

Rental Rehabilitation Deferred Loan (RRDL) Pilot Program USDA-RD Preservation Initiative Request for Proposals

Program Overview

The Rental Rehabilitation Deferred Loan (RRDL) Program provides resources for moderate rehabilitation to owners of existing small or midsize rental housing in Greater Minnesota, outside of the five-county metropolitan area (Ramsey, Hennepin, Anoka, Dakota, and Washington). The goal is to preserve affordability and provide low- and moderate-income households access to decent housing that is convenient to jobs, transportation and essential services.

The information on this term sheet applies to Minnesota Housing Finance Agency's (Minnesota Housing) RRDL United States Department of Agriculture (USDA) Rural Development (RD) Preservation Initiative request for proposals (RFP).

Application Process

Eligible applicants may apply for RRDL funds by submitting a concept-based application directly to Minnesota Housing. All applicants are required to schedule a technical assistance meeting with RRDL Program staff prior to submitting an application.

Refer to the RRDL USDA-RD Preservation Initiative RFP Instructions at www.mnhousing.gov/multifamily/rrdl for full details on how to apply.

Application Due Date

Applications are due no later than 5:00 p.m. CDT on Wednesday, November 20, 2019.

Eligibility and Terms

Eligible Properties RRDL Funds must be used for the rehabilitation of existing rental housing that:

- Is currently financed by USDA under the RD Section 515 Program
- Has a remaining mortgage term of at least 20 years or an owner willing to re-amortize or extend the remaining term for at least 20 years
- Has maintained a minimum average occupancy of 85 percent during the last three years
- Consists of eight residential rental units or more
- Conforms to all applicable zoning ordinances and possesses all appropriate use permits
- Is primarily residential in nature (51 percent or more of the gross floor area of each structure must be residential rental space), and each rental housing unit must contain a kitchen and a bathroom
- Is permanent, general occupancy housing for which the term of tenancy may be extended indefinitely beyond the initial lease term
- Meets minimum financial feasibility and selection requirements

Eligible Applicants Eligible applicants include:

- Limited profit or for-profit entity
- Nonprofit organization
- A city

- Joint powers board established by two or more cities that owns or will own the housing
- A public housing agency that owns or will own the housing
- An Indian tribe or tribal housing corporation that owns or will own the housing
- A natural person who owns or will own the housing

Funding Terms

Maximum loan amount per unit is \$35,000 with a maximum total loan amount of \$500,000

Other loan terms are flexible and based on the needs of individual developments. Typical structure:

- Deferred Loan
- 20-year term
- 0 percent interest
- Principal due at maturity
- Up to 10 percent loan forgiveness for qualified owners

Eligible Improvements

RRDL funds must be utilized for the rehabilitation of permanent rental housing, and eligible improvements must be permanent, general improvements that have not been started prior to the RRDL Program loan closing.

Permanent general improvements include renovations or repairs to an existing structure that materially preserve or improve the basic livability, safety, conservation or utility of the property. Replacement of appliances for safety reasons or to improve energy efficiency is also an eligible improvement. Examples include:

- Roofing, window and/or siding replacement
- Parking lot repair or replacement
- Other exterior/site improvements
- Kitchen and/or bathroom renovations
- Other interior unit or common area improvements
- Heating system replacement
- Accessibility improvements (to meet Section 504, Fair Housing Act, or ADA, as applicable)

Improvements must be made in compliance with all applicable health, fire prevention, building, housing codes and standards, and Minnesota Housing's Limited Scope Projects Abbreviated Design Standards and Limited Scope Projects Sustainability Requirements.

Monitoring

Owners must submit an owner's certification and report occupancy data annually using Minnesota Housing's online reporting tool (PORT). Properties will be inspected periodically.

Additional Information

Program information, including the RRDL Program Guide, application materials, documents, and forms can be found on Minnesota Housing's RRDL Program webpage: <http://www.mnhousing.gov/sites/multifamily/rrdl>.

Questions

To schedule a technical assistance meeting, contact:

- Cheryl Rivinius, Loan Processor at 651.296.3705 or cheryl.rivinius@state.mn.us

For more information, contact:

- David Schluchter, RRDL Program Manager at 651.296.8161 or david.schluchter@state.mn.us
- Irene Ruiz-Briseno, Preservation Underwriter at 651.296.3837 or irene.ruiz-briseno@state.mn.us