

Putting Together the Application/Application Basics**What is an RFP?**

An RFP is a request for proposals, which is a way of soliciting proposals or applications for funding or services. An RFP lays out the preliminary requirements for the application as well as the date and time that proposals are due.

Can a management company represent an owner when submitting the application and when requesting technical assistance (TA)?

Yes, with stipulations. The management company can prepare and submit an application on behalf of the owner and can be part of the TA meeting. The owner, however, ultimately needs to understand the terms of the loan program, sign the application, and if selected, be the person who will sign the loan documents.

If we have multiple properties applying, do we need to have multiple TA calls?

You do not need to have multiple TA calls; however, you may want to schedule several TA calls back to back so that you can have more time to discuss individual projects.

For a fee, can we bring someone in to help with the application processing and to manage the construction project if we don't have the expertise?

Yes. A third party can help with both the application processing and to manage the construction project. If the project is selected, Minnesota Housing will reimburse up to \$750 for application processing and up to 3 percent of the total project cost for managing the construction project.

What criteria will be used to score the applications?

There are four main criteria that will be used to evaluate applications:

1. Need for the housing
2. Need for the rehabilitation work
3. Owner and management company capacity
4. Project feasibility

Will smaller projects in smaller towns be as competitive as larger projects, or, in other words, will smaller projects have a chance of getting funded?

Yes. We are looking for a geographic balance of RRDL resources throughout the state. The narrative and certification form is where you can describe the need and demand for the housing in your community, regardless of size.

If I have two, four-unit buildings, can those count together as an eight-unit building for application purposes? In other words, can we consolidate smaller projects?

If you have two, four-unit buildings that have the same owner and same financing, you can group those together and apply. Also, if you have two, four-unit buildings that have the same owner but you are planning to consolidate financing (that is, consolidate the separate RD mortgages), you are eligible to apply.

If I am considering purchasing or in the process of purchasing an RD building, can I apply for an RRDL loan?

Yes, depending where you are in the process. If you have a purchase agreement and have started the transfer application process with RD, then you would be in a good position to apply for the RRDL RD Preservation RFP. With that said, if you are contemplating a purchase but do not yet have a purchase agreement, the timing would not be right.

Scope of Work/Construction

Will a capital needs assessment (CNA) be required?

A CNA is not required for the RRDL application. With that said, if a CNA has been completed within the last five years, please submit it with your application.

Does an architect need to fill out the grid in the narrative that pertains to major building components?

No. You do not need to hire an architect to fill out this grid. The management company and/or owner should be able to fill out this grid based on their knowledge of the building.

Are there design standards that need to be followed?

Yes. Design standards can be found at www.mnhousing.gov.

Should I get a contractor or an architect estimate of the proposed rehabilitation costs?

You do not need to get a professional estimate of the proposed rehabilitation costs prior to application. Estimate costs to the best you are able, keeping in mind that Minnesota Housing staff architects may adjust amounts if they determine costs are over- or underestimated.

Will you adjust the scope of work proposed?

The proposed scope of work may be revised, and scope items may be eliminated or deemed ineligible for funding. It is important that you prioritize your work scope items so that the most critical ones are identified and prioritized.

What happens if Minnesota Housing staff architects think the project will cost more than what we estimated?

If Minnesota Housing staff architects determine that the project will cost more than what is estimated, they may adjust the amount of funding to be recommended and/or adjust the scope of work based on the need or priority.

If my project has a lot of capital needs (more than the maximum RRDL loan amount), how will that be viewed by Minnesota Housing?

One of the scoring criteria we look at is the need for rehabilitation work. If a project has a lot of capital needs, it is important to prioritize those needs on the application so that the most critical ones are identified and addressed first.

When should I talk with Katherine Tieken, Minnesota Housing's Clean Energy Program specialist?

You can talk to Katherine either prior to application submission, or post-selection. Katherine can help you examine what energy efficiency components could be part of your project. She can also provide information regarding energy rebates for which your project may be eligible.

If selected, are we required to use a general contractor for construction?

We require a general contractor; however, if your assigned Minnesota Housing staff architect determines that the scope of work can be accomplished without a general contractor, we may consider making an exception. This would be determined during the project launch meeting that occurs after selection.

Are there a minimum number of bids needed?

A minimum of two competitive bids is desired, but if obtaining two competitive bids is not possible, a documented effort describing how you attempted to get more than one bid is acceptable. Bids will be reviewed by your assigned Minnesota Housing staff architect for cost reasonableness.

Narrative

For the community need, can we reference a community housing survey that has been completed to support the need for a property that has higher vacancies?

Minnesota Housing will prioritize projects that have maintained a maximum average vacancy rate of 15 percent or less during the last three years. You may reference a community housing survey in your narrative, but if referenced, include the survey with your application. Minnesota Housing will review the survey to help determine whether the higher vacancies are justified and whether the property fills an important community need.

Third Party Reports

Do I need to spend money on third party reports such as environmental reports, etc.?

You do not need to spend money on third party reports prior to application. If you already have third party reports that are less than 10 years old, we encourage you to submit those as part of the application under the “other supporting documentation” category.

Is an appraisal required?

No. An appraisal is not required.

Will my project be more competitive if I ask for less money?

No. You should ask for the amount of money needed for the project scope of work.

Eligible Project Costs

If we use an outside construction loan, is interest an eligible project cost?

No. Interest is not an eligible soft cost under the RRDL program; another source would be needed to pay this expense.

Can security systems and cameras qualify as an eligible project cost?

Yes, if they are necessary improvements that enhance the safety of the residents.

Loan Terms

What is the difference between a construction loan and an end loan?

Construction loan proceeds are accessed throughout the rehabilitation by submitting monthly construction draws. End loan proceeds are not disbursed until the project is completed, which means construction costs would need to be bridged by another source of funds.

What happens if the current RD loan is longer than 20 years?

If the current RD loan matures beyond a 20-year period, Minnesota Housing staff may adjust the term of the RRDL loan to be co-terminus with the RD loan.

Would Minnesota Housing ever require the RRDL loan to be amortizing?

Minnesota Housing will not require the RRDL loan to be amortizing; however, if an owner prefers the loan or a portion of the loan to be amortizing, Minnesota Housing would be willing to structure the loan as such.

What are loan-to-value (LTV) requirements?

There are no LTV requirements for this program.

Do the RD and RRDL loans need to be secured?

Yes, the RRDL is secured against the property by a recorded mortgage.

What happens when the RRDL loan matures?

Upon loan maturity and successful annual compliance reporting, up to 10 percent of the RRDL amount is forgiven. The rest of the balance is due and payable upon maturity. There are multiple options to structure or service the debt, including but not limited to, setting up regular payments, extending the term(s), or re-amortizing the loan.

Qualification Forms

How will we know what financial information we will need to submit for our owner/entity type?

The type of financial information needed for different owner/entity types is listed on the Qualifications of Sponsor form. If you have questions, discuss this with Minnesota Housing staff during your TA session or via phone prior to application submission.

Would you accept substitute forms for Schedule A (such as the HUD previous participation form)?

No, please fill out and submit Schedule A, which has specific information needed for complete credit review.

If the management company has recently provided their qualifications to Minnesota Housing for another program, do they need to resubmit them with these applications?

No. Include a statement with your RRDL application that a Qualifications of Management Company form has already been submitted to Minnesota Housing within the last 12 months. Remember to include the name of the management company.

Workbook

Should we count the number of housing assistance payments (HAP) units with the number of rental assistance units?

You should count the number of HAP units in the project. On the Application Info tab in the workbook, you have the ability to note any units that have project-based Section 8 under the "Existing Federal Subsidies" section.

Do you also want to know the number of households with tenant-based vouchers at the properties?

Yes. We would like applicants to tell us how many households there are with tenant-based vouchers at the property.

Can rents exceed market rents?

No. Rents cannot exceed the greater of 80% of AMI or rents affordable to the local workforce as determined by Minnesota Department of Employment and Economic Development (DEED) wage data, unless the units receive project-based federal rental assistance.

Application Submission

Will we be required to submit the application through Minnesota Housing's online Portal?

No. Applications must be submitted using Minnesota Housing's Secure Upload Tool, which can be found on our website under the Partner Login section.

What happens if I miss the application deadline?

The RFP application deadline is 5:00 p.m. on Wednesday November 20, 2019. We will not consider applications after this time. Additionally, once this deadline passes, Minnesota Housing will not accept a pipeline application for RRDL funding for an RD project until fall 2020.

Can RD properties still go through the RRDL pipeline process if they decide not to put an application through the RFP?

No. Minnesota Housing will not accept a pipeline application for an RD project until fall 2020.

When sending an email to the Secure Upload Tool, do we need to have anything specific in the subject line?

It is helpful if you put the project name and RRDL RD Preservation RFP in the subject line or the description box.

What do I do if the Secure Upload Tool isn't working?

If the Secure Upload Tool isn't working, please contact RRDL program staff, and we will work with you to resolve the issue. Because glitches in uploading can occur, we recommend starting the submission process a few days before the deadline to help circumvent any issues that might arise with the Secure Upload Tool.

Is there a way to verify my application has been received?

If you are concerned about whether your application has been received, please call or email one of the Minnesota Housing RRDL staff contacts.

What are examples of supporting documentation?

Examples of supporting documentation include items such as environmental reports, CNAs, housing plans or surveys for the area the project is in, letters from local employers, additional owner or sponsor documentation, relocation plans, project audits, etc. Basically, any documentation that enhances your application by providing relevant information to your project is considered supporting documentation.