



Constructing a Competitive Application: RRDL USDA-RD Preservation Initiative

Minnesota Housing RRDL Program Staff

September 2019

Our Mission

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.



Program Purpose and Background

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The RRDL Program provides financing options for moderate rehabilitation to owners of existing smaller scale, permanent rental housing in Minnesota.

The RRDL Program assists Minnesota Housing in meeting two of its strategic priorities:

- Preserve Housing with Federal Project-based Rent Assistance
- Address Specific and Critical Local Housing Needs

Changes to the RRDL Program

- Prior Program Delivery:
 - Apply via network of local administrators
 - Large application package (22 checklist items)
 - Administrator and/or owner coordinates servicing request with RD area specialist
- *NEW* Program Delivery:
 - Apply directly to Minnesota Housing
 - Concept-based application (8-10 checklist items)
 - More collaboration between RRDL Program staff and RD area specialists

Changes to the RRDL Program

- Prior Program Delivery:

- 3% owner contribution required
- Complex workbook with many tabs to complete
- Fixed loan terms, underwriting guidelines and structure
- \$25,000 max amount per unit; \$300,000 max loan

- *NEW* Program Delivery:

- No owner contribution required
- Streamlined workbook with three tabs to complete
- More flexibility, individually underwritten and structured loans
- \$35,000 max amount per unit; \$500,000 max loan

Changes to the RRDL Program

- Prior Program Delivery:

- Application fees paid for by the borrower not an eligible RRDL soft cost
- Fees paid to local RRDL administrator
- Not grant funds

- *NEW* Program Delivery:

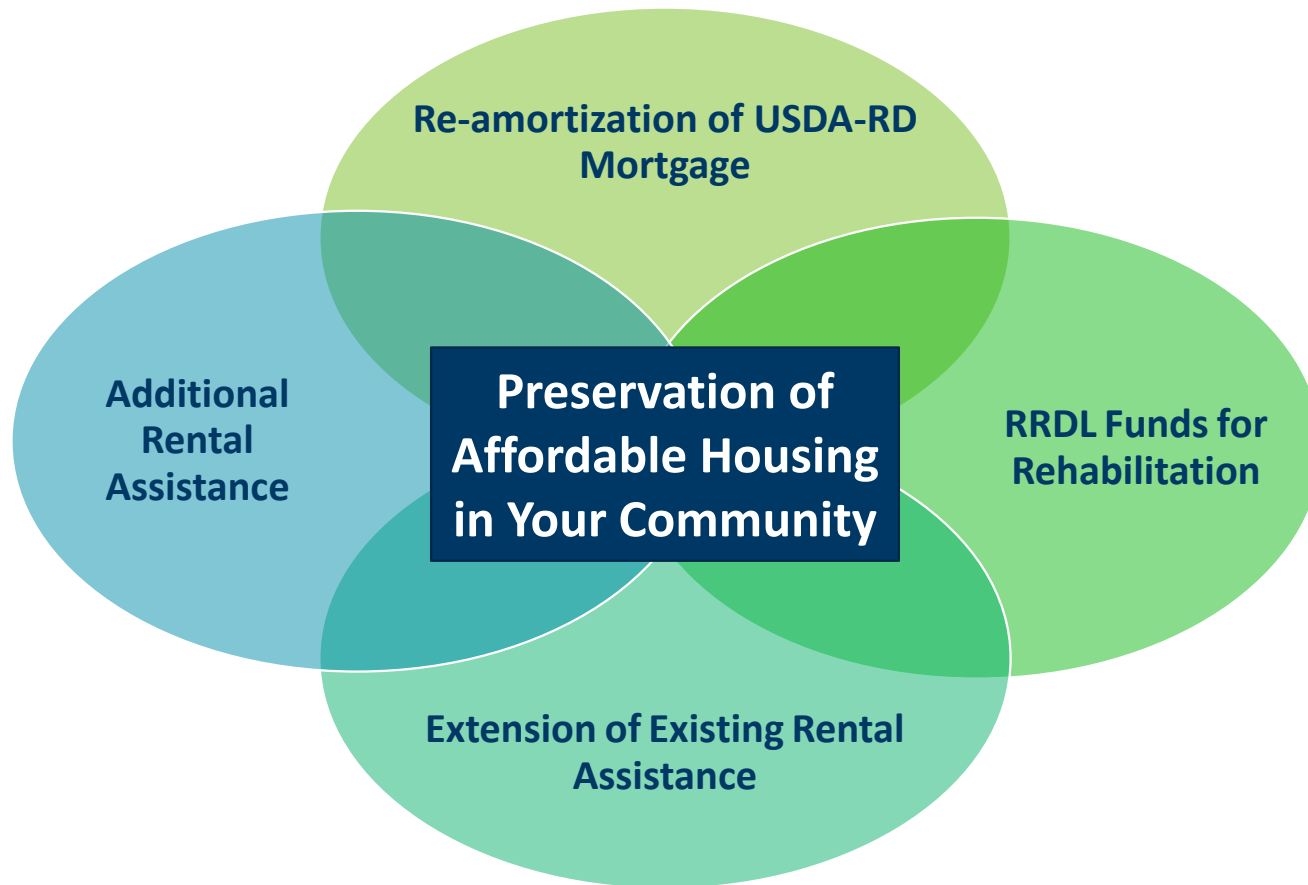
- Application assembly costs up to \$750 reimbursed if project selected for funding
- Up to 3% may be paid to either an owner or project manager for loan processing
- Not grant funds

Funding Availability

- Up to \$10 million is available through the 2018 RRDL USDA-RD Preservation Initiative RFP
- One-time funding opportunity in partnership with USDA Rural Development (RD)
- We encourage you to apply!



Preservation Opportunity



Assistance and Support

- RRDL Program staff is available for technical assistance to help with application completion, technical or general program questions
- RD area specialists available to answer questions about re-amortizations and loan term extensions
- Contact the RD state office to discuss additional rental assistance
 - Stephanie Vergin, 651.602.7820 stephanie.vergin@usda.gov
 - Brian Boyda, 218.829.5965 x 116 brian.boyda@usda.gov
- Non-profit asset management fee can be used to cover application costs up to \$750
 - Include in FY20 budget or submit with mid-year budget, or
 - Use project funds, if funding is approved



We want Rural
Development properties
in every corner of the
state to be able to
successfully compete for
RRDL funding

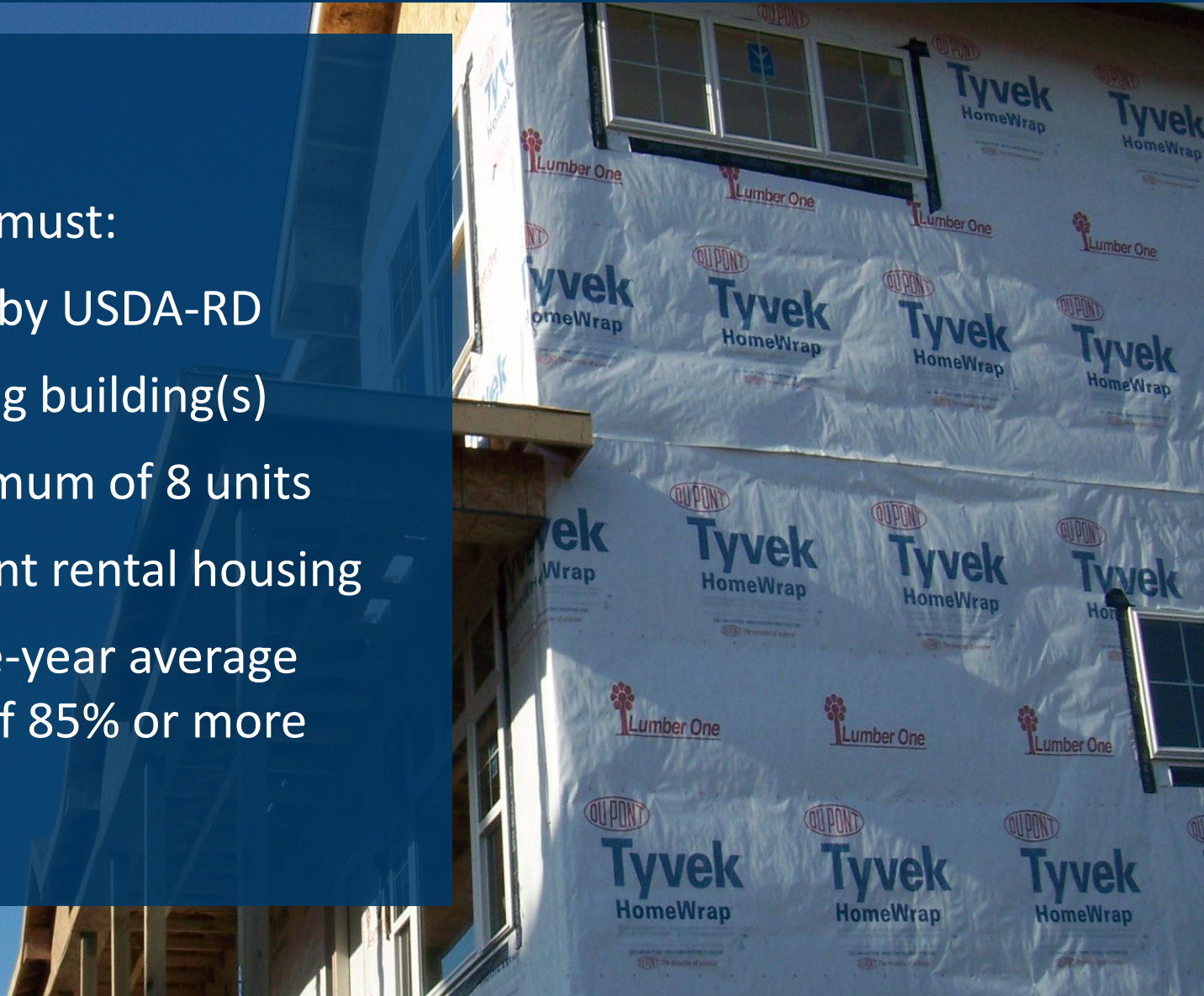
2019 RFP Timeline

Date	Event
9/9/2019	RFP published; RRDL application materials available on website
9/25/2019 10/1/2019	RRDL USDA-RD Preservation Initiative information sessions
11/20/2019	RRDL application materials due to Minnesota Housing
March 2020	Selected RRDL applicants presented to Minnesota Housing board for approval
April and May 2020	RRDL project launch meetings with Minnesota Housing staff

Eligibility Criteria

Development must:

- Be financed by USDA-RD
- Be an existing building(s)
- Have a minimum of 8 units
- Be permanent rental housing
- Have a three-year average occupancy of 85% or more



Typical Funding Terms

- Flexible terms based on the development's needs
- Typical structure:
 - Deferred Loan
 - 20-year term
 - 0 percent interest
 - Principal due at maturity
 - Up to 10% loan forgiveness
- End Loan or Construction Loan
- Re-amortization and/or extension of RD mortgage



Concept-based Application

1. Narrative Questions and Certifications
2. RRDL Workbook
3. Applicant Certification of Known Environmental Conditions
4. Photographs of overall property, existing conditions and all proposed improvement areas
5. Property tax statement
6. Borrower Authorization of Release of Private Information
7. RRDL Qualifications of Sponsor and/or Guarantor
8. Qualifications of Management Company and Marketing Agent
9. If available, any other information to support the application
10. If available, 10-year capital plan

Checklist Items

1. Narrative Questions and Certifications

- Describe the development
- Describe the proposed project
- Describe the development team
- Assessment of major building components
- Certifications and disclosure statements



Checklist Items

2. RRDL Workbook

- Applicant and development team
- Property information
- Existing debt, reserves and assisted units
- Income and expenses
- Proposed project and estimated cost



Checklist Items

3. Applicant Certification of Known Environmental Conditions (Minnesota Housing form)
4. Photographs of overall property, existing conditions and all proposed improvement areas
5. Property tax statement
6. Borrower Authorization of Release of Private Information



Checklist Items

7. RRDL Qualifications of Sponsor and/or Guarantor

- Past three years tax returns
- Credit report (individual or corporate)
- Personal financial statement
- Schedule A: Income-Producing Properties

8. Qualifications of Management Company and Marketing Agent



Checklist Items

9. If available, any other information to support the application

- Architectural or engineered plans such as site or floor plans
- Product specifications
- Elevator inspections or modernization proposals
- Maintenance records

10. If available, 10-year capital plan



Opportunities for Collaboration

Minnesota Housing

RRDL Program technical assistance

Application review and funding recommendations

Compliance and monitoring

USDA Rural Development

Re-amortization of mortgage and extension of rental assistance

Will participate in review of RRDL applications

Potential additional rental assistance

Greater Minnesota Housing Fund

Potential new first mortgage lender

Wes Johnson:
Loan & Programs Officer

Energy Rebates; Weatherization Programs

Common items:
furnace/boiler,
water heater,
insulation, lighting

Katherine Teiken:
Minnesota Housing
Clean Energy
Program Specialist

Important Next Steps



Step 1:

Set up a technical assistance appointment with RRDL Program staff



Step 2:

Identify and prioritize your rehabilitation scope of work



Step 3:

Complete your narrative questions and all submittals

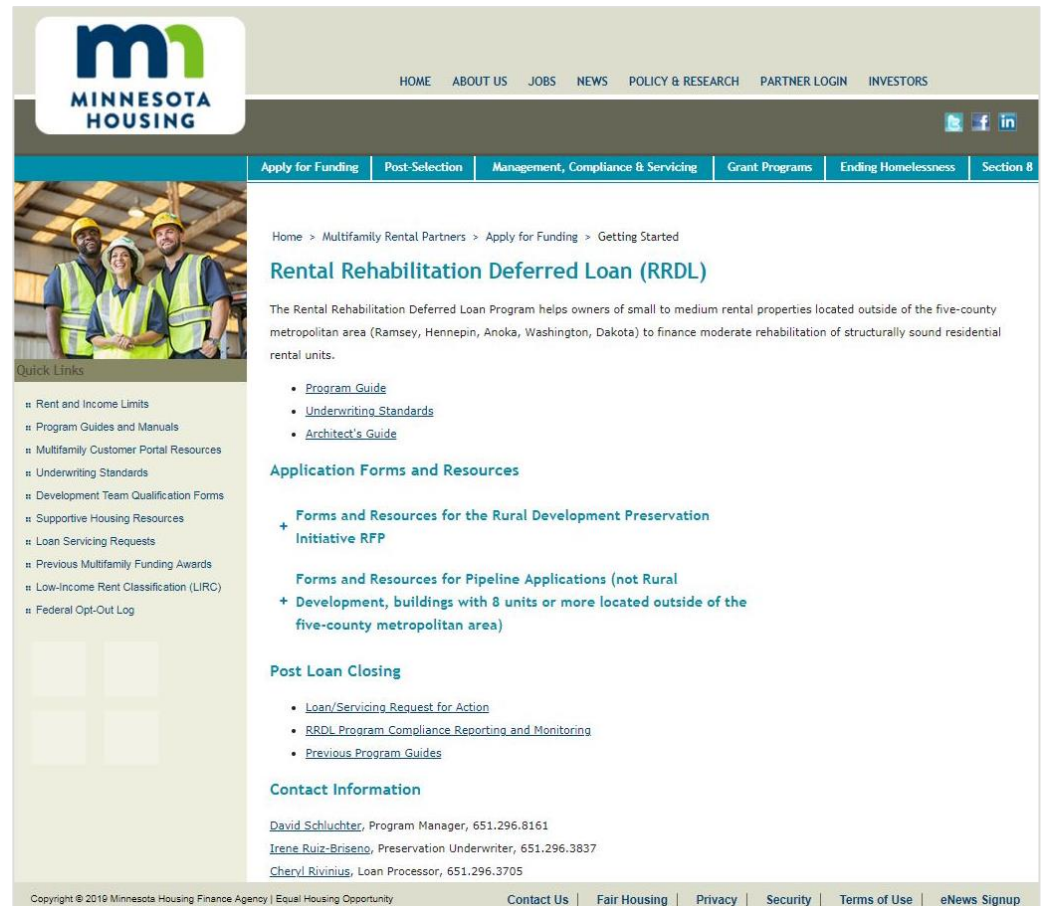


Step 4:

Submit all items by 5:00pm on November 20 using the Secure Upload Tool

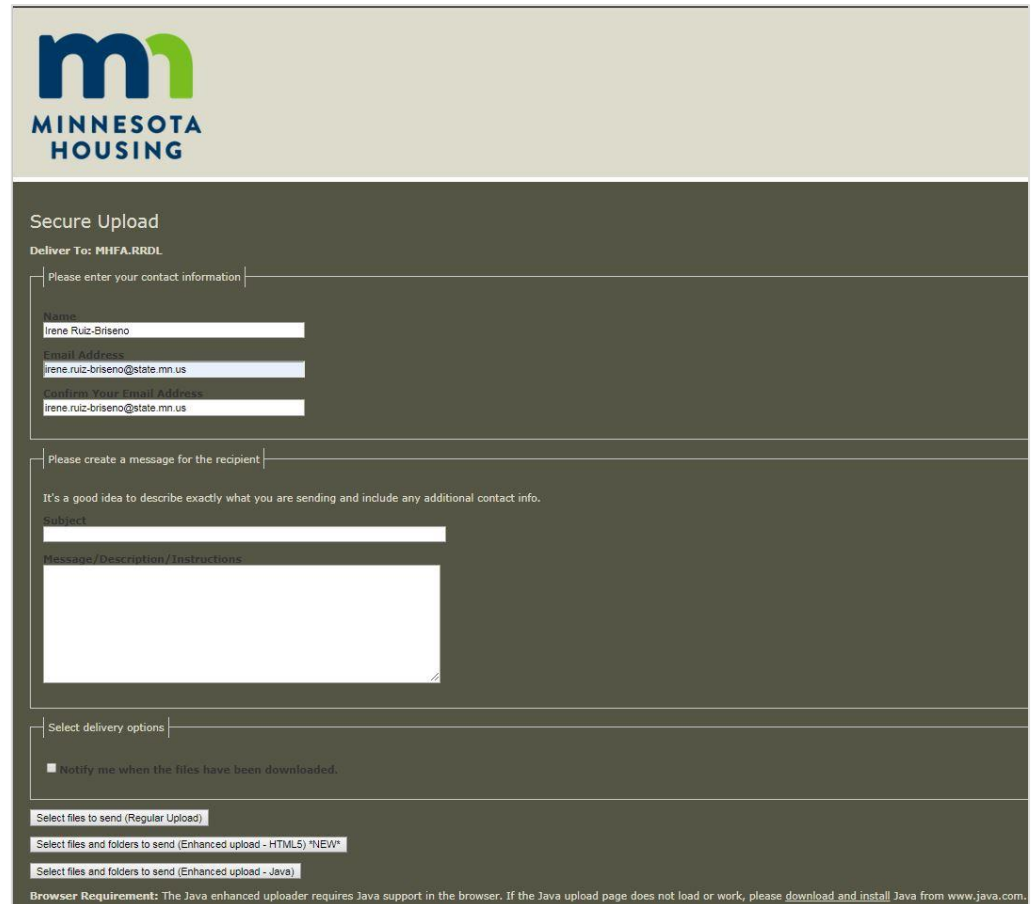
Information and Resources Online

- RRDL Webpage:
 - www.mnhousing.gov
 - Multifamily Rental Partners
 - What's available now
 - Rental Rehab Deferred Loan Pilot Program USDA-RD Preservation Initiative Request for Proposals



Information and Resources Online

- Secure Upload Tool:
 - www.mnhousing.gov
 - Partner Login
 - Multifamily Secure Upload Tool
 - Secure Upload
 - Recipient Email:
mhfa.app@state.mn.us
 - Select files to send (Regular Upload)



The screenshot shows the 'Secure Upload' interface for Minnesota Housing. At the top is the Minnesota Housing logo. The form is titled 'Secure Upload' and 'Deliver To: MHFA.RRDL'. It is divided into three main sections: 1. 'Please enter your contact information' with fields for Name (Irene Ruiz-Briseno), Email Address (irene.ruiz-briseno@state.mn.us), and Confirm Your Email Address (irene.ruiz-briseno@state.mn.us). 2. 'Please create a message for the recipient' with a note 'It's a good idea to describe exactly what you are sending and include any additional contact info.' and fields for Subject and Message/Description/Instructions. 3. 'Select delivery options' with a checkbox 'Notify me when the files have been downloaded.' and three buttons: 'Select files to send (Regular Upload)', 'Select files and folders to send (Enhanced upload - HTML5) *NEW*', and 'Select files and folders to send (Enhanced upload - Java)'. At the bottom, a 'Browser Requirement' note states: 'The Java enhanced uploader requires Java support in the browser. If the Java upload page does not load or work, please download and install Java from www.java.com.'

Question and Answer



Thank you!

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Irene Ruiz-Briseno

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