

DEFERRED LOANS

Economic Development and Housing Challenge Program (EDHC)

Program Overview

The Economic Development and Housing Challenge (EDHC) Program funds the development of affordable permanent rental housing that supports economic development and redevelopment activities, job creation or job preservation. The intent of the program is to provide housing that is affordable to the local workforce based on any of the following:

- The wages of the jobs being created or retained in the local area
- The fastest growing jobs in the local area
- The jobs with the most openings in the local area
- The wages of the workforce employed by organizations making contributions under the EDHC Program

Application Process

Applications accepted through the annual Consolidated RFP process.

Lending Terms

Eligible Properties:	Permanent rental housing that is affordable to the local workforce.
Loan Purpose:	Funds may be used for construction, acquisition and rehabilitation of permanent rental housing that supports economic development and redevelopment activities, job creation or job preservation within a community or region by meeting locally identified housing needs.
Loan Parameters:	Generally, deferred loans will bear interest at a rate of zero percent unless a higher rate is necessary to allow the funding source to be used with other sources, such as housing tax credits. Principal and interest, if any, will generally be due and payable at the end of the loan term, which is typically 30 years; however, Minnesota Housing may, at its sole discretion, require provisions necessitating a percentage of cash flow be repaid annually.
Recourse:	Full recourse; however, non-recourse may be considered on a case-by-case basis.

Prepayment and Assumption:

The mortgage may be prepaid in full at any time; the covenants and conditions in the declarations run with the land and will remain in effect for the term of the declaration regardless if the loan is paid in full or an assumption is allowed. A prepayment fee in an amount equal to the approximate administrative costs incurred by Minnesota Housing in processing the prepayment will be charged. At Minnesota Housing's sole discretion, the loan may be considered for an assumption (but not guaranteed), contingent on Minnesota Housing's approval of the proposed ownership entity and assumption of all contractual obligations with Minnesota Housing. If approved, an assumption fee equal to the approximate administrative costs of the assumption will be charged.

Income and Rent Limits:

Income limits are the greater of 80% of statewide or area median income. Rents cannot exceed the Affordable to Local Workforce rent limits published by Minnesota Housing. Lower restrictions may apply based on Minnesota Housing's funding priorities.

Repairs Qualifications:

Construction or rehabilitation to a standard that when properly maintained, remains decent, safe and affordable for the duration of the financing compliance period. Refer to the [Building Standards webpage](#) for full design/construction information.

Monitoring:

Owners must submit an owner's certification and report occupancy data annually using Minnesota Housing's online reporting tool. Properties will be inspected periodically. Owners may also be required to submit annual operating data.

Third Party Reports:

May include reports such as an appraisal, environmental, radon, market study, and physical needs assessment, as required.

Other Requirements:

Refer to the [Economic Development and Housing Challenge Guide](#) for more detailed information related to program requirements, including, under certain circumstances, state prevailing wage requirements under Minn. Stat. § 116J.871.

Questions

Katie Moore, Program Manager, Programs: 651.296.6354 or katie.moore@state.mn.us.