Community Stabilization: Naturally Occurring Affordable Housing – Multifamily Rental Housing Program

Request for Proposals Application Instructions

Application Deadline: 12:00 p.m. (noon) Central Time on Thursday, July 24, 2025

EQUAL HOUSING OPPORTUNITY

The Minnesota Housing Finance Agency 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, gender identity, or sexual orientation in the provision of services.

An equal opportunity employer.

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

May 2025

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Overview

Minnesota Housing is now accepting applications for the Community Stabilization: Naturally Occurring Affordable Housing – Multifamily Rental Housing Program (NOAH Multifamily Program) Request for Proposals (RFP).

The Community Stabilization Program was established pursuant to Minnesota Laws 2023, chapter 37, article 1, section 2, subdivision 29 and Minnesota Laws 2023, ch. 37, art. 2, sec. 6 as a one-time program to preserve naturally occurring affordable housing. Minnesota Laws 2024, ch. 127, art. 14, sec. 11 amended the appropriation for the Community Stabilization Program, specifying that $41,750,000 is to be used for multifamily rental housing.

The legislation establishing the NOAH Multifamily Program requires priority be given to applications with projects that:

- Serve lower-income households
- Maintain longer periods of affordability

Unless otherwise stated, capitalized terms have the meaning ascribed to them in Appendix A of the Community Stabilization: Naturally Occurring Affordable Housing - Multifamily Rental Housing Program Guide.

Available Funding

Up to $41,750,000 in one-time state appropriations is now available through Minnesota Housing's NOAH Multifamily Program and will be distributed as loans through a competitive RFP process. There is no minimum or maximum loan request.

Application Eligibility

See Chapter 2 of the Community Stabilization: Naturally Occurring Affordable Housing - Multifamily Rental Housing Program Guide for Eligible Recipients, eligible properties, and eligible expenses.

As noted in section 2.01 of the Community Stabilization: Naturally Occurring Affordable Housing - Multifamily Rental Housing Program Guide, properties that have federal or state financing or tax credits that require income or rent restrictions are not eligible for this NOAH Multifamily Program, except for public housing, as defined in section 9 of the Housing Act of 1937, that is part of a mixed-finance community. Properties with financing from local units of government or other private lenders that require income or rent restrictions may still apply.

Although a local unit of government is an Eligible Recipient, NOAH Multifamily Program funds can not be used for publicly owned housing. In these cases, the local unit of government may be awarded NOAH Multifamily Program funds, but cannot have a direct ownership interest in the property. The local unit of government may, however, have an ownership interest in the non-public ownership entity of the property. It is highly recommended that all local units of government applying for NOAH Multifamily Program funds obtain Minnesota Housing approval of the ownership structure as early as possible in the application process.

If the property is not directly owned by the Eligible Recipient, the owner must agree to execute and record a recorded declaration, covenants, land use restrictive agreement, or other documentation, as described in section 3.01 of the Community Stabilization: Naturally Occurring Affordable Housing - Multifamily Rental Housing Program Guide, and any other documentation as determined by Minnesota Housing at its sole discretion.

Acquisition related costs are an eligible use of the NOAH Multifamily Program; however, stabilization existing properties will be prioritized over new acquisitions.

The NOAH Multifamily Program RFP Process

The NOAH Multifamily Program RFP process includes the solicitation and evaluation period. The solicitation period is the time period from when applications materials are released to when the application materials are due. The evaluation period is from the application due date to when the Minnesota Housing board of directors approves funding selections.

NOAH Multifamily Program applications must meet all statutory requirements and threshold criteria to be considered for funding.

The Solicitation Period

The solicitation period formally starts once the application is available to the public. This includes all application materials, application trainings, and technical assistance to help Applicants submit a competitive application(s). Within the solicitation period, potential Applicants must submit a full application(s) to be considered for funding.

Information Session

Minnesota Housing will hold a virtual RFP information session at 10:00 a.m. Central Time on Wednesday, May 21, 2025. The information session will provide an overview of RFP content and allow time for questions. Please register in advance.

Technical Assistance

Applicants are strongly encouraged to request technical assistance by contacting noah.mhfa@state.mn.us. Technical assistance is a consultation session with Minnesota Housing staff to review project concepts, workbooks and financial structures, scopes of work, and scoring. Given the competitive nature of the NOAH Multifamily Program RFP, technical assistance is strongly recommended for all Applicants.

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 Community Stabilization: Naturally Occurring Affordable Housing - Multifamily Rental Housing 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.

The Evaluation Period

The evaluation period has four phases and begins after the application deadline. The evaluation period generally extends over a four-month period and ends when recommendations are made to Minnesota Housing's board of directors. The phases include:

- **Eligibility and Completeness:** Applications go through an initial review to ensure a full application was submitted and is eligible.
- **Scoring:** Applications are scored in accordance with the Self-Scoring Worksheet.
- **Feasibility:** Applications are further processed and reviewed in accordance with the application selection and funding requirements.
- **Board:** Final recommendations are subject to approval by the Minnesota Housing board of directors, which concludes the application evaluation period.

Communication During the Evaluation Period

Minnesota Housing does not communicate or permit clarifications specific to scoring documentation after the application deadline. Minnesota Housing may, at its sole discretion, communicate with an Applicant related to non-scoring application items, such the feasibility review. Minnesota Housing may, at its sole discretion, provide an Applicant with additional time to produce a required signature if incomplete or missing, provided Minnesota Housing determines this practice can be applied consistently and within a prudent timeline.

NOAH Multifamily Program RFP information may be requested through Minnesota Housing's data request process. However, most information will not be publicly available until after completion of the evaluation process. Once Applicant responses are due and opened, the names of Applicants will be public but other data contained in applications will not. Pursuant to Minnesota Statute 13.591, additional NOAH Multifamily Program RFP information including, but not limited to, selection determination, geographic region, and the score of all applications will become public after completion of the evaluation process. This information will be posted on the NOAH Multifamily Program webpage following the board of directors' approval of the selection.

Submission Instructions

Application materials must be received by 12:00 p.m. (noon) Central time on Thursday, July 24, 2025, to be considered for funding.

Applicants must submit all required items on the Application Checklist using the Multifamily Secure Upload Tool. More information on how to submit the required items can be found on Minnesota Housing's Partner Login webpage.

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.

Submitted applications are considered final. *Late applications will not be considered;* incomplete applications may not be considered, and resubmission may not be allowed during this funding round. Minnesota Housing, at its sole discretion, may request additional information or clarification.

Steps to Get Started

To submit an application, interested Applicants should follow the below five steps. Each step includes requirements and considerations for submitting an application.

1. Review the full Community Stabilization: Naturally Occurring Affordable Housing - Multifamily Rental Housing Program Guide for all program expectations.
2. Review the application eligibility and other requirements.
3. Request technical assistance.
4. Review the application selection process.
5. Gather materials and apply by the deadline.

Other Requirements

Rent and Income Requirements

If the project is selected for a loan, the project will have a minimum affordability commitment that is reflected in Chapter 3 of the Community Stabilization: Naturally Occurring Affordable Housing - Multifamily Rental Housing Program Guide. When submitting the application, complete the Unit/Rent Grid section on the Housing Income tab of the 2025 Multifamily Workbook with the affordability commitment for the property.

Selected Applicants will also be required to conduct income certifications for the affordable units at the time of new tenant move-in and report them to Minnesota Housing annually. Existing residents are exempt from verifying their income. Unit rents for the project will be reported to Minnesota Housing annually.

Applicants are encouraged to consider applying for the HUD Section 811 Project-Based Rental Assistance (HUD Section 811 PRA) Program, which provides rental assistance for persons with disabilities. To learn more about this program, please refer to Minnesota Housing's HUD Section 811 PRA Program webpage. Interested applicants should contact Ellie Miller at ellie.miller@state.mn.us for more details on the HUD Section 811 PRA Program. Participating in the HUD Section 811 PRA Program is not a requirement to apply for this NOAH Multifamily Program.

Signatures

All application materials with a signature block must be signed, including the General Certification Form. Minnesota Housing will accept the following signatures:

- Scanned wet signatures
- DocuSign, if the Applicant has an active DocuSign account

Selection Process

See Chapter 6 of the Community Stabilization: Naturally Occurring Affordable Housing – Multifamily Rental Housing Program Guide for the selection process including the selection criteria (section 6.03). To evaluate project feasibility, the appropriate underwriting standards will be applied to the project as described below.

Underwriting Standards

The NOAH Multifamily Program Underwriting Standards are used by Minnesota Housing for underwriting and sizing of projects that are not structured with federal low-income housing tax credits (HTC).

If the project is proposed to be structured with federal low-income housing tax credits, please use the Multifamily Underwriting Standards.

Minnesota Housing's evaluation will estimate the amount of funding for each application. This determination is made solely at Minnesota Housing's discretion.

NOAH Multifamily Program Underwriting Standards

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

- Management and operating expenses based on historical expenses and Minnesota Housing review.
- Annual replacement reserve contributions – minimum of $500 per unit per year.
- Cash flow:
  - 5-7% vacancy rate; actual historical performance will also be considered.
  - 2% income inflation; 3% expense inflation. Alternative inflationary factors may be considered based on actual property performance.
  - The project must project positive cash flow through the term of the loan.
- Development Budget:
  - Construction contingency 7%. Higher contingencies (generally up to 10% for rehabilitation) may be allowed if required by a syndicator, investor first mortgage lender, or as determined appropriate by Minnesota Housing's architect.
  - Developer fee or project management fee; for rehabilitation construction projects only, unless approved by Minnesota Housing at its sole discretion. The maximum allowable fee is 6% of total development costs. This fee may include costs such as development consultant, construction management, and resident outreach and coordination. Any project cost savings must be used for the benefit of the project or to reduce the loan; it will not be available for a developer fee or project management fee.

    - If replacement reserves are capitalized, they must be sufficient to address capital needs for the next 5 years.
- Sources: Energy and sales tax rebates are required as sources, if applicable.
- Construction Completion Guaranty: Required for rehabilitation projects. This guarantees timely lien-free completion of the work in accordance with the construction plans and specifications and the applicable loan documents.
- Existing Financing: Any existing loans remaining on the property and maturing within 5 years of application must have a reasonable take-out strategy, as determined at Minnesota Housing's sole discretion.

Application Timeline

Table 1: Application Timeline

Date	Activity
Thursday, May 8, 2025	RFP announced via eNews and application materials posted to the Minnesota Housing website
Wednesday, May 21, 2025	Minnesota Housing holds an RFP information session
Thursday, July 24, 2025	Applications due by noon Central Time
Thursday, November 20, 2025 **or** Thursday, December 18, 2025	Minnesota Housing staff recommends selections to Minnesota Housing's board of directors

All dates and times are subject to change at the sole discretion of Minnesota Housing.

After Selection

If a project is selected for further processing, Minnesota Housing will send a letter to Applicants detailing the terms and conditions of funding along with next steps. Note that receiving this letter from Minnesota Housing *is not a guarantee* of funding. All selected proposals must successfully complete the due diligence phase before closing on the funding.

All selected proposals will be subject to applicable conditions of selection through the term of the loan or the applicable period as set out in the loan documents.

Contact

For more information, visit Minnesota Housing's Community Stabilization: Naturally Occurring Affordable Housing – Multifamily Rental Housing Program webpage or reach out to Beverly Wilharm at noah.mhfa@state.mn.us or 651-284-0077.