



State Housing Tax Credit Program and Contribution Fund Request for Proposals Application Instructions

Effective July 9, 2024

2024 Application Deadline: Noon Central Time on Thursday, September 19, 2024

The State Housing Tax Credit Program and Contribution Fund (SHTC Contribution Program) Request for Proposals (SHTC RFP) Applications Instructions (SHTC RFP Instructions) provide an overview of the funding round processes and important application information. The document outlines steps, considerations and requirements for submitting an application. Note that definitions of all capitalized terms not defined in this document can be found in Appendix – Terms of the [State Housing Tax Credit Program and Contribution Fund Guide](#) (Program Guide).

Overview

Minnesota Housing is now accepting applications for the 2024 SHTC RFP established pursuant to [Minnesota Statutes, sections 462A.40](#) and [290.0683](#), collectively. The SHTC Contribution Program is a statewide program that provides funding to help finance affordable multifamily and single-family housing developments. Funding is provided by contributions from taxpayers.

Contributions to the General Contribution Pool received between September 1, 2023, and August 31, 2024, will be made available for rental housing projects through the SHTC RFP and (as described below) for single-family housing through the [Community Homeownership Impact Fund RFP](#).

The General Contribution Pool is subject to the following set-asides:

- At least 10% will be set-aside for housing units located in a township or city with a population of 2,500 or less that is located outside of the metropolitan area as defined in [Minnesota Statutes, section 473.121, subdivision 2](#);
- At least 35% will be set-aside for housing for people and families whose income is 50% or less of the area median income as published by HUD, as adjusted for household size; and
- At least 25% will be set-aside for single-family housing.

In 2024, the set-aside for single-family housing will be used as a funding source for the [Community Homeownership Impact Fund RFP](#). The SHTC RFP will not accept applications for homeownership projects in 2024. If Minnesota Housing does not receive applications that qualify for the set-asides, the

set-aside funds may be used for other Qualified Projects selected through the SHTC RFP, [Multifamily Consolidated RFP](#) or Community Homeownership Impact Fund RFP.

The SHTC RFP is intended for proposals that do not need other Minnesota Housing affordable housing resources. Proposals that need additional affordable housing resources must apply through the Community Homeownership Impact Fund RFP or Multifamily Consolidated RFP. Proposals with federal low-income housing tax credits must apply through the Multifamily Consolidated RFP. Proposals with attributes that make qualifying for awards through the Multifamily Consolidated RFP difficult are encouraged to apply to the SHTC RFP.

The SHTC Contribution Program 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. The SHTC RFP Instructions provides general instructions and information regarding the SHTC RFP application and selection process. The funds are subject to specific requirements and limitations that 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

Minnesota Housing will make available funding contributed to the General Contribution Pool between September 1, 2023, and August 31, 2024. As of 07/01/2024, the following funding is available:

- A. \$473,750 for Single-family Housing, to be awarded through the Community Homeownership Impact Fund RFP
- B. \$663,250 for housing for people and families whose income is 50% or less of the area median income as published by HUD, as adjusted for household size
- C. \$189,500 housing units located in a township or city with a population of 2,500 or less that is located outside of the metropolitan area as defined in [Minnesota Statutes, section 473.121, subdivision 2](#). See list of eligible townships and cities.
- D. \$568,500 for other Qualified Projects

If Minnesota Housing does not receive applications that qualify for the set-asides, the set-aside funds may be used for other Qualified Projects or used to fund projects that applied through the Multifamily Consolidated RFP or Community Homeownership Impact Fund RFP.

Technical Assistance

Applicants are encouraged to request technical assistance by contacting stateHTC.MHFA@state.mn.us. Technical assistance is a consultation session with Minnesota Housing staff to review project concepts, project workbooks, financial structures and Minnesota Housing's scoring process.

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 applicable laws, the [Program Guide](#), the SHTC RFP Instructions 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.

SHTC RFP Timeline

Date	Activity
July 9, 2024	SHTC RFP published on Minnesota Housing website and in eNews
July 16, 2024	Minnesota Housing holds a virtual SHTC RFP information session
September 19, 2024	Applications due by noon Central Time
December 2024	Minnesota Housing staff recommends selection and funding to Minnesota Housing’s board and notifies all Applicants of selection decisions.

SHTC RFP Eligibility Requirements

Eligible Recipients

Minnesota Housing may award loans to the following Eligible Recipients:

- A city as defined in [Minnesota Statutes, section 462A.03, subdivision 21](#)
- A federally recognized American Indian Tribe or subdivision located in Minnesota
- A Tribal housing corporation
- A private developer
- A nonprofit organization
- A housing and redevelopment authority under [Minnesota Statutes 469.001 to 469.047](#)
- A public housing authority or agency authorized by law to exercise any of the powers granted by [Minnesota Statutes 469.001 to 469.047](#)
- The owner of the housings

Minnesota Housing will not award or distribute funds to Disqualified Individuals or Disqualified Businesses. Refer to Section 8.01 of the [Program Guide](#) for more information.

Eligible Housing Types

- Permanent residential rental housing

Eligible Uses

- New construction

- Acquisition
- Rehabilitation
- Demolition or removal of existing structures (in conjunction with new unit development or rehabilitation; not a standalone use)
- Construction financing
- Permanent financing

Qualified Projects funded by the SHTC Contribution Program must result in new housing units or fund the rehabilitation of existing housing units for persons and families of low and moderate income. This can include infrastructure costs but does not include commercial space.

Occupancy Requirements

Recipients must use the funds to serve households that at the time of initial occupancy have incomes that do not exceed 80% of the greater of state or area median income, as determined by HUD.

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 SHTC RFP, Community Homeownership Impact Fund RFP and Multifamily Consolidated RFP processes.

Funding and Application Requirements

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 an application 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 applications will be subject to the requirements of the [Program Guide](#), statutory requirements, threshold and selection criteria, and conditions of selection for the term of the Loan Agreement.

Applications will be evaluated based on the following:

Statutory Requirements

- Funds will be used on qualified expenditures
- Funds will be used for households that meet the income requirements
- Each Applicant must not be a Disqualified Individual or Disqualified Business as described in Section 8.01 of the [Program Guide](#)
- Preference will be given to Qualified Projects that qualify for set-asides

Threshold Criteria

- The application must be complete and include all required items
- The application and all required items must be submitted by the deadline

Selection Criteria and the Self-Scoring Worksheet (SSW)

The SHTC Contribution Program Self-Scoring Worksheet outlines the competitive selection criteria for which points will be awarded. This worksheet must be completed by the Applicant and submitted as part of the Application Checklist. The application will also be scored by Minnesota Housing. The SSW has six pointing categories and the maximum number of points that can be awarded is 90. All criteria for which points are awarded may be incorporated as requirements in a Recipient's Loan Agreement. The following are the available pointing categories:

1. Readiness to Proceed, up to 20 points.
 - a. Calculations for Secured Funding Sources and other Non-Capital Contributions are in the SSW. Documentation requirements are in the Application Checklist
2. Set-Aside Qualifications, up to 20 points
 - a. Households at or below 50% of AMI: Calculations for Share of Units at or below 50% of AMI are in the SSW.
 - b. Small cities and townships: Please review the list of cities and townships with populations of less than 2,500 located outside of the metro to determine eligibility for those points.
3. Income-Restricted Units, up to 10 points
 - a. Calculations for Income-Restricted Units are in the SSW
4. Leverage, up to 25 points
 - a. Leverage calculation is in the SSW
5. Innovative and Sustainable Design, up to 10 points
 - a. Maximum points in 5A is 7, even if a project incorporates more than one of the criteria
 - b. Maximum points in 5B is 3, even if a project incorporates more than one of the criteria
 - c. Documentation and requirements are in the Application Checklist
6. Previous Award History, up to 5 points
 - a. Please review the SHTC Previous Award History and Community Profiles to determine eligibility to receive points in this category.

In addition to the selection criteria above and final application 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. Minnesota Housing may, at its sole discretion, reject applications that appear to have excessive project costs
- The housing is economically viable and sustainable when SHTC Contribution Program 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 SHTC Contribution Program 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 SHTC RFP 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 SHTC Contribution Program 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
- 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 Cashflow tab of the Application Workbook; the calculation will appear in cell K64.
- 2% income inflation and 3% expense inflation
- 5% to 7% vacancy
- If replacement reserves are included, they should 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.

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 fully fund as many projects as reasonably feasible. This consideration may result in not selecting higher scoring projects, including instances where insufficient resources are available to fully fund or nearly fully fund a project.

5. 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 Section 8.07 of the [Program Guide](#) for additional details.

6. Statutory Preference for Set-Asides

Preference will be given to projects that meet the set-aside requirements listed in the Overview section of this document.

7. Statutory Preference

Preference may be given to proposals that include regulatory changes or waivers that result in identifiable cost avoidance or cost reductions, including but not limited to increased density, flexibility in site development standards, or zoning code requirements, at Minnesota Housing's sole discretion.

Application Checklist

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 noon Central time on Thursday, September 19, 2024, to be considered for funding. Note that 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. 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 Applicant 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 Thursday, September 19, 2024. Applicants who intend to submit a hard copy **must send an email notification no later than Monday, September 16, 2024**, to stateHTC.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 “State Housing Tax Credit Program” in the subject line.

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 on Minnesota Housing’s Partner Login webpage. Follow the prompts and use the email address mhfa.app@state.mn.us.

Loan Fee Requirement

A Loan Fee, which is a processing and loan fee required of any project awarded funding, is due upon execution of the Deferred Loan Agreement. Please review the [Multifamily Loan Programs and Housing Tax Credit Fee Schedule](#).