



RE-BUILDING BETTER NEIGHBORHOODS (R-BBN) & SINGLE-FAMILY HOUSING REHABILITATION PROGRAMS

PROGRAM INFORMATION AND CONTACTS

Mission

Greater Minnesota Housing Fund invests in affordable housing and sustainable development to strengthen communities in Greater Minnesota and ensure that everyone has a safe, decent and affordable place to call home.

Greater Minnesota Housing Fund (GMHF) Single-Family Housing Resources

1. **Construction & Acquisition-Rehabilitation Financing:** GMHF operates a \$28 million revolving interim loan fund (competitive, below-market, interest-bearing loans). Interim loan resources are available to public, private and non-profit developer partners for land acquisition, infrastructure, construction and purchase-rehabilitation-resale of existing homes in Greater Minnesota, with a high priority on the acquisition of foreclosed, blighted and/or vacant homes as part of a comprehensive neighborhood revitalization initiative.
2. **Homebuyer Gap Financing:** GMHF provides gap financing (interest-free, deferred loans) for homebuyers (not exceeding 80% statewide median income, preference given to 50% SMI). GMHF places a priority on local and regional foreclosure recovery programs that address blight, have neighborhood impact, and provide housing opportunities for low- and moderate-income families. Financing for the creation of new homes must meet Re-Building Better Neighborhoods' program criteria. Local leverage is required. Additional funds are available to support projects with employer assistance. GMHF's maximum assistance per unit is \$8,500. GMHF deferred loans must be substantially targeted to families with dependent children.
3. **Owner-Occupied Housing Rehabilitation Gap Financing:** GMHF also provides gap financing (interest-free, deferred loans) to facilitate the rehabilitation of affordable owner-occupied housing (not exceeding 80% statewide median income, preference given to 50% SMI). GMHF's funding priorities include substantial rehab of aging, owner-occupied single-family housing, in conjunction with a larger community revitalization effort. Local leverage is required. GMHF's maximum assistance per unit is \$8,500. GMHF funds for owner-occupied rehab must be substantially targeted to families with dependent children.

All projects funded by GMHF must meet Minnesota Green Communities standards. GMHF pre-approved Green home plans addressing Green housing standards and the Green Specifications for Single Family Housing Rehabilitation in Minnesota are available from Greater Minnesota Housing Fund free of charge at: www.gmhf.com

Greater Minnesota Housing Fund Income Limits

- Greater Minnesota Housing Fund serves families with children with incomes that do not exceed 80% of statewide median income. Funding preference will be given for projects that use green building techniques and focus on closing the homeownership gap for emerging markets.

On the following pages, you will find more information regarding GMHF's Re-Building Better Neighborhoods and Single-Family Housing Rehabilitation programs. If your organization requires technical assistance, please contact GMHF.

Contact

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Greater Minnesota Housing Fund Re-Building Better Neighborhoods (R-BBN) Program Guidelines & Information

Greater Minnesota Housing Fund provides several diverse funding options including resources for the acquisition and rehabilitation of vacant, foreclosed and abandoned homes, new home construction and the rehabilitation of owner-occupied single-family homes. The majority of new single-family construction funding is provided through the Re-Building Better Neighborhoods program. To see if your project is eligible for funding consideration through the Building Better Neighborhoods program, complete the box below:

Re-Building Better Neighborhoods Project Check List

Affordability, Local Support, Marketing

- ☐ Maximum base acquisition cost limit of \$167,000 (\$175,000 in high cost areas in Chisago, Isanti, Sherburne, and Wright counties).
- ☐ Local support (TIF, fee waivers, tax abatement, etc.).
- ☐ Families with Children and Emerging Markets targets for homebuyer initiatives.

Neighborhood and Site Criteria

- ☐ **Project Location:** Project is located in or adjacent to an existing neighborhood.
- ☐ **Minnesota Green Communities Criteria:** Green Building Criteria is met.
- ☐ **Lot Width:** Lot width is no more than 65' (40'-55' lot width is preferred).
- ☐ **Street Width:** Neighborhood Streets are no wider than 34'.
- ☐ **Driveway Width:** Maximum curb-cut is 12'.
- ☐ **Landscaping:** Yards are fully landscaped with grass sod. At least 2 trees and 5 shrubs included with construction of home and placed in areas viewable from the street.
- ☐ **Water and Sewer:** Homes are connected to city water and sewer.

Home Design Criteria for New and Infill Construction

- ☐ **Garages:** Garage fronts shall be set back 5' or more from the front façade of the home. Garage does not exceed 50% of the front façade of the home.
- ☐ **Home Style & Material Diversity:** Homes exteriors are finished with a variety of styles, textures and colors. The proximity of similar and identical homes are restricted by covenants.
- ☐ **Windows:** Large sized windows are placed on the front and rear of homes that are appropriately styled.
- ☐ **Front Doors:** Front entrances shall be visible and prominent from the front street.
- ☐ **Exterior Trim:** Exterior trim detail is at least 5 inches wide on all exterior doors and windows, under eaves, between contrasting siding materials and/or colors, and along the base of the siding.
- ☐ **Front Porches:** Homes shall have a front porch that is a minimum of 40 sq. ft. No single dimension is less than 4'. Porch columns are at least 10" in diameter.
- ☐ **Covenants and Architectural Review Committee (ARC) (Applies only to construction of 5 or more new homes):** Development will/has approved design covenants that will be recorded and include an appropriate architectural review committee that provides enforcement (subject to Greater Minnesota Housing Fund review). Sample covenants maybe downloaded at www.gmhf.com

GMHF Mission

Greater Minnesota Housing Fund invests in affordable housing and sustainable development to strengthen communities in Greater Minnesota and ensure that everyone has a safe, decent and affordable place to call home.

RE-BUILDING BETTER NEIGHBORHOODS

Fostering green affordable housing and sustainable communities through targeted neighborhood reinvestment and revitalization.

Program Goals

- Encourage the rehabilitation and development of affordable starter homes in communities with an identified affordable workforce housing need.
- Facilitate the targeted rehabilitation of multiple single- and multifamily homes and/or the development/redevelopment of sites within existing neighborhoods and town centers in Greater Minnesota to create safer, healthier and more energy-efficient housing.
- Promote homeownership and affordable rental opportunities for low- and moderate-income families in Greater Minnesota.
- Encourage volunteerism, cooperation and the spirit of community service to mobilize local community residents and neighbors, including schools, churches, local social and philanthropic groups such as 4-H and Rotary Clubs, etc. in efforts to improve the safety, appearance, energy-efficiency and inhabitability of homes in targeted neighborhoods.
- Priority is given to community-based projects that have established a strong base of community leadership potential as fostered through the Blandin Community Leadership Program, or other/similar community leadership-building programs.

Eligible Applicants

Non-profit developers, for-profit developers, and local government agencies

Types of Funding

- Interim Financing (short-term, below market interest rate) to public, private and non-profit development partners for land acquisition, infrastructure, construction and purchase and/or rehabilitation of existing homes.
- Gap Financing (0% interest, deferred loans) for homebuyers and for owner-occupied housing rehabilitation.
- Employer-matching funds.

Technical Assistance Available

In addition to the funding types above, Greater Minnesota Housing Fund can provide assistance to communities/developers with the following:

- Neighborhood site selection and site design
- Public infrastructure planning
- Green home designs
- Working with the local government to modify zoning ordinances

Minimum Project Requirements

- Project must be defined as a specific, **contiguous geographic area, existing neighborhood or town center** that has a documented need for comprehensive housing rehabilitation, infill

and/or redevelopment. Housing needs will be documented through a recent housing needs assessment or market study, and with pictures of deteriorated and/or blighted homes in existing neighborhood.

- Households assisted by Greater Minnesota Housing Fund project resources are restricted to households with a **gross household income** that does not exceed 80% of the statewide median income, adjusted for family size. Priority is given to projects and initiatives that serve households at <50% statewide median income.
- Assisted units must receive **substantial rehab** addressing habitability, energy efficiency and safety repairs and/or address the preservation of federally-subsidized housing. The life of improvements must meet or exceed the term of the loan.
- Homes must **address habitability, energy efficiency and safety repairs**. Homes structural and mechanical systems must be evaluated and deemed to not need replacement for at least 10 years prior to resale.
- **Homes must be located in Greater Minnesota** (outside of the 7-county Twin Cities Metro Area).
- The acquisition for cost limit for families may not exceed **current GMHF limits**. To obtain the current GMHF limits, visit the GMHF website at www.gmhf.com.
- Homebuyers using GMHF Gap Financing must have **one or more dependent children**.
- First mortgages utilized by the homebuyers must meet GMHF's **approved mortgage criteria**.
- Homebuyers must complete an **approved homebuyer education curriculum**.
- Single-family assisted units must be occupied as the homeowner's **principal place of residence**.
- **Leveraging of additional funds** from other agencies such as local governments, state agencies, local businesses, local lenders or other funding agencies is encouraged. Other sources may include: Minnesota Housing, DEED, local units of government, HRAs, Iron Range Resources and other funders.
- Project must support the local community's **comprehensive plan** and be consistent with the region's housing goals.
- Project must demonstrate **sound financial structuring**, e.g. rehabilitation must be determined to be more cost-effective than new construction, with thorough due diligence and budgeting.
- The **development team** (for projects) or **administrator** (for programs) must possess the expertise and technical capacity sufficient to complete the project in compliance of all codes and requirements of all funders, including GMHF.
- **Local Government** shall participate financially, providing 5-10% of the total development costs through tax increment financing or financial equivalent.
- **Community** shall have a demonstrated need for affordable starter homes, documented through a recent market study or housing needs assessment.
- Project shall be consistent with regional priorities and the area's comprehensive plan.

- Homebuyer acquisition cost not to exceed the current **GMHF acquisition limit**. (Please note that homes will be evaluated on design, quality and size relative to price and that the funding process is highly competitive.)
- **Homebuyers** of *Building Better Neighborhoods* homes must have a household income equal to or less than 80% of the statewide median income.
- **Families with children** must be targeted by the development.

Design Requirements

- a. **Site**
 - i. Proposed neighborhood shall be located near or adjacent to existing infrastructure, connected to city sewer and water, and be within a reasonable distance to neighborhood amenities, e.g. schools, parks, libraries and retail.
 - ii. Site design shall preserve and enhance existing natural amenities and shall integrate the new neighborhood development with the surrounding area.
- b. **Lot Sizes**
The lot frontage for lots shall be within the range of 40-65 feet. Market-rate lots can be larger.
- c. **Streets**
 - i. The streets in the neighborhood shall be within the range of 18-34 feet.
 - ii. The street layout shall make efficient connections with the surrounding area and be efficiently designed.
- d. **Homes**
 - Homes shall have a minimum of 2 bedrooms.
 - Homes shall minimize garage impact on streetscape (setback from the front of the home or where feasible utilizing service alleys at the rear of homes).
 - Homes shall meet mutually agreed upon design criteria.
- e. **Landscape Systems**
Boulevard trees and individual lot landscaping shall be provided in the development package.



Greater Minnesota Housing Fund

Single-Family Housing Rehabilitation

Program Guidelines

PROGRAM GOAL

Facilitate the rehabilitation of affordable owner-occupied housing throughout Greater Minnesota.

ELIGIBLE PROJECTS AND FUNDING PRIORITIES

- **Rehab of owner-occupied single-family housing:** Assist local organizations to help low-income households make significant improvements in the habitability, safety and energy-efficiency of their current homes.
- **Purchase/rehab of single-family housing:** Assist local organizations that make habitability, safety, and energy efficiency improvements to housing that will be purchased by low-income households after rehab. The purchase/rehab program may also be used by local organizations to make funding available to low-income homebuyers to purchase and rehabilitate their homes.

ELIGIBLE APPLICANTS

Nonprofit and for-profit organizations. Local government agencies.

TYPES OF ASSISTANCE

GMHF will award qualified rehabilitation projects or programs funding in the form of zero- or low-interest deferred loans, or grants on a limited basis. Maximum amount of GMHF assistance per unit is \$8,500. GMHF assistance may be layered with other funding resources.

MINIMUM PROJECT REQUIREMENTS

- Assisted units must be restricted to households with a **gross household income** that does not exceed 80% of the statewide median income, adjusted for family size. Priority is given to projects that serve households at <50% statewide median income.
- Assisted units must receive substantial rehab addressing habitability, energy efficiency and safety repairs. The life of improvements must meet or exceed the term of the loan.
- Single-family assisted units must be occupied as the homeowner's **principal place of residence**.
- **Community** must have a demonstrated need for affordable housing, documented through a recent housing needs assessment or a market study.
- **Leveraging of additional funds** from other agencies such as local governments, state agencies, local businesses, local lenders or other funding agencies is required.
- Project must support the local community's **comprehensive plan**.

- Project must demonstrate **sound financial structuring**, e.g. rehabilitation must be determined to be more cost-effective than new construction.
- The **development team** (for projects) or **administrator** (for programs) must possess the expertise and technical capacity sufficient to complete the project in compliance of all codes and requirements of all funders, including GMHF.
- Assisted units are restricted to families with dependent children.

All **other sources of funding** must be committed prior to GMHF approval of funding.



2012 Income Limits (80% of Statewide Median) Adjusted for Family Size

Family Size	Greater Minnesota Counties ¹	Olmsted and Dodge Counties ²	Chisago, Isanti, Sherburne, Wright Counties ³
1	\$ 41,400	\$ 45,600	\$ 47,000
2	\$ 47,300	\$ 52,100	\$ 53,700
3	\$ 53,300	\$ 58,600	\$ 60,500
4	\$ 59,200	\$ 65,100	\$ 67,200
5	\$ 63,900	\$ 70,300	\$ 72,500
6	\$ 68,600	\$ 75,500	\$ 77,900
7	\$ 73,400	\$ 80,700	\$ 83,300
8	\$ 78,100	\$ 85,900	\$ 88,600
9	\$ 82,800	\$ 91,100	\$ 94,000
10	\$ 87,500	\$ 96,300	\$ 99,400
11	\$ 92,300	\$ 101,500	\$ 104,800
12	\$ 97,000	\$ 106,700	\$ 110,100
13	\$ 101,700	\$ 111,900	\$ 115,500
14	\$ 106,500	\$ 117,100	\$ 120,900
15	\$ 111,200	\$ 122,300	\$ 126,200

These income limits are guidelines you must follow when the Greater Minnesota Housing Fund provides financing to your housing project. If you do not follow these guidelines you put funding for your development at risk, as well as potential for future funding. Projects with other additional funding sources must also comply with the income limits set by those programs.

GMHF 2012 Single-Family Acquisition Cost Limits⁴

To control building costs and to encourage local participation in projects, the Greater Minnesota Housing Fund (GMHF) has developed an acquisition cost limit (ACL) for single-family homes receiving GMHF interim and/or homebuyer gap financing. To allow larger families with children adequate living space, GMHF allows a higher ACL to finish more space for those families. In addition to the standard ACL, a "high cost" limit has been created to provide greater flexibility in areas with rapidly rising development costs.

Number of Children in Household	Acquisition Cost Limit	Acquisition Cost Limit in High Cost Areas*	Minimum Space to Finish ⁵
0 – 1 Child ⁶	\$167,000	\$175,000	2 bedrooms, 1 bath <u>OR</u> 3 bedrooms, 1 bath
2 Children	\$173,000	\$181,000	3 bedrooms, 1 bath <u>OR</u> 2 bedrooms, 2 bath
3 Children	\$179,000	\$187,000	4 bedrooms, 1 bath <u>OR</u> 3 Bedrooms, 2 bath
4+ Children ⁷	\$185,000	\$193,000	<u>At least</u> 4 bedrooms, and <u>at least</u> 2 bath

*High cost areas are Chisago, Isanti, Sherburne, and Wright counties.⁸

¹ Greater Minnesota limits are based on statewide median income of \$73,900.

² Olmsted and Dodge County income limits are based on Rochester MSA median income of \$81,300.

³ Chisago, Isanti, Sherburne and Wright County income limits are based on Minneapolis-St. Paul MSA median income of \$83,900.

⁴ ACLs have held constant due to market conditions.

⁵ In order to assist households with two or more children to qualify for the higher ACLs, the minimum finished space requirements must be followed. However, larger families are **not required** to purchase a home that meets the higher ACL guidelines (additional space finished).

⁶ All households receiving GMHF Homebuyer Gap financing must have a dependent child as defined by the IRS. Any exceptions must be pre-approved by GMHF.

⁷ For households with more than 4 children, a \$6,000 acquisition cost adjustment is allowed per additional child.

⁸ Geographical definition of GMHF High Cost Areas is set by areas with higher FHA mortgages limits.



Supplement Application

FUNDED IN PARTNERSHIP WITH MINNESOTA HOUSING AND DEED

Before proceeding with this application, make sure that your project meets the threshold requirements on the CRV application. The GMHF application below is supplemental information that GMHF needs in addition to the project information collected through the Community Revitalization Fund (CRV) application.

- I. SITE/NEIGHBORHOOD INFORMATION**—Please provide the following:
 - a. Location map—identifying the size of the site/neighborhood and its relationship to the city center.
 - b. Description of surrounding land uses.
 - c. Clearly identify infrastructure in place, as well as additional service needed and how it will be financed.
 - d. Attach any evidence of site control you have. If you do not have site control, identify the current ownership and the plan to acquire the property.
- II. NEIGHBORHOOD ASSESSMENT, SITE PLAN AND HOME DESIGNS**
 - a. Please attach any site planning or neighborhood needs assessment done to date. For new development, be sure that individual lot and setback dimensions are given. Clearly mark any planned or completed infrastructure or utility installations.
 - b. If available, attach plans and specifications of the home designs you intend to build (reduced to 8 ½" x 11").
 - c. Include any information on cost-saving materials, construction technologies, or energy-efficient construction elements that you intend to use in this development.
- III. MARKET ANALYSIS & LOCAL JOB/EMPLOYMENT GROWTH**
 - a. Describe the specific housing need you are seeking to address.
 - b. Detail why your project will address this need.
 - c. Describe recent local job growth and population growth.
 - d. If a formal market study has been done, please attach a copy.
- IV. DEVELOPMENT CAPACITY & QUALIFICATIONS** — Please identify who will fill the following roles. Include information about their experience, qualifications and technical capacity to carry out this project.
 - a. Project Developer
 - b. Community Organizer/Project Coordinator
 - c. Site Planner/Architect
 - d. Builder/Contractor
 - e. Marketing Agent
 - f. Local Lender(s)
- V. OTHER INNOVATIONS**—Please describe any other creative, innovative, cost-effective or efficient components of your proposed development.