Our Mission
The Core Purpose

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

• There will be a Question and Answer (Q & A) session after all topics have been presented.

• You can type your questions in the Questions tab or chat feature of the GoTo Webinar toolbar at any time, OR

• You can wait and ask questions during the Q & A session.

• **NOTE:** Due to time constraints, questions will not be answered until the end of the entire presentation and after all topics have been introduced.
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 ensure the accuracy of the technical assistance, such assistance is subject to, and does not modify or override, the requirements of Minnesota Housing’s Qualified Allocation Plan, the Self-Scoring Worksheet, Multifamily Applications Instructions, Multifamily Underwriting Standards, or other documents related to applications for funding.

Applicants are encouraged to review the materials available on Minnesota Housing’s website and consult with legal counsel, and if applicable, a knowledgeable tax professional, to ensure compliance with all applicable application, submission, and project requirements.
Introduction to the Multifamily Consolidated Request for Proposals

James Lehnhoff and Summer Jefferson
Consolidated Request for Proposals (RFP)

Overview

- Annual Process
- One Application – Multiple Resources
  - Housing Tax Credits
  - Deferred Loans
  - Amortizing Loans
  - Public Funding Partners
- Single Scoring Rubric
Consolidated Request for Proposals (RFP) Overview

• Match Funding to Eligible Uses and Project Types
• Option for Dual Funding Structure
• Minimize Gaps
• Maximize Resource Allocation

• [Consolidated RFP resources webpage](#) > Multifamily Application Instructions
• 9% Low-income Housing Tax Credits (LIHTC)
• 4% LIHTC via Tax-exempt Volume Limited Bonds
• State Appropriations for Deferred Loans
  • Economic Development Housing Challenge (EDHC)  
    workforce housing
  • Preservation Affordable Rental Investment Fund (PARIF)
• State Housing Infrastructure Bonds for Deferred Loans
  • Permanent Supportive Housing
  • Senior Housing
  • Preservation of federally assisted units
Multifamily Consolidated RFP
Funding Resources…but wait, there is more!

• Federal Resources
  • HOME
  • National Housing Trust Fund
  • Section 811 Project Based Rental Assistance

• Amortizing First Mortgages (primarily HUD Risk-share)

• Partners:
  • Deferred loans
  • Project-based rental assistance
Consolidated RFP Project Types and Activities

**Project Types**
- Workforce Housing
- Permanent supportive housing
- Preservation
- Senior housing

**Eligible Activities**
- New construction; acquisition (land or structures); rehabilitation; adaptive reuse/conversion; preservation; demolition

**Eligible Financing Activities**
- Construction financing; permanent financing
The Consolidated RFP generally follows the same timeline each year:

• January through April: Technical assistance (TA)
• April: Publication of application materials
• May: Intent to Apply (ITA)
• July: Applications due
• December: Board selections
# Multifamily Selection Framework

<table>
<thead>
<tr>
<th>Selection Framework</th>
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<tbody>
<tr>
<td>• Eligibility</td>
<td>• Available Funding</td>
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<tr>
<td>• Project Feasibility</td>
<td>• Geographic Balance</td>
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<tr>
<td>• Organizational Capacity</td>
<td>• Project Type</td>
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<td>• Financial Capacity</td>
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<tr>
<td>• Strategic and Selection Priorities/Score</td>
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<tr>
<td>• Deferred Loan Funding Priorities</td>
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<tr>
<td>• Underwriting and Design Standards</td>
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</tbody>
</table>
Multifamily Selection Framework

1. Determine Eligibility
2. Sort by Eligible Primary Project Type
3. Sort by Eligible Primary Proposal Type
4. Selection Framework Applied
Introduction to Underwriting

Erin Coons
Minnesota Housing Underwriting – Getting Started

- https://www.mnhousing.gov/sites/multifamily/gettingstarted
- https://www.mnhousing.gov/sites/multifamily/applicationresources
Multifamily Workbook

- [https://www.mnhousing.gov/sites/multifamily/applicationresources](https://www.mnhousing.gov/sites/multifamily/applicationresources)

A link to the Multifamily Workbook can be found on the middle of the Application Resources page.

General Documents:

- Innovative Construction Techniques Pre-Application Requirements
- 2022 Multifamily Workbook
- Troubleshooting the Multifamily Workbook
- 2022 Multifamily Workbook Release Notes
- 2022-2023 Qualified Allocation Plan
- 2022-2023 Self-Scoring Worksheet
- Scoring Guide: 2022 RFP/2023 HTC
- Underwriting Standards
- Bond Tests Analysis
- 2023 HTC Market Study Guidelines
Multifamily Workbook

Review the Instructions tab prior to completing the Workbook.

Some cells are locked from editing and are populated by cells from other tabs.
The Funding Request tab is where you will indicate what funding resources you are requesting from the Agency.

The information within these cells pulls from the Sources page.

You can navigate to the Sources page by clicking the Sources tab at the bottom of the Workbook.
The Sources page is where you will list all resources being used to fund the development.

This includes both permanent and construction resources.
Underwriting Sizing

Steps to Sizing Awards

1. Operating budget review – rents and expenses
2. Maximize the amortizing debt
   • Higher of proposed or Agency mortgage sizing
3. Development budget review
4. Size low income housing tax credits
5. Size deferred funding
How to receive technical assistance for your application:

• Go to: [www.mnhousing.gov/sites/multifamily/applicationresources](http://www.mnhousing.gov/sites/multifamily/applicationresources)

• Complete the Technical Assistance Request Form.

• Requests will be directed to the appropriate staff.

Possible topics include:

- General inquiry about Agency programs and financing
- Architecture/design standards/construction innovation
- Providing supportive housing to high priority homeless
- Providing supportive housing to people with disabilities
- Management and operating expenses
- Scoring
- Application submissions
- Financial structure
- Agency underwriting
- Portal
- Other
# Housing Tax Credits Agenda

## Program Basics

- General Overview
- Qualified Allocation Plan (QAP)
- Types of Housing Tax Credits

## Application Process

- Request for Proposals (RFP); Round 2; 4% Only
- Scoring
What are Housing Tax Credits?

- Low Income Housing Tax Credits (HTC) are a federal resource
  - Reduces investor’s federal tax liability for 10 years
  - In exchange, investor buys HTCs and agrees to 30 years of affordability
  - Proceeds from sale of credits used for affordable housing
- Outlined in Internal Revenue Code (IRC) Section 42 and Internal Revenue Service (IRS) guidance
• Qualified Allocation Plan (QAP) and Self-Scoring Worksheet
  • Geographic distribution and funding set-asides
  • Funding rounds, rules, and procedures
  • Funding priorities
Types of HTC

9% HTC
- 70% subsidy
- Competitive

4% HTC
- 30% subsidy
- Tax-exempt volume limited bonds
• **Eligible properties:** Acquisition with rehabilitation, rehabilitation, or new construction of eligible rental housing

• **Minimum set-asides:**
  
  • **20/50** – 20% of units serving households at or below 50% Multifamily Tax Subsidy Project (MTSP) limits
  
  • **40/60** – 40% of units serving households at or below 60% MTSP
  
  • **Average Income Test** – A minimum of 40% of the units in the project are both rent restricted and occupied by individuals whose imputed income average at initial occupancy is at or below 60% MTSP limits
• Units must comply with requirements pertaining to:
  • Household income
  • Rent limits
  • Property requirements

• Compliance period:
  • 15 years PLUS the Extended Use Period; ranges from 15 to 35 years.

• Compliance team at Minnesota Housing
HTC Application Process

- Minnesota Housing awards or allocates housing tax credits in two ways:
  - 9% and 4% + Deferred Funding
    - Competitively through the annual Consolidated RFP
    - Round 2 – Only 9% is available
  - 4% Only
    - Year-round
    - For bonds issued pursuant to an allocation of state volume cap by Minnesota Management and Budget (MMB)
• Allocation Amount: Based on state population and per capita amount formula

• 2023 HTC estimate: $14.8 million
  • Minnesota Housing: $11 million

• Set-asides: Nonprofit and Rural Development (RD)

• Suballocators
  • Minneapolis
  • St. Paul
  • Dakota County
  • Washington County
Scoring – Align Your Project

Self-Scoring Worksheet → Scoring Wizard → Your Documents:
• Workbook
• Narratives
• Other Checklist Items

Scoring Guide
Housing Tax Credits

The **Low-Income Housing Tax Credit (HTC) Program** is a financing program for qualified residential rental properties. The HTC program offers investors a 10-year reduction in tax liability in exchange for capital to build eligible affordable rental housing units in new construction, rehabilitation, or acquisition with rehabilitation.

**Quick Links:**

- **Qualified Allocation Plan (QAP)** - This page has basic information about the QAP process, proposed QAP changes, and history only. Scroll down for the current QAP and supporting documents.
- **Average Income Test (AIT)**
- **4% Housing Tax Credits for Use with Projects Financed by Tax Exempt Volume Limited Bonds (4% Only)**
- **Carryover of Housing Tax Credits**
- **Final Housing Tax Credit Allocation or Award Certification (Form 8609)**
- **Qualified Contract**
- **eNews Archive for Tax Credits**
- **Current Applicants and Previous Awards**
Introduction to Housing Infrastructure Bonds (HIB)
# Housing Infrastructure Bonds Agenda

## Program Overview
- What are Housing Infrastructure Bonds?
- Funding Impact Since 2012
- How Housing Infrastructure Bonds Work to Finance Housing

## Multifamily Eligible Uses
- Permanent Supportive Housing
- Senior Housing
- Preservation

## Application Process

4/19/2022 Minnesota Housing | mnhousing.gov
What are Housing Infrastructure Bonds?

- Housing Infrastructure Bonds (HIB) are tax-exempt bonds issued by Minnesota Housing and authorized by the Minnesota Legislature
  - Standing legislative authorization since 2012
  - Bond proceeds used to fund loans for affordable housing
Funding Impact of HIB

• HIB Investment to Date
  • Just under $500 million invested in affordable multifamily rental units since 2012
  • Over 5,000 units created or preserved, including units in the pipeline

• Allow for private ownership

• Finance deeply affordable permanent housing that the market is unable to provide

• Leverages other existing funding sources

• Range of uses for one source (in statute)
HIB loans are flexible and can be structured with or without 4% housing tax credits

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<th>Sources</th>
<th>Amount</th>
<th>Sources</th>
<th>Amount</th>
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How HIB Works to Finance Housing

• Benefits of Flexibility
  • Projects can be placed in optimal structure
  • Projects where equity prospects may be limited have a viable alternative without tax credits
    • Projects with fewer than 30 units
    • Projects in smaller communities
    • Nonprofit sponsors new to development
  • Able to stretch resources to provide more housing
How HIB Works to Finance Housing

• **Eligible Costs**
  - Construction Costs
  - Developer Fee*
  - Acquisition*

*Costs may be ineligible under certain limited circumstances

• **Ineligible Costs**
  - All reserves
    - Operating Reserves
    - Lease-up Reserves
  - Financing Costs
  - Supportive Services
    - Front Desk
    - Case Management
2022 Bonding Request and Eligible Uses

Proposed 2022 Bonding Bill – $250 Million

Current Multifamily eligible uses:

• Permanent supportive housing
  • Homeless
    • Behavioral health, if homeless
• Senior independent living
• Preservation

Proposed new eligible use:

• New construction – Affordable to households at or below 50% area median income (AMI)
Permanent Supportive Housing

• HIBs are Minnesota’s primary tool for providing permanent supportive housing for households experiencing homelessness including:
  • Youth
  • Veterans
  • Long-term homelessness
  • People with severe and persistent mental illness
  • People with substance use disorders
Senior Housing

• New eligible HIB use in 2018 for projects serving seniors 55+

• Must be independent housing, not assisted living

• Statutory Priorities
  • Serving very low-income seniors with annual incomes less than $31,000
  • Geographic balance between Metro and Greater Minnesota

• Plan for providing or connecting tenants to services
• HIBs can be used to preserve existing federally assisted housing or other critical affordable units with rent or income restrictions

• Since 2012, over 1,700 units have been preserved and rehabilitated
HIB Application Process

• Contact Minnesota Housing for technical assistance

• Minnesota Housing awards and allocates HIB competitively through the annual Consolidated RFP process

• After selection, bonds are typically issued once a year the following fall
Housing Infrastructure Bonds

Housing Infrastructure Bonds (HIB) are limited obligation tax-exempt bonds issued by Minnesota Housing and authorized by appropriations from the General Fund of the Minnesota Legislature. The proceeds of HIBs may be used to fund loans that finance specific multifamily housing development purposes. Projects must meet one of the following eligible uses:

- Permanent supportive housing for individuals and families experiencing homelessness, including housing for people with behavioral health needs
- Affordable housing for seniors 55 and older with a preference for serving seniors at the lowest incomes
- Preservation of federally assisted rental housing

Applying for HIB

HIBs are typically awarded once per year through the Multifamily Consolidated Request for Proposals (RFP). Projects applying for HIBs are required to meet at least one strategic priority and RFP eligibility and feasibility requirements.

At the Intent to Apply stage of the RFP application process, applicants must indicate the intent to apply for HIBs and itemize the number of units in the project that will meet the specific requirements of the eligible use being applied for.

Loans funded with HIB proceeds can be structured either with volume-limited private activity bonds, potentially qualifying the development...
Introduction to Supportive Housing

Vicki Farden
Supportive Housing Overview

• Permanent Supportive Housing is affordable housing linked with social services tailored to the needs of the population served and designed to foster housing stability and improve quality of life for tenants

• Must follow Housing First principles for low barrier housing access and retention

• Follow industry best practices like person-centered planning and trauma informed care

• Review the Supportive Housing Information and Resources publication

• Review the Supportive Housing webpage
Supportive Housing Incentives

Minnesota Housing incentivizes the creation of supportive housing units by providing points to:

• Create units to serve high-priority homeless households (HPH)
  • HPH are households prioritized for supportive housing by the Coordinated Entry (CE) system
  • Three scoring tiers based on the number of units from a minimum of four units to 100% of units

• Create units to serve people with disabilities (PWD)
  • Extremely low-income people with a disability and likely receiving mainstream disability services
  • Three scoring tiers based on the number of units from a minimum of four units to 25% of units

• Create PWD units that will use Section 811 Project-based Rental Assistance
  • Slightly different tiers for number of units and points
Plan Supportive Housing Units

- Work with the Continuum of Care committee to plan the HPH units and PWD units:
  - What is the market need in the community for HPH units? (population types, unit sizes, etc.)
  - Consult on resource planning and fit for the population
- Chose a qualified service partner and management agent with experience with the supportive housing population and units
- Determine resources for funding services and rental assistance (and front desk if doing all supportive housing units)
- Work with the county or tribal human services to plan PWD units:
  - County to identify the population, referral process and service resources, and complete the PWD narrative sections
  - If you want to apply for Housing Support to use for rent and possibly services
- Work with the Department of Human Services to plan PWD 811 units
Supportive Housing – HPH Requirements

• High priority homeless (HPH)
  • Note requirements on the Self-scoring worksheet
  • Complete Supportive Housing Narrative
  • Enter units on the Workbook and include the rental assistance source

• Continuum of Care (CoC) confirmation form: Contact early in process
  • There are also points for CoC priority household type

• County or tribal human services: Contact early in process for:
  • Housing Support Commitment Form

• Service Provider Qualification Form
Supportive Housing – PWD Requirements

• Note requirements on the Self-scoring worksheet

• PWD Narrative
  • Work with the county to determine the population, referral process, and resources for services and rental assistance
  • Discuss use of Housing Support

• Enter Units on the Workbook
• Rental Assistance: Typical sources:
  • Housing Support
  • Project-based Section 8 from the local public housing authority
  • Underwrite rents to supportive housing levels

• Services: Typical sources:
  • Development operating budget: Unique costs for tenant service coordination
  • Housing Support service rate (requires long-term homelessness (LTH) eligibility)
    • Make sure there is a market need in the location for LTH households
    • Not recommended as a source for PWD units
  • Medicaid billing: Behavioral health programs, housing stabilization services, and waiver services
What is Housing Support?

- Housing Support is a state funded income supplement program that pays for room and board for low-income adults with disabilities and seniors.
- Housing Support pays for rent, utilities, food, household supplies, and other necessities.
- Can be used for single adults and families (with an eligible adult).
- The Housing Support provider contracts with the county or tribe for a specified number of units; the provider is generally the service provider.
- Payments are made to the Housing Support provider.
- The Housing Support Service Rate is available for LTH eligible individuals.
- The room and board rate on July 1, 2022 is $1,091 for community settings.
- Minnesota Housing Underwriting Standards Supportive Housing.
Supportive Housing Developments

For developments that are 100% Supportive Housing:

- All units must have rental assistance or rents set at supportive housing levels
- Must have a good plan to secure all resources for services and front desk (and food service, if provided)
- For a competitive application, most projects include at least 50% HPH units and a number of PWD units that are also serving people experiencing homelessness
- Housing Infrastructure Bonds (HIB): To be considered for this funding source, all units must serve people experiencing homelessness
Tenant Selection Plan (TSP) Guidelines

- TSP Guidelines revised December 2020
  - Adds tenant screening criteria for all housing units and additional criteria for supportive housing units
- Required for all Consolidated RFP projects after March 2021
Section 811 Project-based Rental Assistance

- Program of the U.S. Department of Housing and Urban Development (HUD) (Section 811 PRA)

- The purpose is to expand the supply of supportive housing that promotes and facilitates community integration for people with significant and long-term disabilities

- Minnesota Housing, in partnership with Minnesota’s Department of Human Services, was awarded funding for round three for approximately 160 new units
Eligible applicants include:

- Private and public owners of multifamily properties that have been financed by Minnesota Housing and/or have Minnesota Housing’s housing tax credits (HTC)
- Project-based Section 8 portfolio of developments with existing unsubsidized units
- Owners must have experience administering HUD rental assistance
The rental assistance is available to:

- New construction projects via Minnesota Housing’s annual Consolidated RFP
- Existing properties via an open application process
Section 811 PRA

• Eligible tenants are experiencing long-term homelessness and are enrolled in Minnesota’s Projects for Assistance in Transition from Homelessness (PATH) outreach program OR people who are exiting an institutional setting

• Referrals are managed by Department of Human Services
Agency architects are available as a resource for any RFP questions.

Most questions fall within the following categories:

• Rental Housing Design and Construction Standards
• Sustainability Requirements
• Universal Design

Licensed Architect

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2 Jerry Narlock | gerald.narlock@state.mn.us | 651-215-6239
3 Mike Thomas | mike.thomas@state.mn.us | 651-297-5135
Contact Information

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• HTC Team: HTC.MHFA@state.mn.us
• HIB: william.price@state.mn.us
• Supportive Housing: vicki.farden@state.mn.us
• Section 811 PRA: ellie.miller@state.mn.us
• General RFP Questions: sara.bunn@state.mn.us
Emerging Developer Resources

- Minnesota Housing’s Capacity Building Program: Alyssa.wetzel-moore@state.mn.us
- Greater Minnesota Housing’s Emerging Developer of Color Program: iruizbriseno@gmhf.com
- Affordable Housing 101 Sessions: https://www.eventbrite.com/e/affordable-housing-101-sessions-tickets-301474848387
- 2022 Affordable Housing Summit: https://affordablehousingsummitmn.com/registration
- LISC Twin Cities Developers of Color Capacity Building Initiative: gnicholls@lisc.org
Q & A Session
Q&A Protocol

- Click the raise your hand button of the GoToWebinar toolbar. This will allow us to call on you and unmute your line to ask your question

- On the Question/chat box of the GoToWebinar toolbar
Thank you!