



Workforce Housing Development Program Request for Proposals Application Instructions

Effective January 2024

2024 Application Deadline: Tuesday, April 30, 2024, at noon Central time.

The Workforce housing Development Program (WDHP) Request for Proposals (RFP) Application Instructions (WDHP RFP Instructions) provide an overview of the funding round processes and important application information. This document outlines steps, considerations, and requirements for submitting an application. Note that all capitalized terms marked with a footnote can be found in Appendix A of the [WHDP Program Guide \(Program Guide\)](#). When the term is used in subsequent entries throughout these WHDP RFP Instructions, they will be capitalized.

Overview

Minnesota Housing is now accepting applications for the WHDP RFP established in [Minnesota Statute 462A.39](#).

The WHDP is a competitive funding program that targets small-to medium-sized communities in Greater Minnesota or areas serving federally recognized Indian Tribes in Greater Minnesota with rental workforce housing needs. Funding is available to build Market Rate Residential Rental Properties¹ in Eligible Project Areas¹ with proven job growth and demand for workforce rental housing. Eligible Project Areas are required to secure matching funds of one dollar for every two dollars in WFHP funding.

WHDP supports Minnesota Housing's [Strategic Plan](#) by financing the development of new housing, supporting community and economic development and leading and acting on critical housing issues.

This document provides general instructions and information regarding the Minnesota Housing WHDP application and selection process. The funds are subject to specific requirements and limitations that

¹ Term is defined in Appendix A of the Program Guide

are not set out in detail, or modified by, this document. Refer to the Program Guide and individual application forms for additional information.

Available Funding and Technical Assistance

Minnesota Housing anticipates making up to \$39 million in funding available for the 2024 WHDP RFP, which is all the biennial funding available for 2023/2024 for the WHDP. Funds are available in the form of a deferred loan and must be used for Qualified Expenditures¹ to increase the workforce housing stock in Greater Minnesota.

Minnesota Housing anticipates funding multiple proposals under this round. The deferred loan term will be three years; however, the term may be extended at the discretion of Minnesota Housing. For additional details on funding terms, refer to Chapter 3 of the [Program Guide](#).

Applicants are strongly encouraged to request technical assistance by contacting workforcehousingdevprog.mhfa@state.mn.us. Technical assistance is a consultation session with Minnesota Housing staff to review project concepts, project workbooks and financial structures, preliminary building design or scopes of work, and Minnesota Housing’s scoring process. Given the competitive nature of the WHDP RFP, technical assistance is strongly recommended for all applicants, and particularly for those who are new applicants to Minnesota Housing’s WHDP RFP. Note that technical assistance does not guarantee a commitment or selection of funding.

Technical assistance provided by Minnesota Housing staff is only advisory and does not guarantee that a development will receive points under a particular category or be selected for funding.

While every effort is made to help ensure the accuracy of the technical assistance, such assistance is subject to, and does not modify or override, the requirements of the [Program Guide](#), this document, or other documents related to applications for funding. Applicants are encouraged to review the materials available on Minnesota Housing’s website and consult with their respective legal counsel, and if applicable, a knowledgeable tax professional, to ensure compliance with all applicable application, submission, and project requirements.

RFP Timeline

Date	Activity
Monday, January 29, 2024	RFP published on Minnesota Housing website and in eNews
Tuesday, February 13, 2024	Minnesota Housing holds a virtual RFP information session
Tuesday, April 30, 2024	Applications due by noon Central Time (refer to Submission Instructions below)
August 2024	Minnesota Housing staff recommends selection and funding to Minnesota Housing’s board and notifies all applicants of selection decisions

Minnesota Housing will hold an RFP information session on Tuesday, February 13, 2024, from 10:00 to 11:30 a.m. Central time via GoToWebinar. This information session will provide an overview of RFP content and allow time for questions. To register, either click or copy/paste in your browser the following link: <https://attendee.gotowebinar.com/register/7267397362767410262>

After registering, a confirmation email will be sent with information about how to join the webinar.

Minnesota Housing staff will complete the review process during the months of May, June and July. Selection and funding recommendations will be presented to the Minnesota Housing board for approval in August 2024. Notification of funding decisions will be made within five business days after approval.

Eligibility Requirements

Eligible Recipient

The application must be submitted by an Eligible Recipient¹.

An Eligible Recipient is one of the Eligible Project Areas, as outlined below. Also refer to the [WHDP 2024 Eligible Cities and Federally Recognized Indian Tribes](#) document.

- A home rule charter or statutory city with a population exceeding 500 located outside of a Metropolitan County¹
- A community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the Metropolitan County
- An area located outside of a Metropolitan County that serves a federally recognized Indian Tribe in Minnesota, or their associated Tribally Designated Housing Entity as defined by [United States Code, title 25, section 4103\(22\)](#), as approved in writing by Minnesota Housing.
- An area served by a Joint County-City Economic Development Authority¹

Eligible Project Areas with fewer than 30,000 people will be given preference. Refer to [Minnesota Statute 462A.39](#).

Eligible Housing Types

- Market Rate Residential Rental Properties to serve employees of a business or businesses located in an Eligible Project Area; a portion of the units can have rent restrictions or income restrictions.
- Manufactured homes
- Modular homes

Eligible Activities

- New construction
- Acquisition and rehabilitation of a property that creates new housing units. WHDP would only fund those new units of housing.
- Adaptive reuse of an existing property that is not currently used for housing.

Qualified Expenditures¹

Project related costs resulting in the direct development of new Market Rate Residential Rental Properties (this can include infrastructure costs but **does not** include commercial space or the funding of reserves).

Equity

Minnesota thrives because of its diversity of race, ethnicity, sexual orientation, gender identity, (dis)abilities, ages, families, and geographies. Discrimination and lack of access to resources and other barriers have led to disparities that inhibit Minnesotans from achieving their fullest potential. Minnesota Housing centers communities most impacted by housing instability and disparities in its work to advance equity. This is a core value in all of Minnesota Housing's actions, including resources administered through the WHDP RFP and Consolidated Multifamily RFP process.

Funding and Application Requirements

Program applications must meet all statutory requirements and threshold criteria in order to be considered.

Applications recommended for funding will be presented to the Minnesota Housing board. If a project is selected for further processing, Minnesota Housing will notify the applicant detailing the terms and conditions of funding along with next steps. Being selected for further processing is not a commitment or guarantee of funding.

All selected proposals may be subject to statutory requirements, threshold and selection criteria, and conditions of selection for the term of the Deferred Loan Agreement¹.

Proposals will be evaluated based on the following:

Statutory Requirements

- The application must meet the following requirements:
 - Eligible Project Area: Small-to medium-sized cities in Greater Minnesota or areas serving an Indian Tribe in Greater Minnesota (refer to eligibility requirements above)

- Project Area Rental Vacancy Rate: At or below 5% for at least the prior two-year period
- Eligible Uses: Funds will be used on Qualified Expenditures¹ (refer to eligibility requirements above)
- Match: Secured matching funds of one dollar for every two dollars requested in funding
- Community Need: One or more letters of support from a local business/business that employ a minimum of 20 full-time employees in aggregate
- Maximum Award Amount: Funding request does not exceed 50% of the project's total development costs

NOTE: Matching funds can come from a local government, a business, a nonprofit organization or a federally recognized Indian Tribe in Minnesota. The developer or an entity affiliated with the developer will not qualify as a source for the match unless they are an Eligible Recipient, and the match is approved in writing by Minnesota Housing. Minnesota Housing's approval of an eligible source of a match is at its sole discretion.

The matching funds can be a below market deferred loan, but the interest rate must be 2% or less. Minnesota Housing reserves the right to determine, at its sole discretion, that the loan does not qualify as a matching contribution based on the loan terms or source of funds.

Threshold Criteria

Minimum threshold criteria that an application must demonstrate before it is considered for funding:

- The application must be complete and include all required items listed in the [Application Checklist](#).
- The application must be submitted by the deadline. Refer to the submission instructions that follow.

The WHDP RFP is a competitive application process. Applications that meet the eligibility requirements, statutory requirements and threshold criteria will then be scored by Minnesota Housing staff on the selection criteria to determine selection and funding recommendations. Selection and funding recommendations will be presented to the Minnesota Housing board for approval.

Selection Criteria

The Self Scoring Worksheet outlines the competitive selection criteria. This worksheet must be completed by the applicant and submitted as part of the Application Checklist. The project will also be scored by Minnesota Housing.

In addition to the selection criteria above and final project score, Minnesota Housing considers the following when reviewing applications and making selection recommendations:

1. Project Feasibility

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

- The proposed site is appropriate for the proposed housing and the target population
- The proposed housing is needed in the intended market based upon population, job growth, and vacancy rates
- The costs of developing the housing are reasonable based on market conditions and/or justifiable as determined by Minnesota Housing at its sole discretion
- The housing is economically viable and sustainable when WHDP underwriting standards are applied

Projects determined not to be feasible will not be processed further in the applicable funding cycle. An application's financial structuring may be revised by Minnesota Housing during this review to help ensure financial feasibility and/or to meet required components of WHDP underwriting standards, as applicable, and a reduction to the application's scoring may occur as a result of these revisions.

2. Geographic Distribution

Minnesota Housing considers geographic distribution of resources and the resulting amount and type of anticipated housing production throughout the state when making WHDP selection decisions.

3. Underwriting Standards

Minnesota Housing will not award more funds than is necessary for the financial feasibility of the project and its viability. The WHDP underwriting standards are used by Minnesota Housing for underwriting and sizing of all funding awards. Minnesota Housing's evaluation will estimate the amount of funding for each application. This determination is made solely at Minnesota Housing's discretion.

When the application is reviewed, the following underwriting standards will be considered:

- Developer fee may be up to 6% of the total development costs (TDC)
- Rate of return
 - The expectation is that the project will yield a first stabilized cash-on cost return in a year of up to 6.25%. This calculation will automatically calculate in the WHDP workbook cashflow tab; the calculation will appear in cell K64.
- 2% income inflation and 2% expense inflation
- 5% to 7% vacancy
- If replacement reserves are included, they must be sized at a maximum of \$300 per unit per year. A higher amount may be proposed with justification, but final approval will be up to Minnesota Housing at its sole discretion.

- Minnesota Housing will also review project underwriting based on comparability and reasonableness.

4. Amount of Funding Requested

Minnesota Housing considers the amount of funding requested in comparison to available resources in order to fully fund or nearly fund as many projects as reasonably feasible, which may result in not selecting higher scoring projects, including instances where insufficient resources are available to fully fund or nearly fund a project.

5. Development Cost Review

Minnesota Housing will review project costs based on comparability and reasonableness. Minnesota Housing may, at its sole discretion, reject applications that appear to have excessive project costs.

6. Prevailing Wage

Depending on the project type and ownership structure, state prevailing wage requirements may apply, and costs should be incorporated into the project. Refer to Appendix B of the [Program Guide](#) for additional details.

7. Statutory Preference

Preference will be given to applicants located in an Eligible Project Area with a population of fewer than 30,000. Preference will also be given to projects with a higher proportion of units that are not income or rent restricted.

Application Checklist

Applicants must submit all required items on the [Application Checklist](#) and all other required materials using the [Multifamily Secure Upload Tool](#), which can be found in the Partner Login section of our website (www.mnhousing.gov). Follow the prompts and use the email address mhfa.app@state.mn.us.

NOTE: There is no limit to the number of applications that can be submitted by a single applicant; however, an applicant may only submit one application per project.

All checklist items must be completed properly and submitted in their entirety to be considered for funding.

Submission Instructions

Application materials must be received by 12:00 p.m. (noon) Central time on Tuesday April 30, 2024, to be considered for funding. It is strongly recommended that applicants submit their application at

least 48 hours before the deadline and during regular business hours to allow enough time to correct errors or overcome potential submission issues. All documents with a signature block must be signed. Minnesota Housing will accept the following signatures:

- Scanned wet signatures
- DocuSign, if the application has an active DocuSign account
- Adobe Pro signatures
- A scanned photo of the signed document(s)
- Mailed original copies. Applicants unable to submit an electronic version of the application may submit a hard copy. Hard copies must be postmarked by Tuesday April 30, 2024. Applicants who intend to submit a hard copy **must** send an email notification no later than Friday, April 26, 2024, to workforcehousingdevprog.mhfa@state.mn.us.

Submitted applications are considered final. As part of its review process, Minnesota Housing reserves the right to request missing information or clarify information provided by applicants. If you need technical support, email mhfa.app@state.mn.us and enter 'Workforce Housing Development Program' in the subject line.

Contractual Requirements

Review the Workforce Housing Development [Program Guide](#) for details of all contractual requirements. In summary, all applicants awarded funding under the proposal submitted will be required to:

- **Sign a Deferred Loan Agreement** with Minnesota Housing agreeing to all program requirements. Refer to the [WHDP webpage](#) for a sample agreement. Deferred loans will: (i) be unsecured; (ii) have a 0% interest rate; and (iii) will be forgiven after three years. Minnesota Housing reserves the right to extend or amend agreements. Eligible Recipients or Subrecipients¹ can then award funds in the form of a grant or a deferred loan directly to the project. Refer to Chapter 3 of the [Program Guide](#) for additional details. Applicants must have a Deferred Loan Agreement fully executed, which includes both the applicant's and Minnesota Housing's signatures, before costs can be incurred and reimbursed or WHDP funds can be expended.
- **Pay the WHDP Fee** of \$7,000, which is a processing and loan fee required of any project awarded funding. This fee is due upon execution of the Deferred Loan Agreement. Please review the [Multifamily Loan Programs and Housing Tax Credit Fee Schedule](#).
- **Provide a Payment Information Form** that designates the authorized signatories and SWIFT information.
- **Provide a Prevailing Wage Certification** if the project is subject to prevailing wage. Refer to Appendix B of the [Program Guide](#) for additional details.

An applicants awarded funding under this RFP will also be required to:

- Comply with all contracting and bidding requirements listed in the [Deferred Loan Agreement](#)
- Comply with all local, state, and federal laws, including visitability requirements contained in [Minnesota Statutes section 462A.34](#) and prevailing wage requirements in [Minnesota Statutes section 116J.871](#)
- Meet all construction timelines
- Meet all deliverables proposed in the application and Deferred Loan Agreement including the minimum number of units
- Alert Minnesota Housing staff if any material changes occur after the submission of the application
- Maintain financial records that document the use of all program funds; review and reconciliation of such records may be requested at Minnesota Housing's sole discretion
- Maintain records for at least six years after the contract term has ended; Minnesota Housing reserves the right to request these records at its sole discretion
- Collect data, provide information, and participate in evaluation and reporting conducted by Minnesota Housing

NOTE: Upon execution of the Deferred Loan Agreement, it is Minnesota Housing's policy to disburse up to one-third of the total awarded funds once initial eligibility has been determined. Refer chapter 3 of the [Program Guide](#) for additional information.

Questions

If you have questions about the Workforce Housing Development Program or require technical assistance, contact workforcehousingdevprog.mhfa@state.mn.us.