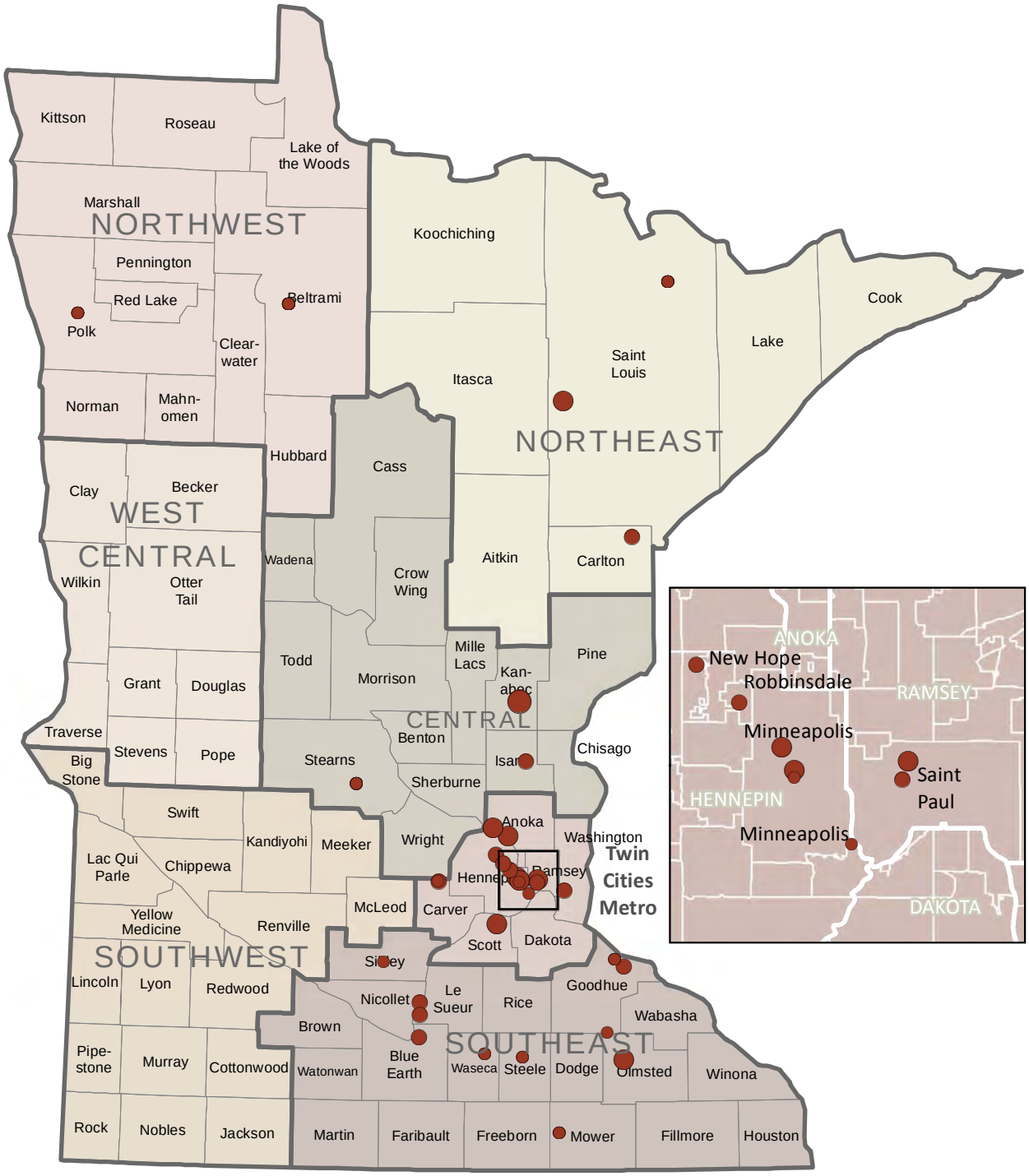
CHAIRMAN

Minnesota Housing Multifamily RFP Funding Recommendations - October 2016



Developments (Units)

1 - 20 21 - 50 51 - 100 101 - 224

0 20 40 Miles

Source: Minnesota Housing Date: 9/20/2016

Minnesota Housing Finance Agency

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2016 Minnesota Housing Multifamily Funding Selections: Consolidated

Development Name	Sponsor	City	Total Units	Permanent Amortizing Mortgage	Minnesota Housing Deferred	Funding Partner Deferred	Estimated Syndication	Other Sources	Total Development Cost
GREATER MINNESOTA									
Central									
Main Street Flats	MetroPlains, LLC	Cambridge	28	$1,880,000	$1,845,000		$2,022,675	$109,833	$5,857,508
Mysa House	Housing and Redevelopment Authority of Mora	Mora	24	$630,000	$1,466,226	$400,000	$1,166,341	$706,086	$4,368,653
RD Properties 2017	Southwest Minnesota Housing Partnership	Cold Spring	267		$3,610,326	$900,000	$6,655,436	$15,572,777	$26,738,539
Northeast									
Bois Forte Homes III	Bois Forte Housing Department	Bois Forte Indian Reservation	20				$5,086,000	$865,471	$5,951,471
Westgate Apartments	Schuett Development LLC	Hibbing	100	$2,847,000			$6,880,048	$345,340	$10,072,388
White Pine Apartments	Cloquet Housing and Redevelopment Authority	Cloquet	35	$542,000			$5,717,724	$115,322	$6,375,046
Northwest									
Agassiz Townhomes	Tri-Valley Opportunity Council, Inc.	Crookston	30				$6,402,871	$726,730	$7,129,601
Red Lake Homes XIII	Red Lake Reservation Housing Authority	Red Lake Indian Reservation	35				$6,404,359	$523,482	$6,927,841
Southeast									
Dublin Crossing	CommonBond Communities	Mankato	50	$2,352,000	$6,185,781	$300,000	$2,477,704	$706,897	$12,022,382
Fox Pointe Townhomes	Three Rivers Community Action, Inc.	Austin	38				$7,946,940	$824,785	$8,771,725
Solace Apartments	Southwest Minnesota Housing Partnership	Saint Peter	30		$4,675,749		$1,858,100	$195,714	$6,729,563
Trailside Acres	Southwest Minnesota Housing Partnership	Red Wing	48			$350,000	$2,939,706	$2,227,044	$5,516,750
Valleyhigh Flats	Joseph Development, LLC	Rochester	60		$1,121,049		$8,578,094	$2,460,205	$12,159,348
Total GREATER MINNESOTA			**765**	**$8,251,000**	**$18,904,131**	**$1,950,000**	**$64,135,997**	**$25,379,686**	**$118,620,814**

2016 Minnesota Housing Multifamily Funding Selections: Consolidated

Development Name	Sponsor	City	Total Units	Permanent Amortizing Mortgage	Minnesota Housing Deferred	Funding Partner Deferred	Estimated Syndication	Other Sources	Total Development Cost
METRO									
Minneapolis									
Great River Landing	Beacon Interfaith Housing Collaborative	Minneapolis	72				$14,298,230	$3,913,630	$18,211,860
Indian Neighborhood Club Expansion	Indian Neighborhood Club on Alcohol and Drugs	Minneapolis	20		$334,220	$300,000		$1,357,885	$1,992,105
Madison Apartments	National Foundation for Affordable Housing Solutions, Inc.	Minneapolis	51		$645,000		$4,618,246	$10,149,192	$15,412,438
Minnehaha Townhomes	Minneapolis Public Housing Authority	Minneapolis	16		$1,170,475	$400,000		$2,546,384	$4,116,859
Saint Paul									
Como by the Lake	Aeon	Saint Paul	99		$2,556,350	$400,000	$2,703,979	$9,276,679	$14,937,008
Model Cities Supportive Housing Rehab Project	Model Cities of St. Paul, Inc.	Saint Paul	37		$1,170,000	$100,000		$621,850	$1,891,850
Suburbs									
Bottineau Ridge Phase II	Duffy Development Company, Inc.	Maple Grove	50	$1,031,000			$8,992,616	$820,899	$10,844,515
Pike Lake Marsh	Connelly Development, LLC	Prior Lake	68				$10,657,934	$4,140,251	$14,798,185
Ramsey Apartments	Aeon	Ramsey	54		$992,951	$100,000	$8,460,068	$3,809,492	$13,362,511
Reprise: Robbinsdale and New Hope	Boisclair Corporation	Robbinsdale	86		$5,338,420		$4,986,181	$5,598,000	$15,922,601
Riverdale Station Apartments	Sherman Associates Development LLC	Coon Rapids	69				$9,899,010	$6,979,075	$16,878,085
The Glen at Valley Creek	Washington County HRA	Woodbury	42		$500,000	$400,000	$3,340,388	$7,144,156	$11,384,544
Total METRO			**664**	**$1,031,000**	**$12,707,416**	**$1,700,000**	**$67,956,652**	**$56,357,493**	**$139,752,561**
Total STATEWIDE			**1,429**	**$9,282,000**	**$31,611,547**	**$3,650,000**	**$132,092,649**	**$81,737,179**	**$258,373,375**

Development Name	Sponsor	City	Total Units	Permanent Amortizing Mortgage	Minnesota Housing Deferred	Funding Partner Deferred	Estimated Syndication	Other Sources	Total Development Cost
Suballocator HTC Projects									
Aeon Prospect Park	Aeon	Minneapolis	70				$10,298,970	$7,172,951	$17,471,921
Lakeville Pointe	Connelly Development, LLC	Lakeville	49				$9,472,993	$2,493,600	$11,966,593
PPL Youth link	Project for Pride in Living	Minneapolis	47				$8,868,420	$2,692,919	$11,561,339
Red Rock Square	Red Rock Square, LLC	Newport	42				$9,227,174	$1,400,923	$10,628,097
To be determined	To be determined	Saint Paul		To be determined					

2016 Minnesota Housing Multifamily Funding Selections: Detailed

				Amortizing Loans		Bridge Loan	Deferred Loans							Rent Assistance	Tax Credit Allocations				Funding Partners		
Development Name	**Sponsor**	**City**	**Total Units**	**LMIR 1st Mortgage**	**MAP**	**LMIR Bridge**	**FFCC**	**PARIF**	**HOME MF**	**EDHC MF**	**EDHC Indian Housing MF**	**NHTF**	**Senior Rental Hsg Pilot**	**Section 811**	**Housing Tax Credits 9%**	**Suballocator 9%**	**TE Bond Housing Tax Credits 4%**	**MN Housing TE Bonds**	**GMHF**	**MN DEED**	**Met Council LHIA**
GREATER MINNESOTA																					
Central																					
Main Street Flats	MetroPlains, LLC	Cambridge	28	$1,880,000		$2,815,000	$500,000			$1,345,000							$208,631	$2,815,000			
Mysa House	Housing and Redevelopment Authority of Mora	Mora	24	$630,000		$1,970,000	$466,226						$1,000,000				$121,506	$1,970,000	$400,000		
RD Properties 2017	Southwest Minnesota Housing Partnership	Cold Spring	267					$3,610,326									$665,997	$12,000,000	$300,000	$600,000	
Northeast																					
Bois Forte Homes III	Bois Forte Housing Department	Bois Forte Indian Reservation	20												$262,284						
Westgate Apartments	Schuett Development LLC	Hibbing	100		$2,847,000									$183,435	$688,693						
White Pine Apartments	Cloquet Housing and Redevelopment Authority	Cloquet	35	$542,000											$571,830						
Northwest																					
Agassiz Townhomes	Tri-Valley Opportunity Council, Inc.	Crookston	30												$667,154						
Red Lake Homes XIII	Red Lake Reservation Housing Authority	Red Lake Indian Reservation	35												$699,930						
Southeast																					
Dublin Crossing	CommonBond Communities	Mankato	50	$2,352,000		$5,650,000	$544,000			$5,641,781				$211,729			$264,347	$5,650,000	$300,000		
Fox Pointe Townhomes	Three Rivers Community Action, Inc.	Austin	38												$827,889						
Solace Apartments	Southwest Minnesota Housing Partnership	Saint Peter	30			$3,145,000			$1,975,749			$2,700,000					$193,770	$3,145,000			
Trailside Acres	Southwest Minnesota Housing Partnership	Red Wing	48											$188,522	$300,000					$350,000	
Valleyhigh Flats	Joseph Development, LLC	Rochester	60							$1,121,049					$884,428						
TOTAL GREATER MINNESOTA			**765**	**$5,404,000**	**$2,847,000**	**$13,580,000**	**$1,510,226**	**$3,610,326**	**$1,975,749**	**$8,107,830**		**$2,700,000**	**$1,000,000**	**$583,686**	**$4,902,208**		**$1,454,251**	**$25,580,000**	**$1,000,000**	**$950,000**	

2016 Minnesota Housing Multifamily Funding Selections: Detailed

				Amortizing Loans		Bridge Loan	Deferred Loans							Rent Assistance	Tax Credit Allocations				Funding Partners		
Development Name	**Sponsor**	**City**	**Total Units**	**LMIR 1st Mortgage**	**MAP**	**LMIR Bridge**	**FFCC**	**PARIF**	**HOME MF**	**EDHC MF**	**EDHC Indian Housing MF**	**NHTF**	**Senior Rental Hsg Pilot**	**Section 811**	**Housing Tax Credits 9%**	**Suballocator 9%**	**TE Bond Housing Tax Credits 4%**	**MN Housing TE Bonds**	**GMHF**	**MN DEED**	**Met Council LHIA**
METRO																					
Minneapolis																					
Great River Landing	Beacon Interfaith Housing Collaborative	Minneapolis	72												$799,833	$674,359					
Indian Neighborhood Club Expansion	Indian Neighborhood Club on Alcohol and Drugs	Minneapolis	20								$334,220										$300,000
Madison Apartments	National Foundation for Affordable Housing Solutions, Inc.	Minneapolis	51					$645,000									$494,853				
Minnehaha Townhomes	Minneapolis Public Housing Authority	Minneapolis	16							$1,170,475											$400,000
Saint Paul																					
Como by the Lake	Aeon	Saint Paul	99						$2,556,350								$293,192				$400,000
Model Cities Supportive Housing Rehab Project	Model Cities of St. Paul, Inc.	Saint Paul	37					$1,170,000													$100,000
Suburbs																					
Bottineau Ridge Phase II	Duffy Development Company, Inc.	Maple Grove	50	$1,031,000											$977,556						
Pike Lake Marsh	Connelly Development, LLC	Prior Lake	68												$1,045,000						
Ramsey Apartments	Aeon	Ramsey	54						$992,951					$204,735	$821,448						$100,000
Reprise: Robbinsdale and New Hope	Boisclair Corporation	Robbinsdale	86						$5,338,420					$255,919			$576,878	$8,810,000			
Riverdale Station Apartments	Sherman Associates Development LLC	Coon Rapids	69											$294,132	$1,000,000						
The Glen at Valley Creek	Washington County HRA	Woodbury	42										$500,000				$340,890				$400,000
Total METRO			**664**	**$1,031,000**				**$1,815,000**	**$8,887,721**	**$1,170,475**	**$334,220**		**$500,000**	**$754,786**	**$4,643,837**	**$674,359**	**$1,705,813**	**$8,810,000**			**$1,700,000**
Total STATEWIDE			**1,429**	**$6,435,000**	**$2,847,000**	**$13,580,000**	**$1,510,226**	**$5,425,326**	**$10,863,470**	**$9,278,305**	**$334,220**	**$2,700,000**	**$1,500,000**	**$1,338,472**	**$9,546,045**	**$674,359**	**$3,160,064**	**$34,390,000**	**$1,000,000**	**$950,000**	**$1,700,000**

				Amortizing Loans		Bridge Loan	Deferred Loans							Rent Assistance	Tax Credit Allocations				Funding Partners		
Development Name	**Sponsor**	**City**	**Total Units**	**LMIR 1st Mortgage**	**MAP**	**LMIR Bridge**	**FFCC**	**PARIF**	**HOME MF**	**EDHC MF**	**EDHC Indian Housing MF**	**NHTF**	**Senior Rental Hsg Pilot**	**Section 811**	**Housing Tax Credits 9%**	**Suballocator 9%**	**TE Bond Housing Tax Credits 4%**	**MN Housing TE Bonds**	**GMHF**	**MN DEED**	**Met Council LHIA**
Suballocator HTC and Rental Assistance Only Projects																					
Aeon Prospect Park	Aeon	Minneapolis	70													$450,772					
Lakeville Pointe	Connelly Development, LLC	Lakeville	49													$885,415					
PPL Youth link	Project for Pride in Living	Minneapolis	47													$98,614					
Red Rock Square	Red Rock Square, LLC	Newport	42													$373,718					
To be determined		Saint Paul														To be determined					

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
PARIF - Affordable Rental Investment Fund - Preservation deferred loans for preserving existing affordable rental housing
HOME MF - HUD HOME Investment Partnerships Program
EDHC MF - Economic Development and Housing/Challenge Fund
EDHC Indian Housing MF - Economic Development and Housing/Challenge Fund for Indian housing set-aside
NHTF - National Housing Trust Fund

Senior Rental Hsg Pilot - Deferred loan pilot for senior rental housing
Section 811 - HUD Section 811 project-based rental assistance
Housing Tax Credits 9% - 9% Housing Tax Credits awarded competitively by Minnesota Housing
Suballocator 9% - 9% Housing Tax Credits awarded competitively by a suballocator
TE Bond Housing Tax Credits 4% - 4% Housing Tax Credits awarded non-competitively
MN Housing TE Bonds - Minnesota Housing Tax Exempt Bonds
GMHF - Greater Minnesota Housing Fund
MN DEED - Minnesota Department of Employment and Economic Development
Met Council LHIA - Metropolitan Council Local Housing Incentives Account

2016 Minnesota Housing Multifamily Funding Selections: Priorities

				Type				Priorities					
Development Name	**Sponsor**	**City**	**Total Units**	**Preservation Federally Assisted Housing**	**New Affordable Housing**	**Preservation Non-Federally Assisted**	**Market Rate**	**Tribal Housing**	**Greater MN Workforce**	**Metro Areas of Opportunity**	**Supportive Housing**	**Senior Housing**	**Housing for People with Disabilities**
GREATER MINNESOTA													
Central													
Main Street Flats	MetroPlains, LLC	Cambridge	28		28				28				
Mysa House	Housing and Redevelopment Authority of Mora	Mora	24		23		1					24	
RD Properties 2017	Southwest Minnesota Housing Partnership	Cold Spring	267	204		63					14	53	
Northeast													
Bois Forte Homes III	Bois Forte Housing Department	Bois Forte Indian Reservation	20		20			20			4		
Westgate Apartments	Schuett Development LLC	Hibbing	100	30		70		100			15	100	10
White Pine Apartments	Cloquet Housing and Redevelopment Authority	Cloquet	35		35				35		7		
Northwest													
Agassiz Townhomes	Tri-Valley Opportunity Council, Inc.	Crookston	30		30				30		4		
Red Lake Homes XIII	Red Lake Reservation Housing Authority	Red Lake Indian Reservation	35		35			35			4		
Southeast													
Dublin Crossing	CommonBond Communities	Mankato	50		40		10		40		7		5
Fox Pointe Townhomes	Three Rivers Community Action, Inc.	Austin	38		38				25		4		
Solace Apartments	Southwest Minnesota Housing Partnership	Saint Peter	30		29		1		30		29		
Trailside Acres	Southwest Minnesota Housing Partnership	Red Wing	48	37		7	4		48				5
Valleyhigh Flats	Joseph Development, LLC	Rochester	60		60				60		4		
Total GREATER MINNESOTA			**765**	**271**	**338**	**140**	**16**	**155**	**296**		**92**	**177**	**20**

2016 Minnesota Housing Multifamily Funding Selections: Priorities

				Type				Priorities					
Development Name	**Sponsor**	**City**	**Total Units**	**Preservation Federally Assisted Housing**	**New Affordable Housing**	**Preservation Non-Federally Assisted**	**Market Rate**	**Tribal Housing**	**Greater MN Workforce**	**Metro Areas of Opportunity**	**Supportive Housing**	**Senior Housing**	**Housing for People with Disabilities**
METRO													
Minneapolis													
Great River Landing	Beacon Interfaith Housing Collaborative	Minneapolis	72		72					72	72		
Indian Neighborhood Club Expansion	Indian Neighborhood Club on Alcohol and Drugs	Minneapolis	20		20			20			19		
Madison Apartments	National Foundation for Affordable Housing Solutions, Inc.	Minneapolis	51	51						51	4		
Minnehaha Townhomes	Minneapolis Public Housing Authority	Minneapolis	16		16					16	16		
Saint Paul													
Como by the Lake	Aeon	Saint Paul	99	57			42			99	5	99	
Model Cities Supportive Housing Rehab Project	Model Cities of St. Paul, Inc.	Saint Paul	37	24		13					35		
Suburbs													
Bottineau Ridge Phase II	Duffy Development Company, Inc.	Maple Grove	50		50					50	7		
Pike Lake Marsh	Connelly Development, LLC	Prior Lake	68		68					68	4		
Ramsey Apartments	Aeon	Ramsey	54		54					54	4		4
Reprise: Robbinsdale and New Hope	Boisclair Corporation	Robbinsdale	86	57		29					5		5
Riverdale Station Apartments	Sherman Associates Development LLC	Coon Rapids	69		55		14			69	7		6
The Glen at Valley Creek	Washington County HRA	Woodbury	42		42					42		42	
Total METRO			**664**	**189**	**377**	**42**	**56**	**20**		**521**	**178**	**141**	**15**
Total STATEWIDE			**1,429**	**460**	**715**	**182**	**72**	**175**	**296**	**521**	**270**	**318**	**35**

				Type				Priorities					
Development Name	**Sponsor**	**City**	**Total Units**	**Federally Assisted Housing**	**New Affordable Housing**	**Rehab not Federally Assisted**	**Market Rate**	**Tribal**	**Greater MN Workforce Housing Communities**	**Metro Areas of Opportunity**	**PSH**	**Senior Housing**	**Housing for People with Disabilities**
Aeon Prospect Park	Aeon	Minneapolis	70	Suballocator Tax Credits Only									
Lakeville Pointe	Connelly Development, LLC	Lakeville	49	Suballocator Tax Credits Only									
PPL Youth link	PPL	Minneapolis	47	Suballocator Tax Credits Only									
Red Rock Square	Red Rock Square, LLC	Newport	42	Suballocator Tax Credits Only									
To be determined		Saint Paul		Suballocator Tax Credits Only									

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Tri-Valley Opportunity Council	**Project City:**	Crookston
Project Name:	Agassiz Townhomes	**Dev #:**	D7883
		App #:	M17396

Project Description

Agassiz is a new construction townhome project with 30 units in six two-story buildings. The development meets the supportive housing and homelessness strategic priorities and also addresses critical rental housing strategic priorities. The development serves an important policy goal of addressing Greater Minnesota workforce housing. The 30 townhomes will consist of 12 two-bedroom units and 18 three-bedroom units.

Cost Containment

The budgeted TDC per unit of $236,653 is 21.37% above the $195,804 predictive model estimate. The development received no HTC points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
2BR	1	$748	50% AMI	60% AMI
2BR	3	$748	50% AMI	60% AMI
2BR	8	$748	50% AMI	60% AMI
3BR	1	$842	50% AMI	60% AMI
3BR	1	$842	50% AMI	60% AMI
3BR	1	$842	50% AMI	Employee Oc-
3BR	15	$842	50% AMI	60% AMI
Total:	**30**			

Permanent Capital Funding Sources

Sources	Amount
Bremer grant	$35,000
Syndication Proceeds*	$6,402,871
First Mortgage	$497,000
CHEDA grant	$17,500
employer contributions	$24,500
sales tax rebate	$135,692
energy rebate	$14,564
Deferred Developer Fee	$2,474
Total Sources:	**$7,129,601**

Super RFP Funding

Capital Funds	Amount
Housing Tax Credits	$667,154
Total Recommended:	

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Bois Forte Housing Department	**Project City:**	Tower
Project Name:	Bois Forte Homes III	**Dev #:**	D7641
		App #:	M17467

Project Description

The Bois Forte Homes III proposal is for new construction of ten duplex buildings with 20 units and one story. The unit mix will consist of ten two-bedroom units and ten three-bedroom units. The duplexes will be located in two different communities on the Reservation: Nett Lake (4 units) and Vermillion (16 units). The development meets the supportive housing and homelessness strategic priorities and addresses critical rental housing strategic priorities. The development also serves an important policy goal of increasing affordable housing on tribal lands.

Cost Containment

The budgeted TDC per unit of $297,574 is 31.59% above the $226,132 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
Total:	**20**			

Permanent Capital Funding Sources

Sources	Amount
Syndication Proceeds*	$5,086,000
IRRRB	$100,000
projected energy rebates	$1,500
FHLB - Des Moines AHP	$500,000
EDHC Indian Housing MF	$263,971
Total Sources:	**$5,951,471**

Super RFP Funding

Capital Funds	Amount
Housing Tax Credits	$262,284
Total Recommended:	

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Duffy Development Company Inc	**Project City:**	Maple Grove
Project Name:	Bottineau Ridge Phase II	**Dev #:**	D7853
		App #:	M17422

Project Description

Bottineau Ridge Phase II is a new construction development consisting of a four-story elevator building with 50 units that includes a mix of one-, two-, three-, and four-bedroom units. The development meets the strategic priorities of providing supportive housing for homeless persons and addressing critical rental housing needs. The development also serves an important policy goal of addressing economic integration. The project is the second phase in a planned three phase development in the high demand and growth area of Maple Grove. Bottineau Ridge Phase I was similar in scope to Phase II with 50 units, and it received Agency funding in 2013.

Cost Containment

The budgeted TDC per unit of $216,890 is 3.67% below the $225,145 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
1BR	4	$483	30% AMI	60% AMI
1BR	2	$130	30% AMI	60% AMI
2BR	19	$966	50% AMI	60% AMI
2BR	1	$579	30% AMI	60% AMI
2BR	1	$579	30% AMI	60% AMI
2BR	3	$180	30% AMI	60% AMI
3BR	12	$1,115	50% AMI	60% AMI
3BR	1	$669	30% AMI	60% AMI
3BR	1	$669	30% AMI	60% AMI
3BR	2	$180	30% AMI	60% AMI
4BR	1	$1,245	50% AMI	60% AMI
4BR	3	$1,245	50% AMI	60% AMI
Total:	**50**			

Permanent Capital Funding Sources

Sources	Amount
Deferred Developer Fee	$899
Syndication Proceeds*	$8,992,616
LMIR 1st Mortgage	$1,031,000
Hennepin County HOME	$355,000
Hennepin County AHIF	$445,000
Energy Rebates	$20,000
Total Sources:	**$10,844,515**

Super RFP Funding

Capital Funds	Amount
LMIR 1st Mortgage	$1,031,000
Housing Tax Credits	$977,556
Total Recommended:	**$1,031,000**

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Aeon	**Project City:**	Saint Paul
Project Name:	Como by the Lake	**Dev #:**	D3468
		App #:	M17439

Project Description

Como by the Lake involves the acquisition and moderate rehabilitation of a 99 unit development in Saint Paul that serves seniors and people with disabilities. It is a five story elevator building with 75 one-bedroom units and 24 two-bedroom units. Fifty-seven of the units benefit from project-based Section 8 rental assistance. The development meets the preservation and supportive housing/homelessness strategic priorities. It also addresses critical rental housing strategic priorities. The development serves important policy goals of preserving federally assisted housing and economic integration.

Cost Containment

The budgeted TDC per unit of $150,744 is 11.42% above the $135,292 predictive model estimate. The development is not eligible for cost containment points under the 4% structure.

Permanent Capital Funding Sources

Sources	Amount
Federal Home Loan Bank	$500,000
Syndication Proceeds*	$2,703,979
First Mortgage	$8,192,000
HOME	$2,556,350
Sales Tax Rebate - bridge	$79,000
Aeon Loan - interim cash	$243,195
Deferred Developer Fee	$262,484
Met Council LHIA	$400,000
Total Sources:	**$14,937,008**

Super RFP Funding

Capital Funds	Amount
HOME MF	$2,556,350
Met Council LHIA	$400,000
Housing Tax Credits	N/A
Total Recommended:	**$2,956,350**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	51	$968	50% AMI	50% AMI
1BR	15	$966	60% AMI	60% AMI
1BR	4	$860	Market Rate	Market Rate
1BR	5	$691	50% AMI	50% AMI
2BR	1	$1,255	Market Rate	Market Rate
2BR	6	$1,256	50% AMI	50% AMI
2BR	3	$1,104	Market Rate	Market Rate
2BR	2	$1,159	60% AMI	60% AMI
2BR	3	$1,159	60% AMI	60% AMI
2BR	3	$1,115	60% AMI	60% AMI
2BR	3	$1,039	60% AMI	60% AMI
2BR	1	$960	Market Rate	Market Rate
2BR	1	$966	60% AMI	60% AMI
2BR	1	$875	Market Rate	Market Rate
Total:	**99**			

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	CommonBond Communities	**Project City:**	Mankato
Project Name:	Dublin Crossing	**Dev #:**	D7947
		App #:	M17442

Project Description

Dublin Crossing is a new construction development in Mankato consisting of an elevator building with 50 units and three stories. The development meets the supportive housing/homelessness strategic priorities and also addresses critical rental housing and Greater Minnesota workforce housing strategic priorities. The development also serves an important policy goal of addressing economic integration.

Cost Containment

The budgeted TDC per unit of $240,524 is 16.75% above the $206,016 predictive model estimate. The development is not eligible for cost containments points under the tax credit HTC structure.

Permanent Capital Funding Sources

Sources	Amount
LMIR 1st Mortgage	$2,352,000
Local US Bank Donation	$2,477,704
Syndication Proceeds*	
Mankato CDBG	$100,000
Energy Rebate	$42,000
Sales Tax Rebate	$230,000
Blue Earth County Def Loan	$50,000
Local Wells Fargo Donation	$5,000
Local AET Donation	$2,400
Local L&N Andreas	$5,000
Local Bremer Donation	$250
Deferred Developer Fee	$272,247
GMHF	$300,000
Flexible Financing Cap	$544,000
EDHC MF	$5,641,781
Total Sources:	**$12,022,382**

Super RFP Funding

Capital Funds		Amount
LMIR 1st Mortgage		$2,352,000
Flexible Financing Cap Costs		$544,000
EDHC MF		$5,641,781
LMIR BL		$5,650,000
GMHF		$300,000
Section 811	5 units	$211,729
Housing Tax Credits		$264,347
Total Recommended:		**$14,487,781**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	6	$825	Market Rate	Market Rate
1BR	1	$822	60% AMI	60% AMI
1BR	5	$698	60% AMI	60% AMI
2BR	4	$1,100	Market Rate	Market Rate
2BR	16	$886	60% AMI	60% AMI
2BR	5	$815	60% AMI	60% AMI
3BR	2	$1,118	60% AMI	60% AMI
3BR	3	$1,118	60% AMI	60% AMI
3BR	8	$1,073	60% AMI	60% AMI
Total:	**50**			

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Three Rivers Community Action Inc	**Project City:**	Austin
Project Name:	Fox Pointe Townhomes	**Dev #:**	D7888
		App #:	M17443

Project Description

Fox Pointe Townhomes is a new construction, two story, townhome development with 38 units in four buildings. The project will include a mix of eight two-bedroom units, 26 three-bedroom units, and four four-bedroom units. The development meets supportive housing and homelessness strategic priorities. The development also serves important policy goals of addressing workforce housing, planned community development and supportive housing.

Cost Containment

The budgeted TDC per unit of $230,835 is 20.69% above the $191,268 predictive model estimate. The development received points for claiming cost containment points.

Permanent Capital Funding Sources

Sources	Amount
Syndication Proceeds*	$7,946,940
First Mortgage	$520,000
UMOS	$23,000
Energy Rebates	$38,560
Sales Tax Rebate	$170,040
Deferred Developer Fee	$73,185
Total Sources:	**$8,771,725**

Super RFP Funding

Capital Funds	Amount
Housing Tax Credits	$827,889
Total Recommended:	

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
2BR	3	$718	50% AMI	60% AMI
2BR	5	$718	50% AMI	60% AMI
3BR	1	$830	Employee Oc-	Employee Oc-
3BR	1	$830	50% AMI	60% AMI
3BR	24	$830	50% AMI	60% AMI
4BR	4	$926	50% AMI	60% AMI
Total:	**38**			

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Beacon Interfaith Housing Collaborative	**Project City:**	Minneapolis
Project Name:	Great River Landing	**Dev #:**	D7866
		App #:	M17485

Project Description

Great River Landing is an acquisition and new construction development located in downtown Minneapolis. It is an elevator building with 72 units and five stories. Great River Landing will provide affordable housing with intensive on-site support services for individuals who have histories of chronic unemployment, homelessness, trauma, poverty and incarceration. The property will consist of 40 efficiency units and 32 Single Room Occupancy (SRO) units within eight community suites (4 SRO units per community suite). Each community suite will have a common kitchen and two common bathrooms; 15 units will serve individuals experiencing homelessness, and residents will be referred through Coordinated Entry. Four units will be targeted to long-term homeless youth ages 18-24. The development meets the supportive housing and homelessness strategic priorities, and it also addresses critical rental housing strategic priorities. The development serves important policy goals of addressing transit oriented development (TOD) and economic integration.

Cost Containment

The budgeted TDC per unit of $252,943 is 3.77% below the $262,844 predictive model estimate. The development did not receive cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
0BR/SRO	2	$687	50% AMI	50% AMI
0BR/SRO	3	$687	50% AMI	50% AMI
0BR/SRO	4	$687	50% AMI	50% AMI
0BR/SRO	5	$687	30% AMI	30% AMI
0BR/SRO	9	$687	50% AMI	50% AMI
0BR/SRO	16	$687	30% AMI	30% AMI
0BR/SRO	22	$687	30% AMI	30% AMI
0BR/SRO	11	$450	30% AMI	30% AMI
Total:	**72**			

Permanent Capital Funding Sources

Sources	Amount
AHTF Supplemental	$900,000
Federal Home Loan Bank	$500,000
Sales Tax Refund & energy	$250,000
Deferred Developer Fee	$1,430
Hennepin County TOD	$375,000
Met Council TBRA	$187,200
Syndication Proceeds*	$14,298,230
Met Council LCDA	$500,000
Congregation Funds	$300,000
City of Minneapolis AHTF	$900,000
Total Sources:	**$18,211,860**

Super RFP Funding

Capital Funds	Amount
	N/A
Housing Tax Credits	$799,833
Total Recommended:	$

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Indian Neighborhood Club	**Project City:**	Minneapolis
Project Name:	Indian Neighborhood Club	**Dev #:**	D7746
		App #:	M17470

Project Description

Indian Neighborhood Club Expansion is a new construction development. The Indian Neighborhood Club Expansion is a walk-up building with 20 Single Room Occupancy (SRO) units in a three-story, four-plex style building. The development meets the supportive housing and homelessness strategic priorities, and it also addresses critical rental housing strategic priorities. The project will provide permanent supportive housing for recovering alcohol and drug dependent individuals trying to obtain employment. The project is located in a workforce housing area with access to transit. While the program welcomes men of all backgrounds and ethnicities, it emphasizes Native American culture as part of the healing process.

Cost Containment

The budgeted TDC per unit of $99,789 is 44.12% below the $178,581 predictive model estimate. Due to the property's unique design, it is reasonable for the TDC to be this far below the predictive model.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
0BR/SRO	1	$500	50% AMI	Market Rate
0BR/SRO	2	$500	50% AMI	50% AMI
0BR/SRO	4	$500	50% AMI	30% AMI
0BR/SRO	6	$500	30% AMI	30% AMI
0BR/SRO	7	$500	30% AMI	50% AMI
Total:	**20**			

Permanent Capital Funding Sources

Sources	Amount
FHLB Des Moines AHP	$500,000
Mpls CPED 2014, 2015	$241,900
Hennepin County 2015	$200,000
Foundation & Tribal funds	$28,000
Addt'l Hennepin Cty 2016	$358,755
Sales Tax Rebate	$29,230
EDHC Indian Housing MF	$334,220
Met council LHIA	$300,000
Total Sources:	**$1,992,105**

Super RFP Funding

Capital Funds	Amount
EDHC Indian Housing MF	$334,220
Met Council LHIA	$300,000
Housing Tax Credits	N/A
Total Recommended:	**$634,220**

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	NFAHS Development LLC	**Project City:**	Minneapolis
Project Name:	Madison Apartments	**Dev #:**	D0944
		App #:	M17419

Project Description

The Madison, located in Minneapolis, involves the acquisition and moderate rehabilitation of 29 units of housing in a historic school building. It also involves the demolition of a 22 unit townhome building due to urgent health and safety concerns and the construction of 22 replacement units. Both buildings will be three-story developments with elevators. The properties include a total of 51 units. All of the units benefit from project-based section 8 rental assistance. The development meets the preservation and supportive housing/homelessness strategic priorities.

Cost Containment

The budgeted TDC per unit of $302,205 is 6.7% above the $283,240 predictive model estimate. The development was not eligible for cost containment points under the 4% tax credit structure.

Permanent Capital Funding Sources

Sources	Amount
Sales Tax Rebate	$163,891
Energy Rebate	$21,515
Syndication Proceeds*	$4,618,246
PARIF	$645,000
NFAHS Cash Flow Note	$850,000
Interim Income	$354,594
Deferred Developer Fee	$1,219,192
First Mortgage	$7,540,000
Total Sources:	**$15,412,438**

Super RFP Funding

Capital Funds	Amount
PARIF	$645,000
Housing Tax Credits	$494,853
Total Recommended:	**$645,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
2BR	18	$1,468	50% AMI	60% AMI
2BR	18	$1,453	50% AMI	60% AMI
2BR	2	$1,441	50% AMI	60% AMI
3BR	4	$1,813	50% AMI	60% AMI
3BR	5	$1,788	50% AMI	60% AMI
4BR	4	$1,993	50% AMI	60% AMI
Total:	**51**			

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	MetroPlains LLC	**Project City:**	Cambridge
Project Name:	Main Street Flats	**Dev #:**	D7848
		App #:	M17432

Project Description

Main Street Flats is an acquisition/new construction development in Cambridge that consists of a two-story elevator building with 28 units. The development addresses critical rental housing strategic priorities in a workforce housing community. The development also serves an important policy goal of addressing economic integration.

Cost Containment

The budgeted TDC per unit of $209,197 is 17.66% above the $177,791 predictive model estimate. The development is not eligible for cost containment points as a 4% project.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	3	$830	60% AMI	60% AMI
1BR	4	$830	60% AMI	60% AMI
2BR	1	$953	60% AMI	60% AMI
2BR	4	$953	60% AMI	60% AMI
2BR	8	$953	60% AMI	60% AMI
2BR	8	$953	60% AMI	60% AMI
Total:	**28**			

Permanent Capital Funding Sources

Sources	Amount
LMIR 1st Mortgage	$1,880,000
Syndication Proceeds*	$2,022,675
Flexible Financing Cap	$500,000
Deferred Developer Fee	$104,833
Energy Rebate	$5,000
EDHC	$1,345,000
Total Sources:	**$5,857,508**

Super RFP Funding

Capital Funds	Amount
LMIR 1st Mortgage	$1,880,000
EDHC MF	$1,345,000
Flexible Financing Cap Costs	$500,000
LMIR BL	$2,815,000
Housing Tax Credits	$208,631
Total Recommended:	**$6,540,000**

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Minneapolis Public Housing Authority	**Project City:**	Minneapolis
Project Name:	Minnehaha Townhomes	**Dev #:**	D7948
		App #:	M17445

Project Description

Minnehaha Townhomes is a new construction townhome development with 16 units being proposed by the Minneapolis Public Housing Authority (MPHA). The project will include a mix of eight two-bedroom units, seven three-bedroom units and one four-bedroom unit. The development meets the supportive housing/homelessness strategic priorities. The development also serves important policy goals of addressing transit oriented development on light rail and economic integration.

Cost Containment

The budgeted TDC per unit of $257,304 is 11.22% above the $231,345 predictive model estimate. The development received points for cost containment.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
2BR	4	$656	30% AMI	30% AMI
2BR	4	$656	30% AMI	30% AMI
3BR	7	$850	30% AMI	30% AMI
4BR	1	$994	30% AMI	30% AMI
Total:	**16**			

Permanent Capital Funding Sources

Sources	Amount
EDHC MF	$1,170,475
Hennepin County AHIF	$400,000
City of Minneapolis Trust	$800,000
Met Council LCDA	$540,000
Federal Home Loan Bank	$300,000
Minneapolis Public Housing	$500,000
Sales Tax Rebates	$6,384
Met Council LHIA	$400,000
Total Sources:	**$4,116,859**

Super RFP Funding

Capital Funds	Amount
EDHC MF	$1,170,475
Met Council LHIA	$400,000
Housing Tax Credits	N/A
Total Recommended:	**$1,570,475**

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Model Cities of Saint Paul	**Project City:**	Saint Paul
Project Name:	Model Cities Supportive Housing	**Dev #:**	D7884
		App #:	M17500

Project Description

Model Cities Supportive Housing Rehab is a moderate rehab development consisting of two scattered site developments in Saint Paul. The Families First project contains multiple, two-story, walk-up buildings with 21 units, 20 of which are assisted by Section 8 project-based vouchers. Sankofa Apartments contains multiple, two-story, walk-up buildings with 16 units, four of which are assisted by Section 8 project-based vouchers. All five buildings are within a one mile radius of each other and in close proximity to the Green Line LRT. The development meets the preservation and supportive housing/homelessness strategic priorities. The development also serves an important policy goal of addressing preservation of federally assisted units.

Cost Containment

The budgeted TDC per unit of $51,131 is 18.59% below the $62,805 predictive model estimate. The development did not claim cost containment points since it is not a tax credit development.

Permanent Capital Funding Sources

Sources	Amount
Met Council LHIA	$100,000
PARIF	$1,170,000
Federal Home Loan Bank	$561,000
Foundation Grants	$20,000
Estimated Xcel Rebate	$40,850
Total Sources:	**$1,891,850**

Super RFP Funding

Capital Funds	Amount
PARIF	$1,170,000
Met Council LHIA	$100,000
Housing Tax Credits	N/A
Total Recommended:	**$1,270,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	1	$711	Employee Oc-	Employee Oc-
1BR	4	$711	30% AMI	30% AMI
1BR	4	$130	30% AMI	30% AMI
1BR	7	$130	30% AMI	30% AMI
2BR	1	$983	Employee Oc-	Employee Oc-
2BR	3	$956	30% AMI	30% AMI
2BR	8	$956	30% AMI	30% AMI
2BR	3	$876	30% AMI	30% AMI
3BR	1	$1,291	30% AMI	30% AMI
3BR	1	$1,291	30% AMI	30% AMI
3BR	3	$888	30% AMI	30% AMI
4BR	1	$1,463	30% AMI	30% AMI
Total:	**37**			

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	D.W. Jones Inc	**Project City:**	Mora
Project Name:	Mysa House	**Dev #:**	D7942
		App #:	M17428

Project Description

Mysa House is a new construction senior development. It is a 24-unit, three story, elevator building in Mora that meets the planned community development strategic priority. In addition, the development serves an important policy goal of addressing senior housing with services. Mysa House will be contracting with St. Clare Living Community to provide a-la-carte service options that, if residents qualify, can be purchased individually via private pay or through Kanabec-Pine Community Health programs. Twenty-five percent of the residents are expected to require services. The development is part of a larger senior campus that is also owned by the Mora HRA and serviced by St. Clare Living Community. It includes a senior activity center, assisted living and memory care.

Cost Containment

The budgeted TDC per unit of $182,028 is 11.3% below the $205,262 predictive model estimate. As the development is being recommended for a 4% LIHTC structure, it is not eligible to take cost containment points.

Permanent Capital Funding Sources

Sources	Amount
LMIR 1st Mortgage	$630,000
Syndication Proceeds*	$1,166,341
Sales Tax Rebate	$96,000
Energy Rebate funded by	$14,395
Federal Home Loan Bank	$500,000
Deferred Developer Fee	$95,691
GMHF	$400,000
Flexible Financing Cap	$466,226
Senior Housing Pilot	$1,000,000
Total Sources:	**$4,368,653**

Super RFP Funding

Capital Funds	Amount
LMIR BL	$1,970,000
Senior Rental Housing Pilot	$1,000,000
LMIR 1st Mortgage	$630,000
Flexible Financing Cap Costs	$466,226
GMHF	$400,000
Housing Tax Credits	$121,506
Total Recommended:	**$4,466,226**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	4	$605	60% AMI	60% AMI
1BR	1	$598	50% AMI	60% AMI
1BR	2	$629	50% AMI	60% AMI
1BR	3	$629	30% AMI	60% AMI
1BR	5	$629	30% AMI	60% AMI
1BR	5	$629	60% AMI	60% AMI
2BR	1	$700	50% AMI	60% AMI
2BR	1	$700	Market Rate	Market Rate
2BR	2	$700	60% AMI	60% AMI
Total:	**24**			

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Connelly Development LLC	**Project City:**	Prior Lake
Project Name:	Pike Lake Marsh	**Dev #:**	D7856
		App #:	M17418

Project Description

Pike Lake Marsh is a three story, new construction development in Prior Lake that will consist of an elevator building with 68 units. The development meets the economic integration policy goal and the supportive housing strategic priority.

Cost Containment

The budgeted TDC per unit of $217,620 is .38% below the $218,441 predictive model estimate. The development received points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	11	$805	50% AMI	60% AMI
1BR	1	$691	30% AMI	30% AMI
1BR	3	$691	30% AMI	30% AMI
2BR	33	$966	50% AMI	60% AMI
3BR	20	$1,115	50% AMI	60% AMI
Total:	**68**			

Permanent Capital Funding Sources

Sources	Amount
Syndication Proceeds*	$10,657,934
First Mortgage	$3,688,000
Scott County CDA	$175,000
Energy Rebate (Estimated)	$15,000
Deferred Developer Fee	$262,251
Total Sources:	**$14,798,185**

Super RFP Funding

Capital Funds	Amount
Housing Tax Credits	$1,045,000
Total Recommended:	

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Aeon	**Project City:**	Ramsey
Project Name:	Ramsey Apartments	**Dev #:**	D7950
		App #:	M17449

Project Description

Ramsey Apartments is a new construction development consisting of a three story elevator building with 54 units. The project will include a mix of six one-bedroom units, 21 two-bedroom units, 21 three-bedroom units, and six four-bedroom units. The development meets the supportive housing/ homelessness strategic priorities. The development also serves important policy goals of addressing transit oriented development (TOD) on light rail and economic integration.

Cost Containment

The budgeted TDC per unit of $246,591 is 17.12% above the $210,542 predictive model estimate. The development received points for claiming cost containment.

Permanent Capital Funding Sources

Sources	Amount
Energy Rebate	$21,000
General Partner Cash	$100
Syndication Proceeds*	$8,460,068
First Mortgage	$3,075,000
HOME MF	$992,951
Sales Tax Rebate	$263,392
Met Council TOD Grant	$250,000
Anoka County HOME Funds	$200,000
Met Council LHIA	$100,000
Total Sources:	**$13,362,511**

Super RFP Funding

Capital Funds		Amount
HOME MF		$992,951
Met Council LHIA		$100,000
Section 811	4 units	$204,735
Housing Tax Credits		$821,448
Total Recommended:		**$1,092,951**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	2	$805	50% AMI	50% AMI
1BR	4	$805	50% AMI	50% AMI
2BR	17	$918	50% AMI	50% AMI
2BR	4	$691	30% AMI	30% AMI
3BR	9	$1,115	50% AMI	50% AMI
3BR	12	$1,115	50% AMI	50% AMI
4BR	6	$1,675	50% AMI	50% AMI
Total:	**54**			

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Southwest Minnesota Housing Partnership	**Project City:**	Cold Spring
Project Name:	RD Properties 2017	**Dev #:**	D7951
		App #:	M17451

Project Description

RD Portfolio 2017 is an acquisition and substantial rehab of 11 properties containing walk-up apartments and townhome buildings with 267 units and one to three stories per building. The development meets the preservation and supportive housing/homelessness strategic priorities. The development also serves an important policy goal of addressing preservation of federally assisted housing.

Cost Containment

The budgeted TDC per unit of $100,000 for the overall project is 15% below the $117,957 predictive model estimate. Among the individual properties, eight of their respective TDCs are below the predictive model, while three are above, but no greater than 10% above, the predictive model. The development did not claim cost containment points (4% only deal).

Permanent Capital Funding Sources

Sources	Amount
PARIF	$3,610,326
Syndication Proceeds*	$6,655,436
First Mortgage	$8,003,000
RD Loans Assumed from	$5,854,900
Sales Tax Rebate	$180,000
RD Reserves - Transferred	$343,980
Sellers Contribution at	$300,000
Estimated Energy Rebates	$40,897
SWMHP/NeighborWorks	$100,000
Deferred Developer Fee	$750,000
GMHF	$300,000
MN DEED	$600,000
Total Sources:	**$26,738,539**

Super RFP Funding

Capital Funds	Amount
PARIF	$3,610,326
GMHF	$300,000
MN DEED	$600,000
Housing Tax Credits	$665,997
Total Recommended:	**$4,510,326**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	19	$657	50% AMI	60% AMI
1BR	41	$654	50% AMI	60% AMI
1BR	4	$595	50% AMI	60% AMI
1BR	9	$548	50% AMI	60% AMI
1BR	15	$557	50% AMI	60% AMI
1BR	11	$507	50% AMI	60% AMI
2BR	8	$812	50% AMI	60% AMI
2BR	60	$781	50% AMI	60% AMI
2BR	20	$770	50% AMI	60% AMI
2BR	14	$700	50% AMI	60% AMI
2BR	21	$541	50% AMI	60% AMI
2BR	9	$706	50% AMI	60% AMI
3BR	1	$947	Employee Oc-	Employee Oc-
3BR	2	$950	50% AMI	60% AMI
3BR	16	$934	50% AMI	60% AMI
3BR	4	$906	50% AMI	60% AMI
3BR	3	$685	50% AMI	60% AMI
3BR	4	$779	50% AMI	60% AMI
3BR	5	$779	50% AMI	60% AMI
Total:	**267**			

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Red Lake Reservation Housing Authority	**Project City:**	Red Lake Indian Reservation
Project Name:	Red Lake Homes XIII	**Dev #:**	D7952
		App #:	M17452

Project Description

Red Lake Homes XIII is a new construction development consisting of 35 scattered site, single-family, rental homes. The homes will be located in two different communities on the Reservation: Red Lake (23 units) and Redby (12 units), in existing subdivisions. All 35 homes will have three bedrooms. The development meets the supportive housing/homelessness strategic priorities, and it also addresses critical rental housing and workforce housing strategic priorities. The development serves an important policy goal of increasing affordable housing on tribal lands.

Cost Containment

The budgeted TDC per unit of $197,938 is 14% below the $230,949 predictive model estimate. The development received points for cost containment.

Permanent Capital Funding Sources

Sources	Amount
Syndication Proceeds*	$6,404,359
RLRHA Deferred Cash Flow	$523,482
Total Sources:	**$6,927,841**

Super RFP Funding

Capital Funds	Amount
Housing Tax Credits	$699,930
Total Recommended:	

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
3BR	4	$280	60% AMI	60% AMI
3BR	5	$280	60% AMI	60% AMI
3BR	8	$280	60% AMI	60% AMI
3BR	6	$240	50% AMI	60% AMI
3BR	6	$240	50% AMI	60% AMI
3BR	2	$170	30% AMI	60% AMI
3BR	1	$180	30% AMI	60% AMI
3BR	3	$180	30% AMI	60% AMI
Total:	**35**			

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Boisclair Corporation	**Project City:**	Robbinsdale
Project Name:	Reprise: Robbinsdale and New Hope	**Dev #:**	D7963
		App #:	M17489

Project Description

Reprise: Robbinsdale and New Hope is an acquisition and substantial rehab composed of two buildings: 1) Bridgeway in Robbinsdale is a three story elevator building with 45 units with partial Section 8 and; 2) Park Acres in New Hope is a 41 unit project with a combination of townhome and walk-up buildings, with all units subsidized by Section 8. The development meets the preservation and supportive housing/homelessness strategic priorities and also serves an important policy goal of addressing the preservation of federally assisted housing.

Cost Containment

For Park Acres, the budgeted TDC per unit of $217,000 is 21% above the $179,000 predictive model estimates. For Bridgeway, the budgeted TDC per unit of $158,000 is 10% below the $175,000 predictive model estimates. The development is not eligible for cost containment points under the 4% structure.

Permanent Capital Funding Sources

Sources	Amount
Syndication Proceeds*	$4,986,181
First Mortgage	$4,683,000
HOME MF	$5,338,420
Hennepin County HOME/	$300,000
City of Robbinsdale	$300,000
Deferred Developer Fee	$315,000
Total Sources:	**$15,922,601**

Super RFP Funding

Capital Funds	Amount
HOME MF	$5,338,420
Section 811 5 units	$255,919
Housing Tax Credits	$576,878
Total Recommended:	**$5,338,420**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	16	$805	50% AMI	60% AMI
1BR	2	$774	50% AMI	60% AMI
1BR	16	$774	50% AMI	60% AMI
2BR	9	$941	50% AMI	60% AMI
2BR	13	$941	50% AMI	60% AMI
2BR	3	$907	50% AMI	60% AMI
2BR	10	$907	50% AMI	60% AMI
2BR	5	$691	30% AMI	30% AMI
3BR	6	$1,196	50% AMI	60% AMI
3BR	6	$1,041	50% AMI	60% AMI
Total:	**86**			

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Sherman Associates Development LLC	**Project City:**	Coon Rapids
Project Name:	Riverdale Station Apartments	**Dev #:**	D7961
		App #:	M17476

Project Description

Riverdale Station Apartments is a new construction, mixed-income development consisting of a four story elevator building with 69 units, 55 of which will be affordable. The affordable component of this project will include a mix of 12 one-bedroom units, 28 two-bedroom units and 15 three-bedroom units. The development meets the supportive housing/homelessness strategic priorities and also serves important policy goals of addressing transit oriented development (TOD) on light rail and economic integration.

Cost Containment

The budgeted TDC per unit of $244,610 is 15.24% above the $212,265 predictive model estimate. The development received points for cost containment.

Permanent Capital Funding Sources

Sources	Amount
Syndication Proceeds*	$9,899,010
First Mortgage	$6,470,000
Deferred Developer Fee	$471,972
Energy Rebate	$37,103
Total Sources:	**$16,878,085**

Super RFP Funding

Capital Funds		Amount
Section 811	6 units	$294,132
Housing Tax Credits		$1,000,000
Total Recommended:		

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	10	$771	50% AMI	50% AMI
1BR	2	$130	50% AMI	50% AMI
2BR	10	$1,250	Market Rate	Market Rate
2BR	25	$926	50% AMI	50% AMI
2BR	3	$180	50% AMI	50% AMI
3BR	4	$1,524	Market Rate	Market Rate
3BR	13	$1,070	50% AMI	50% AMI
3BR	2	$180	50% AMI	50% AMI
Total:	**69**			

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Southwest Minnesota Housing Partnership	**Project City:**	Saint Peter
Project Name:	Solace Apartments	**Dev #:**	D7717
		App #:	M17454

Project Description

Solace Apartments is a new construction development in Saint Peter consisting of an elevator building with 30 units in two stories. The development meets the supportive housing and homelessness strategic priorities and also supports community recovery strategic priorities. In addition, it addresses critical rental housing needs. The development serves an important policy goal of addressing planned community development, supportive housing, and serving LTH households. Solace Apartments will provide 29 units of supportive housing with services available to households exiting incarceration.

Cost Containment

The budgeted TDC per unit of $219,970 is 17.7% above the $181,025 predictive model estimate. The development is not eligible for cost containment points under the 4% tax credit structure.

Permanent Capital Funding Sources

Sources	Amount
Sales Tax Rebate	$133,000
Syndication Proceeds*	$1,858,100
Energy Rebate	$4,300
SWMHP	$58,414
NHTF	$2,700,000
HOME MF	$1,975,749
Total Sources:	**$6,729,563**

Super RFP Funding

Capital Funds	Amount
HOME MF	$1,975,749
LMIR BL	$3,145,000
NHTF	$2,700,000
Housing Tax Credits	$193,770
Total Recommended:	**$7,820,749**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	1	$664	50% AMI	60% AMI
1BR	1	$664	50% AMI	60% AMI
1BR	4	$664	50% AMI	60% AMI
2BR	1	$861	50% AMI	60% AMI
2BR	2	$861	50% AMI	60% AMI
2BR	2	$861	50% AMI	60% AMI
2BR	4	$861	50% AMI	60% AMI
2BR	6	$861	50% AMI	60% AMI
2BR	1	$828	Market Rate	Market Rate
3BR	1	$891	50% AMI	60% AMI
3BR	1	$891	50% AMI	60% AMI
3BR	2	$891	50% AMI	60% AMI
3BR	4	$891	50% AMI	60% AMI
Total:	**30**			

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	HRA of Washington County	**Project City:**	Woodbury
Project Name:	The Glen at Valley Creek	**Dev #:**	D7969
		App #:	M17499

Project Description

The Glen at Valley Creek is an acquisition and new construction development consisting of an elevator building with 42 units and three stories. The Glen at Valley Creek uses an independent living model with a tenant service coordinator who will assist residents with transportation, plan wellness and community activities and connect residents with community resources. Residents will be referred to the Waters Senior Living, a third party provider, to access home and community based services as needed. Staff recommend including four units that will be marketed to homeless households, but they will not be restricted for LTH households. The development meets the critical rental housing and financing housing responsive to Minnesota's changing demographics strategic priorities. The development also serves an important policy goal of addressing economic integration.

Cost Containment

The budgeted TDC per unit of $271,061 is 0.92% below the $273,586 predictive model estimate. The development is not eligible for cost containment points under the proposed financial structure.

Permanent Capital Funding Sources

Sources	Amount
Syndication Proceeds*	$3,340,388
First Mortgage	$4,145,000
Senior Housing Pilot	$500,000
Woodbury HOME	$84,943
Woodbury CDBG	$118,793
Washington County HRA	$500,000
Washington County HRA	$420,000
Federal Home Loan Bank	$500,000
Senior Care Communities	$500,000
Sales Tax Refund	$275,420
Deferred Developer Fee	$600,000
Met Council LHIA	$400,000
Total Sources:	**$11,384,544**

Super RFP Funding

Capital Funds	Amount
Senior Rental Housing Pilot	$500,000
Met Council LHIA	$400,000
Housing Tax Credits	N/A
Total Recommended:	**$900,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	2	$830	50% AMI	50% AMI
1BR	2	$830	30% AMI	30% AMI
1BR	1	$805	50% AMI	50% AMI
1BR	21	$805	50% AMI	50% AMI
1BR	1	$483	30% AMI	30% AMI
2BR	2	$1,027	50% AMI	50% AMI
2BR	11	$966	50% AMI	50% AMI
2BR	1	$579	30% AMI	30% AMI
2BR	1	$579	30% AMI	30% AMI
Total:	**42**			

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Southwest Minnesota Housing Partnership	**Project City:**	Red Wing
Project Name:	Trailside Acres	**Dev #:**	D1179
		App #:	M17455

Project Description

Trailside Acres is an acquisition, substantial rehab development consisting of 48 units in four walk-up, two-story buildings. The development meets the preservation and supportive housing/homelessness strategic priorities. The development also serves an important policy goal of addressing preservation of federally assisted housing.

Cost Containment

The budgeted TDC per unit of $114,932 is 15.61% below the $136,187 predictive model estimate. The development did not claim cost containment points.

Permanent Capital Funding Sources

Sources	Amount
Syndication Proceeds*	$2,939,706
First Mortgage	$901,278
RD	$559,623
RD	$592,864
SWMHP	$33,029
Sales Tax Rebate	$23,000
MN Deed	$350,000
Energy Rebates	$1,395
Transfer RD Reserves	$115,855
Total Sources:	**$5,516,750**

Super RFP Funding

Capital Funds		Amount
MN DEED		$350,000
Section 811	5 units	$188,522
Housing Tax Credits		$300,000
Total Recommended:		**$350,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	1	$562	Market Rate	80% AMI
1BR	1	$562	50% AMI	60% AMI
1BR	2	$562	Market Rate	60% AMI
1BR	8	$562	50% AMI	60% AMI
1BR	4	$563	50% AMI	60% AMI
1BR	8	$563	50% AMI	60% AMI
2BR	1	$791	Market Rate	80% AMI
2BR	3	$791	50% AMI	60% AMI
2BR	4	$791	50% AMI	60% AMI
2BR	3	$800	50% AMI	60% AMI
2BR	5	$800	50% AMI	60% AMI
3BR	1	$944	50% AMI	60% AMI
3BR	3	$944	50% AMI	60% AMI
3BR	1	$946	50% AMI	60% AMI
3BR	2	$946	Market Rate	Market Rate
Total:	**48**			

RFP Development Summary
Selected Applications: October 19 , 2016

Developer Name:	Valleyhigh Flats Development, LLC	**Project City:**	Rochester
Project Name:	Valleyhigh Flats	**Dev #:**	D7938
		App #:	M17412

Project Description

Valleyhigh Flats is a new construction development consisting of an elevator building with 60 units and three stories. The mix consists of 15 one-bedroom, 27 two-bedroom, and 18 three-bedroom units. The development meets the supportive housing/homelessness strategic priorities, and it also addresses critical rental housing strategic priorities. The development serves important policy goals of addressing Greater Minnesota workforce housing and economic integration.

Cost Containment

The budgeted TDC per unit of $202,656 is 5.7% below the $214,887 predictive model estimate. The development received points for claiming cost containment points.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	15	$767	50% AMI	60% AMI
2BR	23	$905	50% AMI	60% AMI
2BR	4	$180	50% AMI	60% AMI
3BR	18	$1,046	50% AMI	60% AMI
Total:	**60**			

Permanent Capital Funding Sources

Sources	Amount
Syndication Proceeds*	$8,578,094
First Mortgage	$2,070,000
TIF Loan - GMHF	$300,000
Energy Rebates	$19,650
Deferred Developer Fee	$70,555
EDHC MF	$1,121,049
Total Sources:	**$12,159,348**

Super RFP Funding

Capital Funds	Amount
EDHC MF	$1,121,049
Housing Tax Credits	$884,428
Total Recommended:	**$1,121,049**

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Schuett Development LLC	**Project City:**	Hibbing
Project Name:	Westgate Apartments	**Dev #:**	D0628
		App #:	M17512

Project Description

The Westgate Apartments funding proposal is an acquisition with substantial rehabilitation. Westgate was constructed in 1976 and consists of 100 units in a three-story elevator building. The unit mix consists of one- and two-bedroom units of which 30 two-bedroom units are supported by a project-based Section 8 contract. Rehabilitation is needed at Westgate to correct code compliance issues, including a failing roof, leaking and clogged sewer pipes, unsafe levels of radon gas, failing circuit breakers and water infiltration issues. The development serves an important policy goal of addressing the preservation of federally assisted housing.

Cost Containment

The budgeted TDC per unit of $98,612 is 24% below the $129,310 predictive model estimate. The development proposal was awarded points for cost containment.

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	4	$591	50% AMI	60% AMI
1BR	5	$581	50% AMI	60% AMI
1BR	16	$581	50% AMI	60% AMI
2BR	13	$714	50% AMI	60% AMI
2BR	37	$704	50% AMI	60% AMI
2BR	25	$684	50% AMI	60% AMI
Total:	**100**			

Permanent Capital Funding Sources

Sources	Amount
LMIR 1st Mortgage	$2,847,000
Syndication Proceeds*	$6,880,048
General Partner Loan	$7,718
Deferred Developer Fee	$337,622
Total Sources:	**$10,072,388**

Super RFP Funding

Capital Funds		Amount
LMIR 1st Mortgage		$2,847,000
Section 811	5 units	$183,435
Housing Tax Credits		$688,693
Total Recommended:		**$2,847,000**

RFP Development Summary
Selected Applications: October 19, 2016

Developer Name:	Commonwealth Development Corporation	**Project City:**	Cloquet
Project Name:	White Pine Apartments	**Dev #:**	D7974
		App #:	M17507

Project Description

White Pine Apartments is a new construction development in Cloquet that consists of a three story elevator building with 35 units. The development meets the supportive housing/homelessness strategic priorities, and it also addresses critical rental housing strategic priorities.

Cost Containment

The budgeted TDC per unit of $182,144 is 7.8% below the $197,551 predictive model estimate. The development received points for claiming cost containment.

Permanent Capital Funding Sources

Sources	Amount
Local Employer Contribution	$1,000
LMIR 1st Mortgage	$542,000
Sales Tax Rebate	$105,000
Syndication Proceeds*	$5,717,724
Energy Rebate	$8,750
Deferred Developer Fee	$572
Total Sources:	**$6,375,046**

Super RFP Funding

Capital Funds	Amount
LMIR 1st Mortgage	$542,000
Housing Tax Credits	$571,830
Total Recommended:	**$542,000**

Rent Information

Unit Type	Unit Count	Gross Rent	Rent Restriction	Income Restriction
1BR	4	$598	50% AMI	60% AMI
1BR	2	$359	30% AMI	30% AMI
2BR	1	$718	50% AMI	60% AMI
2BR	6	$718	50% AMI	60% AMI
2BR	11	$718	50% AMI	60% AMI
2BR	8	$431	30% AMI	30% AMI
3BR	2	$830	50% AMI	60% AMI
3BR	1	$498	30% AMI	30% AMI
Total:	**35**			

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Developer	Project Name	Location	Funding Type	Funding Requested
GREATER MINNESOTA				
Central				
Central Minnesota Housing Partnership	Region 7E Housing Supportive Housing	North Branch	Deferred	$3,404,814
D.W. Jones, Inc.	Country Terrace	Motley	9% Tax Credits	$183,503
D.W. Jones, Inc.	Mysa House*	Mora	First Mortgage 9% Tax Credits	$483,000 $316,053
Leech Lake Reservation Housing Authority	Leech Lake Limited Partnership #8	Cass Lake	9% Tax Credits 4% Tax Credits Deferred	$774,449 $273,639 $4,640,000
MetroPlains, LLC	Main Street Flats*	Cambridge	9% Tax Credits First Mortgage	$482,514 $816,208
West Birch Estates of Princeton LLC	West Birch Estates	Princeton	9% Tax Credits 4% Tax Credits Deferred	$515,387 $159,814 $3,294,121
Northeast				
Center City Housing Corp	Garfield Apartments	Duluth	9% Tax Credits Deferred 4% Tax Credits Deferred	$1,145,020 $386,233 $447,209 $7,064,904
Commonwealth Development Corporation	White Pine Apartments*	Cloquet	First Mortgage 4% Tax Credits Deferred	$1,247,000 $189,615 $3,173,883
D.W. Jones, Inc.	Forest Park Townhomes	Hibbing	First Mortgage 9% Tax Credits First Mortgage 4% Tax Credits Deferred	$655,000 $600,357 $655,000 $224,206 $3,598,466
Newport Midwest, LLC	Rock Ridge Apartments	Mountain Iron	9% Tax Credits Deferred 4% Tax Credits Deferred	$1,000,000 $257,911 $386,461 $6,373,293
Schuett Development LLC	Westgate Apartments*	Hibbing	First Mortgage 4% Tax Credits Deferred	$2,979,000 $305,422 $4,743,537
Sherman Associates Development LLC	Cloquet Middle School Apartments	Cloquet	9% Tax Credits	$849,877
Northwest				
Tri-Valley Opportunity Council, Inc.	Agassiz Townhomes*	Crookston	First Mortgage 4% Tax Credits Deferred	$449,000 $288,551 $4,076,728

2016 Minnesota Housing Multifamily Non-Recommended Applications

Developer	Project Name	Location	Funding Type	Funding Requested
Southeast				
Cohen-Esrey Affordable Partners, LLC	Freeborn Historic Residences	Albert Lea	9% Tax Credits	$463,189
CommonBond Communities	Dublin Crossing*	Mankato	First Mortgage 9% Tax Credits	$1,486,000 $968,855
CommonBond Communities	Two Waters Townhomes	Red Wing	First Mortgage 9% Tax Credits	$944,823 $1,000,000
Harold Teasdale	River Bluff Apartments	Mankato	First Mortgage 4% Tax Credits Deferred	$8,926,000 $557,493 $650,000
LAS Investments V, LLC	Walnut Towers Apartments	Mankato	9% Tax Credits 4% Tax Credits Deferred	$1,075,000 $551,296 $4,936,630
Lincoln Sq Development LLC	Lincoln Square	Rochester	9% Tax Credits 4% Tax Credits Deferred	$944,602 $286,297 $6,324,857
Southwest Minnesota Housing Partnership	Blue Prairie Estates	Mankato	First Mortgage 9% Tax Credits First Mortgage 4% Tax Credits Deferred Rent Assistance	$2,065,000 $948,000 $2,065,000 $355,042 $6,223,914 $77,040
Southwest Minnesota Housing Partnership	Solace Apartments*	St. Peter	9% Tax Credits	$666,750
Southwest Minnesota Housing Partnership	Trailside Acres*	Red Wing	4% Tax Credits Deferred Rent Assistance	$131,211 $1,280,013 $35,580
Three Rivers Community Action, Inc.	Fox Pointe Townhomes*	Austin	First Mortgage 4% Tax Credits Deferred	$716,000 $266,004 $5,458,683
Valleyhigh Flats Development, LLC	Valleyhigh Flats*	Rochester	4% Tax Credits	$330,952
West Central				
D.W. Jones, Inc.	Apex Townhomes	Detroit Lakes	First Mortgage 9% Tax Credits First Mortgage 4% Tax Credits Deferred	$826,000 $618,116 $826,000 $208,837 $3,891,907
D.W. Jones, Inc.	Deer Ridge II Townhomes	Alexandria	First Mortgage 9% Tax Credits First Mortgage 4% Tax Credits Deferred	$709,000 $497,788 $709,000 $163,040 $3,219,671
Total GREATER MINNESOTA - 26 developments			Deferred Loans: First Mortgage: 9% Tax Credits: 4% Tax Credits: Operating Subsidy: Rent Assistance: **Total:**	$72,999,565 $26,557,031 $13,049,460 $5,125,089 $0 $112,620 **$117,843,765**

Developer	Project Name	Location	Funding Type	Funding Requested
METRO				
Minneapolis				
Aeon	Aeon Prospect Park	Minneapolis	9% Tax Credits Deferred 4% Tax Credits Deferred Rent Assistance	$1,000,000 $365,036 $375,809 $7,402,262 $48,300
Alliance Housing Incorporated	Minnehaha Commons	Minneapolis	4% Tax Credits Deferred	$303,166 $5,147,944
Beacon Interfaith Housing Collaborative	Great River Landing*	Minneapolis	4% Tax Credits Deferred	$512,834 $8,612,401
Community Housing Development Corporation	Park7 Apartments	Minneapolis	9% Tax Credits Deferred 4% Tax Credits Deferred	$1,200,000 $848,301 $619,778 $6,500,000
Hope Community, Inc.	Dundry-Hope Block Stabilization II	Minneapolis	Deferred	$1,159,257
Northside Partners	Penn Ave Union	Minneapolis	4% Tax Credits	$590,145
Project for Pride in Living, Inc.	Blooming Place Apartments	Minneapolis	First Mortgage 9% Tax Credits Deferred First Mortgage 4% Tax Credits Deferred	$935,000 $1,500,000 $1,500,000 $935,000 $700,650 $1,500,000
Project for Pride in Living, Inc.	Bunge Artist and Wellness Housing	Minneapolis	4% Tax Credits Deferred	$1,221,631 $6,000,000
Project for Pride in Living, Inc.	PPL YouthLink Supportive Housing	Minneapolis	9% Tax Credits	$98,600
Sherman Associates Development LLC	West Broadway Curve	Minneapolis	Deferred	$1,000,000
Urban Homeworks	Urban Homeworks Rental Reclaim VI	Minneapolis	Deferred	$1,198,792
Saint Paul				
Aeon	Como by the Lake*	Saint Paul	9% Tax Credits Deferred	$539,639 $200,000
Model Cities of St. Paul, Inc.	Model Cities Supportive Housing Rehab Project **		Operating Subsidy	$821,243
Catholic Charities of the Archdiocese of St. Paul and Minneapolis	Dorothy Day Residence	Saint Paul	9% Tax Credits Rent Assistance 4% Tax Credits Rent Assistance Deferred	$1,550,000 $504,000 $1,214,751 $336,736 $15,000,000
CHDC and Rondo Community Land Trust	Selby Milton Victoria	Saint Paul	9% Tax Credits	$956,717
The Michaels Development Company I, LP & CPM Development, LLC	Lexington Station Apartments	Saint Paul	4% Tax Credits Rent Assistance Deferred	$1,341,383 $85,932 $6,600,000
MWF Properties, LLC	Thomas Avenue Flats	Saint Paul	Deferred	$1,050,000
Project for Pride in Living, Inc.	Ain Dah Yung Center Supportive Housing	Saint Paul	9% Tax Credits 4% Tax Credits	$1,023,317 $366,384
The Public Housing Agency of the City of St. Paul	Seal Hi-Rise Breezeway Conversion to 6 Dwelling Units	Saint Paul	Deferred	$540,000
The Public Housing Agency of the City of St. Paul	Valley Hi-Rise Maintenance Contracts Office Conversion to 4 Dwelling Units	Saint Paul	Deferred	$360,000
Sherman Associates Development LLC	West Side Flats Phase IIIB	Saint Paul	Deferred	$1,300,000
St. Michael Development Group, LLC/Model Cities of St. Paul, Inc.	Central Exchange	Saint Paul	First Mortgage 9% Tax Credits Rent Assistance 4% Tax Credits Rent Assistance Deferred	$736,000 $1,429,451 $99,192 $565,328 $99,192 $8,073,330

2016 Minnesota Housing Multifamily Non-Recommended Applications

Developer	Project Name	Location	Funding Type	Funding Requested
Suburban				
Aeon	Ramsey Apartments*	Ramsey	4% Tax Credits Rent Assistance Deferred	$416,777 $338,496 $6,920,874
Boisclair Corporation	Reprise: Brooklyn Park	Brooklyn Park	4% Tax Credits Deferred	$848,621 $3,713,085
Boisclair Corporation	Reprise: Robbinsdale and New Hope*	Robbinsdale	9% Tax Credits	$1,260,000
Carver County CDA	Waybury Apartments	Chaska	First Mortgage 9% Tax Credits Deferred First Mortgage 4% Tax Credits Deferred	$6,440,000 $630,263 $238,040 $6,440,000 $376,601 $884,566
CommonBond Communities	Rum River Veterans Cottages	Anoka	9% Tax Credits Rent Assistance 4% Tax Credits Rent Assistance Deferred	$1,000,000 $38,640 $346,190 $38,640 $4,780,000
The Evangelical Lutheran Good Samaritan Society	Willow View Park Apartments	Roseville	Deferred	$2,689,646
MWF Properties, LLC	Sarazin Street Flats	Shakopee	9% Tax Credits 4% Tax Credits Deferred	$1,000,000 $318,974 $6,734,548
Stuart Development Corporation	Knox & American	Bloomington	Deferred	$4,000,000
Total METRO - 30 developments			Deferred Loans: First Mortgage: 9% Tax Credits: 4% Tax Credits: Operating Subsidy: Rent Assistance: **Total:**	$104,318,082 $15,486,000 $13,187,987 $10,119,022 $821,243 $1,589,128 **$145,521,462**
Total MINNESOTA - 56 developments			Deferred Loans: First Mortgage: 9% Tax Credits: 4% Tax Credits: Operating Subsidy: Rent Assistance: **Total:**	$177,317,647 $42,043,031 $26,237,447 $15,244,111 $821,243 $1,701,748 **$263,365,227**

*Received other form(s) of funding from this RFP.

Board Agenda Item: 9.A
Date: 10/19/2016

Item: Post-Sale Report, Homeownership Finance Bonds 2016 Series EF

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

☐ Approval
☐ Motion
☐ Resolution

☒ No Action Needed
☐ Discussion
☐ Information

Summary of Request:
The Agency sold $101,412,886 of Homeownership Finance Bonds, 2016 Series EF on September 12, 2016 with a closing on September 22, 2016. In accordance with the Debt Management Policy the attached post-sale report is provided by the Agency's financial advisor, CSG Advisors.

Fiscal Impact:
None.

Meeting Agency Priorities:

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

Attachment(s):

- Post-Sale Report

Via Email Delivery

M E M O R A N D U M

Date: **September 28, 2016**

To: **Minnesota Housing Finance Agency**

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

Re: **Post-Sale Report**
$101,412,886 Homeownership Finance Bonds (HFB)
2016 Series E (Non-AMT) and F (Taxable)

BOND CRITERIA

The 2016 Series E & F Housing Finance Bonds were issued to finance single-family new production. The key criteria for issuing the debt were:

1. ***Avoid major interest rate risk*** by continuing to hedge pipeline production until loans are either sold or permanently financed by bond issues.

2. ***Maintain high ratings on all Minnesota Housing single-family bonds***, with Series E & F rated Aaa.

3. ***Enhance Minnesota Housing's long-term financial sustainability*** through a mix of bond financing and sales of MBS, so as to provide more balanced and financially sustainable results for Minnesota Housing**.**

4. ***Provide at least a comparable expected level of return to selling MBS*****,** at reasonably anticipated prepayment speeds.

5. ***Use new bond volume cap as efficiently and sparingly as possible,*** so that the Agency can continue both its single-family and multi-family programs even though volume cap has become an increasingly scarce resource.

KEY RESULTS FOR MINNESOTA HOUSING

Key Measurable Objectives. Minnesota Housing's objectives for the issue are to:

1. Achieve full spread utilizing the least amount of zero participations (or generating zero participations to finance future production).

2. Obtain a present value return for Minnesota Housing at least similar to selling MBS in the secondary market, assuming a reasonable prepayment speed.

3. Minimize the amount of new volume cap needed in financing such production.

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

- ***Leveraging Limited Volume Cap.*** The issue was structured so that Minnesota Housing could finance all $101.4 million of new mortgages on balance sheet *with only $11.9 million of new volume cap.* To achieve this extraordinary result, Minnesota Housing used $65.9 million of taxable bonds (on Series F) and refunded particular past series. While it may not be possible to replicate this proportion in the future, many of the same approaches used in this transaction can help minimize and stretch the use of volume cap on subsequent transactions. Taken together, combining this issue and the last HFB issue (Series C & D) financed $171 million of new production with only $11.9 million of new volume cap.

- ***Full Spread.*** On the tax-exempt bonds, Series E, Minnesota Housing obtained approximately full spread of 1.10% compared to the maximum IRS limit of 1.125%. The spread for the taxable bonds was approximately 1.30%.

- ***Attractive Bond Yield.*** Bond yield was 2.35% on tax-exempt Series E, and 2.68% on taxable Series F. The overall yield was approximately 40 basis points lower than if Minnesota Housing had used traditionally structured fixed-rate issues.

- ***Return to Minnesota Housing.*** The relative benefits to Minnesota Housing from issuing the bonds depend on how long the mortgages remain outstanding, on average.

    - The break-even speed on 2016 E/F was approximately 184% compared to an MBS sale. Thus, the net present value to Minnesota Housing is greater from bonds than from having directly sold the MBS, so long as mortgages prepay no more quickly than 184% of the PSA standard.[1] The actual prepayment speed on recent Minnesota Housing loans with similarly low rates has been approximately the same or higher.

    - The net present value to Minnesota Housing (after all hedging costs and net service release premiums) is projected to be approximately $1.85 million at the 184% break-even prepayment speed.

- ***Zero Participations.*** The issue used approximately $8.2 million, of zero participations to help toward getting close to full spread. Going forward, Minnesota Housing has approximately $40 million of zeros for future transactions.

  If the entire transaction had been tax-exempt, Minnesota Housing would not have needed any zero participations. Effectively, by using $8.2 million of zeros, the Agency was able to issue taxable bonds instead of more new money tax-exempt bonds. This saved $65.9 million of new volume cap. This was an excellent trade-off, given the total amount of zeroes available and the competing demand for private activity volume cap.

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[1] This break-even prepayment speed differs by issue, partly because the cost of hedge losses is different. The break-even figure has generally ranged between 120% and 160% on recent transactions. The break-even speed measures how fast mortgages can prepay while still assuring Minnesota Housing at least the same present value as an MBS sale.

- ***Hedging.*** The loan production pipeline remained fully hedged until bonds were sold. By taking hedge losses into account in bond yield, Minnesota Housing can earn the maximum allowable spread and recover these losses over time.

- ***Continuing to Build Investor Demand.*** With $330 million of going away orders from 9 investors, RBC continued to expand the market and liquidity for future pass-through bond issues.

Implications. Key implications include:

- ***Viability of Pass-Through Approach.*** Minnesota Housing's pass-through issues since June 2014 demonstrate the renewed viability of this approach for financing production on-balance sheet. The Agency has been, by far, the national leader in such financings.

- ***Size.*** Given investor demand, the Agency and RBC have been quite successful in building up interest for tax-exempt series in the $50 million to $100 million range and for taxable series in the $50 million range.

- ***Balance Sheet Management.*** Minnesota Housing remains the national leader in finding ways to fully hedge its pipeline while financing *more than three-quarters* of that pipeline on the Agency's balance sheet.

- ***Volume Cap.*** Minnesota Housing's single-family production together with demand for multi-family issuance in the State is now so great that *private activity volume cap is a major constraint* on tax-exempt issuance. To help address this:

    - The Agency is maximizing the use of taxable bonds, and

    - Has established a major facility with RBC to recycle over $300 million of past private activity volume cap when old bonds are redeemed (whether on a monthly or semi-annual basis).

  This bond issue took advantage of both approaches.

TIMING AND STRUCTURE

Timing. The issue was priced on Monday, September 12th, for closing on Thursday, September 22nd.

Sizing. The sizing was based on specific hedged MBS in Minnesota Housing's pipeline.

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

- Continue to include a 10-year par call at Minnesota Housing's option so that the Agency can potentially take advantage of interest rates in the future to either refund the bonds or sell the MBS and pay off the bonds.

- Include both Fannie Mae and Ginnie Mae MBS in the issue, with no percentage limit on either. This provides Minnesota Housing the ability to adjust to the actual mix of loans in its pipeline. Ginnie

Mae MBS were approximately 60% of this issue. This has increased due to the reduction in up-front FHA insurance premiums last year.

- Increase the size of the taxable series from 50% of the entire issue on 2016 C &D to 65%.

- Schedule the closing so as to allow losses on hedges that terminated on September 12th (immediately following the pricing) to be included in the bond yield. (Only hedges which terminate not more than 14 days before closing can be included in bond yield.)

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

Hedging. Minnesota Housing has remained fully hedged on its pipeline until the bonds are sold or MBS are delivered to mortgage buyers. This protects the Agency from risk if interest rates rise between the time the loans are committed and they are packaged into MBS (for either bond or TBA sale). In this case long-term interest rates had dropped since loans were reserved. Minnesota Housing was able to sell the bonds at a lower yield, offsetting higher costs to terminate the hedges that had protected the Agency in case rates had risen. The result, and the purpose of this strategy, is to help make the Agency largely indifferent to changes in rates.

BOND SALE RESULTS. Key highlights are:

1. ***Investor Interest for Series 2016 E and F.*** There was strong institutional interest, especially on the tax-exempt series. A total of $200 million of orders were received for tax-exempt Series E and $130 million of orders for taxable Series F.

2. ***Timing.*** After the Brexit vote in late June, investors globally turned to Treasuries, with yields dropping to the lowest in the history of the United States. Municipal yields also dropped although spreads to MMD increased somewhat. In the week of the sale, investors began to turn to the stock market and both Treasury and municipal yields backed up slightly, although the levels are still far lower than the beginning of the year. During all these dramatic changes, MBS yields have moved hardly at all over the last several months.

3. ***Successful Sale.*** The sale was very well-priced. The Series E tax-exempt bonds were initially priced at 2.40%. They were 5.37 times oversubscribed and repriced down to 2.35% (despite the overall weakness of the bond market). The taxable Series F bonds were 2 times oversubscribed and also repriced down, from 2.70% to 2.68%.

4. ***Comparison to GNMA Yields.*** Investors compare yields on pass-through issues to current-coupon GNMAs, as well as Treasuries and municipals. Compared to GNMAs, Minnesota bonds provide much less liquidity in the global markets but do offer tax-exemption. On this transaction, Minnesota Housing was able to achieve bond yields approximately 70 basis points lower than GNMA yields. Like 2016 C/D, this is among the best performance of any of Minnesota Housing's pass-through sales. Such execution helped make this an extremely successful bond sale.

	2015 A	2015 B	2015 C	2015 D	2016 A	2016 B	2016 C/D	2016 E/F
	January 2015	March 2015	May 2015	October 2015	January 2016	March 2016	July 2016	September 2016
Minn. Housing bond yield Tax-Exempt **Taxable**	**2.80%**	**3.00%**	**3.05%**	**2.90%**	**2.95%**	**2.70%**	**2.33%** **2.73%**	**2.35%** **2.68%**
Yield on GNMA 4.0 current coupon, at 150% prepay speed	3.05%	3.08%	3.04%	3.12%	**3.15%**	**3.12%**	**3.12%**	**3.04%**
Minn. Housing v. GNMA Tax-exempt series **Taxable series**	**- 25 bp**	**- 8 bp**	**+ 1 bp**	**- 22 bp**	**- 20 bp**	**- 42 bp**	**- 74 bp** **- 34 bp**	**- 69 bp** **- 36 bp**

(For purposes of comparison, all MBS yields are computed at a standardized 150% prepayment speed; actual break-even speeds on individual transactions have ranged between somewhat lower and somewhat higher)

5. ***Comparable Single-Family Pass-Through Bond Transactions:*** Other than Minnesota's own prior pass-through issues, there have been few single-family new money tax-exempt pass-through bond issues this year.

UNDERWRITING

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

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

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ISSUE DETAILS

Key Dates:	2016 E / F Bond Pricing	HFB Indenture
	Institutional Order Period:	Monday, September 12, 2016
	Closing Date:	Thursday, September 22, 2016

Economic Calendar. The calendar of data releases is light Monday and Tuesday and economic events will be dominated by auctions of U.S. Treasury bills and notes.

***Treasuries*.** The 10-year Treasury bond yield has fluctuated significantly in 2016 based on overseas conditions, perceived strength of the domestic economy and how both of those are expected to impact Federal Reserve decisions to raise the Fed's short-term discount rate. The 10-year Treasury yield started the year at 2.24% and was 1.53% when Minnesota priced its last HFB single-family issue on July 14. Since the U. K.'s unexpected popular vote for "Brexit" on June 23, the fixed income markets have been roiled by fear of the economic impacts on both the U.K. and Europe. Investor flight to the safety of U.S. Treasury securities drove 10- and 30-year yields to all-time lows on July 8, of 1.36% and 2.11%, respectively. The late-in-the-week shift in sentiment toward expecting a more aggressive Fed posture to raising the discount rate pushed the 10-year to 1.67% and the 30-year to 2.39% to close the week (up 0.13% and 0.15% from Wednesday, respectively). On the day of pricing, the 10-year closed at 1.68%. Low inflation, the strengthening of the dollar, the U.S. Presidential election, and continuing aggressive central bank stimulus in Europe and Japan may keep the pressure off the Federal Reserve to raise short-term U.S. rates before yearend.

***Municipals*.** While municipal bond yields closely track the movements in Treasury yields, the relationship has been distorted by high profile municipal credit events (Puerto Rico's problems, most recently) and international investment flows. Since last fall, positive funds flows into the municipal market have helped maintain strong demand and declining rates. In the immediate wake of "Brexit," fear of volatility has heightened concern that spreads to the MMD Index will widen and that retail purchasers will shy from accepting lower yields.

- Through August, overall municipal supply in 2016 is almost equal to 2015's volume and has been matched by demand. This has helped preserve MMD / Treasury ratios, despite the strong international flight to the safety of U.S. Treasuries since Brexit.
- Positive mutual fund flows have helped keep municipal yields attractive, though spreads relative to Treasuries continue to be compressed due to the absolute low level of rates and the flight to the safety of Treasuries.
- The ratios of the 10- and 30-year MMD indices to their respective Treasury bond yields have increased since the Brexit vote, given the global flight to Treasuries.

Issue	Date	10-Year Treasury	10-Year MMD	MMD/ Treasury Ratio	30-Year Treasury	30-Year MMD	MMD/ Treasury Ratio
2015 HFB A	1/12/15	1.92%	1.84%	95.8%	2.49%	2.63%	105.6%
2015 HFB B	3/10/15	2.14%	2.18%	102.0%	2.73%	3.0%	110.0%
2015 HFB C	5/13/15	2.28%	2.24%	98.2%	3.02%	3.21%	106.3%
2015 RHFB ABCD	7/30/15	2.28%	2.23%	97.8%	2.96%	3.14%	106.1%
2015 HFB D	10/08/15	2.12%	2.04%	96.2%	2.96%	3.09%	104.4%
2015 RHFB EFG	11/24/15	2.24%	2.04%	91.1%	3.00%	2.98%	99.3%
2016 A	1/12/16	2.12%	1.78%	84.0%	2.89%	2.73%	94.5%
2016 B	3/1016	1.93%	1.88%	97.4%	2.70%	2.86%	105.9%
2016 RHFB ABC	5/25/16	1.87%	1.66%	88.8%	2.67%	2.45%	91.8%
2016 C/D	7/14/16	1.53%	1.41%	92.2%	2.25%	2.05%	91.1%
2016 E/F	9/12/16	1.68%	1.52%	90.5%	2.40%	2.23%	92.9%
Change from 2016 C/D		**+ 15 bp**	**+ 11 bp**	**- 1.7%**	**+ 15 bp**	**+ 18 bp**	**+1.8%**

***Municipal Calendar*.** Key features of the municipal calendar in terms of other transactions included:

National. Volume has increased sharply after Labor Day. At the time of pricing, the 30-day visible supply was $15 billion, a high for the last year and well above the $10 billion weekly average of the last year. The largest issue for the week of the sale was $1.06 billion from the NYC Metropolitan Transportation Authority. Because the week of the sale was extremely busy, it was desirable to price the bonds early in the week, on Monday, ahead of the rush of transactions.

Other Minnesota. The Minnesota competitive calendar showed only four small local G.O. issues, totaling $15.9 million. The Minnesota negotiated calendar showed, in addition to Series E/F, two issues: $32.5 million for Minnesota Rural Water Finance Authority and $290 million for Rochester Health Facilities.

Other Single-Family. No other similar single-family pass-through issues were during the week of the sale, or in the two weeks prior. Indeed, the only single family pass-through issues since Minnesota's Series 2016 CD on July 14 were shorter maturity taxable refundings by Louisiana for $24.8 million in late August; New Mexico for $24.6 million in early August; and Ohio for $89.7 million in mid-July.

Traditionally structured issues during the week of the sale included Rhode Island, Tennessee and Washington State.

MBS Yields. MBS yields are very relevant because investors can choose between purchasing MBS directly or purchasing Minnesota Housing's bonds backed by MBS. In effect, bond purchasers look as

much to the spread between Minnesota Housing's bonds and MBS as they do to the spread between Minnesota Housing bonds and Treasuries.

As can be seen, both GNMA and Fannie Mae yields have fluctuated very little over the last year and a half, even while Treasuries and municipal bond yields had bigger movements.

Type	Delivery	Coupon	Measure	Jan. 12, 2015	Mar. 10, 2015	May 13, 2015	Oct. 8, 2015	Jan. 12, 2016	Mar. 10, 2016	July 14, 2016	Sept. 12, 2016
GNMA	Current	4.0	Price	107.27	106.97	107.20	106.59	106.48	106.48	107.09	107.30
			Yield*	**3.05%**	**3.08%**	**3.05%**	**3.13%**	**3.15%**	**3.18%**	**3.07%**	**3.04%**
FNMA	Current	4.5	Price	108.38	108.59	108.53	108.47	108.20	108.48	108.94	109.33
			Yield*	**3.38%**	**3.35%**	**3.36%**	**3.37%**	**3.40%**	**3.37%**	**3.31%**	**3.26%**
10-Year Treasury	n/a	n/a	Yield	1.92%	2.14%	2.27%	2.12%	2.12%	1.93%	1.53%	1.68%
GNMA to 10-Year Treasury	n/a	n/a	Yield*	**158.61%**	**144.13%**	**134.51%**	**147.82%**	**148.58%**	**163.13%**	**200.51%**	**181.02%**
GNMA to 10-Year MMD	n/a	n/a	Yield*	**165.50%**	**141.48%**	**136.31%**	**153.62%**	**176.97%**	**167.47%**	**217.58%**	**200.08%**

*all yields are computed based on an assumed 150% PSA

PASS-THROUGH BOND PRICING COMPARABLES, 2016 TO DATE

Pricing Date	9/12/16		9/12/16		9/9/16		9/8/16		8/24/16	
Amount	$35,494,509		$65,918,377		$18,750,000		$24,715,534		$50,980,000	
Issuer	Minnesota HFA		Minnesota HFA		Texas DHCA		Illinois HDA		Florida HFC	
Series	2016 Series E		2016 Series F		Series 2016 (Skyline)		2016 Series A (FHA RskShar)		2016 Series A	
Program	Single Family / Negotiated		Single Family / Negotiated		Multifamily / Negotiated		Multifamily / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / - / -		Aaa / - / -		Aaa / - / -		Aaa / - / -		Aaa / - / -	
Tax Status	Tax Exempt, Non-AMT		Taxable		Tax Exempt, Non-AMT		Taxable		Taxable	
Use of Funds	New Money		New Money		New Money		Refunding		Refunding	
Maturity	2046		2046		2032		2048		2043	
Price	100.000		100.000		100.000		100.000		100.000	
Coupon/Yield	2.350		2.680		2.600		2.625		2.450	
Indicator	Indicative Yield 9/12/16	Spread	Indicative Yield 9/12/16	Spread	Indicative Yield 9/9/16	Spread	Indicative Yield 9/8/16	Spread	Indicative Yield 8/24/16	Spread
5-Year US Treasury	1.21	+114	1.21	+147	1.23	+137	1.19	+144	1.13	+132
10-Year US Treasury	1.68	+67	1.68	+100	1.67	+93	1.61	+102	1.56	+89
GNMA I @ 100% PSA	2.47	-12	2.47	+21	2.48	+12	2.44	+18	2.48	-3
GNMA I @ Dlr Forecast	2.16 (230%)	+19	2.16 (230%)	+52	2.18 (230%)	+42	2.12 (230%)	+51	2.18 (230%)	+27
10-Year MMD	1.52	+83	1.52	+116	1.49	+111	1.45	+118	1.40	+105
MBS PREPAY HISTORY (%PSA)										
Past 3 months	-		-		-		-		176%	
Past 6 months	-		-		-		-		203%	
Past 12 months	-		-		-		-		195%	
Since issuance	-		-		-		-		224%	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)										
At 100% PSA	10.6		10.6		-		see below		8.2	
At 150% PSA	8.6		8.7		-		see below		6.6	
At 200% PSA	7.2		7.3		-		see below		5.5	
At 300% PSA	5.4		5.5		-		see below		4.0	
WEIGHTED AVERAGE MORTGAGE RATE	3.81%		3.81%				5.37%		5.13%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	3.22%		3.22%		-		-		4.63%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	358		358		192		317		294	
Notes					Fannie Mae		Projected weighted average life is 16.09 yrs at 0% CPR, 10.55 yrs at 5% CPR, 7.49 yrs at 10% CPR, 5.71 yrs at 15% CPR, and 4.61 yrs at 20% CPR			
Sr Manager	RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		Jefferies		Citigroup	

PASS-THROUGH BOND PRICING COMPARABLES, 2016 TO DATE

Pricing Date	8/24/16		8/24/16		8/11/16		8/2/16		7/15/16	
Amount	$59,870,000		$24,755,000		$8,600,000		$24,595,000		$89,260,000	
Issuer	Florida HFC		Louisiana HC		Illinois HDA		New Mexico MFA		Ohio HFA	
Series	2016 Series B		Series 2016		Series 2016 (Gates Manor)		2016 Series B		2016 Series 1	
Program	Single Family / Negotiated		Single Family / Negotiated		Multifamily / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / - / -		Aaa / - / -		Aaa / - / -		- / AA+ / -		Aaa / - / -	
Tax Status	Taxable		Taxable		Tax Exempt, Non-AMT		Taxable		Taxable	
Use of Funds	Refunding		Refunding		New Money		Refunding		Refunding	
Maturity	2043		2038		2032		2040		2041	
Price	100.000		100.000		100.000		100.000		100.000	
Coupon/Yield	2.550		2.100		2.625		2.600		2.650	
Indicator	Indicative Yield 8/24/16	Spread	Indicative Yield 8/24/16	Spread	Indicative Yield 8/11/16	Spread	Indicative Yield 8/2/16	Spread	Indicative Yield 7/15/16	Spread
5-Year US Treasury	1.13	+142	1.13	+97	1.16	+147	1.07	+153	1.15	+150
10-Year US Treasury	1.56	+99	1.56	+54	1.57	+106	1.55	+105	1.60	+105
GNMA I @ 100% PSA	2.48	+7	2.48	-38	2.43	+20	2.44	+16	2.45	+20
GNMA I @ Dlr Forecast	2.18 (230%)	+37	2.18 (230%)	-8	2.09 (235%)	+54	2.08 (252%)	+52	2.09 (252%)	+56
10-Year MMD	1.40	+115	1.40	+70	1.43	+120	1.45	+115	1.45	+120
MBS PREPAY HISTORY (%PSA)										
Past 3 months	166%		213%		-		108%		195%	
Past 6 months	146%		271%		-		105%		199%	
Past 12 months	184%		253%		-		107%		230%	
Since issuance	199%		276%		-		154%		233%	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)										
At 100% PSA	9.0		6.2		-		10.8		10.5	
At 150% PSA	7.2		4.9		-		8.7		8.4	
At 200% PSA	5.9		4.0		-		7.2		6.9	
At 300% PSA	4.3		2.9		-		5.2		4.9	
WEIGHTED AVERAGE MORTGAGE RATE	4.56%		5.48%		3.33%		4.92%		5.13%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	4.06%		4.98%		-		4.42%		4.63%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	302		243		192		285		282	
Notes					Fannie Mae					
Sr Manager	Citigroup		George K Baum		RBC Capital Markets		JP Morgan		George K Baum	

PASS-THROUGH BOND PRICING COMPARABLES, 2016 TO DATE

Pricing Date	7/14/16		7/14/16		6/21/16		6/9/16		5/24/16	
Amount	$35,389,598		$35,389,601		$19,500,000		$7,400,000		$150,111,134	
Issuer	Minnesota HFA		Minnesota HFA		Illinois		Illinois		Virginia	
Series	2016 Series C		2016 Series D		Series 2016 (E. Ravenswood)		Series 2016 (Woodland Twrs)		2016 Series A	
Program	Single Family / Negotiated		Single Family / Negotiated		Multifamily / Negotiated		Multifamily / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / - / -		Aaa / - / -		Aaa / - / -		Aaa / - / -		Aaa / AAA / -	
Tax Status	Tax Exempt, Non-AMT		Taxable		Tax Exempt, Non-AMT		Tax Exempt, Non-AMT		Taxable	
Use of Funds	New Money		New Money		New Money		New Money		Refunding	
Maturity	2046		2046		2032		2032		2041	
Price	100.000		100.000		100.000		100.000		100.000	
Coupon/Yield	2.330		2.730		2.800		2.850		3.100	
Indicator	Indicative Yield 7/14/16	Spread	Indicative Yield 7/14/16	Spread	Indicative Yield 6/21/16	Spread	Indicative Yield 6/9/16	Spread	Indicative Yield 5/24/16	Spread
5-Year US Treasury	1.10	+123	1.10	+163	1.22	+158	1.22	+163	1.41	+169
10-Year US Treasury	1.53	+80	1.53	+120	1.71	+109	1.68	+117	1.86	+124
GNMA I @ 100% PSA	2.45	-12	2.45	+28	2.56	+24	2.55	+30	2.62	+48
GNMA I @ Dlr Forecast	2.08 (252%)	+25	2.08 (252%)	+65	2.33 (221%)	+47	2.34 (213%)	+51	2.47 (193%)	+63
10-Year MMD	1.41	+92	1.41	+132	1.49	+131	1.56	+129	1.65	+145
MBS PREPAY HISTORY (%PSA)										
Past 3 months	-		-		-		-		-	
Past 6 months	-		-		-		-		-	
Past 12 months	-		-		-		-		-	
Since issuance	-		-		-		-		-	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)										
At 100% PSA	10.6		10.6		-		-		8.4	
At 150% PSA	8.6		8.6		-		-		6.9	
At 200% PSA	7.2		7.2		-		-		5.8	
At 300% PSA	5.4		5.4		-		-		4.3	
WEIGHTED AVERAGE MORTGAGE RATE	3.85%		3.85%		3.50%		3.55%		5.08%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	3.23%		3.23%		-		-		-	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	357		357		192		192		260	
Notes					Fannie Mae		Fannie Mae			
Sr Manager	RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		BofA Merrill	

PASS-THROUGH BOND PRICING COMPARABLES, 2016 TO DATE

Pricing Date	4/8/16		3/22/16		3/10/16		2/16/16		2/16/16	
Amount	$16,861,686		$59,460,000		$50,970,802		$15,551,395		$14,762,483	
Issuer	Escambia Co., Florida HFA		Florida		Minnesota HFA		Ohio HFA		Ohio HFA	
Series	Series 2016A		Series 2016-1		2016 Series B		2016 Series A		2016 Series B	
Program	Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / - / -		Aaa / - / -		Aaa / - / -		Aaa / - / -		Aaa / - / -	
Tax Status	Taxable		Taxable		Tax Exempt, Non-AMT		Tax Exempt, Non-AMT		Taxable	
Use of Funds	Refunding		Refunding		New Money		New Money		New Money	
Maturity	2038		2037		2046		2046		2046	
Price	100.000		100.000		100.000		100.000		100.000	
Coupon/Yield	2.850		3.125		2.700		2.800		3.250	
Indicator	Indicative Yield 4/8/16	Spread	Indicative Yield 3/22/16	Spread	Indicative Yield 3/10/16	Spread	Indicative Yield 2/16/16	Spread	Indicative Yield 2/16/16	Spread
5-Year US Treasury	1.16	+169	1.42	+171	1.45	+125	1.23	+157	1.23	+202
10-Year US Treasury	1.72	+113	1.94	+119	1.93	+77	1.78	+102	1.78	+147
GNMA I @ 100% PSA	2.56	+29	2.69	+44	2.67	+3	2.62	+18	2.62	+63
GNMA I @ Dlr Forecast	2.36 (207%)	+49	2.57 (191%)	+56	2.55 (189%)	+15	2.43 (214%)	+37	2.43 (214%)	+82
10-Year MMD	1.59	+126	1.84	+129	1.88	+82	1.62	+118	1.62	+163
MBS PREPAY HISTORY (%PSA)										
Past 3 months	233%		43%		-		-		-	
Past 6 months	163%		90%		-		-		-	
Past 12 months	202%		86%		-		-		-	
Since issuance	219%		214%		-		-		-	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)										
At 100% PSA	8.1		7.9		10.5		10.6		10.7	
At 150% PSA	6.7		6.6		8.5		8.6		8.7	
At 200% PSA	5.7		5.6		7.1		7.2		7.2	
At 300% PSA	4.2		4.2		5.3		5.3		5.4	
WEIGHTED AVERAGE MORTGAGE RATE	5.28%		5.65%		4.01%		4.28%		4.35%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	4.78%		5.15%		3.53%		3.80%		3.86%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	247		238		354		356		356	
Notes										
Sr Manager	RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		George K Baum		George K Baum	

PASS-THROUGH BOND PRICING COMPARABLES, 2016 TO DATE

Pricing Date	2/16/16		1/14/16		1/14/16		1/12/16	
Amount	$59,223,504		$31,510,000		$59,735,000		$97,273,565	
Issuer	Ohio HFA		Texas DHCA		Texas DHCA		Minnesota HFA	
Series	2016 Series C		2016 Series A		2016 Series B		2016 Series A	
Program	Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / - / -		Aa1 / AA+ / -		Aa1 / AA+ / -		Aaa / - / -	
Tax Status	Taxable		Tax Exempt, Non-AMT		Taxable		Tax Exempt, Non-AMT	
Use of Funds	Refunding		New Money		Refunding		New Money	
Maturity	2037		2046		2039		2046	
Price	100.000		100.000		100.000		100.000	
Coupon/Yield	2.900		3.000		3.180		2.950	
Indicator	Indicative Yield 2/16/16	Spread	Indicative Yield 1/14/16	Spread	Indicative Yield 1/14/16	Spread	Indicative Yield 1/12/16	Spread
5-Year US Treasury	1.23	+167	1.52	+148	1.52	+166	1.55	+140
10-Year US Treasury	1.78	+112	2.10	+90	2.10	+108	2.12	+83
GNMA I @ 100% PSA	2.62	+28	2.75	+25	2.75	+43	2.75	+20
GNMA I @ Dlr Forecast	2.43 (214%)	+47	2.67 (175%)	+33	2.67 (175%)	+51	2.67 (175%)	+28
10-Year MMD	1.62	+128	1.79	+121	1.79	+139	1.78	+117
MBS PREPAY HISTORY (%PSA)								
Past 3 months	186%		-		-		-	
Past 6 months	211%		-		193%		-	
Past 12 months	244%		-		212%		-	
Since issuance	281%		-		221%		-	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)								
At 100% PSA	7.8		10.8		7.6		10.6	
At 150% PSA	6.5		8.8		6.4		8.6	
At 200% PSA	5.5		7.3		5.4		7.2	
At 300% PSA	4.1		5.5		4.1		5.3	
WEIGHTED AVERAGE MORTGAGE RATE	5.89%		4.60%		5.92%		3.96%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	5.39%		4.10%		5.42%		3.49%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	232		358		228		357	
Notes								
Sr Manager	George K Baum		JP Morgan		JP Morgan		RBC Capital Markets	